

## CfL LORNE AFFORDABLE HOUSING UPDATE

To remind you, we agreed to organise the work along four dimensions. Housing solutions which:

- Focus on existing housing stock (Penny)
- Create some new in-town developments (Peter/Clive)
- Create some new out-of-town development (Graham)
- Seasonal accommodation for workers (Bryce)

The out-of-town development idea has been dropped as the bushfire regulations preclude us building outside the town boundaries. Seasonal worker accommodation has been put on hold until LBTA brings it back to the table. Note that the general feedback is that a lot of seasonal workers (from the main employers anyway) are now being accommodated satisfactorily.

In December 2023 I asked that we have a **cross-working group monthly meeting to share information and expertise** and allow members of the community to join. The decision on this was deferred by CfL until 2024. I wish to reiterate the need please. There is a lot happening and there is a danger that some of us have only partial information. If we collaborate, we can coordinate, and work out the best options for the different target groups. For example, any development at LCC is sounding like it would be aimed at singles and couples, given space constraints. By contrast, the *Hope Housing* option (see 3 below) can include families and workers with vehicles that require a lot of space. Government grants come with conditions about who must be served. But we could deliver solutions that don't require government grants. And we can provide more than one solution.

The SCSC is about to allocate the housing officer's time (Alicia Hooper) and \$40k to supporting worker accommodation proposals in Lorne. We need a forum where different options are considered on how best to spend those funds. Right now, there seems to be an assumption that it would go on a feasibility study for the LCC site, presumably because that is what CfL raised with the SCSC some years ago. This was before the release of the CfL report *Accommodating Lorne's Future* and the housing webinars in 2023.

In this report I lay out what work I have been doing under the existing housing stock option. I also describe what I know about the other options, because, like CfL, Friends of Lorne was asked to supply letters of support and we have been engaged in community conversation.

### **1. Some solutions being pursued in Lorne could prove to be short-term fixes only**

Simon Sutterby (GOR cottages) was shortlisted for a Regional Worker Accommodation Grant and so he was requested to supply more information on his proposal. He did not approach CfL for another letter beyond the initial support letter. Friends of Lorne did not write a support letter because we don't know what his application says. We don't know how many houses he wants to build. We don't know what he wrote when he was asked to describe community engagement, governance etc

The result of his application has not yet been announced. When you look at the [grant specifications](#) you can see that after five years, houses built under the grant can revert to any use. In other words, the houses built are only required to be used for key and essential workers for five years. The SCSC has confirmed this. Maybe Simon intends to take out a section 173 agreement to put conditions on the properties to make them perpetually available for key and essential workers? We don't know. But on the face of it, if Simon is successful, we get more houses in Lorne and hence more demand

for the workers, but no guarantee of being able to accommodate the workers. Are people aware of this? There will be other grants and opportunities like this, so we need to fully understand the implications even if Simon is not successful this time.

Peter's advice is that if the grant is awarded all the regular processes of planning approval and public consultation will be followed. In other words, we will find out then and have our say then. But that seems contrary to state government targets. If the Regional Worker Accommodation grants come under clause 52.20 of the Big Housing Build grants (we are seeking clarity on this) they are fast tracked by truncating community engagement and with no third-party notification or appeal rights.

The SCSC advises me that the final decision about the GOR cottages development proposal will likely come down to an argument between Regional Development Victoria (who want more housing) and DEECA who don't want to see more people put in a high-risk fire situation. There is only one road in and one road out of the proposed GOR cottages development.

ACTION 1: Clarification needed.

## **2. We could coax more homes off the short-term holiday market using existing planning regulations**

Rod Duncan is a planner with a house in Fairhaven, I think. He attended one of our housing webinars last year. He alerted me to some planning regulations in Victoria which are not sufficiently well used. He wrote an article about it in *Planning News* 2023;49(7)8-9. When I told him that our interest was in using existing housing stock, he pointed out that whole-house short stay rentals *need planning approval*. But they wouldn't if they were (true) bed and breakfast. This regulatory planning tool is already in place and could be used by the SCSC to encourage property owners to think twice before they shift their property across to short-term rental. Currently in Lorne, 24% of our properties are listed on AirBnB. I am told that one person in Lorne owns 20 properties, all on AirBnB. We don't know how many properties in Lorne have this approval already. ACTION 2 I suggest we get a formal briefing on this.

## **3. We could help eligible workers buy existing houses to suit their needs and budget with a co-equity scheme**

Rather than build special accommodation, or raise funds to buy existing accommodation, we could encourage eligible key and essential workers to buy their own homes in Lorne with our help.

