



# City of Ballarat Draft Diverse and Affordable Housing Discussion Paper

City of Ballarat

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# Snapshot

The City of Ballarat is a diverse community made up of people with different backgrounds, culture, family type, age and occupation. Ballarat is growing with this growth accompanied by demographic changes, declining rental affordability, and lower rates of home ownership. As the population diversifies, so do the housing needs.

Rising house prices and rents and historic underinvestment in social and affordable housing have led to an increase in the number of households experiencing housing stress in the community. Half of all renters in Ballarat are experiencing housing stress and need some form of affordable housing assistance. Meanwhile, limited diversity in the housing supply means that many households are not well matched to the dwellings they live in. Current estimates indicate that need for housing assistance could increase from 6,686 households in 2021 to 10,850 households in 2041, with the shortfall in social housing stock rising from over 5,021 dwellings and to over 9,185 by 2041 (taking into considering the existing stock of social housing in the municipality).

In response, the City of Ballarat has developed a Diverse and Affordable Discussion Paper. This paper makes a clear case for taking action for greater supply of diverse housing forms and more affordable housing provision in Ballarat. It recognises there is a growing role for local governments, especially in regional Victoria, to help address this need.

PURPOSE	This paper sets out a framework for Ballarat Council to support the provision of more diverse housing, including additional social and affordable housing in the city.
Outcomes	<ul style="list-style-type: none"><li>– Better housing diversity that suits community needs</li><li>– Increased affordable housing supply</li><li>– Greater State and Federal Government investment and leadership</li><li>– More effective partnership arrangements with community housing providers and developers</li><li>– Improved community support for affordable housing</li><li>– Established role for local government in the space as an advocate for residents</li></ul>
TIER 1	<u>Facilitating efficient housing markets</u> Activity under this tier ensures planning and development control systems are efficient so that the supply side of the market can respond as smoothly as possible to local demand.
TIER 2	<u>Facilitating social and affordable housing supply</u> Activity under this tier would see Council take a strong advocacy position in favour of social and affordable housing backed by a well-articulated policy and strategy.
TIER 3	<u>Investing in affordable housing</u> Under this tier, Council itself becomes a direct agent of social and affordable housing supply, investing ratepayer funds and other assets (such as land) to this end.

# 1. Introduction

The City of Ballarat has a vision for a proud city that is bold, vibrant, and thriving; a place that supports and values its community, has a unique sense of identity, and is flourishing, prosperous and progressive. Council is taking action to ensure that this vision for 2041 is realised and recognises that diverse and affordable housing is an essential ingredient in achieving success.

## 1.1 Context

Over the next decade, Ballarat's role as services hub for the western regions of Victoria will become increasingly important. Key strategic projects are underway, or complete, including the development of GovHub, the Ballarat Station Precinct Redevelopment, Bakery Hill and Bridge Mall Precinct Renewal (underway), and plans for the Creative City Precinct. These projects are transformative for the city and particularly the CBD.

These projects will attract new residents and workers, boost economic growth, and solidify Ballarat's reputation as a beautiful, vibrant and progressive city. There is a need to ensure that the benefits of future growth are shared equitably across the community and that action is taken to cement Ballarat as a welcoming, inclusive and diverse place. Enabling a ready supply of diverse and affordable housing has a central role to play in achieving this.

The City of Ballarat has expressed a commitment through its long-term plan for growth and change, the Ballarat Strategy, to delivering "affordable and diverse housing appropriate for an ageing and changing community"; identifying opportunities to facilitate efficient housing markets and increase the supply of social and affordable housing.

The Council Plan 2021-2025 reflects these ambitions, noting Council's role in facilitating increased investment in new social and affordable housing by collaborating with Homes Victoria and housing providers. The Plan also recognises infill development as an opportunity to rebalance growth in Ballarat alongside new growth areas.

The Social Policy Framework also articulates the City of Ballarat's position on key social issues, including affordable housing. A position statement on affordable housing has been delivered as an outcome and the document. Council is also in the process of preparing a new municipal Housing Strategy for 2023 and beyond.

Ensuring that housing in Ballarat is diverse (in terms of size, type, location, tenure) and affordable to cater to demographic and life cycle changes, offers many benefits. These benefits are felt not only by people who are provided with a secure, appropriate home or alleviated from housing stress, but also take the form of avoided social costs to the broader community and government and enhanced economic productivity.

Some of these benefits include improved community wellbeing, greater capacity of business and social innovation, improved economic competitiveness, and a host of health, education, and social inclusion

benefits. These benefits accrue not only from the provision of secure and affordable housing, but from the choice and agency it enables people; with diverse housing, populations can choose to move into appropriate housing within their community. This is increasingly important for the nation's ageing population who benefit from the choice of moving into more suitable (smaller, more accessible) housing but staying in their community, close to their social networks.

Traditionally, the Federal and state governments have held primary responsibility for investing in and delivering social and affordable housing, with the efforts of local governments primarily directed towards ensuring the smooth supply of private housing through the planning and approvals process. However, recent investment in social and affordable housing by higher levels of government has been vastly inadequate to meet increasing need.

There is a growing appetite from local governments across the state to engage with the issue of housing affordability in the context of the changing, yet inadequate, state and Federal Government policy environment. Recent legislative and policy changes by the state government have 'opened the door' for local councils to play a greater role in social and affordable housing provision.

These include:

- Release of the first ever integrated housing policy for the state – Homes for Victorians (HfV) – by the State Government in March 2017.
- Inclusion of a stronger focus on and commitment to social and affordable housing in the refreshed metropolitan planning strategy, *Plan Melbourne 2017-2050*.
- Amendment of the Planning and Environment Act 1987 (the Act) to put beyond doubt that land use and development regulation in Victoria may be applied for the generation of affordable and social housing supply.

The state government has also made a series of investments and policy changes. Most significantly, the Victorian Government's Big Housing Build – announced in 2020 as a stimulus response to the COVID-19 pandemic – allocates \$5.3 billion over four years to build over 12,000 dwellings (9,300 of which will be new social housing). Of the \$5.3 billion budget, the State has guaranteed a minimum investment of \$80 million towards social and affordable housing in the City of Ballarat.

Infrastructure Victoria's *Infrastructure Strategy 2021-2051* includes a recommendation to "Use value-capture mechanisms to deliver very low income housing" (recommendation 36), where planning regulations can be used to place mandatory conditions on land use to deliver a proportion of affordable housing during the rezoning process, to capture the windfall value of rezoning proposals.

Most recently, the Victorian Government launched a 2021 discussion paper on the development of a 10-year social and affordable housing strategy. This plan signals a new approach to shared planning and co-contributions - for example, the opportunity and expectation of councils and community groups contributing equity (land) to social housing projects. It also signals opportunities for new partnerships between state and local government through a 'Social and Affordable Housing Compact', the preparation of which is being led by the Municipal Association of Victoria (MAV).

While the Big Housing Build will provide a much-needed capital injection to Victoria's social housing stock in the coming four years, the program does not include land acquisition and also proposes local government provide other subsidies such as rate exemptions.

These changes provide indication that the housing policy ‘ship is beginning to turn’ in Victoria, with increasing scope for local governments to do more to tackle this issue.

## **1.2 Purpose and development of this paper**

This paper sets the context for Ballarat City Council to support the provision of diverse housing, including additional social and affordable housing in the City.

It outlines the current state of play of housing in Ballarat. It provides insights into recent growth and change in the City, existing and forecast need for more diverse and affordable housing products and identifies the many positive outcomes that can be realised through direct and affirmative action on this issue.

This Paper recognises that the City of Ballarat is only one actor with a role to play in providing improved housing outcomes. State and Federal governments have shared responsibility for ensuring access to social and affordable housing in Australia. Local government can play an important role, showing leadership in responding to this major public policy issue as the level of government closest to the community, albeit with limited policy mechanisms at its disposal. The City of Ballarat’s role is to help facilitate the provision of affordable housing and advocate to state and Federal government for appropriate action on behalf of the Ballarat community.

## **1.3 Process for developing this paper**

This Diverse and Affordable Housing Discussion Paper has been prepared following several stages of detailed background analysis and stakeholder consultation.

Background research examined existing Federal, state and local government policy relevant to planning for diverse and affordable housing in Ballarat; analysed Ballarat’s future housing needs and including need for diverse and affordable housing, and reviewed literature exploring the benefits of providing improved housing outcomes for local communities.

In addition, consultation was undertaken with stakeholders currently working or engaged with the housing development and housing services industries. Activities included targeted, one-on-one interviews as well as an extended workshop with representatives from the following organisations:

- |                             |   |
|-----------------------------|---|
| ▪ Wintringham               | ▪ Department of Health and Human Services |
| ▪ Community Housing Limited | ▪ Hygge Property Group                    |
| ▪ Uniting Ballarat          | ▪ PRP Property and Valuers                |
| ▪ SalvoConnect Ballarat     | ▪ Elmstone Property Group                 |
| ▪ St John of God Hospital   | ▪ City of Ballarat                        |
| ▪ Common Equity Housing     | ▪ Ballarat Health Services                |
| ▪ CatholicCare Vic          | ▪ Federation University                   |

Interviews and workshops sought to expand on the findings of the detailed technical analysis to explore the lived experience of the nature of demand for housing in Ballarat; current and changing need for social and affordable housing; barriers and limitations to the provision of social and affordable housing, and suggestions for overcoming barriers to increasing supply.

## 1.4 Important definitions

Policy makers, housing providers, analysts and others have adopted many different definitions of affordable housing. This section defines a practical and precise definition for identifying the need for affordable housing in the City of Ballarat and how Council might address that need.

