

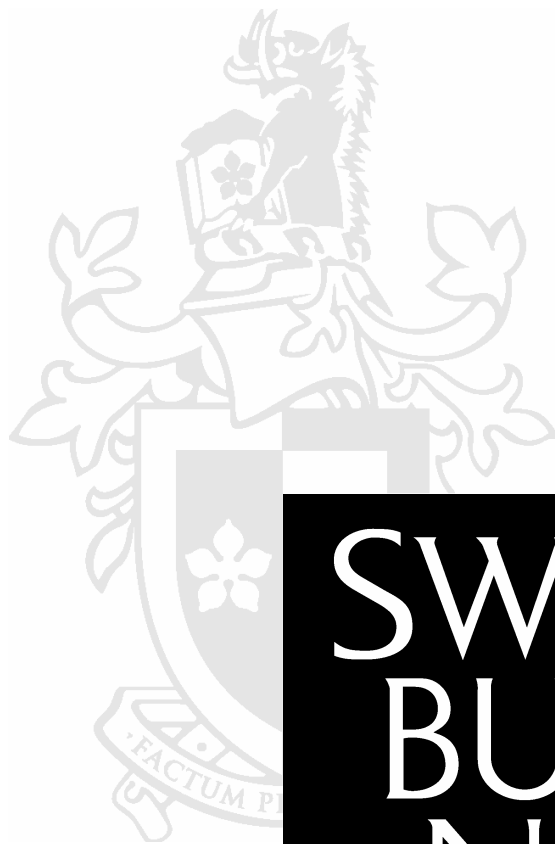
Swinburne University of Technology  
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## **BASS COAST SHIRE**

### **Local Housing Picture**

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March 2005



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## Acknowledgements

The authors would also like to acknowledge the contribution of the following in the preparation of this report and thank them for their participation:

- Members of the Bass Coast Shire Affordable Housing Strategy Reference Group

Marg Wheeler	Bass Coast Regional Health
John Mumford	Bass Coast Regional Health
Cheryl Evans	Seahaven Community Centre
Ken Parkin	Salvation Army Social Housing Service
Grant McNeil	Quantum Support Services
John Batty	Phillip Island Homes for the Aged Assoc. Inc.
Reit Bouman	Latrobe Community Health Service
Jill Steer	Inverloch Residential Aged Care Development Committee Inc.
Therese Gilligan	Inverloch Social Justice Group
Dominic G. D.	Sustainable Living Foundation
Sue Macaulay	Stockdale and Leggo
Aidan Taylor	Department of Human Services, Office of Housing
Wendy Gilbert	Gippsland Housing and Support Services
John Lindsay	Rose Lodge
Joe Donoghue	
Charlie Wright	PBE Real Estate
Bev Morphet	Bass Coast Shire Council
Sally Paech	Bass Coast Shire Council
Jeannette Draper	Bass Coast Shire Council
Antony Duffill	Bass Coast Shire Council

- Participants in the Affordable Housing Forums (see Appendix I)
- Those who participated in the interviews (see Appendix I)
- David Hudson from Swinburne Institute for Social Research who edited this report

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## **Abbreviations**

ABS	Australian Bureau of Statistics
BHC	Brisbane Housing Company
CSHA	Commonwealth-State Housing Agreement
DSE	Department of Sustainability and Environment (Victoria)
HACC	Home and Community Care
HEF	Housing Establishment Fund
HIRS	Housing Information and Referral Service
ILU	Independent Living Unit (housing for an older person)
LGA	Local Government Area
MSS	Municipal Strategic Statement
NDCA	National Data Collection Agency
SAAP	Support Accommodation Assistance Program
SLA	Statistical Local Area
THM	Transitional Housing Manager

# EXECUTIVE SUMMARY

Housing is of prime concern to all of us. It forms the central part of our social life and a base for our personal relationships, and is a major contributor to our sense of identity and security. For many, it is also our single most important asset, both for ourselves and our children. At the local government level, it is important for its effects on household structure, on community wellbeing and social cohesion, on the environment, on service needs and on rate revenue, and for its direct and indirect impacts on economic development.

Housing is fundamental to the wellbeing of residents, the proper functioning of communities and the achievement of a range of other local strategies. An Affordable Housing Strategy as a component of a broader housing strategy is increasingly becoming a necessity for local governments.

## Part A: Background

### Brief and methodology

Bass Coast Shire Council is seeking to develop an Affordable Housing Strategy that creates appropriate, accessible, affordable and sustainable housing options within the municipality. The Affordable Housing Strategy is the conclusion of a long process. This process consists of three stages which cumulatively ensure that it is based on what is happening in the Shire and the understanding and interests of various stakeholders. These three stages are:

- Stage 1: Local Housing Picture;
- Stage 2: Local Housing Policy Statement;
- Stage 3: Development of an Affordable Housing Strategy.

This is a report on Stage 1: The Local Housing Picture. It presents the results of data analysis, consultations with stakeholders and the review of the policy and planning context. The report paints a picture of affordable housing in the Shire, including housing needs and trends, housing supply and trends and an assessment of housing affordability. It seeks to focus on the key challenges and issues facing the Shire. The report does not discuss strategies or possible options. It does, however, seek to describe the key features of the context within which any Affordable Housing Strategy will be developed and implemented.

The report is divided into four parts:

- Part A provides background on the proposal by Bass Coast Shire Council to develop an Affordable Housing Strategy, outlines our approach to its development, and discusses what is meant by ‘housing affordability’;
- Part B is concerned with the Shire, particularly what is happening in the housing market. It outlines relevant statistical material as well as qualitative material from consultations with stakeholders. Appendix II provides supplementary data highlighting differences within the Shire;
- Part C identifies and frames the key issues and challenges for Council in developing an Affordable Housing Strategy;
- Part D outlines the context within which these key issues and challenges can be framed as a precursor to an Affordable Housing Strategy. This context reviews Council’s roles, responsibilities and powers, the Shire’s approach to housing more broadly, particularly through its planning policies, and the impact of Commonwealth and Victorian government policies.

## **Housing affordability – now and in the future**

Housing affordability not only implies something about the dwelling itself: adequacy (quality and standard as shelter), appropriateness (meets the needs of the household in terms of size and facilities) and security of tenure. It also has other implications for the household: employment, links and access to retail, health, transport and other services.

Moreover, the implications are not limited to particular households. Housing affordability has implications for the economy, the environment, social cohesion and community sustainability.

Affordability in Australia is no longer only an issue for very poor households dependent on Centrelink pensions and benefits. It has now become an issue for low and moderate income earners who are working. The measurement of affordability is quite complex and our capacity to assess whether housing is affordable for individual households is restricted by the data available and the limitations it imposes. For this reason, the report outlines various measures which are indicative rather than conclusive, which differ by tenure and which seek to get at different aspects of the complexities of housing affordability.

Affordability also has its social dimension. This report is concerned not only with whether housing is currently affordable in Bass Coast Shire but the extent to which it will be in the future. This is largely determined by factors which impact on incomes and housing costs. Thus, the report reviews:

- The changing demographics, to ascertain trends in population, age groups and household types;
- The local economy, to ascertain possible movements in employment, occupations and industry;
- Who is moving into the Shire and who is moving out, to ascertain migration trends;
- Dwelling structure, location of units and tenure, to ascertain whether the current supply of housing matches possible future demand;
- House and unit sales, median price movements and building approvals, to ascertain trends in the housing market and whether it will provide affordable housing;
- The private rental sector, to ascertain its role in the housing market;
- The social housing sector, to ascertain whether it can adequately meet current and future demand from low income households.

## **Part B: Bass Coast Shire**

### **Demographic, social and economic trends**

- The population of Bass Coast is expected to grow by 38% to 2016, more than double the rate for Melbourne and Country Victoria.
- The most notable increases will be among those over 75 years of age (79%), those newly retired (59%) and those about to retire (62%).
- The number of households is projected to increase by over 50% to 2016.
- The main industries – retail, health and community services, and accommodation, cafes and restaurants – rely significantly upon local casual and part-time employees.
- Average taxable income is the seventh lowest of all Victorian municipalities.
- 70% of workers both live and work in the Shire; indeed, most live and work in the same area within the Shire.
- 50% of those who moved into the Shire in the five years to 2001 came from Melbourne; nearly 60% of these were retired or about to retire.

## The housing market

- The housing market in Bass Coast is characterised by the predominance of:
  - Detached family dwellings of 3 and 4 bedrooms;
  - High proportions of unoccupied dwellings;
  - A relatively high proportion, compared with Country Victoria, of fully owned dwellings and a lower level of owner occupiers purchasing.
- Over the past decade between 4% and 9% of total stock has been sold each year.
- Until very recently, the proportion of medium density building approvals has been insignificant.
- For 2003, the median house price was \$215,000 compared to \$172,997 for Country Victoria.
- Between 1985 and 1999 the annual median house price was very steady – under \$100,000 (\$2003) – but rose dramatically over the four years to 2003.
- In 1992, median prices of coastal towns in Bass Coast were all below those of Surf Coast. However, the timing of the ‘take-off’ in median prices was different: Lorne from 1993, Queenscliff from 1996, Torquay from 1999, and Ocean Grove and Bass Coast coastal towns from 2000.
- Social housing is very limited and focused primarily on older persons.
- Important non-conventional forms of housing for single adults such as rooming houses, private hotels and special residential services do not exist in Bass Coast Shire.
- Specific groups of households, particularly those whose only source of income is a Centrelink payment – young people, sole parents, families in which both parents are unemployed, people with disabilities, mental illness or chronic or terminal illness, and people who are in crisis and/or homeless – have major difficulties in accessing adequate, appropriate and affordable housing.

## Consultations with stakeholders

In November 2004 three public forums were conducted to gather insight into the major issues, perceptions and perspectives of residents, local government and non-government organisation representatives. Six semi-structured interviews with real estate agents and caravan park operators were conducted to ascertain private providers’ perspectives regarding the demand for and supply of affordable housing. Discussions with the Bass Coast Shire Affordable Housing Reference Group also raised a number of issues.

This section outlines the major issues, perceptions and perspectives raised under four headings: an overview of the features affecting affordable housing, supply-side issues, demand issues, and the potential role for Council.

## Housing affordability in Bass Coast Shire

Various measures of affordability are explained in the report to build an overall picture:

- **Sale by price segment measure:** There was a significant decrease in house sales in the lowest three cost segments between 1989 and 2003: low cost (-13%), medium low cost (-22%) and medium cost (-21%);
- **Affordable and available stock measure:** In 2003 a home buyer with an income up to the fourth decile (i.e. the lowest 40% of income earners) had a choice of 24% of total stock in Bass Coast Shire, compared to almost double that in Country Victoria (42%);

- **Threshold income measure:** The threshold income required to buy the median priced house in Bass Coast Shire in 1992 was \$33,273 (\$2003), increasing to \$53,123 by 2003;
- **Ratio of taxable income to local area house price:** In 1992 Bass Coast Shire and Country Victoria recorded a similar ratio of taxable income to median house prices (3.7 and 3.5 respectively). By 2003 the ratio for Bass Coast Shire was 6.3 compared to 4.7 for Country Victoria. Bass Coast Shire had the third highest ratio after Queenscliffe (10.3) and Surf Coast (8.9);
- **Private rental affordability:** 83% of dwellings leased in the June quarter 2004 were regarded as affordable according to Office of Housing benchmarks, making Bass Coast Shire the eleventh most affordable municipality in Country Victoria. On the other hand, the very low number of 1 and 2 bedroom dwellings means that many households would have to pay rents 'outside' their category, i.e. for many single person and couple households, the only stock available would be 3 and 4 bedroom detached houses.

## **Part C: Key challenges and issues**

This report identifies seven key challenges/issues which need to be addressed through a Bass Coast Shire Affordable Housing Strategy.

### **KEY CHALLENGE/ISSUE 1: Mitigating the impact of sea changers and weekenders**

*To ensure that the growth in and demand for holiday homes and retirement housing does not diminish access to affordable housing for those households who live permanently in the Shire*

Bass Coast is seeking to maintain housing affordability in a context where the market is largely dominated by weekenders and those seeking to retire (sea changers). Demand for housing from these two groups has pushed up median prices, particularly in coastal towns. This trend is likely to continue, making affordability difficult for households seeking to purchase a dwelling and remain in the area. It is likely that these price increases will also impact on the private rental market, with investors increasing rents or withdrawing due to unfavourable returns (but possibly investing in the short-term apartment market).

### **KEY CHALLENGE/ISSUE 2: Housing affordability**

*To ensure that the Shire can continue to provide affordable housing to a diverse range of groups*

Bass Coast Shire currently has a good supply of housing that is affordable for purchasers and renters relative to other rural municipalities and metropolitan Melbourne. This is likely to change as the Shire grows, with more households, particularly single persons and couples, competing for a limited stock of housing. As a result we would anticipate that house prices and rents will continue to grow. The Shire needs to ensure that housing is available at varying prices so that the market will meet the needs of households whose incomes range from very high to very low. There is insufficient affordable rental stock, both private and social housing, for low income households.

### **KEY CHALLENGE/ISSUE 3: Affordable housing that is adequate and appropriate**

*To ensure that housing within the Shire is not only affordable but is also adequate and appropriate to the diverse needs of households*

While there is affordable housing stock (for rental and purchase) throughout the Shire, there is evidence that a fair proportion of this may be neither adequate nor appropriate. For example, some of the affordable housing in Wonthaggi, the rural hinterland and the coastal towns is not appropriate

for long-term permanent occupation as it was initially built as holiday housing with limited or no heating and poor insulation. Similarly, much of the stock in coastal townships is located in areas with few services and facilities and few public or community transport links.

#### **KEY CHALLENGE/ISSUE 4: Ageing population**

*To ensure that housing within the Shire meets the needs of an increasing ageing population, including local retirees as well as people who have chosen to retire in the area because of the natural environment and local communities*

The data on population age groups indicates that the Shire is getting older, with increasing numbers of retirees and people reaching retirement age moving into the Shire, particularly the coastal towns. New developments in housing for older people pose three problems for Council: mobile home villages which are targeted to older residents and are outside legislative arrangements that protect residents' rights; an increasing demand for aged care services (health and support services, and high support accommodation such as Residential Aged Care facilities); and the tendency of retirement village investors to cater mainly for higher income/asset groups.

#### **KEY CHALLENGE/ISSUE 5: Inadequate social housing stock**

*To increase social housing and to diversify its location and type so that it will better meet the current and emerging needs of a full range of low income households*

There is insufficient affordable private and social housing relative to the needs of low income renters. Social housing options are very limited as they are mainly targeted at older persons. It is important that Council work to increase the amount, diversity and location of social housing over the medium to long term.

#### **KEY CHALLENGE/ISSUE 6: Housing diversity**

*To develop a range of housing types which better meet the needs of emerging household types*

The predominant form of housing in the Shire is detached family dwellings (3 and 4 bedrooms). There is also a growing number of single person households. Detached family dwellings impose the most stress on the environment by virtue of their land intensiveness. Given the growth in smaller households and the changing demographics (ageing population), the Shire has an opportunity to facilitate a greater diversity of housing stock in its major townships to meet the needs of the emerging household types.

#### **KEY CHALLENGE/ISSUE 7: Mitigating the impact of the tourist industry**

*To ensure that a thriving tourist industry does not impact negatively on those households who live permanently in the Shire and are seeking affordable housing*

Tourist operators, in response to the demand for quality accommodation, impact on the housing market by 'tying up' the building industry in larger and more lucrative projects. When tourist accommodation is expanding and construction is booming, local owners and investors will be competing for scarce labour and materials and thus will pay higher prices. This subsequently impacts on housing affordability.

## **KEY CHALLENGE/ISSUE 8: Promoting housing affordability through land-use planning processes**

*To ensure that Council's strategic land-use planning schemes facilitate its affordable housing objectives*

Strategic land-use planning schemes are a key strategy for influencing the location, type and style of housing. While Council has only limited planning powers to promote its affordable housing objectives, it can consider innovative measures to encourage affordable housing development.

### **Part D: Context for an Affordable Housing Strategy**

#### **Local government and an Affordable Housing Strategy**

Local government can influence the direction of housing through various mechanisms:

- **Planning system:** Influencing the types and location of housing through the planning system, for example, developing policies that encourage diversity in stock size, affordability, and water and energy efficient design;
- **Advocacy and educator:** Taking on a role as advocate and educator of desired housing outcomes, for example, educating developers about environmentally sustainable design;
- **Facilitation:** Facilitating social housing, for example, identifying sites, fast-tracking planning assessment and donating land;
- **Community development:** Engaging in community development, for example, coordinating infrastructure and services in new housing areas, coordinating services for low income people in vulnerable private housing such as caravan parks and rooming houses, and providing rate relief to sustain the financial viability of low cost accommodation;
- **Partnership:** Entering into partnerships or joint ventures for affordable housing, for example, contributing to an urban renewal process with social housing providers and establishing not-for-profit housing companies.

These powers and activities outline the parameters for an Affordable Housing Strategy for Bass Coast Shire. It is around such activities that particular strategies and actions can be reasonably developed.

**PART A:**  
**BACKGROUND**



## **(1) Introduction**

Housing is of prime concern to all of us. It forms the central part of our social life and a base for our personal relationships, and is a major contributor to our sense of identity and security. For many, it is also our single most important asset, both for ourselves and our children. At the local government level, it is important for its effects on household structure, on community wellbeing and social cohesion, on local environment, on service needs and on rate revenue, and for its direct and indirect impacts on economic development.

For these reasons, housing should be a prime focus of governments at all levels. While, in the past, local government has traditionally not seen housing as a core responsibility, it has involved itself in peripheral aspects of housing: local amenity, family and household welfare. However, it has shied away from a central role, leaving this responsibility to the states and the Commonwealth.

As a result of recent broad social, economic and political changes, local government has begun to take a greater interest in housing, encouraged in part by market changes such as house price inflation which has eroded housing affordability, and the growth of higher density housing in response to demographic change. Also important have been changes in the pattern of government housing assistance, with the Commonwealth shifting away from support of public housing and embracing instead private rent assistance and a generous first home owners' scheme. Adding to the pressures for increased local government involvement is the direct encouragement by the state government for local government to develop policies and planning strategies related to housing, especially via their Municipal Strategic Statement (MSS).

Housing is fundamental to the wellbeing of residents, the proper functioning of communities and the achievement of a range of other local strategies. An Affordable Housing Strategy as a component of a broader housing strategy is increasingly becoming a necessity for local governments.

The scale, range and complexity of housing issues and problems that local government will have to deal with over the next 20 years is probably greater than at any time in the last five decades. In part this is because of a change in the Commonwealth and Victorian policy environment as well as changes in the social, economic, demographic and environmental context of metropolitan Melbourne, Victoria and Australia. Bass Coast is the first non-metropolitan municipality in Victoria to undertake the development of an Affordable Housing Strategy.

### **1.1 The brief**

Bass Coast Shire Council is seeking to develop an Affordable Housing Strategy that creates appropriate, accessible, affordable and sustainable housing options within the municipality. As a predominantly rural shire, Bass Coast has a number of important characteristics that have to be taken into account:

- While it has three major population centres, the Shire has an extensive network of towns and villages, many with a strong sense of local community;
- The Shire has a large tourist industry with significant tourist areas;
- The Shire contains sensitive coastal areas;
- The Shire has a significant ageing population;
- The Shire is experiencing rapid household growth.

The Shire Council is seeking to develop an Affordable Housing Strategy in a context where there is no overall Housing Strategy. This presents some difficulties but, while focusing on the brief, we propose to provide some insight into the links between the two.

Council is seeking to:

- Compile a picture of housing within the Shire, with a particular focus on needs;
- Develop a Housing Policy Statement consistent with the Council Plan and the MSS;
- Develop an Affordable Housing Strategy (including an action plan) which is practical, strategic and coordinated with other Council plans.

The Affordable Housing Strategy will establish a clear decision-making framework for both internal and external stakeholders.

Council engaged Swinburne University of Technology's Institute for Social Research to develop this Affordable Housing Strategy.

## **1.2 Methodology**

The Affordable Housing Strategy is the conclusion of a long process. This process consists of a number of stages which cumulatively ensure that it is based on what is happening in the Shire and the understanding and interests of various stakeholders – local residents, Councillors, Council staff, industry, community organisations, state government and Commonwealth government. It is by working systematically through each stage that we can ensure that the Affordable Housing Strategy has correctly built up a local housing picture, identified the key issues and formulated directions for Council to pursue through various strategies and actions that form the Affordable Housing Strategy.

The three stages of the process are:

- Stage 1: Local Housing Picture;
- Stage 2: Local Housing Policy Statement;
- Stage 3: Development of an Affordable Housing Strategy.

### **Stage 1: The local housing picture**

Stage 1 consists of four phases to ensure that that we reach common agreement about what is happening in Bass Coast Shire.

#### Data analysis

The key task of this initial phase is to provide a comprehensive analysis of the complex social and economic issues facing the Shire in relation to affordable housing and future needs. It has four components:

Statistical analysis: an analysis of the key statistical data on Bass Coast Shire: population and demography, tenure and tenure changes, building approvals, trends in affordability, housing needs and housing supply, income, household types, ageing, migration trends and journey to work. Various sources of data are used: Census and other ABS data, Victorian Valuer-General, Centrelink, Department of Sustainability and Environment (DSE), Department of Human Services (DHS) and Office of Housing.

#### Consultations with stakeholders

While the first phase focuses on analysing secondary data, the consultative process focuses on drawing out mainly qualitative data from stakeholders, broadening our understanding of the issues as well as the particular interests of stakeholders, including:

- Local residents and organisations;
- Community organisations – housing and housing-related;
- Housing industry – builders, developers, estate agents, retirement village operators;

- Council staff – planning and building department staff, community service staff;
- Government departments.

A report on these consultations can be found in Section (5) of this paper.

#### Policy and planning context

The third phase establishes the context within which strategies and actions are developed. It reviews Council, state and Commonwealth policy and planning frameworks which may be relevant to developing an Affordable Housing Strategy such as the MSS and other policies, plans and strategies of Council, the Commonwealth-State Housing Agreement (CSHA) and *Melbourne 2030*.

#### Report on the Local Housing Picture

The previous three phases sought to gather relevant data about the current state and trends in housing and housing-related services within the Shire. The first major output of the Affordable Housing Strategy process is this report on the Local Housing Picture. This not only outlines the results of the data analysis and consultations but identifies the specific issues that Council will need to address.

### **Stage 2: Local Housing Policy Statement**

Stage 2 develops a draft Housing Policy Statement for Bass Coast Shire Council. The Housing Policy Statement is a statement of intent – goals and objectives to be achieved. The draft statement will take account of the mechanisms, powers and opportunities available to the Shire Council.

### **Stage 3: Development of an Affordable Housing Strategy**

Stage 3 develops an Affordable Housing Strategy which will include specific actions, the resources required to implement them, a staged timeline and the expected housing outcomes.

## **1.3 This paper on the Local Housing Picture**

The purpose of this paper on the Local Housing Picture is to present the results of the data analysis and the consultations from Stage 1 and to identify the key issues and problems confronting the Shire and the Council as it seeks to develop its housing policy statement and Affordable Housing Strategy. The focus is on identifying the key issues rather than evaluating or discussing various strategies for addressing these issues. The questions we are trying to answer are:

- What are the key issues for the Shire?
- What are the key problems confronting housing in the Shire?
- What could be improved?

This paper will pinpoint areas where housing outcomes may be improved and where there may be opportunities for Council to stimulate or promote better outcomes. Once we have accurately understood the key issues, we can then think about ways of addressing them and developing an Affordable Housing Strategy. This paper does not propose any strategies or actions. It is only concerned with outlining a picture of what is happening and adequately identifying the issues.

The paper is divided into four parts:

- Part A provides background on the proposal by Bass Coast Shire Council to develop an Affordable Housing Strategy, outlines our approach to its development, and discusses what is meant by ‘housing affordability’;

- Part B is concerned with the Shire, particularly what is happening in the housing market. It outlines relevant statistical material as well as qualitative material from consultations with stakeholders;
- Part C identifies and frames the key issues and challenges for Council in developing an Affordable Housing Strategy;
- Part D outlines the context within which these key issues and challenges can be framed as a precursor to an Affordable Housing Strategy. This context reviews Council's roles, responsibilities and powers; the Shire's approach to housing more broadly, particularly through its planning policies, and the impact of Commonwealth and Victorian government policies.

## **(2) Affordable housing: what is it?**

This study seeks to develop an Affordable Housing Strategy. At the outset, then, it is important to discuss what we mean by ‘housing affordability’. Just what constitutes this is vigorously contested and, as a result, it is measured in very different ways.<sup>1</sup>

### **2.1 Implications of housing affordability**

Housing affordability not only implies something about the dwelling itself: adequacy (quality and standard as shelter), appropriateness (meets the needs of the households in terms of size and facilities) and security of tenure. It also has other implications for the household: employment, links and access to retail, health, transport and other services.

Moreover, the implications are not limited to particular households. Housing affordability has implications for the economy, the environment, social cohesion and community sustainability, for example:

- High housing costs may require high levels of household debt with subsequent pressures on interest rates, wages and the extent to which industry can attract workers into particular locations;
- High housing costs and associated high debt levels can reduce the extent to which investment is available for other sectors of the economy that are essential to its long-term growth;
- High housing costs increase the cost of constructing and acquiring social housing, forcing social housing organisations to locate in areas of poor amenity;
- High housing costs accentuate financial hardship for low income families, placing stress on vulnerable families and relationships;
- High housing costs can widen the gap between those with assets and those without;
- Differentials between high and low housing costs can create areas of high affordability and areas of low affordability. This can result in spatial segregation, with areas of very poor infrastructure and resources being those in which low income households with relatively low cost housing are concentrated. This can undermine social cohesion and community bonds across a municipality;
- High housing costs can inhibit the movement to dwellings which are more environmentally sustainable. At times of declining affordability, the housing industry is reluctant or unable to undertake innovations such as passive energy savings through redesign and reorientation of buildings, introducing solar energy or grey water systems.

### **2.2 Measuring housing affordability**

Affordability in Australia is no longer only an issue for very poor households dependent on Centrelink pensions and benefits. It has now become an issue for low and moderate income earners who are working. Thus, affordable housing is not merely social (public or community housing), it is also affordable housing for those households who are ineligible for social housing but are having difficulty in purchasing or renting private housing. It might also refer to the ability of older persons to afford independent housing. It is made more complex because households have different levels of income, housing costs vary from area to area, housing standards vary and housing costs cover different things in different tenures.

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<sup>1</sup> A number of measures are outlined in the analysis of Bass Coast Shire (Part C).

Two broad measures of affordability in Australia can be distinguished. The first and most generally understood measure is concerned with the capacity of a household, with a given income, to meet the cost of its housing; this measure relates primarily to low income households. The second measure is concerned with the general affordability of housing and relates to the cost of the dwelling and what can reasonably be afforded, given current interest rates and lending rules.

We can further distinguish between a household's capacity to gain access to housing due to upfront costs (such as a rental bond, rent in advance, deposit on a purchase) and its capacity to meet the ongoing costs (such as rent, debt repayments, maintenance, rates, insurance). On the one hand, housing is not affordable where a household has insufficient assets to meet the upfront costs. On the other hand, it is not affordable where housing costs relative to income are high and a household requires a significant proportion of their income to meet this cost.

Housing is affordable where a household with a given income and assets can reasonably meet both upfront and ongoing costs. Housing affordability, then, relates primarily to an individual household – the question is whether housing is affordable for this household.

There are different ways in which to measure whether housing is affordable for low income households. The following outlines the principal approaches in Australia.

### **(i) Housing costs as a proportion of income**

The most common and simplest method for measuring housing affordability is housing costs as a proportion of household income. The benchmark could be 20%, 25% or 30%. Where a household pays less than a benchmark amount, then housing is regarded as affordable. The key debates are about whether to give priority to housing costs or other costs and the level at which to strike the benchmark.

The benchmark can be struck in one of two ways. In the first approach, the non-shelter approach, it is determined in such a way that a household has sufficient income to meet their non-shelter needs (food, clothing, transport, medical care, education etc.). This recognises the centrality of housing costs in achieving a minimum standard of living, and that it is often such costs which undermine this achievement.

The second approach, the shelter-first approach, assumes that housing consumes some proportion of household income and determines the benchmark according to this proportion. Financial institutions in Australia tend to base their lending practices upon this approach and restrict lending to 25% or 30% of household income or some more complex formula. Also social housing organisations base their rent-setting practices on this approach. The shelter-first approach implies that housing will play a secondary role in assisting households to achieve a minimum standard of living. Whether the household does so depends upon the adequacy of its income, not its housing costs.

### **(ii) Budget standard approach**

The measure of housing affordability related to housing costs as a proportion of income is based solely on household income and housing costs; whichever benchmark is adopted, it is applied to all households. It does not take account of different household types nor of the quality and appropriateness of housing. So the same benchmark is applied to a single person household and a family household on the same income. It does not matter whether both are living in a 1 bedroom flat.

This measure could be adapted in such a way that the benchmark does take account of household size. Ultimately, however, it is inadequate because it does not take account of all the significant factors – household income, housing costs, other costs, household size and whether the housing is adequate and appropriate. Housing affordability, then, must be addressed in the larger context of a minimum standard of living, with adequate and appropriate housing as one component.

Saunders et al. (1998, p. 4) in their discussion of a minimum standard of living define a budget standard as ‘what is needed, in a particular place at a particular point in time, in order to achieve a specific standard of living’. They explore the conceptual and methodological issues involved in developing such a standard. Two things are of note in the relation to housing affordability. First, the specific standard of living incorporates housing. Second, the cost of the components of the standard of living will vary within each household type, but for most households these variations are not highly significant. The cost of housing, however, varies so significantly between households of the same type that it requires particular consideration in the development of the budget standard. Indeed, the cost of housing is such that it can undermine a household’s capacity to achieve a specific standard of living. It is for this reason that housing affordability becomes an issue.

In this larger context of achieving a minimum standard of living, housing costs as a proportion of income are not relevant. It doesn’t matter whether rent is 20%, 30% or 40% of income. What is relevant is whether a household has achieved a minimum standard of living and, thus as a proxy, whether it has sufficient income to achieve this standard.<sup>2</sup> In short, housing affordability is only really achieved when the standard of living is achieved, that is, when a household’s income is sufficient to meet both its housing costs and its other costs.

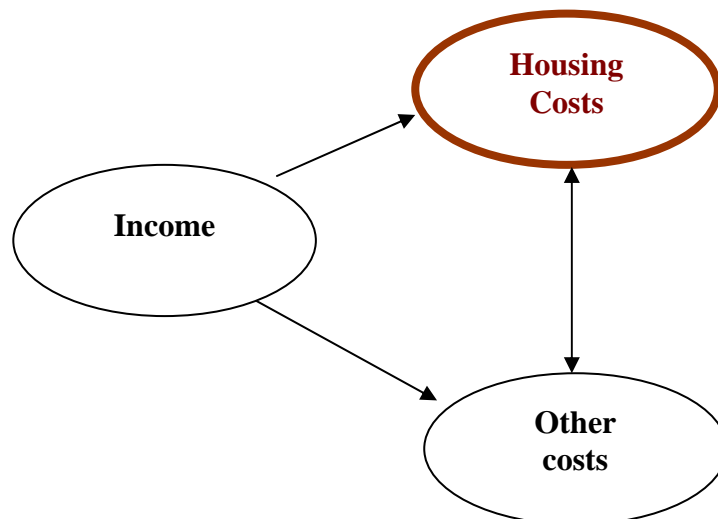
In this larger context, measures which relate only to income and housing costs are inadequate, as housing affordability is but a function of the complex interaction between three elements:

- Household income;
- Household housing costs (as one component within a specified standard of living);
- Cost of the remaining components within a specified standard of living.

