Legislative Assembly
Environment and
Planning Committee

Supply of homes in regional Victoria

Inquiry
November 2025

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Functions

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Terms of reference

Inquiry into the supply of homes in regional Victoria

On 2 December 2024, the Legislative Assembly Environment and Planning Committee agreed to the following motion:

> That the Committee conduct an inquiry into the supply of homes in regional Victoria including the methods of building them and the mix of housing forms and types and report no later than 15 December 2025.

Chair's foreword

Having a safe, affordable and secure place to call home is the foundation of a thriving, inclusive and fair Victoria. Every person deserves the dignity of stable housing no matter where in Victoria you choose to live and call home. Across regional communities, the alignment between housing supply and demand is increasingly imbalanced.

Our Inquiry has shone a light on the evolving housing landscape in regional Victoria. With strong population growth, more families choosing to relocate from Melbourne and changing household dynamics, the demand for housing—especially smaller homes close to services—is increasing. Regional Victoria is growing, vibrant and full of opportunity, and we must ensure that housing supply keeps pace with this momentum.

Constraints such as timely infrastructure delivery, skills shortages and high construction costs are affecting residential development. As a result, housing affordability has been impacted, rental vacancy rates are low, and many regional Victorians face housing insecurity or are seeking social housing.

This mismatch between housing supply and demand has significant social consequences. Stable housing is more than shelter—it's about giving people the stability to pursue education, find meaningful work and contribute to their communities. Vulnerable groups, including young people, older Victorians, and those experiencing family violence, are disproportionately affected by housing stress. Aboriginal communities also face additional barriers to secure and affordable housing.

Our Inquiry suggests that a collaborative and strategic approach is needed to boost regional housing supply. This must include holistic regional plans that integrate settlement and infrastructure planning to deliver new homes. Planning should be coupled with investment in timely infrastructure, initiatives to address skills shortages and incentives for residential developers to deliver more diverse housing that meets the needs of Victorians throughout their lives.

Regional Victoria is a wonderful place to live—full of heart, resilience and promise. The recommendations from our Inquiry build on that strength. That is why we strongly advocate for sustained and targeted funding for social housing, to create a stable pipeline of affordable homes in rural and regional communities into the future.

We encourage the Victorian Government to consider our findings carefully and partner with local governments, developers and the community housing sector to enact our recommendations. Regional Victoria is a great place to live. Let's work together to ensure regional communities continue to thrive.

I thank everyone who generously lent their time and expertise to the Inquiry by making a submission, appearing at a hearing or hosting a site visit. I hope you can see the evidence you contributed reflected in our findings and recommendations.

I would also like to acknowledge the professional advice and support provided by the Committee Secretariat throughout the Inquiry. Your assistance in uncovering evidence and developing a final report has been invaluable.

Lastly, I would like to express my gratitude to my fellow Committee Members for their energetic and bipartisan approach to this Inquiry. I know housing supply and housing insecurity are serious challenges in all our communities and that you share my belief in the solutions put forward in this report.

It is our shared hope that our findings and recommendations inform effective policy and planning decisions to address the housing challenges faced by regional Victoria today and into the future.

Juliana Addison MP
Chair

Executive summary

On 2 December 2024, the Legislative Assembly's Environment and Planning Committee (the Committee) resolved to inquire into the supply of homes in regional Victoria. It examined the mix of housing forms required by regional communities to cater to the needs of Victorians throughout their lives. It also investigated modern methods of building these homes and explored ways to increase housing supply in regional Victoria.

The Committee found that housing supply and housing demand are poorly aligned in regional communities, with serious consequences for many Victorians. Evidence suggested that greater collaboration between state and local governments, placed-based planning, strategic infrastructure investment and targeted support to stimulate development can unlock additional housing supply.

Housing demand in regional Victoria

Steady population growth, migration out of Melbourne and a surge in single and couple households is driving up the demand for homes across regional Victoria, particularly smaller homes.

However, the supply of new homes is not keeping pace. Residential development in regional Victoria is constrained by land supply, slow infrastructure delivery, regional skills shortages and high construction costs. Higher density development and smaller, one- or two-bedroom homes are not always economically viable to build.

This is placing upwards pressure on the cost of buying or renting a home in regional Victoria and exacerbating low rental vacancy rates. Affordability challenges are further compounded by the lack of housing diversity in regional Victoria to cater to the different living arrangements needed by people throughout their lives. Regional communities are dominated by freestanding three- or four-bedroom homes on large blocks.

Constrained supply and the deteriorating affordability of homes is driving greater demand for government-subsidised social housing as more Victorians are priced out of the private rental market.

Social consequences of housing shortages

Stable and affordable housing is foundational to the wellbeing of Victorians. It provides the shelter and security required for individuals and families to thrive, take up educational opportunities and pursue employment. It is essential infrastructure for equitable and well-functioning communities.

Unfortunately, housing insecurity is growing in regional Victoria. Many Victorians are spending a greater proportion of their income on housing costs due to the rising price to buy or rent a home. This is driving experiences of financial hardship, people living in overcrowded or inappropriate housing, or entering homelessness.

Several groups are particularly vulnerable to housing insecurity. Young people can find it more challenging to absorb housing costs as they typically earn less or receive lower income support payments than adults. As many as a third of the young people leaving state care are experiencing homelessness.

While Aboriginal Victorian communities demonstrate resilience and leadership on housing challenges, structural inequalities within the housing system continue to limit both access and long-term stability. Structural racism is a key driver of housing inequity, manifesting in a variety of ways, including discriminatory practices in the private rental market.

Older Victorians with limited options to age in place are having to leave their communities to access appropriate housing. Low incomes, inadequate housing stock and systemic discrimination can also leave people with disability in precarious and unsuitable living conditions.

Victorians experiencing mental illness or family violence are impacted by a lack of crisis accommodation and transitional housing. It can be difficult to secure long-term affordable housing or a supported living arrangement which meets their needs.

As more Victorians are priced out of the private property market, the waitlist for government-subsided social housing continues to increase.

Collaborative housing solutions

In the last five years, the Victorian Government has pursued policy and planning reforms aimed at increasing housing supply, improving affordability and enhancing the housing security of Victorians. This has included statewide settlement planning, known as the *Plan for Victoria*, and targets for the construction of new homes in each municipality. The Victorian Government has also made the largest investment to increase social housing in the state's history, known as the Big Housing Build.

These reforms have set an ambitious vision for housing abundance across the state. However, Victoria's rural and regional communities are diverse. Collaborative regional planning is needed to address housing constraints and leverage the economic strengths of each region to drive residential development. The Committee recommends the establishment of regional taskforces to lead integrated settlement and infrastructure planning for each region. This will support the successful implementation of the *Plan for Victoria*. Regional taskforces and plans must be accompanied by fairer infrastructure funding models and greater support for local governments and community groups already working to address unmet housing needs.

Stimulating residential development

Victoria can bolster the construction of housing in its regional communities by carefully balancing higher density development in regional cities with the construction of homes in new greenfield growth areas. It can ensure that developable land is available through appropriate zoning and streamlined planning processes. Financial incentives to improve the viability of higher density residential development also have the potential to kick-start housing supply in well-serviced locations.

The release of new regional growth areas on the suburban fringe is necessary to support housing affordability and supply in the short term. Land supply must be accurately monitored to support the timely release of this land. A 10-year plan for regional greenfield growth areas would underpin infrastructure investment to enable housing and support thriving regional communities.

Regional construction skills shortages must be addressed to bolster residential development. The Victorian Government should continue working with the education sector to encourage regional Victorians to take up and complete trade apprenticeships. It must collaborate with industry to ensure graduates are ready for a career in a sector which is embracing more modern methods of construction.

Delivering affordable and diverse housing

It is critical that regional communities have a mix of housing forms to cater to the different living arrangements desired by Victorians throughout their lives. This must include the larger, stand-alone family homes already prevalent in regional Victoria and more modest and affordable housing in well-serviced locations suitable for older Victorians and lone-person households.

The development of more diverse and affordable homes can be expedited through the strategic application of inclusionary zoning. Inclusionary zoning requires residential development to include a proportion of smaller, affordable or social housing as a condition of planning approval. Zoning must be accompanied by incentives to protect and enhance the economic viability of development in regional communities.

Greater use of innovative new materials and modern methods of construction also have significant potential to bring down the cost and time it takes to build a home in regional Victoria. Public investment in social housing can be leveraged to provide the stable pipeline of work the construction sector needs to refine and automate prefabrication and modular housing construction.

It is also important that the Victorian Government sustains its significant investment in social housing for the long term, to ensure that all Victorians have access to affordable and secure housing. Social housing is essential infrastructure which underpins the wellbeing of many vulnerable Victorians and supports well-functioning and equitable communities.

Findings

2 Housing demand in regional Victoria

3 Social consequences of housing shortages

4 Collaborative housing solutions

6 Delivering affordable and diverse housing

Recommendations

3 Social consequences of housing shortages

RECOMMENDATION 1: That the Victorian Government set new targets for social housing that reflect the projected need for specialist youth housing, crisis accommodation for victim-survivors of family violence, accessible properties for older residents and supported living arrangements for Victorians living with mental illness or disability. 77

RECOMMENDATION 2: That the Victorian Government align its investment in social housing to fully implement *Mana-na woorn-tyeen maar-takoort: the Victorian Aboriginal housing and homelessness framework* (2020). This should encompass ongoing funding for Aboriginal Community Controlled Organisations to deliver culturally safe housing in line with projected demand, and to deliver wraparound social support to tenants. 77

RECOMMENDATION 3: That the Victorian Government advocate for the Australian Government to increase income support, particularly Youth Allowance and Jobseeker payments, to levels commensurate with the cost of living. 77

4 Collaborative housing solutions

RECOMMENDATION 4: That the Victorian Government:

- retain, update and expand existing regional growth plans to support the implementation of *Plan for Victoria*. The updated plans must identify well-serviced locations in existing urban areas and new greenfield growth areas suitable for housing development. They must address regional constraints and leverage economic development to support housing supply.
- establish regional taskforces to review, update and expand regional growth plans, and drive their implementation. The Department of Transport and Planning should facilitate the taskforces, with membership including local governments, telecommunication companies, utility and essential services, developers, local industries, community housing organisations and others involved in housing supply. 94

RECOMMENDATION 5: That the Victorian Government require updated regional growth plans to integrate settlement and infrastructure planning to support the implementation of *Plan for Victoria*. They should clearly prioritise, sequence and build community and service infrastructure to unlock new housing supply and support developing communities. **98**

RECOMMENDATION 6: That the Victorian Government incorporate consideration of infrastructure funding in rural and regional contexts as part of its review and pilot program for community infrastructure developer contributions under Action 9 of the *Plan for Victoria*. **105**

RECOMMENDATION 7: That the Victorian Government provide ongoing strategic investment in rural and regional infrastructure and advocate for the Australian Government to match this investment. Investment should align with the priorities identified in updated regional growth plans, fill the gaps arising from inadequate or late developer contributions, and maximise the delivery of new homes to achieve housing targets across regional Victoria. **108**

RECOMMENDATION 8: That the Victorian Government mitigate the impact of major government infrastructure projects on regional property markets. This should include prioritising local recruitment and supporting projects that create housing to accommodate workers travelling into a region throughout a project. It should consider opportunities to use innovative construction methods, recoup the cost of housing at the conclusion of the project or repurpose it for social housing. **109**

RECOMMENDATION 9: That the Victorian Government help boost the supply of qualified statutory planners in rural and regional Victoria by addressing barriers to education, training and retention and by promoting pathways from training into work in rural and regional communities. This should include subsidised fees for students studying planning who go on to work in a rural or regional setting. **115**

RECOMMENDATION 10: That the Victorian Government broaden the scope of the Regional Planning Hub to include local governments seeking to increase the supply and/or diversity of affordable housing and support the Regional Planning Hub to expand the services it provides to rural and regional local governments. **115**

RECOMMENDATION 11: That the Victorian Government consider introducing mandatory timeframes across planning processes to strengthen housing supply in rural and regional Victoria. It should also consider options for incorporating default outcomes such as 'deemed to comply' or 'deemed refusal' into planning application processes to facilitate timely decisions. **116**

RECOMMENDATION 12: That the Victorian Government support community-led initiatives aimed at increasing, diversifying and improving the affordability of homes to address unmet need in rural and regional communities. **120**

5 Stimulating residential development

RECOMMENDATION 13: That the City of Ballarat, the City of Greater Geelong and the City of Greater Bendigo (in consultation with the residential development industry) revise the zoning of land around transport and activity centres to enable a greater diversity of higher density housing. **132**

RECOMMENDATION 14: That the Victorian Government expand the definition of an activity centre for regional residential development under the Future Homes Program to include important employment precincts and areas with strong access to essential services and make proximity to an activity centre flexible. **135**

RECOMMENDATION 15: That the Victorian Government lower the thresholds for regional residential development to be eligible for the Development Facilitation Program by waiving the requirement for regional projects to be in areas with less than five years' land supply and connectable to existing infrastructure, as well as reducing the monetary threshold for participation. **135**

RECOMMENDATION 16: That the Victorian Government explore opportunities to incentivise and improve the economic viability of higher density residential development in regional cities. **137**

RECOMMENDATION 17: That the Victorian Government:

- improve the accuracy of Urban Development Program data collection and reporting by moving away from monitoring theoretical land supply to actual land supply, based on development readiness, market feasibility and realistic delivery timeframes
- establish a 10-year plan for the release and development of regional Victoria's greenfield growth areas. **142**

RECOMMENDATION 18: That the Victorian Government simplify and expedite the planning scheme amendment process as part of its review of the *Planning and Environment Act 1987* (Vic) to support residential development in regional areas. **145**

RECOMMENDATION 19: That the Victorian Government review the process for developing Precinct Structure Plans, and the support provided to local governments undertaking this process, as part of its review of the *Planning and Environment Act 1987* (Vic). 149

RECOMMENDATION 20: That the Victorian Government encourage more regional Victorians to commence and complete an apprenticeship in a construction trade through financial support for both students and the businesses employing apprentices, greater promotion of construction careers, and targeted efforts to increase the gender diversity of the sector. 157

RECOMMENDATION 21: That the Victorian Government investigate options for supporting regional Victorian TAFEs to expand enrolments in construction apprenticeship programs and ensure graduates' skills are industry ready. 158

RECOMMENDATION 22: That the Victorian Government use future funding rounds of the Regional Worker Accommodation Fund to encourage private investment in key worker housing. For projects involving private investment, the Victorian Government should negotiate the retention of affordable housing or accommodation for key workers for a period that is commensurate with the funding amount. 162

RECOMMENDATION 23: That the Victorian Government consider refining the Windfall Gains Tax to ensure it incentivises residential development in regional Victoria. This could include:

- introducing exemptions for higher density development within existing urban areas of regional cities or for social housing
- requiring the proceeds to be invested back into the communities where they were collected
- reducing the Windfall Gains Tax interest rate/payments in line with the proportion of social or affordable housing to be developed. 167

6 Delivering affordable and diverse housing

RECOMMENDATION 24: That the Victorian Government establish inclusionary zoning mandating the inclusion of affordable or social housing as part of new residential development in locations where it is financially viable to do so. Mandates should be paired with incentives to minimise the cost impost on developers. 173

RECOMMENDATION 25: That the Victorian Government work with local governments and the development industry to develop a Small Lot Housing Code for the whole of Victoria. **175**

RECOMMENDATION 26: That the Victorian Government:

- establish a streamlined process for local governments to request the release of surplus government land in support of affordable and social housing development in regional Victoria
- increase the proportion of social and affordable housing required to be delivered as part of residential development on surplus government land to at least 30%. **179**

RECOMMENDATION 27: That the Victorian Government drive the broader adoption and innovation of modern methods of construction by leveraging public procurement to support a stable pipeline of work and partnering with TAFEs to expand training in modern methods of construction. **184**

RECOMMENDATION 28: That the Victorian Government work with the Commissioner for Residential Tenancies to enshrine the right of long-term residents of caravan and residential parks to fair and secure lease terms and conditions. **186**

RECOMMENDATION 29: That the Victorian Government review the operation and effectiveness of the Short Stay Levy by 2027 and enact any recommendations to strengthen its operation promptly. **194**

RECOMMENDATION 30: That the Victorian Government support the formation of a statewide framework for homeshare programs and the establishment of regional pilot programs requiring partnerships with local governments, health services or other community organisations. **197**

RECOMMENDATION 31: That the Victorian Government increase funding for rental assistance programs in regional communities, including social services, legal assistance and financial counselling. In particular, the Aboriginal Private Rental Assistance Program should be expanded to include culturally safe support services and anti-racism training for landlords, real estate agents and accommodation providers. **200**

RECOMMENDATION 32: That the Victorian Government collaborate with local governments, the community housing sector, social services and communities to establish targets for the construction of new social housing. Targets should accurately reflect projected demand across the state, including in rural and regional areas. **206**

RECOMMENDATION 33: That the Victorian Government develop a 10-year investment plan for increasing social housing across regional Victoria. Investment must deliver both public and community housing and support the realisation of social housing targets. It should include dedicated funding streams for rural and regional communities. **206**

RECOMMENDATION 34: That the Victorian Government increase funding for community housing organisations and social services providers to deliver wraparound support to social housing tenants and programs for homelessness prevention and early intervention. **206**

Acronyms

ACCOs	Aboriginal Community Controlled Organisations
AHURI	Australian Housing and Urban Research Institute
ASH	Australian Sustainable Hardwoods
AUFV	Adult using family violence
CBD	Central business district
CFA	Country Fire Authority
CFMEU	Construction, Forestry and Maritime Employees Union
CHIA Vic	Community Housing Industry Association Victoria
CHWHA	Central Highlands and Wimmera Homelessness Alliance
CIL	Community Infrastructure Levy
CMAs	Catchment Management Authorities
CSSV	Catholic Social Services Victoria
DBF	Density bonus framework
DCL	Development Cost Levy
DCP	Development Contributions Plan
DTP	Department of Transport and Planning
GAIC	Growth areas infrastructure contribution
GBAC	Greater Ballarat Alliance of Councils
GEGAC	Gippsland and East Gippsland Aboriginal Cooperative
GVA	Gross value added
HANZA	Homeshare Australia and New Zealand Alliance
HIA	Housing Industry Association
J2SI	Journey to Social Inclusion
LGAs	Local government areas
MASP	Mallee Accommodation and Support Program
MMC	Modern methods of construction

MAV	Municipal Association of Victoria
NHIF-CI	National Housing Infrastructure Facility–Critical Infrastructure
NHSAC	National Housing Supply and Affordability Council
OECD	Organisation for Economic Co-operation and Development
OH	Oliver Hume
PIA Victoria	Planning Institute of Australia (Victoria)
PSP	Precinct structure plan
QSI	Quantify Strategic Insights
RTBA	Residential Tenancies Bond Authority
UDFs	Urban design frameworks
UDIA Victoria	Urban Development Institute of Australia (Victoria)
VAHHF	Victorian Aboriginal Housing and Homelessness Forum
VCOSS	Victorian Council of Social Services
VCAT	Victorian Civil and Administrative Tribunal
VHR	Victorian Housing Register
WGT	Windfall Gains Tax
YWCA	Young Women's Christian Association

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Chapter 1
Introduction

Housing is foundational to the wellbeing of all Victorians. It provides us the shelter, safety and security required to thrive and make a meaningful contribution to our communities. The demand for housing in regional Victoria has increased over the past two decades, particularly since the steady migration of Victorians from Melbourne since the COVID-19 pandemic. This migration has placed upwards pressure on regional property prices and rents, and kept rental vacancy rates low.

On 2 December 2024, the Legislative Assembly's Environment and Planning Committee resolved to inquire into the supply of homes in regional Victoria, which included an examination of building methods and the mix of housing forms and types.

During the Inquiry, the Committee heard from housing experts, regional Victorians, local governments, and builders and developers. It explored the consequences of unmet housing need and challenges to the economic viability of residential development in smaller communities. It also examined the importance of strategic planning and infrastructure investment, and initiatives to support the construction of more diverse and affordable housing in regional Victoria.

The Committee acknowledges that the unmet demand for housing in regional Victoria has long been in the making and that resolving it will take long-term, bipartisan commitment. There is no quick fix or panacea.

A key responsibility of the Victorian Government is to support all Victorians to access housing that is secure and meets their needs, no matter their circumstances, and the Committee invites the Victorian Government to carefully consider this report's findings and meaningfully support its recommendations.

1.1 Housing demand in regional Victoria outstrips supply

Regional Victoria's appeal in terms of lifestyle, sense of community and affordability has led to strong population growth over the past two decades. However, its popularity has raised housing costs and increased demand for housing to the extent that supply is falling short of demand.[1]

1 Quantify Strategic Insights and Oliver Hume, *Submission 64*, p. 9.

Supply and demand have not only been affected by population growth, but also increased domestic tourism, which has diverted private rental properties into tourist accommodation. The wider availability of remote work since the pandemic has also enabled workers employed in Melbourne to live regionally.[2]

Most population growth is occurring in Victoria's regional cities, with the fastest growing centres over the past decade being Warragul/Drouin, Geelong, Ballarat, Wodonga and Bendigo. This growth is expected to continue over the next decade increasing housing demand, which subsequently raises property prices, rental prices and land prices, and ultimately worsens housing affordability.[3]

There are other factors unique to regional Victoria that are increasing demand and affecting the supply of housing. Regional areas attract transient workforces, such as hospitality staff during peak tourist times and seasonal harvest workers, all of whom need accommodation close to their workplace. Furthermore, the construction of large renewable energy projects in the regions often creates a temporary influx of workers who also require accommodation. The prevalence of low-density, detached housing in regional areas, the impact of natural disasters and the higher construction costs outside of Melbourne also negatively affect supply.[4]

These factors shaping demand and supply of housing in regional Victoria are covered in detail in Chapter 2, and Chapter 4 considers other trends that affect the viability of constructing enough housing in regional areas to meet demand. This report also explores the social consequences of housing shortages in Chapter 3 before presenting strategies to boost the supply of housing that is suitable, affordable and appropriately supported by infrastructure in the later chapters.

Throughout this report, the term 'regional Victoria' is used to include both rural and regional Victoria. The Committee recognises the diversity of experiences between localities across the state and the distinct needs and challenges of rural communities. For example, the settings, services, needs and challenges of a rural town with a small and dispersed population are different to those experienced by a regional city.[5] The term 'rural Victoria' is used when discussing these distinct challenges and specific measures to address them.

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2 Trudi Ray, 'Housing re-set required for regional and rural Victoria', *Parity magazine*, 12 July 2023, <https://chp.org.au/parity/housing-re-set-required-for-regional-and-rural-victoria> accessed 2 September 2025.

3 Quantify Strategic Insights and Oliver Hume, *Submission 64*, pp. 10–11.

4 Trudi Ray, 'Housing re-set required for regional and rural Victoria'.

5 Mount Alexander Shire Council, *Submission 84*, pp. 8–9; SGS Economics and Planning, *Shaping regional and rural Victoria: a discussion paper*, report for Municipal Association of Victoria, 2023, p. 3.

1.2 The Victorian Government recognises the housing challenge

The Victorian Government recognises that addressing housing supply is one of its key challenges to improve housing affordability.[6] It released *Victoria's Housing Statement* in 2023, which sets out a range of initiatives to help ensure that housing supply, including affordable housing, can meet demand. The Housing Statement sets a target of building 800,000 homes across Victoria by 2034. To do this it focuses on five key policy areas:

- reforming Victoria's planning system
- improving housing affordability
- protecting renters' rights
- building more social housing
- developing a long-term housing strategy.[7]

The Housing Statement outlines several initiatives specifically for regional Victoria, including the:

- Regional Housing Fund—$1 billion to deliver over 1,300 new homes in regional Victoria
- Regional Worker Accommodation Fund—$150 million to provide new, affordable housing in regional communities for key workers to live
- Big Housing Build—$1.25 billion to build 25% of the social and affordable homes to be delivered under this program in regional areas
- Development Facilitation Program—expanded to streamline the planning process for significant housing developments in regional Victoria
- Short Stay Levy—25% of funds raised from the levy to be invested in regional Victoria.[8]

All of these initiatives and the Housing Statement are covered in more depth in chapters 4–6.

Furthermore, in February 2025, the Victorian Government released the *Plan for Victoria*, which is its vision for how the state will grow over time. One of the five pillars of action in the Plan is 'housing for all Victorians', which seeks to provide all Victorians with a choice of affordable, well-designed homes that meet their needs so as to create 'inclusive, prosperous, liveable communities'. It aims to build 2.24 million homes

6 Department of Transport and Planning, *Housing*, 2025, <https://www.planning.vic.gov.au/guides-and-resources/strategies-and-initiatives/housing> accessed 2 September 2025.

7 Department of Premier and Cabinet, *Victoria's Housing Statement: the decade ahead 2024–2034*, 2023, p. 7.

8 Ibid., p. 22.

across the state over the next 30 years that are diverse, affordable, environmentally sustainable and close to services, jobs, shops and public transport.[9]

1.3 Many inquiries have looked into housing affordability and supply

Several Victorian and Australian parliamentary inquiries have considered the topics of housing affordability and housing supply over recent years. For example, in 2023, the Victorian Legislative Council's Legal and Social Issues Committee inquired into the rental and housing affordability crisis in Victoria. It found that more Victorians than ever are facing housing stress and recommended increasing housing supply, better regulating the rental market and protecting the rights of renters, landlords, property owners and aspiring homeowners.[10]

The same Committee also inquired into homelessness in Victoria in 2021, finding that the number of people experiencing homelessness is growing. It recommended that the Victorian Government provide more affordable, stable, long-term housing, strengthen early intervention methods and support innovative accommodation options.[11] The Australian House of Representatives Standing Committee on Social Policy and Legal Affairs made similar recommendations in its 2021 inquiry into homelessness, such as strengthening early intervention programs and addressing the shortfall in social and affordable housing.[12]

In 2022, the Australian Senate Standing Committee on Tax and Revenue inquired into housing affordability and supply in Australia. It found that Australia's cities are some of the least densely populated in the world. It recommended that state and local governments increase urban density, be incentivised to improve their planning policies and deliver more affordable housing, and reform developer contributions so that they can only be expended on local infrastructure.[13] Other relevant Senate Committee inquiries in recent years have examined the cost of living (2024) and the worsening rental crisis in Australia (2023).[14]

Outside of parliamentary settings, Infrastructure Victoria released a report in 2023 that looked at how housing demand in Victoria could be shifted away from new suburbs to established areas that are closer to jobs and schools and better serviced by infrastructure. It found that many households, especially those with young children,

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9 Department of Transport and Planning, *Plan for Victoria*, 2025, pp. 20–21.

10 Parliament of Victoria, Legislative Council Legal and Social Issues Committee, *Inquiry into the rental and housing affordability crisis in Victoria*, November 2023.

11 Parliament of Victoria, Legislative Council Legal and Social Issues Committee, *Inquiry into homelessness in Victoria: final report*, March 2021.

12 Parliament of Australia, House of Representatives Standing Committee on Social Policy and Legal Affairs, *Inquiry into homelessness in Australia: final report*, July 2021.

13 Parliament of Australia, House of Representatives Standing Committee on Tax and Revenue, *The Australian dream: inquiry into housing affordability and supply in Australia*, March 2022.

14 Parliament of Australia, Senate Select Committee on the Cost of Living, *Paying the price: the cost of a crisis on Australians' standards of living*, November 2024; Parliament of Australia, Senate Community Affairs References Committee, *The worsening rental crisis in Australia*, December 2023.

cannot afford to purchase a home in established suburbs and are not attracted to apartment living. It therefore recommended the Victorian Government create policy settings and incentives to build more diverse housing in established suburbs and make home purchase in established suburbs more attractive.[15]

A distinct gap in past inquiries is the focus on housing affordability and supply in regional areas. The point of difference with this current Inquiry is its spotlight on regional Victoria and how distinctive factors in regional areas shape housing supply there. Policy settings and funding programs that may work in Melbourne, may not work in the regions. Therefore, this Inquiry has focused on developing recommendations tailored specifically to regional Victoria.

1.4 Inquiry process

The Committee launched the Inquiry on 3 February 2025 by calling for submissions through its news alert service, the Parliament of Victoria website, social media and a direct mailout to over 300 local and national stakeholders.

The Committee received a total of 118 submissions from regional Victorians, local governments, builders and developers, community housing organisations, planning associations, professional bodies, academics, governments and advocacy groups (see Appendix A for the list of submitters). The submissions took a broad view of housing supply, addressing everything from the supply of construction materials, workforce issues, planning initiatives and rental market dynamics to the consequences of unmet housing need in regional communities.

The Committee also held public hearings from February to June 2025 in Melbourne and across regional Victoria, including Colac, Ballarat and Traralgon (see Appendix A for the list of witnesses). Although the final public hearing was conducted in Melbourne, it focused on hearing the views of northern Victorian stakeholders and facilitated their participation through both in-person and online appearances.

At the public hearings, the Committee consulted with community groups, timber producers, local governments, water authorities, community housing providers, planning associations, representatives of the residential construction industry, Aboriginal community leaders, developers and academics.

The Committee also undertook extensive site visits across regional Victoria to explore the causes and consequences of the housing crisis firsthand. Table 1.1 lists each site visit and the issues examined at each one.

15 Infrastructure Victoria, *Our home choices: how more housing options can make better use of Victoria's infrastructure*, 2023.

Table 1.1 Site visits undertaken as part of the Inquiry

Date	Region	Site	Issues examined or discussed
25 February 2025	Colac	Associated Kiln Driers Pty Ltd (AKD)	How AKD's timber plantations and mill supply timber construction materials to Victoria
25 February 2025	Colac	EchidnaBuilt	The potential of modular and prefabricated housing construction to increase regional supply of homes
25 February 2025	Warrnambool	South West TAFE	Construction workforce issues, including apprenticeship enrolment and completion rates in the Barwon Southwest region
26 February 2025	Winchelsea	WinAngLo Inc's Winchelsea Community Village	Barriers and opportunities for community-led housing initiatives
6 May 2025	Horsham	Horsham Rural City Council	Challenges to housing supply in smaller, more rural communities
6 May 2025	Stawell	Grampians Health	Impact of the housing crisis on the recruitment and retention of key essential service workers and the potential for key worker housing projects on surplus government land
6 May 2025	Ararat	Ararat Rural City Council and local businesses	Impact of the housing crisis on industry, how industry could be leveraged to increase housing and the key role of enabling infrastructure to unlock housing supply
7 May 2025	Castlemaine	Mt Alexander Shire Council and Homes Haven	How community housing organisations can partner with local government to increase social housing and the barriers community-led housing projects face
7 May 2025	Castlemaine	Dhelkaya Health, Homeshare Mount Alexander and Homeshare Australia and New Zealand Alliance Inc	How existing housing can be better utilised to meet regional accommodation needs
7 May 2025	Ballarat	Hygge Property	Factors informing the viability of medium and high-density infill development in regional Victorian cities
21 May 2025	Pakenham	Hexcore	How innovative construction products can improve the affordability and speed of housing construction
21 May 2025	Bairnsdale	Gippsland and East Gippsland Aboriginal Co-operative Limited	Factors informing the supply and demand for housing in the Gippsland Aboriginal community
21 May 2025	Heyfield	Australian Sustainable Hardwoods Pty Ltd	How innovative construction products and methods can improve the viability and speed of medium-density construction
23 May 2025	Morwell	Quantum Support Services	Groups vulnerable to insecure housing and the social consequences of unmet housing need
23 May 2025	Longwarry North	Setters Rest Cabin and Caravan Park	How less traditional forms of housing can help meet the demand for homes in regional Victoria

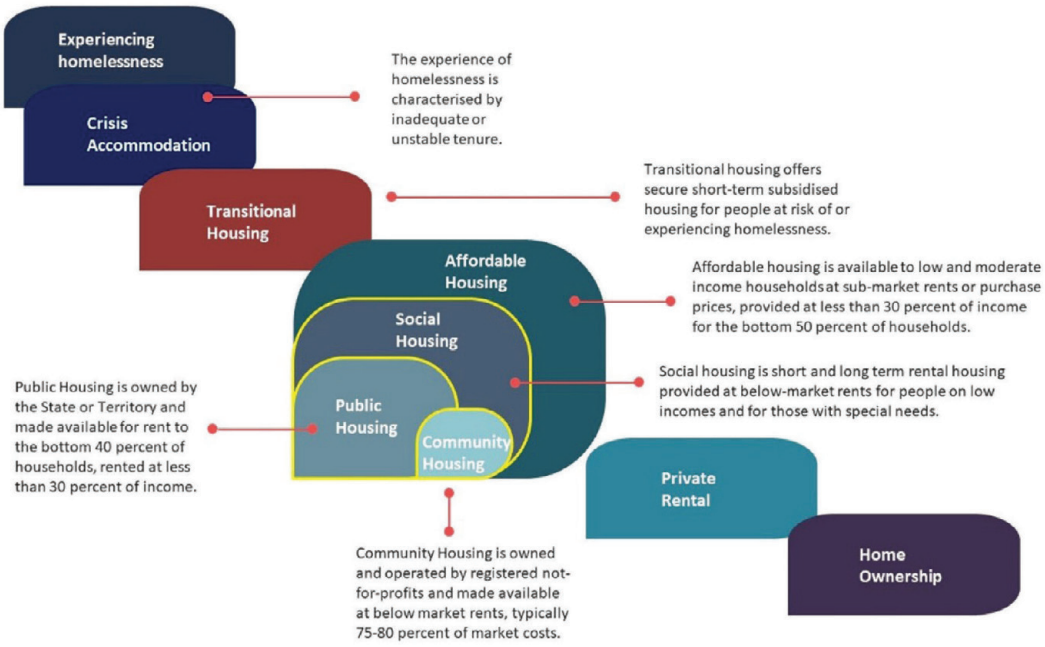
The Committee thanks everyone who participated in the Inquiry by making a submission, appearing at a public hearing, or by hosting a meeting or visit. Your generosity in sharing your expertise and experiences has assisted the Committee to explore the causes and consequences of unmet housing needs in regional communities and helped shape the Committee's recommendations.

1.5 Inquiry scope

The Committee recognised that a complex array of factors inform how well housing supply keeps pace with demand (these are explored in Chapter 2). It therefore agreed to keep the Inquiry's terms of reference broad, without ruling specific housing challenges in or out, or pre-empting possible solutions.

The Committee examined all aspects of housing supply across the housing continuum, which represents the spectrum of home security, from the experience of homelessness through to home ownership (see Figure 1.1). As a result, the Committee has been able to consider unmet housing demand in regional Victoria from a variety of perspectives.

Figure 1.1 The housing continuum



Source: SGS Economics & Planning Pty Ltd, *National Housing Assistance Policy: trends and prospects*, 2023, p. 6.

1.6 Report structure

This report has six chapters:

- This chapter, Chapter 1, provides a brief introduction and sets out the Inquiry process and scope.
- Chapter 2 considers the factors shaping the growing demand for housing in regional Victoria, barriers to the construction of new housing in regional Victoria, and investment in social housing.
- Chapter 3 explores the social consequences of housing shortages on regional Victorians.
- Chapter 4 focuses on state and local government planning policy and processes, strategic land-use planning, and infrastructure planning and investment.
- Chapter 5 examines strategies to balance development in existing urban areas with new housing in greenfield growth areas.
- Chapter 6 is focused on initiatives to drive more affordable and diverse housing.

Chapter 2
Housing demand in regional Victoria

The migration of Victorians into regional communities and the changing configuration of Victorian households as our population ages is increasing the demand for homes outside of Melbourne. It is driving up regional property prices and driving down rental vacancy rates. At the same time, the supply of new homes in regional communities is falling short of demand and is failing to deliver diverse housing forms required to accommodate Victorians comfortably throughout their lives.

These factors are also increasing the demand for social housing. Significant Victorian Government investment is bolstering community housing in regional Victoria. However, supply falls well short of current demand, let alone projected future demand if housing affordability does not improve.

This chapter explores these issues in detail. It examines the demographic changes and property market characteristics expanding the demand for housing, particularly social housing. It also considers the factors preventing the supply of new homes from responding to meet increasing demand.

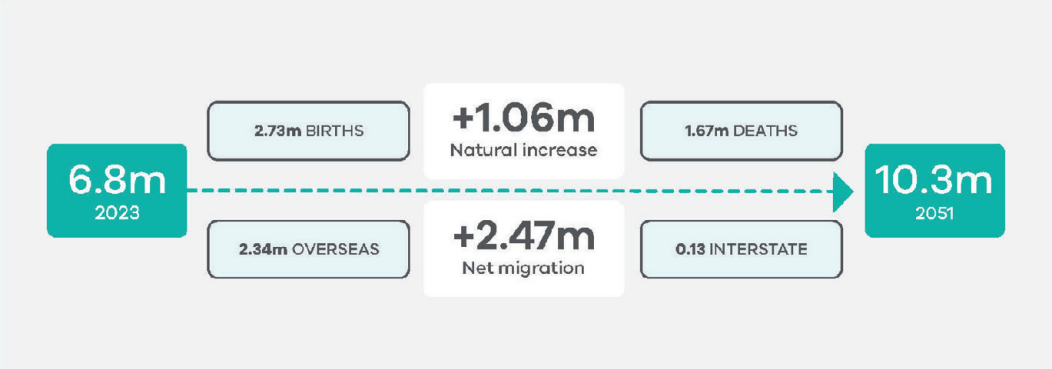
2.1 Population growth is driving demand

Overall, Victoria has experienced steady population growth during the last 50 years. Since the 1970s, the state has increased by about 3 million people to about 6.8 million people in 2023. Steady growth is projected to see the state reach an estimated 10.3 million people by 2051.[1]

As Figure 2.1 shows, most of this population growth is driven by international immigration.

1 Department of Transport and Planning, *Victoria in future 2023: population and household projections to 2051*, November 2023, p. 3; Australian Bureau of Statistics, *Historical population*, 2024, <https://www.abs.gov.au/statistics/people/population/historical-population/2021> accessed 24 June 2025; Australian Bureau of Statistics, *Snapshot of Victoria: high level summary data for Victoria in 2021*, 2022, <https://www.abs.gov.au/articles/snapshot-vic-2021> accessed 24 June 2025.

Figure 2.1 Components of population change, Victoria 2023 to 2051



Source: Department of Transport and Planning, *Victoria in future 2023: population and household projections to 2051*, November 2023, p. 4.

Victoria's growing population is centred on Melbourne as most international migrants settle in major cities. The state capital is expected to increase at an average annual rate of 1.6%, from 5.1 million people in 2023, to 8 million people by 2051.[2]

However, regional Victoria is also experiencing significant growth, albeit at the more modest annual average rate of 1.1%.[3] In 2023, around 1.7 million Victorians lived in regional cities and rural towns outside of Melbourne. This is expected to expand to 2.3 million people by 2051.[4] Unlike metropolitan Melbourne, population growth in regional areas is primarily driven by internal migration—that is the movement of Victorians out of the state capital.

An expansive range of complex, place-based, push and pull factors inform the movement of Victorians out of Melbourne and into regional or rural communities.[5] For example, stakeholders highlighted the cost of living in metropolitan Melbourne, greater workplace flexibility and attractive lifestyle offerings as key factors enticing Victorians into regional communities.[6] Planning consultancy, Quantify Strategic Insights (QSI) and residential property fund, Oliver Hume (OH) suggested that between 2016 and 2021, the largest cohorts of Victorians moving to regional communities were:

- 25–34-year-olds, often representing young families seeking housing and employment opportunities
- 55–64-year-olds, a group largely consisting of downsizers and retirees relocating to amenity-rich regional areas.[7]

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2 Australian Bureau of Statistics, *Snapshot of Victoria*; Department of Transport and Planning, *Victoria in future 2023*, p. 3; Caitlin Buckle, et al., *Place-based drivers and effective management of population growth and change in regional Australia*, final report, no. 425, Australian Housing and Urban Research Institute, August 2024, p. 6.

3 Australian Bureau of Statistics, *Snapshot of Victoria*; Department of Transport and Planning, *Victoria in future 2023*, pp. 3, 11.

4 Australian Bureau of Statistics, *Snapshot of Victoria*; Department of Transport and Planning, *Victoria in future 2023*, p. 3.

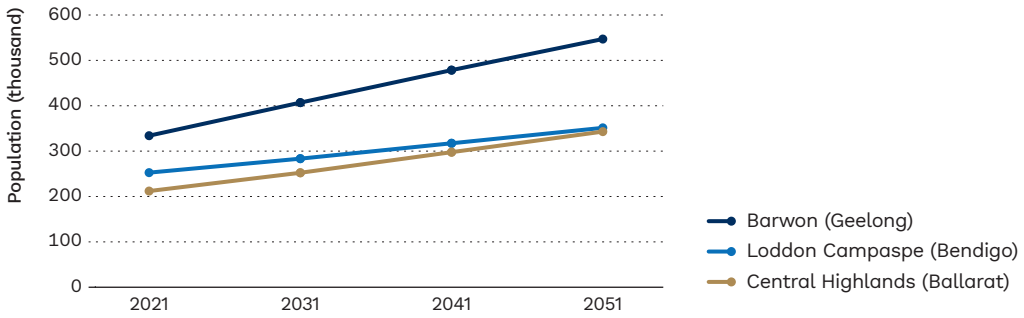
5 Buckle, et al., *Place-based drivers and effective management of population growth and change in regional Australia*, p. 6.

6 Quantify Strategic Insights and Oliver Hume, *Submission 64*, p. 8; Greater Ballarat Alliance of Councils, *Submission 58*, p. 3; Community Housing Industry Association (Victoria), *Submission 66*, p. 12.

7 Quantify Strategic Insights and Oliver Hume, *Submission 64*, p. 10.

Some of the strongest population growth outside of Melbourne has taken place in regional cities, such as Ballarat, Geelong, Bendigo, Wodonga and Warragul/Drouin. In 2024, these cities accounted for 54% of the total population in regional Victoria and 66% of total growth since 2011.[8] As Figure 2.2 shows, the robust population growth in regional cities is expected to continue. Population growth will also be strong in the Gippsland region.[9]

Figure 2.2 Projected population growth in major Victorian regions, 2021 to 2051



Source: Adapted from Department of Transport and Planning, *Victoria in future 2023*, 2023, p. 13.

As Victorians migrate into regional cities and the demand for housing grows, property prices and rents rise, vacancy rates fall and acute pressure is placed on tenants and the housing market overall, which in some regions is already struggling.[10]

Other more rural communities are expected to have slower population growth, or even population losses (such as the Wimmera Southern Mallee region). As Figure 2.3 shows, there has been a long-term trend of migration out of this area.[11]

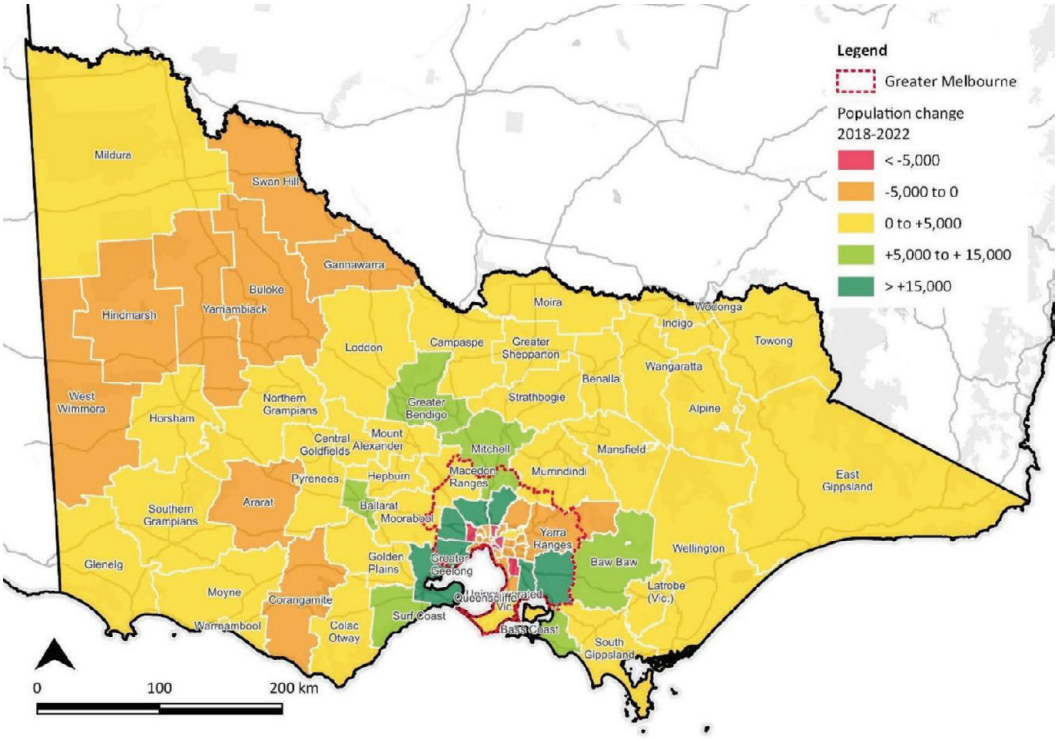
8 Ibid.

9 Department of Transport and Planning, *Victoria in future 2023*, pp. 5, 11, 13.

10 Quantify Strategic Insights and Oliver Hume, *Submission 64*, p. 14; Greater Ballarat Alliance of Councils, *Submission 58*, p. 7; Mark Jenkins, General Manager, Healthy Communities, Mildura Rural City Council, public hearing, Melbourne, 20 June 2025, *Transcript of evidence*, p. 2.

11 Department of Transport and Planning, *Victoria in future 2023*, p. 11.

Figure 2.3 Population change by local government area outside of Melbourne, 2018 to 2022



Source: SGS Economics and Planning, *Shaping regional and rural Victoria: a discussion paper*, report for Municipal Association of Victoria, 2023, p. 17.

The Committee heard that population decline creates its own set of unique housing challenges. Wimmera Southern Mallee Development, the region's peak sustainable development body, asserted that despite its region's significant contribution 'to Victoria's agriculture, freight, and clean energy ambitions', it faces a 'critical housing shortage' with serious economic and social consequences:

> This crisis is not due to runaway population growth but reflects a deeper structural failure: a system that cannot deliver housing in low-density, low-return markets. Our communities face a triple disadvantage—high build costs, low valuations, and minimal developer or lender interest.[12]

The population of some regional communities also fluctuates widely throughout the year due to seasonal workforces, typically related to mining, agriculture or tourism. For example, the southern coastal town of Apollo Bay has a permanent population of around 1,800 people. However, the town swells to more than 20,000 people during the summer months when tourism in the area peaks.[13] Swan Hill Rural City Council estimated that it welcomes around 5,000 additional seasonal workers into its community throughout the year.[14]

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12 Wimmera Southern Mallee Development, *Submission 70*, pp. 2–3.

13 Ian Seuren, General Manager, Community and Economy, Colac Otway Shire Council, public hearing, Colac, 24 February 2025, *Transcript of evidence*, p. 5.

14 Swan Hill Rural City Council, *Submission 60*, p. 2.

Incoming tourists and workers also require accommodation, increasing the demand for housing and in some cases overwhelming rental markets. For example, Swan Hill Rural City Council submitted that major employers in its region are renting homes and booking tourism accommodation for their employees, which not only affects local residents seeking affordable housing but also tourists. It stated:

> Lack of housing and increased demand are driving up rental prices for homes with the average rental in Swan Hill for a three bedroom home now at around $640.00 per week and in Robinvale around $540.00 per week ...
>
> Homes for rental do not stay on the market for longer than a week and in some instances do not even get advertised.[15]

FINDING 1: Regional Victoria's expanding population is contributing to the demand for houses, placing upwards pressure on costs and exacerbating low rental vacancy rates.

2.2 Regional Victorian households are getting smaller and older

The age profile of Victoria's population is also shifting as people live longer, particularly in regional communities, with significant implications for housing.[16]

In 2023, the median age of Victorians was 37, and over 60% of the population was of working age (18–64). Just one in six Victorians were aged 65 and over. However, by 2051, the median age is expected to reach 40, with one in five Victorians aged 65 and over, almost doubling this cohort to 2 million people.[17]

The Committee heard that some rural Victorian communities are already home to a larger than average proportion of older residents. For example, Wellington Shire Council reported that the median age of its population is already 44.[18] Horsham Shire Council submitted that approximately 6% of its population is currently aged 80 and over and it projects this to increase to 10% of the population by 2041.[19] Likewise, Hepburn Shire Council noted that the median age of its residents is already 52.[20] The Benalla Homelessness Response Group Inc suggested that '[m]any rural communities face the reality of declining and aging populations'.[21]

The number of young Victorians is also increasing. In 2023, there were around 1.2 million children aged 14 and under and this is expected to rise to 1.6 million by 2051.

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15 Ibid., p. 10.

16 Department of Transport and Planning, *Victoria in future 2023*, p. 8.

17 Ibid.

18 Barry Hearsey, Manager, Planning and Building, Wellington Shire Council, public hearing, Traralgon, 22 May 2025, *Transcript of evidence*, p. 45.

19 Horsham Rural City Council, *Submission 53*, p. 12.

20 Hepburn Shire Council, *Submission 47*, p. 4.

21 Benalla Homelessness Response Group Inc, *Submission 79*, p. 4.

However, this cohort will represent an increasingly small part of the population as the rest of Victoria's population ages.[22]

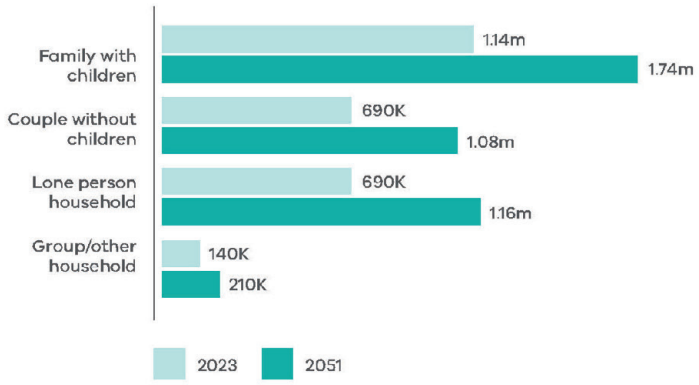
These demographic shifts have important implications for the composition and living arrangements of Victorian households. The age of Victorians is one of several factors (including health, employment and lifestyle) informing their living arrangements. Typical household configurations include:

- an individual living alone
- a couple without children
- a family (including one or two parents) with children
- a group of individuals living together.[23]

In 2023, there were approximately 2.57 million households in Victoria. This is expected to increase to around 3.36 million households in 2036—a key driver of housing demand across Victoria.[24]

As Figure 2.4 shows, the most common living arrangement in Victoria is a family with children living as a household. In 2023, around 43% of all Victorian households were families with children and this living arrangement is expected to remain the most common in the future.[25]

Figure 2.4 Households by type, Victoria, 2023 and 2051



Source: Department of Transport and Planning, *Victoria in future 2023*, 2023, p. 4.

However, as already noted, the state's population is ageing, and older Victorians are more likely to live in smaller households of just one or two people.[26]

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22 Department of Transport and Planning, *Victoria in future 2023*, pp. 4, 8.

23 Department of Transport and Planning, *Victoria in future 2023 one page profile on Victoria*, November 2023, p. 1; Department of Transport and Planning, *Victoria in future 2023*, pp. 8, 9.

24 Department of Transport and Planning, *Victoria in future 2023 one page profile on Victoria*, p. 1; Department of Transport and Planning, *Victoria in future 2023*, pp. 8, 9.

25 Department of Transport and Planning, *Victoria in future 2023*, pp. 4, 8.

26 Ibid., p. 9.

There are currently around 1.38 million lone-person and couple households in Victoria, but both the number and proportion of these households is increasing. Lone-person households are expected to increase from 26.1% of all households in 2023 to 27.6% of households in 2051.[27] The average size of Victorian households will consequently shrink from 2.52 people in 2023 to 2.43 people in 2051, increasing the number of dwellings needed to accommodate the population.[28]

Evidence indicates that Victoria's ageing population is accelerating the demand for additional housing in regional communities, particularly for smaller homes close to essential services. Horsham Rural City Council said that '[p]opulation ageing will be a key factor driving need for housing, including more diverse housing' in its municipality.[29] Housing for the Aged Action Group, a housing advocacy and services organisation for older Australians, asserted that 'there is intense competition for the small number of houses that are accessible, close to amenities and [which] are affordable' for older Victorians in regional communities.[30] It added that while many older Victorians own their own homes, '[o]ver the last decade there has been a 77% increase in older people renting privately in Victoria'.[31]

FINDING 2: As Victoria's population ages, the proportion of lone and couple households in regional communities is growing. This is increasing the demand for housing, particularly for smaller homes, close to essential services.

2.3 Regional housing lacks diversity and is underused

It is important that regional communities have a mix of housing forms to cater to the different living arrangements desired by Victorians throughout their lives.

In 2021, the Census of Population and Housing showed that there were more than two million dwellings in metropolitan Melbourne and almost 750,000 in regional Victoria.[32] However, while Melbourne has a diverse range of housing, including apartments, townhouses, units, duplexes and stand-alone dwellings, regional Victoria is overwhelmingly dominated by freestanding houses (see Table 2.1).[33]

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27 Ibid.

28 Ibid.

29 Horsham Rural City Council, *Submission 53*, p. 12.

30 Housing for the Aged Action Group, *Submission 46*, pp. 8–9.

31 Ibid., p. 3.

32 .id community, *Australia community profile: Greater Melbourne dwelling type*, <https://profile.id.com.au/australia/dwellings?WebID=270&BMID=270> accessed 23 June 2025; .id community, *Australia community profile: Regional Victoria dwelling type*, <https://profile.id.com.au/australia/dwellings?WebID=190&BMID=270> accessed 23 June 2025.

33 Ibid.

Table 2.1 Dwelling type, regional Victoria and Melbourne, 2021

Dwelling type	Regional Victoria (number)	Regional Victoria (per cent)	Melbourne (number)	Melbourne (per cent)
Separate house	665,377	88.9	1,339,408	65.1
Medium density	70,527	9.4	444,307	21.6
High density	2,084	0.3	263,393	12.8
Caravans, cabin, houseboat	6,584	0.9	2,502	0.1
Other	2,111	0.3	5,573	0.3
Not stated	1,500	0.2	2,289	0.1
Total Private Dwellings	**748,183**	**100.0**	**2,057,472**	**100.0**

Sources: .id community, *Australia community profile: Greater Melbourne dwelling type*, <https://profile.id.com.au/australia/dwellings?WebID=270&BMID=270> accessed 23 June 2025; .id community, *Australia community profile: Regional Victoria dwelling type*, <https://profile.id.com.au/australia/dwellings?WebID=190&BMID=270> accessed 23 June 2025.

In addition to being freestanding, the Committee heard that many of the homes in regional Victorian communities are quite large, typically three or more bedrooms.[34] Warrnambool City Council characterised these homes as the '3 bedroom 1 bathroom classic regional Australian single dwelling'.[35] Chris Pike, General Manager of Placemaking and Environment at the Surf Coast Shire, said that 85% of housing on the Surf Coast contains three bedrooms or more.[36] Macedon Ranges Shire Council reported that '[j]ust under 93% of dwellings within the shire are detached with around 40% of these having 4 or more bedrooms'.[37] It noted that these are typically situated on 'large lots, 1000 square metres and above' which do not 'align with the needs of the community'.[38] East Gippsland Shire Council submitted that '[a]pproximately 75% of dwellings have three or more bedrooms with over 6,000 three-bedroom homes having 2 spare bedrooms'.[39]

This evidence is borne out by the 2021 Census, which found that most homes outside of Melbourne contain three or more bedrooms with an average number of 3.2 bedrooms (see Table 2.2).

34 For example, East Gippsland Shire Council, *Submission 32*, pp. 4–5; City of Ballarat, *Submission 51*, p. 4; Warrnambool City Council, *Submission 73*, pp. 1–2.

35 Warrnambool City Council, *Submission 73*, p. 2.

36 Chris Pike, General Manager, Placemaking and Environment, Surf Coast Shire Council, public hearing, Colac, 24 February 2025, *Transcript of evidence*, p. 59.

37 Macedon Ranges Shire Council, *Submission 75*, p. 2.

38 Ibid.

39 East Gippsland Shire Council, *Submission 32*, p. 4.

Table 2.2 Number of bedrooms per occupied private dwelling outside of Melbourne, 2021

Number of bedrooms	Number of dwellings	Percentage of dwellings
None (includes studio apartments or bedsitters)	1,705	0.3
1 bedroom	18,770	3.1
2 bedrooms	94,018	15.4
3 bedrooms	290,474	47.7
4 or more bedrooms	193,530	31.8
Number of bedrooms not stated	10,385	1.7
Average number of bedrooms per dwelling	3.2	n/a
Average number of people per household	2.4	n/a

Source: Australian Bureau of Statistics, *Rest of Victoria, 2021 Census*, <https://www.abs.gov.au/census/find-census-data/quickstats/2021/2RVIC> accessed 23 June 2025.

The dominance of large, family homes in regional communities means that residents at other stages of life have limited access to housing that suits their needs. Many councils drew the Committee's attention to the 'mismatch' between available housing and the residents of regional communities, stating that most households are individuals or couples yet are living in dwellings with three or more bedrooms.[40] For example, Mount Alexander Shire Council characterised the relationship between the houses and the households in its community as 'inverse'. It noted that 71.3% of households are individuals or couples, yet only 29.2% of dwellings are two (or fewer) bedrooms.[41]

The lack of smaller housing options in regional communities can mean that older Victorians must choose between ageing within their community or relocating to downsize. It can also lead to older residents remaining in large freestanding homes that are more suitable for families, contributing to housing demand. Mount Alexander Shire Council explained:

> There is a domino effect, where often single older people are remaining in 3+ bedroom homes because they can't get an appropriate smaller high amenity home in the Shire, and do not want to leave their community. This contributes to the mismatch between household sizes and home sizes.[42]

Stakeholders also observed that the lack of smaller (typically less costly) homes in regional communities is exacerbating affordability issues as aspiring homeowners and renters must pay for a large family home, regardless of its suitability.[43] Mildura Rural

40 Macedon Ranges Shire Council, *Submission 75*, p. 2; Mount Alexander Shire Council, *Submission 84*, p. 1; Hepburn Shire Council, *Submission 47*, p. 4; Murrindindi Shire Council, *Submission 98*, p. 1.

41 Mount Alexander Shire Council, *Submission 84*, p. 1.

42 Ibid., p. 2.

43 Damian Stock, Chief Executive Officer, ARC Justice, public hearing, Ballarat, 8 May 2025, *Transcript of evidence*, p. 14; Mark Jenkins, *Transcript of evidence*, p. 3; Mount Alexander Shire Council, *Submission 84*, p. 2.

City Council said that '[t]he biggest gap … in [its] local housing market is for smaller affordable homes, typically one- and two-bedroom dwellings'. It reported that:

> These are always in high demand … yet remain in short supply, and as a result we are seeing larger homes being used inefficiently, leaving people in housing that does not suit their needs and adding to broader affordability pressures.[44]

Macedon Ranges Shire Council suggested that the lack of more affordable forms of housing is driving young people out of its communities:

> Compared to regional Victoria, Macedon Ranges loses more people aged between the ages of 20 and 34, only for them to return between the ages of 34 and 50. Whilst we understand that many factors play a role in this, no doubt part of the issue is the limited availability of diverse and affordable housing in the shire.[45]

Mount Alexander Shire Council similarly observed that 'the lack of small homes, combined with the low availability of rentals and high rental costs' is forcing young people to remain in the family home or to relocate to locations with better rental affordability and availability.[46]

The disconnect between household size and the larger homes typical of regional communities also means many bedrooms are left vacant. This is contributing to the demand for additional homes. Homeshare Australia and New Zealand Alliance (HANZA), the peak body for homeshare providers in the region, asserted that the underutilisation of existing homes means there are currently an estimated 975,000 spare bedrooms in regional Victoria.[47] The experience of many rural and regional local governments aligns with this observation.[48] For example, Mildura Rural City Council submitted that many dwellings in its municipality have spare bedrooms. Two spare bedrooms was most typical with 7,525 homes falling into this category.[49]

A growth in short-term accommodation through online platforms, such as Airbnb, is also contributing to the underutilisation of regional homes. As the Apollo Bay Community Voice pointed out, in 'Victoria's popular coastal towns … there is often plenty of houses, rather it is the way these houses are being used'—as holiday houses—which is contributing to the demand for new additional housing:

> over 65% of existing houses along the Colac Otway Shire's coast are owned by non-residents. Most of these are used infrequently as holiday homes or short-term rentals (e.g AirBnB); they are not available for long-term rental or for purchase at reasonable cost due to high demand.[50]

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44 Mark Jenkins, *Transcript of evidence*, p. 3.

45 Macedon Ranges Shire Council, *Submission 75*, p. 2.

46 Mount Alexander Shire Council, *Submission 84*, p. 2.

47 Homeshare Australia and New Zealand Alliance Inc, *Submission 28*, p. 1.

48 For example, Mildura Rural City Council, *Submission 61*, p. 9; Chris Pike, *Transcript of evidence*, p. 59.

49 Mildura Rural City Council, *Submission 61*, p. 9; .id community, *Australia community profile: Regional Victoria dwelling type*.

50 Apollo Bay Community Voice, *Submission 23*, p. 1.

Hepburn Shire Council also reported a concentration of housing being let as short stay accommodation in the tourism-oriented townships of Daylesford, Hepburn Springs, Trentham, Clunes, Creswick, Glenlyon and Wheatsheaf. It suggested that as of December 2024, there were 1,042 active short-stay rentals operating in the shire which equates to 11% of total privately-owned housing in the municipality.[51]

The impact of the short-term accommodation sector is explored further in Chapter 6.

FINDING 3: The ageing population, smaller households, traditionally large homes and the growth of short-stay rentals in regional Victoria have resulted in housing stock that is underutilised and misaligned with households' needs. This is driving up demand for additional housing and driving down affordability.

In contrast, other regional communities are experiencing chronic overcrowding amongst some populations. The Victorian Aboriginal Housing and Homelessness Forum (VAHHF), a consortium of Victorian Aboriginal groups, explained that a 'significant proportion' of Aboriginal Victorians live in regional communities, but the 'ongoing impacts of colonisation continue to impact access to and quality of housing' for some people.[52] While most Aboriginal people living in Victoria (88%) lived in homes suited to their household composition,[53] some communities reported significant overcrowding. Mildura Rural City Council highlighted that almost 18% of the Aboriginal households in its municipality comprised of six or more people compared with just 8% of non-Indigenous households. Around 10% of Aboriginal households reported needing one or more additional bedrooms to comfortably accommodate their households (compared with just 3% of non-Indigenous households).[54] Mary Khouri, Manager of Corporate Business at the Murray Valley Aboriginal Cooperative, also acknowledged that overcrowding is an ongoing challenge in her community, which contributes to issues like family violence.[55] The VAHHF noted that many Aboriginal communities also experienced overcrowding and that in areas like Shepparton and Robinvale it is 'exacerbated' by regular influxes of seasonal workers.[56]

The VAHHF explained that racism and income inequality can make it more challenging for Aboriginal Victorians to access rental properties. This is a factor contributing to overcrowding.[57]

The Community Housing Industry Association Victoria (CHIA Vic), the peak body for community housing providers in Victoria, also pointed out that the additional

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51 Hepburn Shire Council, *Submission 47*, p. 5.

52 Victorian Aboriginal Housing and Homelessness Forum, *Submission 118*, p. 3.

53 Australian Bureau of Statistics, *Victoria: Aboriginal and Torres Strait Islander population summary*, 2022, <https://www.abs.gov.au/articles/victoria-aboriginal-and-torres-strait-islander-population-summary> accessed 30 June 2025.

54 Mildura Rural City Council, *Submission 61*, p. 8.

55 Mary Khouri, Manager, Corporate Business, Murray Valley Aboriginal Co-operative, public hearing, Melbourne, 20 June 2025, *Transcript of evidence*, p. 63.

56 Victorian Aboriginal Housing and Homelessness Forum, *Submission 118*, p. 7.

57 Ibid., pp. 6–7.

challenges Aboriginal Victorians face accessing safe and secure housing means they are also less likely to own their own home and are four times more likely to experience homelessness than non-Aboriginal Victorians.[58]

The VAHHF noted that Aboriginal Victorians are 33% less likely to own their own home than other Victorians. It argued that this trend is 'continuing the historical exclusion of the Aboriginal and Torres Strait Islander community from opportunities to secure social and economic independence'. It explained that rising property prices are pushing home ownership 'increasingly out of reach'.[59]

As Case Study 2.1 recounts, the Committee heard that overcrowding is also a significant issue for Aboriginal Victorians living in East Gippsland, during its site visit to the Gippsland and East Gippsland Aboriginal Co-operative.

Case Study 2.1 Gippsland and East Gippsland Aboriginal Co-operative

On 21 May 2025, the Environment and Planning Committee met with representatives of the Gippsland and East Gippsland Aboriginal Cooperative (GEGAC) at their Bairnsdale campus to discuss local housing challenges and opportunities. It heard how the demand for a more affordable and diverse range of housing options in East Gippsland remains high, particularly since the 2019–2020 bushfire emergency destroyed homes in the area.

GEGAC reported that while many members of the community can afford mainstream rental properties, structural racism made these more challenging to access. This is contributing to overcrowding in the community as families with housing are accommodating relatives for significant periods of time while they attempt to secure independent accommodation. The Committee heard that overcrowding is a serious challenge, with houses of up to 17 people not uncommon.

GEGAC also highlighted its work to supplement mainstream sources of housing with culturally safe, supported living options for members of the community that require additional support. For example, its Village 21 Project will see three new two-bedroom units constructed in Bairnsdale to accommodate young Aboriginal Victorians who have experienced homelessness or out-of-home care as they transition into adulthood.

Sources: Notes from Committee site visit to Gippsland and East Gippsland Aboriginal Co-operative, Bairnsdale, 21 May 2025; Victorian Aboriginal Housing and Homelessness Forum, *Submission 118*, p. 3.

The Committee acknowledges that the ongoing impact of colonisation, dispossession and child removal has resulted in intergenerational trauma and structural disadvantage which can make it more challenging for Aboriginal Victorians to access safe and secure housing.

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58 Community Housing Industry Association (Victoria), *Submission 66*, p. 11.

59 Victorian Aboriginal Housing and Homelessness Forum, *Submission 118*, pp. 5–6.

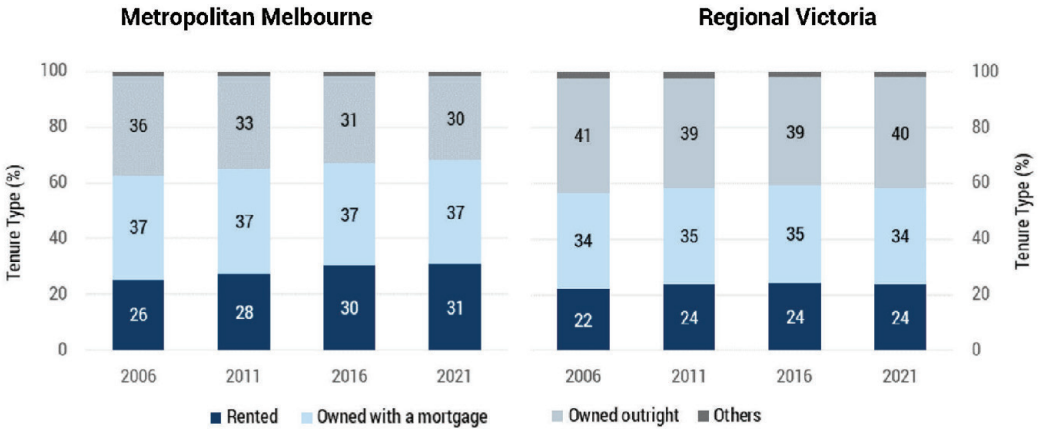
FINDING 4: Aboriginal Victorians can find it harder to access secure housing that meets their needs due to large household sizes, income inequality and systemic racism.

