



Submission to: Inquiry into the Supply of Homes in Regional Victoria
Environment and Planning Committee
Legislative Assembly, Parliament of Victoria

From: Penny Hawe, President, Friends of Lorne

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SUMMARY. We make two arguments. (1) More use can be made of existing housing stock, especially in holiday hot spots like Lorne where 69% of homes are not occupied full time. Building new homes seems wasteful in such circumstances. But as these under-utilised homes come on to the market for sale, they could be made easier for purchase by permanent residents. We outline **three pathways to make existing housing stock more available for permanent living:** shared equity purchase schemes, limits to short term rentals, and clawing back a portion of apartment accommodation currently on long term lease on public land for essential worker housing. (2) The build-new **Regional Worker Accommodation Grants can do more harm than good** because the properties created only require use for workers for 5 years, thereafter the properties can become holiday accommodation. The length of time for use as worker accommodation needs to be 20 years under government-funded home building schemes.

Thank you for the opportunity to contribute to the thinking on how best to sustain and strengthen our communities by ensuring homes for our workers.

Our organisation. Friends of Lorne is a planning and environment community organisation, established in 1966. We have 140+ members. Our focus is on (1) the retention and protection of the natural environment in Lorne and (2) planning, development and maintenance of community services and activities consistent with the balanced needs of permanent residents, holidaying residents, campers and tourists. www.friendsoflorne.org.au

Knowledge and experience of the problem. In 2023 Friends of Lorne hosted a series of public webinars to discuss ways to accommodate Lorne's growth and, in particular, to consider how to address the crucial shortage of affordable homes for key and essential workers. Just on 100 people attended. We reviewed solutions being tried out in other communities and learned from experts researching community lands trusts. Lack of affordable housing in Lorne is not only affecting the school and the hospital, it flows through to our capacity to recruit volunteers within the required response distance for the SES and CFA.

These concerns were documented in a report *Accommodating Lorne's Future (2022)* commissioned by the Committee for Lorne. The report put a lot of emphasis on "freeing up" land outside the town boundaries for rezoning and building. But the Bushfire Royal Commission recommendations now demand creative solutions inside the town boundaries i.e., the bush fire risk here is too high to allow for more geographic expansion of the town.

OUR POLICY RECOMMENDATIONS

1. Don't just keep building. Land is limited. Design policies that encourage more use of existing housing stock. Friends of Lorne's preference is for more use of existing housing stock because **69% of our houses are holiday homes not in use year-round.**¹ It makes more sense ecologically speaking, to see if we can make fuller use of these homes rather than building extra homes new (even if we did have space to do it). Making Lorne denser with infill housing will help some groups (down-sizing couples and singles, for example). But it won't cater for the young families we desperately need to retain jobs and hence the viability of the school, hospital, local business etc. They need space, tradies especially (for vehicles and equipment).

We see **three pathways for getting key and essential workers into existing housing stock.**

The first is **shared equity home purchase schemes** such as [Hope Housing](#). This housing investment fund has succeeded in getting 26 essential workers into homes in the high-priced Sydney CBD in the last two years. Funds are raised by large scale investors representing the interests of the groups that benefit most from having their workers nearby (e.g. hospitals, police, education departments, other public service departments, local government). The scheme allows an eligible worker to purchase 50% equity in a home on the open market with a deposit and a loan from a partner bank. The other 50% of the equity is held by the investors. Returns to both parties are made when the house is sold (on the open market), or when the worker buys out the investors' share. Advantages of the scheme are (1) physical infrastructure is in place (roads, water, electricity); (2) workers get to choose a home to suit their budget and needs; (3) no enclave of "affordable" housing is ever created in the town; (4) provided the investment grows, there is no limit to the number of workers who can participate; and (5) there is no loss of habitat/vegetation/tree canopy. The tree canopy and the preservation of our wildlife in Lorne is precious to the community and a key part of our attraction to visitors.

We know that the federal government has recently set up a shared equity scheme, but 50% of our essential workers have incomes too high for any state or federal government assisted housing grants/opportunities.² So, for example, in Lorne if one person is working at the school and the other at the hospital their income is too high to be eligible to live in the types of affordable housing projects that are now being built on the Surf Coast. A couple's income might be moderate, yet they can't afford to buy in Lorne because the median house price in Lorne hovers around \$1.8-\$2m. That is why we need a special, tailored-made shared-equity scheme for a high-priced Surf Coast property market.

We are not suggesting that state governments fund such schemes directly (unlike the Federal model). Rather, state governments can help to spread and normalise such schemes by learning more about them and acting as stewards between investment and development foundations and agencies.

The second pathway is to put incentives and disincentives in place to yield a favourable number of long-term rentals by possibly including limits to **the number of short-term rentals.** We

¹ Surf Coast Shire Council. Urban Futures Strategy. Background Context Report September 2023

² Surf Coast Shire. Affordable Accommodation Action Plan 2024

recognise that there would be opposition to the latter from owners. We also have no desire to dampen the local economy which benefits from the visitors. We ask not for blanket measures across the state, but place-based context-specific policies that bring local regulations into play when some threshold or ratio for benefit-versus-harm is reached. We need mathematical models designed to help us identify these thresholds and manage a sufficient yield of long-term rentals, whilst not impacting the visitor spend. We need research on how short-term rental impacts in holiday hot spots have been tackled elsewhere and the results of the policy evaluations.

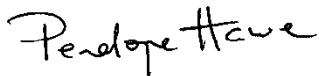
The third pathway to gain more housing in Lorne is to plan **to claw back a small portion of the self-contained apartment properties on the Lorne foreshore**, which are currently leased to the Mantra hotel group. The Mantra is on land bequeathed to the public, managed by the state and leased for another 25 years to the Mantra hotel group, on behalf of the public. Sure, 25 years is a long way off. But unless such solutions are planned for now, they won't come to fruition. The location and size of the units is perfect for permanent residents as a long- or shorter-term rental (ie., for staff at the hospital or the school in transition to buying in Lorne, or for downsizers in Lorne).

2) Revise the conditions of the Regional Worker Accommodation Grants Scheme

The Regional Worker Accommodation Grants Scheme began in 2024. So far 24 communities have received funding to build worker accommodation properties. Another round of grants is due to be announced in May. Friends of Lorne only became aware of the scheme when a local applicant approached us for a letter of support. He was proposing to match taxpayer funds 50-50. That was when we learned that the conditions of the grants only require the properties to be used exclusively for workers for a period of 5 years. Thereafter the properties can revert to holiday accommodation. In some parts of the state this might be good thing, as their visitor economy grows. But in Lorne this could do more harm than good. We have a severe shortage of worker accommodation. Holiday accommodation is much more profitable. Hence the grants are a taxpayer-funded, short term stepping stone to a much more lucrative investment, leaving Lorne less able to attract and retain staff in the future.

A better policy response would be to have a **longer mandated time period for worker-only use**. In our case 20 years would be better. A 5-year term solution simply shifts the problem temporarily into the future at considerable taxpayer cost.

Thank you inviting contributions from the community to your policy planning.



Penny Hawe, President.

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