



Submission

RCV submission to the Legislative Assembly Environment and Planning Committee’s *Inquiry into the supply of homes in regional Victoria*

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Introduction

Rural Councils Victoria (RCV) represents 33 rural councils across country Victoria. Our focus is on issues relevant to smaller rural areas, some of which are isolated or sparsely populated.

Our membership does not include regional councils, so our focus is on issues relevant to smaller rural areas, many of which are isolated or sparsely populated.

Our members' experiences will also reflect those of many smaller rural and remote areas of Australia. One in nine Victorians live in rural communities and are served by a rural council.

In Victoria, 38 of the 79 councils are classified as 'rural', including a number on the urban fringe.

Victoria's rural councils are responsible for 79% of Victoria's land area and have a combined population of approximately 836,000 (ABS 2020) accounting for 12.5% of Victoria's population and 62% of Victoria's local roads network.

The impact of a dispersed and small population spread over a large geographic area presents several challenges for rural councils in meeting the needs of their communities. Not least being that rural councils have small rate bases and little access to substantial or helpful levels of 'own source' income.

Despite these challenges rural Victoria is a significant contributor to the national economy. Recent statistics shared by Agriculture Victoria highlight this:

- Victoria's gross value of agriculture production (GVAP) reached a new record high of \$20.2 billion in 2021–22.
- In 2021–22, Victoria accounted for 23 per cent of Australia's GVAP, making Victoria Australia's second largest agricultural producer after New South Wales (26%)

Housing availability and affordability is a significant concern across rural Victoria, affecting almost all communities.

Background

RCV has been a consistent advocate for more homes to be built in our communities and the support needed to achieve the increase in housing we need.

Housing is a significant concern across rural Victoria. Housing availability and affordability is an issue that is now affecting almost all communities across Australia. However, it has been a problem that rural communities and our members have been grappling with for years.

Rural Councils Victoria (RCV) commissioned a report in 2021 to better understand what was happening with housing across rural areas of the state. The report – [The Rural Victoria Housing Blueprint](#), prepared by SGS Economics & Planning – found that rural Victoria would need 87,400 new dwellings over the following 15 years, about 5,800 starts per year.

Failure to provide the extra homes could mean annual Gross Regional Product losses across rural Victoria of between \$200 million and \$1 billion, the report said. This report confirmed what many rural councils already knew, lack of housing was costing them and their communities.

Many rural councils have been advocating for support to increase housing availability in their communities, they understand that without housing, communities cannot flourish. Businesses cannot grow without workers, and workers cannot come without having a place to live.

The future of our unique and diverse rural communities is closely tied to being able to find solutions to the housing issues they currently face.

Housing is a significant priority for Rural Councils Victoria and at our 2023 Forum we held a [survey of our members](#) to understand what they see as the most significant issues and what are the blockers to addressing the housing issues in rural Victoria.

Following this work RCV identified the challenges and then launched our [Rural Housing Action Plan](#) that aims at addressing the major challenges facing rural communities in building more homes.

The future of our unique and diverse rural communities is closely tied to being able to find solutions to the housing issues they currently face.

The Problem

There are elements of this housing problem that rural and metropolitan communities experience and there are problems that are unique to rural communities.

Rural communities struggle to attract the capital investment and developers required to build new dwellings in their communities.

Even if there is interest to build, securing skilled labour locally or finding workers able or willing to travel a significant distance to undertake construction work is difficult.

Finally the even with the investment and the skilled labour often there is not the enabling infrastructure present to be able to build new homes. The approach to solving this problem needs to be multifaceted and designed to specifically meet the challenges of rural communities

Key Issues

1. Housing Supply and Availability:

Rural Victoria needs 87,400 new dwellings over the next 15 years, about 5,800 starts per year.

In response to our survey, our members overwhelmingly said that their biggest housing issue was the lack of housing supply and availability across all sections of the community.

The lack of homes is having detrimental effects across all sectors of the rural Victorian economy, particularly in agriculture, forestry, fishing, manufacturing, construction, education, training, hospitality, and health.

There is a serious shortage of rental properties for the seasonal workers who are vital to the production of the food that all Australians need.

Rural communities need more places for people to live. There also needs to be greater diversity in the types of accommodation being built or proposed.

Worker accommodation is a key issue, but there is also an ageing population in rural communities who want to stay in their homes and within communities. More housing that supports this type of living is also needed.

Rural and regional hospitals and health services struggle to find and retain staff because there are not enough family homes available. This makes it difficult to attract and retain health staff in rural and regional communities, let alone stay and raise a family.

There is a need to make sure new housing is suitable for different groups within our rural communities.

Housing that allows people to downsize and stay in their communities as they age, housing for families with children, housing at different prices to ensure people can afford suitable housing, housing that is available both to rent and to buy and housing available to workers coming into a region.

There is a serious shortage of rental properties for the seasonal workers who are vital to the production of the food that all Australians need.

