

SUBMISSION TO THE CONSULTATION ON THE NATIONAL HOUSING AND HOMELESSNESS PLAN

Thank you for the opportunity to contribute to the consultation on the formation of the National Housing and Homelessness Plan.

OVERVIEW

We need a national housing plan that has depth, breadth and an integrated systemic approach that matches the scale of systemic challenges in our housing ecosystem and the scale of need. We need a plan for the whole nation - remote, rural, regional, metro with no one type of place and need left unnamed or unaddressed. We need policy, funding, solutions for all.

Take a complex systems approach to reform

A complex, systemic crisis demands thoughtful, integrated, systemic responses that establish a clear path to changing the system conditions and primary policy and taxation levers influencing this crisis. The urgency of responding now to the desperation of what people across our nation are experiencing must be matched by change strategies for the medium, long and very long term to address the primary policy and taxation settings which can shift conditions for the future. We need generational changes that reorient taxation and other policy settings towards supporting housing as a human right; housing for homes.

Downstream from these drivers are the consequences and the many interventions that are then needed to attempt to address these consequences. This Issues Paper focused particularly on downstream consequences, and in doing so did not capture all of them, the distinct needs of rural and regional areas being some unaddressed.

Our response here notes some needs and priorities on a local and broader rural level but does so within the higher primary, systemic context noted in this introduction.

In drought, if we keep looking downstream at each local disaster unfolding once the river runs dry but fail to look upstream at what is diverting precious available water, then those downstream suffer thirst while there is still available water.

In flood, if we keep looking downstream at each local disaster as the river bursts its banks but fail to look upstream at how we have failed to sustainably manage the ecosystem of catchments, trickles, streams and creeks that create the river, then those downstream suffer in the deluge.

There is a greater system behind supply and demand, and it is this which also needs to be addressed.

Change the language

Rural is not regional. As a nation we live in remote, rural, regional and metro areas. We acknowledge these four principle geo-demographic categories in the health systems of our nation and we also need to in housing policy, funding and financing.

Language and discourse guide public policy and so it is crucial that all four types of community across our nation are named and recognised. They are all distinct – socially, demographically, spatially, economically – and all require different policy, financing, funding settings, representation in decision making bodies and processes and responses.

Don't sell the family farm

An action that is applicable now and into the future is to cease selling government land that can be used for housing (whether now or in the future, with or without decontamination or other challenges to development).

The public estate is a crucial buffer against the continuing growth of land value in the open market. Significant land holdings (and the housing on them) vested in the public estate provide stability, particularly to affordable housing supply by buffering against the pressures and costs of the market. The federal government can play a role in facilitating the retention of the public estate at both federal and state levels, and encourage further vestment in for-purpose perpetual holdings of non-market land for provision of affordable housing to help build the overall proportion of non-market land.

The cost of housing starts with the cost of land

It is a fundamental equation. We can't deliver affordable housing when land costs too much. Achieving affordability involves removing and reducing costs from each and every point and stage in the ecosystem of factors involved in delivering housing, and land is the primary resource. The comments above about retaining and increasing the public estate go to this point. Valuer General data indicates that in Mount Alexander Shire the median cost of housing has increased by 37% since 2020.

Remove and reduce costs from each and every part of the housing delivery ecosystem

How can we remove and reduce costs from each and every part of the housing delivery ecosystem? If we ask such questions in the policy development process this exploration can point to opportunities for changes in policy, legislation and regulation that enable new strategies and solutions. Political leaders can support bureaucracy to ask these open, strategic questions and explore with community leaders, researchers and innovators what opportunities for change exist.

There are many points where governments can play a role in removing and reducing costs, for instance. Government can:

- Support the growth of not-for-profit non-market housing models (inclusive of but not limited to the community housing sector)
- Reinststate diverse and creative programs such as the Small Homes Service of the post-war period
- Support for-purpose models of building delivery such as co-operatives of building workers and professionals

Individual potential solutions are important and systems oriented thinking can create an environment of openness to and curiosity about such potential solutions. Attaching too easily to singular solutions can lead to missing significant drivers of current dynamics and opportunities for the change we need.

Working on the system, working in the system

While working in the system is a pragmatic step to produce short to medium term outputs, working on system change will produce stable long term outcomes by addressing the drivers that currently reduce and remove affordability from our housing market. Producing a long term plan that focuses on higher order principles and system change outcomes is important, as well as short to medium term outputs that can be delivered within existing tax and regulatory settings while reform processes occur.

The erosion of affordability, security and suitability of housing has also eroded housing as a human right. Without necessarily operating in a rights-based framework, post-WWII governments acted to provide housing and related essential infrastructure in a way not done since. Addressing our housing crisis is not just a question of who we want to be as a nation but of who we have now become, and then how we acknowledge this and find pathways back to a far more equitable set of shared values and priorities for action as a nation.

A housing plan capable of delivering permanent change to the trajectory of our housing system is one that is supported by whole-of-government reform of taxation and policy settings. We hope and trust that the work of the Housing Minister is duly supported by such whole-of-government commitment to reform.

As a localised example of a level of government we are seeking to do what we can at our level to address systemic and macro factors that drive the housing ecosystem. We are working at our level to change systems. We want to partner with and support other levels of government in that same macro systemic change. And while that long term work occurs, we are also focused on short to medium term solutions that work within existing systems, and much of the following submission addresses these short to medium term opportunities and solutions.

LOCAL NEEDS AND SOLUTIONS

Funding and financing settings fit for rural settings

The commitment of Federal government to finding a suite of ways to address our housing crisis is very welcome. Institutional investment is an important opportunity to address the scale of need, at scale. The challenge for us in rural settings is that the scale of our developments does not match with the scale of project investment sought by the institutional investment sector.

There is a gap between the needs and settings of rural Australia and the current form of the 'at-scale' solution of institutional investment. Government policy and mechanisms are needed to bridge this gap. We ask the Federal government in particular to play a leading role, such as through facilitating project aggregation, to enable institutional investment in rural Australia.

There are project opportunities in our communities which would deliver significant social and economic benefit but fail to obtain funding due to cost per dwelling sitting above government fund cost-per-dwelling cut offs. This has been a barrier for rural projects in Victoria under the Big Housing Build, including our proposed projects at 65 and 30A Templeton St Castlemaine. Narrow fiscal measures such as cost-per-dwelling fail to account for the broad range of ways each dwelling delivered in a rural setting provides socioeconomic benefit.

Scale of impact of each home lost or gained

We know from research commissioned by Rural Councils Victoria on the impacts of every job lost or gained in rural Victoria that the impacts on towns of less than 1000 population is 32 times greater than in a regional city. Similar scale of impact research is needed on the impact of each home lost or gained in rural settings. Our lived experience indicates that the ratios of impact could be similar (and that is not even taking a ratio comparison further out to compare to metropolitan settings). We need better data and research into the unique dynamics of housing, including affordable housing, in the viability and socioeconomic vitality of our rural towns.

Build the public estate

Media discourse is very centred on our housing crisis but the real crisis is our land crisis. Housing is not possible without access to land to build it on. Affordable housing is not possible without low-or-no-cost access to land. It is now increasingly rare for the market to deliver these opportunities. The market-driven model for delivering affordable housing is failing as a principal response to addressing need for affordable housing.

We are cognisant of the public resource value of public land for now and future generations. Mount Alexander Shire Council is putting forward its land suitable for housing under lease to registered housing providers. This enables housing to be delivered now and ensures that this resource remains in the public estate of our shire's community for the future.

In addition to making our own land available for delivery of affordable rental housing, Council is also considering playing a role in the establishment of an independent charitable PBI affordable housing trust. We can see the value of such a body as a perpetual not-for-profit organisation in our community that can leverage its autonomy and role as a philanthropic organisation to build the public estate of land secured in perpetuity for affordable housing uses at our local shire level.

State government is a far greater landholder in our Shire than Council and holds several parcels of land ideally suited to delivery of housing as noted in attached reports, including the previous secondary school site at Etty St Castlemaine. We continue conversations with the State government about the use of State land in our shire for housing and welcome policy, funding and finance settings at the Federal level which facilitate release of State land for delivery of affordable housing.

We also seek policy, funding and financing settings from Federal and State governments that facilitate and support the delivery of land back into non-financialised uses and secure it in the public estate via perpetual governance vehicles and mechanisms such as charitable trusts. Community Housing Associations are one important way to secure land for affordable housing uses in perpetuity, as are charitable land trusts and other non-market for-purpose models. Policy settings that can support a diversity of models for securing land in the public estate enable a diversity of opportunities to secure land in the public estate to be realised.

After land is essential infrastructure

The towns of our shire were settled early in the post-colonial era. Many smaller townships and hamlets do not have basic infrastructure such as sewerage networks. Other infrastructure such as mains water supply and sewerage networks in our large towns such as Castlemaine and Maldon can be over 100 years old. They have been able to manage up to this point due to incremental growth over time.

However there has been a constellation of factors in recent decades which now can push this critical infrastructure to its capacity. The combination of age and increased population in our towns means that infrastructure needs replacing for our existing levels of use and due to age.

We welcome the prospect of medium density done well in accordance with our planning policies. However, the prospect of intensification is reliant on investment in the underlying critical infrastructure. The attached plans and reports clearly identify how important this issue is in rural settings.

This is an example of where rural housing policy, funding and finance settings need to be bespoke to rural settings. Rural local governments do not have the rates base to enable this level of generational reinvestment. This work must be supported by state and federal levels of government.

Similarly with our lower rates based and lower volume in new developments, rural councils need a different set of policy, funding and financing settings that our regional city or metropolitan

counterparts. The scale of development and lower rates base makes meeting new development infrastructure costs challenging and sometimes unviable, despite need. In addition, application processes for access to infrastructure funding and finance need to be streamlined and simplified to reduce feasibility assessment costs and burden on limited staff resource.

