Bass Coast
Housing Strategy
2024

BASS COAST

Acknowledgement of Country

Bass Coast Shire Council acknowledge the Bunurong as the Traditional Owners and Custodians of the lands and waters, and pays respect to their Elders past, present and emerging, for they hold the memories, the traditions, the culture and Lore. Bass Coast Shire Council celebrates the opportunity to embrace and empower the Aboriginal and/or Torres Strait Island Communities in their diversity. Bass Coast Shire Council will create opportunities for future recognition and respectful partnerships that will honour the Traditional Owners and Custodians, and Aboriginal and/or Torres Strait Islander Peoples.

Diversity and Inclusion

Bass Coast Shire Council is committed to providing communications and engagement that is welcoming, safe, accessible and inclusive for our community including First Nations, Culturally and Linguistically Diverse (CALD), Lesbian, Gay Bisexual, Transgender, Queer, Intersex and Asexual (LGBTQIA+) peoples, people with disability and of all ages.

BASS COAST

Contents

Part 1 - Introduction

Bass Coast is a peri-urban shire experiencing a period of rapid growth. It is home to 41,798 people (2022), which is expected to increase to 47,408 by 2036. A plan is required to ensure that housing is built in appropriate locations and that the projected demand can be met. This strategy is a 15-year plan, to manage where housing is located across the 26 distinct settlements of Bass Coast.

To meet Bass Coast's housing demand (between 7890 and 9840 dwellings by 2036), a shift towards infill development in established urban areas is required, as zoned greenfield land is becoming exhausted. State Government's draft Statement of Planning Policy and Victorian Housing Statement reinforces this shift, with the introduction of tighten town boundaries, that limits the release of new greenfield areas.

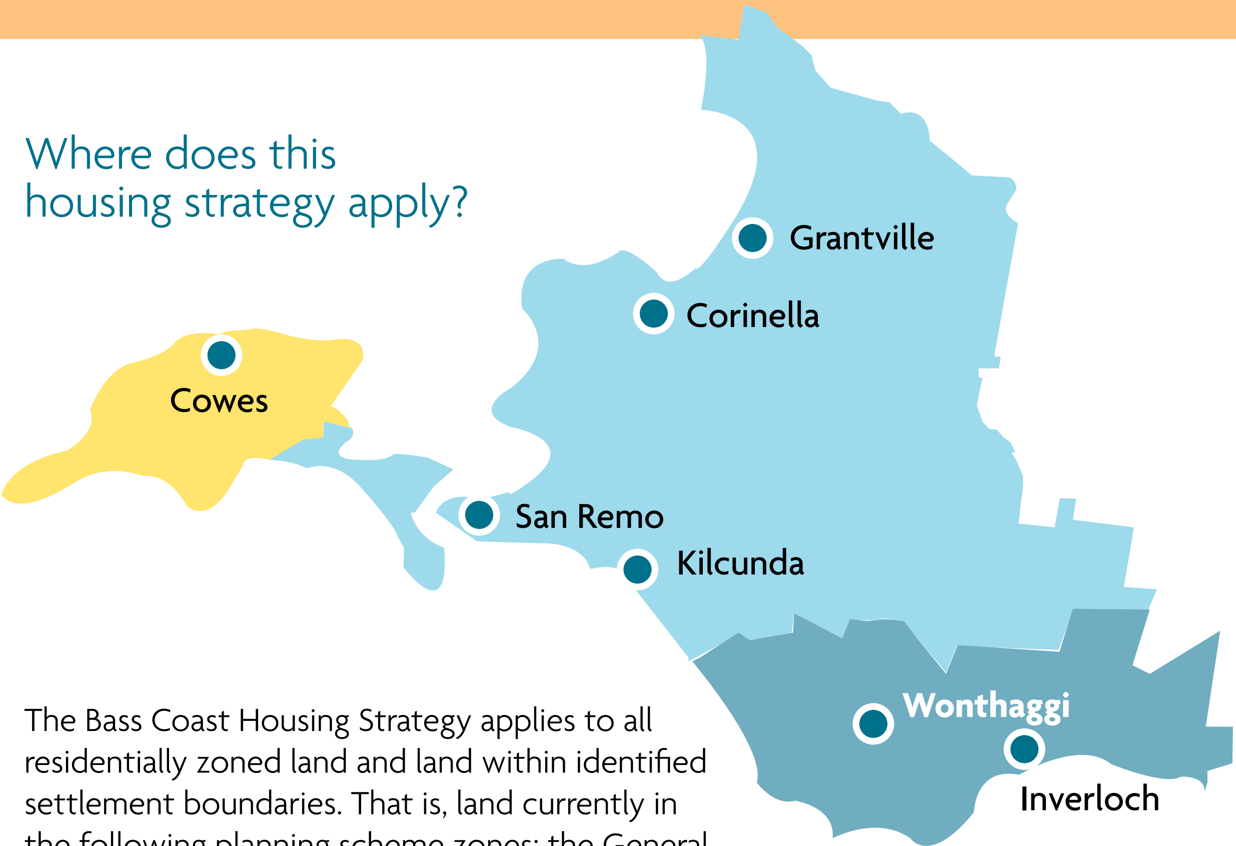
To manage the policy shift, this strategy forms part of an integrated suite of documents including the Bass Coast Neighbourhood Character Study, Bass Coast Increasing Canopy Cover in Residential Areas, and the Bass Coast Residential Development Framework.

This strategy has been prepared to be consistent with the Bass Coast Statement of Planning Policy and the Victorian Housing Statement.

What is a Housing Strategy?

Bass Coast's Housing Strategy outlines a framework for managing housing growth over the next 15 years, ensuring sufficient land and diversity for future community needs. The strategy is consistent with local and state policies, addresses community feedback, and clarifies Council's role in housing. Specifically, it will guide the level of housing change that can be expected across each settlement and inform the appropriate location and application of residential zones.

Where does this housing strategy apply?



The Bass Coast Housing Strategy applies to all residentially zoned land and land within identified settlement boundaries. That is, land currently in the following planning scheme zones: the General Residential Zone, the Residential Growth Zone, the Township Zone, the Mixed Use Zone and the Low Density Residential Zone, as well as non-residentially zoned land within settlement boundaries, such as the Cowes Activity Centre and farming zoned land.

The strategy has adopted the settlement hierarchy from the Bass Coast Statement of Planning policy, which groups the 26 settlements of Bass Coast as follows over the page:

Settlement	Designation	Description
Wonthaggi	Regional centre	A settlement of 10,000 or more people with a large, diverse population, employment, and housing base. In a regional centre, there is provision of all essential services and higher-order goods, education at all levels and access to large hospital and diverse medical facilities is available. A regional centre has strong relationships with surrounding settlements of all types.
Cowes and Silverleaves Inverloch San Remo/ Newhaven	District town	A settlement with a substantial and diverse population of 2,000–10,000. A district town usually has a dominant town centre and most essential services are available including a post office, schools, emergency services, medical/hospital facilities, retail services and accommodation options. There is some reliance on the regional centre for employment and higher-order services. A district town has strong relationships with smaller, nearby settlements and provides them with some higher-order services. District towns on the coast are popular visitor destinations. All are connected to reticulated water, electricity and a sewage system.
Grantville	Town	A settlement with population levels of 1,000–2,000, the number varying with general service provision and the diversity of the housing stock. Various services are available including a post office, supermarket, schools, a police station and some basic medical facilities. There is some reliance on larger, nearby settlements for employment and higher-order services. Towns on the coast are popular visitor, retirement and lifestyle destinations. All are connected to reticulated water and electricity, and most have sewer connections.

Settlement	Designation	Description
Cape Paterson Cape Woolamai Corinella Coronet Bay Dalyston Kilcunda Rhyll	Village	A settlement with population levels of 500–1,000, the number fluctuating seasonally. Basic services are available, including a general store and basic retail facilities, and most have postal services. A village has strong employment relationships with larger, nearby settlements and relies on them for services. Villages on the coast have moderate-to-high levels of holiday home ownership. Most are connected to reticulated water, and some have sewer connections.
Bass Harmers Haven Jam Jerrup Pioneer Bay and The Gurdies Smiths Beach Sunderland Bay Sunset Strip Surf Beach Tenby Point Ventnor Wimbledon Heights	Hamlet	A settlement with low and seasonal population levels of 200–500, the number fluctuating seasonally. There are limited services and connections to a sewage system. Hamlets on the coast have high levels of holiday home ownership and some small-scale visitor accommodation.

1. Review existing commonwealth, state & local policies & strategies
2. Develop housing strategy principles
3. Test principles with community
4. Use principles to develop objectives, strategies, guidelines & actions
5. Engage with community on draft strategy.
6. Finalise Strategy based on feedback
7. Implement into planning scheme

Council's Role in Planning for Housing

Council is the "Planning Authority" under the *Planning & Environment Act 1987* and is required to ensure there is sufficient supply of suitably zoned land, to support a diversity of housing types, to accommodate current and future residents. In housing policy, Council's primary role is to accommodate projected population growth over at least a 15 year period and provide clear direction on locations where growth should occur. It must also ensure that housing proposals meet town planning, building and public health regulations and community expectations.

Local government also has an important role in advocacy, particularly by working closely with the Commonwealth, State Government, and the private sector, to influence changes in development patterns.

How was the Strategy Prepared?

This strategy provides the framework to guide the growth and change of residential areas within the Settlement boundaries.

Planning Practice Note 90 and 91 set out guidelines for undertaking housing strategies and for determining how residential zones should be applied. Specifically setting out the concept of change areas and how they should be applied. This is further discussed in Part 4 of this strategy.

The Bass Coast Housing Strategy adopts a principle-based approach, whereby any recommendation from this strategy on how land should be designated in terms of housing change, must be linked back to these principles.

To develop principles for the Housing Strategy, a comprehensive review of state, regional and local policies and strategies, that relate to housing in Bass Coast were undertaken. Following this review, three principles to guide decisions on where to direct housing change were developed and then tested and refined, alongside the community through consultation. The fourth principle was developed following this consultation and in response to the Victorian Government's 2023 Housing Statement. These four principles are:

- Urban Infrastructure & Connectivity
- Environmental Hazards & Ecology
- Neighbourhood & Landscape Character
- Diversity and Affordability

Urban Infrastructure & Connectivity

Housing should be located close to services and infrastructure and have good connections to surrounding areas

Environmental Hazards and Ecology

Housing should avoid areas where there are environmental hazards or sensitive environments

Neighbourhood & Landscape Character

Housing should avoid detracting from the qualities of our towns and landscapes, that make them special

Diversity & Affordability

A diverse range of housing should be provided, accomodating the existing and future demographics of the area

Each principle is underpinned by several objectives, which provides strategic direction. Each of these objectives are in turn underpinned by strategies, which describe actions Council should seek to achieve, to meet the objective and principle.

This cascading structure of principles, objectives and strategies makes it clear, why and how each resulting action was developed.

Principle	**Example Principle 2** Environmental Hazards and Ecology
Objective	**Example Objective 2.1** Minimise the consolidation of housing in areas vulnerable to identified environmental hazards
Strategy	**Example Strategy 2.1.4** Prevent urban consolidation in areas identified for land subsidence risk in the Bass Coast Planning Scheme

To clearly articulate where future housing growth can and cannot occur, areas of substantial, incremental and minimal housing change must be identified and incorporated into the Planning Scheme. This ensures adequate provision of housing, to meet the projected population, in areas that can accommodate housing change as well as provide certainty and transparency to both the community and developers.

This must be done alongside changes to zones, to reflect this policy, as well as directions on neighbourhood character.

Policy Context

The planning for and delivery of housing is influenced by a number of Commonwealth, State and local policies and programs, with each level of government having different roles and responsibilities ranging from setting a policy framework, from which the housing market operates, to direct interventions in the market that are targeted at improving outcomes for specific groups of people. This strategy is focused on areas that Council can influence such as land use zoning, housing diversity, local planning policy and development controls.

A table of reviewed documents is included on the next page:

Document Name	Level of Government
National Housing and Homelessness Agreement, 2018	Commonwealth
Planning and Environment Act 1987	State
Plan Melbourne, 2017-2050	State
Victorian Coastal Strategy, 2002	State
Coastal Spaces Recommendations Report, 2006	State
Gippsland Regional Growth Plan, 2014	State/Regional
Homes for Victorians, 2017	State
Marine and Coastal Policy, 2020	State
Marine and Coastal Strategy 2022	State
Draft Statement of Planning Policy, 2022	State
Victorian Housing Statement 2023	State
Phillip Island and San Remo Design Framework, 2003	Local
San Remo, Newhaven and Cape Woolamai Structure Plan, 2010	Local
Cowes, Silverleaves, Ventnor and Wimbledon Heights Structure Plan, 2010	Local
Bass Coast Strategic Coastal Planning Framework, 2011	Local
Inverloch Design Framework, 2011	Local
Cowes Activity Centre Plan, 2015	Local
Active Bass Coast 2018 – 2028	Local
Wonthaggi Structure Plan 2018	Local
Dalyston Structure Plan, 2018	Local
Bass Coast Climate Change Action Plan 2020 – 2030	Local
Council Plan 2021-25	Local
Access Equity and Inclusion in Bass Coast Plan 2021-2025	Local
Bass Coast Healthy Communities Plan 2021 – 2025	Local
Wonthaggi Activity Centre Plan 2021	Local
Smiths Beach Town Plan 2022	Local
Social and Affordable Housing Strategy 2023	Local

Key Document Summary

The following documents are considered "key documents" and are central to the preparation of the Bass Coast Housing Strategy. A summary of the documents and their relevant directions are included below:

Plan Melbourne 2017-2050

Plan Melbourne is Victoria's state planning strategy. Outcome 7 identifies Bass Coast Shire as a peri-urban municipality and sets out a number of directions that should be considered. The policy context for this direction, notes that a number of towns in peri-urban areas (including Wonthaggi) have capacity for more housing and employment-generating development, without impacting on the economic and environmental roles that surrounding non-urban areas serve.

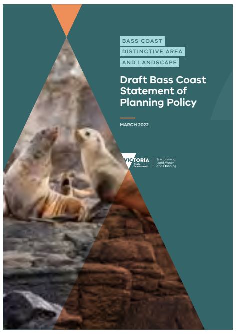
Gippsland Regional Growth Plan 2014

The Gippsland Regional Growth Plan puts in place an integrated planning framework for the six local government areas in Gippsland (Bass Coast Shire, Baw Baw Shire, East Gippsland Shire, Latrobe City, South Gippsland Shire and Wellington Shire) to appropriately direct and manage sustainable growth across the region, whilst recognising Gippsland's assets of regional significance.

The Plan recognises the following for Bass Coast:

- Wonthaggi is a regional centre that can promote growth.
- Cowes is a town that can support growth.
- Inverloch is a town that can support growth.
- Cape Paterson is a small town that can support growth
- San Remo is a small town that can support growth

Draft Statement of Planning Policy 2022



The Draft Statement of Planning Policy is a framework to guide the future use and development of land within the declared area.

To manage pressures for the outward expansion of residential land, the draft Statement of Planning Policy proposes protected settlement boundaries for 26 residential settlements within the Shire. These are generally consistent with existing boundaries in the Bass Coast Planning Scheme, with the exception of San Remo, Newhaven, Grantville, Cowes and Sunset Strip.

The draft Statement of Planning Policy goes on to suggest that growth will need to be accommodated within these boundaries, through the development of vacant lots and infill development.

Victorian Housing Statement 2023

Victoria's Housing Statement – The Decade Ahead 2024-2034 launched on 20 September 2023, focusing on five key areas to tackle housing supply and affordability in Victoria, and aims to deliver 80,000 new homes each year across the state.

The five key areas are:

- Good decisions, made faster – reforming Victoria's planning system, to boost housing supply, clear backlogs and improve certainty
- Cheaper housing, closer to where you work – building more homes closer to transport, roads and infrastructure and on government land, as well as apply a levy on short stay accommodation
- Protecting renters rights – closing loopholes and giving renters more certainty
- More social housing – building up to 769 homes through federal government programs on top of 12 000 Big Housing Build homes and 4000 from other programs
- A long term housing plan – a new planning strategy to guide the growth of Victoria

Bass Coast Council Plan 2021-25

Bass Coast's Council Plan reflects the community's long-term vision for the Shire and shows how the Council will work towards that vision during its term, by developing a set of strategic objectives, strategies and performance indicators, to support their delivery.

The plan includes 6 strategic objectives to guide the activities of the Council over the term. Objective 5 relates to Sustainable Development and the Bass Coast Housing Strategy is key to accomplishing many of the strategies under this objective.

Bass Coast Affordable Housing Strategy 2023

Council adopted the Bass Coast Affordable Housing Strategy in September 2023. The strategy highlights that in December 2022, 1186 people were on the Victorian Housing Register wait list, seeking social housing in the area. It also highlights the relationship between a low vacancy rate in the private sector, as well as the proliferation of short-stay accommodation and the greater pressure being placed on the affordable housing sector. Implementation is occuring in conjunction with the Bass Coast Housing Strategy and the findings have influenced the Diversity and Affordability Principle.

Bass Coast Planning Scheme

The Bass Coast Planning Scheme is the principal document in guiding and determining housing policy. Whilst a major aim of the Bass Coast Housing Strategy will be to recommend updates to the scheme, the existing state and local planning policy framework still provide direction on how housing policy should be prepared.

In the "Settlement" section of the scheme, emphasis is placed on providing a sufficient supply of land for all uses, including residential, raising the importance of well planned regional communities having regard to regional growth plans. Protecting environmental values in coastal settlements and the importance of protecting distinctive areas and landscapes is also identified.

...continued on the next page.

The Municipal Planning Strategy (forming part of the scheme) identifies the increasing unaffordability of housing in Bass Coast and goes on to highlight the need for housing diversity, as well as urban consolidation in areas with the necessary infrastructure.

Later in the "Housing" section of the scheme, the need to provide a diversity of housing that responds to community needs is further expressed. It sets out to do that by seeking to facilitate higher densities in appropriate places, ensuring that the planning system supports the appropriate quantity, quality and type of housing (including aged care) and ensuring housing is integrated with infrastructure services.

The Planning Scheme also provides specific directions on environmental risks and values, landscape character, built environment, heritage and Infrastructure.

Summary

A review of the policy framework that exists for housing in Victoria, highlights a number of consistent themes that should be considered when finding locations for new housing in Bass Coast, and forms the basis of the principles further discussed in Part 3 of this Strategy:

- It is important to provide housing choice in locations close to jobs, public transport and services.
- It is important to create healthy neighbourhoods that are walkable, universally accessible and have access to public open space.
- Locations for new housing should consider minimal impact on native vegetation, areas of environmental or landscape significance and sensitivity.
- Locations for new housing should avoid areas with susceptibility to flooding (both river and coastal inundation), landslip, erosion, coastal acid sulfate soils, salinity, wildfire or geotechnical risk.
- Existing and preferred neighbourhood character is important in considering locations for housing growth
- Housing needs should be considered over at least a 15 year horizon, and opportunities for future growth should be identified.
- Greater residential densities should be provided close to activity centres.
- Use the Victorian Government population projections and land supply estimates when planning for population growth and managing housing change

The key documents that influence housing in Bass Coast are summarised in appendix 1.

Part 2 - Planning for housing growth in Bass Coast

Bass Coast Population and Households

Understanding who lives in Bass Coast, how they live and how this will change over time, is an essential element of the Housing Strategy, as housing markets are directly influenced by demographic and economic characteristics and trends.

This section of the report summarises the existing and key changes expected in the resident and household profile of Bass Coast.

Age Profile

At the 2011 census, 2016 census and 2021 Census the median age in Bass Coast were 46, 50 and 51, respectively. This is substantially higher than Victoria (37 years) and Regional Victoria (43 years), demonstrating the aged population of the shire. The substantial proportion of older residents is likely to remain into the future and alternative housing types need to be considered, to allow these residents to age in place.

At the same time, there is a generally younger population in Wonthaggi, Cape Woolamai, Newhaven, Rhyll, Sunset Strip, Smiths Beach, Sunderland Bay, and Surf Beach.

Household Structure

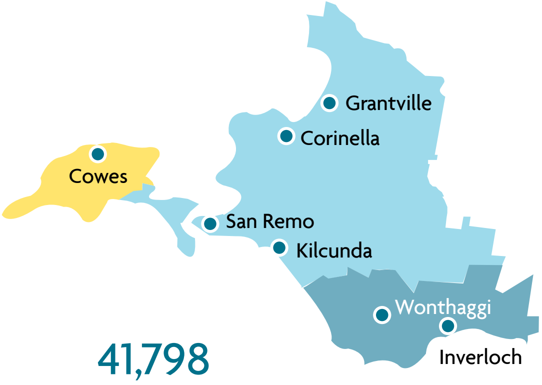
Understanding the household structure within the shire and the forecast change, helps identify what types of housing may be required, to meet current and future resident needs.

The average household size in Bass Coast in 2021 was 2.19 people, reflecting a high proportion of single and adult couple households, which make up 30% and 31% of household types respectively.

Into the future, demographic projections indicate that 45% of the additional households in Bass Coast between 2021 and 2036 are expected to be lone person households, with a further 36% projected to be couples. This means that 81% of the additional households over the next 15 years, are projected to have either 1 or 2 residents.

A key issue with smaller households being forecast to grow faster than larger households, is the demand this may place on housing diversity in a generally homogenous housing stock.

Bass Coast at a Glance



41,798

In June 2022, the Estimated Resident Population of Bass Coast Shire was 41,798

*(This is expected to grow to **47,408** by 2036)*

8,600

Between 2011 and 2021, the Shire's population increased by 8,600 residents (averaging 2.2% per annum). Over the last 5 years the population has increased 3% per annum.

The population is primarily distributed across the Shire's 26 settlements, the population characteristics differ from town to town, with Cowes, Wonthaggi and Inverloch having the largest share of population.

9,315

Additional residents

1.7%	per annum	Projected to average growth rate 2021-2036
3.0%	per annum	Average growth rate 2016-2021
2.1%	per annum	Average growth rate 2011-2016

* *Cowes, Wonthaggi and Inverloch have the largest share of population*

Age Profile

Median age:

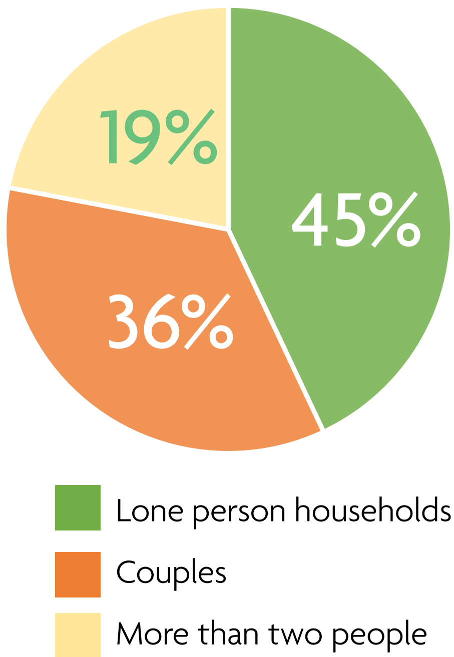
2011: **46** | 2016: **50** | 2021: **51**

37 Victoria's median age

43 Regional Victoria's median age

Generally younger than average population
in Wonthaggi, Cape Woolamai, Newhaven, Rhyll, South Coast Estates

Household size projections for additional households by 2036



The Housing Stock of Bass Coast

In 2021, there were approximately 28,975 dwellings in Bass Coast. The majority of those, on the Mainland, were located in the Wonthaggi and Cape Paterson district (20%) and the majority of those on Phillip Island were located in Cowes, Ventnor, Silverleaves and Wimbledon Heights district (27%).

The form of the housing stock in Bass Coast is predominately homogenous, with 91% of dwellings classified as separate houses. Other housing types, like townhouses, units and apartments, make up a very small proportion of total housing stock (8%).

The market for medium density housing in Bass Coast is expected to increase over time, with this housing type projected to serve a range of market segments including downsizers, investors and holiday rentals. The strong price growth of separate dwellings, that has been witnessed over the last ten years (at an average rate 8.94% per annum), is expected to also increase the feasibility of medium density development over the horizon of the Housing Strategy.

Total No. of Dwellings (2021)	**Approx 28,975**
Total Dwellings - Mainland	16,386 (57%)
Total Dwellings – Phillip Island	12,588 (43%)
Housing Typology	Separate Houses: **91%** Medium Density (semi-detached, row, terrace, townhouses and villa units, plus flats and apartments in blocks of 1 or 2 storeys, and flats attached to houses): **8%** Other (caravans, cabins, houseboats or improvised homes [tents]: **1%**
Average Household Size 2021	**2.19**

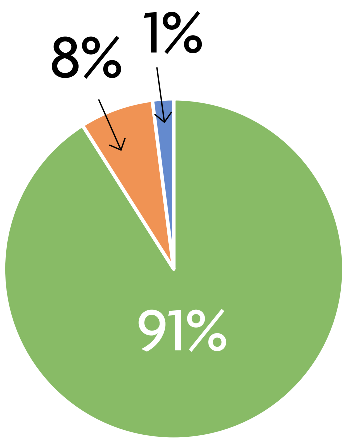
Occupation of these dwellings consists of Permanent Residences (owner occupiers and permanent rentals), Visitor Housing (Holiday Homes and Holiday rentals) and natural vacancy (this accounts for 10 percent of the housing stock). The following occupancy estimates are provided by the assessment:

Occupancy Type	**Shire-wide**	**Mainland**	**Phillip Island**
Permanent Residences	**63%**	72%	46%
Visitor Housing	**27%**	18%	44%
Natural Vacancy	**10%**	10%	10%

Of the total housing stock, 63 percent is occupied by permanent residencies, which consists of 16,600 dwellings that are owner occupied and 3400 dwellings used as permanent rentals.

Visitor Housing or unoccupied homes accounts for 37 percent of the housing stock.

Housing Stock at a Glance



Housing Types

- Dwellings classified as separate houses
- Dwellings are apartments, semi-detached, townhouses and flats
- Dwellings are other (caravans, cabins, houseboats, tents etc)

8.94% pa

Price growth of separate dwellings has increased

The strong price growth of separate dwellings that has been witnessed over the last ten years (at an average rate 8.94% per annum), is expected to also increase the feasibility of medium density development over the horizon of the Housing Strategy.

Occupancy - *Shire-wide*

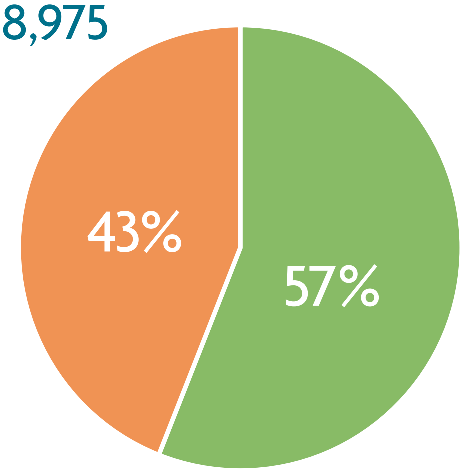
63%
Used as permanent residences as owner-occupied (16,000) or permanent rental (3,400)

27% visitor's housing comprising holiday home

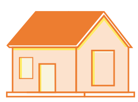
10% Housing that is "naturally vacant"

Total dwellings (2021)

28,975



16,386 Total on Mainland



12,588 Total on Phillip Island

Our Capacity at a Glance

Our capacity

Dwellings	Supply Type
7890-9840	Projected housing demand 2021-2036
526-653	Projected Annual Housing Demand
8973	Zoned Residential Land Capacity (Broad hectare and Single Vacant Lots)
6741	Zoned Broad hectare Residential Capacity (GRZ, CDZ, LDRZ, TZ, UGZ and RLZ)
1951	Hypothetical capacity of unzoned land within settlement boundaries
10,924	Hypothetical Zoned and Unzoned Residential Land Capacity *(excluding infill)*
10,300	Hypothetical Current Infill Capacity

Town by town capacity

	Cowes	Phillip Island Balance	Wonthaggi	Inverloch	San Remo	Waterline	Mainland Balance	Total
Zoned Residential Land Capacity in lots	916	366	4,763	795	522	859	740	**8,973**
Years of supply (zoned) - End 2023	4.8-6.4	4.2-5.7	40+	8.5-11.6	9.1-11.8	10.2-13.1	9.1-2.2	**13.7-17.0**

It is important to note the following:

- the adequacy of our current greenfield and single vacant lot land supply, has been calculated using assumptions based on recent subdivision patterns and on review of vacant lots capable of supporting a separate dwelling, and does not consider whether this land is currently available to market; and
- infill development potential has been calculated on a theoretical maximum extent of development possible under current zoning provisions and does not consider whether this land is suitable for directing increased housing development through future rezoning.

What does the community value?

Community consultation undertaken between 17 August and 18 September 2022, has informed the draft Bass Coast Housing Strategy and the Bass Coast Neighbourhood Character Study.

The common themes heard at consultation are as follows:

Prioritise the Environment

What we heard: environmental values and landscape character, should be prioritised over new housing and built form.

This is reflected in the strategies, by elevating these concerns to their own principles.

Wonthaggi as the Regional Centre

What we heard: Wonthaggi is the most appropriate place to focus housing growth, given its location, access to services and existing infrastructure.

Other locations were inappropriate. These locations included

- Cape Paterson,
- Sunset Strip,
- Smiths Beach,
- Sunderland Bay,
- Surf Beach,
- Inverloch,
- Harmers Haven, and
- Phillip Island more generally.

Wonthaggi's status as the regional centre of Bass Coast, is recognised in the objectives and strategies, under the Urban Infrastructure and Connectivity principle.

Services and Infrastructure

During consultation, the Urban Infrastructure and Connectivity principle was called "Strategic Context and Services". While it was concerned with infrastructure and services, it also had a main focus on existing policy direction.

What we heard:

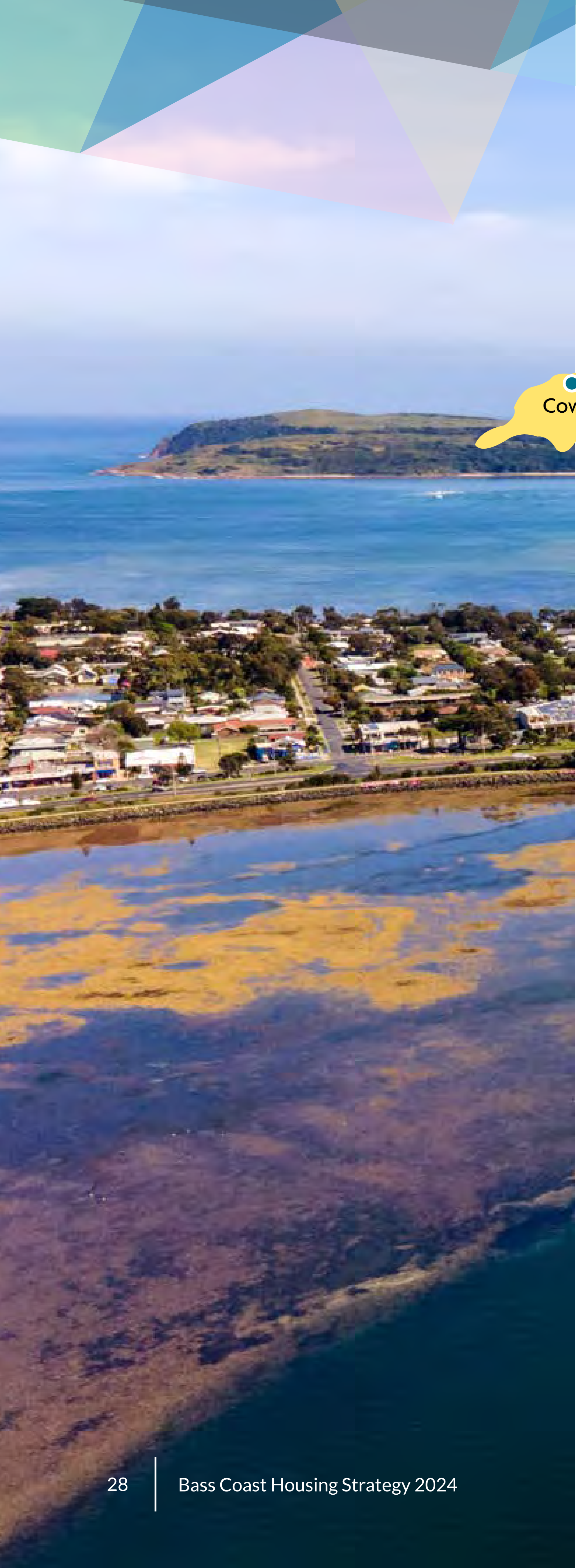
the need to locate new housing close to services and infrastructure, was not strongly enough expressed.

Existing infrastructure is already at capacity and new housing would only exacerbate these concerns.

Available infrastructure is a key consideration under the Urban Infrastructure and Connectivity principle. This principle has been renamed, elevated and expanded in relation to this feedback.

Township Boundaries

Whilst outside the scope of the housing strategy work, many provided feedback on the location of township boundaries, including that they should not be further extended, or in some cases they should be retracted. The ongoing Distinctive Areas and Landscapes work, seeks to apply protected settlement boundaries to towns in Bass Coast. The focus of the Housing Strategy, is the efficient and appropriate use of land for housing already within settlement boundaries. The existing settlement boundaries in the planning scheme have been adopted for the preparation of this strategy, pending the outcomes of the Distinctive Areas and Landscape program.



Key Challenges for Housing in Bass Coast

Meeting the demand for housing in Bass Coast is not without challenges. The challenges are also not distributed evenly, with some areas of Bass Coast facing more significant barriers to meeting demand for housing. This is especially the case in smaller villages and hamlets where challenges in infrastructure, landscape character and environmental risks overlap. Even some urban areas, normally ideal for additional housing, have challenges that must be surmounted to achieve the aims set out for this strategy to address. As noted previously, in this section, key drivers for the housing market are shifting and as our population ages and household sizes shrink, our current housing stock will become increasingly inappropriate without action.

Limited active and public transport opportunities

Bass Coast, has a relatively low population spread across a large geographical area. The distribution, spread over more than a dozen settlements, translates to a car-dependent lifestyle for residents. Limited inter-town public transport services further isolate smaller communities, meaning they are unable to provide all daily services necessary to achieve a "20 minute neighbourhood". While some towns have intra-town public transport services, they are generally at a low frequency.

Council is prioritising pedestrians and active transport options, aiming to overcome the current limitations that restrict residents' ability to move safely within settlements, and between settlements, to access services needed on a day-to-day basis.

Affordability of Housing

Affordability has emerged as a critical issue for all levels of government. Bass Coast currently has the highest median house price of any Peri-urban municipality, led by strong price growth in housing and rent. This has similarly led to affordability issues, for both owner-occupiers and renters.

Compounding this rise in rental prices, is the competition for use of existing dwellings as either secondary dwellings (such as holiday homes) or as short-term rentals. It is estimated that around 34% of housing stock, shire-wide, is used in this way, with a higher rate (approximately 50%) on Phillip Island. Further demonstrating the pressure on long-term renters, the assessment found minimal change in the total number of active rental bonds, while rent continues to rise at a level of around 7% per annum.

In addition, rental stress in Bass Coast Shire has increased significantly between 2011 and 2016, with 38% of rental households experiencing stress in 2016 compared to 26% in 2011. Bass Coast's increase in rental stress of almost 12%, was much higher than that of Regional Victoria (3.6%), or Victoria as a whole (2.7%)

Under current Victorian and Commonwealth legislation, it is expected that holiday homes and short term rentals will continue to form a major part of the Bass Coast housing market, given the region's distance from Melbourne and the coastal landscape environments.

Tax concessions and short-term holiday rental market are outside the control of councils, but housing affordability and rental availability can be influenced by increasing infill capacity through the planning scheme.

Bass Coast recently introduced a local law requiring short-term rental accommodation to be registered and an annual fee paid. This local law exists to manage the amenity impacts of short-term rentals and not to dis-incentivise their use.

The Victorian State Government's Housing Statement goes some way to address the impact of short stay accommodation in dwellings and high vacancy rates which includes:

- A 7.5% short stay levy on users of short stay accommodation, such as houses leased for short term holiday accommodation. This change also specifically disallows further charges from local governments.
- A 1-3% vacancy tax for any properties that are vacant for at least 6 months of the year. This will be expanded to include Bass Coast in future years. Some exemptions will exist for holiday homes.

This challenge is addressed through identification of housing supply and within the actions under the Diversity and Affordability principle.

Key Worker Housing

Overall Bass Coast has a labour force participation of 49%, which falls short of the regional Victoria average of 56%.

Of this labour force, approximately 83% work local to Bass Coast with 17% employed outside the shire. The majority of this outside employment is located in South Gippsland Shire as well as the outer South East suburbs of Melbourne.

In 2021, there were just over 12 000 local jobs in Bass Coast. This number has remained fairly stable since 2016, despite continuing population growth. Reasons for this could include the ageing and retiring population, migration skewing towards

older demographics and those commuting to jobs outside Bass Coast and/or a lack of local employment opportunities.

The Bass Coast economy, is primarily driven by the tourism and agriculture industries and supported by population-driven sectors, such as construction, health care and education.

The Phillip Island and San Remo Visitor Economy Strategy (2016), identified Phillip Island and San Remo as the second most dependent community on tourism in Australia, second only to Central Australia. Tourism is a sometimes-volatile industry, that experiences peaks and troughs of activity, that must be carefully managed by businesses. Every year, Bass Coast attracts over 2 million visitors and generates more than $660 million in visitor expenditure.

However, as land and housing costs increase, some of these key workers, especially in the healthcare, hospitality, tourism and agriculture industries, will continue to struggle to find affordable housing, compared to retired demographics, who are generally asset-rich and are less affected by these price increases. It will be important over the life of the strategy, to encourage diverse housing types to accommodate these working-age demographics, as well as through social housing programs where required.

Settlement Boundaries and Finite Greenfield Supply

Market demand for single detached dwellings still remains high, with many choosing to move to Bass Coast, for housing of this type at an affordable price. Traditionally this has been accommodated, through the expansion of settlements at the periphery of the town.

To manage this growth, Bass Coast has a long history of imposing settlement boundaries on towns, to ensure this happens in a controlled and measured way where services can be made available. Documents such as the Bass Coast Strategic Coastal Framework Plan and town-specific structure plans, have set these boundaries in the past. Following the declaration of Bass Coast, as a Distinctive Area and Landscape in 2019, the boundaries are likely to also be legislated at the State Government level, removing the ability for them to be changed directly by future councils.

Existing zoned land in Bass Coast won't be enough to meet future demand for detached single dwellings and a shift to infill development and an increase to density, within existing neighbourhoods must be prioritised.

A Shift to Infill Redevelopment

As noted above, some shift to infill redevelopment will be required to meet the needs of future residents. Some single-family dwellings will need to be redeveloped, with a higher volume of smaller dwellings, such as townhouses, units or apartments.

It is important to identify that in general, infill development is constrained by a number of economic constraints including:

- Landowners may not be interested in redevelopment of their property
- If land values are too low, redevelopment may not be financially viable
- The consolidation of multiple sites is sometimes necessary to meet built form requirements and is difficult to achieve if they are in mixed ownership
- Construction costs are comparable to Melbourne (Rawlinsons 2021) and so development may only be viable in coastal townships where demand is highest

Under the current policy framework, the established areas of Bass Coast towns could theoretically accommodate a further

10,300 infill dwellings. The locations with the greatest capacity for this type of development are Cowes (3177 dwellings), Wonthaggi (1186), Grantville (1115), Inverloch (1191) and San Remo (1148). Most other towns have low to moderate capacity for infill development, accounting for the remaining 2483 hypothetical lots. These towns have less urban areas with access to services that would be suitable for higher density.

Up to 13% of infill capacity is within the four main activity centres of Cowes, Inverloch, San Remo and Wonthaggi. The greatest capacity for infill is in the Cowes activity centre, where planning controls enable higher built form and therefore higher densities. These areas must be prioritised and development facilitated in these areas, to minimise unnecessary sprawl. Additional support for higher densities of infill, should be sought in the other district towns and the regional centre of Wonthaggi, through the introduction of appropriate planning controls.

In addition, this housing strategy must identify if more areas can be prioritised for this kind of infill development to overcome the above challenges. This will further mitigate the demand for detached housing on the fringes of towns.

A Diverse Housing Stock to Meet Community Needs

Different household types have different housing needs. There is relatively little variation in dwelling types occupied across the existing dwelling stock within Bass Coast.

Across the shire, a distinct demographic challenge of a steadily aging population has emerged. The largest age groups are “empty nesters and retirees” (60-69), “seniors” (70-84), and “parents/homebuilders” (35-49), with the median age in Bass Coast being higher than both the state and regional averages. While very recently there has been a surge in migration of younger people to areas such as Wonthaggi, a persistent substantial proportion of older residents is likely to remain. This requires housing that will not only cater to their needs, but also allow them to age comfortably within the community, ensuring inclusivity for all age groups.

The current paradigm of detached single dwellings with 3+ bedrooms and a large yard requiring maintenance, doesn’t match the demographics anticipated over the life of the strategy. With only 8% of existing housing stock being classified as “medium density”, a greater diversity will need to be cultivated.

Through the Housing Strategy, provision is made for the development of smaller, easier-to-maintain housing, as well as specialist retirement housing in central areas, with access to services within a walkable distance.

It is also important to continue to recognise the continued demand for fully detached dwellings, either at conventional densities through greenfield land releases, or at low-density and rural living typologies.

Environmental Impacts of Housing

In determining the location of new housing, it is important to consider the impact housing can have on sensitive environments and conversely, the impact that an environment can have on the appropriateness of housing. It is necessary to consider the potential impacts of sea level rise, storm surges, erosion, bushfire and land subsidence, on both existing and future housing and ensure housing is not directed to inappropriate places, in an attempt to maximise other important considerations.

The draft Statement of Planning Policy (strategies 2a.1 and 2b.1), requires new development to retreat from areas with significant biodiversity, bushfire risk, flooding and erosion risk. To manage this, the Bass Coast Housing Strategy seeks to minimise any further housing development in these areas, by designating them as minimal change areas and exploring options to designate them for replacement dwellings, only while township adaption strategies, like the Cape to Cape Resilience Strategy are completed.

Action 25 of the Bass Coast Climate Change Action Plan, which includes for the preparation of township adaption, plans to seek to address some of these risks using the mechanisms available, such as the Marine and Coastal Act and the Climate Change Act. This action is reiterated in the Bass Coast Housing Strategy

New housing also has a role in mitigating further effects of climate change. Bass Coast declared a climate emergency in 2019 and begun work on a Climate Change Action Plan. Under action 24 of this plan, Council will update local planning policies and practices to reflect climate change impact. This includes the preparation and implementation of an ESD policy, targeting zero carbon and climate resilience for built form as priorities.

Impacts on Neighbourhood and Landscape Character

When considering the demand and necessary supply of housing, it is important to consider that houses can contribute or detract from both neighbourhood and landscape character. The interface of housing with neighbourhood character is clear and forms the basis for undertaking the Bass Coast Neighbourhood Character Study concurrent with this project. It is important to recognise that the supply of new housing, if not adequately managed, can impact upon the valued characteristics of neighbourhoods and landscapes.

Inadequate Urban Infrastructure

Many towns, villages and neighbourhoods of Bass Coast, include insufficient roads, drainage, formal outfall, wastewater disposal and other urban infrastructure, to manage impacts from additional housing and in many cases, existing housing. Additionally, many urban areas of Bass Coast have insufficient pedestrian and cyclist infrastructure, to enable a diverse range of housing in the immediate term.

Whilst developers are often required to upgrade infrastructure when redevelopment occurs, this can result in piecemeal infrastructure, where roads and footpaths are developed one property at a time. Bass Coast Shire also has an Urban Roads and Drainage Improvement Policy, that seeks to use special charge schemes, to upgrade infrastructure on a town-by-town basis.

Areas with capacity for growth, except as a result of insufficient infrastructure, should be targeted for priority upgrades. Where this is not possible or practical, these areas should be avoided for housing growth.

Vegetation in Residential Areas

Vegetation is a defining feature of residential areas, and it is also valuable in urban areas for cooling the air, filtering pollutants, improving mental and physical health, reducing the need for air conditioning, providing biodiversity and increasing property values.

While urban areas feature the majority of the Shire's remaining native vegetation, it is steadily declining, due to new houses and property maintenance. Compounding the loss of vegetation, is the developer led 'moonscaping', which refers to developers clearing all vegetation prior to making development applications. This activity depletes the existing vegetation and erodes character.

Replacement vegetation is hard to achieve, as developments often include high site coverage, or non-permeable hard landscaping, such as concrete paving, which reduces capacity for site to host vegetation with a high chance of success due to loss of soil capacity. The threat of significant vegetation clearing is made higher by planning permit exemptions within planning controls applying to a large portion of the Shire, which can allow as-of-right removal of vegetation for bushfire management and maintenance.

Opportunities exist to improve the planning scheme, to improve outcomes for sites with vegetation, which have the capacity to accommodate infill development. By improving the planning tools, we can allow canopy and established vegetation to be retained and create opportunities for revegetation.

BASS COAST

Part 3 - Housing Vision and Principles

Housing for Bass Coast in 2036

Bass Coast Shire will be home to almost 50 000 people in 2036, an increase of close to 20 000 people. These new residents will live in appropriately sized housing, within connected and vibrant communities, with access to all their daily needs, without the need for a car. Bass Coast residents will continue to coexist with the natural environment, mitigating environmental hazards and enhancing biodiversity where possible. The landscapes and neighbourhoods filled with unique character and stories, remain Bass Coast's greatest assets and are celebrated by residents and visitors alike. Our community is also diverse, where people from all walks of life and backgrounds feel safe and valued in the community.

Developing the Principles

Bass Coast has a projected housing demand of approximately 7890-9840 new houses. If existing controls are maintained and settlement boundaries match those in the draft statement of planning policy, 10,924 new separate dwellings could be developed. This figure includes rezoning land within settlement boundaries, to create capacity for 1951 new dwellings, which includes significant growth areas in Wonthaggi South and Cape Paterson North. Alternatively, this demand could be largely met with the current extent of zoned land, with increased support for infill development in Bass Coast's four largest towns. This latter option better represents aspirations set out in state and local policies, including the Council Plan 2021 and Plan Melbourne.

A balanced approach is needed when planning how and where Bass Coast's future residents will live, whether by infill or greenfield development, and this strategy will balance consideration of four housing principles that describe the priorities of our community and the policies and legislation that exists at the Commonwealth, State and Local level.

The four principles comprise:

- Urban Infrastructure and Connectivity – Aligning growth with infrastructure
- Environmental Hazards and Ecology – Building resilient communities in harmony with the environment
- Neighbourhood and Landscape Character – Celebrating the places we love
- Diversity and Affordability – Accommodating existing and future residents

Each principle contains several objectives. These objectives then include strategies to achieve the objective. The strategies are used as guidelines to build our housing framework plan (if they relate to directing housing change), or actions (if they relate to managing supply or demand through advocacy, or further strategic work).

Principle 1: Urban Infrastructure and Connectivity

The settlements of Bass Coast Shire have been developed over a long period of time, many originally as holiday areas, and not all have access to the services, infrastructure and urban structure of a modern urban area. In the interest of developing resilient, inclusive and equitable communities, housing growth should be directed to areas where all people are able to access the services and infrastructure they need to thrive.

The purpose of the Urban Infrastructure and Connectivity principle, is to channel housing growth to areas capable of providing infrastructure, services for future residents and create walkable, vibrant neighbourhoods.

Key Documents:

- Bass Coast Shire Council Plan 2021
- Plan Melbourne 2016
- Gippsland Regional Growth Plan
- Access Equity and Inclusion in Bass Coast Plan 2021
- Active Bass Coast 2018
- Various structure plans

Key Challenges:

- Limited active and public transport opportunities (p29)
- Inadequate Urban Infrastructure (p35)
- A shift to infill redevelopment (p32)

Objective 1.1: Ensure our towns and villages are best placed to accommodate expected growth	
Strategy 1.1.1	Review township strategies and activity centre plans, to ensure urban consolidation is facilitated in the activity centres of Wonthaggi, Cowes, San Remo and Inverloch.
Strategy 1.1.2	Ensure areas designated for substantial change, are prioritised for infrastructure upgrades, that have the effect of supporting housing growth, including: - Footpaths - Permanent road seals - Shared zone roads - Formal kerb and channel - Underground stormwater drainage - Undergrounding of electricity infrastructure
Strategy 1.1.3	Prioritise the rezoning of remaining land within settlement boundaries, to relieve pressure on affordability, including in: - Ventnor - Bass - Cowes - Corinella - Wonthaggi South - San Remo

Strategy 1.1.4	Investigate opportunities to fast-track the development of strategic infill sites, through planning scheme mechanisms
Strategy 1.1.5	Investigate the use of developer contribution plans, to deliver the provision of infrastructure for areas experiencing housing change
Strategy 1.1.6	Manage potential land use conflicts, by ensuring appropriate provision of land for industrial uses and other uses, with potential to conflict with the use of land for housing
Strategy 1.1.7	The Wonthaggi North East Precinct Structure Plan prevails over all housing strategies within its designated area.
Strategy 1.1.8	Prioritise review of the Grantville Strategic Framework Plan to address existing land use conflicts. The review aims to identify and streamline development opportunities for maximizing urban consolidation within the town. During the review period, Grantville will be designated as an 'Investigation Area - Grantville'
Strategy 1.1.9	New and revised structure plans will use the principles established in the Housing Strategy as a framework to designate appropriate housing change areas. However, this will be balanced against the holistic structure planning process to ensure housing change areas are tailored to meet the specific needs and circumstances of each township.

Objective 1.2: Create compact urban cores, where most daily services are within a 20 minute return walk, cycle or local public transport trip of homes	
Strategy 1.2.1	Direct urban consolidation to within 5 minutes walking distance of the main activity centres of Wonthaggi, Inverloch, Cowes and San Remo, including the activity centres themselves
Strategy 1.2.2	Direct urban consolidation to areas within either 10 minutes walking distance of a township level public open space (as defined by Active Bass Coast 2018), or within 5 minutes walking distance of a local level public open space (as defined by Active Bass Coast 2018), including publicly accessible coastal reserves
Strategy 1.2.3	Direct urban consolidation to areas within 5 minutes walking distance of a public transport stop, providing at least daily service

Objective 1.3: Prevent urban consolidation in areas without sufficient infrastructure services	
Strategy 1.3.1	Urban consolidation should be directed away from villages and hamlets without any commercial services accessible on foot or by public transport. This includes: - Adams Estate - Archies Creek - Bass - Harmers Haven - Jam Jerrup - Pioneer Bay - Rennison Road, Newhaven - The Gurdies - Smiths Beach - Sunderland Bay - Sunset Strip - Surf Beach - Tenby Point - Ventnor - Wattle Bank - Wimbledon Heights - Woolamai - Any areas outside settlement boundaries or not listed in the settlement hierarchy
Strategy 1.3.2	Direct urban consolidation away from areas currently without provision of reticulated sewerage
Strategy 1.3.3	Direct urban consolidation away from areas currently without provision of reticulated water
Strategy 1.3.4	Urban Consolidation in Villages should be restricted to land immediately within the Commercial 1 or Mixed Use Zones, to encourage an urban core. All other land in villages should be avoided for housing growth, this includes: - Cape Paterson - Cape Woolamai - Corinella - Coronet Bay - Dalyston - Kilcunda - Rhyll - Newhaven
Strategy 1.3.5	Avoid housing growth on land outside 10 minutes walking distance of the activity centre in the higher-order settlements of Cowes, San Remo and Inverloch

Actions

1. Undertake a project to review township strategies, framework plans and activity centre plans, to ensure urban consolidation is appropriately facilitated in activity centres, strategic redevelopment sites are identified, and appropriate planning controls are implemented. (1.1.1)
2. Initiate a review of the Grantville Strategic Framework Plan with the aim of full implementation of any necessary adjustments to Grantville's planning controls that guide residential development.
3. Prioritise the upgrade of urban infrastructure in areas identified for substantial housing growth (1.1.2)
4. Ensure sufficient budget and resources are set aside, to facilitate rezonings within settlement boundaries and where appropriate, undertake these rezonings internally without the landowner. (1.1.3)
5. Undertake an investigation into removing barriers to development on strategic infill opportunities in substantial change areas (1.1.4)
6. Undertake an investigation into the use of Development Contribution Plans in growth areas and areas of urban renewal (1.1.5)
7. Undertake the Bass Coast Industrial Land Use Strategy (1.1.6)

Principle 2: Environmental Hazards and Ecology

Communities in Bass Coast live close to the natural environment. This poses risks both for the communities from the environment and vice-versa. When considering where housing change should be with the housing strategy, the interaction between human settlement and these natural systems cannot be separated. The environment of Bass Coast is highly valued by both visitors and residents and forms an intrinsic part of our culture and economy. For this reason, it needs to be considered as part of any decision-making framework for housing change.

The purpose of the Environmental Hazards & Ecology principle, is to direct additional housing away from areas where the environment could pose a hazard to future residents, as well as away from areas where additional housing will adversely affect sensitive marine and land-based eco-systems.