2. Barriers to Housing Development:

As part of the RCV Rural Housing Survey we asked our members what the biggest blockers to addressing the housing issue in their communities was. The blockers were in three categories:

1. **Land – availability and preparation**
2. **People – ability to find qualified people**
3. **Regulation – state policy and regulation**

The number one blocker identified by our members was *Release of new land for development*. Nearly half of respondents, 48.6% nominated this as one of the main blockers to getting more housing in their community.

Making land ready for development was also high-ranking blocker, with 39.2% of respondents nominating this issue. This makes land-related blockers a significant issue at 85.8% of respondents nominating at least one of these issues.

There are many towns in rural Victoria that require infrastructure upgrades, especially sewerage, roads and power in order for land to be developed.

However the cost of these upgrades make it uneconomic for developers or private sector investment.

People or rather the lack of skilled people also featured significantly as a blocker to getting more houses built in rural communities and addressing housing issues. Both *Lack of planning staff* and *Availability of skilled workers, builders, trades etc.* had 47.3% of respondents select them as a key blocker.

State policy and regulation and the planning scheme/policy were also nominated highly amongst respondents with *State policy and regulation* at 43.2% and *Planning scheme/policy* at 35.1%.

Time was also a key theme with the length of time it takes to navigate the planning system, the responsiveness of government departments, the time it takes to obtain correct information, protracted community consultations and objection processes being highlighted.

The final area raised as a blocker was the Windfall Gains Tax, which can make it uneconomic for councils to rezone land to become residential housing.

The Solution

The main blockers identified by our members have informed the development of our Rural Housing Action Plan. The elements of this action plan are summarised below:

1. Rural Enabling Infrastructure Initiative: Connections to sewerage, water, energy

To promote the development of affordable rural housing, Rural Councils Victoria is advocating for the establishment of a Rural Enabling Infrastructure Initiative, tailored to rural areas.

Rural Enabling Infrastructure Initiative will encourage the construction of sustainable and well-planned housing developments by making land ready for development while keeping costs manageable for both developers and future rural homeowners.

Rural Enabling Infrastructure Initiative should include both subsidised infrastructure roll out and low interest loans.

2. Council Developer Support and Risk Mitigation: Bridging funds to help councils develop homes

A number of councils across rural Victoria have invested in developing homes in their communities but it is hard to do successfully without adequate government support.

As part of the Rural Housing Facilitation Plan, RCV calls on governments to deliver a Council Developer Support and Risk Mitigation program tailored to rural development projects. This will help rural councils to develop land themselves and mitigate the risks associated with doing so.

This approach will encourage more councils to develop land, attract more interest from other investors and increase the overall supply of affordable homes in rural communities.

3. Rural Housing Expertise and Capacity Building: Project implementation and oversight

Adequate staffing and expertise are crucial to the success of the Rural Housing Facilitation Plan. Rural Councils Victoria urges policymakers to invest in Rural Housing Expertise and Capacity Building.

This investment would ensure that rural councils are able to attract and retain qualified professionals who understand the unique challenges of rural housing development. Expert staff will ensure efficient project implementation and proper oversight in rural communities.

4. Rural Housing Policy Reform: Streamline housing approvals

Rural communities need comprehensive planning reforms aimed at streamlining rural housing approvals. Rural Housing Policy Reform would focus on expediting the development-approval processes for homes in rural areas.

This would reduce delays and costs, and make it easier for developers to participate in rural affordable housing projects.

5. Targeted Rural Housing : Specific funding to deliver rural homes

There needs to be specific funding for Targeted Rural Housing Solutions to address the unique housing needs of rural communities.

Rural Councils Victoria is calling on government to support projects that specifically provide housing for critical groups such as rural low- income individuals and families, key workers, seniors, and women who are disproportionately affected by rural housing challenges.

Conclusion

Rural communities need more housing across all sections of the community and rural councils need support to address the barriers currently blocking the way for more accommodation to be built in their communities.

To address the housing availability, rural councils need support to be able to release more land, greater funding for enabling infrastructure, help to attract the staff to undertake the planning and bring in the skilled tradespeople to build the houses.

Our work shows that many rural councils are already trying to find ways to address housing issues in their communities with over half 54.1% having a Housing Strategy, 43.2% having advocated to the state government on housing issues and 40.5% indicating they conducted research on how to address the housing shortage.

What rural councils and rural communities need now is action and support.

They need a regulatory and planning scheme that is appropriate and considers what is needed in rural communities.

Fixing the housing crisis cannot be a one-size-fits all approach.

There needs to be funding for projects, to overcome the smaller markets and rates of return in rural areas and the need to bring in skilled tradespeople. There also needs to be assistance to rural councils to be able to access the right people to get houses planned and built.

Councils need skilled surveyors, planning staff and many currently do not have the capacity or ability to attract these kinds of staff.

Rural Councils Victoria believes that with the right support and investment, rural communities can thrive and grow.

We urge the Committee to consider the unique challenges faced by rural communities and to support the proposed solutions to promote housing growth in these areas.

RCV believes that our diverse rural communities are wonderful places to live and visit and with investment in housing our communities will continue to grow and prosper.

Fixing the housing crisis cannot be a one-size-fits all approach.