Loving country living to the brink

Our national population has made its decision to decentralise and head to rural and regional communities. We need policy, funding and financing to catch up, because without that investment growth of our towns to meet demand cannot occur in a timely manner. This further impacts cost of housing and cost of living, pushing long term local people out and away from their communities. It pushes businesses to the brink, including small businesses where owners find themselves constantly having to step into working in their business instead of on it. It erodes productivity, business development and expansion are constrained, and economic opportunities are lost. Families and communities are separated and there is significant human and economic toll.

Homelessness in rural towns

Rough sleeping and other forms of homelessness are rising significantly in our Shire. Like with other services in our Shire we have limited resource available to address the urgent and often complex needs of people who find themselves homeless. Our service network, including Council, have collaborated to produce a local guide under the leadership of Castlemaine Community House that summarises available social supports and services to help people experiencing homelessness and financial and housing stress tap into what services we do have. But we know there are gaps and our local housing and homelessness service provider Dhelkaya Health need additional resources to meet the level of need in our community.

Auspiced under Dhelkaya Health, the My Home Network have led grassroots initiatives to connect with home owners to seek release of vacant properties for use for transitional housing. They have had some success in this work – utilising the power of relationships to achieve outcomes. My Home Network are preparing a separate submission to this consultation which will outline their actions and aspirations in detail.

IN SUMMARY

We welcome the formation of the National Housing and Homelessness Plan. It can play a crucial role in leading an integrated national approach to the housing crisis and develop policy, funding, finance approaches and actions which can take us forward into a sustainable, inclusive and equitable future where we can as a nation deliver housing as a human right for all.

Mount Alexander Shire Council appreciate being part of the dialogue and formation of the Plan. We see enormous opportunity for rural Australia to bloom and prosper in ways inclusive of all our residents and all our communities. What we need to get there are policy, funding and financing

settings and the partnerships and collaboration across levels of government that acknowledge the distinct needs and strengths of rural Australia, and work with us to deliver the housing we all know is needed for our communities.

LODDON-MALLEE HOUSING ACTION PLAN

Swan Hill Rural City Council

November 2022



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Implementation and summary of action plan / business case projects

Governance responsibility for the action plan and business cases

Future carriage and responsibility for the action plan should reside with an appropriate authority and with access to appropriate resources for implementation. Four governance options have been considered, with the advantages and disadvantages summarised in Table E1.

In addition to this 'implementation' level governance function it is also considered appropriate, given the importance of housing to the region and complexity of the issues, to ensure there is an advocacy and oversight role for a separate group, drawn from the Regional Development Australia (RDA) and Regional Partnership (RP) groups (who have provided in-principle support for such a role) representing the Loddon-Mallee region.

Option 1 (Establishing an implementation taskforce and seeking additional operational resources, overseen by a strategic leadership group) is favoured to enable a targeted and singular focus on implementation with appropriate advocacy and oversight. Dedicated resources should be sought for implementation, in the form of two Housing Support Officers working across the region. The following process is proposed.

- Establish a Loddon Mallee Housing Action Plan implementation taskforce based on the Project Control Group established for the current study, with selected other industry and advocacy representatives (up to 7 members), with a three year life and with an agreed meeting schedule
- Establish a Loddon-Mallee Housing Leadership group of say five people, drawn from RDAs and RPs in the region. This group would have a strategic oversight and advocacy role, including promoting the work of the taskforce and ensuring the housing agenda stays 'front of mind' in the strategic and coordination work of the RDAs and RPs.
- Initial responsibility for establishing the implementation taskforce, and then sharing and seeking adoption of the Action Plan amongst the 10 councils in the region would rest with the task force supported by Swan Hill Rural City Council. The action plan will be distributed to councils for adoption on the understanding that through implementation the agenda will evolve and be refined. Not all actions will necessarily be implemented and there will be a need for flexibility as circumstances and opportunities arise.
- Swan Hill Rural City Council could act as the Governance Secretariat in the first instance through its Economic Development Unit (with a view to rotating it through the Councils).
- RDV would be approached to identify the most appropriate targets for matched funding for implementation resources.
- The implementation taskforce would seek financial contributions from the 10 councils of (say) \$75,000 (pro rata based on income) and then make representations to state government for funding (e.g. via the Regional Jobs and Infrastructure Fund) for a total of (say) \$300,000 over two years to employ two

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Housing Support Officers (with responsibility for implementing the action plan and elements arising from the business cases and liaising across the region). The actual required resources would be confirmed by the task force.

- Position descriptions and a recruitment process for the Housing Support Officers would follow. One council will need to take responsibility for employment (the Health Heart of Victoria precedent where Greater Bendigo employed an officer working across six councils is relevant).

TABLE E1 ACTION PLAN GOVERNANCE OPTIONS AND ADVANTAGES AND DISADVANTAGES

Governance options	Advantages	Disadvantages
1. Establishing a new group with responsibility for the action plan and cross-council representation – seek additional resources for implementation.	Singular focus on housing is possible Resources can be sought for a clear agenda based on the Action Plan Resources can be tied to tasks and achievement of outcomes	Effort to establish Competing resourcing and time commitments (of stakeholders and potential members)
2. Existing bodies such as those set up under Regional Partnerships i.e. Loddon Campaspe and Mallee Regional Partnership, with support of Council Directors or Economic Development Teams/State Government Staff to action items	Body already exists	Boundaries for two groups don't exactly align with the Loddon- Mallee region and its 10 local government areas. Extra agenda item for these regional partnerships – housing may get 'lost' Difficult to create and maintain regional coordination for effective progress to be made.
3. Existing bodies such as Loddon Campaspe & Mallee Group of Councils with support of Council Directors or Economic Development Teams/State Government Staff to action items	Body already exists	Only half of the Councils would be meeting with the other half involved in a different group meeting Extra agenda item for these Groups of Councils – housing may get 'lost' Difficult to create and maintain regional coordination for effective progress to be made.
4. Integrating into implementation of the Regional Economic Development Strategies with Action plan as focus for sub-committee of the main group - Regional Partnerships with RDAs.	Housing is generally a focus	Action plan agenda is specific – different to other work Unclear who would be responsible for implementation, therefore minimal progress will be made.

Key Housing Supply Issues

From the research and consultation **six key issues** relating to housing supply have been identified across the region:

1. a lack of comprehensive strategic planning for future housing
2. suitable development land being withheld from in-sequential release
3. lack of infrastructure finance / provision to support development
4. poor development feasibility in some markets for medium density and compact housing and therefore unachievable sale prices
5. decreased housing affordability and increased housing related stress
6. costs and time delays in planning and development that hamper responsive supply.

A lack of strategic planning is a region wide problem. The other issues or problems exist to varying degrees across the ten council areas.

Action Plan

The following **Action Plan** addresses each of these issues through strategies and actions in two categories, namely:

- Region-wide actions for long term impact (for enduring change across the whole region)
- Actions for short/medium term impact (across the whole region but available to councils as relevant)

Table E2 summarises the actions in these categories. Further detail on the actions is provided in section 3 of the report that follows. The actions would be the responsibility of the Housing Support Officers supported by the proposed taskforce. Each action is further categorised by its nature (i.e. Advocacy, Research, Governance reform, Policy, Funding / subsidies, Coordination / assistance, Guidelines / information), and by which level of government would be the most likely partner in implementation, and by the potential size or scale of impact on the housing and supply issues that have been identified.

TABLE E2 SUMMARY OF ACTIONS TO ADDRESS HOUSING CHALLENGES

Strategy and Actions	Action type	Implementation partner	Scale of Impact
Strategy 1 Better strategic planning for future housing supply			
Actions for long term impact			
1L1 Create new units for regional planning based in the regions, with responsibility for detailed regional strategic planning and oversight of major land release projects (could be an expanded role for the VPA). Ideally these units would include a planning director, a demographer to provide a more up to date data and on the ground assessment of key housing statistics, and a support team.	Governance reform	State	High
1L2 Prepare a detailed, evidence based regional planning strategy with demand and supply analysis and specific directions to provide land for 30 years housing supply, including state-wide bushfire and flood risk assessments to apply a consistent approach to settlement planning.	Policy	State	High
1L3 Advocate for a Windfall Gains Tax revenue sharing deal under which a proportionate share of aggregate State collections of WGT would be returned the Loddon-Mallee region to support regional strategic planning and infrastructure investments consistent with strategic plans.	Funding / subsidies	State	Medium
1L4 Seek a review of PPN90 Planning for Housing to require a 30 year planning horizon and allow for town by town differences in designating additional land for future housing.	Policy	State	Low
Actions for short/medium term impact			
1S1 Lobby DELWP and the Victorian Planning Authority (VPA) to refresh the current Loddon-Mallee regional growth framework to more rapidly open up new housing supply opportunities, including. <ul style="list-style-type: none"> - undertaking rapid strategic analysis of future demand and supply prospects at a regional level - Identifying priority areas for new release in liaison with councils taking into account suitable zoned land and infrastructure availability - preparing PSPs consistent with the rapid strategic analysis and local objectives for housing and urban development. - expediting accompanying Planning scheme amendments that facilitate new residential developments. 	Advocacy / Policy	State	Medium
1S2 Expand resources available for local strategic planning, particularly for smaller resource constrained councils e.g. partnerships with Universities to facilitate undergraduate planners, ensure new state planning hubs support strategic planning.	Funding	State	Medium

