



# Legislative Council Legal and Social Issues Committee

**Inquiry:** Inquiry into the Rental and Housing Affordability Crisis in Victoria

**Hearing Date:** 8 August 2023

**Question[s] taken on notice**

**Directed to:** Rural Councils Victoria

**Received Date:** 30 August 2023

## 1. Ryan BATCHELOR, page 38

### Question Asked:

Any more examples that you have got of that and sort of the scale of councils acting as developers in the areas.

### Response:

Cr Brown mentioned the “Correa Park Estate” developed by Pyrenees Shire. Other examples from Councils in rural Victoria include:

#### 1. Golden Plains Shire:

- a 36 lot rural residential subdivision in Teesdale that has been developed in 3 stages with the first 12 lots currently titled and for sale.
- a 50 lot urban residential subdivision in Bannockburn currently being rezoned and a planning permit being processed through the Ministerial Development Facilitation program

#### 2. South West Victoria:

In the Barwon South-West area, with low availability of housing to rent, several Councils are looking at building/developing. This includes key worker housing sites (subject to separate Council approvals) to build a pipeline of opportunities across the region. These would/could be a mix with Councils leading or co-investing. The size of the potential sites vary across Councils:

- Corangamite Shire – 16 dwellings
- Colac Otway Shire - 56 dwellings
- Surf Coast Shire – 24 dwellings
- Moyne Shire – 30 dwellings
- Southern Grampians Shire – 26 dwellings
- Glenelg Shire – 10 dwellings
- Warrnambool City – 11 dwellings

### 3. Moyne Shire Council:

A shortage of affordable accommodation and skilled workers has led to Moyne Shire Council, with the support of the State Government, to deliver eleven studio-style cabins at the Mortlake and Koroit Caravan Parks for the purpose of key workers.

Council builds and leases these out to local businesses and the provision of the cabins recognises the shortage of affordable accommodation and skilled workers, which go hand in hand.

### 4. Yarriambiack Shire Council

Yarriambiack Shire Council is now considering “being the developer” as an option for the development at the Old School Site in Hopetoun, as they were initially unsuccessful with a Social Housing application via the Big Housing Build.

## **2. Ryan BATCHELOR, page 39**

### **Question Asked:**

Could you give me some examples or some suggestions about how the state might be able to help with that funding or bridging capital?

### **Response:**

#### **Sewers:**

In our old country towns infrastructure (such as sewers) can be 100+ years old. It has been possible (just) to manage this with our lower rates of subdivision and intensification thus far. However, the development pressure in central locations and the need to increase medium density development means infrastructure is no longer fit for purpose, and major upgrades are required.

An example from Mount Alexander Shire: On Templeton Street where two medium density affordable apartment developments are proposed it is likely the sewer main and branches will need upgrades to accommodate an additional 40+ dwellings. As an indicator, recent cost estimate on a similar site in Castlemaine is in the order of \$5M due to the age of the infrastructure and our topography.

Castlemaine central and our major towns are ideal for intensification due to their levels of services, amenities, access to public transport and position on metro-regional growth corridors. However, grant funding is needed to help make this ‘quantum shift’ from relatively stable spacious country towns to the more intensified development necessary to enable viable developments that meet housing needs.

### **Infrastructure Development Funding Program:**

The Victorian Government could establish an Infrastructure Development Funding Program that specifically assists smaller Councils/rural Councils in reducing the upfront development costs required for costly subdivisional infrastructure (typically new roads, road intersections and drainage basins) required at initial stages of development.

This will ensure residential and commercial projects are commercially competitive for developers to invest in rural and regional areas that would otherwise not get off the ground or face longer delays.

A funding program or low-interest loan scheme could be established to provide 'up front' capital support for much needed housing and commercial developments in regional Victoria. This would act as a catalyst to initiate land development projects that are strategically identified in the municipality to address housing shortages, including social and affordable housing, and commercial and industrial land development, such as manufacturing, food processing and renewable energy projects.

As development progresses, funds can be progressively repaid to Government to allow for the ongoing operation of a Development Funding Program in regional Victoria.

### **Bridging capital options**

Bridging capital would enable small rural Councils such as Murrindindi Shire to:

- Build key worker housing on Council land and lease to an operator or in a commercial environment.
- Funding to develop business cases and planning work to unlock under-utilised government land for residential development.
- Fund development of key catalyst retail / commercial facilities to boost economic viability to attract private investment to fund timely and orderly residential housing.
- Pre-pay cost of constructing services in partnership with a land owner, with the repayment in full or in part being upon the sale of the land.
- Upgrading of services such power supply for fast EV charges and expansion of areas without delay.
- Fund a sewer backlog program to address environmental impacts and growth constraint of unsewered towns.

### **Funds to water authorities**

At present Yarriambiack Shire have five townships identified where land is subdivided, however the expense of sewer and water to those properties is cost prohibitive for future housing development.

GWMWater is working through the cost estimates to extend the sewer and water mains in those towns to inform potential funding applications/advocacy to unlock housing opportunities.

Ideally, if water authorities such as GWMWater could be provided with a funding pool to extend sewer and water networks in a timely manner in rural areas, this would be highly beneficial to unlock land and make available for housing developments. Council's are not the technical experts in this area, and it would make sense if we could partner with water authorities to identify where extensions are required and they undertake the works. This may assist/entice developers into rural areas.

A similar concept could be available for electricity supply mains extensions.

To conclude, Rural Councils Victoria research on the impact a job lost or gained in a small town found there was 32 times the impact of one gained or lost in a regional city. If we apply this order of magnitude of impact in relation to housing, capital grants for infrastructure are a sound investment. Even though the number of homes delivered will unlikely match metro settings, the order of impact of each home delivered makes the grant investment an economically (and socially) sound investment.

The capital grants needed in our rural settings to enable social, affordable and key worker housing developments would unlock significant value.