2.4 House prices are rising and home ownership is declining

Home ownership remains an aspiration for many regional Victorians, both for housing security and as a vehicle for wealth accumulation. Census data indicates that the rate of home ownership in regional Victoria (with or without a mortgage) is falling. In 2006, around 75% of regional Victorians owned their own home. This fell slightly to approximately 74% in 2021. Metropolitan Melbourne experienced a more significant decrease during the same period, with the proportion of homes owned (either outright or with a mortgage) falling from 73% in 2006 to around 67% in 2021.[60] Home ownership among young people is also in decline across Australia more broadly.[61]

As Figure 2.5 shows, regional Victorian homeowners are more likely to own their home outright than homeowners in metropolitan Melbourne, who are more likely to have a mortgage.

Figure 2.5 Proportion of homeowners and renters in Melbourne and regional Victoria, 2006 to 2021



Source: Victorian Parliamentary Budget Office, *Housing, home ownership and renting in Victoria*, submission to the Parliament of Victoria, Legislative Council Legal and Social Issues Committee, Inquiry into the rental and housing affordability crisis in Victoria, 2023, p. 9.

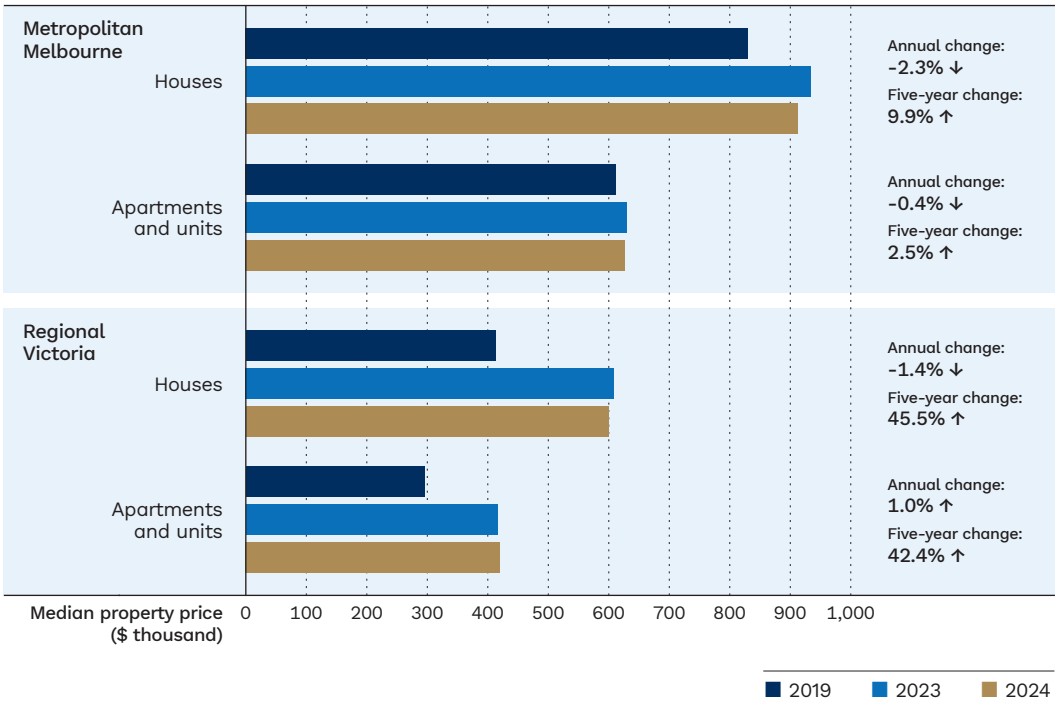
60 Victorian Parliamentary Budget Office, *Housing, home ownership and renting in Victoria*, submission to Parliament of Victoria, Legislative Council Legal and Social Issues Committee, Inquiry into the rental and housing affordability crisis in Victoria, 2023, pp. 1, 8–9; Bower Insights, *Submission 78*, p. 6.

61 Rural City of Wangaratta, *Submission 92, Attachment 1*, p. 4.

Victoria's rising property prices are a key factor informing the decline in home ownership rates overall.[62] The cost of buying a home has increased substantially during the last 20 years,[63] particularly in regional areas.[64] In a joint submission, QSI and OH suggested that the median price for a home in regional Victoria grew at an average annual rate of 5.6% between 2011 and 2024, outpacing an average growth rate of 4.5% per annum in Greater Melbourne during the same period.[65]

Peak body for real estate professionals, the Real Estate Institute of Victoria, asserted that the median house price in regional Victoria increased by 45.5% during the last five years alone and was matched by a 42.4% growth in the median price for units and apartments in regional Victoria.[66] Individual local governments provided similar evidence. For example, the Rural City of Wangaratta submitted that house prices increased by almost 50% between 2020 and 2023, from a median price of $365,000 to a median price of $547,000.[67] As Figure 2.6 shows, this is much faster price growth than in metropolitan Melbourne.

Figure 2.6 Median property price change in Melbourne versus regional Victoria, 2019 to 2024



Source: Adapted from Real Estate Institute of Victoria, *Submission 48*, p. 3.

62 Ibid.

63 Victorian Parliamentary Budget Office, *Housing, home ownership and renting in Victoria*, p. 11.

64 Quantify Strategic Insights and Oliver Hume, *Submission 64*, p. 13.

65 Ibid.

66 Real Estate Institute of Victoria, *Submission 48*, p. 3.

67 Rural City of Wangaratta, *Submission 92, Attachment 1*, pp. 3, 5.

The Real Estate Institute of Victoria suggested that this price growth is 'indicative of a significant mismatch between supply and demand [for homes] in regional Victoria, as market pressures continue to accelerate demand'.[68] QSI and OH made a similar point and suggested that in addition to the state's growing and ageing population, buyers who are priced out of metropolitan Melbourne are buying in the comparatively more affordable regional communities, increasing demand.[69] Bendigo Bank said it saw 'year-on-year increases in regional mortgages from 2019 until 2022', which, it suggested, could be indicative of customers leaving the city to purchase a home in regional Victoria.[70]

As planning consultancy, Bower Insights pointed out, '[w]hile regional areas may still offer a relative affordability advantage compared to Melbourne, this gap is narrowing, and affordability remains a significant concern across the state'.[71] The Urban Development Institute of Australia (Victoria), a peak body representing the property development industry, noted that property sales in regional Victoria declined significantly in the year to March 2025, a trend partially informed by poor affordability. It observed that properties are taking longer to sell (up to a median of 50 days from 44) and vendor discounting is increasing (the median discount is now 3.9%), which are both indicators of constrained affordability.[72]

The cost of a home in Victoria is now many times the average household income, placing home ownership out of reach for many. During the past two decades, median house prices have consistently exceeded average household earnings. In 2002, the median house price was 6.2 times average annual earnings. This rose to 11.4 times average annual earnings in 2022. The average loan size of Victorians has also increased from around $200,000 in 2002–03 to more than $610,000 in 2022–23.[73] The average cost of maintaining a house (for example, repairs and insurance) has also increased. From 1995–96 to 2019–20, average housing costs increased by 43% in real terms for homeowners without a mortgage and 47% for homeowners with a mortgage.[74]

FINDING 5: Property prices in regional Victoria have grown steadily during the past two decades and jumped between 40–50% in the last five years alone. In the same period, rates of home ownership declined across Victoria.

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68 Real Estate Institute of Victoria, *Submission 48*, p. 3.

69 Quantify Strategic Insights and Oliver Hume, *Submission 64*, p. 13.

70 Bendigo Bank, *Submission 113*, p. 4.

71 Bower Insights, *Submission 78*, p. 12.

72 Urban Development Institute of Australia (Victoria), *Submission 96*, pp. 6–7.

73 Victorian Parliamentary Budget Office, *Housing, home ownership and renting in Victoria*, pp. 12, 15–16.

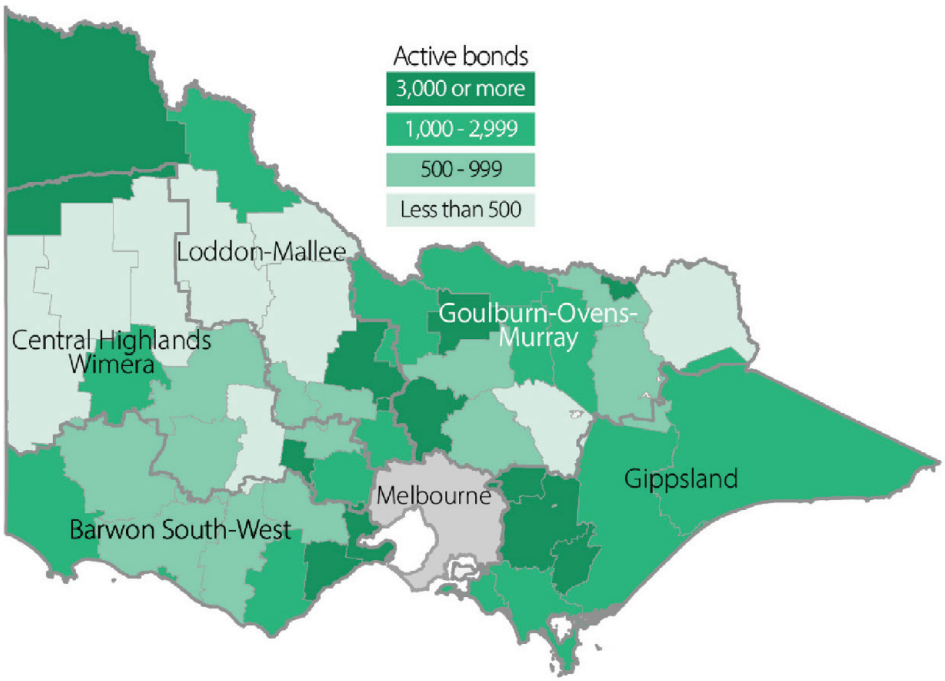
74 Ibid., p. 13.

2.5 Regional Victoria has a tight rental market

A strong rental market is important for Victorian households who do not aspire to home ownership, or who are unable to secure and maintain a mortgage for a home. Overall, around 24% of regional Victorians rent their home (compared to 30% of Victorians overall).[75] However, rental properties are not evenly spread across regional communities, and some have quite a small proportion of households renting. For example, 2021 Census data indicates that around 16% of households in Yarriambiack rent their homes, approximately 12% in Pyrenees and 13% in the municipality of Loddon.[76] Rental rates also vary significantly between population groups. For example, overall around 30% of Victorian households rent their home compared with 51% of Victorian households that include an Aboriginal person.[77]

The number of active rental bonds held by the Residential Tenancies Bond Authority (RTBA) at a given point in time provides an indicator of the number of rental properties in regional Victoria. As Figure 2.7 shows, some rural Victorian communities have fewer than 500 rental properties.

Figure 2.7 Number of active rental bonds by local government area, regional Victoria, 2024



Source: Department of Families, Fairness and Housing, *Rental report statistics—December quarter 2024*, Figure 5b, <https://www.dffh.vic.gov.au/publications/rental-report> accessed 25 June 2025.

75 Damien Patterson, Director of Policy, Advocacy and Engagement, Tenants Victoria, public hearing, Melbourne, 4 April 2025, *Transcript of evidence*, p. 47.

76 Victorian Parliamentary Budget Office, *Housing, home ownership and renting in Victoria*, pp. 32–33.

77 Dr Heather Holst, Commissioner for Residential Tenancies, *Submission 63*, pp. 1–2; Commissioner for Residential Tenancies, *The rental sector*, <https://www.rentingcommissioner.vic.gov.au/the-rental-sector> accessed 12 August 2025.

Over the past five years the total number of active bonds across regional Victoria has increased by an annual average of 0.9% (compared with 1.1% in metropolitan Melbourne). The regional municipalities with the highest growth in active rental bonds included: the Surf Coast (56.1%), Golden Plains (44.6%), Mitchell (40.5%), West Wimmera (20.5%) and Ballarat (13.8%). However, a closer examination of bonds data reveals this growth has been contained to a limited number of regions and most rural and regional municipalities (30 of the 48) have actually experienced a decline in the number of active rental bonds. Yarriambiack experienced the highest decline of rental bonds during this period (21.5%) and Macedon Ranges the most modest (0.3%).[78]

The Committee also received evidence indicating that the number of rental properties in regional communities has fallen in recent years. Dr Heather Holst, Commissioner for Residential Tenancies, suggested that '[a]s of March 2024, the number of newly advertised rental properties was 20% lower in regional Victoria than the 10–year averages for those areas'.[79] Anglicare Australia recorded a 0.9% decrease in rental listings between their 2024 and 2025 *Rental affordability snapshot*.[80]

Stakeholders put forward several reasons for a decline in rental properties in communities outside of Melbourne, including:

- the redeployment of long-term residential rentals as short-term tourist accommodation[81]
- property damage by natural disasters such as bushfires and floods[82]
- the sale of rental properties to owner occupiers[83] (informed by higher mortgage interest rates,[84] reforms to the *Residential Tenancies Act 1997* (Vic)[85] and changes to Victoria's land tax settings[86]).

The impact of short-term accommodation is explored in Chapter 6 and recent land tax reforms are examined in Chapter 5.

The Committee heard that fewer rental properties in regional Victoria, coupled with steady demand, is leading to low vacancy rates and rising weekly rents.[87]

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78 Homes Victoria, *Rental report: December quarter 2024*, 2025, pp. 13–14.

79 Dr Heather Holst, *Submission 63*, p. 1.

80 Anglicare Australia, *Rental affordability snapshot: regional reports 2025*, 2025, p. 168.

81 Housing for the Aged Action Group, *Submission 46*, p. 10; Quantify Strategic Insights and Oliver Hume, *Submission 64*, p. 14; Bower Insights, *Submission 78*, p. 12; Chris McNamara, Network Coordinator, Gippsland Homelessness Network, public hearing, Traralgon, 22 May 2025, *Transcript of evidence*, p. 6.

82 Housing for the Aged Action Group, *Submission 46*, p. 10.

83 Mount Alexander Shire Council, *Submission 84*, p. 1.

84 Benalla Homelessness Response Group Inc, *Submission 79*, pp. 2–3.

85 Name withheld, *Submission 15*, p. 1; Real Estate Institute of Victoria, *Submission 48*, p. 4.

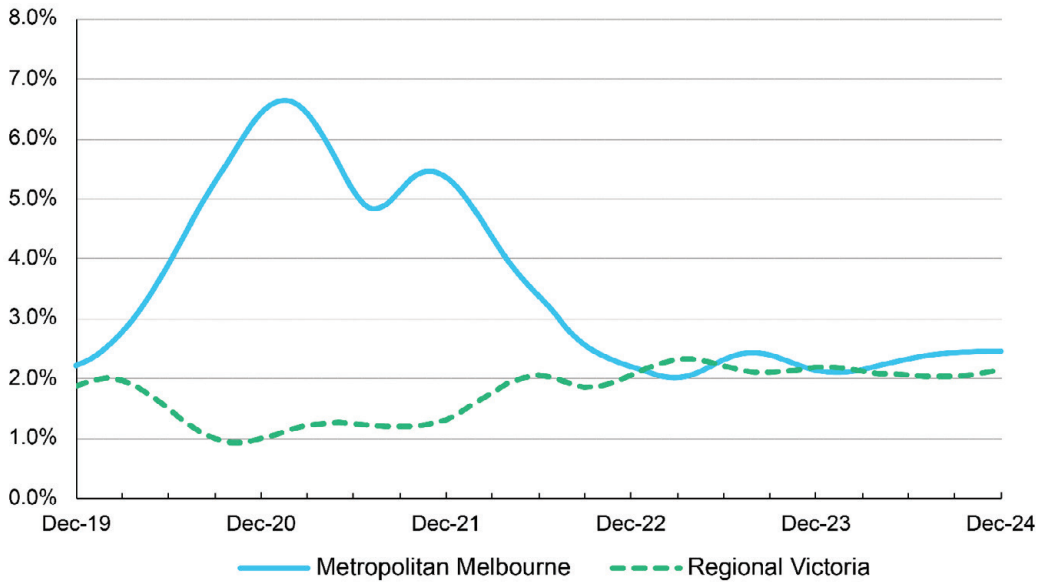
86 East Gippsland Shire Council, *Submission 32*, p. 7.

87 Quantify Strategic Insights and Oliver Hume, *Submission 64*, p. 14.

Rental vacancy rates provide an indication of how well the supply of properties for lease is meeting demand. In a balanced market, tenants can choose from a reasonable selection of properties and landlords can find a tenant without significant difficulty. This is typically achieved at a vacancy rate of around 3%. A vacancy rate above 4% means tenants have a larger selection of properties and landlords may reduce prices to secure a tenant. Conversely, a vacancy rate below 2% usually implies higher demand than supply, which can drive up rent prices.[88]

According to Homes Victoria, a division of the Department of Families, Fairness and Housing, vacancy rates in regional Victoria have improved slightly since the lows experienced during the COVID-19 pandemic, but the overall rate remains around 2% (see Figure 2.8).[89] However, the Committee received evidence from some local governments that the rental vacancy rate in some towns is much lower than 2%. Murrindindi Shire Council said rental properties are 'scarce' within its municipality and 'rental vacancy rates well below 1% in some townships'.[90]

Figure 2.8 Rental vacancy rate trend, Melbourne and regional Victoria, 2019 to 2024



Source: Homes Victoria, *Rental report: December quarter 2024*, 2025, p. 17.

Low vacancy rates across regional Victorian rental markets have placed upwards pressure on the price of a rental home. Damien Patterson, Director of Policy, Advocacy and Engagement at Tenants Victoria, a not-for-profit organisation representing renters,

88 Scott Kuru, 'More bad news for renters as vacancy rates fall again', *Australian Property Update*, 18 October 2024, <https://australianpropertyupdate.com.au/apu/more-bad-news-for-renters-as-vacancy-rates-fall-again> accessed 1 July 2025.

89 Homes Victoria, *Rental report*, p. 17.

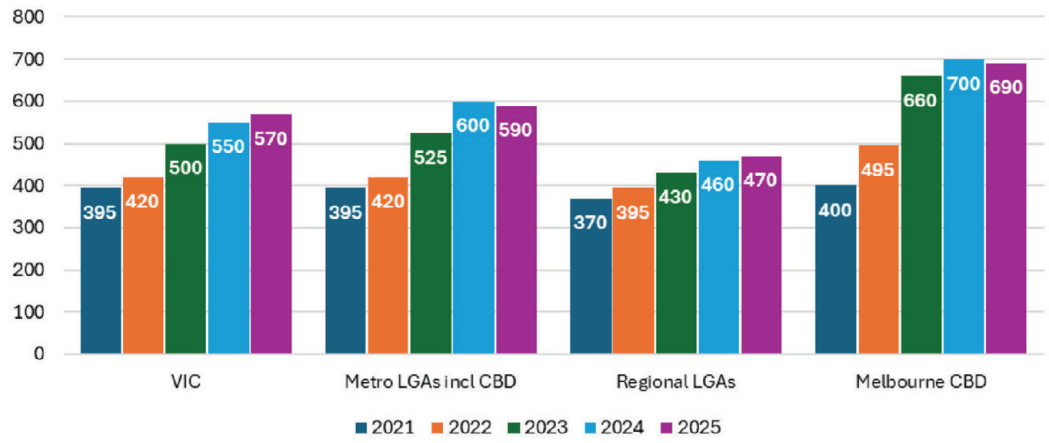
90 Murrindindi Shire Council, *Submission 98*, p. 2.

explained that the price of a rental property in regional Victoria rose by almost 7% last financial year. He said this increase was in addition to a 17% increase during the three years prior.[91] QSI and OH noted that historically more affordable markets (such as Mildura, Latrobe City and Wangaratta) have experienced some of the strongest growth in rental prices in recent years. They suggested that this indicates renters are 'gravitat[ing] to more affordable markets as rent levels become more challenging'.[92]

Homes Victoria's *Rental report* suggested that, as of December 2024, the overall median rent in regional Victoria was $455 per week (compared to $560 in Melbourne). This reflects median rents ranging from $420 per week in the Central Highlands and Wimmera region to $495 per week in the Barwon Southwest region, which includes Geelong. It also reflects variation depending on the size of the rental property. The highest median rents in regional Victoria were recorded for four-bedroom homes at $530 per week and the lowest were for one-bedroom flats at $290 per week.[93]

Anglicare Australia's annual *Rental affordability snapshot* also found that rental prices in regional Victoria have risen significantly during the last five years (see Figure 2.9). It placed the current median rent in regional Victoria slightly higher at $470 per week. It also clearly illustrated that while rental properties in regional Victoria remain affordable compared with Melbourne, steady rate rises mean they are now commensurate with metropolitan prices in 2022.[94]

Figure 2.9 Median weekly rent in Victoria, by region, 2021 to 2025



Source: Anglicare Australia, *Rental affordability snapshot: regional reports 2025*, 2025, p. 169.

91 Damien Patterson, *Transcript of evidence*, p. 48.

92 Quantify Strategic Insights and Oliver Hume, *Submission 64*, p. 15.

93 Homes Victoria, *Rental report*, pp. 6–8.

94 Anglicare Australia, *Rental affordability snapshot: regional reports 2025*, p. 169.

While living in regional Victoria remains economical compared with Melbourne, Homes Victoria reported that rental affordability has significantly degraded in real terms. It measured the affordability of rental properties for four different types of households receiving Centrelink incomes, for example, a couple with two children receiving JobSeeker and Parenting payments. A rental property is considered affordable if the number of bedrooms aligns with household needs and the weekly rent is less than 30% of the household's gross income.[95] Homes Victoria reported that the 'proportion of affordable rental dwellings in regional Victoria has generally declined from a high of 88.3 per cent in the September quarter 2001 to a low of 24.5 per cent in the June quarter 2022'.[96]

Likewise, Anglicare Australia identified that in 2025, just 3.6%, or 100 rental properties, in regional Victoria are suitable for households relying on income support payments.[97] It also pointed out that households on moderate incomes, such as essential workers, are also largely priced out of many regional Victorian communities.[98] For example, as Table 2.3 shows, a Victorian earning a fulltime wage as a cleaner can afford very few rental properties in regional cities.

Table 2.3 Rental affordability for cleaners earning the award rate in 2024, by region

Region	Number of affordable listings	Percentage of affordable listings
Ballarat	7	1.5
Bendigo	3	1.6
Geelong	22	2.8
Mornington Peninsula	3	0.6
Shepparton	2	1.4
Warrnambool and South West	1	0.7

Source: Anglicare Australia, *Rental affordability snapshot: essential workers report*, 2024, p. 12.

Bower Insights asserted that 'the regions are facing a growing crisis in affordability'.[99] It pointed out that between 2014 and 2024, wage growth has not kept pace with rental rate increases. During this period average annual wages grew by 49.3%, while rents in regional Victoria increased 66.7%.[100]

95 Homes Victoria, *Rental report*, p. 40.

96 Ibid., p. 18.

97 Anglicare Australia, *Rental affordability snapshot: regional reports 2025*, p. 169.

98 Anglicare Australia, *Rental affordability snapshot: essential workers report*, 2024, p. 11.

99 Bower Insights, *Submission 78*, p. 16.

100 Ibid.

Marissa Pattison of Tenants Victoria noted that the median weekly income of households in regional Victoria is significantly lower than metropolitan Melbourne, decreasing the ability of residents to absorb price hikes:

> Based on the last census, the median weekly household income in regional Victoria was just under $1400, compared with around $1900 in greater Melbourne. Yes, median rents in regional locations are a bit lower, but when you compare them with the disparity in the median income …[101]

Higher rents have also intensified the competition for more affordable properties.[102] Stakeholders pointed out that the already tight rental markets of regional Victorian communities are easily disrupted by surges in the demand driven by significant infrastructure or business projects.[103] For example, the Barwon South West Homelessness Network submitted that social services in its regions are struggling to secure affordable rentals for their clients due to an influx of workers associated with energy projects:

> The development of wind farms and gas exploration have had a significant impact on the homelessness and family violence agencies in the region. This is as a result of a marked decrease in the number of affordable private rental properties available to people on a low income. Companies have purchased houses and taken out head leases on private rental properties for their workers.[104]

Benalla Homelessness Response Group Inc. said that 'short term big business developments and manufacturing plants such as the solar farm[s]' increase demand, reduce vacancy rates and drive up prices, making it more difficult for local residents to secure stable housing:

> Companies have snapped up rental properties, paying up to $800pw (well above the rental market) driving prices up to accommodate short term "fly-in-fly-out" workers at the expense of families and longer term locals.[105]

Several local governments told the Committee that regional Victoria needs more rental properties at more affordable prices. For example, Mount Alexander Shire Council said, 'our community needs considerably more rental accommodation and needs it to be at a substantially lower cost than it currently is'.[106]

FINDING 6: Low rental vacancy rates are increasing the competition for housing and pushing up the cost of rents.

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101 Marissa Pattison, Policy Adviser, Tenants Victoria, public hearing, Melbourne, 4 April 2025, *Transcript of evidence*, p. 51.

102 Damien Patterson, *Transcript of evidence*, p. 48.

103 Notes from Committee site visit to Ararat, 6 May 2025.

104 Barwon South West Homelessness Network, *Submission 86*, p. 4.

105 Benalla Homelessness Response Group Inc, *Submission 79*, p. 3.

106 Mount Alexander Shire Council, *Submission 84*, p. 3.

2.6 The supply of new homes is inadequate

The supply of new homes in regional Victoria and across Australia is quite 'inelastic' compared with other goods and services. Higher demand for housing does not typically result in a corresponding increase in the supply of homes.[107] As the National Housing Supply and Affordability Council (NHSAC), a federal statutory body, reported, increased demand can take years to flow through to residential development:

> in the short term; an increase in demand beyond any excess capacity in the system usually manifests in higher prices, as a supply response often takes several years to unfold. In the long run, persistent demand induces an increase in the quantity of new housing supplied by the market.[108]

The NHSAC observed that this 'inelasticity' is due to the complexity of housing construction in Australia:

> Inelasticity in the supply system reflects a range of factors, including the cost and availability of labour, materials, equipment and finance; productivity; and land supply. More generally, the complex and interconnected nature of the overall housing production process limits the supply response.[109]

Figure 2.10 highlights the many steps involved in housing construction.

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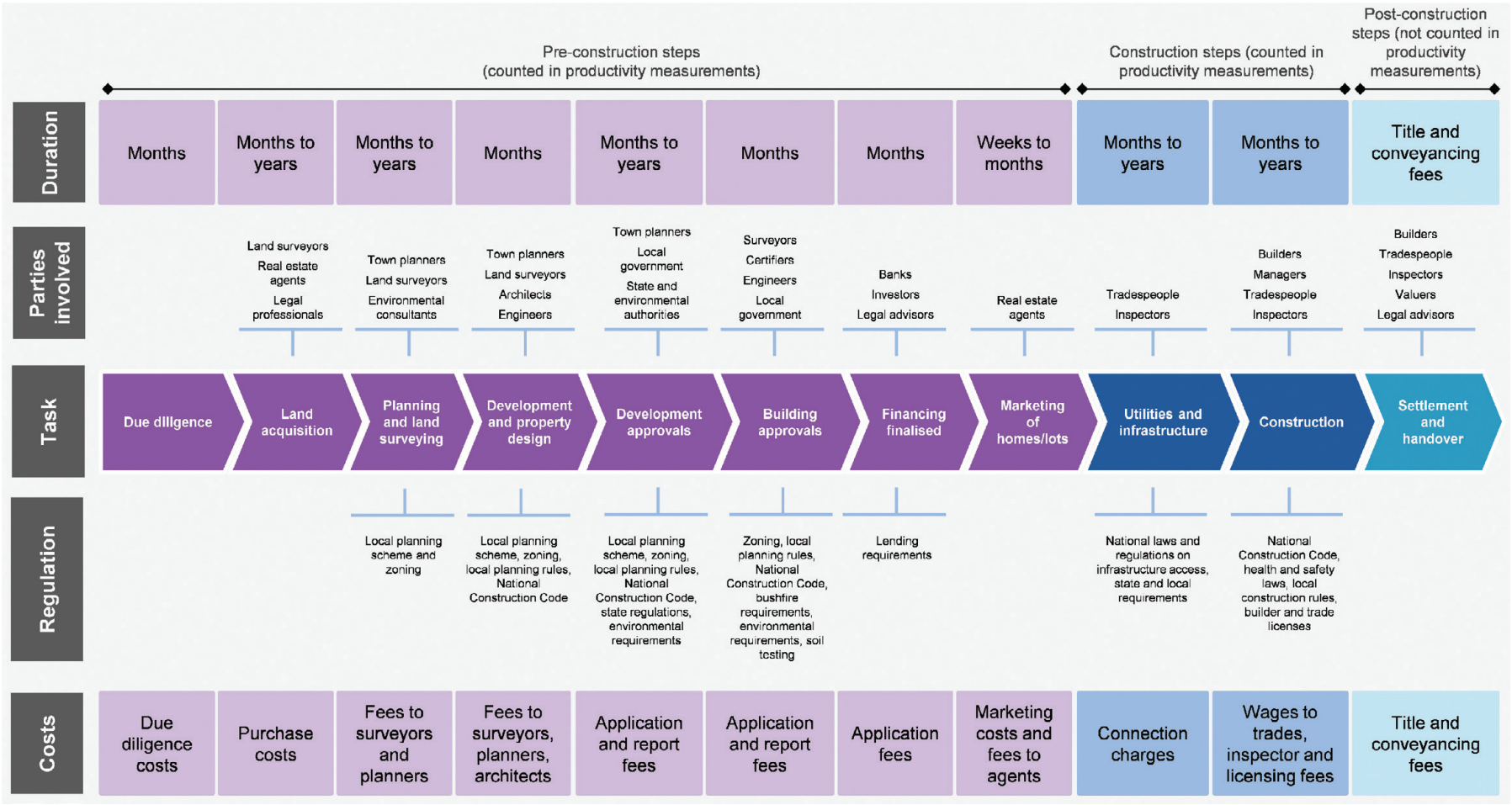
107 National Housing Supply and Affordability Council, *State of the housing system*, report for Australian Government, 2024, pp. 25–26.

108 Ibid., p. 25.

109 Ibid., p. 26.

Figure 2.10 Residential development is complex and has many steps



Note: While much of the housing development and construction process is sequential, some steps can overlap. For example, a developer may begin arranging financing or setting up supporting utilities and infrastructure much earlier in the process for them to be ready in time for construction to commence.

Source: Productivity Commission, *Housing construction productivity: can we fix it?,* 2025, p. 25.

Evidence collected throughout the Inquiry highlighted several factors inhibiting the housing market from meeting the increasing demand for housing in regional Victoria.

Some stakeholders suggested that state and local government planning policy and processes are slowing the supply of new homes in regional Victoria. For example, Rural Councils Victoria, which represents Victoria's 34 rural councils, surveyed its members on the most significant obstacles to new homes in regional Victoria. Just over 43% of respondents nominated state policy and regulation as a barrier to new homes and 35.1% of respondents highlighted the Victorian planning schemes.[110] The Property Investors Council of Australia, an advocacy group representing property investors, submitted that '[p]lanning delays and inconsistent council requirements' are barriers to supply.[111] The Victorian Government has also acknowledged that the planning system 'isn't working like it should—and decisions aren't getting made fast enough' in its Housing Statement.[112]

Other stakeholders argued that a limited supply of land which is well-connected to the infrastructure to enable housing (such as electricity, water, sewerage and roads) is hampering the supply of new homes in regional Victoria. Bower Insights submitted that 'limited land supply … high infrastructure costs, and limited capacity of regional councils to invest in infrastructure to enable housing supply [is] hinder[ing] growth across the regions'.[113] Rural Councils Victoria said that its members nominated the 'availability and preparation' of land as the 'biggest blocker' to addressing housing demand in their communities.[114] Similarly, the Real Estate Institute of Victoria said that 37% of its members nominated 'inadequate infrastructure' as one of the top three issues most impacting housing supply in regional Victoria.[115]

The Committee heard that the way housing in regional Victoria is typically financed can also prevent the supply of new homes from increasing to meet demand. The NHSAC reported that most new detached homes are 'constructed on a contract-to-build basis where future owners pay builders in stages over the duration of the build'. It explained that this limits the ability of builders to increase housing construction because the availability of finance is subject to 'the vagaries of household confidence'. It also makes it challenging for builders to 'pre-empt demand through speculative building'.[116]

Likewise, medium-density housing, such as that found in regional cities like Geelong, is generally purchased 'off the plan'. The NHSAC explained that this 'involves a deposit at purchase and a contractually enforceable payment of the balance at completion'.[117] Developers must achieve adequate presales to secure a loan for the remainder of

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110 Rural Councils Victoria, *Submission 82*, p. 6.

111 Property Investors Council of Australia, *Submission 91*, p. 2.

112 Department of Premier and Cabinet, *Victoria's Housing Statement: the decade ahead 2024–2034*, 2023, p. 9.

113 Bower Insights, *Submission 78*, p. 9.

114 Rural Councils Victoria, *Submission 82*, p. 6.

115 Real Estate Institute of Victoria, *Submission 48*, p. 2.

116 National Housing Supply and Affordability Council, *State of the housing system*, pp. 29–30.

117 Ibid., p. 30.

the build cost from a bank.[118] It added that higher interest rates have dampened households' and investors' appetite for obtaining finance to buy a detached home or a home off the plan, which in turn is limiting developers' ability to supply new homes.[119] Moreover, Wimmera Southern Mallee Development noted that residential developers operating in rural Victoria (such as the Wimmera Southern Mallee region) are typically offered lower loan-to-value ratios by banks than developers in regional cities, which is a significant challenge to project viability.[120]

The Committee heard that the cost of building a new home has steadily increased across Australia. The NHSAC reported that the cost has increased by around 40% since 2020 and can be up to 30% higher in a regional city compared with a state capital.[121] It explained that the higher cost of construction in regional areas often reflects workforce shortages, which increase the competition for labour.[122]

The higher cost of building a home in a regional or rural area can mean that:

- it is more affordable for homebuyers to purchase an existing house than build a new one[123]
- the final value of a newly built home in some rural areas (such as the Wimmera) can be less than the build cost.[124]

Wimmera Southern Mallee Development asserted that this can disincentivise homebuyers from constructing new homes and prevent developers from being able to finance residential development.[125]

High build costs and low valuations for completed homes particularly discourages the construction of smaller homes, such as townhouses and units, despite a regional shortage and high demand for these forms of housing. This is because smaller homes have comparable construction costs to larger homes but have generally lower valuations at completion.[126]

QSI and OH informed the Committee that the cost to build a new home in regional Victoria was 'briefly on par with the median house price in 2020–2021'. However, since construction costs have escalated and made buying an existing home more economical, the number of new houses approved across major regional Victorian cities has 'steadily declined in line with the widening gap' in affordability. It noted that the

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118 Ibid.

119 Ibid., p. 71.

120 Wimmera Southern Mallee Development, *Submission 70*, p. 6.

121 National Housing Supply and Affordability Council, *State of the housing system*, pp. 31, 68.

122 Ibid., p. 32.

123 Quantify Strategic Insights and Oliver Hume, *Submission 64*, pp. 21–23.

124 Wimmera Southern Mallee Development, *Submission 70*, p. 6; Bower Insights, *Submission 78*, p. 9.

125 Wimmera Southern Mallee Development, *Submission 70*, p. 6.

126 Luke Van Lambaart, Project Manager, Parklea Developments, public hearing, Traralgon, 22 May 2025, *Transcript of evidence*, p. 25.

price difference between newly built and existing houses varies across regions from around 15% in Wodonga to 99% in Horsham.[127]

High construction costs and lower sales values are also challenging the economic viability of medium density construction projects in regional areas, including major regional cities.[128] It is restricting the margin developers can earn and inhibiting their ability to get projects financed by banks.[129] The Committee heard that this is leading some regional residential developers, such as Urban Land Developments, which has developed over 3,000 lots in regional Victoria, to exit the market.[130]

The NHSAC also observed that some builders have exited the market due to the narrow profit margins on projects, stating:

> some builders have left the industry due to reduced margins or have concentrated on niche markets where they can charge a premium and stepped away from cheaper, more competitive (and more affordable) markets where margins are lower.[131]

FINDING 7: The supply of new homes in regional Victoria is not keeping pace with demand. Several factors are inhibiting construction, including a lack of land with adequate infrastructure, high construction costs, low valuations for completed homes and the financing arrangements for homebuyers and developers.

2.7 Demand for social housing is growing

Declining home ownership, low rental vacancy rates, rising rental costs and an inadequate supply of new housing is increasing the demand for social housing in regional Victoria. Social housing is 'long-term rental housing available to people who face challenges that make it difficult to secure safe and suitable housing in the private rental market'.[132] This includes:

- low-income households
- Victorians at risk of, or currently experiencing, homelessness
- Victorians experiencing mental health challenges
- victim-survivors of family violence
- Victorians with a disability.[133]

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127 Quantify Strategic Insights and Oliver Hume, *Submission 64*, pp. 21–22.

128 Planning Institute of Australia (Victoria), *Submission 69*, p. 5.

129 Hygge Property, *Submission 104*, p. 1.

130 Urban Land Developments, *Submission 26*, p. 1.

131 National Housing Supply and Affordability Council, *State of the housing system*, p. 72.

132 Homes Victoria, *Social housing*, <https://www.homes.vic.gov.au/social-housing> accessed 1 July 2025.

133 Ibid.

Social housing is distinct from private rentals in that it is government subsidised, rental rates are often capped as a proportion of income, and it is allocated according to need, rather than through competition in the open market. It also differs to emergency accommodation because rentals are longer term, providing housing security, as opposed to short-term crisis or transitional accommodation.[134]

There are two major categories of social housing: 'public housing' which is owned and managed by the Victorian Government and 'community housing' which is owned and managed by not-for profit community housing organisations. Some community housing organisations specialise in supporting specific cohorts of vulnerable Victorians, such as women or people experiencing addiction or mental health challenges. These organisations offer support services in addition to affordable housing.[135]

As of June 2023, Victoria had 88,189 social homes, comprising around 3% of all dwellings, including:

- 73,156 homes owned or leased by Homes Victoria (64,993 of these are public housing)
- 15,033 homes owned by not-for-profit community housing providers.[136]

Around 32% of social housing (28,041 homes) is in regional Victoria. Of these, 7,174 are community housing located in Victoria's 42 regional local government areas (LGAs). However, CHIA Vic noted that the distribution of social housing across regional Victoria is 'patchy'.[137] Moreover, as with other types of housing, most social housing is designed for larger households. Just 29% of Homes Victoria's housing stock are one-bedroom dwellings.[138]

There are currently 116,000 Victorians living in the state's social housing.[139] As Case Study 2.2 details, social housing has a transformative positive impact on individual lives.

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134 Australian Housing and Urban Research Institute, *What is the difference between social housing and affordable housing—and why do they matter?*, 2023, <https://www.ahuri.edu.au/analysis/brief/what-difference-between-social-housing-and-affordable-housing-and-why-do-they-matter> accessed 3 July 2025; Homes Victoria, *Social Housing Growth Fund*, <https://www.homes.vic.gov.au/social-housing-growth-fund> accessed 3 July 2025; Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, p. 2.

135 Homes Victoria, *Social housing*; Homes Victoria, *Community housing*, <https://www.homes.vic.gov.au/community-housing> accessed 2 July 2025.

136 Victorian Auditor-General's Office, *Planning social housing*, 19 June 2024, pp. 9–11; Homes Victoria, presentation, supplementary evidence received 4 April 2025, p. 3.

137 Community Housing Industry Association (Victoria), *Submission 66*, pp. 12, 15; Victorian Public Tenants Association, *Submission 87*, p. 5.

138 Community Housing Industry Association (Victoria), *Housing challenges for single person households*, report prepared by Unison Housing Research Lab, January 2024, p. 4.

139 Homes Victoria, presentation, p. 3.

Case Study 2.2 Social housing improves lives

CHIA Vic provided case studies to demonstrate how social housing can transform people's lives. For example, a resident of Young Women's Christian Association (YWCA) housing in East Bendigo stated:

> I cried when I got this place. I'd applied for a number of places and kept getting turned down. As a young woman and casual worker, it was hard to find somewhere within my budget that would take me. If I hadn't gotten this place, I'd probably be relying on family for a couch or spare room.
>
> If you're in a rough place or a situation you don't want to be in, there are people out there and organisations like YWCA who will help and give you a chance. I know there are other young women in Bendigo who could benefit from places like this.

Similarly, Megan, a single mum working part-time, and her daughter moved into CatholicCare Victoria housing after experiencing periods of homelessness and domestic violence. She said:

> Once CatholicCare Victoria Housing got in contact with me, it created a pathway to a happy and safe family environment, and now we just have a lot of stability and security that we've never really been able to experience before. Life's turned around a lot now.

Source: Community Housing Industry Association (Victoria), *Submission 66*, pp. 14–15.

All public housing and most community housing in Victoria is allocated according to need through the Victorian Housing Register.

2.7.1 Victorian Housing Register

Victorians who are struggling to afford appropriate and secure housing in the private market can apply for social housing (both public and community) through the Victorian Housing Register (VHR). The VHR brings together two application types:

- register of interest, for people who do not have an urgent housing need but are seeking to live in social housing
- priority access, for people most in need (such as people who are homeless, experiencing family violence, have lost their house to a natural disaster, have a disability, or are over 55 and have no alternative housing).[140]

140 Homes Victoria, *Applications on the Victorian Housing Register (VHR)*, <https://www.homes.vic.gov.au/applications-victorian-housing-register-vhr> accessed 2 July 2025.

Social housing applicants can apply independently or as a household and are only eligible if they:

- are an Australian citizen or permanent resident
- earn less than the current social housing income and own less than the asset limits
- are not subject to the two-year waiting period for newly arrived migrants applying via Centrelink
- do not own any part of a house, unit or flat.[141]

Applicants can preference up to five towns or suburbs that they would like to live in. If they are successful, they are generally offered a home in or near one of these locations.[142]

As Table 2.4 shows, as of March 2025 there were 55,553 new applicants waiting for social housing on the VHR and this figure has risen significantly in recent years. The Committee also heard that in some regions there are many more households eligible for social housing that have not made an application. This is because applications are facilitated by social services and there are waitlists to access this support in some communities.[143]

Table 2.4 Total new applications for social housing, Victoria, March 2024 to March 2025

Application type	March 2024	June 2024	September 2024	December 2024	March 2025
Priority	26,448	27,983	29,060	29,951	30,209
Register of interest	22,172	23,619	24,494	25,073	25,344
Total	**48,620**	**51,602**	**53,554**	**55,024**	**55,553**

Source: Homes Victoria, *Applications on the Victorian Housing Register (VHR)*, <https://www.homes.vic.gov.au/applications-victorian-housing-register-vhr> accessed 2 July 2025.

Aboriginal Victorians comprise a significant number of applicants on the VHR. The VAHHF noted that there are 7,450 Aboriginal households currently on the VHR, equating to approximately 20% of all Aboriginal households in Victoria.[144] It also suggested that further households that would benefit from social housing are not applying due to a mistrust of government services:

> Many Aboriginal and Torres Strait Islander peoples hold a justified distrust of government services and systems. Since colonisation, Aboriginal and Torres Strait Islander peoples have experienced discriminatory laws, broken promises and harmful policies. This mistrust can lead to a preference not to sign up to government run programs, including housing registries such as the VHR. This was noted as a significant

141 Department of Health and Human Services, *Victorian Housing Register guide*, 2019, p. 2.

142 Ibid., p. 9.

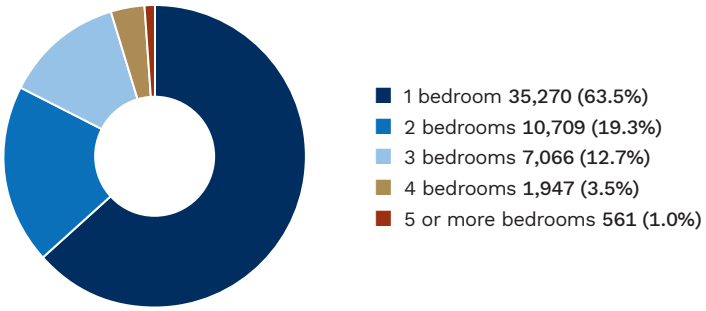
143 Barwon South West Homelessness Network, *Submission 86*, p. 1.

144 Victorian Aboriginal Housing and Homelessness Forum, *Submission 118*, p. 5.

> concern in Robinvale and has resulted in Aboriginal and Torres Strait Islander peoples choosing not to join the VHR waitlist, which can limit access to safe, secure and culturally appropriate housing options.[145]

Most new applications for social housing come from single-person or couple households (36,713 out of 55,553 applications). As Figure 2.11 shows, demand for one-bedroom social housing far exceeds that for larger family homes.[146]

Figure 2.11 Number of bedrooms required by new social housing applicants, March 2025



Source: Homes Victoria, *Applications on the Victorian Housing Register (VHR)*, <https://www.homes.vic.gov.au/applications-victorian-housing-register-vhr> accessed 13 August 2025.

The ability of applicants to select up to five preferred locations makes it difficult to determine exactly how many people living in regional Victoria are waitlisted on the VHR. On average applicants nominate up to three preferred locations to live in. As a result, each applicant may be counted on the waitlists for several different towns, inflating numbers.[147] Simon Newport, Chief Executive Officer of Homes Victoria, provided an example during a public hearing in Melbourne:

> When we ask people to allocate where they would prefer to live, we do not actually ask them to rank them necessarily one, two, three, four, five. When we go into detail and say, as an example, 'Tell me what the waitlist is for Colac,' you might also have someone who says, 'I'll also take Geelong or I'll also take Warrnambool.' As a typical rule it is at least three. If you are talking about a regional housing list, typically speaking it could be overstated in its pure sense by three. Once we go down into regional, it represents someone that could be also located in two other areas.[148]

Table 2.5 shows the total number of applications preferencing locations in different regions of Victoria. As already noted, applicants may appear in the data set more than once if they have requested housing in more than one region.

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145 Ibid., p. 6.

146 Homes Victoria, *Applications on the Victorian Housing Register (VHR)*.

147 Simon Newport, Chief Executive Officer, Homes Victoria, public hearing, Melbourne, 4 April 2025, *Transcript of evidence*, p. 58; Homes Victoria, *Applications on the Victorian Housing Register (VHR)*.

148 Simon Newport, *Transcript of evidence*, p. 58; Homes Victoria, *Applications on the Victorian Housing Register (VHR)*.

Table 2.5 Victorian Housing Register regional location preferences, March 2025

Area	Priority applicants	Register of interest applicants	Total
Goulburn	2,716	1,768	4,487
Ovens Murray	2,100	1,311	3,415
Loddon	4,542	2,689	7,238
Mallee	1,539	1,184	2,733
Inner Gippsland	5,091	4,100	9,191
Outer Gippsland	2,429	1,260	3,692
Barwon	6,007	3,376	9,383
Central Highlands	2,946	2,115	5,061
Wimmera South West	1,994	1,218	3,243
Total	**29,364**	**19,021**	**48,443**

Source: Adapted from Homes Victoria, *VHR location preferences by preferred waiting list areas (also known as broadbands) at March 2025*, <https://www.homes.vic.gov.au/applications-victorian-housing-register-vhr> accessed 2 July 2025.

The Victorian Public Tenants Association suggested that approximately 30% of preferences submitted by applicants for social housing are for regional communities. Of these, 60% are made by priority applicants.[149]

Wait times for social housing

As the number of new applicants for social housing recorded on the VHR shows, current demand for social housing far outstrips the supply of homes. This is resulting in long wait times for applicants regardless of how they are being prioritised.[150]

The Department of Families, Fairness and Housing reported that for 2023–24, the average waiting time for priority applicants to social housing was 19.8 months, despite a performance target of 10.5 months. The average wait time for applicants prioritised due to experiences of family violence was only marginally better at 19.5 months.[151] The wait times for single-person household applicants are typically longer than other groups due to the lack of smaller dwellings available as social housing in Victoria.[152]

149 Victorian Public Tenants Association, *Submission 87*, pp. 5–7.

150 Community Housing Industry Association (Victoria), *Housing challenges for single person households*, p. 4.

151 Department of Families, Fairness and Housing, *Annual report 2023–2024*, 2024, p. 68.

152 Community Housing Industry Association (Victoria), *Housing challenges for single person households*, p. 4.

In 2023–24, only 5,695 new households entered social housing, including 3,438 households who moved into public housing and 2,257 households that entered community housing.[153] Simon Newport informed the Committee that he expects the number of new applicants for social housing waiting on the VHR to increase:

> We saw a dip, and now, particularly with the economic conditions we face at the moment, we are seeing the waitlist starting to climb again.[154]

Case Study 2.3 describes the impact that the long wait time for social housing can have on individual lives.

Case Study 2.3 Long wait times for social housing

Josh* is in his 30s, lives with disability and has been accessing homelessness services since 2021 and applied for the VHR at that time. Josh was couch surfing between multiple friends' houses prior to living in motels for many months. As a result, he was at risk of running out of funding in his NDIS [National Disability Insurance Scheme] plan because too much of it was assisting with funding his accommodation. Josh was asked to leave the motel he had been staying in before Christmas, as the motel needed more availability during the holiday period.

Josh has been actively applying for rentals in several regions, but feels he is being discriminated against due to his disability—any property he applies for would require modifications for him and he is getting rejected at the end of the process repeatedly. In addition to Functional Neurological Disorder since he was 18 [which] is the reason for his need of a wheelchair, Josh has PTSD [post-traumatic stress disorder], seizures and idiopathic arthritis. Finding a property that meets his needs is becoming increasingly difficult.

Josh has been living in a transitional housing property since January 2022, but it is the only one with disability access across the three LGAs. There are still no suitable, disability accessible public housing properties available for him; and the repeated rejections from landlords and real estate agents due to the need for accessibility modifications Josh would need. This is having significant impacts on his mental health and wellbeing.

* Names have been changed to protect privacy.

Source: Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, p. 15.

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153 Homes Victoria, *Social housing allocations report for the 2023–2024 financial year*, <https://www.homes.vic.gov.au/social-housing-allocations-2023-24> accessed 29 September 2025.

154 Simon Newport, *Transcript of evidence*, p. 58; Australian Institute of Health and Welfare, *Housing assistance in Australia*, 2025, <https://www.aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia/contents/housing-assistance> accessed 29 September 2025.

Several stakeholders suggested that the disparity between the demand for social housing and the supply of homes is informed by 'decades' of under investment in social housing.[155] Victorian Public Tenants Association asserted that:

> Public housing will need to grow substantially in order to both address the current existing demand and create a reliable pipeline … so that … Victorians in need of housing assistance do not experience the long and uncertain waits that currently characterise the [VHR].[156]

2.7.2 Past investment in Victorian social housing

Victoria's investment in new social housing has been inconsistent during the last 100 years.[157]

In the 1940s, rising homelessness led to a joint Commonwealth–Victorian Government investment in social housing. Public housing estates in both metropolitan Melbourne and regional Victoria were expanded significantly. Melbourne's successful bid to host the 1956 Summer Olympics saw further growth in public housing with the construction of an Olympic village for 5,000 athletes to be converted to public housing at the conclusion of the games.[158]

Investment in social housing continued in the early to mid-1960s. The Victorian Government constructed public housing towers across 14 of Melbourne's inner-city suburbs, including Flemington, Richmond, Ascot Vale and Fitzroy. However, funding for public housing began to decline by the end of the 1960s and Victoria began selling off its public housing stock to the households renting them. Public housing tenants required just a 5% deposit to purchase their social housing at an interest rate of 4.5%. This saw 49,635 homes sold and the overall number of public houses in Victoria halved.[159]

State government investment in public housing was further wound back during the 1970s and failed to keep up with population growth for the next four decades.[160] The Victorian Public Tenants Association suggested that by 2010, Victoria's supply of public housing had become 'critical', leading the Victorian Government to reinvigorate investment into public housing:

> By the time this decade came around, public housing in Victoria had lacked serious investment for too long, and much of it had fallen into disrepair. Now in a critical position to do something, the State Government made a number of significant announcements.[161]

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155 Central Highlands and Wimmera Homelessness Alliance, *Submission 65*, p. 4; Uniting Victoria and Tasmania, *Submission 111*, p. 6.

156 Victorian Public Tenants Association, *Submission 87*, p. 6.

157 Victorian Public Tenants Association, *Timeline of Victoria's public housing: 1850s to 2020s*, pp. 11, 13, 17–18.

158 Ibid.

159 Ibid., pp. 14–15.

160 Ibid., pp. 16–18.

161 Ibid., p. 22.

Throughout the 2010s, several state government programs aimed to boost the supply and quality of both public and social housing. For example, in 2017, the Victorian Government launched Homes for Victoria. This initiative included the establishment of the $1 billion Social Housing Growth Fund in 2018 to drive the development of 6,000 social housing dwellings and renew up to 2,500 ageing public housing homes. The initiative also provided low-cost loans to community housing organisations and an updated application process for the VHR. In 2017, the Victorian Government also launched a Public Housing Renewal Plan, providing a further $185 million to renovate or redevelop around 2,500 public housing dwellings across the state.[162]

Despite this significant investment, social housing continues to constitute a modest proportion of total housing stock in Victoria and remains insufficient to meet demand. In 2006, just 3.3% of dwellings in Victoria were social housing. This fell to 2.8% in 2016 and then increased to 2.9% by 2023–24. This is behind the national average of 3.9% of all state or territory housing being social housing.[163]

2.7.3 The Big Housing Build

In 2020, the Victorian Government announced the largest investment into social housing in the state's history, known as the Big Housing Build and the creation of Homes Victoria to oversee this investment.[164]

The Victorian Government's Big Housing Build aims to expand the state's social and affordable housing to meet growing demand. The program initially encompassed $5.3 billion of funding to construct more than 12,000 new homes across Melbourne and regional Victoria, including:

- 9,300 new social homes (including the replacement of 1,100 existing public housing units)
- 2,900 new affordable homes to support low- and moderate-income families into secure housing.[165]

The Big Housing Build recognises that new social housing is needed across the state and commits $1.25 billion of its total funds to social housing in regional Victoria.[166] This includes a Minimum Investment Guarantee of $765 million for 18 LGAs that 'have a significant regional town or city or have high population growth'.[167] For example, $80 million is being invested in social housing in Ballarat, $180 million in Geelong, $45 million in Shepparton and $40 million in Mildura. As of 3 July 2025, a further

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162 Ibid., pp. 22–27; Premier Daniel Andrews, *Victoria's Big Housing Build*, media release, 15 November 2020; Victorian Government, *Homes for Victorians*, 2017, p. 31.

163 Grattan Institute, *Tackling homelessness in Victoria*, submission to Parliament of Victoria, Legislative Council Legal and Social Issues Committee, Inquiry into homelessness in Victoria, 2020, p. 8; Council to Homeless Persons, *Victoria's last-place ranking on social housing demands answers*, media release, 30 January 2025.

164 Victorian Public Tenants Association, *Timeline of Victoria's public housing*, pp. 22–27; Premier Daniel Andrews, *Victoria's Big Housing Build*, media release.

165 Premier Daniel Andrews, *Victoria's Big Housing Build*, media release.

166 Homes Victoria, *Regional investment*, <https://www.homes.vic.gov.au/regional-investment> accessed 3 July 2025.

167 Ibid.

$485 million for regional Victoria had not yet been committed.[168] Simon Newport told the Committee that Homes Victoria is targeting its investment in social housing to those areas which are most in need using VHR data about demand.[169]

The Big Housing Build also included a specific commitment to expand social housing available to Victoria's Aboriginal community, targeting 10% of new homes (820) to Aboriginal households.[170]

Subsequent announcements have increased the total funding commitment of the Big Housing Build to $8 billion and expanded its deliverables to over 16,000 homes with a pipeline of projects through to 2051.[171]

Two of the Big Housing Build's key programs include the Social Housing Growth Fund and the Regional Housing Fund. The Victorian Government has also introduced streamlined planning processes to support the construction of social housing under the Big Housing Build.[172]

Social Housing Growth Fund

The Social Housing Growth Fund is a $1 billion fund established in 2018 to increase the supply of community housing across Victoria. The Big Housing Build added $1.38 billion to the fund to support more ambitious build targets.[173]

The Fund is providing financial support (such as capital grants) to community housing organisations to develop 4,200 homes to accommodate Victorians waiting on the VHR. Applications for this funding are required to be led by the community housing organisations but can incorporate partnerships with the private sector and local governments.[174]

Regional Housing Fund

The Regional Housing Fund was established in 2023 and will provide $1 billion to deliver more than 1,300 social and affordable homes in regional Victoria by 2028. This is in addition to the $1.25 billion investment into social housing in regional Victoria as part of the original Big Housing Build funding allocations, bringing the total investment into the regions to $2.25 billion.[175] The fund will increase social housing in 'at least'

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168 Ibid.

169 Simon Newport, *Transcript of evidence*, p. 58.

170 Community Housing Industry Association (Victoria), *Big Housing Build*, <https://chiavic.com.au/community-housing/big-housing-build> accessed 3 July 2025.

171 Homes Victoria, *Building big for a better future*, <https://www.homes.vic.gov.au/big-housing-build> accessed 3 July 2025.

172 Homes Victoria, *About the Big Housing Build*, <https://www.homes.vic.gov.au/about-big-housing-build> accessed 8 July 2025; Homes Victoria, *Streamlined planning*, <https://www.homes.vic.gov.au/streamlined-planning> accessed 29 September 2025.

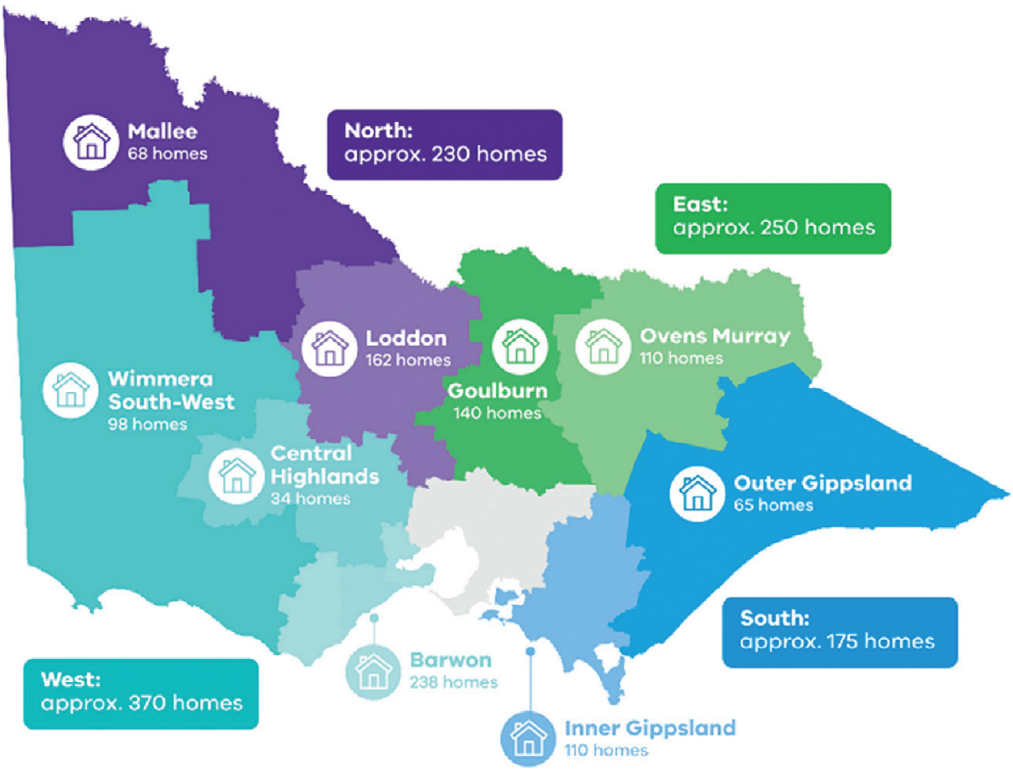
173 Homes Victoria, *Social Housing Accelerator Program: Victorian implementation plan*, October 2023, p. 8; Homes Victoria, *Social Housing Growth Fund*.

174 Community Housing Industry Association (Victoria), *Big Housing Build*.

175 Homes Victoria, *Regional housing fund*, <https://www.homes.vic.gov.au/regional-housing-fund> accessed 3 July 2025; Simon Newport, *Transcript of evidence*, p. 56.

30 LGAs by purchasing new homes in developments, refurbishing existing stock and partnering with community housing organisations. As of September 2024, a total of 180 new and upgraded homes have already been completed. Figure 2.12 shows the distribution of social homes provided under the program across regional Victoria.[176]

Figure 2.12 Build locations of Regional Housing Fund homes



Source: Homes Victoria, *Regional Housing Fund*, <https://www.homes.vic.gov.au/regional-housing-fund> accessed 2 July 2025.

Streamlined planning processes

The Victorian Government has also introduced streamlined planning processes to support the implementation of the Big Housing Build and the construction of social housing more generally. The Victorian Planning Provisions were updated to include:

- *Clause 53.20: Housing by or on behalf of Homes Victoria*
- *Clause 52.20: Government funded housing development.*[177]

The new Clause 53.20 seeks to 'facilitate the development of well-designed social housing and affordable housing to meet existing and future needs'.[178] It sets out a

176 Homes Victoria, *Regional housing fund*; Homes Victoria, *Regional Housing Fund: more and better homes for regional Victoria*, 2024, <https://www.homes.vic.gov.au/news/regional-housing-fund-more-and-better-homes-regional-victoria> accessed 3 July 2025.

177 Homes Victoria, *Streamlined planning*.

178 Department of Transport and Planning, *Victorian Planning Provisions: Clause 53.20 Housing by or on behalf of Homes Victoria*, 2025, <https://planning-schemes.app.planning.vic.gov.au/Victoria%20Planning%20Provisions/ordinance/53.20> accessed 3 July 2025.

simplified permit process for homes built in residential zones, where the application for the permit is Homes Victoria.

The new Clause 52.20 seeks to 'facilitate the use and development of land for housing projects funded wholly or partly, by the Victorian or Commonwealth Government'.[179] It applies to development which is wholly or partially funded through the Big Housing Build and carried out on behalf of or by Homes Victoria. It replaces the need for a planning permit or scheme amendment with a streamlined development approval process.

Progress under the Big Housing Build

It is difficult to determine progress under the Big Housing Build exactly since Homes Victoria publishes housing construction figures across its programs broadly without specifying the responsible funding mechanisms. As of August 2025, Homes Victoria reported that it had completed 11,855 homes and a further 5,724 homes were underway.[180] This is significant progress from the Big Housing Build completion figures reported by the Victorian Auditor-General's Office approximately a year earlier.

In 2023–24, the Victorian Auditor-General's Office examined whether Homes Victoria is effectively planning for and delivering social housing under the Big Housing Build. It found that Homes Victoria was delivering the Big Housing Build within budget and was on track to complete 80% of homes on time and the rest three years behind schedule. It reported that as of March 2024, the construction or refurbishment of 4,049 homes had been completed and a further 5,310 homes were under construction.[181]

At a public hearing, Homes Victoria told the Committee that as of April 2025, a total of 2,234 homes have been completed in regional communities under the Big Housing Build and a further 1,846 homes were under construction (see Table 2.6).

Table 2.6 Social housing delivery across regional Victoria, as of April 2025

Program	Houses completed	Houses underway	Planning and due diligence underway
Big Housing Build	1,707	1,584	476
Regional Housing Fund	198	52	635
Other capital programs	329	210	19
Total	**2,234**	**1,846**	**1,130**

Source: Homes Victoria, presentation, supplementary evidence received 4 April 2025, p. 5.

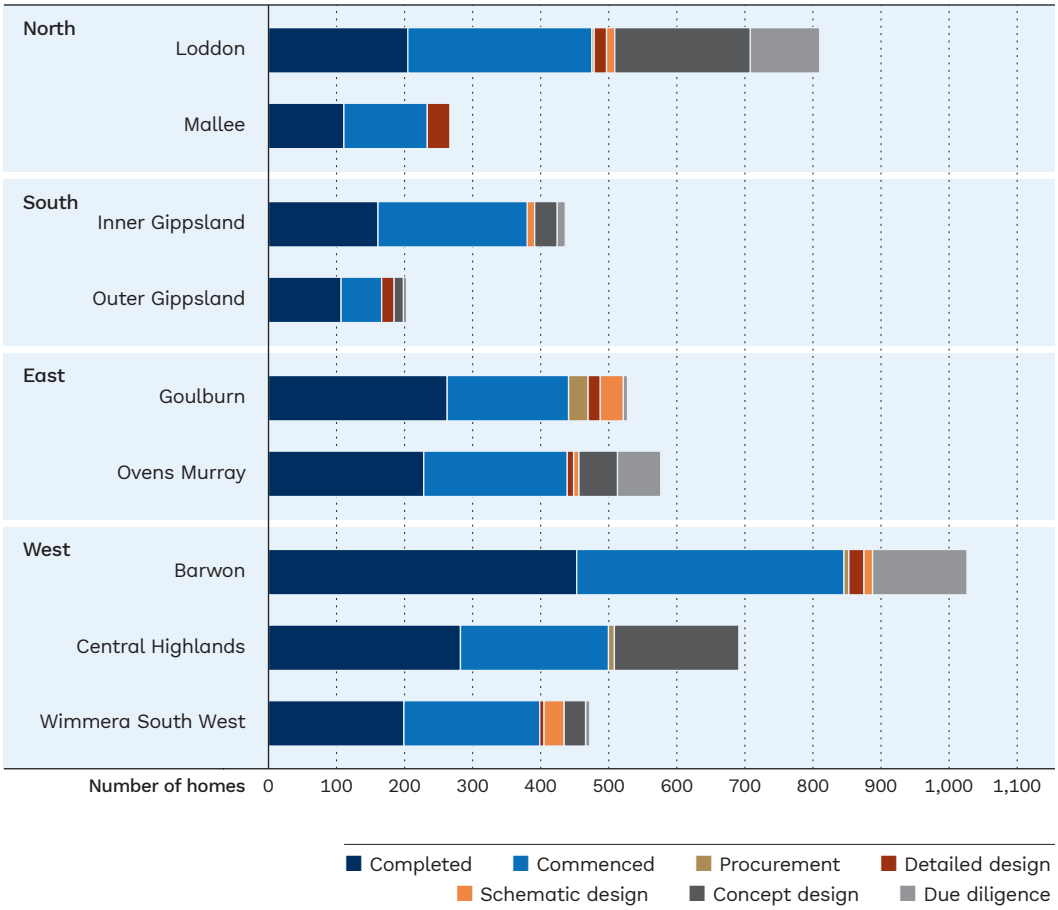
179 Department of Transport and Planning, *Victorian Planning Provisions: Clause 52.20 Government funded housing development*, 2025, <https://planning-schemes.app.planning.vic.gov.au/Victoria%20Planning%20Provisions/ordinance/52.20> accessed 3 July 2025.