Friends of Lorne prefers the use of existing housing stock, where possible, to address Lorne's housing needs. Sixty nine percent of our houses are vacant for most of the year. We prefer using existing housing stock because (1) it saves on further removal of the canopy and green space in and around Lorne; (2) workers get to choose their own house to suit their needs and budget; (3) it is a financial arrangement that is private to the worker; (4) the homes-made-affordable are scattered and not concentrated in any one place or part of Lorne ; and (5) it might be the only way to assist people whose incomes are too high for state or federal government assistance, but who nonetheless are priced out of the Lorne property market. For example, a person working at the school whose partner works at the hospital, needs to live in Lorne but together their income is too high income to make them eligible for government schemes. This was one for the points made by an audience participant at the first webinar. We need to reach this group. SCSC data shows that 50% of workers

in Lorne are in this income bracket (ie., not eligible for government housing assistance because they earn too much).

*Hope Housing* in Sydney started with \$10m and co-purchased 17 properties with 26 eligible essential workers (police, social workers, etc) and the assistance of a friendly bank (who lends to the workers). The net asset value is now \$15.4m and they aim to scale further potentially reaching \$100m in assets under management. David Worth (accountancy/financing) has met with them and forwarded me the answers he got to his follow up questions. Here is the [link](#) to the 2 minute video that explains it.

David was advised that for a \$2m Lorne property, the investors (in their case *Hope Housing*) would come with \$1m and the purchaser has to come up with the other \$1m, but working through their banking partner (for them the NSW Police Bank) then in theory 95% of that \$1m could be in the form of a loan and all the eligible worker needs is a \$50,000 in savings. But the mortgage payments are not permitted to be more than 30% of the household income. David has pages of briefing notes to talk to on this.

Peter Lavis (former chair of the Property Council of Victoria, I think) has also been investigating. He has put together 5 pages on how *Hope Housing* works, ie., the fund structure, the types of investors, and the returns to investors. David checked out the return to investors also. Peter is happy to present his findings to Cfl for further discussion.

*Hope Housing* has got back to me saying that they are happy to brief us:

“More than happy to talk through our model in the context of what you are looking to achieve. We have had conversations with many groups, like yourselves, and greatly value the advocacy and innovative thinking many community organisations and government bodies, at local and state level are putting towards solving this issue.

The only thing holding up the establishment of HOPE in other states is a foundation capital partner (or partners). We can bring the fund structure, model and process of establishing a shared equity arrangement to the table, including a specialist banking relationship for homeowner finance. We can clearly articulate to investors why investing in a housing fund like HOPE is superior to being a direct landlord, from a financial return and impact perspective, so provided this message can be broadcast effectively to potential investors in your community, then there is a strong possibility of raising the amount of capital required to service the homeowner need in your area, and thus making establishing HOPE viable.”

I think we need to pool our own understandings first (at the September meeting) and then have the formal briefing where we can press our questions further. One question is how much on-the-ground preparatory work needs to be done here? Who would do it? Could some of that be done by or supported by the SCSC or even G21? Afterall, this is a “green” solution that could help key and essential workers in various parts of the coast. It solves housing issues by soaking up underutilised property and avoids the need to build new infrastructure.

**ACTION 3.** Ask Peter and David to present to our housing meeting in September, as a prelude to a formal briefing (Q and A) by Zoom with *Hope Housing*.

#### 4. Ways to avoid community push back

There has been significant community pushback against affordable housing projects in Anglesea. We are advised that there are people prepared to run against some of the present Councillors for the next election specifically to oppose strategies on building affordable housing. Part of the reason might be mistaken assumptions ie, believing this is social housing (as opposed to affordable housing for key and essential workers). In Anglesea there are also people who don't want to lose the present use of the proposed site (so changing the site may help alleviate their concern).

The SCSC is keen to avoid antagonism in Lorne. My sense is that we could go some way to prevent this in Lorne if the cross-options working group that I suggested we have morphed into a **Community Consultative Committee**. We could also learn from, elevate, and make more visible the work of volunteers and others in maintaining the Village. In other words, we could be saying "Lorne already has a strong history of looking after people and look how good it is."

If we develop LCC for housing, there is concern about loss of the community garden. But with good planning, that could be maintained as a hub of activity. Either way we need more visibility of options being considered in order to allay anxiety and maximise community input/ideas before any decisions are made.

ACTION 4. Invite The Village committee/managers to talk to their practice and processes. We have much to learn from them.

ACTION 5. Invite Alicia Hooper from SCSC to explain how she will be able to work with us.

Penny Hawe 21 July 2024. Updated 29 August 2024