<b>Housing diversity</b>	Refers to the range of types of housing in a city or neighbourhood. Housing diversity includes houses of different types (apartments, detached, units), sizes (one, two or three bedroom), tenure (rental, mortgaged or owned outright) and locations. Diverse housing is needed to support different households and their preferences for housing.
<b>Housing affordability</b>	The general cost of housing relative to incomes.
<b>Affordable housing</b>	Housing that is appropriate for the needs of a range of very low to moderate income households, and priced so these households are able to meet their other essential basic living costs. The specific forms and models of affordable housing are many and varied and may be targeted to particular groups in need.
<b>Private affordable rental housing</b>	Housing that is affordable and provided on the open market without any government subsidy.
<b>Social housing</b>	A subset of affordable housing, typically referring to housing that is owned by government or a not-for-profit organisation (Housing Associations or Housing Providers which are collectively referred to as 'Registered Housing Agencies') and made available at affordable rents for eligible households.
<b>Public housing</b>	Housing owned and managed by the Director of Housing (through the Department of Health and Human Services DHHS). The Government provides public housing to eligible disadvantaged Victorians including those unemployed, on low incomes, with a disability, with a mental illness or at risk of homelessness.
<b>Community rental housing</b>	Housing owned and operated by Registered Housing Agencies. This form accommodates a broader range of households than public housing – both high needs households that have very little or no income as well as some households that can afford to pay higher rents that may, in some instances, be much closer to market rents.



Some include models designed to help people purchase a home in the affordable housing spectrum.

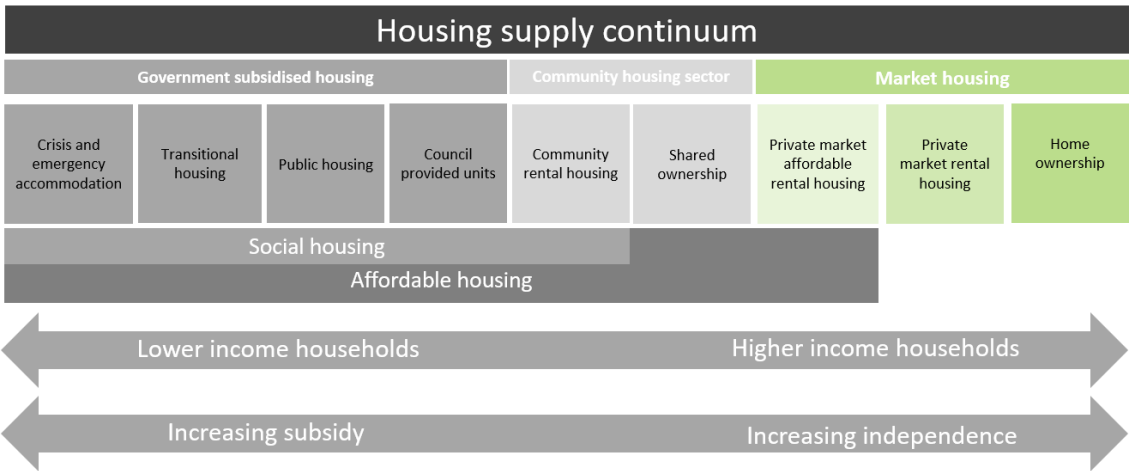
**Affordable home ownership**

Housing that is purchased or rented through the private market without direct involvement of government. Government can, however, provide financial assistance towards purchasing a home or rent, e.g., the First Home Owner Grant.

Affordable homeownership is not the focus of this work due to the factors influencing housing purchase affordability being generally outside of the purview of local government responsibility.

It is useful to think of the various types of housing described above as forming a housing supply continuum where the level of assistance or subsidy required is highest at one end of the continuum, progressively decreases at the other. This concept is illustrated below in Figure 1.

**FIGURE 1: HOUSING SUPPLY CONTINUUM**



Source: SGS Economics and Planning (2022)

### 1.5 Structure of this paper

The rest of this Paper includes the following sections:

- **Section 2** tells Ballarat’s housing story; providing an overview of how the City’s population has changed and is changing, and what this means for the types of housing that are needed in the future.
- **Section 3** outlines the many benefits that can be realised by ensuring that Ballarat’s housing stock is appropriately diverse and affordable to meet needs.
- **Section 4** outlines the role of state and federal government, alongside the City of Ballarat’s responsibilities, to deliver affordable and diverse housing.

## 2. Ballarat's Population and Housing Story

The population of Ballarat is forecast to grow significantly over the next 20 years. This growth presents a great opportunity for Ballarat to enhance the vibrancy of the local economy and cultural life of the City. However, as Ballarat's population increases there will be a need to ensure that the benefits of growth are captured and shared equitably.

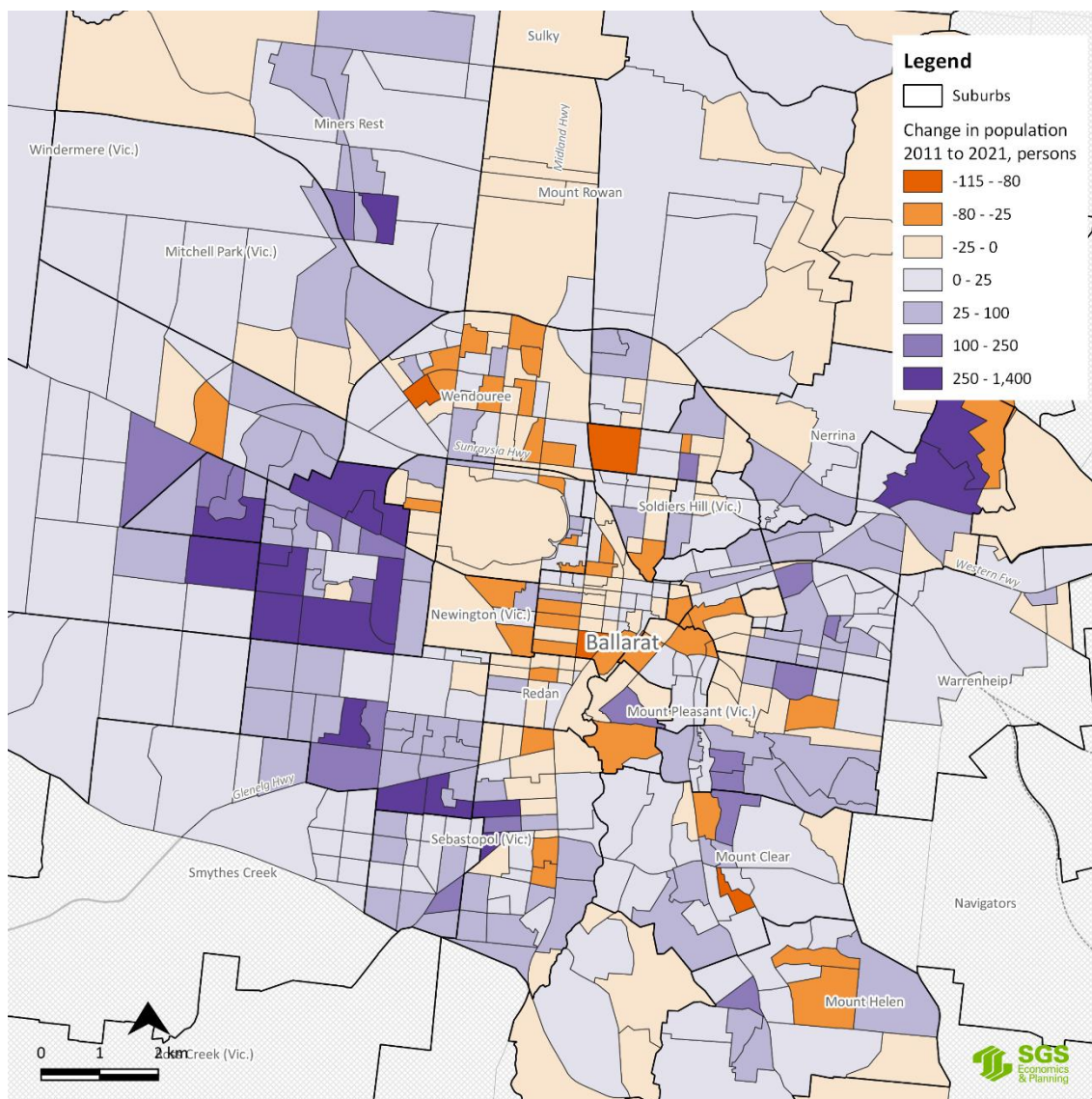
### 2.1 Growing Ballarat

Ballarat is growing. Between 2011 and 2021 the population of Ballarat increased by 19 per cent (18,297) or, on average, 1.8 per cent per year (ABS, 2021). Significant growth is expected over the next 20 years from 2021 to 2041.

The continuing rise in Ballarat's population is in line with broader population trends, including immigration-driven growth at the state and national level (albeit having stalled during the COVID-19 pandemic), the increasing movement of rural populations into larger regional centres, the growing attractiveness of the 'tree change' lifestyle for city dwellers (particularly during the rolling lockdowns of metropolitan areas implemented to curb the spread of COVID-19), and state government policy encouraging decentralisation of key services from metropolitan Melbourne.

Much of this new growth has been accommodated in Ballarat's greenfield areas on the western edge of the city, with only modest increases in population in other areas, and even decline in the inner suburbs and CBD. This is despite the CBD and surrounding suburbs supporting the best access to education, jobs, public transport, and services. Figure 2 below shows recent patterns of population growth in Ballarat.

**FIGURE 2: POPULATION CHANGE IN BALLARAT 2011-2021**



Source: SGS Economics and Planning (2022)

While the pattern of strong growth in greenfield areas is to be expected, population decline in the central city has occurred despite some of Council's most significant policies advocating for increasing residential development in the City's service-rich centres and established areas.

A fundamental platform of the City's long-term land use plan, *The Ballarat Strategy*, is the '10 Minute City' concept, which reflects the aspiration of the Ballarat community to maintain existing levels of access to destinations and services as the city grows over time. Central to 10-Minute City is support for new housing development in locations and forms that contribute to a compact city, including within the CBD and close to public transport corridors. The strategy includes an ambition to increase infill development to 50 per cent by 2041.

