

5 July 2023

Legislative Council Legal and Social Issues Committee
Inquiry into the rental and housing affordability crisis in Victoria
Parliament House, Spring Street
EAST MELBOURNE VIC 3002
Submitted online.

Dear Sir/Madam

Re: RENTAL AND HOUSING AFFORDABILITY CRISIS – HEPBURN SHIRE

Thank you for the opportunity to make this submission on behalf of Hepburn Shire Council to the *Inquiry into the rental and housing affordability crisis in Victoria*.

Council notes that the inquiry is examining the challenges facing Victorian renters and factors causing the rental and housing affordability crisis in Victoria, including but not limited to:

1. the factors leading to low availability and high costs of rental properties
2. options to address insecurity, availability and affordability issues facing Victorian renters
3. the adequacy of regulation with regards to standards and conditions of rental housing
4. the adequacy of the rental system and its enforcement
5. the impact of short-stay accommodation
6. barriers to first home ownership and the impact this has on rental stock
7. the experience of, and impacts of all of the above, on renters and property owners
8. any other related matters.

Hepburn Shire has a significant housing affordability crisis due to a myriad of factors.

- 14.5% of applicable households in the shire are experiencing mortgage stress.
- 50.1% of applicable households in the shire are experiencing rental stress.

About Hepburn Shire

Hepburn Shire is in Victoria's Central Highlands and Goldfields region, approximately 110 kilometres northwest of Melbourne. The Traditional Custodians of the land are the Dja Dja Wurrung People.

Hepburn Shire covers a large, mostly rural area, of 1,470 square kilometres. The municipality includes major towns of Clunes, Creswick, Daylesford, Hepburn Springs, Trentham and Glenlyon.

There were approximately 16,604 people living in Hepburn Shire at the 2021 Census, including 180 Aboriginal and Torres Strait Islander peoples. The total population has grown by 1,274 in the last 5 years, from 15,330 (an 8.3% increase). It is forecast to continue growing to 17,700 by 2036.

Most private dwellings in Hepburn Shire are separate houses (94.5%) with three or more bedrooms (72.8%). This low-density built form means that fewer households can be accommodated compared with medium density or duplex housing. It also means there are few dwellings suitable and affordable for single person or small households.

The 2021 Census showed that there is a high proportion of unoccupied private dwellings in the Shire. There are 9,477 private dwellings with 22.7% (2,008) unoccupied. This is twice the rate for Victoria (11.1% unoccupied private dwellings). These may be dwellings used for short-stay accommodation and/or as a holiday home by the landowner.

In 2021 there were 6,845 households living in the Shire. Around two-thirds were families (64.6%), slightly less than one-third were single-person households (32.6%) and a small proportion were group households (2.7%).

Compared to the average for Victoria, the Hepburn Shire population has a higher proportion of people over the age of 70 and fewer people under 19 years.

The shire is an attractive tourist destination. There were approximately 1.18 million visitors to Hepburn Shire in 2019 (pre-COVID).

Affordable Housing Strategy and Action Plan

Community consultations have shown increasing concern about the impact of short-stay rental accommodation on housing affordability and the need for more diverse and affordable housing options to support people to stay living in their communities.

Over the past few years, local community members have been leading work on this issue. The community group Safe Place Inc. developed a report on Affordable Housing Needs for Hepburn Shire in 2020¹ and advocated to Council to develop an Affordable Housing Strategy.

¹ Thompson, L., (2020) Hepburn Shire Social and Affordable Housing Needs Analysis prepared for Safe Place Inc.

Hepburn Shire Council has progressively recognised the importance for social and affordable housing through a number of policies including the Hepburn Shire Community Vision 2021-2031, Council Plan 2021-2025 and Municipal Public Health and Wellbeing Plan. Council's Affordable Housing Policy (2021) includes a commitment to develop an Affordable Housing strategy in consultation with the community and to build the evidence base to support Council's advocacy on this issue.

In August 2022, Council engaged Hornsby & Co to prepare an Affordable Housing Strategy and Action Plan. The project, involving three phases of community engagement, is nearing completion.