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Strategy and Actions	Action type	Implement ation partne	Scale of Impact
Strategy 2: Bridging infrastructure financing gap			
Actions for long term impact			
2L1 Seek assistance to access NHFIC funding for infrastructure <ul style="list-style-type: none"> - Coordinate a regional approach via proposed Housing Support Officers and engage with NHFIC - Seek DJPR support to act as broker and under-writing agency to assist Councils access NHFIC concessional loans, grants or equity finance - Call for expressions of interest from Council for development projects where it can be demonstrated that without NHFIC financing the project would be unlikely to proceed, or likely to proceed only at a much later date - Seek funding via the National Housing Infrastructure Facility (NHIF) for the eligible development projects. 	Coordination / assistance	Federal / State	High
2L2 Engage with councils and DELWP to identify barriers to wider use of Development Contributions Plans and Infrastructure Contributions Plans and identify joint approaches or reforms that would encourage take-up including administrative burdens and moderating cash flow and financing issues for individual councils as they need to fund infrastructure	Governance reform	State / Councils	Med- ium
Actions for short/medium term impact			
2S1 Establish a mechanism for councils to invite the VPA to produce DCPs for development areas upon request.	Coordination / assistance	State / Councils	Med- ium
2S2 Organise a housing supply action summit with key providers of development infrastructure (water, sewerage, roads) to address key barriers to identified housing development opportunities, and to discuss other joint grant and funding opportunities.	Coordination / assistance	State / Councils	Mediu m

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Strategy and Actions	Action type	Implementation partner	Scale of Impact
Strategy 3: Accelerating the development of zoned and suitable land for housing			
Actions for long term impact			
3L1 Establish a short-list of 20 under-utilised government owned sites (e.g. VicTrack land) suitable for housing across the region (created from suggestions by each of the councils), and after due consideration of planning merits, seek Ministerial and/or government support for fast-tracking surplus designation, sale (or disposal) and development, and compile in a prospectus to publicise the opportunities (which could include community housing partners).	Coordination / assistance	State	High
3L2 Establish a process where land-owners and developers of suitable zoned land can partner with Development Victoria (DV) to develop their land and make them equity partners	Coordination / assistance	State	Medium
3L3 More clearly identify DV owned or optioned vacant land, and promote these as development opportunities to encourage involvement from the development industry.	Policy	State	Medium
3L4 Prepare consistent guidelines for councils to apply differential rates to encourage development of suitable zoned and in-sequence vacant land.	Guidelines / information	Councils	Medium
Actions for short/medium term impact			
3S1 With the assistance of DELWP provide an advice service to owners of zoned, vacant land capable of producing 5 or more dwellings on development pathways, and if implemented, write to all such owners calling for expressions of interest in the advice and development assistance service	Coordination / assistance	State	Low
3S2 Prepare a short prospectus of known development opportunities and promote this to selected developers in Melbourne or Bendigo (and beyond).	Guidelines / information	Councils	Low

Strategy and Actions	Action type	Implementation partner	Scale of Impact
Strategy 4: Bridging the feasibility gap for medium density infill housing			
Actions for long term impact			
4L1 Push for Development Victoria to undertake innovative and essential infill and medium density housing development projects in regional centres in the Loddon-Mallee	Governance reform	State	High
4L2 Develop regional support for more affordable and diverse housing by establishing an ‘alliance’ group of developers, project builders and council representatives to ‘make the case’ for non-traditional housing on smaller blocks in regional markets including: <ul style="list-style-type: none"> - demonstrating economic and social need - highlighting benefits from a cost, convenience and housing diversity perspective to encourage take-up - highlighting exemplar projects and housing plans to showcase more affordable homes - work on addressing barriers to market acceptance for council and community education. 	Advocacy	Councils	Medium
Actions for short/medium term impact			
4S1 Push for the State Government to provide a medium density housing ‘bounty’ (e.g. \$30,000 per unit – to be confirmed after further investigation) to developers willing to build multi-unit housing in infill areas in regional centres in the region.	Funding / subsidies	State	High
4S2 Critically review local planning controls in consultation with the development sector, particularly in service rich, high amenity inner areas of larger towns, to identify any barriers to shop-top, compact or multi-unit housing development, including subdivision of existing dwellings into two dwellings.	Policy	State / Councils	Medium
4S3 Package up council owned land in good locations deemed to be under-utilised and surplus to foreseeable requirements (following a rigorous evaluation process) and proactively market the sites on favourable terms to developers willing to provide demonstration medium density housing projects. These projects could be teamed with further subsidies to support additional affordability objectives (see below).	Funding / subsidies	Councils	High

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Strategy and Actions	Action type	Implement ation partner	Scale of Impact
Strategy 5: Addressing growing demand for affordable and secure housing			
Actions for long term impact			
5L1 Undertake research to better understand what the gaps and needs for rural key worker, seasonal and essential housing are by LGA in the region and prepare an informed regional needs position statement to use in advocacy.	Research	Councils	Low
5L2 Push for the State Government to commit to a Rural and Seasonal Worker Housing program which would provide recurrent payments to parties willing to build, own and operate rental housing to mitigate skill shortages in country Victoria to address regional needs (identified in the above-mentioned position statement)	Advocacy	State	High
5L3 Work with universities with a regional presence (La Trobe in particular) and encourage them to support affordable student housing projects in key regional centres.	Coordination / assistance	Local	Med- ium
5L4 Lobby for an extension of the Big Housing Build and other social and affordable housing investment including in private sector joint ventures in regional Victoria (including in towns which were not part of the original, first round spend guarantee).	Advocacy	State	High
5L5 Liaise with Commonwealth Games offices and associated agencies, including Development Victoria, and encourage the relocation of any temporary housing structures/ pods into regional areas for seasonal worker accommodation after the Commonwealth Games.	Coordination / assistance	State / Councils	High
Actions for short/medium term impact			
5S1 Prioritise a project in First Nations Housing in the region by: <ul style="list-style-type: none"> - Identifying the nature of projects eligible for grant funding through for example the National Indigenous Australian Agency NIAA or the Social Housing Growth Fund – Homes for Aboriginal Victorians - Liaising with Councils and First Nations representative groups in the region to identify relevant housing ideas and potential housing projects - Working with potential partners to refine projects and secure funding for a First Nations Housing Project from the above or other sources. 	Coordination / assistance	Local	Low
5S2 Investigate opportunities to support the construction of accommodation prior to the Commonwealth Games (for those councils in proximity to Greater Bendigo).	Policy	Local	High
5S3 Approach Development Victoria to undertake an exemplar infill renewal housing project at Chum Street, Bendigo to demonstrate the benefits of mixed, medium density housing projects with social housing, justified on the basis of wider economic, social and community merits.	Advocacy	State	High

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5S4 Lobby the state government to introduce reforms to the planning system to enable short term rental housing to be distinguished from housing for long term occupation (which would mean housing used for short term rental accommodation – defined by for example a 180 day limit restriction – would require a planning permit though allowing for some reasonable exemptions).	Policy	State	Medium
5S5 Identify suitable underutilised Council land or sites which could be developed for social and affordable housing and work with HomesVic to offer this to community housing providers through the Big Housing Build and future programs (also see 4S3)	Funding / subsidies	Councils	Medium

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Strategy and Actions	Action type	Implement ation partne	Scale of Impact
Strategy 6: Reducing time and costs to unlock supply			
Actions for long term impact			
6L1 Push for the State Government to expand its Regional Planning Hub program to assist local councils to speed up their housing policy updates and improve their development approvals processes. A priority focus should be to get as much housing development ‘code assessable’ as possible.	Policy	State	Med- ium
6L2 Work with relevant partners (Victorian Skills Authority and education providers) to promote and encourage development of a local trade skills program and promote this in schools to facilitate the development of a future construction workforce.	Guidelines / information	s State	Med- ium
Actions for short/medium term impact			
6S1 Provide a regional service to assist councils in identifying projects that could access DELWP’s Development Facilitation Program which is intended to accelerate the assessment and determination of eligible ‘regional housing and/or employment projects’.	Coordination / assistance	State / Councils	Low
6S2 Establish council level criteria and system for priority assessments for residential rezonings and development proposals.	Guidelines / information	Councils	Low
6S3 Run local training / information programs on regulatory settings and requirements to assist development proponents to frame their project documentation to enable rapid assessment.	Guidelines / information	State / Councils	Low
6S4 Promote new low cost building technologies and typologies (kit builds, pre-fabs, moveable dwellings, off-site construction) to encourage housing development (without necessarily reducing the quality of the design and build).	Guidelines / information	Councils	Low

Business cases / strategic guides for four projects

The Acton Plan is accompanied and supported by two business cases and two strategic guides for projects which could unlock housing and illustrate how some of the issues and barriers identified above could be addressed. Broadly speaking, projects for these reports were chosen based on their:

- geographic spread (to ensure different parts of the region were represented by projects but also with a bias toward the smaller settlements and rural areas which typically receive less attention in relation to such projects)
- potential to address different aspects of the housing challenge (across the spread of issues identified above)
- potential to reveal new pathways and new ways of addressing barriers to housing supply
- potential for replication in other regions
- potential to leverage or unlock other investment
- potential to address direct and pressing economic and social issues.

After consultation with RDV, LGA's and the PCG the following four studies were selected.:

1. ETTY STREET PROJECT STRATEGIC GUIDE

Etty Street is a former secondary school site in Castlemaine in the Mount Alexander council area. The Department of Education and Training owns the school site, and lots on the land are managed by DELWP, Parks Victoria and the Department of Education and Training. The site has a potential development yield of 90 lots. The land is classified as Crown land, and land-use changes are subject to native title.

The core goal of Mount Alexander Shire Council is to provide social and affordable housing by activating under-utilised State land. This goal aligns with Strategy 5 of the housing action plan. The Strategic Guide addresses two key issues:

- How to identify and activate surplus State land. Formulating the process for the transfer of lots from one entity to another. Identifying the legislative barriers that need addressing.
- How to navigate the native title process in a time-effective manner.

The broader learnings from the project will be a process that is adoptable by other regional councils to unlock under-utilised State land that is subject to native title.