The affordability of social housing can only be properly discussed and measured within this larger context.

This relationship is illustrated in Diagram 1 below.

**Diagram 1: Affordability and achieving a standard of living**



The major difficulty in determining a budget standard is the variability in the cost of housing according to location, size, type, style and materials etc. Of course, the cost of some other components of a standard of living will vary as the cost of housing varies, e.g. the cost of transport

<sup>2</sup> This raises the issue of determining/measuring whether a household achieves a minimum standard of living. The standard way of doing this is by measuring whether the household has a level of income (budget standard) required to achieve this standard. The weakness of this approach is that some goods such as social housing may be provided at less than the rate allocated for this component.

or of fuel in rural areas. This points to the complex relationship between these elements. In this larger context, a more sophisticated measurement of housing affordability is required.

Housing affordability can actually be achieved through some combination of four strategies:

- Ensuring sufficient income to achieve a minimum standard of living, i.e. meeting both the cost of housing and the cost of other components of a minimum standard of living;
- Ensuring that households pay no more than a specified proportion of their income on housing costs – traditionally this has been the mechanism used in social housing in Australia;
- Supplementing income by providing a specific housing allowance which varies according to income and housing costs (and thus according to location and size of dwelling). This will be sufficient to ensure that a household can meet its housing costs – traditionally this has been the mechanism used in Europe. In Australia, it takes the form of rent assistance which currently tends to assist households in meeting their housing costs rather than ensuring they attain a minimum standard of living;
- Minimising the costs of other components of a minimum standard of living.

Within this context, measures of housing affordability can play a critical role as an indicator of whether the cost of housing is undermining this standard of living. The measure of affordability is a function of income, housing costs, and the cost of other components within the standard of living. Housing is affordable when a household has sufficient income to meet both the cost of housing and the cost of other components of this standard of living.

### **(iii) Measurement limitations**

As argued above, the budget standard approach to housing affordability is the better one. It may appear relatively simple. However, its measurement is quite complex, and our capacity to assess whether housing is affordable for individual households is restricted by the data available and the limitations it imposes on measuring the various facets of housing affordability. For this reason, this report outlines a number of measures which are indicative rather than conclusive, which differ by tenure and which seek to get at different aspects of the complexities of housing affordability. The indicative measures used in the paper (and explained further in Section (6) ) are:

- Sales by price segment;
- Affordability and available stock;
- Threshold income;
- Ratio of taxable income to local area house price;
- Ratio of housing costs to income;
- Private rental affordability.

## **2.3 Housing affordability and the future**

The above discussion has focused on the affordability for each household. The concern of this paper is the extent to which housing in Bass Coast Shire is currently affordable and the extent to which it will be in the future. As noted above, at the household level, housing affordability is a function of income, housing costs and other costs in a minimum standard of living. But behind each of these is a complex array of other elements that largely determine the incomes, the housing costs and other costs of a whole range of households. Thus, this paper explores the following local factors:

- The changing demographics, to ascertain trends in population, age groups and household types;



- The local economy, to ascertain possible movements in employment, occupations and industry;
- Who is moving into the Shire and who is moving out, to ascertain migration trends;
- Dwelling structure, location of units and tenure, to ascertain whether the current supply of housing matches possible future demand;
- House and unit sales, median price movements and building approvals, to ascertain trends in the housing market and whether it will provide affordable housing;
- The private rental sector, to ascertain its role in the housing market;
- The social housing sector, to ascertain whether it can adequately meet current and future demand from low income households.<sup>3</sup>

There is also a range of other broader factors which impact on the extent to which housing is affordable, such as Commonwealth government policies:

- Fiscal policy such as taxation measures, including the exemption of owner occupied housing from capital gains tax;
- Monetary policy such as interest rates;
- Social security policy which determines the level and type of pensions and allowances.

There are also state government policies which impact on housing affordability such as energy concessions.

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<sup>3</sup> For a discussion of the differences between social housing and affordable housing see Section (8)(ii) below. In *Melbourne 2030*, social housing has been defined as: 'Rental housing provided to low income and/or disadvantaged individuals and families managed or provided by government or not-for-profit organisations. Social housing is provided to meet a range of objectives including affordable rents, responsible management, security of tenure and good locations in relation to employment services.'

**PART B:**  
**BASS COAST SHIRE**

### (3) Bass Coast Shire: Demographic, social and economic characteristics

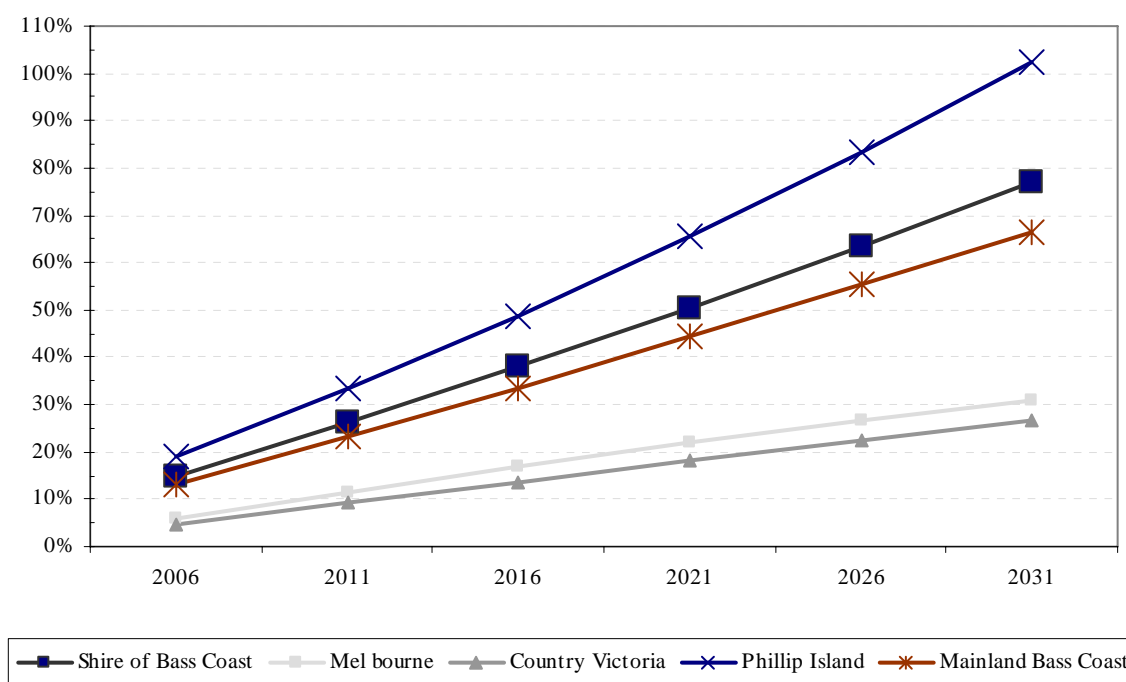
This section explores some key demographic characteristics of Bass Coast Shire and compares them with Melbourne, Country Victoria, and Victoria as a whole. The Shire is divided into two areas: Phillip Island and Mainland Bass Coast.<sup>4</sup>

#### 3.1 Demographic trends

##### (i) Overall population

The population of the Shire in 2001 was approximately 26,000 people. This was projected to grow to approximately 35,000 over the next 16 years, and to approximately 45,000 over the next 30 years to 2031. Figure 1 (and Table 22 in Appendix II) compares population trends in Bass Coast Shire with those of Melbourne and Country Victoria. The population of Bass Coast is expected to grow by 38% to 2016, more than double the rate for Melbourne and Country Victoria (17% and 14% respectively). Figure 1 also shows that Phillip Island (49%) will grow at a higher rate than Mainland Bass Coast (34%). Such growth will place increased pressure on the housing market, in particular, households with both low incomes and low or very low levels of assets.

Figure 1: Population trends by selected areas, 2001-31



Source: DSE Victoria In Future (VIF) 2004 Population Projections

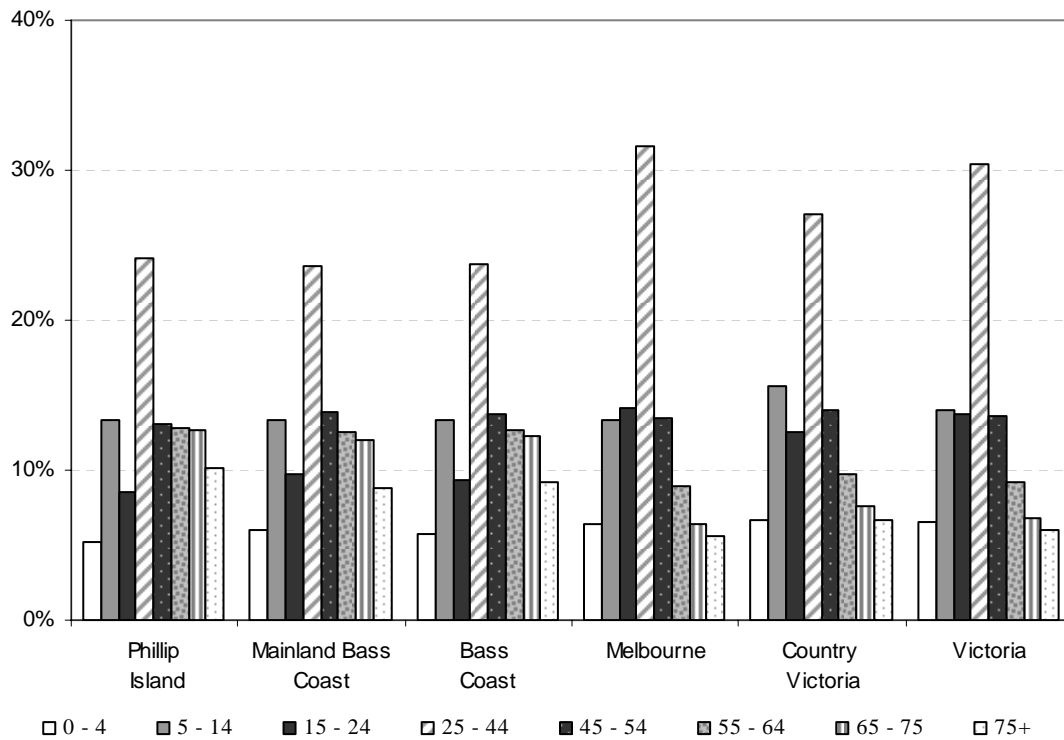
##### (ii) Population trends by age groups

Of key importance to future housing trends is population by age groups. Figure 2 compares the age structure of Bass Coast (and its two SLAs) with Melbourne, Country Victoria and Victoria overall. Compared with Country Victoria, Bass Coast has a lower proportion of persons under 25 years

<sup>4</sup> The Australian Bureau of Statistics divides Bass Coast Shire into two Statistical Local Areas (SLAs): Bass Coast – Phillip Island and Bass Coast – Balance. In this report, these two SLAs are referred to as Phillip Island and Mainland Bass Coast.

(29% compared with 35%) and a higher proportion over 65 years (21% compared with 14% and 14% respectively). But more significant are the future projections.

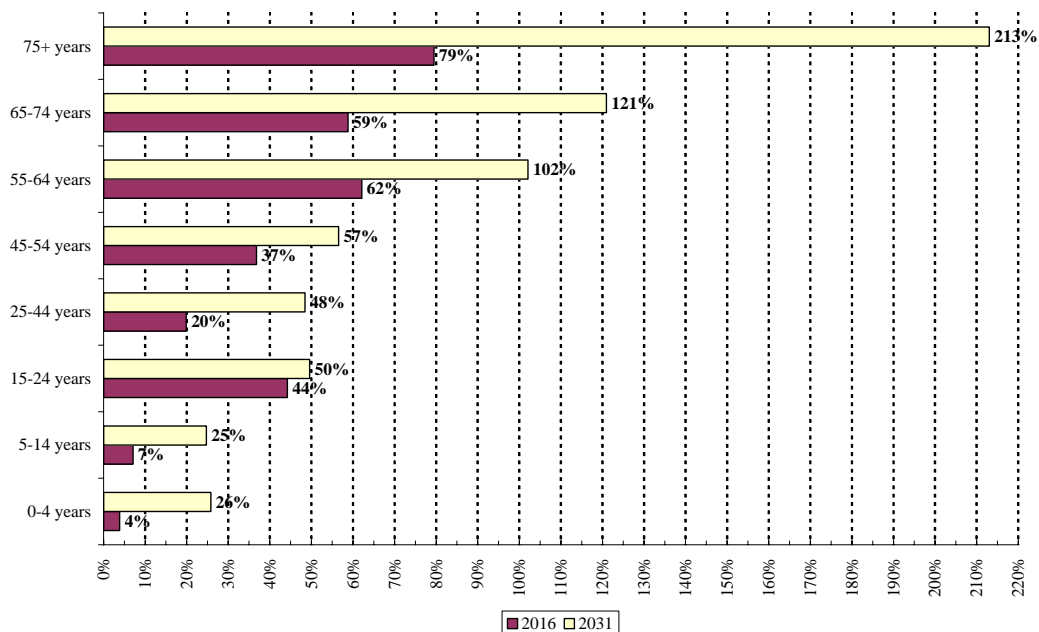
**Figure 2: Age groups by regions, 2001**



Source: ABS Census 2001

Figure 3 outlines projected percentage increases in age groups for 2016 and 2031. While the population in all age groups is projected to increase by 2016, the most notable change is the increase in the number of persons above 75 years of age. By 2016, this will have increased by 79%. In addition, by 2016, those newly retired or about to retire are projected to increase by 59% and 62% respectively. By 2016, those over 65 years will constitute 30% of the population in the Shire.

**Figure 3: Projected percentage increase in population age groups from 2001, Bass Coast Shire, 2016 and 2031**

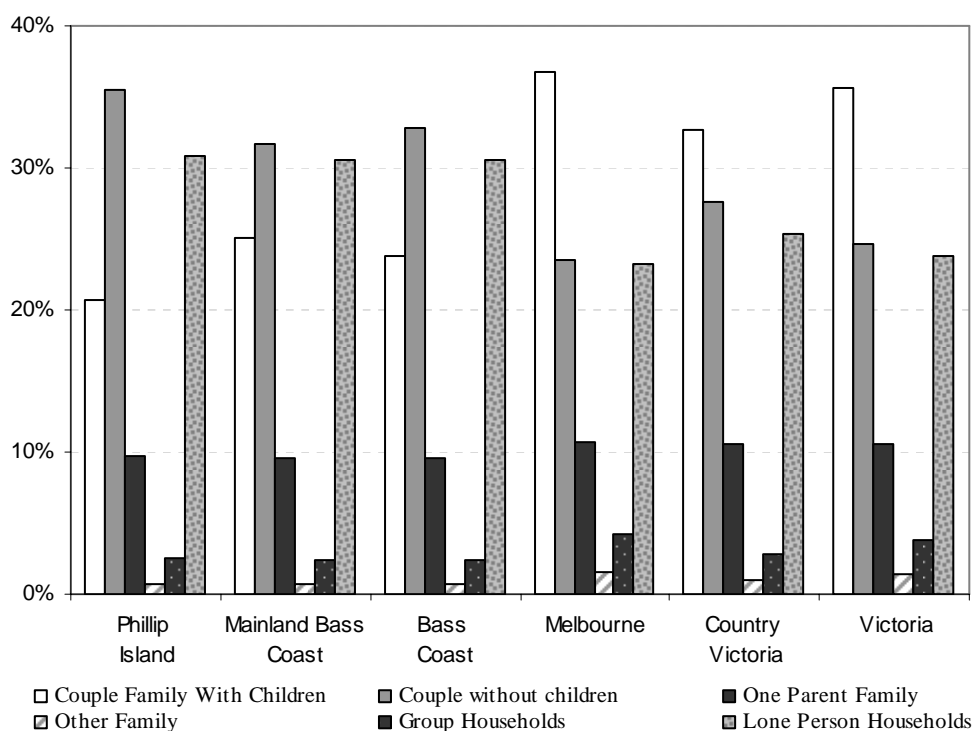


Source: DSE Victoria In Future (VIF) 2004 Population Projections

### (iii) Household types

Figure 4 and Table 23 in Appendix II outline the current household structure for the Shire and its SLAs compared with Melbourne, Country Victoria and Victoria. Compared with Country Victoria, Bass Coast has a higher proportion of couples without children and lone person households, particularly in the Phillip Island SLA. On the other hand, it has a lower proportion of both couple and sole parent families with children, but with relatively higher proportions of couple families with children in Mainland Bass Coast.

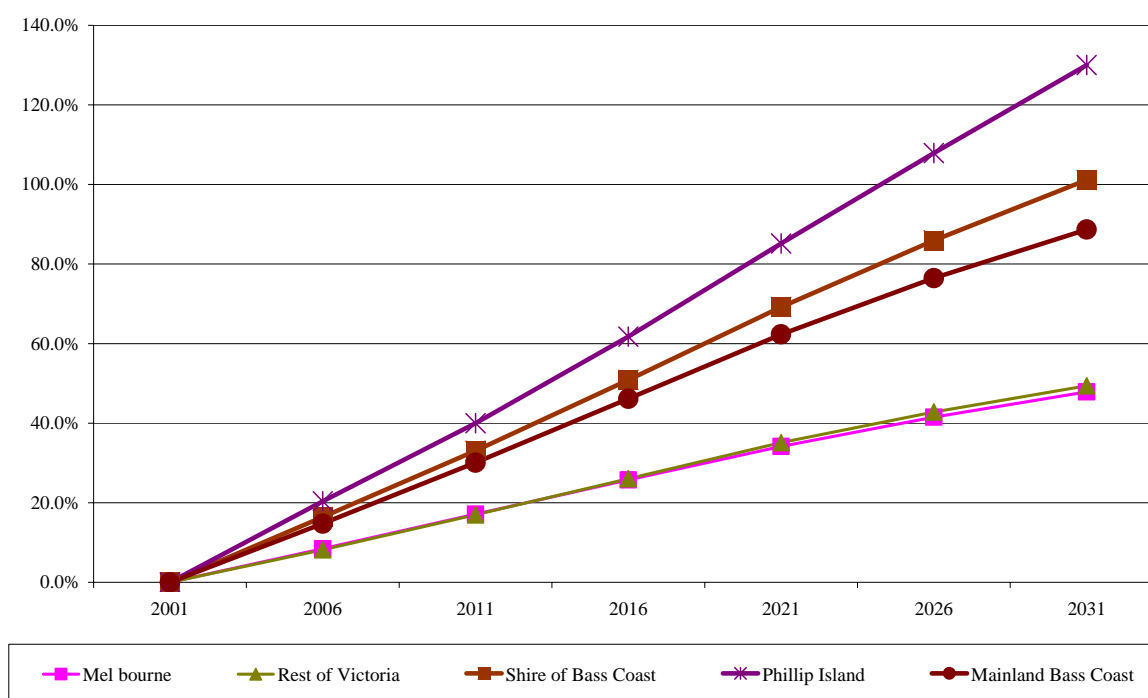
**Figure 4: Household types by regions, 2001**



### (iv) Household trends

While the population is projected to increase substantially, the number of households in the Shire is projected to increase even more, as the size of households is expected to continue to decrease. Thus, the number of households is projected to increase by over 50% between 2001 and 2016, as illustrated in Figure 5 (and Table 24 in Appendix II). This compares with the expected increase in households for Melbourne and Country Victoria of around 25%, only half the rate in Bass Coast. Figure 5 also indicates that household projections are higher for the Phillip Island SLA than for Mainland Bass Coast.

**Figure 5: Household projections by regions, 2001-31**



Source: DSE Victoria In Future (VIF) 2004 Population Projections

### 3.2 Income

Table 1 outlines the average taxable income for each Local Government Area (LGA) in Country Victoria for the financial year ending June 2003. Of the 48 rural municipalities, Bass Coast Shire has the eighth lowest average taxable income. Over the past 11 years, this has increased by varying rates in each municipality, with the average taxable incomes increasing by 30%. This is in the mid-range, with West Wimmera having the highest increase at 79% and La Trobe the lowest at 11%.

**Table 1: Average taxable income by Country Victoria LGAs, 2003**

LGA	\$	% increase since 1991-92
Hindmarsh	\$43,398	70.1%
Macedon Ranges	\$42,581	22.1%
Yarriambiack	\$42,216	64.6%
West Wimmera	\$42,030	79.1%
Queenscliffe	\$41,394	26.1%
La Trobe	\$40,411	11.3%
Glenelg	\$39,487	31.5%
Surf Coast	\$39,472	28.4%
Greater Geelong	\$39,457	19.8%
Moorabool	\$39,263	22.0%
Golden Plains	\$38,849	27.7%
Moyne	\$38,049	43.8%
Buloke	\$38,039	51.0%
Indigo	\$37,986	27.8%
Corangamite	\$37,838	40.3%
Wellington	\$37,679	20.2%
Mitchell	\$37,665	18.6%

<b>LGA</b>	<b>\$</b>	<b>% increase since 1991-92</b>
Wodonga	\$37,606	19.4%
Horsham	\$37,411	31.4%
Baw Baw	\$37,122	17.6%
Ballarat	\$37,114	21.7%
Northern Grampians	\$36,506	34.4%
Campaspe	\$36,421	35.5%
Warrnambool	\$36,370	23.9%
Southern Grampians	\$36,119	32.9%
Ararat	\$35,979	26.1%
Greater Shepparton	\$35,842	26.6%
South Gippsland	\$35,698	29.0%
Wangaratta	\$35,655	23.1%
Greater Bendigo	\$35,534	19.5%
Loddon	\$35,474	43.6%
Swan Hill	\$35,360	33.0%
Colac-Otway	\$35,298	24.4%
Moir	\$35,248	31.1%
Towong	\$34,837	33.5%
Mildura	\$34,726	30.1%
Benalla	\$34,678	22.7%
Murrindindi	\$34,578	20.9%
Mount Alexander	\$34,527	18.9%
Hepburn	\$34,004	21.1%
<b>Bass Coast</b>	<b>\$34,000</b>	<b>29.9%</b>
Alpine	\$33,935	21.6%
Pyrenees	\$33,876	34.2%
Gannawarra	\$33,555	29.5%
Mansfield	\$33,538	26.6%
Strathbogie	\$33,224	28.7%
East Gippsland	\$33,196	18.6%
Central Goldfields	\$33,123	24.0%
Country Victoria	\$37,170	24.2%
Minimum change		11.3%
Maximum change		79.1%

Source: Australian Taxation Office, Taxation Statistics; CPI from the ABS

The low income of many residents is further highlighted in Table 25 and Table 26 in Appendix II which indicate that 34% of the adult population over 18 years and 60% of family households with children are in receipt of Centrelink payments. This varies considerably from area to area.

### **3.3 The local economy**

#### **(i) Industry**

The three major industries by employment, as outlined in Table 2, are the retail trade (18%), health and community services (11%) and accommodation, cafes and restaurants (11%). The first and third of these industries particularly revolve around the tourist industry.

**Table 2: Industry by persons employed**

Industry	#	%
Retail Trade	1,227	18.1%
Health and Community Services	765	11.3%
Accommodation, Cafes and Restaurants	727	10.7%
Agriculture, Forestry and Fishing	635	9.4%
Manufacturing	624	9.2%
Construction	557	8.2%
Property and Business Services	403	6.0%
Education	401	5.9%
Cultural and Recreational Services	263	3.9%
Personal and Other Services	245	3.6%
Wholesale Trade	244	3.6%
Government Administration and Defence	176	2.6%
Transport and Storage	174	2.6%
Other	328	4.8%
<b>Total</b>	<b>6,769</b>	<b>100.0%</b>

Source: *Census 2001: Working Population Profile*

### (ii) Journey to work

At June 2001, 8,457 people in Bass Coast Shire worked. As outlined in Table 3, nearly 6,000 (70%) both lived and worked in the Shire. Or, to put it another way, only 30% of workers living in the Shire work in other municipalities, mainly the Shire of South Gippsland (7%) or various parts of Melbourne (10%).

**Table 3: Journey to work: where residents go to work**

<i>Work location</i>	#	%
Phillip Island	1,909	23%
Mainland Bass Coast	3,990	47%
<b><i>Total Bass Coast</i></b>	<b>5,899</b>	<b>70%</b>
South Gippsland	602	7%
Melbourne	883	10%
Other	235	3%
Undefined/Not Stated	838	10%
<b>Total</b>	<b>8,457</b>	<b>100%</b>

Source: *ABS Census 2001, Working Population Profile, unpublished data*

As at June 2001, there were 6,671 workers in Bass Coast Shire, of whom 87% also lived in the Shire – a high proportion compared with other municipalities. 6% and 5% of the workforce came from South Gippsland or various parts of Melbourne respectively.



**Table 4: Journey to work: where workers come from**

<i>Residence location</i>	<i>#</i>	<i>%</i>
Phillip Island	1,896	28%
Mainland Bass Coast	4,003	59%
<b><i>Total Bass Coast</i></b>	<b><i>5,899</i></b>	<b><i>87%</i></b>
South Gippsland	407	6%
Melbourne	323	5%
Other	125	2%
Undefined/Not Stated	7	0%
<b>Total</b>	<b>6,761</b>	<b>100%</b>

Source: ABS Census 2001, Working Population Profile, unpublished data

The tables above have noted that 5,899 people (70% resident workers and 87% workforce) both lived and worked in the Shire. Table 5 indicates the movement of people from their residence in one of the two SLAs to their workplace. Nearly all who lived and worked in the Shire, lived and worked in the same SLA: 87% in Phillip Island and 94% in Mainland Bass Coast.

**Table 5: Journey to work within Bass Coast Shire**

<b>SLA of Workplace</b>	<i>SLA of Usual Residence</i>		<b>Total</b>	<b>% working in SLA</b>
	<b>Phillip Island</b>	<b>Mainland Bass Coast</b>		
Phillip Island	1,649	247	1,896	87%
Mainland Bass Coast	260	3,743	4,003	94%
Total	1,909	3,990	5,899	
<i>% living in SLA</i>	<i>86%</i>	<i>94%</i>		

Source: ABS Census 2001, Working Population Profile, unpublished data

### **3.4 Who is moving in and who is moving out**

This section discusses who is moving into and out of Bass Coast Shire. Two particular characteristics are explored in the tables below.

Table 6 selects two age groups, those of working age between 25-59 years and those who have retired or are about to retire. The total population within these two groups in 1996 was 13,760, of whom 11,677 (85%) stayed within the Shire. 5,690 moved into the Shire and 2,083 moved out, providing a net movement into the Shire of 3,607, a very large increase of 26%. The breakdown by age group shows that 30% of in-movers were in the working population. Approximately 50% of these came from Melbourne (47% in the working population and 59% for those retired or about to retire).

Table 7 indicates the movement pattern of those over 25 years according to their tenure. Most notably, a large proportion of in-movers (60%) are purchasing their dwellings. On the other hand, a relatively large proportion of out-movers (32%) are moving out of private rental dwellings (compared with 13% of the population living in private rental in 1996). The unusually large proportion of 'Not stated' makes it difficult to draw any more detailed conclusions.

**Table 6: Movement pattern by age group**

<i>Age Group</i>	<i>1996</i>		<i>Stayers</i>		<i>In-movers</i>		<i>Out-movers</i>		<i>Net Movement</i>		<i>2001</i>	
	<i>#</i>	<i>%</i>	<i>#</i>	<i>% stayed</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>% increase</i>	<i>#</i>	<i>%</i>
25-59	8,120	59%	6,658	82%	3,924	69%	1,462	70%	2,462	30.3%	10,582	61%
60 and over	5,640	41%	5,019	89%	1,766	31%	621	30%	1,145	20.3%	6,785	39%
<b>Total</b>	<b>13,760</b>	<b>100%</b>	<b>11,677</b>	<b>85%</b>	<b>5,690</b>	<b>100%</b>	<b>2,083</b>	<b>100%</b>	<b>3,607</b>	<b>26.2%</b>	<b>17,367</b>	<b>100%</b>

Source: ABS Census 1996 and Census 2001, unpublished data

**Table 7: Movement pattern by tenure**

<i>Tenure</i>	<i>1996</i>		<i>Stayers</i>		<i>In-movers</i>		<i>Out-movers</i>		<i>Net Movement</i>		<i>2001</i>	
	<i>#</i>	<i>%</i>	<i>#</i>	<i>% stayed</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>% change</i>	<i>#</i>	<i>%</i>
Fully owned	7,544	54.8%	6,890	91.3%	2,255	39.6%	654	31.4%	1,601	21.2%	9,145	52.7%
Being purchased	3,271	23.8%	2,757	84.3%	1,155	20.3%	514	24.7%	641	19.6%	3,912	22.5%
Private Rental	1,739	12.6%	1,080	62.1%	944	16.6%	659	31.6%	285	16.4%	2,024	11.7%
Other Rented	472	3.4%	350	74.2%	179	3.1%	122	5.9%	57	12.1%	529	3.0%
Not Stated	734	5.3%	600	81.7%	1,157	20.3%	134	6.4%	1,023	139.4%	1,757	10.1%
<b>Total</b>	<b>13,760</b>	<b>100%</b>	<b>11,677</b>	<b>84.9%</b>	<b>5,690</b>	<b>100.0%</b>	<b>2,083</b>	<b>100.0%</b>	<b>3,607</b>	<b>26.2%</b>	<b>17,367</b>	<b>100.0%</b>

Source: ABS Census 1996 and Census 2001, unpublished data

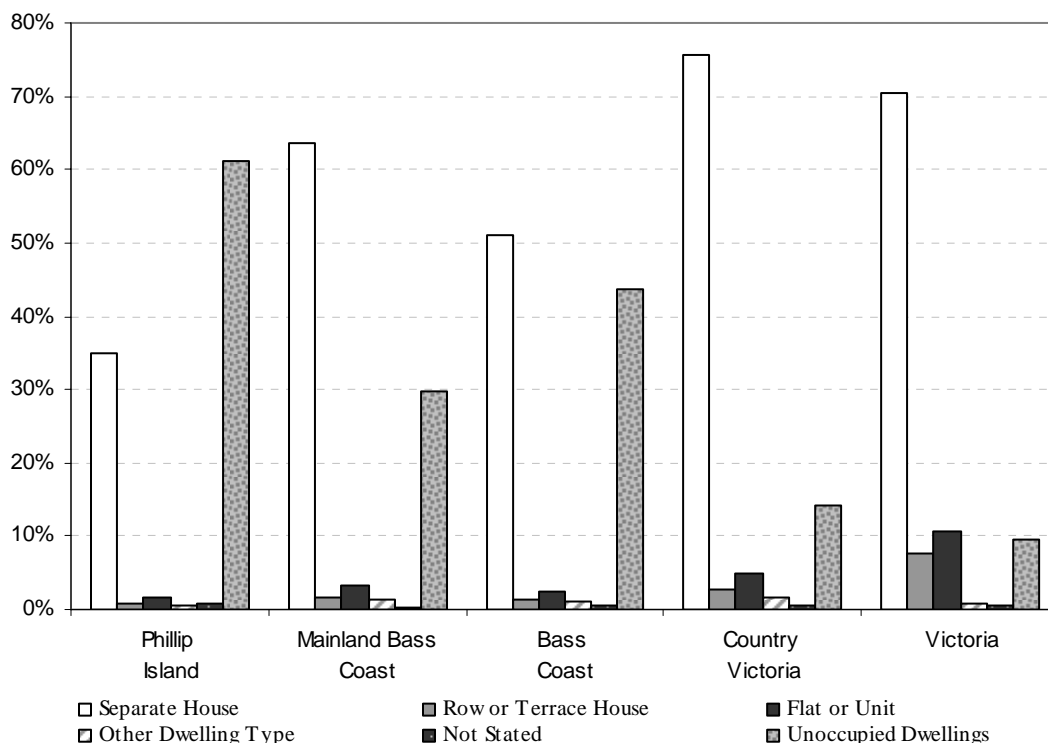
## (4) Bass Coast Shire: Housing market

### 4.1 Trends in the housing market

#### (i) Dwelling structure

Figure 6 below and, Table 27 and Table 28 in Appendix II outline the type of dwellings within Bass Coast Shire compared with Country Victoria and Victoria overall. Most noticeably, unlike many other Shires, there is a high proportion of unoccupied dwellings.<sup>5</sup> On Phillip Island, 60% of dwellings are unoccupied, while around 30% are unoccupied in Mainland Bass Coast. Where unoccupied dwellings are excluded, then the proportion of separate houses is very high (over 90%) with less than 7% of row/terrace houses, flats and units.