Key Documents:

- Victorian Coastal Strategy 2002
- Coastal Spaces Recommendations Report 2006
- Marine and Coastal Policy 2020
- Draft Statement of Planning Policy 2022
- Bass Coast Climate Change Action Plan 2020 – 2030
- Bass Coast Planning Scheme

Key Challenges:

- Environmental Impacts of Housing (p34)
- Vegetation in Residential Areas (p35)

Objective 2.1: Minimise the consolidation of housing in areas vulnerable to identified environmental hazards	
Strategy 2.1.1	Avoid urban consolidation in areas that will be permanently flooded or at risk of flooding during a 1% AEP flood event under the projected year 2100 climatic conditions or infrastructure limitations
Strategy 2.1.2	Prevent urban consolidation in areas identified for land subsidence risk in the Bass Coast Planning Scheme
Strategy 2.1.3	Avoid urban consolidation and infill development within areas negatively impacted by environmental hazards (for example flooding, bush fire, coastal erosion, rising sea levels)

Objective 2.2: Integrate the protection of sensitive ecosystems when directing housing change	
Strategy 2.2.1	Direct urban consolidation away from land adjacent to conservation areas, such as land within the Public Conservation and Resource Zone
Strategy 2.2.2	Direct urban consolidation away from coastal reserves, except where it forms part of an activity centre described under strategy 1.2.1, where housing supply takes precedence

Objective 2.3: Enhance the long-term resilience of the region by ensuring that new housing growth is responsive to the impacts of climate change on built and natural environments as well as the impacts of the built environment on local biodiversity	
Strategy 2.3.1	Ensure new housing is environmentally sustainable, by implementing environmentally sustainable design in new housing development
Strategy 2.3.2	Identify all relevant environmental hazards to housing in the planning scheme
Strategy 2.3.3	Protect and enhance vegetation, that serves an ecological or community need in urban areas

Strategy 2.3.4	Undertake a project to identify all environmental assets across the Shire, to ensure residential development does not directly and indirectly impact significant environmental values
Strategy 2.3.5	Prevent the development of additional housing in areas with significant environmental risks and restrict these areas to replacement dwellings only
Strategy 2.3.6	Investigate incorporating the principles of biodiversity-sensitive urban design into planning guidelines to ensure the long term survival of local indigenous and native species

Actions

1. Implement environmentally sustainable design policy into the planning scheme in the short term (2.3.1)
2. Undertake a project to investigate and define environmental hazards that are not mapped in the planning scheme and incorporate them for future decision-making, including coastal erosion and inundation, acid sulphate soils and environmentally significant flora and fauna (2.3.2)
3. Undertake a project to improve canopy cover in urban areas through the Bass Coast Planning Scheme (2.3.3)
4. Undertake a project to identify all environmental assets across the Shire, to ensure residential development does not directly and indirectly impact significant environmental values (2.3.4).
5. Undertake a priority project to explore policy pathways, to prevent the development of any additional housing in areas of significant environmental risk, including areas that will become inaccessible following inundation or erosion (2.3.5)
6. Undertake a project investigating the inclusion of biodiversity-sensitive urban design standards into the Bass Coast Planning Scheme, incorporating consideration of local flora, fauna and fungal species. (2.3.6)
7. Integrate environmental risk data into housing decisions by ensuring new environmental risk data is promptly reflected in both the planning scheme (where applicable), and the 'Housing Framework Plan'. (2.1.3, 2.3.5)
8. Advocate for a comprehensive review of both, flooding modelling for Cowes and Silverleaves, and Coastal inundation modelling for the Western Port Region and integrate findings into the Housing Framework Plan (2.3.5).

Principle 3: Neighbourhood Character and Landscape Character

When making decisions about the future of our towns and villages, it is important that the characteristics that make these places feel special and distinctive are not lost. This principle touches on the unique character in Bass Coast's towns and villages and the way they are experienced by residents and visitors, not Just how they are serviced or structured.

The purpose of the Neighbourhood & Landscape Character principle, is to implement the recommendations of the Bass Coast Neighbourhood Character Study and the findings of the Bass Coast Landscape Character Study, to balance housing change, so that it does not have an unreasonable detrimental impact on any neighbourhood or landscape characteristics that make our townships special.

Key Documents:

- Bass Coast Neighbourhood Character Study 2023
- Draft Statement of Planning Policy 2022

Key Challenges:

- A Shift to Infill Redevelopment (p32)
- Impacts on Neighbourhood and Landscape Character (p34)
- Vegetation in Residential Areas (p35)

Objective 3.1: Ensure new development respects the identified future preferred character	
Strategy 3.1.1	Prevent housing that would adversely impact on the character of designated precincts of special neighbourhood character
Strategy 3.1.2	Ensure new housing is consistent with the identified preferred future character of its context

Objective 3.2: Ensure new housing does not impact valued landscape significance	
Strategy 3.2.1	Prevent urban consolidation in designated precincts of particular landscape significance, where this is incompatible with the identified landscape values
Strategy 3.2.2	Sensitively treat the interface between urban areas and sensitive landscape character/green breaks, by directing new green field development and urban consolidation away from these interface areas

Principle 4: Diversity and Affordability

Housing is a fundamental human need and provision and access to housing is a human right. Different demographics have different housing needs, such as smaller housing for retirees and larger housing for families with multiple generations under the same roof. The diversity of the Bass Coast community must be reflected in the diversity of housing, including accessible housing, housing for key workers and the opportunity for residents to change housing and live in the same area. Affordability is interrelated and is impacted by a range of factors, including overall supply, tax incentives and development pressures. This principle addresses local challenges for housing that sit outside the setting of change areas and zones.

The purpose of the Diversity and Affordability principle, is to explore opportunities to match the housing supply to identified housing need, where this is not automatically achieved by the housing market. It is important in making decisions about the future of housing in Bass Coast, to consider the impacts of these decisions on diversity and affordability.

Key Documents:

- National Housing and Homelessness Agreement 2018
- Victorian Housing Statement 2023
- Access Equity and Inclusion in Bass Coast Plan 2021-2025
- Bass Coast Social and Affordable Housing Strategy 2023

Key Challenges:

- Affordability (p29)
- Key Worker Housing (p30)
- A Diverse Housing Stock to Meet Community Needs (p30)

Objective 4.1: Cultivate housing diversity by ensuring a diversity of land supply	
Strategy 4.1.1	Recognise the legitimacy and potential value of greenfield, low density and rural living, as part of the housing mix where the opportunity is present and in appropriate locations
Strategy 4.1.2	Investigate opportunities to incentivise the use of dwellings as long term rentals and dis-incentivise their use as short-term rentals
Strategy 4.1.3	Avoid the subdivision of large parcels with potential for significant residential development including for affordable housing

Objective 4.2: Improve local housing affordability, to support key workers and local residents to remain in place after significant life changes	
Strategy 4.2.1	Ensure an adequate supply of affordable and public housing to meet community need
Strategy 4.2.2	Leverage council and state-owned land, to deliver housing types not being delivered by the private market
Strategy 4.2.3	Support the construction of dwelling garden units ('granny flats'), to increase housing supply that don't compromise aspirations in relation to infrastructure, environmental impact, neighbourhood and landscape character

Actions

1. Investigate the land supply and demand of low-density, rural living and other housing in preparation for the 10-year review of the Statement of Planning Policy, with a particular focus on land outside Wonthaggi. (4.1.1)
2. Investigate existing mechanisms and advocate for additional mechanisms, to encourage the use of dwellings for long-term rentals (4.1.2)
3. Update the Bass Coast Planning Scheme, to discourage the subdivision of large parcels, with potential for significant residential development, especially in substantial change areas (4.1.3)
4. Implement the Social and Affordable Housing Strategy as a priority, including providing support to developers and planners, to deliver housing through existing mechanisms (4.2.1)
5. Undertake a process to investigate the potential of council and state-owned land to be used for social and affordable housing, including key worker housing. (4.2.2)
6. Investigate opportunities to support the construction of "secondary small dwellings" on lots in appropriate locations (4.2.3)

Part 4 - Housing Framework Plan

Planning Practice Note 90 (DELWP, 2019) provides guidance to planning authorities on how they should plan for housing growth and protect neighbourhood character to ensure a balanced approach to managing residential development.

It outlines the various policy levers in the Victorian planning system that can be used by council to manage housing change, including neighbourhood character. One of these levers is the undertaking of a local housing strategy to outline the strategies and implementation mechanisms, to accommodate projected population and household needs.

Alongside a Neighbourhood Character Strategy, a Housing Strategy is a key input for the preparation of a residential development framework, which translates the strategies and directions from these documents into planning scheme changes.

Planning Practice Note 90 is to be read in conjunction with Planning Practice Note 91 (DTP, 2023), which sets out the purpose and functions of the various residential zones. It sets out 5 key principles that underpin the application of residential zones:

- Housing and neighbourhood character plans need to be consistent and align with one another when specifying preferred future housing and neighbourhood character outcomes for an area.
- All residential zones support and allow increased housing, unless special neighbourhood character, heritage, environmental or landscape attributes, or other constraints and hazards exist.
- The Residential Growth Zone promotes housing intensification in locations close to jobs, services and facilities serviced by public transport, including activity centres.
- The General Residential Zone is a three-storey zone with a maximum building height of 11 metres.
- The density or number of dwellings on a lot cannot be restricted in the Neighbourhood Residential Zone unless, special neighbourhood character, heritage, environmental or landscape attributes, or other constraints and hazards exist.

Planning Practice Note 90 sets out three broad categories of housing change to guide the future growth and development of housing across a municipality:

- Substantial Change Areas – Planning for intensification
- Incremental Change Areas – Consolidating existing urban areas; and
- Minimal Change Areas – Inappropriate for further consolidation

It is important to recognise that not all areas within Bass Coasts settlement boundaries will be capable of

accommodating housing growth. Some areas may be at risk of land subsidence and inundation, or have no access to sewerage. Some of these factors like sewerage may change in future and some others are fixed and unlikely to reduce such as inundation. Meanwhile some areas will be more appropriate for additional housing, such as those within walking distance to public transport, shops and open spaces. It is again recognised that some areas may be more capable of additional housing in the future. The construction of infrastructure like a supermarket can, enable more community members to live sustainably within an area. Change is inevitable and we must respond to it.

Change areas help us provide certainty and transparency to the community about where Council seeks for housing growth to occur or otherwise avoid. They form a key part of the framework that ensures we are meeting our objectives for housing supply in a sustainable and clear way for the projected population.

Under this practice note, all urban areas should be considered incremental change areas by default and both substantial and minimal change areas must be justified by policy or evidence.

It is important to remember that housing change areas are relative to the area in which they apply, so what is considered appropriate in a substantial change area in inner Melbourne or a regional city like Bendigo, may not represent a substantial change area in Bass Coast. It is therefore important as part of the Bass Coast Housing Strategy to define what these terms mean in the context of the municipality.

In addition to the three change areas described by Planning Practice Note 90, the Housing Framework Plan also includes three other types of areas:

- Investigation Areas
- Greenfield Areas, and
- Rural Areas

A summary of the three types of change areas for Bass Coast is provided below:

Minimal Change Areas

Summary: Minimal Change Areas have special characteristics that distinguish them from other parts of the shire, or their surrounding area that make them unsuitable for further intensification. They represent the lowest degree of intended change, normally available under Planning Practice Note 90.

The special characteristics could include environmental constraints, special neighbourhood character, or a lack of sufficient services, or connectivity to surrounding areas.

Bass Coast Vision: In Bass Coast, minimal change areas should include single detached dwellings and apply to areas with infrastructure, environmental or character constraints.

These areas can encompass both existing areas of Bass Coast without capacity for further change (including low-density residential areas), as well as greenfield development areas where services cannot be accessed without a car and development should be at conventional densities, except where a change in change area can be justified.

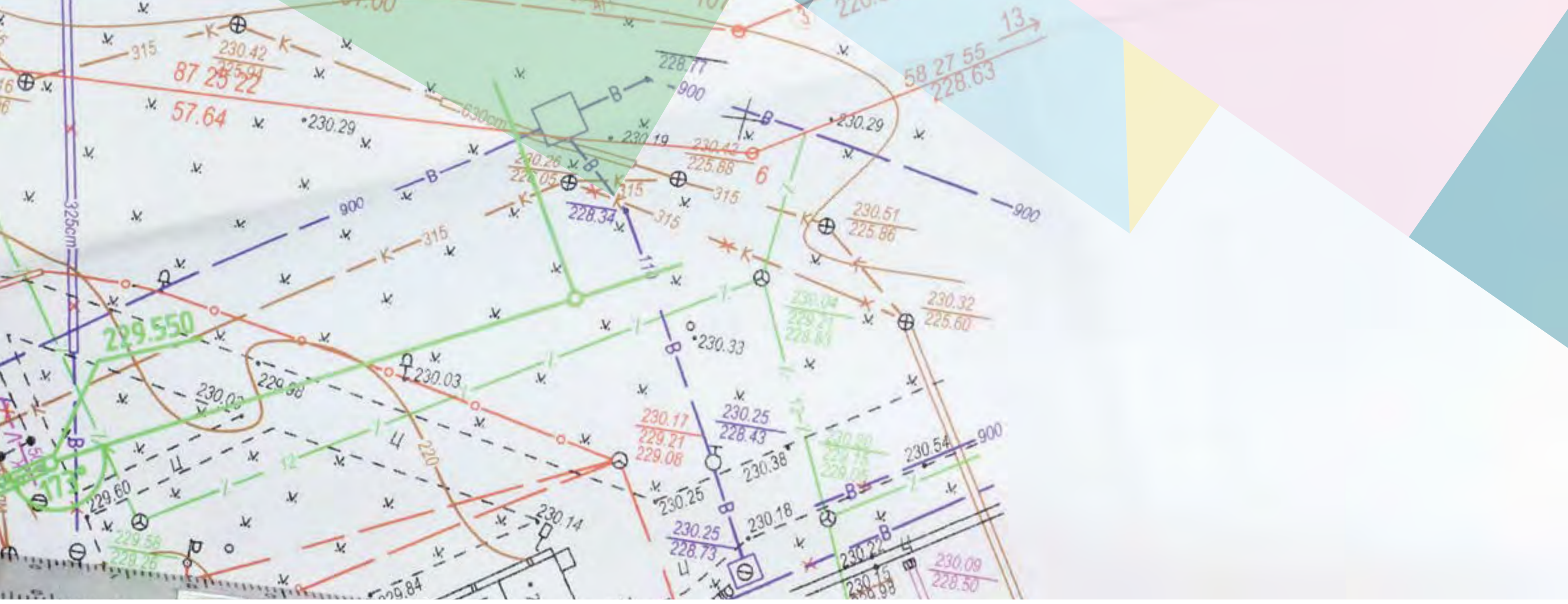
Subdivision and multi-dwelling developments should be discouraged, except where the applicant can demonstrate that the development will not be impacted by the constraints and special characteristics applying to the land.

Most Appropriate Zones: Neighbourhood Residential Zone, Low Density Residential Zone

Most Appropriate Height Profile:
1-2 Storeys

Strategic Directions

- Allow for conventional density housing types consistent with traditional expectations of lower-order settlements
- Ensure that new housing does not increase or worsen environmental risks, car dependency, or the number of residents living without sufficient water, wastewater, or other urban infrastructure
- Conserve and enhance elements that contribute to environmental values, neighbourhood and landscape character of the area



Incremental Change Areas

Summary: Incremental change areas are areas where housing growth will occur organically within the context of existing or preferred neighbourhood character.

These areas often have capacity for housing growth and more diverse forms of housing, but are not the “focus” of housing growth.

Bass Coast Vision: In Bass Coast, incremental change areas are areas where some level of change and housing intensification may be appropriate. Lots in incremental change areas may be smaller than historical expectations, to allow for more compact living.

These areas are primarily located within higher-order settlements, as well as part of the urban core of smaller towns. Some higher density housing, such as low-rise flats or shop-top housing may be appropriate on a site-by-site basis.

Housing types will be predominantly detached or semi-detached housing with some multi-unit developments at scale with the surrounding neighbourhood.

Most Appropriate Zones: Neighbourhood Residential Zone or General Residential Zone

Most Appropriate Height Profile:
2-3 Storeys

Strategic Directions

- Encourage moderate housing growth and diversification in the form of townhouses, units, dual occupancies and detached houses in appropriate locations.
- Ensure that new housing positively contributes to the preferred neighbourhood character of Bass Coast townships
- Encourage a shift to smaller housing sizes and types to contribute to overall dwelling diversity, particularly one and two bedroom dwellings.

Substantial Change Areas

Summary: Substantial change areas are areas where housing intensification will occur resulting in a substantially different scale and density compared to other areas of the municipality.

These are the areas most close to jobs, services, facilities and public transport and least constrained by other factors, providing the best opportunity for walkable, vibrant neighbourhoods.

Bass Coast Vision: In Bass Coast, substantial change areas will be targeted for intensification of housing supply. These areas should transition to more housing density to provide sufficient supply to the local housing market, improve affordability and allow diversity in housing types to accommodate aging and disabled residents, as well as single adults and couples without children.

These areas will be located in Bass Coast's four highest-order settlements of Cowes, San Remo, Inverloch and Wonthaggi in proximity to their activity centres.

Housing types will include attached housing such as townhouses, unit developments and in well serviced areas such as activity centres, low and medium scale apartment buildings, that respect the surrounding urban context.

Development of these areas for fully detached housing would likely be considered an underdevelopment. Subdivision of land for this purpose should be restricted.

Most Appropriate Zones: General Residential Zone, Mixed Use Zone, Commercial Zones or Residential Growth Zone

Most Appropriate Height Profile:
3+ Storeys

Strategic Directions

- Encourage the development of higher density housing types, particularly townhouses, units, apartments and shop-tops.
- Encourage smaller housing types, particularly one and two bedroom dwellings to accommodate emerging demographics.
- Encourage a variety of tenures, particularly social and key worker affordable housing, to meet the needs of a range of households.
- Fast-track the planning and provision of physical and social infrastructure, where it is insufficient to meet the needs of higher levels of population.
- Encourage public realm improvements to enhance the appearance, function and safety of those areas

Other Areas

Investigation Area - Mixed Use Zone

The Mixed Use Zone is a zone applied to several areas of Bass Coast, to allow for a mix of residential and commercial uses within the same precinct. Since its application, in many of these areas, the State Government altered the purpose and provisions of the Mixed Use Zone through Amendment VC100 in July 2013. The alterations included the addition of a new purpose to the preamble of the zone 'to provide for housing at higher densities'. For this reason, many areas that should not be the focus of higher density residential development are within a zone which allows for this use. Other areas may be appropriate for this type of development, subject to further structure planning work. These areas have been designated "investigation areas" to be addressed at a later stage.

Greenfield Areas

Greenfield Areas refer to undeveloped areas of Bass Coast which, are either zoned or designated to be zoned for urban residential development. In many of these areas, the required work to determine the level of housing density is in the early stages, or sits in a separate document. For this reason, these areas have not been allocated a change area.

Rural Areas

Rural Areas sit outside settlement boundaries and are neither zoned for urban residential development, nor designated for future urban residential development. They are not allocated change areas as no housing change is anticipated.

Wonthaggi North East Precinct Structure Plan Area

The Wonthaggi North East Precinct Structure Plan (WNE PSP) takes precedence over the Bass Coast Housing Strategy within the designated WNE PSP area. This is because the WNE PSP provides detailed guidelines for housing density and built form specifically for this precinct, superseding any potentially conflicting directions in the broader Housing Strategy, including the Housing Framework Plan.

Investigation Area - Grantville

The Bass Coast Planning Scheme (Clause 16.01-1L) identifies Grantville as a potential location for increased housing density due to its existing amenities like a supermarket and medical center, along commercial, industrial, and residential development approvals. However, Grantville's presents unique challenges. To ensure sustainable development, a comprehensive approach is needed. Grantville's susceptibility to coastal hazards like erosion, inundation, flooding, and its existing environmental features (remnant vegetation, bushfire risk areas, sand quarries, and a transfer station) create complex land use conflicts. Additionally, limitations exist in managing stormwater flows and treatment. Therefore, the entire town will be designated as an investigation area. This prioritizes a comprehensive structure planning exercise to establish a clear vision for Grantville's future, resolve land use conflicts by identifying suitable locations for future development and addressing stormwater management challenges.

Investigation Area - Silverleaves

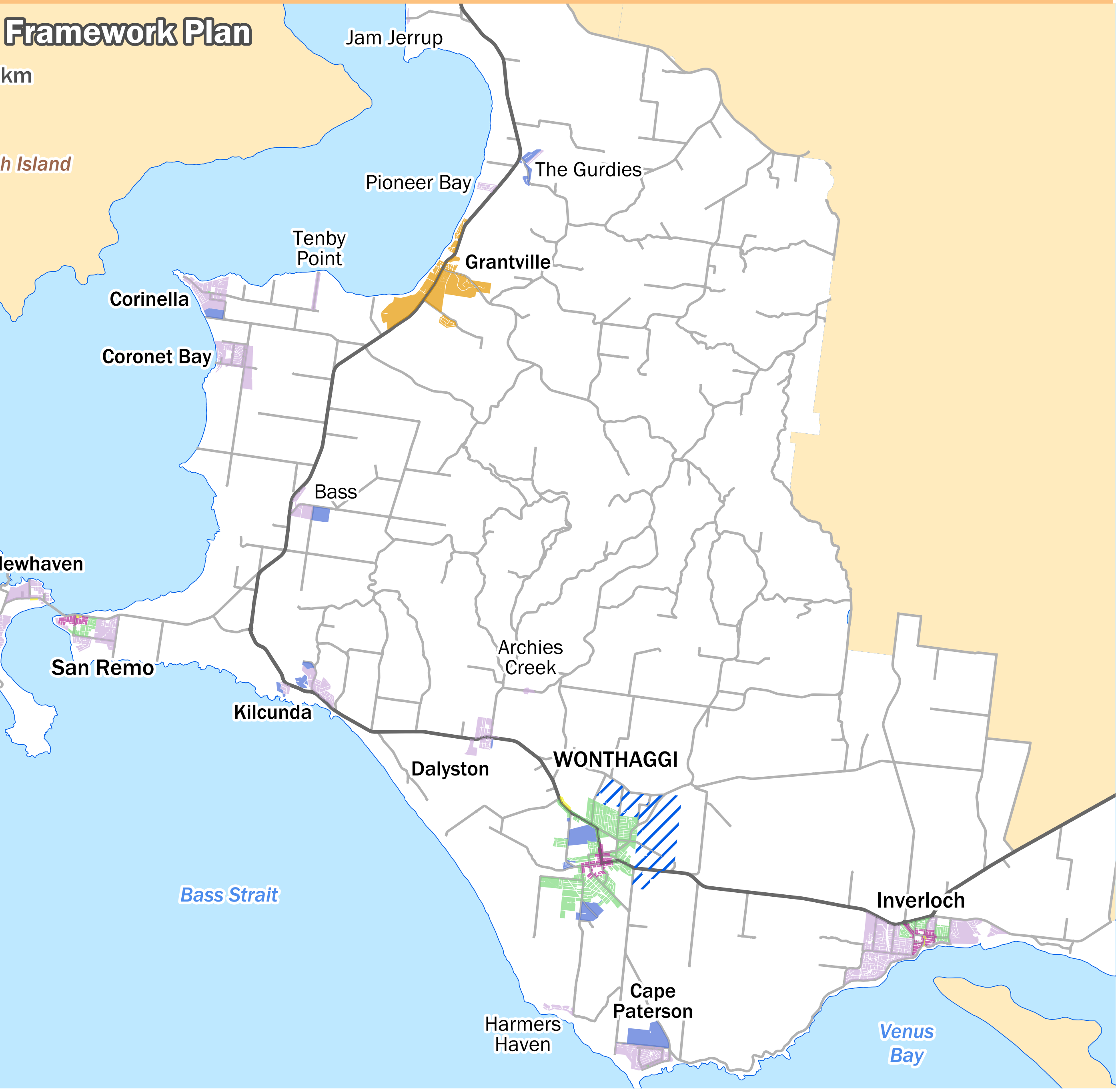
The Bass Coast Planning Scheme (Clause 13.03-1s) aligns with the Marine and Coastal Policy 2020 (sections 6.1, 8.3b, 8.4) by discouraging development intensification in areas prone to coastal flooding. Additionally, Clauses 11.01-1L and 16.01-1L of the Bass Coast planning scheme specifically highlight the need for cautious development management in parts of Silverleaves due to its coastal vulnerability. To establish the designation of housing change area, if any, will occur following a comprehensive review of both, flooding modelling for Cowes and Silverleaves, and Coastal inundation modelling for the Western Port Region.

Implementing the Housing Framework Plan

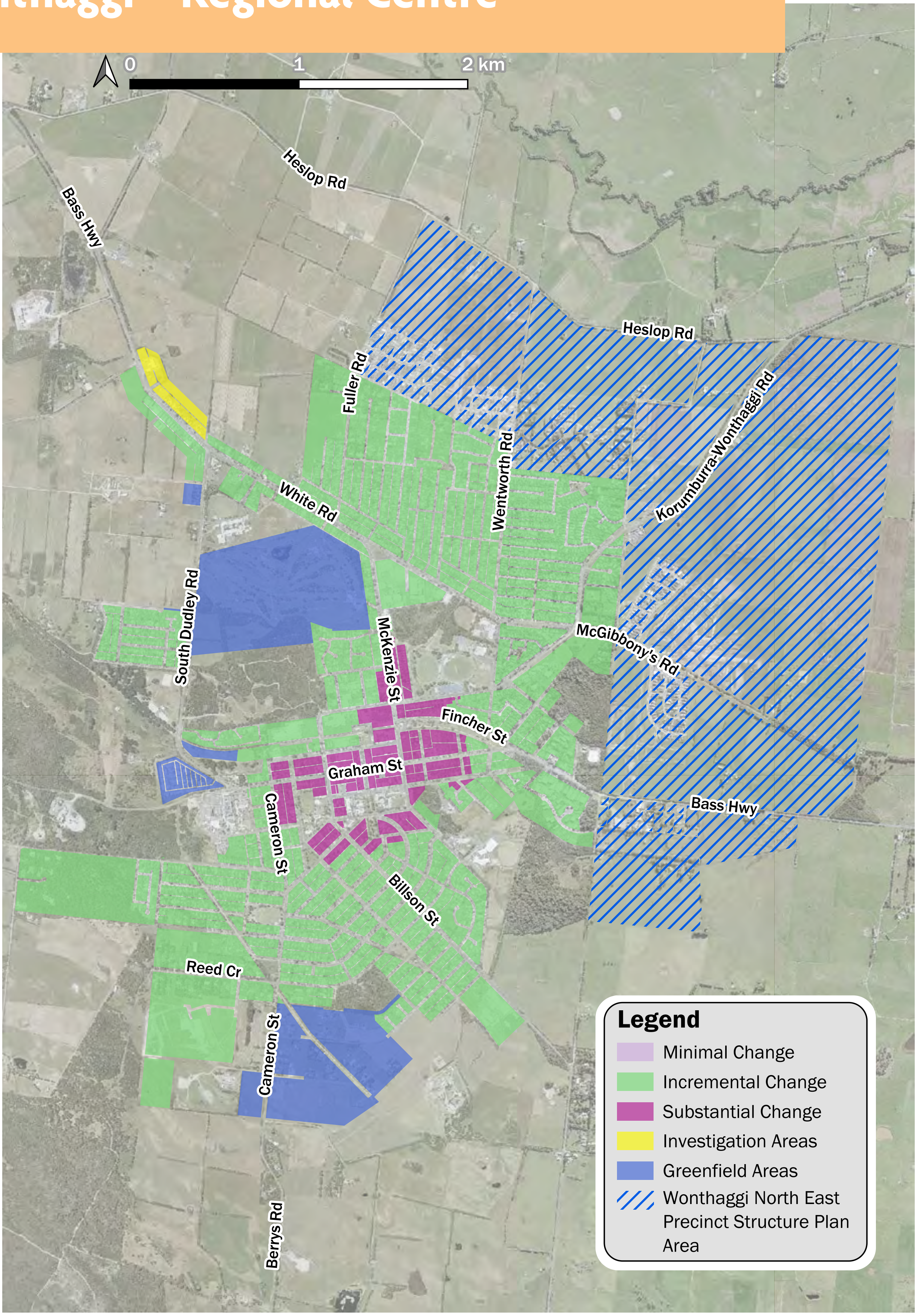
The suite of change areas established in this section must be applied in accordance with the objectives and strategies set out in Part 3 of this strategy. The following next steps are required to apply the above change area types to Bass Coast, to implement the Bass Coast Housing Framework Plan:

1. Translate the strategies of objectives 1.2, 1.3, 2.1, 2.2 and 3.1 into guidelines and apply them to develop the draft Bass Coast Housing Framework Plan
2. Undertake a residential development framework to combine the Bass Coast Housing Framework Plan, with the recommendations of the Neighbourhood Character Study and set out recommendations for changes to the Bass Coast Planning Scheme
3. Prepare an amendment to the Bass Coast Planning Scheme to translate the Residential Development Framework