Residential development in the central areas of Ballarat also underpins many of Council's other policy ambitions identified in:

- Bakery Hill Urban Renewal Plan
- Making Ballarat Central: The CBD Strategy
- Creative City Strategy

<p><i>“Undertake a major program to encourage residential land use and development in the CBD, based on Melbourne City Council’s ‘Postcode 3000’”</i></p> <p><b>Making Ballarat Centre: The CBD Strategy</b></p>	<p><i>“Bakery Hill will be promoted as a great place to live for all people. Facilitate greater residential densities and diversity across the Precinct, including shop top housing, apartments, townhouses, student accommodation, hotel/serviced apartment accommodation and SOHO (Small Office/Home Office) development.”</i></p> <p><b>Bakery Hill Urban Renewal Plan</b></p>
<p><i>“Explore options for a Developer Contributions Scheme and/or a Floor Area Uplift Scheme to direct towards public benefits associated with the creative city strategy - such as public art, affordable housing and or live/work spaces for artists.”</i></p> <p><b>Creative City Strategy</b></p>	<p><i>“A cultural and policy shift to increase residential living and development in the CBD is a crucial enabler to improving the viability of frequent public transport services, business, cultural and entertainment activity, and growth in the walking economy”</i></p> <p><b>The Ballarat Strategy</b></p>

## 2.2 Changing Ballarat

### People and households

Not only is Ballarat growing, but the population is also diversifying. Growth in the number of retirees (people aged over 65) is expected to be higher than that of all other service age groups. This high rate of growth will see retirees increase from approximately 19 per cent to 23 per cent of the total population by 2041.<sup>1</sup> The cohort of people in Ballarat over the age of 65 are undoubtedly a diverse group with varying housing needs and desires. Many older people will maintain good health well into old age, but our needs can and do change as we age physically, cognitively, and financially. As such, consideration of age-friendly environments is less about age as a number (chronological age) and more of a needs-based concept (biological age).

The ageing population brings with it a greater need for housing diversity; older people often need to move into smaller, more “age-friendly” houses but need wish to stay in their community (age in place). “Age-friendly housing” is generally defined as housing that is:

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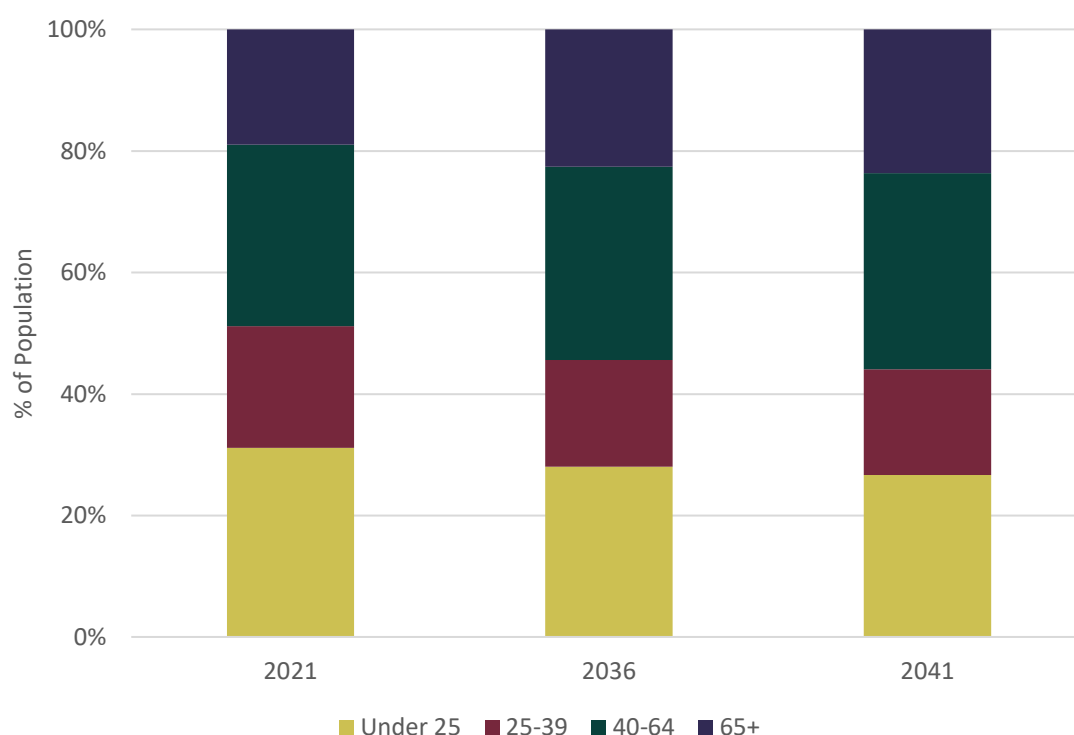
<sup>1</sup> SGS Economics and Planning (2023), Housing Needs Analysis

- **Affordable:** Housing that is affordably priced, offers security of tenure and can be reasonably run and maintained.
- **Well-designed:** Housing is accessible, easily modified, thermally efficient, secure, and supports sociability.
- **The right size and in the right location:** Housing is located within easy access of daily needs, provides the right amount of space and enables downsizing.

This is explored further in section 3.1.

In contrast, the total share of high-school aged children and working age adults is expected to decrease by 2041 (see Figure 3). However, this will not be true across the LGA; in certain areas there are higher birth rates, and the spatial pattern of population varies according to age cohort (see Figure 4).

**FIGURE 3: POPULATION CHANGE BY AGE, 2021-2041**

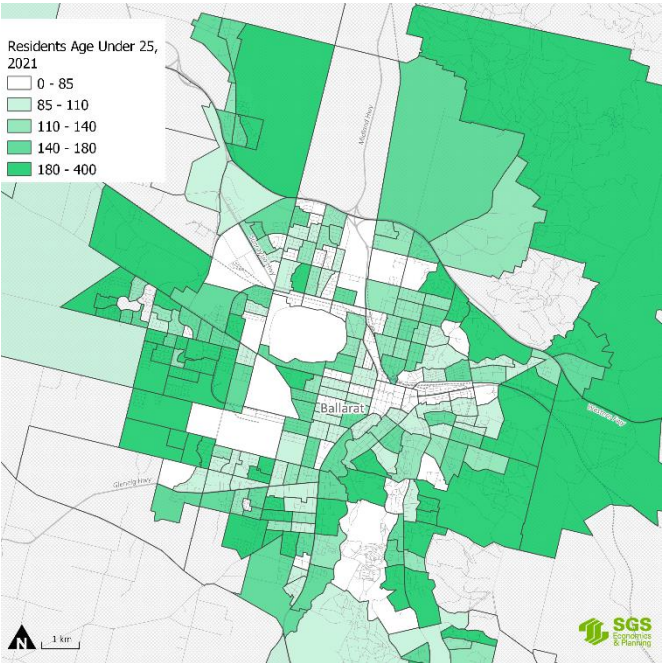


Source: SGS Economics and Planning (2023)

Figure 4 shows that people aged over 65 have a greater tendency to live in the inner and more established parts of Ballarat, such as in the suburbs of Lake Wendouree, Ballarat North and Ballarat East. In comparison, Figure 5 indicates that younger people (those aged under 25, as an example) are more likely to live in the less central but more affordable areas of the City, such as the townships and suburbs of Miners Rest, Invermay Park, Sebastopol, and Alfredton. Looking at these age cohorts illustrates the spatial distribution of 'young' and 'old' but is not a definitive insight into the age diversity of Ballarat; within these cohorts are individuals with a wide array of needs and desires.