2. MILDURA WORKER HOUSING PROJECT BUSINESS CASE

SMECC is a worker housing provider for employees from culturally and linguistically diverse (CALD) backgrounds. The organisation has had success in providing worker housing in the past. Currently, they are pursuing a new project that will deliver over 124 beds on an underutilised parcel of land on Ramsay Court.

The business case develops the economic case for funding and provides a financial feasibility model for a successful housing accommodation development including identifying the capital 'gap' required to realise the project and achieve its demonstrated economic benefits. The business case aligns with Strategy 5 of the housing action plan. The business case showcases how councils could facilitate the development of a similar project.

3. Buloke Worker Housing Project Strategic Guide

The Buloke Shire has several businesses looking to expand or establish operations within the region bringing job opportunities. A key barrier for businesses is obtaining sufficient workers due to the lack of housing within Buloke. Buloke likely has sufficient zoned land and does not need to necessarily rezone more land; instead, landowners need to be incentivised to release land. Alternatively, suitable land needs to be identified for specific worker housing projects. Another issue to address is how council can guide potential developers in creating a development proposal or lead themselves a development proposal.

The Strategic Guide outlines the steps required to achieve additional worker housing. the Strategic Guide aligns with Strategy 3 in finding opportunities to accelerate the development of zoned and suitable land for housing development and Strategy 5 in addressing the growing demand for social and affordable housing.

4. Loddon Newbridge Water and Sewerage Infrastructure Project Business Case

Newbridge is a settlement in Loddon LGA whose growth has been hampered by the lack of a reticulated water and sewerage system. Though Newbridge was identified as a priority location under State government Country Towns Water Supply and Sewerage Program, the wind up of that program has meant Coliban Water is unable to finance the project. Prices would need to rise to finance the debt and this would unduly impact on the customers. What is missing for the project to go ahead is a third-party guarantor to take on the financing obligations.

This Business Case considers the wider economic benefits of the project which justify alternative financing options including the use of the National Housing and Infrastructure Facility (NHIF) to address infrastructure gaps. The options could be helpful to other regional councils (or water authorities) facing similar financing barriers. The Newbridge project aligns with Strategy 2 of the housing action plan on bridging infrastructure gaps. .

1. Introduction

Adequate housing is fundamental to a community's social functioning and economic performance. The ten councils that make up the Loddon-Mallee region have identified that population growth combined with a shortage of appropriate housing, a lack of housing diversity and increasingly expensive housing is creating social stresses and pressures on services and infrastructure while dragging on the region's ability to achieve its economic potential. This Housing Action Plan (and the business cases to be prepared in due course) is a response to various dimensions of the housing crisis in the Loddon-Mallee.

There are some common issues identified as affecting housing in the region, though particular councils have unique needs. Research and consultation were undertaken to understand the scale and spatial incidence of the issues. In addition, councils, regional organisations and developers were consulted to identify priority actions that would address the key issues identified. From these findings SGS undertook further work to formulate this draft Housing Action Plan to strategically address the issues identified. Four business cases to address priority actions will be prepared in due course, following further consultation.

Section 2 of this draft Action Plan describes the issues identified and key findings from the discussion paper prepared prior to consultation early in 2021 (and prior to the release of 2021 census data later in the year) and summarises the issues and key findings from the targeted consultation with stakeholders.

Section 3 identifies strategies and key actions to address the housing issues identified through the research and consultation.

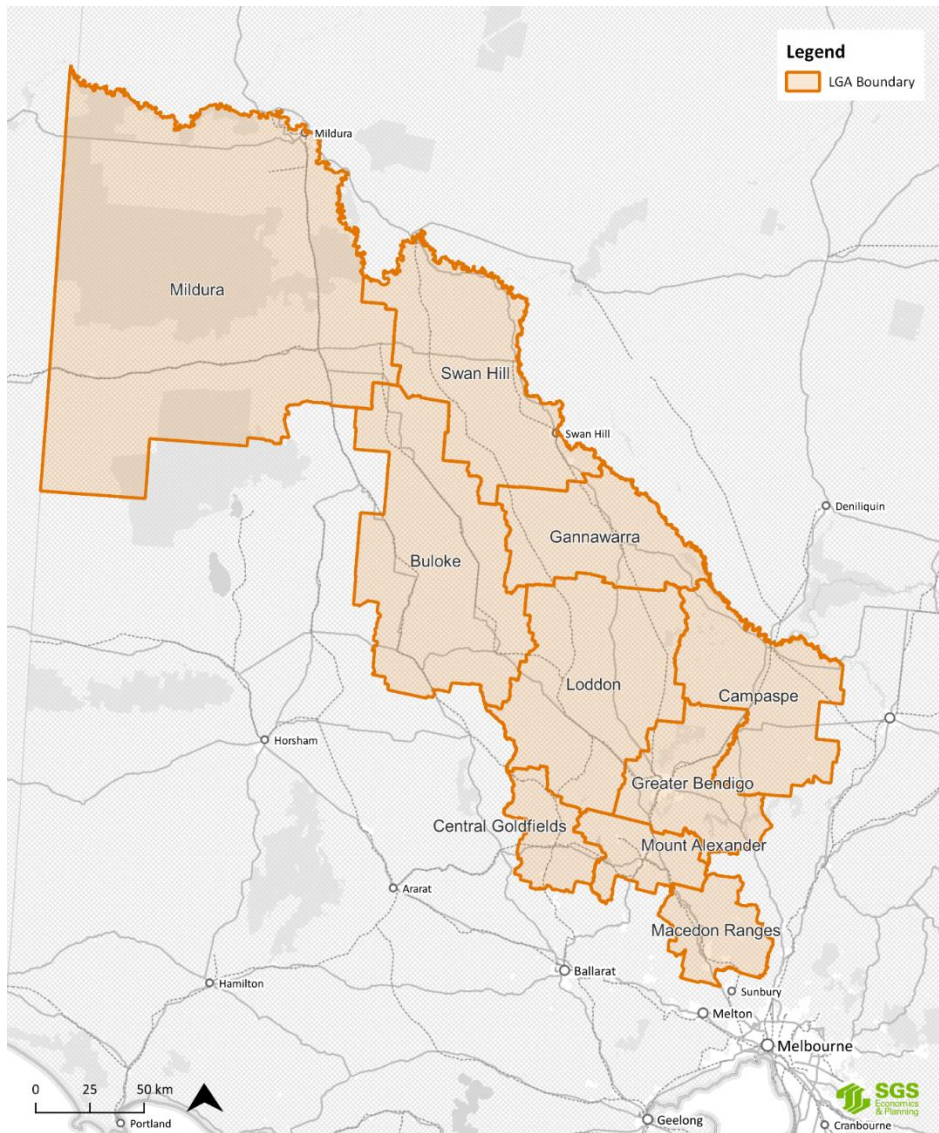
Four priority projects identified in the course of the analysis and consultation undertaken for the study are a focus for further studies produced separately to this action plan.

2. Research and consultation

2.1 Profile of region

The Loddon-Mallee region's 10 municipalities are geographically dispersed, stretching from proximity to metro Melbourne towards the north-western border of Victoria. Cities, towns and settlements across the region have quite different characteristics. Natural and rural landscapes are varied. Economic drivers and influences on growth are also different and distinctive across the region.

FIGURE 1: LODDON MALLEE COUNCILS



Source: SGS Economics and Planning 2022

Major centres

The Loddon Mallee region has four major urban centres Bendigo, Mildura, Swan Hill and Echuca.

Greater Bendigo is easily the most populated local government area in the region with a population of over 110,000 people¹. The size of the economy, or GRP is over is \$7bn. The key employment industries being healthcare and social assistance and retail. Manufacturing, agriculture and tourism are also major contributors to the municipality's economy. The city is a major regional service and economic hub in Central Victoria.

The Rural City of Mildura is located in the north west of Victoria about 550kms from metropolitan Melbourne. The LGA has a population of over 50,000 people with about 35,000 in the urban area of Mildura. The key industries are tourism, food and beverage manufacturing, transport and logistics, agriculture, retail, health and community services². Mildura city is a major service centre for not only north west Victoria by also parts of NSW and SA.

Swan Hill has a population of over 20,000 people and has an economic output of \$3bn³. The LGA includes the townships of Swan Hill, Robinvale, Lake Boga, Nyah, Nyah West, Piangil, Woorinen, Ultima, Manangatang, Boundary Bend and Tresco. Agriculture makes up about a fifth of the LGAs economic output with seasonal agricultural work being a feature.

Echuca is the major centre within the Campaspe municipality located near the Murray River. The key industries are tourism and agriculture. The settlement serves as an important economic and social hub for Northern Victoria and Southern NSW with its border twin Moama.

Economic profile of region

The Loddon-Mallee region has a complex economic profile given its geographic spread. The Loddon Mallee region has approximately 340,000 residents spread across the 10 council areas, representing about 5 per cent of Victoria's population. The region contributes about 3 per cent of the state's GSP and has over 129,000 jobs. The key employment sectors for the region are healthcare and social assistance, retail, manufacturing, tourism and hospitality, and agriculture.

Loddon-Mallee contains two diverse, broadly categorizable regional economies. The Southern part of the region has a strong defence, machinery and food manufacturing base. Whilst the Northern region has a strong horticulture, dairying, broad acre cropping, mineral sand and rare earth mining and renewable energy industry. Tourism is also an important industry with the Murray River being a tourist attraction in the north and historic Bendigo an attraction in the south. A key economic initiative is the idea of a Regional Employment and Innovation Corridor running between Gisborne through Bendigo to Echuca with the aim of driving future growth in the Loddon Mallee region.