Figure 6: Dwelling structure

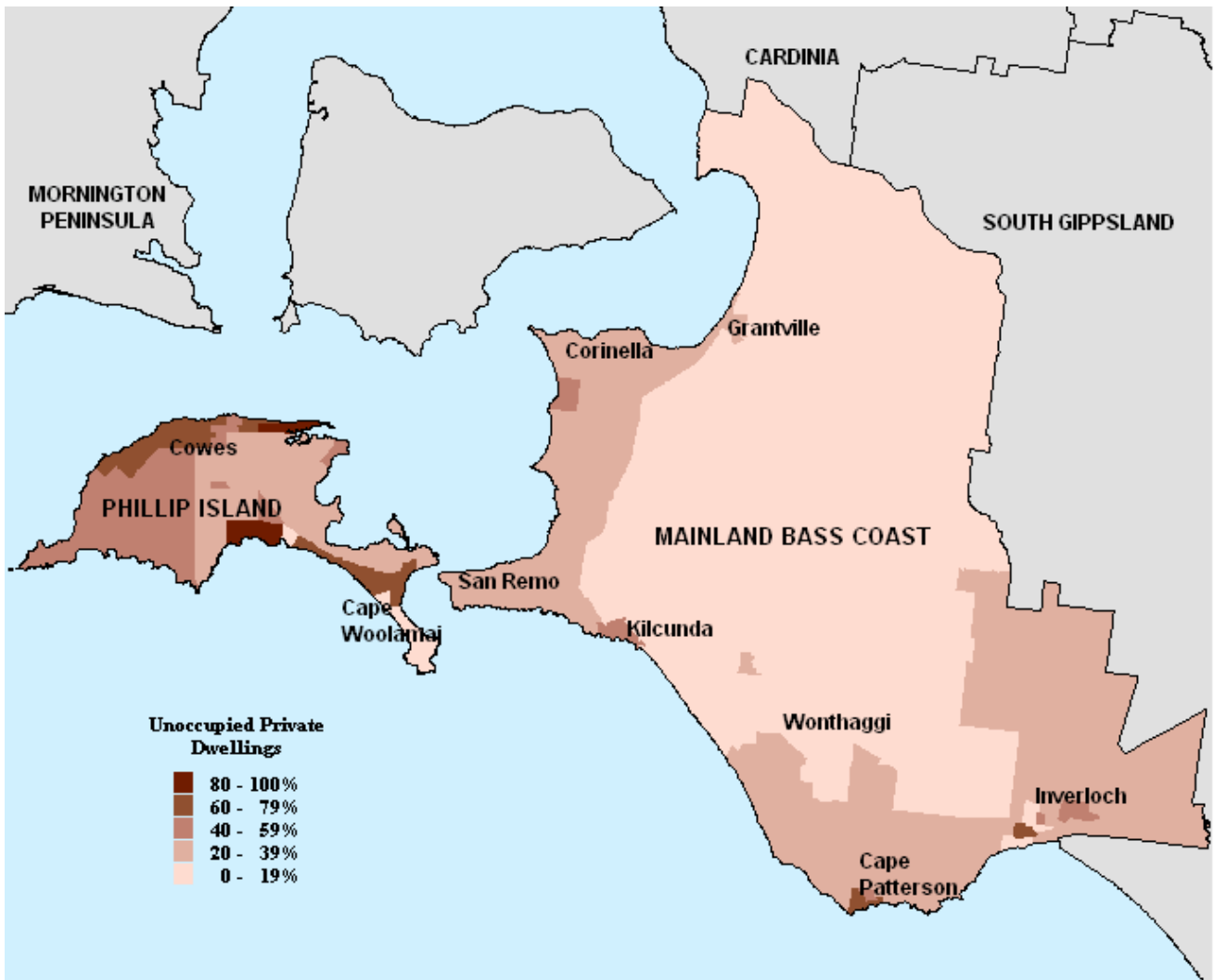


Source: ABS Census 2001

Figure 7 maps the proportions of unoccupied dwellings throughout the Shire. These are concentrated around Cowes, Ventnor, Smith's Beach and Surf Beach on Phillip Island, and around Inverloch and Cape Paterson in Mainland Bass Coast.

<sup>5</sup> The dwelling structure of unoccupied dwellings is not classified in the Census.

**Figure 7: Proportion of unoccupied dwellings, Bass Coast Shire, 2001**

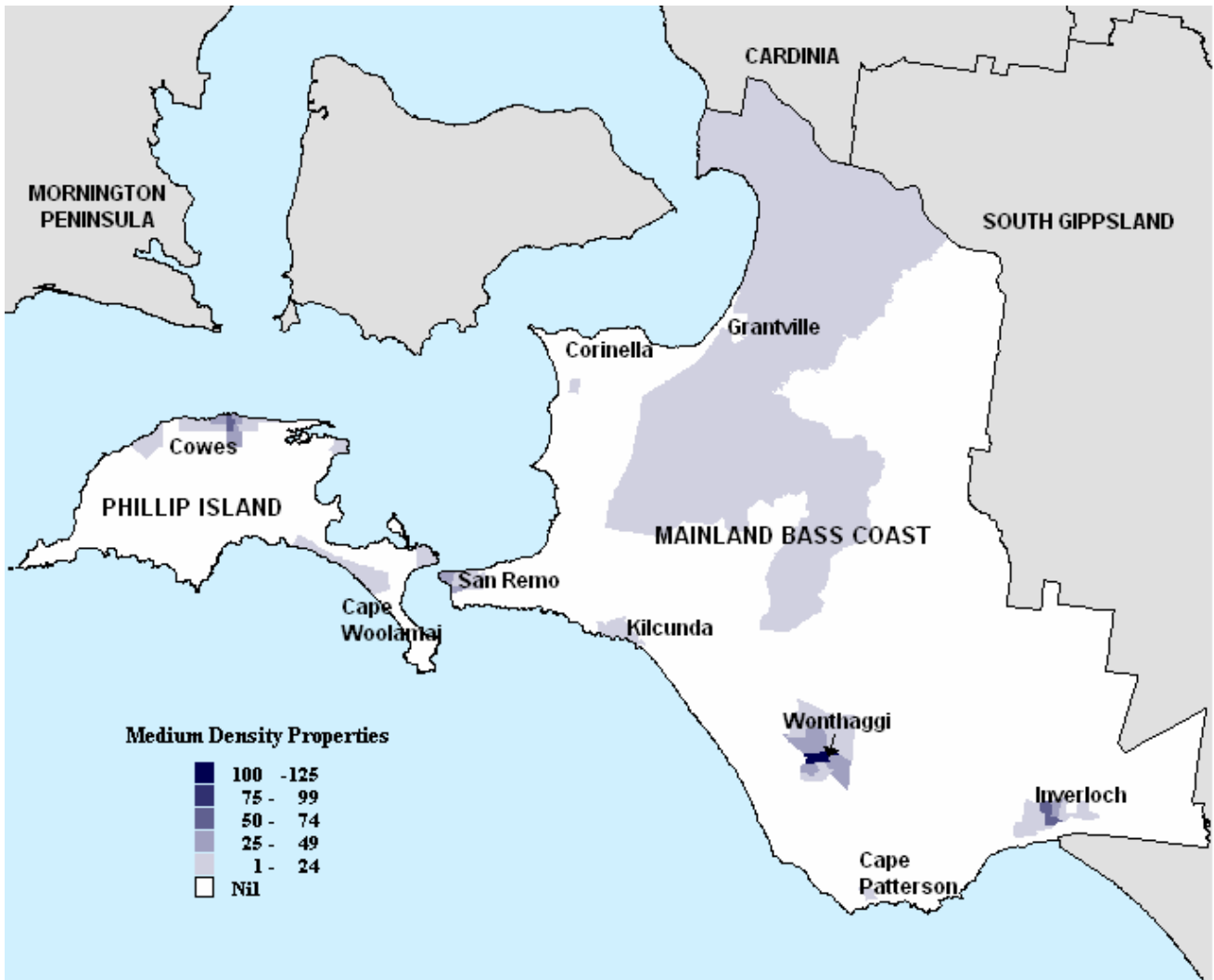


Source: ABS Census 2001

**(ii) Location of units**

Figure 8 shows the pattern of units throughout the Shire. While the overall number is very small, most areas of the Shire do not have any units or very few units. Concentrations can be found in Wonthaggi and Cowes.

Figure 8: Location of units, Bass Coast Shire, 2001



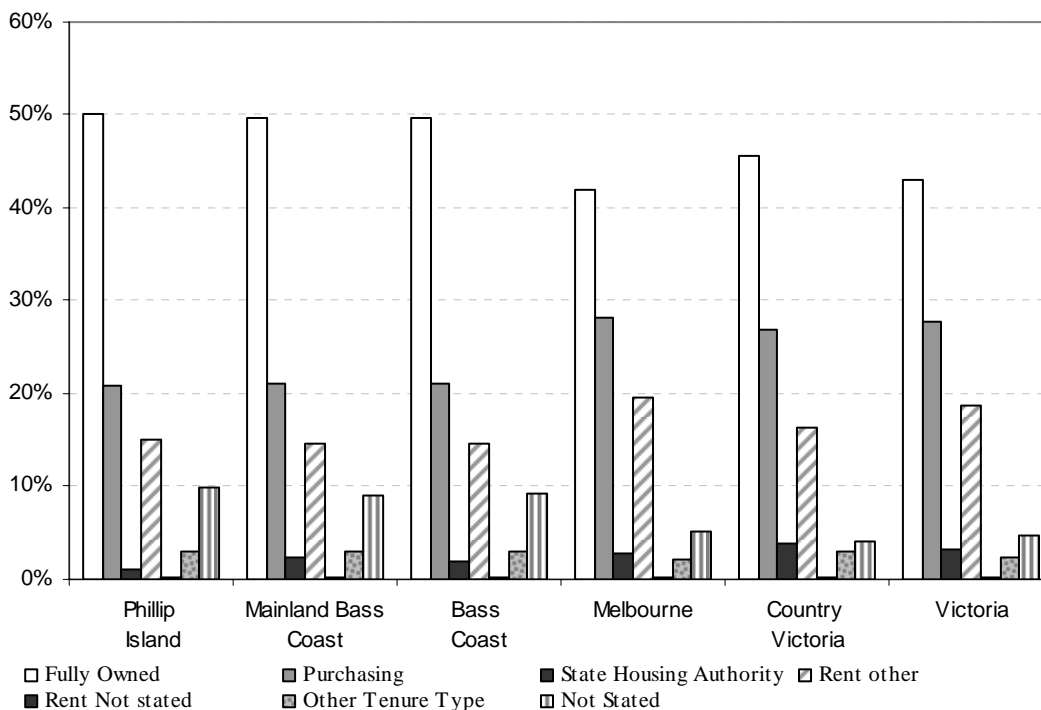
Source: ABS Census 2001

### (iii) Tenure

As indicated in Figure 9 below and Table 29 in Appendix II, the Shire has a similar level of owner occupied housing as Country Victoria (both around 70%); however, there is a relatively higher proportion of fully owned housing (50%, compared with 46% for Country Victoria) and a lower proportion of owner occupiers purchasing (21%, compared with 27% for Country Victoria).

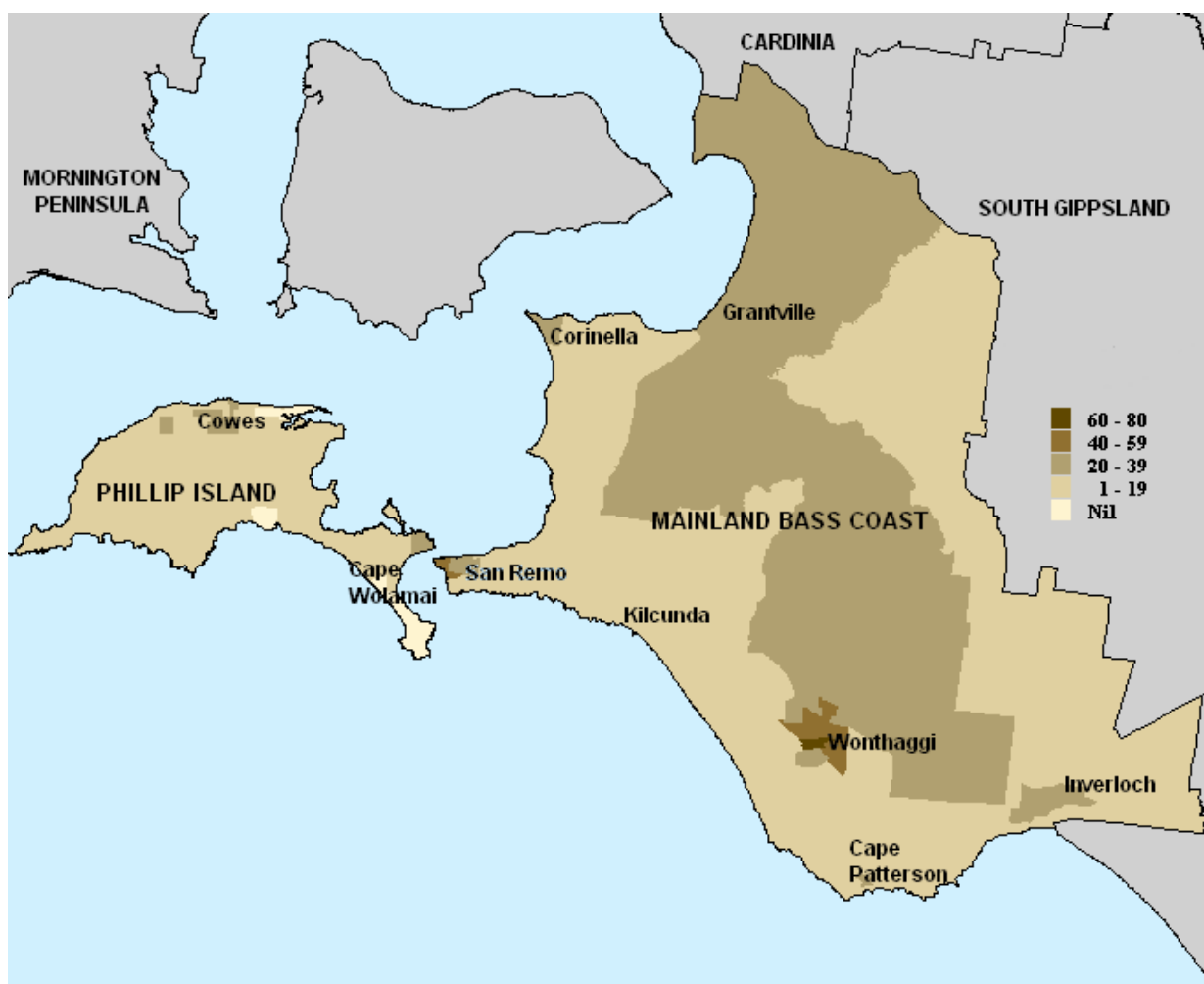
The private rental sector is of a similar size to Country Victoria, both at around 15%. The level of public housing is small (2%) compared with Melbourne (3%) and Country Victoria (4%).

**Figure 9: Tenure, 2001**



Source: ABS Census 2001

**Figure 10: Private rental housing within Bass Coast Shire, number of dwellings, 2001**

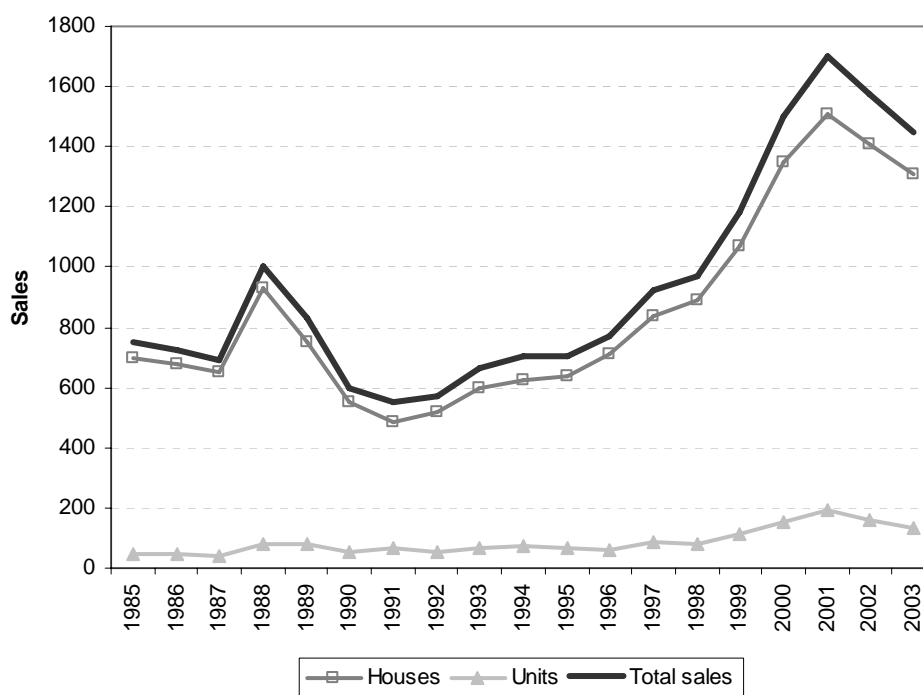


Source: ABS Census 2001

#### (iv) House and unit sales

Figure 11 outlines the number of house and unit sales in Bass Coast Shire from 1985 to 2003.

**Figure 11: House and unit sales, Bass Coast Shire, 1985-2003**

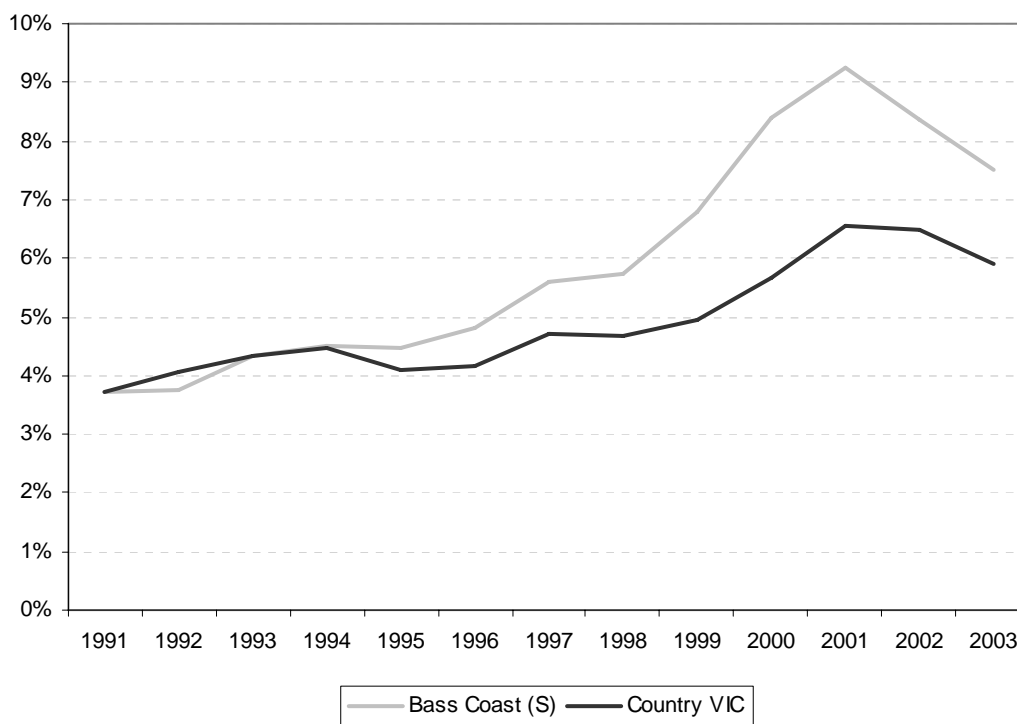


Source: Department of Sustainability and Environment, Victoria (2004) *A Guide to Property Values*

The residential market in Bass Coast Shire has historically been dominated by the house market. Over this period the number of house sales per year ranged from a low of 485 in 1991 to a high in 2001 of 1,506, having increased rapidly from 1996. Unit sales ranged from 38 in 1987 to 193 in 2001. Such sales have been very low over the past two decades, reflecting the dwelling structure within the Shire, averaging around 9% of total sales and reaching a peak of 12% in 1991.

To compare sales data across jurisdictions, it is useful to look at the number of sales as a proportion of dwelling stock, as an indication of the turnover in stock for a given period. Figure 12 presents this data for Bass Coast Shire and Country Victoria for the period 1991 to 2003. Sales accounted for between 4% and 9% of total stock in the Shire (averaging around 6%) and between 4% and 7% in Country Victoria (averaging around 5%). Both areas recorded a peak in sales as a proportion of stock in 2001, and ended the period in 2003 with a higher ratio than in 1991, indicating the greater turnover in stock towards the end of the 1990s and into the 2000s.

**Figure 12: Total sales as a proportion of private dwellings, Bass Coast Shire and Country Victoria, 1991-2003**



Source: DSE (2004) *A Guide to Property Values*; ABS (2001) *Time Series Profile*

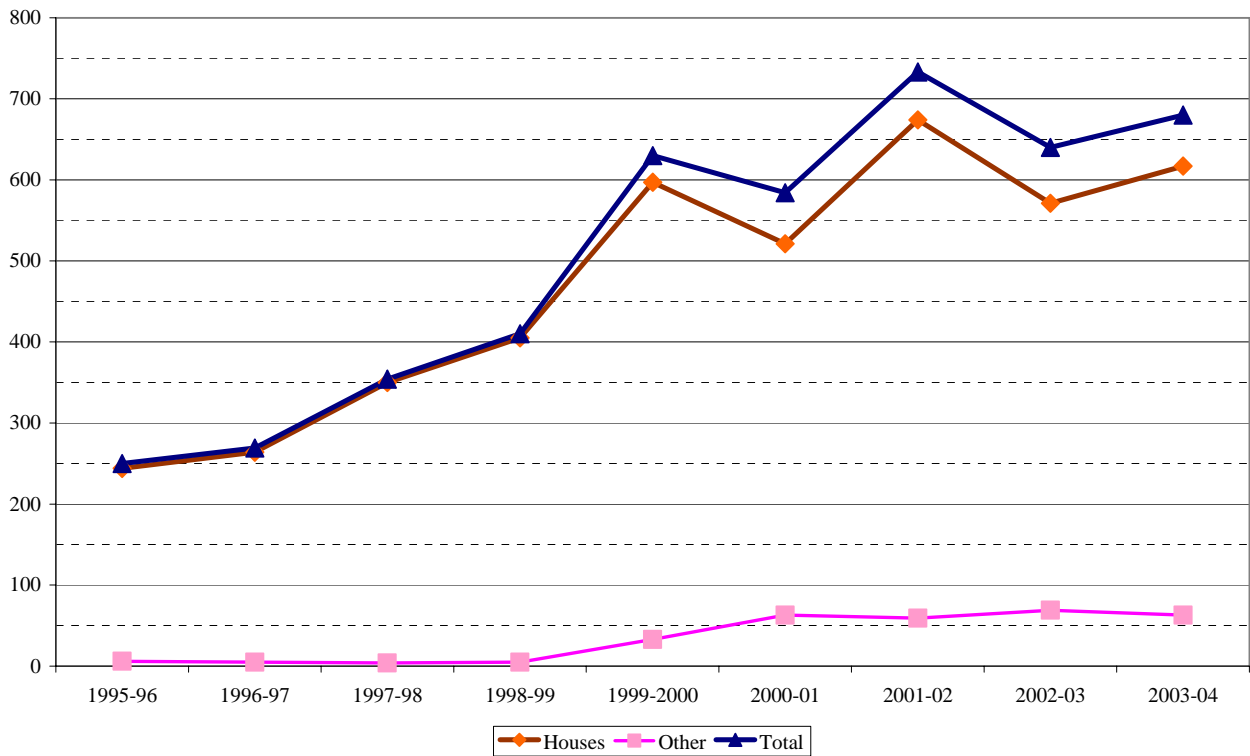
### **(v) Building approvals**

This section discusses building approvals and compares the rate of low and medium density as a proportion of total approvals for Bass Coast Shire and Country Victoria. As shown in Figure 13, approvals ranged from a low of 250 dwellings in 1995-96 to a high of 733 in 2001-02. As illustrated in Figure 13, but more clearly in Figure 14, the vast majority of building approvals in the Shire have been for low density (house) developments. Medium density ('other') approvals have been quite insignificant until the last few years where, since 2000-01, they have accounted for around 10% of total approvals in any one year. As Figure 14 also illustrates, the rate of medium density approvals in the Shire has generally been lower than in Country Victoria where the average is around 7% per year. It is only since 2000-01 that the Shire has averaged above Country Victoria.

These approvals have, in recent years, been more common in Phillip Island rather than in Mainland Bass Coast, as shown in Figure 15.

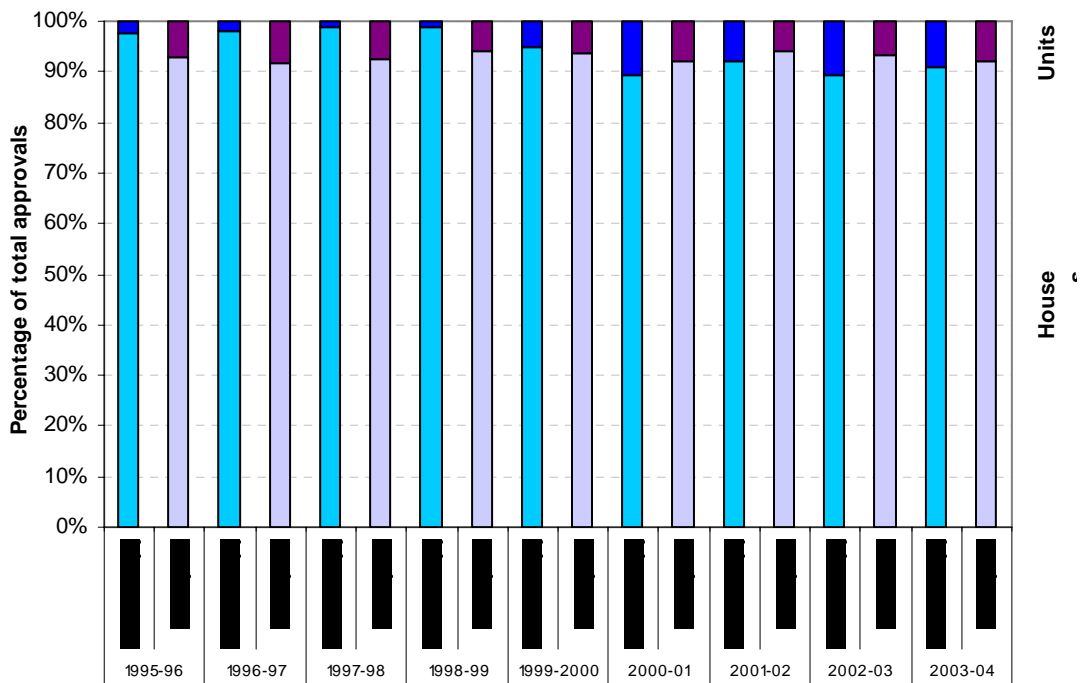


**Figure 13: Building approvals, Bass Coast, 1995-2004**



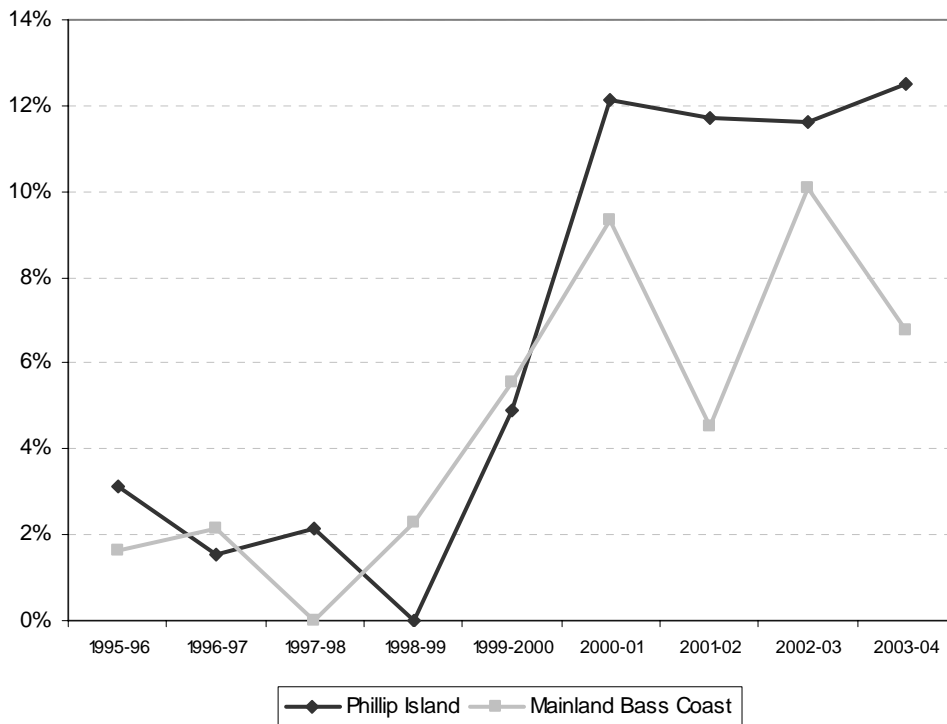
Source: ABS Building Approvals, Victoria Cat. no. 8731.2; ABS Building Approvals, Australia Cat. no. 8731.0

**Figure 14: Building approvals, Bass Coast and Country Victoria, 1995-2004**



Source: ABS Building Approvals, Victoria Cat. no. 8731.2; ABS Building Approvals, Australia Cat. no. 8731.0

**Figure 15: Other residential approvals as a proportion of total approvals, Bass Coast SLAs, 1995-2004**



Source: ABS Building Approvals, Victoria Cat. no. 8731.2; ABS Building Approvals, Australia Cat. no. 8731.0

## (vi) Property prices and values

This section identifies property value changes for houses and units between 1985 and 2003 for Bass Coast Shire and Country Victoria, and between 1992 and 2003 for major towns within the Shire.<sup>6</sup>

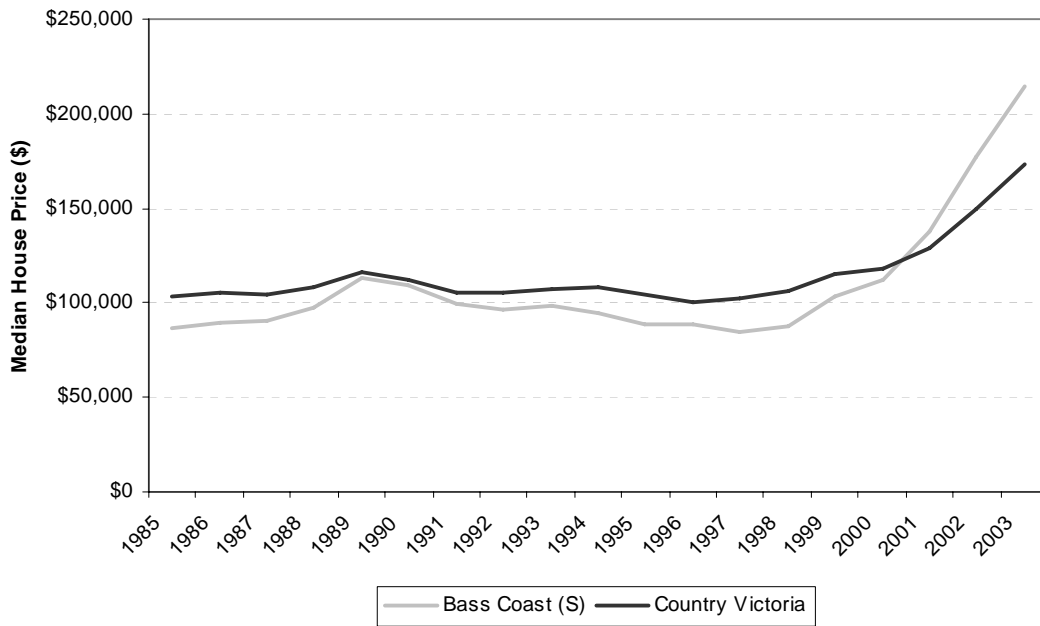
### Median house prices

Between 1985 and 2000 median house prices in the Shire were consistently below the median prices recorded for Country Victoria (see Figure 16). Bass Coast recorded its highest median price of \$113,516 in 1989, the same year that Country Victoria recorded its second highest median price of \$116,543 (this was exceeded in 2000 when the median house price for Country Victoria was \$118,199). Following this peak in 1989 there was a general decrease in both the Shire and Country Victoria, with the Shire recording a low of \$84,764 in 1997, whilst Country Victoria recorded a low of \$100,881 in the previous year.