180 Homes Victoria, *About the Big Housing Build*.

181 Victorian Auditor-General's Office, *Planning social housing*, p. 6.

Homes Victoria also illustrated the distribution of this new social housing across the state by region (see Figure 2.13).

Figure 2.13 Social housing delivery by Victorian region, as of April 2025



Source: Homes Victoria, presentation, supplementary evidence received 4 April 2025, p. 6.

Simon Newport from Homes Victoria said that his agency is 'tailoring delivery approaches and [the] procurement [of social housing] to suit local conditions and markets'. This includes deploying:

> modern methods of construction, acquiring new homes and working with volume builders, redeveloping older stock, partnering with community housing providers and Aboriginal community controlled organisations and … bringing damaged stock back online.[182]

He provided the Committee with further detail of the social housing being delivered and the funding allocation for each region (see Table 2.7).

182 Simon Newport, *Transcript of evidence*, p. 54.

Table 2.7 Regional social housing projects—key achievements, as of April 2025

	Northern Victoria (Loddon and Mallee regions)	Southern Victoria (Gippsland region)	Eastern Victoria (Goulburn and Ovens Murray regions)	Western Victoria (Barwon, Central Highlands and Wimmera South West regions)
Big Housing Build including the Regional Housing Fund				
New homes completed	246	239	415	865
New homes underway	400	265	325	620
Sites refurbished	21	24	31	62
Investment	$255m	$205m	$279.5m	$578.5m
Other capital programs				
New homes completed	71	32	135	91
New homes underway	–	13	8	189
Homes upgraded and/or had maintenance	2,000	1,456	1,870	3,280
Investment	$28m	$29m	$58.5m	$305m

Source: Adapted from Homes Victoria, presentation, supplementary evidence received 4 April 2025, pp. 10–11.

Stakeholders welcomed the Big Housing Build

Stakeholders broadly welcomed the Victorian Government's investment in social housing through the Big Housing Build. For example, the program was described as 'encouraging'[183] and as 'positive steps'[184] towards meeting the demand for social homes and reducing wait times on the VHR. However, it was also widely recognised that sustained and significant investment is needed to:

- keep pace with the growing demand for social housing
- expand specialist housing designed and built for specific groups with unique needs (such as victims of family violence or people recovering from addiction)
- ensure that access is equitable across the state.

Bower Insights asserted that 'the scale of investment and the pace of delivery need to be significantly accelerated to meet the existing and growing demand'.[185] Catholic Social Services Victoria (CSSV) noted that many areas of the state have a 'high demand for public and community housing' and 'require a substantial increase'.[186] The Law Institute of Victoria, a professional organisation representing lawyers, acknowledged the Victorian Government's investment into regional social housing but

183 Catholic Social Services Victoria, *Submission 77*, p. 7.

184 Bower Insights, *Submission 78*, p. 12.

185 Ibid.

186 Catholic Social Services Victoria, *Submission 77*, p. 7.

'caution[ed]' that it will 'likely not deliver the number of social and affordable housing needed even to address current levels of need'.[187]

Stakeholders pointed out that due to the historical underinvestment in social housing, Victoria is further behind in addressing demand than other Australian states and territories.[188] The Australian Institute of Health and Welfare, an independent statutory body producing health and wellbeing statistics, reported that the proportion of households accessing public housing in Victoria has declined since 2014, from 3.5% of all households to 3.0% in 2024.[189] This is despite Victorians making up 36% of all Australians seeking homelessness support in 2023–24.[190] Central Highlands and Wimmera Homelessness Alliance (CHWHA) submitted that the 'lack of investment in social housing for many decades, and complex pathways for people to navigate between various systems such as mental health, justice, hospitals and income support result in many falling into homelessness'.[191] Barwon South West Homelessness Network asserted the proportion of Victorians accommodated in public housing halved from 6% in 1995 to just under 3% in 2022. It argued that 'building additional public and community housing properties should be the primary priority of all levels of Government to address homelessness'.[192] Tenants Victoria submitted that while the Big Housing Build is a welcome investment in regional social housing, it isn't at the 'necessary scale to overcome decades of underinvestment in social housing, and [it is] insufficient in the face of current demand for social housing in regional areas'.[193]

It was suggested that as a result, the distribution of Victoria's social housing is not well matched to need with some regional communities experiencing more critical shortages than others. CHIA Vic described the distribution of social housing in Victoria as 'patchy' with some LGAs having 'very few social homes'. Further, it noted that the Big Housing Build will not resolve this problem, stating:

> whilst the injection of social housing funding through the Big Housing Build in regional Victoria was very welcome, there were some LGAs that did not get any Big Housing Build projects, despite the need.[194]

The VAHHF suggested that social housing is 'severely limited and under resourced in regional Victoria', particularly in the Gippsland and Mallee regions. It noted that demand is particularly high for one-bedroom properties (to accommodate single males) and four or more bedroom properties (for multigenerational living and kinship care arrangements).[195]

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187 Law Institute of Victoria, *Submission 106*, pp. 2–3.

188 Barwon South West Homelessness Network, *Submission 86*, p. 2; Rural City of Wangaratta, *Submission 92,* p. 1.

189 Australian Institute of Health and Welfare, *Housing assistance in Australia*.

190 Council to Homeless Persons, *Victoria's last-place ranking on social housing demands answers*, media release.

191 Central Highlands and Wimmera Homelessness Alliance, *Submission 65*, p. 4.

192 Barwon South West Homelessness Network, *Submission 86*, p. 2.

193 Tenants Victoria, *Submission 105*, p. 6.

194 Community Housing Industry Association (Victoria), *Submission 66*, p. 12.

195 Victorian Aboriginal Housing and Homelessness Forum, *Submission 118*, p. 8.

Murrindindi Shire Council noted that there is a significant need for affordable housing in its communities, yet only 1.3% of houses in the shire are social housing. It said that '[d]emand already exceeds supply and will continue to grow with population increases'.[196] CSSV suggested that 'Bendigo, Ballarat and Geelong are facing acute crises and have a high demand for public and community housing'. It added that eastern Victoria also 'require[s] a substantial increase in housing options' as it is 'still recovering from the effects of the 2019/20 bushfires'.[197] CHWHA said it has been 'disappointed' in the Big Housing Build funding allocation to its region. It argued that the allocation to the Central Highlands and Wimmera regions 'falls short of meeting existing, let alone future demand', adding:

> CHWHA members are disappointed with the low allocation of homes … The allocations don't add significantly to the social housing stock as half are refurbishments of existing stock … the Central Highlands will receive only 34 homes, and the Wimmera, combined with the South West, 98 homes. The total represents less than 10% to a combined regional area of over 20% of the state.[198]

Stakeholders also pointed out that existing regional social housing lacks diversity and that there is a particular shortage of smaller dwellings. The Mildura Rural City Council and the Mallee Accommodation and Support Program, which supports and advocates for people experiencing and at risk of homelessness in the Mallee, both highlighted the mismatch between the size of social housing and households in need in the Mildura community. The former commented, '[s]ocial housing suppliers do not have enough smaller homes (1–2 bedroom dwellings) to meet the high demand'.[199] The latter said there is a need to diversify social housing: '[i]t is important to cater for a range of cohorts, whether they be singles or families, to ensure the most efficient use of social housing resources'.[200] The Journey to Social Inclusion (J2SI) Consortium (comprising Sacred Heart Mission, VincentCare Victoria, Uniting Vic.Tas and the Salvation Army) echoed this sentiment, stating:

> social housing must be varied in type, and appropriate for a range of family structures and needs—singles, couples, young people, families with children, older people, people with a disability, Aboriginal and Torres Strait Islander peoples and so on. This social housing must be targeted and prioritised for specific groups, as it is essential to reducing homelessness and inequality generally, and in these marginalised populations.[201]

Several stakeholders noted that there is insufficient social housing designed for specific cohorts, including: young people, people experiencing family violence, people with disability or people experiencing mental health challenges. The VAHHF also highlighted

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196 Murrindindi Shire Council, *Submission 98*, p. 2.

197 Catholic Social Services Victoria, *Submission 77*, p. 7.

198 Central Highlands and Wimmera Homelessness Alliance, *Submission 65*, p. 6.

199 Mildura Rural City Council, *Submission 61*, p. 13.

200 Mallee Accommodation and Support Program Ltd, *Submission 30*, p. 7.

201 Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, pp. 14–15.

that the lack of culturally safe social housing can deter Aboriginal Victorians from seeking housing support.[202]

The Victorian Public Tenants Association observed that recent Victorian Government investment into social housing has focused on community housing at the expense of public housing:

> Despite significant investments in growth of community housing, public housing stock growth in all areas of Victoria is, at best, stagnant.
>
> This has particular impacts for regional areas, which may be more difficult for community housing providers to operate in.
>
> There is an urgent need to grow public housing in all areas of Victoria to address the long waiting list without distorting demand in neighbouring areas.[203]

FINDING 8: The Victorian Government's Big Housing Build is delivering new and refurbished social housing in communities across the state. However, increasing demand for social housing appears to be outpacing the delivery of new homes.

Opportunities to bolster the supply of social housing in regional Victoria are explored in Chapter 6.

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202 Ibid.; Victorian Aboriginal Housing and Homelessness Forum, *Submission 118*, p. 8; Page Williams, Manager, Family Violence, Quantum Support Services, public hearing, Traralgon, 22 May 2025, *Transcript of evidence*, p. 56; Safe and Equal, *Submission 27*, p. 4; Mental Health Victoria, *Submission 99*, p. 2.

203 Victorian Public Tenants Association, *Submission 87*, p. 7.

Chapter 3
Social consequences of housing shortages

The scarcity of affordable housing in regional Victoria is affecting a wide range of people. The issue is no longer confined to the most vulnerable, as individuals and families from all backgrounds are increasingly experiencing housing stress and insecurity. Evidence presented to the Committee suggests that many stakeholders believe the situation is worsening, affecting a broader demographic than current housing support systems and affordability measures are designed to address.

The Committee heard powerful testimony about the human impact of the housing shortage, such as retirees unable to remain in their communities, women and children trapped in situations of family violence and young people struggling to establish independence in housing. The evidence echoes a 2023 report by health promotion service Women's Health Goulburn North East, which found:

> Across rural and regional Victoria, stories have emerged of people—including women and children—sleeping in cars or tents, on friends' couches or motel rooms, as the national housing crisis continues to worsen. In our own region, we've heard firsthand from people who have moved rental home every year because they have been unable to secure long-term leases. We've learnt of families with children who have moved into a single room in a relative's home to try and save enough money to afford a house deposit. We've heard from older women on pensions who are living in motorhomes or caravans because they cannot afford the private rental market and public housing waitlists are too long.[1]

The Committee acknowledges the depth and complexity of unmet housing demand, as well as its emotional significance for many participants. A home should not be viewed solely as a financial asset, but as a cornerstone of individual and family wellbeing. Secure access to housing, whether rented or owned, is a basic human necessity and its absence can generate significant and persistent stress.[2]

This chapter considers the prevalence of housing stress and insecurity in regional Victoria, the demographic groups that are most affected, and the impact on regional cities and towns.

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1 Women's Health Goulburn North East, *Housing as a human right: a gendered examination of the housing system*, 2023, p. 9.

2 National Housing Supply and Affordability Council, *State of the housing system*, report for Australian Government, 2024, p. 1.

3.1 Housing stress and insecurity is growing in regional Victoria

The Committee heard that many people in regional Victoria, whether renting or buying, are struggling to access housing in the private market that is affordable relative to their income. This growing disparity is a key contributor to housing affordability stress.

The Australian Housing and Urban Research Institute (AHURI), a national independent research network dedicated to housing and homelessness, considers 'housing affordability stress' to occur when 'an unreasonable proportion of household income is required to pay housing costs'.[3] This proportion is typically considered to be more than 30% of a household's gross income, and housing costs can include rent, mortgage repayments, rates, taxes, insurance, maintenance, renovation loans or strata levies.[4]

A widely used measure of housing affordability is the '30:40 rule'. This rule defines housing as unaffordable when a household whose income is in the lowest 40% of income distribution spends more than 30% of its income on housing costs.[5] This more stringent metric provides a better representation of housing stress because for low-income households, spending over 30% on housing costs leaves less money available to cover basic needs such as groceries, transport and utilities. This level of spending is less likely to have an impact on the ability of a higher income household to pay for necessities.[6]

The following two maps provide a visual representation of housing stress across Victoria. Figure 3.1 illustrates the proportion of households spending more than 30% of their income on housing costs. In contrast, Figure 3.2 depicts the proportion of Victorian homes experiencing housing stress according to the 30:40 rule. The underlying data uses the midpoint of the household income and housing cost ranges provided in 2021 Census figures.

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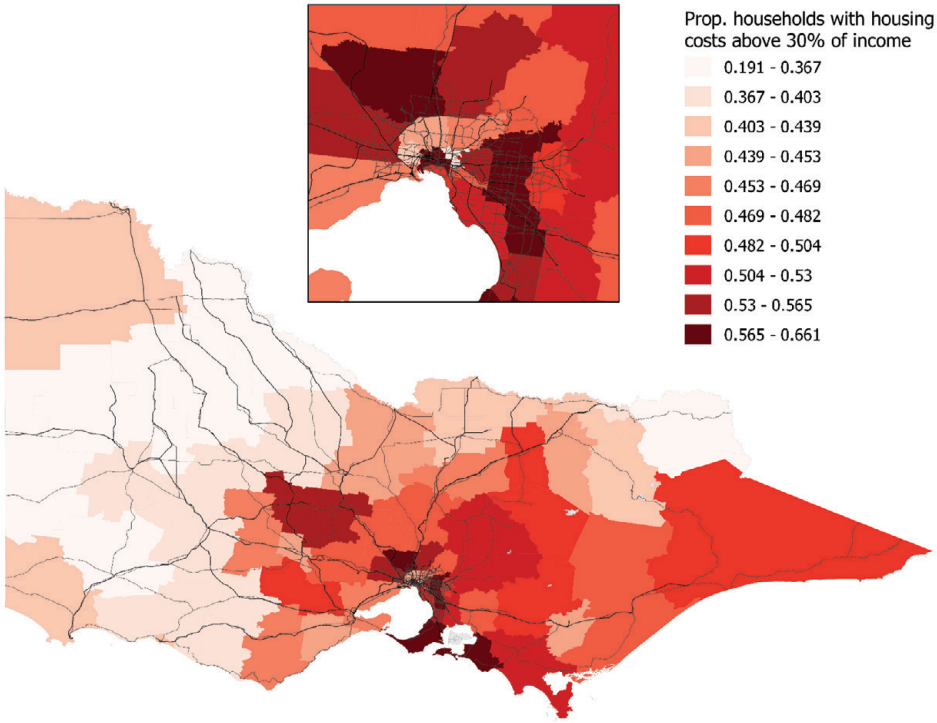
3 Australian Housing and Urban Research Institute, *Glossary*, <https://www.ahuri.edu.au/glossary?page=3> accessed 2 October 2025; Australian Housing and Urban Research Institute, *Understanding the 30:40 indicator of housing affordability stress*, 2019, <https://www.ahuri.edu.au/analysis/brief/understanding-3040-indicator-housing-affordability-stress> accessed 28 July 2025.

4 Rural City of Wangaratta, *Submission 92, Attachment 1*, p. 6; Australian Institute of Health and Welfare, *Housing affordability*, 2025, <https://www.aihw.gov.au/reports/australias-welfare/housing-affordability> accessed 16 September 2025.

5 Australian Housing and Urban Research Institute, *Understanding the 30:40 indicator of housing affordability stress*.

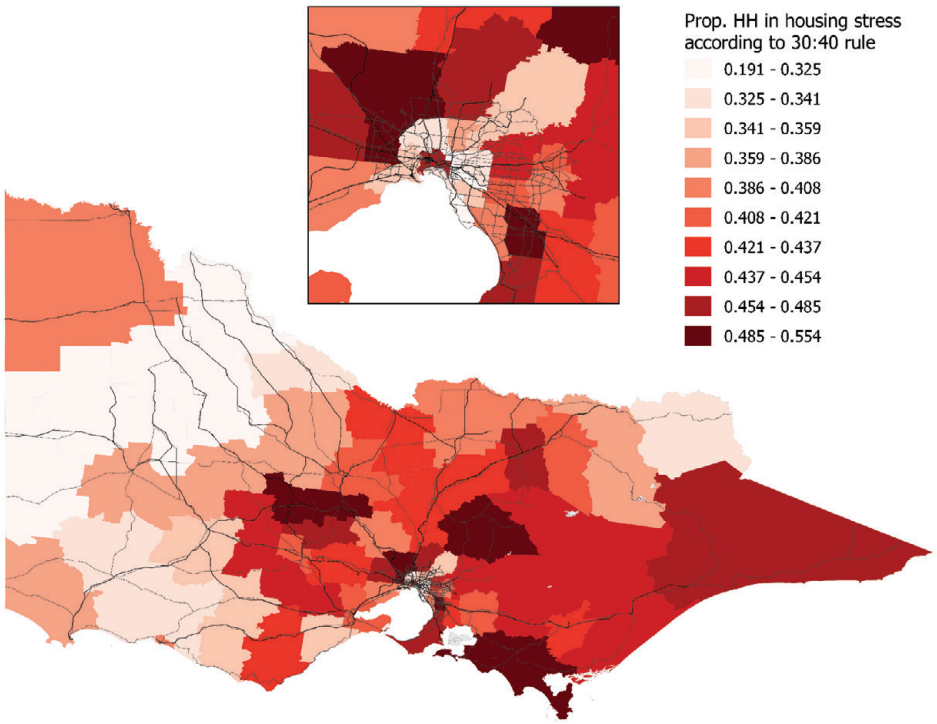
6 Ibid.; Australian Institute of Health and Welfare, *Housing affordability*.

Figure 3.1 Proportion of Victorian households spending over 30% of income on housing costs, 2021



Source: HOME Deakin University, *Submission 42*, p. 4.

Figure 3.2 Proportion of Victorian homes in housing stress according to the 30:40 rule, 2021



Source: HOME Deakin University, *Submission 42*, p. 5.

Regional housing affordability varies across the state. In 2025, National Shelter, a peak body that aims to improve housing access for people on low incomes, surveyed renters on housing affordability. It found that in some areas, like the Bellarine Peninsula, people earning $40,000 annually are paying 65% of their income on rent, while those earning $60,000 spend 46%, paying well over the affordability threshold using the 30:40 rule.[7]

HOME Deakin University, an interdisciplinary research centre focused on affordable housing, noted that only households earning six figures or more are managing to stay within the recommended 30% income benchmark for housing costs. In contrast, some regions such as Gippsland or Northeast Victoria show slightly better conditions, where those on annual incomes around $80,000 are just able to meet that benchmark.[8]

The Rural City of Wangaratta told the Committee that the number of its households experiencing housing stress is increasing, with 30% of rental households spending more than 30% of their income on rent in 2021, compared with 8% in 2016. Similarly, 11% of households with a mortgage in 2021 spent more than 30% of their income on repayments compared with 5.8% in 2016.[9] Rental stress is also prevalent in Warrnambool and Mildura, and Mount Alexander Shire Council stated that 47–59% of its rental households were experiencing rental stress using the 30:40 rule.[10]

The data reinforces the view that many Inquiry stakeholders held, which is that for many lower income Victorians, particularly in regional and coastal areas, the private housing market is increasingly unaffordable and that the scale and nature of housing stress differs dramatically depending on where you live. Case Study 3.1 details one family's struggle to find secure affordable housing in the Ovens–Murray region.

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7 HOME Deakin University, *Submission 42*, p. 5.

8 Ibid.

9 Rural City of Wangaratta, *Submission 92*, p. 1.

10 Warrnambool City Council, *Submission 73*, p. 3; Mildura Rural City Council, *Submission 61*, p. 5; Mount Alexander Shire Council, *Submission 84*, p. 1.

Case Study 3.1 The Jones*, a low-income family, Ovens–Murray

Mr and Mrs Jones and their four children had a private rental for four years before a rental increase that meant the property became unaffordable for the family on an income of $1500 per fortnight. They vacated the property and gone to live with extended elderly family members. This relationship broke down due to overcrowding and the strain of two families living together and were unable to live there any longer.

Remaining in the area they live in is a priority for the continuity of care of their son, Ben*, who has been diagnosed with a heart condition and requires ongoing specialist support in school and their elder children who are in high school. The Jones' have been on the [Victorian Housing Register] waitlist since 2015, with a priority application and are still waiting for an offer from [the Department of Families, Fairness and Housing].

They have also applied unsuccessfully for affordable housing. Simultaneously, they have been actively applying for private rental accommodation unsuccessfully, despite having glowing rental references. Competition for private rentals is huge and applicants with children are not usually favoured.

The Jones family have attempted to access emergency/short-term accommodation however there is none available locally to house a large family or one that is affordable for them. This has meant that the Jones family are currently separated—Mrs Jones has at times slept in her car, while their children and Mr Jones are split between different houses of friends and family.

* Names have been changed for privacy.

Source: Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, p. 14.

3.1.1 Rents and mortgage repayments are rising

Home ownership and rental trends across Victoria provide insight into how different groups experience housing stress. As mentioned in Chapter 2, most people across the state live in homes they own, either outright or with a mortgage, and home ownership is more common in regional Victoria.

Housing affordability has worsened considerably for mortgage holders. The Reserve Bank of Australia's cash rate increased 425 basis points, and the average outstanding mortgage interest rate rose by about 320 basis points, between May 2022 and December 2023, while the average loan for owner-occupiers reached $624,000. Since the Reserve Bank of Australia began increasing the cash rate in May 2022, minimum scheduled mortgage repayments have risen by up to 60%, placing significant financial strain on borrowers.[11]

11 Benjamin Ung, 'Cash rate pass-through to outstanding mortgage rates', *Reserve Bank of Australia Bulletin*, April 2024, pp. 13–14; National Housing Supply and Affordability Council, *State of the housing system*, p. 3.

In response to these rising costs and financial pressures, many households are making difficult compromises. For example, households are cutting back on essential items; relocating further away from places of employment, education, and support networks; or living in overcrowded or inadequate housing with costly or insufficient climate control.[12]

The private rental market in regional Victoria also faces mounting challenges, including high property prices, a low vacancy rate (2.1% in February 2025), steep rent increases and broader cost-of-living pressures. These issues are particularly acute for renters employed in lower-income occupations, many of whom work in essential industries that sustain regional communities.[13]

As of September 2024, affordable rentals made up 34.1% of all listings in regional Victoria, which were mostly suited to larger households. Only 78 one-bedroom rentals were affordable for a single Jobseeker recipient, and 389 two-bedroom rentals for single parents on the Parenting Payment.[14] According to Horsham Rural City Council, the prevalence of rental stress will continue increasing. It said:

> a large proportion of households within very low to moderate income brackets … are experiencing rental stress, and the prevalence of rental stress is likely to increase as the population grows. Without any intervention, the number of households in need of housing assistance could rise by 190 to 1,040 [by 2041].[15]

The Community Housing Industry Association Victoria (CHIA Vic), the state's peak body for community housing providers, highlighted that although some regional areas technically offer affordable rents, there is a lack of available properties.[16] YIMBY Melbourne, a grassroots movement dedicated to addressing the housing crisis, stated that at one point the town of 'Castlemaine had just 10 homes available to rent'.[17] While in the Mallee, the number of new private rental lettings fell by 7% in 2023–24.[18] This limited supply is partly due to the low profitability of developing rental housing in the regions, which has discouraged private sector investment.[19] It was also suggested that land tax increases have pushed landlords to sell their investment properties, reducing available rental stock.[20]

The Committee also heard that the poor condition of regional homes in some areas, especially that of rentals, further limits the availability of suitable housing (see Box 3.1).

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12 National Housing Supply and Affordability Council, *State of the housing system*, p. 3.

13 Tenants Victoria, *Submission 105*, pp. 1–2.

14 Ibid., p. 4.

15 Horsham Rural City Council, *Submission 53*, p. 12.

16 Community Housing Industry Association (Victoria), *Submission 66*, p. 11.

17 YIMBY Melbourne, *Submission 43*, p. 2.

18 Mallee Accommodation and Support Program Ltd, *Submission 30*, p. 7.

19 Community Housing Industry Association (Victoria), *Submission 66*, p. 11.

20 Chris McNamara, Network Coordinator, Gippsland Homelessness Network, public hearing, Traralgon, 22 May 2025, *Transcript of evidence*, p. 6.

As mentioned in Chapter 1, the housing continuum represents the full spectrum of housing options available in a community, from crisis accommodation to home ownership. A range of factors, such as income, employment stability and personal circumstances, shape a person's ability to access and sustain housing. To meet these diverse needs, the market must offer a variety of housing options, including affordable housing and social housing. While there is no set definition across agencies and jurisdictions, affordable housing can be considered to be housing that matches the needs of households with very low to medium incomes. It includes social housing, which is government-subsidised rental housing designed to support people with the highest level of need.[21]

Box 3.1 Substandard housing affects health and exacerbates housing insecurity

Substandard housing is closely linked to poor health and wellbeing outcomes and poses a barrier to comfortable and safe living. For example, inadequate heating can exacerbate cardiovascular and respiratory conditions, as well as mental health issues. Additionally, damp and mouldy housing environments are known to contribute to a range of health problems, particularly acute asthma in children.

Wimmera Southern Mallee Development, the region's peak sustainable development body, noted that many homes in its region perform poorly in extreme weather due to flawed insulation and outdated energy systems. It said that this is contributing to energy poverty and adverse health outcomes.

According to the Australian Housing Conditions Dataset, developed by The University of Adelaide's Australian Centre for Housing Research, 43% of renters report issues with damp or mould, and 35% struggle to keep their homes comfortable throughout the year. The link between housing and climate is especially strong in rural and regional communities, where extreme weather events occur more frequently and put homes at greater risk of deteriorating conditions.

While the Victorian Government established 14 minimum standards for rental properties as detailed in the *Residential Tenancies Regulations 2021* (Vic), the current housing shortage has created a climate where renters may be reluctant to report issues for fear of eviction. This fear is amplified by the significant power imbalance between renters and rental providers, which has worsened due to the housing shortage and the increasingly competitive private rental market. Tenants Victoria reported that renters frequently feel unsafe enforcing their rights because of the risk of losing their home and being unable to secure a new one.

Sources: Women's Health Goulburn North East, *Submission 38*, pp. 3–4; Wimmera Southern Mallee Development, *Submission 70*, p. 7; Tenants Victoria, *Submission 105*, p. 4; The Climate Council, *On the frontline: climate change and rural communities*, prepared by Lesley Hughes, Lauren Rickards, Will Steffen, Petra Stock and Martin Rice, 2016, p. ii.

21 Homes Victoria, *Social housing*, <https://www.homes.vic.gov.au/social-housing> accessed 1 July 2025.

As discussed in Chapter 2, the growing pressure on social housing, driven by increased demand, a shortage of available homes and extended wait times, has a negative impact on the affordable housing market. As more people are forced to search for limited affordable options, vulnerable individuals, particularly those who do not qualify for priority housing or only qualify minimally, face an even greater risk of marginalisation within the housing system.

Planning and development consultancy Bower Insights emphasised affordable rental housing is 'a critical component of the housing continuum, providing options for individuals and families who may not be eligible for social housing or able to afford homeownership.'[22] This portion of the population, while not the most vulnerable, sits precariously close to the edge of housing insecurity. Without access to affordable options, they are at risk of falling further left on the housing continuum, which takes them closer to the risk of homelessness (see Case Study 3.2).

Case Study 3.2 '[M]y family is all anxious about what will happen'

I live in a regional city, and I work in two small rural towns. I also have three adult children who live with my husband and our young child in our modest three bedroom, one bathroom house. The overcrowding in my home is problematic …

None of my children are in full time work, and cannot afford to move out of home. They qualify for some NDIS supports, but not supported independent living, so they are expected to live in the parental home indefinitely, or find alternative accommodation like share housing, or become homeless.

One of my children was homeless for over a year, until Kids Under Cover were able to provide a small bungalow in our yard for them to live in. They will be too old to continue in that program in less than a year, and my family is all anxious about what will happen to that adult child when the bungalow is removed by the organisation that supplied it.

Source: Name withheld, *Submission 4*, pp. 1–2.

The impacts of housing insecurity are far-reaching. Safe and secure housing is foundational not only for physical shelter but also for addressing other critical aspects of life, including securing employment, accessing education, overcoming trauma and recovering from addiction. Without stable housing, individuals and families face significant barriers to improving their overall wellbeing and long-term outcomes.

FINDING 9: An increasing number of regional Victorians are experiencing housing stress and insecurity, which can affect their finances, physical and mental health, family stability, access to education and employment, and their overall wellbeing.

22 Bower Insights, *Submission 78*, p. 12.

3.1.2 More regional Victorians are experiencing homelessness

Homelessness is increasing in regional Victoria, alongside the growing levels of housing stress. Local councils are often the first point of contact when community members seek assistance with housing, particularly in cases of rough sleeping. Increasingly, councils are reporting more people living in cars, camping in public areas, or occupying vacant buildings.[23]

As affordability declines and housing availability tightens, more individuals and families are being pushed into housing insecurity and, in some cases, homelessness.[24] According to YIMBY Melbourne, the number of people experiencing homelessness in Victoria rose by 24% between 2016 and 2021, which was more than twice the pace of the state's population growth during the same period. Regional parts of the state experienced a sharper rise than metropolitan parts despite more rapid population growth in metropolitan areas.[25]

The number of employed Victorians turning to homelessness services has reached unprecedented levels, increasing by 23% over the past five years.[26] According to the 2023–24 annual report on specialist homelessness services by the Australian Institute of Health and Welfare, a job does not protect against homelessness, as 13,200 working individuals in Victoria accessed homelessness assistance in 2023–24.[27]

The Municipal Association of Victoria, which represents Victoria's 79 councils, stated that homelessness and unaffordable housing are 'particularly acute in rural and regional areas'. It highlighted that some of the highest rates of homelessness are reported in the local government areas (LGAs) of Swan Hill, Mildura and Shepparton.[28]

Figure 3.3 presents the number of Victorians outside of Melbourne who accessed specialist homelessness services in 2022–23 and 2023–24, by region. Client numbers over this period grew in several regions—Bendigo, Latrobe–Gippsland, Ballarat, Hume and Shepparton. Due to a change in how geographical location was classified from 2022–23 onwards, comparison with earlier data is not possible at this regional level.

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23 Municipal Association of Victoria, *Submission 114*, p. 10.

24 Bower Insights, *Submission 78*, p. 16.

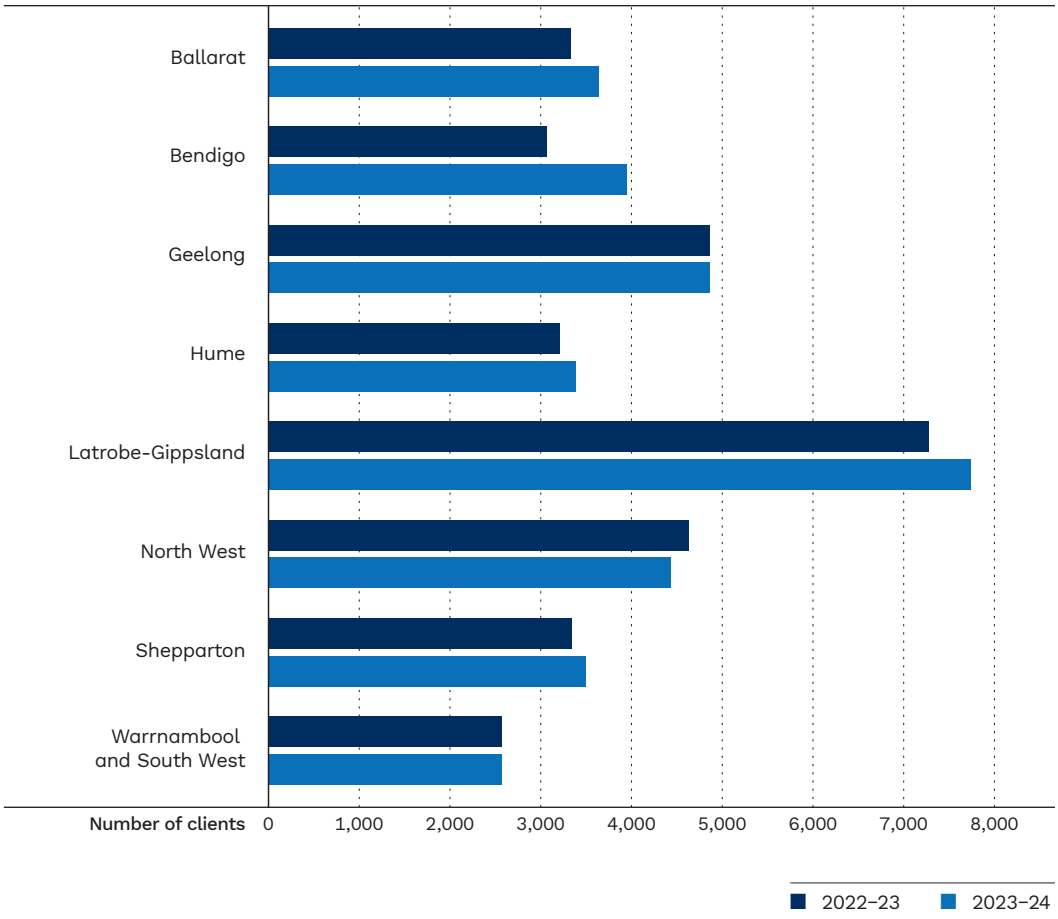
25 YIMBY Melbourne, *Submission 43*, p. 4.

26 Safe and Equal, *Submission 27*, p. 4.

27 Australian Institute of Health and Welfare, *Specialist homelessness services annual report 2023–24*, 2025, <https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report> accessed 29 July 2025.

28 Municipal Association of Victoria, *Submission 114*, p. 10.

Figure 3.3 Number of people accessing specialist homelessness services by Victorian region, 2022–23 and 2023–24



Source: Australian Institute of Health and Welfare, *Specialist Homelessness Services Collection data cubes 2011–12 to 2023–24*, 2024.

Census data shows a similar picture. From the 2016 to 2021 Census, rates of homelessness rose in 24 Victorian electorates, four of which were regional. The highest increase was in Barwon, which rose 465%, followed by Melton (134%) and Eureka (113%).[29] Homelessness is growing faster in regional Victoria than in Melbourne. There was a 52% increase in homeless people in regional LGAs between 2016 and 2021 compared with a 17% rise in metropolitan LGAs.[30] Chris McNamara, Network Coordinator of Gippsland Homelessness Network, corroborated this growth, telling the Committee, '[i]n terms of unmet need for people sleeping rough, it is visible to us. Five years ago I would not have said that'.[31]

In addition to housing unaffordability, other stresses that are contributing to the growing rates of homelessness include cost-of-living pressures, insurance premium hikes following environmental disasters and family violence. Rates of family violence (which is further explored in Section 3.2.7) in regional Victoria are almost double those

29 Safe and Equal, *Submission 27*, p. 4.

30 Housing for the Aged Action Group, *Submission 46*, p. 4.

31 Chris McNamara, *Transcript of evidence*, p. 2.

in Melbourne. In 2023–24, family violence was the most common main reason for people seeking specialist homelessness services across Australia.[32]

Hidden homelessness is also prevalent in regional areas, where individuals and families facing housing insecurity often go uncounted due to limited engagement with formal support services. Case Study 3.3 gives an example. Findings from the Australian Bureau of Statistics suggest that only one third of people at risk of, or experiencing, homelessness sought help during their most recent experience.[33]

Case Study 3.3 The lack of affordable rentals increases the risk of homelessness

Gordon*, in his early 70s, had previously lived in public housing, but was relocated after the site was marked for redevelopment. The property that he relocated to became unsuitable for his needs and he was forced to find a rental property. He experienced homelessness after his private rental in regional Victoria was impacted by the October 2022 floods.

Since then, he has stayed temporarily with family and friends from time to time. Despite actively searching for private rentals and approaching multiple real estate agents, he has been unable to find any properties that were affordable on the Age Pension, reporting high level of competition for properties at the 'lower' end of the private market. He believes he did not receive compensation or housing support after the floods as he is not a homeowner.

* Name and other identifiable information have been changed for privacy.

Source: Housing for the Aged Action Group, *Submission 46*, p. 5.

Access to specialist homelessness services can be hindered by their concentration in larger regional centres, leaving smaller towns and remote communities with few available resources.[34] In addition, analysis suggests that the ability of specialist homelessness services to accept new referrals can be restricted due to a lack of resources.[35] Some services cannot answer all calls and emails or may even close their doors because they do not have enough available housing to meet the needs of clients.[36] For example, in 2023–24, the Salvation Army had to turn away 1,828 individuals seeking homelessness assistance, and 2,168 were turned away in 2024–25.[37] Community services organisation Uniting Vic.Tas reported that of the 169 rough sleepers it supported in the Ballarat and Central Highlands region in the year to January 2025, it was only able to place 13 in long-term stable housing.[38]

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32 Catholic Social Services Victoria, *Submission 77*, p. 6.

33 Anglicare Victoria, *Submission 67*, p. 16.

34 Bower Insights, *Submission 78*, p. 11.

35 Central Highlands and Wimmera Homelessness Alliance, *Submission 65*, p. 3.

36 Anglicare Victoria, *Submission 67*, p. 15.

37 Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, p. 7.

38 Ibid., p. 11.

The Committee heard that a shortage of affordable housing is creating a bottleneck for homelessness services. The homelessness services system takes a linear approach, whereby crisis accommodation is available for 14 days and then adults can move into transitional housing for up to 12 months and young people for up to 18 months. While in transitional housing, households are required to search for a private rental.[39]

However, crisis accommodation in regional Victoria is not always available. Emergency accommodation providers such as hotels, caravan parks and motels can be booked out at peak times such as high tourist seasons, local event days and times of high worker influx at local employers.[40] This, combined with the poor affordability of private rentals, means that households are staying longer in transitional housing.[41] Chris McNamara explained that the lack of affordable and social housing in recent years has intensified the demand on homelessness services:

> I can also say that our homelessness entry points are overwhelmed …
>
> the system is really quite bottlenecked. It is not getting any throughput. Because we do not have the supply of affordable and public housing, we are not getting people out of transitional housing and we are not getting that movement through which we used to have.[42]

She added that government-funded programs to support homeless people have not had real increases in funding for several years and that services are understaffed, exacerbating the bottleneck.[43]

3.2 Housing insecurity affects some groups more than others

Housing affordability and accessibility challenges in regional Victoria disproportionately affect several vulnerable populations. These include young people, Aboriginal communities, older Victorians, recent migrants and refugees, individuals experiencing mental health issues and people with disability.

This section considers the impact of housing insecurity on each of these groups. Many within these groups also face additional risks related to family violence, which further compounds their housing insecurity. Intersecting barriers, such as low income, family violence and other social challenges, can amplify vulnerability to housing stress and homelessness.[44]

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39 Barwon South West Homelessness Network, *Submission 86*, pp. 4–5.

40 Ibid., p. 4; Page Williams, Manager, Family Violence, Quantum Support Services, public hearing, Traralgon, 22 May 2025, *Transcript of evidence*, p. 57; East Gippsland Shire Council, *Submission 32*, p. 8.

41 Barwon South West Homelessness Network, *Submission 86*, p. 4.

42 Chris McNamara, *Transcript of evidence*, p. 3.

43 Ibid., p. 5.

44 Barwon South West Homelessness Network, *Submission 86*, p. 5.

3.2.1 Young people

Young people in regional Victoria face significant barriers to securing and sustaining safe, affordable housing. These challenges relate to the collapse of rental market affordability, inadequate youth-specific housing stock and insufficient income support through payments such as Youth Allowance. As Chris McNamara told the Committee:

> Gippsland has had an increase in median rental of over 50 per cent in the last five years, which is enormous. Young people and singles on Centrelink payments are the most affected and often locked out of housing.[45]

Regional rental markets in Victoria have seen a dramatic contraction in availability. The Mallee Accommodation and Support Program (MASP) supports and advocates for people experiencing and at risk of homelessness in the Mallee. It said that this decline has intensified competition and inflated prices, pushing young renters, particularly those reliant on income support, out of the market.[46]

In the Mildura region, MASP found that the cheapest available private rental consumes approximately 48% of a Youth Allowance recipient's income. This is far above the 30% benchmark for rental stress and 18% higher than the maximum rent for social housing. For young people on Youth Allowance, whose maximum payment is $663 per fortnight with an additional $211 in Commonwealth Rent Assistance, the private rental market is effectively inaccessible.[47]

The inadequacy of Youth Allowance is a core driver of housing insecurity. The Journey to Social Inclusion (J2SI) Consortium represents Sacred Heart Mission, VincentCare Victoria, Uniting Vic.Tas and the Salvation Army. It noted that Youth Allowance recipients are the most severely impacted among all income support groups due to the low payment rate and limited availability of youth-focused housing. Even with increases to Commonwealth Rent Assistance in the 2023 and 2024 Federal Budgets, youth on income support remain in severe housing stress.[48]

Community housing providers are financially disincentivised from accepting Youth Allowance recipients. Under current funding models, providers can only charge residents 30% of their income as rent, so providers receive 46% less to house a person aged 18–22 on Youth Allowance compared with someone on the Age Pension, and 30% less than for a JobSeeker recipient.[49] This funding gap results in young people being deprioritised in social housing allocations, which is especially hard if they face more complex support needs due to trauma, family breakdown, and institutionalisation.[50]

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45 Chris McNamara, *Transcript of evidence*, p. 2.

46 Mallee Accommodation and Support Program Ltd, *Submission 30*, p. 7.

47 Ibid.

48 Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, p. 8.

49 Ibid., p. 19; Youthlaw, *Submission 93*, p. 4.

50 Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, p. 19.

Young people make up nearly one quarter of all Victorians seeking support from homelessness services. Of these, one in six are children under 10 years, and one in ten are children and youth aged 10–17.[51] The systemic inadequacies are particularly stark for young people transitioning from state care, as illustrated in Case Study 3.4.

Case Study 3.4 Regional housing options are limited when exiting state care

Elli* was in out of home care in a regional Victorian city. Despite being 17, with an infant child, little transitional planning had occurred by child protection, in relation to what housing options would be available to her, once her child protection order finished on her 18th birthday.

As her 18th birthday approached, Elli and her Better Futures worker were increasingly concerned she would be exited into homelessness and sought Youthlaw's assistance.

Luckily, after a united advocacy approach, a Home Stretch application was submitted and approved and ultimately, a property was secured at the last moment (with brokerage money before Home Stretch money was made available) for Elli and her infant son. However, the lack of housing options made this process immensely stressful for Elli and her Better Futures worker who was trying to support her.

Having more regional housing options available to young care leavers like Elli, and guaranteed places, would mean that the threat of homelessness upon leaving care would not be hanging over the head of young people and their care team.

* Not real name.

Source: Youthlaw, *Submission 93*, p. 6

Statistics show at least one third of young people leaving out-of-home care experience homelessness within three years.[52] Youthlaw, a community legal service supporting young Victorians, explained that this is partly due to their experiences in the state care system:

There are several issues that occur while children are in out of home care such as multiple placements and lack of stability, lack of therapeutic support and constant changes in workers. Compounding these issues is the fact that once young people leave care, the state provides very limited supports to help them live independently.[53]

Geographic disadvantage can compound the shortage of youth-appropriate housing options in regional areas. For example, Meli, a not-for-profit community services provider, highlighted that youth homelessness in southwest Victoria is driven largely

51 Anglicare Victoria, *Submission 67*, p. 13.

52 Youthlaw, *Submission 93*, p. 1.

53 Ibid., p. 2.

by family breakdown and the lack of local support services.[54] Young people from multicultural backgrounds, those exiting child protection and LGBTIQ+ youth are overrepresented among those experiencing homelessness.[55]

Moreover, the lack of service capacity has forced agencies to implement demand management strategies, such as limiting accommodation stays and intake appointments. These limitations shift the burden onto other systems, including mental health, child protection and justice, escalating the overall social and economic cost of youth homelessness.[56]

Many of the organisations providing social services or housing to young Victorians who participated in the Inquiry advocated for youth-specific social housing to overcome these barriers to secure and affordable housing.[57] Youthlaw felt that social housing should also be 'set aside' for young people leaving state care as they are particularly vulnerable to homelessness.[58] The Centre for Multicultural Youth advocated for education and support for young people to maintain their tenancies.[59]

Other stakeholders recommended that the Victorian Government lobby the Australian Government to increase income support payments, particularly Jobseeker and Youth Allowance. They called for payments to be increased so that they are commensurate with the cost of living, including the cost of private rental housing.[60] The J2SI Consortium asserted that, '[u]ltimately, until these payments are increased, we will continue to have many Australians living in poverty, and homelessness will grow'.[61]

3.2.2 Aboriginal Victorians

Aboriginal Victorians living in regional communities continue to face complex and compounding barriers to accessing safe, secure and culturally appropriate housing. These barriers are rooted in the ongoing legacy of colonisation, including dispossession, the Stolen Generations, systemic racism and intergenerational trauma.

While Aboriginal communities demonstrate resilience, cultural strength and leadership, structural inequalities within the housing system continue to limit both access and long-term stability. Structural racism is a key driver of housing inequity, manifesting through discriminatory practices in the private rental market and a chronic underinvestment in culturally safe and appropriate housing options.[62]

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54 Meli, *Submission 90*, pp. 1–3.

55 Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, p. 19.

56 Barwon South West Homelessness Network, *Submission 86*, p. 4.

57 Youthlaw, *Submission 93*, pp. 2–3; Centre for Multicultural Youth, *Submission 81*, p. 5; Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, p. 19; Meli, *Submission 90*, p. 3.

58 Youthlaw, *Submission 93*, pp. 2–3.

59 Centre for Multicultural Youth, *Submission 81*, pp. 5–6.

60 Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, pp. 6, 8, 18–19; Central Highlands and Wimmera Homelessness Alliance, *Submission 65*, pp. 9–10; Anglicare Victoria, *Submission 67*, p. 14.

61 Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, p. 8.

62 Victorian Aboriginal Housing and Homelessness Forum, *Submission 118*, pp. 6–7.

During a site visit to the Gippsland and East Gippsland Aboriginal Co-operative Limited, the Committee heard firsthand accounts of how these systemic issues play out at the local level (as discussed in Chapter 2). Staff described the challenges faced by Aboriginal community members in securing private rental accommodation, noting that racial discrimination by real estate agents remains a common and deeply entrenched barrier. These forms of exclusion are often obscured within mainstream systems, yet they have significant and ongoing impacts on individual and community wellbeing.[63] Chair of Gippsland Family Violence Alliance, Peta Speight, gave an example:

> From an agency perspective we will often ring hotels and say, 'We are from X agency,' and we will be met with the response, 'We don't take your clients. We don't take those people here.' If we ring and want to book accommodation for our staff, they will happily take our business, but as soon as we put the booking in another person's name and we identify that they are not a staff member, they will often refuse to take the booking or they will ask to keep our credit card on file so that they can charge us for any damages that that person causes while they are in that accommodation.[64]

Nationally, 13% of Aboriginal households experience unmet housing needs, almost double the rate observed across the broader Australian population.[65] They may find themselves in substandard housing that has structural issues, lacks essential amenities or requires maintenance. In 2018–19, one third of Aboriginal households throughout Australia were living in housing with a major structural issue, such as foundation, electrical or plumbing issues.[66]

Overcrowding is a significant and persistent issue affecting Aboriginal households in regional Victoria, with rates substantially higher than those experienced by non-Indigenous households. Mildura Rural City Council noted that 8% of non-Aboriginal households consist of six or more people, but this rises to almost 18% for Aboriginal households.[67]

Bower Insights explained that overcrowded living conditions significantly heighten the risk of infectious disease transmission, particularly respiratory illnesses, and contribute to elevated stress and mental health challenges. They also hinder educational outcomes for children and strain household resources, reinforcing cycles of disadvantage and highlighting the urgent need for change.[68]

Aboriginal Victorians are also more likely to experience homelessness than other Victorians. While they constitute less than 1% of Victoria's population, they account for more than 10% of contacts with homelessness support services and have rates of homelessness approximately 11 times that of the mainstream population.[69] Their

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63 Notes from Committee site visit to Gippsland and East Gippsland Aboriginal Co-operative, Bairnsdale, 21 May 2025.

64 Peta Speight, Chair, Gippsland Family Violence Alliance, public hearing, Traralgon, 22 May 2025, *Transcript of evidence*, p. 40.

65 Bower Insights, *Submission 78*, p. 13.

66 Ibid., p. 14.

67 Mildura Rural City Council, *Submission 61*, p. 8.

68 Bower Insights, *Submission 78*, p. 13.

69 Aboriginal Housing Victoria, *Mana-na woorn-tyeen maar-takoort: the Victorian Aboriginal housing and homelessness framework*, 2020, p. 43.

circumstances can vary from rough sleeping to couch surfing, temporary living arrangements with family networks that may be unsuitable, or living in severely overcrowded homes.[70]

The importance of targeted investment in culturally safe social housing for Aboriginal Victorians was clearly articulated throughout the Inquiry. The Victorian Aboriginal Housing and Homelessness Forum (VAHHF) asserted that '[h]ousing is a cornerstone of self-determination for Aboriginal and Torres Strait Islander peoples'. It said that it is 'not just about shelter – it is about restoring agency, reconnecting with community and culture, and building a stable, self-determined future'.[71]

In recognition of the additional challenges faced by Aboriginal people, the Victorian Government's Big Housing Build included a commitment to expand social housing available to the Aboriginal community, targeting 10% of new homes (820) to Aboriginal households.[72] However, CHIA Vic observed that Aboriginal Community Controlled Organisations (ACCOs) have faced 'significant challenges' accessing Big Housing Build funding to construct these homes as it requires ACCOs to secure registration with the government as a housing agency. This entails significant expertise and time and is expensive, which excludes some ACCOs from participating.[73]

The Victorian Government has also supported Aboriginal Housing Victoria to establish *Mana-na woorn-tyeen maar-takoort: the Victorian Aboriginal housing and homelessness framework* (2020). The statewide framework estimates that demand for culturally safe social housing will increase significantly beyond the new homes being provided under the Big Housing Build:

> The Aboriginal population in Victoria will grow from 57,782 in 2016 to 95,149 in 2036. Aboriginal households will grow from around 23,000 to more than 50,000 over the same period. To maintain existing levels of social housing, commensurate with population share, will require an additional 5,085 Aboriginal social housing units by 2036. This investment is required merely to ensure that the existing scale of Aboriginal homelessness does not continue to escalate.[74]

The framework sets out a path to 'every Aboriginal person [having] a home'.[75] Key objectives include:

- embedding housing goals and targets for Aboriginal Victorians in government policies
- building more than 5,000 social houses for Aboriginal Victorians by 2036 and 300 houses per year thereafter to meet future demand.

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70 Bower Insights, *Submission 78*, pp. 13–14.

71 Victorian Aboriginal Housing and Homelessness Forum, *Submission 118*, pp. 2–3.

72 Community Housing Industry Association (Victoria), *Big Housing Build*, <https://chiavic.com.au/community-housing/big-housing-build> accessed 3 July 2025.

73 Community Housing Industry Association (Victoria), *Submission 66*, p. 21.

74 Aboriginal Housing Victoria, *Mana-na woorn-tyeen maar-takoort*, p. 11.

75 Ibid., p. 12.

Specific actions underpin these objectives, such as ensuring that Victorian Government funding streams specifically increase social housing for the Victorian Aboriginal community and making sure a 'fair share' of mainstream funding supports Aboriginal housing targets.[76]

CHIA Vic highlighted the objectives and actions of the framework and called for the Victorian Government to continue work to implement these. It called for 10% of all new social housing to be owned and managed by ACCOs going forward.[77] VAHHF made a similar recommendation. It urged the Victorian Government to fund ACCOs and Traditional Owner Groups to lead the planning and delivery of housing projects for the Victorian Aboriginal community. It said that 'at least 10% of all crisis, transitional, community, public and affordable housing developments [should] be earmarked for Aboriginal and Torres Strait Islander Victorians'.[78]

Other stakeholders supported greater government investment in culturally safe social housing for Aboriginal Victorians.[79] VAHHF also emphasised to the Committee that 'considerations for housing are often inseparable from the need for comprehensive wraparound supports to ensure people can maintain stable, secure and appropriate homes'. It asserted that capital investment in culturally safe housing must be accompanied by operational funding of Aboriginal support services. It said that '[w]ithout this, the long-term effectiveness of housing initiatives will be limited'.[80]

3.2.3 Older Victorians

The ongoing housing crisis in regional Victoria is having a profound impact on older Victorians, many of whom are facing limited options to age in place, a shortage of appropriate and affordable housing, and in some cases, forced displacement from their communities. Housing for the Aged Action Group, a housing advocacy and services organisation for older Australians, told the Committee that it 'hears every day from older people living in regional Victoria about the serious lack of homes … particularly affordable homes' to allow them 'to age in place'.[81]

Rural Councils Victoria, which represents Victoria's 34 rural councils, agreed. It stated that there is a growing need for housing that supports older residents to stay in their communities.[82] Yet, many dwellings are not designed with ageing or accessibility in mind. According to the Wimmera Development Association's 2020 *Regional Housing Review*, over 65% of homes in the Wimmera Southern Mallee region were built before

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76 Ibid., pp. 11, 13, 27, 43.

77 Community Housing Industry Association (Victoria), *Submission 66*, pp. 19, 21.

78 Victorian Aboriginal Housing and Homelessness Forum, *Submission 118*, pp. 11.

79 Bower Insights, *Submission 78*, pp. 14, 19; Mildura Rural City Council, *Submission 61*, p. 10; Central Highlands and Wimmera Homelessness Alliance, *Submission 65*, p. 7.

80 Victorian Aboriginal Housing and Homelessness Forum, *Submission 118*, p. 10.

81 Housing for the Aged Action Group, *Submission 46*, p. 2.

82 Rural Councils Victoria, *Submission 82*, p. 5.

1980, often with poor insulation, inefficient heating and cooling, and layouts that are inaccessible for those with mobility limitations.[83]

Additionally, the current housing mix, dominated by large family homes, offers few suitable downsizing options for retirees. This forces older people to remain in unsafe or unsuitable homes or leave their communities entirely, impacting their wellbeing, health, comfort and safety.[84] As the Wedderburn Lions Club Aged Care Committee stated:

> Leaving your family home is bad enough but our elderly have to leave their communities as well. This has a huge impact on their families as well as their own mental health.[85]

Affordability is also a major concern. A growing number of older people are renting in the private market, many on low incomes and facing severe rental stress. Housing for the Aged Action Group asserted that the needs and hardships of these older people are often being overlooked because of assumptions that older people all own their own homes.[86] The reality is that over the past decade there has been a 77% increase in older Victorians renting in the private market. Currently, more than 85,000 people aged 55 and over are renting privately while falling within the lowest two income quintiles, including nearly 29,000 in regional areas.[87]

Due to a lack of appropriate housing, long-term community members are relocating to find more suitable and affordable homes, weakening social ties and reducing the availability of local volunteers and caregivers in the region. Housing for the Aged Action Group recommended a broad range of assistance for older Victorians seeking affordable and stable housing. For example, it called for the Victorian Government to consider reserving 20% of social housing for older Victorians and accelerating the rollout of accessibility standards for private rental properties.[88]

3.2.4 People with disability

People with disability in regional Victoria face compounding barriers in accessing safe, affordable and accessible housing. These barriers are shaped by a combination of low income, inadequate housing stock and systemic discrimination, which together leave many individuals and families in precarious and unsuitable living conditions.[89]

People with disability may be disproportionately affected by housing stress if they rely on income support payments, such as the Disability Support Pension, which is significantly below what is needed to afford market rents in regional areas. Anglicare Australia's 2024 *Rental Affordability Snapshot* reveals that on any given day, only 5.3% of rentals advertised in regional Victoria (148 properties) are affordable for individuals

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83 Wimmera Southern Mallee Development, *Submission 70*, pp. 5–6.

84 Ibid., p. 7.

85 Wedderburn Lions Club Aged Care Sub Committee, *Submission 22*, p. 1.

86 Housing for the Aged Action Group, *Submission 46*, p. 3.

87 Ibid., pp. 3–4.

88 Ibid., p. 2.

89 Centre for Excellence in Child and Family Welfare, *Submission 74*, p. 4.

relying on income support payments, with just one single property affordable for someone on the Disability Support Pension.[90]

Even when suitable and affordable housing is available for people with disability in rural and regional Victorian towns, accessible services and infrastructure can be lacking, forcing them to seek housing in more expensive regional or metropolitan cities (see Case Study 3.5).

Case Study 3.5 The difficulties of living with disability in rural Victoria

In my workplace, I field enquiries from people who are thinking of moving to rural Victoria, and their questions indicate that they are low income, often with disabilities, and they can't afford to live in areas with high levels of accessibility to services and amenities. They ask about public transport, and I cringe as I tell them that there are two buses per week to one of the nearer regional centres, and the other leaves at 3:45am for the other large town. There is a Community Car service run by the local shire council for a modest cost. That's one car, providing one trip per day if one of the volunteer drivers is available. There are houses available, some of them quite affordable, but the infrastructure isn't there. The people who are attracted by housing affordability aren't the people who can reasonably be expected to afford the costs that come with living so far from services.

Source: Name withheld, *Submission 4*, pp. 2–3.

3.2.5 Recent migrants and refugees

Recent migrants and refugees residing in regional Victoria can face housing insecurity, often compounded by language barriers, cultural disconnection and discrimination. Many have experienced trauma or displacement, and local housing services are frequently ill-equipped to meet their needs.[91]

The Centre for Multicultural Youth noted that levels of rental stress and insecure housing were higher among migrant and refugee young people in Victoria than their peers. Services often lack multilingual staff, cultural responsiveness and targeted outreach programs.[92]

Sometimes recently arrived migrants and refugees who need housing assistance are not captured in service data because they receive support from their community instead. For example, recent migrants may move in with a family member who, as a sole humanitarian entrant, has been living in a one-bedroom property provided by the Department of Families, Fairness and Housing. The J2SI Consortium reported that this

90 Anglicare Victoria, Rental Affordability 2024 Snapshot, p. 18; Community Housing Industry Association (Victoria), *Submission 66*, p. 9.

91 Centre for Excellence in Child and Family Welfare, *Submission 74*, pp. 3–4.

92 Centre for Multicultural Youth, *Submission 81*, pp. 3–8.

is occurring in the Mallee region, where there is significant housing demand for recent arrivals. Some families end up living in overcrowded conditions, such as having three families share one house or a family using the garage for housing.[93]

3.2.6 People living with mental illness

The ongoing shortage of suitable housing across regional Victoria is having a profound impact on individuals living with mental health conditions. Secure, stable, and affordable housing is widely recognised as a critical foundation for recovery from mental illness and ongoing psychological wellbeing.[94] However, as the regional housing crisis deepens, the mental health of affected individuals is further compromised.

According to Mental Health Victoria, there is a clear interdependence between homelessness and mental ill health, with each exacerbating the other. Data from Home Time, a national campaign to unlock Australia's housing system for children and young people, shows that 50% of young people accessing homelessness services have had a prior mental health inpatient admission.[95]

Housing insecurity in regional Victoria reflects broader national trends, with individuals experiencing mental illness frequently placed in inappropriate or unstable accommodation due to a lack of social and supported housing.[96] This instability can severely disrupt recovery, heighten the risk of mental health deterioration, and lead to increased use of emergency and high-cost services. Disconnection from community supports further exposes individuals to harm and relapse.[97]

Studies highlight the critical importance of secure housing during transitions from residential care, supporting a 'housing first' approach and prioritising stable accommodation before addressing psychiatric or substance use issues. The research shows that young people with mental health conditions face additional barriers due to income insecurity and limited housing mobility, requiring more flexible, portable housing support options.[98]

Stigma and discrimination further compound access issues. Individuals with mental illness often face added challenges securing accommodation due to prejudiced attitudes from landlords and the broader community. As a result, people on the lowest incomes are pushed into shared or substandard housing environments that are unaffordable and undignified. As a name withheld submission noted, 'living with

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93 Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, p. 11.

94 Nicola Brackertz, et al., *Trajectories: the interplay between mental health and housing pathways. Policy priorities for better access to housing and mental health support for people with lived experience of mental ill health and housing insecurity*, Australian Housing and Urban Research Institute and Mind Australia, February 2021, p. 5.

95 Mental Health Victoria, *Submission 99*, p. 3.

96 Kylie Nolan, *Submission 41*, p. 1.

97 Mental Health Victoria, *Submission 99*, p. 3.

98 Australian Housing and Urban Research Institute, *Accessing stable housing increasingly difficult for people leaving rehabilitation settings*, 2021, <https://www.ahuri.edu.au/analysis/news/accessing-stable-housing-increasingly-difficult-people-leaving-rehabilitation-settings> accessed 28 July 2025.

hope feel[s] foolish' under such conditions, highlighting the emotional toll of ongoing housing stress.[99]

The nexus between mental illness and housing insecurity was recognised by the Royal Commission into Victoria's mental health system (2021). The Royal Commission made a range of recommendations aimed at increasing access to affordable and secure housing for Victorians experiencing mental illnesses, including:

- prioritising investment in, and the allocation of, social housing to people experiencing mental illness, particularly young Victorians
- ensuring that supported housing for people living with mental illness is appropriately connected to social services.[100]

The Victorian Government responded to these recommendations by implementing dedicated funding rounds for 'mental health supported housing' as part of the Big Housing Build. In 2023, approximately 30 projects were awarded funding and will deliver more than 200 homes for Victorians living with mental illness.[101] Mental Health Victoria, the state's peak body for mental health, urged the Victorian Government to continue implementing the recommendations of the Royal Commission and recommended that it pair investment into housing with funding for social services to support those living with mental illness in these houses.[102]

3.2.7 People experiencing family violence

Family violence is a leading cause of housing instability and homelessness in regional Victoria. Victim-survivors, predominantly women and children, are often forced to choose between staying in a violent environment or homelessness, due to the chronic shortage of crisis accommodation, transitional housing and long-term secure options. Case Study 3.6 shows that this not only affects families but can also affect individual young people.

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99 Name withheld, *Submission 4*, p. 2.

100 Royal Commission into Victoria's Mental Health System, *Final report: summary and recommendations*, 2021, p. 61.

101 Homes Victoria, *Mental health supported housing round*, <https://www.homes.vic.gov.au/mental-health-supported-housing-round> accessed 10 September 2025.

102 Mental Health Victoria, *Submission 99*, p. 2.

Case Study 3.6 Children can be family violence victim-survivors in their own right

One of the things that really concerns me is, since the Royal Commission into Family Violence, there has been a strong focus on children being victim-survivors in their own right. Whilst we often talk about family units needing to flee family violence, we also have young people that self-place outside of the home due to family violence. I am aware of a young person in Bass Coast who is currently living in a tent on public property due to being unable to return home due to fear of family violence. They have reported this to multiple agencies. There is nowhere for this young person to go. They are not eligible for Centrelink payments. There is no youth refuge close by. They are still self-attending school on a daily basis, but there is actually nowhere for them to go in Bass Coast currently where they can receive safe and affordable housing. As a result they are currently living in a tent and being supported by a number of community service organisations locally and by their school.

Source: Peta Speight, Chair, Gippsland Family Violence Alliance, public hearing, Traralgon, 22 May 2025, *Transcript of evidence*, p. 36.

Evidence presented to the Committee highlights that housing insecurity is both a direct consequence of family violence and a critical barrier to recovery (see Case Study 3.7). Victoria's peak body for specialist family violence services, Safe and Equal, found in its 2024 Demand and Capacity Survey that 98% of member services identified housing and homelessness as the most significant issues facing victim-survivors after their immediate safety needs were addressed.[103] In 2023–24, women made up 58% of people accessing homelessness services in Victoria. Nearly half of all clients had experienced family violence, reinforcing the strong link between family violence and housing stress.[104]

103 Safe and Equal, *Submission 27*, p. 3.

104 Ibid.

Case Study 3.7 How family violence and housing insecurity intersect

Anglicare Victoria gave the following examples to illustrate the challenges regional victim-survivors can face when looking for a safe place to stay:

- A young adult victim-survivor fled her current address whilst pregnant due to serious risk of the partner/father of the child and concerns he would continue to attend her address and perpetrate violence against her. The client is living with a friend, but the new address is nearby and the person using violence has been sighted in the street and may be able to locate her. The Orange Door [TOD] provided emergency accommodation, but the client was exited from the accommodation due to bringing a female friend to stay with her. A housing transfer for the client is being explored however the wait time for this is likely to be extensive. The client remains at risk.
- A female victim-survivor who is 'sleeping rough' has been experiencing family violence (including serious physical assault resulting in injury) from an Adult Using Family Violence (AUFV) who is also sleeping rough. The client is reluctant to be seen engaging with local Police or any support services as she fears this would make her a 'target' to others sleeping on the street, therefore there is limited support that TOD can offer.
- A victim-survivor chose to sleep in the backyard so that she could keep herself "safe" from the AUFV in the home. She became unwell as a result. This impacted her finances as she needed to book a doctor's appointment and pay for medication so that she could return to work.

Source: Anglicare Victoria, *Submission 67*, p. 9.

For many victim-survivors, the lack of available housing makes it extremely difficult to leave unsafe situations.[105] Victim-survivors who need 'protective hiding' in crisis accommodation are finding it difficult to access refuges and are resorting to temporary accommodation in hotels or even tents to keep their families safe. Others end up seeking the support of homelessness services—more than 42% of Victorians accessing specialist homelessness services are victim-survivors of family violence.[106]

In some cases, this instability may even drive individuals back to the perpetrator, as the known risks of violence are perceived as less overwhelming than ongoing housing uncertainty.[107] Peta Speight, Chair of Gippsland Family Violence Alliance, gave an example:

> We see a lot of women who may go into refuge or emergency accommodation in not very great circumstances. So we place a mum and her three kids in a motel for three nights. The kids are not at school. They are getting on each other's nerves. There is not

105 Anglicare Victoria, *Submission 67*, pp. 7–8; Centre for Excellence in Child and Family Welfare, *Submission 74*, pp. 1–2; Jelena Djurdjevic, Executive Director, Response, Policy and Evidence, Safe and Equal, public hearing, Traralgon, 22 May 2025, *Transcript of evidence*, p. 55.