South of Bendigo the local government areas of Macedon Ranges (containing the towns of Macedon and Woodend, Mount Alexander centred on Castlemaine and Central Goldfields focussed on Maryborough) have varied histories and economies but are increasingly connected to metropolitan

¹ <https://www.bendigo.vic.gov.au/sites/default/files/2021-02/City%20Statistics%202020.pdf>

² <https://www.mildura.vic.gov.au/Council/About-Council/Demographics-Statistics>

³

<https://app.remplan.com.au/swanhill/economy/trends/population?state=YIAjCN!1YvwigaMqUP6kNOFvvnv8WUgFWIbDkFnleInhvi2YW>

Melbourne, particularly Macedon Ranges and Mount Alexander with commuter rail and freeway connections providing commuting options to central Melbourne.

2.2 Findings from discussion paper research

Recent Commonwealth and State initiatives

A range of housing initiatives are underway at both Commonwealth and state level. The most relevant of these for the region is perhaps the Big Housing Build of the Victorian State Government. This proposed a significant expansion of social housing across Victoria. The VPA and a NSW Regional Housing Taskforce have both recently released reports that identify actions to address housing supply constraints in regional areas.

Several initiatives are already underway in the region to address housing issues, and some are similar to those included in both the VPA and NSW Regional Housing Taskforce documents.

These reflect the housing aims and objectives in the various LGA housing and settlement strategies. Some of the aims and objectives identified in the strategies are common across the councils. These include:

- Increasing housing diversity options available especially targeting housing for an ageing population and worker housing
- Encouraging infill and housing density in existing residential areas
- Improving housing affordability, including the provision of social housing
- Improving the amenity, safe active transport, services and neighbourhood character, and
- Having sufficient land to accommodate housing demand.

Some unique objectives and aims are identified, for example increasing tourism development in Gannawarra, providing high quality housing in Bendigo and Campaspe, providing physical infrastructure that maintains pace with growth in Macedon Ranges, protecting agricultural land in the Loddon Shire and Macedon Ranges and Seasonal Worker Accommodation for Swan Hill and Mildura.

It should be noted some of the current housing and settlement strategies objectives and aims were set some time before COVID.

Basic demographic and housing profile

- The population was 324,123 in 2016 and grew by 30,476 in the 10-year period or about 305 per year or at an average rate of 1 per cent. Within the region the Buloke, Gannawarra and Loddon LGAs saw their populations decline in this 10-year period. Recent population change as estimated by the ABS suggests a total population of 344,000 in 2021. Greater Bendigo and the peri-urban LGAs of Mount Alexander and Macedon Ranges Shire saw the greatest rate of population increase in the year to end of June 2021 (all at 1% or above).
- LGA by LGA population figures may hide sub-LGA and town by town variations. Furthermore it is suggested by stakeholders that ABS estimates may undercount the population in some instances, for example Swan Hill Council has suggested that Robinvale is growing at a much faster rate than would be suggested by official statistics. Demand from seasonal workers can have a big impact on

population and this may not be adequately captured by national statistics⁴. A systematic undercount is particularly problematic where population figures are used for housing demand projections which form the basis of forward planning for land supply

- An ageing population profile is characteristic of the Loddon Mallee region. Buloke and Swan Hill is where an ageing population profile is most apparent, with all age groups under 65 have a having negative growth.
- At a region level the composition of household types is projected to remain largely the same. However, a LGA by LGA review shows lone person households will be an increasing share in Buloke, Central Goldfields, Gannawarra, Loddon and Mildura. The share will increase by 2 to 3 percentage points.
- The Loddon-Mallee region had 146,542 dwellings at the time of the 2016 ABS Census. In the order of 1900 dwellings per year have been added on average in the 2006-16 period.
- Separate houses accounted for 88 per cent of all dwellings in 2016. Flats or apartments account for 6 per cent and semi-detached dwellings account for 3 per cent.
- Three-bedroom houses are the most prevalent (50.4%), then four bedrooms (25.1%) and followed by two-bedroom dwellings (16.7%).

Housing market indicators and affordability stress

- In general **there is an increasing lack of affordability with significant recent house price and rental growth**. The table below summarises key house price and rental indicators for the LGAs across the region for the final quarter of 2021. These of course are averages and conceal more significant spikes in particular towns and settlements (some of which are also reported in the attached discussion paper).
- Median house prices jumped by a range of 7 to 15% across the LGAs, except for the Loddon Shire. The substantial increase in housing prices is locking out households from homeownership. Rental vacancy rates are below 1 per cent in every LGA indicating limited housing stock to meet demand from new residents and workers. With rental and houses prices creeping towards metro Melbourne price levels there is a growing and sometimes acute lack of affordability. Unlocking housing supply would release the pressure in the region.
- Based on modelling undertaken by SGS the estimated total number of households experiencing rental housing stress across the region was 17,900 or 13 per cent of all households in 2016. Rents have been rising faster than income growth and it is likely that affordability has worsened and will continue to deteriorate such that the share of households in rental stress will also rise.
- There is a significant shortfall between the households requiring assistance (a minimum of 13% of households) and the number of available dwellings (e.g. social housing which comprises 3% of stock).
- Lone person households represent the single largest cohort experiencing housing stress (in total and share).
- Workers are also struggling to get housing due to high prices and low vacancy rates. This has negative consequences both economically and socially.

⁴ Anecdotal findings show in some locations population levels are much higher than estimated in the ABS statistics. For example, Robinvale's population seasonally doubles leading to housing pressures.

SNAPSHOT OF LGA HOUSING MARKETS LODDON-MALLEE REGION – FINAL QUARTER 2021

	% change in median house prices	Rental Vacancy rate	Change in rental price
Buloke	11.54%	0.09%	4.35%
Campaspe	14.65%	0.24%	3.03%
Central Goldfields	2.44%	0.25%	3.45%
Gannawarra	15.00%	0.14%	4.17%
Greater Bendigo	8.87%	0.78%	-1.32%
Loddon	-7.56%	0.00%	-6.00%
Macedon	7.25%	0.36%	0.00%
Mildura	10.97%	0.64%	3.03%
Mount Alexander	8.91%	0.36%	-1.25%
Swan Hill	11.90%	0.24%	-10.00%

Source: SGS Economics and Planning 2022, Realestateinvestar 2022

Future housing demand

- In the absence of comprehensive updated projections prepared specifically for the region, the baseline population growth scenario in VIF 2019 (the Victorian Government's projections) has been utilised for housing demand modelling.
- There has been no observed widespread surge in population growth stemming from the COVID-19 pandemic based on 2021 estimates of the resident population, however, **dwelling completions data suggests that the rate of housing growth may be in the order of 25-30% higher than that observed to 2016**. LGAs with negative or relatively static growth rates in the baseline scenario are likely to be growing – albeit slowly - not declining, while those with moderate growth in the baseline may be growing faster.
- Based on the baseline population forecasts there is estimated future demand for 23,500 dwellings in the Loddon Mallee region over the next 15 years, representing a total increase of 15 per cent on the current stock. The greatest demand for additional dwellings is in the City of Greater Bendigo and Macedon Ranges Shire. **An increased rate of growth of say 25 per cent would see growth of about 30,000 dwellings in the next 15 years.**
- Future housing demand projections identifies separate houses as the predominant dwelling type, based on revealed preferences given the available housing stock. The projections suggest the share of future demand for additional separate houses will range between 83 to 96 per cent of all

dwellings across the LGAs in the region to 2036. Demand for alternative housing types may increase in future but based on these projections **Councils should still be planning for somewhere between 4 and 17 per cent of future dwellings being in non-detached forms.**

Labour market profile and impacts of a housing supply shortfall

Input-output modelling showed the economic impact of constrained access to essential workers arising from prospective housing shortfalls. These are:

- Using the low housing shortfall scenario, the Loddon Mallee region could lose \$44m in gross regional product. This equates to 0.2 per cent of the region's GRP and this is equivalent to 60 per cent of the region's growth in GRP between 2018 and 2019.
- In the high scenario, the region could lose \$218m in gross regional product. This equates to approximately 1 per cent of the region's GRP and this would be equivalent to 3 years loss in GRP based on GRP growth between 2018 and 2019. Compared to Victoria growth in 2018-19 the lost output would account for 2 per cent of the state's growth.
- The industries with the biggest losses in GRP are Agriculture, Forestry and Fishing, Manufacturing and Education and Training
- Macedon Ranges and Greater Bendigo would lose a greater share of output relative to their GRP because of housing supply shortfalls

2.3 Summary findings from consultation session

To enhance SGS's understanding of the issues, their scale and the priority actions to address the issues SGS hosted 9 engagement sessions featuring up to three stakeholders in each session. The 10 councils were consulted with attendance of council executives, housing officers and other relevant council representatives. The non-council stakeholders engaged with were executive officers from Central VIC PCP, DELWP, Haven Home Safe, Our Place, Villawood, LCRP and Loddon-Mallee RDA. The consultation sessions had three purposes

- Seeking feedback on the contents and direction of the discussion paper
- Enhancing the understanding of key barriers and issues. The issues are listed below:
 - Zoning and land suitability
 - Service infrastructure
 - State government regulatory role
 - Local government agility and regulatory response
 - Housing affordability
 - Diverse housing needs
 - Cost and speed of housing delivery
 - Developer attraction and investment
- Identifying priority actions in the most important category issues.

Consultation session participants provided written feedback on the discussion paper, a ranking of the importance of the issues and priority actions for consideration categorised by the issues listed above.

Issues by theme

Below is a high level summary of the points raised on each of the key issues and SGS's reflections on their relative importance after gathering all the information provided by engagement session participants.

Zoning, land suitability

This centred around the availability of suitable residential land. The keys issues raised by councils were:

For the larger councils (regional centres) there is generally sufficient zoned land, though some may not be suitable for development or located where demand is concentrated and also located with amenities such as transport, education, health and social services..