However, since 2000 there has been an increase in prices in both the Shire and Country Victoria, albeit at different rates. For instance, between 2000 and 2001 the median house price in Bass Coast rose from \$112,289 to \$138,002, which was more than double the rate of Country Victoria where prices rose from \$118,199 to \$128,978. Since this time, the Bass Coast median house price has risen at a greater rate compared to Country Victoria and, in 2003, reached \$215,000 compared to Country Victoria's \$172,997. This discrepancy between the two areas since 2000 is largely responsible for the far greater rate of median price increase (148%) recorded by Bass Coast between 1985 and 2003 compared to Country Victoria (68%) (see Figure 17).

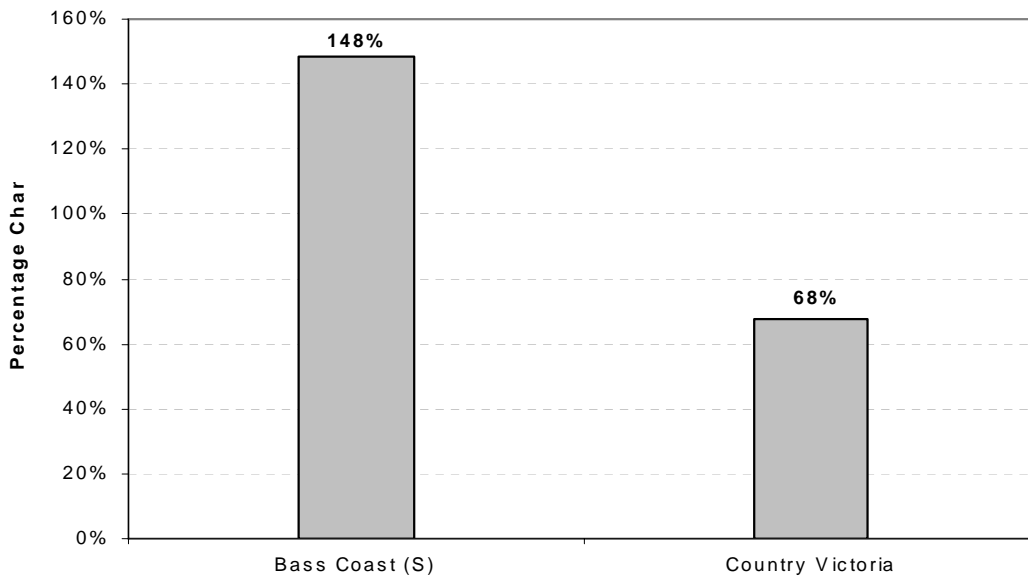
<sup>6</sup> All values have been indexed to 2003 prices.

**Figure 16: Median house prices, 1985-2003**



Source: Median house price from DSE (2003, 2004) *A Guide to Property Values*; CPI from the ABS  
 Note: \$2003 values

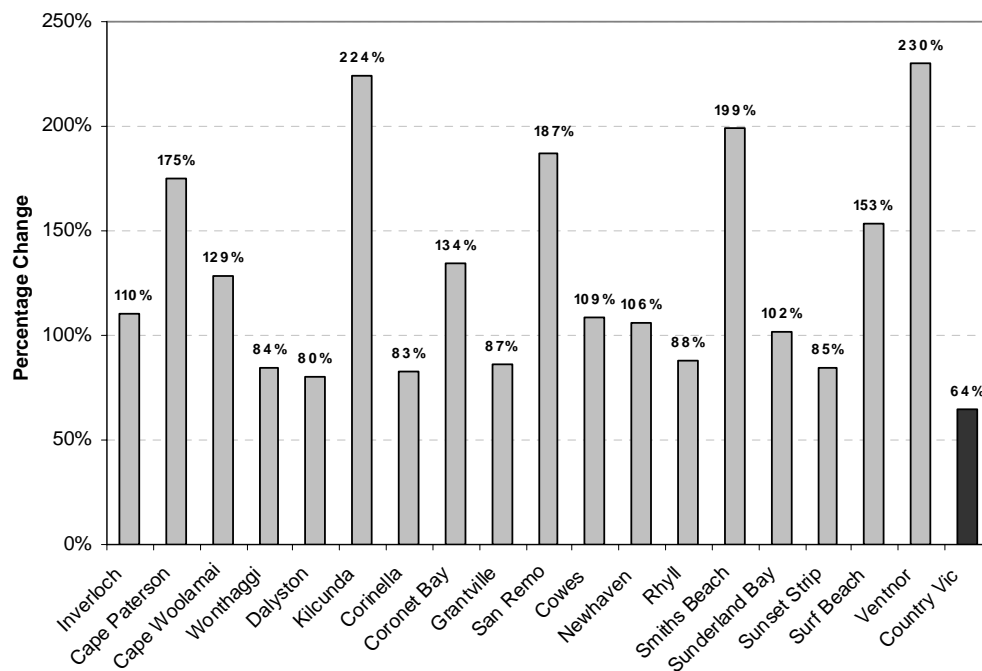
**Figure 17: Median house price percentage change, Bass Coast and Country Victoria, 1985-2003**



Source: Department of Sustainability and Environment, Victoria (2003; 2004) *A Guide to Property Values*;  
 CPI from the ABS  
 Note: \$2003 values

There was also considerable variation across towns in the Shire. The smallest percentage change for 1992 to 2003 was recorded in Dalyston (80%) compared to a substantial high of 230% in Ventnor. All those for which data is available recorded a greater increase in house prices than Country Victoria (64%), as shown in Figure 18.

**Figure 18: Median house price percentage change, Bass Coast towns and Country Victoria, 1992-2003\***

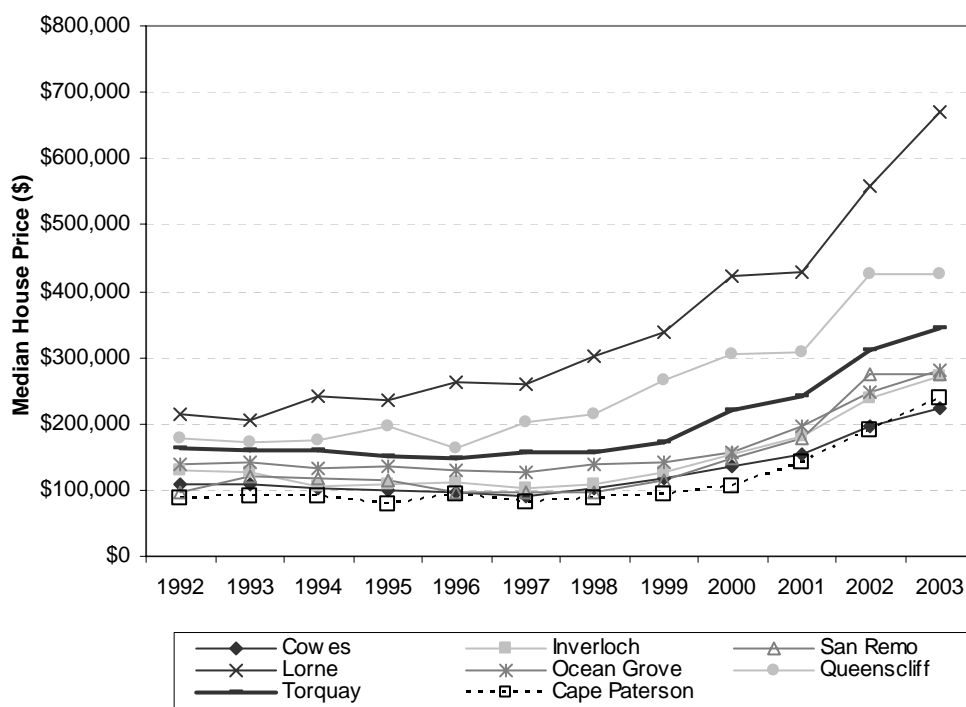


Source: Department of Sustainability and Environment, Victoria (2003; 2004) *A Guide to Property Values*; CPI from the ABS

\* Note: Percentage change for Kilcunda is for the period 1994-2003

But how do house prices along the coastline of Bass Coast compare with those along the coastline of Surf Coast/Geelong/Queenscliff (generally referred to below as the Surf Coast towns)? Figure 19 presents median house prices from 1992 to 2003 for selected coastal towns. In 1992 these ranged from a low of \$87,232 for Cape Paterson to a high of \$213,233 for Lorne, a difference of \$126,000.<sup>7</sup> The median prices of houses in Bass Coast towns were all below those of Surf Coast towns.

**Figure 19: Median house prices, selected townships, 1992-2003**

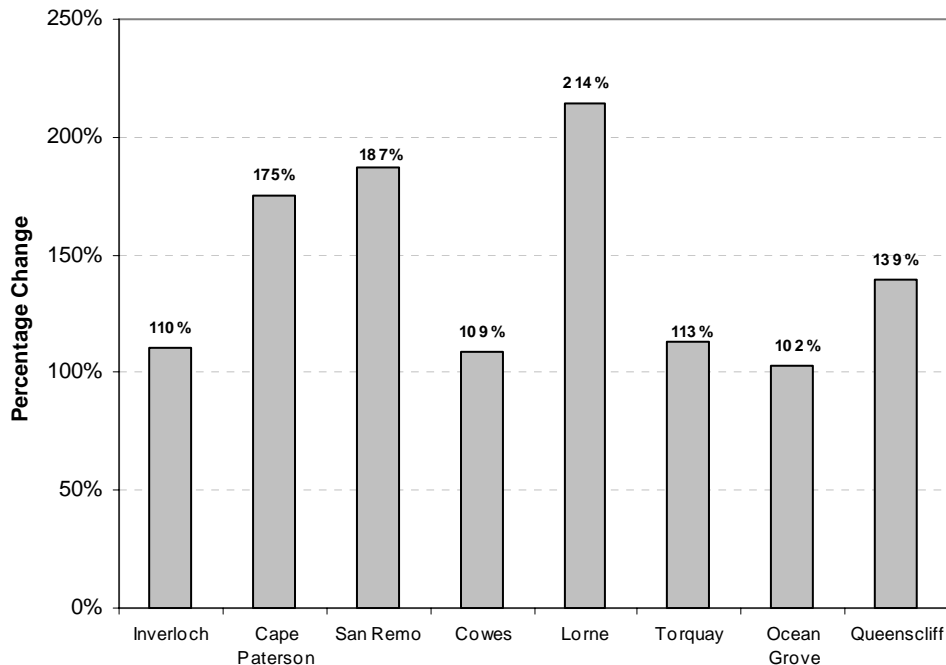


Source: Department of Sustainability and Environment, Victoria (2003; 2004) *A Guide to Property Values*; CPI from the ABS

<sup>7</sup> These median prices are in \$2003.

As indicated in Figure 20, the towns with the largest increases between 1992 and 2003 were Lorne (214%), San Remo (187%), Cape Paterson (175%) and Queenscliff (139%). However, the timing of the ‘take-off’ and the base price from which median house prices rose varied between towns. Median house prices in Lorne increased rapidly from 1993, in Queenscliff from 1996, in Torquay from 1999 and in Ocean Grove and Bass Coast towns only in 2000.

**Figure 20: Median house prices, selected townships, percentage change, 1992-2003**

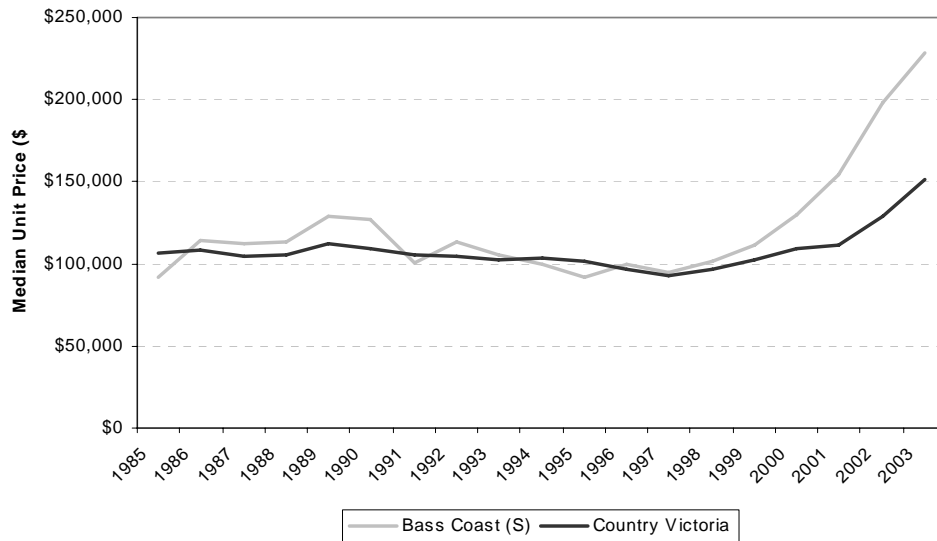


Source: Department of Sustainability and Environment, Victoria (2003; 2004) *A Guide to Property Values*; CPI from the ABS

### Median Unit Prices

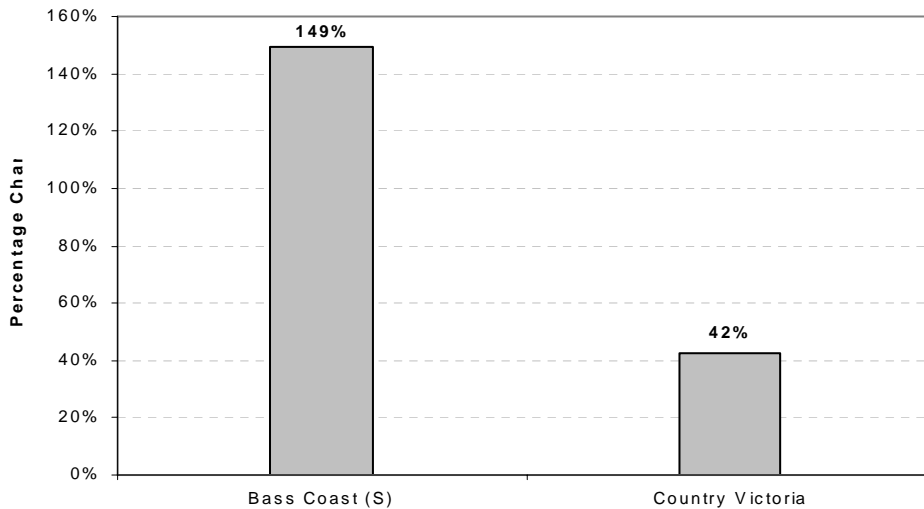
An analysis of the unit market in Bass Coast Shire and Country Victoria indicates a different pattern. For example, median unit prices in Country Victoria remained relatively stable between 1985 and 2001 (averaging around \$105,000) and then increased swiftly to record a high of \$151,000 in 2003 (see Figure 21). In comparison, median unit prices in the Shire fluctuated between 1985 and 1997 and then recorded a steady increase to 2003, ending the period at \$228,500. It is therefore not surprising that the Shire recorded a far greater percentage increase of 149% for the period 1985 to 2003 compared to Country Victoria’s increase of 42% (see Figure 22).

**Figure 21: Median unit prices, Bass Coast and Country Victoria, 1985-2003**



Source: Median house price from DSE (2003, 2004) *A Guide to Property Values*; CPI from the ABS. Note: \$2003 values

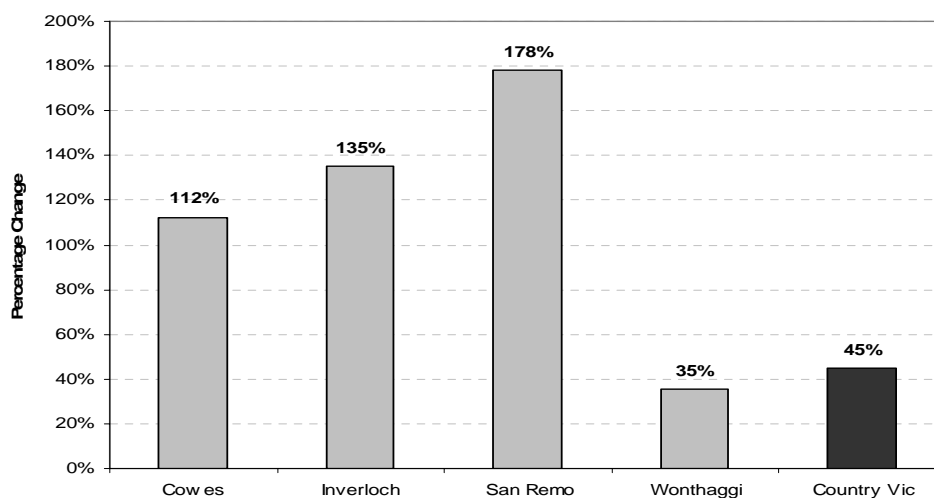
**Figure 22: Median unit price percentage change, Bass Coast and Country Victoria, 1985-2003**



Source: Median house price from DSE (2003, 2004) *A Guide to Property Values*; CPI from the ABS  
Note: \$2003 values

Of the towns where data on median unit prices is available (see Figure 23), Wonthaggi recorded the smallest increase for the period 1992 to 2003 (35%), compared to the largest increase of 135% in Inverloch and 178% in San Remo (for the period 1995 to 2003). Therefore, with the exception of Wonthaggi (which also recorded the second lowest increase in house prices as shown in the previous section), the unit submarkets within Bass Coast, and the Shire overall, recorded a remarkably higher rate of increase compared to Country Victoria.

**Figure 23: Median unit price percentage change, Bass Coast towns and Country Victoria, 1992-2003\***



Source: Department of Sustainability and Environment, Victoria (2003; 2004) *A Guide to Property Values*; CPI from the ABS  
 \* Note: Percentage change for San Remo is for the period 1995-2003

### Vacant blocks

Similar to the house and unit market, median prices for vacant blocks in Bass Coast Shire were lower in 1989 compared to Country Victoria (\$16,484 and \$26,786 respectively) but by 2003 were considerably higher (\$110,000 compared to \$64,950), as shown in Figure 24.

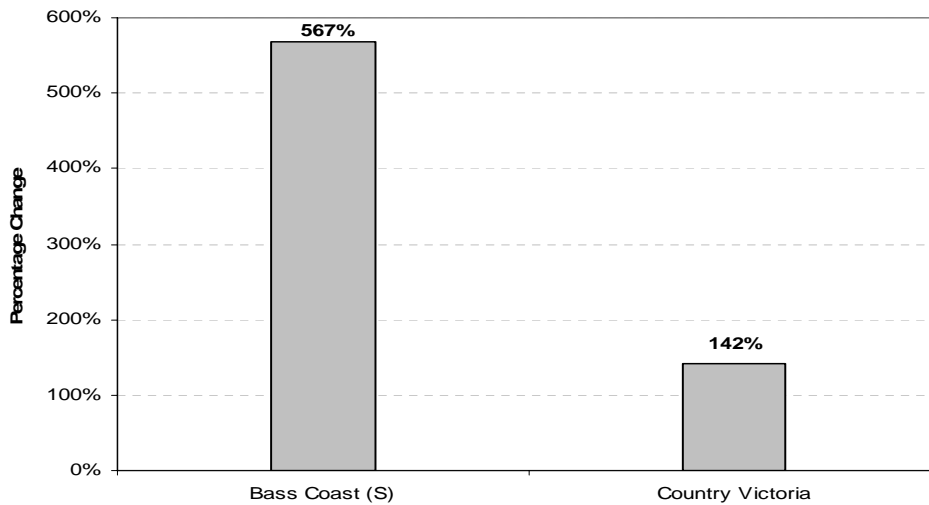
**Figure 24: Median vacant block prices, Bass Coast and Country Victoria, 1985-2003**



Source: Department of Sustainability and Environment, Victoria (2003; 2004) *A Guide to Property Values*; CPI from the ABS

This price differential in 2003 can once again largely be attributed to the differences in performance between the two markets since 2000. Up until then, prices in Country Victoria remained relatively stable compared to the Shire where they were more likely to decrease. However, from 2000 onwards, prices in the Shire increased significantly by approximately \$76,000 compared to Country Victoria's increase of around \$20,000. This period has had a major impact on the vacant block market within the Shire and accounts for the enormous percentage increase recorded for the period 1985 to 2003 (567%) compared to Country Victoria's increase of 142% (as shown in Figure 25).

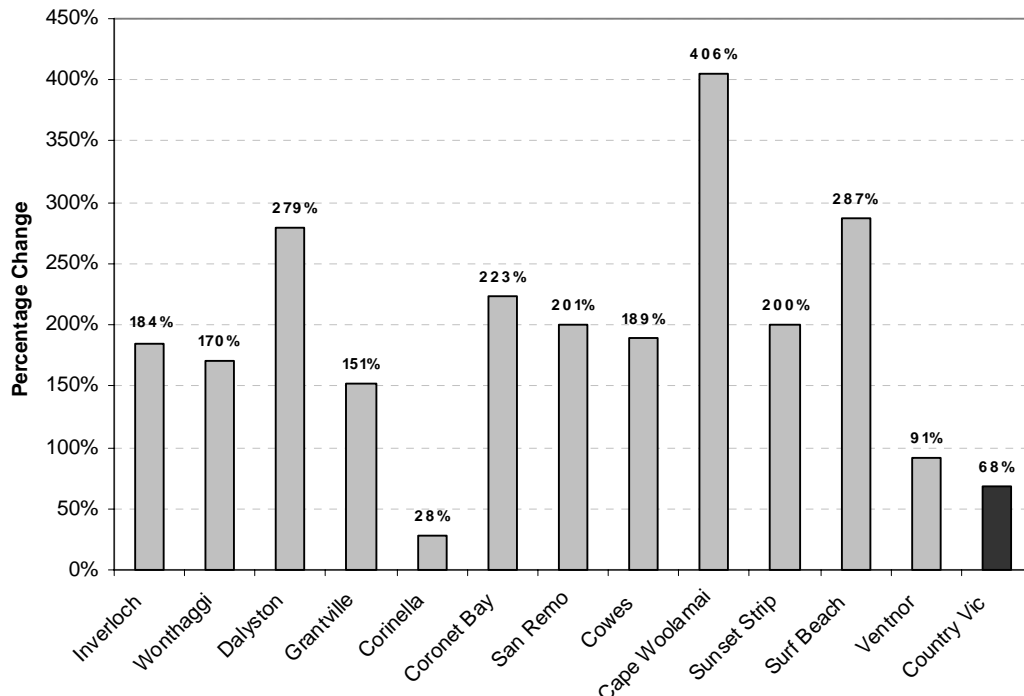
**Figure 25: Median vacant block prices, Bass Coast and Country Victoria, percentage change, 1985-2003**



Source: Department of Sustainability and Environment, Victoria (2003; 2004) *A Guide to Property Values*; CPI from the ABS

Large increases were also recorded in the vacant block markets for towns within the Shire, although again there was some variation. The largest recorded was in Cape Woolamai (406%) and the smallest in Ventnor (91%). Again, all towns recorded a greater increase in vacant block prices compared to Country Victoria (68%), as shown in Figure 26.

**Figure 26: Median prices for vacant blocks, Bass Coast towns and Country Victoria, percentage change, 1992-2003**



Source: Department of Sustainability and Environment, Victoria (2003; 2004) *A Guide to Property Values*; CPI from the ABS



## 4.2 Social housing

Although there are a range of social housing programs operating in Bass Coast Shire, the number of dwellings is very low, with most low income households renting privately.

### (i) Public housing

Table 8 shows public housing stock by number of bedrooms and location. 58% of the stock consists of 1 bedroom units, mainly targeted at older persons. Most of the stock is in Wonthaggi (69%) with another 16% and 15% respectively in Inverloch and Cowes. Some dwellings targeted at older persons were constructed on land donated by Council, which previously Council had the right of nominating tenants.

**Table 8: Public housing stock by bedroom and by type, 2003**

<i>Bedroom size</i>	<i>Wonthaggi</i>	<i>Inverloch</i>	<i>Cowes</i>	<i>Corinella</i>	<i>Sunset Strip</i>	<i>Total</i>	
						<i>#</i>	<i>%</i>
1 bedroom	86	30	30			146	58%
2 bedroom	32	6	4			42	17%
3 bedroom	47	3	4			54	21%
4 bedroom	5					5	2%
Movable units	4	1	1	1	1	6	2%
<b>Total</b>	174	40	39	1	1	253	100%
<i>% location</i>	69%	16%	15%	0%	0%	100%	

Source: Office of Housing, Gippsland Regional Office

As Table 9 indicates, the stock of public housing in the Shire has remained largely unchanged over the last six years, with an increase of 14 dwellings (5%).

**Table 9: Office of Housing Stock (public housing), 1998-2003**

<i>Total Stock as at:</i>	<i>Number</i>	<i>Annual % change</i>
30 June 1998	264	
30 June 1999	260	-1.5%
30 June 2000	264	1.5%
30 June 2001	268	1.5%
30 June 2002	270	0.7%
30 June 2003	279	3.3%
30 June 2004	278	-0.4%
<b>Increase June 1998 to June 2004</b>	<b>14</b>	<b>5.30%</b>

Source: Office of Housing, *Summaries of Housing Assistance Programs, 1997-98 – 2003-04*

In many areas throughout the state, waiting times for public housing are indefinite (over six years). The consultants were unable to obtain specific up-to-date data for Bass Coast. However, Table 10 outlines the waiting lists for the Gippsland area at December 2004. Lists are organised around local offices according to whether the application is 'wait turn' or for early housing (indicating some level of priority due to homelessness, risk of homelessness or special immediate need). Quantum Support Services in their report on the private rental market indicate that at December 2002, of the 1,196 households on the Gippsland waiting list, 117 were for Bass Coast. At the time of writing this report no data was available on the length of time households on the wait turn or early housing waiting lists had to wait before they were allocated public housing.

**Table 10: Public housing waiting lists, Gippsland, December 2004**

Office location	Wait turn	Early housing	Total
Bairnsdale	311	64	375
Morwell	553	78	631
Sale	145	9	154
Total	1,009	151	1,160

**(ii) Community housing**

Two community housing organisations within Bass Coast Shire provide long-term housing for households on low and moderate incomes:

- Wonthaggi Pioneer Common Equity Rental Cooperative, a housing cooperative which manages less than 20 dwellings;
- Community Housing Ltd, a housing association which manages three dwellings.

**(iii) Aged housing (Independent Living Units)**

In addition, two aged care organisations within the Shire manage Independent Living Units (ILUs) for older persons with limited incomes and assets. Table 11 below outlines the number of ILUs in the Shire, their location and the type of units.

**Table 11: Aged housing (Independent Living Units)**

	<i>Total units</i>	<i>Type of unit</i>	
		<i>Singles</i>	<i>Doubles</i>
<i>Cowes</i>			
Phillip Island Homes for the Aged	20	12	8?
<i>Wonthaggi</i>			
Wonthaggi & District Elderly Citizens Home	28	28	
<b>Total</b>	<b>48</b>	<b>40</b>	<b>8</b>

*Source: Council on the Ageing 2001 Directory of Independent Living Units in Victoria and information from Phillip Island Homes for the Aged*

A further seven ILUs have recently been constructed in Inverloch.

**(iv) Transitional and emergency housing**

The Office of Housing funds a network of agencies throughout Victoria to provide services to people who are homeless or in crisis. These services include:

- Housing Information and Referral Service (HIRS) which provides information, advice and referral on housing issues to individuals and families in housing crisis, i.e. are homeless, in imminent danger of becoming homeless, unable to pay their rent or unable to find housing through the usual means (such as newspaper advertisements and real estate agents);
- Housing Establishment Fund (HEF) through which agencies provide immediate financial assistance to households in crisis;
- Transitional housing through which agencies provide housing for short periods ranging from three to 12 months while they wait to access alternative options;
- Crisis accommodation through which agencies provide immediate and very short-term housing to those who are homeless;

- Supported Accommodation Assistance through which agencies support people who are homeless or at risk of homelessness, assisting them to resolve their housing and related crises, re-establish family links and move towards more independent housing.

Within Bass Coast Shire, the Victorian Office of Housing funds Salvation Army Gippscare to provide a range of homelessness services, including in the Shires of South Gippsland and Baw Baw. While based in Leongatha and Warragul, they provide outreach services to Bass Coast Shire. They manage 15 transitional housing dwellings owned by the Office of Housing (14 in Wonthaggi and one in Cowes) as well as a number of dwellings they own themselves.