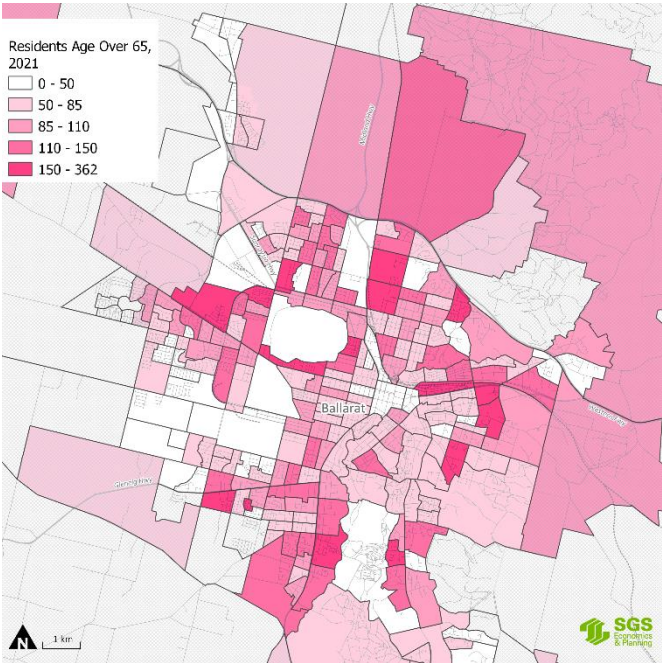


FIGURE 4: DISTRIBUTION OF RESIDENTS UNDER 25, 2021



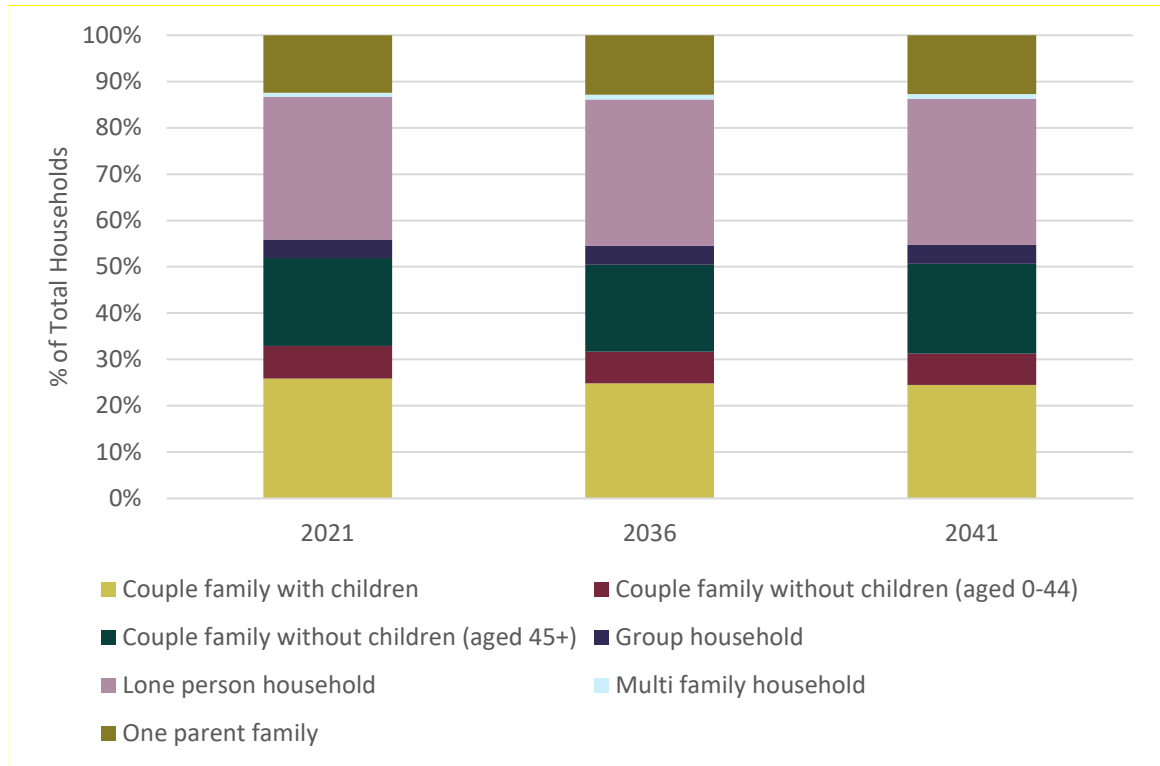
Source: SGS Economics and Planning (2023)

FIGURE 5: DISTRIBUTION OF RESIDENTS OVER 65, 2021



When breaking down population growth into household types, lone households are expected to make up the largest cohort; followed by couple families without children and couple families with children. This breakdown is demonstrated in the Figure overleaf.

**FIGURE 6: POPULATION BY HOUSEHOLD COMPOSITION, 2021-2041**



Source: SGS Economics and Planning (2023)

Note: excluded from this chart are households classified as 'other' and 'non classifiable households'

These patterns of household growth are largely in line with broader national and state-wide demographic trends (i.e. ageing population) and changes to the ways that groups and families form households.

## 2.3 Housing in Ballarat

Background research undertaken in preparation of this paper found that different household types have different preferences for housing. While most families with children in Ballarat live in detached houses, families with no children and lone person households have a greater tendency to live in townhouses, apartments, and units. Indeed, these smaller and alternative forms of housing are showing increasing popularity over time for all household types (including families with children).<sup>2</sup>

<sup>2</sup> City of Ballarat (2019), Ballarat Diverse and Affordable Housing: Background Paper.

Given the trend toward increasing numbers of lone person households and couple families without children, and the emerging popularity of apartments and units in Ballarat, there is likely to be increasing demand for a greater diversity of housing in the future.

Despite Ballarat's changing community, recent housing development in Ballarat continues to be dominated by separate, three- to five-bedroom houses. The established and increasing provision of these larger dwelling types appears to be inconsistent with emerging needs given the City's changing demographics.

Figure 7 and Figure 8 compare the general distribution of dwellings in Ballarat with the distribution of housing that is classified as underutilised. Underutilised housing is here defined as dwellings with more than three spare bedrooms.

There are a range of reasons that may contribute to people choosing to live in properties that are too big, including for family reasons (planning to have children or keeping bedrooms spare for visitors), taxation reasons, and the relative affordability of building a large house in a suburban location in Ballarat. Underutilised housing places upwards pressure on house prices and contributes to poor affordability outcomes.

Many underutilised houses can also indicate a lack of suitable alternatives; a shortage of suitable, smaller housing may prevent people from downsizing. This is especially an issue for retirees, particularly older women, who may wish to downsize but want to stay in their local community. Suitably sized and designed dwellings, that meet the needs of older people and people with disabilities, allow people to move into appropriate dwellings without leaving their community and severing ties to social networks.

Figure 8 shows that concentrations of underutilised houses exist in new greenfield areas and older, central areas of the city that have a higher proportion of older residents.

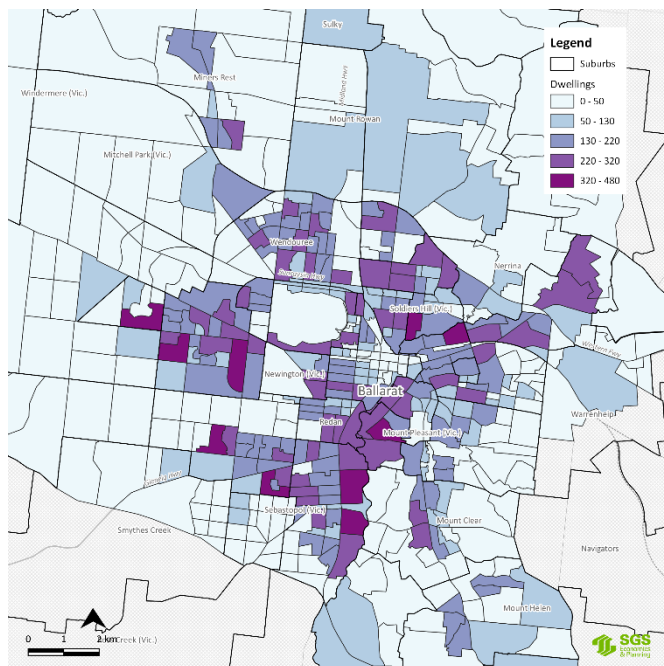
Past research undertaken by Council found that the development of a range of different housing types (including single-storey; 'villa' houses and townhouses) are achievable across many areas in Ballarat, and that larger, two-storey, medium-density apartments and laneway houses are feasible in the central areas (including Ballarat Central and Soldiers Hill). Despite this, built examples of alternative or innovative types of housing are relatively limited.

*"There is an acute need for one-and two-bedroom housing stock. There are cross-sections of people requiring smaller housing stock, including older, single women and middle-aged men."*

- Stakeholder consultation,  
Community Service Agency

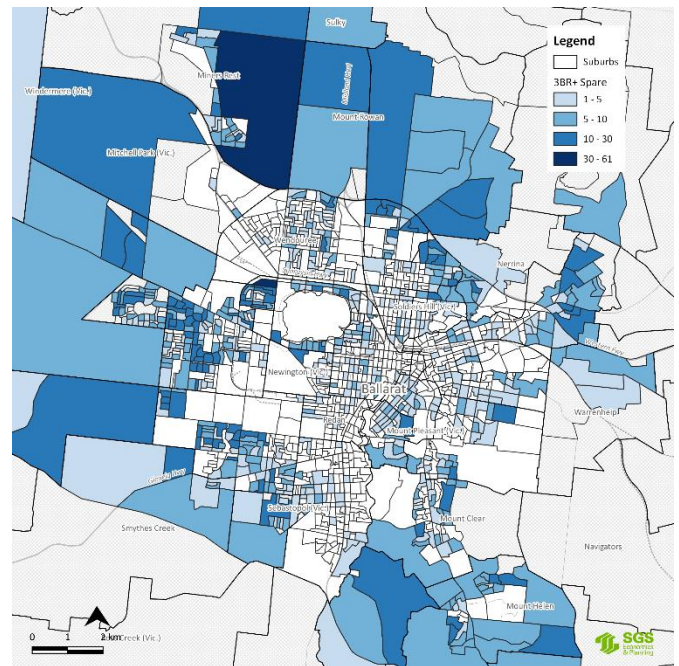


**FIGURE 7: DISTRIBUTION OF DWELLINGS, 2021**



Source: SGS Economics and Planning (2022)

**FIGURE 8: DISTRIBUTION OF DWELLINGS WITH MORE THAN THREE SPARE BEDROOMS, 2021**



## House prices

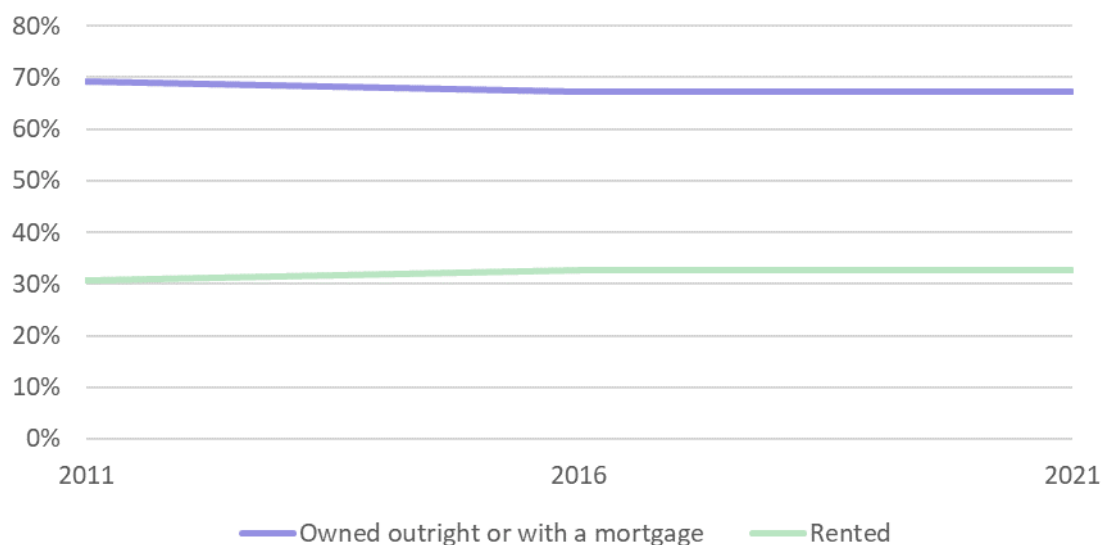
The purchase price for homes in Ballarat increased between 2006 and 2016 at a rate of 4 per cent per year, while growth in the median household income has remained relatively stable (growing at 1.6 per cent per year between 2006 and 2016). As a result, homeownership is becoming an increasingly difficult aspiration for many, particularly for lower- or single-income households.