- Small councils typically reported insufficient suitable land zoned for residential development.
- In addition, for these councils the costs of bringing land online are seen as prohibitive due to the expenses incurred in rezoning and the labour intensive process, which reduces development feasibility.
- A key issue driving land availability in the Central Goldfields Shire is the limitation imposed by geography and terrain. To an extent, this issue is also manifest in Mount Alexander where a lack of flat parcels of land impedes development prospects.
- Though environmental overlays are important, the perception was there needs to be clear guidance on how overlays are applied and a balance in mitigating risks than

This is not a high priority issue at a regional level and for most councils but is a high priority issue for the small rural councils.

Service infrastructure

This considered the extent to which service infrastructure is a barrier to housing supply. Service infrastructure mainly referred to availability of water, sewerage, power, road access connections and other infrastructure fundamental to residential development. The key points raised were

- Key service infrastructure lacking across the region is for water and sewerage
- The key barriers to needed service infrastructure being built are
 - the costliness of infrastructure including 'up-front' financing by 'first mover' developers
 - infrastructure authorities having little appetite to invest due to existing debt obligations
 - a lack of knowledge and skills capacity in the region around infrastructure.
- Due to the costly nature and the time it takes to recoup the investment in service infrastructure especially in the smaller council areas, it was suggested that State government needs to bear the risk burden.
- A patchwork approach to resolving the service infrastructure issue, that is doing works on a council by council basis, will not be economically beneficial for the region. A strategic region wide approach would be significant and would open up housing supply. A region wide approach would provide opportunities for economies of scale reducing the overall cost of service infrastructure provision.

- Developers encounter a feasibility gap due to the cost of service infrastructure. Filling that gap would make development feasibility more attractive in areas that have historically been unfeasible from a developers perspective.

A lack of service infrastructure was a region wide issue making it a high priority issue.

State government regulatory role

This discussed to what extent is state government's regulatory role a barrier to housing supply. Some key points raised were.

- The involvement of multiple state regulators in the approval process is seen as impeding the supply of land. This was an issue raised by councils and developers. The issues raised were
 - Conflicting positions on the suitability of land by different state agencies
 - The amount of time taken to get approval from agencies is long. The involvement of multiple agencies makes the process unreasonably lengthy
- Some State government processes (e.g., planning amendments) are too costly for smaller councils. There needs to be a consideration of costs to a council's budget.
- There is a need for a process that allows councils to bring forward for quicker consideration approvals that will generate the most economic benefit.
- There is a lack of skilled planners in the smaller councils and the dwindling pool of planners is adding pressure as statutory workload increases.

Not all councils considered the State's regulatory role to be a barrier to housing supply. For a subset of councils the state government's regulatory role is a high priority r issue, however region wide this was not identified as a high priority issue. For developers reforms to the state government's regulatory role to make development easier is evidently a high priority.

Local government agility and regulatory response

Consultation participants gave an assessment on how agile councils are at responding to the need for more housing

- The mix of an escalating statutory planning workload and a lack of qualified planners in the small councils and some of the large councils is a barrier to responsiveness.
- Resources in general at a local government level are seen as a constraint to councils effectively fulfilling their regulatory roles.
- There is need for better systems to bring forward for quicker approval endeavours that will have a larger economic impact.
- Developers stated that council processes are at time lengthy. limiting their ability to deliver housing in a timely manner.

Though their own regulatory responsiveness linked to a lack of resourcing is a top priority issue for councils, the pressures would be released with better strategic planning and more co-ordination and assistance from State government. State level resourcing and strategic planning support is the key issue in this regard.

Housing affordability

This discussed the current state of housing affordability

- Affordability is declining across the region in most of the LGAs. This is impacting general residents and the attraction of workers as housing price points are out of reach for many workers.
- The risk aversion to financial institutions lending in regional areas means would be homeowners need a 30 per cent deposit. With escalating house prices this pushes homeownership out of reach for many in the region
- Council resource constraints mean that being providers of social housing, or even playing a more active role, is not viable for most councils.
- Affordable housing for workers (inclusive of seasonal workers) is a key barrier to economic development due to the lack of housing that matches wages.

Housing affordability is an increasingly critical issue in the peri-urban local government areas. Elsewhere there are still pockets of relatively affordable housing. Affordability 'per se' was in general not considered a p priority issue though it will be increasingly important across the region in due course if trends continue.

Diverse housing needs

The discussion centred on what type of diverse housing is needed and if there is a housing product that is needed. The points raised were

- There is need for housing suitable for seasonal workers. The current housing stock is either too large for the typical household or of low quality. The housing needs to be close to amenities. There is demand for but a shortage of medium density housing.
- Economic development such as Kerang Link, Solar and Wind Farms will bring more jobs into the region. The current stock of housing will not be sufficient to meet demand and limit the ability to attract jobs to the region
- There is need for more adequate housing that suits an ageing population. The prevalence of more smaller households will need suitable housing.

The ability to attract and retain workers is key for the economic development of the region and in addition providing housing to vulnerable groups is important to maintaining social and economic cohesion. More opportunities for households to downsize will free up housing stock. Therefore, providing diverse including more compact housing is a high priority for the region.

Cost and speed of housing delivery

This involved discussion on the development sector's ability to bring housing online in a timely and efficient manner. The points raised were:

- A lack of trades is a key issue for most of the councils across the region. There is a need to develop the building sector by providing incentives and training programs for the region to gain more apprentices.

- For the larger councils, land banking seems to be a key barrier preventing more housing from being developed. There is a need for incentives to encourage the release of land by making housing development more financially profitable.
- The looming issue of increasing material costs and the potential for developers to go bankrupt due to costs eating into margins means housing delivery could be impacted in the future.

This is probably is not a top priority issue compared to other issues facing the region. However, with the looming cost of materials and trades this could become a top priority issue in the short term.

Developer attraction and investment

This discussed to what extent development feasibility barriers and investment barriers are stopping housing supply

- Development feasibility is a barrier to infill housing and greenfield housing in many parts of the region.
- The depth and skills of the development sector is a constraint in many areas. Medium density infill development involves more risks and delivery challenges. Developers tend to focus on traditional housing in new release areas. Swan Hill council pointed out that it has some good infill housing developers.
- The challenge is specifically related to a lack of developers willing to do infill housing in what would appear to be appropriate locations (in established areas with good amenities).
- Gannawarra Shire indicated that it had actively sought to recruit developers from outside the region to realise greenfield development opportunities, with some success.

This appeared to be a lower priority issue.

3. Strategies and Actions

3.1 Overview

In reviewing the research and consultation findings six key issues relating to housing supply have been identified across the region:

1. a lack of comprehensive strategic planning for future housing
2. suitable development land being withheld from in-sequence release
3. lack of infrastructure finance / provision to support development
4. poor development feasibility in some markets for medium density and compact housing and therefore unachievable sale prices
5. decreased housing affordability and increased housing related stress
6. costs and time delays in planning and development that hamper responsive supply.

A lack of strategic planning is a region wide problem. The other issues or problems exist to varying degrees across the ten council areas.

These issues are addressed through strategies and with draft actions in two categories, namely:

- Region-wide actions for long term impact (strategic action for enduring change across the whole region)
- Actions for short/medium term impact (strategic actions for short term impact across the whole region but available to Councils as relevant)

The preparation of four business cases for selected projects will follow and these will accompany the final action plan.

3.2 Better strategic planning for future housing supply

Overview

Many of the planning related barriers to more effective housing supply stem from a lack of adequate long term strategic planning. The current Regional Growth Plans are outdated and too high level in their performance and directions. The recent spikes of growth have exposed this deep strategic planning deficiency.

Firstly, there is a lack of comprehensive data to identify whether there is a shortage of land zoned for future housing across the region. The anecdotes suggest that most jurisdictions do not have a zoned land shortage in general, and that this in itself is not a first order issue, though mismatches between supply and demand in different markets and settlement areas are apparent. Better strategic planning would take both a region wide and settlement level approach to identifying demand and supply potential.

This would begin with a robust population forecasting capacity which forms the foundation of regional strategic planning. A number of councils in the region had problems with the VIF forecasts which they believe underestimate population growth. Work undertaken by councils provides anecdotal evidence that population growth is higher than these 'official' forecasts (at least in particular settlements). A more bespoke and regional level forecasting capacity is required to feed into housing (and employment) targets in strategic planning.

From the consultation feedback it is apparent that councils are inadequately resourced to undertake effective strategic planning for housing. However, the problem won't necessarily be fixed long term by funding additional local level strategic planning. A consistent and clear regional planning approach is required. An enduring solution to the under-resourcing issue could be the creation of well-funded regional planning units that can undertake comprehensive strategic spatial planning. Councils could then be left to mostly focus on development-level planning and municipal service delivery, though strategic planning would still be important for the larger councils in particular.

The task of preparing plans for significant new release areas and sequencing their development might also be better located with a regional planning authority. An alternative or perhaps interim approach would be to mandate the VPA to do this work.

One issue raised by multiple council respondents was the deficiencies of Planning Practice Note 90 Planning for Housing which directs the following⁵:

- *Plan to accommodate projected population growth over at least a 15-year period and provide clear direction on locations where growth should occur.*
- *Residential land supply will be considered on a municipal basis, rather than a town-bytown basis*

A fifteen year horizon is probably insufficient given the nature of land ownership, willingness to develop, infrastructure costs and patterns of development apparent in regional areas. Furthermore some towns and settlements have high rates of growth and less available land, even if across the

⁵ https://www.planning.vic.gov.au/__data/assets/pdf_file/0032/445388/PPN90-Planning-for-housing.pdf

municipal area there might be sufficient land to accommodate development in aggregate for 15 years. These sub-municipal differences need to be able to be reflected in planning for future housing supply.

Actions for long term impact

- Create new units for regional planning based in the regions, with responsibility for detailed regional strategic planning and oversight of major land release projects . This would have appropriate officers for example a planning director, a demographer to provide a more up to date data and on the ground assessment of key housing statistics, and a support team.

Continue to press for the VPA to undertake this work in the meantime (see below).