A Home in Hepburn Shire, a draft Affordable Housing Strategy and Action Plan was released for public comment between 7 June and 9 July 2023. The draft strategy and action plan sets out what Council and the Hepburn Shire community propose to do to respond to the need for affordable housing and the affordability crisis in the Shire. The draft strategy and action plan and supporting documents, including the summary engagement report, can be viewed at [Affordable housing - a home in Hepburn Shire | Participate Hepburn](#)

Housing challenges in Hepburn Shire

Adequate housing for all residents is the foundation of a vibrant local economy and a thriving community. Housing affordability is a growing concern for the Hepburn Shire community. It is becoming harder for low-income households to find affordable rentals as rents are rising much faster than people's wages.

Across the Shire, there is already a low level of social housing, and demand outstrips supply. There is also lack of diversity in housing stock which means many people who require smaller homes are forced to pay for larger, more expensive homes, or people who want to live locally cannot find an appropriate home for their needs. Workers in tourism and other industries find it difficult to find suitable housing close to jobs in the Shire.

There is also a high proportion of short-stay rental accommodation properties, driven by a growing tourism sector. This leaves fewer homes available for long-term rental.

Recent data shows there is an unmet need for Affordable Housing across Hepburn Shire and housing affordability is declining. The key data indicators for the Shire are:

- The estimated unmet need for Affordable Housing in 2021 is 306 dwellings.
- 369 households in Hepburn Shire are in rental stress – that is 36.8% of all renting households.
- 228 people received Specialist Homeless Services in 2020-2021

- The number of new private rental lettings dropped by 58 dwellings, a 20% reduction in 2020-2021
- Only 10 rental lettings were affordable to low-income households in June 2022
- At least 10% of properties Hepburn Shire are listed on short-stay accommodation websites, by comparison 7.6% of properties are rented out as long-term leases.

The issues giving rise to demand for Affordable Housing are outlined in detail in section 6 of the Affordable Housing Background Report prepared by Hornsby & Co which can be viewed at [Affordable housing - a home in Hepburn Shire | Participate Hepburn](#)

Council has funded a project in its 2023/24 budget to undertake a review of the opportunities for, and what impact increased regulation of short-stay accommodation, would have. Council calls on the State Government to consider a statewide approach to short-stay accommodation regulation.

Some landlords of long-term rental properties have expressed concern to Council regarding increased costs of compliance with new rental legislation introduced in 2021 – these changes and associated costs have prompted some landlords to move their properties to the short-term market or sell.

State and local government processes surrounding building and planning approvals can be complicated, adding to cost of development and delays in construction. There is limited funding to assist local government to undertake strategic land use planning, which can have a positive and long term impacts on the availability of housing.

What type of housing is needed in Hepburn Shire?

Current data and community feedback highlight a need for more long-term rental properties in Hepburn Shire that are affordable to low- and moderate-income households, particularly one and two-bedroom homes. More affordable housing options for key workers are needed to support the local economy and essential services.

There is also a need for more social housing in Hepburn Shire. There is a relatively low provision of social housing in Hepburn Shire, 1.7% compared with an average of 2.6% for Victoria and 3.6% for Australia.

Crisis, emergency, and transitional housing provides a place where people can stay while they seek longer-term housing solutions. There is little to none of this accommodation in Hepburn Shire leaving people who are at risk, are experiencing homelessness or escaping family violence, particularly vulnerable. It is important to note that additional social housing is essential for emergency and transitional housing to operate successfully.

Affordable Housing should be located in existing townships and preferably within the walkable catchment.

Who funds Affordable Housing?

Most of the policy setting, legislation and funding to encourage more housing, or to deliver Affordable Housing, is the responsibility of the State or Federal Government.

A challenge for the delivery of additional Affordable Housing is that capital funding is uncertain and is a competitive process. This makes it difficult for community housing organisations or any other organisations including councils, to plan for developments, acquire or set aside land, design the site, and undertake the procurement processes for delivery.

The Victorian Government has made significant investments in social and affordable housing in the past few years through the Big Housing Build. The Federal Government has committed to increasing investment in social and affordable housing which may also provide a funding opportunity in the coming years.

In terms of housing affordability and the overall supply of housing, the amount of housing available to rent or buy is influenced by individual land and property owners, developers, all tiers of government, corporations or lending institutions.

I trust this information will assist the Committee with its deliberations on the rental and housing affordability crisis in Victoria. Should you require any further information about this matter please contact myself at bthomas@hepburn.vic.gov.au or 0419634128. I would also be willing to appear before the inquiry.

Yours sincerely,



Bradley Thomas
Chief Executive Officer