106 Safe and Equal, *Submission 27*, pp. 3–5.

107 Anglicare Victoria, *Submission 67*, p. 7.

> appropriate bedding. There is no room for the kids to play. Everything is too hard. What we see is that women think that this is not ever going to get any better, and so they make the difficult decision that it is actually better for their children to return to the home where the violence occurs. We see that time and time again.[108]

Even when crisis accommodation, such as refuges, is accessed, there are often no safe or stable housing pathways available afterwards for victim-survivors. This leads to prolonged stays in short-term facilities, which in turn reduces capacity for others in urgent need.[109] As Jelena Djurdjevic, Executive Director of Response, Policy and Evidence at Safe and Equal, explained:

> When there are no housing exit pathways, what happens in family violence refuges is that there are extended stays when there does not need to be because there is nowhere for people to go; no places for new clients who might need to enter, who are at the very highest risk and might need that protective hiding; and an increased reliance on motels for emergency accommodation …[110]

Motels often lack the safety and support necessary for victim-survivors' effective recovery.[111] This can also be the case for perpetrators in instances where they are placed outside of the family home to protect the rest of the family. According to Peta Speight, perpetrators are often:

> placed in really unsafe, unacceptable circumstances—boarding houses or old run-down motels—where they are exposed to community violence or to drugs and alcohol and where it is very difficult for them to access their own support systems like mental health support and drug and alcohol support, which means that they are then not able to begin to address their own behaviour and are actually more likely to further perpetrate family violence or reattend the family home in an attempt to find somewhere safe to be.[112]

After the immediate crisis period, the key to long-term recovery from family violence is safe and secure housing. However, with a lack of suitable housing options in their hometown, regional victim-survivors may be forced to move elsewhere. This can compromise their recovery, especially if it means moving away from family, friends and support systems and taking children from their childcare centre, school and/or after-school activities.[113]

Evidence suggested that additional specialist crisis accommodation is needed to help victim-survivors of family violence leave unsafe living arrangements and social housing is required to support their recovery journey.[114] Safe and Equal argued that

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108 Peta Speight, *Transcript of evidence*, p. 38.

109 Safe and Equal, *Submission 27*, p. 3.

110 Jelena Djurdjevic, *Transcript of evidence*, p. 55.

111 Kim Adams, Principal Strategic Adviser, Gippsland Family Violence Alliance, public hearing, Traralgon, 22 May 2025, *Transcript of evidence*, p. 36.

112 Peta Speight, *Transcript of evidence*, p. 37.

113 Jelena Djurdjevic, *Transcript of evidence*, p. 55; Peta Speight, *Transcript of evidence*, p. 36.

114 Barwon South West Homelessness Network, *Submission 86*, p. 1; Mildura Rural City Council, *Submission 61*, p. 10; Central Highlands and Wimmera Homelessness Alliance, *Submission 65*, p. 4; Centre for Excellence in Child and Family Welfare, *Submission 74*, p. 5; Kim Adams, *Transcript of evidence*, p. 36.

the capacity of specialist family violence refuges across regional Victoria should be doubled from 170 households to 'at least 340 households' to reduce reliance on inappropriate accommodation options for victim-survivors escaping unsafe homes.[115]

Similarly, Catholic Social Services Victoria submitted that '[t]he high rates of [family violence] in regional Victoria are putting strain on crisis accommodation, homelessness services, and the supply of public and community homes'.[116] It recommended additional funding for crisis accommodation and transitional housing in communities where homelessness is surging to meet demand while additional social housing is constructed.[117]

FINDING 10: The lack of suitable and affordable housing in regional Victoria disproportionately affects a range of vulnerable groups including young people, Aboriginal Victorians, older people, recent migrants and refugees, individuals living with mental illness, people with disability and people experiencing family violence.

Compared with other nation members of the Organisation for Economic Co-operation and Development (OECD), Australia has one of the lowest allocations of social housing. Only 4.1% of Australian households live in social housing. The proportion of Victorians living in social housing is 2.9%, which is the lowest proportion of all the states and territories.[118] Some parts of regional Victoria have even lower figures. For example, in Hepburn Shire only 1.7% of households live in social housing.[119]

The public hearings, submissions and site visits undertaken by the Committee spotlighted critical housing shortfalls across Victoria. A lack of youth-specific social housing is leaving young people, especially those exiting state care, at risk of homelessness. Victim-survivors of family violence are also struggling to find crisis accommodation, with some forced to live in hotels, caravan parks or tents. Older Victorians also face growing insecurity due to rising rents and declining home ownership, and stable housing remains a major challenge for those living with mental illness.

The Committee acknowledges advocacy to ensure that there is appropriate specialist housing, crisis accommodation and social services to support the wellbeing of these more vulnerable groups of Victorians. Although the Big Housing Build is increasing social housing stock to meet this growing demand, more needs to be done to ensure that housing is accessible, secure and accompanied by the wraparound support services necessary to ensure residents thrive. This is particularly important as the demand for social housing is projected to continue to increase.

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115 Safe and Equal, *Submission 27*, p. 6; Jelena Djurdjevic, *Transcript of evidence*, p. 56.

116 Catholic Social Services Victoria, *Submission 77*, p. 6.

117 Ibid., pp. 6–7.

118 Barwon South West Homelessness Network, *Submission 86*, p. 2.

119 Hepburn Shire Council, *Submission 47*, p. 6.

The Committee urges the Victorian Government to ensure targets for social housing (as recommended in Chapter 6) reflect the growing need for specialist housing, crisis accommodation and supported living arrangements in regional Victoria. It also echoes stakeholder calls for the Victorian Government to advocate for the Australian Government to boost income support payments so that all Australians, particularly young people, can afford appropriate housing.

The Committee also acknowledges that Aboriginal Victorians are disproportionately affected by housing insecurity and homelessness due to the long-term impacts of colonisation and systemic discrimination. Aboriginal Victorians are significantly overrepresented in homelessness statistics, face overcrowding, and may have limited access to culturally safe and affordable housing options. The Committee believes that ongoing investment in social housing that is culturally appropriate and community-led will help address these inequalities and support self-determination by enabling Aboriginal communities to shape housing solutions that meet their unique needs. This may necessitate Victorian Government support for ACCOs to achieve registration as a housing agency or greater flexibility around meeting this requirement.

Safe, secure housing is foundational to improving health, education, employment and justice outcomes for Aboriginal households in regional communities, making it a critical area for targeted and sustained government investment. It is important that this investment is aligned with projected demand. It must also be accompanied by sufficient resources for ACCOs to support residents to maintain their tenancies, overcome other challenges to their wellbeing and access education or employment opportunities.

RECOMMENDATION 1: That the Victorian Government set new targets for social housing that reflect the projected need for specialist youth housing, crisis accommodation for victim-survivors of family violence, accessible properties for older residents and supported living arrangements for Victorians living with mental illness or disability.

RECOMMENDATION 2: That the Victorian Government align its investment in social housing to fully implement *Mana-na woorn-tyeen maar-takoort: the Victorian Aboriginal housing and homelessness framework* (2020). This should encompass ongoing funding for Aboriginal Community Controlled Organisations to deliver culturally safe housing in line with projected demand, and to deliver wraparound social support to tenants.

RECOMMENDATION 3: That the Victorian Government advocate for the Australian Government to increase income support, particularly Youth Allowance and Jobseeker payments, to levels commensurate with the cost of living.

3.3 Housing shortages threaten the vibrancy and future of towns

The shortage of affordable housing has affected not only individuals and families, but entire communities, undermining the vibrancy and threatening the long-term viability of regional towns and cities. Employers are unable to hire enough staff due to the lack of suitable housing, regional cities and towns are losing key workers and volunteers, and communities are struggling. The Greater Ballarat Alliance of Councils argued that access to secure and affordable housing is foundational to building stable, inclusive and productive communities, and that without it, regions face worsening disadvantage, social fragmentation and economic instability.[120]

The Committee heard that employers in regional Victoria who are struggling to attract staff consider inadequate housing supply as a key impediment to attracting and retaining workers.[121] For example, in a 2023 local business survey, Macedon Ranges Shire Council found:

> Over 50% of businesses felt that the local cost of housing was impacting recruitment and staff retention and had experienced staff leaving for opportunities closer to home. When asked about whether there were any gaps in the current property market, 65% reported a shortage of smaller dwellings, units or apartments for singles, young people and older people.
>
> Nearly 89% of respondents believed there was a shortage of rental properties and 42% felt there was a shortage of social and affordable housing.[122]

This is particularly an issue for key workers in a community, who must perform work at a specific location, such as workers in healthcare, hospitality, construction, education, manufacturing and community services. Some of these workers, such as those in the care economy, are on low incomes, which makes it even harder for them to find suitable housing.[123] Wimmera Southern Mallee Development told the Committee:

> Across the Wimmera Southern Mallee, rental vacancy rates remain below 1%, with some towns reporting no long-term rentals available for extended periods. Local employers—from aged care and education to trades and agriculture—have reported vacancies going unfilled due to the lack of housing. WHIP's [Wimmera Housing Innovation Pty Ltd's] engagement with employers in Nhill, Rupanyup, Warracknabeal and Hopetoun confirmed that lack of worker housing is now the single greatest constraint to regional job growth and investment attraction.[124]

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120 Greater Ballarat Alliance of Councils, *Submission 58*, p. 1.

121 Law Institute of Victoria, *Submission 106*, p. 5; Committee for Greater Shepparton, *Submission 107*, p. 4; Rural City of Wangaratta, *Submission 92,* p. 1; Bower Insights, *Submission 78*, p. 21; Rural Councils Victoria, *Submission 82*, p. 5; Planning Institute of Australia (Victoria), *Submission 69*, p. 11; Wimmera Southern Mallee Development, *Submission 70*, p. 6; Warrnambool City Council, *Submission 73*, pp. 2–4; Australian Institute of Architects, *Submission 56*, p. 3; Gannawarra Shire Council, *Submission 59*, p. 2.

122 Macedon Ranges Shire Council, *Submission 75*, pp. 2–3.

123 Catholic Social Services Victoria, *Submission 77*, p. 9.

124 Wimmera Southern Mallee Development, *Submission 70*, p. 6.

Even when incentives exist to encourage workers to move to regional areas, they are 'derailed' by the lack of housing. As Mental Health Victoria explained, it has:

> heard from Associates that trained healthcare workers intending to relocate to regional areas are turning down jobs, despite the regional mental health workforce incentives, because they cannot find a home in that area.[125]

Similar instances have occurred in family violence services, where regional employers who have managed to recruit essential workers from metropolitan areas have had their offer of employment rejected due to the lack of affordable accommodation.[126]

Some businesses have had to find innovative solutions. For example, meat processing company Don KR Castlemaine purchased a caravan park to accommodate its workers.[127] Other businesses have limited their trading days due to staff shortages.[128]

Ensuring key workers have access to affordable housing helps maintain vital services in regional communities and helps to improve the economic viability of towns.[129] Without adequate housing options, populations can decline and economies can stagnate, which has a more significant economic and social impact in regional towns than in metropolitan areas.[130]

According to Wimmera Southern Mallee Development, each new household contributes about $45,000 to the local economy annually, so the loss of workers due to the lack of housing is extremely costly to regional communities. It estimated that housing constraints in the region will block the creation of 'at least 250 new operational jobs across agriculture, tourism, and services over the coming decade'.[131] Rural Councils Victoria referred the Committee to a study showing that housing shortages could result in the annual Gross Regional Product falling between $200 million and $1 billion across rural Victoria.[132]

The inability to attract key workers and their families to regional cities and towns not only affects economic viability but also community cohesion. It discourages young people and families from remaining in the community, and it inhibits the ability of towns to attract local volunteers for the State Emergency Service and Country Fire Authority, all of which can compromise the future sustainability of towns and surrounding communities.[133]

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125 Mental Health Victoria, *Submission 99*, p. 1.

126 Jelena Djurdjevic, *Transcript of evidence*, p. 56.

127 Professor Karien Dekker et al., *Submission 68*, p. 2.

128 Community Housing Industry Association (Victoria), *Submission 66*, p. 12.

129 Professor Karien Dekker et al., *Submission 68*, p. 3; Bower Insights, *Submission 78*, p. 10.

130 Bower Insights, *Submission 78*, p. 10.

131 Wimmera Southern Mallee Development, *Submission 70*, pp. 7–8.

132 Rural Councils Victoria, *Submission 82*, p. 3.

133 Cr Nathan Hersey, Chair, One Gippsland, public hearing, Traralgon, 22 May 2025, *Transcript of evidence*, p. 15; Friends of Lorne Inc, *Submission 55*, p. 1; Benalla Homelessness Response Group Inc, *Submission 79*, p. 3.

Some councils have responded to these housing issues by formally declaring a 'housing crisis' in their area. For example, Mildura Rural City Council made a formal declaration and established a dedicated taskforce to identify and implement local housing solutions.[134] This reflects a broader trend across regional Victoria, where local communities and councils are actively working to address unmet housing demand.[135]

The Committee recognises the innovation and dedication shown by the Mildura Rural City Council, as well as the other communities that are taking initiative, identifying opportunities and mobilising local resources wherever possible to assist with local housing challenges. However, it is clear from the evidence that these efforts alone are not enough and that they require meaningful and sustained support to achieve lasting outcomes. The subsequent chapters seek to address this challenge.

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134 Mildura Rural City Council, *Submission 61*, p. 2.

135 YIMBY Melbourne, *Submission 43*, p. 3.

Chapter 4
Collaborative housing solutions

In the last five years, the Victorian Government has launched a series of policy and planning reforms aimed at increasing housing supply, improving affordability and enhancing the housing security of Victorians. These are discussed throughout the report, beginning with an exploration of settlement and infrastructure planning in this chapter.

This chapter also explores how the Victorian Government can work with regional local governments and utilities, developers and the community to increase housing. It examines the advantages of integrated land-use and infrastructure planning at the regional level, and the mechanisms for funding infrastructure. It concludes by acknowledging that rural and regional local governments can drive housing initiatives when they are properly resourced to do so.

4.1 Past approaches to settlement planning

Until 2025, separate planning processes guided development to accommodate population growth in metropolitan Melbourne and regional Victoria. *Plan Melbourne 2017–2050* set out the Victorian Government's vision for the state capital to become a more compact city, accommodating a greater proportion of new residents in existing suburbs than the city fringes.[1] Alongside this, eight regional growth plans were in place to guide the expansion of regional cities and rural towns to accommodate population growth outside of Melbourne.[2] The eight jurisdictions of the regional growth plans are described in Table 4.1.

1 Victorian Government, *Plan Melbourne 2017–2050*, 2017, pp. 45–54.

2 Department of Transport and Planning, *Regional growth plans*, <https://www.planning.vic.gov.au/guides-and-resources/strategies-and-initiatives/regional-growth-plans> accessed 24 September 2025.

Table 4.1 Regional growth plans

Regional growth plan	Incorporated municipalities	Launch date
Central Highlands	Ararat, Ballarat, Golden Plains (northern portion), Hepburn, Moorabool and Pyrenees	April 2014
G21	City of Greater Geelong, Colac Otway Shire, Surf Coast Shire, Borough of Queenscliffe and Golden Plains Shire (southern portion)	April 2013
Gippsland	Bass Coast, Baw Baw, East Gippsland, Latrobe, South Gippsland and Wellington	May 2014
Great South Coast	Corangamite, Glenelg, Moyne, Southern Grampians and Warrnambool	July 2014
Hume	Alpine, Benalla, Greater Shepparton, Indigo, Mansfield, Mitchell, Moira, Murrindindi, Strathbogie, Towong, Wangaratta and Wodonga	July 2014
Loddon Mallee North	Buloke, Campaspe, Gannawarra, Mildura and Swan Hill	July 2014
Loddon Mallee South	Central Goldfields, Greater Bendigo, Loddon, Macedon Ranges and Mount Alexander	April 2014
Wimmera Southern Mallee	Hindmarsh, Horsham, Northern Grampians, West Wimmera and Yarriambiack	July 2014

Source: Department of Transport and Planning, *Regional growth plans*, <https://www.planning.vic.gov.au/guides-and-resources/strategies-and-initiatives/regional-growth-plans> accessed 28 February 2024.

Each regional growth plan provided broad objectives for land use and development across the municipalities it encompassed. The plans also included more detailed settlement strategies for expanding key regional centres. For example, Figure 4.1 illustrates the more detailed planning in place to guide the expansion of Ballarat within the Central Highlands regional growth plan.[3]

Regional growth plans were implemented by local governments through their local policies and planning schemes. This involved planning scheme amendments, the preparation of infrastructure plans, monitoring land supply for residential development and other initiatives.[4]

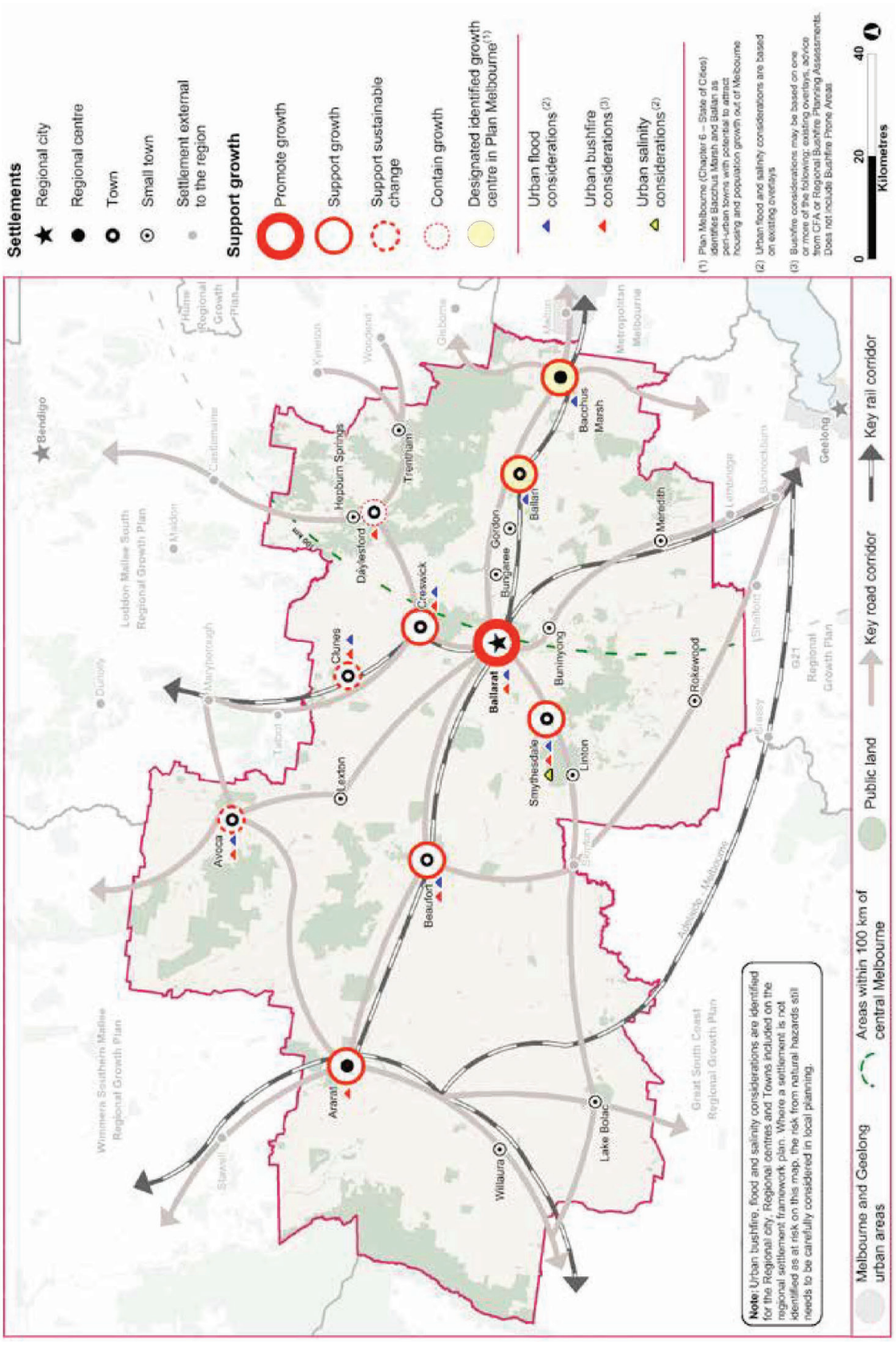
Regional growth plans were designed to be reviewed and renewed every 4–6 years. However, it is unclear whether this occurred while they were in effect.[5] Regardless, the plans were superseded by recent planning reforms which saw a single statewide settlement plan developed for all of Victoria.

3 Ibid.

4 See, for example, Victorian Government, *Central Highlands regional growth plan*, 2014, p. 5.

5 Department of Transport and Planning, *Regional growth plans*.

Figure 4.1 Example of a regional growth plan settlement strategy (from Central Highlands regional growth plan)



Source: Victorian Government, *Central highlands regional growth plan*, 2014, p. 43.

4.2 Wide-ranging reforms seek to increase housing supply

In recent years, the Victorian Government has launched a series of policy and planning reforms aimed at increasing housing supply, improving affordability and enhancing the housing security of Victorians. These were first articulated in *Victoria's Housing Statement* (2023) and have informed several significant initiatives, including the development of a new statewide settlement plan, known as the *Plan for Victoria* (2025), which sets targets for new housing builds.

4.2.1 Victoria's Housing Statement: the decade ahead 2024–2034

In 2023, the Victorian Government issued *Victoria's Housing Statement: the decade ahead 2024–2034* (the Housing Statement), which established a new focus on boosting housing supply.[6]

The Housing Statement acknowledged that housing affordability has declined, and many Victorians are finding it increasingly challenging to secure affordable and appropriate housing. It determined that an additional 2.24 million homes are needed to accommodate the state's growing population. It aimed to facilitate the construction of 800,000 homes over the next decade.[7] This equates to 250,000 homes in addition to the 540,000 homes projected to be built in Victoria during the next decade if current trends continue.[8] The Housing Statement aims to deliver 425,600 new homes in regional Victoria.[9]

The Housing Statement outlines a broad reform agenda to increase housing supply, arranged under five themes. Table 4.2 outlines the themes and provides examples of the types of initiatives being pursued.[10]

While some Housing Statement initiatives, such as the review of the *Planning and Environment Act 1987* (Vic) are still underway, others, like the development of a new statewide settlement plan, have already been implemented.

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6 Department of Premier and Cabinet, *Victoria's Housing Statement: the decade ahead 2024–2034*, 2023, pp. 3, 7.

7 Ibid.

8 Ibid., p. 7.

9 Ibid., p. 22.

10 Department of Transport and Planning, *Submission 108*, p. 2; Department of Premier and Cabinet, *Victoria's Housing Statement*, p. 5.

Table 4.2 Reform themes and key initiatives of the Housing Statement

Theme	Initiative	Description
Good decisions, made faster	Development Facilitation Program	This program enables planning applications for eligible medium to high density residential developments to be considered and approved directly by the Minister for Planning (rather than the responsible local council). Projects in regional Victoria valued at $15 million or above and delivering at least 10% affordable housing are eligible. This cuts application timeframes from 12 to 4 months.
	Small second dwelling	The Victorian Planning Provisions were amended to remove the need for a planning permit to build a backyard granny flat (up to 60 square metres) on blocks not subject to flooding, environmental or other special planning controls.
	Townhouse and Low-Rise Code	The Townhouse and Low-Rise Code introduces a 'deemed to comply' assessment pathway to support faster planning decisions for townhouses and apartment buildings up to three storeys.
Cheaper housing close to where Victorians work	Unlock surplus government land	Government land which is surplus to needs will be rezoned and repurposed to deliver around 9,000 new homes across 45 sites in metropolitan Melbourne and regional Victoria. The Victorian Government is aiming to ensure at least 10% of these homes are affordable.
	Short Stay Levy	The Short Stay Levy is a 7.5% tax on short-term accommodation, for stays of less than 28 consecutive days. It applies to the total booking fee, which includes accommodation charges and additional charges such as cleaning fees. It aims to encourage more properties to enter the long-term rental market to address housing supply issues.
Protecting renters' rights	Rental Dispute Resolution Victoria	Rental Dispute Resolution Victoria was established to provide 'a one-stop shop' for renters, agents and landlords to resolve tenancy disputes over rent, damages, repairs and bonds. It offers a clear and quick pathway for settling simple issues which reserves the Victorian Civil and Administrative Tribunal (VCAT) for more serious or complicated matters.
	Extended notice	The minimum notice period provided to renters before their rent is increased, or they are required to vacate, has been extended to 90 days.
More social housing	Affordable Housing Investment Partnership	The $1 billion program provides low interest loans and government guarantees to finance social and affordable housing.
A long-term housing plan	*Plan for Victoria*	A new statewide settlement *Plan for Victoria* was released in 2025. It focuses on delivering more homes near transport, job opportunities and essential services in vibrant, liveable and sustainable neighbourhoods. It establishes new housing targets for local government areas.
	Review of the *Planning and Environment Act 1987* (Vic)	The Victorian Government is currently reviewing the Act to build a modern, fit-for-purpose planning system. It is examining the roles and responsibilities of all agencies involved in the planning system and considering establishing timeframes for aspects of the system.

Sources: Department of Premier and Cabinet, *Victoria's Housing Statement: the decade ahead 2024–2034*, 2023, pp. 11, 18, 20, 28, 36, 41; Department of Transport and Planning, *Development Facilitation Program*, <https://www.planning.vic.gov.au/planning-approvals/planning-enquiries-and-requests/development-facilitation-program> accessed 14 July 2025; Department of Transport and Planning, *Small second homes*, <https://www.planning.vic.gov.au/guides-and-resources/strategies-and-initiatives/small-second-dwellings> accessed 14 July 2025; Department of Transport and Planning, *Townhouse and Low-Rise Code*, <https://www.planning.vic.gov.au/guides-and-resources/guides/all-guides/residential-development/townhouse-and-low-rise-code> accessed 14 July 2025; State Revenue Office Victoria, *Short Stay Levy*, <https://www.sro.vic.gov.au/short-stay-levy> accessed 14 July 2025; Consumer Affairs Victoria, *Resolving renting disputes*, <https://www.consumer.vic.gov.au/housing/renting/legal-and-dispute-support/resolving-disputes> accessed 14 July 2025.

4.2.2 Plan for Victoria

Throughout 2024, the Victorian Government worked with local governments, industry and the broader community to develop an overarching *Plan for Victoria* (2025). The new statewide plan brought together and superseded the state's eight existing regional growth plans and *Plan Melbourne 2017–2050*.[11]

The *Plan for Victoria* outlines aspirations for the growth of Melbourne, Victoria's regional cities and rural communities.[12] It establishes 'five pillars' to direct development decisions, including:

- Housing for all Victorians: delivering enough affordable homes for all Victorians.
- Accessible jobs and services: making sure Victorians have good access to facilities and employment.
- Great places, suburbs and towns: creating thriving communities which are attractive, safe and welcoming for everyone.
- Sustainable environments: preserving the natural values of Victoria and addressing climate change.
- Self-determination and caring for Country: this recognises that Aboriginal Victorians have the right to make decisions about matters which affect them and that all Victorians live on the Country of Traditional Owners. This pillar underpins and informs all pillars.[13]

The *Plan for Victoria* establishes a 'strategic planning direction' for the whole state to guide the actions and decisions of all levels of government. It also acknowledges that some elements of community-making are outside the remit of government, and that businesses and communities must collaborate to achieve the *Plan for Victoria's* vision for the state.[14]

Housing for all Victorians

As mentioned above, the first pillar of the *Plan for Victoria*, Housing for all Victorians, aims to drive the supply of 2.24 million new homes across the next 30 years, and to increase the affordability, diversity and accessibility of the state's housing stock. It recognises that regional Victoria (particularly the regional cities of Ballarat, Bendigo and Geelong) must accommodate a significant proportion of the state's growing population going forward.[15]

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11 Department of Transport and Planning, *Plan for Victoria*, 2025, pp. 14, 66.

12 Ibid.

13 Ibid., pp. 19, 46.

14 Ibid., p. 66; Department of Transport and Planning, *Submission 108*, p. 2.

15 Department of Transport and Planning, *Plan for Victoria*, pp. 21–23.

Plan for Victoria establishes a 'first tranche' of actions to achieve its vision. There are 12 actions underpinning the first pillar of the plan, including:

- implementing housing targets for every local government
- implementing new planning controls to streamline planning
- carefully managing the outward sprawl of regional cities
- increasing the number of affordable homes
- coordinating public infrastructure and service delivery to support more homes.[16]

The Victorian Government has begun implementing the actions set out in the plan. For example, it has established targets for the construction of new housing in each local government area.[17]

Local government housing targets

The Victorian Government's housing targets allocate a 'share of the extra 2.24 million homes' needed to accommodate Victoria's growing population to each local government area. The housing targets seek to drive the delivery of homes in 'locations well-provided with jobs, shops, public transport and community facilities and services' while protecting natural and culturally significant areas. The targets aim to divert some population growth away from metropolitan Melbourne and into areas where environmental risks (such as bushfires and floods) are well managed.[18] They aim to drive the construction of 469,700 new homes in regional Victoria by 2051.[19] Figure 4.2 details the housing targets for regional Victoria.

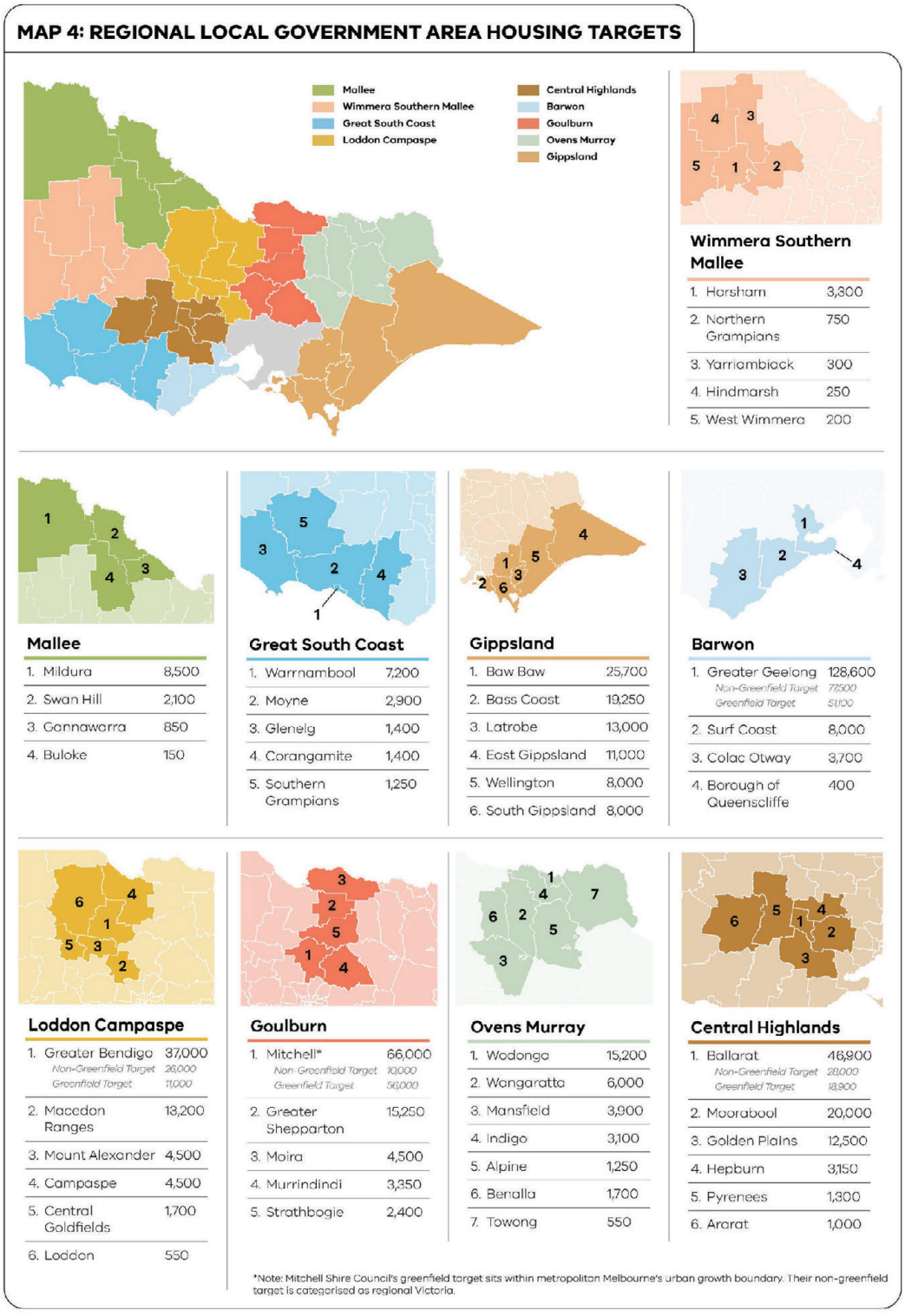
16 Department of Transport and Planning, *Plan for Victoria, Appendix 1: actions and outcomes*, 2025, pp. 68–69; Department of Transport and Planning, *Plan for Victoria, Appendix 2: what's already happening that supports the plan*, 2025, pp. 70–71.

17 Department of Transport and Planning, *Plan for Victoria, Appendix 2*, pp. 70–71.

18 Department of Transport and Planning, *Plan for Victoria*, p. 28; Department of Transport and Planning, *Submission 108*, p. 2.

19 Department of Transport and Planning, *Submission 108*, p. 2.

Figure 4.2 Housing targets of regional local governments



Source: Department of Transport and Planning, *Plan for Victoria*, 2025, p. 30.

The *Plan for Victoria* also establishes 'sub-targets for greenfield land' in Geelong, Bendigo and Ballarat. The sub-targets seek to shift the focus of development in these regional cities from surrounding farmland (greenfield development) to existing urban areas (infill development) to control urban sprawl. The *Plan for Victoria* aspires

to direct 60% of residential development into existing urban areas and 40% into new greenfield (undeveloped) suburbs. This more closely aligns regional cities with metropolitan Melbourne which is already subject to a more ambitious 70:30 split.[20] The need to balance greenfield development with development in existing urban areas is explored further in Chapter 5.

The Victorian Government expects local governments to drive the implementation of the housing targets through local planning schemes:

> Councils are perfectly placed to implement the housing targets, as they know their local context in so much detail …
>
> Each council will review its planning scheme to ensure it is creating enough housing capacity in the right locations to help deliver the housing targets. Planning schemes that do not deliver enough capacity will require timely review and update.[21]

However, it will assist local governments to 'make the necessary changes to planning schemes, particularly to zones and overlays and how they are applied, so the targets are met'.[22]

4.2.3 Stakeholders' views on housing reform

It was clear to the Committee that regional local governments, social housing organisations and community groups generally welcomed the Victorian Government's focus on increasing housing supply and its associated reform agenda.[23] For example, Bower Insights, a planning and development consultancy, described the recent housing reforms as 'significant steps towards increasing housing supply and affordability in Regional Victoria'.[24]

Likewise, the Municipal Association of Victoria, which represents Victoria's 79 local governments, welcomed the 'clarity' provided by the *Plan for Victoria*. However, it also warned that discontinuing Victoria's pre-existing regional growth plans will remove 'significant' regional policy content from planning schemes and place additional pressure on understaffed local governments. It argued that it would increase the gap between state planning directives and the 'realities' of regional cities and rural communities.[25]

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20 Department of Transport and Planning, *Plan for Victoria*, p. 28; Department of Transport and Planning, *Submission 108*, p. 3.

21 Department of Transport and Planning, *Plan for Victoria*, p. 72.

22 Ibid., p. 28.

23 Airbnb, *Submission 39*, p. 10; YIMBY Melbourne, *Submission 43*, p. 4; Housing for the Aged Action Group, *Submission 46*, pp. 7, 11; Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, p. 22; Australian Institute of Architects, *Submission 56*, p. 5; Community Housing Industry Association (Victoria), *Submission 66*, p. 19; Planning Institute of Australia (Victoria), *Submission 69*, p. 7; Warrnambool City Council, *Submission 73*, p. 2; Centre for Excellence in Child and Family Welfare, *Submission 74*, p. 1; Commerce Ballarat, *Submission 97*, p. 1.

24 Bower Insights, *Submission 78*, p. 22; Municipal Association of Victoria, *Submission 114*, p. 11.

25 Municipal Association of Victoria, *Submission 114*, pp. 11, 14.

Other stakeholders also observed while statewide settlement planning and housing targets will steer initiatives to address housing demand overall, more targeted regional intervention is needed to increase the supply of homes outside of metropolitan Melbourne.[26] As regional residential developer Villawood Properties pointed out, achieving the housing targets will require 'increases in supply that are significantly greater than historical rates of delivery' and '[w]ithout direct intervention the … potential of the regions will not be realized into the future'.[27] Likewise, Horsham Rural City Council suggested that the housing targets are a 'blunt' tool for increasing regional housing supply. It asserted that 'a more sophisticated and involved response' is required to address the housing market dynamics in regional centres like Horsham.[28]

There was also broad agreement that the Victorian Government must collaborate with local governments, industry and communities to achieve its vision for affordable and secure housing in regional Victoria.[29] As the City of Ballarat explained:

> Victoria's housing supply shortage is driven by policy barriers, infrastructure constraints and external economic challenges. To address these issues, a coordinated effort between all levels of government, industry and community stakeholders is required.[30]

Stakeholders advocated for:

- detailed regional planning that leverages the strengths of different areas across the state[31]
- integrated settlement and infrastructure planning and equitable funding mechanisms[32]
- resourcing for local governments to manage planning applications[33]
- government backing to leverage community-led housing projects.[34]

These suggestions are explored in detail in the following sections.

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26 Horsham Rural City Council, *Submission 53*, p. 13; Villawood Properties Pty Ltd, *Submission 62*, p. 27.

27 Villawood Properties Pty Ltd, *Submission 62*, p. 27.

28 Horsham Rural City Council, *Submission 53*, p. 6.

29 Housing Industry Association, *Submission 100*, p. 5; Municipal Association of Victoria, *Submission 114*, p. 19; Property Council of Australia, *Submission 101*, p. 5; Bower Insights, *Submission 78*, p. 13; City of Ballarat, *Submission 51*, p. 7; Swan Hill Rural City Council, *Submission 60*, pp. 6–7; L. Bisinella Developments Pty Ltd, *Submission 33*, p. 4; Australian Institute of Architects, *Submission 56*, p. 8; Property Investors Council of Australia, *Submission 91*, p. 4.

30 City of Ballarat, *Submission 51*, p. 7.

31 Planning Institute of Australia (Victoria), *Submission 69*, p. 6.

32 Macedon Ranges Shire Council, *Submission 75*, p. 5; Moyne Shire Council, *Submission 72*, p. 18; Quantify Strategic Insights and Oliver Hume, *Submission 64*, p. 35; Gannawarra Shire Council, *Submission 59*, p. 1; Australian Institute of Architects, *Submission 56*, p. 6; Planning Institute of Australia (Victoria), *Submission 69*, p. 9; Beveridge Williams, *Submission 88*, p. 8; Bower Insights, *Submission 78*, pp. 4, 18, 29; Urban Development Institute of Australia (Victoria), *Submission 96*, pp. 10–13.

33 Urban Development Institute of Australia (Victoria), *Submission 96*, p. 12; Beveridge Williams, *Submission 88*, p. 8; Parklea Developments Pty Ltd, *Submission 52*, p. 9.

34 Bendigo Bank, *Submission 113*, p. 2.

4.3 Regional growth plans need to leverage regional strengths

While there is a shortage of affordable and diverse housing across Victoria, there is some regional variation in the challenges impeding adequate housing supply in each area.[35] For example, skills shortages and high construction costs are a greater obstacle in rural communities than regional centres.[36] Environmental overlays and tourism are significant challenges in coastal townships.[37]

Each of Victoria's regions also has unique economic advantages which can be leveraged to increase housing supply. As Bower Insights observed, '[r]egional Victoria boasts a diversified economy with strengths in agriculture, manufacturing, tourism, healthcare, education, and emerging sectors such as renewable energy and digital technologies'. Economic diversity outside of metropolitan Melbourne 'presents both opportunities and challenges for housing policy, requiring solutions that can support a wide range of industries and workforce needs'.[38]

Stakeholders expressed concern that a single, high-level settlement plan for all of Victoria could not reflect and address the unique challenges and opportunities for housing supply across regional Victoria.[39] For example, the Municipal Association of Victoria argued that the *Plan for Victoria* lacks the detail needed to bolster development across Victoria's diverse regions:

> One plan for the entire state cannot possibly consider the extraordinary diversity of Victoria's regions, or the integrated labour markets that drive their economies, let alone provide an adequate framework for staged land release and timely enabling infrastructure.[40]

There was support for more detailed regional planning that integrates economic development and prioritises infrastructure investment to guide collaborative action to address housing demand in each region.[41] For example, the Planning Institute of Australia (Victoria) (PIA Victoria), a peak body representing the planning profession, argued that regional plans which integrate settlement and infrastructure development will provide the 'clarity and certainty' key to unlocking housing.[42] It was not alone in

35 Bower Insights, *Submission 78*, p. 20; HOME Deakin University, *Submission 42*, pp. 6–7.

36 National Housing Supply and Affordability Council, *State of the housing system*, report for Australian Government, 2024, p. 32.

37 Penny Hawe, President, Friends of Lorne Inc, public hearing, Colac, 24 February 2025, *Transcript of evidence*, pp. 21–23.

38 Bower Insights, *Submission 78*, p. 20.

39 Property Council of Australia, *Submission 101*, p. 7; Municipal Association of Victoria, *Submission 114*, p. 14; Moyne Shire Council, *Submission 72*, p. 19; Bower Insights, *Submission 78*, p. 17; Wimmera Southern Mallee Development, *Submission 70*, p. 6.

40 Municipal Association of Victoria, *Submission 114*, p. 15.

41 For example, Bower Insights, *Submission 78*, p. 17; Planning Institute of Australia (Victoria), *Submission 69*, pp. 2–3; Municipal Association of Victoria, *Submission 114*, pp. 14–15.

42 Planning Institute of Australia (Victoria), *Submission 69*, p. 6.

recommending that Victoria's superseded regional growth plans be retained and replaced with more holistic, up-to-date plans.[43] It suggested updated regional plans should:

- identify well-serviced regional locations suitable for housing development
- balance new housing supply in existing urban areas and greenfield developments
- identify regional constraints on housing such as directing development away from areas with significant environmental or heritage values
- prioritise and sequence infrastructure investment to unlock housing.[44]

The Committee heard that regional planning would support housing solutions tailored to the unique characteristics of each region, which are more effective.[45]

Stakeholders also advocated for greater collaboration between all levels of government and key stakeholders in each region to achieve impactful, regional solutions to increase housing supply. For instance, the Australian Institute of Architects submitted that strong governance, collaboration and clear accountability across government and industry is a prerequisite for 'long-term, regionally responsive housing outcomes'.[46] It recommended the establishment of regional housing taskforces to 'coordinate planning, monitor delivery, and bring together key stakeholders' to strengthen housing supply:

> These taskforces would serve as central forums for problem-solving, investment prioritisation, and sharing of regional intelligence. They should be resourced to lead the implementation of local housing strategies, identify bottlenecks, and report annually on delivery outcomes. Crucially, they must include representation from those with deep regional expertise—not only housing bureaucrats and developers, but also community organisations, local trades, and design professionals. This ensures that decisions are not only top-down but informed by lived experience and place-specific knowledge.[47]

Several submissions agreed that regional housing taskforces should be established to foster collaboration across levels of government, developers, community housing organisations, local employers and community organisations.[48] Bower Insights argued that regional taskforces would 'ensure that policies are responsive to local needs and challenges and benefit from the collective expertise of all stakeholders'.[49]

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43 Municipal Association of Victoria, *Submission 114*, p. 15; Infrastructure Victoria, *Submission 83*, p. 2; Planning Institute of Australia (Victoria), *Submission 69*, p. 6.

44 Planning Institute of Australia (Victoria), *Submission 69*, p. 2.

45 HOME Deakin University, *Submission 42*, pp. 6–7; Bower Insights, *Submission 78*, pp. 10, 29; Professor Karien Dekker et al., *Submission 68*, pp. 4–5.

46 Australian Institute of Architects, *Submission 56*, p. 7.

47 Ibid., pp. 2, 7.

48 Bower Insights, *Submission 78*, p. 30; Murrindindi Shire Council, *Submission 98*, p. 3; Wimmera Southern Mallee Development, *Submission 70*, pp. 15–16.

49 Bower Insights, *Submission 78*, p. 30.

PIA Victoria suggested that 'inter-agency collaboration and partnerships' would 'ensure coordinated planning efforts' towards shared regional goals.[50] It argued that it is important for the agencies responsible for critical enabling infrastructure to be involved in regional settlement planning, to confirm their ability to service priority development areas.[51]

The Committee supports *Plan for Victoria's* vision for the state. It establishes a strong statewide imperative for increasing housing supply, it signals where growth can be accommodated and it sets clear housing targets for communities to work towards. However, like stakeholders, the Committee believes that more targeted regional planning is required to implement this vision effectively and equitably. Regional plans are vital to ensuring all communities benefit from strategic planning and investment to increase housing supply regardless of their size or how rural they are.

The Committee would like to see the superseded regional growth plans retained, updated and expanded to address the housing challenges and leverage the economic strengths of each region to support the supply of homes. Regional growth plans must integrate settlement and infrastructure planning. This will ensure investment to augment road, water and electrical networks is prioritised and sequenced to unlock new housing in areas with strong access to essential services. They must also be well aligned with the *Plan for Victoria*, supporting the implementation of its objectives (including housing targets) and actions. The Committee urges the Victorian Government to ensure that updated and expanded regional growth plans are incorporated into local planning schemes and strategies to give them effect.

The Committee is also of the view that regional taskforces should be appointed to review, update and drive the implementation of regional growth plans. The Department of Transport and Planning should establish and facilitate these taskforces. Membership should include local governments, utility authorities, telecommunication companies, developers, representatives of significant industries, essential services (such as health and education), community groups and others involved in housing supply. The regional taskforces must ensure that planning is holistic and integrates consideration of existing infrastructure and significant industries, as well as community values and aspirations.

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50 Planning Institute of Australia (Victoria), *Submission 69*, p. 8.

51 Ibid., p. 9; Beveridge Williams, *Submission 88*, p. 8.

RECOMMENDATION 4: That the Victorian Government:

- retain, update and expand existing regional growth plans to support the implementation of *Plan for Victoria*. The updated plans must identify well-serviced locations in existing urban areas and new greenfield growth areas suitable for housing development. They must address regional constraints and leverage economic development to support housing supply.
- establish regional taskforces to review, update and expand regional growth plans, and drive their implementation. The Department of Transport and Planning should facilitate the taskforces, with membership including local governments, telecommunication companies, utility and essential services, developers, local industries, community housing organisations and others involved in housing supply.

4.4 More collaborative planning and investment for infrastructure

While many rural and regional communities have land zoned to accommodate urban expansion, new homes cannot be built without key enabling infrastructure such as water, sewerage, roads and electricity.

Throughout the Inquiry, the Committee heard that the mechanisms for planning and funding this infrastructure are complicated, inconsistent and inadequate. This is preventing or delaying residential development and increasing the cost of new housing in regional Victorian communities.

4.4.1 Planning infrastructure to enable housing

Infrastructure planning and investment in Victoria is multi-faceted and fragmented across state and local government agencies.

Infrastructure Victoria leads statewide planning through the preparation of a 30-year infrastructure strategy, which provides 'a practical plan for the policies, reforms and projects that can deliver many benefits to Victoria's communities, economy and the environment over the coming decades'.[52] Infrastructure Victoria also advises government in relation to specific infrastructure matters and supports other government agencies to develop infrastructure plans specific to significant sectors (such as freight or the energy grid). It does not directly fund or oversee the construction of new infrastructure.[53]

52 Infrastructure Victoria, *Victoria's draft 30-year infrastructure strategy 2025–2055*, <https://www.infrastructurevictoria.com.au/resources/draft-30-year-strategy> accessed 17 July 2025.

53 Infrastructure Victoria, *Victoria's draft 30-year infrastructure strategy*, 2025, p. 2.

At the local level, the Victorian Planning Authority (a statutory authority within the Department of Transport and Planning) leads integrated settlement and infrastructure planning for five significant regional growth areas. These include Shepparton Southeast (Shepparton), Bannockburn Southeast (Golden Plains), East of Aberline (Warrnambool), Ballarat North (Ballarat) and Merrimu (Moorabool).[54]

Outside of significant regional growth areas, local utility authorities conduct their own infrastructure planning (typically in consultation with local governments, businesses and the community). They balance competing priorities, which may include servicing urban expansion and forecasting the infrastructure required to meet demand for up to 50 years.[55]

Throughout the Inquiry, the Committee heard that infrastructure planning to enable development is not well aligned with settlement planning and is impeding the supply of homes in regional Victoria.[56] The Australian Institute of Architects submitted that '[t]oo often, housing developments are approved without adequate access to water, sewerage, roads, public transport, energy, or social services, leading to delays, underutilised land, or poorly serviced communities'.[57] Likewise, the Urban Development Institute of Australia (Victoria) (UDIA Victoria), a peak body representing the interests of the development industry, suggested that a lack of statewide strategic planning to deliver enabling infrastructure is causing 'fragmented and reactive servicing, particularly in high growth areas' like Geelong, Ballarat and Bendigo. It argued that the absence of a statewide approach is exacerbating the challenges local governments face attempting to fund infrastructure, as they must rely on 'fragmented and uncertain funding sources'.[58]

Case Study 4.1 provides an example of how poorly integrated land and infrastructure planning can impede housing supply.

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54 Victorian Planning Authority, *Business Plan 2024–2025*, 2024, p. 8; Victorian Planning Authority, *About*, <https://vpa.vic.gov.au/about> accessed 17 July 2025; Department of Transport and Planning, presentation, supplementary evidence received 4 April 2025, p. 13.

55 For example, water authorities are required to produce a 50-year urban water strategy. This expectation is established by a *Statement of Obligations* issued by the Minister for Water under the *Water Act 1994* (Vic).

56 Urban Development Institute of Australia (Victoria), *Submission 96*, p. 13; Moyne Shire Council, *Submission 72*, p. 18; Planning Institute of Australia (Victoria), *Submission 69*, p. 9; Swan Hill Rural City Council, *Submission 60*, p. 7; Parklea Developments Pty Ltd, *Submission 52*, p. 3; City of Ballarat, *Submission 51*, pp. 1–2; East Gippsland Shire Council, *Submission 32*, pp. 7–8.

57 Australian Institute of Architects, *Submission 56*, p. 6.

58 Urban Development Institute of Australia (Victoria), *Submission 96*, p. 13.

Case Study 4.1 Poorly integrated settlement and infrastructure planning is delaying housing around Ballarat

Moorabool Shire Council is considering a planning scheme amendment to rezone land adjacent to the Ballan Railway Station. The amendment would result in approximately 900 new residential lots.

New homes in the proposed lots would have good access to Melbourne, which is only an hour away on the train, and to Ballarat, which is just 20 minutes away.

However, Central Highlands Water has raised concerns about the lack of water and sewerage infrastructure in this area and the significant challenges and costs associated with providing such infrastructure. The cost to expand the existing network to the proposed lots is expected to exceed $100 million. Central Highlands Water has advised that there is currently no budget for the provision of water supply and sewerage infrastructure to service growth areas south of the railway line.

In the Central Goldfields Shire, the small community of Talbot is located near the population centres of Maryborough and Ballarat, making it well-positioned to accommodate future population growth.

However, the township's lack of a reticulated sewerage system is preventing the approval of new homes as lot sizes are too small to meet guidelines for septic and blackwater systems. These challenges combined with additional constraints in towns like Maryborough and Carisbrook impede the development of new homes across the area.

Addressing the sewerage issue would unlock Talbot's growth potential through new housing developments.

Source: Greater Ballarat Alliance of Councils, *Submission 58*, p. 3.

Integrated settlement and infrastructure planning

Several submitters advocated for planning and investment in enabling infrastructure to be better integrated with settlement planning for housing development.[59]

Infrastructure Victoria recommended that the Victorian Government work with utility authorities in major regional centres to identify and prioritise works required to facilitate development in existing urban areas.[60] UDIA Victoria recommended that the Victorian Government work with local governments and infrastructure authorities to develop a statewide 'integrated servicing strategy' which establishes 'clear short,

59 Macedon Ranges Shire Council, *Submission 75*, p. 3; Moyne Shire Council, *Submission 72*, p. 18; Quantify Strategic Insights and Oliver Hume, *Submission 64*, p. 35; Gannawarra Shire Council, *Submission 59*, p. 1; Australian Institute of Architects, *Submission 56*, p. 5; Planning Institute of Australia (Victoria), *Submission 69*, p. 9; Beveridge Williams, *Submission 88*, p. 8; Bower Insights, *Submission 78*, pp. 18, 29.

60 Infrastructure Victoria, *Submission 83*, p. 2.

medium and long-term servicing priorities to ensure infrastructure provision matches regional housing growth'.[61]

Stakeholders also recommended that the Victorian Government resource and incentivise regional water and electrical authorities to plan the expansion of their networks to enable housing development.[62] Planning and development consultancy Beveridge Williams recommended that utility authorities be required to proactively acquire any land or easements necessary for infrastructure to enable housing.[63]

Several submitters suggested that regional transport planning must better align investment in roads, railway and bike paths with housing growth and to ensure public transport networks service new residents well.[64] Efficient road networks and public transport are critical to the economic and social wellbeing of new residents and will support regional economies.[65] Better transport connectivity in regional Victoria may also drive new capital into these housing markets.[66]

State government planning and investment in social infrastructure alongside new housing was also broadly supported.[67] Catholic Social Services Victoria submitted that education and health services are critical community infrastructure that should be delivered alongside housing.[68] A joint submission from an interdisciplinary group of researchers at RMIT University argued that '[i]ntegrated planning that considers the availability of essential services can help create more liveable and sustainable communities'.[69] The importance of including green and open spaces in new communities was also highlighted.[70]

Infrastructure Victoria recommended that the Victorian Government require all sector-specific infrastructure plans to 'support more compact future development in regional cities'.[71] It also suggested that plans should include a 15–20-year timeline for infrastructure investment.[72]

The Committee conducted a range of regional site visits and public hearings throughout the Inquiry and engaged with many of the government entities involved in settlement and infrastructure planning. It was apparent throughout these discussions

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61 Urban Development Institute of Australia (Victoria), *Submission 96*, p. 13.

62 Municipal Association of Victoria, *Submission 114*, p. 13; Committee for Greater Shepparton, *Submission 107*, p. 8.

63 Beveridge Williams, *Submission 88*, p. 8.

64 Urban Development Institute of Australia (Victoria), *Submission 96*, p. 15; Bower Insights, *Submission 78*, p. 25; Australian Institute of Architects, *Submission 56*, p. 6; Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, p. 6.

65 Bower Insights, *Submission 78*, p. 25; Real Estate Institute of Victoria, *Submission 48*, p. 5.

66 Real Estate Institute of Victoria, *Submission 48*, p. 5.

67 Catholic Social Services Victoria, *Submission 77*, p. 8; Australian Institute of Architects, *Submission 56*, p. 6; Professor Karien Dekker et al., *Submission 68*, p. 7; Housing for the Aged Action Group, *Submission 46*, p. 11; Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, p. 6.

68 Catholic Social Services Victoria, *Submission 77*, p. 8.

69 Professor Karien Dekker et al., *Submission 68*, p. 7.

70 Australian Institute of Architects, *Submission 56*, p. 6.

71 Infrastructure Victoria, *Submission 83*, p. 2.

72 Ibid.

that, while many organisations had clearly prioritised planning and investment in infrastructure to support the construction of new homes, there was substantial disconnect between the work being done by all levels of government.

Infrastructure planning must be better integrated with settlement planning to ensure investment is prioritised to drive the supply of new homes in regional Victoria. The Committee has already recommended that existing regional growth plans be retained, updated and expanded to support the delivery of *Plan for Victoria*. It would like to see these updated plans include the clear prioritisation and sequencing of infrastructure investment to unlock housing supply in each region. Requiring this to be undertaken in each region will establish clear priorities for government investment in infrastructure and it will also ensure that no region (whether it contains a regional centre or smaller rural communities) will be overlooked or left behind.

RECOMMENDATION 5: That the Victorian Government require updated regional growth plans to integrate settlement and infrastructure planning to support the implementation of *Plan for Victoria*. They should clearly prioritise, sequence and build community and service infrastructure to unlock new housing supply and support developing communities.

4.4.2 Fairer infrastructure funding

The capacity of water, sewerage and electricity networks across regional communities varies greatly and can be quite modest. It is not uncommon for housing development to trigger the substantial and costly augmentation of the network. Villawood Properties suggested that the capacity of enabling infrastructure in many regional locations has already been exhausted by the incremental development of housing, and network expansion is required.[73]

The Committee heard that it is typically more expensive to expand water, sewerage, electrical or road networks in regional or rural communities than in metropolitan Melbourne. Parklea Developments, a residential developer active in peri-urban and regional communities, explained the factors increasing costs:

> Infrastructure costs are generally higher in regional areas due to physical factors, such as the geographical size of a municipality and the scale of assets required. For example, the transportation of materials is more cost intensive due to longer distances. Scale of land development projects, and generally slower sales rates [of construction] also impact the ability to bring forward infrastructure delivery. Residential development usually leverages off established townships, requiring existing infrastructure to be retrofitted or upgraded in addition to the development of new assets. Environmental conditions, such as land topography or natural hazard susceptibility, also increase infrastructure costs.[74]

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73 Villawood Properties Pty Ltd, *Submission 62*, p. 26.

74 Parklea Developments Pty Ltd, *Submission 52*, p. 3.

Developer contributions to infrastructure funding

A variety of sources fund infrastructure to enable housing in regional Victoria. State and Commonwealth government agencies regularly offer competitive grants to fund infrastructure construction. Local governments can also require developers to help pay for the infrastructure necessary to enable housing and service new residents. A typical mechanism used for this purpose is a Development Contributions Plan.[75]

Local governments can establish a Development Contributions Plan for a growth area to outline how developers are required to help fund infrastructure for houses in the area. Under a plan, the relevant local government will set contribution rates, collect payments and administer the funding to pay for the infrastructure.[76]

Developer contributions may comprise payments, the provision of land or 'works-in-kind' to support the construction of infrastructure. However, plans typically include payments such as a Development Contribution Levy and a Community Infrastructure Levy which establish set charges per net developable hectare or per house to pay for infrastructure construction.[77]

It is highly challenging for local governments to adequately fund infrastructure through a Development Contributions Plan, as it involves accurately:

- identifying a suitable development area to be subject to a plan within the broader residential growth area
- predicting the future lot size which will be accommodated in the development area
- identifying the infrastructure required to enable new homes and service residents
- estimating the cost to build this infrastructure (construction may not commence for years so price increases must be factored in)
- projecting when development will commence, and the timing and sequencing of infrastructure delivery to support development
- allocating a contribution rate capable of collecting funding adequate to pay for new infrastructure.[78]

Local governments must also be mindful of the expected value of the lots once developed. If a contribution rate is too high for the developer to viably pass onto the homebuyer, the developer may delay or not proceed with construction 'thereby constraining [housing] supply'.[79] This is a significant risk as the cost of infrastructure in

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75 Victorian Government, *Ministerial direction on the preparation and content of Development Contributions Plans and Ministerial reporting requirements for Development Contributions Plans*, 2025; Victorian Planning Authority, *What is a Development Contributions Plan and Development Contributions Plan Overlay?*, <https://vpa.vic.gov.au/faq/what-is-a-development-contributions-plan-and-development-contributions-plan-overlay> accessed 16 July 2025; Planning Institute of Australia (Victoria), *Submission 69*, p. 9.

76 Ibid.

77 Ibid.

78 Planning Institute of Australia (Victoria), *Submission 69*, p. 9.

79 Ibid.

regional areas can be higher than metropolitan areas, but developed land values are lower, limiting what developers can viably contribute.[80] Beveridge Williams provided an example for Warragul illustrating this point:

> A simple two-lot subdivision required $103,097 in infrastructure upgrades, including $52,000 for sewer extensions. The cost of delivering these lots often exceeds their market value.[81]

Andrew Pomeroy, General Manager at Wellington Shire Council, also suggested that the costs of infrastructure in regional Victoria can be too high for the typically smaller developers to absorb: 'the last intersections I dealt with in the growth areas were sitting around the $4.5 million to $6 million mark'.[82]

In some cases, expanding water or electricity infrastructure can necessitate the acquisition of additional land or easements which can further increase the cost of upgrading the network and delays to housing development.[83] Moreover, Beveridge Williams submitted that local governments and utility authorities are 'often unwilling' to use their land acquisition powers to acquire land for enabling infrastructure and instead wait for current owners to make land available or rely on developers to purchase any additional land needed. This can delay housing development and increase the costs borne by developers, which are generally passed onto the consumer, ultimately undermining the affordability of new housing.[84]

Several stakeholders noted that Development Contributions Plans are too complex and expensive to administer, which makes them impractical for smaller regional local governments to use. For example, Cr Nathan Hersey, Chair of One Gippsland, an advocacy body representing the Gippsland region, suggested that local governments are not resourced to undertake the research and analysis needed to establish a productive plan:

> every council is doing its own approach, at its own cost, trying to come up with some sort of a way forward, and it is becoming quite expensive for councils to do. We are also struggling, as everyone else is, to get planners.[85]

Common challenges experienced by local governments using a Development Contributions Plan include:

- establishing a plan requires specialist planning and legal advice[86]
- development is slower in regional areas than metropolitan areas, making it more challenging to coordinate infrastructure and housing delivery—this can cause

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80 Municipal Association of Victoria, *Submission 114*, p. 16; Wellington Shire Council, *Submission 21*, pp. 1–2.

81 Beveridge Williams, *Submission 88*, p. 4.

82 Andrew Pomeroy, General Manager, Development, Wellington Shire Council, public hearing, Traralgon, 22 May 2025, *Transcript of evidence*, p. 46.

83 Committee for Greater Shepparton, *Submission 107*, p. 7; Beveridge Williams, *Submission 88*, p. 4.

84 Beveridge Williams, *Submission 88*, p. 4; Urban Development Institute of Australia (Victoria), *Submission 96*, p. 13.

85 Cr Nathan Hersey, Chair, One Gippsland, public hearing, Traralgon, 22 May 2025, *Transcript of evidence*, p. 12.

86 Parklea Developments Pty Ltd, *Submission 52*, p. 6; Municipal Association of Victoria, *Submission 114*, p. 17.

cashflow problems where infrastructure is delivered well before contributions are recouped[87]

- regional local governments can struggle to attract and retain experienced planners, which can contribute to inconsistent implementation or the use of outdated plans[88]
- mandatory reporting on a plan is complex and resource intensive, often requiring investment in technology to manage data and records.[89]

UDIA Victoria submitted that the inconsistent application of developer contributions and a lack of forward planning by local governments has created gaps between the funding available for infrastructure and the real cost of constructing it.[90] The Greater Ballarat Alliance of Councils also observed that '[w]hile financial developer contributions go some way to delivering infrastructure within housing estates, there are still broader shortfalls'.[91] Cr Nathan Hersey observed that local governments in his region are even covering funding gaps for basic infrastructure, such as footpaths.[92]

Case Study 4.2 provides an example where developer contributions proved to be inadequate to fund infrastructure and were revised with consequences for developers.

Case Study 4.2 Developer contributions in the Ballarat West Growth Area

The June 2017 revision of the Ballarat West Development Contributions Plan (DCP) has a net developable area of 15 dwellings per hectare with a Development Cost Levy (DCL) of $201,470.84 per residential net developable area and a Community Infrastructure Levy (CIL) of $1,150.00 per dwelling which has to be paid by the developer and is passed on to the future lot purchaser.

Council commenced a process to amend the Ballarat West DCP in 2024 as the funds collected were insufficient to fund required infrastructure. The new residential DCL is $422,774.96 per net developable hectare and the new CIL is $1,450.00 per dwelling. These are increases of 210% and 126% respectively, which must now be paid by the remaining land developments in the Precinct Structure Plan [a high-level strategic plan which sets out the long-term vision for a growth area]. This will reduce project viability and reduce house affordability.

(Continued)

87 Municipal Association of Victoria, *Submission 114*, p. 17.

88 Parklea Developments Pty Ltd, *Submission 52*, p. 6.

89 Municipal Association of Victoria, *Submission 114*, p. 17.

90 Urban Development Institute of Australia (Victoria), *Submission 96*, p. 13.

91 Greater Ballarat Alliance of Councils, *Submission 58*, p. 2; City of Ballarat, *Submission 51*, p. 5.

92 Cr Nathan Hersey, *Transcript of evidence*, pp. 10–11.

Case Study 4.2 (Continued)

The original miscalculation of levies results in the remaining developers paying to cover the costs of previous underpayment. The changing density expectations demonstrate the risks of long-term strategic documents not being regularly updated to reflect market expectations.

The proposed increase in the Ballarat West DCP creates an unbalanced development 'playing field' as the early developers will pay less in infrastructure costs while later developers fund the contributions deficit. As the order of development is generally controlled by the provision of infrastructure it was not possible for the later developers to benefit from an earlier start of works.

Sources: Beveridge Williams, *Submission 88*, p. 6; Planning Institute of Australia (Victoria), *Submission 69*, p. 10.

The lower rate base of regional local governments means they have less capacity to cover funding gaps.[93] Tony Peterson from peak regional advocacy body One Gippsland pointed out that local governments are already struggling to pay for the maintenance of existing infrastructure, let alone finance new community infrastructure:

> We cannot manage the infrastructure we have got at the moment … We have got five outdoor pools and one indoor pool. The outdoor pools were built post 1950s. We have just had one in Korumburra costed, and it is over $10 million to replace that, and that is just one of many … We try and retire infrastructure or get rid of it, and no-one likes losing anything. It is really tough to think about new infrastructure when we cannot even manage what we have got—that is the trouble.[94]

Developers may also be exposed to financial risk through Development Contributions Plans, particularly when they provide works-in-kind with the understanding that they will be repaid by the local government. Regional local governments have a limited rate base and may not have the capital to reimburse developers promptly if developer contributions are inadequate to cover this cost.[95]

FINDING 11: Development Contributions Plans are complex, expensive and difficult for smaller rural and regional local governments to administer. In many instances developer contributions fall short of the real cost of constructing the infrastructure required to enable housing.

93 Municipal Association of Victoria, *Submission 114*, p. 16.

94 Tony Peterson, One Gippsland, public hearing, Traralgon, 22 May 2025, *Transcript of evidence*, p. 14.

95 Parklea Developments Pty Ltd, *Submission 52*, p. 6; Beveridge Williams, *Submission 88*, pp. 6–7.

Calls for infrastructure funding reform

There was support among stakeholders to reform infrastructure funding arrangements to establish a more effective, fair and consistent approach.[96] For example, UDIA Victoria called for an 'urgent review of the infrastructure funding'. It suggested that reform focus on ensuring that local governments are setting developer contributions at rates which are sustainable and do not undermine the viability of development or hinder the provision of affordable housing. It recommended that the Victorian Government develop a 'consistent and transparent development contributions framework' that balances infrastructure costs against developer viability and housing affordability.[97]

Advocacy also focused on simplifying and streamlining infrastructure contribution schemes. The Committee heard that reform should deliver a statewide scheme which applies to all types of development, covers the true cost of infrastructure, and which is flexible enough to be tailored to different development scenarios (for example, a rural community and regional cities).[98] Beveridge Williams recommended that developer contributions should be structured to enable staged payments or private-public partnerships to alleviate the burden of costs. It also called for 'strict' repayment timeframes to be introduced where developers pay for public works.[99]

Similar reform was recommended by the Victorian Auditor-General's Office in its 2020 audit of infrastructure contributions. It found that Development Contributions Plans are 'unnecessarily complex, costly and time-consuming for councils to use'. It recommended that the Victorian Government develop an 'overarching development contributions framework' that is simple, clear and strategic.[100]

PIA Victoria recommended that reform focus on increasing the certainty and transparency of the process for developers and increasing funding available for enabling infrastructure.[101] It warned that reforms must not disadvantage regional areas or reduce the contributions set by existing plans, where these are being relied upon to fund infrastructure.[102] It also recommended expanding the support available to regional local governments to establish Development Contributions Plans, particularly in relation to:

- calculating adequate contribution rates
- 'smoothing' cash flow risks throughout a development

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96 Moyne Shire Council, *Submission 72*, p. 18; City of Ballarat, *Submission 51*, p. 5; Greater Ballarat Alliance of Councils, *Submission 58*, p. 8; Villawood Properties Pty Ltd, *Submission 62*, p. 25; Parklea Developments Pty Ltd, *Submission 52*, p. 9; Infrastructure Victoria, *Victoria's draft 30-year infrastructure strategy 2025–2055*; Infrastructure Victoria, *Submission 83*, p. 4.