- Prepare a detailed, evidence based regional planning strategy that includes:
 - Identification of major strategic and state level infrastructure which will influence development patterns
 - Clear identification of regional or major environmental and other development constraints including forecast impacts from climate change based on detailed mapping
 - Dwelling forecasts and/or targets (20-30 years) at regional, local government and major centre level based on robust population and dwelling forecasting (providing specific direction for particular place planning by local government)
 - Greenfield vs infill targets for an explicit 30 years planning horizon
 - Identification of major new release (and infill) areas to provide 30 years supply (calibrated closely to the Greenfield vs infill targets)
 - Employment forecasts and/or targets (20-30 years) at regional and local government level
 - Identification of regionally significant employment clusters and industrial areas
 - An identified hierarchy or typology of centres to guide priorities in planning for intensification and infrastructure provision, based on considerations such as:
 - employment size
 - range of retail and services available
 - type of employment
 - key transport nodes
 - capacity for change including government-owned land, likely positive impact from future transport, and other major infrastructure investment.
 - Support and commitment from key providers of development infrastructure (water, sewerage, roads) to the identified preferred development areas and sequence
 - Consistent directions for Councils to support the strategic regional planning through their planning and infrastructure actions.
- Advocate for a Windfall Gains Tax revenue sharing deal under which a proportionate share of aggregate State collections of WGT would be returned the Loddon-Mallee region to support regional strategic planning and infrastructure investments consistent with strategic plans.

- Seek a review of PPN90 Planning for Housing to:
 - require a 30 year horizon for the accommodation of future population and housing growth
 - make it clear that while initial demand and capacity analysis should take a municipal wide perspective, sub-municipal (town by town) differences in anticipated future rates of development can be a justification for designating additional land for future housing
 - prepare an accompanying set of guidelines for the preparation of evidence based housing strategies (the NSW Guide provides a reference for this⁶)

Actions for short/medium term impact

- Lobby DELWP and the Victorian Planning Authority (VPA) to refresh the current Loddon-Mallee regional growth framework to more rapidly open up new housing supply opportunities by:
 - undertaking rapid strategic analysis of future demand and supply prospects at a regional level
 - Identifying priority areas for new release in liaison with councils taking into account suitable zoned land and infrastructure availability
 - preparing PSPs consistent with the rapid strategic analysis and local objectives for housing and urban development.
 - expediting accompanying Planning scheme amendments that facilitate new residential developments.
- Expand resources available for local strategic planning, particularly for smaller resource constrained councils e.g.
 - partnerships with universities to get planning undergraduates to intern at local councils especially the smaller rural councils
 - work with the new state planning hub to ensure assistance is available for strategic planning.

3.3 Bridging infrastructure financing gaps

A lack of zoned land for housing is a moderate priority issue across the region. Far more critical is the process for and cost of providing lead and trunk infrastructure (water, sewerage, drainage and roads) to support timely and in-sequence housing development for land already zoned for housing. ‘First-mover’ reluctance to finance the cost of this infrastructure means that suitable zoned land is withheld from in-sequence development. Alternatively, a reluctance on the part of key infrastructure agencies to forward fund development infrastructure where future development patterns (and therefore revenue streams) are uncertain or not considered sufficiently deep is another barrier to development.

Projects that are impeded by infrastructure-servicing issues are eligible for low-cost finance from NHFIC. The National Housing Infrastructure Facility (NHIF) provides finance for ‘eligible infrastructure projects that will unlock new housing supply’ (see summary in the box below)⁷. Many regional councils and developers are resource-constrained and would need assistance from another agency to act as broker and agent to support bids for the finance and manage the acquittal.

⁶ <https://www.planning.nsw.gov.au/Policy-and-Legislation/Housing/Local-Housing-Strategy-Guideline-and-Template>

⁷ <https://www.nhfc.gov.au/what-we-do/national-housing-infrastructure-facility/>

There is no systematic use of Development Contributions Plans to fund infrastructure which would assist in orderly and funded development. Mildura and Swan Hill Councils have Development Contribution Plan for growth fronts. Greater Bendigo has two DCPs applying to the Marong Business Park and Huntly Growth Area. In the absence of systems of development contributions Councils are potentially foregoing millions of dollars which could be captured to fund infrastructure and support the timely supply of land for housing.

The VPA has supported capacity building for local Councils to apply DCPs, but the effectiveness of this process is yet to be demonstrated. In any case, the fruits of this reform will take some time to appear.

Recognising the detailed planning work and administration required to support Development Contribution Plans one solution might include the creation of a joint organisation of regional councils, to create efficiencies to procure and administer them (and also to pool funds and thereby alleviate cash flow and financing barriers). In the short term it might be more realistic to assign this responsibility to a state government level body.

What is the National Housing Infrastructure Facility (NHIF)?

The National Housing Infrastructure Facility (NHIF) is an Australian Government initiative. It provides finance for eligible infrastructure projects that will unlock new housing supply, particularly affordable housing. The NHIF offers concessional loans, grants and equity finance to help support critical housing-enabling infrastructure and comprising:

- up to \$175 million for NHIF grants (\$1.5 million of which may be used to provide support to registered community housing providers in the form of capacity building activities); and
- up to \$825 million for concessional loans and equity finance which will form part of a revolving permanent fund (with returns on loans and equity investments to be reinvested).

To be eligible an applicant must demonstrate that without NHIF financing its project would be unlikely to proceed, or likely to proceed only at a much later date or with a lesser impact on new affordable housing.

The NHIF can provide finance to help support critical housing-enabling infrastructure. For example,

- electricity and gas, transportation including roads, telecommunications, and water, sewerage and stormwater.
- site remediation works including the removal of hazardous waste or contamination

Eligible applicants include registered community housing providers, local governments, state or territory governments, and government-owned development corporations or utility providers.

The provision of NHIF Loans, NHIF Grants and NHIF Equity Investments is subject to sufficient funds being available each financial year.

To apply for a NHIF Loan and/ or NHIF Grant (once an EOI Form has been submitted), Applicants must:

- complete the Application Form provided by the NHIF relationship manager;
- provide all the information requested in the Application Form and the guidelines;
- address all the Assessment Criteria and (for NHIF Loans) provide evidence of the Applicant's ability to repay the loan; and
- submit their application to the NHIF through an NHIF relationship manager, along with all required supporting documentation.

Actions for long term impact

- Seek assistance to access NHFIC funding for infrastructure
 - Coordinate a regional approach via proposed Housing Support Officers and engage with NHFIC
 - Seek DJPR support to act as broker and under-writing agency to assist Councils access NHFIC concessional loans, grants or equity finance
 - Call for expressions of interest from Council for development projects where it can be demonstrated that without NHFIC financing the project would be unlikely to proceed, or likely to proceed only at a much later date
 - Seek funding via the National Housing Infrastructure Facility (NHIF) for the eligible development projects
- Engage with councils and DELWP to identify barriers to wider use of Development Contributions Plans and Infrastructure Contributions Plans and identify joint approaches or reforms that would encourage take-up including administrative burdens and moderating cash flow and financing issues for individual councils as they need to fund infrastructure.

Actions for short/medium term impact

- Establish a mechanism for Councils to invite the VPA to produce DCPs for development areas upon request.
- Organise a housing supply action summit with key providers of development infrastructure (water, sewerage, roads) to address key barriers to identified housing development opportunities, and to discuss other joint grant and funding opportunities.

3.4 Accelerating the development of zoned and suitable land for housing

The withholding of zoned, suitable and 'in-sequence' land from development is a critical barrier to housing supply experienced in differing degrees across the region. Land withholding can result in ad-hoc development patterns, and the leap-frogging of development frontiers to areas that may not have the necessary support infrastructure in place.

This phenomenon is typical in the regions where land owners have asset management or investment perspectives that are divorced from housing demands and planning preferences. They may be actively using the land for another purpose or they may be seeking to maximise returns by progressive sales to developers over a medium term horizon ('drip-feeding'). 'Stick' or 'carrot' measures may be appropriate depending on the context where land withholding is disrupting an effective supply response.

The opportunity for landowners to partner with Development Victoria to secure the development would be 'carrot' or incentive measures, while punitive rates for in-sequence, serviced land being withheld from development, or in extreme cases resort to compulsory acquisition might represent 'stick' measures. Swan Hill council has lifted rates on vacant properties to encourage them to develop and this approach might provide an example for other councils.

These mechanisms would be justified to address demonstrable market failure, wherein the lack of market housing can be seen to hold back the economic and social development of regional areas.

Better promotion of development opportunities and expanding the number of active developers in local markets might also accelerate the bringing of land to market.

Actions for long term impact

- Establish a short-list of 20 under-utilised government owned sites (e.g. VicTrack land) suitable for housing across the region (created from suggestions by each of the councils), and after due consideration of planning merits, seek Ministerial and/or government support for fast-tracking surplus designation, sale (or disposal) and development, and compile in a prospectus to publicise the opportunities (which could include community housing partners).
- Establish a process where land-owners and developers of suitable zoned land can partner with Development Victoria (DV) to develop their land and make them equity partners.
- More clearly identify DV owned or optioned vacant land and promote these as development opportunities to encourage involvement from the development industry.
- Prepare consistent guidelines for councils to apply differential rates to encourage development of suitable zoned and in-sequence vacant land.

Actions for short/medium term impact

- With the assistance of DELWP provide an advice service to owners of zoned, vacant land capable of producing 5 or more dwellings on development pathways, and if implemented, write to all such owners calling for expressions of interest in the advice and development assistance service.
- Prepare a short prospectus of known development opportunities and promote this to selected developers from Melbourne or Greater Bendigo.

3.5 Bridging the feasibility gap for medium density infill housing

A lack of feasibility for new housing in 'greenfield' areas would be partly addressed by the actions mentioned above, including better forward strategic planning and providing finance for forward infrastructure provision. Pressures on development feasibility from the high cost of builders and materials, which are widely mentioned, would remain.