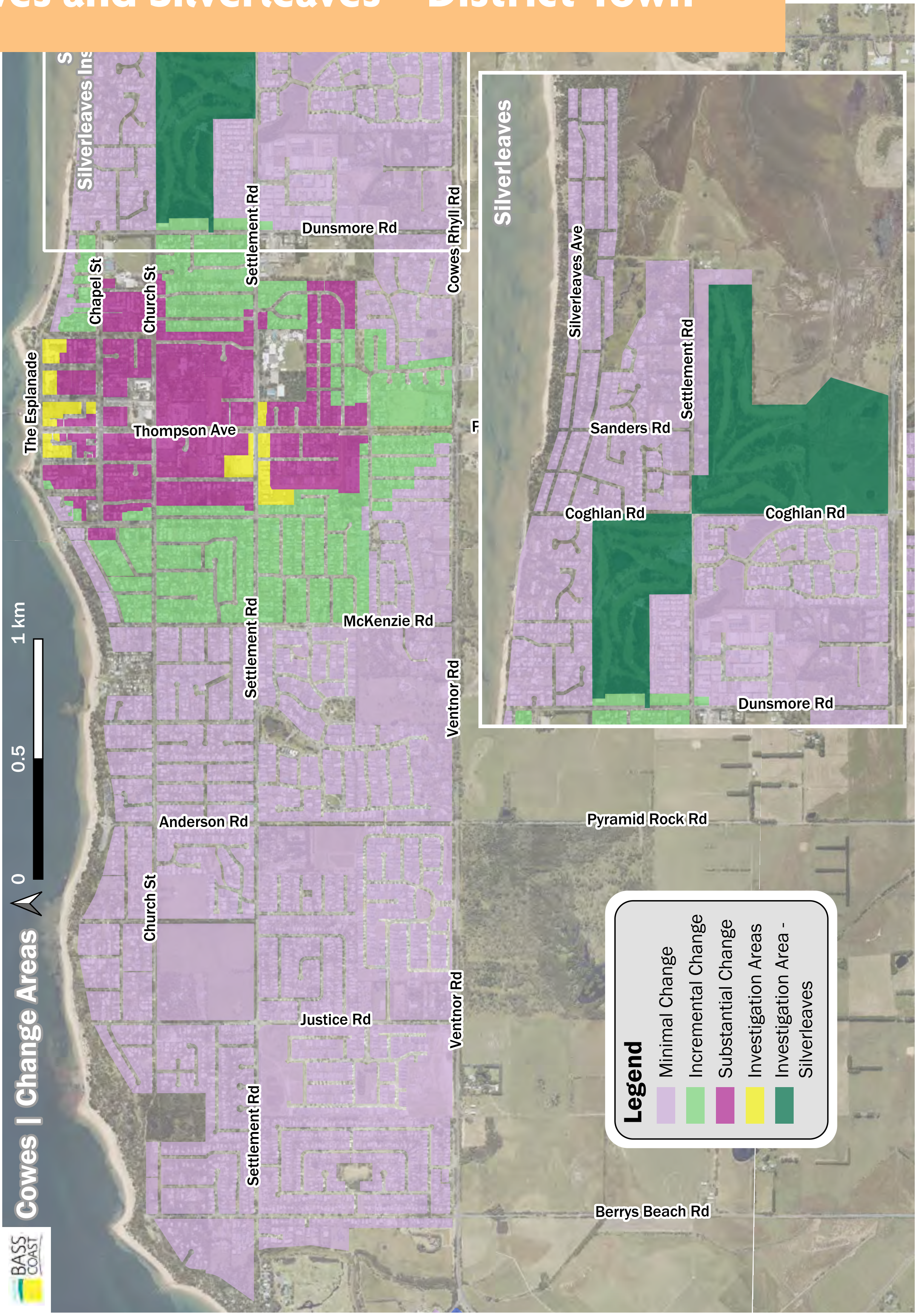
Housing Framework Plan – all of shire



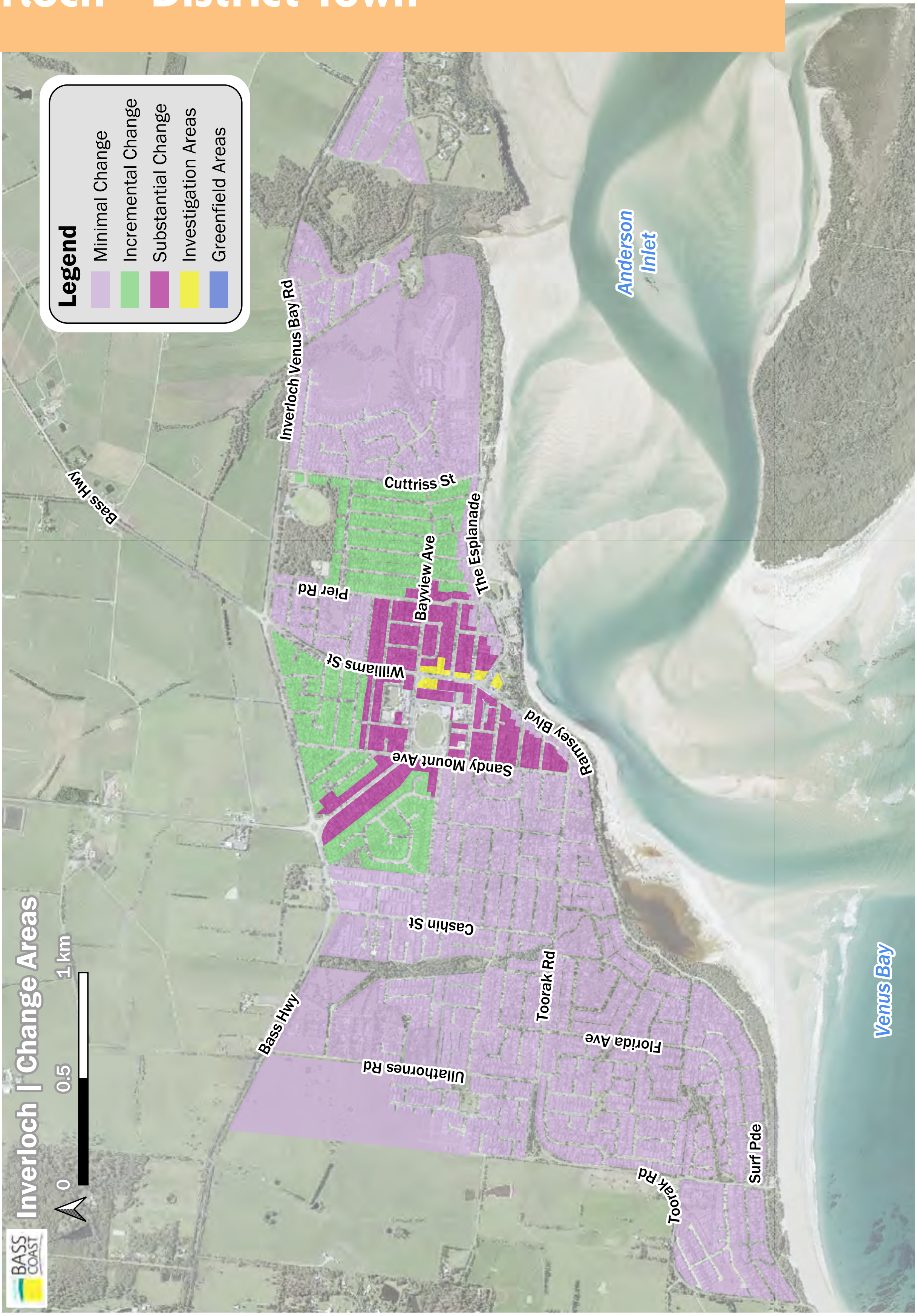
Wonthaggi – Regional Centre



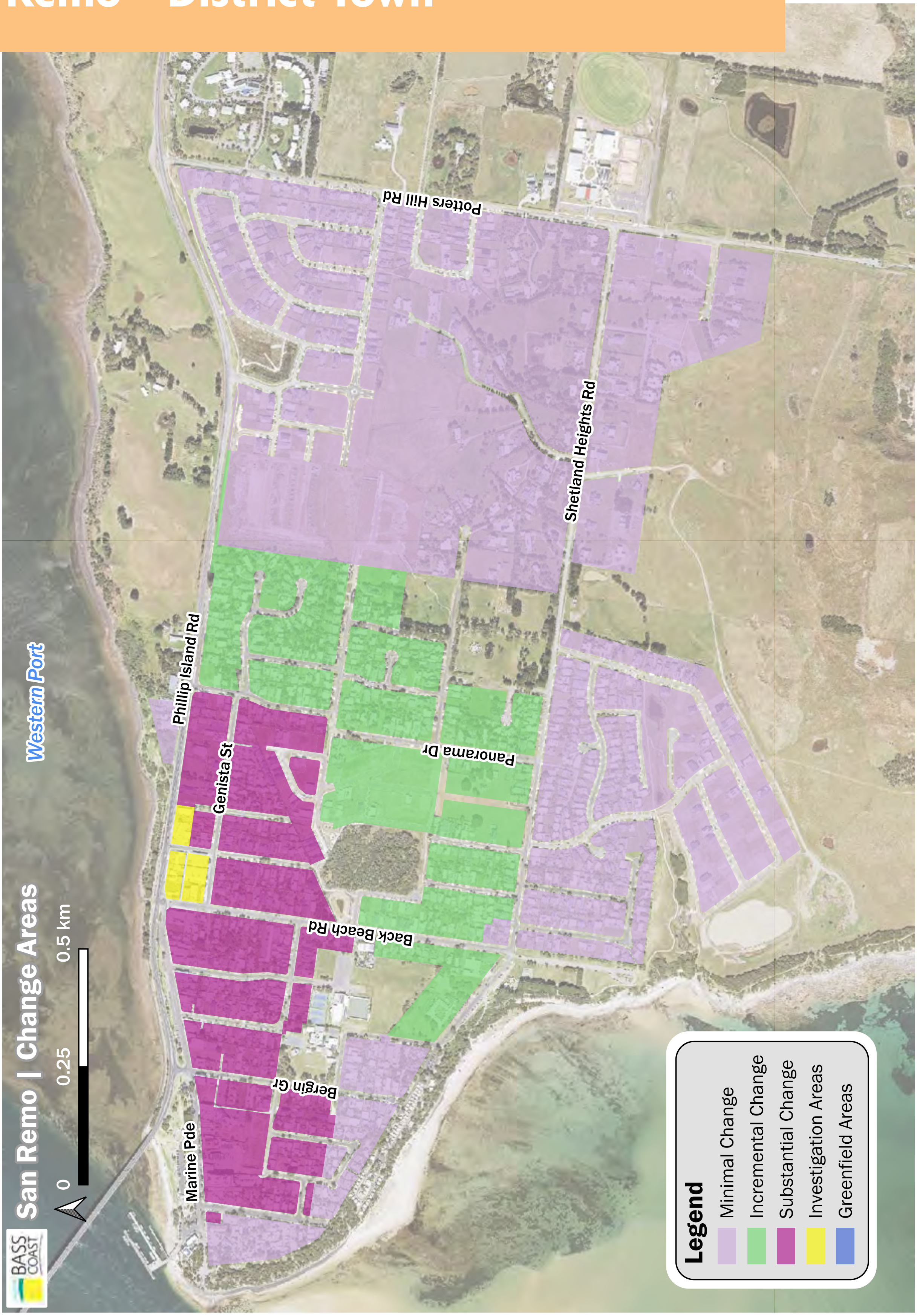
Cowes and Silverleaves – District Town



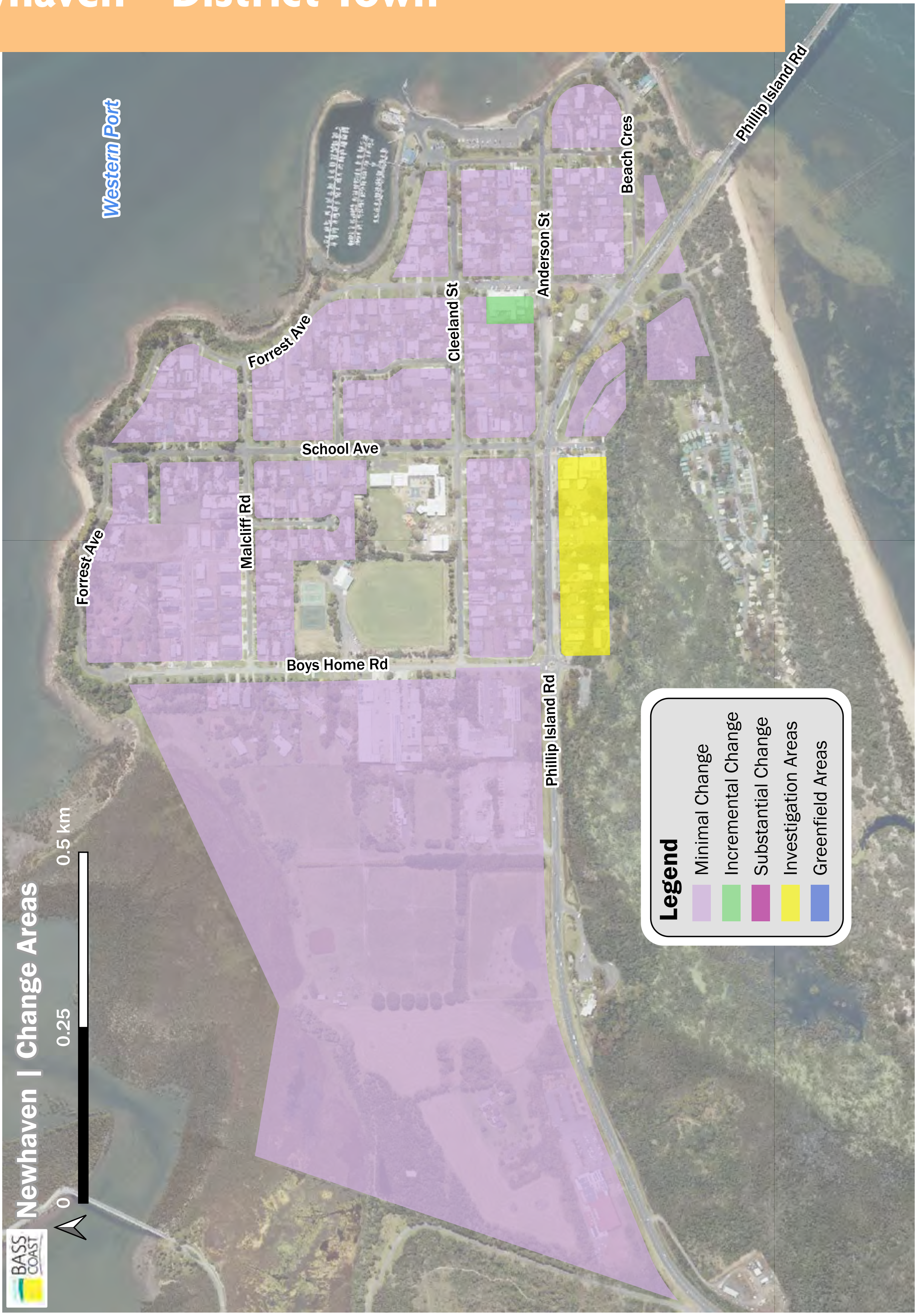
Inverloch – District Town



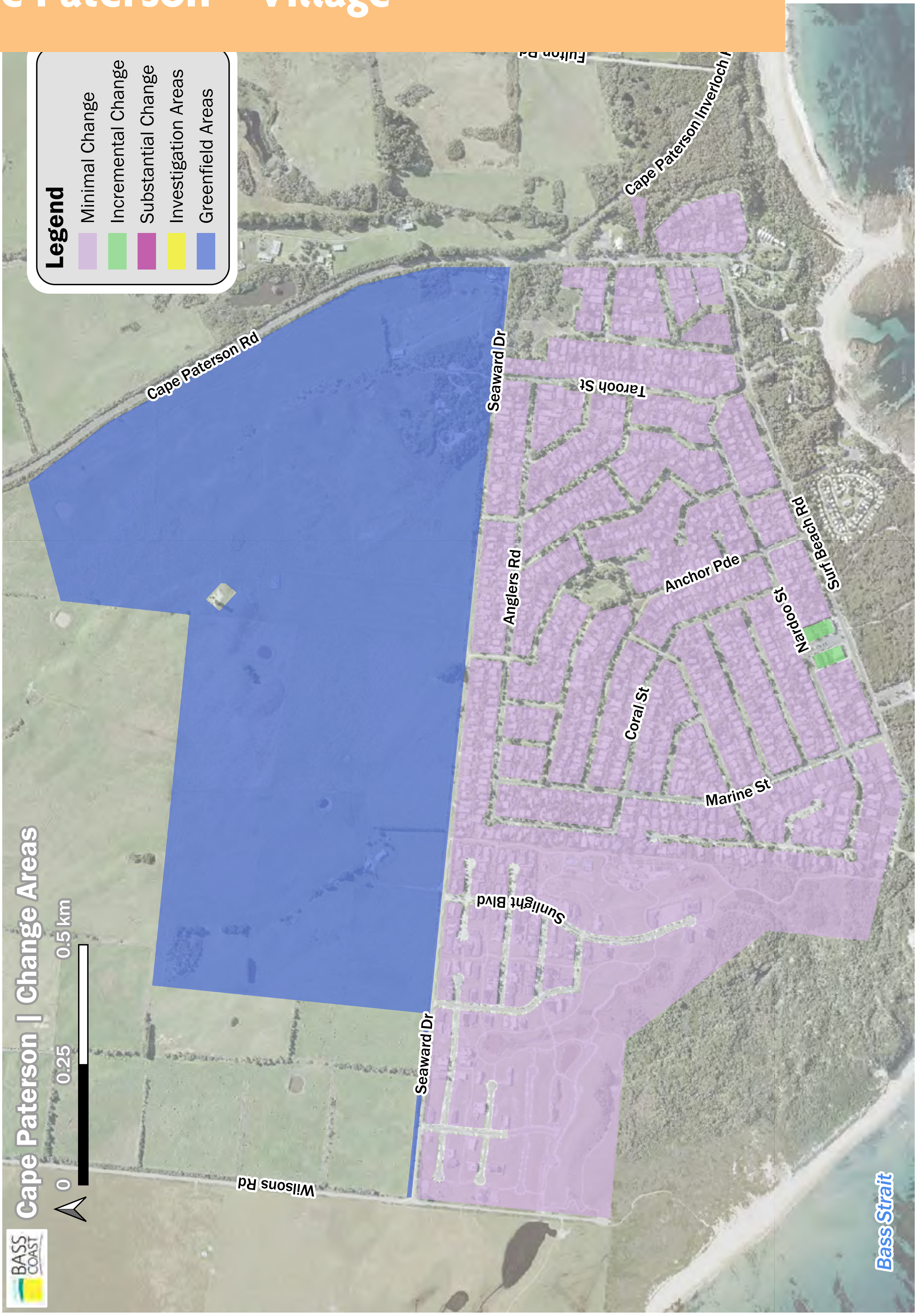
San Remo – District Town



Newhaven – District Town



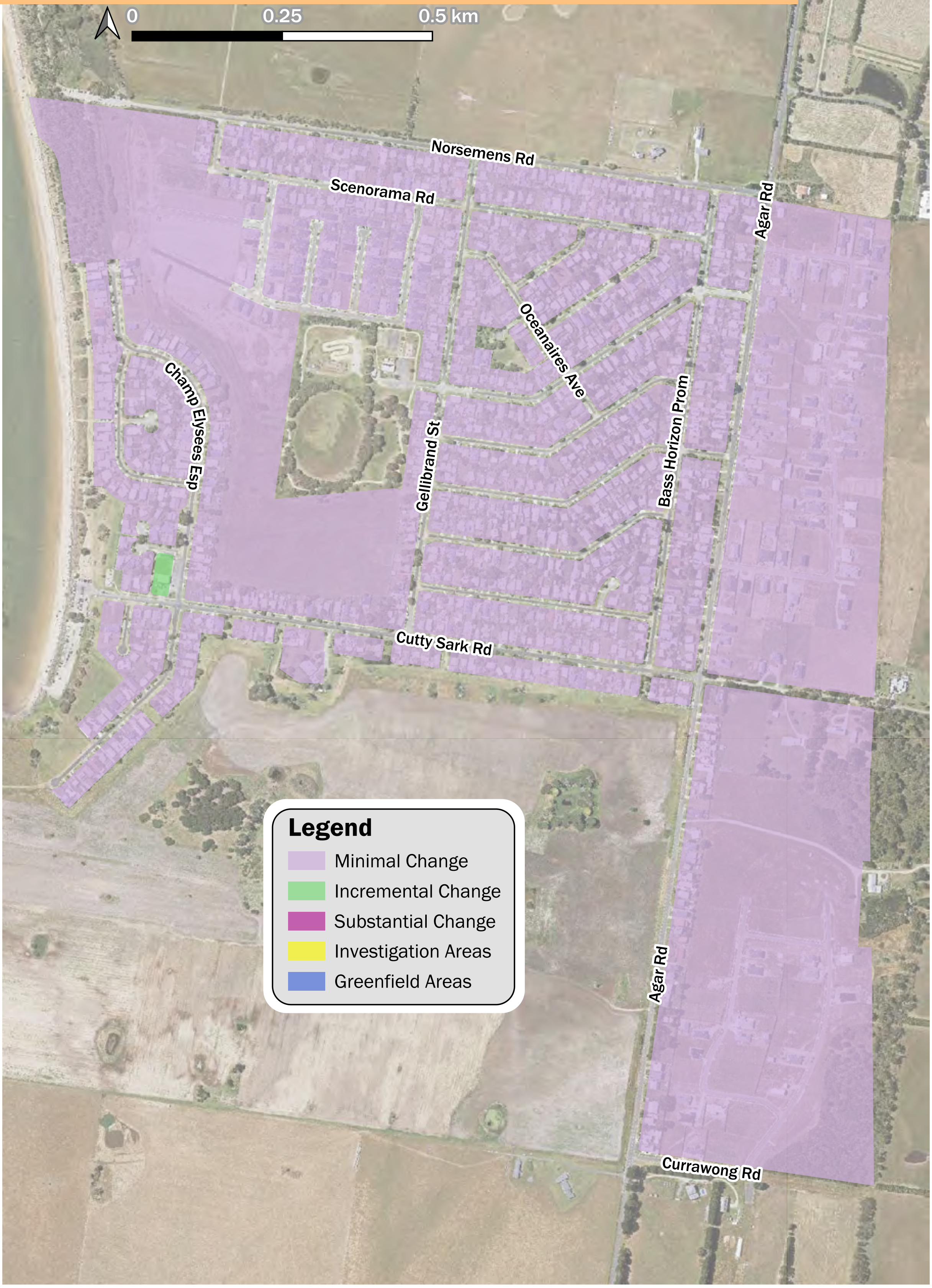
Cape Paterson – Village



Cape Woolamai – Village

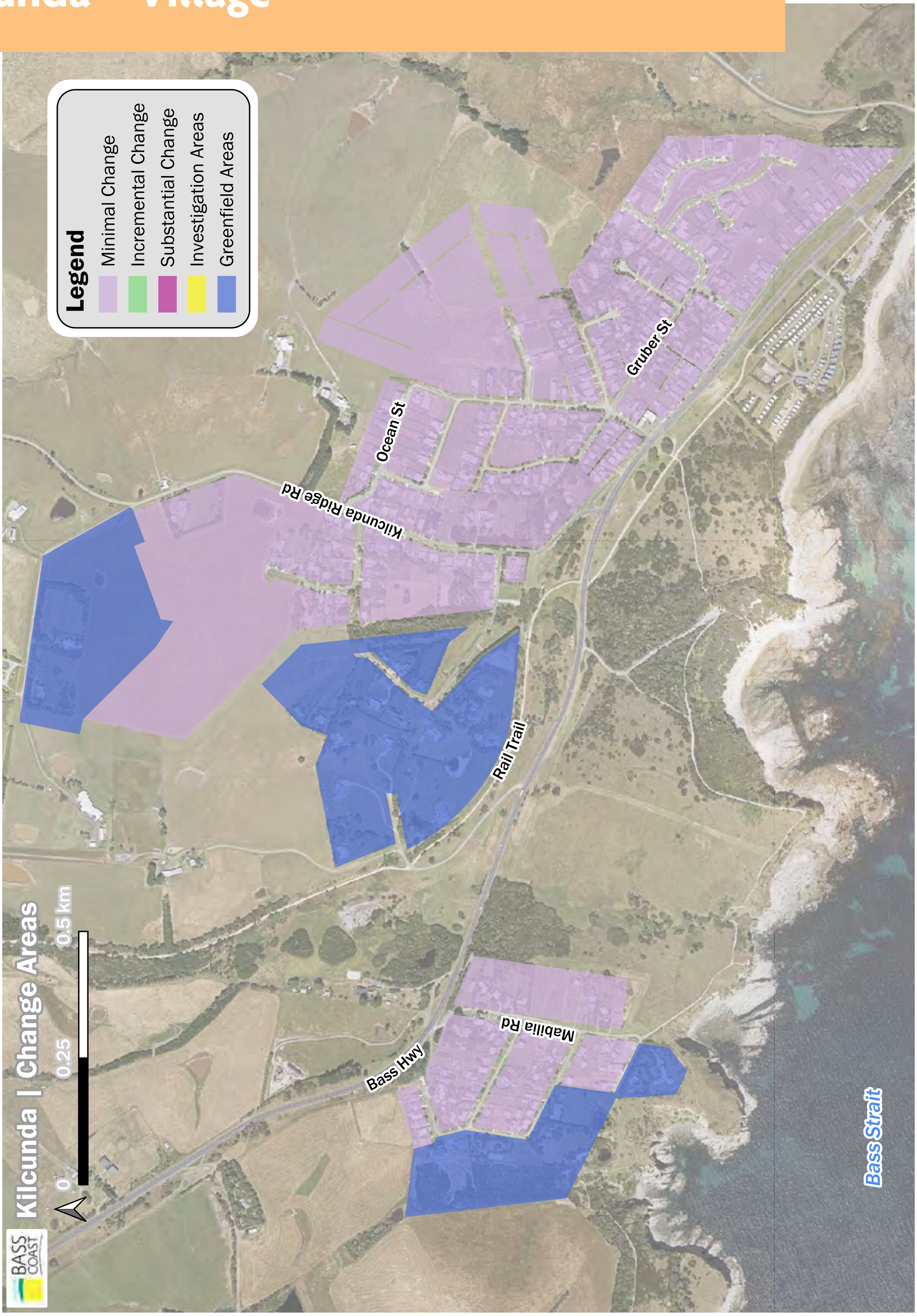
Corinella – Village

Coronet Bay – Village

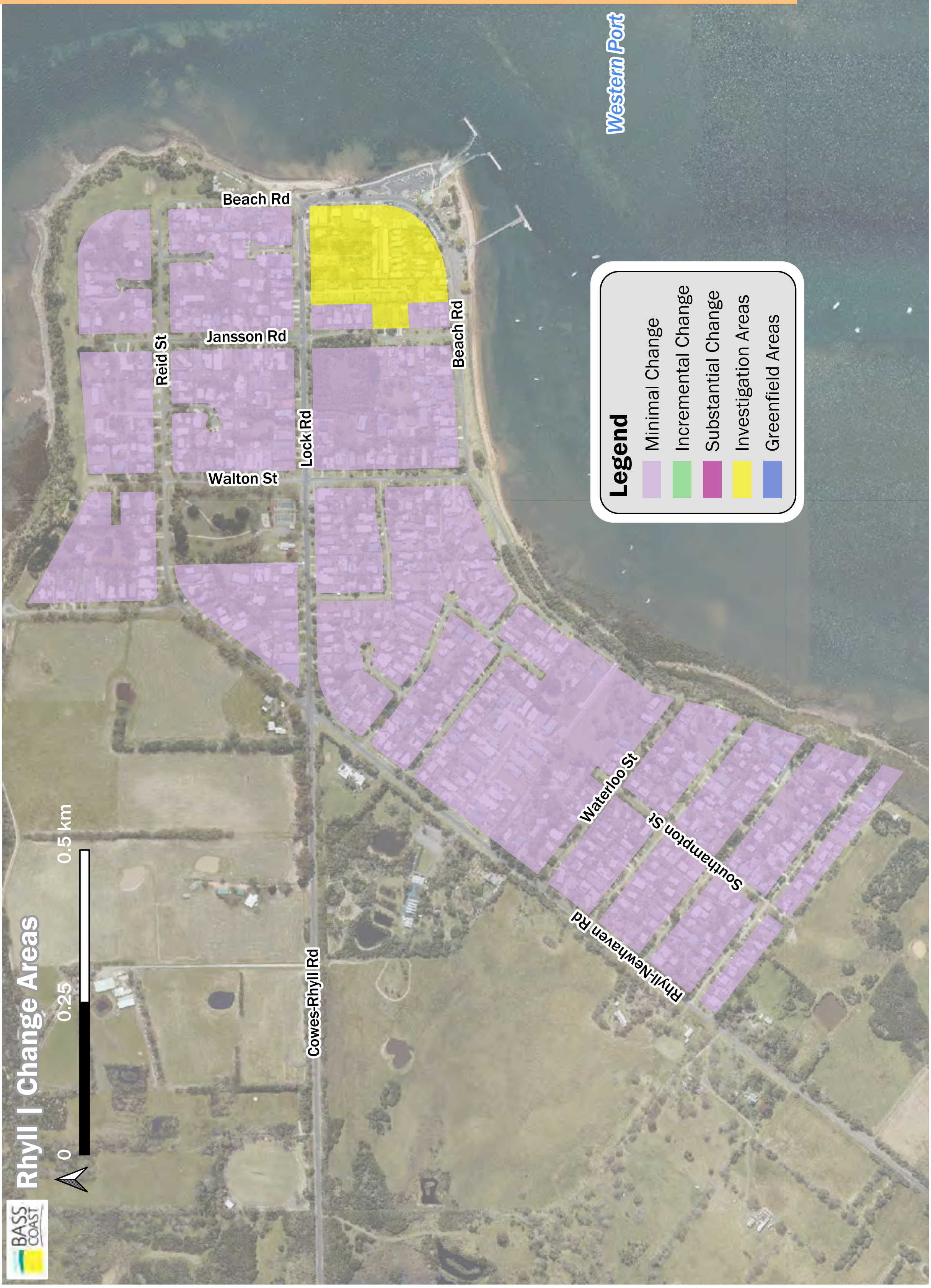


Dalyston – Village

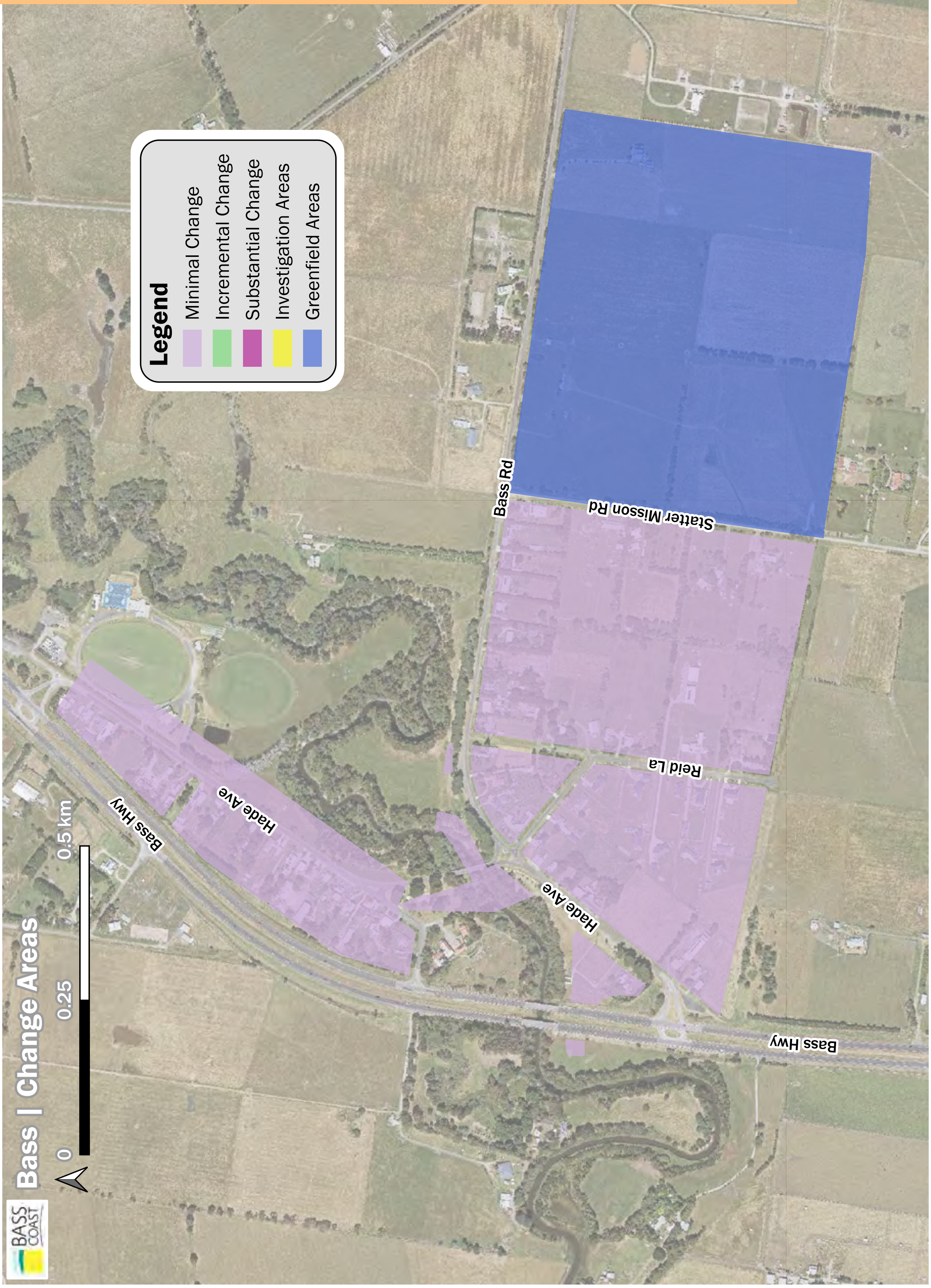
Kilcunda – Village



Rhyll – Village



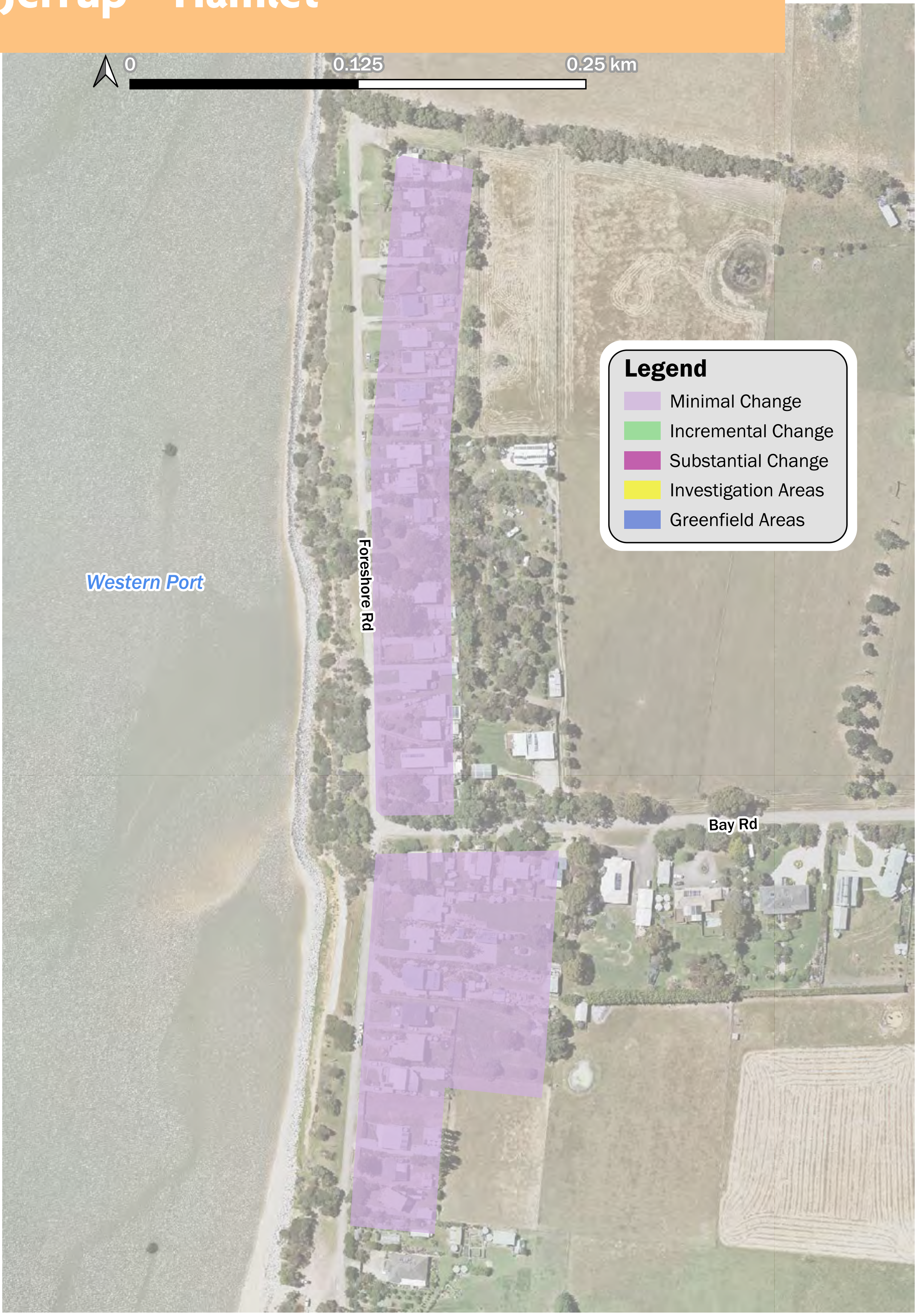
Bass – Hamlet



Bass | Change Areas
Legend
Minimal Change
Incremental Change
Substantial Change
Investigation Areas
Greenfield Areas
0
0.25
0.5 km
Bass Rd
Statter Misson Rd
Reid La
Hade Ave
Hade Ave
Bass Hwy
Bass Hwy
BASS COAST

Harmers Haven – Hamlet

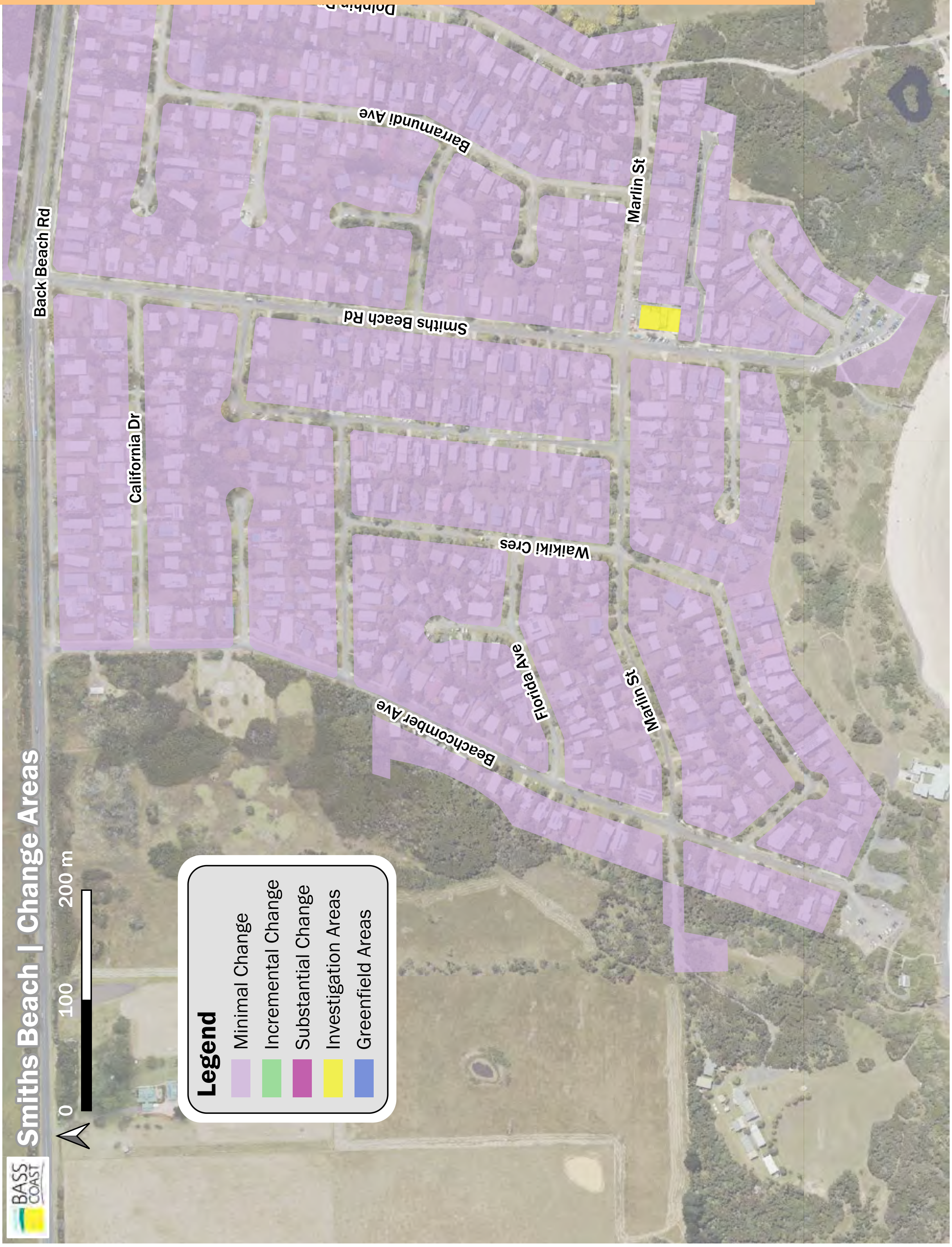
Jam Jerrup – Hamlet



Pioneer Bay – Hamlet

South Coast Estates – Hamlet

Smiths Beach



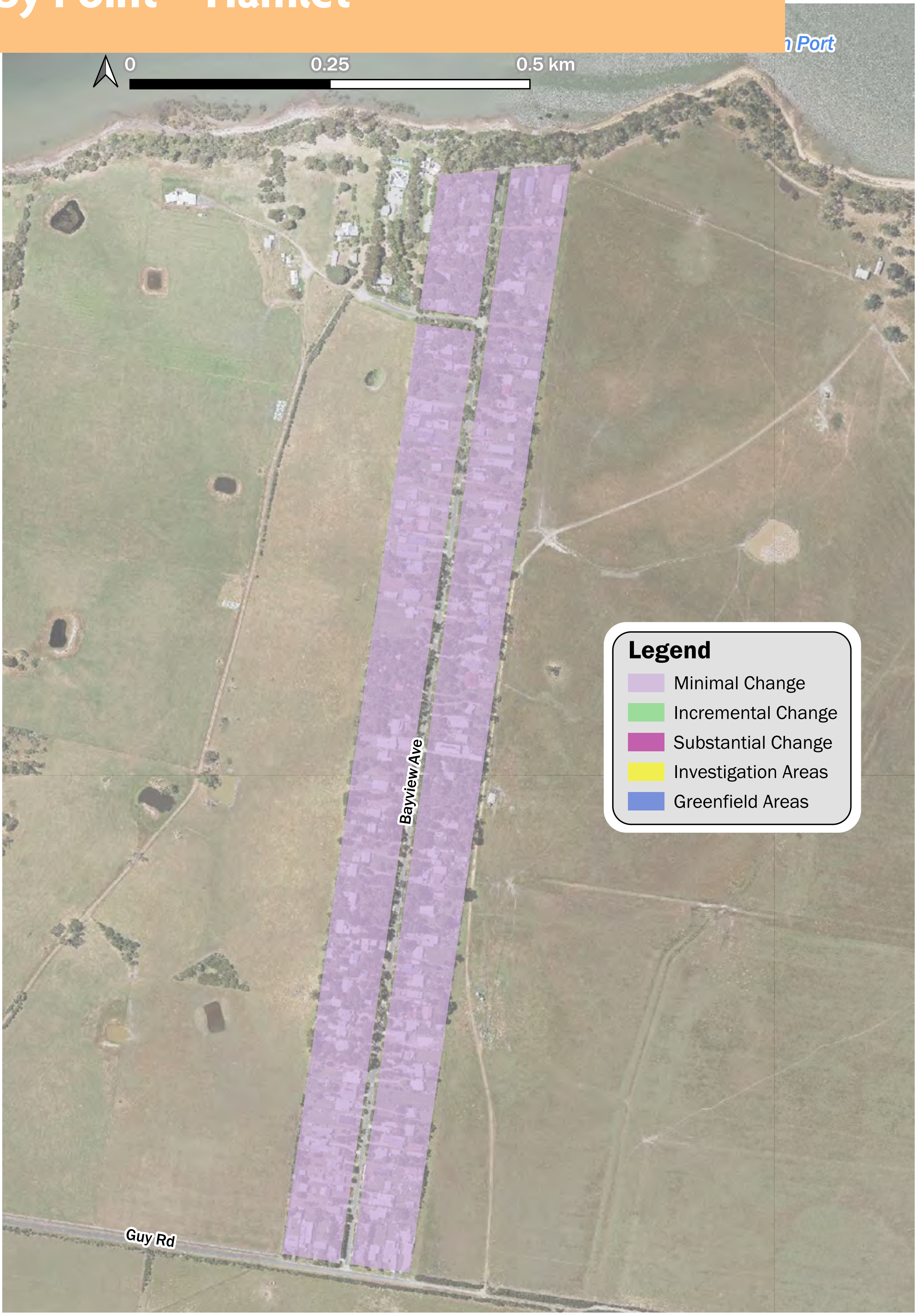
South Coast Estates – Hamlet

Sunset Strip

South Coast Estates – Hamlet

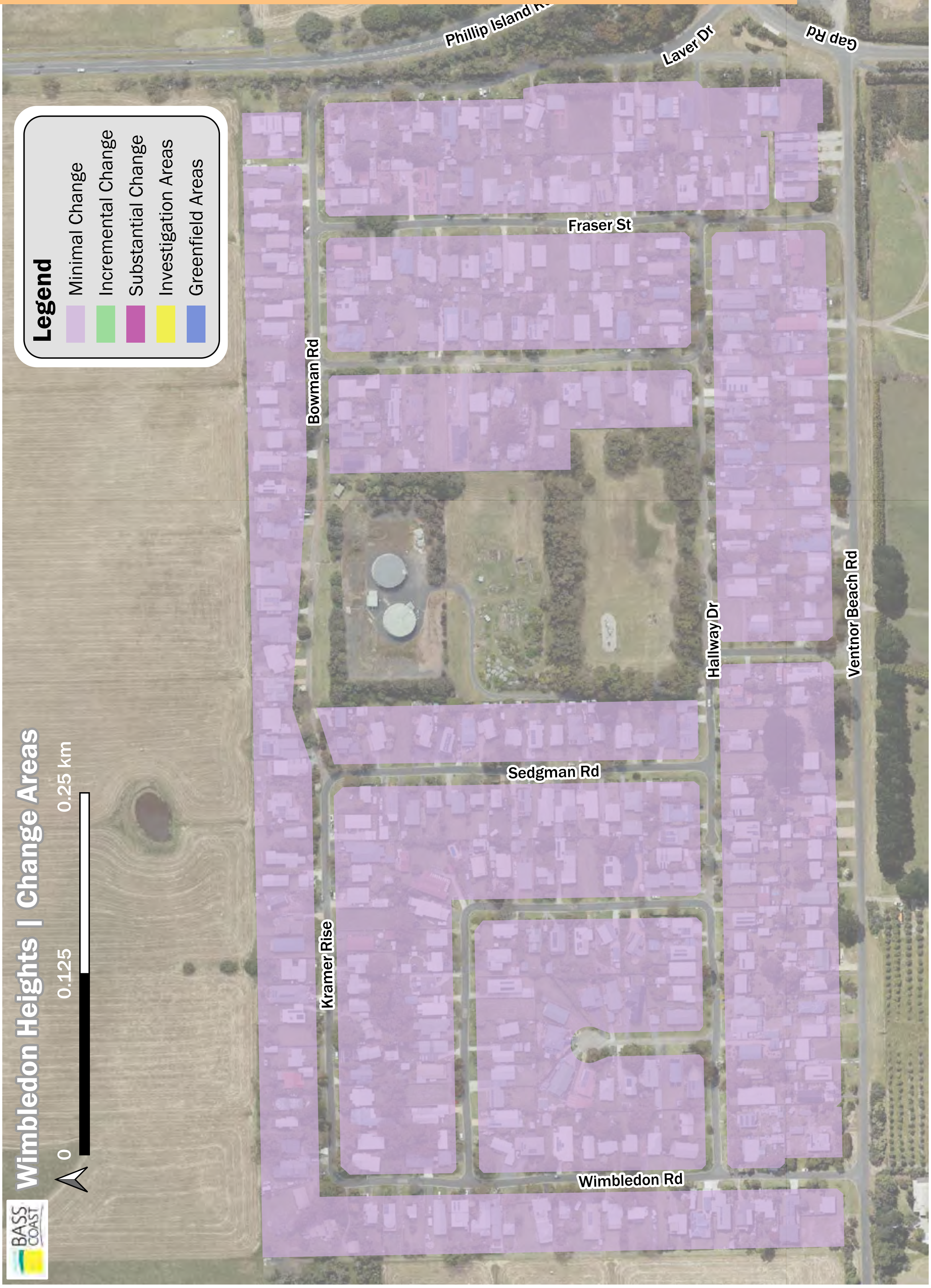
Surf Beach Sunderland Bay

Tenby Point – Hamlet

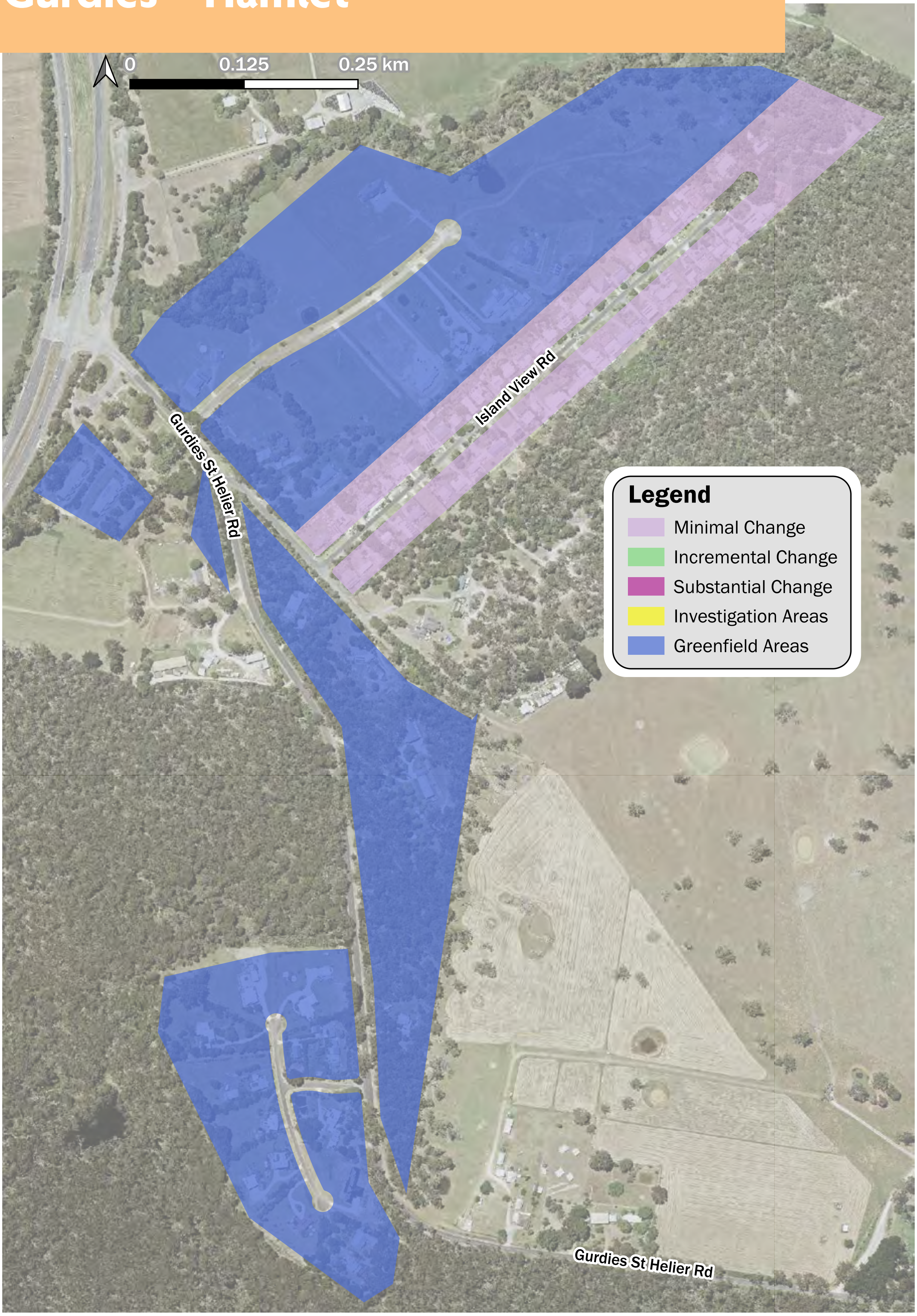


Ventnor – Hamlet

Wilmbledon Heights – Hamlet



The Gurdies – Hamlet



Part 5 - Achieving the Housing Vision

Housing Strategy Action Plan

No.	Action Description
1	Translate the strategies of objectives 1.2, 1.3, 2.1, 2.2 and 3.1 into guidelines and apply them to develop the draft Bass Coast Housing Framework Plan
2	Undertake a residential development framework, to combine the Bass Coast Housing Framework Plan with the recommendations of the Neighbourhood Character Study and set out recommendations for changes to the Bass Coast Planning Scheme
3	Undertake a Planning Scheme Amendment to implement the Housing Strategy into the planning scheme, including the: - Vision - Key Directions - Housing Change Framework - Neighbourhood Character Study
4	Undertake a project to review township strategies, framework plans and activity centre plans, to ensure urban consolidation is appropriately facilitated in activity centres, strategic redevelopment sites are identified and appropriate planning controls are implemented
5	Prioritise the upgrade of urban infrastructure in areas identified for substantial housing growth
6	Review and assess unzoned land within settlement boundaries for importance to housing supply
7	Undertake an investigation into removing barriers to development on strategic infill opportunities in substantial change areas
8	Undertake an investigation into the use of Development Contribution Plans and other funding mechanisms to deliver necessary infrastructure

Relevant Objectives/ Strategies	Action Type	Responsibility	Priority	Timing
1.2, 1.3, 2.1, 2.2, 3.1	Implementation	Strategic Planning	High	Immediate
N/A	Implementation	Strategic Planning	High	Immediate
N/A	Planning Scheme Amendment	Strategic Planning	High	Short-term
1.1.1	Further Work	Strategic Planning	High	Medium-term
1.1.2	Further Work	Recreation & Transport	High	Long-term
1.1.3	Ongoing	Strategic Planning & Growth Area Planning	High	Long-term
1.1.4	Further Work	Strategic Planning	Medium	Medium-term
1.1.5	Further Work	Strategic Planning/Growth Areas	Medium	Long-term

*continued....*Housing Strategy Action Plan

No.	Action Description
9	Manage potential land use conflicts by ensuring appropriate provision of land for industrial uses and other uses with potential to conflict with the use of land for housing
10	Implement environmental sustainable design policy into the planning scheme in the short term.
11	Undertake a project to investigate and define environmental hazards that are not mapped in the planning scheme and incorporate them for future decision-making
12	Undertake a project to improve canopy cover in urban areas through the Bass Coast Planning Scheme
13	Undertake a project to identify all environmental assets across the Shire, to ensure residential development does not directly and indirectly impact significant environmental values
14	Prevent the development of additional housing in areas with significant environmental risks and restrict these areas to replacement dwellings only.
15	Investigate the land supply of low-density, rural living and conventional density housing in preparation for the 10-year review of the Statement of Planning Policy, with a particular focus on land outside Wonthaggi.
16	Investigate existing mechanisms and advocate for additional mechanisms, to encourage the use of dwellings for long-term rentals

Relevant Objectives/ Strategies	Action Type	Responsibility	Priority	Timing
1.1.6	Further Work	Strategic Planning	Medium	Short-term
2.3.1	Further Work	Strategic Planning	High	Short-term
2.3.2	Further Work	Strategic Planning	Medium	Medium-term
2.3.3	Planning Scheme Amendment	Strategic Planning & Sustainable Environment	Medium	Medium-term
2.3.4	Further work	Strategic Planning, Sustainable Environment & Economic Development	High	Short Term
2.3.4	Further Work	Strategic Planning	High	Medium-term
4.1.1	Further Work	Strategic Planning	Low	Long-term
4.1.2	Further Work	Finance/Strategic Planning	Medium	Short-term

*continued....*Housing Strategy Action Plan

No.	Action Description
17	Update the Bass Coast Planning Scheme, to discourage the subdivision of large parcels with potential for significant residential development, especially in substantial change areas
18	Implement the Social and Affordable Housing Strategy as a priority
19	Undertake a process to investigate the potential of council and state-owned land to be used for social and affordable housing including key worker housing.
20	Investigate opportunities to support the construction of "secondary small dwellings" on lots in appropriate locations
21	Monitor and review this document in accordance with the "Monitoring and Review" section
22	Review Grantville Strategic Framework plan and implement any adjustments.
23	Investigate biodiversity-sensitive urban design standards
24	Update planning scheme and 'Housing Framework Plan' with new environmental risk data
25	Advocate for a comprehensive review of both, flooding modelling, and Coastal inundation modelling

Relevant Objectives/ Strategies	Action Type	Responsibility	Priority	Timing
4.1.3	Planning Scheme Amendment	Strategic Planning	Medium	Medium-term
4.2.1	Further Work	Social & Community Planning	High	Short-term
4.2.2	Further Work	Social & Community Planning	High	Short-term
4.2.3	Ongoing	Strategic Planning, Statutory Planning	Low	Long-term
N/A	Ongoing	Strategic Planning	High	Ongoing
1.1.8	Further work / Planning Scheme Amendment	Strategic Planning	High	Short term
2.3.6	Further work	Strategic Planning	Medium	Medium
2.1.3, 2.3.5	Further work	Strategic Planning	High	On-going
2.3.5	Further work	Strategic Planning	High	Short term

Monitoring and Review

The Bass Coast Housing Strategy provides a plan for managing housing growth over the next 15 years, to 2036. As this is a significant planning horizon, a program for monitoring and review is important to ensure that the Strategy remains relevant and effective over time.

It will be important to undertake interim reviews to both monitor the implementation of the strategy and to take full advantage of any new data that is released (such as updated census data and updated Victoria in Future projections).

Period	Title	Role
Every two years	Land Supply and Demand Assessment	- Incorporate latest census data - Update population projections and dwelling approval data - Review implementation of actions - Outline any changes to policy directions for housing and settlement planning - Review infill capacity of change areas
Every 5 years*	Housing Strategy Review	- Review and update housing principles as required (including objectives and strategies) - Review and update housing change areas as required - Incorporate any changes to policy directions for housing and settlement planning - Inform the review of the Statement of Planning Policy - Consider whether a neighbourhood character review is appropriate - Incorporate the findings of any structure plans adopted since the last review - Incorporate the findings of any environmental risk data adopted since the last review

** This should be undertaken prior to any review of the Statement of Planning Policy under section 46AZI of the Planning and Environment Act 1987, as it will inform the extent of any changes to settlement boundaries as per Planning Practice Note 36: Implementing a Coastal Settlement Boundary.*


Developing the studies

Appendices

Appendix A: Expanded Policy Review

Appendix B: Housing Strategy Glossary

Appendix C: Bass Coast Residential Housing Market Supply and Demand Assessment

Appendix A – Expanded Policy Review

Commonwealth

At a federal level, it is acknowledged that every Australian has a fundamental right to an adequate standard of living including access to a safe, secure, habitable and affordable home. It is also acknowledged that adequate housing is essential for human survival with dignity.

The National Housing and Homelessness Agreement (NHHA) contains specific priorities including supply targets, planning and zoning reforms and renewal of public housing stock, while also supporting the delivery of frontline homelessness services through a series of bilateral agreements. For Victoria, funding under the National Housing and Homelessness Agreement is used to assist vulnerable people through the provision of social housing and homelessness services only. However, Victoria is planning for increased demand for housing across the spectrum with relevant strategies including Homes for Victorians, Plan Melbourne 2017-2050, the Victorian Infrastructure Plan, and Ending Family Violence: Victoria's Plan for Change.

In addition to funding under the NHHA, the Australian Government (and sometimes the State Government) directly intervenes in the market through the provision of rent assistance as a non-taxable income supplement payable to eligible people who rent in the private rental market or community housing, first home buyer grants and low home loan deposit schemes.

State

Planning and Environment Act 1987

The Planning and Environment Act establishes a framework for planning the use, development and protection of land in Victoria, in the present and long-term interests of all Victorians. It sets out a series of objectives that must be considered, when considering a planning permit application or considering a change to the planning scheme.

These include:

a. to provide for the fair, orderly, economic and sustainable use, and development of land;

b. to provide for the protection of natural and man-made resources and the maintenance of ecological processes and genetic diversity;

c. to secure a pleasant, efficient and safe working, living and recreational environment for all Victorians and visitors to Victoria;

d. to conserve and enhance those buildings, areas or other places which are of scientific, aesthetic, architectural or historical interest, or otherwise of special cultural value;

e. to protect public utilities and other assets and enable the orderly provision and co ordination of public utilities and other facilities for the benefit of the community;

f. to facilitate development in accordance with the objectives set out in paragraphs (a), (b), (c), (d) and (e);

   f.a to facilitate the provision of affordable housing in Victoria;

g. to balance the present and future interests of all Victorians.

The Act also establishes the mechanisms that give effect to state planning strategies and policies, including the overarching Victorian Planning Provisions included in all planning schemes.

Plan Melbourne 2017-2050

Note: This section expands on the summary in the main strategy.

Plan Melbourne 2017–2050 is the overarching strategic document for metropolitan Melbourne, which outlines a strategy for responding to projected changes in population, jobs, housing and transport.

The Plan has 7 outcomes with corresponding directions and policies, including:

- *Outcome 1: Melbourne is a productive city that attracts investment, supports innovation and creates jobs*
- *Outcome 2: Melbourne provides housing choice in locations close to jobs and services*
- *Outcome 3: Melbourne has an integrated transport system that connects people to jobs and services and goods to market*
- *Outcome 4: Melbourne is a distinctive and liveable city with quality design and amenity*
- *Outcome 5: Melbourne is a city of inclusive, vibrant and healthy neighbourhoods*
- *Outcome 6: Melbourne is a sustainable and resilient city*
- *Outcome 7: Regional Victoria is productive, sustainable and supports jobs and economic growth.*

While all these outcomes are relevant considerations in planning for growth across the State, its important to acknowledge outcome 7, as it identifies Bass Coast Shire as a peri-urban municipality and sets out a number of directions that should be considered including:

- *Direction 7.1 Invest in regional Victoria to support housing and economic growth.*
    - *Policy 7.1.2 Support planning for growing towns in peri-urban areas*

The policy context for this direction notes that a number of towns in peri-urban areas (including Wonthaggi) have capacity for more housing and employment-generating development, without impacting on the economic and environmental roles that surrounding non-urban areas serve.

Victorian Coastal Strategy (various revisions from 2002-2014)

Established under the Coastal Management Act 1995, the Victorian Coastal Strategy initially provided a comprehensive integrated management framework for the coast of Victoria and was the first of many strategies that sought to ensure that the planned growth of coastal towns was managed through the establishment of township boundaries in planning schemes.

In terms of locating new growth and development, it set in place a Hierarchy of Principles for decision-making as follows:

1. Ensure protection of significant environmental and cultural values
2. Undertake integrated planning and provide clear direction for the future
3. Ensure the sustainable use of natural coastal resources

   When the above principles have been considered and addressed then...

4. Ensure development on the coast is located within existing, modified and resilient environments, where the demand for development is evident and any impacts can be managed sustainably

The later revisions of the Strategy reinforced both the Coastal Settlement Framework and the role and function definitions of settlements for Bass Coast, as identified in the Coastal Spaces Recommendation Report.

This Strategy has since been superseded by the Marine and Coastal Policy 2020 and the Marine and Coastal Strategy 2022.

Coastal Spaces Recommendations Report 2006

The Victoria's Coastal Spaces Initiative was established to help local governments implement the Victorian Coastal Strategy 2002 and to manage existing and projected development pressures in coastal towns outside of metropolitan Melbourne.

The Recommendations Report recognise that significant variations exist between coastal settlements (in terms of environmental sensitivities, infrastructure servicing and other development constraints) and that detailed local level planning is necessary to determine the preferred and sustainable extent of a settlement to accommodate future growth and development opportunities.

It recognises that although most settlements can support some level of growth and consolidation, there is often a constant challenge to achieve this without detriment to valued coastal character.

Recommendations of the Report relevant to directing urban growth include:

- Preparation of a practice note that guides the establishment of settlement boundaries.
- Development of a regional wide Coastal Settlement Framework that provides guidance in planning for individual settlements and requires consideration to be given to how the various settlements sit within the broader regional context.

A draft Coastal Settlement Framework was prepared and included in the Report that outlines the role and function of each coastal settlement in Victoria (including those within Bass Coast, based on availability of services and population levels) and provides a growth management framework that designates a high, moderate or low spatial growth capacity profile for each settlement.

Although the exact location and extent of the settlement boundaries to manage growth was not defined through this process, it is noted that settlement boundaries for individual settlements were to be determined in accordance with strategic planning undertaken for the particular settlement (ie. structure plans). It is important to note that the preparation of the Bass Coast Strategic Coastal Framework was being prepared concurrently to the Coastal Spaces Initiative and helps to reinforce the role and functions of the coastal settlements included in the Coastal Settlement Framework.

The growth management framework was introduced into the Bass Coast Planning Scheme via Planning Scheme Amendment C85 in 2009 and is currently situated in Clause 02.03-1 Settlement.

The Practice Note on establishing settlement boundaries was prepared by DELWP shortly after the completion of the recommendations report. The most recent version of it (2016) outlines the following considerations when defining the extent of a settlement and are helpful in determining appropriate locations for future housing:

desired future vision for a settlement

role and function of the settlement in comparison with other settlements within the region

constraints on development such as topography, native vegetation, rural land-use activity and areas of environmental or landscape significance and sensitivity

areas with susceptibility to flooding (both river and coastal inundation), landslip, erosion, coastal acid sulfate soils, salinity, wildfire or geotechnical risk

supply/demand of land within a 10 year planning horizon and opportunities for future growth (if any).

Homes for Victorians 2017

Homes for Victorians is a strategy that commits the State Government to five key housing affordability initiatives, including: supporting people to buy their own home, increasing the supply of housing through faster planning, promoting stability and affordability for renters, increasing and renewing social housing stock, improving housing services for Victorians in need.

Of relevance to this Housing Strategy is Initiative 2: Increasing the supply of housing through faster planning.

Under this initiative, Strategy 2.1 notes that regional growth plans are the primary vehicle to guide housing growth across regional Victoria, with the Victorian Planning Authority to provide support in the preparation of Precinct Structure Plans in new housing areas and funding through the Streamlining for Growth program to streamline subdivision processes, unlock strategic development sites and speed up applications in growing areas in Melbourne and regional Victoria.

Homes for Victoria also identifies an initiative to increase the supply of social and affordable housing, through inclusionary housing, which is being investigated through Council's Social and Affordable Housing Strategy.

Marine and Coastal Policy 2020

Established under the Marine and Coastal Act 2018, the Marine and Coastal Policy supersedes the Victorian Coastal Strategy to provide an updated direction for the management and planning of Victoria's Marine and Coastal environments. It applies to land within the marine and coastal environment, which is defined under the Act as all private and public land and waters between the outer limit of Victorian coastal water and five kilometres inland of the high-water mark of the sea.

Chapter 8 relates to the management of land within and between coastal settlements with the following intended outcomes:

- Coastal settlements are desirable places to live, work, visit and play.
- Non-urban breaks between coastal settlements are maintained to preserve the character of the coastline and coastal settlements.
- Growth of coastal settlements is ecologically, socially and economically sustainable.

Of particular relevance to considering locations for housing growth are the following policies:

Policy 8.3:

Plan for settlement growth and locate development to:

a. *minimise and seek to avoid negative impacts on ecosystems and habitats, local values and landscape features*

b. *avoid increasing exposure to current or future coastal hazard risks, including risks posed by climate change such as rising sea level*

c. *consider the impacts of climate change along the primary foreshore, and adjacent to estuaries, inlets and inland lakes affected by coastal waters.*

Policy 8.4

Avoid development on primary coastal dune systems, shorelines of estuaries, wetlands and low-lying coastal areas.

Policy 8.7

Urban renewal and redevelopment opportunities should be encouraged within existing settlements where they do not increase coastal hazard risk

Policy 8.9

Use buffers, where required, to protect environmental values, cultural values and heritage sites, and to enable the co-existence of compatible activities and to allow for adaptation of the natural environment.

The Policy is also one of the first to intrinsically link the management of land with the management of coastal hazard risk, with an intended outcome that adaptation (to changing coastal processes and climate) be embedded as a core component of planning the marine and coastal environments. Examples of adaption actions that it suggests considering include the following:

Non-intervention - *Allow marine and coastal processes, and the hazards they may pose, to occur. Non-intervention might be chosen as an appropriate action in a number of circumstances, including when the hazard poses an acceptable level of risk to values or uses, when intervention would cause unacceptable negative impacts, or when intervention would be ineffective or not cost-effective.*

Avoid - *Locate new uses, development and redevelopment away from areas that are or will be negatively impacted by coastal hazards. This also needs to consider the type of use or development and if it's appropriate for the location. For example, a hospital or a piece of critical power infrastructure would have much lower tolerance to hazard risk, compared to a temporary or easily moveable use or development, and would need to avoid higher risk areas. Avoidance can also help natural systems adapt, by avoiding development where it would impede the movement of habitats and species, or decrease their resilience to the effects of climate change.*

Nature based methods - *The resilience of existing and new uses and development may be improved by enhancing or restoring natural features to mitigate coastal hazard risk. Restoring native vegetation to lessen the impact of erosion on dune systems would be an example of such action. Adaptation for natural systems could also include preserving and restoring corridors to allow for the landward migration of habitats and species. Nature-based methods tend to have more co-benefits than other adaptation actions, in that they can restore and enhance biodiversity values, improving resilience of vulnerable coastal ecosystems and also often improving amenity.*

Accommodate *- Structures can be designed to reduce the exposure to, or decrease the impact of, coastal hazard risk, thus 'accommodating' the risk. Examples of this could include building lifesaving towers that can be rapidly and easily moved to respond to an eroding shoreline, or using building design techniques that reduce the impact of flooding. Accommodate options can be useful to improve resilience and 'buy more time' before further actions are necessary*

Retreat *- Existing structures, assets or uses may be decommissioned or relocated away from areas that are, or will be, negatively impacted by coastal hazards. Determining the timing of retreat is a strategic and localised decision that needs to be planned for proactively. If relocating, care must be taken not to move structures to sites where they will face other potential hazards. Retreat of natural systems may also be required; for example, saltmarsh habitat that would naturally migrate landward in response to sea level rise may be obstructed by the built environment, and corridors of undeveloped land may be required to allow landward movement of species and functioning habitats.*

Protect *- Existing physical barriers are enhanced, or new ones constructed, to mitigate the impact of coastal hazards caused by marine and coastal processes. An example would be the enhancement or construction of sea walls to protect strategically important values from sea-level rise and storm surge. Protect is an option of last resort; it is often expensive, its benefits tend to be very localised, and it frequently transfers the problem to nearby areas.*

Relevant directions of the Marine and Coastal Policy have been implemented into the Bass Coast Planning Scheme via Planning Scheme Amendment VC171 in 2021.

Marine and Coastal Strategy 2022

The Marine and Coastal Strategy sets out actions to achieve the vision laid out in the Marine and Coastal Policy. These actions identify DELWP as being the lead agency for delivery, however it is still important to note the strategy's focus on promoting adaptation in response to changing coastal processes and climate impacts as a core component of planning in the marine and coastal environment.

This is a shift away from the former policy direction in the Victorian Coastal Strategy that allowed for development on the coast, provided it was located within an existing, modified, and resilient environment and any impacts could be managed sustainably.

The following are of relevance:

Adaptation is embedded as a core component of planning in the marine and coastal environment by:

3.10 Undertaking timely, data-driven planning scheme amendment processes to protect coastal habitat linkages, and reflect sea level rise, coastal hazard, and other relevant projections related to climate change (see Activity 2.2).

3.11 Updating or amending planning responses to coastal hazards, to consider climate adaptation pathways and apply best available science and data consistent with state policy and strategy in: a. planning controls (e.g. overlays/zones) b. guidance (e.g. practice notes) c. processes (e.g. planning scheme and settlement boundary reviews).

Draft Statement of Planning Policy 2022

On 23 October 2019, the Governor in Council, under section 46AO(1) of the Planning and Government Act 1987 and on the recommendation of the Minister for Planning, declared the Bass Coast Shire a 'distinctive area and landscape'.

The Draft Statement of Planning Policy is a framework to guide the future use and development of land within the declared area.

To manage pressures for the outward expansion of residential land, the draft Statement of Planning Policy proposes protected settlement boundaries for 25 residential settlements within the Shire. These are generally consistent with existing boundaries in the Bass Coast Planning Scheme, with the exception of San Remo, Newhaven, Grantville, Cowes and Sunset Strip.

The draft Statement of Planning Policy goes on to suggest that growth will need to be accommodated within these boundaries, through the development of vacant lots and infill development.

Further guidance on where residential growth can and cannot be accommodated is provided through the following strategies:

> *2a.1: Avoid locating new development and retreat existing development from areas with significant biodiversity and/or high bushfire risk, to increase resilience.*
>
> *2b.1: Avoid locating new development and retreat existing development and sensitive land uses in areas adjacent to waterways and estuaries, or at risk of coastal and riverine flooding and coastal erosion.*
>
> *3.2: Contain urban growth within settlement boundaries.*
>
> *3.3: Discourage new residential development in the green breaks between settlements.*
>
> *4c.2: Reduce land use, development and human trespass impacts in marine environs and coastal areas of ecological significance, especially those vulnerable to the impacts of climate change.*
>
> *8.1 Direct urban development to a hierarchy of settlements identified for growth, through designating change areas and clearly defining long-term settlement boundaries.*
>
> *8.3 Limit the expansion of settlements in high risk locations, actively reducing the risks associated with natural hazards.*
>
> *8.5 Ensure development at the periphery of settlements is designed to transition to the surrounding landscapes, integrating development with its environs, landscape character and features, subject to addressing bushfire risks.*

It is important to note that this Policy is still in draft form and may be subject to change at the discretion of the Minister for Planning.

Regional

Gippsland Regional Growth Plan 2014

This section expands on the summary in the main strategy.

The Gippsland Regional Growth Plan is one of eight regional growth plans across Victoria. The regional growth plans all recognise that increasing the growth of regional Victoria, will help improve the state's competitiveness, by strengthening regional labour markets, expanding markets for local goods and services and providing a greater diversity of affordable housing and employment opportunities. The Gippsland Regional Growth Plan puts in place an integrated planning framework for the six local government areas in Gippsland (Bass Coast Shire, Baw Baw Shire, East Gippsland Shire, Latrobe City, South Gippsland Shire and Wellington Shire), to appropriately direct and manage sustainable growth across the region, whilst recognising Gippsland's assets of regional significance.

This plan is underpinned by four guiding principles, emphasis has been added where there is a specific direction relating to locating urban growth:

- *Principle 1: Strengthen economic resilience, by growing a more diverse economy that is supported by new investment, innovation and value-adding in traditional strengths*

  The plan provides policy support for value-adding opportunities and employment growth in healthcare and social services, green jobs and knowledge industries. <u>Focusing urban growth in the regional city [Latrobe], as well as in a network of regional centres [including Wonthaggi], will boost population mass and concentrate services and businesses in a manner that is conducive to increased investment and employment.</u>

- *Principle 2: Promote a healthy environment, by valuing Gippsland's environmental and heritage assets, and by minimising the region's exposure to natural hazards and risks*

  Distinctive rural landscapes and sensitive environments such as the coast, mountain ranges and natural bushland will be protected and valued. <u>Urban and economic development will be managed, so as to minimise adverse impacts on these environmental and cultural heritage assets, and will be directed to areas of lower risk from bushfire, flood and other natural hazards.</u>

- *Principle 3: Develop sustainable communities through a settlement framework, comprising major urban centres, that ensures residents have convenient access to jobs, services, infrastructure, and community facilities*

The plan introduces a settlement framework for urban growth that builds on the existing network of main towns. The regional city [Latrobe] is centrally located and has the scale and range of services needed to provide benefits across the region. <u>The regional centres of Warragul, Leongatha, Wonthaggi, Bairnsdale and Sale, and a network of smaller nearby towns including Drouin, Korumburra, Inverloch, Paynesville, Maffra and Stratford, will distribute growth and access to services across the Gippsland region.</u> The importance of district and smaller towns is acknowledged. <u>Urban growth will be coordinated to encourage services and housing stock that better meet the needs of a changing population and the projected increase in smaller households.</u>

- *Principle 4: Deliver timely and accessible infrastructure, to meet regional needs for transport, utilities and community facilities*

  The plan recognises the importance of road and public transport and promotes initiatives to improve access within the region and to markets and services in Melbourne and beyond. Urban development will be directed to places with existing capacity in services and infrastructure such as water, sewerage, electricity, roads and public transport, and where additional servicing can be accommodated in an economically efficient manner. Regional services such as hospitals, tertiary education, sports and cultural facilities will be focused across the network of major centres.

In addition to these principles, the Plan includes an overarching Regional Settlement Framework which seeks to:

- *manage growth in areas subject to growth pressures*
- *complement and support economic growth directions and community preferences*
- *resolve competing demand from other land uses such as agriculture and mining*
- *avoid natural hazards such as bushfire, flood and coastal inundation*
- *protect highly valued environmental and cultural heritage assets.*

It does so by establishing a network of integrated and prosperous settlements across Gippsland made up of a regional city (Latrobe), regional centres (Barirnsdale, Sale, Warragul/Drouin, Leongatha and Wonthaggi) and towns that are able to either; proactively encourage and facilities opportunities for major-scale development in areas identified for significant growth (promote growth), support proposals for medium-scale growth, consistent with local plans (support growth), or support small-scale residential, commercial and industrial development and change (sustainable change).

The Plan recognises the following for Bass Coast:

- *Wonthaggi is a regional centre that can promote growth.**
- *Cowes is a town that can support growth.*
- *Inverloch is a town that can support growth.*
- *Cape Paterson is a small town that can support growth**
- *San Remo is a small town that can support growth*

**Wonthaggi, Inverloch and Cape Paterson are further recognised as being part of a sub-regional network. Networks are established in the Plan to acknowledge the lead role of the respective regional centre (in this case Wonthaggi) as the primary location to accommodate urban growth, with secondary centres in the network providing housing diversity and local services. The provision of social services and attraction of business investment within the networks are aimed at supporting communities across their broader catchment districts.*

The Regional Settlement Framework was introduced into the Bass Coast Planning Scheme via Planning Scheme Amendment VC106 in 2014 and is currently situated in Clause 11.01-1R Settlement – Gippsland.

Local Policy Context

Over the course of many years, Council has adopted many relevant strategic documents that provide direction and recommendations for how decisions around housing and the associated provision of facilities and services should be made in the municipality. The below section provides an overview of these and helps to tell the story of how settlements within Bass Coast have managed housing and urban growth to date.

Phillip Island and San Remo Design Framework 2003

The Phillip Island and San Remo Design Framework was the first strategy to provide direction on the public realm, built form character and landscape character of Phillip Island and San Remo, and initially set settlement boundaries for all of the Phillip Island settlements and San Remo.