Property price growth has continued to outstrip income growth since 2016. Like many parts of regional Victoria, Ballarat has seen a property price boom since the onset of the COVID-19 pandemic, driven by migrants to the regions, Federal and state government housing stimulus programs, and better access to finance with the lowest interest rates on offer since the establishment of the RBA. The median dwelling price in regional Victoria rose by 30 per cent over 2020 and 2021. Similarly, the median house price in the City of Ballarat reached over \$560,000 in 2021, rising by 29 per cent between 2020 and 2021.<sup>3</sup>

This rapid growth in house prices means that homeownership is moving out of reach for more and more households, resulting in an increasing number of people continuing to rent rather than buy. Figure 9 shows the decreasing share of households who own their house outright or with a mortgage and the increasing share of rental households in Ballarat.

<sup>3</sup> Valuer-General Victoria (2022) Victorian Property Sales Report.

**FIGURE 9: SHARE OF DWELLINGS OWNED OUTRIGHT OR RENTED, 2011-2021**



Source: SGS Economics and Planning 2022 (ABS, 2021)

Rents are also increasing at a rapid rate. The median rent in Ballarat in 2006 was \$195 per week. In March 2016, the median weekly rent price had risen to \$270 and by March 2021, it had reached \$350.<sup>4</sup> This is an increase of 4 per cent per year over the last 15 years. This pace of rental price growth is comparable with other major regional centres such as Bendigo, and only slightly lower than that for inner metro Councils including the City of Melbourne (where rental prices have risen at 5 per cent per year over the same period).

This growth in rents is increasingly placing pressure on rental households, particularly those reliant on welfare income such as Newstart or the retirement pension. In Ballarat, fewer and fewer properties are available for these groups (this is discussed further in the following section).

Consultation with stakeholders in the community housing, real estate and development sectors has revealed that rental vacancies in Ballarat are low, contributing to increasing competition for rental housing, higher rents, and additional difficulties for lower income households in securing housing. At the time of writing, vacancy rates have reached record lows since the onset of the COVID-19 pandemic. Across regional Victoria, the rate is currently only 1 per cent, with a similar rate recorded in Ballarat.<sup>5</sup>

Industry stakeholders also acknowledge that continuing population growth and the realisation of key strategic

*“The rental market in Ballarat area is exceedingly tight. There is a big push from State Government to relocate government departments here. This will put more pressure on the rental market as new people moving into rental accommodation will just bump unaffordability down the line”.*

- Stakeholder consultation, Community Service Agency

<sup>4</sup> Homes Victoria Rental Report – March Quarter 2021: [www.dhhs.vic.gov.au/past-rental-reports](http://www.dhhs.vic.gov.au/past-rental-reports)

<sup>5</sup> Ibid.

projects – including the GovHub development - are likely to result in further demand and competition for rental housing.

## 2.4 Rental stress in Ballarat

### Rental stress in 2021

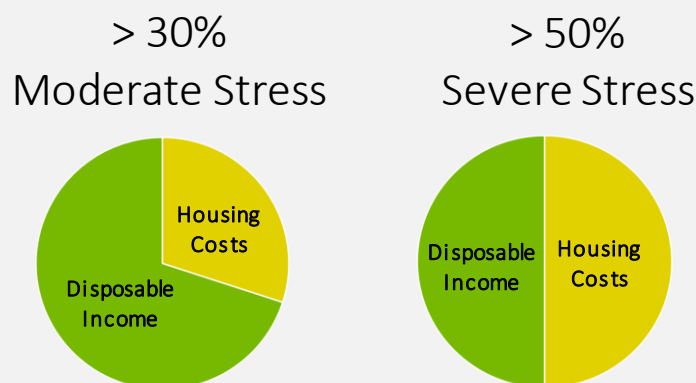
#### WHAT IS RENTAL STRESS?

Rental stress is the situation where a moderate (or lower) income household's rental payments are so high that they must sacrifice on life's necessities such as food, health care, or education.

**Moderate** housing stress is when a household must spend more than **30 per cent** of their net income on rent.

**Severe** housing stress is when a household must spend more than **50 per cent** of their net income on rent.

Affordable housing is appropriate for **very low, low, and moderate-income households** in rental stress. It is not appropriate for high-income households because high housing costs are unlikely to impact their ability to pay for necessities.



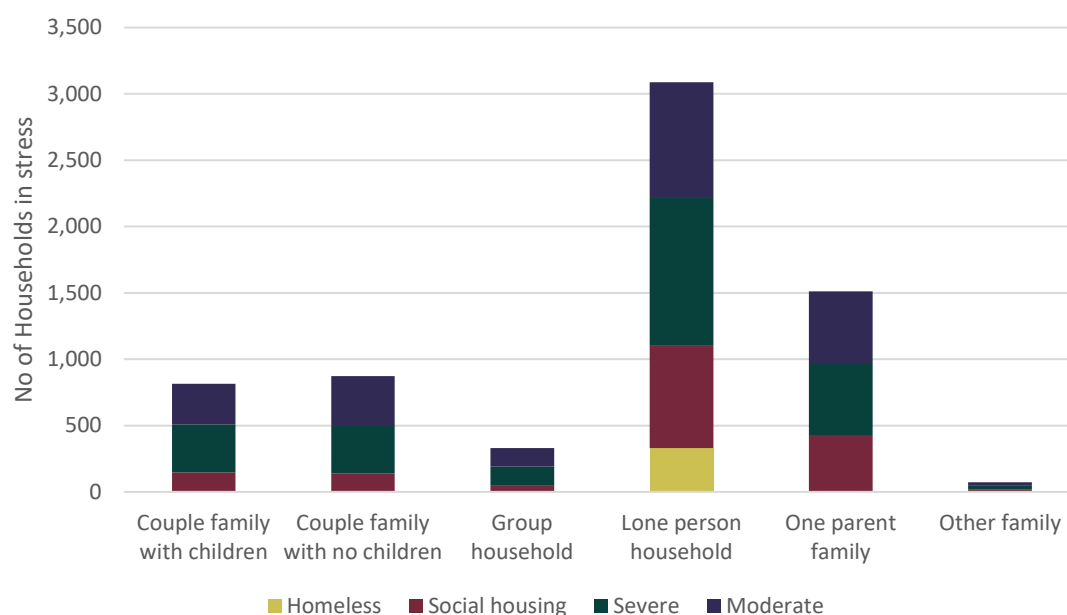
Rapidly rising rents are contributing to a growing number of renter households and families in Ballarat experiencing rental stress.

High house prices and rising monthly mortgage repayments are likely contributing to an increasing number of households experiencing mortgage stress. However, addressing mortgage stress requires policy solutions that are typically outside of the control of local government. As a result, this report is primarily focused on rental stress in Ballarat, and as such is an underestimate of the total extent of total housing (rental and mortgage) in the City.

SGS modelling reveals that in 2021 there were over 6,686 households in Ballarat in rental housing stress. This represents 14 per cent of all households and 42 per cent of renter households.

Figure 10 shows the number of households experiencing severe and moderate housing stress in Ballarat broken down by household type and income. It shows that lone person households in Ballarat are among the cohorts who experience the most housing stress (severe and moderate) at over 1,980 households, equivalent to 11 per cent of all lone person households in the LGA (SGS, 2022). Similarly, one parent households experience a high level of housing stress (severe and moderate) at 1,089 households, equivalent to 15 per cent all of one parent households in Ballarat. Owing to this susceptibility to severe housing stress, these household types (one parent, lone person, and group households) are also more likely to be in social housing than other household types.

**FIGURE 10: HOUSEHOLDS EXPERIENCING RENTAL STRESS BY TYPE, 2021**



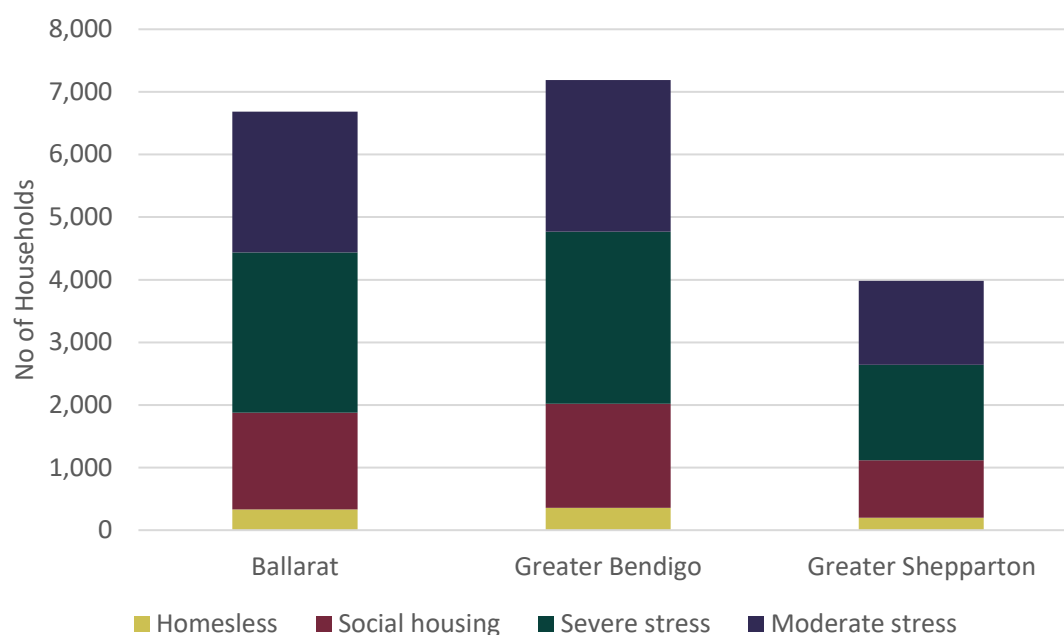
Source: SGS Economics and Planning (2022)

There was an estimated 332 people experiencing homelessness in Ballarat in 2021 – 1 per cent of all households. This includes people living in improvised dwellings, tents or sleeping out, as well as those in supported accommodation; temporarily staying with other households; living in boarding houses; persons in temporary lodgings; and persons living in severely crowded dwellings.

