

# COMMITTEE FOR LORNE

## Minutes of Special Housing meeting of Committee for Lorne. (DRAFT) 5 December 2024 at Stribling Reserve at 9.30am

**Present:** John Higgins, Peter Spring, Penny Hawe, Clive Goldsworthy Leon Walker, Mike Bodsworth, Libby Stapleton, Alicia Hooper, Kate Sullivan

**Apologies:** David Worth, Peter Lavis

**1. Welcome.** JH welcomed everyone, thanked them for attending, and congratulated the new Otway ward councillors on their appointments.

**2. Minutes** of the meeting of 26 September 2024 were accepted. Moved PH. Seconded PS.

### **3. SCSC briefing on SCSC support for housing solutions**

KS outlined how the SCSC has been working with other SC communities, pointing out that it can take 5-10 years to get a project off the ground. The Council has an Affordable Action Plan which is on the Council website. See link [here](#). The SCSC is unusual in having a designated officer (AH) dedicated to supporting housing options. This considerably assists our capacity to address the problem compared to councils which have not made that commitment.

The Aireys Inlet project will provide approximately 20 social and affordable housing dwellings, largely one and two bedrooms (aligned to housing need) with a couple of three-bedroom dwellings. The SCSC owns the land and leases it for 50 years to the provider, Housing Choices Australia.

The land on which the four existing social housing units sit is included in the master plan for the site. If successful in attracting funding these dwellings will be demolished and rebuilt and the residents will be temporarily relocated to other Housing Choices Australia housing and then have first option on the new dwellings once completed. At the point of the funding being announced it is estimated that the development will take two years to be ready for allocation and residents moving in.

In Anglesea (Anglesea Community and Health Hub) a Council budget allocation of \$50k was leveraged to secure a further \$200k from the state government (Investment Fast Track Fund). Currently there are about 600 people on the social housing register for the Aireys and Anglesea district.

In Anglesea, the \$250k of combined local and state government funds were spent on developing the plan for the site and engaging in community consultation. In Aireys, the SCSC got a grant of \$30k to conduct community consultation.

ACTION 1 AH to provide information on the eligibility criteria to get on the social housing register in the SC and to advise how successful people on the waiting list are chosen for accommodation when it becomes available.

ACTION 2 AH to report further on what conditions are associated with what state government funding packages and which ones (if any) are being accessed by SCSC for which towns so far

ACTION 3 AH to provide information on the community preferences in Aireys regarding the proportion of units in Aireys to set aside for social housing (as opposed to means-tested affordable housing). She will report on whether state government funding packages can adjust to these preferences, or not.

ACTION 4 AH to provide an update on how Housing Choices will monitor and evaluate their projects. That is, will they keep tabs on who they attract, for how long, with what local impact eg, businesses and/or institutions (school/hospital) supported or sustained as a consequence of the presence of the worker/family.

KS invited the group to begin to consider how the SCSC might spend \$50k in exploring and developing housing options for Lorne. Wide consultation and community discussion is recommended.

#### **4. Regional Worker Accommodation Grants (RWG)**

PS reminded the group that two applications were put forward from Lorne. One was not invited for the second round (further work up). But the other was, Simon Sutterby's proposal for GOR Cottages. PS reported that SS had submitted a detailed proposal, but SS was not successful. He may submit for the next grant round.

KS stated that the next grant round had indeed been announced (October) with applications closing in January. It was recommended again that SS discuss his proposal with Council. Given also that there is now a long lead time, we decided that a letter confirming CfL support will only be supplied if the proposal comes back to our meeting table for review and discussion. Our concern is that these grants stipulate that accommodation be made available for workers for a five-year period only. We would be keen to discuss SS's interest in undertaking a section 173 agreement to make the properties perpetually available to workers.

ACTION 5 PS to convey our decision to SS and keep us posted.

ACTION 6 AH will share the link to the Regional Worker Accommodation Fund so that we can follow progress ourselves

#### **5. GORCAPA supported seasonal worker accommodation**

LW spoke to this item on behalf of his work with the Lorne Business and Tourism Association. Campsites of up to 4 people per site accommodate up to 24 people from 1 October to 1 May at discounted rates. People stay in tents or in their own vans. It is successful in that some of the workers are returning staff from last season. Maybe in future we could use bell tents or something more comfortable? Also, it would be a good idea to include GORCAPA in the meeting as it is not

simply their campsites that are of interest to us, but also they may have land that could be made available for housing permanently.

ACTION 7 JH to invite GORCAPA to the table.