The framework also provides some strategic direction in response to urban development pressure that is relevant to the housing strategy with the stated goal:

> *Accommodate the majority of increased pressure for urbanisation within Cowes and San Remo. For other existing residential areas, consolidate residential development within existing township boundaries and identified locations.*

The framework goes on to direct future urban growth within settlement boundaries, notes Cowes and San Remo as logical locations to absorb residential growth and notes:

> *Consolidation within the township boundaries will need to happen in order to provide for increased development.*

Relevant actions identified within the PISRDF to achieve the aforementioned goal include:

> *Focus medium-density residential development adjacent to existing commercial centres and activity nodes*
>
> *Avoid residential development in areas of seasonal inundation*
>
> *Protect and retain any existing indigenous vegetation when constructing new buildings and avoid damage to environmentally sensitive areas*
>
> *Ensure residential development is consistent with neighbourhood character*

The settlement boundaries proposed through the Framework, along with Design and Development Overlays for the Cowes Foreshore Precinct and the Business and Mixed Use Zones of Cowes and San Remo and the Vegetation Protection Overlay for Phillip Island were implemented into the Bass Coast Planning Scheme via Planning Scheme Amendment C46P2 in 2008.

San Remo, Newhaven and Cape Woolamai Structure Plan 2010

The San Remo, Newhaven and Cape Woolamai Structure Plan is a strategic framework for the future growth and development of the three towns. It identifies the strategic planning issues facing the towns, including community needs and aspirations, and articulates the preferred future directions for growth, which includes protecting and enhancing the very elements which make the towns distinctive and functional as urban areas and tourist destinations.

The Structure Plan effectively reviews the settlement boundaries and housing directions outlined in the Phillip Island and San Remo Framework 2003 and provides the following:

Settlement and Housing Principles:

- *ensure that any new Residential 1 Zoned development occurs on the sheltered northern side of the [Anderson] peninsula.*
- *encourage ecologically sustainable development principles in new residential subdivisions and infill development and provide water sensitive urban design and stormwater treatment, to ensure impacts on any environmentally sensitive land are minimised.*
- *encourage urban consolidation and infill where compatible with established environmental, landscape and urban character.*
- *encourage well-designed, contemporary architecture that is environmentally sustainable and responds to its local context.*
- *achieve a high standard of urban design, which integrates with the prevailing coastal character and, protects environmentally sensitive areas such as Western Port, Cape Woolamai State Fauna Reserve and the Churchill Island Marine National Park.*

Settlement and Housing Directions:

- *Support a mix of housing types, particularly around town centres, including the provision of accessible and adaptable housing choices designed for disabled or aged persons and tourist accommodation consistent with State policy.*
- *Encourage higher density housing and tourist accommodation (up to 3 storeys) in the San Remo town centre, that exhibit excellence in design consistent with the Department of Planning and Community Development's 'Guidelines for Higher Density Residential Development.' Third levels should be recessed to assist with reducing building bulk and assist with streetscape integration. Roof forms should not incorporate high pitches and should be designed to provide visual interest. Building form should provide for appropriate street activation and integration, articulation and contemporary design treatments, which contribute to the coastal character.*
- *Support medium density housing development where it is located within 400 metres of the Newhaven commercial centre and 800 metres of the San Remo town centre. Ensure such development responds to the neighbourhood character of the area and respects existing residential amenity.*
- *Apart from Cape Woolamai, support incremental 'infill' housing development within remaining R1Z land, where it respects existing neighbourhood character.*
- *Development is to respond to the prevailing neighbourhood and landscape character of the area and incorporate a sympathetic material palette that reflects the typical beachside character, consistent with the objectives of Council's Phillip Island and San Remo Design Framework.*

- *Encourage development which respects the coastal landscape setting by providing for contemporary design that addresses the existing scale, setback, site coverage, building spacing, forms and materials of the locality and which provides for reasonable sharing of views to the coast and foreshore.*

The Structure Plan recognised that the majority of new housing was likely to be within greenfield sites, with an incremental increase in housing to occur as infill development in San Remo and Newhaven. For this reason, it proposed a number of extensions to settlement boundaries and the inclusion of investigation areas as follows:

With regards to settlement boundaries and growth fronts in each of the three towns, the following recommendations were made:

- *Extend the settlement boundary for San Remo from the furthest extent of Bonwick Avenue to Potters Hill Road, and identify a future growth area (subject to demand) between Potters Hill Road and Punchbowl Road.*
- *Identify the Phillip Island Airport site as an investigation area.*
- *Extend the settlement boundary for Newhaven from Boys Home Road to the east of Samuel Amess Drive.*

These updated boundaries and directions for San Remo, Newhaven and Cape Woolamai were introduced into the Bass Coast Planning Scheme in 2010 via Amendment C90.

Cowes, Silverleaves, Ventnor & Wimbledon Heights Structure Plan (and Foundation Report) 2010

The Cowes, Silverleaves, Ventnor and Wimbledon Heights Structure Plan identifies the key strategic influences on, and drivers of change, within the four settlements, articulates the agreed vision for the future of the four settlements to 2030 and establishes a framework of principles and corresponding strategies, to direct future land use and development decisions towards achieving the agreed vision.

The Structure Plan reinforces the settlement boundaries previously identified in the Phillip Island and San Remo Urban Design Framework 2003, with the exception of including the "Lechte" land in the settlement boundary of Cowes, including the Township Zoned land in the settlement boundary of Ventnor and including a settlement boundary in accordance with zoned land for Wimbledon Heights.

The Structure Plan also acknowledges the clear desire from the community at the time to ensure that the character of established residential areas was protected and improved and subsequently identified preferred locations where medium density / multi storey development could occur. To do this, it introduced "change areas" in the four settlements. That is, areas of more substantial change (areas within 400 metres walking distance from the central activities area, where apartments and medium density development will be encouraged), areas of more incremental change (mainly infill and greenfield sites where higher densities may be appropriate), and areas of more minimal change (areas of established housing where values and characteristics would be diminished by inappropriate and isolated medium density projects).

The Structure Plan also set a number of principles and strategies in relation to the intensity of development as follows:

Principles:

- *Provide greater residential densities proximate to principle activity centres and those locations within the defined township, where greater densities can be accommodated without impacting upon the established and valued character of existing communities.*
- *Facilitate the residential development of vacant land within the defined settlement boundaries.*
- *Support the relocation of large-scale, non-residential land uses inside of the defined settlement boundaries to appropriate locations outside of the defined settlement boundaries. This will provide additional opportunities to consolidate urban development within the defined settlement boundaries.*

Strategies

- *Identify and define:*
  - *Preferred locations to increase the number and diversity of dwellings (substantial change).*
  - *Areas where some increase in the number and diversity of dwellings may be acceptable, but where development must respect the character of the area (incremental change).*
  - *Areas where minimal change to established built form and character is anticipated (minimal change).*
  - *Identify preferred locations for the potential relocation of large scale, nonresidential land uses to locations outside of the defined settlement boundaries.*

These updated boundaries and directions for Cowes, Silverleaves, Ventnor and Wimbledon Heights were introduced into the Bass Coast Planning Scheme in 2010 via Amendment C88.

Bass Coast Strategic Coastal Planning Framework 2011

Originally drafted in 2003 in the context of the Victorian Coastal Strategy, the Bass Coast Strategic Coastal Planning Framework is a structure plan for all of Bass Coast's coastal towns that are not otherwise subject to their own individual structure plans or urban design frameworks. These include, Jam Jerrup, Pioneer Bay and the Gurdies, Grantville, Tenby Point, Corinella, Coronet Bay, Bass, Kilcunda, Harmers Haven and Cape Paterson.

While the Coastal Spaces Recommendations Report 2006 identified the role and function of all settlements within the Shire, the location and extent of settlement boundaries for each of the coastal towns were defined through this Framework.

To determine the appropriate extent of development for each settlement, four growth scenarios were explored:

- *Option 1: Equal growth in existing settlements.*
- *Option 2: Nodal and rural residential (low density residential) extensions to existing settlements.*
- *Option 3: Variable growth in selected settlements.*
- *Option 4: Market driven extension to urban settlements.*

Each were evaluated against environmental and physical impact criteria, infrastructure capability, land availability and population distribution, and economic and community costs and benefits.

Ultimately, Option 3 "planning variable growth in selected settlements" was chosen as the preferred growth scenario, as it was found to maximise benefits to the community and minimise impacts on coastal, environmental and landscape features. The option 3 scenario assesses the opportunities and constraints that each settlement presented for development and identified development opportunities in only some settlements. It assumed little or no rural residential subdivision, and a consolidation of development opportunities within the built fabric of settlements, with some outward expansion where physical criteria permitted.

The settlement boundaries and local policy directions for each coastal town included in the Framework were introduced into the Bass Coast Planning Scheme via Amendment C93 in 2012, with the exception of Cape Paterson, which was introduced prior to this via Amendment C119 in 2011 due to Ministerial intervention.

Inverloch Design Framework 2011

The Inverloch Design Framework (IDF) was originally prepared in 2003, before being reviewed in 2009 and further updated in 2011. It sets the strategic direction for the urban structure, development and design of Inverloch into the future. It is the document that initially set the settlement boundary and character areas for Inverloch.

The 2011 version of the Framework recognises shop top housing, infill development and consolidation in the form of multi-unit development and terrace development as emerging trends within the settlement as important for accommodating population growth, and identifies further potential for these types of development to occur, particularly at the edges of the town centre.

An overarching objective of the IDF is:

To direct residential growth to key areas at the edge of town, and provide opportunities for consolidation and infill proximate to the town centre

In terms of directions specifically relating to growth, the following are of relevance:

Objectives:

Manage growth within the existing town boundary.

Increase the overall residential offer within the established town boundary

Provide for housing diversity to cater for all market segments including standard and medium density housing.

Manage the character of residential areas.

Strategies:

Facilitate the development of Greenfield sites in the short to medium term, to bring on residential land supply.

Encourage consolidation and infill development within the town boundary, including increased densities within the extended medium density housing area.

Extend existing medium density housing area to enable new and re-development opportunities within easy walking distance of town and the foreshore*

Encourage 2-3 storey development.

Facilitate the opportunity for medium density housing on The Esplanade Caravan park site if this site becomes available in the future.

Facilitate the re-development of the Big 4 Caravan Site for accommodation and residential development.

Retirement and integrated housing should be established within the medium density housing area where possible, or proximate to convenience level retail.

**A medium density area was identified in the original 2003 version of the IDF, and was recognised as being generally unaffected by restrictive covenants which limit development to a single dwelling per lot. The 2011 version of the IDF recommended extending this area to include land north of Bayview Avenue up to Darling Avenue, Land from Sandy Mount Avenue to Freda Street, and land between Cutriss Street and Screw Creek.*

To assist in implementing the aforementioned objectives and strategies, the IDF identifies a number of "character areas" which outline land use expectations, building height expectations and expected levels of housing change.

Town Centre (Character Area 1)

- *Mixed use character.*
- *Built form more intense, rising to 3-4 storeys away from the residential interface.*
- *Opportunities for townhouse apartment style living.*
- *A more urban streetscape, strongly utilising of pedestrian space for outdoor seating and dining.*

Medium Density Housing (Character Area 1)

- *Greater consolidation of housing.*
- *2-3 storey townhouse and apartment style housing.*
- *Strong orientation toward foreshore.*
- *Taking advantage of rising topography to capture and share views of foreshore.*
- *Where possible, retention of coastal vegetation in both public and private space.*

Established Residential Hinterland (Character Area 2)

- *Potential for some future infill and medium density housing, but intensity of that would reflect the detached housing character of the low density form.*
- *Through the area, expect respect for established setbacks.*

Restricted Environmental Residential (Character Area 3)

- *Acknowledge presence of significant areas of restrictive covenance, as well as much stronger established treed environment.*
- *Expect much lower level redevelopment and consolidation.*
- *Dominant character will be detached housing at low density and this will be protected.*

Emerging Residential Hinterland (Character Area 4)

- *Intensity and style of development to reflect more contemporary themes and intensity of use.*
- *Smaller lots with a greater diversity of housing.*
- *A more urban character with more diverse setbacks (up to 5 metres), to achieve greater intensification.*

The settlement boundary and character areas identified in the Framework were initially included in the Bass Coast Planning Scheme via Amendment C46P2 in 2008, these were reviewed in the later version of the plan, which resulted in updates to the application of the character areas through Amendment C124 in 2014.

Cowes Activity Centre Plan 2015

The Cowes Activity Centre Plan presents a vision for the town and seeks to facilitate the re-building of Cowes as a destination through a series of changes to planning policy and capital work projects within the activity centre area.

It sets out the following objectives:

- *To protect, manage and enhance the foreshore, as an important natural, cultural, recreational and tourism asset.*
- *To deliver a more compact and walkable town centre.*

- *To encourage vibrant street life and activity frontages along The Esplanade, that take advantage of the unique vista of the foreshore.*
- *To create a more coherent built form character along Thompson Avenue, to reinforce the sense of place. To facilitate the development of a vibrant civic precinct in the centre of town.*
- *To deliver more housing choice, diversity and affordability in and on the edges of the commercial core.*
- *To increase the vitality, amenity, comfort and safety of the public realm.*
- *To create a distinctive and contemporary seaside character.*

The Plan recognises that there is an absence of alternate forms of housing to support the changing lifestyle needs of residents and to allow people with better access to the town's services. In response it makes a series of recommendations to update planning policy and controls, to facilitate the delivery of medium density housing in proximity to the commercial core. This is presented through an Urban Structure Plan, that designates maximum building heights along the Esplanade and Thompson Avenue.

These building heights were introduced into the planning scheme in the form of schedules to the Design and Development Overlay via Amendment C151 in 2019.

Active Bass Coast 2018 – 2028

Active Bass Coast is a 10 year plan that sets the vision for the provision of open space and recreation activities across the Shire.

The Plan recognises that Bass Coast is experiencing moderate to high levels of population growth and has a significant transient visitor population, which places pressure on the existing open space network and creates demand for more open space and improvements to existing open space.

While the actions included within the plan are largely focused on developing new spaces and facilities to cater for population growth, and encourage new subdivisions to comply with Council's Public Open Space Policy, there is guidance included under "Our Priorities" that suggests appropriate walking distances for public open space to be located from residential development and is a helpful guide for deciding where new housing growth should be prioritised.

Relevant priorities of the Plan include:

Local parks within 400 metres safe walking distance of at least 95 per cent of all dwellings.

Regional or township level open space within one kilometre of 95 per cent of all dwellings.

Linear parks and trails along waterways, vegetation corridors and road reserves within one kilometre of 95 percent of all dwellings

Wonthaggi Structure Plan 2018

Prepared in 2006 and then updated in 2008, the initial Wonthaggi and Dalyston Structure Plan set broad directions for urban development in both Wonthaggi and Dalyston, and identified the settlement boundary's for both settlements.

The Plan recognised that the area was experiencing an unprecedented level of residential and commercial growth, that needed to be properly planned for, and the emerging role of Wonthaggi as the major urban centre in the South West Gippsland region.

The Plan set out a residential growth strategy for both settlements, which included observations of existing residential patterns, as well as directions for future residential development.

The following points were made in relation to Wonthaggi:

- *It is anticipated that while separate houses will continue to account for the majority of dwelling demand in Wonthaggi and Dalyston, the aging of the population will result in a corresponding demand for dwellings that require less maintenance, are located close to amenities and services and are sited on smaller parcels of land.*
- *The bulk of residential expansion within Wonthaggi is focussed upon the north east of the township (because of the need to minimise urban sprawl toward sensitive coastal areas), the location of the proposed bypass represents a logical boundary to residential growth for the township, the absence of undermined areas to the north east of the township, the absence of significant servicing /physical infrastructure constraints to the north east of Wonthaggi*
- *It is noted that a number of opportunities exist to develop under-utilised sites within core areas of the town for medium density residential development and to develop limited areas to the south of the town for residential use. Having regard to the Structure Plan Vision and the principles of Sustainable Neighbourhoods*, the use and development of those areas in proximity to the Wonthaggi CBD and existing facilities and services are prioritised over the development of 'Greenfield' sites.*

**The Plan references principles of Sustainable Neighbourhoods in the implementation section as infill residential development in close proximity to activity centres near current infrastructure and in areas best able to cope with change.*

The overarching directions from the Plan and the settlement boundary's for both Dalyston and Wonthaggi were introduced into the Bass Coast Planning Scheme via Amendment C133 in 2010.

The Wonthaggi and Dalyston Structure Plan was reviewed in 2017, which identified the need to separate policy directions for the two townships as per the following recommendations:

The importance of Wonthaggi as a regional growth centre should be recognised in a standalone Structure Plan;

Direction for the Wonthaggi Activity Centre should be reviewed and updated;

Direction for the industrial and commercial precinct to the east of Wonthaggi should be reviewed and updated;

The structure plans should be updated to include appropriate reference to state and local policy directions;

The structure plan should be updated to reflect updated land supply and demand statistical evidence. This should address the issue of preferred character of residential areas in Wonthaggi, including but not limited to, preferred residential density and the level of services/facilities for residential areas;

Updated information from the Wonthaggi North East Growth Area project should be incorporated into a revised Wonthaggi Structure Plan;

The structure plan should be updated to incorporate key findings and recommendations from strategic documents completed since 2008;

Where implementation plan recommendations are complete, these should be updated accordingly; and

Where implementation plan recommendations have not yet been completed, they should be updated and timelines for delivery reviewed.

The Wonthaggi Structure Plan was prepared as a standalone plan in 2018 and while it does not identify preferred residential densities, it does support the continued preparation of the Wonthaggi North East Growth Area, and identifies new locations to be investigated for infill development and rezoning due to proximity to the central business district or the proposed growth front. These locations include land south of Tank Hill Terrace, land on the eastern portion of the golf course, land in the caravan park opposite Guide Park and land north of Vicars Avenue.

Dalyston Structure Plan 2018

As mentioned previously, the Wonthaggi and Dalyston Structure Plan 2008 initially set out a residential growth strategy for both settlements, which included observations of existing residential patterns, as well as directions for future residential development.

The following points were made in relation Dalyston:

- *It is anticipated that while separate houses will continue to account for the majority of dwelling demand in Wonthaggi and Dalyston, the aging of the population will result in a corresponding demand for dwellings that require less maintenance, are located close to amenities and services and are sited on smaller parcels of land.*
- *Residential growth within Dalyston should occur moderately and should complement residential growth in Wonthaggi, and not directly compete. It is appropriate for any further expansion of Dalyston to be incorporated within the Township Zone, with limited opportunities for low density residential development to the south west of the recreation reserve to be investigated. There are no significant constraints to servicing future residential areas in Dalyston. However, the existing functionality of the township should not be compromised by unchecked residential development. Of particular note is the existing limited public transport connecting Dalyston with Wonthaggi. In conjunction with any proposal to expand the existing Township Zone to accommodate*

further residential development or to develop a low density residential area to the south west of the Recreation Reserve, an upgrading of public transport facilities should be investigated.

The Wonthaggi and Dalyston Structure Plan was reviewed in 2017 which identified the need to separate policy directions for the two townships as per the following recommendations:

The importance of Wonthaggi as a regional growth centre should be recognised in a standalone Structure Plan. As such, a Structure Plan for Dalyston should be crafted;

The statistical analysis of Dalyston should be updated utilising statistics from the 2016 census as they become available;

The Dalyston Structure Plan should reflect the role identified in the Bass Coast Planning Scheme as a low growth settlement;

Residential growth in Dalyston since adoption of the Structure Plan in 2008 should be recognised and updated;

The Structure Plans should be updated to include appropriate reference to state and local policy directions;

The Structure Plan should be updated to reflect updated land supply and demand statistical evidence. This should address the issue of preferred character of residential areas in Dalyston, including but not limited to, preferred residential density and the level of services/facilities for residential areas;

The Structure Plan should be updated to incorporate key findings and recommendations from strategic documents completed since 2008;

Where implementation plan recommendations are complete, these should be updated accordingly; and

Where implementation plan recommendations have not yet been completed, they should be updated and timelines for delivery reviewed.

The Dalyston Structure Plan was prepared as a standalone plan in 2018 and while it does not identify preferred residential densities, it does identify land within the Restructure Overlay bound by Bent and Powlett Streets to be investigated further for infill development, as it has since been connected to the reticulated sewerage system.

Bass Coast Climate Change Action Plan 2020 – 2030

The Bass Coast Climate Change Action Plan is a central document that drives both the community and Council's plans for mitigating and adapting to climate change, to achieve a shared target of zero net emissions by 2030.

Section 8 of the Plan outlines the actions Council will deliver to support the community-wide climate emergency response within Bass Coast.

Actions 24 (Strengthen Planning Policy and Practice) and 25 (Township Adaption Plans) are relevant to the housing strategy.

Action 24 calls for Council to update local planning policies and practices to reflect climate change impacts. The action lists seven focuses for this action including:

- *Identifying and supporting infill development within townships and reducing fringe rural / residential development*
- *Implementing an ESD policy targeting zero carbon and climate resilience for built form as priorities*
- *Continue implementation of planning requirements in response to sea level rise and erosion risk*

Action 25 requires the preparation of Township adaption plans for towns identified as at risk to inundation. While the housing strategy precedes this technical work, it has a role in identifying unsuitable areas for residential development and preventing any further development in areas at risk of inundation.

Council Plan 2021-25

The section expands on the summary in the main strategy.

Bass Coast's Council Plan reflects the community's long-term vision for the Shire and shows how the Council will work towards that vision during its term, by developing a set of strategic objectives, strategies and performance indicators to support their delivery.

The strategic objectives that guide Council towards the adopted vision include:

1. Protecting our natural environment - building resilience and protecting and enhancing our natural assets.
2. Healthy community - an inclusive community that embraces its lifestyle and supports health and wellbeing.
3. Our places - strengthening the connection between people and the public places they share.
4. Growing our economy - progressing opportunities for visitor economy and business growth in harmony with our natural environment and sustainable values.
5. Sustainable development - prepare for growth, while ensuring the intrinsic values and character of Bass Coast are retained.
6. Leading for our community - demonstrating leadership through good governance, transparency and accountability.

The following strategic objectives and their strategies relate to land use planning and development and are key considerations for locating urban growth:

Protecting our Natural Environment

Strategy 1.2: Ensure Council's planning instruments protect the environmental assets of the Bass Coast.

Healthy Community

Strategy 2.4: Provide opportunities for residents to be active in a range of leisure and recreational activities.

Strategy 2.6. Enhance and maximise the use of Council's open space and community facilities to deliver community benefit.

Our Places

Strategy 3.1: Design, build and cultivate places that create a sense of belonging, connection and pride.

Strategy 3.3: Develop and deliver actions in activity centre plans for main townships.

Strategy 3.6: Advocate for, and create places that are connected, sustainable and support active transport, reliable public transport and other low emission transport options.

Sustainable Development

Strategy 5.1. Plan for housing growth and development that is inclusive, affordable, resilient and complements the nature of individual townships.

Strategy 5.2. Manage urban growth and define town boundaries to deliver future focused infrastructure that is innovative, sustainable and adaptable.

Strategy 5.3. Ensure land use planning and economic development are aligned to facilitate business investment.

Strategy 5.4. Promote environmentally sustainable and universal design principles as standard.

Access Equity and Inclusion in Bass Coast Plan 2021-2025

The Access Equity and Inclusion in Bass Coast Plan outlines Councils role in addressing the priority access and inclusion issues identified by community members with disability, their families and carers, and service providers in Bass Coast.

While the Plan does not specifically provide direction on where to locate new housing that specifically targets the needs of community members with disability, their families and carers, it does include the following action:

Action 6 of the plan states:

> *Use policy and advocacy to influence better outcomes in regard to affordable, accessible housing in Bass Coast.*

This associated deliverable for this action relates to reviewing the scope of the Social and Affordable Housing Strategy to consider housing options for people with disability.

Further to this, a number of actions included within the Plan allude to the importance of improving access to services to and within town centres, and via public transport services.

Bass Coast Healthy Communities Plan 2021 – 2025

The Bass Coast Healthy Communities Plan provides the strategic direction for a range of organisations and Community groups in South Gippsland and the Bass Coast Shire to support the health and wellbeing of their respective communities.

It sets out four priorities to improve the health and wellbeing of the people of Bass Coast. These are:

Creating healthy lifestyles

Focusing on healthy eating and active living, reducing smoking, alcohol and drug-related harm and increasing immunisation rates.

Improving mental wellbeing

Focusing on supporting mental wellbeing and building a resilient, connected community.

Supporting affordable housing

Focusing on safe, secure, affordable and sustainable housing in the community.

Improving equity

Focusing on improving access and inclusion and creating safe and respectful communities.

The following outcomes and strategies are important considerations for decisions surrounding access to and location of new housing:

Outcome 1.1: Our community has healthy lifestyles

1.1.4 Support community access to the natural and built environment for recreation and active transport

Outcome 2.1: Our community has good mental health

2.1.2 Support community members to be valued and connected

Outcome 3.1: Our community has access to affordable housing

3.1.1 Increase in affordable housing

Outcome 3.2: Our homes and neighbourhoods are sustainable and liveable

3.2.1 Increase capacity of homes to provide refuge through increased liveability of housing

Outcome 4.1: Our community is connected to culture, community and services

4.1.2 Increase availability of local health and social services

4.1.3 Increase access to social support

Wonthaggi Activity Centre Plan 2021

The Wonthaggi Activity Centre Plan provides strategic and overarching guidance for the continued development of Wonthaggi's central business district over the next 20 years. The intention of the plan is to encourage consolidation and activation within Wonthaggi's town centre.

The Plan recognises that housing is an essential component of the Wonthaggi town centre given its role as a Regional Activity Centre and its growing population, yet there is a general lack of housing diversity and opportunities particularly at its peripheries.

It suggests that as industrial uses north of Korumburra Road transition to the Wonthaggi North East growth area, there will be opportunity to provide for increased residential uses within the town centre. It recognises the potential to introduce or intensify housing within the following areas:

- *Urban renewal areas to the north could potentially accommodate a mix of uses including housing; and*
- *Existing residential areas along Watt Street and Baillieu Street East, McKenzie Street and Poplar Street may have the potential to accommodate higher density housing.*

The Plan also recognises the opportunity for future built form along areas of Graham Street and McBride Avenue to accommodate shop-top dwellings.

Objectives to support this include:

LU1.2 Support housing diversity within key locations such as the urban renewal areas north of Korumburra Road and within the former secondary school site.

Smiths Beach Town Plan 2022

The Smiths Beach Town Plan sets out a vision, objectives and priority projects to enhance and improve the safety, amenity and enjoyment of the lifestyle and setting of Smiths Beach. It sets out a number of key directions across the domains of environment, land use, access and movement, public realm, character and facilities, social connection and character, services and government.

While the Town Plan does not specifically provide direction for housing growth, it does reinforce the settlement boundary included in the Bass Coast Planning Scheme through Objective 1 (LU1a) -

> *Maintain and protect the existing town boundary through the existing policy in the Bass Coast Planning Scheme.*

Social and Affordable Housing Strategy 2023

The section expands on the summary in the main strategy.

Council adopted the Bass Coast Affordable Housing Strategy in September 2023. It focuses on the planning and delivery of the following forms of 'affordable housing', as defined by the Planning and Environment Act 1987:

- *public housing – owned and managed by State Government*
- *community housing – owned and/or managed provided by an agency regulated by the Victorian Housing Registrar (not-for-profit organisations)*
- broad range *of other possible housing types that are not public housing or community housing but are 'appropriate to the needs' of very low, low and moderate income households including clear eligibility and allocation processes to ensure an affordable housing outcome is achieved.*

The strategy makes a clear definition between housing affordability (which is the relationship between expenditure on housing (prices, mortgage payments or rents) and household incomes) and affordable housing (as one of the forms of housing dot-pointed above), with a focus of the future strategy to be on the latter.

The background report also provides a useful set of parameters that assist in locating affordable housing, to ensure tenants have access to the services that many people need, and to avoid issues of social isolation, and transport poverty. These are useful considerations for this Housing Strategy and include:

In townships with well-established services (health, education, shops)

Close to the town centre to be within walking distance to services (preferably)

Accessible to public transport

It identifies Cowes and Wonthaggi, and possibly Grantville, Inverloch, and San Remo as suitable locations for these types of housing.

Implementation is occuring in conjunction with the Bass Coast Housing Strategy and the findings have influenced the Diversity and Affordability Principle.

Appendix B – Housing Strategy Glossary

Activity Centre

'Activity Centre' refers to community hubs where people shop, work, meet, relax and often live. They can range from local neighbourhood shopping strips to central business districts which includes shopping centres, educational facilities and transport hubs.

Broadhectare land supply

Broadhectare land supply refers to land that is unsubdivided and needs to go through a subdivision and sometimes a rezoning process before it is available for housing development. In the Bass Coast Residential Land Supply and Demand Assessment (2022), land in the GRZ and TZ over 5000sqm and over 10 000sqm in the LDRZ is considered "broadhectare"

Change Area

Planning Practice Note 90 (prepared by the State Government) directs Council to manage housing growth through the designation of areas as one of three "change areas", those being "minimal change", "incremental change", and "substantial change". In brief, they refer to the expected level of change that should be expected by residents in those areas.

Consolidation

See also: urban consolidation

Daily Services

Daily Services refers to the various needs a household would need on a day-to-day basis. This can include provision for groceries, basic healthcare, recreational space, public transport, employment and education. In Bass Coast, these services are generally all found in the main activity centres of Cowes, Inverloch, San Remo and Wonthaggi, whereas some smaller settlements may depend on larger nearby settlements for some or all of these services. As an example, a person in Dalyston may need to travel to Wonthaggi regularly as not all services they regularly need are found within the town.

Density

In reference to housing policy, density refers to how closely people live together. An example of low-density housing would be rural living areas such as Wattle Bank or our agricultural localities. An example of high-density housing in Bass Coast would be some of the apartments and unit developments proposed, under construction or built in Cowes, San Remo and Inverloch.

Environmental Hazards

In planning policy, environmental hazard refers to natural occurrences that may impact on the ability to inhabit homes safely. In Bass Coast, common environmental hazards include the risks of flooding, bushfire, sea level rise, erosion and land subsidence as a result of previous mining activity.

Greenfield land/development

Greenfield land refers to land that is non-urban. In Bass Coast, this usually refers to agricultural land on the edge of settlements that have been included within settlement boundaries to accommodate further housing growth. Development of this land is often referred to as greenfield development as distinct from "Infill Development".

Housing Affordability

As distinct from "Affordable Housing", Housing Affordability refers to the measure of how affordable housing is for people in an area. The Planning & Environment Act 1987 identifies housing as affordable if it is appropriate for very low, low and moderate income households. For regional Victoria, the June 2022 income ranges incorporated under the act define this as:

Less than $52 090 for single adults,

Less than $78 140 for couples with no dependants, and

Less than $109 400 for a family with dependants

Housing growth

Housing growth is a term used in this strategy to refer to a rise in the quantity of housing in an area. For example, the strategy recommends that more substantial housing growth should occur in proximity to the main centres of Bass Coast.

Infill Development

Infill development refers to the redevelopment of established urban areas with new housing, usually at a higher density. This could look like a single detached housing in central Wonthaggi being redeveloped into a block of 3 or 4 units, or the subdivision of low-density lots in an established town further subdividing to accommodate more houses.

Infrastructure

A word used to describe the structures and facilities necessary to support a community. It can include both 'hard infrastructure', referring to physical facilities such as roads, utility services, drainage and streetlights but also 'soft infrastructure' that provide services such as activity centres, hospitals, parks, schools and theatres.

Landscape Character

As distinct from neighbourhood character, landscape character refers to the human experience of landscapes including views, vistas and the elements which contribute to them. In the planning scheme, it is generally controlled using significant landscape overlays.

Marine Environment

The environment of the sea and coastal areas that are underwater on a regular basis including the geological, ecological and physical processes contained within these environments.

Multi-unit Development

Refers to a development which contains multiple houses. These can include side-by-side attached "duplex" houses, attached townhouse, attached or detached flats and apartment buildings.

Neighbourhood Character

Neighbourhood character refers to the human experience of a place that makes it valuable and distinct from another place. It is established through many elements both in the public and private realm including building siting and placement, materials, infrastructure and surfacing.

Peri-urban

In the context of Victoria, Peri-urban refers to the area surrounding Melbourne that experiences urban growth and other pressures due to their proximity to Melbourne. Bass Coast is generally considered a peri-urban council area.

Precinct Structure Plan

'Precinct Structure Plans' (PSPs) are defined by the Victorian Planning Authority as a master plan for a local area usually catering for between 5000 to 30000 people, 2000 to 10000 jobs or a combination of both. PSPs provide specific detail of how a growth area will develop, including the provision of roads, shopping centres, schools, parks, transport connections and areas for housing and employment. Currently the only PSP in Bass Coast is the Wonthaggi North-East Precinct Structure Plan.

Regional Centre

Refers to the central activity for a region or subregion. For Bass Coast and the wider South-West Gippsland Subregion, Wonthaggi is generally accepted as the regional centre.

Settlement Boundary

A settlement boundary intends to define the allowable extent of urban use and development for a settlement. It is a fixed outer boundary and manages future growth expectations for a settlement.

Social and Affordable Housing

Social and Affordable Housing refers to a spectrum of non-market housing which includes public "housing commission" housing, housing provided or subsidised through social housing organisations as well as emergency/crisis accommodation.

Strata

Strata subdivision refers to a style of subdivision in which each person in a unit development or apartment building owns their own property on a title. Depending on the layout, they will also generally own and be responsible for a portion of the common property. This style of subdivision is common in Victoria and is often used so that owner occupiers can own their property and so that property leasers have greater control over renting out their property.

Structure Plan

Structure plans define a preferred direction of future growth in a settlement and articulates how it will be managed. They are generally developed by local councils. A number of existing structure plans for settlements in Bass Coast are included in Part 2 of this strategy.

Urban consolidation

Urban consolidation refers to the increase in housing density in an urban area. Generally, the housing strategy directs consolidation around activity centres. See also: Density.

Appendix C: Bass Coast Residential Housing Market Supply and Demand Assessment.....document over the page.

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BASS COAST RESIDENTIAL MARKET, DEMAND AND SUPPLY ASSESSMENT

BASS COAST SHIRE COUNCIL | DECEMBER 2023

www.urbanenterprise.com.au

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FILE	Bass Coast Housing Assessment 2023 Refresh - DRAFT.docx
VERSION	1
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CONTENTS

ACRONYMS

AAGR	Average Annual Growth Rate
ANZSIC	Australian New Zealand Standard Industry Classifications
AVPCC	Australian Valuation Property Classification Code
ERP	Estimated Residential Population
NIM	Net Internal Migration
NOM	Net Overseas Migration

GLOSSARY OF TERMS

Occupied Dwelling	A dwelling which was occupied by one or more people on Census night.
Unoccupied Dwelling	A dwelling which was identified to be unoccupied on Census night.
Occupied Lot	A lot which is classified as occupied by an urban land use (e.g. dwelling or shop) as identified through the AVPCC.
Unoccupied Lot	A lot which is classified as not occupied by an urban land use as identified through the AVPCC (i.e. a vacant lot)
Estimated Residential Population	The official measure of the population of Australia. It refers to all people, regardless of nationality, citizenship or legal status, who usually live in Australia, with the exception of foreign military or diplomatic personnel and their families. It includes usual residents who are overseas for less than 12 months over a 16-month period. It excludes overseas visitors who are in Australia for less than 12 months over a 16-month period.
Natural Increase	Net change in population due to the number of births minus deaths.
Interstate Migration / Net Internal Migration (NIM)	The movement of people over a state or territory boundary for the purpose of changing their place of usual residence. Net Interstate Migration is the number of arrivals minus the number of departures.
Net Overseas Migration (NOM)	The net gain or loss of population through immigration to Australia and emigration from Australia.
New Lots Approved for Creation	The number of lots for which a planning permit for subdivision has been issued by Council.
Medium Density Dwelling	'Medium density' includes all semi-detached, row, terrace, townhouses and villa units, plus flats and apartments in blocks of 1 or 2 storeys, and flats attached to houses.
High Density Dwelling	'High density' includes flats and apartments in 3 storey and larger blocks

EXECUTIVE SUMMARY

OVERVIEW

Bass Coast Shire is one of the fastest growing municipalities in Regional Victoria, driven primarily by internal migration owing to a combination of the area's lifestyle, location, access and natural environmental attributes. Bass Coast Shire Council acknowledges the municipality's sustained period of growth and has recognised a need for a clear set of strategies to effectively manage future housing provision across the Shire.

This report includes a housing market assessment and residential demand and supply assessment for the municipality which will inform the preparation of a Housing Strategy and Neighbourhood Character Study.

PLANNING POLICY CONTEXT

Bass Coast Shire has long been a popular tourist and holiday home destination and is now one of several peri-urban municipalities in Victoria that are attracting strong demand for housing from permanent residents. Bass Coast's network of settlements include a range of coastal and agricultural villages and hamlets, larger towns and one regional centre (Wonthaggi).

Existing state planning policy promotes Victoria's peri-urban municipalities to accommodate population and housing growth. Local, regional and State housing policy generally supports the provision of a greater diversity of housing to reflect changing demographics, the provision of affordable housing, increased housing densities close to commercial centres and community facilities and the provision of rural living and low density residential development in areas already zoned for this purpose.

A Draft Statement of Planning Policy prepared as part of the Bass Coast Distinctive Areas and Landscapes project will (once finalised) directly influence the location and type of residential development which can be accommodated in the municipality due to the proposed introduction of protected settlement boundaries. This report notes the major elements of the proposed policy and discusses the various impacts that the policy could have on housing in the municipality, acknowledging that the policy content is yet to be finalised.

DEMOGRAPHIC AND ECONOMIC CONTEXT

Housing markets are directly influenced by demographic and economic characteristics and trends. Key demographic and economic influences are summarised as follows:

- Bass Coast's settlements are, on average, occupied by older residents compared with Regional Victoria. Labour force participation is relatively low, reflecting the age profile, however residents moving to Bass Coast have a younger age profile compared with the overall existing community.
- The municipal economy is primarily driven by agriculture, tourism and population-services (health, education, retail). There has been low jobs growth in recent years but strong population increase.
- Strong population and jobs growth in southeast Melbourne, coupled with improved transport connections, has led to greater labour flows across the region. More flexible working arrangements for office-based sectors has also provided greater opportunity for remote work, especially since the beginning of the COVID pandemic. The opportunity to live in Bass Coast and undertake jobs based in metropolitan areas is highly attractive to many residents and has contributed greatly to the municipality's recent population growth..
- Real estate agents and developers have observed increasing housing demand from permanent residents compared with previous periods where holiday home buyers were more prevalent. Permanent residents generally originate from within a 100km radius of Bass Coast, mostly from south-east Melbourne.
- Rising interest rates and the resumption of international travel are likely to contribute to an overall reduction in housing demand pressure for coastal areas such as Bass Coast compared with pandemic-period highs, however coastal locations are expected to remain popular housing locations in the medium to long term.

EXISTING HOUSING STOCK

The housing stock in Bass Coast is relatively homogenous and primarily comprises separate dwellings - medium density housing makes up 8% of the housing stock. The substantial supply of separate dwellings contrasts with the predominantly smaller household types (one and two persons), an issue which the housing strategy should respond to.

The rental market comprises approximately 20% of the occupied dwelling stock, although the number of rental bonds has decreased and now is below 2015 levels. Reflective of decreasing rental stock is a steady increase in median rent, having now reached a high of $420 per week. This translates to an average annual increase of 6% per annum. The combination of strong rental price growth and limited stock growth indicates, in broad terms, that demand comfortably exceeds supply, an issue which the housing strategy should address.

Unoccupied dwellings are a feature of housing stock with only 63% of dwellings occupied. Occupancy is particularly low on Phillip Island (49%), however occupancy levels increased noticeably between 2016 and 2021.

It is estimated that more than a quarter of the existing housing stock is used primarily to accommodate non-residents, including holiday homes and holiday rentals.

Rural areas play a minor but important housing role in Bass Coast, particularly in and around Wonthaggi, San Remo, Cowes and Coronet Bay. Low density and rural living areas across Bass Coast are very well occupied and accommodate more than 700 dwellings (3% of the overall dwelling stock).

HOUSING DEMAND INDICATORS

Key findings of an assessment of housing demand are summarised as follows:

- In June 2022, the Estimated Resident Population of Bass Coast Shire was 41,798 persons.
- Between 2012 and 2022, the Shire's population increased by 10,987 residents. The rate of population growth accelerated over the 5 years to 2022, with an average of 3.8% per annum compared with the preceding 5 years at 2.4% per annum. Population growth has occurred on both the mainland and Phillip Island.
- The COVID-19 pandemic has impacted regional migration patterns, with a notable increase in migration from metropolitan to regional areas. The housing market in Bass Coast has experienced strong demand for housing in recent years driven by sustained population growth (due primarily to internal migration), resulting in high sales volumes and price growth. Since 2022, sales volumes and price growth have reduced in line with the overall Melbourne and Victorian housing markets.
- The median house price in Bass Coast is now higher than Greater Geelong and is the highest of any peri-urban municipality. Cowes and Inverloch are the most in-demand locations in Bass Coast Shire. Other popular townships include San Remo, Cape Woolamai, Wonthaggi and Coronet Bay.
- There has been a noticeable shift towards permanent buyers over holiday home/investment in recent years. The buyer profile across Bass Coast is mixed, but primarily consists of:
  - Local buyers - seeking to upsize or downsize;
  - Intrastate migration – primarily residents within a 100km commuter distance (e.g., Casey, Cardinia, Greater Dandenong, South Gippsland); and
  - Investors and lifestyle buyers – primarily holiday home and holiday rentals.
- Demand for medium density housing is anticipated to grow over the period of the Housing Strategy, particularly in the larger settlements of Cowes, Inverloch and Wonthaggi. However, medium density housing remains a secondary market to the primary demand for separate houses and new vacant lots. Nevertheless, 2022 recorded a record number of 'other' residential dwelling approvals (i.e. townhouses and apartments) in the municipality.
- Demand for rental properties is currently exceeding supply and there is a lack of rental properties available.
- Demand for rural living has increased in recent years, resulting in strong price growth for lots around 2ha.

HOUSING DEVELOPMENT ACTIVITY

From 2017 to 2022, Bass Coast experienced an average of 648 dwelling approvals per annum, with a peak in 2021 of 820 approvals, a year that was strongly influenced by the COVID pandemic.

Residential development activity in Bass Coast is heavily weighted towards greenfield housing at conventional densities in the General Residential Zone, however many established areas are also experiencing infill development in 2-5 lot subdivisions. Although infill and medium density housing makes up a small proportion of the development activity in Bass Coast (approximately 3%), several recent and proposed apartment developments are emerging in locations such as Cowes and San Remo.

When developments have occurred in the RLZ and LDRZ in recent years, lots have sold quickly and prices have increased strongly, indicating that development activity in these zones may not be keeping pace with demand.

Property sector consultees identified that land supply constraints in some areas and long planning timeframes are likely to have limited development activity to some extent, and that in the short term at least, there is likely to be a degree of latent demand for new residential lots in parts of the municipality.

HOUSING NEEDS

Over the next 15 years, projections indicate that between 526 – 653 additional dwellings will be required per year, resulting in the need for approximately 9,800 additional dwellings in the Shire between 2021 and 2036.

The mainland areas are projected to accommodate the majority of population and dwelling growth over the period, with substantial growth projected in Wonthaggi, Inverloch and Waterline townships.

81% of the additional households over the next 15 years are projected to have either 1 or 2 residents. This will generate demand for smaller dwellings, however many of these household types currently occupy separate dwellings which is common of a coastal setting where retirees and semi-retirees are prominent.

With an overall shortage of rental housing, weakening housing affordability across the Shire and substantial public sector investment in Wonthaggi (especially healthcare), the Housing Strategy should plan for Wonthaggi to play an important role in providing a range of housing products, lot sizes and tenure types for permanent residents, while acknowledging that a large proportion of the housing market in Bass Coast seeks alternative coastal and lifestyle locations.

The market for medium density housing in Bass Coast is expected to increase over time - this housing type will serve a range of segments including downsizers, investors and holiday rentals. Strong price growth of separate dwellings is expected to also increase the feasibility of medium density development over the planning period.

Based on development activity, demand for new dwellings in rural areas can be expected to comprise between 5% and 10% of new dwellings. Lots in the order of 0.2ha and 2ha are in high demand.

Bass Coast's coastal environment and proximity to Melbourne suggests that the holiday home and investment market will continue to be prevalent, especially given the substantial population growth which continues to occur in the main market for holiday home buyers: metropolitan Melbourne.

RESIDENTIAL LAND SUPPLY

An analysis of the availability of residential land to accommodate additional housing is provided in Part C of this report. Land which is most readily converted into new housing stock is broadhectare land included in a residential zone. Single vacant house lots are also dispersed throughout the municipality and add to potential to accommodate new housing.

Table 1 summarises the estimated capacity of zoned land (broadhectare and vacant single lots) to accommodate additional housing, alongside the estimated rate of demand for new separate houses in each main area of the Shire. The key findings are as follows:

- In aggregate, current land supply could accommodate demand for approximately 7 – 10 years if the locations and housing types were well matched to demand.
- There is variation in the land supply available by location across the municipality relative to demand. Once the Wonthaggi North East PSP is finalised, Wonthaggi is estimated to have in the order of 40 years of land supply, while some parts of the municipality such as Cowes, Phillip Island overall and Inverloch are likely to have less than 9 years of supply available.
- Once the Wonthaggi North East PSP is finalised, the market segment seeking regional centre housing will be well catered for if this new land can be efficiently and cost effectively brought to the market by developers. It is important that a variety of housing types are delivered in Wonthaggi.
- The holiday home market is likely to see declining availability of opportunities to construct new dwellings in coastal locations given the relatively low supply in popular locations such as Inverloch and Cowes. This is likely to manifest in strong competition for existing dwellings (and associated price growth) and some transfer of demand to smaller towns in Bass Coast and adjacent coastal locations.
- The market for low density and rural living housing and property is relatively poorly supplied. Without further opportunities for dwelling growth in the LDRZ and RLZ, this market will have relatively few options remaining.

T1. COMPARISON OF DEMAND AND SUPPLY FOR KEY LOCATIONS (SEPARATE DWELLINGS)

Location	Capacity for separate dwellings	Annual dwelling requirement		Years Supply (Jan 2022)		Years Supply (End 2023)	
		Low	High	Low	High	Low	High
Cowes	916	109	135	8.4	6.8	6.4	4.8
Other Phillip Island	366	47	59	7.7	6.2	5.7	4.2
Phillip Island sub-total	1282	156	194	8.2	6.6	6.2	4.6
Wonthaggi	1388	95	118	14.7	11.8	12.7	9.8
Inverloch	795	76	94	10.5	8.5	8.5	6.5
San Remo	522	38	47	13.8	11.1	11.8	9.1
Waterline	859	57	71	15.1	12.2	13.1	10.2
Other mainland	740	52	65	14.2	11.4	12.2	9.4
Mainland sub-total	4304	317	394	13.6	10.9	11.6	8.9
Mainland ex Wonthaggi	2916	227	282	12.9	10.4	10.9	8.4
Total	5586	473	588	11.8	9.5	9.8	7.5

Source: Urban Enterprise.

INFILL DEVELOPMENT

An assessment of the capacity of existing zoned and occupied land to accommodate more intensive residential development and higher densities is provided in Part C of this report.

Infill development is often not considered in detail as part of residential land demand and supply assessments in areas where demand is primarily for separate housing, however as several towns in Bass Coast approach their policy and environmental boundaries, it is expected that infill will need to play an increasingly important role in housing the Bass Coast community over the period of the Housing Strategy.

The following summarises the key findings of the infill capacity assessment:

- Infill development capacity is estimated at approximately 10,000 additional dwellings in established areas, 42% of which is on Phillip Island and 58% on the Mainland. Locations with the greatest capacity are Cowes, Wonthaggi, Grantville, Inverloch and San Remo.
- There is limited capacity for infill development in the RLZ, but relatively substantial capacity for re-subdivision in the LDRZ across several towns.
- 13% of infill capacity is within the 4 main activity centres of Cowes, Inverloch, San Remo and Wonthaggi, with the greatest capacity in Cowes where planning controls .
- In the activity centres of Inverloch and Wonthaggi (and to a lesser extent, San Remo), there are relatively few sites that are clearly suitable for higher density development, based on the site size profile and value of existing improvements. This is likely to reduce the contribution of these activity centres to the overall additional dwelling supply in coming years.
- As broadhectare land becomes more scarce in many towns, it is likely that medium density demand and development will increase due to higher overall dwelling prices and fewer separate dwelling alternatives.
- Infill development can assist in increasing the diversity of housing available within the municipality, especially in terms of tenure and size. The resulting dwellings can meet a range of markets, especially permanent rental tenants, downsizers, holiday rentals, couples and singles.
- Although infill will have an increasingly important role to play in housing supply over the planning period, this type of development can be relatively slow to deliver (compared with broadhectare development), will only meet the needs of certain market segments and can create other challenges to do with infrastructure and character which need to be managed.

SUMMARY OF ISSUES

The main issues arising from the analysis are summarised in Table 2 - further detail is provided in Part D.

T2. SUMMARY OF ISSUES

Demand issues	Supply issues
There is increasing demand for housing in Bass Coast, especially from permanent residents.	The Housing Strategy will need to plan to accommodate increasing overall dwelling demand levels.
Residential development has accelerated and is heavily weighted toward separate housing.	A greater diversity of dwelling types and tenures is needed to meet demographic changes and market needs.
Rental availability is very limited, resulting in some residents leaving the municipality and challenges for businesses to access local labour.	There is an overall misalignment of locations of supply and demand, requiring consideration of how to maintain a suitable supply of coastal housing and lower density residential opportunities.
Housing affordability has declined substantially and is expected to remain under pressure during the Strategy period.	Although there is substantial capacity for infill development, inconsistent planning policy, limited spatial extent of activity centres and a relative lack of strategic redevelopment sites may limit the extent to which this capacity is realised.
A substantial proportion of the housing stock is used by visitors, not permanent residents.	There is a need to balance the availability of existing and new housing supply for use by both residents and visitors. A range of tools are available to respond to this issue.

Source: Urban Enterprise.

1. INTRODUCTION

1.1. BACKGROUND

Bass Coast Shire is one of the fastest growing municipalities in Regional Victoria, driven primarily by internal migration owing to a combination of the area's lifestyle, location, access and natural environmental attributes.

Bass Coast Shire Council (Council) acknowledges the municipality's sustained period of growth and has recognised a need for a clear set of strategies to effectively manage future housing provision across the Shire.

Alongside population and dwelling growth pressures, a major planning policy study led by the Department of Transport and Planning (DELWP) is well progressed. The Bass Coast Distinctive Areas and Landscapes (DAL) Statement of Planning Policy will provide guidance for settlement planning within the municipality and seeks to balance development pressures with protecting environmental and significant landscapes.

Separate to the DAL process, Council is preparing a Shire-wide Housing Strategy and Neighbourhood Character Study.

1.2. ENGAGEMENT

Bass Coast Shire engaged Urban Enterprise to undertake a housing market assessment and residential demand and supply assessment for the municipality. This work will inform the preparation of a Housing Strategy and Neighbourhood Character Study.

The assessment was prepared in 2022, and subsequently updated in 2023 to incorporate the results of the 2021 Census and updated State Government population and dwelling projections (known as Victoria in Future 2023).

1.3. PURPOSE & SCOPE

The purpose of this report is to provide an assessment of the supply and demand for residential land in all settlements included in the municipal Settlement Hierarchy detailed in Clause 02.03 of the Bass Coast Planning Scheme.

The scope of this study includes the following:

- Outline and examine the key economic and demographic drivers for housing in Bass Coast.
- Identify needs and requirements to support future growth and investment in the housing sector to ensure Council can maintain adequate supply over the next 20 years to meet the diverse needs of the community.
- Consider the viewpoints and concerns of key stakeholders both internal and external to Council, especially those associated with the planning and delivery of housing.
- Identify and assess the issues and opportunities that exist for housing in Bass Coast.
- Quantify the consumption of residential land and identify trends.
- Assist Council to collect relevant data that will inform future supply and demand assessments.
- Provide a methodology and evidence base for residential land supply and demand in Bass Coast to inform the Housing Strategy, including accounting for vacant residential lots and the role, quantum, trends and opportunities associated with the holiday home market.
- An analysis of the supply and demand for rural residential land in the municipality.

1.4. STRUCTURE

The sections of this Study are summarised below.

- Part A provides context for the analysis, including current settlement policy, demographic and economic conditions and trends and a profile of the existing housing stock.
- Part B provides an assessment housing demand, including population growth, property market conditions and residential development activity.
- Part C provides an analysis of the availability and capacity of residential land to accommodate additional housing over the planning period, including both broadhectare land and infill capacity. The section then compares demand and supply, having regard to key market segments and locations of land supply/demand.
- Part D includes a discussion of issues arising from the analysis.

PART A. CONTEXT

2. SETTLEMENT AND POLICY CONTEXT

2.1. OVERVIEW

This section provides an overview of Bass Coast's existing settlement network and hierarchy in regard to strategic planning policy at the local, regional and state level.

An overview and description of the housing role of Bass Coast's settlements provides context for location, development setting and future growth role.