It is worth noting that the ABS survey typically undercounts the prevalence of homelessness so the number in Ballarat may be higher than shown (consultation with frontline housing service providers undertaken for this study highlighted that this figure, suggested by the ABS definition, was indeed likely an undercount). The homeless population has also been reported to have increased significantly since the onset of the COVID-19 pandemic.

Figure 11 shows that Ballarat has a similar, or higher, level of housing stress than comparable Local Government Areas.

**FIGURE 11: COMPARING MEASURED NEED FOR AFFORDABLE HOUSING, 2021**



Source: SGS Economics and Planning (2022)

### Rental stress in 2041

Without significant intervention, the number of households in rental stress will continue to grow. By 2041, this could rise by over 62 per cent to over 10,850.

In the next 20 years, there could be over 4,400 lone person households and over 15,400 very low-income households in rental stress. Lone person households and one parent families are highly likely to be in rental stress, and severe housing stress in particular. The number of people experiencing homelessness in Ballarat is expected to rise to 428 persons by 2041 (SGS, 2023). Although given the limitations outlined above, this is likely a conservative estimate.

**TABLE 1: RENTAL STRESS BY INCOME, 2041**

Income level	Homeless	Social housing	Severe rental stress	Moderate rental stress	Total
Very low income	428	1,665	3,809	57	5,959
Low income	0	0	2,891	93	2,984
Moderate income	0	0	1,810	97	1,907
<b>Total</b>	<b>428</b>	<b>1,665</b>	<b>8,510</b>	<b>247</b>	<b>10,850</b>

Source: SGS Economics and Planning (2022)

**TABLE 2: RENTAL STRESS BY HOUSEHOLD TYPE, 2041**

Household type	Homeless	Living in social housing	Severe rental stress	Moderate rental stress	Total households in housing stress
Couple family with children	-	159	1,240	42	1,441
Couple family with no children	-	150	1,079	29	1,258
Group household	-	50	557	18	626
Lone person household	428	834	3,091	99	4,453
One parent family	-	454	2,209	46	2,709
Other family	-	18	334	12	364
<b>Total</b>	<b>428</b>	<b>1,665</b>	<b>8,510</b>	<b>247</b>	<b>10,850</b>

Source: SGS Economics and Planning (2022)

### Housing low income groups

Table 3 and Table 4 shows the expected total demand for dwellings by type and by number of bedrooms respectively for very low-, low- and moderate-income groups in 2021 and 2041. These estimates are based on current and expected future dwelling preferences for these groups.

It shows that an estimated 5,959 separate houses, 2,150 attached dwellings and 455 flats or apartments will be required to meet the projected housing needs of lower income households in housing stress between 2021 and 2041. Housing lower income groups will require supply of housing of a variety of sizes, however there is expected to be greatest demand for three and four bedroom homes.

It should be noted that this estimate of dwelling types to meet the needs of households in housing stress is reflective of current housing choices within the City's current housing market. If a larger supply of medium and high density housing was available in Ballarat (where the supply of these dwelling types is relatively limited), a greater number of low income households may choose these forms of housing – reflecting broader shifts in household preference for smaller dwelling types and the increased affordability that these types of houses can offer. Likewise, this estimate does not take into account the dwelling types of existing social housing in Ballarat.

While it is possible to derive an estimate of demand for different types of dwellings amongst very-low, low and moderate income groups based on housing preferences, mapping this need to housing types along the supply spectrum is more difficult.

It could be broadly assumed that very low and low income households are more likely to be serviced by public housing given limited household incomes and the residualised stock of social housing, while moderate income groups may be more likely to be serviced by community housing. However, there are many supply side factors which influence how the housing needs of these groups could be met

(including status on Victorian Housing Register, availability of housing stock, the greater discretion for Community Housing Providers in tenant selection etc.).

**TABLE 3: ESTIMATE OF HOUSING DEMAND FOR LOW INCOME GROUPS, BY DWELLING TYPE, 2021-2041**

Income Level	Separate house	Attached Dwellings	Flat or apartment	Other	Total
Very low income	4,523	1,174	245	16	5,959
Low income	2,247	599	129	9	2,984
Moderate income	1,445	377	81	6	1,907
Total	8,215	2,150	455	31	10,850

Source: SGS Economics and Planning (2023)

**TABLE 4: ESTIMATE OF HOUSING DEMAND FOR LOW INCOME GROUPS, BY NUMBER OF BEDROOMS, 2021-2041**

Income Level	Studio	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms	5+ bedrooms
Very low income	12	336	1,022	2,241	2,067	282
Low income	6	172	517	1,120	1,028	140
Moderate income	4	108	328	717	660	90
Total	22	616	1,867	4,077	3,756	513

Source: SGS Economics and Planning (2023)

## 2.5 Measuring the need for social and affordable housing

The number of households experiencing housing stress is used as a base to measure the level of need for social and affordable housing, with some adjustments.

There are some instances when households might be temporarily in stress (for example, following the birth of a child, when experiencing short term unemployment, or adjusting to the breakdown of a relationship) or when households might pay higher housing costs by choice (to live in a better house, better neighbourhood, locations where transport costs are lower).

‘Unformed’ households that are priced out of the market are also likely to be in evidence. These unformed households might include younger family members that would prefer to leave the parental home but cannot afford to, elderly family members that must live with other family members to have affordable accommodation, or multiple families occupying a single dwelling

**In 2021, the estimated total need for housing assistance (social or affordable housing) in Ballarat is 6,686 dwellings. For 2041, SGS's estimate is 10,850 dwellings.**

Those households most in need of assistance are eligible for placement in public housing. As of 2021, there were 1,665 social housing dwellings in Ballarat, approximately 3.3 per cent of all dwellings.<sup>6</sup> Another 5,021 households were on the priority access and register or interest waiting to move and transfer to a social housing property in the Central Highlands Region (which includes Ballarat).<sup>7</sup>

There remains a significant shortfall between the number of households requiring assistance and the number of available dwellings, a gap estimated currently at approximately 5,021 dwellings. If the State Government continues to adopt a relatively passive approach to investment in social housing, and the number of social housing dwellings in Ballarat remains stable, it can be expected that this gap in provision will increase to 9,185 dwellings by 2041, an increase of 4,164 households. This shortfall threatens to force an increasing number of people into homelessness, a particularly dangerous outcome for vulnerable residents such as victim survivors fleeing domestic and family violence.

Consultation with industry stakeholders found that strong competition and the lack of social and affordable housing stock is fuelling a mismatch in housing right along the housing continuum. The substantial lack of public housing stock is seeing many households in stress having to continue to attempt to compete in the private housing market or forced into homelessness, while extremely tight vacancy rates means that those households who might be otherwise considered “rental ready” are staying

*“The problem is not going to get any smaller. If we don’t address this, it will become a more significant issue in 5 years.”*

- Stakeholder consultation,  
Community Service Agency

for longer in emergency, transitional and public housing, tying up resources for longer. Long public housing waitlists and lack of support for those seeking the private rental market were identified as key contributors to this housing mismatch.

Stakeholders also noted that for many households experiencing housing stress, the only option may be for them to move further out from central, well-serviced areas of Ballarat to locations with increasingly poor access to public transport and support services. This creates an added layer of disadvantage, where families are increasingly dislocated from their community, jobs, schools and daily needs.

There are many benefits associated with ensuring that all households have access to safe, secure and affordable housing. Conversely, there are also a range of costs that are borne by individuals, the community, and the municipality because of a lack of access to appropriate housing. These are all discussed in the following section.

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<sup>6</sup> Department of Health and Human Services (DHHS), Housing Assistance Delivery Data 2020 – 21.

<sup>7</sup> Department of Health and Human Services (DHHS), Victorian Housing Register and Transfer List by Local Area June 2021.



## 3. The Benefits of Diverse and Affordable Housing

Improving access to diverse and affordable housing has been shown to have a broad range of positive outcomes, not only for the people, families and groups who inhabit the housing, but also for the surrounding neighbourhoods, and the city and region more broadly.

### 3.1 Creating value for the community

#### Supporting ageing in place

As people progress through different life cycle stages and their family structures and financial situations change, so do their housing needs and preferences. Many people and households follow a traditional housing pathway – moving from renting in a share house as a young adult, to buying their first home with a partner, to moving to a large home to accommodate a new family, and to downsizing after retirement. However, there are also many households whose housing lifecycle does not fit this traditional pattern, and their number is increasing.