Systemic feasibility barriers would face medium density and smaller scale infill housing projects in regional cities and towns. This is an under-acknowledged problem because this type of smaller scale, well located housing would be ideal for transitory and seasonal key worker housing (if on the rental market) as well as long term residents looking to 'age in place'.

In the larger regional towns and peri-urban areas in particular there is an emerging mismatch between households and the historic housing stock. New households are smaller on average (typically 1-2 person) and predicted to increase while 2-3 bedroom houses are typical. There is a need for more compact, 1-2 bedroom dwellings in accessible locations.

The reality however is that the development of multi-unit blocks and some more compact housing types in regional areas is quite uncommon. This is mostly a feasibility problem (and partly a 'depth of industry' problem) rather than inherently linked to a lack of market demand (which, though not

significant, would be increasing). Generally the revenue from the sale of units is not sufficient to cover the normal profit requirements of developers or even recover construction costs.

Though the price of competitor housing product (i.e. detached houses) have gone up during the COVID period in general there remains a feasibility gap for medium density, multi-unit housing. Generally, the feasibility gap is unlikely to be bridged by changes to standard development taxes and charges. Interventions that are more far-reaching are likely to be required to boost housing supply in rural areas to enable skills attraction and retention, as well as meeting the needs of an ageing population. This gap could potentially be filled by involving state government and having them provide a subsidy to reflect the scale of external benefit.

It is important to continually review development controls and standards to see if these represent a continuing barrier or add costs to medium density development. This will be particularly important in the peri-urban and larger regional councils where it could be expected that demand for diverse and more compact housing is expanding, and the price of traditional detached housing will be increasing.

Actions for long term impact

- Push for the establishment of a government developer to undertake innovative and essential infill and medium density housing development projects in regional centres in the Loddon-Mallee. Development Victoria could also be mobilised and have its function extended for this task.
- Develop regional support for more affordable and diverse housing by establishing an ‘alliance’ group of developers, project builders and council representatives to ‘make the case’ for non-traditional housing on smaller blocks in regional markets including:
 - demonstrating economic and social need
 - highlighting benefits from a cost, convenience and housing diversity perspective to encourage take-up
 - highlighting exemplar projects and housing plans to showcase more affordable homes
 - work on addressing barriers to market acceptance for council and community education.

Actions for short/medium term impact

- Push for the State Government to provide a medium density housing ‘bounty’ (e.g. \$30,000 per unit – to be confirmed after further investigation) to developers willing to build multi-unit housing in infill areas in regional centres in the region. This could be paid ‘up-front’ at building approval stage though returned if the development is not completed. This could also reflect targeting principles set up under the now defunct National Rental Affordability Scheme.
- Critically review local planning controls in consultation with the development sector, particularly in service rich, high amenity inner areas of larger towns, to identify any barriers to shop-top, compact or multi-unit housing development, including subdivision of existing dwellings into two dwellings.
- Package up council owned land in good locations deemed to be under-utilised and surplus to foreseeable requirements (following a rigorous evaluation process) and proactively market the sites on favourable terms to developers willing to provide demonstration medium density housing projects. These projects could be teamed with further subsidies to support additional affordability objectives (see below).

3.6 Addressing growing demand for affordable and secure housing

Affordability was a near universal issue for Council officers and stakeholders engaged throughout this study (severe in the peri-urban municipalities and regional centres, and while less acute beginning to emerge as an issue even in the smaller regional municipalities of Loddon, Buloke and Gannawarra). The modelling and analysis highlighted housing stress as an entrenched issue likely to get worse given increases in house prices and rents. The Victorian Government's Big Housing Build is producing more social housing with a commitment to the major centres in the region, but targeted support for additional key worker and seasonal worker housing in particular locations is required.

Affordability pressures are made more acute given the decline in the availability of long-term rental properties. In some markets in the Loddon-Mallee there are typically just a handful of properties available for long term private rental. The increase in sale values has incentivised owners of rental stock to sell properties which might have been previously available to rent, while other properties have been converted to short term rental (Airbnb etc). In Victoria there is no distinction between houses available for short term rental in the use definitions in the planning system so no recourse to the planning system to address the conversion of housing to short term rental. NSW has recently addressed this issue with reforms (that took effect in November 2021) that aim to address the balance between supporting visitor and tourist accommodation with the need to protect long term rental stock. This includes updating the definitions of Short Term Rental Accommodation (STRA) including adding a 180 day limit restriction for 'non-hosted' STRA based on location, while allowing exemptions of bookings of 21 consecutive days or more from these day limits for non-hosted STRA to facilitate temporary short stay rental housing for seasonal or temporary workers. These reforms⁸ could be a model for change in Victoria.

Councils can leverage their own land resources, or to encourage state agencies to contribute land for social and affordable housing projects, and some specific examples and opportunities were identified during the consultation. A local community committee in Buloke has already supported the development of a small social housing development while Swan Hill Council has contributed land to the Swan Hill Worker Housing project which will deliver four houses with the support of the Victorian Government.

In Bendigo the 'Chum Street' site has been identified previously as ideal for a mixed housing infill development. It is an ex-mining site currently managed by DELWP. DTF has reviewed prospects for the site previously and decided it was not feasible to develop it, given contamination and development costs and the ultimate realisable values. Redevelopment could be an exemplar for demonstrating the potential of medium density infill in regional centres as well as providing a mix of housing including social housing. It would need to be justified on the basis of its wider economic, social and community merits rather than narrow financial feasibility metrics.

⁸ <https://www.planning.nsw.gov.au/Policy-and-Legislation/Under-review-and-new-Policy-and-Legislation/Short-term-rental-accommodation>

Actions for long term impact

- Undertake research to better understand what the gaps and needs for rural key worker, seasonal and essential housing are by LGA in the region and prepare an informed regional needs position statement to use in advocacy.
- Push for the State Government to commit to a Rural and Seasonal Worker Housing program which would provide recurrent payments to parties willing to build, own and operate rental housing to mitigate skill shortages in country Victoria to address regional needs (identified in the above-mentioned position statement).
- Work with universities with a regional presence (La Trobe in particular) and encourage them to support affordable student housing projects in key regional centres.
- Lobby for an extension of the Big Housing Build and other social and affordable housing investment including in private sector joint ventures in regional Victoria (including in towns which were not part of the original, first round spend guarantee).
- Liaise with Commonwealth Games offices and associated agencies, including Development Victoria, and encourage the relocation of any temporary housing structures/ pods into regional areas for seasonal worker accommodation after the Commonwealth Games.

Actions for short/medium term impact

- Prioritise a project in First Nations Housing in the region by:
 - Identifying the nature of projects eligible for grant funding through for example the National Indigenous Australian Agency NIAA or the Social Housing Growth Fund – Homes for Aboriginal Victorians
 - Liaising with Councils and First Nations representative groups in the region to identify relevant housing ideas and potential housing projects
 - Working with potential partners to refine projects and secure funding for a First Nations Housing Project from the above or other sources.
- Investigate opportunities to support the construction of accommodation prior to the Commonwealth Games (for those councils in proximity to Greater Bendigo).
- Approach Development Victoria to undertake an exemplar infill renewal housing project at Chum Street in Bendigo to demonstrate the benefits of mixed, medium density housing including social and affordable dwellings, justified on the basis of its wider economic, social and community merits.
- Lobby the state government to introduce reforms to the planning system to enable short term rental housing to be distinguished from housing for long term occupation (which would mean housing used for short term rental accommodation – defined by for example a 180 day limit restriction – would require a planning permit though allowing for some reasonable exemptions); the recent NSW reforms provide a model for scope.
- Identify suitable underutilised Council land or sites which could be developed for social and affordable housing and work with HomesVic to offer this to community housing providers through the Big Housing Build and future programs.

3.7 Reducing time and costs to unlock supply

Much of the frustration expressed by those consulted for the study on the role of state government agencies in relation to planning scheme amendments related to proposals or prospects not identified through local or regional level strategic planning. It is not surprising that ad hoc or out of sequence proposals need more justification and face greater barriers to approval, though this doesn't imply such proposals don't have ultimate merits. However there were anecdotes of 'hold-ups' on some elements of conforming proposals, including changing state-level regulations that legitimately address say bushfire or vegetation management issues but can 'shift the goal-posts' and add uncertainty and costs for smaller developers with advanced propositions.

Ensuring that structure planning and planning scheme amendments for rezonings occur in a timely manner is essential to provide an efficient housing market. However, financial and staffing capacity constraints within council's place limits on the ability to undertake this necessary strategic work in a timely way.

Other costs are external to the planning system include the cost of 'tradies' and building materials which is increasingly cited as a barrier to responsive and affordable housing development. New materials and techniques are available that have brought down the cost of housing and these could be promoted more widely.

Actions for long term impact

- Push for the State Government to reinstate / reinvigorate the 'flying squad' program to assist local Councils to speed up their policy documentation and improve their development approvals processes. A priority focus should be to get as much housing development 'code assessable' as possible.
- Work with relevant partners (Victorian Skills Authority and education providers) to promote and encourage development of a local trade skills program and promote this in schools to facilitate the development of a future construction workforce.

Actions for short/medium term impact

- Provide a regional service for Councils to assist in identifying projects that could access DELWP's Development Facilitation Program which is intended to accelerate the assessment and determination of eligible 'regional housing and/or employment projects'.
- Establish council level criteria and system for priority assessments for residential rezonings and development proposals. Criteria might include: Policy alignment; Benefit generation; Financial impact; Socioeconomic impact; and, Delivery risks.
- Run local training / information programs on regulatory settings and requirements to assist development proponents to frame their project documentation to enable rapid approval.
- Promote new low cost building technologies and typologies (kit builds, pre-fabs, moveable dwellings, off-site construction) to encourage housing development.

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