2.2. KEY POINTS

- **Bass Coast Shire has long been a popular tourist and holiday home destination and is now one of several peri-urban municipalities in Victoria that are attracting strong demand for housing from permanent residents.**
- **Bass Coast's network of settlements include a range of coastal and agricultural villages and hamlets, larger towns and one regional centre (Wonthaggi).**
- **The Statement of Planning Policy prepared by DTP as part of the Bass Coast Distinctive Areas and Landscapes project, once finalised, will influence the location and type of residential development which can be accommodated in the municipality due to the proposed introduction of Protected Settlement Boundaries.**
- **Relevant strategic directions and priorities for housing and growth in Bass Coast Shire at the local, regional and state level are as follows:**
    - **Support the role of peri-urban municipalities to accommodate population and housing growth but manage the impact on landscape and areas of environmental significance.**
    - **Strengthen the sub-regional network of Wonthaggi (regional centre), Cape Paterson and Inverloch (secondary centres) through integrated planning and service delivery.**
    - **Encourage and facilitate opportunities for major scale development in Regional Centres and Growth Centres, including Wonthaggi.**
    - **Support a greater diversity of housing to reflect changing demographics.**
    - **Support the provision of affordable housing.**
    - **Support increased housing densities close to commercial centres and community facilities.**
    - **Support the provision of rural living and low density residential development in areas already zoned for this purpose.**

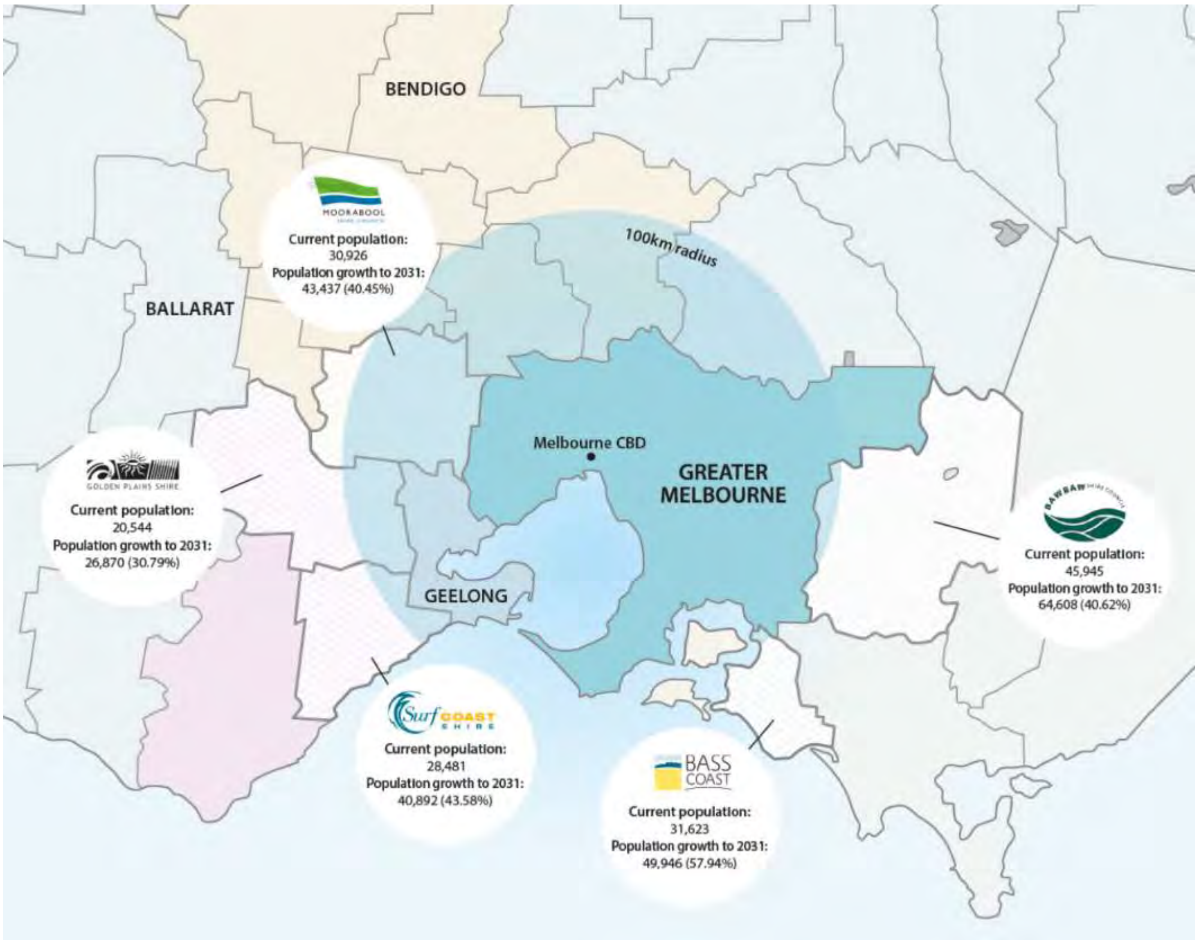
2.3. MUNICIPAL SNAPSHOT

Bass Coast Shire is a peri-urban municipality, with the northern boundary located approximately 100 km from Melbourne (approximately 1.5 hours' drive).

Bass Coast Shire has long been a popular tourist and holiday home destination but is one of several peri-urban municipalities in Victoria that are increasingly attracting more permanent residents. Victoria's sustained period of strong population growth, changing lifestyle preferences, improved transport infrastructure and remote/flexible working arrangements have all combined to strengthen the permanent resident housing role across peri-urban areas.

Figure 1 shows the location of Victoria's municipalities which are part of the Peri-Urban Councils Victoria group.

F1. PERI-URBAN COUNCILS VICTORIA MAP



Source: Peri-Urban Councils Victoria. It is noted that Macedon Ranges Shire and Mitchell Shire are also commonly considered "peri-urban" but are not members of Peri-Urban Councils Victoria.

2.4. LOCAL SETTLEMENT HIERARCHY AND GROWTH ROLE

Bass Coast Shire's network of settlements includes a range of coastal and agricultural villages and hamlets, some larger towns and one regional centre.

Whilst spatial areas and towns in Bass Coast are often differentiated by their location as either on Phillip Island or the mainland, several mainland coastal towns (such as San Remo) are proximate to Phillip Island and have similar location characteristics.

Wonthaggi is the Shire's only Regional Centre. Located on the mainland, Wonthaggi has the largest population, employment and housing base, and serves surrounding settlements, particularly Dalyston, Kilcunda, Cape Paterson and Inverloch (as well as the rural hinterland and parts of neighbouring South Gippsland Shire).

SETTLEMENT HIERARCHY

Local planning policy in the Bass Coast Planning Scheme (Clause 02.03-1-Settlement) outlines the settlement hierarchy and future direction for all towns within Bass Coast.

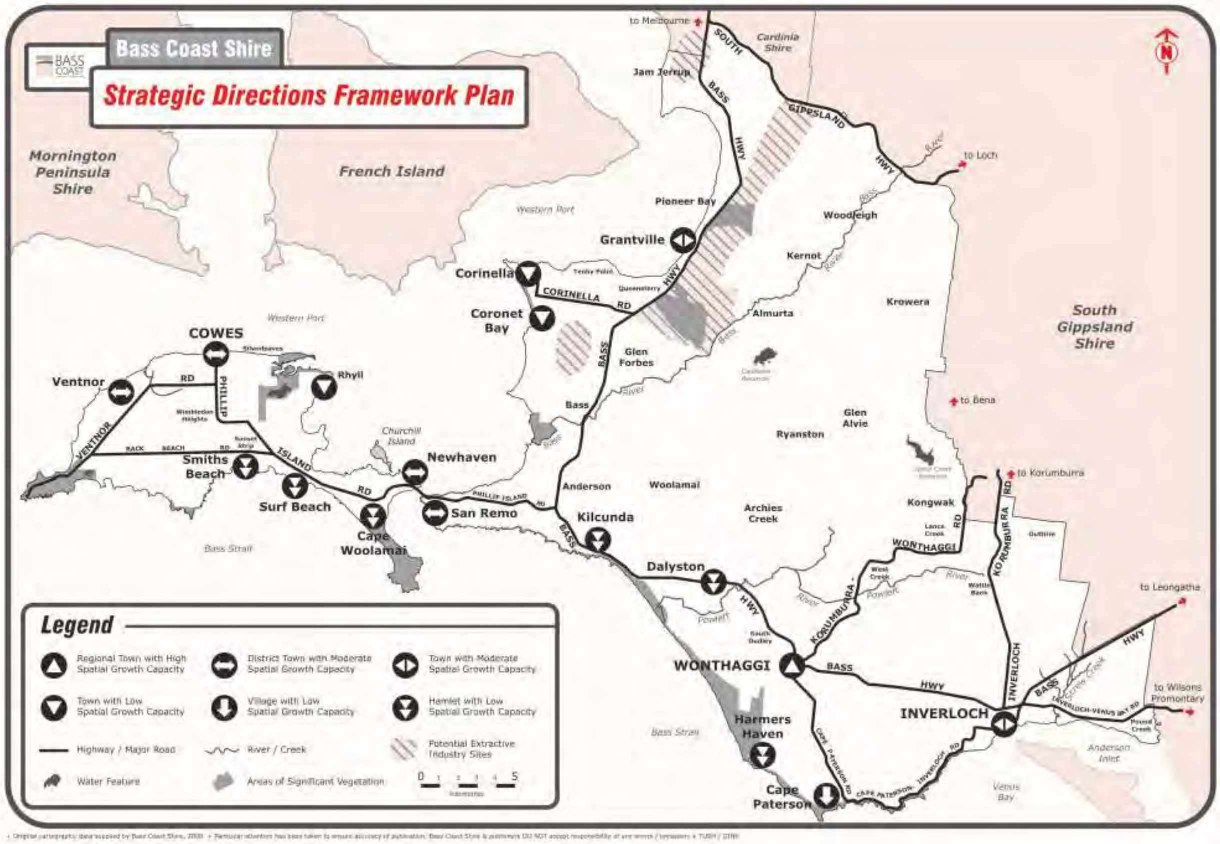
The hierarchy is summarised in Table 3. A Strategic Directions Framework Plan for Bass Coast is included in Clause 02.03 and is reproduced in Figure 2.

T3. SETTLEMENT HIERARCHY, BASS COAST SHIRE

Hierarchy	Settlement	Expansion and Infill Capacity
Regional Centre	Wonthaggi	High growth capacity Potential for large scale residential growth (within settlement boundary)
District Towns	Cowes / Ventnor San Remo / Newhaven	Moderate growth capacity Some potential for growth beyond urban zoned land. Some infill opportunities (within settlement boundaries)
Towns	Grantville Inverloch	Moderate growth capacity Some potential for growth beyond urban zoned land. Some infill opportunities (within settlement boundaries)
	Rhyll Coronet Bay Corinella	Low growth capacity Some potential for growth within existing appropriate zoned land – primarily through infill development (within settlement boundaries)
Villages	Cape Paterson	Low growth capacity Some potential for growth within existing zoned land – primarily through infill development (within settlement boundaries)
Hamlets	Kilcunda Dalyston Smiths Beach Sunset Strip Sunderland Bay Surf Beach Cape Woolamai Tenby Point Harmers Haven Wimbledon Heights Pioneer Bay / The Gurdies Jam Jerrup Bass	Low growth capacity Some potential for growth within existing zoned land – primarily through infill development (within settlement boundaries)

Source: Bass Coast Planning Scheme.

F2. BASS COAST STRATEGIC DIRECTIONS FRAMEWORK PLAN



Source: Bass Coast Planning Scheme.

Clause 02.03 contains the following strategies relevant to this study:

- "Support housing diversity that is reflective of the changing demographic in permanent residents and the needs of non-permanent residents;
- Support the provision of affordable housing;
- Support increased housing densities close to commercial centres and community facilities;
- Support the provision of rural living and low density residential development in areas already zoned for this purpose; and
- Minimise the impact of rural living and low density residential development on the landscape and the environment".

2.5. STATE AND REGIONAL SETTLEMENT POLICY

2.5.1. PLAN MELBOURNE

Plan Melbourne 2017 to 2050 is the strategic plan for Melbourne and Victoria and provides a series of outcomes and policies to guide settlement and development.

Outcome 7 of Plan Melbourne relates to investment in housing and economic growth of Regional Victoria. Bass Coast Shire is identified as a peri-urban area in Plan Melbourne. Under Policy 7.1.2 *Support planning for growing towns in peri-urban areas,* Wonthaggi is identified as a town with potential for increased housing development.

Peri-urban town development is supported in Plan Melbourne as an affordable and attractive alternative to metropolitan living. However, the plan also recognises the need for strategies to be developed for state and local infrastructure requirements to support this growth. The plan identifies that growth boundaries should be established for each town to avoid urban sprawl and protect agricultural land and environmental assets. Moreover, development must retain the existing the local character, attractiveness and amenity.

2.5.2. GIPPSLAND REGIONAL GROWTH PLAN

The Gippsland Regional Growth Plan provides direction for future urban growth and development in Gippsland and identifies current and potential drivers of the region's growth.

Overall, the Plan identifies the need to accommodate population growth in the defined growth nodes, which include the regional centre of Wonthaggi. The Plan also seeks to provide greater housing diversity to support growth and population retention.

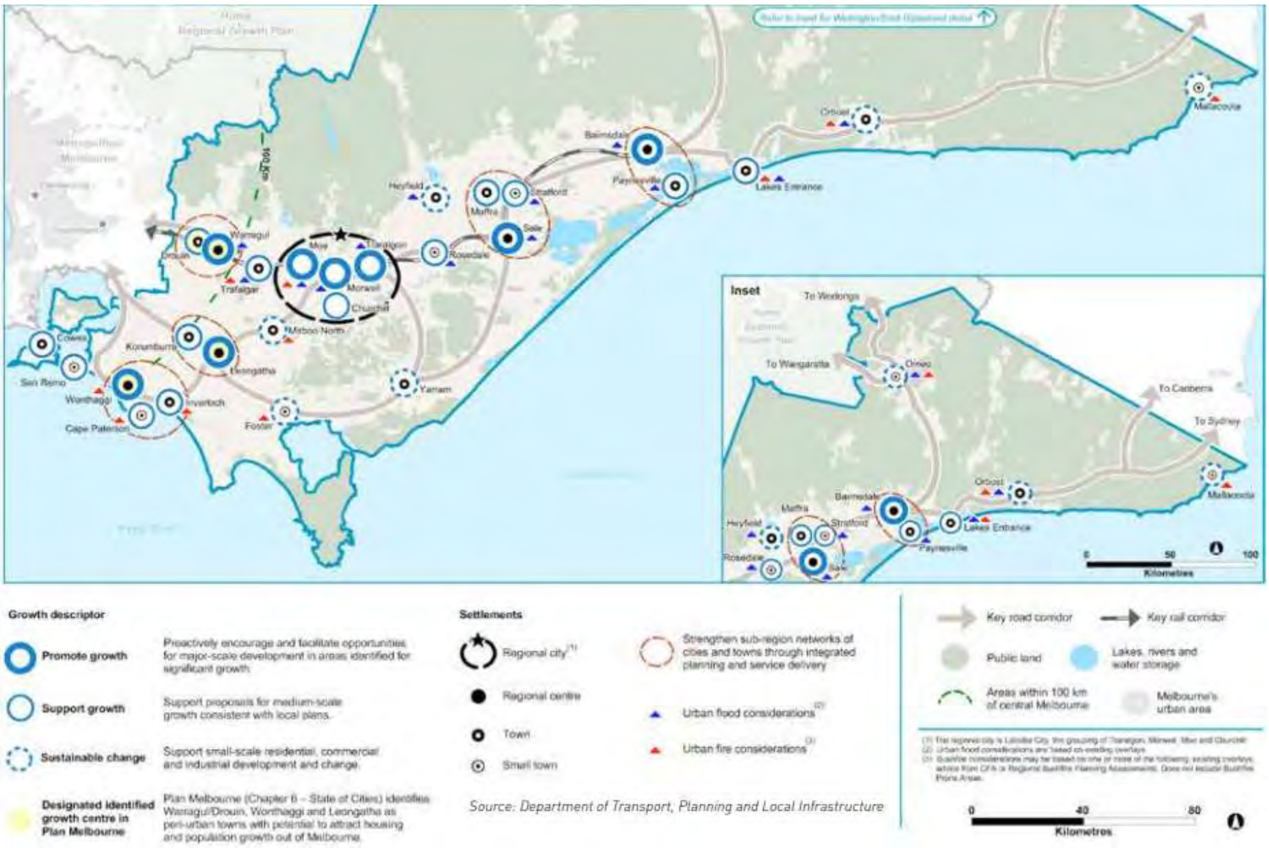
Future directions in the Plan relevant to the study towns include:

- Strengthen the sub-regional network of Wonthaggi (regional centre), Cape Paterson and Inverloch (secondary centres), through integrated planning and service delivery;
- Promote growth and proactively encourage and facilitate opportunities for major scale development in Regional Centres and Growth Centres, including Wonthaggi; and
- Support growth and support proposals for medium scale growth consistent with local plans in Inverloch, Cape Paterson, San Remo and Cowes.

Relevant trends and objectives for urban growth and land use include:

- Accommodating projected population growth within the context of environmental considerations and hazards such as bushfire, coastal inundation and floods;
- Accommodating a projected increase in population from 270,400 in 2011 to 386,000 in 2041;
- Growing the population beyond projected populations. The region's population has the potential to reach 465,000 by 2041 by attracting and retaining more people through improved lifestyle and housing affordability;
- Preparing strategies to increase youth retention and demographic diversity in response to the forecasted increased growth of elderly population groups from 20 per cent to 35 per cent by 2031. Bass Coast has one of the oldest populations in the region; and
- Planning to accommodate projected urban growth within Wonthaggi. It is projected that Wonthaggi will have an additional 2,760 households by 2041.

F3. GIPPSLAND REGION FUTURE DIRECTIONS FOR SETTLEMENT



Source: Gippsland Regional Growth Plan, DELWP, 2014.

2.5.3. BASS COAST DISTINCTIVE AREA AND LANDSCAPE

The Bass Coast Distinctive Area and Landscape Draft Statement of Planning Policy (Draft Policy)was prepared by DELWP (now DTP) and published in March 2022.

The Draft Policy recognises Bass Coast as a location of "cultural heritage, outstanding natural beauty and environmental, economic and social significance". The Draft Policy provides a vision for the future of Bass Coast for the next 50 years.

Table 4 summarises the proposed hierarchy and settlement policy for towns taken from the various sections of the Draft Policy. The Draft Policy proposes changes to the settlement role / categorisation of several towns as well as the introduction of 'Protected Settlement Boundaries' to all settlements.

T4. DRAFT STATEMENT OF PLANNING POLICY – SETTLEMENT OVERVIEW

Town	Type	Settlement Policy Comments
Wonthaggi	Regional Centre	"Growth will be accommodated within designated growth areas within the current settlement boundary and the future protected settlement boundary".
Cowes and Silverleaves	District Town	"Growth will be accommodated by developing vacant residential land within the proposed protected settlement boundary, which will contain Cowes' growth…."
Inverloch	District Town	"Growth will be accommodated by developing vacant residential land and land to the north-west of the town within the proposed protected settlement boundary. This will contain Inverloch's growth…"
Newhaven	District Town	"Growth will be accommodated by developing vacant residential land within the proposed protected settlement boundary…"
San Remo	District Town	"Future growth will be contained within the proposed protected settlement boundary. Growth will occur with the development of vacant residential land and greenfield development to the east of San Remo. Development will be sensitively designed to integrate with the regionally significant landscape. Development of land to the east of San Remo will support the establishment of the new Bass Coast College located in this area."
Grantville	Town	"Growth will be accommodated by developing vacant land within the proposed protected settlement boundary, which will contain Grantville's growth, prevent further linear development along the Western Port coastline…"
Cape Paterson	Village	"Growth will be accommodated by developing vacant residential land and more substantial greenfield development north of Seaward Drive that will be sensitively designed to integrate with the regionally significant landscape. Cape Paterson's proposed protected settlement boundary will provide long-term protection for Cape Paterson's environs while containing its growth within an area close to nearby Wonthaggi's regional services and facilities."
Cape Woolamai	Village	"Limited growth will be accommodated within the proposed protected settlement boundary, which will contain Cape Woolamai's growth."
Rhyll	Village	"Limited growth will be accommodated by developing vacant residential land within the proposed protected settlement boundary, which will contain Rhyll's growth."
Dalyston	Village	"Growth will be accommodated by developing vacant residential land within the proposed protected settlement boundary, which will contain Dalyston's growth…"
Corinella	Village	"Growth will be accommodated within the proposed protected settlement boundary, which will contain Corinella's growth….. It will also prevent further linear development along the Western Port coastline."
Coronet Bay	Village	"Growth will be accommodated within the proposed protected settlement boundary, which will contain Coronet Bay's growth and prevent further linear development along the Western Port shoreline."
Kilcunda	Village	"Growth will be accommodated by developing vacant residential land within the proposed protected settlement boundary, which will contain Kilcunda's growth…"
Smiths Beach, Sunset Strip, Sunderland Bay and Surf Beach	Hamlets	"Limited growth will be accommodated by low-density residential development to the west of Sunset Strip. The proposed protected settlement boundary will contain the four hamlets growth."
Ventnor	Hamlet	"Limited growth will be accommodated by developing vacant residential land within the proposed protected settlement boundary, which will contain Ventnor's Growth and provide long-term protection for its environs."
Bass	Hamlet	"Growth will be accommodated within the proposed protected settlement boundary, which will contain Bass' growth…. Bass can accommodate some low density residential development within the boundary to the east of the settlement, but it will remain a small settlement"
Harmers Haven	Hamlet	"Harmers Haven will remain a small settlement. Its growth will be limited and will be accommodated within the proposed protected settlement boundary…"
Jam Jerrup	Hamlet	"Growth will be very limited and contained within the proposed protected settlement boundary…Jam Jerrup will remain a small settlement."
Wimbledon Heights	Hamlet	"Limited growth will be contained within the proposed protected settlement boundary…Wimbledon Heights will remain a small settlement."
Tenby Point	Hamlet	"Limited growth will be accommodated within the proposed protected settlement boundary, which will contain Tenby Point's growth and ensure it remains a small settlement,"
Pioneer Bay and The Gurdies	Hamlets	"Limited growth will be contained within the proposed protected settlement boundaries…"

Source: Draft Bass Coast Statement of Planning Policy, DELWP, 2022. Compiled by Urban Enterprise.

3. DEMOGRAPHIC AND ECONOMIC CONTEXT

3.1. INTRODUCTION

Housing markets are directly influenced by demographic and economic characteristics and trends. This section assesses Bass Coast's demographics and economy to identify housing market segments and trends which will influence the type and volume of housing needed in the municipality.

3.2. KEY POINTS

- **Bass Coast's settlements are, on average, occupied by older residents compared with Regional Victoria. Labour force participation is relatively low, reflecting the age profile.**
- **The municipal economy is primarily driven by agriculture, tourism and population-services (health, education, retail). There has been low jobs growth in recent years but strong population increase.**
- **Strong population and jobs growth in southeast Melbourne, coupled with improved transport connections, has led to greater labour flows across the region. More flexible working arrangements for office-based sectors has also provided greater opportunity for remote work, especially since the beginning of the COVID pandemic. The opportunity to live in Bass Coast and undertake jobs based in metropolitan areas is highly attractive to many residents and has contributed greatly to the municipality's recent population growth.**
- **Real estate agents and developers have observed increasing housing demand from permanent residents compared with previous periods where holiday home buyers were more prevalent. Permanent residents generally originate from within a 100km radius of Bass Coast, mostly from south-east Melbourne.**
- **Significant interest rate increases and broader demand decreases across the State and region are likely to influence local housing demand in the short term, however coastal and peri-urban areas are expected to remain popular housing locations over the planning period.**

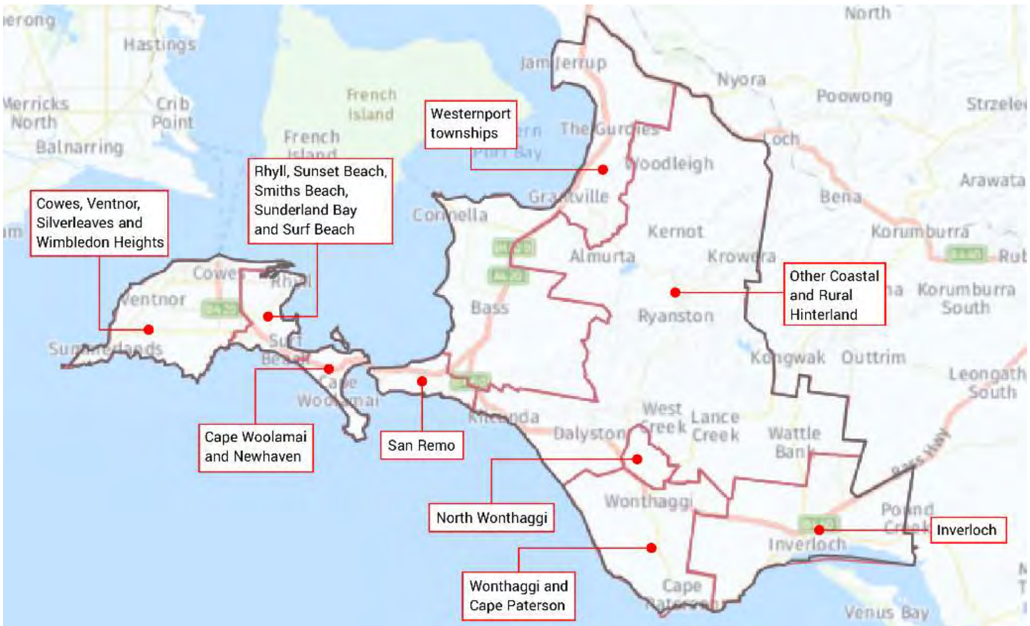
3.3. DATA AREAS

For the purposes of demographic and housing analysis in this report, Bass Coast's Forecast ID areas have been grouped into the following 'Districts' based on their spatial characteristics:

1. Phillip Island – includes the following Districts:
    - Cowes, Ventnor, Silverleaves and Wimbledon Heights;
    - Rhyll, Sunset Beach, Smiths Beach, Sunderland Bay and Surf Beach; and
    - Cape Woolamai and Newhaven.
2. Mainland – includes the following Districts:
    - San Remo;
    - Waterline townships (Coronet Bay, Corinella, Grantville, Pioneer Bay, Jam Jerrup);
    - Wonthaggi and Cape Paterson;
    - North Wonthaggi;
    - Inverloch; and
    - Other Coastal and Rural Hinterland (e.g., Kilcunda, Dalyston, Wattle Bank etc.).

Districts are shown in Figure 4. Although there data areas have some limitations in that the boundaries do not align with townships (for example, Cape Paterson and Wonthaggi are located within the same District), grouping areas for this type of assessment enables the main demographic characteristics and trends to be considered spatially.

F4. BASS COAST AND ID AREA BOUNDARIES



Source: Forecast ID, 2022, annotated by Urban Enterprise.

3.4. DEMOGRAPHIC SNAPSHOT

A snapshot of the population, household and age profile attributes of Bass Coast Shire and settlements are summarised in Table 5. The following observations are made:

- The age profile is weighted towards older cohorts, with a high proportion of 'Empty Nesters' (60-69 years) and 'Seniors' (70-84 years).
- Labour force participation (49.5%) is considerably lower compared with Regional Victoria (57%) and correlates with the older age profile.
- The age profile is generally younger in North Wonthaggi, Cape Woolamai, Newhaven, Rhyll, Sunset Beach, Smiths Beach, Sunderland Bay and Surf Beach and the rural hinterland.

T5. DEMOGRAPHIC SNAPSHOT

Location	Population (ERP, 2022)	Top 3 Service Age Groups	Household type	Labour force participation
Bass Coast Shire	41,798	Empty nesters (60-69) - 18.4%	Adult couples 31%	49.5%
		Seniors (70-84) - 17.1%	Lone person 30%	
		Parents and Homebuilders (35-49) - 15.9%	Couples with children 20%	
Phillip Island				
Cowes, Ventnor, Silverleaves + Wimbledon Heights	8,557	Empty nesters and retirees (60 to 69) - 20.1%	Adult couples 33%	45.0%
		Seniors (70-84) - 19.7%	Lone person 31%	
		Parents and Homebuilders (35-49) - 14.7%	Couples with children 17%	
Cape Woolamai + Newhaven	2,834	Parents and Homebuilders (35-49) - 19.3%	Adult couples 27%	56.5%
		Empty nesters (60-69) - 16.4%	Couples with children 24%	
		Older workers (50-59) - 14.4%	Lone person 23%	
Rhyll, Sunset Beach, Smiths Beach, Sunderland Bay + Surf Beach	2,681	Empty nesters (60-69) - 20.2%	Adult couples 29%	53.8%
		Parents and Homebuilders (35-49) - 17.7%	Lone person 28%	
		Older workers (50-59) - 14.5%	Couples with children 20%	
Mainland				
Wonthaggi + Cape Paterson	7,049	Seniors (70-84) - 19.7%	Lone person 37%	43.8%
		Empty nesters (60-69) - 17.9%	Adult couples 27%	
		Parents and homebuilders (35-49) - 14.8%	Couples with children 16%	
North Wonthaggi	3,525	Parents and Homebuilders (35-49) - 16.0%	Adult couples 29%	53.4%
		Seniors (70-84) - 14.9%	Couples with children 25%	
		Empty nesters and retirees (60 to 69) - 14.1%	Lone person 25	
Inverloch	6,640	Seniors (70-84) - 20.5%	Adult couples 31%	48.4%
		Empty nesters (60-69) - 19.3%	Lone person 30%	
		Parents and Homebuilders (35-49) - 14.8%	Couples with children 20%	
San Remo	1,747	Empty nesters (60-69) - 19.5%	Adult couples 34%	49.7%
		Parents and homebuilders (35-49) - 17.4%	Lone person 29%	
		Seniors (70-84) - 15.5%	Couples with children 21%	
Waterline Townships	5,343	Empty nesters (60-69) - 18.3%	Lone Person 31%	50.0%
		Older workers (50-59) - 16.5%	Adult Couples 31%	
		Seniors (70-84) - 16.3%	Couples with children 18%	
Other Coastal + Rural Hinterland	3,412	Parents and Homebuilders (35-49) - 18.3%	Adult couples 35%	61.9%
		Empty nesters (60-69) - 17.9%	Couples with children 28%	
		Older workers (50-59) - 15.9%	Lone person 21%	

Source: Bass Coast Profile ID; ABS Census 2021.

3.5. AGE PROFILE

At the 2021 Census, the median age in Bass Coast was 51 years (up from 50 years in 2016), substantially higher than Victoria (38 years) and Regional Victoria (43 years).

Compared with Regional Victoria, Bass Coast accommodates a higher proportion of empty nesters (60-69 years) and Seniors (70-84 years), and a lower proportion of all age groups under 49 years as shown in Figure 5.

F5. age profile, lifecycle groups, bass coast & regional victoria, 2021

Source: Bass Coast Profile Id, derived from Census of population and housing, ABS, 2021.

The age profile of new residents moving to Bass Coast is noticeably different to the existing age profile due to more permanent residents relocating to the municipality. Two main age groups are driving this difference:

- Young adults: 21% of residents that moved to Bass Coast between 2016 and 2021 were aged between 25 and 39 years compared with 14% of the overall population in 2021; and
- Pre-retirees: 31% of residents that moved to Bass Coast between 2016 and 2021 were aged between 55 and 69 years compared with 26% of the overall population in 2021.

These changes reflect the increasing popularity of the municipality to younger residents, as well as a continuation of the appeal of many parts of Bass Coast to pre-retirees and retirees. Housing strategies will need to respond to the role of towns and settlements in meeting the needs of both markets, as well as the substantial proportion of existing older residents likely to remain in the municipality and potentially requiring alternative housing types in the near future.

3.6. BASS COAST'S ECONOMY AT A GLANCE

Economic activity can directly influence housing markets. In the case of Bass Coast, the location, profile and scale of employment opportunities can impact demand for housing.

The primary drivers of Bass Coast's economy are the agriculture and tourism sectors, and population-related service sectors such as construction, real estate, health care and education. Together these industries account for the majority of Bass Coast's economic value, output and jobs as shown in Table 6.

Bass Coast is a popular tourist destination, attributed to the coastal environment, nature and water-based activities and farmgate attractions and experiences. Although tourism is not a specific industry classification according to the Australian New Zealand Standard Industry Classification (ANZSIC), the sector is supported by a mix of activity within the Retail Trade (4th highest value add) and Accommodation and Food Services (8th highest value add) sectors , whilst also being two of the top 4 sectors of employment in the municipality as shown in Table 6. The Phillip Island and San Remo Visitor Economy Strategy (Bass Coast Shire, 2016) identified Phillip Island and San Remo as the second most dependent community on tourism in Australia, after Central Australia.

As shown in Table 7, Bass Coast attracts more than 2 million visitors and generates more than $660 million in visitor expenditure per annum. As a comparison, it is noted that visitation to Bass Coast is higher than Surf Coast Shire, which is located a similar distance from Melbourne, forms part of the Great Ocean Road region, and includes the coastal townships of Torquay, Anglesea, Aireys Inlet and Lorne.

T6. TOP 10 INDUSTRY SECTORS, VALUE-ADDED, OUTPUT & JOBS, BASS COAST

ANZSIC Industry Sector	Value Added ($m)		Output ($m)		Jobs	
Rental, Hiring & Real Estate Services	345	19%	473	12%	246	2%
Construction	231	12%	855	22%	1,651	12%
Health Care & Social Assistance	213	11%	313	8%	2,302	17%
Retail Trade	124	7%	211	5%	1,680	13%
Electricity, Gas, Water & Waste Services	117	6%	224	6%	253	2%
Agriculture, Forestry & Fishing	102	5%	243	6%	696	5%
Education & Training	95	5%	132	3%	1,021	8%
Accommodation & Food Services	89	5%	176	5%	1,456	11%
Public Administration & Safety	88	5%	153	4%	589	4%
Professional, Scientific & Technical Services	85	5%	168	4%	608	5%
Total (All industry sectors)	1,857		3.903		13,337	

Source: Remplan, November 2023.

T7. AVERAGE ANNUAL VISITATION AND VISITOR EXPENDITURE, BASS COAST & SURF COAST

	Number of Visitors		Visitor Expenditure	
Visitor Type	Bass Coast	Surf Coast	Bass Coast	Surf Coast
Domestic Day trips	1,247,129	1,127,486	$116.78 m	$101.77 m
Domestic Overnight trips	829,207	816,288	$406.78 m	$436.55 m
International trips	36,368	33,555	$137.26 m	$436.55 m
Total	2,112,705	1,977,329	$660.80 m	$974.87 m

Source: Domestic & International Visitation, National & International Visitor Survey, Bass Coast & Surf Coast Shire, Tourism Research Australia, 2012-2021 (calendar years).

3.7. EMPLOYMENT PROFILE

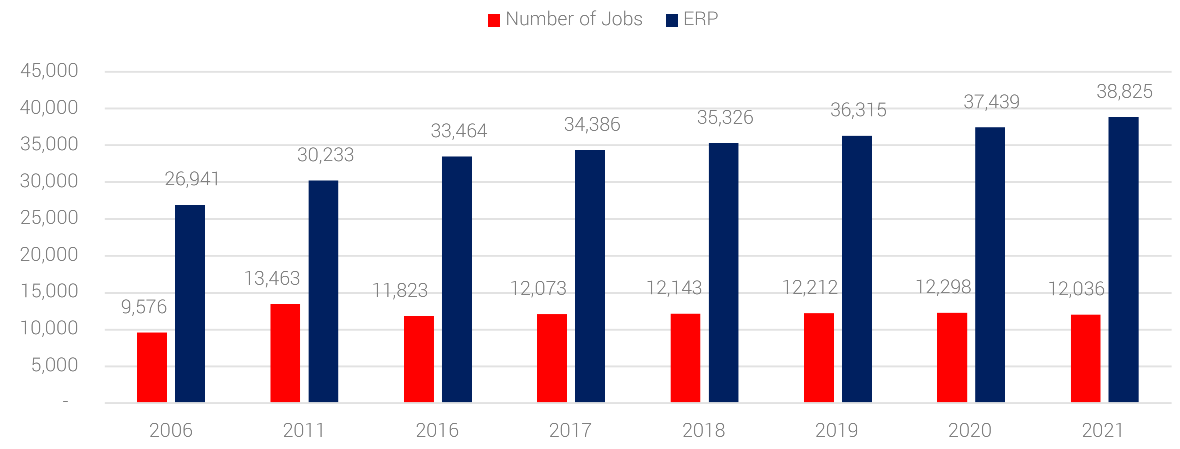
Employment indicators are useful to understand the profile of the local labour force and provides supplementary information for the market characteristics of residents, including location of work, skills and income circumstances.

At the last census, Bass Coast had a labour force participation rate of 49.5%, substantially lower than Regional Victoria overall (56%).

In 2021, there were approximately 12,000 local jobs in Bass Coast. Since 2017, the number of jobs has remained stable despite strong population growth occurring during the period. This could be a result of one or a combination of factors, including:

- An ageing population, with many residents exiting the workforce;
- Migration being weighted towards older cohorts (e.g., retirees and seniors);
- A lack of local employment opportunities; and/or
- High incidence of new residents commuting to jobs outside Bass Coast.

F6. LOCAL EMPLOYMENT, BASS COAST



Source: Bass Coast Economy ID profile, 2021.

JOURNEY TO WORK

Bass Coast's job containment rate in 2021 was 71% - in other words, 71% of employed Bass Coast residents work within the Shire. This containment rate is substantially higher than other peri-urban municipalities including Baw Baw Shire (60%), Surf Coast Shire (44%) and Moorabool Shire (35%).

Of the workers who travelled outside Bass Coast for employment, 25% travelled to South Gippsland and 33% travelled to Melbourne's southeastern suburbs (Cardinia, Casey, Greater Dandenong, Monash, Frankston and Mornington Peninsula).

The southeast metropolitan region has recorded rapid and substantial population, dwelling and jobs growth over the past 20 years. This level of growth, coupled with improved transport connections has led to greater worker flows across the region. Further, more flexible working arrangements for office-based sectors provides opportunities to work remotely (i.e. from home) and commute less frequently / regularly.

Consultation with local estate agents and developers indicated that permanent resident buyers are now mostly attracted from locations within a 100km radius of Bass Coast in the southeast metropolitan area.

The commutability of Bass Coast Shire to metropolitan areas is a highly attractive characteristic of the local housing market, and its favourability and appeal to the market has strengthened since the beginning of the COVID-19 pandemic.

3.8. MAJOR PUBLIC SECTOR PROJECTS

Several major public sector projects are currently planned or underway in parts of Bass Coast which are expected to generate employment opportunities and liveability improvements and could influence housing demand.

The majority of proposed investment is concentrated in Wonthaggi and Cowes. Of particular note is the $115 million Wonthaggi Hospital Expansion which will substantially increase patient capacity through new care and treatment facilities. The investment will likely lead to growth in health care employment and subsequent housing demand.

The northeast growth corridor of Wonthaggi is currently undergoing a Precinct Structure Plan (PSP) process. Whilst development is underway in parts of the growth corridor, the majority of the PSP area remains vacant and undeveloped. At full-development, the PSP area is estimated to accommodate around 5,000 homes, 12,000 residents and 1,700 jobs.

T8. MAJOR INFRASTRUCTURE AND INVESTMENT PROJECTS

Project	Sector	Details	Investment	Status	Timing
Wonthaggi Hospital expansion	Health.	- 26,000 extra patients treated - 3 new operating theatres and a procedure room - 18 extra treatment spaces - 32-bed new inpatient ward	$115m in State Government funding	Complete	Completed in late 2022
Wonthaggi North East PSP	Planning	- 633 hectares precinct - Approx. 5,000 homes - Approx. 12,000 residents - Approx. 1657 jobs	Unavailable	Draft PSP released.	Construction over the next 30-40 years
12 new Business Fibre Zones (NBN)	Infrastructure.	Broadband service upgrades: - Two zones will cover Wonthaggi, Inverloch, Cape Paterson, Grantville, Corinella and Coronet Bay and Cowes - Zones are designed to reduce the cost gap between regional towns and metro areas for business broadband services.	$73m in State Government funding (for whole project)	In progress	Expected to be completed Sept, 2022
Cowes Cultural and Community Centre (Incl. Phillip Island Library)	Community & recreation.	- Will seek to encourage a range of community activities and events. - Home to the new Phillip Island Library.	$18.3m in State Govt. funding	In progress	Expected to be completed2023

Source: Various sources, desktop research, Urban Enterprise 2021.

3.9. ECONOMIC CONDITIONS INFLUENCING HOUSING MARKETS

Macroeconomic conditions influence local housing markets in many ways, usually underpinned by fiscal conditions, and the strength and outlook for the economy.

An overview of economic conditions and considerations for the housing market are discussed below.

Fiscal conditions

A series of interest rate rises occurred between May 2022 and November 2023 on the back of inflationary pressures felt across Australia. The current interest (cash) rate in Australia is 4.35% (December 2023) and lenders interest rates are now at 6.0% (October 2023), considerably higher than 2.99% two years prior (October 2021).[1]

Macroeconomic outlook

Victoria's economy is rebounding strongly from the COVID-19 pandemic, with unemployment at near record lows (3.7% May 2023). The competitive job market is placing upward pressure on wages but has not yet translated to a substantial rise in the Wage Price Index (WPI). So, whilst wages are increasing, they are not increasing in-line with inflation – meaning that available funds for discretionary spending could be lower, as household expenditure will largely be directed to cost of living (e.g., housing, food, energy etc.).

Victoria's housing market has experienced a downturn, owed to a combination of stretched housing affordability and fiscal conditions. The overall slowdown in the housing market may lead to the following implications: [2]

- Housing demand is likely to be deflected towards more affordable price points, including higher density stock due to affordability constraints.
- Affordability constraints and few stimulus measures and incentives have caused a drop in first home buyer participation.
- The number of advertised sales listings is beginning to normalise in metropolitan Melbourne but remains very low in regional Victoria.
- Rental supply and vacancy rates remain at record lows, causing upward pressure on rents. Rental market conditions are extremely tight.
- Investors could become more active in the market.

Recent construction material cost increases, supply chain disruptions and labour shortages have resulted in strong increases to construction costs and prices. This will impact new house builds, multi-unit developments and renovations and is likely to offset any reductions in overall housing prices for some housing types.

Domestic and international travel

Victoria's holiday home market experienced strong demand conditions in 2020 and 2021, with international and state border closures restricting international and domestic travel. For higher income households, this resulted in higher rates of intrastate travel, and international travel expenditure being redirected elsewhere. These conditions encouraged demand for holiday home and other investment purchases, including in areas such as Bass Coast.

International borders re-opened early in 2022 and overseas travel has resumed, meaning that expenditure could again be redirected outside of the state. This may reduce demand in the holiday home market momentarily, however Bass Coast's coastal environment and proximity to Melbourne suggests that the holiday home and investment market will continue to be prevalent.

[1] Reserve Bank of Australia.

[2] Housing Market Update for UDIA, CoreLogic, May 2022

4. HOUSING STOCK PROFILE

4.1. OVERVIEW

This section profiles the current housing stock in Bass Coast Shire, including dwelling typologies, occupancy, tenure, household types and sizes.

4.2. KEY POINTS

- **The housing stock in Bass Coast is relatively homogenous and primarily comprises separate dwellings. Medium density housing makes up only 8% of the housing stock.**
- **Bass Coast has a lower average household size compared with Regional Victoria, reflecting the high proportion of single and couple households (and older residents).**
- **The substantial supply of separate dwellings contrasts with the predominantly smaller household types (one and two persons), an issue which the housing strategy should address.**
- **The rental market comprises approximately 20% of the occupied dwelling stock, however the number of active rental bonds has decreased since 2021 despite strong overall dwelling growth. The median rent has increased strongly at an average rate of 6% per annum. The combination of strong rental price growth and limited rental stock growth indicates, in broad terms, that demand comfortably exceeds supply, an issue which the housing strategy should address.**
- **Unoccupied dwellings are a feature of the housing stock with only 63% of dwellings occupied at the 2021 Census. Occupancy levels are particularly low in Phillip Island (49%) and Inverloch (61%). Occupancy increased across the municipality between 2016 and 2021 as more housing become occupied by permanent residents.**
- **It is estimated that more than a quarter of the existing housing stock in 2021 was used primarily to accommodate non-residents, including holiday homes and holiday rentals. The number of active listings for holiday rentals (including AirBnB) increased by 9% per annum from 2018 to 2021.**
- **Rural areas play a minor but important housing role in Bass Coast, particularly in and around Wonthaggi, San Remo, Cowes and Coronet Bay. Low density and rural living area across Bass Coast are very well occupied and accommodate more than 700 dwellings (3% of the overall dwelling stock).**

4.3. DWELLINGS, OCCUPANCY & TENURE

In 2021, there were approximately 29,000 dwellings in the municipality.

The following observations are relevant to dwellings, occupancy and tenure:

- 57% of dwellings were located on the mainland, including 16% in Inverloch, and 15% in Wonthaggi and Cape Paterson.
- 43% of dwellings were located on Phillip Island, including 27% in the Cowes, Ventnor, Silverleaves and Wimbledon Heights District.
- Dwelling occupancy is around 63% in Bass Coast Shire, with 49% of private dwellings occupied on Phillip Island and 73% of private dwellings occupied on the mainland. Dwelling occupancy on Phillip Island increased from 40% in 2016 to 49% in 2021, a substantial increase in only a 5 year period.
- 72% of occupied dwellings in Bass Coast are owner-occupied and 20% are rented. The highest proportions of rental occupancy is in Wonthaggi and Cowes.

T9. DWELLING SUMMARY, BASS COAST SHIRE & DISTRICTS

Location	Dwellings		Occupancy Rate*	Tenure of occupied dwellings	
				Owner Occupied	Rented
Phillip Island					
Cowes, Ventnor, Silverleaves and Wimbledon Heights	7,896	27%	48%	68%	23%
Cape Woolamai and Newhaven	2,193	8%	55%	70%	17%
Rhyll, Sunset Beach, Smiths Beach, Sunderland Bay and Surf Beach	2,499	9%	47%	75%	16%
Mainland					
Inverloch	4,692	16%	61%	77%	17%
North Wonthaggi	1,531	5%	93%	74%	20%
Other Coastal and Rural Hinterland	1,628	6%	82%	79%	10%
San Remo	1,037	4%	71%	71%	22%
Waterline Townships	3,227	11%	73%	74%	16%
Wonthaggi and Cape Paterson	4,271	15%	76%	66%	26%
Bass Coast Shire	28,975	100%	63%	72%	20%

Source: Dwelling, occupancy and tenures, Profile id, derived from Census of Population and Housing, ABS, 2021. *Occupancy rate refers to the proportion of total private dwellings that were occupied on census night. Colours show blue (highest) to red (lowest) proportions by column. Balance of tenure proportion relates to "other tenure type" (such as life tenure schemes and dwellings occupied rent free) and tenure "not stated".

4.4. DWELLING AND HOUSEHOLD TYPOLOGIES

The following observations have been derived from an assessment of dwelling and household typologies and sizes with data shown in Table 10 and Table 11:

- The housing stock in Bass Coast is mostly homogenous, with 91% of dwellings classified as separate houses.
- Medium density housing (i.e. townhouses, unit, apartments) make up a very small proportion of housing (8%).
- The average household size in Bass Coast in 2021 was 2.19 people, reflecting the high proportion of single person and adult couple households. This is lower than the Regional Victorian average of 2.35.
- A substantial proportion of housing in North Wonthaggi and the Other Coast and Rural Hinterland Areas are occupied by families (25% and 27% respectively). These two districts also had the largest average household sizes (2.43 and 2.44 persons respectively).
- The substantial supply of separate dwellings contrasts with the predominantly smaller household types.

T10. DWELLING TYPES & HOUSEHOLD SIZE SUMMARY, BASS COAST & DISTRICTS

Location	Ave HH Size	Dwelling Type			
		Separate House	Medium Density	High Density	Caravans, Cabin, Houseboat
Phillip Island					
Cowes, Ventnor, Silverleaves and Wimbledon Heights	2.11	86%	12%	2%	0%
Cape Woolamai and Newhaven	2.33	86%	13%	0%	0%
Rhyll, Sunset Beach, Smiths Beach, Sunderland Bay and Surf Beach	2.19	98%	2%	0%	0%
Mainland					
Inverloch	2.21	91%	9%	0%	0%
North Wonthaggi	2.43	99%	1%	0%	0%
Other Coastal and Rural Hinterland	2.44	100%	0%	0%	0%
San Remo	2.21	82%	16%	0%	0%
Waterline Townships	2.16	97%	1%	0%	2%
Wonthaggi and Cape Paterson	2.02	89%	8%	0%	3%
Bass Coast Shire	2.19	91%	8%	0%	1%

Source: Dwelling type and household size, Profile id, derived from ABS Census 2021. Colours show blue (highest) to red (lowest) proportions.

T11. household TYPes, bass coast & districts

Location	Household Type				
	Lone Person	Adult couples	Couples with children	One parent families	Group household
Phillip Island					
Cowes, Ventnor, Silverleaves and Wimbledon Heights	31%	33%	16%	8%	2%
Cape Woolamai and Newhaven	23%	27%	24%	8%	2%
Rhyll, Sunset Beach, Smiths Beach, Sunderland Bay and Surf Beach	28%	29%	20%	9%	3%
Mainland					
Inverloch	28%	37%	20%	6%	1%
North Wonthaggi	24%	29%	25%	14%	3%
Other Coastal and Rural Hinterland	21%	35%	27%	7%	2%
San Remo	29%	34%	21%	6%	2%
Waterline Townships	31%	31%	18%	9%	3%
Wonthaggi and Cape Paterson	37%	27%	16%	11%	3%
Bass Coast Shire	30%	31%	20%	9%	2%

Source: Household types, Profile id, from ABS Census 2021. Colours show blue (highest) to red (lowest) proportions.

INFORMAL HOUSING

Informal housing typically relates to unstructured accommodation such as caravans, cabins, houseboats or improvised homes (e.g., tents). 0.9% of dwellings in Bass Coast were classified as informal housing in 2021.

T12. INFORMAL/ UNSTRUCTURED HOUSING, 2021

Dwelling Type	2021	
Caravans, cabin, houseboat	221	0.8%
Other	27	0.1%
Sub Total	248	0.9%
Total dwellings, Bass Coast	28,940	

Source: Household types, Profile id, derived from Census of Population and Housing, ABS, 2021
*Other includes houses and flats attached to shops or offices, and improvised homes, tents and sleepers out on Census night.

During consultation for this project, Council officers noted that many of the municipality's caravan parks, including those managed by Council, accommodate residents on a temporary basis. Council has issued a number of different permits for a range of timeframes (short stays, seasonal or annual) allowing people to install a movable dwelling, caravan, annex, or tent for the length of their permit.

4.5. RENTAL HOUSING

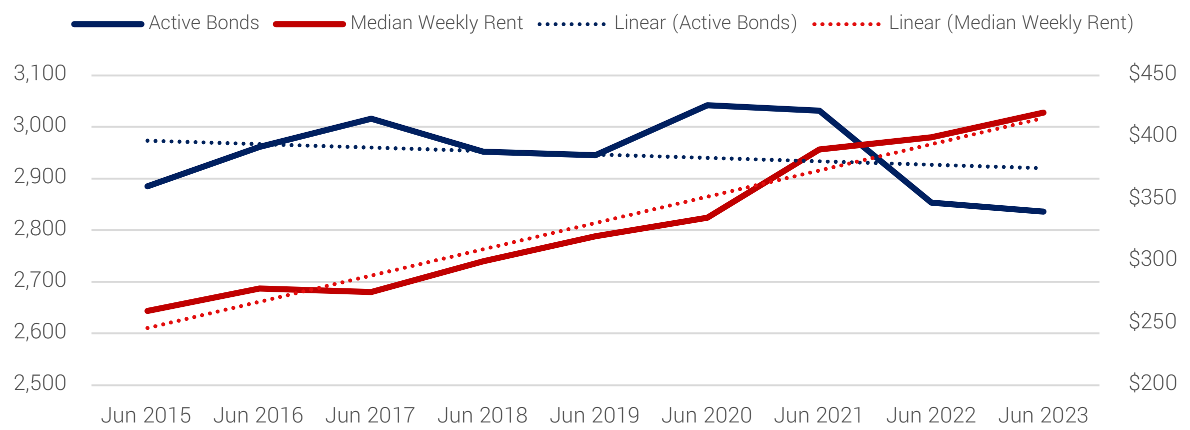
According to the 2021 Census, 20% of occupied dwellings in Bass Coast were categorised as rented (category includes both permanent rentals and holiday rentals). This equates to 3,539 dwellings, or 12% of total dwelling stock across the municipality.

The Homes Victoria Rental Report (Department of Families, Fairness and Housing) identified that there were 2,987 active rental bonds in Bass Coast at the completion of the September quarter 2021, which equated to 10% of the total municipal dwelling stock.

The number of active bonds increased slightly over the period 2015 to 2021 (at between 2,800 and 3,100) but has since decreased. The number of active rental bonds is now lower than what was recorded in 2015 despite the dwelling stock increasing substantially over the period.

The median rent in Bass Coast in 2023 is $420 per week, consistent with that of Regional Victoria overall. Since 2015, the median rent in Bass Coast has increased strongly at an average rate of 6% per annum. The combination of strong rental price growth and limited stock growth indicates, in broad terms, that demand comfortably exceeds supply, an issue which the housing strategy should directly address.

F7. active RENTAL BONDS & median rents, bass coast



Source: Homes Victoria Rental Report.

4.6. HOLIDAY HOMES

Bass Coast is a popular holiday destination and its settlements (particularly coastal settlements) accommodate a significant number of holiday homes and holiday rentals.

Housing tenure varies over time – this is particularly true for dwellings not permanently occupied. For example, many holiday homes are also used as holiday rentals for certain periods, and holiday homes are often 'converted' to permanent residences (often when owners retire).

In the absence of a definitive source of data on the number of properties used as holiday homes, several indicators of the number and location of holiday homes and holiday rentals have been considered as follows.

Unoccupied dwellings

Dwellings which are unoccupied at the Census date are most commonly holiday homes, holiday rentals or vacant permanent rentals. As described earlier in this section, in 2021, 37% of private dwellings were unoccupied (10,831 dwellings). Accounting for a natural level of dwelling vacancy of 10%, it can be derived that that approximately 7,900 dwellings in 2021 were used for holiday home and holiday rental purposes.

T13. UNOCCUPIED DWELLINGS LIKELY TO BE USED AS HOLIDAY HOMES AND HOLIDAY RENTALS (2021)

Measure	Result
Total Private Dwellings	28,938
Unoccupied Private Dwellings	10,831
Natural vacancy at 10%[1]	2,894
Balance of housing stock likely to be used as holiday homes and holiday rentals	7,937

Source: ABS, Urban Enterprise. 1. Natural vacancy based on 2021 Census occupancy levels in locations primarily inhabited by permanent residents (eg. Greater Melbourne 10% unoccupied, Wonthaggi 10%).