97 Urban Development Institute of Australia (Victoria), *Submission 96*, pp. 13–14.

98 Infrastructure Victoria, *Victoria's draft 30-year infrastructure strategy 2025–2055*; Infrastructure Victoria, *Submission 83*, p. 4; Planning Institute of Australia (Victoria), *Submission 69*, p. 10; Cr Nathan Hersey, *Transcript of evidence*, p. 10.

99 Beveridge Williams, *Submission 88*, p. 8.

100 Victorian Auditor-General's Office, *Managing development contributions*, 2020, pp. 8, 12.

101 Planning Institute of Australia (Victoria), *Submission 69*, p. 3.

102 Ibid.

- ensuring funding will be available to provide infrastructure before homes are built
- ensuring the receipt of funding to pay off any loans taken.[103]

The Victorian Government acknowledges that '[i]n some parts of the state, particularly greenfield areas, people wait too long for community facilities in their local area because of funding constraints'.[104] It will review how developer contributions to funding infrastructure are collected under Action 9 of the *Plan for Victoria*. It has also signalled that a new developer contributions system will be piloted in Activity Centres across Melbourne.[105]

The Department of Transport and Planning and the Department of Treasury and Finance share responsibility for the review, which will 'investigate opportunities to create a fairer system for industry to contribute to funding for local infrastructure'.[106] The findings of the review and the pilot will inform possible amendments to the Planning and Environment Act to streamline community infrastructure developer contributions.

The Municipal Association of Victoria was critical of the review process, suggesting that it lacks transparency and the involvement of local governments. It suggested that this is 'restricting local government's ability to advocate for fair and reasonable infrastructure contributions'.[107] It nonetheless remained open to reform but cautioned against a system which is too centralised and rigid. It advocated for ensuring reforms result in a new developer contributions model that:

- retains local government autonomy over Development Contributions Plans and infrastructure delivery
- ensures that contributions collected in a community are retained to fund infrastructure in the same community
- maintains local governments' ability to negotiate works-in-kind
- incentivises development in regional communities
- is flexible enough to adapt to unique regional circumstances
- delivers a 'consistent, transparent and predictable contributions system to support developer confidence'.[108]

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103 Ibid.

104 Department of Transport and Planning, *Plan for Victoria*, p. 79.

105 Ibid.

106 Department of Transport and Planning, *Action 9: streamline community infrastructure developer contributions*, <https://www.planning.vic.gov.au/planforvictoria/measuring-success/actions-and-outcomes/action-9-streamline-community-infrastructure-developer-contributions> accessed 23 July 2025; Department of Transport and Planning, *Plan for Victoria*, p. 79.

107 Municipal Association of Victoria, *Submission 114*, p. 16.

108 Ibid., pp. 16–17.

It is apparent to the Committee that the current Development Contributions Plan model of funding infrastructure to enable housing is not meeting the needs of regional communities. The complicated array of considerations that must be projected and factored into calculating contributions means that the funding collected often falls short of the actual cost of delivering infrastructure. This is delaying or preventing critical water, roads and electrical networks from being expanded to unlock housing. Moreover, Development Contributions Plans are too resource intensive and costly for smaller rural and regional local governments to use to fund the infrastructure needed to enable housing.

Industry is also poorly served by the current system. A lack of consistency between Development Contributions Plans, and the ability to revise rates over the course of a plan is increasing uncertainty for developers and can mean that costs are not divided equally between developers throughout a project or growth area. Moreover, the infrastructure funding collected can be inadequate to repay developers for works-in-kind.

The Committee welcomes the Victorian Government's review of developer contributions occurring under the *Plan for Victoria*. It is pleased to hear that those findings will be incorporated into the reform of the Planning and Environment Act. As detailed, a wide range of stakeholders advocated for the review and reform of developer contributions throughout the Inquiry.

However, the Committee would like to see the scope of the review refined to include specific consideration of infrastructure funding in a rural and regional context. It would also like the proposed new scheme trialled in regional cities and rural communities before any legislative reform is pursued. Infrastructure in regional Victoria can be more expensive and more challenging to align with housing development than in metropolitan Melbourne. Moreover, the resources and expertise of smaller regional local governments to establish and administer Development Contributions Plans can be much more limited than in the growth areas of Melbourne. These challenges, unique to the smaller communities of regional Victoria, must be carefully considered and addressed by any new developer contributions scheme to incentivise housing development outside of Melbourne. All Victorians have a right to essential infrastructure no matter where they live.

RECOMMENDATION 6: That the Victorian Government incorporate consideration of infrastructure funding in rural and regional contexts as part of its review and pilot program for community infrastructure developer contributions under Action 9 of the *Plan for Victoria*.

Government infrastructure funding to drive regional housing supply

Stakeholders also advocated for direct federal and state government investment in enabling infrastructure to unlock housing in priority rural and regional locations.[109] UDIA Victoria and Regional Cities Victoria, an advocacy group representing the ten largest cities in regional Victoria, argued that direct investment in priority areas would bring forward the delivery of homes in regional Victoria.[110] Murrindindi Shire Council submitted that this would reduce the complexity and risk of housing development for local governments.[111] Gannawarra Shire Council argued that this would help regional Victoria compete with metropolitan Melbourne for developers as city-based projects yield higher returns.[112]

Regional Cities Victoria drew the Committee's attention to the Commonwealth Housing Support Program—Community Enabling Infrastructure Stream, which provides competitive grants for infrastructure funding to state and local governments. It advocated for the establishment of a complementary state scheme with an emphasis on upgrading water and transport infrastructure to enable housing development.[113] Hygge Property, a residential developer based in Ballarat, and East Gippsland Shire Council both noted that other Australian state and territory governments have already established funding programs to support the expansion of enabling infrastructure in priority locations for projects of selected scales.[114]

Rural Councils Victoria, which represents 34 Victorian councils in rural areas, advocated for separate state funding streams for rural (as opposed to regional) local governments and utility authorities, recognising the different challenges these communities face.[115] Wimmera Southern Mallee Development, a regional development organisation, also advocated for infrastructure investment specifically for unlocking housing in smaller communities.[116]

There was some support among stakeholders for using revenue collected through the Windfall Gains Tax to fund infrastructure. This is explored in Chapter 5 of the report.

Rural Councils Victoria also proposed that the Victorian Government offer 'low interest loans' to fund infrastructure to enable development in rural communities.[117] Cr Nathan Hersey said that South Gippsland Council would welcome 'low- or no-interest loans'.[118]

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109 Ibid., p. 13; Hygge Property, *Submission 104*, p. 2; Urban Development Institute of Australia (Victoria), *Submission 96*, p. 13; Murrindindi Shire Council, *Submission 98*, p. 3; Regional Cities Victoria, *Submission 89*, p. 3; Villawood Properties Pty Ltd, *Submission 62*, p. 26; Australian Institute of Architects, *Submission 56*, p. 6; East Gippsland Shire Council, *Submission 32*, p. 6; Parklea Developments Pty Ltd, *Submission 52*, p. 9; Planning Institute of Australia (Victoria), *Submission 69*, pp. 10–11; Swan Hill Rural City Council, *Submission 60*, p. 11.

110 Urban Development Institute of Australia (Victoria), *Submission 96*, p. 13; Regional Cities Victoria, *Submission 89*, p. 3.

111 Murrindindi Shire Council, *Submission 98*, p. 3.

112 Gannawarra Shire Council, *Submission 59*, p. 1.

113 Regional Cities Victoria, *Submission 89*, p. 3.

114 Hygge Property, *Submission 104*, p. 2; East Gippsland Shire Council, *Submission 32*, pp. 7–8.

115 Rural Councils Victoria, *Submission 82*, p. 7.

116 Wimmera Southern Mallee Development, *Submission 70*, p. 15.

117 Rural Councils Victoria, *Submission 82*, p. 7.

118 Cr Nathan Hersey, *Transcript of evidence*, pp. 13–14.

The Australian Government already provides loans to fund infrastructure through the National Housing Infrastructure Facility–Critical Infrastructure (NHIF–CI) program administered by the national housing agency, Housing Australia. The program provides concessional loans and/or grants to local and state governments, government-owned corporations, utility providers and community housing organisations to fund infrastructure to enable housing development. This can include the expansion of electricity, gas, water or sewerage networks. It can also be used to construct new roads or telecommunications infrastructure.[119]

PIA Victoria suggested that the Victorian Government could provide funding and advice to support smaller rural and regional local governments and utility authorities to access loans through the NHIF–CI in a kind of 'brokerage service'. It argued that providing these resources would 'de-risk' the process for smaller rural and regional organisations.[120]

The Property Council of Australia, a national advocacy group representing the property sector, urged the Victorian Government to advocate for federal funding for enabling infrastructure to ensure housing in priority regional areas can be fast-tracked.[121]

The Committee has already recommended that Development Contributions Plans be reviewed. It has called for reform to ensure that they are practical for smaller rural local governments and set contribution rates which support regional infrastructure construction without undermining the viability or affordability of new housing. The Committee recognises that, despite this reform, infrastructure funding gaps are still likely due to the high cost of infrastructure and limited ability of developers to viably absorb these costs or pass them onto homebuyers without undermining housing affordability.

The Committee also acknowledges that regional governments do not have the capacity to bridge infrastructure funding gaps in many instances. It sees an important role for the Victorian Government to step in and supplement development contributions to ensure infrastructure is timely and strategically staged to maximise regional housing supply.

The Committee has already recommended that updated regional growth plans establish clear priorities for infrastructure investment to enable new housing. It urges the Victorian Government to provide infrastructure funding aligned with these priorities. More strategic and consistent investment in infrastructure will ensure that all funding provided supports the achievement of housing targets and supports the development of all regions.

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119 Housing Australia, *Who we are*, <https://www.housingaustralia.gov.au/who-we-are> accessed 23 July 2025; Housing Australia, *National Housing Infrastructure Facility*, <https://www.housingaustralia.gov.au/national-housing-infrastructure-facility-nhif-1> accessed 23 July 2025; Housing Australia, *National Housing Infrastructure Facility Critical Infrastructure*, <https://www.housingaustralia.gov.au/national-housing-infrastructure-facility-critical-infrastructure-nhif-ci> accessed 23 July 2025.

120 Planning Institute of Australia (Victoria), *Submission 69*, p. 3.

121 Property Council of Australia, *Submission 101*, p. 10.

The Committee also echoes stakeholders' calls for stronger Australian Government support for regional infrastructure. Greater investment will do more than enable housing across the state. It will also improve Victorians' access to essential services and economic opportunity. Strategic infrastructure investment can be nation building and the Committee believes that this must be meaningfully backed by Australian Government funding.

RECOMMENDATION 7: That the Victorian Government provide ongoing strategic investment in rural and regional infrastructure and advocate for the Australian Government to match this investment. Investment should align with the priorities identified in updated regional growth plans, fill the gaps arising from inadequate or late developer contributions, and maximise the delivery of new homes to achieve housing targets across regional Victoria.

4.4.3 Embedding housing in infrastructure projects

The Committee heard that the construction of major regional infrastructure can place significant pressure on smaller rural and regional housing markets. Submitters observed that large works, such as those associated with Victoria's transition to renewable energy, are seeing external labour exhausting local rental and short-stay housing. This can drive up rental rates and displace local residents.[122] For example, community organisation Benalla Homelessness Response Group Inc submitted that renewable energy companies are renting homes in Benalla for external labour, 'paying up to $800pw (well above the rental market)'.[123] It pointed out that external labourers have pushed up housing prices at the expense of local families, which does 'not support the economic longevity of [its] region'.[124]

Andrew Pomeroy from Wellington Shire Council observed that he has witnessed a similar phenomenon at Wonthaggi. He said he is expecting comparable challenges in the community of Yarram due to a nearby renewable energy infrastructure project:

> That is the problem that keeps me up at night. I firmly believe that people in Yarram will be pushed out of their homes by high-paying jobs, so those people that work in the hospitals and cafe and those sorts of things will not be able to remain residents. We saw that happen at Wonthaggi … we will probably see that happening again …[125]

122 Australian Institute of Architects, *Submission 56*, p. 6; Barwon South West Homelessness Network, *Submission 86*, p. 4; Benalla Homelessness Response Group Inc, *Submission 79*, pp. 5–6; Andrew Pomeroy, *Transcript of evidence*, p. 47.

123 Benalla Homelessness Response Group Inc, *Submission 79*, p. 3.

124 Ibid.

125 Andrew Pomeroy, *Transcript of evidence*, p. 47.

The Australian Institute of Architects and Bower Insights both recommended that major regional infrastructure projects provide local housing to accommodate workers, which can be turned over to the community at the conclusion of the project. The latter argued:

> Embedding housing in regional infrastructure and other major projects will ensure that project workforces can be appropriately housed, increase the supply of long-term accommodation in good locations and support the long-term housing needs of regional towns and communities.[126]

Wimmera Southern Mallee Development recommended that all major infrastructure projects encompass consideration of the impact on local housing markets and invest in local housing.[127]

The Committee acknowledges that large infrastructure projects can have a significant impact on rural and regional communities. While they bring economic opportunity and modernised infrastructure, they can also exacerbate challenges around housing affordability and availability.

The modernisation of Victoria's energy grid and the transition to renewable energy sources will see many more major infrastructure projects completed in regional communities. The Committee would like to see these projects leveraged to leave a lasting positive legacy in these communities. This must include employing local tradespeople and labourers as much as possible, and incorporating the construction of local housing for workers travelling into the region as part of these projects.

The Committee observes that the use of modular or prefabricated housing to accommodate project workers would support its timely and inexpensive delivery. Moreover, costs could be offset by renting the homes to workers throughout the infrastructure project and then selling the housing at its conclusion. Consideration could also be given to repurposing worker accommodation as social housing at the conclusion of an infrastructure project. This will mitigate the impact of an influx of external labourers on local housing markets. It will also bolster the supply of homes at the conclusion of the project.

RECOMMENDATION 8: That the Victorian Government mitigate the impact of major government infrastructure projects on regional property markets. This should include prioritising local recruitment and supporting projects that create housing to accommodate workers travelling into a region throughout a project. It should consider opportunities to use innovative construction methods, recoup the cost of housing at the conclusion of the project or repurpose it for social housing.

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126 Bower Insights, *Submission 78*, p. 17; Australian Institute of Architects, *Submission 56*, p. 2.

127 Wimmera Southern Mallee Development, *Submission 70*, p. 15.

4.5 Better resourcing local governments will speed up housing approvals

The capacity of local governments to make timely decisions on planning applications was examined throughout the Committee's regional public hearings and site visits. Many of the planning consultancies and developers who engaged with the Inquiry were critical of the long processing times for planning applications, suggesting that long delays are impeding housing supply and pushing up construction costs. For instance, UDIA Victoria submitted that its members are reporting 'significant delays' in planning approval processes:

> A growing backlog of applications and extended processing times are stalling development projects. One of the key challenges is the shortage of skilled professionals within local councils to manage planning applications, engineering assessments, and statutory approvals.[128]

The Property Council of Australia and Beveridge Williams both noted that even smaller housing projects, such as subdivisions of under 10 lots, are being delayed. The latter said that a planning permit for this type of project generally takes 8–10 months with the full subdivision process (from application to title) 'often exceeding 18–24 months'.[129] Planning delays can increase the cost of a project and as the Australian Housing and Urban Research Institute, a national independent research network dedicated to housing and homelessness, observed, '[s]maller developers experience greater difficulties in absorbing unforeseen costs, which reduces the viability of these enterprises'.[130]

The Committee learned that a range of factors can contribute to delays in planning or permit processes, including:

- a lack of municipal-wide growth strategies, growth area plans or rural land use plans to guide planning decisions[131]
- municipal-wide growth strategies, growth area plans and rural land use plans which have not been incorporated into local planning schemes to give them effect[132]

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128 Urban Development Institute of Australia (Victoria), *Submission 96*, p. 11; Property Council of Australia, *Submission 101*, pp. 10–11.

129 Property Council of Australia, *Submission 101*, pp. 10–11; Beveridge Williams, *Submission 88*, p. 2.

130 Australian Housing and Urban Research Institute, 'How do planning requirements impact housing costs and the development process?', *AHURI Research and Policy Bulletin*, no. 125, 2010, p. 1.

131 Urban Development Institute of Australia (Victoria), *Submission 96*, p. 11; Hygge Property, *Submission 104*, p. 3; Beveridge Williams, *Submission 88*, p. 3.

132 Urban Development Institute of Australia (Victoria), *Submission 96*, p. 11; Hygge Property, *Submission 104*, p. 3; Beveridge Williams, *Submission 88*, p. 3.

- limited engagement early in application processes (statutory planners may provide limited guidance early on in a planning process as the council's position may not yet have been determined)[133]
- many rural and regional local governments struggle to attract and retain experienced staff,[134] which may result in under-resourced engineering and statutory planning teams, who are central to assessing planning applications[135]
- the requirement for a planning application to include input from multiple referral authorities, which may be slow to provide assessments, issue a 'request for further information', require conditions outside of the planning scheme, or make inconsistent decisions[136]
- different teams within the local government of a regional city may push for conflicting outcomes on a project in an uncoordinated manner (for example, 'sustainability, community housing, design, heritage' teams)[137]
- prolonged cultural heritage management processes.[138]

However, it was clear that the recruitment and retention of appropriately qualified and experienced staff is a significant challenge impacting planning application processes and therefore regional housing supply.

Regional Cities Victoria described the workforce challenges faced by regional councils as 'extreme' and 'crippling'. It acknowledged that all local governments 'struggle to recruit and retain strategic planners, statutory planners, building surveyors, and development engineers'.[139] However, it argued that regional local governments face additional barriers, including:

- they offer lower salaries than metropolitan councils or the private sector
- they must attract staff to the region as well as the role since recruitment is often from outside the municipality
- housing shortages make it difficult for new talent to move to and establish a life in regional areas
- regional planners face challenges associated with working in smaller teams, including burnout, which can impact the retention of staff

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133 Hygge Property, *Submission 104*, pp. 3–4.

134 Municipal Association of Victoria, *Submission 114*, p. 12; Parklea Developments Pty Ltd, *Submission 52*, p. 6; Cr Nathan Hersey, *Transcript of evidence*, p. 12; Tony Peterson, *Transcript of evidence*, p. 12.

135 Wellington Shire Council, *Submission 21*, p. 2; Urban Development Institute of Australia (Victoria), *Submission 96*, p. 11; Hygge Property, *Submission 104*, p. 3.

136 Municipal Association of Victoria, *Submission 114*, p. 12; Australian Institute of Architects, *Submission 56*, p. 4; Luke Van Lambaart, Project Manager, Parklea Developments, public hearing, Traralgon, 22 May 2025, *Transcript of evidence*, pp. 26–27; Barry Hearsey, Manager, Planning and Building, Wellington Shire Council, public hearing, Traralgon, 22 May 2025, *Transcript of evidence*, p. 50; Parklea Developments Pty Ltd, *Submission 52*, p. 8.

137 Hygge Property, *Submission 104*, p. 3.

138 Beveridge Williams, *Submission 88*, p. 7.

139 Regional Cities Victoria, *Submission 89*, p. 4.

- it can be challenging for regional planners working in small communities, where they are highly visible to developers and other permit applicants outside their professional life
- fewer students are studying town planning and there are too few graduates to meet demand.[140]

Stakeholders called for regional local governments to be adequately resourced to maintain the planning and engineering expertise necessary to expedite planning approvals.[141] Wellington Shire Council and estate developer Parklea Developments were critical of local government rate caps. The latter called for caps to be abolished to support the fiscal autonomy of local governments.[142]

The Committee also heard advocacy for greater collaboration between state and local governments to relieve workforce challenges, through the expansion of the Regional Planning Hub, which provides rural and regional councils with planning support (see Box 4.1).

Box 4.1 Regional Planning Hub

The Department of Transport and Planning maintains a Regional Planning Hub to support regional councils to plan and develop their communities. The Hub provides statutory and strategic planning support to assist eligible local governments to:

- manage workload peaks and priority developments
- build land use planning capacity and capability
- improve planning schemes to simplify processes and approvals
- progress significant planning projects.

Eligibility criteria are focused on whether a local government has a demonstrated need for assistance or capacity building, and whether Hub support would achieve liveability, economic or planning outcomes for the state. These criteria are also used to prioritise requests.

(Continued)

140 Ibid.

141 Urban Development Institute of Australia (Victoria), *Submission 96*, p. 12; Beveridge Williams, *Submission 88*, p. 8; Parklea Developments Pty Ltd, *Submission 52*, p. 9.

142 Parklea Developments Pty Ltd, *Submission 52*, p. 9; Wellington Shire Council, *Submission 21*, p. 2.

Box 4.1 (Continued)

Since the Hub was established in July 2021, it has received 791 requests for assistance from 48 local governments (around 200 requests per annum over the last three years). It completed 689 of these requests for assistance. Assistance has included providing specialist training, assisting with planning scheme reviews and amendments, providing planning advice, supporting the processing of a backlog of permit applications, and preparing strategic planning projects.

The Hub also delivers mentorship and cadet programs which aim to educate, upskill or retain qualified planning staff. The Hub is currently staffed by three senior planners, two planners and a para planner working from Leongatha, Warrnambool, Bendigo and Melbourne offices.

Sources: Department of Transport and Planning, *Regional planning hub*, <https://www.planning.vic.gov.au/guides-and-resources/council-resources/regional-planning-hub> accessed 21 July 2025; Department of Transport and Planning, response to questions taken on notice received 11 June 2025.

The Regional Planning Hub attracted mostly positive feedback throughout public hearings and site visits. For example, the Municipal Association of Victoria noted that the Hub has successfully paired with rural local governments to lift their capacity, improve planning processes and manage a high workload, particularly following recent natural disasters.[143] Likewise, Tammy Smith, Treasurer of Rural Councils Victoria, said the Hub is 'a really wonderful, well-received initiative'. She said it has enabled Yarriambiack Shire Council to complete structure planning and 'plan ahead' for housing development.[144] Rebecca Stockfeld, Director of Planning and Environment at the Macedon Ranges Shire Council, told the Committee that the Hub has provided 'absolutely terrific' support with the Council's infrastructure assessment and flood plain amendment work.[145]

Regional Cities Victoria also acknowledged that the Regional Planning Hub aims to better support regional local governments. However, it suggested that the Hub has a 'negligible net impact' as the Department is recruiting from the same limited pool of planning graduates as local governments. It argued that it hasn't added 'genuine capacity to the workforce'.[146] It recommended that '[m]ore Victorians must be incentivised to train as planners to meet demand'.[147]

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143 Municipal Association of Victoria, *Submission 114*, p. 12.

144 Tammy Smith, Treasurer, Rural Councils Victoria, public hearing, Melbourne, 20 June 2025, *Transcript of evidence*, p. 59.

145 Rebecca Stockfeld, Director, Planning and Environment, Macedon Ranges Shire Council, public hearing, Ballarat, 8 May 2025, *Transcript of evidence*, p. 56.

146 Regional Cities Victoria, *Submission 89*, p. 4.

147 Ibid.

In contrast, other stakeholders recommended that the Regional Planning Hub be expanded to broaden the support available to smaller rural and regional local governments and to mitigate recruitment and staff retention issues.[148] PIA Victoria suggested that this support could include assistance to 'progress suitable project applications through the planning process easily'.[149]

The Property Council of Australia suggested that while the Hub is providing 'valuable' support to rural and regional local governments, the remit of activities it can assist with is 'currently too limited'. It argued that '[e]xpanding access to all councils on request would significantly enhance regional cities' ability to streamline permit approvals, reduce development costs, and deliver new housing'.[150]

The Australian Institute of Architects and Wimmera Southern Mallee Development also supported state planning support for local governments. The latter suggested that this would help address the capacity constraints of smaller local government areas and promote housing supply.[151] While not specifically advocating for government support, UDIA Victoria did recommend expanding the use of third-party accredited practitioners to assess planning applications, arguing that this would help reduce bottlenecks in the statutory approval process.[152]

The Committee recognises that staff recruitment and retention issues are significant. A lack of experienced planners in regional areas is impeding the performance of local governments and delaying or preventing new housing outside of Melbourne.

A range of factors inform workforce shortages. It appears that a lack of planning graduates in rural and regional areas and the need to recruit from other communities are barriers to recruitment. At the same time, lower wages, burnout and higher visibility in the community are informing retention issues.

The Committee would like to see the Victorian Government encourage young Victorians to pursue a career in planning. It notes that initiatives, such as subsidised or free fees for tertiary education, have successfully boosted student enrolments for other in-demand professions, such as early childhood educators.[153] The Committee would like to see planning degrees and work in a regional or rural setting promoted in a similar manner.

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148 Municipal Association of Victoria, *Submission 114*, p. 13; Property Council of Australia, *Submission 101*, p. 11; Planning Institute of Australia (Victoria), *Submission 69*, p. 2.

149 Planning Institute of Australia (Victoria), *Submission 69*, p. 2.

150 Property Council of Australia, *Submission 101*, p. 11.

151 Australian Institute of Architects, *Submission 56*, p. 4; Wimmera Southern Mallee Development, *Submission 70*, p. 15.

152 Urban Development Institute of Australia (Victoria), *Submission 96*, p. 12.

153 Department of Jobs, Skills, Industry and Regions, *More Victorians enrolling in Free TAFE and subsidised training*, 2024, <https://djsir.vic.gov.au/news-and-articles/more-victorians-enrolling-in-free-tafe-and-subsidised-training> accessed 6 October 2025.

RECOMMENDATION 9: That the Victorian Government help boost the supply of qualified statutory planners in rural and regional Victoria by addressing barriers to education, training and retention and by promoting pathways from training into work in rural and regional communities. This should include subsidised fees for students studying planning who go on to work in a rural or regional setting.

The Committee would also like to see the Victorian Government provide greater support to regional local governments already struggling with planner recruitment and retention issues. It echoes stakeholder advocacy for an expanded Regional Planning Hub with a focus on strengthening housing supply outside metropolitan Melbourne. It would like to see the Hub expanded, both in its resourcing and remit to strengthen the support it can provide to smaller regional local governments. It would also like it to draw in local governments aiming to increase the supply of homes, particularly projects aiming at increasing the diversity of housing, or that include affordable or social housing.

RECOMMENDATION 10: That the Victorian Government broaden the scope of the Regional Planning Hub to include local governments seeking to increase the supply and/or diversity of affordable housing and support the Regional Planning Hub to expand the services it provides to rural and regional local governments.

The Committee also heard support for introducing mandatory or statutory timeframes for all or aspects of the planning process to help expedite planning approvals for housing supply.[154] For example, the Property Council of Australia suggested that time requirements should apply to the whole planning application process. It argued that timeframes should be enforced by 'incentives and penalties' and could include 'deemed to comply' or automatic 'deemed refusals' if applications are not resolved within the timeframes. It suggested that this would facilitate decisions and enable developers to 'escalate appeals more swiftly rather than be left in limbo'.[155]

There was also support for establishing timeframes for referral authorities to respond to requests during rezoning, permit application and design-delivery phases.[156] Referral authorities are organisations, such as water authorities or the Country Fire Authority (CFA), which may be consulted in relation to a planning permit. Depending on the nature of the application, referral authorities may be empowered to determine the outcome or recommend conditions for approval.[157] L. Bisinella Developments, a Geelong-based residential development firm, suggested that key performance indicators and accountability should be introduced for water authorities, to ensure they are prioritising the supply of homes. It argued that '[a] planning system with no

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154 Committee for Greater Shepparton, *Submission 107*, pp. 8–9; Property Council of Australia, *Submission 101*, p. 9.

155 Property Council of Australia, *Submission 101*, p. 9.

156 Beveridge Williams, *Submission 88*, p. 8; Property Council of Australia, *Submission 101*, p. 10.

157 Victorian Government, *PPN54: referral and notice provisions*, 2025, <https://www.planning.vic.gov.au/guides-and-resources/guides/planning-practice-notes/managing-referrals-and-notice-requirements> accessed 27 July 2025.

measure of its own performance cannot be improved, measured or kept on track'.[158] Beveridge Williams also called for referral authorities, such as the CFA, to be resourced to improve decision making.[159]

UDIA Victoria suggested that there should also be time requirements for the preparation of strategic planning guidance, such as municipal-wide growth strategies. It argued that requiring these to be completed within 24 months of being initiated 'would provide greater clarity and enable more effective coordination of planning and engineering resources'.[160] Regional Cities Victoria submitted that local governments should be appropriately resourced to do this work.[161]

The Committee also considers that there may be some merit in introducing mandatory timeframes for the development of planning strategies and for decision making by local governments and referral authorities in relation to planning permits. Including default outcomes, such as 'deemed to comply' or 'deemed refusals', may also enable the prompt escalation of decisions to appeal processes. However, the parameters of these must be carefully calibrated to ensure that local governments and referral authorities have adequate time to thoroughly assess applications and that default outcomes only capture appropriate development.

The Committee does not feel it has examined this issue in enough detail during this Inquiry to make a constructive recommendation. It therefore calls for the Victorian Government to consider introducing mandatory timeframes as part of its review of the Planning and Environment Act.

RECOMMENDATION 11: That the Victorian Government consider introducing mandatory timeframes across planning processes to strengthen housing supply in rural and regional Victoria. It should also consider options for incorporating default outcomes such as 'deemed to comply' or 'deemed refusal' into planning application processes to facilitate timely decisions.

4.6 Community should be empowered to lead housing delivery

Collaboration on place-based housing solutions must extend to the community too. The Committee travelled to communities across regional Victoria and heard several examples of community objections stalling a housing project, significantly reducing housing outcomes or causing a project to be completely discontinued. For example, Case Study 4.3 details a Geelong project which was ultimately abandoned despite alignment with municipal-wide planning.

158 L. Bisinella Developments Pty Ltd, *Submission 33*, p. 2.

159 Beveridge Williams, *Submission 88*, p. 8.

160 Urban Development Institute of Australia (Victoria), *Submission 96*, p. 11.

161 Regional Cities Victoria, *Submission 89*, p. 7.

Case Study 4.3 Community opposition can curtail new housing

In 2024, the City of Greater Geelong rejected an independent panel's recommendation to approve a planning amendment for Balmoral Quay, despite its strategic alignment with the city's planning objectives. The amendment would have increased the number of apartments from 40 to 84, providing critical infill housing. Public opposition ultimately led to the project's abandonment, setting a concerning precedent for future developments.

Sources: Property Council of Australia, *Submission 101*, p. 10; City of Greater Geelong, *Decision on stage five of Balmoral Quay development*, <https://www.geelongaustralia.com.au/planning/news/item/8dcabcdf4f57bc3.aspx> accessed 24 September 2025.

The Committee observed that community concerns seemed to be particularly activated in relation to community housing projects. The Community Housing Industry Association Victoria, the peak industry body for the state's community housing industry, said regional communities are more likely to oppose social housing due to concerns about what it might look like and how it will be maintained.[162] The Journey to Social Inclusion (J2SI) Consortium represents Sacred Heart Mission, VincentCare Victoria, Uniting Vic.Tas and the Salvation Army. It submitted that that 'there is often community resistance to social housing projects that specifically support people from lower socio-economic backgrounds'.[163]

Stakeholders explained that where planning applications attract community opposition, planning decisions default to councillors rather than being made by planners based on a project's alignment with municipal-wide planning objectives. Parklea Developments submitted that in these instances, 'political bearings and public sentiment can influence the outcome irrespective of the applications merits' and while VCAT provides an avenue for review, there are long wait times and it is costly. Parklea Developments suggested that this can 'disincentivise developers from pursuing projects in municipalities that have "anti-development" constituents'.[164]

In an environment where substantial housing development is not always welcome, it was apparent to the Committee that the Victorian Government should do everything it can to support transformative initiatives that have community backing. Throughout the Inquiry, the Committee learned of several housing initiatives with strong community support (often facilitated by passionate residents or local governments) aimed at increasing housing supply. For example, some local governments, such as Pyrenees Shire Council and Swan Hill Rural City Council, have directly developed land to address unmet housing need in their community. Swan Hill Rural City Council has been developing and selling blocks in the Tower Hill Estate since 2004. It has facilitated the construction of over 430 homes across 15 stages, which are now home to more

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162 Community Housing Industry Association (Victoria), *Submission 66*, pp. 12–13.

163 Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, p. 21.

164 Parklea Developments Pty Ltd, *Submission 52*, p. 7.

than 1,000 people.[165] Likewise, Pyrenees Shire Council used a loan from the Victorian Government to fund the five-stage Correa Park Estate in Beaufort, recouping the cost from land sales.[166]

Local community groups are also unilaterally developing housing in the absence of appropriate private sector development. Case Study 4.4 describes a community-led housing project in Winchelsea that is developing affordable independent living options so that older residents can downsize without having to relocate to the nearby regional city of Geelong.

Case Study 4.4 Community generated retirement living in Winchelsea

Like many regional Victorian communities, Winchelsea's housing stock is dominated by larger family homes. The township has some supported living options for older residents. However, it does not have smaller homes suited to retirees looking to downsize while maintaining their independence. This forces older residents to stay in large homes, better suited to families, or it leads them to relocate to the neighbouring city of Geelong to secure a smaller home.

In 2018, a small group of volunteers from the community and the local community bank (Corangamite Financial Services Ltd) set out to address this unmet demand for housing. In 2020, they formed WinAngLo Inc.—an independent incorporated charity—to facilitate community projects in the townships of Winchelsea, Anglesea and Lorne.

In January 2022, the Surf Coast Shire Council sold the group a 3,100m^2 vacant block of land at the heart of the community for $1. Architectural drawings for the 'Winchelsea Community Village' were completed in June that year. The village comprises ten two-bedroom units with all-abilities access and high energy efficiency ratings.

Corangamite Financial Services Ltd. contributed $500,000 towards feasibility assessments, planning processes and cultural heritage works to get the project underway. It provided a further $1 million to make the project financially viable.

A builder was obtained in May 2023, and construction began in January 2024. An additional $3.4 million was loaned by the Bendigo Bank for the remainder of construction costs. The Committee visited the development on 26 February 2025 just as construction was being completed.

At that time, it was proposed to sell each unit for $590,000. Profits from the project will be used to fund WinAngLo Inc.'s next community project, creating a sustainable funding cycle.

(Continued)

165 Swan Hill Rural City Council, *Submission 60*, p. 2.

166 Planning Institute of Australia (Victoria), *Submission 69*, p. 11.

Case Study 4.4 (Continued)

Winchelsea Community Village will operate under the *Retirement Villages Act 1986* (Vic), which means the units can only be purchased by residents aged 55 or over. On top of the initial purchase price, residents of the village will pay a monthly fee capped at 25% of the Age Pension (regardless of whether they receive the pension or not). This covers water, power, rates, insurance and the maintenance costs of the site.

Sources: John Knuckey, Chair, Ken McDonald, Committee Member and Michelle Stocks, Secretary, WinAngLo, public hearing, Colac, 24 February 2025, *Transcript of evidence*, pp. 48–57; WinAngLo Inc, *Expressions of interest*, <https://winanglo.org.au> accessed 28 August 2025; Ken McDonald, presentation, supplementary evidence received 24 February 2025.

Other community groups have developed community-led housing projects but have been unable to assemble adequate finance to make them a reality. For example, in 2022, the Wedderburn Lions Club commissioned a business case to develop supported residential living options for low-needs elderly residents hoping to downsize within the community. The project has strong community interest. Land has been acquired and around $450,000-worth of fundraising pledges have been received but construction has not commenced to date.[167]

Stakeholders argued that community-backed housing projects are more likely to be successful and progress quicker with government support or seed funding. The Municipal Association of Victoria noted that its members have 'been unanimous in their calls for place-based solutions and partnerships to deliver new homes and infrastructure'. It urged the Victorian Government to 'recognise where proposals for local innovations are beneficial and be nimble enough to quickly support them'.[168] It recommended that the Victorian Government enable 'place-based approaches to housing' by supporting 'locally-driven innovations and partnerships' and backing 'council-led solutions'.[169]

Wimmera Southern Mallee Development recommended that the Victorian Government provide funding support for 'innovative affordable housing delivery models', including 'gap funding for community-led housing' and 'early-stage finance for pre-feasibility and project management'.[170] Likewise, Bendigo Bank recommended that the Victorian Government should 'invest in small, medium and large-scale public-private partnerships to leverage community-led initiatives that support housing supply in regional Victoria'.[171]

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167 Wedderburn Lions Club Aged Care Sub Committee, *Submission 22*, p. 1; Wedderburn Lions Club Aged Care Sub Committee, *Submission 22*, *Attachment 1*, p. 3.

168 Municipal Association of Victoria, *Submission 114*, p. 18.

169 Ibid., p. 19.

170 Wimmera Southern Mallee Development, *Submission 70*, pp. 13–14.

171 Bendigo Bank, *Submission 113*, p. 2.

PIA Victoria also called for assistance for local governments working to address unmet housing needs of their community. It suggested that Development Victoria, the state government's development agency, could partner with local governments to help them realise housing projects in existing urban areas.[172]

The Committee appreciates that community sentiment can make or break major housing initiatives in regional communities. It examined several positive and negative examples of this throughout the Inquiry and acknowledges the efforts of passionate locals actively working to improve housing supply in communities across Victoria.

The Committee would like to see these efforts better recognised, supported and amplified through Victorian Government support. It believes that greater collaboration between the Victorian Government and determined communities working towards more diverse and affordable housing will unlock housing faster.

RECOMMENDATION 12: That the Victorian Government support community-led initiatives aimed at increasing, diversifying and improving the affordability of homes to address unmet need in rural and regional communities.

172 Planning Institute of Australia (Victoria), *Submission 69*, p. 12.

Chapter 5
Stimulating residential development

Residential development in regional Victoria is more challenging, expensive and less profitable for a variety of reasons already discussed in Chapter 2 of this report. These challenges inhibit residential development in regional Victoria and prevent housing supply from increasing to meet demand.

However, Victoria can bolster the construction of housing in its regional communities by carefully balancing higher density development in regional cities with the construction of housing in new greenfield suburbs. It can ensure that developable land is available by rezoning and streamlining planning processes. It can improve the availability of skilled labour by incentivising careers in construction, and by partnering with the private sector to unlock additional investment in housing supply. This chapter explores these opportunities to stimulate residential development in regional Victoria.

5.1 Building up and out: balancing infill and greenfield development

As discussed in Chapter 4, the Victorian Government's *Plan for Victoria* seeks to direct 60% of residential development in the regional cities of Geelong, Ballarat and Bendigo into existing urban areas and 40% to new greenfield suburbs. This target builds on the prevailing aspirations of these local governments. The City of Greater Geelong is already working towards a 50:50 split between infill and greenfield development by 2036.[1] Likewise, the City of Ballarat has aimed to encourage 50% of housing development in established neighbourhoods since 2015.[2] The City of Greater Bendigo also recently adopted a strategy seeking to steer a greater proportion of residential development to existing urban areas.[3]

Support for settlement planning to achieve more compact regional cities and towns was also expressed throughout the Inquiry. Submitters recognised that building homes in existing communities enables the state to leverage current infrastructure to service new houses and residents. It ensures residents have good access to services and employment; and it protects farmland from urban sprawl.[4] For example, Infrastructure

1 City of Greater Geelong, *Settlement strategy*, 2020, p. 82.

2 City of Ballarat, *Today, tomorrow, together: the Ballarat Strategy*, 2015, p. 127.

3 City of Greater Bendigo, *Managed Growth Strategy*, 2024.

4 Infrastructure Victoria, *Submission 83*, pp. 1–4; Housing Industry Association, *Submission 100*, pp. 5–6; Law Institute of Victoria, *Submission 106*, pp. 2, 5–7; Kim Adams, *Submission 5*, p. 1; YIMBY Melbourne, *Submission 43*, p. 1; Australian Institute of Architects, *Submission 56*, pp. 3–4; HOME Deakin University, *Submission 42*, p. 11; Tony Peterson, One Gippsland, public hearing, Traralgon, 22 May 2025, *Transcript of evidence*, pp. 11–12.

Victoria submitted that a 'network of more compact cities across regional Victoria has better productivity, employment and environmental outcomes for residents than a widely dispersed population'.[5]

However, some stakeholders questioned whether the 60:40 split for regional cities outlined in *Plan for Victoria* strikes the best balance between development in existing suburbs and greenfield growth areas.[6] Questions were also raised regarding how achievable this goal is in the short to medium term.[7] These concerns were underpinned by the following property market dynamics in regional Victoria:

- To date, residential development in Geelong, Ballarat and Bendigo has primarily occurred in greenfield areas[8] and the building industry is largely structured around this style of lower density, volume housing construction.[9]
- It is more expensive to build higher density homes in established urban areas and there is a price premium attached to middle and inner-city suburbs which can make housing in these areas less affordable.[10]
- Housing affordability is an influential factor informing regional homebuyer preferences and is driving demand for homes in greenfield areas over established suburbs.[11]
- The local governments of regional cities have already made significant monetary and time investment in identifying, planning and preparing land in greenfield growth areas to be rezoned to support residential development.[12]
- High land, construction material and workforce costs combined with long build times and less established buyer demand for higher density housing in regional cities is undermining the viability of townhouses, units and apartment buildings.[13]
- The current availability of land for infill development in regional cities may be insufficient to meet housing targets[14] and if greenfield land is withheld under the *Plan for Victoria*, housing supply may slow in the short to medium term.[15]

Some stakeholders argued that the 60:40 target in favour of residential development in the existing areas of regional cities should be revised. They also called for a longer, better-supported transition to development focused on existing urban areas.[16]

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5 Infrastructure Victoria, *Submission 83*, p. 1.

6 For example, Villawood Properties Pty Ltd, *Submission 62*, p. 18.

7 Ibid.; Quantify Strategic Insights and Oliver Hume, *Submission 64*, p. 6.

8 Nick Grylewicz, Director, Land Development, Integra Group, public hearing, Ballarat, 8 May 2025, *Transcript of evidence*, p. 20; Villawood Properties Pty Ltd, *Submission 62*, p. 13; Chris De Silva, Executive Director, Mesh Planning, public hearing, Melbourne, 20 June 2025, *Transcript of evidence*, pp. 13–14; Planning Institute of Australia (Victoria), *Submission 69*, p. 5.

9 Anton Pound, Director, Bauenort, public hearing, Ballarat, 8 May 2025, *Transcript of evidence*, pp. 19, 21.

10 Ibid., p. 23.

11 Ibid.; Urban Development Institute of Australia (Victoria), *Submission 96*, p. 2.

12 Nick Grylewicz, *Transcript of evidence*, p. 20.

13 Quantify Strategic Insights and Oliver Hume, *Submission 64*, p. 6.

14 Anton Pound, *Transcript of evidence*, p. 24.

15 Nick Grylewicz, *Transcript of evidence*, p. 20; Villawood Properties Pty Ltd, *Submission 62*, p. 18; Chris De Silva, *Transcript of evidence*, pp. 13–14.

16 For example, Nick Grylewicz, *Transcript of evidence*, pp. 22–23.

Regional residential development companies Villawood Properties and Bauenort both advocated for a 50:50 target and a staged transition to achieving this.[17] Anton Pound, Director of Bauenort, said that industry should be supported to move to infill development over a 25-year period because the industry has been structured around house and land packages since the 1950s and needs time to adapt. He argued that greenfield development must do the 'heavy lifting' in the meantime to ensure housing supply.[18] Nick Grylewicz, Director of Land Development at property developer Integra Group, also called for the 60:40 development target to be 'softened' in the short to medium term. He argued that the greenfield growth areas surrounding regional cities have good access to services and shouldn't be categorised as urban sprawl:

> *Plan for Victoria* … talks about sprawl in Melbourne. Sprawl does not exist in the regions. We are talking about growth areas that are closer than Carlton and Richmond, so when we talk about greenfields versus infill it is not appropriate in the regions. The bones are there. The regions can take this growth—we can assist Melbourne with growth …[19]

Regional Cities Victoria, an advocacy group representing the ten largest cities in regional Victoria, likewise submitted that 'the growth areas of regional cities are not prohibitively distant from activity centres and services'.[20]

The Committee also heard that the local governments of regional cities, such as Ballarat, have already undertaken substantial work to identify future greenfield growth areas.[21] Nick Grylewicz suggested that pivoting too quickly to infill development will prevent this work from coming to fruition and land supply from being realised to support housing.[22] He argued that the Victorian Government should capitalise on the significant investment already made into identifying growth areas around regional cities by completing the planning processes necessary to release this land for development. He was not alone in suggesting that housing development must be supported in both existing urban areas and greenfield areas to achieve the *Plan for Victoria's* housing targets.[23]

Natalie Robertson, Director of Development and Growth at Ballarat City Council, also acknowledged that *Plan for Victoria* doesn't incorporate the unzoned greenfield growth areas the Council has identified to support housing in the longer term. She noted that developers would benefit from greater certainty that land in these areas will still be released as needed for supply, despite a greater focus on facilitating infill development.[24]

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17 Anton Pound, *Transcript of evidence*, p. 21; Villawood Properties Pty Ltd, *Submission 62*, p. 18.

18 Anton Pound, *Transcript of evidence*, p. 21.

19 Nick Grylewicz, *Transcript of evidence*, pp. 20, 22–23; Anton Pound, *Transcript of evidence*, p. 21.

20 Regional Cities Victoria, *Submission 89*, p. 6.

21 Nick Grylewicz, *Transcript of evidence*, p. 20.

22 Ibid.

23 Ibid.; Regional Cities Victoria, *Submission 89*, p. 6.

24 Natalie Robertson, Director, Development and Growth, Ballarat City Council, public hearing, Ballarat, 8 May 2025, *Transcript of evidence*, p. 54.

The Committee acknowledges that *Plan for Victoria's* aspiration for a 60:40 distribution for development in regional cities is ambitious. Particularly as residential development has largely occurred by way of house and land packages in greenfield growth areas to date. It recognises that shifting the focus of development to existing urban areas within the 30-year timeframe of the Plan will be a challenge. It will not happen overnight or without significant support from the Victorian Government and a strong commitment from local governments. Nonetheless, the Committee supports the strategic direction established by the Plan, to strive for more compact forms of urban development in the state's regional cities.

The Committee observes that *Plan for Victoria* was developed with extensive community engagement, including in regional communities.[25] It reflects the aspirations of everyday Victorians for more compact cities with a greater diversity of housing types, where residents enjoy good access to services and infrastructure.[26] Our regional cities cannot expand indefinitely. As the Committee's last Inquiry into securing the Victorian food supply illustrated, the green spaces around urban centres are important sites of localised food production and biodiversity value. The resilience of our food system, and ultimately Victorian communities, is informed by how well we protect these areas from inappropriate development.[27]

In the Committee's view, the success of *Plan for Victoria* will depend on how effectively the Victorian Government ensures that land is available for infill development and supports industry to overcome the viability challenges; not the targets within the Plan or the timeframes to achieve them. That is why the Committee makes recommendations to ensure that regional cities have land zoned for higher density housing and for financial incentives to kick start development throughout this chapter.

Moreover, the Committee observes that the *Plan for Victoria* does not preclude all residential development in greenfield growth areas. It already incorporates several substantial growth areas which already exist around Geelong, Ballarat and Bendigo. It also acknowledges that these areas will continue to play a critical role in the supply of affordable housing, especially in the short to medium term as the industry adapts.

The Committee believes that the level of unmet housing need in regional Victoria and *Plan for Victoria's* ambitious housing targets merit supporting all types of housing supply in the *short* term. It also appreciates that the local governments of Geelong, Ballarat and Bendigo have already made significant investment into identifying greenfield growth areas and that certainty around this land supply will bolster the residential construction sector. That is why the Committee recommends the development of a 10-year plan for regional greenfield areas, in Section 5.1.2 of this chapter. It has also called for growth areas which have already been identified by the local governments of regional cities to be included in this plan. The Committee

25 Department of Transport and Planning, *Plan for Victoria*, 2025, p. 14.

26 Ibid., p. 21.

27 Parliament of Victoria, Legislative Assembly Environment and Planning Committee, *Inquiry into securing the Victorian food supply*, 2024.

believes that this additional step will provide a practical foundation for implementing *Plan for Victoria* and ensure that development in greenfield areas is accelerated to boost housing supply in the short term.

5.1.1 Building more compact regional cities

As discussed in Chapter 2, current property market conditions are making residential development in the existing urban areas of regional Victorian cities challenging. The higher price of land, the cost of construction materials and labour, and the complexity of building at higher densities typically mean infill development is more expensive than in growth areas. Developers have limited ability to compensate for this by raising prices as they must ensure their product remains competitive with the price of existing freestanding homes in Victoria's regional cities. This places pressure on the margin they can earn from a project. Developers typically require a 15–20% return on investment to mitigate risks such as project delays or rising material costs. A healthy margin is also required to access financing from banks to cover construction costs between homebuyers paying their deposit at the beginning of a project and when they transfer the balance at the completion of the project.[28]

According to planning consultancy Quantify Strategic Insights (QSI) and residential property fund Oliver Hume (OH), the average per apartment build cost in major regional cities was around $513,000 in 2024.[29] It suggested that this is higher than the median unit sales price across these cities which makes this type of construction less viable. It submitted the price of new townhouses and apartments is a key barrier to higher density development in regional Victorian cities:

> When the median price of detached houses is similar to or lower than that of a new townhouse, buyers typically opt for the detached house. In many regional locations, detached house prices remain well below the threshold needed to support a viable medium-density market. Until this price gap narrows, the demand for townhouses and apartments will remain limited.[30]

The Committee heard that townhouses and apartments are currently only being developed in a handful of regional city suburbs, mainly in Geelong, because of this price gap.[31] Commerce Ballarat pointed out that just three major multistorey apartment buildings have been constructed in Ballarat during the last 12 years.[32]

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28 Quantify Strategic Insights and Oliver Hume, *Submission 64*, pp. 30–34; Greater Ballarat Alliance of Councils, *Submission 58*, p. 9; Commerce Ballarat, *Submission 97*, p. 1; Planning Institute of Australia (Victoria), *Submission 69*, p. 5; Infrastructure Victoria, *Submission 83*, pp. 3–4; Property Council of Australia, *Submission 101*, p. 9.

29 Quantify Strategic Insights and Oliver Hume, *Submission 64*, p. 33.

30 Ibid., p. 30.

31 Ibid.

32 Commerce Ballarat, *Submission 97*, p. 1.

Stakeholders advocated for several actions to facilitate greater residential development in the existing suburbs of regional Victorian cities, including:

- zoning to enable higher densities, to support the economies of scale necessary to make infill development economically viable
- streamlined planning processes
- financial and tax incentives to kickstart development in the existing urban areas of regional cities.

These ideas are explored in the next sections of the report.

Zoning to encourage density in regional cities

Achieving higher density residential development in Victoria's regional cities will have broad benefits for the government, communities and developers. It is typically more cost-effective to augment existing enabling infrastructure than expand water, sewerage or electricity networks to service new growth areas.[33] Moreover, accommodating new residents of regional Victoria in existing cities will ensure they have good access to essential services and economic opportunity.[34]

Several stakeholders suggested that the first step towards expediting greater residential development within Victoria's regional cities is ensuring that appropriate locations are 'zoned' to permit higher density housing.[35]

Zones establish rules for the development of land, for example, they typically govern whether land can be subdivided and the nature of residential development permitted. All land in Victoria is subject to a zone reserving it for a specific use (such as housing, industry or agriculture). Zones are applied through local planning schemes and updated via planning scheme amendments.[36]

The Committee heard that Victoria's regional cities are largely subjected to zoning that does not permit medium- or high-density residential development in appropriate areas. Large proportions of Geelong, Bendigo and Ballarat fall into the General Residential Zone which limits the density of development to three storeys.[37] Infrastructure Victoria pointed out that most middle suburbs in Victoria's regional cities are 'very low-density' compared to other similar sized cities and have a more limited diversity of housing types. It recommended that locations 'close to public transport and open space, with

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33 Australian Housing and Urban Research Institute, *Does higher density deliver more affordable housing?*, 2025, <https://www.ahuri.edu.au/analysis/brief/does-higher-density-deliver-more-affordable-housing> accessed 6 July 2025.

34 Infrastructure Victoria, *Growing together*, 2020, pp. 6–8.

35 Infrastructure Victoria, *Submission 83*, p. 4; YIMBY Melbourne, *Submission 43*, pp. 2–5; Regional Cities Victoria, *Submission 89*, p. 6; Australian Institute of Architects, *Submission 56*, p. 3; Urban Development Institute of Australia (Victoria), *Submission 96*, p. 16; Australian Sustainable Hardwoods, *Submission 117*, p. 2; Gannawarra Shire Council, *Submission 59*, p. 1; Australian Urban Research Infrastructure Network, *Submission 19*, p. 2.

36 Department of Transport and Planning, *Chapter 1: planning schemes*, 2024, <https://www.planning.vic.gov.au/guides-and-resources/guides/guide-to-victorias-planning-system/planning-schemes> accessed 20 July 2025.

37 Infrastructure Victoria, *Submission 83*, pp. 3–4; Urban Development Institute of Australia (Victoria), *Submission 96*, p. 16.

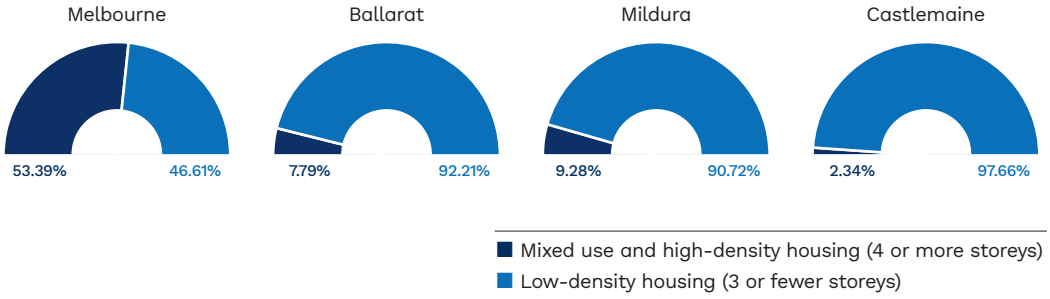
good access to services' be rezoned to accommodate 'more home choices'.[38] It also suggested reducing the car parking requirements for higher density developments near public transport, to improve their economic viability:

> Fewer parking spaces can boost the supply of homes, reduce their cost and give developers more certainty. Parking spaces make homes more expensive and use up space that could otherwise be used for extra bedrooms.[39]

Community advocacy group YIMBY Melbourne took a broader view of regional cities but agreed that they are not zoned to support the density or the diversity of housing required to accommodate Victoria's expanding population and smaller households.[40] It compared the proportion of land zoned for density in Melbourne, Ballarat, Mildura and Castlemaine (see Figure 5.1). It observed that:

> Where Melbourne enables housing of four or more storeys across just over half of all residential land[,] … none of the three selected regional examples allow for density on even 10% of residential land.[41]

Figure 5.1 Proportion of residential land zoned for density type in Melbourne and select regional cities



Source: Adapted from YIMBY Melbourne, *Submission 43*, p. 4.

YIMBY Melbourne argued that '[i]n order to increase housing choices in the regions, these areas will have to permit more homes to be built'.[42] It called for the planning schemes of regional cities to be revised to enable 'six-storey, mixed use' development on residential land which is within 1 km of a train station, 500 m of a tram or rapid bus stop, or 3 km of the city centre.[43] Development industry peak body, the Urban Development Institute of Australia (Victoria) (UDIA Victoria), also called for regional cities to ensure zoning enables 'medium and higher-density housing' in areas 'near transport corridors, employment hubs, and key town centres'.[44]

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38 Infrastructure Victoria, *Victoria's draft 30-year infrastructure strategy 2025–2055*, 2025, p. 31; Infrastructure Victoria, *Submission 83*, p. 4.

39 Infrastructure Victoria, *Submission 83*, p. 2.

40 YIMBY Melbourne, *Submission 43*, p. 1.

41 Ibid., p. 4.

42 Ibid., p. 3.

43 Ibid., pp. 3–5.

44 Urban Development Institute of Australia (Victoria), *Submission 96*, p. 16.

QSI and OH and regional development firm Hygge Property all advocated for regional cities to review zoning for density through a feasibility lens. Hygge Property asserted that the 'viability of development should be considered in setting height controls' in regional cities because 'little is gained by spending years undertaking strategic planning exercises if almost no development results'.[45] Joseph van Dyk, a Director at Hygge Property, told the Committee at a public hearing that higher density development can help improve the viability of projects as the cost of the build can be spread across more homes.[46] QSI and OH recommended that such a review involve 'identifying areas … where apartment and townhouse development is commercially viable and ensuring that planning controls (such as density and height limits) support and expedite feasible projects'.[47]

Timber product manufacturer Australian Sustainable Hardwood Pty Ltd also supported greater zoning for density in regional Victorian cities. The company is pioneering the fabrication of multi-storey, timber-framed buildings which can be quickly assembled onsite. It asserted that three-storey apartment buildings permitted by the General Residential Zone are 'not cost effective' whereas four-storey apartment buildings are economically viable using its prefabricated modular timber construction method for mid-rise buildings.[48]

Regional Cities Victoria supported higher density residential development in '"inner town" pockets of regional cities'. However, it noted that they must be in keeping with the character and appearance of adjacent buildings. It also noted the economic viability challenges of such projects.[49]

Property industry peak body, the Property Council of Australia, and UDIA Victoria both argued that urban design frameworks for priority infill locations in regional cities should be fast-tracked to support high quality densification.[50] Box 5.1 explains the purpose of an urban design framework.

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45 Hygge Property, *Submission 104*, p. 3.

46 Joseph van Dyk, Director, Hygge Property, public hearing, Ballarat, 8 May 2025, *Transcript of evidence*, pp. 27–28.

47 Quantify Strategic Insights and Oliver Hume, *Submission 64*, p. 36.

48 Australian Sustainable Hardwoods, *Submission 117*, pp. 1–2.

49 Regional Cities Victoria, *Submission 89*, p. 6.

50 Urban Development Institute of Australia (Victoria), *Submission 96*, pp. 16–17; Property Council of Australia, *Submission 101*, pp. 7–8.

Box 5.1 What is an urban design framework?

Urban design frameworks (UDFs) set out detailed design principles for significant localities, such as a town centre or activity hub. They are given effect by being incorporated into the local planning scheme.

Local governments will refer to a UDF when assessing planning permit applications, to ensure that development supports the realisation of a cohesive design. In this way, they can support development which increases the density of an area.

Sources: Department of Transport and Planning, *Urban design frameworks: planning practice note 17*, 2015; City of Melton, *Urban design frameworks*, <https://www.melton.vic.gov.au/Services/Building-Planning-Transport/Strategic-Planning/Urban-Design-Frameworks> accessed 18 August 2025; Growth Areas Authority, *Precinct Structure Planning guidelines*, 2013, p. 26.

The Property Council of Australia also recommended that higher density development be allowed in central Geelong through increased height limits and mixed-use precincts. It argued that this will assist the regional city to attract investment.[51]

The Australian Institute of Architects suggested that zones be revised to 'enable diverse housing types, support strategic infill, and unlock underutilised land'. It also suggested that local governments should have some flexibility to 'recalibrate' zoning requirements for a residential development project.[52]

The Committee notes that relaxing height and density restrictions for residential construction has been part of other cities' strategies to increase housing supply. As Case Study 5.1 shows, the city of Auckland in New Zealand successfully used 'upzoning' to stimulate development in existing suburbs. Upzoning refers to the process of changing planning and zoning rules to allow for denser and more intensive housing development, such as taller buildings and more homes on smaller lots of land.[53]

51 Property Council of Australia, *Submission 101*, p. 8.

52 Australian Institute of Architects, *Submission 56*, p. 1.

53 Eleanor West, *Up-zoning New Zealand: the localisation of a globally mobile policy idea*, Economic Policy Centre, The University of Auckland Business School, policy paper no. 3, June 2024, pp. 1–3.

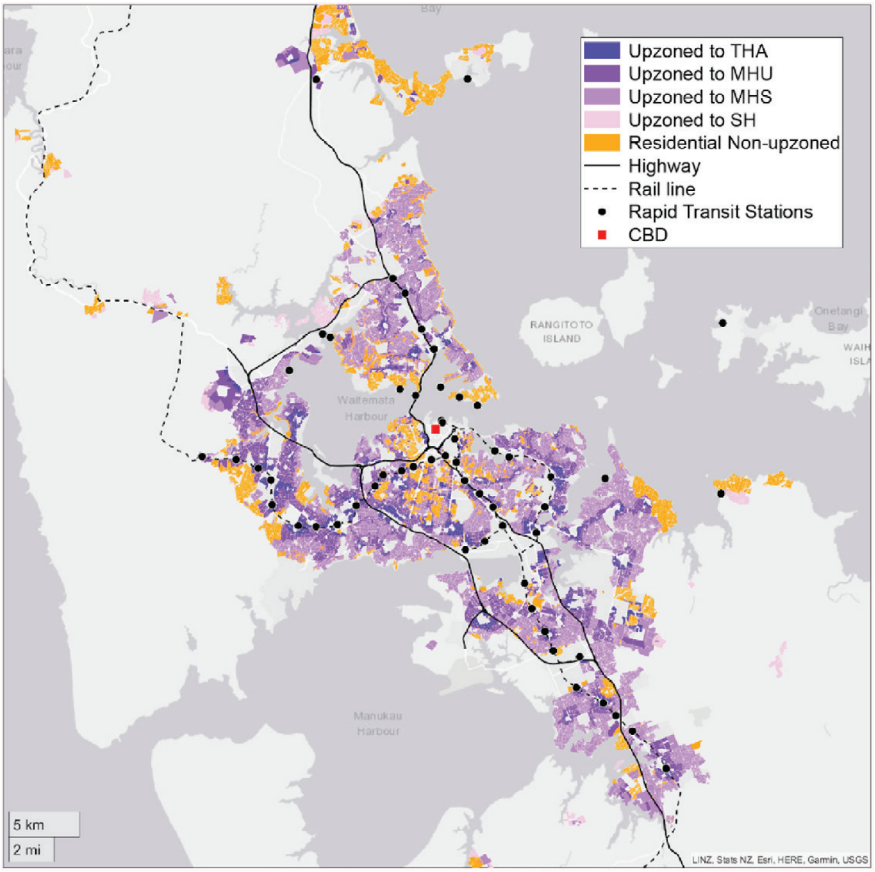
Case Study 5.1 'Upzoning' for density in Auckland

In 2016, Auckland—New Zealand's largest metropolitan city—raised the building height and density limits on approximately three quarters of residential land under a policy known as 'upzoning'. Auckland Council made the changes with a view to improving the liveability, productivity, sustainability and affordability of the city. It launched the 'Auckland Unitary Plan', a plan for zoning across the city, which applied the following zones to the residential areas:

- Terrace Housing and Apartments (THA) permitting development up to 16 m high, 5–7 storeys with no limit on dwellings per site
- Mixed Housing Urban (MHU) permitting development up to 12 m high, 3 storeys and a maximum of 3 dwellings per site
- Mixed Housing Suburban (MHS) permitting development up to 9 m high, 2 storeys and a maximum of 3 dwellings per site
- Single Houses (SH) permitting a single dwelling up to 9 m high and 2 storeys.

Figure 5.2 shows the distribution of these zones across the city, with higher densities permitted around transport hubs.

Figure 5.2 Residential zoning, Auckland



Source: Eleanor West and Marko Garlick, 'Upzoning New Zealand', *Works in Progress*, Issue 13, <https://worksinprogress.co/issue/upzoning-new-zealand> accessed 17 August 2025.

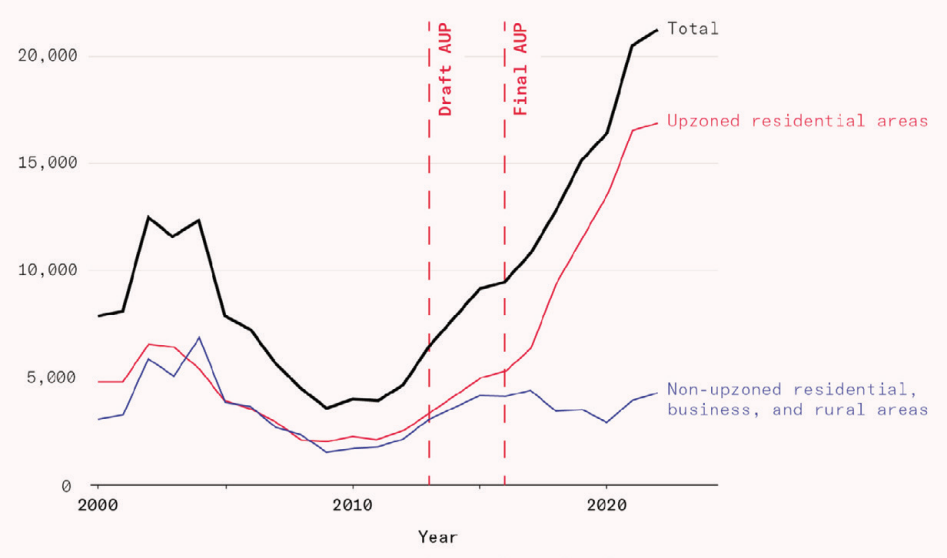
(Continued)

Case Study 5.1 (Continued)

The number of dwellings which could be built on upzoned residential land trebled under the reforms.

There have been several studies suggesting that upzoning stimulated significant residential development in Auckland and improved housing affordability. There were approximately 22,000 additional dwelling consents during the five years following upzoning reforms (which equates to around 4% of the city's existing dwelling stock). Most of these consents related to residential development in existing suburbs, around the city centre and in employment and transport hubs. Figure 5.3 shows the uptick in dwelling consents.

Figure 5.3 Dwelling consents issued annually, Auckland, 2000 to 2020



Source: Eleanor West and Marko Garlick, 'Upzoning New Zealand', *Works in Progress*, Issue 13, <https://worksinprogress.co/issue/upzoning-new-zealand> accessed 17 August 2025.

Between November 2016 and February 2024, approximately 80,000 additional dwellings were constructed in Auckland. It is estimated that rental rates in Auckland are approximately 28% lower and house prices are 15–27% lower than they would have been without upzoning.

The success of the policy led the Government of New Zealand to pursue higher building height and density limits in other major urban centres to support housing supply and affordability.