Other agencies such as the Society of St Vincent de Paul, Salvation Army, Centrelink and local churches supplement this formal network, providing tenancy advice and various types of support for people with disabilities. Bass Coast Community Health Service provides health services as well as advice, assistance and referral. As part of their alcohol and drug post-withdrawal program, they provide two houses for short- to medium-term accommodation.

A recent review by Quantum Support Services, *Gippsland Crisis Accommodation Review 2003*, outlines the extent of homelessness, the homeless service system and the context for these services. It notes that, in addition to Salvation Army Gippscare, a range of other organisations and persons provides services to homeless persons in Bass Coast Shire: Bass Coast Regional Health Service, Society of St Vincent de Paul, the Anglican church and interchurch council. There is an after-hours crisis accommodation motel voucher initiative in Wonthaggi. Among the issues for the homeless service system in the Shires of Bass Coast and South Gippsland, the review noted the following:

- Limited funded entry points to the homelessness service system impede client access to a full range of crisis and transitional accommodation services;
- Shortage of crisis accommodation stock forces increasing reliance on private providers;
- Access to suitable caravan parks for people requiring crisis accommodation is declining;
- Limited public transport infrastructure reduces access to services.<sup>8</sup>

### 4.3 Non-conventional housing

#### (i) Caravan parks

Caravan parks are located in major centres – Inverloch, Wonthaggi and Cowes – as well as smaller centres such as Kilcunda, San Remo, Cape Paterson, Corinella and Grantville. Table 12 outlines the number of parks in each locality. However, it does not indicate their size nor the number of long-term and short-term sites.

**Table 12: Caravan parks in Bass Coast Shire**

<u>Location</u>	<u>#</u>
Wonthaggi	2
Inverloch	4
Cape Paterson	1
Kilcunda	2
San Remo	3
Cowes	12
Rhyll	1
Ventnor	1
Newhaven	1

<sup>8</sup> Gilbert W 2003 *Gippsland Crisis Accommodation Review 2003* Quantum Support Services: Gippsland Housing and Support Network

Corinella	1
Grantville	1
Lang Lang	1
Total	30

Source: Bass Coast Shire Council

In their survey of caravan parks, the Gippsland Crisis Accommodation Review sought information about how each classifies their trade, whether tourist, permanent or mixed. They also found that some accept people who are in crisis, but these tend to be in isolated areas.

Loose tenure arrangements (not covered by the *Residential Tenancies Act* in the first 120 days of occupancy), inappropriate locations and poor living conditions, especially for families with children, make caravan park accommodation unsuitable. While it represents an inadequate housing option, few alternatives are available short of sleeping out, improvised shelter or living in cars – even less attractive alternatives.

Council has a direct role in determining the quality of caravan park facilities. It is the responsible authority that implements the *Residential Tenancies (Caravan Parks and Movable Dwellings Registration and Standards) Regulations 1999*. The objective of these regulations is to provide for:

- Standards of design, construction and installation and maintenance of movable dwellings in caravan parks;
- Standards for facilities and services in caravan parks which protect the basic health and safety of residents and occupiers.

## (ii) Other forms

Other forms of non-conventional housing which can be important in the housing market, particularly for low income single persons, are rooming houses, private hotels and Special Residential Services (SRS). However, none of these exist in Bass Coast Shire.

## 4.4 Housing for specific groups

Specific groups of people are known to have difficulties in accessing adequate, appropriate and affordable housing, particularly those whose only source of income is Centrelink payments, such as:

- Older persons;
- Young people who are unemployed;
- Students;
- Unemployed single adults;
- Sole parents;
- Families in which both parents are unemployed;
- People with very types of disabilities – intellectual, sensory, physical or neurological;
- People with mental illness;
- People with chronic or terminal illnesses;
- People with drug and alcohol addictions;
- People who are problem gamblers;
- People who are in crisis and/or homeless.

Each of these groups has particular housing needs, but low incomes make it very difficult for them to meet these needs: some require various levels of support; some require easy access to medical

and hospital services; some require easy access to aged services, to child care, to disability services etc. While private rental housing may be available and may be affordable, it can be located far from the services these groups need to access; it can be inappropriate to their needs, e.g. requires modifications. These groups sometimes find that private landlords give preference to some groups of tenants over others, and may even discriminate against particular groups.

While the national literature and advocacy groups highlight the particular housing needs of these groups of low income households, it is quite difficult to gauge at the local level to gauge. The report on the community consultations (see Section (5)) provides some indication, as does the number of people in receipt of Centrelink payments as outlined in Table 13. The table shows the relatively large number of age pension recipients and the extent to which households in the Shire rely upon Centrelink payments.

**Table 13: Centrelink recipients by type of payment, Bass Coast Shire, September 2004**

<b>Type of payment</b>	<b>Number of recipients</b>
Age pension	4,015
Disability support pension	955
Newstart Allowance	627
Parenting Payment Single	596
Youth Allowance	429
Carer Allowance	413
Parenting Payment Partnered	248
Partner Allowance	177
Carer payment	125
Wife pension	78
Widow Allowance	73
NSS Mature Age Allowance	65
Mobility Allowance	53
Family Tax Benefit Part A*	2,071
Family Tax Benefit Part B	1,618
Rent Assistance	1,329

Source: unpublished Centrelink data

Notes:

# This Centrelink data for Bass Coast Shire includes the following postcodes: 3922, 3923, 3925, 3979, 3990, 3991, 3992, 3995, 3996. Some postcodes are excluded because they are predominantly in another local government area, e.g. 3984.

\* Where a postcode has less than 20 recipients, Centrelink does not provide data. The actual number of recipients for Family Tax Benefit Part A will be up to 20 higher than this figure.

### **(i) Housing for older persons**

More than 99% of Bass Coast residents aged 65-74 live in private dwellings, as do more than 94% of those aged 75-84.<sup>9</sup> Housing for an ageing population is one of the key housing issues in

<sup>9</sup> Shire of Bass Coast 2004 *What Price Wisdom? The social and economic impact of an ageing population* prepared by Marion Collis and Tina D'Urbano from the Gippsland Research and Information Service, Monash University

Australia. This is particularly so in Bass Coast. At all consultation meetings, concern was expressed about housing for older persons. The most vulnerable group are those who have never owned their own home, have few if any assets and are currently renting in the private market. The options available for them are very limited.

As outlined above, most public housing is directed at older persons. In addition, the Shire has some ILUs in Wonthaggi and Cowes. Having mainly been built in the 1970s, they are generally older and smaller units and constitute the first phase of the retirement. They do not adequately meet current needs, nor will they meet emerging needs as the Shire's population ages over the next 20 years.

Most older people in the Shire live on low incomes, with 75% receiving an age pension or veterans pension as their main source of income. This rises from 58% for those aged between 65 and 69 years to 78% for those aged 85 years or over. Income, then, is not the key factor which distinguishes older persons. The two factors which do distinguish them and which are most relevant for an Affordable Housing Strategy are their level of assets, and the level of support/care services they require, if any.

Sufficient income and assets are key factors in finding and maintaining appropriate housing options, and on this basis we can distinguish five groups of older persons:

- Owner occupiers who have sufficient assets to acquire more appropriate housing if they require it as their housing and support/care needs change;
- Owner occupiers who do not have sufficient assets to access other housing/accommodation options as their housing and support/care needs change;
- Private renters who have some limited assets and can, at least for a time, continue to support themselves in the private rental market;
- Private renters who have no assets or virtually no assets and are unable to continue to support themselves in the private rental market;
- Older persons who are homeless or at risk of homelessness. Low income and minimal assets are key factors in homelessness, but disability, chronic illness, mental illness, drug and alcohol abuse, problem gambling, acquired brain injury, strange behaviours and isolation from families can also contribute.

Different strategies will be needed to address the housing needs of each of these groups.

Particularly at times of crisis (such as the death of a partner), older people need more support/care services to allow them to age in place. This varies significantly from person to person and from situation to situation. Such services seek to address issues of isolation, house and garden maintenance, living skills and safety, personal skills and health.

Again, as the Shire's report *What Price Wisdom?* indicates, the diversity among situations facing older people requires a range of responses. The linkage between housing and support services, both at the strategic planning level and its implementation through the delivery of services, is very important.

## **(ii) Housing for young people, single people and single parents**

The consultations indicated that young people, single people and single parents, many of whom are on very low Centrelink incomes, are confronted with a range of problems in accessing suitable or appropriate housing across the Shire.<sup>10</sup>

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<sup>10</sup> See Section (5) for a summary of these issues in the consultations.

### **(iii) Housing for people with disabilities**

People with disabilities are a diverse group whose housing needs vary enormously. One estimate is that there are 5,112 people in the Shire whose disability ranges from severe to mild. Some can live independently, some can live independently with either formal or informal support, some require continual support. The Department of Human Services through its Disability Services Division funds four shared supported accommodation units in Wonthaggi, of which two are managed by the department and two by community-based organisations. Each unit provides accommodation and care for five people.

One particular group are people with intellectual disabilities who are now being cared for by ageing parents (many over 70 years). After years of dedication and hard work, many parents are now anxious about the future of their adult child whose prospects of appropriate supported housing are very slim.

Some of those requiring support find themselves in a variety of unsuitable situations, often as a result of the inadequacy of support services, for example, in Residential Aged Care Facilities (nursing homes).

### **(iv) Homeless people**

While one form of homelessness is those who literally have no roof over their head on a night, it can also refer to those with no stable accommodation. Accurate up-to-date data on its extent in the Shire is scarce.

The most recent data, from the 2001 Census, indicates there were 203 homeless people in the statistical sub-division of South Gippsland, a rate of 41 per 10,000 persons. This is lower than both Country Victoria and Melbourne, where the rate is 48 and 42 per 10,000 respectively. Of the 29 statistical subdivisions in Country Victoria, the Shire is ranked 21st, with East Ovens-Murray (152 per 10,000 persons), Mildura (76) and Warrnambool (76) ranked the highest.

The 203 homeless people in the South Gippsland statistical sub-division have various levels of homelessness, as outlined in Table 14.

**Table 14: Homeless people in the South Gippsland statistical sub-division, 2001**

Type of homelessness	South Gippsland <sup>1</sup>		Country Victoria		Melbourne	
	#	%	#	%	#	%
Primary	66	33%	1,134	18%	737	5%
Secondary (other households)	93	46%	2,664	43%	5,360	38%
Secondary (SAAP/THM)	24	12%	1,431	23%	3,715	26%
Tertiary	20	10%	1,004	16%	4,260	30%
Total	203	100%	6,233	100%	14,072	100%
Caravan	59		2,031		1,377	
Total including caravan	262		8,264		15,449	

*Rate per 10,000 persons*

41

48

42

*Rate per 10,000 persons  
(including caravan)*

52

64

46

Source: Chamberlain C and Mackenzie D (2003) *Counting the Homeless 2001: Victoria*, based on 2001 Census data

**Notes:**

1. South Gippsland Statistical Sub-division includes both Bass Coast Shire and the Shire of South Gippsland as well as French Island and Bass Strait Islands

2. The above source outlines a range of assumptions regarding this data

**Primary:** those in 'improvised dwellings, tents and sleepers out'

**Secondary (other households):** individuals staying with other families (reporting 'no usual address')

**Secondary (SAAP):** people in SAAP accommodation (hostels, refuges etc)

**Tertiary:** people in boarding houses

Further data on homelessness is collected by SAAP agencies and collated by the National Data Collection Agency (NDCA). However, the published data is not available on a local government area basis but rather on a regional basis. The most relevant data for Bass Coast Shire is that for Gippsland.

The most common client groups for SAAP agencies in Gippsland in 2003-04 were women with children (38%), single women (28%) and single men (19%). In Victoria, the five most common main reasons for seeking support in 2003-04 were:

- Financial difficulty (22%);
- Domestic violence (19%);
- Eviction/previous accommodation unavailable (11%);
- Relationship/family breakdown (9%);
- Usual accommodation unavailable (10%).

SAAP agencies report that data for Gippsland is similar to that for Victoria.

From July 2003 to June 2004, agencies in Gippsland actively supported an average of around 360 to 430 households per month (up from around 310 to 350 in 2002-03), of which around 110 to 150 were being supported in accommodation (up from around 100 in 2002-03).<sup>11</sup>

<sup>11</sup> For data on SAAP in Gippsland, see the SAAP NDCA 2003-04 *Victorian Supplement to the Annual Report* recently published by the Australian Institute of Health and Welfare



## **(5) Bass Coast Shire: Consultations with stakeholders**

Sub-section 5.1 summarises the consultations held at three public forums and details comments received from residents and representatives of non-government organisations.

Sub-section 5.2 summarises the consultations held with six private sector stakeholders to gain some insight into their experiences of, and perspectives regarding, residential development and impacts on affordable housing in Bass Coast Shire.

Sub-section 5.3 sets out the recommendations for Council action drawn from both series of consultations with stakeholders.

### **5.1 Public forums**

In November 2004 three public forums were conducted in Bass Coast Shire to gain some insight into the major housing issues, perceptions and perspectives of local residents, local government and non-government organisation representatives. Thirty-two people (see Appendix I) attended the forums held at:

- Wonthaggi, 15 November;
- Cowes, 15 November;
- Corinella, 29 November.

Below is a summary of the issues raised in these consultations.

#### **(i) Features of Bass Coast Shire**

Participants identified three features that impact on housing affordability across the municipality, as set out below.

##### **Lack of transport and infrastructure**

There is a concern that many townships in the Shire do not have adequate transport links to regional centres or within local communities, which is compounded by a lack of child care, medical services and retail developments. This impacts on both older residents and low income households who require access to services and facilities but have limited income to afford private transport.

##### **Rates**

A number of residents, especially older ones, raised concerns that the increase in Council rates created a financial hardship for older people on a fixed income. The issue here was that rates are based on a valuation of a home, hence it is an estimation of wealth, not real wealth accumulation.

##### **Associated housing costs**

Welfare workers stated that low income householders do not have sufficient income to maintain housing, but there are insufficient HACC services in Bass Coast to assist.<sup>12</sup> An example was given of associated housing costs as Council rates \$20, water \$22, and power \$30, totalling \$72 per fortnight.

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<sup>12</sup> HACC is the Home and Community Care Program, a Commonwealth funded program which provides in-home care for 'Persons living in the community who, in the absence of basic maintenance and support services provided, or to be provided...are at risk of premature admission to residential care'. Eligible persons are the frail aged, persons with a disability and carers (Victorian HACC manual, 2003).

## **(ii) Supply-side issues**

### **Affordable home purchase**

Four to five years ago, people could buy houses in small towns such as Corinella, Coronet Bay and Bass for around \$50,000, but they did not realise the isolation and lack of services (child care, health services) and transport, nor the poor quality of the housing. Now they are confronted with high living costs. Hence it is important to consider more than the housing price in developing an Affordable Housing Strategy.

One idea proposed by a woman with young children was to develop small lot relocatable homes that could enable young families to access the home purchase market.

Participants at the Wonthaggi consultation felt that Common Equity Rental Cooperative housing is a good option for low income families, making housing affordable and secure.

It was pointed out that the 'sea changers' (people moving to the coast for lifestyle and retirement) were having a negative impact on affordability of housing. Diminishing affordability affects a range of households, including young professionals who are unable to purchase affordable housing close to their employment.

### **Rental**

Workers with non-government organisations raised the concern that the lower cost rental stock is:

- Still of high cost for people in receipt of Centrelink or fixed incomes from superannuation;
- Often ex-holiday homes, old fibros, of poor standard and with inadequate heating and insulation.

These factors lead to low income tenants paying a substantial proportion of their income on private rent and energy bills or facing fuel poverty, that is, poverty due to the high cost of fuel.

One welfare worker had paid out \$5,000 over the last six months to assist low income single parents with housing costs, primarily rent arrears and bonds. She confirmed this with a letter from St Vincent de Paul in Cowes stating that in 2004 seventeen families were provided with \$6,885 to pay rent arrears.<sup>13</sup> These included single parents on a supporting parents pension, families where the main breadwinner is unemployed, and single people who are unemployed or on a disability pension. The worker saw that this is an under-estimation of the problem as many people pay their rent and seek assistance with food vouchers. The problem appears to be worsening as in January and early February 2005 the agency had paid out \$1,180, compared to only \$240 at the same time in 2004.

Concern was expressed that real estate agents have blacklisted some low income householders.

It was suggested that rental stock in Wonthaggi consists of poor quality fibro houses that may have asbestos, and result in high energy costs or fuel poverty for tenants.

A number of participants reported that often private rental is for only six months due to the tourist season, especially in Cowes and Inverloch.

Even those renting in caravan parks are faced with higher rentals that have been caused by increased costs for park operators, e.g. increased rates.

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<sup>13</sup> St Vincent de Paul in Cowes covers Phillip Island, San Remo, Bass, Coronet Bay, Corinella to Grantville.

## **Emergency housing**

The lack of emergency accommodation has led agencies to use caravan parks. However, only a few will take families referred by local welfare agencies. In the peak tourist seasons (Christmas and Easter), the parks are often full.

Some church agencies have withdrawn from funding emergency accommodation at a park because of damage to the caravan. There is a need and preference for a 'safe house' to be used as emergency housing.

Welfare and community workers feel that there is a 'floating population in crisis', comprising people who come to Bass Shire thinking there will be cheap housing but end up needing emergency housing. There is a perception that Centrelink in Cranbourne and Dandenong send people to Cowes.

## **Public housing**

There is limited public housing stock, and most is targeted to older people (over 55 years of age). Welfare workers felt the small or non-existent waiting lists are due to the lack of stock, with people who want to stay in the area not bothering to put their names down.

## **Supported accommodation**

The lack of appropriate supported accommodation was raised by representatives from both welfare and community organisations. Welfare workers also raised concerns that some households may not be able to access private rental stock. Welfare agencies recognise a need to provide support for 'difficult' people living in rental housing.

Some people associated with non-profit aged care developments stated that there is a lack of high care supported accommodation, especially in Cowes.

## **(iii) Demand issues**

### **Young people**

There is no appropriate, available or accessibly priced housing for young people, especially those confronted with a family breakdown. Council had managed a house for young people (15-25 years of age) prior to amalgamation, but there was damage to the house (Emma House) and it was closed down.

### **Single people**

There is no appropriate stock for singles, particularly rooming/boarding houses.

A view was expressed that young people from Dandenong and Morwell are moving into the Shire.

### **Single parents**

A long-term worker in the area said that, although single parents may afford home purchase, they struggle to afford property maintenance. At the same time, they cannot increase their income options by taking in a boarder because of the impact on their Centrelink payment.

There was an assertion that single mothers are renting and buying in small coastal towns such as Corinella but have high costs, for example, car maintenance.

## Older people

There was strong representation at all the consultations from older people involved with older persons' housing. The growth in such housing is not keeping up with the demand. There is a perception that there are many widows over 50 years living in inappropriate housing, both rental and home ownership.

Seven Independent Living Units have been opened in Inverloch, but this is insufficient. One not-for-profit retirement village operator raised the need to develop housing models that enable age pensioners to maximise their access to Commonwealth rent assistance. There was concern that there is insufficient affordable housing stock for older people who choose to live independently but do not want to live in public housing.

There were mixed opinions about purpose-built mobile home parks for older people.

One view was that there was too much hostel stock and not enough stock for independent older people, especially in Cowes. Some participants felt that the Council needs to release more land for retirement villages, especially in Cowes and Inverloch.

There was also concern that some older persons' housing developments were not within walking distance of services.

A view was expressed that not enough is being allocated to assist people to access HACC services that can enable them to age in place.

Some welfare workers reported that people who have moved into the area, perhaps for lifestyle choices, were bringing their aged parents who took places in hostels and supported accommodation.

## 5.2 Private sector interviews

Three informal semi-structured interviews were conducted with real estate agents (Cowes, Inverloch and Wonthaggi) and another three with caravan park operators (including the manager of a mobile home village targeted to older retired residents) to gain some insight into their experiences of, and perspectives regarding, residential development in Bass Coast Shire (see Appendix I).

### (i) Caravan parks

One caravan park operator interviewed was located in a large centre and the other in a coastal area. Interestingly, both the tourist parks took pets (dogs and cats). The third park, in a coastal township, operates as a mobile home village solely for retirement accommodation. They are regulated by local government under the *Health Act*.

#### Emergency accommodation and short-term sites (twelve weeks or less)<sup>14</sup>

Both operators provide short-term emergency accommodation if they have vacancies. However, both vetted (interviewed) the applicants even when referred by a local agency such as Gippscare to ascertain whether they would fit into the community and not create disturbances. However, the operators had differing views as to the suitability of caravan parks for children. The coastal operator felt parks were very suitable for children, with 'pool and playground'. The urban centre operator would not take families with children as 'the vans are not big enough, children had wrecked the play equipment and it would be too crowded'.

The length of stay varied from one day to a few months for families waiting for public housing. It was pointed out that, while a caravan park may be expensive in terms of weekly rent, the lack of requirement for a bond enabled access by low income families.

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<sup>14</sup> Until amended in 2004, the *Residential Tenancies Act 1997* did not apply for the first 90 days of occupation. This period has now been extended to the first 120 days (seventeen weeks).

Both operators said that the welfare agencies who refer people to the parks do not provide any ongoing support. One reported a case where residents whose rent had been paid used their money to buy alcohol and created major damage and disturbance. They have refused to take referrals from welfare agencies if they have had a bad experience previously with the individual or family.

It was noted by the operators that caravan parks are unsuitable for people with a drug or alcohol dependency and for short-term stays for disadvantaged people as they are not even covered by the *Residential Tenancies Act*. There is a strong view that more appropriate supported accommodation needs to be available in the Shire.

Both the tourist parks are full during summer and Easter, with many regular visitors. There is a shortage of vacant sites in the Shire for travellers to lease and locate their travelling home.

### **Itinerant workers**

Both operators said that itinerant workers, such as building workers, also choose to live in the parks, often for several months.

### **Long-term sites**

The permanent residents in the tourist caravan parks include a substantial number of older people (over 55 years of age), some of whom are still working. It appears that the primary reasons for choosing to live in a tourist caravan park with a van and annexe or in a purpose-built mobile home village targeted to older people are:

- Company of other people;
- Supportive environment where people create communities and support each other;
- Affordable, as once people sell the family home and buy a caravan or mobile home they have funds left over for living expenses;
- Security, as there is a manager on site 24 hours per day.

The average cost varies substantially: \$20,000 to \$30,000 for a caravan and annexe, \$160,000 for a new 2 bedroom mobile home or \$180,000 for a new 3 bedroom mobile home.

Residents pay a weekly site rental fee ranging from \$162 (in the mobile home village) to \$350, thus enabling them to claim Commonwealth rent assistance.

The coastal park operator said that a number of the owners of holiday vans were preparing to become permanent residents.

### **Retirement living**

All three caravan park operators expressed a preference for older permanent residents as they:

- Create a sense of community and support each other;
- Take pride in their homes/vans and small garden areas;
- Create less work and are more lucrative for the operator, e.g. reduced cleaning and maintenance.

Interestingly, the operators of the mobile village and the coastal caravan park said that the people seeking permanent accommodation are older. The village operator stated that people over 70 are buying mobile homes. The coastal operator stated that people buy in their 50s and 60s but do not propose to settle till later on. The mobile village residents are from country areas, farms and small rural towns, not from Melbourne. They are people who prefer the rural town lifestyle.

The mobile home village currently has 84 homes and will develop a further 53, and is awaiting a permit for a 90 bed Residential Aged Care facility (hostel). Half the residents are women on their own who were attracted by the security of a 24-hour manager and the capacity to live independently in a community and supportive environment. There is one subsidised meal per person per week and communal recreation facilities, and the manager makes shopping trips four times a week. Residents must be able to live independently. There are emergency buttons in the homes, but no support services, although HACC and the Royal District Nursing Service attend to some residents.

The manager of the mobile village said that a few residents had gone broke and had to sell up, being unable to pay the weekly site rental fee, mainly due to gambling on electronic gaming machines.

One caravan park operator wanted to develop a mobile home retirement village due to demand.

## **(ii) Real estate agents**

### **Rental**

The three agents provided insight into attributes of the rental markets across the Shire. In Cowes there has been increased demand for rental accommodation from single mothers on Centrelink incomes with pre-school and primary school aged children, many following a family breakdown. Approximately 60% are new to the areas. However, there is a limit to accommodation available.

In the coastal areas, many holiday home owners rent their houses at Christmas and Easter, but leave them vacant at other times. In Inverloch there is no investment in rental stock due to the low return. Years ago you could buy a house for \$10,000 and rent it for \$100 per week, which was a good return. Now the purchase price is \$400,000 but the rent is only \$150.

One agent saw a need for supported rental accommodation for people with special needs, e.g. disabilities, alcohol dependency or lack of living skills. The lack of appropriate accommodation results in some damage to private rental properties, and people with special needs being blacklisted.

There was a view that there will always be a demand for rental stock in Wonthaggi but the town is running out of appropriate land for residential development.

### **Home purchase**

All agents mentioned that the sale market had quietened with the flattening of house prices. The purchasers in the coastal areas are a mix of retirees and holiday home owners. Prices in Inverloch are high, between \$300,000 and \$400,000. In small towns such as Corinella and Cornet Bay prices are lower, perhaps around \$150,000, but most of the housing is not appropriate for permanent living, having been built as holiday homes without heating. Moreover, the area is poorly serviced by transport and has few facilities such as supermarkets or doctors.

New housing is separate dwellings as there is no demand for private townhouses.

People seeking house purchase in Wonthaggi are a mix of locals and people choosing the area due to lifestyle.

The only area suggested as affordable and in close proximity to services was Dalyston.

### **5.3 Potential role for Council**

Below is listed a range of suggestions for Council's role in encouraging affordable housing provision. These are not in any order of priority:

- Integrate the Affordable Housing Strategy with existing policies such as community services and infrastructure development;
- Adopt a Social Impact Assessment that will ensure new developments do not have negative impacts, i.e. being located away from transport, services and facilities;
- Provide or fund an advice service that outlines the resources available to assist in home improvements, especially for older people;
- Encourage a mix of housing across the Shire, not only for older people but for all age groups;
- Lend funds to not-for-profit groups to develop housing for older people;
- Develop guidelines for future housing development;
- Establish referral or information systems in small towns;
- Provide incentives for developers of high quality and well located relocatable homes;
- Find out about vacant public housing in the Shire and use this for social housing;
- Set up community transport in isolated areas;
- Designate areas in Wonthaggi for smaller lot subdivision;
- Advocate for diverse public housing in the Shire;
- Partner community housing providers to increase affordable stock;
- Provide rate relief for long-term older residents and emergency housing stock;
- Consider a rate trade-off for private landlords who provide affordable rental, including caravan parks;
- Establish an Affordable Housing Advisory Committee with estate agents, the Office of Housing and planners;
- Ensure that caravan parks provide a housing option for low income households.

## (6) Bass Coast Shire: Housing Affordability

This section utilises various measures of affordability to build an overall picture of housing affordability within Bass Coast Shire, using Country Victoria as a comparative benchmark. The focus is particularly on the house market due to the small size of the unit market within the Shire, as discussed previously.

### 6.1 Sales by price segment

One way of illustrating the potential affordability of an area is by analysing dwelling prices by price segments (from 'low cost' to 'top end' housing) and determining the amount of available stock within each. Table 15 shows the size of the housing market by price segment for both Bass Coast Shire and Country Victoria for 1989, 1996 and 2003. The segments used for the analysis were:<sup>15</sup>

Low cost	\$0	-	\$80,218
Low-medium cost	\$80,219	-	\$105,464
Medium cost	\$105,465	-	\$128,651
High cost	\$128,652	-	\$168,003
Top end	\$168,004 plus	-	

As Table 15 shows, there has been a decrease in low cost, low-medium cost and medium cost house sales between 1989 and 2003. Within the Shire in 1989, low cost housing sales accounted for 15% of all sales but by 2003 this had decreased to 2%. An even larger decrease was recorded in low-medium cost sales (from 25% to 3%) and medium cost sales (from 26% to 5%). Country Victoria also recorded a decrease in these three categories for the same period, although at a lower rate than the Shire. In 2003, the bottom three segments accounted for 10% of all sales within the Shire, compared to 28% in Country Victoria.

**Table 15: House sales by price segment, Bass Coast and Country Victoria, 1989, 1996 and 2003**

	1989		1996		2003		% Difference 1989-2003
	#	%	#	%	#	%	
<b>Bass Coast</b>							
<i>Low cost</i>	111	15%	272	39%	28	2%	-13%
<i>Low-medium cost</i>	190	25%	189	27%	40	3%	-22%
<i>Medium cost</i>	194	26%	93	13%	60	5%	-21%
<i>High cost</i>	131	17%	76	11%	258	20%	2%
<i>Top end</i>	124	17%	65	9%	917	70%	54%
<i>Total</i>	750	100%	695	100%	1,303	100%	
<b>Country Victoria</b>							
<i>Low cost</i>	4,101	20%	5,679	30%	3,114	10%	-10%
<i>Low-medium cost</i>	4,097	20%	4,595	24%	2,617	9%	-11%
<i>Medium cost</i>	4,360	21%	2,976	16%	2,573	9%	-13%
<i>High cost</i>	3,880	19%	3,079	16%	6,005	20%	1%
<i>Top end</i>	4,058	20%	2,756	14%	15,812	52%	33%
<i>Total</i>	20,496	100%	19,085	100%	30,121	100%	

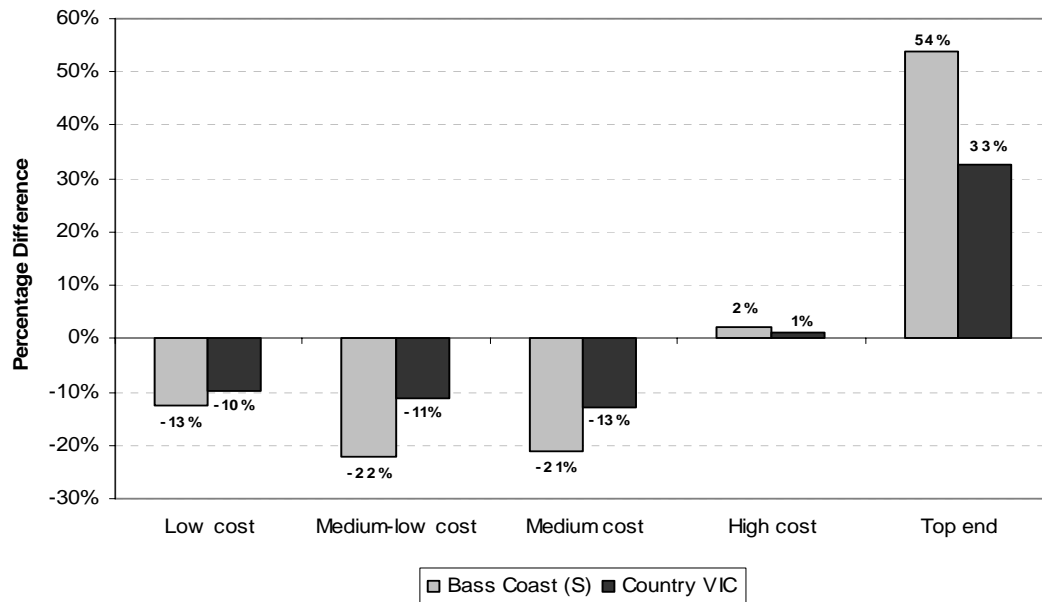
Source: Department of Sustainability and Environment (1989, 1996, 2003) *Unit Record Files*; CPI from the ABS

<sup>15</sup> These segments are based on 20,496 house sales for Country Victoria in 1989, ranked according to sale prices and divided into quintiles. These segments represent the range of house prices for each quintile, for example, the 'low cost' segment represents the lowest quintile (lowest 20%) of sales in 1989. These segments are then indexed to \$2003 to enable comparison with 1996 and 2003 sales.