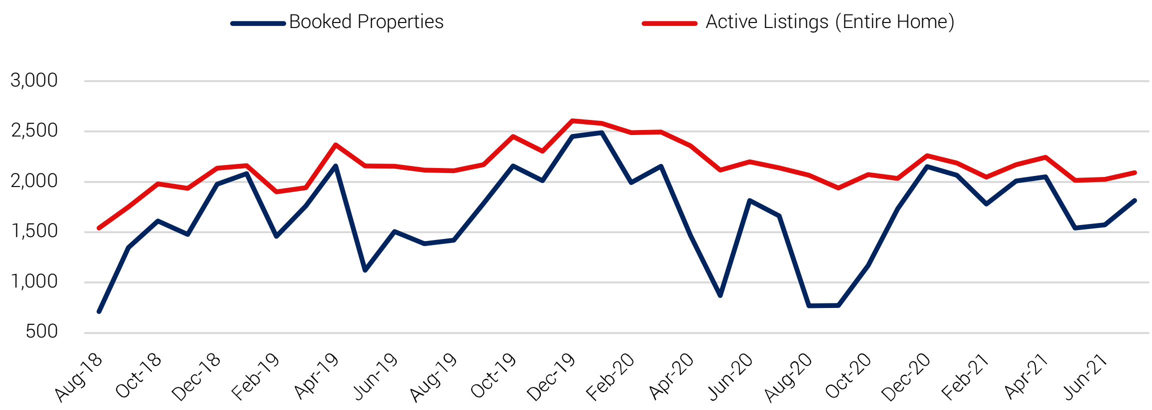
Holiday rental listings

AirDNA collects and publishes aggregated short-stay rental property data for suburbs and municipalities, sourced from active listings across AirBnB, HomeAway and VRBO.

According to AirDNA, in January 2022 there were 2,167 holiday homes categorised as 'active listings'. More than 800 of these listings were in Cowes and Ventnor, accounting for more than a third (37%) of all active listings.

As shown in Figure 8, the number of active listings increased from 1,544 in August 2018 to 2,092 in July 2021, an increase of 9% per annum over the 3 year period.

F8. AIRDNA ACTIVE LISTINGS, BASS COAST



Source: Active short stay holiday home listings, AirDNA, Jan 2021.

The market share of the listings tracked by AirDNA is not known, and other dwellings will be available as holiday rentals through various holiday rental companies and real estate agents.

One indication of the proportion of holiday homes managed by real estate agents is Council data on holiday home registration compiled as part of a local law relating to Short Stay Accommodation. Although the database only relates to registered holiday homes (a fraction of the total), analysis of the dataset shows that approximately 50% of the registered properties are managed by real estate agents, with the remaining 50% registered by individuals and businesses.

Adopting this split, if active listings on AirDNA comprise approximately 50% of the holiday rental market with the remaining properties leased through real estate agents and similar businesses, the overall quantum of holiday rentals would be in the order of 4,000 properties in 2021, which would equate to approximately 14% of the total dwelling stock in 2021. Given the likelihood of some overlap between the two, the number of holiday rental is likely to be somewhere between 2,000 and 4,000 dwellings.

Non-resident ratepayers

Analysis of Bass Coast Shire Council's property rates database found that 74% of residential properties in Bass Coast were owned by individuals or organisations with a postal address in a different postcode to the dwelling address postcode. This confirms that a high proportion of dwellings in the municipality are not owner-occupied, however it is not possible to use this method to further analyse likely tenure breakdowns.

Overall Scale of Holiday Homes and Rentals

Based on the indicators above, it is concluded that in 2021 approximately 27% of dwellings across the municipality (7,900 dwellings) were used for holiday rental or holiday home purposes. Holiday rentals are estimated to comprise approximately one third of this housing stock, with the remainder likely to be used as holiday homes.

Figure 9 depicts the indicative tenure mix between owner occupiers, permanent renters, holiday homes and holiday rentals. This depiction is indicative given the absence of definitive and detailed tenure data; however, it provides a clear indication that a substantial proportion of the Bass Coast housing stock (at least a quarter) is dedicated to accommodating non-permanent residents.

Ongoing competition for housing from owner occupiers, investors and holiday homeowners, especially in coastal settlements, will result in upward pressure on house and rent prices and is an important consideration for the Housing Strategy.

F9. INDICATIVE HOUSING TENURE MIX, 2021

Source: Urban Enterprise. All numbers rounded. Proportions and dwelling numbers are indicative only due to the absence of detailed data on holiday homes, derivation of proportions from multiple sources and timeframes and the variable nature of housing tenure.

4.7. RURAL AND LOW DENSITY HOUSING

Rural areas play an important housing role across Bass Coast. Several precincts of land in the Low Density Residential Zone and Rural Living Zone accommodate lower density housing options.

In total, there are 711 lots in the LDRZ and RLZ across the municipality that are occupied by a dwelling, equating to approximately 3% of the overall dwelling stock. For the purpose of this assessment, all residential lots across the municipality were classified as either occupied or vacant based on the applicable Australian Valuation Property Classification Code (AVPCC).

Analysis of low density and rural living areas is provided as follows.

LOW DENSITY RESIDENTIAL ZONE

Low density lots across Bass Coast are very well occupied and the majority are between 0.2 and 1 hectare.

Coronet Bay, Wonthaggi, San Remo and Cowes are the most prominent locations for low density living and include the greatest number of LDRZ lots (approximately two-thirds combined).

T14. LOT COUNT (BY SIZE), LDRZ BY SETTLEMENT, 2021

Town	<2,000 sqm	2,000-4,000 sqm	4,000-10,000 sqm	1-2 ha	2-5 ha	>5 ha	Total	Occupied lots*
Coronet Bay	1	133	5	4	1	1	144	26
Wonthaggi	2	35	85	8	7	1	138	129
San Remo		4	45	50	1		100	87
Cowes	4	15	49	16	6	2	92	80
Grantville	1		28	17	14	1	61	48
Ventnor		8	36	8	3		55	47
Inverloch	2		31				33	24
Corinella		4	8	4	3	1	20	17
Harmers Haven			19				19	9
Bass			13	3			16	10
Sunderland Bay		3	8	1			12	8
Sunset Strip		2	5	1	1		9	8
Silverleaves		1	6	1			8	6
Rhyll				2			2	2
Total	10	205	338	115	36	5	709	501

Source: Property cadastre, Bass Coast Shire Council 2021, compiled and analysed by Urban Enterprise 2022.

RURAL LIVING ZONE

RLZ lots are mostly in rural areas near the towns of Wonthaggi (Wattle Bank), Inverloch, Kilcunda and Woolamai. RLZ lots are very well occupied, with the majority of lots between 1-5 hectares in area.

T15. LOT COUNT (BY SIZE), RLZ BY SETTLEMENT, 2021

Town	<2,000 sqm	2,000-4,000 sqm	4,000-10,000 sqm	1-2 ha	2-5 ha	>5 ha	Total	Occupied
Wattle Bank				25	78	5	108	93
Inverloch	1			36	9	1	47	41
Wonthaggi			16	8			24	24
Kilcunda		2	11	9	1		23	23
The Gurdies	3		13	2	4		22	15
Woolamai	1	7	6				14	14
Total	5	9	46	80	92	6	238	210

Source: Property cadastre, Bass Coast Shire Council 2021, compiled and analysed by Urban Enterprise 2022.

PART B. DEMAND & DEVELOPMENT

5. HOUSING DEMAND

5.1. OVERVIEW

This section provides an assessment of the strength, profile and nature of demand for housing in Bass Coast Shire. Several demand indicators have been assessed, including historical population and dwelling growth, property market conditions (such as sales volumes and median house prices), supplemented by consultation with real estate agents and developers.

5.2. KEY POINTS

- **The COVID-19 pandemic impacted regional migration patterns, with a notable increase in migration from metropolitan to regional areas. This trend is underpinned by remote work capabilities, perceived health and lifestyle benefits of regional areas over urban areas, and ongoing congestion and affordability challenges in metropolitan Melbourne.**
- **The housing market in Bass Coast has experienced strong demand for housing driven by sustained population growth (due to internal migration), resulting in high sales volumes and price growth, however prices and activity have recently stabilised and in some cases, reduced.**
- **Cowes and Inverloch are the most in-demand locations in Bass Coast Shire. Other popular townships include San Remo, Cape Woolamai, Wonthaggi and Coronet Bay.**
- **There has been a noticeable shift towards permanent buyers over holiday home/investment in recent years.**
- **The buyer profile across Bass Coast is mixed, but primarily consists of:**
    - **Local buyers - seeking to upsize or downsize;**
    - **Intrastate migration – primarily residents within a 100km commuter distance (e.g., Casey, Cardinia, Greater Dandenong, South Gippsland); and**
    - **Investors and lifestyle buyers – primarily holiday home and holiday rentals.**
- **Intrastate buyers are attracted to the lifestyle characteristics, natural and coastal environment, and proximity/access to metropolitan Melbourne.**
- **Demand for medium density housing is anticipated to grow, particularly in the larger settlements of Cowes, Inverloch and Wonthaggi. However, medium density housing remains a secondary market to the primary demand for separate houses and house blocks exceeding 500sqm across Bass Coast.**
- **Demand for rental properties is currently exceeding supply, and there is a lack of rental properties available. As a result, median rents have increased strongly in recent years.**
- **Demand for rural living properties has increased in recent years, resulting in strong price growth for lots around 2ha.**

5.3. RESIDENTIAL MARKET TRENDS, REGIONAL VICTORIA

The impact of the COVID-19 pandemic on housing demand has varied across Victoria. In many regional towns and cities, the pandemic has contributed strongly to intra-state migration from increased movement from metropolitan to regional areas. This trend is influenced to different degrees by greater opportunities for remote work, perceived health and lifestyle benefits of regional areas, and ongoing congestion and affordability challenges in metropolitan Melbourne.

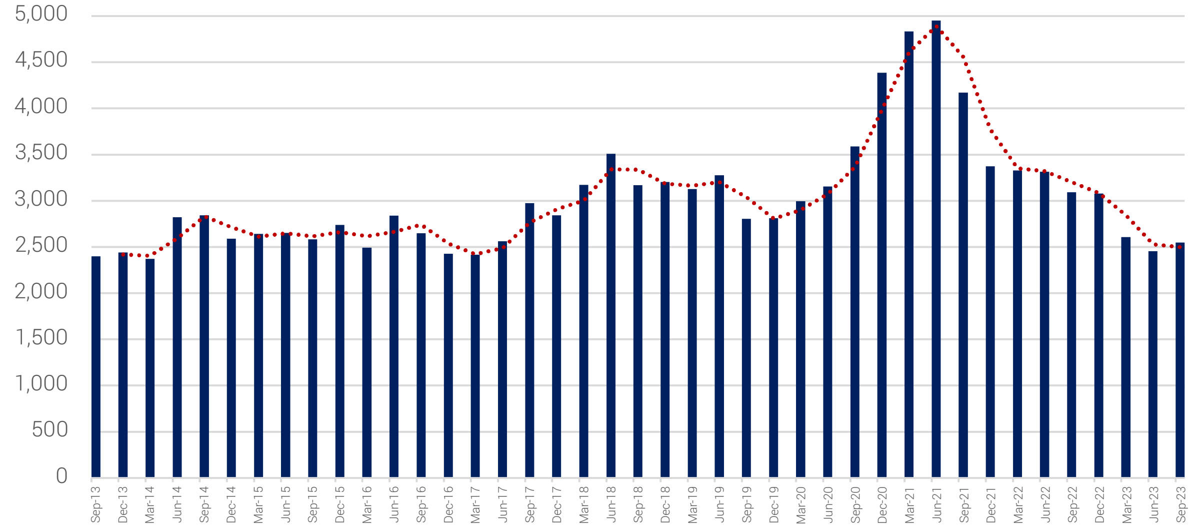
As shown in Figure 10, the mid-2020 to late 2021 period saw regional dwelling approvals reach an unprecedented peak – the 2021 financial year saw a total of almost 18,000 new dwellings approved, almost exactly 50% higher than any of the past 10 financial years and considerably higher than official dwelling projections. This growth was driven by a combination of push and pull factors – the changed lifestyle habits and priorities of workers traditionally anchored to Metropolitan Melbourne saw housing demand pushed into regional areas, whilst the unprecedented level of government stimulus for new house building helped incentivise the move and pulled demand towards greenfield growth areas, especially in peri-urban areas and regional cities.

From 2022 onwards, however, the combination of increasing interest rates, removal of government stimulus, subsiding pandemic-period remote working practices, high inflation and high building costs have combined to dampen demand rates for new dwellings, with dwelling approvals rates in regional Victoria reverting to pre-pandemic levels.

This is also influenced by the 'bring forward effect', with many of those who were considering a move into regional areas having now completed the move during a short space of time; as well as, in some places, a shortage of remaining land supply and active development estates (given that the demand surge resulted in rapid consumption of the available and developable growth areas in many regional towns and cities).

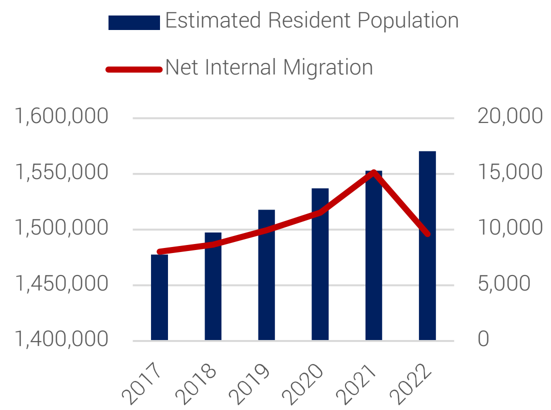
Figures 11 and 12 show the population and property price trends across regional Victoria during this period, confirming that, although population growth is still occurring, net internal migration to regional Victoria has reduced to pre-pandemic levels from the 2021 peak and regional house prices have steadied following a period of rapid increases.

F10. DWELLING APPROVALS, REGIONAL VICTORIA, 2013 - 2023



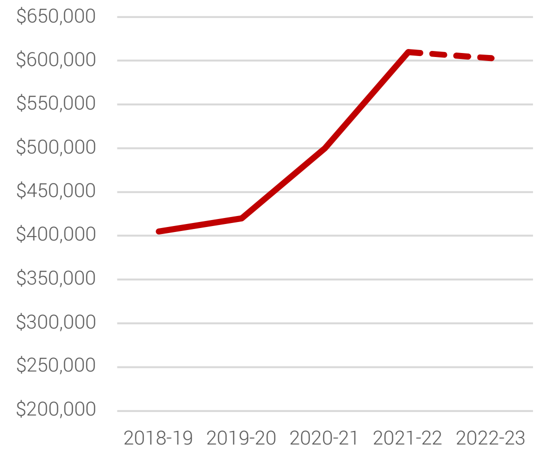
Source: ABS Building Approvals, 2023; Urban Enterprise.

F11. POPULATION AND NET INTERNAL MIGRATION, REGIONAL VICTORIA



Source: ERP, components of population change ABS, 2017-2022.

F12. MEDIAN HOUSE PRICE, REGIONAL VICTORIA

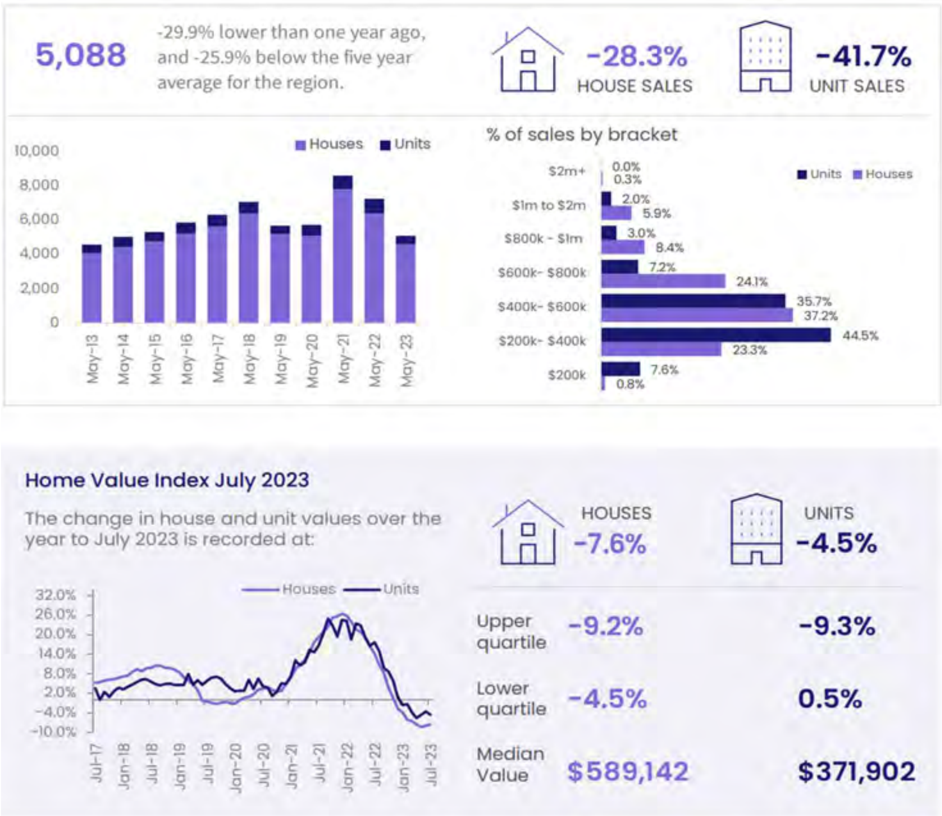


Source: Median house prices, REIV 2017-2023.

LATROBE – GIPPSLAND REGION

Residential sales and house values published in Corelogic's Regional Market Update Report also reflect the reversion of demand rates to pre-pandemic levels and shows an overall decrease in property prices across the region in the preceding 12 months.

F13. DWELLING SALES, GIPPSLAND, MAY 2022 – MAY 2023



Source: Regional Market Update, CoreLogic, August 2023

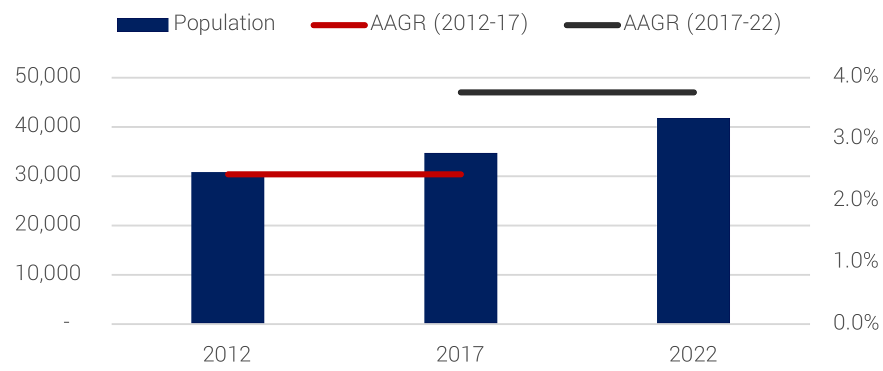
5.4. POPULATION GROWTH

In June 2022, the Estimated Resident Population of Bass Coast Shire was 41,798 persons.

Between 2012 and 2022, the Shire's population increased by almost 11,000 residents. The rate of population growth increased substantially over the past 5 years compared with the preceding 5 years. The average annual growth rate (AAGR) was 2.4% between 2012 and 2017 and 3.8% between 2017 and 2022.

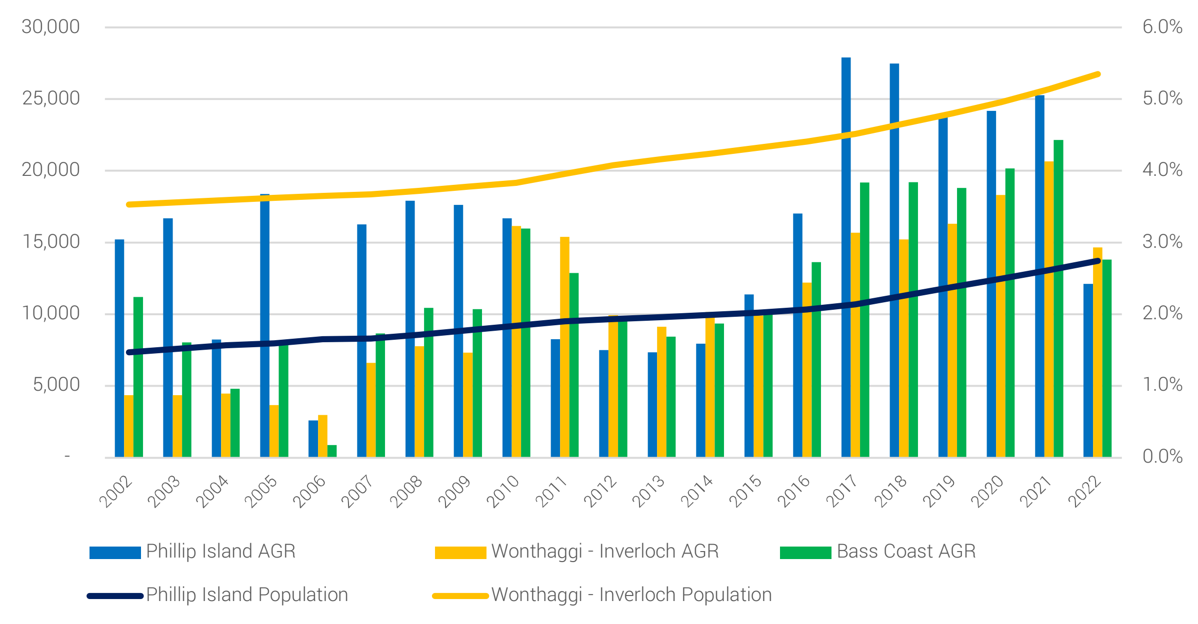
Population growth has occurred on both the mainland and Phillip Island as shown in Figure 15.

F14. POPULATION GROWTH, BASS COAST SHIRE, 2012 TO 2022



Source: ABS; Urban Enterprise. AAGR = Average Annual Growth Rate.

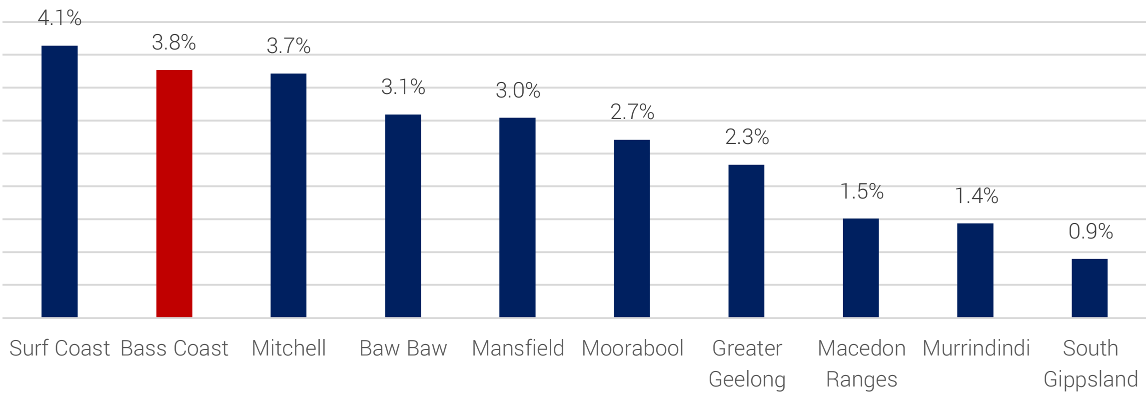
F15. POPULATION GROWTH, PHILLIP ISLAND & MAINLAND, 2002 TO 2022



Source: ABS; Urban Enterprise. AAGR = Average Annual Growth Rate.

Comparing recent growth rates with other peri-urban and 'inner regional' municipalities (Figure 16), Bass Coast Shire experienced the second highest growth rate from 2017 to 2022 (3.8% per annum) behind only Surf Coast (4.1%). It is significant that Bass Coast's population has increased at a faster rate than Mitchell Shire, as the southern part of Mitchell forms part of the northern Melbourne growth corridor.

F16. POPULATION GROWTH (AAGR), PERI-URBAN MUNICIPALITIES, 2017 TO 2022



Source: Estimated Residential Population, Australian Bureau of Statistics, 2017 to 2022.

COMPONENTS OF POPULATION CHANGE

Population growth across Bass Coast is almost entirely attributable to Net Internal Migration.

Between 2019 and 2022, Bass Coast attracted over 4,500 net new migrants from within Australia, accounting for 98% of all population growth in the period. Net overseas migration has remained positive but low, while natural increase continues to be negative (that is, there are more deaths than births).

As shown in Table 17, internal migration is driven by the net attraction of residents from metropolitan Melbourne..

T16. COMPONENTS OF POPULATION CHANGE, BASS COAST, 2019 TO 2022

Year	Natural Increase*	Net Internal Migration	Net Overseas Migration	Total Increase
2019	-34	901	122	989
2020	-51	1,089	86	1124
2021	-75	1,482	-21	1386
2022	-61	1,070	114	1,123
Total	-221	4,542	301	4,622

Source: ERP, components of population change, ABS 2019-22. *Natural increase refers to the number of births minus the number of deaths.

T17. NET INTERNAL MIGRATION, BASS COAST, 2019 TO 2022

Origin	In Migration	Out Migration	Net Migration
Melbourne	2,563	1,324	1,239
Gippsland	451	463	-12
Interstate	159	288	-129
Other Regional Victoria	194	246	-52
Total (all LGAs)	3,367	2,321	1,046

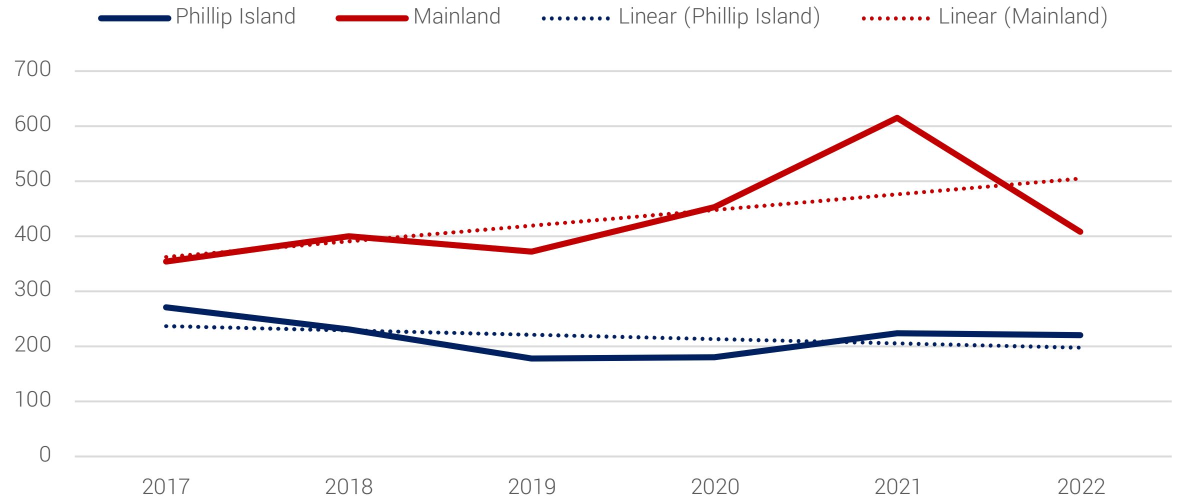
Source: Net internal migration, Bass Coast Shire, ABS 2017922.

5.5. DWELLING GROWTH

Dwelling approval data shows that over the period 2017 - 2022, Bass Coast recorded an average of 653 new dwelling approvals per annum. Phillip Island accounted for one third of approvals (220 per annum) and the mainland accounted for two-thirds (433 per annum).

Section 6 provides detailed analysis of recent residential development activity by location and type.

F17. DWELLING APPROVALS, 2017 TO 2022



Source: Private dwelling approvals, Bass Coast Shire, ABS 2017-22 (calendar years), compiled and analysed by Urban Enterprise.

5.6. PROPERTY MARKET INDICATORS

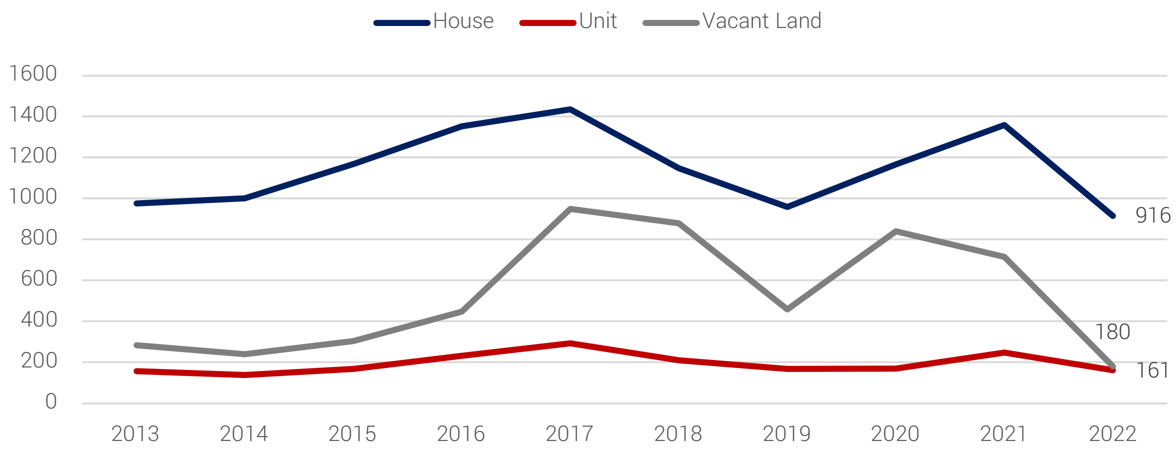
Another important indicator of housing demand relates to residential property transactions and price trends, including volume of sales and house values. An uplift in sales activity and price growth can point to elevated buyer competition in a housing market and can highlight fluctuations and trends.

The settlement data areas referenced in this section are different to the 'District' area boundaries that were referred to in previous sections. Settlement boundaries referred to in this section are provided in Appendix A.

5.6.1. VOLUME OF SALES

Since 2013, Bass Coast Shire has averaged around 1,148 house sales per annum, with peaks in 2017 (1,436 sales) and 2021 (1,369 sales). Sales volumes in 2022 reduced noticeably, especially for houses and vacant lots.

F18. VOLUME OF SALES, BASS COAST, 2013 TO 2022

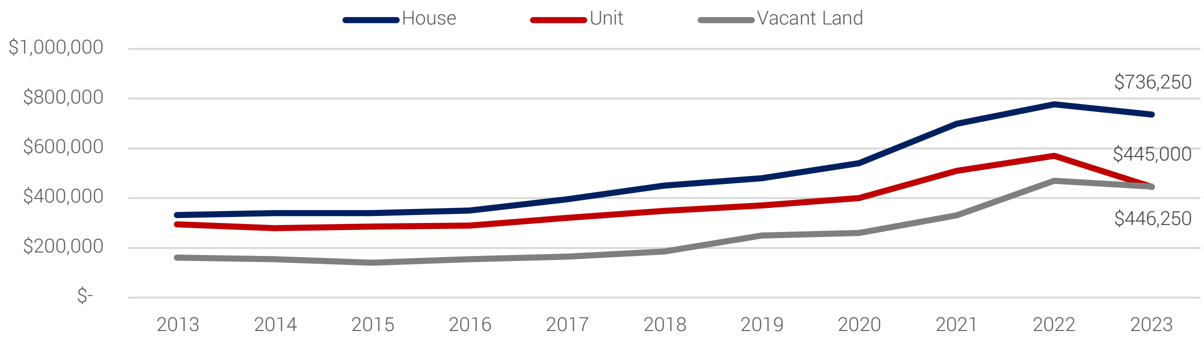


Source: Sales, Bass Coast Shire, A Guide to Property Values, Valuer General, 2023.

5.6.2. RESIDENTIAL PROPERTY VALUES

Median residential property prices across Bass Coast have experienced strong growth in recent years, with prices of houses, units and vacant house blocks all increasing. The median house price increased at 8.3% per annum over the past 10 years, whilst vacant land increased at 10.7% per annum. Prices decreased slightly in 2023 (especially for units), however the median house and vacant land prices remain considerably higher than pre-pandemic.

F19. MEDIAN PROPERTY VALUES, BASS COAST



Source: Median Property Values, Bass Coast Shire, A Guide to Property Values, Valuer General, 2023.* Note: 2023 price data is based on a small number of sales are preliminary only.

MEDIAN HOUSE PRICE GROWTH BY SETTLEMENT

Settlements across Bass Coast have recorded consistent house price growth over the past decade. Recent years have seen a major surge, although as with the rest of Regional Victoria and Gippsland, prices are now stabilising or reducing.

Over the period 2012 – 2022, all settlements assessed experienced median house price growth of at least 7% per annum. In 2022, the locations with the highest median house price were the coastal settlements of San Remo, Inverloch and Smiths Beach.

T18. MEDIAN HOUSE VALUES BY SETTLEMENT, 2012 TO 2022

Town	2012	2022	AAGR 2012-22
Phillip Island			
Cowes	$380,000	$875,000	8.70%
Cowes West	$345,000	$820,000	9.04%
Ventnor	$363,500	$867,500	9.09%
Wimbledon Heights	$290,000	$670,000	8.73%
Rhyll	$400,000	$925,000	8.74%
Sunset Strip	$286,500	$754,000	10.16%
Smiths Beach	$430,000	$980,000	8.59%
Sunderland Bay	$265,000	$677,500	9.84%
Surf Beach	$350,000	$890,000	9.78%
Newhaven	$360,000	$897,500	9.57%
Mainland			
San Remo	$402,500	$1,020,000	9.74%
Corinella	$290,000	$777,500	10.36%
Coronet Bay	$222,500	$635,000	11.06%
Grantville	$245,000	$622,500	9.77%
Pioneer Bay	$235,000	$491,500	7.66%
Kilcunda	$350,000	$900,000	9.90%
Dalyston	$210,000	$580,000	10.69%
Wonthaggi	$229,000	$610,000	10.29%
North Wonthaggi	$256,000	$667,000	10.05%
Cape Paterson	$348,000	$900,000	9.97%
Inverloch	$420,000	$985,000	8.90%
Bass Coast	$330,000	$776,888	8.94%

Source: Median house values, A Guide to Property Values, Valuer General, 2012-22.

Consultation with agents revealed that there was a flurry of buyer interest through 2020 and 2021, but that interest slowed somewhat in 2022. High demand was driven by buyers seeking both permanent housing and holiday homes, with the main driver being permanent resident buyers from municipalities in the southeast of Melbourne such as Cardinia, Casey and Greater Dandenong.

Agents suggested that the key reason for accelerated price growth was a sustained period of high demand alongside limited housing stock available but acknowledged that these conditions cooled in the first half of 2022.

VACANT HOUSE LOTS

Table 19 shows median prices for vacant house blocks in Bass Coast towns for which data is available, an indication of demand for new housing in greenfield locations.

The median vacant lot price has increased substantially over the period (+11.4% per annum across the municipality), with particularly strong increases observed in Cowes, Coronet Bay and Cape Paterson.

T19. MEDIAN VACANT HOUSE BLOCK PRICE BY SETTLEMENT, 2012 TO 2022

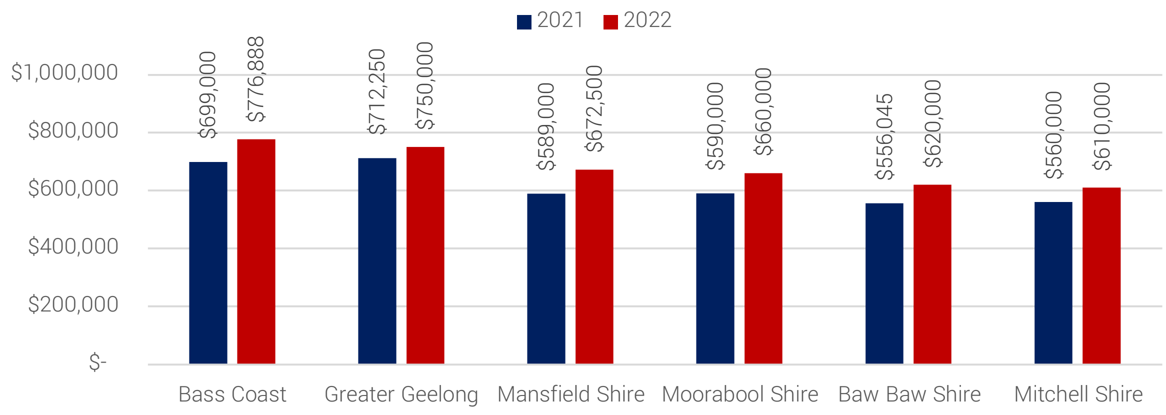
Town	2012	2022	AAGR 2012-22
Cape Paterson	$210,500	$697,500	12.7%
Corinella	$174,000	$420,000	9.2%
Coronet Bay	$120,000	$510,000	15.6%
Cowes	$172,000	Not available	-
Cowes West	$145,000	$580,000	14.9%
Dalyston	$125,000	$309,000	9.5%
Grantville	$126,000	$358,500	11.0%
Inverloch	$199,000	$595,000	11.6%
Kilcunda	$221,500	$485,000	8.2%
North Wonthaggi	$137,000	$352,500	9.9%
San Remo	$270,000	$489,000	6.1%
Wonthaggi	$107,000	$330,000	11.9%
Bass Coast	$160,000	$470,000	11.4%

Source: A Guide to Property Values, Valuer General, 2023. Vacant lot sales data not published for all towns.

OTHER REGIONAL LGA MEDIAN PRICE TRENDS

Substantial price growth has also occurred in other inner regional municipalities as shown in Figure 20, indicating that the trend is not isolated to Bass Coast. The median house price in Bass Coast is, however, currently substantially higher than that of inland peri-urban municipalities including Moorabool, Mitchell, Baw Baw and Mansfield Shire, and is comparable to Greater Geelong.

F20. MEDIAN HOUSE PRICE BY LGA, 2021 & 2022



Source: A Guide to Property Values, Valuer General, 2023.

5.7. PROPERTY MARKET DEMAND COMMENTARY

Consultation with agents and developers active in Bass Coast was undertaken to gather insights and commentary into current and recent housing market conditions, including the rental market and rural living.

Consultation findings are summarised below.

HOUSING DEMAND

- The most popular locations of residential demand in recent years have been Cowes and Inverloch.
- Other Settlements that have experienced high demand include San Remo, Cape Woolamai and Coronet Bay.
- Residential demand in Wonthaggi increased during the pandemic, particularly house and land packages in new estates (i.e., north east growth corridor). Demand has since normalised to historical levels.
- Popularity and interest in Wonthaggi increased due to the affordability of housing products relative to other locations.

TENURE

- There has been a shift in recent years (including prior to the pandemic) towards buyers seeking permanent housing across Bass Coast.
- Agents estimate that at least 80% of buyers in Cowes, other Phillip Island settlements and San Remo are now seeking a permanent residence as opposed to a holiday home or investment property.
- Inverloch remains a very popular location for holiday homes. Many older buyers (e.g., semi retirees and retirees) have purchased a holiday home in Inverloch with the intention of moving there permanently in the future. This trend is also evident on Phillip Island. As a result, housing stock is turning over slowly - agents indicated that the average turnover period has increased from 3 years to 8 years which is restricting housing availability to new buyers.
- Service authorities have anecdotally reported more regular usage of services such as water throughout the year (i.e., a reduction in seasonal usage), corroborating the agents' views that housing occupation is becoming more permanent.

BUYER PROFILE

- The buyer profile is mixed, but primarily consists of:
  - Residents within a 100km travel distance of Bass Coast (e.g., Casey, Cardinia, Greater Dandenong, South Gippsland);
  - Local buyers seeking to upsize or downsize; and
  - Investors and lifestyle buyers (especially holiday home and holiday rentals purchasers).
- Permanent resident buyers are attracted to the lifestyle characteristics, natural and coastal environment and proximity to the outer metropolitan areas.
- Wonthaggi buyers are primarily Bass Coast locals who are employed in the Shire and are seeking affordable housing stock.

LOT SIZES

- The most in-demand lot sizes are at conventional densities (~500 sqm).
- In Wonthaggi, there is growing demand for both smaller (~300-400sqm) and larger lot sizes (~900-1,000 sqm).
- In San Remo and Phillip Island Hamlets, there is growing demand for larger lots to accommodate vehicles, boats and caravans.
- Larger, lifestyle allotments are attracting interest across the Waterline townships.

- Developers and agents were of the view that that demand for medium density housing is likely to increase, particularly in Cowes, Inverloch and Wonthaggi. They also suggested that masterplanned communities should designate areas to accommodate medium density product.

RENTAL MARKET

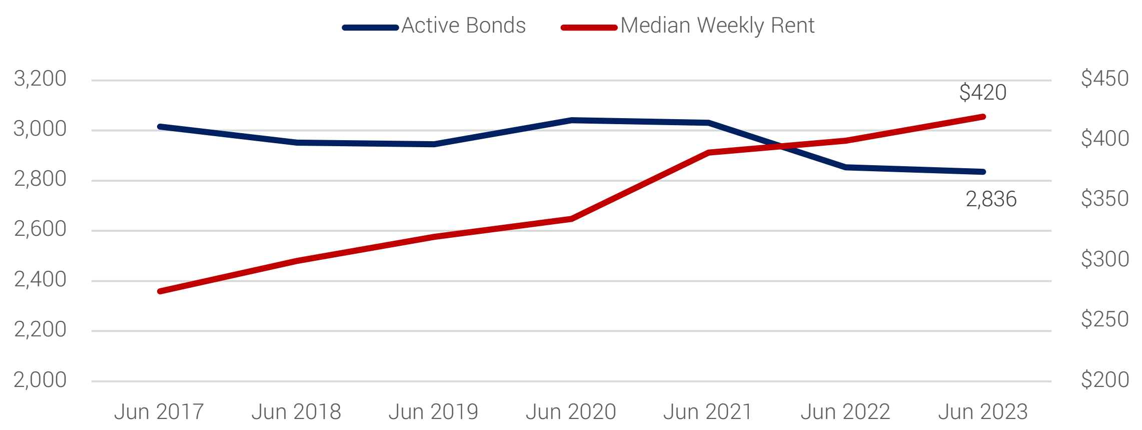
- Demand for rental properties is currently exceeding supply, and there is a lack of rental properties available.
- Agents are currently receiving a substantial level of applications for newly listed rental properties (upwards of 25 applications per listing).
- As a result of strong demand and limited supply, median rents have increased to approximately $350 in locations such as Grantville and other Waterline towns and reached $450 in San Remo and Phillip Island.
- It is common for rental tenants to have recently left Bass Coast due to being priced out and are forced to relocate to areas such as the Latrobe Valley.

This commentary is confirmed by rental data shown in Figure 21 which demonstrates that the overall rental stock has not increased over the past 5 years (and has decreased since 2021), concurrent to rent payments increasing at an average of 7% per annum since 2017.

Agents were of the view that rents are increasing alongside property value growth and noted that when rental properties are sold, existing tenants are often unable to afford higher weekly rent repayments and often move to other more affordable rental locations such as the Latrobe Valley.

Potential causes of a lack of rental properties available to the market include higher property prices which are forcing potential investors out of the market and a greater proportion of buyers seeking to permanently live within the Shire.

F21. ACTIVE BONDS & MEDIAN RENTS (PER WEEK), BASS COAST SHIRE, JUN 2017 TO JUN 2023



Source: Active bonds / median rents, Bass Coast Shire, Rental Report, Department of Health, 2023.

RURAL LIVING

- Demand for house and land product in rural living areas had remained relatively consistent over a long period, although stronger demand conditions have been experienced over the past 6-12 months. This has manifested in strong price growth, with the median property value doubling to $700,000 for a 2 ha lot and reaching $1.1 million for a property with a dwelling.
- Overall, rural living properties record a low number of days on the market. If a rural living property is not sold within the first week, they are typically sold within a month.
- The rural living market typically attracts a mix of local and Melbourne buyers (mostly families and semi-retirees) who would like to be located proximate to Wonthaggi.
- RLZ properties typically remain in the same ownership for 5 years to 10 years before being turned over.

6. RESIDENTIAL DEVELOPMENT ACTIVITY

6.1. OVERVIEW

This section includes an assessment of dwelling, building and subdivision data which demonstrates the location, type and scale of development activity that has taken place in Bass Coast Shire's settlements in recent years.

6.2. KEY POINTS

- **Over the past 5 years, Bass Coast has experienced an average of 653 dwelling approvals per annum. Approvals rates have been higher since the commencement of the COVID pandemic.**
- **Residential development activity has been strongest in the major towns of Cowes, Wonthaggi, Inverloch and San Remo, with recent increases observed in Wonthaggi and San Remo.**
- **Residential development activity in Bass Coast is heavily weighted towards greenfield housing at conventional densities in the GRZ (~500-800sqm lots), however many established areas are also experiencing infill development in 2-5 lot subdivisions.**
- **Although infill and medium density housing makes up a small proportion of the development activity in Bass Coast (approximately 5%), proposed apartment developments are emerging in certain locations such as Cowes and San Remo.**
- **Increasing land and house prices in Bass Coast are likely to improve the appeal of higher density housing to buyers and developers alike, however this dwelling type only appeals to a relatively narrow segment of the market at present.**
- **Since 2014, dwelling approvals in rural areas have accounted for 8% of all approvals in Bass Coast. When larger developments have occurred in the RLZ and LDRZ in recent years, lots have sold quickly and prices have increased strongly, indicating that development activity in these zones may not be keeping pace with demand.**
- **Property sector consultees identified that land supply constraints in some areas and long planning timeframes are likely to have limited development activity to some extent, and that in the short term at least, there is likely to be a degree of latent demand for new residential lots in parts of the municipality.**

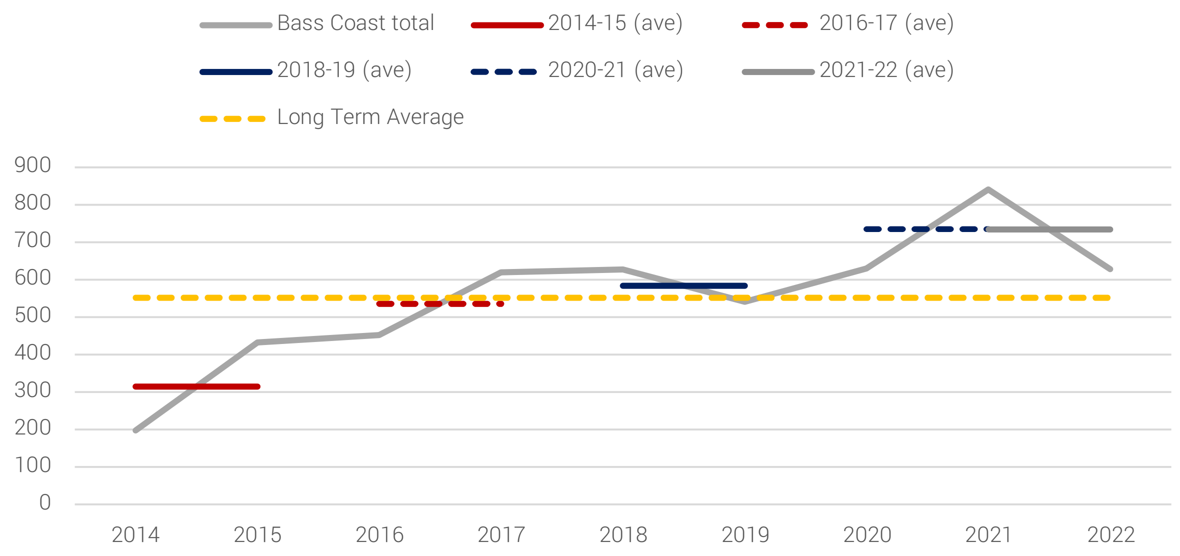
6.3. BASS COAST SHIRE

A key indicator of expressed housing demand is dwelling approvals, albeit approvals can only occur where there is land supply and capacity for development to occur.

Bass Coast has experienced a long term average of 552 new dwellings approved per year from 2014 - 2022. The approvals rate has generally increased over the period, with a peak of 841 approvals in 2021.

An average of 653 dwellings were approved per annum over the past 5 completed calendar years (i.e. 2017 – 2022 inclusive).

F22. PRIVATE NEW DWELLING APPROVALS, 2014 TO 2022, BASS COAST



Source: Private dwelling approvals, Bass Coast Shire, ABS 2014-22 (calendar years), compiled and analysed by Urban Enterprise, 2023.

6.4. PHILLIP ISLAND AND MAINLAND

Since 2014, mainland settlements have accounted for more than half of new dwelling approvals (57%), followed by Phillip Island settlements (36%), with the balance (7%) dispersed across rural areas.

Key observations are as follows:

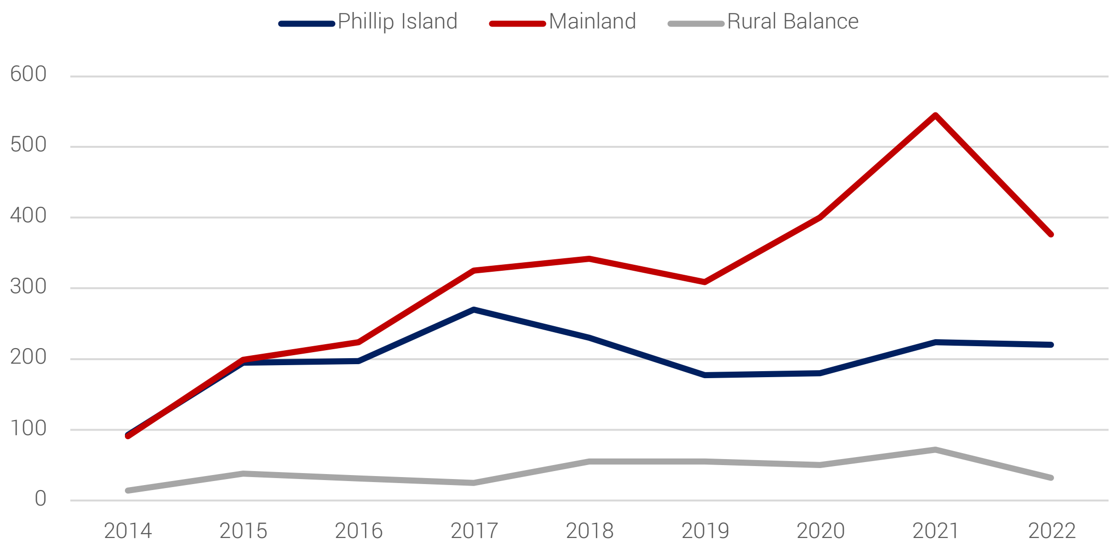
In Phillip Island settlements:

- There was an average of 198 dwelling approvals p.a. with a peak in 2017 (270 approvals).
- Approvals have remained consistent with previous years in 2022, with 220 dwellings approved. This differs from the reduction in approvals activity across the municipality as a whole and also evident in other parts of Regional Victoria.
- Approvals have declined slightly since the 2017 peak, a result which some consultees noted is primarily due to declining availability of broadhectare residential land supply.

In mainland settlements:

- There was an average of 312 dwelling approvals p.a.
- Approvals increased substantially in 2020 and 2021, with a peak of 545 dwellings approved in 2021. Approvals decreased to 376 in 2022, a return to the volume of approvals pre-pandemic.

F23. DWELLING APPROVALS, 2014 TO 2022, BY DISTRICT GROUPING



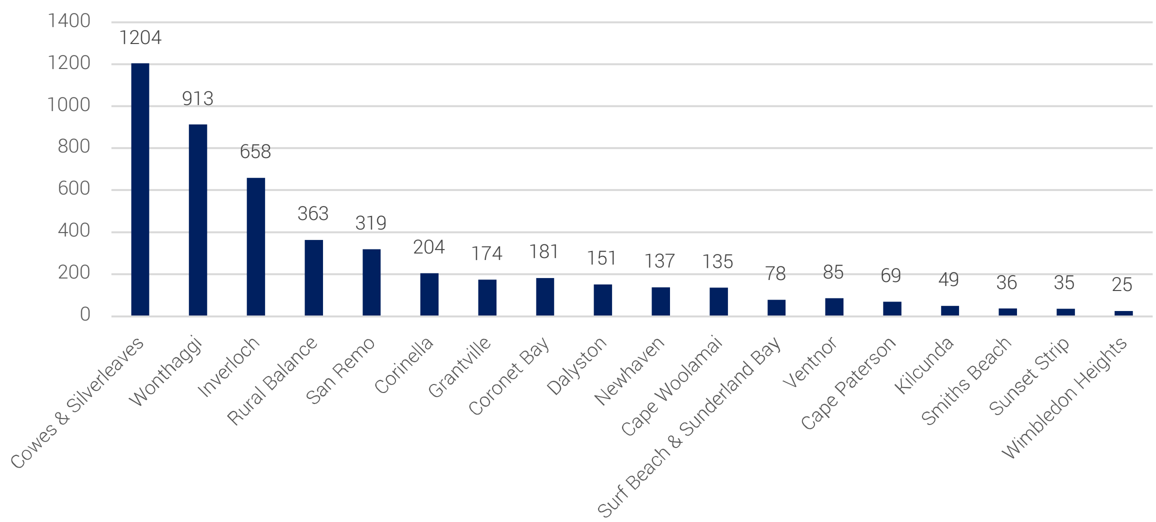
Source: Private dwelling approvals, Bass Coast Shire, ABS 2014-22 (calendar years), compiled and analysed by Urban Enterprise, 2023.

6.5. SETTLEMENTS

Figure 24 shows the total number of dwelling approvals over the period 2014 to 2022 by settlement. Settlement level data was obtained by compiling SA1 results - Appendix A shows SA1 data area maps.

The greatest number of approvals occurred in Cowes (1,204), followed by Wonthaggi (913) and Inverloch (658).