## **6. Short term holiday rentals**

Th SCSC staff are keeping abreast of how different parts of Victoria and also different states are designing and managing incentives to attract short-term rental accommodation across to the long-term rental market. Some have set a maximum cap on the number of days a year in which a property can be on the short-term rental market (60-90 days). The trouble with the policy is that it is difficult to know whether it is being implemented (ie, it takes a lot of person-hours to monitor compliance through online advertisements for the property). Maybe this is the type of “citizen science” surveillance that motivated volunteers could undertake, albeit not half as thrilling as standing outside and counting wildlife.

Note that short term holiday accommodation is also important for the local economy. Regularly returning holiday homeowners make a contribution as well. It would be useful to get some insight into Spendmap (or similar) data for Lorne. Spendmap is an analysis and reporting process that gathers up information on credit card use according to the postcode of the card owner and the post code of the card spending. A credit card registered with an owner in Melbourne, for example, but used repeatedly in Lorne, might trigger a definition of “probable holiday homeowner”. The spending in Lorne by that (collated) category of card owner can be collated and tracked and its importance assessed over time.

ACTION 8 AH will investigate whether spending data over time held by the SCSC (by the business development section) can be collated for Lorne and made available and useful to us.

## **5. Co equity home purchase schemes (*Hope Housing*)**

Three pieces of work are ready for discussion. Answers from Hope Housing in relation to questions we had asked after the last meeting had been circulated. DW put together a discussion paper to support his advice to the last meeting that it’s not worthwhile pursuing Hope Housing at this time. This had been circulated also. PL also emailed an updated advice to JH and PH. Each of these are reported on below.

### 5.1 *Hope Housing* answers to follow up questions.

Our questions were about the number of homes that could be made available depending on what investment threshold; the opportunity to add to or modify the current eligibility criteria; to confirm that it would be impossible to get a sufficient return on investment if Lorne investment funds were only invested in housing for Lorne workers; and to clarify how long workers can hang onto their properties (ie., do they have to sell within five years?)

The answers in detail were circulated. To answer the last question first, workers do not have to sell within 5 years. That is why it would indeed be impossible to run something like Hope Housing exclusively in Lorne town’s boundaries. We would set up a scheme to help workers, and then we would have to turf them out. We figured that out six months ago. That is why we asked them to clarify that the motive for us to take part would only be if Lorne investment funds could be invested in the wider Hope portfolio instead. They said, yes the funds would be invested in the broader portfolio automatically *if the Lorne/SC housing market was deemed an equivalent safe*

*bet to Sydney.* And now they have told us that we could estimate that for every \$700k we invested, we would get a house offer here. If the model worked in the same way as Sydney.

*But* if our market was not as good as Sydney, then they suggested we set up separate sub fund. We'd have to find \$50m and rustle up some institutional partners. A lot of work. The return on investment in the sub fund would likely be less than the 10% Hope was recently predicting for investors. But a lower return might be acceptable given the extent to which the solution helps a portion of the local community currently unable to buy. That is the ethical investment angle.

Hope reiterated that at present there is no limit to how long workers can stay in their properties, but they must make "reasonable endeavours" to buy out Hope progressively over time. The current contract does not obligate them to do this, nor set a termination date. To ensure a return, the fund currently has capacity to increase liquidity outside of the home sales in Sydney (and/or SC essential workers). If we were contained within a sub fund, the geography would have to be whole of surf coast to get the property turnover needed to give the investors returns.

Yes, we can add to and modify the eligibility criteria as we saw fit to suit Lorne's needs. They have invited further conversation.

#### 5.2 David Worth's Discussion paper and modelling

Taking likely salary into account, DW's modelling indicates that the Hope Housing scenario model becomes realistic only if we assume 1.5 income earners per household, a household gross income of \$150k pa, and a house priced at about \$1.2m. There is only one house in Lorne of that price at present, but there are apartments in that price range. People with more income could afford a higher house price. He concludes that a lot more detailed questions would need to be asked if high net worth individuals were asked to raise capital.

DW does not want an option in Lorne where an essential worker would be required to sell because an investor wants a payout. (NOTE, this is not how Hope Housing currently works anyway, see 5.1 above. Holding on to properties for a long time would indeed be a barrier if all the housing and all the investment were contained within a small place like Lorne. So that has been proposed by no one.)