Sources: Eleanor West and Marko Garlick, 'Upzoning New Zealand', *Works in Progress*, Issue 13, <https://worksinprogress.co/issue/upzoning-new-zealand> accessed 17 August 2025; Stuart Donovan, *Less crowded houses: NZ's housing policy success and implications for Australia*, The Centre for Independent Studies, policy paper no. 60, February 2025, pp. 1–15; Gary Blick and James Stewart, *2023 Census confirms Auckland gains more new homes*, Auckland Council Chief Economist Unit, insights paper, June 2024, pp. 1–3; Eleanor West, *Up-zoning New Zealand: the localisation of a globally mobile policy idea*, Economic Policy Centre, The University of Auckland Business School, policy paper no. 3, June 2024, pp. 1–2, 20–22; Ryan Greenaway-McGrevy and Peter C.B. Phillips, *The impact of upzoning on housing construction in Auckland*, Cowles Foundation for Research in Economics, Yale University, paper no. 1863, May 2023, pp. 18–26.

The Committee shares stakeholders' views that Victoria's regional cities can accommodate a broader mix of housing densities. As discussed in Chapter 2, there is an overarching need for a greater diversity of housing outside of Melbourne, including smaller residences, closer to essential services. Townhouses and apartment buildings can deliver this much needed diversity to regional cities.

The Committee believes that the first step towards achieving this is ensuring that appropriate locations are zoned to encourage higher density residential development. If the state wants to achieve *Plan for Victoria's* 60:40 split of development, then it must permit housing to be constructed around transportation and activity hubs in the existing suburbs of regional cities. The Committee would like to see the planning schemes of Geelong, Ballarat and Bendigo audited and revised to ensure this is the case.

The Committee would also like to see revised zones incorporate consideration of the densities required to help make residential development viable. As discussed throughout the report, the economic feasibility of residential development in existing suburbs is challenging under current property market conditions. It may be that increasing the height or storey restrictions for buildings will deliver the economies of scale necessary to get projects over the line. The zones around transport or activity centres in regional cities should reflect these economic realities. They should also be flexible enough to make accommodations where necessary to secure housing supply.

RECOMMENDATION 13: That the City of Ballarat, the City of Greater Geelong and the City of Greater Bendigo (in consultation with the residential development industry) revise the zoning of land around transport and activity centres to enable a greater diversity of higher density housing.

Streamlining planning to support density

As noted by Infrastructure Victoria in its statewide strategy, '[c]hanging planning zones does not guarantee that developers will build more homes', it is just the first step.[54] The Committee heard that residential development must also be actively encouraged through initiatives such as streamlined planning processes.[55] For example, UDIA Victoria argued that streamlining approval processes can reduce the uncertainty in planning decisions, 'thereby increasing confidence in the delivery of infill housing across regional Victoria'.[56]

In recent years, the Victorian Government has pursued a range of reforms to streamline planning processes and approvals for higher density residential development in existing urban areas. This has included establishing a Townhouse and Low-Rise

54 Infrastructure Victoria, *Victoria's draft 30-year infrastructure strategy 2025–2055*, 2025, p. 31.

55 Ibid.; Housing Industry Association, *Submission 100*, p. 6; YIMBY Melbourne, *Submission 43*, pp. 1, 6, 9.

56 Urban Development Institute of Australia (Victoria), *Submission 96*, p. 17.

Code,[57] the Future Homes Program[58] and the Development Facilitation Program.[59] The objectives of these programs and stakeholder recommendations for strengthening their application in regional Victoria are discussed in the following sections.

The Victorian Government has also announced planning reforms to make it easier for Victorians to subdivide their block and build a second home.[60] This reform was supported by the Planning Institute of Australia (Victoria) (PIA Victoria), a peak body representing the planning profession. It observed that infill development can be encouraged by supporting landowners in appropriate locations to subdivide.[61] It recommended greater assistance for landowners (such as access to planners and engineers) who are interested in subdividing.[62]

Townhouse and Low-Rise Code

The Townhouse and Low-Rise Code introduces a deemed to comply assessment pathway to support faster planning permit decisions for townhouses and apartment buildings up to three storeys in select zones. It applies across the state.[63]

QSI and OH argued that the Code 'offers a strong precedent' for streamlining and increasing the certainty of planning processes. It recommended that the use of 'deemed to comply' provisions be expanded to planning processes.[64] However, the Municipal Association of Victoria noted that the code 'appear[ed] to be designed with middle metropolitan urban forms in mind'.[65] It cautioned the Victorian Government to ensure it involves regional local governments in the design and consultation phases of any further planning reform.[66]

The Future Homes Program

The Future Homes Program provides a simplified planning pathway for apartment developments which use the Victorian Government's architectural designs on eligible land near public transport or an activity centre. It applies across the state, including in regional cities and rural communities.[67]

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57 Department of Transport and Planning, *Townhouse and Low-Rise Code*, 2025, <https://www.planning.vic.gov.au/guides-and-resources/guides/all-guides/residential-development/townhouse-and-low-rise-code> accessed 9 August 2025; Department of Transport and Planning, *Submission 108*, p. 3.

58 Department of Transport and Planning, *Future Homes*, 2025, <https://www.planning.vic.gov.au/guides-and-resources/strategies-and-initiatives/future-homes> accessed 6 August 2025.

59 Department of Transport and Planning, *Development Facilitation Program*, <https://www.planning.vic.gov.au/planning-approvals/planning-enquiries-and-requests/development-facilitation-program> accessed 6 August 2025.

60 Department of Transport and Planning, *Submission 108*, p. 3.

61 Planning Institute of Australia (Victoria), *Submission 69*, p. 12.

62 Ibid.

63 Department of Transport and Planning, *Townhouse and Low-Rise Code*; Department of Transport and Planning, *Submission 108*, p. 3.

64 Quantify Strategic Insights and Oliver Hume, *Submission 64*, p. 37.

65 Municipal Association of Victoria, *Submission 114*, pp. 14–15.

66 Ibid.

67 Department of Transport and Planning, *Future Homes*.

The Committee for Greater Shepparton and Swan Hill Rural City Council both suggested that the Future Homes Program has the potential to support higher density development in regional Victoria. However, they called for the eligibility criteria to be tweaked to ensure regional cities and towns can access this program. They argued that the criteria for defining an activity centre should be more flexible or expansive as the current definition does not fit the realities of regional communities.[68] As the Committee for Greater Shepparton noted, in regional communities, an activity centre 'is not the train station, it is the hospital, employment precincts and the CBD'.[69] Likewise, Swan Hill Rural City Council submitted that the criteria for land eligible to be developed under the program should be relaxed:

> Consider expanding the 800 metre zone around activity centres and train stations in regional Victoria to allow for additional housing developments on land for Councils and developers prepared to utilise the Future Homes Victoria Designs for their developments. Many smaller towns no longer have railway stations or town centres that meet the activity centre criteria.[70]

Development Facilitation Program

The Development Facilitation Program provides a centralised and expedited planning process for significant residential development projects which are providing affordable housing or delivering substantial economic development.[71] Under the program, planning permit applications are considered by the Minister for Planning instead of the relevant local government.[72]

Eligible regional developments are those valued at $15 million or more that incorporate at least 10% affordable housing (or make a cash contribution equal to 3% of the total project cost to the Social Housing Growth Fund). Projects must also be within a settlement boundary, in an area with less than five years of residential land supply, and which can be connected to enabling infrastructure.[73] In considering these projects, the Minister can waive or vary mandatory planning scheme requirements (such as building height and setbacks), and some zoning or application requirements.[74]

The Committee received evidence suggesting that the program could be refined to better incentivise significant residential development in regional cities. Regional Cities Victoria argued that the requirement for projects to be in areas with less than five years' land supply makes it 'highly unlikely that higher density projects near activity centres and transport hubs in regional cities' are eligible. It noted that this requirement

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68 Swan Hill Rural City Council, *Submission 60*, pp. 10–11; Committee for Greater Shepparton, *Submission 107*, p. 5.

69 Committee for Greater Shepparton, *Submission 107*, p. 5.

70 Swan Hill Rural City Council, *Submission 60*, p. 10.

71 Department of Transport and Planning, *Development Facilitation Program*.

72 Ibid.; Department of Transport and Planning, *Submission 108*, p. 5.

73 Department of Transport and Planning, *Development Facilitation Program*; Department of Transport and Planning, *Submission 108*, p. 5; Department of Transport and Planning, *DFP expedited planning pathways guidance*, 2025, <https://www.planning.vic.gov.au/planning-approvals/planning-enquiries-and-requests/development-facilitation-program/expedited-planning-pathways> accessed 28 October 2025.

74 Ibid.

does not exist for metropolitan projects. It also pointed out that the requirement for projects to be connectable to existing infrastructure will also bar some regional developments.[75]

National peak body for residential building, the Housing Industry Association (HIA), argued that the program could more effectively incentivise residential development in regional Victoria by:

- reducing the monetary threshold for development from $15 million down to $10 million
- waiving the requirement for development to make a cash contribution to the Social Housing Growth Fund in lieu of incorporating 10% affordable housing.

The HIA argued that these changes will support the economic viability of regional residential developments that apply for the program.[76] Hepburn Shire Council also advocated for adjusting the eligibility criteria or parameters of the program to improve access for rural communities.[77]

The Committee observes that residential development is already more challenging in regional Victoria than in Melbourne. It urges the Victorian Government to ensure that it does not compound these challenges by introducing streamlined planning initiatives that are only practically accessible to metropolitan developers. This will further discourage development outside the state capital.

The Committee would like to see the parameters of these programs refined to incentivise residential development outside Melbourne, in acknowledgement of the greater challenges associated with building homes in regional communities.

RECOMMENDATION 14: That the Victorian Government expand the definition of an activity centre for regional residential development under the Future Homes Program to include important employment precincts and areas with strong access to essential services and make proximity to an activity centre flexible.

RECOMMENDATION 15: That the Victorian Government lower the thresholds for regional residential development to be eligible for the Development Facilitation Program by waiving the requirement for regional projects to be in areas with less than five years' land supply and connectable to existing infrastructure, as well as reducing the monetary threshold for participation.

75 Regional Cities Victoria, *Submission 89*, p. 5.

76 Housing Industry Association, *Submission 100*, p. 6.

77 Hepburn Shire Council, *Submission 47*, p. 12.

Financial incentives to kickstart development

Some stakeholders advocated for financial incentives to encourage residential development in regional Victorian cities, in recognition of the considerable viability challenges.[78] For example, Joseph van Dyk told the Committee that the regional apartment development industry is currently on 'life support' and needs a boost to 'recover and revive and start to deliver housing'.[79] He said that there are 16 apartment buildings currently approved for construction in Geelong but only one is proceeding because the others are not currently economically viable.[80]

Hygge Property submitted that while rezoning land to permit higher densities and streamlining planning helps support the economic viability of residential development, they are not a panacea. It argued that development in regional cities 'will not progress' if the margin between construction costs and revenue is not improved.[81] It outlined an array of actions the Victorian Government could take to boost the viability of higher density development in regional cities, including:

- guaranteeing the pre-sales of apartments or townhouses to enable developers to access project finance from banks
- expanding the regional focus of shared equity homebuyer schemes to townhouses and apartments in regional cities
- allowing developers to work with local governments to negotiate changes to a project post-planning approval or late in the process, if changes enhance the economic viability of a project (for example an additional storey might be negotiated in exchange for the immediate commencement of a project)
- strengthening stamp duty concessions for townhouses and apartments in regional cities
- waiving or reducing planning and building permit costs for townhouses or apartments in regional cities.[82]

Joseph van Dyk added that financial incentives, such as low interest loans or guaranteeing presales, can boost regional residential development with little to no cost for the Victorian Government.[83]

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78 Property Investors Council of Australia, *Submission 91*, pp. 2–4; Property Council of Australia, *Submission 101*, pp. 18–19; Australian Urban Research Infrastructure Network, *Submission 19*, p. 3.

79 Joseph van Dyk, *Transcript of evidence*, p. 20.

80 Ibid., p. 20.

81 Hygge Property, *Submission 104*, p. 1.

82 Ibid., p. 2.

83 Joseph van Dyk, *Transcript of evidence*, pp. 20–21.

The Australian Institute of Architects observed that '[a] key barrier to higher-density housing in regional areas is the lack of incentives for developers to build to the full capacity of zoned sites':

> While land may be zoned for up to six storeys, developers sometimes deliver only two due to construction costs, planning delays, or market uncertainty. This undermines strategic goals for increased density near activity centres and transport nodes.[84]

It likewise argued that higher density development should be incentivised through 'reduced infrastructure contributions, expedited approvals, or targeted grants'.[85] A joint submission from an interdisciplinary group of researchers at RMIT University also advocated for grants, tax concessions or subsidies to attract developers to regional housing projects.[86]

The Committee supports the concept of financial incentives to bolster residential development in the existing suburbs of Victoria's regional cities. As already acknowledged, regional residential development has mostly occurred in greenfield growth areas to date, and the industry is predominately structured around house and land packages. Infill development is also more expensive and market demand for these homes in regional cities is less established.

The Committee feels that these formidable challenges, coupled with *Plan for Victoria*'s commitment to refocus development on regional cities, merits active Victorian Government support for regional infill development. It is important that the sector is backed to demonstrate that development in the existing suburbs of regional cities can be economically viable and that there is a market of smaller households looking to purchase more modest homes, closer to amenities. Financial incentives may also help attract the greenfield development sector to opportunities within regional cities.

Moreover, the Committee observes that options, such as low interest loans or presale guarantees can be structured to render them cost neutral for the Victorian Government.

RECOMMENDATION 16: That the Victorian Government explore opportunities to incentivise and improve the economic viability of higher density residential development in regional cities.

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84 Australian Institute of Architects, *Submission 56*, p. 4.

85 Ibid.

86 Professor Karien Dekker et al., *Submission 68*, pp. 9–10.

5.1.2 Bringing forward greenfield land supply

Residential development in regional greenfield growth areas will remain an important source of new housing to accommodate the state's growing population in the short term, while the focus of development shifts to the existing urban areas. The Victorian Government can ensure land supply keeps up with demand by:

- identifying and releasing an adequate pipeline of greenfield land
- centralising the mapping of flood-prone areas and coordinating planning scheme amendments to apply restrictive overlays
- reviewing the process for precinct structure planning.

Each of these are explored further below.

Identifying and releasing an adequate pipeline of greenfield land

In Victoria, the availability of greenfield land for residential development is monitored by the Department of Transport and Planning through its Urban Development Program. The program tracks the progress of developable land through the planning pipeline from unzoned englobo land to titled lots. The stages of development tracked through the program are:

- **unzoned englobo**: large parcels of land identified for future development but requiring rezoning or the establishment of a Precinct Structure Plan (a high-level strategic plan which sets out the long-term vision for a greenfield growth area)
- **zoned englobo land**: land zoned for residential use but not yet subdivided
- **proposed lots**: subdivided lots that are waiting to be titled
- **titled lots**: land with a registered title, theoretically ready for building.[87]

The program aims to identify whether there is sufficient land zoned for residential development to meet projected demand. It assesses the availability of land for residential development relative to projected demand to estimate years of supply.[88] It recognises that maintaining adequate supply is essential to ensure:

- a level of competition that prevents upwards pressure on land prices and housing affordability
- sufficient lead times for planning and infrastructure provision to support residential development.[89]

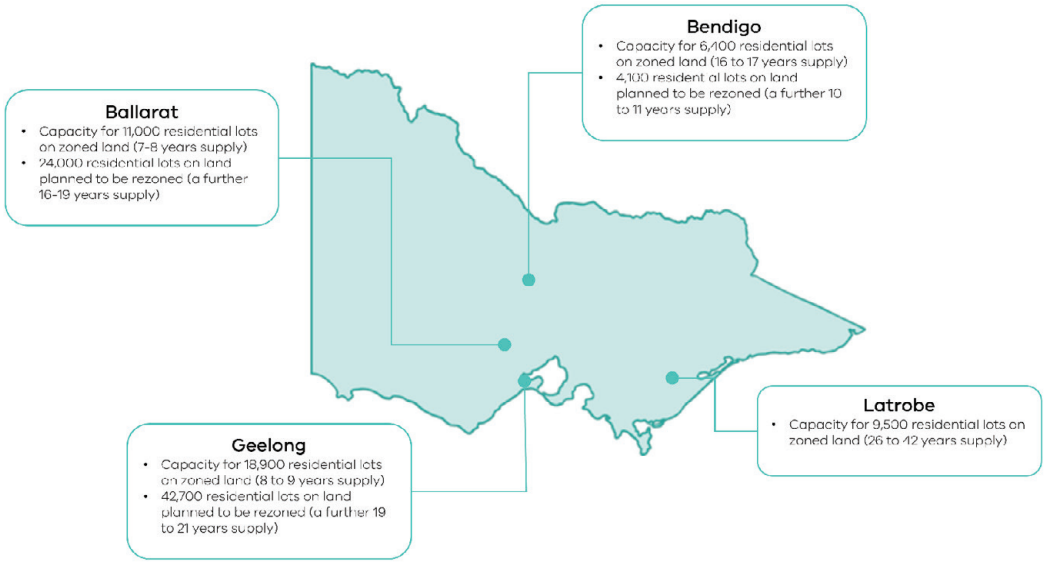
87 Quantify Strategic Insights and Oliver Hume, *Submission 64*, p. 26.

88 Department of Environment, Land, Water and Planning and City of Greater Bendigo, *Urban Development Program: Greater Bendigo 2017*, 2017, pp. 1–6.

89 Ibid., p. 6.

Until the release of the *Plan for Victoria* this year, Victoria's Planning Provisions required local governments to maintain 15 years' land supply to accommodate population growth. The release of the Plan expanded this requirement to 26 years' supply. However, the Plan also suggests that increasingly it will be higher density infill development, as opposed to greenfield land, that will deliver the housing needed to accommodate population growth.[90] As Figure 5.4 shows, the most recent data from the program (2022) suggests that none of Victoria's major regional cities currently meet this requirement.

Figure 5.4 Zoned land supply in regional Victoria



Source: Department of Transport and Planning, presentation, supplementary evidence received 4 April 2025, p. 8.

Moreover, some submitters suggested that the program significantly overstates land supply because it does not account for development constraints.[91] For example, UDIA Victoria suggested that Bendigo's land supply may be much more constrained than the program's assessment indicates. It said that the supply of titled lots in active residential estates is expected to be exhausted within 3 years and additional zoned supply within 5–7 years.[92] Anton Pound suggested that, in real terms, there is around 5 or 6 years of zoned land supply in Ballarat.[93]

QSI and OH explained how the assumptions of the program may be inflating estimations of existing land supply, see Table 5.1.

90 Department of Transport and Planning, *Submission 108*, p. 1.

91 Quantify Strategic Insights and Oliver Hume, *Submission 64*, p. 26; Anton Pound, *Transcript of evidence*, pp. 21–22; Urban Development Institute of Australia (Victoria), *Submission 96*, p. 12.

92 Urban Development Institute of Australia (Victoria), *Submission 96*, p. 7.

93 Anton Pound, *Transcript of evidence*, pp. 21–22.

Table 5.1 Factors undermining the Urban Development Program

Assumptions	Impact on assessment of land supply
Inclusion of unzoned land	The program includes unzoned englobo land (such as land requiring a Precinct Structure Plan) as part of supply. This is misleading as the planning processes to zone land can take years, sometimes decades.
Progression through the planning pipeline	The program assumes land will move steadily through the planning pipeline. However, sites are often delayed due to rezoning, subdivision, a lack of infrastructure, or environmental approvals.
Development constraints	The program does not acknowledge development challenges (such as insufficient infrastructure, lengthy planning processes, financial constraints, high construction costs or market viability). These factors often slow or prevent the construction of housing on titled land.

Source: Quantify Strategic Insights and Oliver Hume, *Submission 64*, p. 27.

Stakeholders argued that by overstating supply, the Urban Development Program risks increasing upwards pressure on housing prices by failing to trigger the timely release of land.[94] QSI and OH suggested that it may also be contributing to the misalignment of infrastructure delivery with residential development.[95] They emphasised that local government housing targets for regional Victoria won't be achieved without adequate and diverse land supply that supports competition.[96]

More accurate monitoring of regional greenfield land supply will have positive impacts on residential development.[97] Anton Pound argued that better matching land supply with demand will slow property price growth by reducing competition. He asserted that construction costs can't be easily reduced, but land values could be managed to improve the affordability of housing.[98]

The City of Ballarat submitted that it currently finds it 'difficult [to] accurately determine when land supply is diminishing to levels where new greenfield land needs to be released'. It said the program 'has the potential to assist in this understanding' but requires more frequent updates and should better reflect the 'on-the-ground experience' of developing land.[99]

QSI and OH submitted that the accuracy of greenfield land supply estimates should be improved by moving away from monitoring theoretical land supply to actual land supply based on 'development readiness, market feasibility and realistic delivery timeframes'.[100] Table 5.2 describes the characteristics that it suggests should be used.

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94 Ibid.; Urban Development Institute of Australia (Victoria), *Submission 96*, pp. 3, 12; Quantify Strategic Insights and Oliver Hume, *Submission 64*, p. 27.

95 Quantify Strategic Insights and Oliver Hume, *Submission 64*, p. 27.

96 Ibid.

97 Anton Pound, *Transcript of evidence*, p. 28; City of Ballarat, *Submission 51*, pp. 5–7.

98 Anton Pound, *Transcript of evidence*, p. 28.

99 City of Ballarat, *Submission 51*, pp. 5–6.

100 Quantify Strategic Insights and Oliver Hume, *Submission 64*, pp. 27–29.

Table 5.2 Characteristics of actual land supply

Characteristics	Description
Development ready land	Land which is zoned, titled and serviced by infrastructure (roads, water, sewerage, electricity), and free of significant constraints such as environmental restrictions or contamination. (Unzoned land or land requiring additional planning approvals, such as a Precinct Structure Plan, should not be counted in supply because it cannot be developed immediately.)
Market viability	Zoned, titled and serviced land must also be financially viable for developers to proceed with construction. High costs of construction, economic downturns, or financing constraints can make available land undevelopable (for example, a complicated infill site in an existing urban area).
Development likelihood	Some zoned, titled and serviced parcels of land remain undevelopable due to land banking (where landowners delay development to maximise returns). Actual supply must assess whether land will realistically transition into housing in a timely manner.
Planning and regulatory barriers	Zoned, titled and serviced land that is locked in legal disputes or affected by restrictive zoning overlays or community opposition may not contribute to actual supply.
Infrastructure and services	Zoned and titled land which is not serviced by essential infrastructure should not form part of actual supply as it cannot be feasibly developed in the short term.

Source: Quantify Strategic Insights and Oliver Hume, *Submission 64*, p. 28.

QSI and OH said that, using these characteristics, land could be characterised into three more meaningful categories of supply:

- 'active supply', which includes immediately developable land
- 'passive supply', which includes zoned land which faces minor development barriers that can be easily addressed
- 'future supply', which includes available land which is undevelopable in the short to medium term due to significant restraints.[101]

UDIA Victoria also argued that factoring in development constraints or whether land is being banked would increase transparency around greenfield land supply.[102]

The Committee also heard that local governments and the development sector would also benefit from greater guidance and certainty around when specific greenfield growth areas will be released for housing.[103] For example, the City of Ballarat called for statewide guidance on when additional developable land in growth areas should be released to the market to support housing.[104] The HIA similarly recommended the establishment of a 'ten-year land release plan for regional greenfield sites' to ensure sufficient land is available for new homes. It noted that Melbourne has a similar plan in place for its growth areas and this plan is already supporting better sequenced precinct structure planning and infrastructure delivery for the city.[105]

101 Ibid., pp. 28–29.

102 Urban Development Institute of Australia (Victoria), *Submission 96*, pp. 7–8.

103 City of Ballarat, *Submission 51*, p. 6; Housing Industry Association, *Submission 100*, pp. 6–7.

104 City of Ballarat, *Submission 51*, p. 6.

105 Housing Industry Association, *Submission 100*, pp. 6–7.

Throughout the Inquiry, the Committee has determined that adequate land supply is critical to meeting the *Plan for Victoria's* housing targets and is an important factor in improving housing affordability. While the focus will be increasingly on development within the existing urban areas, the availability of greenfield land is critical to increasing housing in the short to medium term.

The Committee is concerned to hear land supply may be overstated in real terms under the Urban Development Program. Inaccurate monitoring may well be undermining decisions around when growth areas should be released and when critical investments in enabling infrastructure should occur. It may mean planning processes essential to enable the construction of houses on new land (such as Precinct Structure Plans) are not begun early enough to enable the timely release of land for development. This has the potential to contribute to property price increases.

The Committee notes that Urban Development Program assessments of land supply are currently unavailable as they are being updated to reflect the most recent data collection.[106] It would like to see the parameters and assumptions of the program refined following this release so that subsequent data collection and reporting more accurately reflects the actual supply of developable land. This will require accounting for a broader range of land characteristics such as development constraints, planning and regulatory barriers, connectivity to enabling infrastructure, development likelihood and market viability. In the Committee's view, refining the program to increase its accuracy is critical to progressing the *Plan for Victoria's* housing targets.

The Committee also shares stakeholder views that a 10-year plan to develop regional greenfield growth areas will enhance local government decision-making around the release of land, support timely investment in infrastructure and provide greater certainty to investors. It would like to see such a 10-year plan factor in the regional city settlement boundaries being developed under the *Plan for Victoria* and articulate the future of growth areas that have already been identified and planned for by the local governments of Geelong, Ballarat and Bendigo, but which currently remained unzoned. The 10-year plan for regional greenfield growth areas should be developed concurrently with the updated regional growth plans, which the Committee recommended in Chapter 4, to ensure alignment between both processes.

RECOMMENDATION 17: That the Victorian Government:

- improve the accuracy of Urban Development Program data collection and reporting by moving away from monitoring theoretical land supply to actual land supply, based on development readiness, market feasibility and realistic delivery timeframes
- establish a 10-year plan for the release and development of regional Victoria's greenfield growth areas.

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106 Department of Transport and Planning, *Urban Development Program unavailable*, 2025, <https://www.planning.vic.gov.au/guides-and-resources/Data-spatial-and-insights/discover-and-access-planning-open-data/urban-development-program-unavailable> accessed 28 October 2025.

Streamlining planning scheme amendments to rezone land for development

A range of stakeholders argued that the process for rezoning land in regional Victoria is too complicated and time consuming, and is inhibiting the housing market from increasing supply in response to greater demand.[107] For example, the Property Council of Australia characterised the process as 'excessively long and inefficient':

> On average, it takes nine years to rezone land for residential development in Victoria—this is the worst timeframe of any state in the country. This prolonged process significantly delays housing supply, infrastructure investment, and economic development.
>
> The primary cause of these delays is the complex and fragmented approval process, which lacks statutory timeframes and is riddled with opportunities for refusal at multiple stages.[108]

In Victoria, a planning scheme amendment is required to change the designated use of land from one zone to another to support the development of housing. The *Planning and Environment Act 1987* (Vic) outlines an amendment process with several steps:

1. **Request an amendment**: a local government can submit a request for an amendment to a planning scheme to the Minister for Planning. Requests must show why the change should be made, what it would look like and how it is consistent with the strategic direction of the municipality.
2. **Authorisation:** the Minister for Planning may authorise the amendment to proceed if it is consistent with state planning policy and has strategic merit.
3. **Exhibition:** the relevant local government will publicly exhibit the proposed amendment and consult with relevant stakeholders. During this time the community may make submissions to support or object to the proposed amendment. A panel may be appointed to review submissions, conduct a public hearing and report its findings to local government.
4. **Adoption and approval:** the local government considers any submissions and panel report on the proposed amendment and decides whether it should proceed. If proceeded with, the proposed amendment is submitted to the Minister for Planning for final consideration and decision.[109]

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107 Wellington Shire Council, *Submission 21*, p. 1; Barry Hearsey, Manager, Planning and Building, Wellington Shire Council, public hearing, Traralgon, 22 May 2025, *Transcript of evidence*, p. 46; Urban Development Institute of Australia (Victoria), *Submission 96*, p. 3.

108 Property Council of Australia, *Submission 101*, p. 13.

109 Department of Transport and Planning, *Amending a planning scheme*, 2025, <https://www.planning.vic.gov.au/planning-schemes/amendments/amending-a-planning-scheme> accessed 11 August 2025; Maroondah City Council, *Planning scheme amendment process*, <https://www.maroondah.vic.gov.au/Development/Planning/Planning-our-city/Planning-Scheme-amendment-process> accessed 11 August 2025.

While this process may appear simple, planning consultants, developers and local governments, pointed out that it requires significant investment of resources, money and time to undertake a planning scheme amendment.[110] For example, Moyne Shire Council said:

> To facilitate the planning of greenfield development there needs to be sufficient information to understand and respond to the land. Reports, audits and surveys of the land are required to be undertaken. Within regional Victoria, rezoned broad hectare sites that may have been historically agricultural or grazing land, may require Cultural Heritage Management Plans, Environmental audits or Flood studies to ensure development is responsive to the land. The reports and surveys are expensive due to the work and time that is required to undertake them. Experts in [a] range of fields need to be employed and costings can be very high. These reports can impede on the likelihood of development.[111]

Planning consultancy Insight Planning Consultants suggested that, as a result, regional local governments 'often do not have adequate resources or experience to prepare and implement changes to their [p]lanning [s]chemes'.[112] It argued that greater state government support is needed to ensure land is rezoned for the development of housing as it is needed.[113]

Long timeframes for planning scheme amendments can also increase the cost of residential development for builders and ultimately for homebuyers. Residential development firm Urban Land Developments noted that developers accrue 'significant' holding costs (such as interest on loans and tax liabilities) while they wait for planning scheme amendments to be approved. It suggested that these costs are passed onto homebuyers.[114] The Property Council of Australia said that uncertainty around timeframes for planning scheme amendments is delaying investment in housing.[115]

Several submitters called for reform to streamline the planning scheme amendment process.[116] Wellington Shire Council recommended empowering local governments to unilaterally rezone land if doing so aligns with existing local, regional and state planning policies. It highlighted that state and local planning policies already typically incorporate input from relevant stakeholders and the broader community.[117] UDIA Victoria also recommended introducing fast-tracked planning scheme amendments for 'land clearly identified in State and regional planning policy' to increase regional

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110 Wellington Shire Council, *Submission 21*, p. 1; Barry Hearsey, *Transcript of evidence*, p. 46; Insight Planning Consultants, *Submission 76*, pp. 1–2; Greater Ballarat Alliance of Councils, *Submission 58*, p. 9; Urban Land Developments, *Submission 26*, p. 2; Urban Development Institute of Australia (Victoria), *Submission 96*, pp. 7–8.

111 Moyne Shire Council, *Submission 72*, p. 14.

112 Insight Planning Consultants, *Submission 76*, pp. 1–2.

113 Ibid.

114 Urban Land Developments, *Submission 26*, p. 2.

115 Property Council of Australia, *Submission 101*, p. 13.

116 Greater Ballarat Alliance of Councils, *Submission 58*, p. 9; Wellington Shire Council, *Submission 21*, p. 1; Urban Development Institute of Australia (Victoria), *Submission 96*, pp. 7–8.

117 Wellington Shire Council, *Submission 21*, p. 1.

housing supply.[118] It also suggested that planning scheme amendments to growth areas be pursued concurrently rather than sequentially.[119]

The Property Council of Australia recommended introducing statutory timeframes for each step of the planning scheme amendment process to reduce delays and improve transparency. It also suggested tailoring amendment processes to different types of amendments (that is, fast-tracked processes for simple amendments).[120] Urban Land Developments also supported the introduction of statutory timeframes.[121]

The Committee found that the complexity and timeframes associated with planning scheme amendments are consistently identified by stakeholders as a constraint on regional housing development. It heard strong advocacy for a review of the planning scheme amendment process with a view to streamlining its requirements. Suggestions included introducing mandatory timeframes, simplifying requirements or increasing the autonomy of local governments.

As noted in Chapter 4, a broader review of the state planning system is already underway.[122] The Committee believes that this process offers a strong opportunity for scrutinising the efficacy and efficiency of the planning scheme amendment process and pursuing reform to support more timely zoning outcomes.

RECOMMENDATION 18: That the Victorian Government simplify and expedite the planning scheme amendment process as part of its review of the *Planning and Environment Act 1987* (Vic) to support residential development in regional areas.

Precinct structure planning

Stakeholders suggested that even where greenfield land is zoned for development, subsequent planning processes, such as the establishment of a Precinct Structure Plan (PSP), can delay housing construction for years.

As mentioned earlier, a PSP is a high-level strategic plan which sets out the long-term vision for a greenfield growth area. It describes where and how essential services, community facilities and infrastructure will be built and how subdivision should occur in a new residential development. PSPs support timely infrastructure investment and housing delivery.[123]

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118 Urban Development Institute of Australia (Victoria), *Submission 96*, p. 8.

119 Ibid., p. 7.

120 Property Council of Australia, *Submission 101*, p. 13.

121 Urban Land Developments, *Submission 26*, p. 2.

122 Department of Premier and Cabinet, *Victoria's Housing Statement: the decade ahead 2024–2034*, 2023, p. 41.

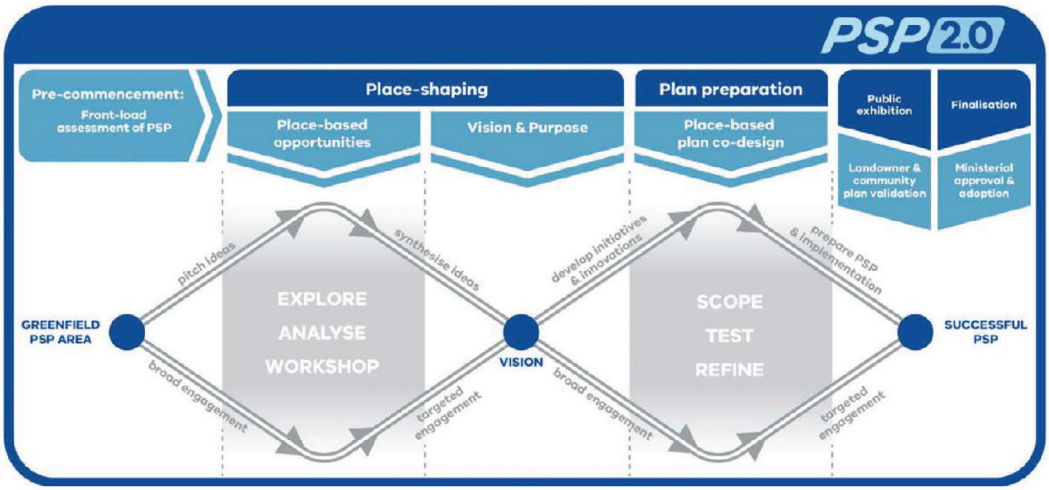
123 Department of Transport and Planning, *What is a Precinct Structure Plan (PSP)?*, 2025, <https://vpa.vic.gov.au/faq/what-is-a-precinct-structure-plan-psp-5> accessed 17 August 2025; Victorian Planning Authority, *Precinct Structure Planning guidelines: new communities in Victoria*, 2021, pp. 2, 8.

In regional Victoria, PSPs are typically prepared by the relevant local government. They may also be developed by the Victorian Planning Authority (which sits within the Department of Transport and Planning) at the request of the local government or if the PSP is for a significant growth area.[124] They are given effect by being incorporated into the local planning scheme and through subdivision and planning permit decisions.[125]

The Victorian Planning Authority has established a two-year process for developing PSPs, described in Figure 5.5 and including the following steps:

- During pre-commencement, site constraints are identified through activities such as technical surveys and mapping.
- Place-based opportunities are identified through stakeholder consultation and opportunities to pitch innovative ideas.
- A vision and purpose for the PSP is developed by confirming priority outcomes for the greenfield area.
- The previous steps inform the co-design of a place-based plan for residential development.
- The PSP is validated through public exhibition and community consultation and finalised by ministerial approval.[126]

Figure 5.5 Process for developing a Precinct Structure Plan



Source: Victorian Planning Authority, *Precinct Structure Planning guidelines: new communities in Victoria*, 2021, p. 16.

124 Victorian Planning Authority, *Precinct Structure Planning guidelines*, pp. 8, 13.

125 Ibid.

126 Victorian Planning Authority, *Precinct Structure Planning guidelines*, p. 17; Department of Transport and Planning, *PSP 2.0: reduced timelines*, <https://vpa.vic.gov.au/project/psp-2-0/p/key-ideas-psp-2-o/psp-2-o-reduced-timelines> accessed 17 August 2025.

In reality, PSPs can take much longer than two years to develop and can delay the construction of homes on land zoned for housing for up to a decade.[127] For example, Table 5.3 illustrates the progress of several PSPs currently under development in regional Victoria.

Table 5.3 Progress of Precinct Structure Plans currently under development

Precinct Structure Plan	Timeframe (years)
Greenvale North	4
Ballarat North	2.5
Bannockburn South East	2.5+
East of Aberline	6
Merrimu	4+

Source: Beveridge Williams, *Submission 88*, p. 2.

The Property Council of Australia submitted that the timely establishment of PSPs provides certainty to developers and is critical to regional housing supply. It suggested that delays in PSPs increase the cost of development and can exacerbate housing affordability issues where these costs are passed on to homebuyers.[128] UDIA Victoria made a similar point:

> Unclear approval processes or long delays make it difficult for developers to plan projects, secure finance, and deliver housing on time. Without certainty, developers face financial risk, as they must commit significant resources upfront without knowing when, or even if, their project will proceed.[129]

It provided a case study illustrating how delays to the finalisation of PSPs can increase the costs of a project and undermine housing outcomes, see Case Study 5.2.

127 L. Bisinella Developments Pty Ltd, *Submission 33*, pp. 1–2; Urban Development Institute of Australia (Victoria), *Submission 96*, p. 9.

128 Property Council of Australia, *Submission 101*, p. 6.

129 Urban Development Institute of Australia (Victoria), *Submission 96*, p. 9.

Case Study 5.2 Cost of delayed Precinct Structure Plans for developers

A residential developer, working within a new estate in the Northern and Western Geelong Growth Area, secures land and begins early design work based on the expected approval process. They engage engineers to plan roads and drainage, negotiate finance with banks, and line up builders.

However, after two years, the PSP for the area remains incomplete, and there is no firm timeline for when approvals will be granted. For developers, delays like these result in significant financial strain. Developers continue to incur costs such as landholding expenses, interest on loans, and professional fees without generating revenue to service their liabilities. The construction firms they engaged to develop the properties are likely to reallocate labour and resources to other projects, as builders and subcontractors cannot afford to remain idle without payment for completed work. Additionally, rising material, labour and capital costs due to inflation further erode project feasibility, and financiers may withdraw funding due to increased risk and diminishing return on investment. This often forces developers to abandon or scale back projects, leading to fewer homes being built, exacerbating housing shortages, and driving up prices for prospective buyers.

Source: Urban Development Institute of Australia (Victoria), *Submission 96*, p. 9.

The Property Council of Australia suggested that PSPs are often delayed or paused indefinitely due to the resource constraints of local governments.[130] It recommended legislating an 18-month maximum timeframe for the development of PSPs. It also advocated for empowering the Minister for Planning to 'fast-track' PSP processes and approvals for 'regionally significant housing projects'.[131]

UDIA Victoria recommended empowering the Victorian Planning Authority to proactively lead the preparation of PSPs without requiring an invitation to do so from local government. It also argued that PSPs for regional cities should be accelerated to assist housing supply to meet demand.[132]

The Committee appreciates that careful precinct structure planning helps set up new growth communities for success by making provision for the timely delivery of essential infrastructure and amenities. It also recognises that while the Department of Transport and Planning has established a systematic approach for developing PSPs, variation between sites, development stakeholders and local government capacity to undertake this work means the timeframes for finalising a process can fluctuate. That being said, the Committee is concerned to hear some processes are years overdue.

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130 Property Council of Australia, *Submission 101*, p. 6.

131 Ibid., pp. 6–7.

132 Urban Development Institute of Australia (Victoria), *Submission 96*, pp. 4, 11, 12.

The Committee is optimistic that more accurate monitoring of land supply and the development of a 10-year plan for regional greenfield areas will support the timelier commencement—and therefore completion—of PSPs for growth areas. A more precise understanding of land supply will support local governments to commence PSPs earlier, to ensure housing construction in new growth areas is well-timed to support affordability.

However, the Committee also sees the value in re-examining the PSP process in light of the new *Plan for Victoria* and unmet housing demand, to assess if it could be refined, or whether it would benefit from mandated timeframes for completion. It encourages the Victorian Government to consider streamlining the PSP process as part of its review of the Planning and Environment Act. It should also contemplate whether local governments would benefit from more proactive assistance from the Department of Transport and Planning.

RECOMMENDATION 19: That the Victorian Government review the process for developing Precinct Structure Plans, and the support provided to local governments undertaking this process, as part of its review of the *Planning and Environment Act 1987* (Vic).

Centralising planning processes to manage flood risk

The supply of greenfield land for housing can also be delayed by processes to assess the environmental risks present in a growth area and the application of restrictive overlays to ensure development is adapted to mitigate these risks. Stakeholders suggested that the process for identifying land prone to flooding, and applying overlays to manage this risk, is especially onerous on local governments.[133]

In addition to zones, Victorian land with environmental hazards (such as land which is flood or bushfire prone) can also be subject to restrictive overlays. Overlays introduce additional rules for the use or development of land in response to these hazards. For example, a flood overlay may prevent some types of development or require buildings to incorporate features which minimise the impact of flooding.[134]

Catchment Management Authorities (CMAs) currently lead mapping of flood-prone areas, with the relevant local government taking carriage of planning scheme amendments to apply overlays to mapped areas.[135] Several local governments questioned the efficiency of undertaking flood risk mapping and overlays on an

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133 East Gippsland Shire Council, *Submission 32*, p. 3; Moyne Shire Council, *Submission 72*, pp. 14, 19; Chris Wightman, Senior Planning Adviser, East Gippsland Shire Council, public hearing, Traralgon, 22 May 2025, *Transcript of evidence*, p. 51; Horsham Rural City Council, *Submission 53, Attachment 1*, p. 8.

134 Department of Transport and Planning, *My land is affected by a Land Subject to Inundation Overlay or a Floodway Overlay. What does this mean for future development?*, 2024, <https://vpa.vic.gov.au/faq/my-land-is-affected-by-a-land-subject-to-inundation-overlay-or-a-floodway-overlay-what-does-this-mean-for-future-development> accessed 20 August 2025; Department of Transport and Planning, *Chapter 1: planning schemes*.

135 Department of Environment, Land, Water and Planning, *Victorian flood data and mapping guidelines*, 2016, pp. 12, 19; Rebecca Stockfeld, Director, Planning and Environment, Macedon Ranges Shire Council, public hearing, Ballarat, 8 May 2025, *Transcript of evidence*, p. 59.

individual municipality basis when flood hazards often extend across boundaries.[136] For example, Horsham City Council submitted:

> There are 79 councils in Victoria, and all are expected to fund, and project manage their own flood studies, then dedicate planners to implement flood Planning Scheme Amendments. It is not efficient and detracts from other important strategic planning work that is needed.[137]

Development firm Parklea Developments noted that local governments faced with community opposition to restrictive overlays sometimes abandon planning scheme amendments that apply to flood-prone land. It said this can have catastrophic consequences where inappropriate development occurs:

> This can cause significant issues for housing supply due to a lack of transparency regarding the developability of land. This can lead to potentially catastrophic outcomes, including damage to infrastructure, property, and loss of life. Two recent examples of abandoned amendments include Amendment C339 in Greater Geelong and Amendment C144 in Baw Baw Shire. Both amendments sought to implement flood controls and encountered serious community opposition, leading to Councillors voting for the amendments to be abandoned.[138]

Local governments suggested that these responsibilities should be transferred to the Victorian Government.[139] For example, the East Gippsland Shire Council recommended that 'flood mapping and planning controls in … all council planning schemes [be updated] via the introduction of relevant zones and overlays as a state-wide amendment'.[140]

Rebecca Stockfeld, Director of Planning and Environment at Macedon Ranges Shire Council, suggested that it takes CMAs and local governments approximately 2–3 years to finalise mapping and apply overlays to flood-prone land. She suggested that centralising these responsibilities would speed up these planning processes.[141] Moyne Shire Council also argued that a statewide approach would accelerate planning in regional Victoria to support residential development adapted to flood risk.[142]

Chris Wightman, Senior Planning Adviser at East Gippsland Shire Council, said that a statewide approach to flood risk management would increase transparency around areas of the community suitable for residential development. He asserted that it would empower local governments to identify and plan areas for residential growth with confidence.[143]

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136 Moyne Shire Council, *Submission 72*, p. 19; Chris Wightman, *Transcript of evidence*, p. 51; Horsham Rural City Council, *Submission 53, Attachment 1*, p. 8.

137 Horsham Rural City Council, *Submission 53, Attachment 1*, p. 8.

138 Parklea Developments Pty Ltd, *Submission 52*, pp. 7–8.

139 Horsham Rural City Council, *Submission 53, Attachment 1*, p. 8; East Gippsland Shire Council, *Submission 32*, pp. 3, 8.

140 East Gippsland Shire Council, *Submission 32*, pp. 3, 8.

141 Rebecca Stockfeld, *Transcript of evidence*, p. 59.

142 Moyne Shire Council, *Submission 72*, p. 19.

143 Chris Wightman, *Transcript of evidence*, p. 51.

The Committee heard that the process for mapping bushfire-prone areas and for amending the planning scheme to apply Bushfire Management Overlays to these areas could serve as a template for reform.

Victoria centralised the management of bushfire risk in land use planning following the Royal Commission into the 2009 Black Saturday bushfires. These fires resulted in 173 people losing their lives and the destruction of more than 2,000 homes.[144] The Royal Commission made 19 recommendations to improve planning and building controls to protect the community from bushfire risk, including:

- establishing a single agency responsible for mapping bushfire-prone areas (instead of individual local governments)
- restricting new development in these areas via the application of planning overlays.[145]

Since 2015, the Department of Transport and Planning has been responsible for mapping bushfire-prone areas and pursuing planning scheme amendments to update the Bushfire Management Overlay applied to these areas. The Department works with local governments, emergency services and other stakeholders to review the mapping and update overlays every six months.[146]

On 3 October 2025, the Victorian Government introduced a similar centralised process for managing flood risk. It announced that the Department of Transport and Planning would work closely with CMAs and local governments to map flood risk and amend planning schemes to apply a new flood hazard rating system.[147] The Victorian Government explained that the new system, 'modelled on the successful bushfire danger rating system', will pave the way for the construction of new homes:

> The new controls will make sure planners and developers have better access to flood risk information, and will help them make informed decisions about:
>
> - where to build (avoiding the highest-risk zones)
> - what to build (designing resilient structures)
> - how to build (using flood-safe construction standards).[148]

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144 Country Fire Authority, *Black Saturday 2009*, 2023, <https://www.cfa.vic.gov.au/about-us/history-major-fires/major-fires/black-saturday-2009> accessed 19 August 2025; Constanza Gonzalez-Mathiesen, et al., 'Urban planning: historical changes integrating bushfire risk management in Victoria', *Australian Journal of Emergency Management*, vol. 30, no. 3, 2019, p. 64.

145 Victorian Bushfires Royal Commission, *Final report: summary*, report for Victorian Government, 2010, pp. 31–34; Gonzalez-Mathiesen, et al., 'Urban planning', p. 64.

146 Gonzalez-Mathiesen, et al., 'Urban planning', p. 65; Department of Transport and Planning, *Bushfire mapping and reviews*, 2025, <https://www.planning.vic.gov.au/guides-and-resources/guides/all-guides/bushfire-map-reviews> accessed 19 August 2025; Hon Gayle Tierney MP and Hon Sonya Kilkenny MP, *Flood mapping updated for the future*, media release, 3 October 2025.

147 Hon Gayle Tierney MP and Hon Sonya Kilkenny MP, *Flood mapping updated for the future*, media release.

148 Department of Transport and Planning, *Updating maps and planning and building controls to better manage flood risk*, 2025, <https://www.planning.vic.gov.au/news/articles/new-flood-risk-tools-to-make-homes-more-climate-resilient> accessed 7 October 2025.

It is clear to the Committee that mapping and applying restrictive overlays to residential land in regional Victoria remains challenging for CMAs and local governments. It can delay the construction of housing for years and has the potential to endanger lives when planning scheme amendments to apply overlays are abandoned due to community dissent. Centralising this process will ensure flood hazard mapping is integrated across municipality and catchment boundaries, and statewide planning scheme amendments to mitigate risks are undertaken in an efficient and timely manner.

5.2 Other initiatives to bolster residential development

Stakeholders canvassed further initiatives to support residential development in regional Victoria, including:

- strengthening the construction workforce
- partnering with industry to deliver housing for key workers
- refining property taxation.

The following sections explore these initiatives.

5.2.1 Strengthening the construction workforce

As noted in Chapter 2, construction skills shortages in some regional Victorian communities are impeding housing supply and increasing the cost of new homes. A scarcity of construction workers is increasing the build time of homes and forcing developers to offer higher wages.[149] The Australian Institute of Architects characterised skills shortages as '[o]ne of the most significant barriers to increased housing supply in regional Victoria'.[150] The Australian Urban Research Infrastructure Network, a research program focused on cities, regional centres and infrastructure systems, identified 'labour shortages' as a key challenge to housing supply.[151]

Statutory body the National Housing Supply and Affordability Council (NHSAC) reported that construction skills shortages are a long-term problem across Australia, rather than a 'temporary response to cyclical peaks in building activity'. It suggested '[r]oof tilers and cabinetmakers, for example, have been in short supply for 10 of the past 14 years'.[152]

Stakeholders pointed out to the Committee that regional Victoria must not only address skills shortages, but substantially increase the construction workforce to increase the supply of homes to meet demand.[153] The Construction, Forestry and

149 Greater Ballarat Alliance of Councils, *Submission 58*, pp. 4–5.

150 Australian Institute of Architects, *Submission 56*, pp. 6–7.

151 Australian Urban Research Infrastructure Network, *Submission 19*, p. 2.

152 National Housing Supply and Affordability Council, *State of the housing system*, report for Australian Government, 2024, p. 26.

153 Construction, Forestry and Maritime Employees Union, *Submission 35*, p. 2; Housing Industry Association, *Submission 100*, p. 8.

Maritime Employees Union (CFMEU) warned that 'Victoria's ambition to construct more homes regionally cannot be realised unless factors contributing to skilled labour shortages are addressed'.[154] The HIA suggested that in regional Victoria, skills shortages extend to the professional services supporting residential development, 'including planners, building inspectors and building surveyors'.[155]

The Committee learned that several factors are contributing to the lack of qualified construction tradespeople in regional Victoria. There is an insufficient pipeline of regional Victorians enrolling and completing apprenticeships in construction trades.[156] Master Builders Victoria, which represents members of the construction industry, observed that it is difficult to attract and retain students in construction apprenticeships due to low wages and employer subsidies. It noted that these challenges are compounded by a cost-of-living crisis and because regional apprentices may have to relocate to study.[157] Swan Hill Rural City Council provided anecdotal evidence of the challenge businesses face attracting apprentices:

> Local businesses advise they are having difficulties in attracting tradespeople e.g. plasterers, electricians, carpenters and there are not enough young people taking up apprenticeships. Efforts to attract skilled migrants have not been successful adding to the workforce shortages.[158]

The Victorian Skills Authority, the government body responsible for planning to meet the state's current and future skills needs, highlighted the construction sector's inability to attract and retain women as a significant factor informing workforce shortages. It reported that in May 2024, just 14% of Victorian construction workers were women, a marginal increase from almost 10% in May 2014.[159] The NHSAC reported that women account for less than 5% of new trade apprentices across Australia.[160]

Submitters suggested that the superior pay and working conditions offered on significant Victorian Government construction projects are drawing workers away from private sector projects.[161] For example, the Greater Ballarat Alliance of Councils (GBAC) attributed a sharp decline in its construction workforce from 2016–17 to 2022–23 to the higher wages offered by '[l]arge metropolitan infrastructure projects'.[162] However, a recent Productivity Commission report found that while increased competition for labour was arising from public construction projects such as schools and hospitals, 'where labour skillsets are similar to that required for higher-density residential projects', it is not occurring as a result of transport infrastructure projects.[163]

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154 CFMEU, *Submission 35*, p. 2.

155 Housing Industry Association, *Submission 100*, p. 8.

156 Master Builders Victoria, *Submission 54*, p. 2.

157 Ibid.

158 Swan Hill Rural City Council, *Submission 60*, p. 7.

159 Victorian Skills Authority, *State of the Victorian labour market: Victorian skills plan for 2024 into 2025*, 2024, p. 30.

160 National Housing Supply and Affordability Council, *State of the housing system*, p. 27.

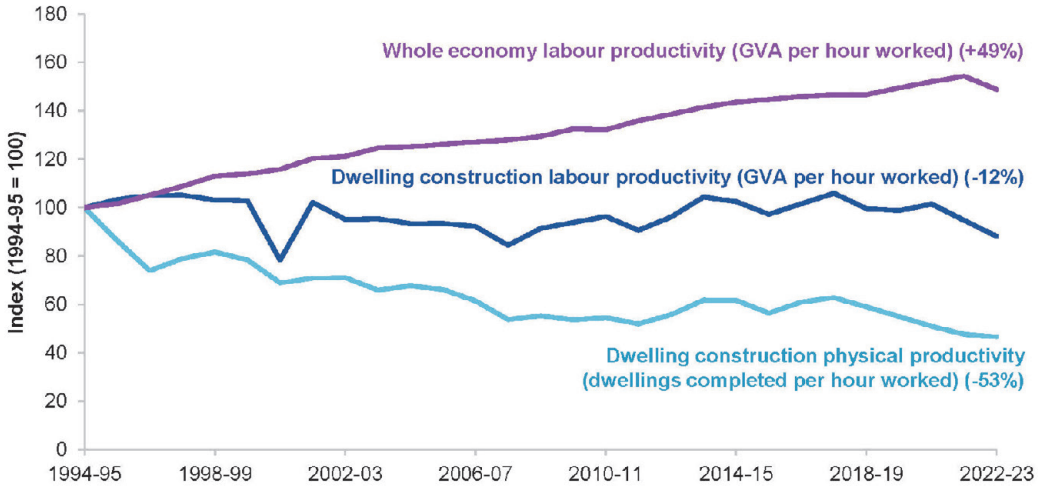
161 Regional Cities Victoria, *Submission 89*, p. 2; City of Ballarat, *Submission 51*, p. 2.

162 Greater Ballarat Alliance of Councils, *Submission 58*, pp. 4–5.

163 Productivity Commission, *Housing construction productivity: can we fix it?*, research paper, February 2025, p. 37.

Stakeholders also referred to recent research by the Productivity Commission indicating that skills shortages are a factor in the declining productivity of the construction sector.[164] As Figure 5.6 shows, the productivity of the sector, as measured by the number of dwellings completed per hour worked and the gross value added (GVA) per hour worked, has fallen significantly in recent decades.

Figure 5.6 Declining dwelling construction productivity, 1994–95 to 2022–23



Source: Productivity Commission, *Housing construction productivity: can we fix it?*, 2025, p. 3.

Evidence suggests that the Victorian Government could bolster the construction workforce in regional Victoria by incentivising the uptake of apprenticeships by students and businesses and expanding the pipeline of industry-ready graduates. These measures are discussed below.

Incentivising the uptake of apprenticeships by students and businesses

Several stakeholders called for incentives for students to take up construction trade apprenticeships.[165] GBAC argued that apprenticeship wages are unsustainable and that offering young people grants to commence their studies will help make a construction career path more viable.[166] The CFMEU also acknowledged the low wages earned by apprentices and recommended the introduction of bonuses for those who complete their studies.[167]

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164 Australian Urban Research Infrastructure Network, *Submission 19*, p. 2; Victorian Forest Products Association, *Submission 94*, p. 4; Productivity Commission, *Housing construction productivity*, p. 3.

165 Swan Hill Rural City Council, *Submission 60*, p. 9; Greater Ballarat Alliance of Councils, *Submission 58*, p. 8; Women's Housing Ltd, *Submission 24*, p. 2.

166 Greater Ballarat Alliance of Councils, *Submission 58*, p. 8; City of Ballarat, *Submission 51*, pp. 4–5.

167 Construction, Forestry and Maritime Employees Union, *Submission 35*, pp. 5–6.

Financial incentives to attract more women into apprenticeships were also supported. Bendigo TAFE recommended incentives for women, gender-diverse and non-binary people to take up a construction trade apprenticeship. It argued that fostering a more diverse industry will support skills growth in regional Victoria.[168] The CFMEU advocated for gender quotas on government construction projects and for grants and scholarships for women training in male-dominated fields, such as construction.[169]

The City of Ballarat suggested that incentives could help combat the social stigma around leaving school early to take up an apprenticeship. It recommended school initiatives to educate young Victorians on the benefits of a career in construction.[170] Prefabricated modular building company EchidnaBuilt also supported initiatives to encourage school leavers to take up a trade apprenticeship.[171] The Committee visited South West TAFE in Warrnambool as part of the Inquiry to explore strategies for attracting and retaining young Victorians in construction apprenticeships, see Box 5.2.

Box 5.2 South West TAFE's construction apprenticeship courses

On 25 February 2025, the Committee visited South West TAFE in Warrnambool to talk to its executive, teachers and students about construction workforce issues.

The Committee learned that enrolments in construction trade apprenticeships have remained fairly constant at South West TAFE during the last three years. At the time of the meeting there were 1,122 apprentices training across 11 industry areas at the TAFE. Of these students, 11% were women (with 5% of these women studying non-traditional trades) and 89% were men. Around 48% of apprentices were studying construction and electrical trades.

South West TAFE said they regularly get calls from construction businesses looking for apprentice referrals. It suggested that this is symptomatic of the workforce shortages in the sector.

South West TAFE suggested that schools around Warrnambool do not highlight the opportunities available to young people though trade apprenticeships. It suggested that there is a much greater focus on encouraging students to pursue university after school and questioned whether this is appropriate, given that most local jobs require vocational education.

(Continued)

168 Bendigo TAFE, *Submission 57*, p. 3.

169 Construction, Forestry and Maritime Employees Union, *Submission 35*, p. 6.

170 City of Ballarat, *Submission 51*, pp. 4–5.

171 EchidnaBuilt, *Submission 16*, p. 2.

Box 5.2 (Continued)

In response, South West TAFE conducts annual initiatives to attract students into its apprenticeship programs. For example, it offers 'trade taster days' to local year nine students so that they can experience the opportunities an apprenticeship can offer. Students attend the TAFE for two days and learn what different trade apprenticeships encompass.

South West TAFE also conducts industry engagement events throughout the year to promote its apprenticeship programs and to solicit feedback about how it can improve to ensure its graduates are industry ready.

Efforts to increase apprenticeship completion rates were also discussed. The Committee learned that the biggest challenge for apprentices is supporting themselves financially while they complete their apprenticeship. It also learned that literacy and comprehension challenges can make completing an apprenticeship more difficult.

South West TAFE has responded to these challenges by ensuring literacy and comprehension support is available and easily accessible by all its apprentices. It has also employed a support officer to guide and advise apprentices, their employers and parents, to help ensure they complete their studies successfully.

Source: Notes from Committee site visit, South West TAFE, Warrnambool, 25 February 2025.

Submitters also suggested that incentives could help entice skilled tradespeople to relocate from Melbourne to regional Victoria to work in residential construction.[172]

There was also support for incentivising construction businesses to employ apprentices.[173] GBAC and the City of Ballarat argued that tax benefits or grants would encourage businesses to employ and train apprentices. They also suggested businesses with successful apprenticeship programs be recognised publicly.[174] The CFMEU argued that incentives for businesses should target small-to-medium companies (as these are prevalent in residential construction) and offer reimbursement for the time apprentices spend off the job at trade school.[175]

The Committee acknowledges that cost-of-living pressures are particularly challenging for younger Victorians earning more modest wages while they complete an apprenticeship. Financial support to begin an apprenticeship, and see one through to completion, may make a career in construction more attractive. Resourcing and celebrating businesses that take on apprentices could also strengthen the pipeline of skilled construction tradespeople entering the residential development industry in regional Victoria.

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172 Australian Urban Research Infrastructure Network, *Submission 19*, p. 3; Swan Hill Rural City Council, *Submission 60*, p. 7.

173 Greater Ballarat Alliance of Councils, *Submission 58*, p. 8; Women's Housing Ltd, *Submission 24*, p. 2.

174 Greater Ballarat Alliance of Councils, *Submission 58*, p. 8; City of Ballarat, *Submission 51*, p. 5.

175 Construction, Forestry and Maritime Employees Union, *Submission 35*, p. 7.

The Committee acknowledges that the Victorian Government is already investing in apprentices through initiatives including:

- the Head Start program, which provides wraparound support to year 10–12 students to participate in school-based apprenticeship programs[176]
- Skills First funding, which provides access to government-subsidised and free training courses for in-demand industries (including construction)[177]
- the Trade Apprentice Registration Discount, which gives trade apprentices who use their car for work 100% off their car registration renewal.[178]

This support, including free TAFE for select courses, is significant. Nonetheless, the Committee encourages the Victorian Government to consider options for expanding the support available to students and businesses, for increasing the gender diversity of the sector and for targeting support specifically to regional Victoria. The Committee notes that the Legislative Assembly Economy and Infrastructure Committee is currently conducting an Inquiry into student pathways to in-demand industries, which may offer further recommendations to boost building and construction apprenticeship numbers.

RECOMMENDATION 20: That the Victorian Government encourage more regional Victorians to commence and complete an apprenticeship in a construction trade through financial support for both students and the businesses employing apprentices, greater promotion of construction careers, and targeted efforts to increase the gender diversity of the sector.

Expanding the pipeline of industry-ready graduates

Submitters advocated for government investment to upgrade vocational education facilities and programs to ensure graduating apprentices are industry ready. Bendigo TAFE suggested that the construction trade facilities of regional TAFEs would benefit from investment to upgrade facilities. For example, it noted that its aging Bendigo East campus is running at full capacity despite lacking purpose-built, practical teaching spaces and containing older equipment. It said that this is resulting in poorer student experiences and inefficient training delivery models.[179]

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176 Victorian Government, *Head start apprenticeships and traineeships*, 2025, <https://www.vic.gov.au/head-start-apprenticeships-and-traineeships> accessed 25 August 2025.

177 Victorian Government, *Skills first*, 2025, <https://www.vic.gov.au/skills-first> accessed 25 August 2025; TAFE Victoria, *Free TAFE makes it real*, 2025, <https://www.vic.gov.au/free-tafe> accessed 25 August 2025.

178 Vicroads, *Trade apprentice registration discount*, <https://www.vicroads.vic.gov.au/registration/registration-fees/concessions-and-discounts/trade-apprentice-registration-discount> accessed 25 August 2025.

179 Bendigo TAFE, *Submission 57*, p. 3.

Bendigo TAFE noted that it is undertaking planning to 'revitalise' its campus and bring together all its trade education into a modern 'Clean Economy Centre of Excellence'. The centre will be 'focused on increasing the quality and quantity of housing supply'. It recommended that the Victorian Government fund this project and others like it to upgrade facilities for construction apprentices.[180]

There was also support for ensuring that apprenticeships are producing industry-ready graduates. The CFMEU recommended that the Victorian Government collaborate more closely with industry and education providers to ensure apprentices graduate with skills that match workforce needs.[181] Bendigo TAFE suggested that this could occur through greater utilisation of data from statutory body Jobs and Skills Australia.[182]

The CFMEU and the Australian Institute of Architects also argued in favour of increasing apprenticeship intakes in regional Victoria to expand the construction workforce in these areas. The latter argued that building, carpentry, plumbing, electrical trades, surveying and planning programs should be expanded and aligned with government investment in residential development in those communities.[183] The CFMEU recommended expanding access to apprenticeships by introducing recognition of prior learning into construction apprenticeships to support Victorians in related trades to reskill mid-career.[184] QSI and OH also supported investment in training programs to upskill the existing construction workforce.[185]

The Committee echoes stakeholder calls to ensure construction trade graduates have the skills to thrive in the industry. The right skills set will help bolster productivity and will equip graduates for a long and rewarding career in the sector. It would also like to see Victorian TAFEs expand their construction trade programs and give more regional Victorians access to these opportunities.

RECOMMENDATION 21: That the Victorian Government investigate options for supporting regional Victorian TAFEs to expand enrolments in construction apprenticeship programs and ensure graduates' skills are industry ready.

5.2.2 Partnering with industry to deliver housing for key workers

Throughout the Inquiry, the Committee identified several options for refining the Victorian Government's Regional Worker Accommodation Fund to better leverage private sector investment in housing supply. This fund invests in housing,

180 Ibid.

181 Construction, Forestry and Maritime Employees Union, *Submission 35*, p. 6.

182 Bendigo TAFE, *Submission 57*, p. 2.

183 Australian Institute of Architects, *Submission 56*, pp. 6–7; Construction, Forestry and Maritime Employees Union, *Submission 35*, pp. 4–6.

184 Construction, Forestry and Maritime Employees Union, *Submission 35*, p. 6.

185 Quantify Strategic Insights and Oliver Hume, *Submission 64*, p. 37.

accommodation and infrastructure to 'increas[e] the supply of appropriate and affordable housing and accommodation for key workers and their families'.[186] It defines key workers as:

> Private and public sector regional workers essential to local prosperity, opportunity and liveability, where their role requires a physical presence in that location to perform the work. This can include seasonal workers.[187]

The fund aims to increase the supply of affordable regional housing, support regional businesses to recruit and retain staff, and ensure regional communities have access to essential services.[188]

Applicants to the fund could apply for grants of between $150,000 and $5 million per project. Eligible projects were required to demonstrate that they would result in a net increase in housing in an area of high demand. They also had to show that they would provide affordable housing or accommodation for key workers and their families for at least five years. Applicants were encouraged to make some financial contribution to the project.[189]

At the time of report writing, more than 40 projects had been supported under the fund, across two rounds of grants, totalling more than $370 million.[190]

The Committee heard support for the fund throughout the Inquiry.[191] For example, Regional Housing Victoria, a consultancy assisting local communities to address housing demand, said that the fund has driven 'fruitful' collaboration between local government and private businesses on investment in rental housing:

> Private developers immediately saw the potential for the grant to close the gap between a marginal project and a viable, long term rental product[.]
>
> Councils provided support ranging from information / dialogue through to direct participation as applicants[.]
>
> Employers were alert to the potential to collaborate and invest.[192]

Swan Hill Rural City Council described how the fund supported the Robinvale community to provide affordable housing for health care workers, police and teachers (see Case Study 5.3).

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186 Regional Development Victoria, *Regional Worker Accommodation Fund*, <https://www.rdv.vic.gov.au/grants-and-programs/regional-worker-accommodation-fund> accessed 20 August 2025.