F24. DWELLING APPROVALS BY SETTLEMENT, 2014 TO 2022

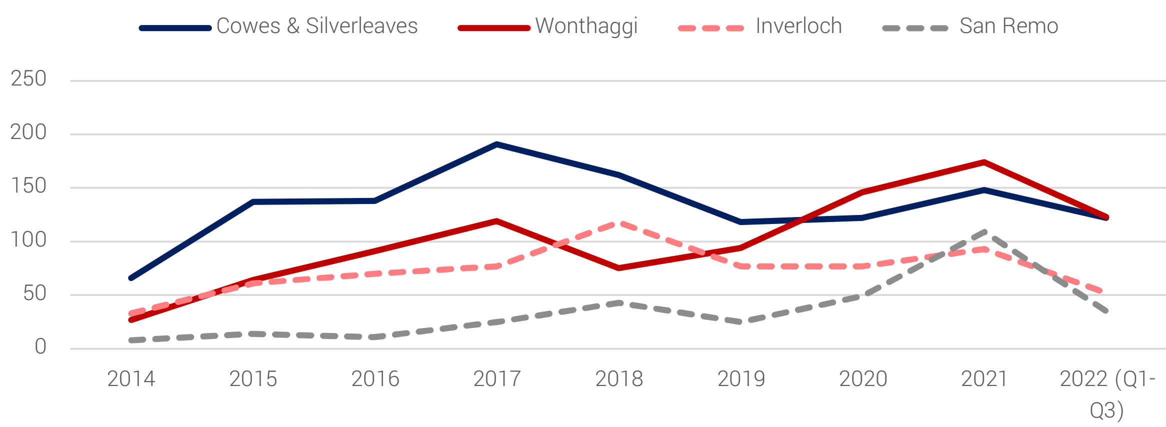


Source: Private dwelling approvals, ABS 2014-2022 (calendar years, 2022 excludes Dec Qtr), compiled and analysed by Urban Enterprise, 2023.

As shown in Figure 25, Wonthaggi and San Remo experienced strong increases in approvals activity between 2018 and 2021, primarily enabled by greenfield subdivisions that have occurred. In 2020 and 2021, Wonthaggi was the location of greatest approvals, followed by Cowes.

Approvals in Inverloch and Cowes have remained stable or declined over the past 5 years, a result that is primarily due to limited remaining broadhectare land supply.

F25. APPROVALS BY MAJOR SETTLEMENT, 2014 TO 2022



Source: Private dwelling approvals, Bass Coast Shire, ABS 2014-22 (calendar years), compiled and analysed by Urban Enterprise, 2023. Note: 2022 figures contain data up to Q3 only.

6.6. RESIDENTIAL SUBDIVISION

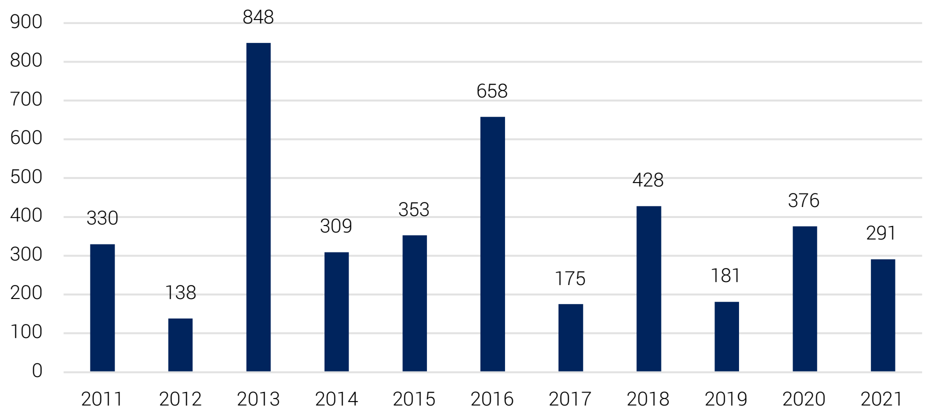
6.6.1. NET LOTS APPROVED

The volume of subdivision activity in Bass Coast Shire was highly variable over the period 2011 to 2021 as shown in Figure 26, with an average of 372 new lots approved for creation per annum from 2011 to 2021.

As with dwelling approvals, Cowes recorded the most substantial subdivision activity in Bass Coast Shire (43%), with around 1,750 new lots approved for creation. In the order of 530-550 new lots were approved for creation over the period in each Wonthaggi and Inverloch.

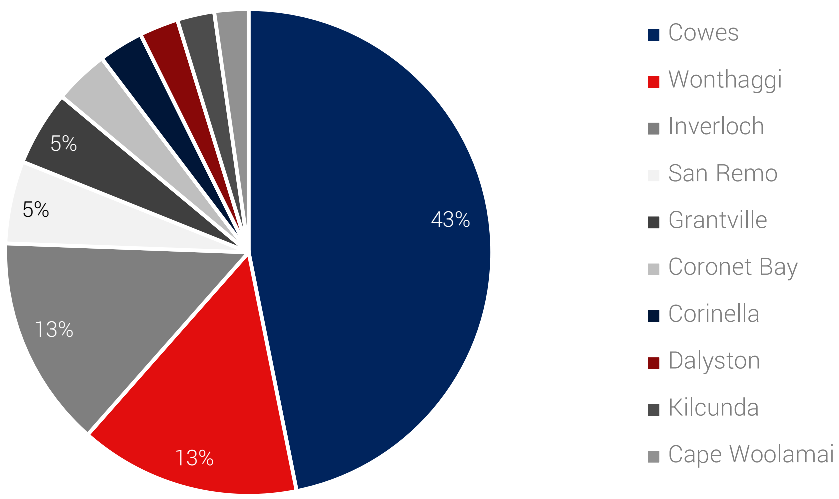
The balance of new lots approved for creation were dispersed across San Remo, Grantville, Coronet Bay, Corinella, Dalyston, Kilcunda and Cape Woolamai; indicating that small scale residential development has occurred across many townships.

F26. NET LOTS APPROVED FOR CREATION BY SUBDIVISION, BASS COAST, 2011-2021



Source: Residential subdivision permit application data, Bass Coast Shire 2011-21 (calendar years), compiled and analysed by Urban Enterprise, 2022.

F27. PROPORTION OF NET LOTS APPROVED FOR CREATION BY LOCALITY 2011-2021



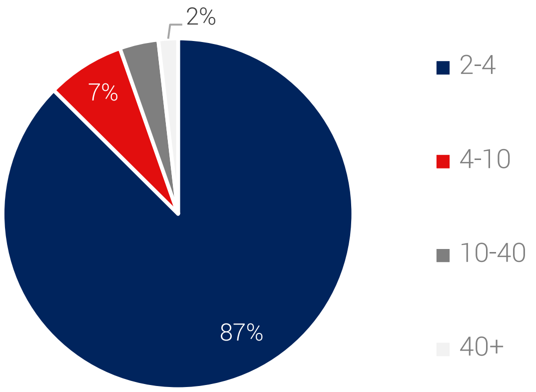
Source: Residential subdivision permit application data, Bass Coast Shire 2011-21 (calendar years), compiled and analysed by Urban Enterprise, 2022.

6.6.2. SCALE AND ZONE

Residential development activity in Bass Coast mostly occurs in greenfield areas. When the number of subdivision permits is considered, smaller 2-5 lot subdivisions are the most common subdivision size approved, mostly for development in established residential areas.

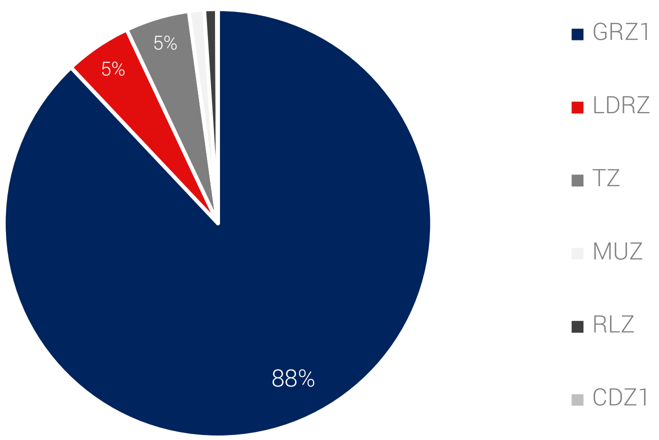
As shown in Figure 29, 88% of lots created by subdivision since 2011 have occurred in the General Residential Zone, with most of the balance located in the LDRZ and TZ.

F28. SUBDIVISIONS BY NUMBER OF LOTS APPROVED FOR CREATION, BASS COAST, 2011-2021



Source: Residential subdivision permit application data, Bass Coast Shire 2011-21 (calendar years), compiled and analysed by Urban Enterprise, 2022.

F29. TOTAL NET LOTS APPROVED FOR CREATION BY ZONE, 2011 TO 2021



Source: Residential subdivision permit application data, Bass Coast Shire 2011-21 (calendar years), compiled and analysed by Urban Enterprise, 2022.

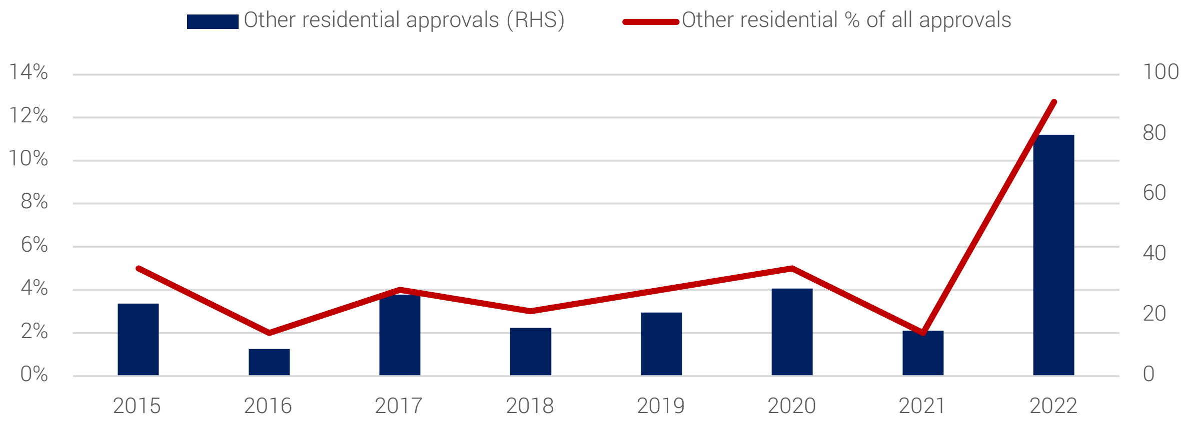
6.7. INFILL AND MEDIUM DENSITY DEVELOPMENT

Infill and medium density housing (classified by the ABS as 'other' dwellings, a category which includes townhouses, units and apartments) has historically made up a small proportion of the development activity in Bass Coast, comprising around 3% of all residential dwelling approvals between 2015 and 2021. In 2022, however, infill and medium density dwellings comprised 13% of all approvals (80 'other' dwellings approved), increasing the proportion of approvals that are infill or medium density to 5%.

In volume terms, the number of other dwelling approvals remained low over the period 2015-2021, averaging 20 per annum, before the 2022 increase.

Of all new 'other residential' dwellings approved since 2015, 58% were located on Phillip Island and 42% on the mainland.

F30. 'OTHER RESIDENTIAL' NEW BUILDING APPROVALS, BASS COAST 2015 TO 2022



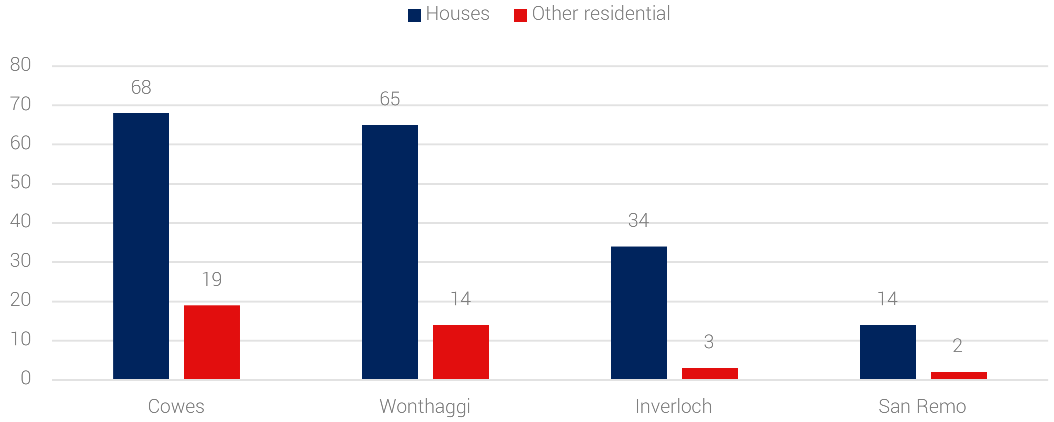
Source: Other Residential Building Approvals, Bass Coast, ABS, 2015 to 2022. Other residential includes semidetached houses, townhouses; units and apartments. LHS and RHS refers to 'Left Hand Side' Axis and 'Right Hand Side' Axis of the graph.

DWELLING APPROVALS BY ACTIVITY CENTRE AND IMMEDIATE SURROUNDS

Bass Coast planning policy identifies Activity Centres of major settlements as the focus for greater housing intensification. Activity Centre boundaries are shown in Section 10.

Over the past 8 years, the Activity Centres and immediate surrounds of Cowes, Wonthaggi, Inverloch and San Remo were the location of a combined total of 216 dwelling approvals, the majority of which are classified as houses. Approvals in Activity Centres and immediate surrounds accounted for 5% of all approvals in the municipality during that period.

F31. BUILDING APPROVALS BY ACTIVITY CENTRE, 2014 TO 2021



Source: Private dwelling approvals, Bass Coast Shire, ABS 2014-21 (calendar years), compiled and analysed by Urban Enterprise, 2022.

Data relates to SA1s of best fit to Activity Centre boundaries and generally capture the activity centre and immediate surrounds. Grantville Activity Centre analysis was not possible due to SA1 boundaries.

EMERGENCE OF APARTMENT DEVELOPMENT

Apartment housing is uncommon in Bass Coast – at the 2021 Census, flats and apartments comprised just 1.5% of the overall dwelling stock (257 occupied dwellings), with only 39 of those dwellings in buildings of 3 or more storeys.

In Cowes, many existing apartments and units are in older low-rise buildings, many of which are utilised for short stay rentals/visitor accommodation.

In recent years, apartment development has emerged in selected areas as a viable proposition, particularly in the coastal towns of Cowes and San Remo. This is demonstrated by the case studies summarised in Table 20 which include The Atrium in Cowes and Water’s Edge in San Remo. These developments are targeting a mix of owner occupiers, as well as investors seeking to utilise the property for short term or permanent rental purposes.

The advertised sales prices for ‘The Atrium’ indicate a premium price point for apartments, with 3-bedroom dwellings ranging between $669,000 to $979,000.

T20. CASE STUDY APARTMENT DEVELOPMENT PROPOSALS

	The Atrium	Water’s Edge
Location	46-48 Chapel Street, Cowes	131-133 Marine Parade, San Remo
Dwelling Yield	44 apartments	22 apartments
Storeys	5	3
Dwelling mix	2 and 3 bedroom apartments	2 and 3 bedroom apartments
Construction Status	Construction not yet commenced	Construction not yet commenced
Advertised selling prices	3-bedroom apartments ($669,000-$979,000)	Unavailable.
		

Source: RealEstate.com, accessed May 2022.

6.8. RURAL AREAS

Residential development across Bass Coast's rural areas is considered in this section, focusing on zones outside the settlement boundaries.

6.8.1. BUILDING APPROVALS IN RURAL AREAS

Building approvals data published by the ABS was filtered to rural areas only by removing areas within the municipality's settlements as shown in Appendix A. Due to data area boundaries, some smaller hamlets are included in the 'rural' definition such as Jam Jerrup and Tenby Point.

Since 2014, around 330 dwellings have been approved across rural areas, accounting for approximately 8% of all approvals in Bass Coast.

Approximately two-thirds of rural area dwelling approvals (64%) have been recorded on the mainland, in areas surrounding Wonthaggi, Inverloch and Cape Paterson, including:

- 124 approvals in the Wonthaggi, Cape Paterson and Inverloch rural corridor;
- 60 approvals in the Dalyston Kilcunda rural area; and
- 28 approvals in the northeast Inverloch rural area.

Very limited dwelling approvals have been recorded in other rural areas, as shown in Table 21.

T21. BUILDING APPROVALS IN RURAL AREAS, 2014-2021

Rural area	Approvals	%
Wonthaggi, Cape Paterson, Inverloch rural corridor	124	37%
Dalyston, Kilcunda rural areas	60	18%
Woolamai, Ryanston, Almurta and Lance Creek	48	15%
Bass, Anderson, Glen Forbes, and Tenby Point	37	11%
North East Inverloch	28	8%
Jam Jerrup, The Gurdies, Woodleigh	27	8%
Phillip Island rural areas	7	2%
Rural areas total	331	100%

Source: Private dwelling approvals, Bass Coast Shire, ABS 2014-21 (calendar years), compiled and analysed by Urban Enterprise, 2022.

6.8.2. SUBDIVISION IN THE RLZ AND LDRZ

Subdivision data in zones which generally accommodate lower density and rural lifestyle properties is summarised in Table 22. This shows that:

- 205 net additional lots were created by subdivision in the LDRZ over the period 2011 to 2021. The most common locations were Waterline Townships (36%, predominantly Coronet Bay) and Inverloch (32%). This equates to 21 new lots created per annum in the LDRZ.
- 39 new lots created in the RLZ, 95% of which were in the Wattle Bank RLZ, equating to an average of 2 lots per annum.

T22. NET ADDITIONAL LOTS CREATED BY SUBDIVISION, LDRZ AND RLZ, 2011 – 2021

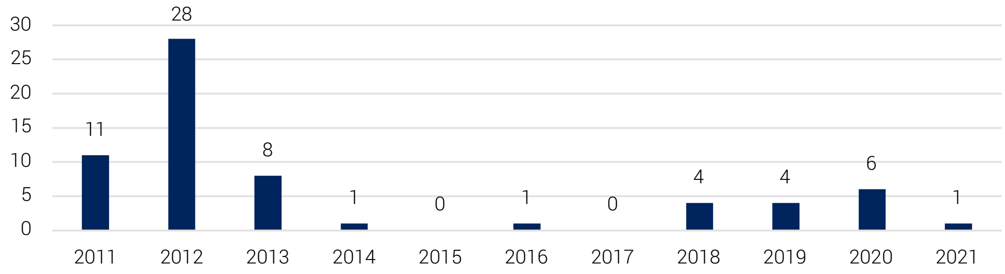
Rural area	Net additional lots created
Low Density Residential Zone	205
Rural Living Zone	39

Source: Urban Enterprise, based on Bass Coast Shire Subdivision data.

6.8.3. SUBDIVISIONS IN THE FARMING ZONE

Subdivision of land in the Farming Zone (FZ) can indicate unmet demand for lifestyle properties in the LDRZ and RLZ. Analysis of Council's subdivision application data shows that 64 new lots were approved for creation in the FZ between 2011 and 2021, with the majority of new lots approved to be created in the vicinity of Inverloch and Harmers Haven. Subdivision data is summarised in Figure 32.

F32. NET LOTS CREATED, SUBDIVISIONS IN THE FZ, BASS COAST, 2011 TO 2021



Source: Residential subdivision permit application data, Bass Coast Shire 2011-21 (calendar years), compiled and analysed by Urban Enterprise, 2022.

6.8.4. LOW DENSITY RESIDENTIAL DEVELOMPENT CASE STUDY

To provide an indication of development activity and demand in the Low Density Residential Zone, a review of lot sales in the most recent subdivisions in Coronet Bay has been undertaken. This area was selected because it is the main location of multi-stage development in the LDRZ in the municipality.

Data on the volume of sales and selling prices in the Coronet Bay LDRZ from 2021 to 2022 is analysed in Table 23 alongside lot sales in the GRZ in Coronet Bay over the same period. The LDRZ properties primarily relate to a low density subdivision approved in 2020 which is now complete and approximately 75% of lots are occupied with a dwelling.

LDRZ lots have recorded strong price growth in a 12-18 month period, increasing from around $170 per sqm (land value) to $250sqm in a relatively short period. Most recently, the median lot sale price (approx. 2,300 sqm) in Coronet Bay reached $575,000.

The quick take-up rate and price growth recorded over a short period in Coronet Bay indicates that low density is an attractive product to the market when development activity can occur. Although land values are notably higher for GRZ lots in Coronet Bay, median selling prices did not demonstrate the same growth as the LDRZ lots.

T23. LOT SALES, LDRZ & GRZ, CORONET BAY, 2020 & 2021

Zone	Time Period	No. of lot sales	Average Lot Size	Median Sales Price	$ per sqm
LDRZ	2021 (Q2 & Q3)	14	2,122	$360,000	$170
	2022 (Q1 & Q2)	8	2,134	$523,500	$245
	2022 (Q3)	4	2,292	$575,000	$250
	Total	26	2,152	$415,000	$193
GRZ	2021 (Q2 & Q3)	17	522	$247,000	$473
	2022 (Q1 & Q2)	5	536	$317,000	$591
	2022 (Q3)	3	569	$285,000	$501
	Total	25	530	$255,000	$481

Source: Advertised sales, RealEstate.com, accessed May 2022.

6.9. DEVELOPMENT INDUSTRY CONSULTATION

Consultation with real estate agents and developers revealed the following property industry views regarding development activity and the extent to which this is influenced by factors outside the controls of developers:

- Several consultees identified that developers are currently struggling to release lots quickly enough to meet demand, in part influenced by a lack of active developments, planning timeframes and greater need for government investment in urban growth infrastructure.
- A lack of broadhectare land supply on Phillip Island is limiting development opportunities, as well as Inverloch.
- Difficulty in obtaining planning approvals for smaller and infill developments can deter and slow this type of development, especially given most relevant landowners are not experienced developers.

The consultation indicates that land supply and planning timeframes are likely to have limited development activity to some extent, and that in the short term at least, there is likely to be a degree of latent demand for new residential lots in parts of the municipality.

7. HOUSING NEED

7.1. OVERVIEW

This section assesses the future need for housing in Bass Coast according to population, dwelling and demographic projections.

7.2. KEY POINTS

- **Consideration of a range of dwelling demand scenarios has resulted in a demand projection of 526 – 653 additional dwellings required per year over the next 15 years in Bass Coast, resulting in the need for up to 9,800 additional dwellings by 2036.**
- **The mainland is projected to accommodate the majority of population and dwelling growth over the next 15 years, with substantial growth projected in Wonthaggi, Inverloch, Cowes and the Waterline townships.**
- **Official State government projections underestimated population and dwelling growth in Bass Coast in the years leading up to and during the pandemic, primarily due to strong internal migration to the area.**
- **Demographic projections indicate that 81% of the additional households over the next 15 years are projected to have either 1 or 2 residents. This will generate demand for smaller dwellings, however many of these household types currently occupy separate dwellings which is common of a coastal setting where retirees and semi-retirees are prominent.**
- **With an overall shortage of rental housing, weakening housing affordability across the Shire and substantial public sector investment in the regional centre, the housing strategy should plan for Wonthaggi to play an important role in providing a range of housing products, lot sizes and tenure types for permanent residents.**
- **The market for medium density housing in Bass Coast is expected to increase over time – this housing type will serve a range of segments including downsizers, investors and holiday rentals. Strong price growth of separate dwellings is expected to also increase the feasibility of medium density development over the planning period.**
- **Based on development activity, demand for new dwellings in rural areas can be expected to comprise between 5% and 10% of new dwellings. Lots in the order of 0.2ha and 2ha are in high demand.**
- **Bass Coast's coastal environment and proximity to Melbourne suggests that the holiday home and investment market will continue to be prevalent, especially given the substantial population growth which continues to occur in the main market for holiday home buyers: metropolitan Melbourne.**

7.3. DEMAND SCENARIOS

Housing need is driven by a range of factors, including household formation, migration and population growth. Each of these factors can be assessed by reference to population, dwelling and demographic projections.

The following projection scenarios have been considered for Bass Coast Shire:

1. Victorian in Future (VIF) – VIF is the official State Government population projection. The latest VIF projection is VIF2023 which was released in October 2023. The VIF model is based on a 'top down' approach that estimates the future size, distribution and composition of the population, which has regard to historical and projected demographic trends. It should be noted that VIF2023 projections are currently released only at the LGA level and above, with no local projections (such as for Phillip Island separately from the mainland area) yet available.
2. Forecast Id – The Forecast Id model for small areas is based on a 'bottom-up' approach. The components of the model are derived from housing and demographic assumptions. The drivers of the forecasts are based on new residential development and demographic assumptions, such as in and out migration rates.
3. Extrapolation of recent development activity – the recent rate of dwelling approvals is commonly used as a guide to the potential scale of housing demand in the short to medium term future. In order to avoid extrapolating short term fluctuations that may not be representative of underlying demand levels, a medium term rate is used (5 years). Given the difficulty in preparing population and dwelling projections immediately post-pandemic, consideration of recent development activity is particularly important.

HEADLINE RESULTS

At the municipal level, the projected number of additional dwellings required over the 15 year period from 2021 to 2036 ranges from 394 per annum (Forecast ID) to 653 per annum (dwelling approvals method).

Given that the Forecast ID projections have not changed since the previous version of the projections which were prepared some 7 years prior to this assessment and the degree to which recent development has exceeded the projections, it is considered appropriate to prioritise the VIF and dwelling approvals methods for the purposes of strategic planning.

Table 24 shows the projection results, including the spatial distribution between Phillip Island and mainland areas. The Victoria in Future 2023 projections do not provide a spatial breakdown, however it is noted that:

- 69% of new dwellings approved in the municipality over the past 5 years have been on the mainland, compared with 31% on Phillip Island; and
- Forecast ID projections are for 80% of new dwellings to be on the mainland, with the remaining 20% on Phillip Island. The greatest concentrations of dwelling growth are projected to occur in Wonthaggi, followed by Inverloch, Cowes and the Waterline towns.

T24. DWELLING DEMAND RATE SUMMARY, BASS COAST

Bass Coast Shire	VIF2023 Projection (2021-2036)	Historical dwelling approvals (2018-22)
Average Annual Additional Dwelling Requirement	526	653
Mainland	Not available	448 (69%)
Phillip Island	Not available	205 (31%)

Source: Victoria in Future 2023; ABS; Urban Enterprise.

7.4.

7.4. HOUSEHOLD TYPES AND MARKET SEGMENTS

HOUSEHOLD TYPES

Victoria in Future projections include an estimate of the proportion of the future resident population within each household type. Table 25 shows the projected net additional increase in households over the period 2021 to 2036 and the proportions within each household type.

The projections indicate that 45% of the additional households in Bass Coast between 2021 and 2036 are expected to be lone person households, with a further 36% projected to be couples without children. This means that 81% of the additional households over the next 15 years are projected to have either 1 or 2 residents.

T25. HOUSEHOLD TYPE PROJECTIONS, BASS COAST SHIRE

Topic	Couple family with children	Couple family without children	One-parent family	Other family	Group household	Lone person	All Household Types
Net Additional Households	410	1,990	440	40	150	2,500	5,510
% of additional households	7%	36%	8%	1%	3%	45%	100%

Source: Victoria in Future, 2023.

Different household types have different propensity to live in various dwelling types. Because the existing dwelling stock in Bass Coast is so homogenous, there is relatively little variation in dwelling types occupied, however 2021 Census data shows that:

- Lone persons are the household type most likely to live in semi-detached and apartment housing;
- 95% of couples without children live in separate dwellings, with only 5% living in semi-detached or apartments; and
- 97% of couple families in Bass Coast live in separate dwellings.

In terms of tenure, rentals are by far the most likely to be either townhouse or apartment dwellings relative to detached houses – 44% of these dwellings are rented, whilst only 19% of detached houses are rented. About a third of detached dwellings are owned with a mortgage.

KEY MARKETS

Regional Centre Housing

The regional centre of Wonthaggi performs a housing role which differs from most other settlements in the municipality.

The availability of substantial broadhectare residential land (both current and expected following completion of the Wonthaggi North East Precinct Structure Plan process) is expected to continue to enable urban housing to be delivered, meeting the needs of market segments seeking affordability and proximity to employment and services in the town.

Over the 5 years to 2021, an average of 122 new dwellings were approved in Wonthaggi, equating to 19% of the municipal total. This proportion has been increasing.

With a shortage of rental housing, weakening housing affordability across the Shire and substantial public sector investment in the regional centre, the housing strategy should plan for Wonthaggi to play an important role in providing a range of housing products, lot sizes and tenure types for permanent residents.

Infill development

Over the past 6 years, only 5% of new dwellings approved for construction were classified as non-separate dwellings. This proportion is likely to increase, however, as the protected settlement boundaries proposed by the DAL Statement of Planning Policy limit the availability of greenfield land across the Shire and demographic changes result in strong growth in single person households.

Agents and developers consulted generally concurred that the market for medium density housing in Bass Coast is expected to increase over time and that the product will serve a range of segments including downsizers, investors and holiday rentals. Strong price growth of separate dwellings will also increase the feasibility of medium density development – this is because medium density housing price growth will generally (although not always) follow separate dwelling price growth and periods of strong growth will usually improve development revenue relative to cost.

The ultimate proportion of overall dwelling stock which could be successfully delivered as medium density housing is difficult to predict in the context of a market currently dominated by separate dwellings because it will depend on a range of factors, especially the market acceptance of higher density living and the availability and viability of medium and higher density development sites in locations of demand. Nonetheless, it is expected that the proportion of households and buyers seeking medium density product will increase over the planning period of this study.

Rural areas

Housing in rural areas makes up a small but important proportion of the municipal housing offer. Recent sales data indicates that there is insufficient low density and rural living options available to buyers at present, warranting consideration of potential new locations for this housing product as part of the housing strategy and subsequent planning studies where possible within existing and proposed planning policy.

Based on development activity (6% of net lots created have occurred in LDRZ, RLZ and FZ), demand for new dwellings in rural areas can be expected to comprise between 5% and 10% of new dwellings. Lots in the order of 0.2ha and 2ha are in high demand.

Holiday homes

As discussed throughout this report, holiday homes and holiday rentals comprise a substantial part of the Bass Coast housing market (approximately a quarter). The market was strengthened by interstate and international border closures during the pandemic; however, most borders have since reopened which is likely to somewhat reduce overall demand for holiday homes from recent highs.

The observed increasingly common occurrence of former holiday homes being converted into permanent residences is supporting population growth within the existing dwelling stock, a trend which led to a significant increase in dwelling occupancy identified at the 2021 Census compared with the 2016 results.

Bass Coast's coastal environment and proximity to Melbourne suggests that the holiday home and investment market will continue to be prevalent, especially given the substantial population growth which continues to occur in the main market for holiday home buyers: metropolitan Melbourne. As a guide, planning for one quarter of the housing stock to be utilised for holiday homes and holiday rentals is recommended – active monitoring of dwelling ownership, occupancy and tenure outside Census periods will assist in better understanding the demand for and role of visitor-focused dwellings in the future.

PART C. SUPPLY AND CAPACITY

8. LAND SUPPLY AND CAPACITY OVERVIEW

8.1. INTRODUCTION

This part of the report assesses the capacity of zoned residential land in Bass Coast, including broadhectare land, vacant lots and infill capacity. The supply assessment was prepared in 2022 and relates to a supply date of January 2022.

8.2. RESIDENTIAL ZONES AND SPATIAL DISTRIBUTION

The supply assessment relates to land in zones which can accommodate housing in urban and designated rural residential areas. There are eight zones applied in Bass Coast which have been assessed as summarised in Table 26.

T26. RESIDENTIAL ZONES IN THE BASS COAST PLANNING SCHEME

Zone	Purposes relevant to housing role	Schedules	Spatial distribution
General Residential Zone	To encourage development that respects the neighbourhood character of the area. To encourage a diversity of housing types and housing growth particularly in locations offering good access to services and transport.	Schedule 1	Applied across many towns
Residential Growth Zone	To provide housing at increased densities in buildings up to and including four storey buildings. To encourage a diversity of housing types in locations offering good access to services and transport including activity centres and town centres. To encourage a scale of development that provides a transition between areas of more intensive use and development and other residential areas.	Schedule 1, Schedule 2	Cowes only
Township Zone	To provide residential development and a range of commercial, industrial and other uses in small towns To encourage development that respects the neighbourhood character of the area.	Schedule 1	Applied across many smaller towns
Mixed Use Zone	To provide for a range of residential, commercial, industrial and other uses which complement the mixed use function of the locality. To provide for housing at higher densities To encourage development that responds to the existing or preferred neighbourhood character of the area.	Schedule 1	Wonthaggi, Cowes, Inverloch, Rhyll, Cape Woolamai, San Remo, Newhaven, Smiths Beach, Grantville.
Commercial 1 Zone	To create vibrant mixed use commercial centres for retail, office, business, entertainment and community uses. To provide for residential uses at densities complementary to the role and scale of the commercial centre.	Schedule to the Commercial 1 Zone	Cowes, San Remo, Wonthaggi, Newhaven, Coronet Bay, Corinella, Grantville, Inverloch, Cape Paterson.
Comprehensive Development Zone	To provide for a range of uses and the development of land in accordance with a comprehensive development plan incorporated in this scheme	Schedule 1	Cape Paterson only
Low Density Residential Zone	To provide for low-density residential development on lots which, in the absence of reticulated sewerage, can treat and retain all wastewater.	Schedule 1	Applied in many towns
Rural Living Zone	To provide for residential use in a rural environment.	Schedule 1	Applies in several town fringes and rural areas.

Source: Bass Coast Planning Scheme.

8.3. LAND SUPPLY TYPES

The supply assessment applies to a large number of towns and settlements across the municipality which present several 'development settings' for housing.

The supply assessment has been prepared in the following sections so that the housing opportunities and capacities can be separately understood by location and setting:

1. Broadhectare residential land.

   This category applies to large properties which, based on their size and zoning, have the potential to accommodate major residential subdivision in a greenfield development setting. Broadhectare land supply is presented separately for:

   a. Major Urban areas, including:

      i. Broadhectare land within settlement boundaries in the General Residential Zone and CDZ.

      ii. Potential future broadhectare land within major settlement boundaries that is yet to be included within a residential zone (usually currently within the Farming Zone);

   b. Lower density areas and smaller towns, including land in the LDRZ and TZ and

   c. Rural areas (the RLZ).

2. Infill dwelling capacity.

   This category applies to the opportunity for smaller lots within existing urban areas to be re-subdivided and developed for more intensive housing densities. Realisation of this capacity is considerably less certain than that of broadhectare land, and usually results in medium density housing products such as townhouses and apartments. Infill capacity is assessed separately for:

   a. Major urban areas, including land in the GRZ, RGZ, C1Z and MUZ;

   b. Low density and small town infill opportunities (including in the LDRZ and TZ); and

   c. Rural intensification opportunities (i.e., re-subdivision of existing lots in the RLZ).

8.4. METHOD

A summary of the method undertaken by Urban Enterprise to estimate the capacity of residential land supply is shown in Table 27. Full details regarding assumptions and metrics are provided in Appendix B and Appendix C.

T27. LAND SUPPLY AND CAPACITY ASSESSMENT METHOD

Step		Method
1	Property base	All properties located within residential zones and the Mixed Use Zone and Commercial 1 Zone were identified and profiled based on Council's property cadastre and rating database.
2	Identification of Broadhectare Sites	Broadhectare sites were identified through the following process: • Sites identified as vacant and over the size threshold for broadhectare land in each zone (e.g., 5,000sqm for the GRZ) were categorised as potential broadhectare land. • This list of sites was subsequently assessed by Urban Enterprise and Council staff to identify any necessary additions, deletions or refinements to ensure that all properties with substantial greenfield development capacity were clearly defined.
3	Capacity of broadhectare sites	The capacity of broadhectare sites to accommodate dwellings was estimated by reference to the following: • Where an approved or proposed Development Plan or subdivision applies to a site or areas, the expected dwelling yield of those plans was adopted based on information supplied by Council. • Where no plans are in place or proposed, the likely yield of the site was approximated by Urban Enterprise, taking into account any known encumbrances (such as flooding, steep terrain or areas within land use buffers), standard deductions for local roads and open space and an average lot size which reflects recent development approvals in broadhectare areas in Bass Coast.
4	Infill capacity	For sites not identified as broadhectare, the potential for infill development was assessed through the following process: • A series of exclusions were first applied to remove from consideration sites that are considered unlikely to be redeveloped in the planning period for this study. Exclusions apply where sites have recently constructed and/or high value improvements, are too small to accommodate townhouse or apartment development, or have current non-residential uses that are unlikely to be redeveloped (such as schools, churches, infrastructure, caravan parks and so on). • For sites not excluded, the potential capacity of the land was estimated based on existing Bass Coast planning policy relating to residential densities in established areas. Residential intensification is encouraged in some towns but not others and is particularly encouraged in areas proximate to activity centres in major towns. • In the Cowes, San Remo, Inverloch and Wonthaggi Activity Centres, information on the proposed capacity or yield of particular strategic redevelopment sites was provided by Council to replace any 'modelled' development capacity. • In cases where no further subdivision is likely, but a site is currently vacant, these sites were identified as 'single vacant lots'.

Source: Urban Enterprise, 2022.

It is noted that this assessment has been prepared while the State Government Distinctive Areas and Landscapes project is active. As noted earlier in this report, the draft Statement of Planning Policy prepared as part of the DAL project proposes changes to policy which could impact the locations and scale of residential development activity which could occur in parts of the municipality.

This assessment has had regard to the proposed DAL changes and Council advice where they are material in terms of the impact on capacity of broadhectare land, in particular:

- In Cape Paterson, Council has advised that the yield of Farming Zone land within the settlement boundary is likely to be reduced due to the proposed planning policy. An approximation of the likely revised yield is reflected in this assessment.
- In San Remo, the Draft Statement of Planning Policy recommends expansion of the town boundary to the east to enable further greenfield development outside the current town boundary. This has been noted in the greenfield assessment but not included in the supply metrics.
- In Newhaven and Grantville, adjustments to the extent of developable area in larger sites have been made to reflect Draft Statement of Planning Policy recommendations.

9. BROADHECTARE LAND SUPPLY

9.1. INTRODUCTION

This section provides an estimate of the capacity of broadhectare land supply in Bass Coast.

9.2. KEY POINTS

- **The overall capacity of residential zoned land in Bass Coast townships suitable for occupation by new dwellings (broadhectare land and smaller vacant lots) is estimated at approximately 5,600 dwellings / lots.**
- **Broadhectare land in Bass Coast has the following estimated capacity:**
  - **Broadhectare land in the GRZ and CDZ has an estimated capacity of 2,959 lots.**
  - **Land yet to be zoned for residential but within a nominated settlement boundary has capacity to accommodate a further 5,234 lots, 68% of which is in the Wonthaggi North East PSP area.**
  - **Broadhectare sites in the LDRZ have capacity to accommodate a total of 175 additional lots.**
  - **Broadhectare sites in the TZ have capacity to accommodate 167 additional lots.**
  - **Broadhectare sites in the RLZ have capacity for 67 additional lots.**
- **There is limited broadhectare land development opportunity across much of Bass Coast, particularly on Phillip Island. As existing broadhectare land becomes exhausted within current and draft settlement boundaries, a greater amount of infill development, particularly on Phillip Island and in locations such as Inverloch will be required to ensure an adequate supply of dwellings is available to the current and projected population.**
- **Once the Wonthaggi North East PSP is completed, there will be few remaining "unzoned" potential broadhectare sites within settlement boundaries. Policy decisions regarding the settlement boundaries of San Remo and Cape Paterson will directly influence the availability of broadhectare land at the municipal level.**
- **There is a clear lack of lower density and rural broadhectare sites across the Shire which is likely to limit the diversity of housing products available to the market over the planning period without provision of further lower density opportunities.**

9.3. URBAN BROADHECTARE LAND SUPPLY

Table 28 shows the number of residential lots that could be created in broadhectare sites in the General Residential Zone and Cape Paterson's CDZ, and in areas yet to be zoned for residential development within town settlement boundaries.

Maps showing the location and yield of each broadhectare site are provided in Appendix B.

In summary:

- Broadhectare land in the GRZ and CDZ has an estimated capacity of 2,959 lots.
- Land yet to be zoned for residential but within a nominated settlement boundary has capacity to accommodate a further 5,324 lots, the majority of which is in the Wonthaggi North East PSP area.
- Phillip Island has just 492 lots remaining in broadhectare sites, all of which are in Cowes. The lack of broadhectare sites remaining on Phillip Island indicates that infill development will be required to meet projected housing needs.
- The mainland currently has 2,467 lots capacity in broadhectare sites. Once the Wonthaggi North East Precinct Structure Plan is finalised (expected in 2024), this will increase substantially to over 6,000 lots.
- Waterline towns such as Corinella, Coronet Bay and Grantville have modest zoned broadhectare supply totalling a combined 470 lots.
- Other coastal mainland towns have a combined total of 785 lots, most of which (540 lots) is in Inverloch.

T28. URBAN BROADHECTARE LAND SUPPLY

Towns	Zoned			Unzoned		
	Number of Sites/areas	Total Yield	Total Area (ha)	Number of Sites/areas	Total Yield	Total Area (ha)
Phillip Island						
Cowes	6	492	28.17	1	40	23.07
Ventnor	0	0	0.00	2	58	12.94
Subtotal	6	492	28.17	3	98	36.01
Mainland						
Cape Paterson[1]	1	42	8.03	1	980	97.17
Corinella	1	36	3.32	0	0	0.00
Coronet Bay	1	176	7.25	0	0	0.00
Grantville	2	258	21.06	3	47	24.34
Inverloch	3	540	60.33	0	0	0.00
San Remo[2]	3	174	18.44	0	600	74.00
Wonthaggi[3]	1	1,241	141.00	2	3,599	48.33
Subtotal	12	2,467	259.43	6	5,226	243.85
Total	18	2,959	287.60	9	5,324	279.85

Source: Bass Coast Shire Council data and Urban Enterprise..

Note 1: Cape Paterson 'unzoned' yield takes into account all land within the PSB proposed by the DAL Draft Statement of Planning Policy.

Note 2: The San Remo unzoned supply relates to approximately 74 hectares (excluding Silverwater Resort) within the extension to the settlement boundary proposed by the Draft Statement of Planning Policy. Assuming 80% NDA and 10 lots per hectare, this area could potentially add in the order of 600 lots.

Note 3: Wonthaggi unzoned land includes the Wonthaggi North PSP area which is currently within the Farming Zone – yield estimated at 3,373 lots, land area not included in total. Wonthaggi zoned land includes residentially zoned parcels within the PSP area; yield excludes completed estates.

9.4. LOW DENSITY BROADHECTARE LAND SUPPLY

Table 29 shows the number of residential lots that could be created in broadhectare sites in the Low Density Residential Zone and the Township Zone across the municipality.

Maps showing the location and yield of each broadhectare site are provided in Appendix B.

In summary:

- Broadhectare sites in the LDRZ have capacity to accommodate a total of 175 additional lots.
- Broadhectare sites in the TZ have capacity to accommodate 167 additional lots.
- When compared with major urban areas, low density and township broadhectare land accounts for a small proportion of land supply.
- Almost all low density broadhectare land is located on the Bass Coast Mainland, with concentrations in Corinella, Coronet Bay and Wonthaggi.

T29. LOW DENSITY AND TOWNSHIP ZONE BROADHECTARE LAND SUPPLY

	LDRZ			Township Zone		
Towns	Number of Sites	Total Area (ha)	Total Capacity	Number of Sites	Total Area (ha)	Total Capacity
Phillip Island						
Sunderland Bay	1	1.424	6	0	0	0
Subtotal	1	1.424	6	0	0	0
Mainland						
Corinella	1	14.637	31	0	0	0
Coronet Bay	1	11.134	43	0	0	0
Dalyston	0	0	0	1	10.329	46
Grantville	1	4.039	12	0	0	0
Kilcunda	0	0	0	2	27.381	121
Wonthaggi	1	21.656	83	0	0	0
Subtotal	4	51.466	169	3	37.71	167
Total	5	52.89	175	3	37.71	167

Source: Bass Coast Shire Council data and Urban Enterprise, 2022.

9.5. RURAL LIVING ZONE BROADHECTARE LAND SUPPLY

There are two broadhectare sites in the Rural Living Zone in Bass Coast – both are within the Wattle Bank RLZ area near Wonthaggi. Maps are shown in Appendix B.

The total capacity of these sites is estimated at 67 lots as shown in Table 30. Other occupied sites within the Wattle Bank RLZ area have potential to be re-subdivided – this potential is assessed in the following section on infill capacity.

T30. RURAL BROADHECTARE LAND SUPPLY

Towns	Number of Sites	Total Area (ha)	Total Capacity
Phillip Island	0	0	0
Mainland			
Wattle Bank	2	151.8	67
Subtotal	2	151.8	67
Total	2	151.8	67

Source: Bass Coast Shire Council data and Urban Enterprise, 2022.

9.6. VACANT SINGLE LOTS

In addition to broadhectare sites, there is a substantial number of vacant house lots throughout Bass Coast townships which provide potential supply for additional dwellings.

Table 31 summarises the number of single vacant lots identified as at 2021. This includes lots that have recently been created in greenfield estates but yet to be occupied by a dwelling at that time, as well as dispersed single lots throughout established areas. The data excludes larger vacant lots (e.g. greater than 1,000sqm in the GRZ) which have potential to be developed for multiple dwellings – these are captured in the infill capacity assessment in section 10.

Observations are as follows:

- There are 2,315 vacant single lots across residential zones in the municipality, 1,977 (85%) of which are in the General Residential Zone or Comprehensive Development Zone. The majority of these lots are within recently developed subdivisions with lots that are yet to be classified in the property rates database as occupied as at 2021.
- There are 155 vacant single lots in the LDRZ and RLZ, and a further 183 lots in the Township Zone.
- Spatially, the most common locations of vacant single lots are San Remo, Inverloch, Cowes and Cape Paterson, primarily in recently developed subdivisions.

Although not all of these lots will be available for sale / dwelling construction during the planning period (some are likely to be held for investment purposes and/or future holiday home sites), it is noted that more than a third of the single vacant lots identified in Council's 2017/18 assessment of land supply have since been occupied by a dwelling[4]. This indicates that although not all single lots will be available, they do comprise an important part of the overall capacity of residential land in the Shire to accommodate dwelling growth. This will become increasingly important if permanent settlement boundaries are introduced as part of the DAL project.

[4] Since 2017/18, 36% of the vacant single lots that were identified have since been occupied by a dwelling (based on aerial photography in 2021).

T31. SINGLE VACANT LOTS

Location	GRZ/CDZ	TZ	LDRZ	RLZ	Total
Phillip Island					
Cape Woolamai	107	0	0	0	107
Cowes	397	18	9	0	424
Newhaven	30	0	0	0	30
Rhyll	22	0	0	0	22
Smiths Beach	23	0	0	0	23
Sunderland Bay	13	0	2	0	15
Sunset Strip	26	0	1	0	27
Surf Beach	50	0	0	0	50
Ventnor	58	0	5	0	63
Wimbledon Heights	23	0	0	0	23
Sub-total	749	18	17	0	784
Mainland					
Adams Estate*	0	0	0	0	0
Archies Creek	0	0	0	0	0
Bass	0	5	3	0	8
Cape Paterson	333	0	0	0	333
Corinella	104	0	1	0	105
Coronet Bay	70	0	70	0	140
Dalyston	0	88	0	0	88
Grantville	51	0	5	0	56
Harmers Haven	0	3	5	0	8
Inverloch	247	0	8	7	262
Jam Jerrup	0	1	0	0	1
Kilcunda	9	67	0	0	76
Pioneer Bay	18	0	0	0	18
San Remo	336	0	12	0	348
Tenby Point	0	0	0	0	0
The Gurdies	0	1	0	4	5
Wattle Bank	0	0	0	17	17
Wonthaggi	60	0	4	2	66
Woolamai	0	0	0	0	0
Sub-total	1,228	165	108	30	1,531
Total	1,977	183	125	30	2,315

Source: Urban Enterprise. Any vacant lots in the Residential Growth Zone, Mixed Use Zone and Commercial 1 Zone are not classified as 'single' vacant house lots – their development capacity is captured in the infill capacity assessment in section 10. *Restructure Overlay applies, therefore existing vacant lots excluded.

9.7. SUPPLY SUMMARY

Table 32 summarises the broadhectare and vacant single lot land supply by main location, including all land within townships (i.e. including GRZ, RGZ, TZ, CDZ, LDRZ, excluding RLZ). Table 33 summarises RLZ supply.

Key observations are:

- There is an estimated total capacity of existing zoned land to accommodate in the order of 5,586 new separate dwellings across the municipality in townships, plus a further 97 dwellings in the RLZ.
- 77% of all supply is located on the Bass Coast mainland, with 26% in Wonthaggi.
- Only 23% of the current supply is on Phillip Island, the majority of which is in Cowes.
- The RLZ has capacity to accommodate only 97 new dwellings on vacant lots and broadhectare sites, 87% of which is located in Wattle Bank.
- If vacant single lots are discounted, the remaining broadhectare land supply levels are currently estimated at approximately 3,300 dwellings.

T32. URBAN AND LOW DENSITY LAND SUPPLY SUMMARY

Location	Broadhectare capacity	Vacant single lots	Total	% of total
Cowes	492	424	916	16%
Other Phillip Island	6	360	366	7%
Phillip Island sub-total	498	784	1,282	23%
Wonthaggi	1,324	64	1,388	25%
Inverloch	540	255	795	14%
San Remo	174	348	522	9%
Waterline	556	303	859	15%
Other mainland	209	531	740	13%
Mainland sub-total	2,803	1,501	4,304	77%
Total	3,301	2,285	5,586	100%

Source: Urban Enterprise. Other Phillip Island includes all towns on Phillip Island except Cowes. Waterline includes: Grantville, Corinella, Coronet Bay, The Gurdies, Tenby Point, Jam Jerrup, Adams Estate and Bass. Other mainland includes Kilcunda, Dalyston, Cape Paterson, Harmers Haven. Note: Wonthaggi total includes land in the Wonthaggi North East PSP area.

T33. RURAL LIVING LAND SUPPLY SUMMARY

Location	Capacity of zoned land	% of total
Wattle Bank	84	87%
Other	13	13%
Total	97	100%

Source: Urban Enterprise. Includes all broadhectare and vacant single lots in the RLZ. Other includes Wonthaggi, Inverloch and The Gurdies.

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10. INFILL CAPACITY

10.1. INTRODUCTION

This section provides a summary of the capacity of established areas of Bass Coast towns to accommodate infill development. This differs from (and is additional to) the broadhectare land supply assessment presented in the previous section in the following ways:

- Infill capacity requires the redevelopment of existing occupied sites in order to be realised. Therefore, infill development usually comprises a far lower proportion of overall additional dwellings and lots provided to the market.
- Infill capacity usually relates to the opportunity to deliver small dwellings, most commonly townhouses and units, and more recently in some parts of Bass Coast, apartments. The resulting housing products are usually only suitable for certain segments of the housing market, another reason for infill development generally being a considerably lower proportion of the overall additional dwelling supply than separate dwellings where separate dwellings and broadhectare alternatives are available.

In Bass Coast, infill development plays an important but limited role in supplying new dwellings in established areas, primarily through the re-subdivision of existing separate house lots (usually 700sqm – 1000sqm) into 2, 3 or 4 units / townhouses. In the future, infill development is likely to become more important as dwelling prices increase and broadhectare land reduces, especially if protected settlement boundaries are established as proposed by the draft Statement of Planning Policy prepared as part of the DAL project.

The data presented in this section should be interpreted alongside the important caveat that infill development capacity is relatively slow to deliver, is theoretical in that it relies on a very large number of willing and able landowners to develop, and results in housing products that will not meet all demand segments.

10.2. KEY POINTS

- **Infill development capacity is estimated at approximately 10,000 additional dwellings in established areas, 42% of which is on Phillip Island and 58% on the Mainland.**
- **The locations with the greatest capacity are Cowes, Wonthaggi, Grantville, Inverloch and San Remo. Most other towns have low to moderate capacity for infill development.**
- **There is limited capacity for infill development in the RLZ, but relatively substantial capacity for re-subdivision in the LDRZ across several towns.**
- **13% of infill capacity is within the 4 main activity centres of Cowes, Inverloch, San Remo and Wonthaggi., with the greatest supply in Cowes.**
- **In the activity centres of Inverloch and Wonthaggi (and to a lesser extent, San Remo), there are relatively few sites that are clearly suitable for higher density development, based on the site size profile and value of existing improvements. This is likely to reduce the contribution of these locations to the overall additional dwelling supply in coming years.**

10.3. INFILL DEVELOPMENT CAPACITY

Table 34 shows the results of the infill development capacity assessment for all zones based on the assumptions and metrics detailed in Appendix C.

The assessment has regard to planning policy as relevant to residential intensification. Policy generally encourages higher densities in activity centres and areas nominated as 'Substantial Change Areas', while some towns and parts of towns are either discouraged for infill development or do not have specific policy guidance on preferred densities.

The assumptions adopted for this assessment are based on the average lot size most likely to be delivered by developers and supported by planning policy based on current property market and planning scheme circumstances. In general, this results in the modelling primarily focusing on the potential to deliver townhouse dwellings in areas supported for infill, with low-rise apartment products modelled in key activity centres and substantial change areas, including in the Commercial 1 Zone and Mixed Use Zone (with commercial uses assumed to occupy ground levels and residential above).

As noted earlier in this section, properties which are considered unlikely to be developed during the planning period for this study are excluded from the capacity assessment in order to provide the most realistic estimate possible of potential dwelling yield in established areas. In practice, not all of this yield will be realised, owing to a wide range of circumstances, especially the intentions of landowners to redevelop existing occupied sites.

Key observations are as follows:

- Infill development capacity is estimated at approximately 10,000 additional dwellings in established areas.
- 42% of infill capacity is on Phillip Island, with the majority (58%) on the Mainland.
- The locations with the greatest capacity are Cowes, Wonthaggi, Grantville, Inverloch and San Remo. Most other towns have low to moderate capacity for infill development.
- There is limited capacity for infill development in the RLZ (29 lots), but relatively substantial capacity for re-subdivision in the LDRZ across several towns (totalling capacity for 640 additional lots in the zone).