This decline in housing affordability is also apparent from the number of sales at the other end of the market. Top end housing sales within the Shire increased from 17% of sales in 1989 to 70% in 2003. Once again, Country Victoria also recorded an increase in the number of sales in this segment, but at a lower rate (from 20% of total sales in 1989 to 52% in 2003). The overall decline in affordability for both areas is clearly shown in Figure 27.

**Figure 27: House sales by price segment, Bass Coast and Country Victoria, percentage difference, 1989-2003**



Source: Department of Sustainability and Environment (1989, 1996, 2003) *Unit Record Files*; CPI from the ABS

Breaking the analysis down to the SLA level, a similar trend is apparent, as shown in Table 16. Both SLAs recorded a decrease in sales in the low, low-medium and medium cost segments and a large increase in top end housing sales.

**Table 16: House sales by price segment, Bass Coast SLAs, 1989, 1996, 2003**

	1989		1996		2003		% Difference 1989-2003
	#	%	#	%	#	%	
<b>Phillip Island SLA</b>							
<i>Low cost</i>	18	7%	98	37%	8	1%	-6%
<i>Low-medium cost</i>	56	23%	77	29%	11	2%	-21%
<i>Medium cost</i>	71	29%	43	16%	21	4%	-26%
<i>High cost</i>	40	16%	21	8%	95	16%	0%
<i>Top end</i>	58	24%	24	9%	458	77%	53%
<i>Total</i>	243	100%	263	100%	593	100%	
<b>Mainland Bass Coast SLA</b>							
<i>Low cost</i>	93	18%	174	40%	20	3%	-16%
<i>Low-medium cost</i>	134	26%	112	26%	29	4%	-22%
<i>Medium cost</i>	123	24%	50	12%	39	5%	-19%
<i>High cost</i>	91	18%	55	13%	163	23%	5%
<i>Top end</i>	66	13%	41	9%	459	65%	52%
<i>Total</i>	507	100%	432	100%	710	100%	

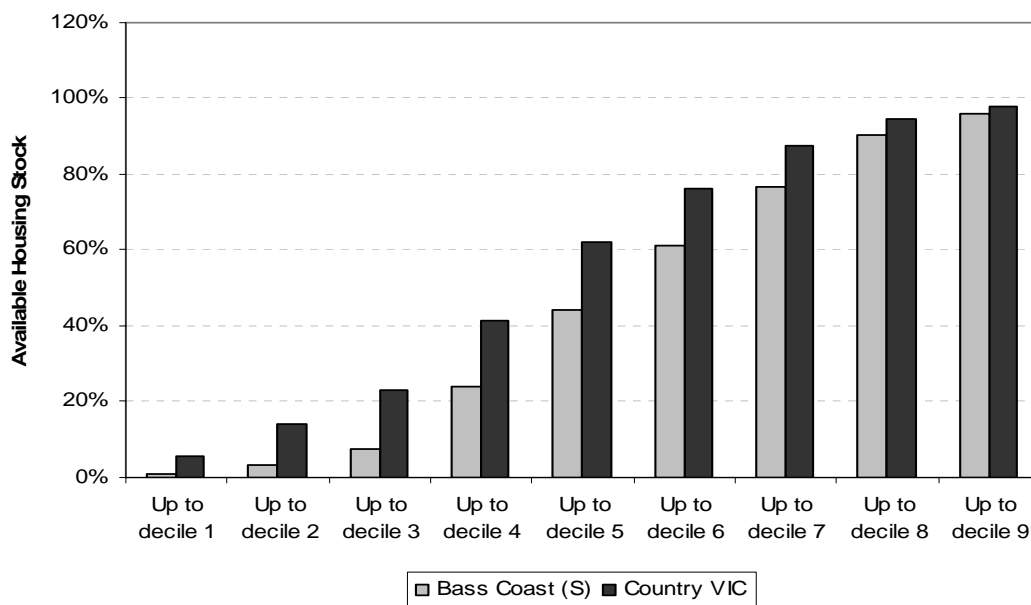
Source: Department of Sustainability and Environment (1989, 1996, 2003) *Unit Record Files*; CPI from the ABS

## 6.2 Affordability and available stock

Another way to determine the affordability of an area is to look at a range of income levels and the house price that households on this income could afford (at current interest rates, a 25 year loan period, 10% deposit and repayments not exceeding 30% of income), and compare this with the amount of available stock in that price range. In the following analysis, household decile income points calculated from the 2001 Census have been used, as outlined in Table 30 (Household decile income points, Victoria 2003) in Appendix II.

As Figure 28 shows, there is considerable variation between Bass Coast Shire and Country Victoria with respect to the amount of stock available to the different decile groupings, particularly the lower ones. In the Shire in 2003, a home buyer with an income up to the fourth decile (\$39,000) had a choice of 24% of total stock, compared to almost double that in Country Victoria (42%). Although the prospects for buying a home for households earning up to the sixth decile (\$60,000) were better in the Shire, with 61% of stock available, this was still less than for Country Victoria at 76%. Moreover, households with an income up to the third decile (\$30,000) only had a small proportion of stock available to them within the Shire (8%), compared to 23% for Country Victoria), and are virtually ruled out of home ownership.

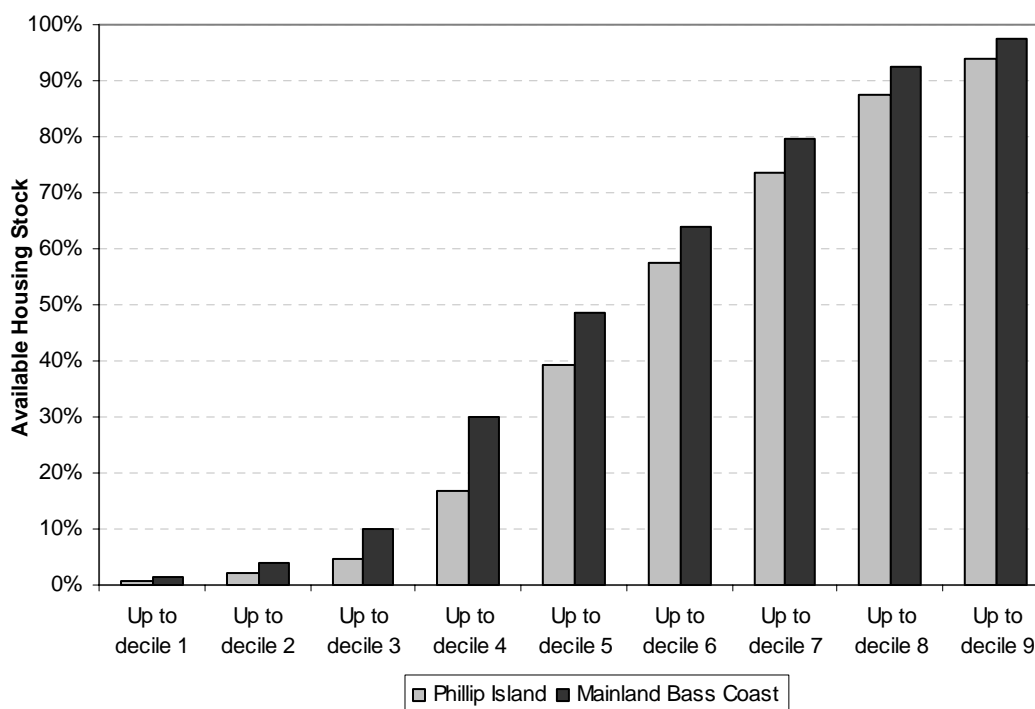
**Figure 28: Housing stock available at decile income points, Bass Coast and Country Victoria, 2003**



Source: Median house prices from the Department of Sustainability and Environment (2003) *Unit Record Files*; Interest rates from the Reserve Bank of Australia, <[www.rba.gov.au/Statistics](http://www.rba.gov.au/Statistics)>

Figure 29 presents the same data at the SLA level. Phillip Island was less affordable for all decile groups compared to Mainland Bass Coast. Once again taking the fourth decile as an example, households on this income had 30% of total stock available to them in Mainland Bass Coast and 17% in Phillip Island.

**Figure 29: Housing stock available at decile income points, Bass Coast SLAs, 2003**

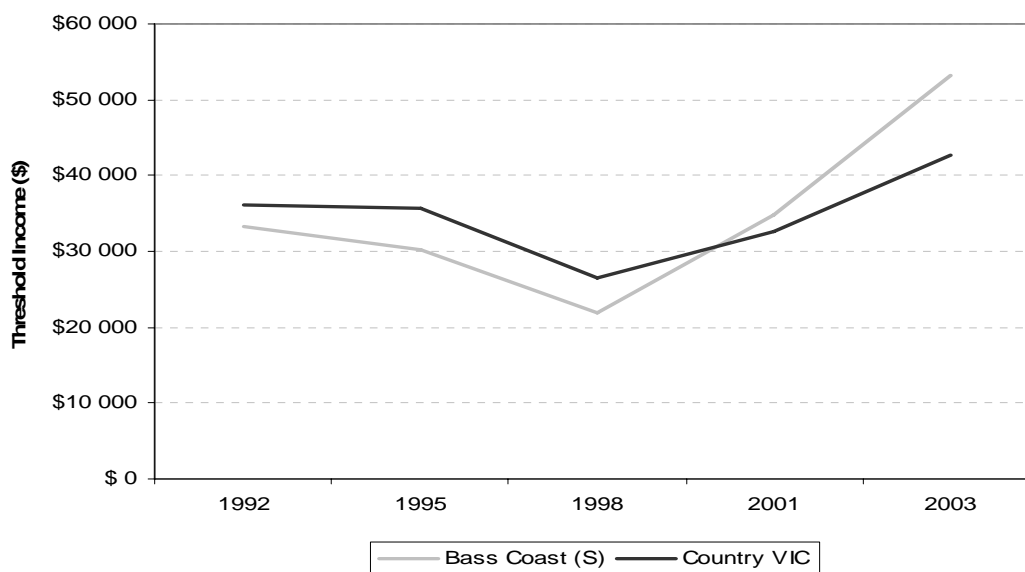


Source: Median house prices from the Department of Sustainability and Environment (2003) *Unit Record Files*; Interest rates from the Reserve Bank of Australia, <[www.rba.gov.au/Statistics](http://www.rba.gov.au/Statistics)>

### 6.3 Threshold Income

Using the same lending conditions as the previous measure, another way of establishing the affordability of an area (and one of the best ways to measure it) is by calculating the threshold income required to purchase the median priced dwelling (that is, to cross over the threshold into home ownership). The threshold income is also useful for identifying the scale of an affordability problem as it reduces the data to a single meaningful figure. Figure 30 shows the threshold income necessary to enter the housing market for various years between 1992 and 2003 for Bass Coast Shire and Country Victoria.

**Figure 30: House threshold income, Bass Coast and Country Victoria, 1992-2003**



Source: Median house prices from the Department of Sustainability and Environment (2003, 2004) *A Guide to Property Values*; Interest rates from the Reserve Bank of Australia, <[www.rba.gov.au/Statistics](http://www.rba.gov.au/Statistics)>

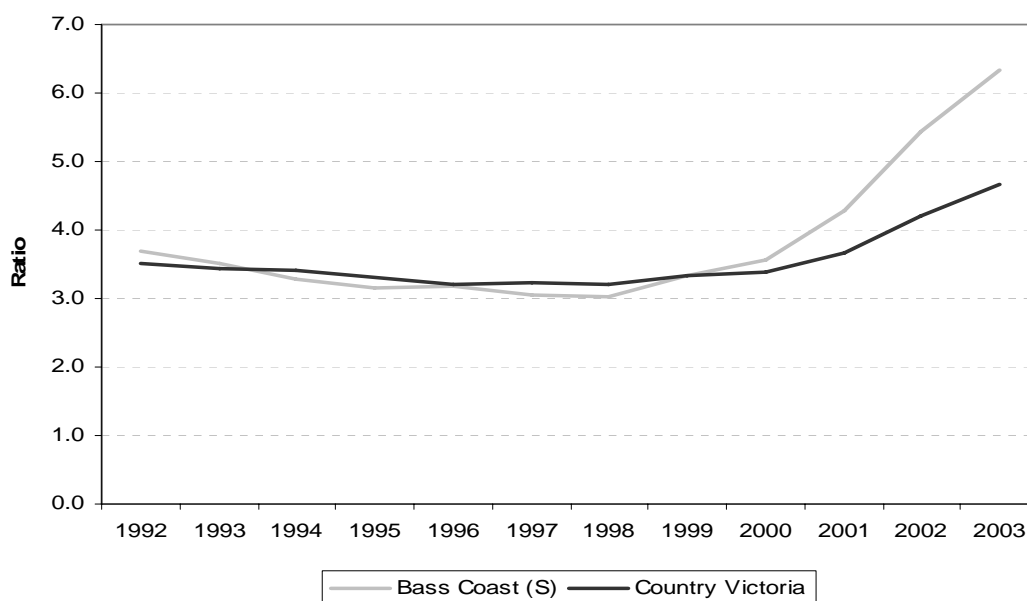
The threshold income required to buy the median priced house in Bass Coast Shire in 1992 was \$33,273, which by 2003 had increased to \$53,123. Although a higher threshold income was required in Country Victoria in 1992 compared to the Shire (\$36,157), by 2003 it was below that of Bass Coast (\$42,745), indicating once again the more rapid erosion of affordability for potential home buyers within the Shire.

Of the towns within the Shire, the lowest recorded threshold income required to purchase the median priced dwelling in 2003 was in Dalyston (\$32,739) and the highest in Silverleaves (\$79,684), followed closely by Ventnor (\$79,314).

#### 6.4 Ratio of taxable income to local area house price

An alternative way of assessing whether Bass Coast Shire has an affordability problem is by using pre-tax data from the Taxation Department as a ratio of local median house prices.<sup>16</sup> This method is based on Bass Coast Shire data only and indicates the capacity of residents to acquire housing. The higher the ratio, the greater the affordability problem. This is a useful measure given the variation in income across submarkets, although it should be noted that the data relates to individual income only and not households. Figure 31 presents the ratio for Bass Coast Shire and Country Victoria for the years 1992 to 2003.

**Figure 31: Ratio of taxable income to median house price, Bass Coast and Country Victoria, 1992-2003**



Source: Department of Sustainability and Environment, Victoria (2004) *A Guide to Property Values*; Australian Taxation Office, *Taxation Statistics* (various years); CPI from the ABS

Although in 1992 both areas recorded a similar ratio of taxable income to median house price (3.7 Bass Coast, 3.5 Country Victoria) and this continued in later years, from 2001 onwards Bass Coast has recorded an accelerated growth in the ratio, finishing with 6.3 compared to Country Victoria at 4.7. This represents an increase between 1992 and 2003 of 2.6 for Bass Coast and 1.1 for Country Victoria. Furthermore, by 2003 Bass Coast Shire recorded the third highest ratio (and third highest increase in ratio between 1992 and 2003) for all Country Victoria LGAs, as shown in Table 17.

<sup>16</sup> The ratio in each year is calculated by dividing median house prices by average annual taxable income. Thus it represents the number of years average annual taxable income required to meet the median house price.

**Table 17: Ratio of taxable income to median house price, non-metropolitan LGAs, 2003**

<b>LGA</b>	<b>Rank 2003</b>	<b>Change 1992-2003</b>
Yarriambiack	1.2	-0.9
West Wimmera	1.2	-1.2
Buloke	1.5	-0.4
Hindmarsh	1.6	-0.2
Loddon	2.0	-0.6
Northern Grampians	2.4	-0.6
Ararat	2.5	-0.3
Corangamite	2.8	-0.1
Gannawarra	2.8	-0.7
La Trobe	2.8	0.6
Pyrenees	3.0	0.3
Towong	3.0	-0.3
Central Goldfields	3.1	0.2
Glenelg	3.3	0.5
Wellington	3.5	0.7
Southern Grampians	3.5	0.6
Horsham	3.7	0.1
Swan Hill	4.0	0.6
Moira	4.2	0.3
Wangaratta	4.2	0.4
Indigo	4.2	0.6
Strathbogie	4.2	0.9
Mansfield	4.3	0.5
Benalla	4.4	1.0
South Gippsland	4.4	0.9
Golden Plains	4.4	0.4
Moyne	4.5	0.5
Campaspe	4.5	0.4
Colac-Otway	4.6	1.2
Alpine	4.7	1.0
Baw Baw	4.7	1.3
Mildura	4.7	0.9
Greater Shepparton	4.8	0.7
Ballarat	4.8	1.5
Mitchell	4.8	1.2
Hepburn	4.9	1.4
Murrindindi	4.9	0.9
East Gippsland	4.9	1.2
Greater Bendigo	5.1	1.4
Moorabool	5.1	1.2
Mount Alexander	5.2	1.9
Wodonga	5.3	1.0
Macedon Ranges	5.4	1.7
Greater Geelong	5.6	1.9
Warrnambool	6.3	2.4
<b>Bass Coast</b>	<b>6.3</b>	<b>2.6</b>
Surf Coast	8.9	3.5
Queenscliffe	10.3	4.8

Source: Department of Sustainability and Environment, Victoria (2004) *A Guide to Property Values*; Australian Taxation Office (2001-02), *Taxation Statistics*; CPI from the ABS

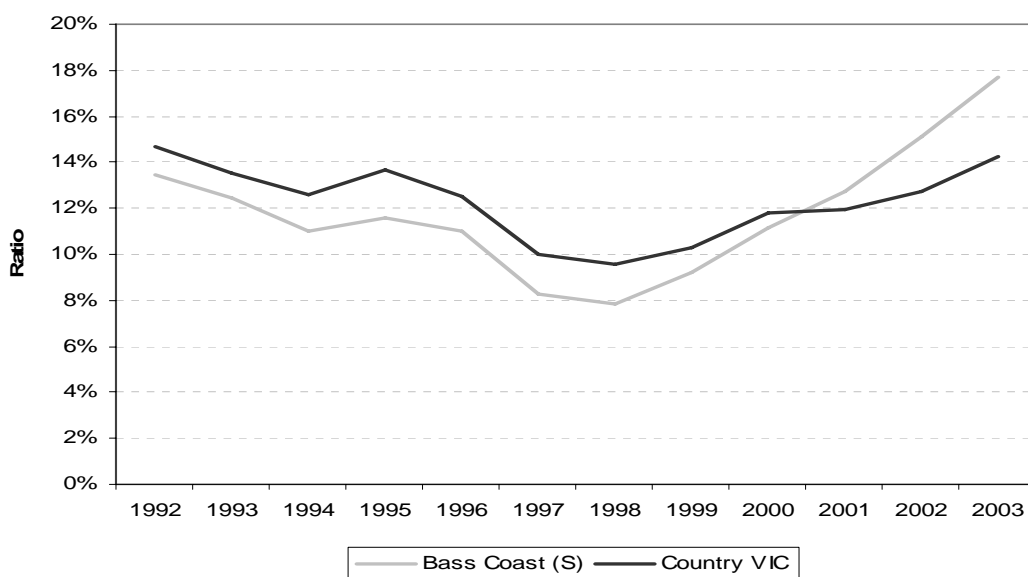
Applying the same ratio analysis to the towns within Bass Coast Shire, both Silverleaves and Ventnor recorded the highest ratio (9.6) in 2003 and Dalyston the lowest (3.9).

## 6.5 Ratio of housing costs to income

As we have seen, there has been erosion in affordability within Bass Coast Shire over the past 15 or so years with regard to such measures as median price increases and the availability of affordable stock. In this section we look at whether it is unaffordable to purchase in the Shire, based on the commonly accepted measure that mortgage repayments should not exceed 30% of income.

The ratio of housing costs to income divides the annual mortgage that would be necessary to purchase a dwelling by dual average yearly earnings (generated by adding two-thirds of male earnings to total male earnings), whilst taking account of the role that interest rates play. It uses median house prices, current interest rates, certain lending assumptions (the mortgage will not cover more than 90% of the purchase price, and the length of the mortgage will be 25 years) and trends in income, and converts these into an affordability ratio, as shown in Figure 32.

**Figure 32: Mortgage repayments as a percentage of income, Bass Coast and Country Victoria, 1992-2003**



Source: Median house prices from the Department of Sustainability and Environment (2003, 2004) *A Guide to Property Values*; Interest rates from the Reserve Bank of Australia, [www.rba.gov.au/Statistics](http://www.rba.gov.au/Statistics); Average weekly earnings from the ABS, Cat. no. 6302.0 (Time Series Spreadsheets)

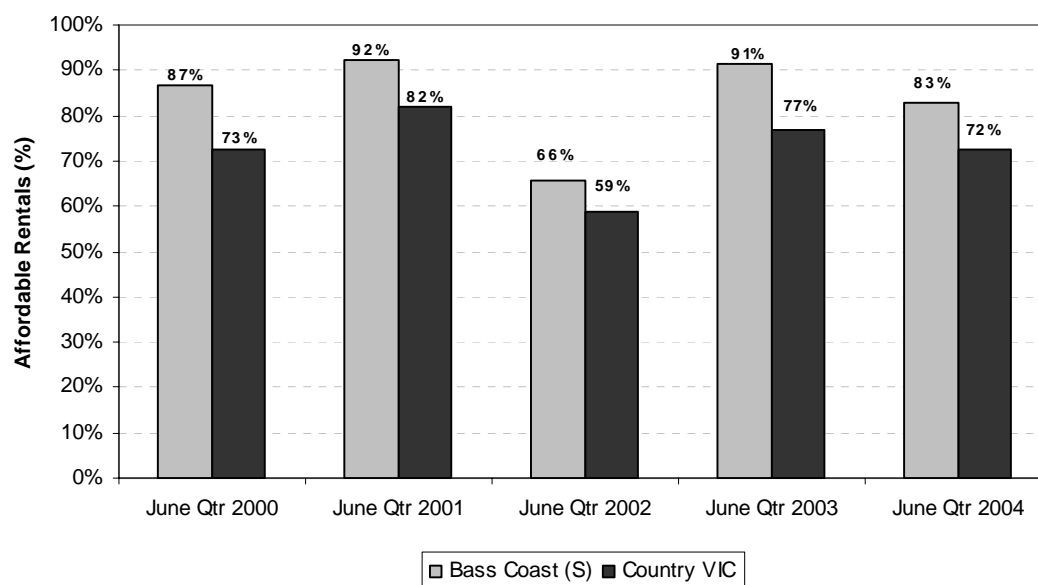
As Figure 32 shows, although affordability in the Shire decreased between 1992 (13%) and 2003 (18%), mortgage repayments as a proportion of income have not exceeded 30% in any one year. However, some suburbs were very close to the 30% benchmark in 2003, including Silverleaves (27%), Ventnor and Kilcunda (both 26%). If the trend of the last few years continues (as shown in Figure 32), it is likely that they will be pushed over the accepted standard of mortgage repayments not exceeding 30% of income.

## 6.6 Private rental affordability

In order to determine how affordable it is to rent in Bass Coast Shire, it is necessary to look at the proportion of some measure of income to the median rental price. Assumptions are made as to the type of household that would rent a particular dwelling type, and an applicable income is then generated (based upon Centrelink payments).<sup>17</sup> Figure 33 shows this measure of rental affordability for Bass Coast Shire and Country Victoria.

<sup>17</sup> 1 bedroom rental: single on Newstart receiving Rent Assistance (RA), paying no more than 30% of income on rent. 2 bedroom rental: single parent with one child between 5 and 13 receiving RA, paying no more than 30% of income on rent.

**Figure 33: Private rental affordability (all property types) as a proportion of total rental, Bass Coast and Country Victoria, June quarter, 2000-04**



Source: Office of Housing, Department of Human Services, Victoria, *Rental Report* (various years)

Figure 33 shows a different trend for affordability in the rental market compared to the housing market. In the June quarter in 2001, 92% of new lettings within the Shire were affordable (82% in Country Victoria). Although a drop was recorded in both areas in 2002 they have appeared to recover well from this downturn, with 83% of lettings affordable within the Shire in 2004 (72% in Country Victoria). Furthermore, Bass Coast has consistently been more affordable for rental properties compared to Country Victoria (as opposed to the housing market). However, this should be qualified by the fact that an overall erosion of affordability was recorded between 2000 and 2004, with both the Shire and Country Victoria recording lower rental affordability at the end of the period. Nonetheless, Bass Coast was one of the better performing non-metropolitan LGAs in 2004 for private rental affordability, as shown in Table 18.

**Table 18: Private rental affordability (new leases), non-metropolitan LGAs, June Qtr 2004**

LGA	Total properties	Affordable properties	
		#	%
East Gippsland	459	459	100%
Pyrenees	91	90	99%
Southern Grampians	120	119	99%
Murrindindi	49	48	98%
Gannawarra	259	251	97%
Central Goldfields	40	37	93%
Hepburn	163	152	93%
Mitchell	67	57	85%
Moorabool	86	72	84%
South Gippsland	137	115	84%
<b>Bass Coast</b>	<b>195</b>	<b>162</b>	<b>83%</b>
Surf Coast	84	70	83%
Mount Alexander	15	12	80%

3 bedroom rental: couple with 1 or 2 children receiving RA paying no more than 30% of their income on rent

4 bedroom rental: couple with 3 or more children receiving RA paying no more than 30% of their income on rent.

LGA	Total properties	Affordable properties	
		#	%
Wodonga	299	236	79%
Greater Geelong	56	43	77%
Indigo	227	175	77%
Wangaratta	489	372	76%
Buloke	273	205	75%
Corangamite	103	77	75%
Northern Grampians	31	22	71%
Ararat	623	436	70%
Alpine	27	18	67%
Hindmarsh	700	455	65%
Golden Plains	345	190	55%
Baw Baw	923	489	53%
Delatite	629	302	48%
Mildura	991	436	44%
Loddon	600	234	39%
La Trobe	636	210	33%
Towong	421	139	33%
Greater Shepparton	531	170	32%
Swan Hill	854	205	24%
Campaspe	419	88	21%
Greater Bendigo	524	110	21%
Wellington	1,119	179	16%
Horsham	683	82	12%
Yarriambiack	164	18	11%
Queenscliffe	80	8	10%
Glenelg	186	13	7%
Moyne	1,680	84	5%
Warrnambool	200	10	5%
West Wimmera	300	15	5%
Macedon Ranges	1,950	78	4%
Colac-Otway	733	22	3%
Moira	967	29	3%
Ballarat	500	5	1%
Strathbogie	100	1	1%
<i>Country Victoria</i>	6,695	4,847	72%
<i>Victoria</i>	29,489	10,262	35%

Source: Office of Housing, Department of Human Services, Victoria, *Rental Report* June 2004

Some caution needs to be exercised in interpreting Table 18. It highlights the affordability of housing stock rather than its availability. In some locations where there is a shortage of 1 bedroom stock, it is likely that those seeking such stock will have to access 2 bedroom stock and pay a higher than expected rent. Those who would prefer a 2 bedroom unit (such as couples without children) may have to seek a 2 or 3 bedroom house. This is further highlighted in Table 19 which shows the very low number of 1 and 2 bedroom affordable dwellings.



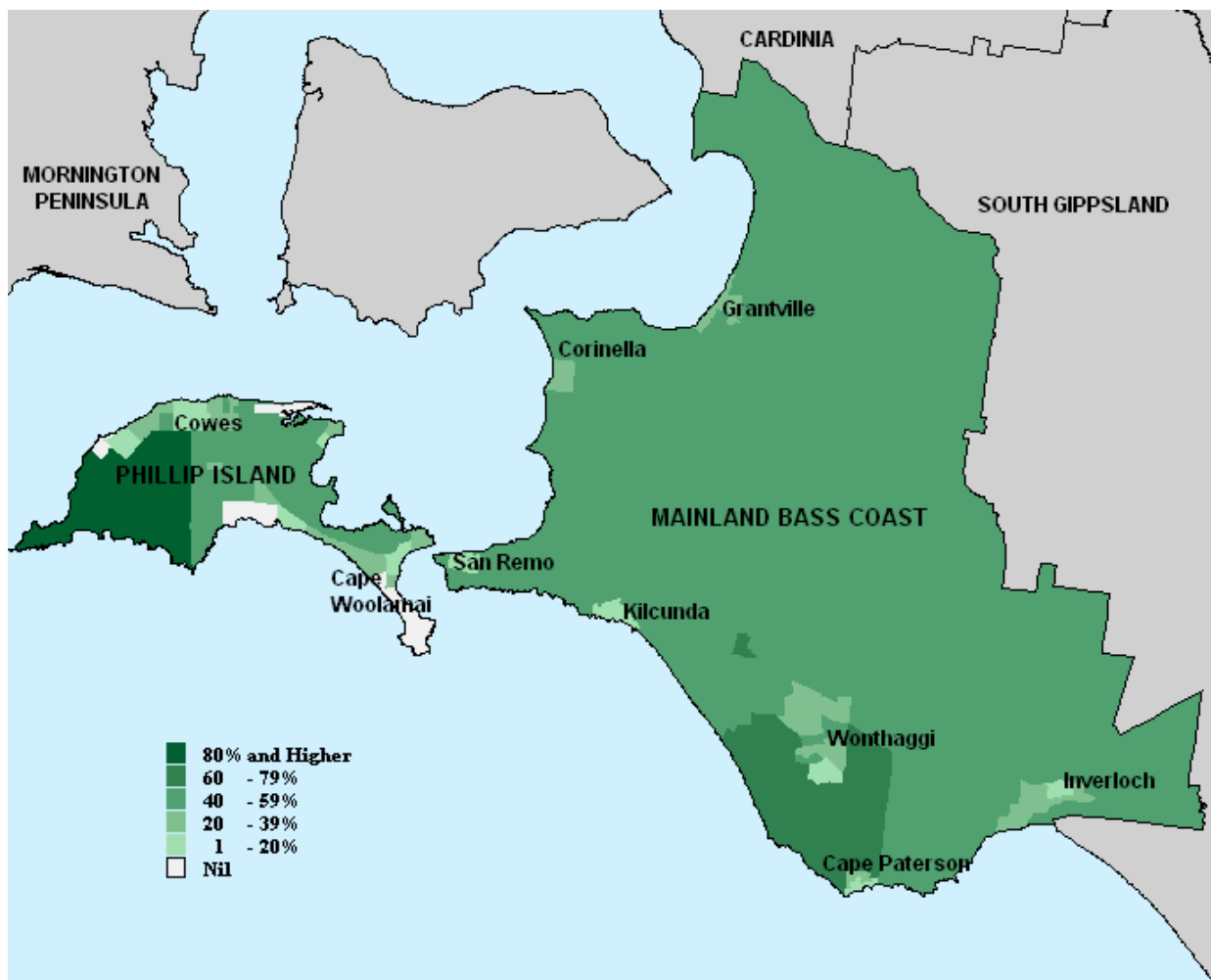
**Table 19: Private rental affordability (newly leased properties),  
June Quarter 2000 – June Quarter 2004**

June quarter	1 Bedroom		2 Bedroom		3 Bedroom		4+ Bedroom		Total	
	#	%	#	%	#	%	#	%	#	%
<b>Bass Coast Shire</b>										
2000	4	100%	33	85%	73	94%	9	100%	119	87%
2001	2	67%	59	89%	83	94%	13	100%	157	92%
2002	4	67%	33	61%	76	68%	12	67%	125	66%
2003	3	43%	43	91%	112	94%	13	93%	171	91%
2004	0	0%	14	54%	100	88%	48	86%	162	83%
<b>Country Victoria</b>										
2000	519	82%	1,380	57%	2,427	83%	384	75%	4,710	73%
2001	653	90%	2,047	76%	2,677	86%	446	78%	5,823	82%
2002	414	60%	1,539	56%	2,061	61%	338	57%	4,352	59%
2003	610	78%	2,012	72%	3,047	80%	484	76%	6,153	77%
2004	451	79%	1,630	70%	2,345	74%	421	70%	4,847	72%

Source: Office of Housing, Department of Human Services, Victoria, Rental Report (various years)

Figure 34 provides a map of the location of low cost private rental dwellings in Bass Coast Shire in 2001. The map highlights those areas with the highest proportion of low cost private rental dwellings. These areas do not necessarily have the highest number of low cost dwellings.