187 Regional Development Victoria, *Regional Worker Accommodation Fund round 2—fund guidelines*, 2024, p. 6.

188 Regional Development Victoria, *Regional Worker Accommodation Fund*.

189 Ibid.; Regional Development Victoria, *Regional Worker Accommodation Fund round 2—fund guidelines*, pp. 6, 8.

190 Premier Jacinta Allan, *Paving the way for more worker housing in our regions*, media release, 8 August 2025.

191 Mount Alexander Shire Council, *Submission 84*, p. 6; Swan Hill Rural City Council, *Submission 60*, p. 11.

192 Regional Housing Victoria, *Submission 31*, p. 10.

Case Study 5.3 Homes for key workers in Robinvale

Swan Hill Rural City Council was awarded $5 million under round one of the Regional Workers Accommodation Fund. It contributed a further $500,000 to construct ten new dwellings in McCartney Court, Robinvale. An out-of-use preschool on the site was demolished to make way for the new homes.

Upon completion, the dwellings will provide homes to staff of the Robinvale Hospital, Robinvale Secondary College and Robinvale Police Station. The homes will be leased at an affordable rate, reducing the rental pressure experienced by key workers in Robinvale.

Source: Swan Hill Rural City Council, *Submission 60*, pp. 3–4.

Submitters advocated for continuing the fund and for its eligibility criteria to be tweaked to better leverage private investment in affordable housing.[193] Several organisations noted that government or employer-provided housing has been successfully used to attract and retain key workers to regional Victoria in the past.[194] Mount Alexander Shire Council submitted that key worker housing attracted young talent out to regional areas and was a 'key enabler of services' in a rural setting:

> Young families (people in the developing phases of their careers) were encouraged to go somewhere unfamiliar, knowing that they didn't have to make the big choice of buying into a market they didn't yet know, or renting in a limited private market. It was a very welcoming part of the package of rural career development. It literally said 'there is a place for you here'.[195]

A joint submission from an interdisciplinary group of researchers at RMIT University noted that key worker housing, close to essential services, also supports health workers, police officers or firefighters to quickly respond to emergencies.[196]

Community land trust advocacy group Grounded called for the fund to require the key worker accommodation to be affordable and retained for this purpose for at least 15 years (rather than the current five years). It suggested that best practice would see the public investment in affordable housing maintained for a minimum of 'three owners'.[197] Likewise, Friends of Lorne advocated for retaining accommodation for 20 years. It warned that the five-year requirement would result in 'more harm than good' in communities struggling to balance accommodation for tourism with long-term homes for residents:

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193 Planning Institute of Australia (Victoria), *Submission 69*, p. 4; Swan Hill Rural City Council, *Submission 60*, p. 11; Regional Housing Victoria, *Submission 31*, pp. 12–15.

194 Professor Karien Dekker et al., *Submission 68*, p. 4; Mount Alexander Shire Council, *Submission 84*, pp. 7–8; Women's Health Goulburn North East, *Submission 38*, p. 7.

195 Mount Alexander Shire Council, *Submission 84*, p. 7.

196 Professor Karien Dekker et al., *Submission 68*, p. 4.

197 Grounded, *Submission 36*, p. 4.

> we learned that the conditions of the grants only require the properties to be used exclusively for workers for a period of 5 years. Thereafter the properties can revert to holiday accommodation … in Lorne this could do more harm than good. We have a severe shortage of worker accommodation. Holiday accommodation is much more profitable. Hence the grants are a taxpayer-funded, short term stepping stone to a much more lucrative investment, leaving Lorne less able to attract and retain staff in the future.
>
> …
>
> A 5-year term solution simply shifts the problem temporarily into the future at considerable taxpayer cost.[198]

Regional Housing Victoria argued that further rounds of the fund should be focused on leveraging private sector investment in affordable housing. It observed that many of the grants awarded to date have gone to government-funded health organisations and viewed this as 'one government department "bailing out" another government department'.[199] It argued that the fund should award grants to projects co-funded by the private sector, to unlock additional investment in affordable housing and support the residential sector to overcome the viability gap on housing projects.[200] Refocusing the next round of funding in this way would encourage the private sector to invest in the construction of rental properties and offer taxpayers better value for money.[201] It also recommended that Regional Development Victoria, the Victorian Government's lead agency responsible for rural and regional economic development, engage with local governments to encourage them to explore the potential for partnering with local businesses and the community on housing projects.[202]

Bendigo Bank also suggested that the eligibility criteria of the fund could be tweaked to better leverage non-government sources of investment in housing. For example, it suggested that Community Banks could partner with the Victorian Government to deliver 'community-led solutions' under the fund as they have access to existing capital.[203]

The Committee commends the Victorian Government on its Regional Worker Accommodation Fund. It is clear that the fund is having a real, positive impact on communities, increasing affordable housing for key workers and supporting access to essential services. Like stakeholders, the Committee would like to see it continue with additional rounds, targeting regional communities yet to receive this form of investment.

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198 Friends of Lorne Inc, *Submission 55*, p. 3.

199 Regional Housing Victoria, *Submission 31*, p. 12.

200 Ibid., p. 15; Roger Hastrich, Director, Regional Housing Victoria, public hearing, Melbourne, 20 June 2025, *Transcript of evidence*, pp. 36–39.

201 Regional Housing Victoria, *Submission 31*, p. 15.

202 Ibid., pp. 14–15.

203 Bendigo Bank, *Submission 113*, pp. 11–12.

The Committee shares stakeholder aspirations for refining the fund to better unlock private investment in regional residential development. Innovative, public–private partnerships to deliver housing has the potential to increase the total investment in affordable housing in regional Victoria. It also echoes calls for requiring affordable housing delivered under the fund to remain available to the community for longer.

The Committee recommends that the Victorian Government negotiate with private investors for key worker housing to be retained for a period which reflects the level of public funding contributed to the project. For example, a government investment of $150,000 might see key worker housing retained for the community for the minimum 5 years. However, a government investment closer to $5 million should see key worker housing retained for at least 7 years. The provision of long-term affordable key worker housing will protect regional communities' access to essential services. It will also ensure that the Victorian Government's contribution to housing projects delivers value for money for taxpayers.

RECOMMENDATION 22: That the Victorian Government use future funding rounds of the Regional Worker Accommodation Fund to encourage private investment in key worker housing. For projects involving private investment, the Victorian Government should negotiate the retention of affordable housing or accommodation for key workers for a period that is commensurate with the funding amount.

5.2.3 Refining property taxation

Victoria applies a range of taxes, duties and levies to different stages of land acquisitions, residential development, property sales and ownership. For example, Land Tax is an annual tax on the total unimproved value of a lot, and Vacant Residential Land Tax is imposed on land that has been vacant for more than six months. The purpose and rates of these taxes differ, but they all impact the supply of housing in some way.[204]

Throughout the Inquiry, some stakeholders suggested that, taken together, these taxes, duties and levies are having a negative impact on housing supply, including:

- further reducing the already narrow profit margins for residential development and driving developers and investors out of business or out of the state where the taxation climate may be more favourable[205]
- increasing the cost borne by developers holding land until planning approvals are secured, and development can commence, which increases the uncertainty

204 Parliamentary Budget Office, *Victorian taxes and levies: list of taxes, levies and duties*, 2025, pp. 5–10.

205 Master Builders Victoria, *Submission 54*, p. 3; Short Term Accommodation Association Australia, *Submission 85*, p. 3.

that a project will remain viable by the time it proceeds[206] and reduces investor confidence[207]

- exacerbating poor housing affordability by pushing up the cost of constructing new homes[208]
- reducing the profitability of residential development and therefore the supply of homes in regional Victoria[209]
- reducing the profitability of investment properties and therefore reducing the number of properties available for rent.[210]

The Committee received various recommendations for reviewing and refining the taxation settings for the property market in regional Victoria to enhance the viability and attractiveness of residential development.[211] Some stakeholders also argued that reducing taxes can incentivise residential development in regional Victoria.[212]

The Committee acknowledges stakeholder interest in taxation reform to bolster residential development and the rental property market in regional Victoria. It has been suggested that the cumulative impact of various measures is disincentivising development in regional communities versus Melbourne. This may drive larger residential developers to projects in other Australian states and reduce investment in rental properties. The Committee recognises these concerns but observes that it has received little evidence substantiating these claims or indicating how taxation should be refined to stimulate development. The Committee observes that taxation policy is complex and has much broader implications than housing supply in regional Victoria. The Committee has not examined the broader taxation settings for land acquisitions, residential development, property sales and ownership in sufficient detail to recommend substantive change as part of this Inquiry.

More detailed commentary was received regarding the impact of Windfall Gains Tax on regional housing supply.[213] This issue is examined in the next section.

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206 Andrew Pomeroy, General Manager, Development, Wellington Shire Council, public hearing, Traralgon, 22 May 2025, *Transcript of evidence*, p. 47.

207 Greater Ballarat Alliance of Councils, *Submission 58*, p. 5; City of Ballarat, *Submission 51*, p. 2.

208 Commerce Ballarat, *Submission 97*, p. 2; Real Estate Institute of Victoria, *Submission 48*, p. 5; L. Bisinella Developments Pty Ltd, *Submission 33*, p. 4.

209 L. Bisinella Developments Pty Ltd, *Submission 33*, p. 4.

210 Property Investors Council of Australia, *Submission 91*, p. 3; Benalla Homelessness Response Group Inc, *Submission 79*, pp. 2–3; East Gippsland Shire Council, *Submission 32*, p. 7; Real Estate Institute of Victoria, *Submission 48*, p. 4.

211 Short Term Accommodation Association Australia, *Submission 85*, p. 3; Infrastructure Victoria, *Submission 83*, p. 5; Real Estate Institute of Victoria, *Submission 48*, pp. 4, 6; Wellington Shire Council, *Submission 21*, p. 2; Hygge Property, *Submission 104*, p. 3; Property Investors Council of Australia, *Submission 91*, p. 3; Greater Ballarat Alliance of Councils, *Submission 58*, p. 9.

212 Commerce Ballarat, *Submission 97*, p. 2; City of Ballarat, *Submission 51*, p. 6.

213 Planning Institute of Australia (Victoria), *Submission 69*, p. 3; Property Council of Australia, *Submission 101*, p. 19; Urban Development Institute of Australia (Victoria), *Submission 96*, p. 5; Committee for Greater Shepparton, *Submission 107*, p. 9; Regional Cities Victoria, *Submission 89*, p. 6; Beveridge Williams, *Submission 88*, p. 7; Moyne Shire Council, *Submission 72*, p. 7; Parklea Developments Pty Ltd, *Submission 52*, pp. 3–4; Urban Land Developments, *Submission 26*, pp. 1–2.

Reviewing Windfall Gains Tax to incentivise regional housing

The Committee heard conflicting views about the impact of Windfall Gains Tax (WGT) on regional residential development.[214] WGT was introduced in 2023 to ensure that significant increases to the value of land—resulting from a government decision to rezone it—are shared with the community:

> When governments make planning decisions to rezone land, property values can rise sharply overnight. It's important that these profits are shared with Victorian communities and are used to fund the services and infrastructure these communities need.[215]

Its introduction was also recommended by the Independent Broad-based Anti-corruption Commission as a mechanism to prevent corrupt conduct when rezoning lucrative land for a significant profit.[216]

WGT captures some of the 'value uplift' when the worth of a parcel of land increases by more than $100,000 as a result of rezoning. The taxable 'value uplift' is the difference in the value of the land before and after rezoning takes effect. For example, a change from Farming Zone to Residential Growth Zone could result in substantial value uplift as the Residential Growth Zone may allow the subdivision and sale of smaller blocks for housing.[217] The rate of WGT applied escalates as the value uplift increases (see Table 5.4).

Table 5.4 Windfall Gains Tax rates

Taxable value uplift	Rate of tax
Less than $100,000	Nil
More than $100,000 but less than $500,000	A tax rate of 62.5% on the uplift above $100,000
$500,000 or more	A tax rate of 50% will apply to the total uplift

Source: State Revenue Office, *Windfall gains tax*, <https://www.sro.vic.gov.au/windfall-gains-tax> accessed 28 August 2025.

WGT is payable by the owner of the land. The liability for WGT arises when rezoning occurs, not when the land is sold and the value uplift is actually realised.[218] However, landowners may defer payment of all or part of a WGT liability until the land is sold or for up to 30 years (whichever occurs first).[219] A deferred WGT liability attracts interest

214 Hygge Property, *Submission 104*, p. 3; Urban Development Institute of Australia (Victoria), *Submission 96*, p. 5; Parklea Developments Pty Ltd, *Submission 52*, p. 4; Urban Land Developments, *Submission 26*, p. 1; Tony Peterson, *Transcript of evidence*, p. 11; Property Council of Australia, *Submission 101*, p. 19; East Gippsland Shire Council, *Submission 32*, p. 7.

215 Treasurer Tim Pallas, *Windfall Gains Tax to benefit the Victorian community*, media release, 12 October 2021.

216 Independent Broad-based Anti-Corruption Commission, *Operation Sandon: special report*, 2023, p. 162.

217 State Revenue Office, *Windfall Gains Tax*, 2025, <https://www.sro.vic.gov.au/windfall-gains-tax> accessed 28 August 2025.

218 Ibid.

219 State Revenue Office, *Windfall Gains Tax—frequently asked questions*, 2025, <https://www.sro.vic.gov.au/windfall-gains-tax/windfall-gains-tax-frequently-asked-questions#defer> accessed 29 August 2025.

at the 10-year Treasury Corporation of Victoria bond rate, which was 4.30% per annum as of September 2025.[220]

When a landowner defers a WGT liability on a parcel of land and then subdivides it into smaller lots, the total WGT liability is divided proportionally between the lots and must be paid as each lot is sold.[221] There are several exemptions and exclusions to WGT. For example, it does not apply to land in a growth area within Melbourne's urban growth boundary, which is rezoned to the Urban Growth Zone. This is because another mechanism is used to collect funds for infrastructure in these areas—the growth areas infrastructure contribution (GAIC).[222] GAIC becomes liable when land is subdivided, a building permit is applied for, or land is purchased. Unlike WGT, the value of the land does not factor in the calculation of GAIC liabilities, rather it applies at a fixed rate per hectare of land.[223]

WGT proceeds are placed in the state consolidated revenue fund. The Department of Treasury and Finance estimates that $135 million worth of WGT will be collected during 2025–26, with proceeds projected to grow by 4.7% per fiscal year. There is no requirement to reinvest proceeds into infrastructure within the local government area where they were collected.[224] In contrast, GAIC proceeds are deposited in two special purpose accounts: the growth areas public transport fund and the building new communities fund.[225] Like WGT, there is no legislative requirement for GAIC proceeds to be reinvested in infrastructure within the local government area where they were collected. However, program guidelines specify that:

> the selection of projects should seek to ensure as much as practicable that the funding will be allocated to support the areas [GAIC] has been collected from and will match over time.[226]

Several concerns about the impact of WGT on regional residential development were brought to the Committee's attention throughout the Inquiry, including:

- It increases the upfront cost of development in regional Victoria, further reducing profit margins and impacting the viability of projects, particularly infill development where viability is already marginal.[227]

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220 Treasury Corporation of Victoria, *Interest rates*, <https://www.tcv.vic.gov.au/tcv-bonds/interest-rates> accessed 29 October 2025.

221 State Revenue Office, *Windfall Gains Tax—frequently asked questions*.

222 State Revenue Office, *Windfall gains tax—exemptions and exclusions*, 2025, <https://www.sro.vic.gov.au/windfall-gains-tax/windfall-gains-tax-exemptions-and-exclusions#gaic> accessed 29 August 2025.

223 State Revenue Office, *GAIC land and administration*, 2025, <http://www.sro.vic.gov.au/growth-areas-infrastructure-contribution/gaic-land-and-administration> accessed 29 August 2025; State Revenue Office, *Growth areas infrastructure contribution*, 2025, <https://www.sro.vic.gov.au/growth-areas-infrastructure-contribution> accessed 29 August 2025.

224 Department of Treasury and Finance, *Victorian Budget 2025–26 Paper No. 5: statement of finances*, 2025, p. 168.

225 Department of Transport and Planning, *Growth areas infrastructure contributions*, 2025, <https://www.planning.vic.gov.au/guides-and-resources/legislation-regulation-and-fees/growth-areas-infrastructure-contributions> accessed 30 August 2025.

226 Department of Transport and Planning, *2025 Growth areas infrastructure contribution fund: program guidelines*, 2025, p. 5.

227 Urban Development Institute of Australia (Victoria), *Submission 96*, p. 5; Parklea Developments Pty Ltd, *Submission 52*, p. 4; Tony Peterson, *Transcript of evidence*, p. 11.

- It increases uncertainty and risk around residential development as WGT liabilities may be difficult to forecast (due to the longer timeframes for development in regional Victoria).[228]
- It may disincentivise residential development outside of metropolitan Melbourne as WGT liabilities are more difficult to forecast and may be higher, per hectare, than the fixed GAIC rate.[229]
- It may discourage local governments from providing surplus land for housing projects as they are obligated under the *Local government best practice guideline for the sale, exchange and transfer of land* to rezone land to its 'most appropriate zone' before it is transferred.[230]
- The heightened costs and uncertainty may discourage landowners from rezoning smaller parcels of land for housing.[231]

Moyne Shire Council was also critical of a lack of transparency around how WGT proceeds are being used. It noted that there is no legislative requirement to reinvest WGT proceeds into infrastructure in the community where they were collected.[232] It was not alone in advocating for reform to make this a requirement.[233]

Other stakeholders suggested that WGT should be abolished or reformed to incentivise housing construction in regional Victoria. For example, it could be reformed by introducing exemptions for residential development in the existing suburbs of regional cities or for local governments rezoning and selling land for housing, by capping developer liabilities, or by better aligning the timing of WGT liability to the realisation of profits.[234]

The Committee acknowledges the residential development sector's apprehension regarding the impact of WGT on housing supply in regional Victoria. As a relatively new tax, it is not yet well understood by the sector, which can fuel uncertainty.

It also recognises that the policy objectives behind the introduction of WGT are sound. It is an important mechanism for mitigating the risk of corrupt conduct in land rezonings and for raising funds for the community infrastructure vital to housing supply. However, these goals must be carefully balanced against any unintended consequences. There may also be opportunities to refine the WGT to enhance its effectiveness and ensure it incentivises residential development in regional Victoria.

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228 Urban Development Institute of Australia (Victoria), *Submission 96*, p. 5.

229 Property Council of Australia, *Submission 101*, p. 19; Urban Development Institute of Australia (Victoria), *Submission 96*, p. 5; Parklea Developments Pty Ltd, *Submission 52*, p. 4; Urban Land Developments, *Submission 26*, pp. 1–2.

230 Parklea Developments Pty Ltd, *Submission 52*, pp. 4–5.

231 East Gippsland Shire Council, *Submission 32*, p. 7.

232 Moyne Shire Council, *Submission 72*, pp. 18–19.

233 Committee for Greater Shepparton, *Submission 107*, p. 9; Planning Institute of Australia (Victoria), *Submission 69*, p. 3; Moyne Shire Council, *Submission 72*, pp. 18–19.

234 Property Council of Australia, *Submission 101*, p. 19; Urban Development Institute of Australia (Victoria), *Submission 96*, pp. 4–5; Hygge Property, *Submission 104*, p. 3; Regional Cities Victoria, *Submission 89*, p. 6; Beveridge Williams, *Submission 88*, p. 8; Urban Land Developments, *Submission 26*, p. 2; Parklea Developments Pty Ltd, *Submission 52*, p. 9.

RECOMMENDATION 23: That the Victorian Government consider refining the Windfall Gains Tax to ensure it incentivises residential development in regional Victoria. This could include:

- introducing exemptions for higher density development within existing urban areas of regional cities or for social housing
- requiring the proceeds to be invested back into the communities where they were collected
- reducing the Windfall Gains Tax interest rate/payments in line with the proportion of social or affordable housing to be developed.

Chapter 6
Delivering affordable and diverse housing

Housing in regional Victoria lacks diversity, as discussed throughout this report. Most communities are dominated by freestanding homes with three or more bedrooms. These large homes are not well suited to the growing proportion of Victorians who are living alone or as a couple. They are also becoming increasingly unaffordable, both to rent and buy.

Despite these trends there remains a tendency to continue constructing 'traditional' forms of housing in regional Victoria. Market demand for three- or four-bedroom homes is well established, and local governments find it difficult to negotiate with developers for the inclusion of more diverse and affordable forms of housing or for social housing in projects.[1]

This chapter explores strategies for increasing the diversity and affordability of housing in regional Victoria. It examines strategies for ensuring new builds include more diverse housing forms and more modest, affordable housing options. It looks at supporting alternatives to traditional housing, such as modular homes, and it explores how we can encourage regional Victorians to make better use of existing housing stock. The chapter concludes by outlining why sustained investment is critical to ensuring Victoria has adequate social housing to meet growing demand.

6.1 Building more diverse and affordable homes

Throughout the Inquiry, many stakeholders emphasised that new homes built in regional Victoria must be affordable to moderate- and low-income earners and provide the diversity in housing stock that is currently lacking in most communities. Rural Councils Victoria, which represents Victoria's 34 rural councils, summarised:

> There is a need to make sure new housing is suitable for different groups within our rural communities. Housing that allows people to downsize and stay in their communities as they age, housing for families with children, housing at different prices to ensure people can afford suitable housing, housing that is available both to rent and to buy and housing available to workers coming into a region.[2]

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1 Travis Pennicard, General Manager, Warragul, GJ Gardner Homes, public hearing, Traralgon, 22 May 2025, *Transcript of evidence*, p. 25; Luke Van Lambaart, Project Manager, Parklea Developments, public hearing, Traralgon, 22 May 2025, *Transcript of evidence*, p. 25; Horsham Rural City Council, *Submission 53*, pp. 10–11; East Gippsland Shire Council, *Submission 32*, p. 5; Greater Ballarat Alliance of Councils, *Submission 58*, pp. 7–8; Ashley Heard, Owner, GJ Gardner Homes, public hearing, Ballarat, 8 May 2025, *Transcript of evidence*, p. 27.

2 Rural Councils Victoria, *Submission 82*, p. 5.

Strategies for ensuring that residential development delivers more smaller and affordable homes include:

- introducing inclusionary zoning to mandate affordability
- extending the Small Lot Housing Code to regional Victoria
- leveraging surplus government land for affordable and social housing.

These strategies are explored in the following sections.

6.1.1 Introducing inclusionary zoning to mandate affordability

Many stakeholders supported the introduction of inclusionary zoning to increase the construction of affordable and social homes in regional Victoria.[3] Inclusionary zoning is a planning intervention that mandates and/or incentivises developers to include a proportion of social or affordable housing in a residential development project. It aims to ensure that all communities include housing affordable to those on low to moderate incomes even where property prices would otherwise be prohibitive.[4]

There are two types of inclusionary zoning, 'mandatory' and 'voluntary incentivised'. See Table 6.1 for definitions.

Table 6.1 Types of inclusionary zoning

Zoning type	Definition
Mandatory	The mandatory model of inclusionary zoning prescribes a number or proportion of affordable homes to be included in a development project as a condition of planning approval. The number of affordable homes required is either: • fixed by the local government as a proportion of the homes proposed or the value of the project • negotiated between the local government and the developer during the planning assessment process.
Voluntary incentivised	The voluntary incentivised model of inclusionary zoning encourages new affordable housing by reducing costs for developers through initiatives such as: • modifying planning standards based on performance criteria—for example, increasing site yield to encourage low-cost housing (like student accommodation) in designated areas • offering bonuses which relax development controls (such as height, density, setback or parking controls) in exchange for constructing affordable housing • planning process incentives, where projects that include affordable housing attract special treatment in the planning process such as fast-tracked approvals or the refund of application fees, infrastructure charges or rates.

Source: Australian Housing and Urban Research Institute, *What is inclusionary zoning, and how does it help deliver affordable housing*, <https://www.ahuri.edu.au/analysis/brief/what-inclusionary-zoning-and-how-does-it-help-deliver-affordable-housing> accessed 30 August 2025.

3 Municipal Association of Victoria, *Submission 114*, p. 11; Barwon South West Homelessness Network, *Submission 86*, p. 1; Regional Cities Victoria, *Submission 89*, p. 5; Horsham Rural City Council, *Submission 53, Attachment 1*, p. 4; Chris McNamara, Network Coordinator, Gippsland Homelessness Network, public hearing, Traralgon, 22 May 2025, *Transcript of evidence*, p. 7; Real Deal Geelong, *Submission 49*, p. 1; East Gippsland Shire Council, *Submission 32*, p. 11; Chris Stephenson, General Manager, Place and Community, East Gippsland Shire Council, public hearing, Traralgon, 22 May 2025, *Transcript of evidence*, p. 52; Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, pp. 6, 21; Central Highlands and Wimmera Homelessness Alliance, *Submission 65*, p. 12; Grounded, *Submission 36*, p. 4.

4 Australian Housing and Urban Research Institute, *What is inclusionary zoning, and how does it help deliver affordable housing*, 2023, <https://www.ahuri.edu.au/analysis/brief/what-inclusionary-zoning-and-how-does-it-help-deliver-affordable-housing> accessed 30 August 2025.

Stakeholders advocated for the introduction of mandatory inclusionary zoning, which would require developers to deliver affordable or social housing as part of residential development projects in regional Victoria.[5]

Peak body for local governments, the Municipal Association of Victoria (MAV), argued that mandating the inclusion of affordable or social housing in new housing projects is no different to requiring other forms of essential infrastructure, for example, car parking requirements or the inclusion of open space.[6] It recommended implementing 'mandatory inclusionary zoning provisions to require a consistent proportion of social and affordable housing in all new residential developments and precincts, ensuring an ongoing and predictable supply'.[7]

Several local governments observed that smaller regional local governments often lack the resources and bargaining power to negotiate for the inclusion of social, affordable or more diverse housing in projects.[8] East Gippsland Shire Council described this as a 'key challenge':

> A key challenge, however, is working with the development industry to provide alternate housing products. There remains a tendency to provide more 'traditional' forms of housing that contain three or more bedrooms. It will be important for the Inquiry to investigate mechanisms to incentivise more diverse dwelling types that better match the needs of regional communities. This will require close collaboration with the development industry and local communities to understand the implications and opportunities associated with diverse housing products.[9]

Mount Alexander Shire Council supported mandatory inclusionary zoning on the basis that it would give local governments the power to require it. However, it warned that zoning must be tailored to the unique dynamics of regional property markets:

> We do not want to see Statewide mandatory inclusionary zoning settings that are 'one size fits all' and run the risk of losing developer commitments in the Shire due to the cost burden on small developments of a potentially excessive or rigid contribution requirement. It can already be challenging for developments in the Shire to stack up financially for potential investors.[10]

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5 Municipal Association of Victoria, *Submission 114*, p. 11; Barwon South West Homelessness Network, *Submission 86*, p. 1; Regional Cities Victoria, *Submission 89*, p. 5; Horsham Rural City Council, *Submission 53, Attachment 1*, p. 4; Chris McNamara, *Transcript of evidence*, p. 7; Real Deal Geelong, *Submission 49*, p. 1; East Gippsland Shire Council, *Submission 32*, p. 11; Chris Stephenson, *Transcript of evidence*, p. 52; Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, pp. 6, 21; Central Highlands and Wimmera Homelessness Alliance, *Submission 65*, p. 12; Grounded, *Submission 36*, p. 4.

6 Municipal Association of Victoria, *Submission 114, Attachment 2*, p. 39; Municipal Association of Victoria, *Submission 114*, p. 8.

7 Municipal Association of Victoria, *Submission 114*, p. 10.

8 Mount Alexander Shire Council, *Submission 84*, pp. 2–3; East Gippsland Shire Council, *Submission 32*, p. 5; Horsham Rural City Council, *Submission 53*, pp. 10–11.

9 East Gippsland Shire Council, *Submission 32*, p. 5.

10 Mount Alexander Shire Council, *Submission 84*, p. 3.

Ron Torres, Director of Development and Community at Hepburn Shire Council, made a similar point to the Committee during a public hearing in Ballarat.[11] Likewise, the Journey to Social Inclusion (J2SI) Consortium (comprising Sacred Heart Mission, VincentCare Victoria, Uniting Vic.Tas and the Salvation Army) pointed out that initiatives to incentivise the voluntary inclusion of social housing already exist in Victoria and uptake has remained limited.[12]

The Committee also heard that inclusionary zoning has successfully increased affordable and social housing in other Australian states and internationally.[13] For example, in 2005, the South Australian Government introduced a requirement that 15% of new dwellings in all significant residential development projects had to be affordable, with at least 5% reserved for 'high-needs groups'.[14] Initially, the requirement was applied to development on government land along the urban fringe. However, it has since been extended to types of infill development in existing suburbs.[15]

In the first decade, inclusionary zoning in South Australia delivered 5,485 affordable homes, which accounted for around 17% of new supply in major residential projects. Approximately 63% of these new homes were built on government land, many with the support of government incentives.[16]

Other stakeholders argued that mandatory measures must be paired with incentives to be successful.[17] Regional Cities Victoria represents the ten largest cities in regional Victoria. It suggested that incentives should make the provision of affordable and social housing cost neutral for developers; for example, by protecting development from third-party appeals or increasing height allowances.[18]

The Greater Ballarat Alliance of Councils (GBAC) warned that more affordable and diverse housing is unlikely without incentives as developers 'argue that it is often not feasible to construct single or dual bedroom dwellings as the sale prices do not cover the cost of construction'.[19] Luke Van Lambaart, Project Manager at Parklea Developments, also said developers are unlikely to include social or affordable housing without incentives, but would if it was cost neutral.[20]

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11 Ron Torres, Director, Development and Community, Hepburn Shire Council, public hearing, Ballarat, 8 May 2025, *Transcript of evidence*, p. 53.

12 Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, p. 21.

13 Barwon South West Homelessness Network, *Submission 86*, p. 5; Chris McNamara, *Transcript of evidence*, p. 7; Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, p. 21.

14 Australian Housing and Urban Research Institute, *What is inclusionary zoning, and how does it help deliver affordable housing*.

15 Ibid.

16 Ibid.

17 Regional Cities Victoria, *Submission 89*, p. 5; Horsham Rural City Council, *Submission 53, Attachment 1*, p. 4; Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, p. 21.

18 Regional Cities Victoria, *Submission 89*, p. 5.

19 Greater Ballarat Alliance of Councils, *Submission 58*, pp. 7–8.

20 Luke Van Lambaart, *Transcript of evidence*, p. 32.

Several other submitters also expressed support for incentivising developers to build more diverse forms of housing, including affordable and social housing.[21] For example, the Property Council of Australia, the peak body for the property industry, advocated for density bonuses, tax incentives and subsidies, including:

- Density Bonus Framework (DBF): Implement a clear DBF for developers with shovel-ready projects that incorporate a specified percentage of affordable housing ...
- Tax incentives: Offer tax incentives, such as land tax relief, to developers upon reaching construction milestones or completing housing projects that include affordable housing components. This would encourage developers to integrate affordable housing into their projects and achieve timely completion.
- Affordability: Subsidies and incentives for developers who look to sell a portion of their residential development as affordable housing defined by specific criteria.[22]

The Committee endorses stakeholder advocacy for inclusionary zoning which mandates social or affordable housing as part of new residential development. However, it also highlights that these requirements must be carefully calibrated to avoid undermining the economic viability of housing projects and should be paired with significant incentives to neutralise the cost impost on developers. This could be achieved through mechanisms such as streamlined planning approvals or density bonuses.

RECOMMENDATION 24: That the Victorian Government establish inclusionary zoning mandating the inclusion of affordable or social housing as part of new residential development in locations where it is financially viable to do so. Mandates should be paired with incentives to minimise the cost impost on developers.

6.1.2 Extending the Small Lot Housing Code to regional Victoria

Stakeholders suggested that the Victorian Government could encourage a greater diversity of housing and smaller, more affordable homes in regional Victoria by extending the application of the Small Lot Housing Code.[23]

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21 East Gippsland Shire Council, *Submission 32*, pp. 5–7; City of Ballarat, *Submission 51*, p. 4; Property Council of Australia, *Submission 101*, pp. 4, 19; Bower Insights, *Submission 78*, p. 29; Beveridge Williams, *Submission 88*, p. 8; Mildura Rural City Council, *Submission 61*, p. 9; Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, p. 6.

22 Property Council of Australia, *Submission 101*, p. 19.

23 Nick Grylewicz, Director, Land Development, Integra Group, public hearing, Ballarat, 8 May 2025, *Transcript of evidence*, p. 22; Property Council of Australia, *Submission 101*, pp. 9, 11; Beveridge Williams, *Submission 88*, p. 8; Parklea Developments Pty Ltd, *Submission 52*, p. 9.

In 2011, the Small Lot Housing Code was introduced to allow homes to be built on small blocks within specific urban growth areas without requiring a planning permit. It exempts developers and other types of home builders from the requirement to apply for a planning permit where a proposed home meets the Code's design and siting standards and is being constructed on a block of less than 300m^2 (or 100m^2 in some cases). The Code currently applies to housing construction in Melbourne's urban growth zones and in select, special purpose zones in Geelong and Ballarat.[24]

The Property Council of Australia argued that expanding the application of the Code to 'designated regional growth areas' in Geelong, Ballarat and Bendigo would facilitate development on smaller blocks in the existing suburbs of regional cities. It suggested that this would support regional Victoria to build 25% of the new housing required in the state by 2051.[25] Parklea Developments similarly recommended extending the application of the Code to all regional municipalities with 'high housing targets', for example, the Bendigo, Bass Coast, Shepparton, Macedon Ranges, Moorabool and Golden Plains shires.[26]

Planning and development consultancy Beveridge Williams also supported 'small-lot housing' construction in regional communities.[27] It acknowledged that while infill development will not resolve housing challenges, there is some indication that the demand for smaller homes in regional Victoria is increasing:

> A residential land developer from Eastern Victoria told us, "residents of this area really do still want larger yards and space for their families … however I know that there is an up-and-coming growth and hunger for dual occupancy homes and I think there is certainly a space for the likes of this here".[28]

The Committee also heard that greenfield growth areas around Victoria's regional cities can be better utilised to help deliver the diversity of housing currently lacking in these communities.[29] For example, Nick Grylewicz, Director of Land Development at residential development firm Integra Group, suggested that growth areas are good sites for 'invisible density':

> we could be more innovative with our housing around having invisible density … dual occupancy, where under one roof you can have a one-bedder and a two-bedder. It is much cheaper to build … there is a real demand for that—same as apartments. So that product needs to be salt-and-peppered through all these greenfields.[30]

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24 Department of Transport and Planning, *Small Lot Housing Code*, <https://vpa.vic.gov.au/strategy-guidelines/small-lot-housing-code> accessed 30 August 2025; Hon Sonya Kilkenny MP, *Boosting housing choice in growth areas*, media release, 9 December 2024.

25 Property Council of Australia, *Submission 101*, pp. 9, 11.

26 Parklea Developments Pty Ltd, *Submission 52*, p. 9.

27 Beveridge Williams, *Submission 88*, p. 8.

28 Ibid., p. 2.

29 Chris De Silva, Executive Director, Mesh Planning, public hearing, Melbourne, 20 June 2025, *Transcript of evidence*, p. 15; Nick Grylewicz, *Transcript of evidence*, p. 29.

30 Nick Grylewicz, *Transcript of evidence*, p. 29.

He suggested that currently, some regional growth areas do not permit lots smaller than 300m^2. He argued that smaller lots help make more modest and diverse housing more economically viable and advocated for applying the Small Lot Housing Code to 'all … regions and growth areas' to drive these outcomes.[31]

East Gippsland Shire Council argued that greater 'policy certainty' is required to drive housing diversity in regional greenfield growth areas. It advocated for legislation requiring 'new large lot yield subdivisions' to include a diversity of block sizes and housing densities.[32] Murrindindi Shire Council likewise recommended 'planning reforms and incentives to deliver townhouses, dual occupancies, small-lot infill, and accessible housing suitable for older people and smaller households'.[33]

Ashley Heard, owner of regional building company GJ Gardner Homes, suggested that if builders know that the trend will be towards smaller blocks, they will make sure they have suitable product designs ready to be constructed.[34] Chris De Silva, Executive Director of planning consultancy Mesh Planning, suggested that developers are already moving towards delivering more diverse and higher density housing in greenfield growth communities.[35]

In the Committee's view there is a clear case for extending the application of the Small Lot Housing Code more broadly in regional Victoria. The lack of housing diversity and affordable options for smaller households has been well documented by this Inquiry. So have the challenges around the economic viability of constructing these forms of housing. Allowing smaller blocks and streamlining approvals for more modest homes will assist with these challenges.

The Committee would like to see all forms of housing construction (in existing suburbs and in greenfield growth areas) leveraged to increase the diversity of housing stock in Victorian communities, so that Victorians can access appropriate and affordable housing in the communities they live in, no matter their life stage or income.

RECOMMENDATION 25: That the Victorian Government work with local governments and the development industry to develop a Small Lot Housing Code for the whole of Victoria.

31 Ibid., pp. 22, 29.

32 East Gippsland Shire Council, *Submission 32*, pp. 6–7, 10.

33 Murrindindi Shire Council, *Submission 98*, p. 3.

34 Ashley Heard, *Transcript of evidence*, p. 22.

35 Chris De Silva, *Transcript of evidence*, p. 15.

6.1.3 Leveraging surplus government land for affordable and social housing

The Committee heard broad support for the construction of affordable and social housing on government land surplus to the state's needs.[36] Stakeholders suggested that government land should be gifted, sold or leased at a subsidised rate to support the economic viability of affordable and social housing in regional communities.[37] Planning consultancy Quantify Strategic Insights and residential property fund Oliver Hume asserted that repurposing government land for housing would be particularly helpful for facilitating affordable housing development in existing urban areas, where feasibility is currently marginal:

> With high construction costs—particularly for townhouses and apartments—a major barrier to the viability of infill housing, government land can play a critical role when made available at prices that support feasible development. A range of models could be considered, from discounted land sales that enable viable private development, to BOOT (Build, Own, Operate, Transfer) arrangements, where a community housing provider is given land to provide affordable rentals for a fixed period before returning the land and dwellings to the government after a fixed period.[38]

Work is already underway to identify and release surplus state government land to support housing supply. Box 6.1 describes the Victorian Government's Unlocking government land initiative.

Box 6.1 Unlocking government land

Victoria's Housing Statement (2023) includes a commitment to 'unlock[ing] and rezon[ing] surplus government land to deliver around 9,000 homes across 45 sites in both metropolitan Melbourne and regional Victoria'. The Victorian Government has committed to delivering a minimum of 10% affordable housing as part of any residential construction on these sites.

This initiative is being led by the Land Coordinator General (within the Department of Transport and Planning) working in partnership with local government and non-government stakeholders 'to maximise the opportunities for surplus sites to deliver new housing, jobs and infrastructure for communities across the state'.

Of the 45 parcels of land identified as surplus, 23 are in regional municipalities as shown in the map below (Figure 6.1).

(Continued)

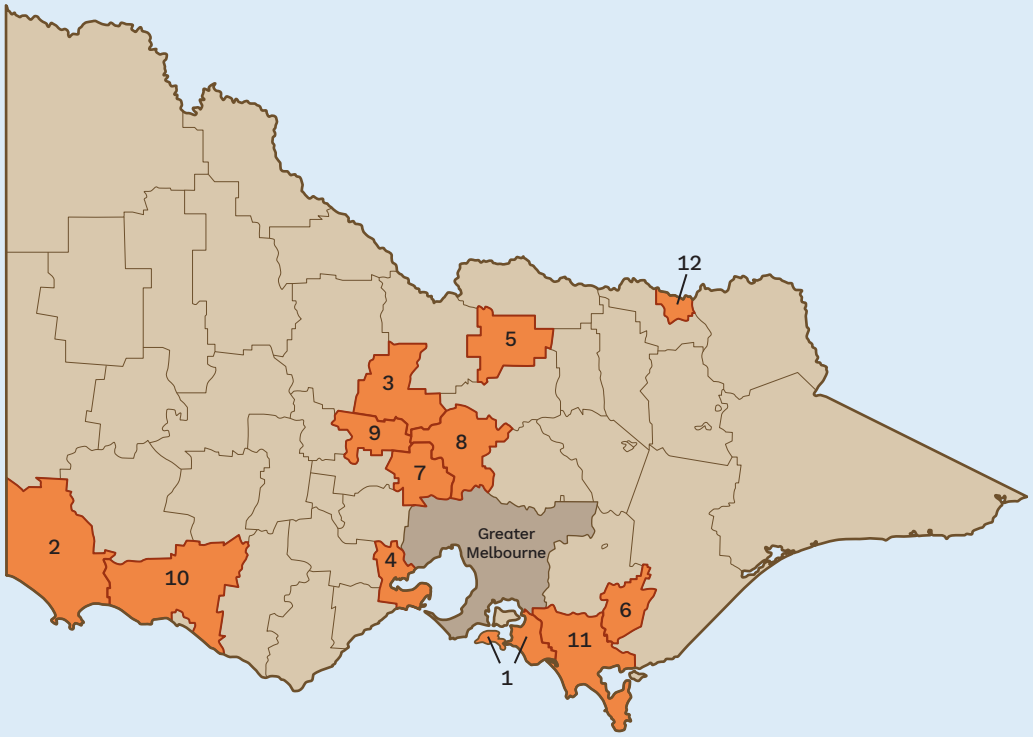
36 Bower Insights, *Submission 78*, p. 29; Quantify Strategic Insights and Oliver Hume, *Submission 64*, p. 36; Real Deal Geelong, *Submission 49*, p. 1; Planning Institute of Australia (Victoria), *Submission 69*, p. 4.

37 Quantify Strategic Insights and Oliver Hume, *Submission 64*, p. 36; HOME Deakin University, *Submission 42*, p. 7.

38 Quantify Strategic Insights and Oliver Hume, *Submission 64*, p. 36.

Box 6.1 (Continued)

Figure 6.1 Regional municipalities with surplus parcels of government land



Regional municipalities with surplus parcels of land

1 Bass Coast (Cowes)
2 Glenelg (Dartmoor)
3 Greater Bendigo (East Bendigo)
4 Greater Geelong (Highton and Herne Hill)
5 Greater Shepparton (Zeerust)
6 Latrobe (Morwell)
7 Macedon Ranges (Gisborne)
8 Mitchell (Seymour)
9 Mount Alexander (Castlemaine)
10 Moyne (Port Fairy)
11 South Gippsland (Poowong)
12 Wodonga (Wodonga)

Source: Adapted from Department of Transport and Planning, response to questions on notice, received 26 February 2025, pp. 1–2.

Planning scheme amendments to rezone 13 of these 23 parcels of land are underway or have already been completed.

Sources: Department of Transport and Planning, Submission 108, p. 6; Victorian Government, *Victoria's Housing Statement: the decade ahead 2024–2034*, 2023, p. 20; Department of Transport and Planning, response to questions on notice, received 7 August 2025, pp. 1–4.

Stakeholders welcomed this initiative but were critical of the pace at which surplus land is being identified and released to support housing supply.[39] There was also support for requiring a much higher proportion of affordable housing on these sites. For example, community land trust advocacy group Grounded submitted:

> One would like to think that surplus government land, now rumoured to have been audited for 3–4 years, is finally readying for its deployment. If such sites are to be repurposed, the majority of the supply—we recommend 65%—should be for affordable housing. Not many can save up a $130,000 deposit for a home.[40]

Likewise, Real Deal Geelong, a regional advocacy group, argued that 30% of the housing constructed on surplus government land should be social housing.[41]

Moreover, local governments and community housing organisations reported that they have identified other surplus government land suitable for housing within their own communities, in addition to the 23 regional sites found by the Victorian Government. They would like to see a process established to enable this land to be released and repurposed for affordable or social housing.[42] Swan Hill Rural City Council provided an example:

> As an example[,] Council has identified 14 housing blocks in Robinvale that could be redeveloped with old housing stock removed and modern new homes or units constructed which would have a significant impact on the housing shortage in this community.[43]

The Council recommended the introduction of simpler and quicker processes for releasing surplus government land to local governments or developers for affordable housing, particularly rental housing for essential workers.[44]

The Community Housing Industry Association Victoria (CHIA Vic), the peak body for community housing organisations, also reported that 'several' regional local governments have identified surplus government land suitable for affordable or social housing development. However, these councils are experiencing 'significant challenges in progressing conversations with State Government to potentially use this land'.[45] CHIA Vic argued that 'Government land that is appropriate for housing should first and foremost be used to deliver social and affordable housing that would not otherwise be delivered by the private market' and recommended a land release process to facilitate this.[46]

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39 Swan Hill Rural City Council, *Submission 60*, pp. 9–10; Grounded, *Submission 36*, p. 2.

40 Grounded, *Submission 36*, p. 2.

41 Real Deal Geelong, *Submission 49*, p. 1.

42 Swan Hill Rural City Council, *Submission 60*, p. 9–10; Community Housing Industry Association (Victoria), *Submission 66*, p. 20; Horsham Rural City Council, *Submission 53, Attachment 1*, p. 4.

43 Swan Hill Rural City Council, *Submission 60*, p. 9.

44 Ibid., p. 10.

45 Community Housing Industry Association (Victoria), *Submission 66*, p. 20.

46 Ibid.

Regional Development Australia Hume, an advisory body facilitating economic development in the region, argued that the Victorian Government must do more to support residential development on land surplus to its needs. It argued that it should do site preparation works (such as demolition), connect enabling infrastructure (such as electricity and water) and offer fast-tracked planning.[47]

The Committee recognises the potential of surplus government land to facilitate the construction of affordable and social housing in regional locations where the economic feasibility of development is currently marginal. During its extensive regional site visits and public hearings, it had multiple conversations with local governments who had proactively identified suitable sites within their communities for affordable housing. It seemed to the Committee that there was no clear process open to these local governments to apply for the release of land, and no clear decision-making authority, particularly where a parcel of land was owned by more than one agency. The Department of Transport and Planning was unable to clarify this process in response to a Committee request, although it did provide general information about surplus government land policies.[48]

Moreover, the Committee shares stakeholders' desire to maximise the proportion of affordable and social housing delivered as part of residential development on surplus government land. It welcomes the 10% baseline established by the Victorian Government and encourages it to be ambitious, especially in instances where government land is gifted or provided at a subsidised rate.

RECOMMENDATION 26: That the Victorian Government:

- establish a streamlined process for local governments to request the release of surplus government land in support of affordable and social housing development in regional Victoria
- increase the proportion of social and affordable housing required to be delivered as part of residential development on surplus government land to at least 30%.

6.2 Supporting alternatives to traditional housing

Throughout the Inquiry, several alternatives to traditional housing were explored to assess how they could boost the supply of homes in regional Victoria, including:

- encouraging modern methods of housing construction
- protecting the rights of long-term residents of caravan parks.

47 Regional Development Australia (Hume), *Submission 103*, p. 4.

48 Department of Transport and Planning, response to questions on notice, 7 August 2025.

6.2.1 Encouraging modern methods of housing construction

The potential for innovative new materials and modern methods of construction (MMC) to bring down the price and time it takes to build a home in regional Victoria were canvassed throughout the Inquiry, particularly during the Committee's site visits (see Box 6.2).[49] MMC refers to home building techniques which are different to traditional construction. This encompasses prefabricated and modular construction where structural beams, wall panels or whole rooms are manufactured offsite for quicker assembly or installation onsite.[50]

Box 6.2 Innovative building materials and modern methods of construction

EchidnaBuilt

On 25 February 2025, the Committee visited EchidnaBuilt, a new prefabricated housing manufacturing business launched by Australian timber packaging company CMTP. The Committee saw teams of skilled tradespeople constructing high quality modular homes in large sheds. The homes are built in sections, enabling them to be trucked around the state for quick onsite assembly. Several designs are available from a small second dwelling for installation behind an existing home, all the way up to a freestanding four-bedroom house.

Construction workforce shortages in regional Victoria can make it more difficult, costly and lengthy to build a home outside of the state's major cities. EchidnaBuilt believes that prefabricated modular homes can help resolve some of these issues by reducing the requirement for specialised trades in different regions.

Hexcore

On 21 May 2025, the Committee visited Hexcore, a manufacturer of composite hemp construction products in Pakenham. It examined how a range of composite hemp products can be produced from unwoven hemp fibre and 'hurd', the inner woody fibres of the hemp plant. The Committee learned that construction materials made of hemp have the potential to be more lightweight, strong and biodegradable compared to traditional products. Hexcore products are currently being tested to ensure they meet Australian standards for construction materials.

(Continued)

49 Bendigo TAFE, *Submission 57*, p. 4; Infrastructure Victoria, *Submission 83*, p. 3; Master Builders Victoria, *Submission 54*, p. 3; Australian Institute of Architects, *Submission 56*, p. 7; Property Council of Australia, *Submission 101*, pp. 12–13; Beveridge Williams, *Submission 88*, p. 8; Professor Karien Dekker et al., *Submission 68*, pp. 4, 7; EchidnaBuilt, *Submission 16*, pp. 1–2; Victorian Forest Products Association, *Submission 94*, p. 8; HOME Deakin University, *Submission 42*, pp. 8–9; Australian Urban Research Infrastructure Network, *Submission 19*, p. 3.

50 Department of Transport and Planning, *Enabling modern methods of construction*, <https://engage.vic.gov.au/enabling-modern-methods-of-construction> accessed 1 September 2025; Bendigo TAFE, *Submission 57*, p. 4.

Box 6.2 (Continued)

Australian Sustainable Hardwoods

On 21 May 2025, the Committee visited Australian Sustainable Hardwoods (ASH) timber mill and wood manufacturing facility in Heyfield. ASH is the largest vertically integrated hardwood manufacturer in Australia. It uses modern technology to produce a range of timber products using processes such as laminating, moulding, finger-jointing and deep splitting. It has also developed structural timber composite products (laminated timber).

ASH is pioneering the prefabrication of laminated timber structural beams for the construction of apartment buildings more sustainably, quickly and affordably than traditional building techniques. Computer controlled machines manufacture complete timber frames at its facility for quick assembly onsite.

Sources: Notes from Committee site visit, EchidnaBuilt, Colac, 25 February 2025; EchidnaBuilt, *Submission 16*, pp. 1–2; Built Offsite, *Pallet manufacturer CMTP expands into modular homes with EchidnaBuilt launch*, 11 October 2024, <https://builtoffsite.com.au/news/pallet-manufacturer-cmtp-expands-into-modular-homes-with-echidnabuilt-launch> accessed 1 September 2025; Hexcore, *Australia's leaders in hemp composites*, <https://hexcore.com.au/home> accessed 3 September 2025; Notes from Committee site visit, Hexcore, Pakenham, 21 May 2025; Australian Sustainable Hardwoods, *Australia's leading timber manufacturer*, <https://ash.com.au> accessed 3 September 2025; Australian Sustainable Hardwoods, *Submission 117*, pp 1–2; Notes from Committee site visit, Australian Sustainable Hardwoods, Heyfield, 21 May 2025.

There was strong support for the broader adoption of innovative new materials and construction techniques in regional Victoria. Stakeholders suggested that this would assist in scaling up housing supply to meet demand by:

- reducing construction times by enhancing efficiency and minimising delays due to weather[51]
- delivering cost savings[52]
- improving housing quality and sustainability[53]
- mitigating construction workforce shortages in regional communities.[54]

The Committee heard that MMC often require homebuyers to pay a greater proportion of the cost of a home upfront. Frontloading payments exposes homebuyers to risks, such as a builder not following through on construction, demanding additional

51 Property Council of Australia, *Submission 101*, p. 12; Bendigo TAFE, *Submission 57*, p. 4; Professor Karien Dekker et al., *Submission 68*, p. 4; Real Deal Geelong, *Submission 49*, p. 1; Quantify Strategic Insights and Oliver Hume, *Submission 64*, p. 37; Dr Matt Dingle, Managing Director and Founder, FormFlow, public hearing, Colac, 24 February 2025, *Transcript of evidence*, p. 31; Caravan and Residential Parks Victoria, *Submission 71*, p. 9.

52 Property Council of Australia, *Submission 101*, p. 12; Bendigo TAFE, *Submission 57*, p. 4; Professor Karien Dekker et al., *Submission 68*, p. 4; Quantify Strategic Insights and Oliver Hume, *Submission 64*, p. 37.

53 Property Council of Australia, *Submission 101*, p. 12; Victorian Forest Products Association, *Submission 94*, p. 4.

54 Australian Institute of Architects, *Submission 56*, p. 7; Australian Urban Research Infrastructure Network, *Submission 19*, pp. 3–4; Real Deal Geelong, *Submission 49*, p. 1; Dr Matt Dingle, *Transcript of evidence*, pp. 32–33.

payments to see work completed or going insolvent before a building is complete.[55] Dennis Teale, General Manager of Retail Banking at Bendigo Bank, explained that these risks extend to banks:

> We have got an obligation to protect our customer from harm. If the builder becomes insolvent during that construction period, and we have been funding it and the customer has a liability back to us for the mortgage—we cannot recover that asset because it is not on the land, it is not fixed to the land, and we do not have rights to access this manufacturing facility and get it—then we have got a problem and our customer has got a problem that we need to jointly lean in and resolve.[56]

Australian banks are working with the construction sector to develop new finance products to accommodate MMC.[57] The Commonwealth Bank of Australia is leading sector innovation with new mortgage products that permit greater upfront payments, and which are capped based on the equity homebuyers hold in the land where a home will be located.[58]

The Victorian Government is also working with the construction sector to develop a legislative reform package to update building and contracting regulation to encompass and encourage MMC:

> The aim is to achieve regulatory parity between modern and traditional methods of construction by modernising any outdated regulations which deter consumers and industry. This will level the playing field and support broader uptake of MMC, make the decision to build using MMC less daunting and increase consumer confidence in the offsite construction industry.[59]

Reforms are expected to be announced in 2026.[60]

In addition to legislative reform, evidence suggests that there are several actions that the Victorian Government could take to further support the proliferation of MMC to bolster regional home supply. Submitters advocated for greater investment in regional prefabricated housing, to demonstrate and refine modular housing solutions, to support manufacturers to scale up production, and to provide a steady pipeline of business.[61] The Property Council of Australia said that 'without targeted government support, the industry will struggle to scale'.[62] It recommended that the Victorian Government partner with major developers, and offer grants and tax incentives to

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55 Department of Transport and Planning, *Enabling modern methods of construction through effective building regulation*, discussion paper, 2025, pp. 12–13; Dennis Teale, General Manager, Retail Banking, Bendigo Bank, public hearing, Ballarat, 8 May 2025, *Transcript of evidence*, p. 36.

56 Dennis Teale, *Transcript of evidence*, p. 36.

57 Ibid., p. 37.

58 Commonwealth Bank of Australia, *Prefab homes: progressive payments for prefabricated (prefab) homes with CommBank*, 2025, p. 2; Dennis Teale, *Transcript of evidence*, p. 36.

59 Department of Transport and Planning, *Enabling modern methods of construction through effective building regulation*, p. 4.

60 Department of Transport and Planning, *Enabling modern methods of construction*.

61 Professor Karien Dekker et al., *Submission 68*, p. 7; Real Deal Geelong, *Submission 49*, p. 1; Property Investors Council of Australia, *Submission 91*, p. 2; Victorian Forest Products Association, *Submission 94*, pp. 8–9; Dr Matt Dingle, *Transcript of evidence*, p. 32; PrefabAUS, *Submission 1*, pp. 7–8.

62 Property Council of Australia, *Submission 101*, p. 12.

drive the wider adoption of prefabricated housing construction.[63] The Victorian Forest Products Association, the peak body for the wood fibre industry, recommended that modular homes be incentivised by offering faster planning approvals.[64]

As Case Study 6.1 demonstrates, the Victorian Government is already partnering with community housing organisations to showcase MMC in regional Victoria through the delivery of social housing.[65]

Case Study 6.1 Haven Home Safe constructs modular homes in Horsham

In 2024, Haven Home Safe, a community housing provider, partnered with Homes Victoria to build 25 social homes in Horsham using MMC. The total cost of the project was $10.1 million, including $7.3 million contributed by Homes Victoria as part of the Big Housing Build.

The homes prioritise natural light and energy efficiency including all electric appliances, heat-pump water systems and individual rainwater tanks delivering a seven-star energy rating.

Haven Home Safe reported:

> We were impressed by the benefits of building with a modular prefabricated system. The speed of construction is much quicker than traditional construction methods, as well as having a lower carbon footprint and being able to reduce the amount of construction waste[.]
>
> The ability for modular to provide diversified housing options is a big plus, when considering the majority of social and affordable housing renters are looking for smaller 1 – 2 bedroom homes. Smaller homes also mean reduced energy expenditure for renters which is another benefit, especially given the cost-of-living pressures[.]

Source: Community Housing Industry Association (Victoria), *Submission 66*, p. 17.

Stakeholders also advocated for greater investment to create the skilled workforce needed to drive innovation in the sector.[66] The Australian Institute of Architects called for 'targeted government support for offsite construction facilities and training in regional locations'.[67] It suggested that similar intervention has successfully driven modern methods of construction in Canada and northern Europe.[68] Bendigo TAFE recommended establishing a specialist education facility at its Charleston Road Campus in Bendigo East. It suggested that this could be modelled on Melbourne

63 Ibid., pp. 12–13.

64 Victorian Forest Products Association, *Submission 94*, p. 9.

65 Dr Matt Dingle, *Transcript of evidence*, p. 29.

66 PrefabAUS, *Submission 1*, pp. 13–14; Australian Institute of Architects, *Submission 56*, pp. 6–7; Bendigo TAFE, *Submission 57*, pp. 4–5.

67 Australian Institute of Architects, *Submission 56*, p. 7.

68 Ibid.

Polytechnic's MMC Skills Laboratory—the first dedicated training facility in Australia focused exclusively on advanced construction courses.[69] Courses could focus on the core transferable skills needed to 'accelerate' the adoption of modern methods of construction. These include design and planning, material procurement, offsite construction, transportation and storage, and onsite installation.[70]

The evidence collected by the Committee through submissions and site visits has demonstrated the significant potential of MMC. However, the sophistication of manufacturing processes varied significantly across businesses, and manufacturers still rely on teams of skilled tradespeople to build their products. While this approach may help overcome the challenges associated with regional skills shortages, it can impact the affordability of prefabricated homes. The Committee also heard examples of innovative modular housing businesses closing due to an inadequate pipeline of work.

It is clear to the Committee that Victorian Government investment in social housing built using MMC may help provide the steady pipeline of work these businesses need to refine their production methods and scale up supply.

The Committee also accepts that a more highly skilled construction workforce will support construction businesses to innovate, adopt MMC and increase automation. The Victorian Government must ensure our education facilities are equipping graduates with the skills to thrive as industry practices evolve and MMC are applied more broadly.

RECOMMENDATION 27: That the Victorian Government drive the broader adoption and innovation of modern methods of construction by leveraging public procurement to support a stable pipeline of work and partnering with TAFEs to expand training in modern methods of construction.

The Committee commends the Victorian Government for its building legislation reform agenda focused on facilitating the greater adoption of MMC. Making it easier for Victorians to buy prefabricated homes will also help create a stable pipeline of work for these businesses.

6.2.2 Protecting the rights of long-term residents of caravan parks

Many Victorians, live in caravan or residential parks in regional towns, either long term (as homeowners or renters) or while they are away from home for work.[71] Individuals living in these environments long term are typically aged between 60 and 74 and are predominately single women.[72] Many of their homes are prefabricated or modular, and generally more affordable than traditional housing as homebuyers purchase the

69 Bendigo TAFE, *Submission 57*, p. 5; Hon Andrew Giles MP and Hon Gayle Tierney MP, *Next generation of housing workforce to be trained at new TAFE Centre of Excellence*, media release, 17 December 2024.

70 Bendigo TAFE, *Submission 57*, p. 4.

71 Rod Hearn, General Manager, Residential, Caravan and Residential Parks Victoria, public hearing, Traralgon, 22 May 2025, *Transcript of evidence*, pp. 16, 21.

72 Ibid., p. 16.

dwelling and rent the land. However, banks do not offer mortgages for housing in parks so residents must purchase them outright or with a personal loan.[73]

Caravan and Residential Parks Victoria, the peak body for the sector, reported that there are over 12,000 homes accommodating approximately 18,000 homeowners in its 480 membership parks.[74]

Caravan and Residential Parks Victoria suggested that long-term housing in residential parks provides a more accessible and affordable alternative to traditional home ownership. It also highlighted the social benefits of long-term residency in a caravan park. It explained that shared amenities such as barbeque areas, lounges, swimming pools or tennis courts help foster a 'sense of community' and promote social interactions and wellbeing.[75]

Other stakeholders also commented on the important source of affordable housing caravan and residential parks in regional Victoria provide.[76] For example, a joint submission by an interdisciplinary group of researchers at RMIT University stated that caravan parks 'provide affordable housing for many vulnerable residents'.[77] However, stakeholders also noted that some poor practices are impacting the wellbeing and housing security of some park residents. For example, the J2SI Consortium noted that:

> During peak tourism periods … caravan parks have been known to exit people who are long-term residents … to accommodate tourists or increase their pricing to the point that services cannot continue.[78]

Dr Heather Holst, the Commissioner for Residential Tenancies, is responsible for advising the Victorian Government on legislative, policy and program reforms to improve renters' rights and tenant experiences across Victoria. She made a submission to the Inquiry expressing concerns with the underregulated nature of caravan and residential parks:

> … I would like to draw to the Committee's attention [to] … residential parks. These are generally marketed to older people as a safe, affordable retirement living option where a person can downsize by buying the unit and leasing the land and common facilities. They are a quick growing part of the housing picture … and are mostly located on the edges of Melbourne and in regional towns and cities as the land lease village model requires some space. Many residents have reported problems with escalating fees and other unfair terms. I am currently investigating this sector in partnership with Consumer Policy Research Centre in order to brief the Minister for Consumer Affairs in the coming months about reform options.[79]

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73 Ibid., pp. 16, 20, 21.

74 Caravan and Residential Parks Victoria, *Submission 71*, p. 1; Rod Hearn, *Transcript of evidence*, p. 20.

75 Rod Hearn, *Transcript of evidence*, p. 21; Caravan and Residential Parks Victoria, *Submission 71*, pp. 1–2.

76 Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, p. 8; Professor Karien Dekker et al., *Submission 68*, p. 3.

77 Professor Karien Dekker et al., *Submission 68*, p. 3.

78 Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, p. 8; Professor Karien Dekker et al., *Submission 68*, p. 3.

79 Dr Heather Holst, Commissioner for Residential Tenancies, *Submission 63*, p. 2.

Rod Hearn, General Manager of Residential at Caravan and Residential Parks Victoria, told the Committee at a public hearing in Traralgon that the parks sector would like to scale up the number of long-term residences in parks to help meet the demand for housing. He said that there are already approximately 3,500 new homes under development and a total of 6,608 in the pipeline.[80] His association submitted:

> [Residential parks] and traditional caravan parks offer an immediate and scalable solution as homes can be rapidly built within 12 to 16 weeks, providing a quick response to the urgent need for new housing. These communities' benefit from diverse construction methodologies, including modular built, factory built, and onsite/stick-built homes and cater to a range of preferences and needs.[81]

Caravan and Residential Parks Victoria recommended that the Victorian Government allow proposals to expand existing, or build new, caravan parks to apply for planning approvals under streamlined planning processes, such as the Development Facilitation Program (discussed in Chapter 5).[82]

The Committee appreciates that many older Victorians have found an affordable home and strong community connection in regional caravan and residential parks. It acknowledges the potential to scale up this type of housing to maximise the accommodation options available to Victorians. However, it believes that it is premature to do so before the outcome of the Commissioner for Residential Tenancies review has resulted in reform to protect the rights of Victorians living in these parks. It urges the Victorian Government to act quickly on the Commissioner's findings to ensure the long-term residents of caravan parks are being treated fairly.

FINDING 12: Caravan and residential parks increasingly provide affordable accommodation and community connection to many regional Victorians, particularly older people. They are an important and often overlooked form of housing.

RECOMMENDATION 28: That the Victorian Government work with the Commissioner for Residential Tenancies to enshrine the right of long-term residents of caravan and residential parks to fair and secure lease terms and conditions.

80 Rod Hearn, *Transcript of evidence*, pp. 16–18, 20.

81 Caravan and Residential Parks Victoria, *Submission 71*, p. 1.

82 Caravan and Residential Parks Victoria, *Submission 71*, p. 8.

6.3 Better utilising existing housing stock

While this report has largely focused on increasing the supply of affordable homes in regional Victoria, not all communities have the suitable land available to accommodate additional homes. For example, seaside towns along the Great Ocean Road, like Lorne and Apollo Bay, are surrounded by native bushland with a significant risk of bushfire. The potential to expand town boundaries to accommodate new housing is limited.[83] In communities like this, it is important that existing housing stock is used effectively. This section examines three opportunities to better utilise existing housing stock, namely, ensuring short-term accommodation is balanced with the need for long-term rentals, promoting homesharing in regional Victoria, and measures to ensure rental increases do not undermine housing affordability.

6.3.1 A stronger Short Stay Levy to encourage long-term rentals

Many witnesses highlighted the challenges arising from short-stay accommodation in regional communities. For example, East Gippsland Shire Council observed that '[t]he issue in many of our towns isn't one of housing supply, but … the proportion of properties tied up in short-term accommodation rather than available for long-term rent'.[84] Service and advocacy organisation the Housing for the Aged Action Group asserted that in 'popular tourist destinations, short-stay accommodation takes housing out of the market, pushing up rental prices and preventing people on low incomes from gaining housing'.[85]

Short-stay accommodation is a private house, apartment, or room rented out on a temporary basis (typically a short period of days or months), rather than long-term leasing. Short-stay accommodation is often booked through an online platform, like Airbnb, and provides temporary accommodation for holiday makers, workers from out of town, or others needing short-term housing. The concept is similar to a hotel but involves private homes.[86]

A submission from short-stay booking platform Airbnb highlighted the benefits that short-stay accommodation can deliver to regional Victorian communities. It said it enables communities without traditional forms of tourist accommodation (such as hotels) to attract holiday makers and benefit from the economic activity generated by tourism:

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83 Friends of Lorne Inc, *Submission 55*, p. 1; Darren Rudd, Acting Coordinator, Statutory Planning, Colac Otway Shire Council, public hearing, Colac, 24 February 2025, *Transcript of evidence*, p. 62; Apollo Bay Community Voice, *Submission 23*, p. 1.

84 East Gippsland Shire Council, *Submission 32*, p. 4.

85 Housing for the Aged Action Group, *Submission 46*, p. 7.

86 State Revenue Office, *Short Stay Levy*, 2025, <https://www.sro.vic.gov.au/short-stay-levy> accessed 4 September 2025; Consumer Affairs Victoria, *Short stay accommodation—laws to prevent unruly parties*, 2025, <https://www.consumer.vic.gov.au/housing/owners-corporations/rules/short-stay-accommodation-laws-to-prevent-unruly-parties> accessed 4 September 2025.