The relationship people have with their homes also becomes more significant over time.<sup>8</sup> Many Australians desire to ‘age in place’; that is, to remain in the home rather than entering residential aged care even when the impacts of old age (e.g. the increasing risk of illness or disability) affect their mobility and mental ability. Ageing in place enables older people to remain connected to their community, family, and services and in familiar environments, as well as maintaining personal identity and promoting mental and physical wellbeing.

A preference for ageing in place is reflected by the much lower rates of housing mobility amongst older people, and the aged care sector shifting towards more in-home care. This steady preference for ageing in place interacts with other macro-drivers, such as the growing pressure on affordability from housing payments, maintenance, and home modifications, and greater numbers of people in poor health requiring services in their own home.

Accessible housing design is also critical to support ageing well and encompasses:

- Room type: supporting regular activities, privacy, and sociability.
- Layout: easy to navigate, flexible, adaptable, and accessible layouts, plenty of natural light, and require low physical effort.
- Ability to maintain a comfortable temperature and energy efficient.

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<sup>8</sup> Luciano A, Pascale F, Polverino F & Pooley A (2020), Measuring Age-Friendly Housing: A Framework, *Sustainability*, no. 12, vol. 848, pp. 1-35

- Accessibility: having a bathroom/toilet on the ground level with a hobless shower, minimum door/passageway widths, accessible drawers/cupboards in the kitchen (including for wheelchair users) and providing easy to operate door and windows.

Providing houses of different sizes, designs, tenures, prices and types across the city supports the individual choices of households to live in housing and in locations that suit them best at particular points in their life. Housing diversity allows people to stay in their communities if they choose, or to relocate to locations which better suit their changing lifestyle preferences.

### **Improving health outcomes**

Housing affects health outcomes in both direct and indirect ways, with research indicating a positive correlation between stable, affordable, high-quality housing and improved health. Research has found that these health benefits include:

- Reduced stress and anxiety
- Improved general wellbeing
- Healthier eating habits
- More regular, preventative use of medical services and medications
- Improved self-esteem.

### **Reducing domestic violence and abuse**

The causes of family violence are complex and varied, however, financial hardship is a frequently cited contributing factor. Research has found that among couples experiencing financial strain, the rate of domestic violence is 9.5 per cent compared to 2.7 per cent for couples who reported low levels of financial strain.<sup>9</sup> High housing costs place a significant economic burden on families and can contribute to the statistical likelihood of domestic violence and abuse.

Poor housing affordability also compounds the impact of domestic violence and abuse by limiting the ability of victims to find refuge or transition to safe and secure shelter. For many victims, the lack of appropriate housing often results in the victim returning to the abusive household or becoming homeless. In its findings, the 2016 Royal Commission into Family Violence found that family violence was a key factor contributing to homelessness, with just under 40 per cent of family violence victims seeking support from Specialist Homelessness Services.<sup>10</sup>

### **Reducing crime**

Providing affordable housing can help to reduce the incidence of crime and engagement with the justice system and reduce recidivism for those exiting the justice system back into the community.

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<sup>9</sup> BENSON, M.L., & FOX, G.L. (2004), 'WHEN VIOLENCE HITS HOME: HOW ECONOMICS AND NEIGHBOURHOOD PLAY A ROLE', WASHINGTON, DC: U.S. DEPARTMENT OF JUSTICE, NATIONAL INSTITUTE OF JUSTICE.

<sup>10</sup> AUSTRALIAN GOVERNMENT (2016), ROYAL COMMISSION INTO FAMILY VIOLENCE: REPORT AND RECOMMENDATIONS, MELBOURNE: VICTORIAN GOVERNMENT PRINTER.

Research shows that homeless young people are six times more likely to be apprehended as an offender while also having a higher incidence of reporting robbery and theft.<sup>11</sup>

Social and affordable housing can help alleviate many of these causes by providing stable, long-term and secure accommodation, and reducing the financial strain caused by rental stress.

### **Giving back to the community**

Homelessness and housing stress can limit the ability of people to make productive contributions to their communities through work, social relationships, volunteering, and community activities.

The provision of affordable housing and relief from housing stress can help to free time and financial resources to devote to other endeavours, including reconnecting with the job market and education, or taking a more active role in the community.<sup>12</sup>

### **Improving educational outcomes for children**

A lack of secure, diverse, and affordable housing can impact on the educational outcomes for children.

Families who are living in housing stress are more likely to move than those who are not. Moving houses often means that children must change school, with frequent changes linked to below average grade scores, higher dropout rates and a greater number of missed school days.<sup>13</sup>

Poor quality or inappropriate housing, overcrowding, and stress can also make it difficult for children to study at home, resulting in decreased academic performance and longer-term prospects.

## **3.2 Creating region-wide value for Ballarat**

Providing diverse and affordable housing has the potential to deliver many benefits to the City of Ballarat. These benefits include underpinning the competitiveness of local businesses, supporting creativity and innovation, strengthening place culture and branding, and improving community cohesion and wellbeing.

### **Community inclusion, diversity and accessibility**

In all cities, the locations which have the best infrastructure, services, jobs and, often, character, are also often correlated with high housing costs and poor affordability.

Those who cannot secure affordable housing in these areas are required to find housing in an alternative location, frequently in parts of the city that are defined by significantly poorer access to

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<sup>11</sup> MacKenzie D., Flatau P., Steen A., Thielking M., (2016) 'The Cost of Youth Homelessness in Australia' ARC Linkage Project.

<sup>12</sup> RAYNOR, K, PALM, M, O'NEIL, M AND WHITZMAN, C. (2018), 'INVESTIGATING THE COSTS AND BENEFITS OF THE MELBOURNE APARTMENTS PROJECT', TRANSFORMING HOUSING, THE UNIVERSITY OF MELBOURNE

<sup>13</sup> MUELLER, E. AND TIGHE, J.R. (2007), MAKING THE CASE FOR AFFORDABLE HOUSING: CONNECTING HOUSING WITH HEALTH AND EDUCATION OUTCOMES, JOURNAL OF PLANNING LITERATURE, 21(4)

employment, services, transport, lower amenity. Such processes act to create areas of both concentrated advantage and disadvantage across cities. This pattern is evident in Ballarat.

This segregation of communities based on income has many consequences, including reduced social capital and cohesion, and associated negative consequences such as higher rates of crime and violence. These outcomes come with significant costs for local communities and governments, through reduced equity for residents, reduced economic productivity and an increased burden on the city's infrastructure and services.

In contrast, promoting diversity within the community by providing a genuine mix of housing (across tenures, design, type and price) maximises interactions between people of different backgrounds, which builds resilience and cohesion.

### **Driving business competitiveness**

Ballarat's economy is reliant on the ability to attract and retain workers, this includes higher income professional and technical services workers (doctors, lawyers, engineers) as well as lower income "key workers" such as nurses, cleaners, baristas, administrators and labourers.

A lack of housing to meet the needs of different types of workers may lead to difficulty for businesses in attracting and retaining staff. When workers cannot find a house that is close to work, affordable, secure and fits their personal needs, they may be drawn to other cities and regions where the types and prices of housing better suit their needs.

Staff shortages and high turnover can contribute to significant costs for employers (advertising, training) and hamper productivity and efficiency.

Ensuring that diverse and affordable housing is provided in locations close to or with excellent access to jobs and/or public transport in Ballarat will contribute to a thriving and productive local economy.

### **City culture and branding**

The City of Ballarat's *Council Plan 2021-2025*, has a vision for Ballarat as "leading the way as a sustainable, innovative and inclusive community" and seeks to advance Ballarat's position as Victoria's heritage city. In achieving Council's goals for creating a more prosperous City, the Council outlines a priority to "enhance Ballarat as a diverse, inclusive and compassionate community." The City of Ballarat is also home to a significant international student population and its prominent education institutions contribute to the local economy and culture.

Research has found that cities that maintain a reputation for diversity, multiculturalism and tolerance are highly competitive in attracting business investment, managerial staff and knowledge workers, as well as tourism.<sup>14</sup> The provision of housing to accommodate diverse communities is seen as crucial to achieving this.

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<sup>14</sup> Berry, M. (2003) 'Why is it important to boost the supply of social housing in Australia', *Urban Policy and Research* 24(1), 413-435.

## Supporting creativity and innovation

Opportunities for innovation and creativity (including the creation of new things and new types of work) are supported when a diverse mix of people, businesses and institutions are allowed to come together in one place.

Experience from the Netherlands has shown how a failure to provide diverse and affordable housing within creative clusters (such as Ballarat's Health, Knowledge and City Living, and Creative Precincts) can have negative consequences where higher housing prices and long waiting lists for affordable housing options have restricted the entry of young starters and creative talent into the local housing market.

*"Successful regional economies cannot afford to turn their backs on young, creative workers at the beginning of their careers who are struggling to get a foothold in the local housing market".<sup>15</sup>*

### BALLARAT'S CREATIVE CITY STRATEGY

#### **Catapult 3. Sustainable funding and investment why? We want to attract and keep our creative talent in Ballarat.**

Ballarat has a growing population of creative practitioners and is thought to offer an affordable base to start new creative ventures. Ensuring Ballarat continues to be a sustainable place for artists to live and work will put in place strong foundations for a growing creative city. Investment in creative industry that allows graduates from Fed Uni courses to remain in Ballarat and work locally. Investment into housing and working spaces for artists, creative entrepreneurs and arts workers, in the heart of the arts precinct.

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<sup>15</sup> BERRY, M. (2003) 'WHY IS IT IMPORTANT TO BOOST THE SUPPLY OF SOCIAL HOUSING IN AUSTRALIA', URBAN POLICY AND RESEARCH 24(1), 413-435.

## 4. Achieving Diverse and Affordable Housing in Ballarat

To address explicit planning goals and meet urgent community needs Council should facilitate the supply of more diverse and affordable housing in Ballarat. Action by Council can be taken across three tiers of influence, from a focus on regulatory efficiency for more diverse housing supply in Tier 1, to seeking social and affordable housing contributions using the planning system in Tier 2, to direct investment in social and affordable housing assets in Tier 3.