DW feels that it would be best to put the Hope Housing model aside and seek alternative solutions where houses are acquired and retained as some kind of community collective. Other considerations might be solutions which lower rents. He notes that new builds may have an advantage of being more efficient in design than current large holiday homes. DW concludes that we need to assess the Hope model against alternatives and to achieve a consensus of what Lorne needs/wants. That is, he supports the track that we are already on in investigating different options.

#### 5.3 Peter Lavis pre-meeting email to PH and JH

PL agrees with DW's comments and does not wish to pursue Hope Housing any further. He feels it could not work in Lorne (ie., not a model that was purely Lorne investors for Lorne houses), and nor for that matter on the broader Surf Coast. He thinks the answers supplied by Hope Housing illustrate that their hearts and minds are not there. He thinks there would be a lot for work to set up the sub fund that Hope outlines, if that was deemed necessary.

In terms of other solutions, he points out that the Regional Worker Accommodation Grants are a short-term fix only and that applicants will be seeking a higher and better use of their assets going forward. He feels any attempt to influence the short-term rental market will alienate Lorne homeowners and he would not wish to have his name associated with any action or move in this respect. The only realistic option in his view is build-to-rent scheme on a parcel of land (he names as an example only, a landowner on the Erskine Falls Road) alongside a commitment from the shire to cut all the planning and building red tape. He is concerned about NIMBY in Lorne.

He offers an additional solution, requiring Shire, State and Federal government collaboration. The idea is for Shire and State government to incentivise absentee owners to offer their homes for say, five years minimal rental on an acceptable rent, on the following basis: the Shire will waive all rates and charges; the State government will waive land tax and other government charges; the Federal government will provide tax incentives including negative gearing for homeowners in this type of arrangement. Homes under this scheme could then be managed through some kind of CfL-designed arrangement (ie, taking into account eligibility for local workers to live in these homes). However, he was sceptical about local, State and Federal Governments giving up their acquisitive desire for revenue via rates, taxes and so on. He felt it would be wishful thinking for these levels of Government doing anything positive like this to alleviate regional coastal housing crises!

The following points were made in discussion of all three pieces of work.

- The Hope Housing model is different from shared equity models in the UK which were recently reviewed on the ABC news. Purchasers in the UK are going broke because while they have shared equity in the house, and they have to rent the other half as well. It is proving unaffordable. Hope Housing is not set up like this.
- There are examples in Australia of ordinary “mum and dad” investors offering to put their own funds into local housing solutions. High net worth individuals are not the only players. However, it would help create confidence if high net worth individuals were leading the charge.
- Regular reliable returns would be required to coax investment from any small investors alongside large or “wholesale” investors.
- Houses or apartments of \$1.2m or less are rare in Lorne. At present there is one house and 9 apartments available in that price range in Lorne. But there are 5 houses in Deans Marsh, one house in Aireys and 17 houses in Anglesea. So, provided that the person worked in Lorne, does it matter if they live a bit further away? DW raised this in his paper. We don’t need to find all the houses in Lorne
- SCSC data tells us that 50% of key essential workers on the SC are not eligible for government supported housing (ie, not eligible to be accommodated in the project in Aireys) because their incomes are too high. In other words, the target group for ideas like Hope Housing exist and they are not served by the government’s solutions.
- DW and PL considered Hope Housing and then went on to offer some alternatives. In doing so we saw them naturally articulate criteria for choosing one option over another. So maybe we should take a moment to articulate criteria we could use in weighing up all the different options that come to the table. PH could think of 12 criteria during the meeting. The 12 criteria that could be used to systematically assess all options (in no special order): the target group reached (low income, higher income etc); how long the option lasts (eg, 5 years, or longer); whether the number of people assisted is capped (limited) or not; the amount of effort involved in pursuing the option (by volunteers and by paid staff); the cost; the

environmental impact; the timeline (sooner/ later); community support; community opposition; the number of people served/assisted; whether it is feasible/doable; and the consumer perspective (what the resident prefers/wants as their home).

- We did not ever imagine ourselves providing just one solution. We will need different solutions for different groups

It was decided not to set aside further time for work on *Hope Housing* for Lorne, unless there was something new to bring to the table about it.

ACTION 9 AH to supply further information and/or examples about communities investing their personal funds in local housing.

ACTION 10 AH to investigate the possibility of church land being available in Deans Marsh

## **6. Structuring of the working group**

We agreed to meet next on Thursday, 13 February at 4 PM. If we were able to offer some regular meeting times across the year, then we may be joined by more people from the community. We will discuss the process again when we have a bit more time to do so.

The meeting ended promptly at 11 AM.