**Figure 34: Low cost private rental dwellings, Bass Coast Shire, 2001**



**PART C:**  
**KEY ISSUES AND CHALLENGES**

## **(7) Key issues and challenges**

Bass Coast is a small rural and coastal Shire located to the south-east of Melbourne. Its topography consists of undulating rural land predominantly used for agricultural purposes. The coastline contains important and substantial areas of native vegetation. The principal industries are tourism, agriculture and fishing. The Shire has three major centres: Wonthaggi, Cowes and Inverloch.

The current pattern of residential development is the outcome of housing which supported the local economies (the extraction of coal in Wonthaggi, the fishing industry in Cowes and San Remo), holiday homes, and the tourist trade.

The Shire has relatively few public housing dwellings because, during the most rapid phase of construction, it was largely overshadowed by state government regionalisation and industrial policies which focused on the La Trobe Valley.

### **7.1 Mitigating the impact of sea changers and weekenders**

**Key challenge/issue: To ensure that the growth in and demand for holiday homes and retirement housing does not diminish access to affordable housing for those households who live permanently in the Shire**

Bass Coast is seeking to maintain housing affordability in a context where the housing market is largely dominated by the tourist industry, holiday makers and those seeking to retire (sea changers). This particularly impacts on coastal towns where the demand for housing is high and will continue to be high. From a housing perspective, it is important to distinguish between four groups of people that move through or in and out of the Shire:

- Weekenders: those who are purchasing or have purchased a second or holiday home and regularly use it;
- Sea changers: those moving into the Shire to retire or for lifestyle reasons (see Exhibit 1 below);
- Tourists: those who move in and out over a short period and visit the tourist destinations, requiring good quality accommodation in apartments, guest houses, hotels and motels;
- Holiday makers: those who come for holiday periods to take in the sun, sand, surf and general environment, generally seeking out caravan parks, camping grounds and low quality dwellings.<sup>18</sup>

Each of these groups is important to the economy of the Shire, but they impact on the housing market and housing affordability in different ways. Weekenders and sea changers compete with local residents in the housing market, providing a major impetus for increases in the prices of current dwellings. Tourist operators, responding to demand for quality accommodation, 'tie up' the building industry in larger and more lucrative construction projects. Holiday makers appear to have the least impact on housing affordability, as they tend to seek accommodation which is suitable for temporary purposes.

The impact of weekenders, sea changers, tourists and holiday makers is primarily on coastal towns, with different groups favouring particular locations or overlapping in particular locations. Wonthaggi, Dalyston and other towns in the rural hinterland are not impacted as much by weekenders, sea changers and holiday makers, but may be impacted to varying extents by tourists.

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<sup>18</sup> There may be other significant groups, for example, weekend holiday makers who seek good quality accommodation in the coastal towns or in the rural hinterland. The point of this division is to highlight their different impacts on housing affordability.

Over the past two years, house prices throughout Bass Coast Shire, particularly in the coastal areas, have increased dramatically as weekenders and sea changers have moved into the market. This trend is likely to continue, making affordability difficult for households seeking to purchase a dwelling and remain in the area. It is likely that these price increases will also impact on the private rental market, with investors increasing rents or withdrawing due to unfavourable returns (but possibly investing in the short-term apartment market).

### **Exhibit 1: Sea changers**

‘Sea change’ refers to a migration of people who, for a variety of reasons, decide to leave behind densely populated suburban settings for more relaxed and scenic surroundings that are close to nature and away from the pressures of modern metropolitan existence. This lifestyle change was skillfully captured by the ABC’s ‘Sea Change’ series in which the main character Laura leaves behind a well paid career in a prosperous city law firm for a more sedate and relaxed position as a court magistrate in the small coastal town of Pearl Bay.

In trying to explain this shift, Murphy (2002) argues that there appears to be a second phase of population turnaround occurring, that is, migration from the cities to non-metropolitan coastal and rural regions. The first population turnaround occurred when a manufacturing explosion in major cities and wealth creation after the Second World War generated a population shift from small rural towns to the big cities. In order to counteract this shift, governments opted for policies designed to revive the bush:

*Resulting urban drift produced a political response that resulted in the decentralisation policies of the 1960s. These reached their high water mark in the regional growth centres at Bathurst-Orange and Albury-Wodonga in the early 1970s (Murphy 2002, p. 2).*

Murphy argues that much of the growth created in the big cities in the 1980s and 1990s had spillover effects in rural and coastal areas, but the extent of this has been interpreted in different ways. For example, Salt (2003) argues that Australia is undergoing a replacement and reshaping of cultures between metropolitan and rural areas, with a major resettlement shift towards coastal areas, which suggests a new future in regional development. This is strongly challenged by O’Connor (2001, p. 5):

*coastal population change really depends on demand and location. Only by understanding these factors can accurate predictions of future coastal patterns be made. It is very unlikely that these predictions will add up to a big shift in Australia’s geography.*

Murphy argues that most sea changers tend to congregate in localities that are relatively close to major metropolitan centres. He categorises them into three groups. The first consists of retirees or free agents who traditionally settle in coastal or rural areas. In Bass Coast Shire, many of these appear to be settling in locations such as Inverloch, Cape Paterson and Cowes. A second group are categorised as forced relocators, individuals or households who are forced to live away from metropolitan areas as a result of an inability to afford housing. These often live in relatively remote areas or stay in low priced forms of accommodation such as caravan parks. The third group are known as floating populations, that is, those who live in two places at once, namely metropolitan and non-metropolitan settings.

## **7.2 Housing affordability**

**Key challenge/issue: To ensure that the Shire can continue to provide affordable housing to a diverse range of groups**

### **General affordability**

The housing cost measures discussed in Section (6) above indicate that Bass Coast Shire has a good supply of affordable housing. The socio-economic data indicates the generally low level of income among households, and the median house price relative to income is one of the highest in the state (see Table 17). Moreover, while there is a high proportion of affordable rental housing compared to other rural municipalities and metropolitan Melbourne, the availability of such stock, both private and social housing, for low income households is very limited, particularly 1 bedroom medium density stock which is most appropriate for single person and couple households.

In broad terms, households purchase or rent based on three criteria: affordability, perceived amenity and attractiveness of the area, and locational familiarity or awareness of the area through existing residence or by visits. Locational familiarity is very much a personal thing, but affordability and amenity are measured by the price or rent. This reflects the overall intensity of demand relative to supply, with that demand shaped by judgements of the amenity such as employment opportunities, travel costs, private and public services, and quality and diversity of housing stock. The prices and rents of housing in Bass Coast Shire are somewhat lower than in metropolitan Melbourne. But compared to equivalent outer areas, they are higher, at least in those parts closest to Melbourne. This is probably due to a combination of greater attractiveness fuelling demand, and a shortage of new development enabling supply to meet this demand.

Affordability relative to other areas can shape the levels of demand by different household types and income groups. If the relative price of housing in Bass Coast Shire is higher than in equivalent outer areas, it is less likely to attract younger first home buyers, but will increasingly draw in older second and subsequent home buyers. It may also attract builders and developers who want to produce a product that is aimed more at the middle income range, thereby accentuating a shortage of affordable stock for first home buyers.

### **Low income affordability**

There is insufficient affordable private and social housing for low income renters, relative to need. Public housing waiting lists are long, and stock is disproportionately low relative to Melbourne as a whole. In the short term, the prospects of increasing the level of social housing in the Shire are low. However, it is important that Council works to do so over the medium to long term.

Two groups of people – older persons and young people – are of particular concern. As outlined above in Section 4.4(i), older persons with limited assets, whether owner occupiers or (particularly) private renters, will face difficulties.

## **7.3 Affordable housing that is adequate and appropriate**

**Key challenge/issue: To ensure that housing within the Shire is not only affordable but is also adequate and appropriate to the diverse needs of households**

While there is affordable housing stock (for rental and purchase) throughout the Shire, there is evidence that a fair proportion of this may be neither adequate nor appropriate.

The history of the Shire as a holiday and weekend destination and as a rural area suggests that a significant portion of the stock in Wonthaggi, the rural hinterland and the coastal towns, while affordable, is of low quality and suitable only for temporary accommodation in the warmer parts of the year. It is not appropriate for long-term permanent occupation, having limited or no heating and

poor insulation. In addition, some rental stock in Wonthaggi is poor quality fibro houses with attendant issues of asbestos and high heating costs.

Some housing located in areas at a distance from major townships is attractive because of its affordability, but households now find themselves:

- In poor quality housing;
- Isolated from their support and friendship networks;
- Confronted with high living costs, such as fuel for heating and cooking;
- With poor public transport links to major towns and centres;
- Without access to necessary services such as child care, health and aged care.

The Shire needs to address such issues, particular through its local planning schemes.

## **7.4 Ageing population**

**Key challenge/issue:** **To ensure that housing within the Shire meets the needs of an increasing ageing population, including local retirees as well as people who have chosen to retire in the area because of the natural environment and local communities**

The data on population age groups indicates that the Shire is getting older, with increasing numbers of retirees and people reaching retirement age moving into the Shire, particularly the coastal towns. New developments in housing for older people pose three problems for Council.

First, in response to demand, private operators have established villages of mobile homes which are targeted at older persons and which are outside the *Residential Tenancies Act (Caravan Parks)* and the *Retirement Villages Act*. While many older persons value these segregated and communal environments, they depend upon the integrity of the operator to ensure their rights, rather than on legislative provisions.

Second, as this increasing number of older persons ages, particularly as the numbers over 75 years increase, demand on aged care services will increase. The location of these older persons will be significant for the delivery of services in a cost-effective manner.

Third, the environmental quality of the Shire and its coastal regions make it very attractive for retirement village investors. Already a number of proposals have been floated. One issue is the extent to which these cater for one particular socio-economic group rather than a range of groups.

Some retirement village investors acquire land at an economical price, but this does not necessarily result in housing in good locations for the residents and may not complement the capacity of the Shire to provide adequate services. It is likely that they will primarily serve older people seeking to move from other parts of Melbourne. The provision of older persons' developments will require careful management and planning, and Council will need to have a clear set of guidelines for assessing them. It is likely that such criteria will involve questions of locations, terrain, access to retail and service centres, access to community facilities, integration with rather than total segregation from the wider community, and some design and social issues such as the desirability or otherwise of 'mixed' or separate communities.

## **7.5 Inadequate social housing stock**

**Key issue/challenge:** To increase social housing and to diversify its location and type so that it will better meet the current and emerging needs of a full range of low income households

As indicated in Section 0, the extent of social housing in the Shire is very limited. Moreover, it is mainly limited to three locations – Wonthaggi, Cowes and Inverloch – with most stock targeted at older persons. Given the impending changes in demand for housing due to population and household growth and the trend towards worsening socio-economic division within the Shire, this is inadequate for meeting the current, let alone emerging, needs of a diverse range of low income households, including single adults who require ongoing support services to sustain their housing. As noted in Section 4.3(ii), Bass Coast Shire does not have a range of traditional forms of non-conventional housing (such as rooming houses and Special Residential Services) to meet these needs.

## **7.6 Housing diversity**

**Key issue/challenge:** To develop a range of housing types which better meet the needs of emerging household types.

The predominant form of housing in the Shire is the detached family dwelling (3 or 4 bedrooms). There is also a growing number of single person households. Detached family dwellings impose the most stress on the local environment by virtue of their land intensiveness

Given the growth in smaller households and the changing demographics (ageing population), the Shire has an opportunity to facilitate a greater diversity of housing stock and tenure in its major townships. For example, one or two person households (as highlighted in Figure 4) are the growth households. They have a greater tendency to seek forms of housing with no (or very limited) private open space, as they often have neither the resources nor the interest for maintaining it. This is one of the factors that will create demand for more multi-unit housing.

But what type of diverse housing stock is appropriate to the Shire? It could include:

- Detached houses of different sizes and storeys and on different size sites;
- Semi-detached houses of different sizes and storeys and on different size sites;
- Dual occupancy with two dwellings on one site;
- Small-scale multi-unit development with two to six single storey units on a single site;
- Small or large detached or semi-detached townhouse units on a large site, e.g. a retirement village;
- Medium-scale multi-unit developments (6-20 units) with two storeys on a single site;
- Large-scale multi-unit developments (20-50 units) with three or four storeys;
- Large-scale multi-unit developments (50 or more units) up to 10 storeys;
- High density high rise apartments;
- Boarding houses, mobile home parks, hostels, private hotels, supported residential services, communes and other forms of non-conventional housing.

Some of these types of housing are not relevant and are not appropriate to the Shire, and are unlikely to even be proposed by developers as they would be an over capitalisation of land, given current prices. On the other hand, some could be introduced without making any noticeable impact on the landscape, the local neighbourhood character or the environment.

While multi-unit housing has had its critics in the past, developers and residents are now more likely to accept it. Indeed, among some sections of the community such as older people, young people, and single person and couple households, the demand for it grows. They now accept the benefits of smaller land and gardens entailing less maintenance (although at the same time demanding larger internal spaces), greater access to retail and service centres, and more interaction among residents.

In summary, the housing stock in the Shire is predominantly detached housing, and the changing demographics provide Council with an excellent opportunity to facilitate a diversity of housing in major townships and meet the needs of emerging household types.

### ***7.7 Mitigating the impact of the tourist industry***

**Key challenge/issue:** To ensure that a thriving tourist industry does not impact negatively on those households who live permanently in the Shire and are seeking affordable housing

Tourist operators, in response to the demand for quality accommodation, impact on the housing market by ‘tying up’ the building industry in larger and more lucrative projects. When tourist accommodation is expanding and construction is booming, local owners and investors will be competing for scarce labour and materials and thus will pay higher prices. This subsequently impacts on the affordability of housing.

### ***7.8 Promoting housing affordability through land-use planning processes***

**Key challenge/issue:** To ensure that Council’s strategic land-use planning schemes facilitate its affordable housing objectives

Strategic land-use planning schemes are a key strategy for influencing the location, type and style of housing. It is one way in which Council can give effect to its vision for the Shire. While Council has only limited planning powers to promote its affordable housing objectives, it can consider innovative measures to encourage affordable housing development and ensure that there is a range of options available which meet the needs of diverse socio-economic groups.



**PART D:**

**CONTEXT FOR DEVELOPING**

**AN AFFORDABLE HOUSING STRATEGY**

**FOR BASS COAST SHIRE**

## **(8) Context: Commonwealth and Victorian government housing directions**

In this section we shift our attention to the policy context for affordable housing. This will highlight the constraints on local government in dealing with some of the most intense housing issues in the municipality.

The broad thrust of this section is that the direction of policy and funding at both Commonwealth and state levels offers little hope at this point of providing more social housing in the Shire. The most important initiative, the funding of housing associations, is one which suggests Council negotiating with housing associations to see what capacity there is for these associations to operate in the municipality.

### **(i) Defining social housing**

Social housing is rental housing which is financed, owned and managed in ways that ensure it meets social objectives and social obligations.

As such, it is usually non-profit housing owned and managed by state government, local government and community organisations. Among its social objectives are adequate and appropriate housing which is well located (in relation to services, public transport and employment), affordable rents, responsible management and security of tenure.

### **(ii) Forms of social housing**

Social housing in Australia comprises at least six sectors:

- Public housing;
- Community housing;
- Indigenous housing;
- Affordable housing;
- Aged housing (ILUs);
- Disability housing.

*Public housing:* Public housing is by far the largest social housing sector. In Victoria, it is owned and managed by the Office of Housing. Public housing commenced in the late 1930s and expanded rapidly through funds provided under the CSHA.

*Community housing:* Community housing embraces a range of legal and administrative arrangements. Community organisations own and manage not-for-profit housing. Its early form in Victoria was made up of housing cooperatives or small housing associations, but the future appears to be one of larger professionally managed housing associations operating under specific legislation.

*Indigenous housing:* Indigenous Australians have access to a range of social housing including public and community housing. Two specific options are public housing provided by statutory authorities or other bodies operating at arm's length of the state housing authority, such as the Aboriginal Housing Board in Victoria and community housing provided by Indigenous Housing Organisations. Dwellings managed by the Aboriginal Housing Board are funded through the CSHA, in particular, the Aboriginal Rental Housing Program. Community housing managed by Indigenous Housing Organisations has been funded through a variety of sources including ATSIC, tied CSHA funds (Aboriginal Rental Housing Program), untied CSHA funds and supplementary state funds.

*Affordable housing:* Affordable housing is a relatively new sector within Australian social housing. In the 1990s public housing, in particular, but also community housing was progressively targeted at households not only on low incomes but also those requiring additional support. The affordable housing sector is seeking to house those households who are eligible for social housing but have relatively higher incomes. Examples are Melbourne Affordable Housing, established by the City of Melbourne, and the Port Phillip Housing Association, which manages housing on behalf of a number of organisations including the City of Port Phillip.

*Aged housing (Independent Living Units):* Between 1954 and 1986 many not-for-profit organisations within the aged care sector (such as the RSL, Lions, Southern Cross Homes, Masonic Homes, Brotherhood of St Laurence and Country Women's Association) received subsidies from the Australian government under the *Aged Persons' Homes Act* to construct independent housing for older persons. During this time over 7,000 ILUs were constructed in Victoria.

*Disability housing:* Over many years, government departments and community organisations have acquired housing specifically for people with a disability, in particular, shared housing which incorporate various levels and types of support services.

### **(iii) Social housing in Australia**

In Australia, social housing has largely been seen as a joint responsibility between the Commonwealth (capital funding) and the states and territories (planning, provision and management). The Commonwealth provides housing assistance to low income households through:

- The CSHA which provides funds to the states for various purposes, including social housing;
- Commonwealth rent assistance which provides support to households in the private rental market.

A number of other programs have added significantly to the stock of social housing: the *Aged Persons' Homes Act* and various Indigenous programs.

Policies, legislation and programs at both levels influence the public, private and community sectors' capacity to provide affordable, accessible and secure housing for people in receipt of low incomes and those who are vulnerable due to circumstances such as physical or intellectual disability. Social housing outcomes are also affected by employment, decentralisation, finance and investment policies, among others. These especially affect access to private owner occupation and thus the demand for social housing.

Three major shifts in Commonwealth and Victorian social housing policy in recent years will significantly affect a local Affordable Housing Strategy:

- Real declines in Commonwealth funding of public housing, along with Victoria shifting resources into a large-scale modernisation and estate renewal program;
- A redirection of Commonwealth funding into private rent assistance;
- A movement away from direct management of public housing by state housing authorities to the encouragement of non-profit, non-government bodies generally referred to as the community housing sector.

The Office of Housing within the Department of Human Services is responsible for the planning, provision and management of social housing in Victoria. Through the CSHA, the Victorian government provides funds which match Commonwealth funds. But as Commonwealth funds have reduced in real terms, so too has the level of funds provided by the state. Over recent years, the Victorian government has compensated for this somewhat by the injection of additional funds through the Social Housing Innovation Program.

Two further consequences of reduced Commonwealth funds are increased targeting of public housing stock and the reduction in funds allocated towards the acquisition of new stock. There is now a concern about a growing group of mainly young households who are caught between the eligibility requirements of public and community housing and the price constraints of the market, particularly for home ownership, but to some extent for private rental.

The state government's current social housing policy is focused on three areas:

- Improvement in standards of public housing through stock upgrade and redevelopment;
- Responding to households in highest needs, particularly through the Victorian Homelessness Strategy which seeks to develop an integrated regional service system providing both a shopfront service of housing information, referral and immediate financial assistance, and a crisis and transitional housing service linked with a broad range of support services;
- Expansion of social housing, albeit very slowly, through the establishment of housing associations targeted to people with disabilities, older people and regional areas.

#### **(iv) Victorian housing programs**

Below is a summary of the main Victorian government housing programs managed and funded by the Office of Housing.

*Public housing* has moved towards a focus on people experiencing, or at risk of, recurring homelessness, people with a disability who have significant support needs, and people with special housing needs such as the frail aged. This targeting has reduced access for people on low incomes. Moreover, public housing is undergoing a major physical renewal and little new stock is being acquired.

*Neighbourhood renewal projects* aim to improve the wellbeing of communities identified as facing high levels of social and economic disadvantage. They incorporate a key role for local government. Strategies will tackle a range of policy areas including housing and the physical environment, income and employment, education and health.

*Community housing* has experienced some slow growth in recent years. Most recently there has been discussion about housing associations and the transfer of some public housing to management by community organisations. There are a number of programs, as follows:

- The Rooming Housing Program provides long-term unsupported accommodation for singles and couples, managed by community housing organisations. It aims to provide low cost, secure and appropriately designed accommodation that is suitable and responsive to the needs of a diverse range of clients, including those with disabilities;
- Interim Long-Term Housing is managed by community organisations under a funding and service agreement. They are paid a grant to manage the stock, with all maintenance being the responsibility of the Office of Housing;
- Through the Common Equity Rental Cooperative Program, Common Equity Housing Ltd has purchased housing, using a combination of state government funding and private finance, and headleased these houses to housing cooperatives who manage them and lease them to eligible members;
- The Rental Housing Cooperative Program provides long-term housing to low income tenants who collectively manage their stock;
- The Group Housing Program is run in conjunction with community organisations to provide accommodation to people with a range of disabilities;

- Joint venture initiatives aim to increase the pool of affordable and targeted housing by attracting community and other funding to supplement government capital grants. Joint ventures began with elderly persons' units undertaken with churches, local governments, community organisations and service clubs.

*Victorian Homelessness Strategy*: The Office of Housing has sought to develop an integrated and comprehensive response to housing crises faced by households. A range of programs have been incorporated under this banner, most of which are delivered through the community sector:

- The Supported Accommodation Assistance Program provides the major response to the needs of homeless people, including women and children experiencing family violence;
- The Transitional Housing Management Program is coordinated with the above program to provide an integrated approach to resolving the housing and support needs of households in housing crisis. Agencies provide four forms of assistance: information and referral regarding appropriate housing options; transitional housing (supported accommodation for a determined period); immediate financial assistance; and assessment of eligibility for public housing;
- Crisis Supported Accommodation provides larger facilities with 24 hour on-site support, mainly in inner Melbourne, as well smaller facilities in regional cities and suburban Melbourne.

*Housing associations* are a recent initiative of the Victorian Labor government. \$70 million has been allocated for expenditure on housing association stock over the four years to 2007. This is primarily for capital grants for housing to be owned by the associations, who will hold the accompanying responsibility for maintenance and upkeep. This initiative is intended to achieve:

- Stronger relationships between government, non-government and private sectors in planning, funding and delivery of affordable housing;
- An improved system of regulation and continuous improvement to the delivery of housing assistance;
- Increased private investment and social and financial equity in affordable housing.

After an open tender process, the Victorian government announced six prospective housing associations:

- Community Housing Ltd;
- Loddon Mallee Housing Services Ltd;
- Melbourne Affordable Housing;
- Port Phillip Housing Association;
- Supported Housing Ltd;
- Yarra Community Housing Ltd.

In December 2004, the Victorian parliament passed the *Housing (Housing Agencies) Act 2004* which will regulate the operation of these housing associations. Eventually its coverage will be extended to all other community housing organisations funded by the Office of Housing. The importance of this initiative is twofold; it is effectively the only program for new construction of social housing, and it is channelled through these specific agencies. Local governments which wish to expand their social housing stock will need to open up negotiations with these providers.

## **(v) Local government and social housing**

While Commonwealth and state governments have determined the level of funding, Councils have played an important role in supporting, promoting and facilitating social housing in their local area.

Some have also provided land to the Office of Housing and/or to community organisations. They have been one of the most significant joint venture partners in community housing initiatives in Victoria through Project Partnership, the Local Government and Community Housing Program and the Community Housing Program. In the 1970s and 1980s many Councils provided land to ‘aged care’ organisations for independent living units and hostels. Some such as the City of Melbourne and the City of Port Phillip have been instrumental in establishing social housing organisations to facilitate the development of social housing in their local area and to manage stock owned by Council. Some such as the Shire of Castlemaine, the City of Melbourne and the City of Moreland have established or considered establishing a trust fund to provide capital for social housing projects.

A range of opportunities by which the Victorian government and local government can work in partnership to address the need for social housing has been set out in a report by the Office of Housing.<sup>19</sup> Recommendations that relate specifically to local government’s role include supporting community housing organisations, promoting social housing developments, and giving rate concessions to social housing providers.

In their involvement in social housing, Councils have had regard to their broader vision for the municipality and to the linkages and relationship between social housing and other services. For these reasons, they have been concerned to maintain a level of social housing stock in the municipality to ensure that all residents have access to adequate and appropriate housing, that it is well located and targeted and that it links with other services.

#### **(vi) Local Council initiatives in housing**

The following outlines some local initiatives by Councils in metropolitan areas to address housing issues in their municipalities.<sup>20</sup>

##### **City of Port Phillip, Victoria**

The City of Port Phillip has an important community-housing program, which has its origins in the City of St Kilda Housing program. In 1986 the former City of St Kilda, concerned about the erosion of affordability as a result of gentrification, established the St Kilda Housing Association Inc. Since then it has grown into the largest local government based housing program in Australia with over 300 dwelling units. One innovative project involved the council depot site which was sold by the City of Port Phillip to Inkerman Developments. It now contains 28 community housing units owned by the City and four other social housing units which were acquired under an option in the contract. The balance of 204 units is private housing. Social housing thus comprises 14% of units, and is scattered through the site in a ‘salt and pepper’ mix. This captures the principles of public/private partnerships that have enabled Port Phillip and its housing provider, the Port Phillip Housing Association, to be successful.

Important points about the Port Phillip housing program are:

- Since 1997 initiatives have been driven by a municipal housing strategy;
- The provision of housing is at arm’s length from Council in the form of the Port Phillip Housing Association, a legally constituted community housing provider;
- A number of their developments have been public-private ventures, with a small social housing component;

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<sup>19</sup> Victoria. Office of Housing (2002) *Toward a State and Local Government Affordable Housing Strategy*, Department of Human Services, Melbourne

<sup>20</sup> For a more extensive review of affordable housing organisations and their development in Australia, see Milligan V, Phibbs P, Fagan K and Gurran N (2004) *A Practical Framework for Expanding Affordable Housing Services in Australia: Learning from Experience* Australian Housing and Urban Research Institute

- A number of developments have been on Council, government or government agency land;
- Council funds a housing officer to identify opportunities and facilitate implementation;
- The existence of the program has enabled the Council to attract state and Commonwealth funds, for example, Local Government and Community Housing Program (1986-92), Office of Housing rooming house program funds (1993- present), Social Housing Innovation Program (2000-01) and, most recently, the inclusion of Port Phillip Housing Associations among the nominated housing associations.

### **Brisbane Housing Company (BHC), Queensland**

BHC is a partnership between the Brisbane City Council and the Queensland Department of Housing. It involves the provision of affordable housing by creating partnerships between public and private interests. Funding is provided by the state government, the Council, and partnership contributions from churches and the private sector.

BHC is structured in such a way that it can borrow (unlike state housing authorities), that it has charitable status and the associated tax status (unlike state housing authorities) and that its tenants can claim rent assistance (unlike public housing tenants). With developer contributions via the planning system, the objective is to provide 600 houses within five years.

### **Waverley Council Affordable Housing Program, New South Wales**

The City of Waverley has been a gentrifying inner Sydney municipality for some 20 years. In recognition of the local hardship that house price inflation was creating, the Council used its planning system to help provide more affordable housing, through development incentives. These are largely floor space bonuses, and in turn the developer constructs a small number of properties with rent levels negotiated with the Council. The Council also specifies the number of years the units have to be kept as affordable housing.

The Council does not manage the property. A community housing manager does this. Units are targeted to moderate income earners (less than \$50,000), local residents of at least five years standing and those at risk of being pushed out by rent increases. The alternative is for the developers (under section 94 of the NSW *Environmental Planning and Assessment Act*) to contribute a levy of \$3,993 per bedroom lost because of any redevelopment. This goes into a trust for provision of affordable housing. By 2000 only 18 dwellings had been provided by this method.

### **City West Housing, New South Wales**

The charter of City West Housing is to provide housing for low to moderate income households in the Ultimo-Pyrmont area of inner west Sydney which was to be redeveloped under the Better Cities Program. City West receives developer contributions (over \$8 million by 2000) which are enabled by a special amendment of the Sydney Regional Environmental Plan No. 26. The levy is at the rate of 1.1% of the total floor area, or an off-site (in lieu) contribution of \$23.34 per square metre for commercial property and \$16.24 for residential. City West also received \$50 million from the Better City Program and a 4% levy on government land sales in the area. It has provided over 400 units of affordable housing, but its unusual organisational and generous financial base render it of limited relevance as a model for local government elsewhere.

### **Housing trusts**

Used in a number of countries, and sometimes linked to developer levies, a trust is a legal structure for raising funds for the provision of affordable housing. In the case of Melbourne Affordable Housing, the Melbourne City Council provided \$1 million over four years from its own resources, with the trust empowered to raise more from the private sector and philanthropy. Trusts do not

normally manage housing stock but simply fund its provision. However, Melbourne Affordable Housing became a community housing manager when it merged with Ecumenical Housing.

### **Inclusionary zoning**

Inclusionary zoning is common in the USA. Essentially it involves local government either voluntarily, or more often mandatorily, assigning a proportion of new residential development (e.g. former factory or government land) for more affordable housing. If they are unable or unwilling to provide such housing on that site, developers have to pay a levy into an affordable housing fund.

This has also been used to a very limited extent in Sydney. In negotiations with the private developer, the Council has to define the concept of local affordability, determine who gets the affordable property and decide who manages it. In the USA, because of the scale of such programs, both private and community managers have emerged. Such systems work best if adopted by a regional grouping of municipalities or mandated city-wide.

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These models require different levels of local government involvement in affordable housing. However, they rarely involve direct provision and management. This is normally done one step removed, by handing management of any stock to a community housing manager. What they all involve at a minimum level is a housing policy and strategy that established a rationale for the provision of social housing, including identification of appropriate sites and what financial and staff resources are to be committed to it.



## **(9) Context: Bass Coast Council**

Not only is the national and state context important to the development of affordable housing strategies and their implementation, so too is the local context. This section briefly reviews some of the most relevant documents within Bass Coast Council, then concludes by reviewing the possible role that Council can play in affordable housing.