### 4.1 A shared responsibility for delivering social and affordable housing

The previous sections have demonstrated the benefits of affordable housing and the need for greater affordable housing provision in the City of Ballarat.

The need for greater affordable housing is not isolated to Ballarat alone, nor is it solely Council's responsibility to address that need. There are many forces and institutions driving housing affordability outcomes in Ballarat and in other locations that are beyond the direct purview or influence of Council. These relate to general economic conditions, monetary policy settings, wages and the dynamics of the housing cycle.

Historically, the task of supplying social and affordable housing has been borne by the broad-based tax systems operated by Federal and State governments. Changes in Victorian State Government policy in recent years, including amendments to the *Planning and Environment Act 1987*, have given local governments in Victoria power to play a larger role in the provision of affordable housing.

While the powers of local government remain limited, these changes strengthen the view that the large and increasing shortfall of affordable housing can be best addressed by action from all three tiers of government, in partnership with the private and community sectors.

In defining a potential target for the City in addressing need across the municipality, we can consider the benefits generated through adequate provision of social and affordable housing and the scope of responsibility of each level of government. As elaborated in Section 3 and summarised here, the benefits of social and affordable housing are threefold:

- To facilitate supply of essential workers and skills for the regional economy.
- Mitigating after-housing cost-poverty for low-income households.
- Creating better neighbourhoods by supporting diversity and inclusion in placemaking.

As the Federal Government is responsible for social security, the poverty mitigation is within its scope. Similarly, the State Government has primary responsibility for spatial labour markets. The second

benefit – maintaining local skills supply – therefore rests with the State. Responsibility for the third benefit to do with neighbourhood effects rests with developers and the planning system; that is, those involved in creating better places.

Taking each of the benefits to be of equal importance to the entire community of Ballarat would require the Federal Government, the State government and the development process and planning system to each deliver one third of the overall measured need for social and affordable housing in Ballarat.

## 4.2 Council's role

To meet many of its policy ambitions as well as the expectations of its communities, action is required by Council to address the growing need for diverse and affordable housing in Ballarat. A proactive and affirmative approach will deliver many benefits to individuals, neighbourhoods and the municipality. There are many forces and institutions driving housing diversity and affordability in Ballarat which are beyond the direct control of Council, such as non-profit housing providers including the Haven Foundation and Wintringham Housing.

Nevertheless, Council has an important role in influencing housing outcomes and bolstering affordable housing in its jurisdiction. It can have a significant impact in this area in its own right and through partnership with other Councils and levels of government, institutions and the private sector.

Council can contribute to improving housing diversity and affordability in several ways, which can be broadly grouped into three tiers of influence. Each tier is distinguished by the relative level of direct involvement and investment by Council. The tiers are ordered according to their impact, but they do not need to be undertaken sequentially. These tiers include:

- **Tier 1:** Facilitating efficient housing markets
- **Tier 2:** Facilitating affordable housing supply
- **Tier 3:** Investing in affordable housing

### Tier 1

The **first tier** relates to running an efficient planning and development control system so that the supply side of the market can respond as smoothly as possible to local demand. A more “hands off” approach in facilitating diverse and affordable housing is assumed in Tier 1. For example, focusing on partnerships, education and relationship building with industry and community stakeholders. A Tier 1 focus would emphasise direct investment in social and affordable housing as the exclusive responsibility of State and Federal Governments. Tier 1 initiatives are primarily geared towards delivering improved housing diversity and overall affordability, rather than direct provision of social and affordable housing.

Undertaking action in Tier 1 is important for ensuring that there are no undue barriers to delivering diversity and improving housing affordability in Ballarat. However, only applying Tier 1 measures may ultimately have limited impact in achieving desired housing outcomes.

## Tier 2

The **second tier** would see the Council going further in its policy efforts by facilitating local affordable housing supply. This could occur, for example, by brokering partnership deals between local providers and community-based groups. Council could also deploy to the full extent its regulatory powers to induce social and affordable housing provision by local social and affordable housing providers, including seeking contributions from developers at the permit stage or through rezoning. Activity under this tier would see Council take a strong advocacy position in favour of social and affordable housing backed by a well-articulated policy and strategy.

It should be noted that development contributions for affordable housing can take two forms. The first is based on 'inclusionary' sustainable development principles while the second is calibrated to a share of the land value uplift resulting from up-zoning. The distinction between the two approaches is important, because they have different conceptual rationales and may apply in different contexts. To be clear on the distinction between the two approaches:

- An **inclusionary zone** approach considers affordable and social housing in the same way as contributions to open space, parking, water-cycle infrastructure and heritage conservation are considered essential requirements for sustainable neighbourhoods. In the same way we would expect a minimum and prescribed amount of open space or car parking to be provided in any development, the rate of social and affordable housing provision should also be prescribed, by reference to appropriate benchmarks or need. An inclusionary zone might apply to the whole of the Ballarat municipality or particular precincts. The target for social housing provision might be calibrated to at least the current share of this type of housing in the municipality (7 per cent).
- **Value sharing** operates on the basis that the community should share in the land value uplift which is created when planning regulations allow increased development. For example, changes in planning controls that allow increased development potential by rezoning land to allow higher value uses (i.e. rezoning from industrial to residential uses) or granting additional development rights (allowing an increased development density). In this case the value sharing contributions can be dedicated to a range of public benefit infrastructure or services, including affordable housing.

## Tier 3

Moving to the **third tier**, the Council itself becomes a direct agent of social and affordable housing supply, investing ratepayer funds and other assets (such as land) to this end.

## 4.3 Conclusions

For most Councils, the first step in correcting market failures is to address the inefficiencies in Tiers 1 and 2. Following this, there is potential to extend efforts into providing funds or land to further stimulate the supply of affordable and social housing (Tier 3). However, there is no *required* sequence to implement the actions contained within each of the tiers, and Council can begin to implement initiatives across all three tiers if it wishes.



## EXAMPLES OF DIVERSE AND AFFORDABLE HOUSING IN REGIONAL AREAS

### **Mount Alexander social and affordable housing project**

Community Housing Limited, a Community Housing Provider, has a housing development project underway on land gifted by Mount Alexander Shire Council at 1 Wilkie Street in Castlemaine. Community Housing Limited applied through an Expression of Interest process and went through subsequent normal planning processes to subdivide a half-acre block into 5 separate titles.

The project has demolished a one-bedroom brick dwelling and is constructing a 5-townhouse development made up of 2 two bedroom dwellings and 3 three bedroom dwellings. Two or three of the dwellings are to be kept and managed, while the remainder are sold as private housing.

### **Delivering social housing in Ballarat**

The Haven Foundation is a housing and service provider, based in Bendigo and with a presence in the Ballarat. Haven is currently partnering with the Mind Australia to deliver integrated social housing with 24/7 support for people with mental health and wellbeing concerns in Ballarat West.

The Haven Foundation are developing 16 one-bedroom dwellings, due to open in mid-2023. The integrated social housing and support services are being funded as part of the Big Housing Build.

## EXAMPLES OF DIVERSE AND AFFORDABLE HOUSING IN METRO AREAS

### **Transportable housing in Inner Melbourne**

The Harris Transportable Housing Project was developed by Launch Housing, a non-for-profit community organisation and homeless support service, in partnership with the Department of Health and Human Services, and with financial support from Harris Capital.

The project received planning permission from Maribyrnong City Council for nine planning permits for nine separate sites to deliver 57 transportable dwellings. The dwellings are architecturally designed and aimed to house those at risk of, or experiencing, homelessness. The homes are an innovative, sustainably designed, and affordable long-term housing solution.

The innovations in housing form represents an example of a flexible approach to planning which allows 'non-traditional' housing forms, consistent with Tier 1 approaches.

## 5. Summary

The continuing growth of Ballarat will be accompanied by a demographic change, declining rental affordability, and lower rates of home ownership.

Some of the key points highlighted in this paper include:

- **An ageing population:** Ballarat follows national trends of a growing cohort of over 65-year-olds. With this comes a demand for age-appropriate housing, both in size, location and design.
- **Changing households:** Household composition in Ballarat is forecast to shift towards greater lone person households. Housing preferences and needs will shift in line with this.
- **Current housing supply does not match the demand:** Despite Ballarat's changing community, recent housing development in Ballarat continues to be dominated by separate, three- and four-bedroom houses and a significant share of underutilised (houses with more than three spare bedrooms).
- **Housing affordability will force more people into housing stress:** Rapidly rising rents and house prices are forcing people into housing stress, and in the case of renters, putting them at greater risk of homelessness. SGS estimates that 42 per cent of renters in Ballarat were in housing stress in 2021.
- **A shortfall in social housing:** SGS estimates that need for housing assistance could increase from 6,686 households in 2021 to 10,850 households in 2041, with the shortfall in social housing stock rising from over 5,000 dwellings and to over 9,185 by 2041 (taking into considering the existing stock of social housing in the municipality).
- **The benefits of diverse and affordable housing:** Housing provides a broad range of positive outcomes, not only for residents but for the surrounding neighbourhood, the city and region more broadly.

The City of Ballarat has a pivotal role to play in addressing the need for affordable and diverse housing across the LGA. Council is uniquely positioned to understand and advocate for the needs of Ballarat residents. This paper establishes three tiers of influence for Council:

**Tier 1:** Facilitating efficient housing markets.

Activity under this tier ensures planning and development control systems are efficient so that the supply side of the market can respond as smoothly as possible to local demand.

**Tier 2:** Facilitating affordable housing supply.

Activity under this tier would see Council take a strong advocacy position in favour of social and affordable housing backed by a well-articulated policy and strategy.

**Tier 3:** Investing in affordable housing.

Under this tier, Council itself becomes a direct agent of social and affordable housing supply, investing ratepayer funds and other assets (such as land) to this end.

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