> Analysis of Airbnb data and OpenStreetMap has shown there were over 92,000 guest arrivals in Australian communities with Airbnbs and no hotel infrastructure in 2022. This generated almost $27 million in host earnings throughout the country.[87]

It submitted that in the 12 months to March 2023, Airbnb guests spent more than $3 billion in Victoria, contributing at least $3.7 billion to Gross State Product. Approximately 56% of this spending occurred outside of metropolitan Melbourne.[88] Airbnb estimated that this supported:

> approximately 26,000 jobs around the state, including direct jobs such as cleaners or gardeners that service short-stay accommodation, as well as indirect roles such as those in the retail, hospitality and tourism sectors.[89]

Short-stay accommodation can also provide accommodation to temporary workers, such as construction workers building large infrastructure.[90] Although the East Gippsland Shire Council observed that short-stay accommodation is not typically accessible to seasonal workers in the farming and tourism industries as 'housing is often at an expensive premium during periods of peak demand'.[91]

Airbnb also highlighted the economic benefit for homeowners leasing their properties for short stays, including supplementing and diversifying their income streams. It suggested that it can be an 'economic lifeline that helps [Victorians] make ends meet', stating:

> In a survey of Victorian hosts on Airbnb, 74% said they plan to use the money earned from hosting to help cover the rising costs of living over the next 12 months, 54% said their hosting income has helped them avoid eviction or foreclosure, and 47% said hosting income has allowed them to stay in their home.[92]

However, a concentration of short-stay accommodation in some regions is exacerbating the challenges of inadequate housing supply in communities. For example, Hepburn Shire Council reported that the 'prevalence of short stay rentals has increased exponentially in the recent past'.[93] As of December 2024, short-stay accommodation equated to 11% of the total private housing in the municipality, that is, 1,042 homes from a total of 9,477 homes.[94] As Figure 6.2 shows, most of these are clustered in tourism-focused communities of Daylesford–Hepburn Springs with significant numbers also present in Creswick, Trentham, Clunes, Glenlyon and Wheatsheaf.[95]

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87 Airbnb, *Submission 39*, p. 4.

88 Ibid., pp. 1, 3.

89 Ibid., p. 3.

90 Ibid., p. 6.

91 East Gippsland Shire Council, *Submission 32*, p. 4.

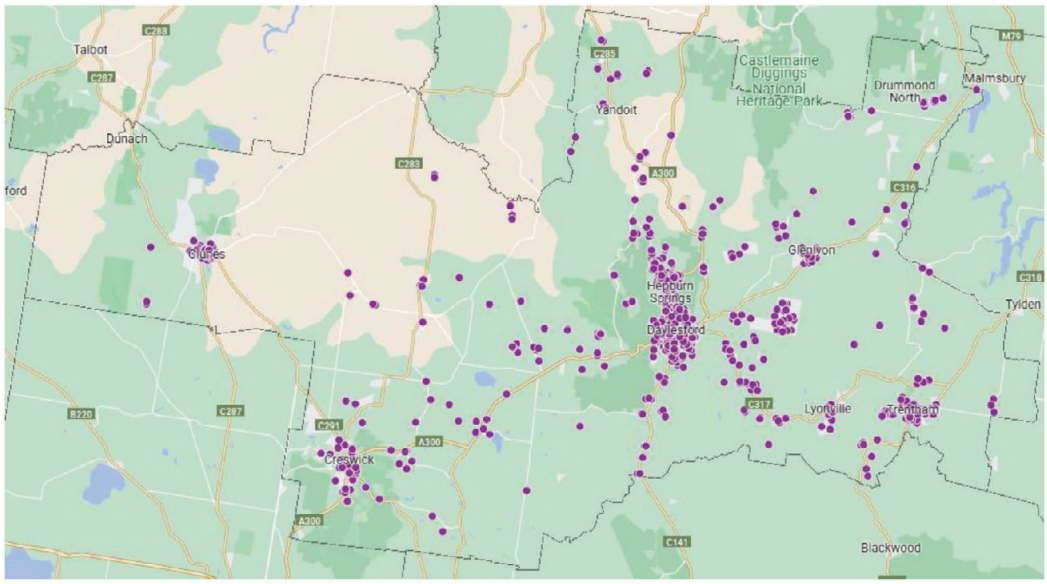
92 Airbnb, *Submission 39*, p. 3.

93 Hepburn Shire Council, *Submission 47*, p. 8.

94 Ibid, pp. 8, 12.

95 Ibid., p. 5.

Figure 6.2 Distribution of short-stay accommodation in the Hepburn Shire Council



Source: Hepburn Shire Council, *Submission 47*, p. 5.

Hepburn Shire Council is one of the top five municipalities with the highest concentration of short stay accommodation across the state.[96] It recognised that '[t]ourism is effectively Hepburn's largest employer and is crucial to the local economy'. However, it also acknowledged that 'when it comes to housing, there is … tension between housing local workers particularly of the tourism industry and providing overnight accommodation for the incoming visitors'.[97] The Council is currently considering how best to manage this tension.[98]

Likewise, Chris Pike, General Manager of Placemaking and Environment at the Surf Coast Shire Council, said the number of homes being used for short-stay accommodation in Lorne escalated in the 2010s; by 2020 about a third of the housing in Lorne was regularly listed on online platforms for short stay accommodation. He said it has continued to 'ramp up' and 'exponentially become more challenging … in the last five years'.[99] Penny Hawe, from local community group Friends of Lorne, said that one resident of Lorne owns 20 houses listed on Airbnb.[100]

A recent study found that Apollo Bay had more homes available for short-term accommodation than long-term rentals.[101] Ian Seuren, General Manager of Community and Economy at Colac Otway Shire Council, didn't distinguish between homes being used for short-stay accommodation and those maintained as private holiday houses.

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96 Ibid., p. 1.

97 Ibid., pp. 7–8.

98 Ibid.

99 Chris Pike, General Manager, Placemaking and Environment, Surf Coast Shire Council, public hearing, Colac, 24 February 2025, *Transcript of evidence*, p. 65.

100 Penny Hawe, President, Friends of Lorne Inc, public hearing, Colac, 24 February 2025, *Transcript of evidence*, p. 22.

101 Grounded, *Airbnb: from a housing problem to solution*, report prepared by Karl Fitzgerald, 2024, p. 3.

He observed that '[a]pproximately two-thirds of the housing stock in Apollo Bay is nonresident houses'. He said it's having 'a big impact on long-term accommodation and housing availability and affordability':

> The median house price is $913,000 and the median rent is $550 per week, making it unaffordable for key workers. When we talk about key workers we are not just talking about hospitality workers and cleaners, we are talking about teachers, nurses, doctors and bank managers. We could not get a bank manager for months and months because they could not find a house.[102]

Social services also reported that long-term rental properties are being converted to short-term accommodation in communities with a strong tourism market. The Committee heard that this is making it more difficult to find homes for low-income or marginally housed residents.[103] For example, the Central Highlands Wimmera Homelessness Alliance submitted:

> Cafs, the homelessness service provider in Daylesford (CH region, Hepburn Shire) report having no housing options for people attending the Entry Point office seeking a home, referring all clients, including long term locals and those working locally, to Ballarat or Melbourne to find accommodation.[104]

The J2SI Consortium referred to international research indicating that 'where there are low vacancy rates and high demand, unrestricted use of residential homes for tourism purposes such as short stay increased rental affordability pressures and inflated housing prices'.[105]

Airbnb submitted that nationally, short-term accommodation only accounts for 1–2% of housing stock and asserted that there 'is no strong correlation between the number of homes utilised as short-stay accommodation and rental affordability or vacancy rates'.[106] It argued that short-stay accommodation is not the 'primary driver of housing issues':

> The poor housing affordability outcomes observed in various locations throughout Australia stem from a combination of factors. These include limited overall housing supply, fluctuations in interest rates, and other economic conditions. Thus, attributing these challenges solely to the increase in short-stay accommodation properties would be misleading.[107]

The challenges regional communities face balancing the rise of short-stay accommodation with the availability of long-term rentals led the Victorian Government to introduce a new Short Stay Levy. Box 6.3 describes the operation of the levy.

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102 Ian Seuren, General Manager, Community and Economy, Colac Otway Shire Council, public hearing, Colac, 24 February 2025, *Transcript of evidence*, p. 62.

103 Anglicare Victoria, *Submission 67*, p. 7; Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, pp. 9–10; Central Highlands and Wimmera Homelessness Alliance, *Submission 65*, p. 11.

104 Central Highlands and Wimmera Homelessness Alliance, *Submission 65*, p. 11.

105 Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, pp. 9–10.

106 Airbnb, *Submission 39*, p. 8.

107 Ibid.

Box 6.3 Short Stay Levy

From 1 January 2025, the Short Stay Levy applies to temporary leases of Victorian properties. The levy is 7.5% of the total booking fees and charges for a property (including GST) and applies to properties leased for fewer than 28 consecutive days.

Former Treasurer, Tim Pallas, said that applying a levy to short-term accommodation booking fees will encourage homeowners to return their properties to the long-term rental market. Table 6.2 shows how the levy would apply to a two-night stay booked via a platform such as Airbnb.

Table 6.2 Applying the Short Stay Levy, example

Charges	Amount ($)
Accommodation – $500 per night for 2 nights	1,000.00
Cleaning fee	100.00
Guest service fee	150.00
GST (on cleaning fees)	10.00
Levy contribution requested by booking platform	94.50
Total booking fee	**1,354.50**
Short Stay Levy (7.5% of total booking fee)	**101.55**

The levy does not apply to a short stay in a property that is the principal place of residence of the owner or renter of that property. For example, Victorians who lease their home for short-stay bookings while they're away on holidays. Nor does it apply to hotels, hostels or student accommodation or to stays in private residences longer than 28 consecutive days.

The levy does apply to:

- holiday homes and apartments
- rooms in a house which are not the owner's principal place of residence
- granny flats and tiny homes (even if they are on the same block as the owner's principal place of residence).

The levy must be paid by the booking platform where the booking is made via a platform such as Airbnb, or by the property owner or tenant where the booking is accepted directly.

The Parliamentary Budget Office estimates the average annual revenue per short-stay property in regional Victoria is $28,418 and the average annual Short Stay Levy paid is $2,131.

(Continued)

Box 6.3 (Continued)

Revenue raised by the levy will fund Homes Victoria, with 25% of funds to be invested in regional Victoria. It is expected to generate around $60 million in revenue per annum.

Sources: State Revenue Office, *Short Stay Levy*, <https://www.sro.vic.gov.au/short-stay-levy> accessed 4 September 2025; State Revenue Office, *Short stay levy – frequently asked questions*, <https://www.sro.vic.gov.au/short-stay-levy/faqs> accessed 4 September 2025; Victoria, Legislative Assembly, 28 August 2024, *Parliamentary debates*, p. 3206; Treasurer Tim Pallas MP, 'More long-term rentals and more social homes', media release, 27 August 2024; Parliamentary Budget Office, *The Victorian Government's 7.5% Short Stay Levy: impact on property owners*, 2024, p. 8.

Stakeholders welcomed the introduction of the levy but feared that the rate may be insufficient to prompt the turnover of properties from short- to long-term accommodation.[108] For example, the J2SI Consortium submitted that it is 'yet to see a significant rise in rental vacancies, or an increase in properties being listed for sale by owners who have decided that the levy makes their investment unviable'.[109] It suggested that property owners have likely worked around the levy:

> Rather, we think it more likely that owners have increased their prices on these platforms to accommodate lost revenue, or are using other avoidance measures, such as informally subletting their properties to people they know, or one party in a couple changing their residential address, as the levy does not apply to someone's primary residence.[110]

MAV submitted that 'the rate will not be an adequate price signal to correct the market … and other market interventions will be necessary'.[111]

Stakeholders argued for the location and concentration of short-term accommodation in communities to be tracked.[112] Airbnb called for a 'mandatory registration scheme for all properties being used for short-stay accommodation in Victoria' at the state government level:

> This register will provide the Government with a clear picture of the industry, including vital information about the number and location of properties used for short-stay accommodation and support compliance with the levy … This clarity will enable the Government to effectively monitor compliance with the levy and make informed decisions regarding any necessary changes to the levy.[113]

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108 Municipal Association of Victoria, *Submission 114*, p. 12.

109 Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, p. 9.

110 Ibid.

111 Municipal Association of Victoria, *Submission 114*, p. 12.

112 Ibid., p. 13; Murrindindi Shire Council, *Submission 98*, p. 3; Grounded, *Submission 36*, p. 2; Grounded, *Airbnb*, pp. 16–20; Airbnb, *Submission 39*, p. 11.

113 Airbnb, *Submission 39*, p. 11.

Stakeholders supported limiting the number of properties in a community, or per owner, which can be leased as short-term accommodation.[114] The J2SI Consortium stated that this strategy has been successful internationally to ensure long-term rentals remain available.[115] Alternatively, MAV suggested limiting the number of days a property can be used for short-stay purposes in communities with housing shortages.[116] There was also some support for the introduction of incentives to encourage property owners to transition from short-term accommodation to long-term rentals.[117]

Stakeholders also advocated for a greater nexus between where the Short Stay Levy is collected and where Homes Victoria spends this revenue on social housing.[118] Hepburn Shire Council observed that there is 'no guarantee' that the proceeds of the levy will be invested into social housing within its municipality despite it being one of five municipalities forecast to generate 30% of the total revenue collected by the levy.[119] It argued that a proportionate amount of this revenue should be invested back into social housing within the community to alleviate the impact of short-stay accommodation.[120] Likewise, MAV recommended:

> Establish a clear and transparent link between revenue collected through the short-stay levy and reinvestment into the same local government areas and regions where it was generated, ensuring affected communities benefit directly[121]

Airbnb argued that as the homes listed for short-term accommodation are often a dedicated holiday home, it is unlikely that they will 'ever' transition to the long-term rental market.[122] It called for a 12-month review of the operation and impact of the Short Stay Levy to assess its effectiveness.[123]

The Committee acknowledges that the proliferation of short-stay accommodation in regional Victorian towns popular with tourists is creating real challenges for local residents relying on rental properties. It is a factor contributing to the shortage of affordable private rental properties in these communities. This has flow-on effects for the ability of businesses in these communities to recruit and retain staff, and for the provision of essential health and educational services. It is driving lower income residents out of tourist-centric towns.

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114 Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, pp. 9–10; Alan Mitchinson, *Submission 10*, p. 1; Grounded, *Submission 36*, p. 2; Grounded, *Airbnb*, pp. 16–20; Central Highlands and Wimmera Homelessness Alliance, *Submission 65*, p. 12; Friends of Lorne Inc, *Submission 55*, p. 3.

115 Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, pp. 9–10.

116 Municipal Association of Victoria, *Submission 114*, p. 13.

117 East Gippsland Shire Council, *Submission 32*, pp. 4, 9; Friends of Lorne Inc, *Submission 55*, pp. 2–3.

118 Municipal Association of Victoria, *Submission 114*, p. 13; Hepburn Shire Council, *Submission 47*, p. 8; Housing for the Aged Action Group, *Submission 46*, pp. 2, 7.

119 Hepburn Shire Council, *Submission 47*, pp. 1, 8.

120 Ibid., p. 8.

121 Municipal Association of Victoria, *Submission 114*, p. 13.

122 Airbnb, *Submission 39*, p. 8.

123 Ibid., p. 12.

However, at the time of writing this report, the Short Stay Levy had not been in operation for 12 months. It is too early to assess whether it is driving property owners to transition their short-stay accommodation to long-term rentals or discouraging the further conversion of properties from homes to investments of this nature. It may well be that the current levy rate is too low, or that property owners are managing to avoid their liabilities. However, a careful review is needed to assess the operation of the levy and whether it is achieving its objectives effectively.

The Committee would like to see the Victorian Government undertake this work by 2027 and implement any recommendations to strengthen the operation of the levy promptly.

RECOMMENDATION 29: That the Victorian Government review the operation and effectiveness of the Short Stay Levy by 2027 and enact any recommendations to strengthen its operation promptly.

6.3.2 Promoting mutally beneficial homesharing

As described in Chapter 2, homes in regional Victoria are typically larger than households need and many rooms are left vacant. Homeshare Australia and New Zealand Alliance (HANZA), the peak body for homeshare providers, estimates that there are approximately 848,000 homes in regional Victoria with spare bedrooms.[124] It was not alone in advocating for government support to better utilise existing housing in regional Victoria, such as through homesharing arrangements.[125]

A homeshare is a living arrangement where two or more people share a living space for the benefit of all parties. Arrangements are professionally facilitated and typically involve a home provider offering low-cost accommodation to a home seeker in exchange for companionship and other forms of support, such as assistance with household chores.[126]

Home providers are typically people living alone (including older Victorians or those with a disability) who would benefit from having another person around to assist with chores, or in case of emergencies. Home seekers are individuals or couples (over 18) looking for affordable housing and who can provide 10–12 hours a week of agreed tasks. They may be studying or working but cannot afford a private rental.[127]

A homeshare coordinator gets to know the unique needs of both parties and conducts safety checks before matching home providers and home seekers for a one-month trial living arrangement. If all parties are happy with the arrangement, a minimum

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124 Homeshare Australia and New Zealand Alliance Inc, *Submission 28*, p. 3.

125 Ibid., pp. 13–14; Professor Karien Dekker et al., *Submission 68*, pp. 1, 5; Mildura Rural City Council, *Submission 61*, p. 9.

126 Homeshare Australia and New Zealand Alliance Inc, *Submission 28*, pp. 2–3.

127 Dhelkaya Health, *Homeshare Mount Alexander: Homeshare*, <https://dhelkayahealth.org.au/homeshare> accessed 4 September 2025.

6-months homeshare arrangement is negotiated.[128] HANZA said that skilled homeshare coordinators with connections in the community are key to the success of a program:

> Matching processes require careful facilitation and ongoing monitoring. Programs that lack adequate staffing or clear matching protocols are less successful. The process is time-intensive and cannot be scaled up without risking quality ...[129]

HANZA reported the wide-ranging benefits of a homeshare program:

- Contributes to housing efficiency and environmental sustainability: Reduces need for new builds, making it a cost-effective, environmentally friendly and immediate solution.
- Supports ageing in place: Allows older residents to stay in their homes longer, reducing demand for aged care services.
- Provides affordable housing for key workers, students and women at risk of homelessness: Can help attract and retain workers in regional communities.
- Strengthens social connections and reduces isolation: Enhances community resilience.[130]

The Committee learned about the benefits of homeshare firsthand when it met with the organisers and participants of Homeshare Mount Alexander, see Case Study 6.2.

Case Study 6.2 Homeshare Mount Alexander

On 7 May 2025, the Committee met with representatives of HANZA, Homeshare Mount Alexander and Dhelkaya Health to discuss the benefits of regional homeshare programs and opportunities for statewide expansion.

Homeshare Mount Alexander operates out of Castlemaine and is a relatively new initiative of local health care provider, Dhelkaya Health. Dhelkaya Health provides the coordination, assessment and support for local homeshare arrangements, including identifying and matching home providers with home seekers.

The Committee heard firsthand how homesharing is helping reduce housing insecurity in the Castlemaine community. The affordable accommodation provided by the program is empowering home seekers to access educational opportunities and it is providing isolated homeowners with company and support to age in place. It was clear that the positive impact of the program was transformative for those involved and much broader than improving housing security.

The Committee was struck by the program's potential to quickly and inexpensively unlock latent housing capacity and address social isolation in regional Victorian communities.

Source: Notes from Committee site visit, Homeshare Mount Alexander, Castlemaine, 7 May 2025.

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128 Ibid.; Homeshare Australia and New Zealand Alliance Inc, *Submission 28*, p. 12.

129 Homeshare Australia and New Zealand Alliance Inc, *Submission 28*, p. 12.

130 Ibid., p. 4.

The Committee heard that homeshare programs have been successful internationally, including in the United States of America and Belgium. For example, Homeshare Vermont began in 1979 as a program run by volunteers and now operates statewide. It matched 274 people in 2024. The average length of a match was 21 months and approximately 30,400 hours of assistance were exchanged across the matches.[131]

HANZA argued that establishing homeshare programs across the state is a low-cost and rapid way to provide 'immediate relief for key workers, students, older people, and others experiencing housing stress' in regional Victoria.[132] It recommended funding for regional pilot programs requiring partnerships with local governments, health services or other community organisations. It also called for support to develop a statewide good practice framework for homeshare programs and an awareness campaign to promote uptake.[133] It urged the Victorian Government to invest in homeshare programs:

> With nearly one million spare bedrooms in regional Victoria, unlocking even a fraction of this invisible housing capacity could help relieve housing stress for key workers, students, older people, and those at risk of homelessness. HANZA urges the Victorian Government to invest in scaling homeshare as a tested, community-led solution — building stronger, more inclusive regional communities through smart use of existing resources.[134]

An interdisciplinary group of researchers at RMIT University submitted in favour of what they termed 'host accommodation'. They argued that the Victorian Government should incentivise homeowners to offer spare bedrooms to seasonal workers.[135]

Mildura Rural City Council argued that there 'should be greater promotion and support for both existing and new housesharing platforms' to help connect homeowners struggling with the cost of living with individuals seeking housing.[136]

The Committee shares stakeholders' views that the Victorian Government can facilitate the better utilisation of existing housing. Programs such as homeshare offer an immediate, low-cost and practical way to house Victorians on low incomes. The Committee also acknowledges the profound and immeasurable social benefits that these programs can deliver for both home providers and seekers when participants are well matched.

It believes that with appropriate support, the homeshare models it observed at Homeshare Mount Alexander could be replicated in other regional Victorian communities to help address housing insecurity and social isolation.

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131 Ibid., p. 5.

132 Ibid., p. 13.

133 Ibid., pp. 2, 13.

134 Ibid., p. 2.

135 Professor Karien Dekker et al., *Submission 68*, pp. 5–6.

136 Mildura Rural City Council, *Submission 61*, p. 9.

RECOMMENDATION 30: That the Victorian Government support the formation of a statewide framework for homeshare programs and the establishment of regional pilot programs requiring partnerships with local governments, health services or other community organisations.

6.3.3 Fairness for renters

The rising cost of leasing a private home in regional Victoria is causing severe rental stress and housing insecurity. As described in chapters 2 and 3, rents in regional Victoria increased by nearly 7% in 2024–25, building on an increase of 17% over the three years prior. The median rent in regional Victoria is now approximately $2,000 per month.[137]

Damien Patterson, Director of Policy, Advocacy and Engagement at renter advocacy organisation Tenants Victoria, said that rent is typically the largest expense in most household budgets and unaffordable rent increases are leading households to go without:

> Rent increases have an impact on anything else that you might choose to buy … people are going without … things that I think we would consider essential: it is food, it is clothing, it is kids supplies, it is a haircut. There are many aspects of the household budget, and you have got to make it work, but by far the biggest, and a growing part of that household budget, for most households is the rent.[138]

Tenants Victoria also reported that some regional Victorians are staying in unsuitable and unsafe housing because it is all they can afford, despite detrimental health effects.[139] Cameron Bloye, Deputy Chief Executive Officer and Director of Client Services at Tenants Victoria, reported that the service has seen a 'dramatic increase' in requests for assistance in recent years. He said the service only has the resources to answer 15–20% of calls and that its legal team gets a significant number of requests relating to rent increases:

> with current challenges in the rental market, our financial counselling team sees a lot of people doing it incredibly tough, people with significant rent arrears and people facing significant rent increases. Alongside rent arrears, often people are very behind on their utility bills, have other debts and loans, or are just doing it very tough financially. Often rent is the last thing people want to fall behind on, of course, so everything else suffers as a result. For our legal team, similarly, rent increases are a really significant area of need that our lawyers assist renters with, alongside repairs and evictions and a range of other issues.[140]

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137 Damien Patterson, Director of Policy, Advocacy and Engagement, Tenants Victoria, public hearing, Melbourne, 4 April 2025, *Transcript of evidence*, p. 48.

138 Ibid., p. 49.

139 Tenants Victoria, *Submission 105*, p. 3.

140 Cameron Bloye, Deputy Chief Executive Officer and Director, Client Services, Tenants Victoria, public hearing, Melbourne, 4 April 2025, *Transcript of evidence*, p. 48.

He added that most regional Victorians have limited options when rent increases make their home unaffordable:

> We have to be very up-front with people … even though their rent might be increasing by significant amounts or they might be struggling to pay it, that you do not have the easy option that would exist with a less tight rental market of finding somewhere more affordable because increasingly that is not really possible. You have got to move to a completely different area and pull your kids out of school, and they are really significant life impacts.[141]

The Victorian Government has introduced rules limiting when and how rent for a private home can be increased. Landlords seeking to increase rent must give their tenant written notice at least 60 days in advance. In most circumstances, rent can only be increased once during a 12-month period and can't be increased at all during a fixed-term lease, unless this is permitted by the contract for the lease.[142]

The amount that rent can increase is not currently limited. However, landlords must explain how an increase has been calculated. Common methods for calculating a rent increase include:

- according to how much prices are generally changing in the economy, known as the consumer price index (CPI) …
- according to average rent prices in Victoria, known as the metropolitan rent index or the regional rent index
- by a fixed percentage increase—a percentage should be specified (e.g. 3%)
- by a fixed dollar amount—a dollar amount should be specified (e.g. $10).[143]

If a tenant believes a rent increase is excessive, they can ask Consumer Affairs Victoria to conduct a free rent increase investigation. If this shows that a rent increase was unfair, the tenant can ask their landlord to revise the increase. In instances where a landlord refuses, tenants can take the rental dispute to Rental Dispute Resolution Victoria to be determined. If it remains unresolved, tenants can apply to the Victorian Civil and Administrative Tribunal to set a maximum rent increase.[144]

Rental advocates recommended increasing the social support, legal advice and financial assistance available to people renting homes in regional Victoria.[145] Tenants Victoria argued that '[m]ultidisciplinary, targeted support services for renters [is] an important part of the early intervention responses that are needed to prevent homelessness'.[146] Meli, a not-for-profit community service provider, argued that

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141 Ibid., p. 50.

142 Consumer Affairs Victoria, *Rent increases*, 2025, <https://www.consumer.vic.gov.au/housing/renting/rent-bond-bills-and-condition-reports/rent/rent-increases> accessed 11 September 2025.

143 Ibid.

144 Consumer Affairs Victoria, *Challenging rent increases or high rent*, 2025, <https://www.consumer.vic.gov.au/housing/renting/rent-bond-bills-and-condition-reports/rent/challenging-rent-increases-or-high-rent> accessed 11 September 2025.

145 Tenants Victoria, *Submission 105*, p. 5.

146 Ibid.

strengthening rental assistance programs and expanding rental subsidies will support younger renters to maintain stable housing.[147] Peak body for child and family services, the Centre for Excellence in Child and Family Welfare, suggested 'rental relief' for low income families will help them retain rental housing.[148]

The Victorian Aboriginal Housing and Homelessness Forum (VAHHF) drew the Committee's attention to racism and discrimination in the rental market. VAHHF said that Aboriginal Victorians are discriminated against by real estate agents when seeking rental homes and by hotels when seeking crisis accommodation.[149] Recent research by the Centre for Urban Transitions at Swinburne University of Technology found that Aboriginal Victorians face barriers at every stage of the process of seeking a rental property due to 'prejudice, discrimination and structural disadvantage'.[150] It noted that '[r]acist stereotypes and prejudice towards Aboriginal people were frequently reported as a barrier to being chosen for rental properties' and that discrimination may be rife and is difficult to prove.[151]

VAHHF urged the Victorian Government to 'address racism and discrimination' by expanding the Aboriginal Private Rental Assistance Program to include anti-racism training for housing providers, real estate agents and accommodation operators.[152] The Aboriginal Private Rental Assistance Program is funded by Homes Victoria and delivered by Aboriginal Controlled Community Organisations. It supports Aboriginal Victorians who are experiencing, or at risk of, homelessness to maintain a private rental tenancy or to secure a new one. Program officers work with tenants and real estate agents to ensure that the relationship remains productive and to assist households to maintain their tenancy. This can encompass negotiating rent payment plans or providing financial support to pay rent in advance.[153]

The Centre for Excellence in Child and Family Welfare advocated for strengthening discrimination protections for single parents and people with disabilities seeking private rental properties in regional Victoria.[154]

The Committee is concerned by reports that rising rental costs in regional Victoria are contributing to severe housing stress, financial hardship, and growing demand for legal and social support services. Median rents have increased significantly in recent years, with many tenants unable to absorb further increases. As discussed in Chapter 3, vulnerable groups, including low-income families, young people and

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147 Meli, *Submission 90*, p. 3.

148 Centre for Excellence in Child and Family Welfare, *Submission 74*, p. 5.

149 Victorian Aboriginal Housing and Homelessness Forum, *Submission 118*, p. 6.

150 Wendy Stone, Zoë Goodall, Andrew Peters and Piret Veeroja, *Aboriginal private rental access in Victoria: "excluded from the start"*, report for Consumer Policy Research Centre, Swinburne University of Technology, 2021, pp. 56, 60; Swinburne University of Technology, *Think private renting is hard? First Nations people can be excluded from the start*, 2022, <https://www.swinburne.edu.au/news/2022/10/think-private-renting-is-hard-first-nations-people-can-be-excluded-from-the-start> accessed 11 September 2025.

151 Ibid.

152 Victorian Aboriginal Housing and Homelessness Forum, *Submission 118*, p. 12.

153 Homes Victoria, *Aboriginal Private Rental Assistance Program*, information sheet, 2023, pp. 1–2.

154 Centre for Excellence in Child and Family Welfare, *Submission 74*, p. 5.

Aboriginal Victorians, are disproportionately affected and face limited access to safe and affordable housing. It is critical that these groups can access the social support, legal advice and financial assistance they need to maintain their rental housing.

The Committee was also concerned to hear about racial discrimination in the rental market, particularly regarding Aboriginal Victorians. Systemic barriers and prejudice continue to affect their ability to secure rental properties. The Committee backs calls for anti-racism training for real estate agents, alongside the expansion of rental support programs for Aboriginal households who rent their home.

RECOMMENDATION 31: That the Victorian Government increase funding for rental assistance programs in regional communities, including social services, legal assistance and financial counselling. In particular, the Aboriginal Private Rental Assistance Program should be expanded to include culturally safe support services and anti-racism training for landlords, real estate agents and accommodation providers.

Implementing these reforms will help alleviate rental stress, prevent homelessness, and ensure greater housing stability for thousands of Victorians living in regional areas.

6.4 Building on the Big Housing Build

Access to social housing is critical to the wellbeing of an increasing number of Victorians who are priced out of the private rental market in regional communities. It provides the secure and affordable housing foundational to a healthy and productive life and a functioning society.[155] As CHIA Vic highlighted, housing is both a legally enshrined human right and essential community infrastructure:

> A good home is a foundation for the most important things in life: freedom, connection, community, relationships …
>
> Housing is essential infrastructure—it is fundamental to how our cities function. Along with transport networks, housing supports the effective functioning of our labour markets and allows people to live and work where they choose. Housing affects the life chances and choices of our population.
>
> Housing is a human right enshrined in international law.[156]

Case Study 6.3 describes the transformative impact that secure housing can have on a family.

155 Community Housing Industry Association (Victoria), *Submission 66*, p. 4; Mental Health Victoria, *Submission 99*, p. 2.

156 Community Housing Industry Association (Victoria), *Submission 66*, p. 7.

Case Study 6.3 The positive impact of secure housing

Joanna and her son live in community housing run by social service provider CatholicCare Victoria. Prior to living in their home, Joanna and her son experienced homelessness, living in her car and staying in motels. This instability had a detrimental effect on Joanna's wellbeing and her son's school attendance. Now with a stable home, Joanna's outlook has shifted from despair to hope, and she can envision a brighter future for her and her son. Joanna has observed positive changes in her son's behaviour, and an improved relationship between them. This new chapter has brought renewed optimism and stability to their lives.

Source: Community Housing Industry Association (Victoria), *Submission 66*, p. 22.

Unfortunately, despite record Victorian Government investment in social housing under the Big Housing Build, a growing number of regional Victorians don't have a safe, secure and affordable place to call home.[157]

As of March 2025, more than 55,000 Victorian households were waiting for access to social housing, with more than 30,000 of these priority applicants.[158] Several groups are particularly vulnerable to housing insecurity—young, older and Aboriginal Victorians; those experiencing mental health challenges or family violence; people with disability; and recent migrants and refugees. Chapter 3 describes how these households may be experiencing homelessness, overcrowding, or struggling with the high cost of housing in the private rental market.

CHIA Vic estimated that the state's social housing stock must increase by 5.5–6.5% to keep up with demand. This equates to approximately 3,000 new homes each year or around 87,000 new social houses by 2051.[159] The Victorian Council of Social Services (VCOSS), the peak body for Victoria's social and community sector, suggested that an additional 377,000 new social homes are required by 2051 to meet 'total demand' within the community. (Total demand comprises people waiting for social housing on the Victorian Housing Register and those who are eligible but have not yet applied.) This would grow social housing to approximately 10% of the state's total housing stock.[160]

A long-term, sustained and strategic investment in social housing is needed to deliver the homes necessary to meet future demand. The next section of the report explores how this investment can be maximised for the public benefit and the types of specialist housing required to meet the needs of Victorians especially vulnerable to housing insecurity.

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157 Council to Homeless Persons, *Social housing waitlist increases again, now topping 65,000*, media release, 10 April 2025.

158 Homes Victoria, *Applications on the Victorian Housing Register (VHR)*, <https://www.homes.vic.gov.au/applications-victorian-housing-register-vhr> accessed 2 July 2025.

159 Community Housing Industry Association (Victoria), *Submission 66*, p. 18.

160 SGS Economics and Planning, *Growing social housing: data insights and targets*, 2025, pp. 15–16; Victorian Council of Social Services, *Submission 115*, p. 10.

6.4.1 Sustained investment in social housing

Many stakeholders advocated for greater and sustained investment in social housing across regional Victoria to address unmet housing need.[161] VCOSS called on 'the Victorian Government to build almost 80,000 new social homes across the state in the next decade'.[162] It argued that the construction of 7,990 new social homes each year, for ten years, is necessary to increase the proportion of social housing in Victoria to the national average of around 4.5% of all houses. It said that this assessment is supported by the Victorian Housing Peaks Alliance, a group of social services organisations 'that collectively represent people seeking a home, housing providers, renters, tenants' rights groups and housing support bodies'.[163] Safe and Equal also advocated for increasing social housing in Victoria to meet the national average.[164]

The J2SI Consortium recommended the construction of 60,000 social homes over the next ten years and an investment of $20.5 billion over four years to boost the supply of public and community housing across the state. It observed that this figure is endorsed by the Council to Homeless Persons, which is the peak body representing organisations working to end homelessness.[165] Uniting Vic.Tas, the community services organisation of the Uniting Church, similarly called for 60,000 new homes to be built by 2031 and the development of a ten-year strategy for social and affordable housing investment.[166]

CHIA Vic focused on the community housing Victoria needs to meet growing demand. It recommended that the Victorian Government invest $6 billion in the construction of 20,000 new community housing homes over the next decade, with 5,250 of these homes to be built in regional Victoria.[167]

Peak body for people living in public housing, the Victorian Public Tenants Association, conversely emphasised that government investment in social housing must bolster the number of public housing properties.[168] It argued that government-managed public housing is better suited to rural and remote locations as the dispersed nature of housing in these communities can make them difficult for community housing providers to manage with their more limited resources.[169] It recommended steady investment

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161 Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, pp. 6, 13–14; Real Deal Geelong, *Submission 49*, p. 1; Professor Karien Dekker et al., *Submission 68*, p. 10; Australian Institute of Architects, *Submission 56*, p. 2; Community Housing Industry Association (Victoria), *Submission 66*, p. 19; Centre for Excellence in Child and Family Welfare, *Submission 74*, p. 5; Anglicare Victoria, *Submission 67*, p. 8; Catholic Social Services Victoria, *Submission 77*, p. 7; Meli, *Submission 90*, p. 3; Central Highlands and Wimmera Homelessness Alliance, *Submission 65*, p. 6; Centre for Excellence in Child and Family Welfare, *Submission 74*, p. 5; Anglicare Victoria, *Submission 67*, p. 8; Barwon South West Homelessness Network, *Submission 86*, pp. 2–3; Infrastructure Victoria, *Submission 83*, p. 4; Municipal Association of Victoria, *Submission 114*, p. 11; Housing for the Aged Action Group, *Submission 46*, p. 6; Tenants Victoria, *Submission 105*, p. 6.

162 Victorian Council of Social Services, *Submission 115*, p. 9.

163 SGS Economics and Planning, *Growing social housing*, p. 2; Victorian Council of Social Services, *Submission 115*, pp. 10–11.

164 Safe and Equal, *Submission 27*, p. 6.

165 Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, pp. 13–14.

166 Uniting Victoria and Tasmania, *Submission 111*, p. 7.

167 Community Housing Industry Association (Victoria), *Submission 66*, p. 20.

168 Victorian Public Tenants Association, *Submission 87*, p. 4.

169 Ibid.

in regional public housing to increase stock to meet anticipated future demand and sufficient resourcing of the state's regional housing offices to manage these houses and support tenants 'face to face'.[170]

Some stakeholders argued that social housing targets should be established to guide investment in new public and community housing across regional Victoria. VCOSS called for statewide social housing targets, sub-targets for regional Victoria, and a strategy to guide the delivery of new social homes.[171] GBAC urged all levels of government to work together to set social and affordable housing targets for each municipality, as a proportion of the broader housing targets established under the *Plan for Victoria*. It argued that targets would support planning processes and direct investment in these types of housing.[172]

Planning consultancy Bower Insights felt that social and affordable housing targets for regional municipalities are needed to facilitate 'monitoring and public reporting on progress' towards increasing housing. It suggested that this would improve accountability and enable programs or policies to be adjusted to ensure targets are achieved.[173] Chris McNamara, Network Coordinator of the Gippsland Homelessness Network, did not advocate for social housing targets, but did highlight the importance of transparent investment in new social housing:

> We need to know—the community housing providers and the sector need to know—where stock is going, how much there is going to be, who the community housing provider is and how we can actually have some connection with them … For planning for organisations—the network is a really strong network, we have got a good strategic plan, we work together. But that information will help us all in the way that we can plan.[174]

Some regional stakeholders also called for reform to the allocation of social housing funds to maximise public benefits. They warned that current systems may disadvantage smaller and rural-based organisations. For example, Mount Alexander Shire Council reported rural local governments find it challenging to secure government investment in housing projects for the same reasons they struggle to attract private developers:

> Narrow metrics of cost per dwelling are easiest to drive down in large scale developments within or proximate to metropolitan settings, and to a degree also in regional cities … Capital appreciation and rental returns can be more reliably predicted in metro and regional city markets, if only because of the scale of data available. Too often, such parameters mean rural and remote settings miss out. The smaller and more remote that communities are, the greater the inequity of opportunity.[175]

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170 Ibid., p. 7.

171 Victorian Council of Social Services, *Submission 115*, p. 10; Victorian Council of Social Services, *Growing social housing*, <https://vcoss.org.au/growingsocialhousing> accessed 9 September 2025.

172 Greater Ballarat Alliance of Councils, *Submission 58*, p. 7.

173 Bower Insights, *Submission 78*, pp. 17, 28.

174 Chris McNamara, *Transcript of evidence*, p. 7.

175 Mount Alexander Shire Council, *Submission 84*, pp. 6–8.

It argued that the positive social impact of social housing projects in smaller rural communities is much greater than in larger cities. It called for the Victorian Government to recognise and reward this through social housing funding mechanisms adapted to support the viability of rural housing projects.[176] It was not alone in advocating for a dedicated rural funding stream for social housing in smaller, more remote communities.[177]

Regional community housing organisations also advocated for funding to be provided in a steady and sustained manner, rather than the current project-based grant rounds.[178] They argued that a steady pipeline of investment in social housing will enable them to maintain the skills and professional connections to deliver more social housing efficiently. Judy Line, Chief Executive Officer of Women's Housing Limited, a community housing organisation serving women at risk of homelessness, described how sporadic funding impacts the sector's capacity to deliver housing:

> [In] 2009 … there was this big influx [of funding]. We built all this stuff and all became quite skilled at what we were doing, and then the funding just went away … There was hardly anything between then and when the Victorian Government released the Big Housing Build a few years ago. We were very successful in that first round … But it is around having a pipeline of projects coming through … You could be sitting there and you might have a skilled-up development team … but then all of a sudden you lose those contacts and … the next one comes in, and you are back to square one again. You have got to start all over again. So a pipeline of projects would be much better.[179]

CHIA Vic asserted that the 'current funding structures are cumbersome, slow and unpredictable'.[180] It said that this makes it challenging for community housing organisations to be ready to apply for funding when opportunities arise. It argued that a steady pipeline of funding would allow organisations to invest in delivery partnerships and reduce the cost of constructing the housing.[181]

Women's Housing Limited and the Mallee Accommodation and Support Program (a social services provider) both warned that smaller community housing providers have limited capacity to carry debt or adopt complex financial structures to access government funding for social housing. They advocated for upfront funding for regional social housing projects, better notice of upcoming funding rounds, and simpler regulation of the financial arrangements adopted by organisations to deliver social housing projects.[182]

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176 Ibid., pp. 7–8, 10–11.

177 Catholic Social Services Victoria, *Submission 77*, p. 8; Mount Alexander Shire Council, *Submission 84*, pp. 9–11; East Gippsland Shire Council, *Submission 32*, p. 10; Rural Councils Victoria, *Submission 82*, p. 8.

178 Community Housing Industry Association (Victoria), *Submission 66*, p. 19; Judy Line, Chief Executive Officer, Women's Housing Ltd, public hearing, Melbourne, 4 April 2025, *Transcript of evidence*, p. 32.

179 Judy Line, *Transcript of evidence*, p. 32.

180 Community Housing Industry Association (Victoria), *Submission 66*, p. 19.

181 Ibid.

182 Women's Housing Ltd, *Submission 24*, pp. 2–3; Mallee Accommodation and Support Program Ltd, *Submission 30*, pp. 8–10; Judy Line, *Transcript of evidence*, pp. 33–35.

The Committee heard that any capital investment in social housing must also be matched by funding for community housing organisations to deliver:

- wraparound social support to residents to maintain their tenancies and address other challenges to their wellbeing
- homelessness prevention initiatives to reduce instances of housing insecurity.[183]

The J2SI Consortium submitted that '[i]t is essential that people who are moving into public and community housing are provided with the right support to settle into their new homes, and to sustain their tenancies'.[184] It noted that access to secure housing gives people the space to address other challenges in their lives. The right supports can assist social housing tenants to address drug or alcohol issues or mental illness, and access education and employment opportunities. It recommended ongoing investment into a three-year wraparound support program called 'Housing First' for priority cohorts.[185]

The Committee endorses stakeholders' strong advocacy for greater and sustained Victorian Government investment in social housing across the long term. Calls for more social housing in Victoria are justified by rising housing costs and increasing homelessness (described in chapters 2 and 3). As rents and property prices continue to rise faster than incomes, more individuals and families are being pushed into housing stress, overcrowding or homelessness. Social housing provides a long-term, affordable alternative for those most at risk, including low-income families, young adults and older Victorians. Sustained investment in expanding social housing will improve the wellbeing of individual Victorians and deliver long-term social and economic benefits for the state. As stakeholders asserted, social housing is transformative for individual Victorians and is essential infrastructure for thriving communities.

With Victoria's current social housing stock sitting below the national average, the Committee believes that significant and sustained investment is needed to close the gap and meet the needs of a growing population. A predictable and steady pipeline of funding will empower community housing organisations to maintain the skills and relationships with the development sector to quickly and cost-effectively deliver new social housing to the community.

The Committee also supports calls for clear, measurable social housing targets to help guide government planning, investment and accountability. Targets will ensure that social housing is prioritised within broader development strategies and that resources are allocated where they are most needed, including high-demand areas and smaller rural communities. They will enable progress to be tracked over time and give social services and regional Victorian communities confidence that housing challenges are being addressed in an equitable, structured and transparent way.

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183 Barwon South West Homelessness Network, *Submission 86*, p. 1; Central Highlands and Wimmera Homelessness Alliance, *Submission 65*, p. 10; Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, pp. 16–17.

184 Journey to Social Inclusion (J2SI) Consortium, *Submission 50*, p. 16.

185 Ibid, pp. 16–17.

Targets for social housing must be paired with funding mechanisms adapted to the differing realities of residential development in regional cities versus smaller rural communities. Without specific investment into increasing social housing in these smaller communities, rural and remote Victorians will miss out.

The Committee would like to see the Victorian Government collaborate with local governments, community housing organisations, social services and communities to:

- set targets which accurately reflect the demand for social housing
- design funding mechanisms to deliver social housing in smaller rural communities.

It encourages the Victorian Government to ensure community housing organisations and social services are adequately resourced to deliver wraparound support to social housing tenants and programs which prevent and reduce instances of homelessness.

RECOMMENDATION 32: That the Victorian Government collaborate with local governments, the community housing sector, social services and communities to establish targets for the construction of new social housing. Targets should accurately reflect projected demand across the state, including in rural and regional areas.

RECOMMENDATION 33: That the Victorian Government develop a 10-year investment plan for increasing social housing across regional Victoria. Investment must deliver both public and community housing and support the realisation of social housing targets. It should include dedicated funding streams for rural and regional communities.

RECOMMENDATION 34: That the Victorian Government increase funding for community housing organisations and social services providers to deliver wraparound support to social housing tenants and programs for homelessness prevention and early intervention.

Adopted by the Legislative Assembly Environment and Planning Committee
Parliament of Victoria, East Melbourne
31 October 2025

Appendix A
About the Inquiry

A.1 List of submissions

1	PrefabAUS
2	Nicholas Harvey
3	Name withheld
4	Name withheld
5	Kim Adams
6	Name withheld
7	Tom Keel
8	Sue Ronco
9	Graeme Milne
10	Alan Mitchinson
11	Julie Powell
12	Rhonda Manhire
13	Name withheld
14	Daniel McLean
15	Name withheld
16	EchidnaBuilt
17	RMIT Construction Waste Lab
18	Name withheld
19	Australian Urban Research Infrastructure Network
20	Corey Heard
21	Wellington Shire Council
22	Wedderburn Lions Club Aged Care Subcommittee
23	Apollo Bay Community Voice
24	Women's Housing Ltd
25	Waste Management and Resource Recovery Association of Australia
26	Urban Land Developments
27	Safe and Equal
28	Homeshare Australia and New Zealand Alliance Inc
28A	Supplementary submission
29	Alana Pund
30	Mallee Accommodation and Support Program Ltd
31	Regional Housing Victoria
32	East Gippsland Shire Council
33	L. Bisinella Developments Pty Ltd
34	Benalla Sustainable Future Group
35	Construction, Forestry and Maritime Employees Union
36	Grounded
37	Homes for Homes
38	Women's Health Goulburn North East
39	Airbnb
40	James Stevenson
41	Kylie Nolan
42	HOME Deakin University
43	YIMBY Melbourne
44	Sunraysia Residents Association
45	Aimee Boekhorst
46	Housing for the Aged Action Group
47	Hepburn Shire Council
48	Real Estate Institute of Victoria
49	Real Deal Geelong Alliance
50	Journey to Social Inclusion (J2SI) Consortium
51	City of Ballarat
52	Parklea Developments Pty Ltd
53	Horsham Rural City Council
54	Master Builders Victoria
55	Friends of Lorne
56	Australian Institute of Architects
57	Bendigo TAFE

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58	The Greater Ballarat Alliance of Councils
59	Gannawarra Shire Council
60	Swan Hill Rural City Council
61	Mildura Rural City Council
62	Villawood Properties Pty Ltd
62A	Supplementary submission
63	Dr Heather Holst
64	Quantify Strategic Insights and Oliver Hume
65	Central Highlands and Wimmera Homelessness Alliance
66	Community Housing Industry Association Victoria
67	Anglicare Victoria
68	Professor Karien Dekker, Associate Professor Kevin Argus, Associate Professor Dulani Halvitigala, Professor Usha Iyer-Raniga, Associate Professor Rebecca Leshinsky, Dr Patrick O'Keeffe, Associate Professor Andrea Sharam
69	Planning Institute of Australia (Victoria)
70	Wimmera Southern Mallee Development
71	Caravan & Residential Parks Victoria
72	Moyne Shire Council
73	Warrnambool City Council
74	Centre for Excellence in Child and Family Welfare
75	Macedon Ranges Shire Council
76	Insight Planning Consultants
77	Catholic Social Services Victoria
78	Bower Insights
79	Benalla Homelessness Response Group Inc
80	Blaire Jones
81	Centre for Multicultural Youth
82	Rural Councils Victoria
83	Infrastructure Victoria
84	Mount Alexander Shire Council
85	Short Term Accommodation Association Australia
86	Barwon South West Homelessness Network
87	Victorian Public Tenants Association
88	Beveridge Williams
89	Regional Cities Victoria
90	Meli
91	Property Investors Council of Australia
92	Rural City of Wangaratta
93	Youthlaw
94	Victorian Forest Products Association
95	DE atelier architects
96	Urban Development Institute of Australia (Victoria)
97	Commerce Ballarat
98	Murrindindi Shire Council
99	Mental Health Victoria
100	Housing Industry Association
101	Property Council of Australia
102	Housing All Australians
103	Regional Development Australia Hume
104	Hygge Property
105	Tenants Victoria
106	Law Institute of Victoria
107	Committee for Greater Shepparton
108	Department of Transport and Planning
109	Ethnic Communities' Council of Victoria
110	Youth Affairs Council Victoria
111	Uniting Victoria and Tasmania
112	Integra Group
113	Bendigo Bank
114	Municipal Association of Victoria
115	Victorian Council of Social Service
116	Grampians Health
117	Australian Sustainable Hardwoods
118	Victorian Aboriginal Housing and Homelessness Forum

A.2 Public hearings

Monday 24 February 2025, Colac

Name	Title	Organisation
Shaun Cumming	Managing Director	Barwon Water
Seamus Butcher	General Manager, Planning, Delivery and Environment	Barwon Water
Andrew Jeffers	Managing Director	Wannon Water
Shane Vicary	Chief Executive Officer	Associated Kiln Driers Pty Ltd
Penny Hawe	President	Friends of Lorne Inc
Dr Matt Dingle	Managing Director and Founder	FormFlow
Andrew White	Chief Executive Officer	Victorian Forest Products Association
John Knuckey	Chair	WinAngLo Inc
Ken McDonald	Committee Member	WinAngLo Inc
Michelle Stocks	Secretary	WinAngLo Inc
Ian Seuren	General Manager, Community and Economy	Colac Otway Shire Council
Blaithin Butler	Manager, Planning and Building	Colac Otway Shire Council
Darren Rudd	Acting Coordinator, Statutory Planning	Colac Otway Shire Council
Brooke Love	Director, Community Development	Warrnambool City Council
Rob Wandell	Coordinator, City Strategy	Warrnambool City Council
Chris Pike	General Manager, Placemaking and Environment	Surf Coast Shire Council
Kate Sullivan	Manager, Integrated Planning	Surf Coast Shire Council

Friday 4 April 2025, Melbourne

Name	Title	Organisation
Dean Rochfort	Acting Chief Executive Officer	Victorian Planning Authority
Colleen Peterson	Head, State Planning	Department of Transport and Planning
David Sykes	Deputy Director, Planning and Population Insights	Department of Transport and Planning
Niall Cunningham	Acting Chief Executive Officer	Development Victoria
Nemesia Kennett	Acting Group Head, Housing	Development Victoria
Michael Fotheringham	Managing Director	Australian Housing and Urban Research Institute
Judy Line	Chief Executive Officer	Women's Housing Ltd
Kate Ogilvie	Operations Manager	Women's Housing Ltd
Daniel Milentijevic	Project Manager	Women's Housing Ltd

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Name	Title	Organisation
Linda Allison	Chief Executive Officer	Urban Development Institute of Australia (Victoria)
Brad Paddon	Member, Board of Directors	Urban Development Institute of Australia (Victoria)
Jack Vaughan	Director of Policy	Urban Development Institute of Australia (Victoria)
Patrick Fensham	President	Planning Institute of Australia (Victoria)
Damien Patterson	Director of Policy, Advocacy and Engagement	Tenants Victoria
Cameron Bloye	Deputy Chief Executive Officer and Director, Client Services	Tenants Victoria
Marissa Pattison	Policy Adviser	Tenants Victoria
Simon Newport	Chief Executive Officer	Homes Victoria
Madeline Di Pietrantonio	Director, Low-Rise Construction, Acquisition and Divestment	Homes Victoria
Sherri Bruinhout	Executive Director, Homelessness and Housing Support	Homes Victoria
Stuart Allen	Board Director	Master Builders Victoria
Caroline Speed	Director, Policy and Industry Collaboration	Master Builders Victoria
Keith Ryan	Executive Director, Victoria	Housing Industry Association
Darren Smith	Chair	Victorian Aboriginal Housing and Homelessness Forum
Andrea Levey	Member	Victorian Aboriginal Housing and Homelessness Forum
Paul Michaels	Manager	Victorian Aboriginal Housing and Homelessness Forum
Fiona York	Executive Officer	Housing for the Aged Action Group

Thursday 8 May 2025, Ballarat

Name	Title	Organisation
Dan McKenna	Chief Executive Officer	Housing All Australians
Robert Pradolin	Executive Director	Housing All Australians
Damian Stock	Chief Executive Officer	ARC Justice
Dr Rebecca Edwards	Director, Legal Services	ARC Justice
Joseph van Dyk	Director	Hygge Property
Anton Pound	Director	Bauenort
Nick Grylewicz	Director, Land Development	Integra Group
Ashley Heard	Owner	GJ Gardner Homes
Dennis Teale	General Manager, Retail Banking	Bendigo Bank

Name	Title	Organisation
Marisa Dickins	Head of Retail Customer	Bendigo Bank
Darren Trigg	Chair	Commerce Ballarat
Jack Dodd	Board Member	Commerce Ballarat
Jude Raftis	Chairperson	Wedderburn Lions Club Aged Care Subcommittee
Ric Raftis	Member	Wedderburn Lions Club Aged Care Subcommittee
Joanna Cuscaden	Executive Manager, Development Facilitation	Ballarat City Council
Natalie Robertson	Director, Development and Growth	Ballarat City Council
Lenka Thompson	Housing Officer	Hepburn Shire Council
Ron Torres	Director, Development and Community	Hepburn Shire Council
Rebecca Stockfeld	Director, Planning and Environment	Macedon Ranges Shire Council

Thursday 22 May 2025, Traralgon

Name	Title	Organisation
Chris McNamara	Network Coordinator	Gippsland Homelessness Network
Cr Nathan Hersey	Chair	One Gippsland
Tony Peterson	–	One Gippsland
Rod Hearn	General Manager, Residential	Caravan and Residential Parks Victoria
Kubra Koch	Planning Consultant	Parklea Developments Pty Ltd
Luke Van Lambaart	Project Manager	Parklea Developments Pty Ltd
Travis Pennicard	General Manager, Warragul	GJ Gardner Homes
Peta Speight	Chair	Gippsland Family Violence Alliance
Kim Adams	Principal Strategic Adviser	Gippsland Family Violence Alliance
Andrew Pomeroy	General Manager, Development	Wellington Shire Council
Barry Hearsey	Manager, Planning and Building	Wellington Shire Council
Chris Stephenson	General Manager, Place and Community	East Gippsland Shire Council
Chris Wightman	Senior Planning Adviser	East Gippsland Shire Council
Jelena Djurdjevic	Executive Director, Response, Policy and Evidence	Safe and Equal
Page Williams	Manager, Family Violence	Quantum Support Services

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Friday 20 June 2025, Melbourne

Name	Title	Organisation
Charmaine Calis	Chief Executive Officer	Mallee Accommodation and Support Program Ltd
Mark Jenkins	General Manager, Healthy Communities	Mildura Rural City Council
Chris De Silva	Executive Director	Mesh Planning
Julian Perez	General Manager, Bendigo	Villawood Properties Pty Ltd
Adrian Butera	Director	Real Estate Institute of Victoria
Sarika Bhalla	General Manager, Government Relations and Communications	Real Estate Institute of Victoria
Christine Plant	Member	Housing Action: Greater Swan Hill
Shane Graham	Member	Housing Action: Greater Swan Hill
Cr Stuart King	Mayor	Swan Hill Rural City Council
Scott Barber	Chief Executive Officer	Swan Hill Rural City Council
Michelle Grainger	Director, Development and Planning	Swan Hill Rural City Council
Roger Hastrich	Director	Regional Housing Victoria
Steve Dunn	Director	Regional Housing Victoria
Dr Jane Homewood	Director	Strategic Outcomes Consulting
Rob McGauran	Principal	MGS Architects
Cr Rob Amos	Chair	Rural Councils Victoria
Tammy Smith	Treasurer	Rural Councils Victoria
Cr Stuart King	Committee Member, Rural North-West Region	Rural Councils Victoria
Mary Khouri	Manager, Corporate Business	Murray Valley Aboriginal Co-operative Ltd
Stefano Scalzo	–	Murray Valley Aboriginal Co-operative Ltd

A.3 Site visits

Tuesday 25 February 2025

- Associated Kiln Driers Pty Ltd, Colac.
- EchidnaBuilt, Colac.
- Sherwood Park Campus, South West TAFE, Warrnambool.

Wednesday 26 February 2025

- Winchelsea Community Village (WinAngLo Inc), Winchelsea.

Tuesday 6 May 2025

- Horsham Rural City Council, Horsham.
- Grampians Health Staff Accommodation, Stawell.
- Green Hill Lake Estate, Ararat.
- Ararat Rural City Council and local businesses, Ararat.

Wednesday 7 May 2025

- Mount Alexander Shire Council and Homes Haven, Castlemaine.
- Dhelkaya Health, Homeshare Mount Alexander, Homeshare Australia and New Zealand Alliance Inc, Castlemaine.
- Hygge Property, Ballarat.

Wednesday 21 May 2025

- Hexcore, Pakenham.
- Gippsland and East Gippsland Aboriginal Co-operative Ltd, Bairnsdale.
- Australian Sustainable Hardwoods, Heyfield.

Friday 23 May 2025

- Quantum Support Services, Morwell.
- Setters Rest Cabin and Caravan Park, Longwarry North.

Appendix B
Alternative text for figures

Chapter 1: Introduction

Figure 1.1 The housing continuum

A flowchart showing the spectrum of housing security, ranging from homelessness to home ownership.

Chapter 2: Housing demand in regional Victoria

Figure 2.1 Components of population change, Victoria 2023 to 2051

An infographic showing population growth from 6.8 million in 2023 to 10.3 million by 2051. Growth is primarily driven by overseas migration rather than births.

Figure 2.2 Projected population growth in major Victorian regions, 2021 to 2051

A line graph showing steady population growth in the Barwon region (including Geelong), the Loddon Campaspe region (including Bendigo) and the Central Highlands (including Ballarat).

Figure 2.3 Population change by local government area outside of Melbourne, 2018 to 2022

A map of Victoria showing population change in different regions from 2018 to 2022. Growth was strongest in and around Melbourne and regional centres. Many rural areas experienced low growth or population decline.

Figure 2.4 Households by type, Victoria, 2023 and 2051

A bar chart comparing the types of Victorian households prevalent in 2023 with the types of Victorian households projected for 2051. It depicts growth across all household types, especially families with children and lone person households.

Figure 2.5 Proportion of homeowners and renters in Melbourne and regional Victoria, 2006 to 2021

A stacked bar chart showing the proportion of people in Melbourne and in regional Victoria who rented, owned their home with a mortgage or owned their home outright in 2006, 2011, 2016 and 2021.

Figure 2.6 Median property price change in Melbourne versus regional Victoria, 2019 to 2024

A bar chart comparing median property prices in 2019, 2023, and 2024 for houses and apartments and units in metropolitan Melbourne and regional Victoria. It shows that while the cost of apartments and units and houses have increased in both locations, cost increases were more significant in regional Victoria.

Figure 2.7 Number of active rental bonds by local government area, regional Victoria, 2024

A map of regional Victoria showing the prevalence of active rental bonds in different regions. Some regions, such as the Loddon-Mallee region, have less than 500 active bonds.

Figure 2.8 Rental vacancy rate trend, Melbourne and regional Victoria, 2019 to 2024

A line graph comparing rental vacancy rates in Melbourne to regional Victoria from December 2019 to December 2024. It shows that vacancy rates have remained around 2% or less in regional Victoria, while Melbourne had a significant spike of close to 7% during the COVID-19 pandemic before returning to around 2% by December 2024.

Figure 2.9 Median weekly rent in Victoria, by region, 2021 to 2025

A bar chart comparing the median weekly rent across the state, in metropolitan Melbourne, Melbourne's central business district and regional Victoria from 2021 to 2025. It shows that rents have increased across the state.

Figure 2.10 Residential development is complex and has many steps

A flowchart depicting the cost, regulation, tasks, parties involved and duration of each stage of the planning and construction process for building a new home. It shows that the process for developing new homes can be complex and long.

Figure 2.11 Number of bedrooms required by new social housing applicants, March 2025

A pie chart showing the number of bedrooms required by new social housing applicants as of March 2025. Most applicants required a one-bedroom home.

Figure 2.12 Build locations of Regional Housing Fund homes

A map of Victoria showing the number of new social homes being built in each region under the Regional Housing Fund.

Figure 2.13 Social housing delivery by Victorian region, as of April 2025

A stacked bar chart showing the number of social homes funded by the Big Housing Build at various development stages across different regions of Victoria (excluding Melbourne).

Chapter 3: Social consequences of housing shortages

Figure 3.1 Proportion of Victorian households spending over 30% of income on housing costs, 2021

A map of Victoria showing the proportion of households in different regions that spent over 30% of their income on housing costs in 2021. It shows that households in and around Melbourne and in eastern Victoria were more likely to spend more than 30% of their income on housing costs compared with other parts of the state.

Figure 3.2 Proportion of Victorian homes in housing stress according to the 30:40 rule, 2021

A map of Victoria showing the proportion of households experiencing housing stress in 2021 according to the 30:40 rule. It shows that households across the state are experiencing housing stress, but particularly in Central and Eastern Victoria.

Figure 3.3 Number of people accessing specialist homelessness services by Victorian region, 2022–23 and 2023–24

A bar chart showing the number of clients accessing specialist homelessness services in Victorian regional areas in 2022–23 and 2023–24. Client numbers grew in 2023–24 in the regions of Bendigo, Latrobe-Gippsland, Ballarat, Hume and Shepparton.

Chapter 4: Collaborative housing solutions

Figure 4.1 Example of a regional growth plan settlement strategy (from Central Highlands regional growth plan)

A map of the Central Highlands region showing settlement areas expected to accommodate population growth, major transport corridors and public land.

Figure 4.2 Housing targets of regional local governments

A series of regional maps showing the targets for new housing construction in each local government area outside metropolitan Melbourne.

Chapter 5: Stimulating residential development

Figure 5.1 Proportion of residential land zoned for density type in Melbourne and select regional cities

A series of pie charts showing the proportion of residential land zoned for high-density development versus low-density housing in Melbourne, Ballarat, Mildura and Castlemaine. It shows that while Melbourne has an almost 50:50 high- and low-density split, more than 90% of residential land in Ballarat, Mildura and Castlemaine is zoned for low-density housing.

Figure 5.2 Residential zoning, Auckland

A map of Auckland showing the various residential zones in effect across the city. It shows that higher densities are permitted around transport hubs.

Figure 5.3 Dwelling consents issued annually, Auckland, 2000 to 2020

A line graph showing an increase in dwelling consents in Auckland following upzoning to permit higher density residential development.

Figure 5.4 Zoned land supply in regional Victoria

A map of Victoria depicting the supply of land for housing in major regional centres, including already zoned residential lots and land to be rezoned for housing in the future.

Figure 5.5 Process for developing a Precinct Structure Plan

A flowchart showing the process for developing a precinct structure plan, including pre-commencement activities; identifying place-based opportunities, a vision and a purpose; determining a place-based design; community validation; and ministerial approval.

Figure 5.6 Declining dwelling construction productivity, 1994–95 to 2022–23

A line graph contrasting labour productivity in the construction sector with labour productivity in the broader Australian economy. It shows that productivity in the construction sector has plateaued compared to productivity in the broader Australian economy.

Chapter 6: Delivering affordable and diverse housing

Figure 6.1 Regional municipalities with surplus parcels of government land

A map of Victoria identifying 12 regional municipalities that have surplus parcels of land.

Figure 6.2 Distribution of short-stay accommodation in the Hepburn Shire Council

A map of the Hepburn Shire Council municipality showing the distribution of homes being leased as short stay accommodation. It shows higher concentrations of short stay accommodation in Daylesford, Hepburn Springs, Creswick and Trentham.

Glossary

Affordable housing	Housing which provides residential accommodation for low- to moderate-income households at below-market prices.
Big Housing Build	A Victorian government program investing $5.3 billion to construct social and affordable housing.
Community housing	Housing owned by not-for-profit organisations and rented to low-income households at subsidised rates.
Community housing organisation	A not-for-profit organisation that owns, develops, and manages affordable, secure, long-term rental housing for people on low incomes or with special needs.
Crisis accommodation	Safe, secure and temporary housing provided to people experiencing immediate crises like homelessness, family and domestic violence, or other situations that make their current environment harmful or unstable. Crisis accommodation is usually linked to other social services and assistance.
Department of Transport and Planning	A Victorian Government department responsible for transport, land use and precinct planning policy.
Enabling infrastructure	The infrastructure required for a home to be built, including essential services like water, power, sewerage and roads.
Englobo land	A large parcel of land identified for future development but requiring rezoning.
Greenfield development	The construction of housing on previously undeveloped land, such as farmland on the urban fringe of Victoria's regional cities.
Higher density housing	Medium- to high-density housing encompasses homes like units, townhouses and mid-rise apartments, which provide more homes on a smaller land footprint compared to standalone housing.
Homesharing	A mutually beneficial living arrangement typically involving a home provider offering low-cost accommodation to a home seeker in exchange for companionship and other forms of support.
Homes Victoria	A Victorian Government agency sitting within the Department of Families, Fairness and Housing. It manages the state's social housing, including commissioning new housing and supporting households to sustain their tenancies.

Housing insecurity	The lack of a stable, safe and affordable home, encompassing risks like frequent, involuntary moves, overcrowding, unaffordable rent or mortgage repayments, and living in substandard conditions.
Housing stress	Housing stress occurs when low-income households (in the bottom 40% of earners) spend a large portion of their income (30% or more) on housing costs. This financial burden forces households to cut spending on other essential goods and services.
Inclusionary zoning	Inclusionary zoning prescribes or incentivises a number or proportion of affordable homes to be included in a development project as a condition of planning approval.
Infill development	The construction of housing on vacant, underused or previously developed land within an existing urban area, for example, a former industrial site.
Journey to Social Inclusion (J2SI)	A consortium that represents Sacred Heart Mission, VincentCare Victoria, Uniting Vic.Tas and the Salvation Army.
Key worker	A worker who must perform essential work at a specific location, such as workers in healthcare, education and transport services.
Modern methods of construction	Prefabricated and modular construction techniques where structural beams, wall panels or whole rooms are manufactured offsite for quicker assembly or installation onsite.
Plan for Victoria	A strategic land use plan and a statewide vision for how Victoria will grow and change over the next 25 years.
Precinct structure plan	A high level, long-term master plan to guide the development of an area or 'precinct'.
Public housing	Housing owned by a state or territory government and rented long-term to low-income households at subsidised rates.
Regional Planning Hub	A program delivered by the Department of Transport and Planning to support rural and regional councils to plan and develop their municipalities and shires.
Short Stay Levy	A government levy applying to the total booking fees and charges (including GST) for a property leased for less than 28 consecutive days.
Social housing	An umbrella term for subsidised housing, including government public and community housing.
Victorian Housing Register	A record of all Victorian households who have applied for social housing and are waiting to be allocated a home.
Windfall Gains Tax	A tax capturing some of the value uplift when the worth of a parcel of land increases significantly because of rezoning.