### **9.1 Community Plan**

Bass Coast Shire in *Our Community Plan* outlines a 10-year vision and priorities for each of eight local areas: Cowes; Mid Island; South Coast of Phillip Island; 3925; Western Port; the Hinterland; Coal Coast and Inverloch District. The Community Plan, based upon local surveys, outlined Shire-wide priorities (with specific priorities for certain areas) under seven headings:

- Access and transport;
- Arts and culture;
- Economic development;
- Natural environment;
- Built environment;
- Community wellbeing;
- Learning.

The Community Plan highlights the diversity within the Shire, with each area having its own vision valuing its natural resources and residents. Housing is rarely mentioned, but it is an important precondition for the achievement of this vision.

### **9.2 Land-use planning**

The key basis for Council's strategic land-use planning is found in the Planning Scheme, especially the Municipal Strategic Statement (MSS) at CI 21.0, and with more detailed direction in CI 22.0, *Local Policies*. Various other parts of the planning scheme affect residential development; *Zones*, *Overlays*, the assessment criteria of CIs 54/55/56 which control building and subdivision.

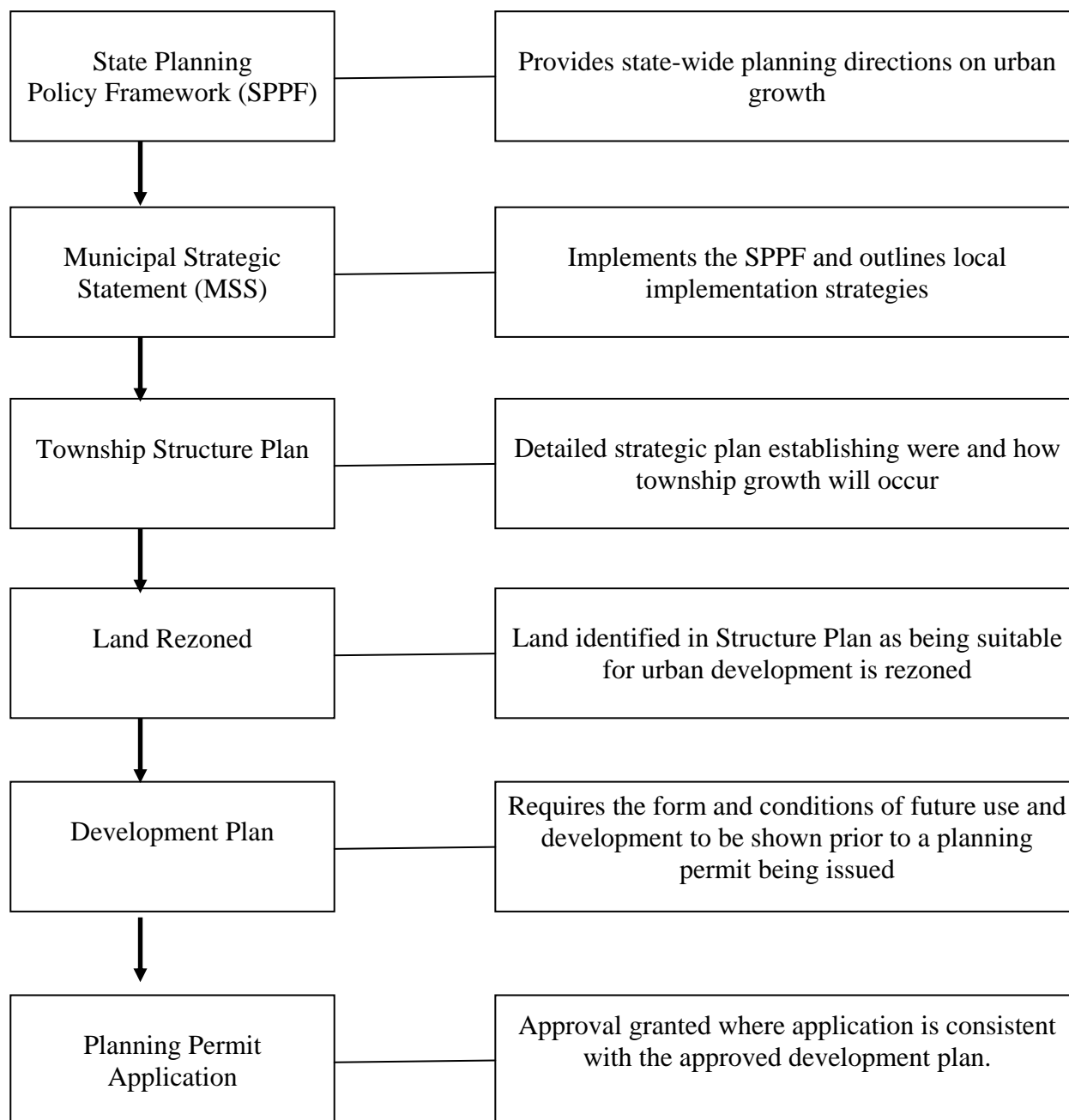
The Bass Coast Planning Scheme came into effect in December 1999, replacing a number of existing schemes covering the Shire.

The MSS was reviewed in September 2003. However, proposed changes do not appear to have been implemented as yet. Since 1999, changes to state planning policy which impacted upon housing within the Shire included:

- ResCode, governing residential development;
- The Victorian Coastal Strategy (and the development of a draft Bass Coast Strategic Coastal Planning Framework in 2004);
- The Melbourne Metropolitan Planning Strategy, *Melbourne 2030*.

Figure 35, taken from the Bass Coast Review of the MSS, outlines a framework for managing urban growth and the relationship between planning levels.

**Figure 35: Framework for managing urban growth**



**(i) Metropolitan Planning Strategy, Melbourne 2030**

Local planning is now strongly guided by the state metropolitan planning strategy, *Melbourne 2030*, which is to guide the development of metropolitan Melbourne, and by implication the rest of the state, for the next three decades. It is estimated that Melbourne will need to provide for another million inhabitants and associated housing, in an environment where household size is decreasing.

The key aspects of this document which will affect housing development in the Shire are:

- The emphasis on urban consolidation;
- The setting-up of regional housing groups;
- Projected population and housing targets;

- Various economic ‘activity centres’ around which a variety of activities will be more intensely centred – these may include more intensive, medium density residential development.

Regional housing groups have been set up to explore the issues and potential solutions, with the potential to be an important incubator of ideas and actions. Indeed, it is likely that many outcomes of local housing strategies will involve partnerships of various types: with other local governments, with the Victorian government, with the private sector and with community organisations.

## **(ii) Municipal Strategic Statement**

In its Vision for housing, the local planning scheme outlines the following:

- *Diverse housing options for all ages to meet changing household characteristics;*
- *Increased housing densities in proximity to commercial centres, community facilities and services;*
- *Housing for the aged, including medium density housing, retirement villages and nursing homes in proximity to services and facilities specific to their needs;*
- *Limited expansion of low density residential housing on the periphery to towns;*
- *Strictly limited small lot excisions in rural areas.<sup>21</sup>*

The Review of the MSS sets out a series of key strategic issues affecting the Shire. Among those with a particular impact on housing are:

- Managing urban growth in townships;
- Managing urban consolidation;
- Managing rural residential development;
- Managing old and inappropriate subdivision.

In addition to the Review, Council has commenced, and in some instances completed, work on township structure plans for the urban areas.

The ongoing review and development of the MSS will have a major impact on the location, type and style of affordable housing in the Shire.

### **9.3 The role of local government and an Affordable Housing Strategy**

While the traditional understanding of basic Council interests has been ‘roads, rates and rubbish’, the role and work of local government has dramatically broadened in the past two decades. It now plays a particularly important role in social, economic and land-use planning and in the delivery of community services.

The *Local Government Act* 1989 (Section 3) provides a legal framework for Council involvement and responsibilities. Council has a statutory responsibility in housing related matters such as land use and physical infrastructure planning and development, building controls, public health, traffic management and open space planning. In this way, local government influences the location and type of new dwellings, and the provision of social and physical infrastructure for new and existing communities, as well as the cost of housing through its planning policies.

However, local government must juggle a number of sometimes competing interests and relationships. It is the tier of government that is closest to the people – but the people rarely speak with one voice. Local government will understandably focus on its democratic base of existing

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<sup>21</sup> MSS 1999 Clause 21.04-3

residents, yet these are often unsympathetic to social housing or other innovative forms of housing which might be appropriate and attractive to those who live elsewhere. Disputes can erupt over planning changes designed to increase densities to the benefit of new residents and developers, but potentially at the cost of existing residents who don't want their lifestyles to change. Local government has a responsibility to promote environmentally sustainable development, yet this might be in opposition to policies which promote affordable housing. Local government has strong connections to local groups, especially those that are well organised and articulate, yet those who often need help the most don't fit into this category. Local government is keen to promote economic development, yet while this might involve more housing, such housing may not be appropriate for existing communities.

These tensions have not prevented local government from taking on the role of leader in a range of community building and sustainability initiatives. Locally, current metropolitan planning initiatives are providing impetus for more proactive local government involvement in achieving housing policy objectives such as affordability, appropriateness and choice.<sup>22</sup>

The range of housing activities that local government can adopt has been set out in Table 20. Drawing on a review of Victoria, Queensland and New South Wales, Gurran argues that these fall into five activity areas:<sup>23</sup>

- Influencing the types and location of housing through the planning system, for example, encouraging diversity in stock size, affordability, and water and energy efficient design;
- Taking on a role as advocate and educator of desired housing outcomes, for example, environmentally sustainable design;
- Facilitating social housing, for example, identifying sites, fast-tracking planning assessment and donating land;
- Engaging in community development, for example, coordinating infrastructure and services in new housing areas, coordinating services for low income people in vulnerable private housing such as caravan parks and rooming houses, and providing rate relief to sustain the financial viability of low cost accommodation;
- Entering into partnerships or joint ventures for affordable housing, for example, contributing to an urban renewal process with social housing providers and establishing not-for-profit housing companies.

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22 Victoria. Department of Infrastructure (2002) *Melbourne 2030: Planning for Sustainable Growth*, Melbourne; Victoria. Office of Housing (2002) *Toward a State and Local Government Affordable Housing Strategy*, Department of Human Services, Melbourne.

23 Gurran, N (2003) *Housing Policy and Sustainable Urban Development: Evaluating the Use of Local Housing Strategies in Queensland, New South Wales and Victoria*, Australian Housing and Urban Research Institute & University of Sydney Research Centre, Sydney.

**Table 20: Local government housing activity**

<i>Production</i>	<i>Consumption</i>
Identifying land	Identifying and monitoring housing needs
Development controls	Active collaboration with other housing providers (private, public, community sector)
Environmental / social assessment	Support services, e.g. services for the aged, homeless or crisis resource centres
Facilitating land parcels and residential subdivision	Information / advocacy
'Streamlined' approvals	Financial assistance, e.g. rate relief
Active collaboration with other housing providers (private, public, community sector)	Managing local housing stock
Planning mechanisms for affordable housing	
Joint ventures	
Donation of land	
Production of housing units	

Source: Gurran (2003)

These powers and activities outline the parameters for an Affordable Housing Strategy in Bass Coast Shire. It is around these activities that particular strategies and actions can be reasonably developed.

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# Appendix I: Participants in Consultations

## A. Participants in Affordable Housing Forums

<b>Name</b>	<b>Organisation</b>
Cr David Taylor	Bass Coast Shire Councillor
Cr John Hulley	Bass Coast Shire Councillor
Cr Ross Fairhurst	Bass Coast Shire Councillor
Sally Paech	Bass Coast Shire Council
Jeanette Draper	Bass Coast Shire Council
Linda Ryan	Bass Coast Shire Council
Janet Grieve	Bass Coast Shire Council
Bev Morphet	Bass Coast Shire Council
Anthony Duffill	Bass Coast Shire Council
Richard Perry	Bass Coast Shire Council
David Roche	Chisholm Institute
Maree Davidson	Community Housing Ltd
Norm Deacon	Community Member
Leanne Pendleberry	Coronet Bay Playgroup
Helen Searle	Davey House Bass Coast Regional Health
Sid Castellias	Inverloch Aged Care Development Committee Inc
Yvonne Randell	Inverloch Residential Aged Care
Pat De Lacy	Inverloch Residential Aged Care
Rob Jones	Inverloch Residential Aged Care
Vic Allaway	Inverloch Residential Aged Care
Fred Cotter	Inverloch Residential Aged Care
Jill Steer	Inverloch Residential Aged Care
Shirley Gunson	Inverloch UC Social Justice Group
Karen Brown	Leongatha resident
Fiona Richmond	Leongatha resident
Stuart Simmie	Office of Housing
Wendy Gilbert	Office of Housing
John Batty	Phillip Island Homes for Aged
Joy Niven	Phillip Island Homes for Aged
John Swarbrick	Rhyll Progress Association
Keith Walker	SCHSC
Laurie Denman	SNAP Gippsland
Jean Barbour	Society of St Vincent de Paul
Carol Watson	Society of St Vincent de Paul
Terry Randell	Society of St Vincent de Paul
Pamela J Gill	Sunset Strip Progress Association
Diane Newman	Sunset Strip Progress Association



## **B. Private sector interviews**

Informal semi-structured interviews were held with six private sector stakeholders to gain some insight into their experiences of, and perspectives regarding, residential development in Bass Coast Shire. Those contacted for interview were:

- Chosen at random from the telephone directory;
- Chosen at random from a list of caravan parks in the *Gippsland Crisis Accommodation Review*; or
- Suggested in interviews or by participants in the public consultations.<sup>24</sup>

The interviews were mainly conducted by telephone. All participants were informed that the interviews were confidential and they would not be identified. Hence, this report will only list their work type.

Whilst only six interviews were conducted, a number of requests for interview were not taken up or were cut short due to the time commitment of interviewees.

Three interviews were conducted with real estate agents (Cowes, Inverloch and Wonthaggi) and another three with caravan park operators (including a manager of a mobile home village targeted to older retired residents).

Attempts were made to contact a housing developer for interview, but to date the consultants have not been able to do so.

## **C. Other participants**

The following people provided comments on a draft of this report.

<b>Name</b>	<b>Organisation</b>
Graeme Ireland	Garage Clubhouse Wonthaggi
Wendy Gilbert	Quantum Support Services
Bill Skinner	
Ben Leigh	Bass Coast Community Health Service
Carol Watson	Society of St Vincent de Paul

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<sup>24</sup> This process of obtaining participants for qualitative interviews is termed 'snowballing'.

**Appendix II: Supplementary tables**

***A. Bass Coast Shire: Demographic, social and economic characteristics***

**Table 21: Age groups at 2001**

<b>Age group</b>	<i>Mainland Bass Coast</i>		<i>Phillip Island</i>		<i>Bass Coast Shire</i>		<i>Melbourne</i>		<i>Country Victoria</i>		<i>Victoria</i>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
0-4	1,018	6.0%	365	5.2%	1,383	5.8%	214,525	6.4%	85,090	6.7%	299,615	6.5%
5-14	2,263	13.3%	934	13.4%	3,197	13.3%	445,853	13.4%	198,245	15.6%	644,098	14.0%
15-24	1,651	9.7%	600	8.6%	2,251	9.4%	472,935	14.2%	160,208	12.6%	633,143	13.7%
25-44	4,012	23.6%	1,687	24.1%	5,699	23.8%	1,054,623	31.6%	345,322	27.1%	1,399,945	30.4%
45-54	2,364	13.9%	915	13.1%	3,279	13.7%	448,581	13.4%	178,187	14.0%	626,768	13.6%
55-64	2,129	12.5%	898	12.8%	3,027	12.6%	298,499	8.9%	124,437	9.8%	422,936	9.2%
65-74	2,046	12.1%	881	12.6%	2,927	12.2%	215,126	6.4%	96,691	7.6%	311,817	6.8%
74+	1,494	8.8%	712	10.2%	2,206	9.2%	188,562	5.6%	85,213	6.7%	273,775	5.9%
<b>Total</b>	<b>16,977</b>	<b>100.0%</b>	<b>6,992</b>	<b>100.0%</b>	<b>23,969</b>	<b>100.0%</b>	<b>3,338,704</b>	<b>100%</b>	<b>1,273,393</b>	<b>100%</b>	<b>4,612,097</b>	<b>100%</b>

Source: ABS Census 2001

**Table 22: Population projections for selected regions, 2001-2031**

<i>Region</i>	<i>2001</i>	<i>2006</i>	<i>2011</i>	<i>2016</i>	<i>2021</i>	<i>2026</i>	<i>2031</i>
Bass Coast Shire	25,631	29,408	32,380	35,374	38,558	41,950	45,379
Phillip Island SLA	7,474	8,904	9,985	11,123	12,365	13,713	15,132
Mainland Bass Coast SLA	18,157	20,504	22,395	24,252	26,193	28,237	30,248
Melbourne	3,471,625	3,681,263	3,874,958	4,059,682	4,236,156	4,397,959	4,538,462
Country Victoria	1,333,101	1,395,947	1,456,657	1,515,073	1,574,404	1,633,409	1,687,016
Victoria	4,804,726	5,077,209	5,331,614	5,574,755	5,810,560	6,031,368	6,225,477
<b>% increase on base year 2001</b>							
Bass Coast Shire		14.7%	26.3%	38.0%	50.4%	63.7%	77.0%
Phillip Island SLA		19.1%	33.6%	48.8%	65.4%	83.5%	102.5%
Mainland Bass Coast SLA		12.9%	23.3%	33.6%	44.3%	55.5%	66.6%
Melbourne		6.0%	11.6%	16.9%	22.0%	26.7%	30.7%
Country Victoria		4.7%	9.3%	13.7%	18.1%	22.5%	26.5%
Victoria		5.7%	11.0%	16.0%	20.9%	25.5%	29.6%

Source: DSE *Victoria In Future (VIF) 2004 Population Projections*

**Table 23A: Household type by region, 2001**

Family Type	Phillip Island		Mainland Bass Coast		Bass Coast Shire		Country Victoria		Victoria	
	#	%	#	%	#	%	#	%	#	%
Couple with Children	586	20.7%	1,698	25.0%	2,284	23.7%	154,155	32.7%	594,550	35.7%
Couple without Children	1,008	35.5%	2,154	31.8%	3,162	32.9%	130,351	27.6%	410,985	24.6%
One Parent Family	277	9.8%	646	9.5%	923	9.6%	49,558	10.5%	177,015	10.6%
Other Family	19	0.7%	51	0.8%	70	0.7%	4,371	0.9%	23,672	1.4%
<b>Total Families</b>	<b>1,890</b>	<b>66.6%</b>	<b>4,549</b>	<b>67.1%</b>	<b>6,439</b>	<b>66.9%</b>	<b>338,435</b>	<b>71.8%</b>	<b>1,206,222</b>	<b>72.3%</b>
Lone Person Household	73	2.6%	162	2.4%	235	2.4%	13,467	2.9%	64,046	3.8%
Group Household	873	30.8%	2,071	30.5%	2,944	30.6%	119,641	25.4%	397,418	23.8%
<b>Total households</b>	<b>2,836</b>	<b>100%</b>	<b>6,782</b>	<b>100%</b>	<b>9,618</b>	<b>100%</b>	<b>471,543</b>	<b>100%</b>	<b>1,667,686</b>	<b>100%</b>

**Table 24: Household projections for selected areas**

Region	2001	2006	2011	2016	2021	2026	2031
Bass Coast Shire	11,330	13,192	15,077	17,090	19,171	21,067	22,787
Phillip Island SLA							
Mainland Bass Coast SLA							
Melbourne	1,309,401	1,420,121	1,533,890	1,646,759	1,757,080	1,853,060	1,936,062
Country Victoria	524,222	566,957	613,169	660,837	708,304	748,599	783,138
Victoria	1,833,623	1,987,078	2,147,059	2,307,596	2,465,384	2,601,659	2,719,200
<b>% increase on base year 2001</b>							
Bass Coast Shire		16.4%	33.1%	50.8%	69.2%	85.9%	101.1%
Phillip Island SLA							
Mainland Bass Coast SLA							
Melbourne		8.5%	17.1%	25.8%	34.2%	41.5%	47.9%
Country Victoria		8.2%	17.0%	26.1%	35.1%	42.8%	49.4%
Victoria		8.4%	17.1%	25.8%	34.5%	41.9%	48.3%

Source: DSE Victoria In Future (VIF) 2004 Population Projections

**Table 25: Adult Payments\* as a Proportion of the Population Aged 18 and over third quarter 2004**

Postcode	Bass Coast - Towns	Ratio
3991	Bass	9%
3996	Inverloch	28%
3923	Rhyll	35%
3925	Cape Woolamai/Newhaven/San Remo	36%
3922	Cowes/Smiths Beach/Sunderland Bay/Sunset Strip/ Surf Beach/Wimbledon Heights	38%
3995	Cape Paterson/Kilcunda/Wonthaggi	45%
3992	Dalyston	197%
3979	Almurta/Kernot	-
3990	Glen Forbes	-
<b><i>Bass Coast</i></b>		<b>34%</b>
<b><i>Balance of VIC~</i></b>		<b>33%</b>

Source: unpublished Centrelink data, 2004, ABS Census 1996, 2001

Notes:

\*Excludes payments where recipients total <20

~Excludes postcodes: 3211; 3212; 3214; 3215; 3216; 3218; 3219; 3220; 3221; 3222; 3223; 3224; 3226; 3227 (Geelong City), 3350; 3355; 3356; 3357 (Ballarat City) 3550; 3551; 3555; 3556 (Bendigo City)

**Table 26: Family Tax Benefit Part A recipients as a proportion of Family Households\* with Children, third quarter 2004**

Postcode	Bass Coast - Towns	Ratio
3990	Glen Forbes	<20
3979	Almurta/Kernot	18%
3996	Inverloch	49%
3925	Cape Woolamai/Newhaven/San Remo	67%
3995	Cape Paterson/Kilcunda/Wonthaggi	71%
3922	Cowes/Smiths Beach/Sunderland Bay/Sunset Strip/Surf Beach/Wimbledon Heights	71%
3991	Bass	72%
3923	Rhyll	95%
3992	Dalyston	1875%
<b><i>Bass Coast^</i></b>		<b>60%</b>
<b><i>Balance of VIC~</i></b>		<b>65%</b>

Source: unpublished Centrelink data, 2004, ABS Census 1996, 2001

Notes:

\*consisting of: couple families with children, one parent families & 'other' families

^ Excludes payments where recipients total <20

~Excludes postcodes: 3211; 3212; 3214; 3215; 3216; 3218; 3219; 3220; 3221; 3222; 3223; 3224; 3226; 3227 (Geelong City), 3350; 3355; 3356; 3357 (Ballarat City) 3550; 3551; 3555; 3556 (Bendigo City)

**Table 27: Dwelling structure**

<i>Dwelling structure</i>	<i>Phillip Island</i>		<i>Mainland Bass Coast</i>		<i>Bass Coast Shire</i>		<i>Country Victoria</i>		<i>Victoria</i>	
	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>
Separate House	2,861	35.0%	6,699	63.7%	9,560	51.1%	430,699	75.6%	1,350,403	70.5%
Row/Terrace House	78	1.0%	160	1.5%	238	1.3%	16,153	2.8%	143,963	7.5%
Flat or Unit	125	1.5%	349	3.3%	474	2.5%	28,681	5.0%	206,260	10.8%
Other Dwelling	44	0.5%	149	1.4%	193	1.0%	9,149	1.6%	18,248	1.0%
Not Stated	62	0.8%	22	0.2%	84	0.4%	3,288	0.6%	12,469	0.7%
Unoccupied	5,013	61.3%	3,139	29.8%	8,152	43.6%	81,617	14.3%	182,868	9.6%
<b>Total Dwellings</b>	<b>8,183</b>	<b>100%</b>	<b>10,518</b>	<b>100%</b>	<b>18,701</b>	<b>100%</b>	<b>569,587</b>	<b>100%</b>	<b>1,914,211</b>	<b>100%</b>

Source: ABS Census 2001

**Table 28: Dwelling structure (excluding unoccupied dwellings)**

<i>Dwelling structure</i>	<i>Phillip Island</i>		<i>Mainland Bass Coast</i>		<i>Bass Coast Shire</i>		<i>Country Victoria</i>		<i>Victoria</i>	
	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>
Separate House	2,861	90.3%	6,699	90.8%	9,560	90.6%	430,699	88.3%	1,350,403	78.0%
Row/Terrace House	78	2.5%	160	2.2%	238	2.3%	16,153	3.3%	143,963	8.3%
Flat or Unit	125	3.9%	349	4.7%	474	4.5%	28,681	5.9%	206,260	11.9%
Other Dwelling	44	1.4%	149	2.0%	193	1.8%	9,149	1.9%	18,248	1.1%
Not Stated	62	2.0%	22	0.3%	84	0.8%	3,288	0.7%	12,469	0.7%
<b>Total Dwellings</b>	<b>3,170</b>	<b>100%</b>	<b>7,379</b>	<b>100%</b>	<b>10,549</b>	<b>100%</b>	<b>487,970</b>	<b>100%</b>	<b>1,731,343</b>	<b>100%</b>

Source: ABS Census 2001

**Table 29: Tenure**

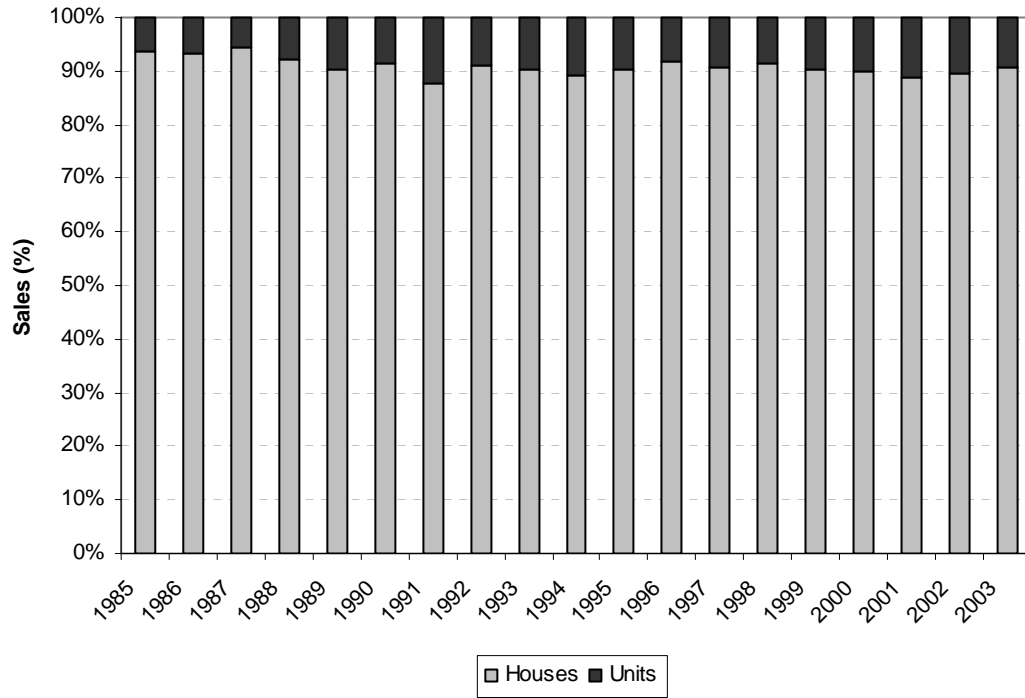
<i>Tenure</i>	<i>Phillip Island</i>		<i>Mainland Bass Coast</i>		<i>Bass Coast Shire</i>		<i>Melbourne</i>		<i>Country Victoria</i>		<i>Victoria</i>	
	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>
Fully Owned	1,587	50.0%	3,662	49.7%	5,249	49.8%	520,729	41.9%	222,291	45.6%	743,020	42.9%
Purchasing	644	20.3%	1,519	20.6%	2,163	20.5%	339,618	27.3%	128,283	26.3%	467,901	27.0%
Rent-buy scheme	15	0.5%	33	0.4%	48	0.5%	9,889	0.8%	3,010	0.6%	12,899	0.7%
<b><i>Total ownership</i></b>	<b><i>2,246</i></b>	<b><i>70.8%</i></b>	<b><i>5,214</i></b>	<b><i>70.7%</i></b>	<b><i>7,460</i></b>	<b><i>70.8%</i></b>	<b><i>870,236</i></b>	<b><i>70.0%</i></b>	<b><i>353,584</i></b>	<b><i>72.5%</i></b>	<b><i>1,223,820</i></b>	<b><i>70.7%</i></b>
Public Rental	35	1.1%	180	2.4%	215	2.0%	35,953	2.9%	18,852	3.9%	54,805	3.2%
Rent Private	475	15.0%	1,075	14.6%	1,550	14.7%	243,579	19.6%	79,577	16.3%	323,156	18.7%
Rented Not Stated	4	0.1%	16	0.2%	20	0.2%	3,629	0.3%	1,391	0.3%	5,020	0.3%
<b><i>Total rent</i></b>	<b><i>514</i></b>	<b><i>16.2%</i></b>	<b><i>1,271</i></b>	<b><i>17.2%</i></b>	<b><i>1,785</i></b>	<b><i>16.9%</i></b>	<b><i>283,161</i></b>	<b><i>22.8%</i></b>	<b><i>99,820</i></b>	<b><i>20.5%</i></b>	<b><i>382,981</i></b>	<b><i>22.1%</i></b>
Other Tenure Type	98	3.1%	228	3.1%	326	3.1%	27,071	2.2%	14,641	3.0%	41,712	2.4%
Not Stated	313	9.9%	660	9.0%	973	9.2%	62,905	5.1%	19,925	4.1%	82,830	4.8%
<b>Total</b>	<b>3,171</b>	<b>100%</b>	<b>7,373</b>	<b>100%</b>	<b>10,544</b>	<b>100%</b>	<b>1,243,373</b>	<b>100%</b>	<b>487,970</b>	<b>100%</b>	<b>1,731,343</b>	<b>100%</b>

Source: ABS Census 2001



## B. Bass Coast Shire: Housing market

Figure 36: House and unit sales a proportion of all sales, Bass Coast Shire, 1985 -1992



## C. Bass Coast Shire: Housing Affordability

**Table 30: Household decile income points, Victoria 2003**

<b>Decile grouping</b>	<b>Amount for 2001</b>	<b>Indexed 2003</b>	<b>Yearly</b>	<b>Affordable house price ^</b>
Up to decile 1	\$268	\$307	\$15,943	\$64,526
Up to decile 2	\$376	\$431	\$22,415	\$90,725
Up to decile 3	\$494	\$566	\$29,455	\$119,204
Up to decile 4	\$651	\$745	\$38,761	\$156,870
Up to decile 5	\$820	\$939	\$48,834	\$197,639
Up to decile 6	\$1,005	\$1,151	\$59,859	\$242,266
Up to decile 7	\$1,228	\$1,407	\$73,149	\$296,054
Up to decile 8	\$1,560	\$1,787	\$92,934	\$376,121
Up to decile 9	\$1,982	\$2,270	\$118,048	\$477,761
Highest	\$1,982	\$2,270	\$118,048	\$477,761

Source: ABS Census 2001

Notes:

^ based on a 25 year loan; 2003 interest rates; 10 per cent deposit; repayments not exceeding 30 per cent of income