T34. INFILL CAPACITY RESULTS

Town	GRZ/RGZ	C1Z/MUZ	TZ	LDRZ	RLZ	Total
Phillip Island						
Cape Woolamai	158	7	0	0	0	165
Cowes	2373	667	42	95	0	3177
Newhaven	120	119	0	0	0	239
Rhyll	181	152	0	0	0	333
Smiths Beach	34	0	0	0	0	34
Sunderland Bay	12	0	0	8	0	20
Sunset Strip	41	0	0	0	0	41
Surf Beach	60	0	0	0	0	60
Ventnor	124	0	38	66	0	228
Wimbledon Heights	31	0	0	0	0	31
Phillip Island Sub-total	3134	945	80	169	0	4328
Mainland						
Adams Estate	0	0	0	0	0	0
Archies Creek	0	0	7	0	0	7
Bass	0	0	58	14	0	72
Cape Paterson	58	2	0	0	0	60
Corinella	286	22	0	52	0	360
Coronet Bay	72	7	0	81	0	160
Dalyston	0	0	227	0	0	227
Grantville	435	484	0	196	0	1115
Harmers Haven	0	0	6	23	0	29
Inverloch	1075	98	0	15	3	1191
Jam Jerrup	0	0	14	0	0	14
Kilcunda	57	0	202	0	0	259
Pioneer Bay	21	0	0	0	0	21
San Remo	937	152	0	59	0	1148
Tenby Point	94	0	0	0	0	94
The Gurdies	0	0	3	0	2	5
Wattle Bank	0	0	0	0	24	24
Wonthaggi	807	348	0	31	0	1186
Mainland sub-total	3842	1113	517	471	29	5972
Total	6976	2058	597	640	29	10300

Source: Urban Enterprise. * Capacity excluded due to Restructure Overlay.

10.4. ACTIVITY CENTRE CAPACITY

Council has particularly supportive planning policy for higher density residential development in activity centres, however this type of development has been relatively limited to date (with some exceptions such as in San Remo and Cowes).

The capacity of the four main activity centres of Cowes, Inverloch, San Remo and Wonthaggi to accommodate dwellings based on the capacity modelling undertaken for this study is summarised in Table 35. This is based on the same assumptions adopted for the preceding infill assessment – that is, the capacity of activity centres is a sub-set of the capacity shown in section 10.3.

It is noted that this assessment is limited to those sites which meet the criteria for inclusion as 'development sites', and the theoretical capacity of the activity centres would be considerably higher if all sites were included. For example, sites with higher value improvements are excluded as these are considered less likely to be redeveloped.

T35. ACTIVITY CENTRE DWELLING CAPACITY

Activity Centre	Developable Sites Identified	Estimated Dwelling Capacity
Cowes	70	947
Inverloch	36	113
San Remo	23	157
Wonthaggi	52	112
Total	181	1,329

Source: Urban Enterprise.

The following observations are made regarding activity centre capacity overall:

- Activity centre boundaries are primarily aligned to the extent of commercial land use and activity within the towns. For residential development to be accommodated in these areas, multi-storey mixed use development of current commercial premises is generally required. Although there is policy support for this to occur, there are relatively limited strategic redevelopment sites in activity centres, such as vacant or underutilised sites which would be clear targets for developers.
- Some land surrounding activity centres is well suited to accommodate redevelopment based on the predominance of larger housing lots (such as in Cowes, Wonthaggi and San Remo) and several strategic sites such as caravan parks (Cowes) and industrial land (Wonthaggi).
- The capacity of properties currently used as tourist parks / caravan parks is particularly substantial – although these sites are not included in the capacity numbers because of the likelihood that they will continue as currently used, it is estimated that caravan parks across the key towns could accommodate more than 1,000 additional dwellings if they were redeveloped for residential use.

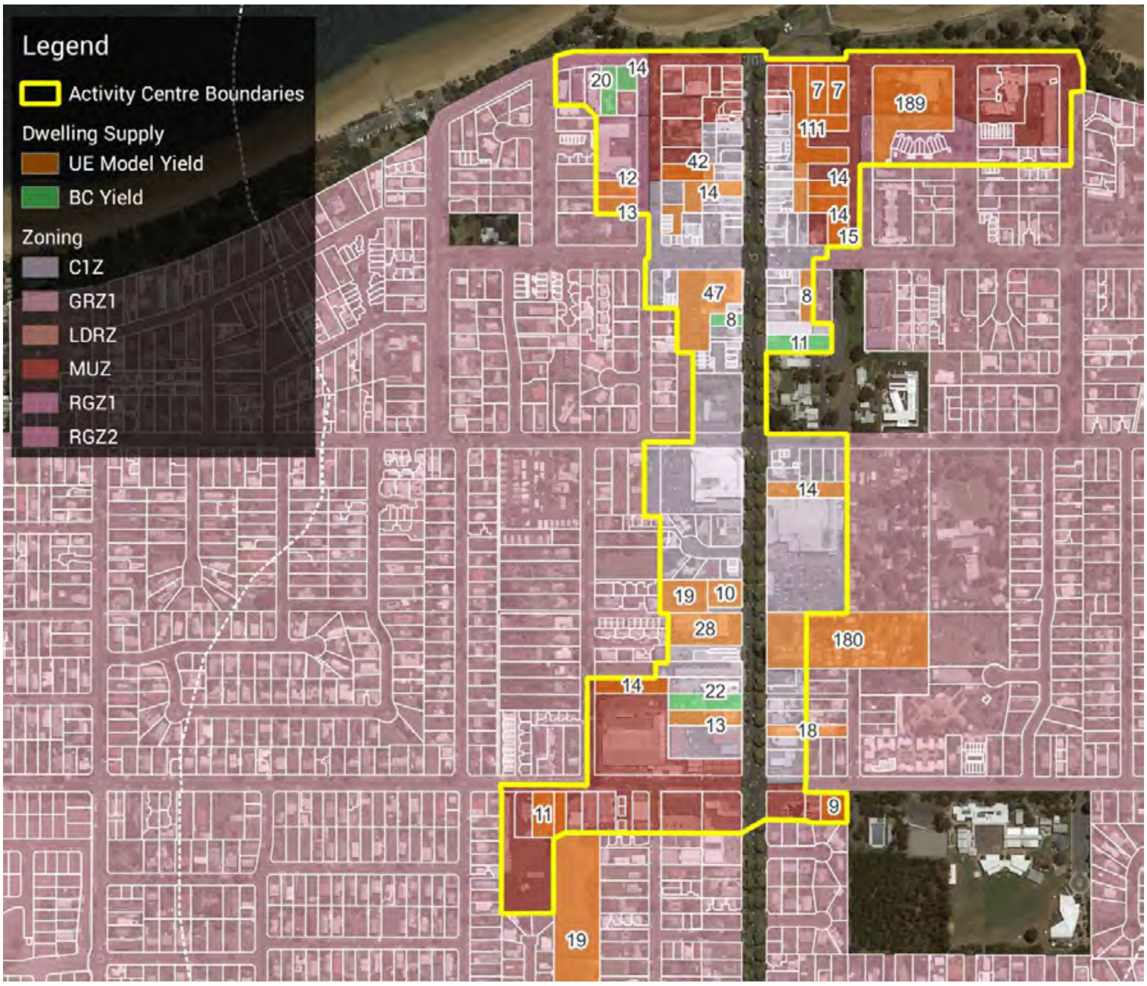
Analysis of each centre follows, including maps of each centre showing the location and potential dwelling yield of key sites, including strategic sites identified by council.

COWES

Figure 33 shows the sites which comprise the development capacity in the Cowes Activity Centre. The following observations are made regarding the capacity of the centre to accommodate higher density development:

- The Activity Centre has the greatest estimated capacity for housing of all activity centres in Bass Coast.
- The Cowes Activity Centre covers a larger spatial area than other centres (more than 30 hectares, compared with 9 hectares in Inverloch and 26 hectares in Wonthaggi).
- Policy support for 3, 4 and 5 storey apartment and mixed use developments in sub-precincts of the activity centre provides clear guidance on the types and sizes of developments which will be supported.
- Many of the larger sites in the Activity Centre are used for major retail and tourist accommodation purposes.
- Caravan parks within and adjacent to the Activity Centre could accommodate substantial housing if redeveloped.

F33. COWES ACTIVITY CENTRE HOUSING CAPACITY



Source: Urban Enterprise. Note: only sites with a yield of 5 or more are shown.
BC Yield = current strategic site with an anticipated yield provided by Council based on application / pre-application.

INVERLOCH

Figure 34 shows the sites which comprise the development capacity in the Inverloch Activity Centre. The following observations are made regarding the capacity of the centre to accommodate higher density development:

- The activity centre has very low capacity modelled due to the relative lack of larger sites in the activity centre and the prominence of higher value commercial land uses throughout much of the centre.
- The extent of the Commercial 1 Zone in Inverloch is relatively limited at approximately 3 hectares. Most land is occupied by low-rise commercial buildings and visitor accommodation.
- Delivery of new higher density housing will generally require redevelopment of sites that are currently well occupied and utilised for commercial purposes.

F34. INVERLOCH ACTIVITY CENTRE HOUSING CAPACITY

Source: Urban Enterprise. Note: only sites with a yield of 5 or more are shown.
BC Yield = current strategic site with an anticipated yield provided by Council based on application / pre-application.

SAN REMO

Figure 35 shows the sites which comprise the development capacity in the San Remo Activity Centre. The following observations are made regarding the capacity of the centre to accommodate higher density development:

- Some key sites remain as development opportunities, however the extent of the activity centre is relatively limited and several key sites have already been redeveloped for mixed use and commercial purposes.
- As the population of San Remo continues to grow, the activity centre will need to perform an increasing range and scale of commercial functions which is likely to result in relatively strong competition from different land uses for development opportunities in the centre.
- Strategic planning should consider ways to accommodate increases in retail, commercial and housing uses in the centre over time, which may require review of the necessary extent of the centre and built form controls to ensure that demand can be met for housing as well as core activity centre uses.

F35. SAN REMO ACTIVITY CENTRE HOUSING CAPACITY

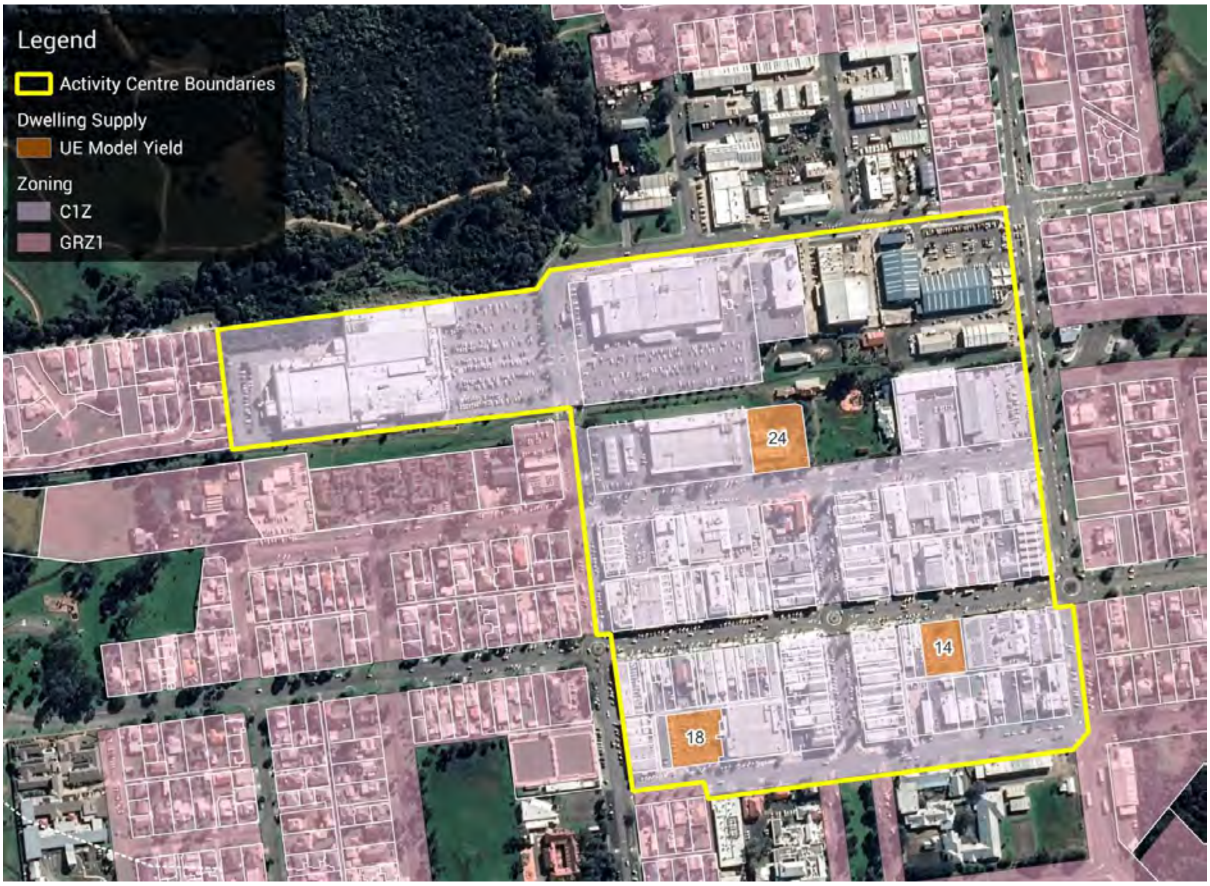
Source: Urban Enterprise. Note: only sites with a yield of 5 or more are shown.
BC Yield = current strategic site with an anticipated yield provided by Council based on application / pre-application.

WONTHAGGI

Figure 36 shows the sites which comprise the development capacity in the Wonthaggi Activity Centre. The following observations are made regarding the capacity of the centre to accommodate higher density development:

- The activity centre boundary is relatively 'tight' to the commercial core, resulting in few sites included in the boundary that are of low improvement value or not used for commercial purposes.
- The activity centre currently contains several large format 'restricted retail' businesses, such as Harvey Norman, Bunnings and several independent bulky goods stores which occupy larger sites in the centre. If any of these businesses were to relocate to new restricted retail locations – for example, in the Wonthaggi North East PSP area – the remaining sites would be strategic opportunities for mixed use development which could accommodate housing at upper levels (if feasible). This has also been recognised in the Wonthaggi Activity Centre Plan.

F36. WONTHAGGI ACTIVITY CENTRE HOUSING CAPACITY



Source: Urban Enterprise. Note: only sites with a yield of 5 or more are shown. Land in north east of the activity centre is in the Industrial 1 Zone. BC Yield = current strategic site with an anticipated yield provided by Council based on application / pre-application.

11. ADEQUACY OF SUPPLY

11.1. INTRODUCTION

This section of the report assesses the balance of residential land demand and supply across the municipality and for key locations and market segments.

11.2. KEY POINTS

- **In aggregate, current land supply could accommodate demand for approximately 7 to 10 years if the locations and housing types were well matched to demand, however there is substantial variation in the land supply available by location across the municipality relative to demand.**
- **Once the Wonthaggi North East PSP is finalised, Wonthaggi is estimated to have in the order of 40 years of land supply, while some parts of the municipality such as Cowes, Phillip Island overall and Inverloch are likely to have less than 9 years of supply available.**
- **Once the Wonthaggi North East PSP is approved, the market segment seeking regional centre housing will be well catered for if this new land can be efficiently and cost effectively brought to the market by developers. It is important that a variety of housing types are delivered in Wonthaggi.**
- **The holiday home market is likely to see declining availability of opportunities to construct new dwellings in coastal locations given the relatively low supply in popular locations such as Inverloch and Cowes. This is likely to manifest in strong competition for existing dwellings (and associated price growth) and some transfer of demand to smaller towns in Bass Coast and adjacent coastal locations.**
- **The market for low density and rural living housing and property is relatively poorly supplied. Without further opportunities for new dwellings in the LDRZ and RLZ, this market will have relatively few options remaining.**
- **Infill development can assist in increasing the diversity of housing available within the municipality, especially in terms of tenure and size. Infill will have an increasingly important role to play in housing supply over the planning period, however this type of development is relatively slow, will only meet the needs of certain market segments and can create other challenges to do with infrastructure and character which need to be managed.**

11.3. SEPARATE DWELLINGS

The housing demand analysis shown earlier in this report found that:

- At the municipal level, the number of additional dwellings required over the 15 year period from 2021 to 2036 is projected to range from 526 to 653 per annum.
- Approximately 70% of new dwellings are expected to be required in Mainland areas, while 30% are expected to be required on Phillip Island.
- The Wonthaggi urban area is expected to accommodate at least 20% of additional housing based on recent activity.
- Based on development activity, demand for new dwellings in rural areas can be expected to comprise between 5% and 10% of new dwellings.
- Infill development has been particularly low as a proportion of overall development activity but is expected to increase over time due to demographic changes and increasing separate house prices.

The supply analysis identified that in January 2022, there was a zoned supply of approximately 5,600 lots available for separate dwellings across the municipality, with 23% in Phillip Island.

In aggregate, land supply could accommodate demand for approximately 7-10 years (as at end of 2023) if the locations and housing types were well matched to demand (Table 36). The analysis which follows this table identifies that there are several issues in terms of the alignment of supply and demand.

It is relevant to note that this level of supply includes single vacant lots, many of which have been recently sold and some of which will not be made available to the market. Therefore, this represents a theoretical maximum level of available land supply for separate houses.

T36. AGGREGATE DEMAND AND SUPPLY COMPARISON

Separate dwelling supply	Separate Dwelling Demand Rate[1]	Years supply (Jan 2022)	Years supply (end 2023, accounting for 2 years consumption)
5,586	473-588	9.5 – 11.8	7.5 – 9.8

Source: Urban Enterprise. Note 1. Set at 90% of overall dwelling needs to account for a nominal infill development proportion of 10%. See footnote for details.

The above is based on a simplified 'aggregate' housing demand and supply comparison prepared at the municipal level. In practice, market segments and local demand drivers are complex. This is especially relevant in Bass Coast Shire, where the housing market of the major urban centre of Wonthaggi is distinct from the markets in the many coastal townships.

Although planning policy requires land supply to be "considered on a municipal basis", the various sub-markets and towns in Bass Coast require an approach to housing policy which provides opportunity across all market segments to achieve other policy objectives associated with housing choice and diversity, housing affordability and economic development, and to ensure that the property market can operate freely without land supply restrictions and associated negative outcomes.

Table 37 shows a comparison of demand and supply metrics for major locations and market segments for separate dwellings. The demand rates shown are based on a broad continuation of the proportion of dwelling approvals that occurred over the period 2017 – 2021 in each location and an allowance for 10% of the total dwelling requirement to be met through infill development.[5]

The key findings are:

- There is a substantial variation in the land supply available by location across the municipality relative to demand. For example, remaining land supply in Phillip Island is estimated at less than 6 years, while mainland areas have a greater level of supply likely to exceed 11 years in a low demand scenario.
- Once the Wonthaggi North East PSP is finalised, Wonthaggi is estimated to have at least 40 years of land supply, while many coastal areas such as Cowes, Phillip Island overall and Inverloch will have less than 9 years of supply available.

T37. COMPARISON OF DEMAND AND SUPPLY FOR KEY LOCATIONS

Location	Capacity for separate dwellings	Annual dwelling requirement		Years Supply (Jan 2022)		Years Supply (End 2023)	
		Low	High	Low	High	Low	High
Cowes	916	109	135	8.4	6.8	6.4	4.8
Other Phillip Island	366	47	59	7.7	6.2	5.7	4.2
Phillip Island sub-total	1282	156	194	8.2	6.6	6.2	4.6
Wonthaggi	1388	95	118	14.7	11.8	12.7	9.8
Inverloch	795	76	94	10.5	8.5	8.5	6.5
San Remo	522	38	47	13.8	11.1	11.8	9.1
Waterline	859	57	71	15.1	12.2	13.1	10.2
Other mainland	740	52	65	14.2	11.4	12.2	9.4
Mainland sub-total	4304	317	394	13.6	10.9	11.6	8.9
Mainland ex Wonthaggi	2916	227	282	12.9	10.4	10.9	8.4
Total	5586	473	588	11.8	9.5	9.8	7.5

Source: Urban Enterprise.

[5] For example, 23% of new dwellings approved in Bass Coast from 2017 to 2021 were in Cowes. The demand rate for Cowes is therefore set at 23% of the projected dwelling requirement for the municipality over the planning period, minus 10% for infill. Some adjustments were applied to align with the demand analysis presented in this report.

The allowance for 10% of housing demand to be met through medium density development takes into consideration the historical development activity where only 5% of all dwellings approved were medium density types while allowing for an increase in this housing type over the planning period in response to changing demographics (including the strong projected increase in 1 and 2 person households) and the findings of consultation with development industry representatives that medium density housing is expected to perform a more substantial housing role in the short to medium term in Bass Coast.

11.4. CONSIDERATIONS FOR MARKET SEGMENTS

The following market segment considerations are noted:

- Once the Wonthaggi North East PSP is approved, the market segment seeking regional centre housing will be well catered for if this new land can be efficiently and cost effectively brought to the market by developers. It is important, however, that a variety of housing types are delivered in Wonthaggi to meet demand, including medium density housing (in both established and growth areas) and rental dwellings.
- The holiday home market is likely to see declining availability of opportunities to construct new dwellings in coastal locations given the relatively low supply in popular locations such as Inverloch and Cowes. This is likely to manifest in strong competition for existing dwellings (and associated price growth) and some transfer of demand to smaller towns in Bass Coast and adjacent coastal locations.
- The market for low density and rural living housing and property is relatively poorly supplied. Without further additions to the existing zoned land in the LDRZ and RLZ, this market will have relatively few options remaining. Infill development could assist in providing new options to the market; however, this type of intensification can sometimes erode the values sought by this market segment in the first place (rural setting, larger lots, etc).

ROLE OF INFILL DEVELOPMENT

As demonstrated in the infill capacity analysis, there is substantial capacity and opportunity for infill development across many towns in the municipality. As broadhectare land becomes more scarce in many towns, it is likely that medium density demand and development will increase to some extent due to higher overall dwelling prices and fewer separate dwelling alternatives.

Infill development can assist in increasing the diversity of housing available within the municipality, especially in terms of tenure (medium density dwelling types are more likely to be rented than separate dwellings) and size (often suitable for smaller households and downsizers).

It is important to note, however, that:

- Infill development will only meet the needs of certain market segments and will not meet the core market for housing in Bass Coast which has traditionally sought (and been supplied with) separate dwellings.
- Medium density development is often suitable for short term accommodation and holiday rentals, which although providing important economic benefits can limit the availability of housing to permanent rentals.
- Consultation with infrastructure authorities, development industry representatives and council officers undertaken for this study identified that infill development brings new challenges compared with greenfield development, such as infrastructure upgrades required, often slower and more complex development approvals and delivery, and amenity and character changes.

PART D. ISSUES

12. HOUSING ISSUES

12.1. INTRODUCTION

This section identifies housing issues based on the preceding analysis which can inform the preparation of future planning studies for housing.

12.2. DEMAND ISSUES

The housing stock is largely homogenous and a greater diversity of dwelling types is needed

The housing stock in Bass Coast is homogenous and mostly comprised of separate houses. Household type projections are for strong growth in single person and couple households, requiring consideration of ways to diversify the housing stock, particularly in established areas proximate to existing services and amenity in larger settlements (e.g., Wonthaggi, Cowes etc).

Supporting smaller, and higher density housing types (i.e., units, town homes, aged care) in strategic infill locations may encourage existing single and couple households to downsize. This could also free-up larger, separate houses for family households.

Growing demand, interest and prevalence in owner occupiers

Bass Coast's housing market is attracting a greater share of owner-occupier purchasers and interest; a trend that has accelerated since the start of COVID-19 pandemic. Bass Coast's commutability and lifestyle attributes are highly favourable to the Victorian housing market. This has led to a highly active and strong performing market underpinned by high net internal migration and delivering record house price growth.

Different owner-occupier segments are active across Bass Coast's settlements, including:

- Retirees and semi-retirees – a mix of locals and intrastate migrants. This market is predominantly seeking housing in Bass Coast's coastal settlements, with access to amenity.
- Lifestyle second and third home buyers – primarily originating from outside of the Shire, and within 100km travel distance from Bass Coast. This market is seeking lifestyle housing/lot product with ease of access to transport routes for commutability.
- First and second homebuilder market – primarily local families and couples, this market is seeking more affordable housing/lot products proximate to places of work, amenity, infrastructure and services (e.g., schools, health care etc).

Housing affordability has declined substantially

A key issue identified across all of Bass Coast's settlements is the strong house price and rent growth that has been recorded. Bass Coast is now the most expensive peri-urban municipality in Victoria, and the median house price is comparable to that of Greater Geelong.

Housing affordability has eroded considerably on the back of unprecedented price growth in 2020 and 2021. Whilst prices have steadied (and in some areas, reduced) in 2022 and 2023, house prices remain high relative to other peri-urban areas.

With wages growth remaining relatively subdued, housing affordability and the cost of housing can be expected to be an ongoing issue in the municipality. Some considerations to address this issue in the Housing Strategy are as follows:

- Ensure there is an adequate and rolling supply of practical residential land supply and 'market ready' housing stock to meet housing needs.

- Encourage a diversity of housing typologies and densities at different price points to meet a range of housing preferences and income ranges.
- Support a higher provision of rental stock in the municipality to ensure there is balance in the rental market, and demand for rental tenure can be adequately met.

Rental availability is very limited

The rental market in Bass Coast is highly competitive and is facing upward pressure on price. The number of active bonds has recorded negligible growth alongside increasing demand, which has manifested into ongoing high rent growth.

Agents suggested that the rental market is currently not well served in Bass Coast, with an overall shortfall of rental properties that are available for permanent tenants / residents. Rising rents have caused some renters to leave Bass Coast, and seek more attainable rental properties elsewhere, a trend which could contribute to challenges for local businesses retaining and attracting labour.

The strong house price growth in Bass Coast re-affirms the importance and need for adequate and affordable rental stock. This is particularly relevant during a period where inflationary pressures are being felt elsewhere in the economy, including goods and services such as food, transport and utilities.

Residential development is heavily weighted toward separate housing

Historically in Bass Coast, residential development has been heavily weighted towards separate houses. This is likely to have been most strongly influenced by the availability of land suitable for standard density development and the preferences of most core market segments (including families, couples, retirees and pre-retirees, sea-changers and holiday home owners) for larger dwellings in lower density residential settings which align with the coastal, regional and rural context of the municipality.

Higher density dwelling typologies such as apartments, units and townhouses will need to play an important role in Bass Coast in the future in order to:

- Diversify the current housing stock profile and provide a viable option for downsizers; a market that is currently not well catered for. This could also free-up larger dwellings currently occupied by lone and couple households.
- Provide more affordable housing options for lower income households, including the first home buyer and rental market;
- Help accommodate future growth through more efficient use of land (i.e. intensification), particularly in settlements where vacant zoned land stocks are constrained and demand is high (such as Cowes).

The importance and role of higher density housing will increase if the Draft Statement of Planning Policy ultimately introduces Protected Settlement Boundaries which limit the availability of new greenfield land in the municipality.

Any consideration of residential intensification should have regard to potential impacts on the environment, amenity and infrastructure and is cognisant of the fact that higher density dwellings will only meet a proportion of overall dwelling demand.

A substantial proportion of the housing stock is used by visitors, not permanent residents

More than a quarter of the current housing stock is estimated to be used by visitors as holiday homes and holiday rentals. This brings into question the need to apply controls or limits to the number of holiday rentals so that housing can be prioritised for residents, especially permanent rentals.

12.3. SUPPLY ISSUES

Accommodating increasing overall demand levels

Over recent years, the overall rate of dwelling demand has increased, resulting in a reduction in the number of years over which zoned land is likely to be able to accommodate demand. Given demand has increased in Phillip Island as well as Mainland areas, new opportunities for housing will need to be provided in locations with characteristics suited to the needs of a range of different markets.

Alignment of Locations of Supply and Demand

There is substantial variation in the land supply levels available by location across the municipality relative to demand. Popular coastal locations are now experiencing particularly low land supply levels which will place upward pressure on price and reduce opportunities for new households and visitors to be accommodated.

Completion of the Wonthaggi North East PSP is critical to ensuring ongoing availability of land for housing in the regional centre and should be accompanied by a clear plan to increase housing diversity across the town.

New locations for housing growth will be needed in coastal towns where suitable, highlighting the need for currently 'unzoned' land within settlement boundaries (or proposed by the DAL process to be included) in places such as San Remo and Cape Paterson to be facilitated for development in the short term.

Infill development is also likely to increase over the planning period, especially in locations with declining supply for separate housing. This should be facilitated wherever possible and suitable given benefits for housing diversity and tenure.

Lack of lower density and rural living opportunities

The market for low density and rural living housing and property is relatively poorly supplied. Without further additions to the existing zoned land in the LDRZ and RLZ, this market will have relatively few options remaining. Opportunities to facilitate appropriate re-subdivision of existing LDRZ and RLZ areas should be investigated, along with ensuring that new broadhectare areas are encouraged to provide lower density housing options if these can be accommodated alongside other suitable housing products.

Infill

Local planning policy regarding infill development is inconsistent and sometimes conflicting. Different policy and zoning approaches are applied for different towns. Given the increasingly important role of infill development, planning should ensure that infill policies are consistent and transparent to enable efficient delivery of medium density housing in suitable locations to meet demand.

Initial consultation undertaken for this study revealed that most infrastructure authorities and agencies foresee challenges in servicing any increase in the scale and intensity of infill development over the planning period. Agencies noted that infill development is usually more complex to service and can be difficult to arrange equitable funding agreements for. In many locations, water and wastewater systems will need major upgrades, drainage schemes for established areas will be needed, and local roads will need a comprehensive program of improvements and upgrades. Any increase in costs to developers arising from the above challenges could influence the viability of development, a consideration that will need careful attention as infill plans progress.

Activity Centre Housing

Activity centres are the focus of policy support for higher density housing; however this will generally require redevelopment of existing commercial premises for mixed use development given that the boundaries of activity centres (with the exception of Cowes) primarily include commercial areas only. There is also a relatively low number of clear strategic redevelopment sites within activity centres (again, with the exception of Cowes) which is likely to limit the overall contribution of these locations to overall dwelling supply in the short to medium term.

Increasing overall house and unit prices are expected to improve the viability of apartment developments in activity centres over the planning period and apartments can meet the needs of a range of market segments including permanent rental households, holiday rentals, downsizers and lifestyle buyers. In Wonthaggi, market depth for apartments is considerably less given the lack of a holiday market.

Balancing housing supply for use by both residents and visitors

As noted earlier in this report, Bass Coast's housing accommodates both permanent residents and visitors. Although permanent occupancy is increasing, competition for housing from both of these markets is expected to continue throughout the planning period and cause challenges for certain parts of the community, especially those seeking permanent rentals who are often 'crowded out' due to price growth driven by strong competition from visitors. This circumstance is likely to increase current economic challenges associated with low labour force availability for key sectors such as hospitality, retail and services.

Approaches to Managing Short Term Rental Properties

The issue of housing being used for visitor accommodation and displacing permanent residents requiring rental housing has increasingly influenced a range of cities and towns across the world since the advent of the sharing economy, especially AirBnB.

To control the number and proportion of dwellings used for short stay rental purposes, a range of approaches have been implemented by Australian local governments. These approaches include:

- Requiring owners to register with Council and / or receive permission to use property for short stay rentals;
- Increased Council Rates for property owners using housing for short stay rentals;
- Prevention of additional (i.e., new) homes being utilised for short stay rental purposes; and
- Caps on the number of days / nights a dwelling can be utilised for short stay rentals.

In NSW, local Councils can elect to implement a cap on the number of days a property can be utilised as a short stay rental, with Byron Shire Council recently receiving permission from the NSW Government to implement a 90 day cap on short stay rentals. This means that 'unhosted' properties[6] can only be utilised as a short term rental for 90 days a year. In other areas of NSW this cap is 180 days.

Brisbane City Council recently approved a 50% increase in rates for dwellings utilised for short stay accommodation more than 60 days a year. Elsewhere in Queensland, Noosa Shire Council will require short stay rentals be registered with Council later this year. A $950 registration fee paid to Council will be required.

In Tasmania, the City of Hobart recently passed a motion to prevent the issuing of any new permits for whole house short stay development in residential areas.

Broome Shire Council in Western Australia also recently approved changes to their planning scheme to require landowners to seek planning permission from Council to utilise their property for short stay rental / accommodation purposes. It is noted for these changes to be implemented, approval is required from the WA Planning Minister.

Mornington Peninsula Shire Council requires a registration fee for dwellings utilised for short stay accommodation.

Initiatives are summarised in Table 38. It is noted that several other approaches have been considered by local Councils in Australia but are yet to be implemented, such as:

- Charging commercial rates;
- Providing rate concessions for owners who rent their properties on a long term basis; and
- Banning commercial holiday homes in particular residential zones.

[6] 'Unhosted' refers to properties where the host or landowner leasing the property does not live on site.

T38. APPROACHES TO MANAGING SHORT STAY RENTALS

LGA	Approach	Short Stay Accommodation / Rental Policies
Mornington Peninsula	Registration / Planning Permission	$300 registration fee for dwellings being utilised as short stay accommodation
NSW	Cap	Cap of 180 days a year in Greater Sydney and nominated regional NSW LGAs for 'non hosted' STRA. LGAs can opt into implementing a cap.
		Cap of 90 days for short term rentals approved in Byron Bay
Brisbane	Rates	50% increase in rates for dwellings utilised for short stay accommodation for more than 60 days a year.
Noosa	Registration / Planning Permission	Annual registration required. $950 registration fee to be implemented.
Broome	Registration / Planning Permission	Airbnb owners(unhosted) to be required to register with Council*. Means owners will be required to seek permission in residential zones.
City of Hobart	Prevention	Motion passed to prevent any new permits for whole house short stay development in residential areas.

Source: Urban Enterprise, 2022, based on desktop research. *Requires approval from WA Planning Minister.

Carefully responding to the issue of housing being used as visitor accommodation will be particularly important for Bass Coast given the importance of tourism to the local economy as well as the need to accommodate a growing permanent resident population in a suitable diversity of housing tenures, sizes and locations.

The main risk identified in this report of not addressing this issue is the displacement of those requiring permanent rental housing in Bass Coast due to ongoing rental price growth and the lack of increase in overall permanent rental stock in the municipality. This issue requires a multi-faceted approach and cannot be solved by targeting short stay rental housing alone.

Further evidence and assessment are required to determine the right approach for Bass Coast to manage the number of short stay rental properties / holiday homes within the Shire, commencing with clear data on the number, location and characteristics of properties used for short stay rental purposes. Once this information is available, an assessment of potential responses can be considered as part of strategic planning. Any associated economic, social and environmental costs and benefits should be considered as part of the options assessment.

APPENDICES

APPENDIX A STATISTICAL AREA BOUNDARIES

SETTLEMENTS (COUNCIL BOUNDARIES)

Major Town		Other Townships	
No.	Town Name	No.	Township Name
1	Cowes	5	Cape Paterson
2	San Remo	7	Ventnor
3	Grantville	8	Wimbledon Heights
4	Wonthaggi	9	Sunderland Bay
6	Inverloch	10	Sunset Strip
		11	Rhyll
		12	Surf Beach
		13	Cape Woolamai
		14	New Haven
		15	Corinella
		16	Coronet Bay
		17	Bass
		18	Kilcunda
		19	Dalyston
		20	Tenby Point
		21	Jam Jerrup
		22	Pioneer Bay
		23	The Gurdies
		24	Harmers Haven

LGA BOUNDARY

SA2 BOUNDARIES

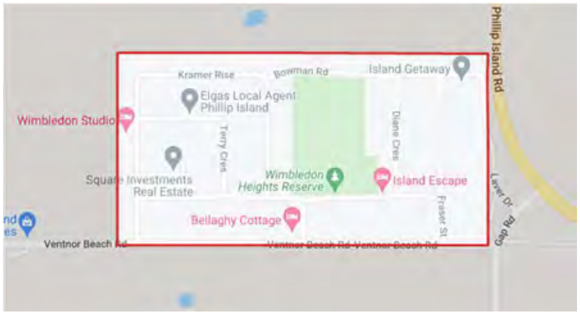
UCL BOUNDARIES

TOWN SA1 BOUNDARIES

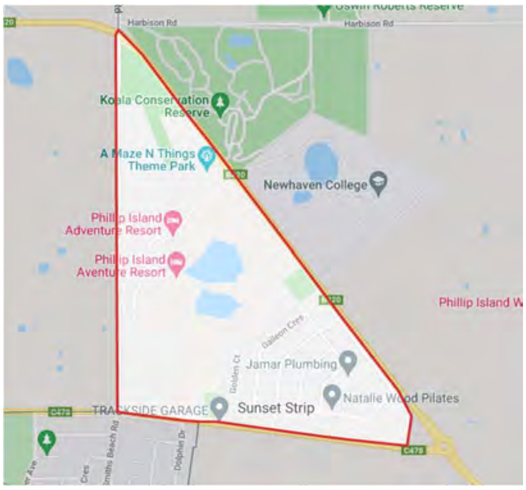
Cowes and Silverleaves

Ventnor

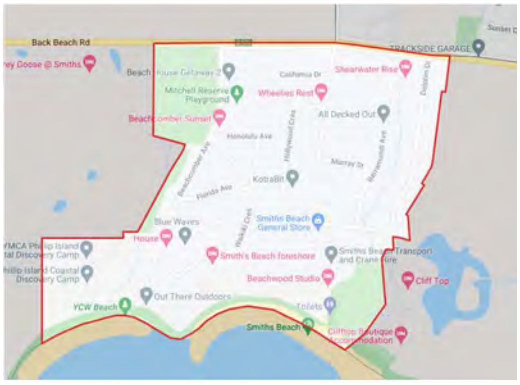
Wimbledon Heights



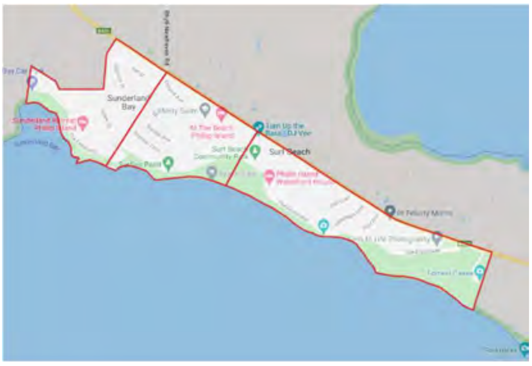
Sunset Strip



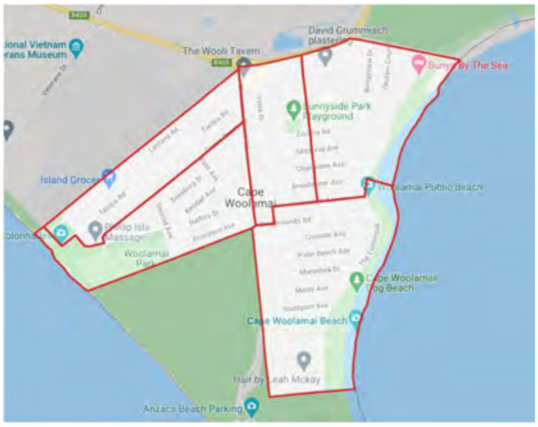
Smiths Beach



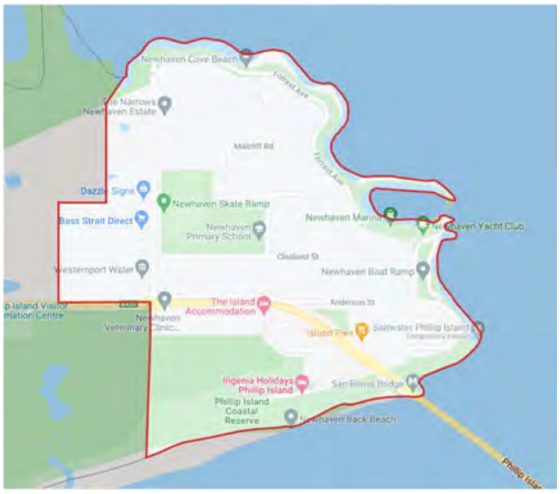
Surf Beach and Sunderland Bay



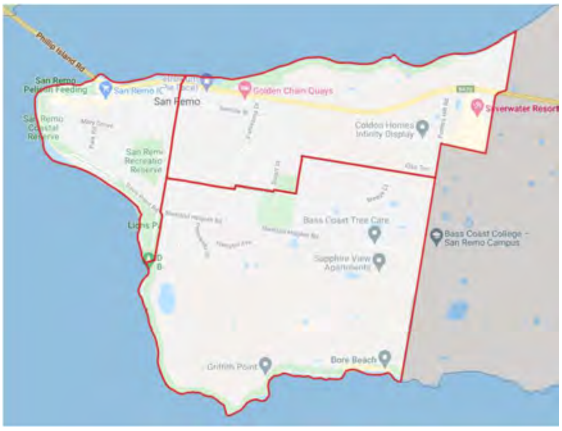
Cape Woolamai



Newhaven

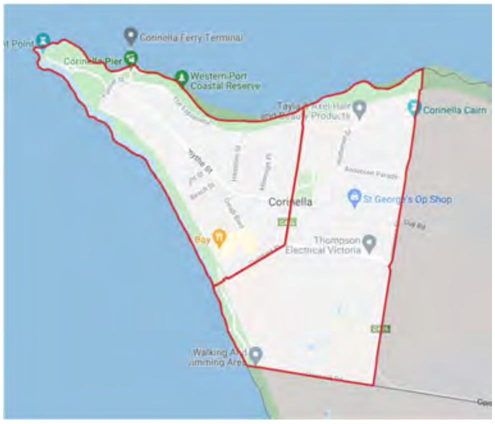


San Remo



Coronet Bay

Corinella

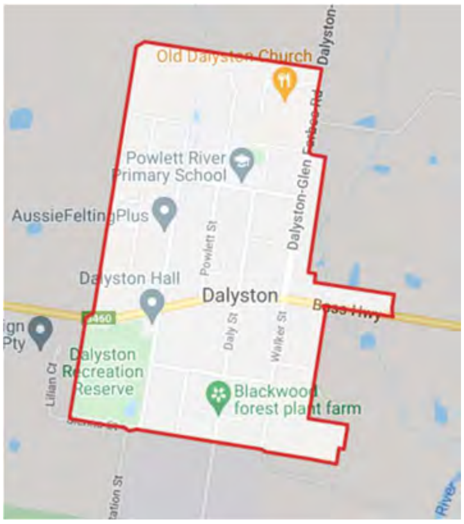


Grantville

Note: Boundaries of the Grantville SA1s were changed by ABS between the 2016 and 2021 censuses. The orange line / boundary reflects the boundary of one SA1 which was during this period. All data areas shown in the figure above have been included in dwelling approval analysis.

Kilcunda

Dalyston



Wonthaggi

Cape Paterson

Inverloch

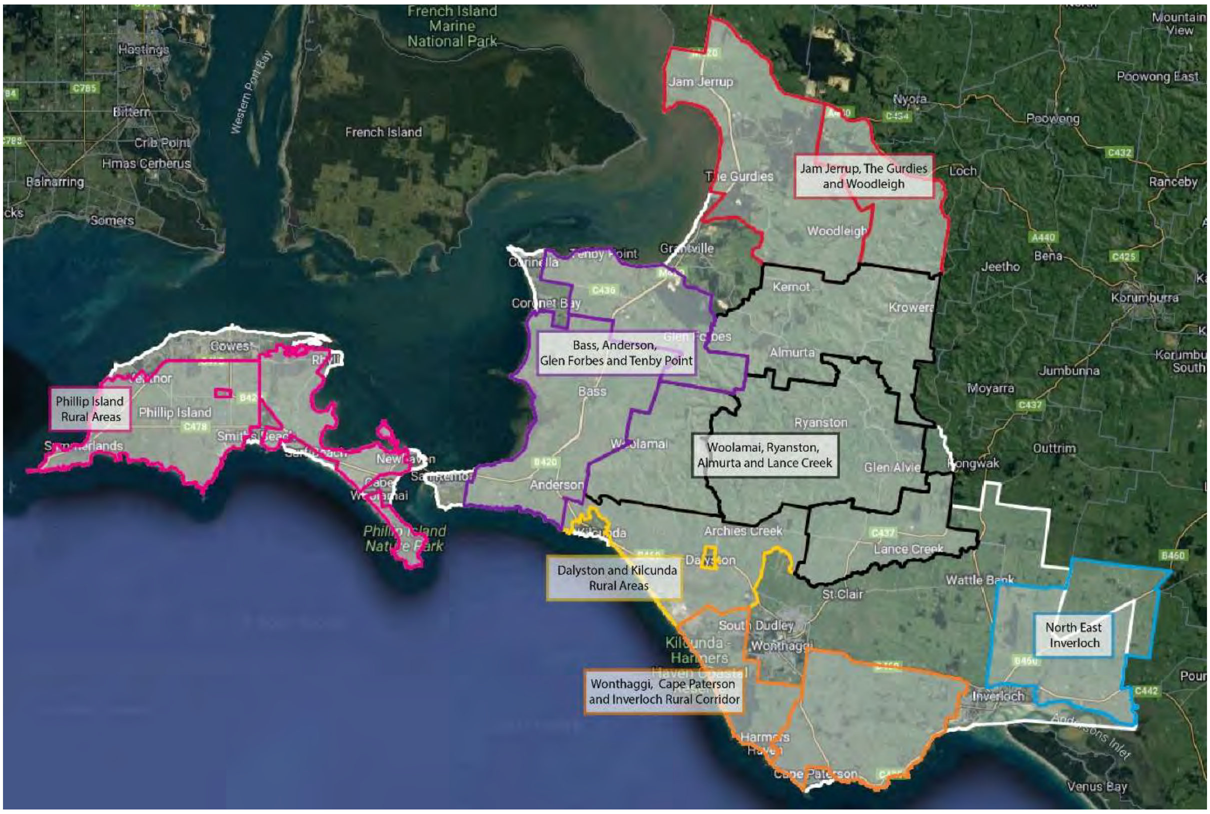
RURAL AREAS SA1 BOUNDARIES

Dwelling approval data published by ABS for each SA1 in the municipality was categorised as either one of the towns (shown in the above maps) or one of several 'rural' areas shown in the Rural Areas map below.

Due to data area boundaries, some minor towns / hamlets are included in the 'rural' definition such as Jam Jerrup and Tenby Point. Areas located in towns identified on the previous 3 pages are not rural areas and have therefore been excluded from the Rural Areas map.

Separate analysis has been prepared for any land that is zoned for rural residential purposes, such as the Rural Living Zone areas in Wattle Bank.

Rural Areas



Rural areas identified in the map above include:

- North East Inverloch;
- Wonthaggi, Cape Paterson and Inverloch rural corridor;
- Woolamai, Ryanston, Almurta and Lance Creek;
- Dalyston and Kilcunda rural areas;
- Bass, Anderson, Glen Forbes and Tenby Point;
- Jam Jerrup, The Gurdies and Woodleigh; and
- Phillip Island rural areas.

APPENDIX B BROADHECTARE LAND SUPPLY ASSESSMENT DETAILS

METHOD

Broadhectare sites were identified through the following process:

- Sites identified as vacant and over the size threshold for broadhectare land in each zone were categorised as potential broadhectare land.
- This list of sites was subsequently assessed by Urban Enterprise and Council staff to identify any necessary additions, deletions or refinements to ensure that all properties with substantial greenfield development capacity were clearly defined.

The capacity of broadhectare sites to accommodate dwellings was estimated by reference to the following:

- Where an approved or proposed Development Plan or subdivision applies to a site or areas, the expected dwelling yield of those plans was adopted based on information supplied by Council.
- Where no plans are in place or proposed, the likely yield of the site was approximated by Urban Enterprise, taking into account any known encumbrances (such as flooding, steep terrain or areas within land use buffers), standard deductions for local roads and open space and an average lot size which reflects recent development approvals in broadhectare areas in Bass Coast.

Assumptions and metrics used to estimate the capacity of sites identified as broadhectare are summarised in Table 39 and Table 40.

T39. BROADHECTARE CAPACITY ASSUMPTIONS

Zone	Location	Minimum land area threshold for broadhectare categorisation (ha)	Deduction for local roads and open space	Average lot size (sqm)
GRZ	All	0.5	30%	600
TZ	All	0.5	30%	600
LDRZ	On sewer	1.0	30%	2,000
	Off sewer	1.0	30%	4,000
	LDRZ1	1.0	30%	20,000

Source: Urban Enterprise.

Note 1: for all sites, any approved development plan or subdivision plan yield replaces the modelled yield.

Note 2: For all sites with known encumbrances such as flooding or buffer areas, the area of the encumbrance was deducted prior to deducting 30% for local roads and open space.

Note 3: Average lot sizes for the GRZ and TZ are based on the typical lot sizes created in recent subdivisions for in those zones (based on a review of case study developments provided by Council and analysed by Urban Enterprise). Average lot sizes for the LDRZ are based on the minimum lot size specified in the zone and associated schedules of the Bass Coast Planning Scheme.

T40. BROADHECTARE ASSUMPTIONS – RURAL LIVING ZONE

No	Assumption
1	If more than 5 additional lots can be created through subdivision based on the minimum lot size of 20,000sqm as specified in the planning scheme, RLZ sites are identified as 'Broadhectare'. Other sites with lesser potential yield are considered as part of the infill capacity assessment.

Source: Urban Enterprise.

Where a site was identified as vacant (based on the property database) and the site size was generally of a size suitable for a single house (maximum 1,000sqm GRZ, 2,000sqm TZ; 5,000sqm LDRZ and 40,000sqm RLZ), these properties were counted as 'single vacant lots' for the purposes of estimating the further relatively unencumbered capacity of residential land in Bass Coast to accommodate new separate dwellings.

RESULTS

Table 41 shows a list of sites identified as broadhectare sites and the adopted capacity / yield estimate.

T41. LIST OF BROADHECTARE SITES

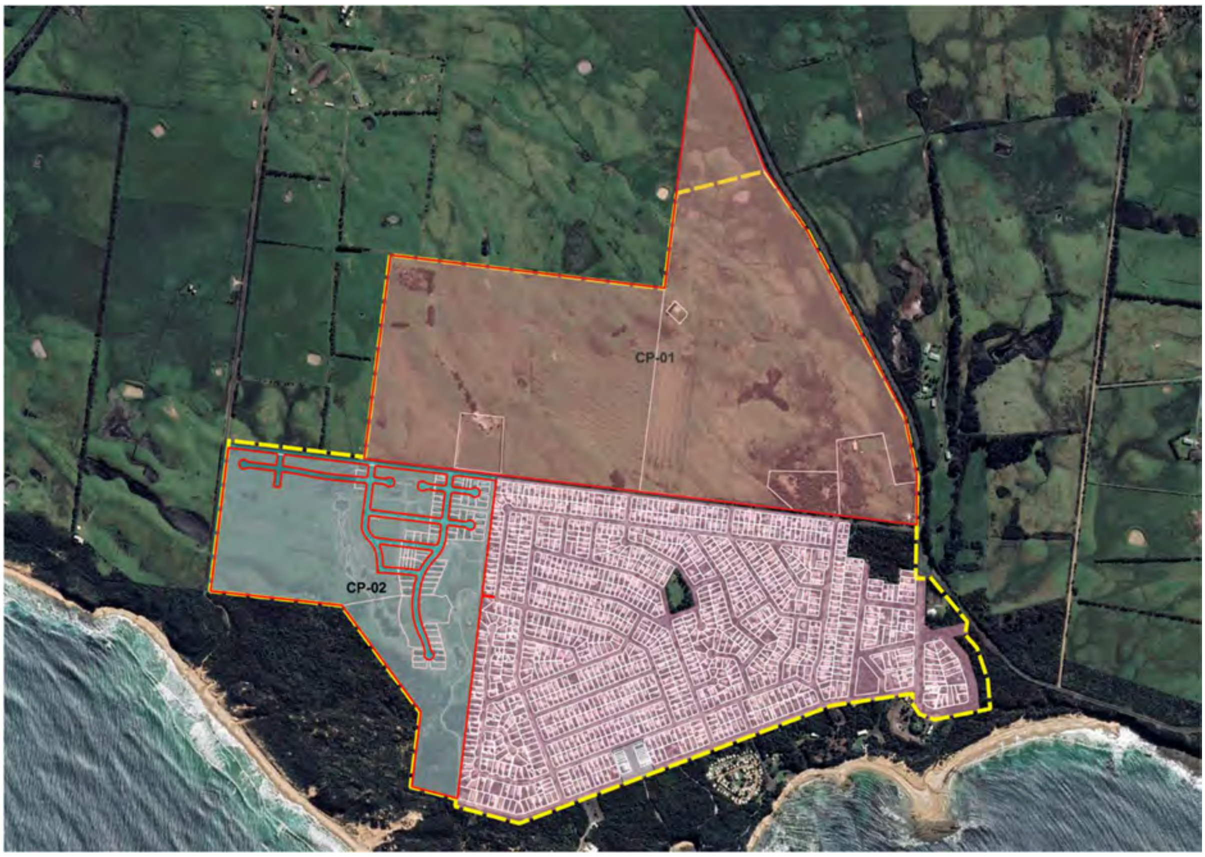
Town	Site Id	Zone	Yield	Capacity Source
Cape Paterson	CP-01	FZ	490	Modelled
Cape Paterson	CP-02	CDZ1	42	Council - permit
Corinella	CA-01	GRZ1	36	Council - permit
Corinella	CA-02	LDRZ	31	Council - permit
Coronet Bay	CB-01	GRZ1	176	Council - permit
Coronet Bay	CB-02	LDRZ	43	Council - permit
Cowes	CS-01	FZ	40	Modelled
Cowes	CS-02	GRZ1	54	Modelled
Cowes	CS-03	GRZ1	281	Council – development proposal (independent living)
Cowes	CS-04	GRZ1	41	Modelled
Cowes	CS-05	GRZ1	16	Council – development proposal
Cowes	CS-06	GRZ1	30	Council – expected outcome following planning process.
Cowes	CS-07	GRZ1	70	Council - permit
Dalyston	DA-01	TZ	46	Council - permit
Grantville	GR-01	LDRZ	12	Modelled
Grantville	GR-02	FZ	18	Modelled, including buffer area reduction
Grantville	GR-03	FZ	13	Modelled
Grantville	GR-04	GRZ1	91	Modelled
Grantville	GR-05	GRZ1	167	Council – preliminary plan
Grantville	GR-06	FZ	16	Modelled
Inverloch	IN-01	GRZ1	282	Council – proposed development
Inverloch	IN-02	GRZ1	192	Modelled
Inverloch	IN-03	GRZ1	66	Council - permit
Kilcunda	KA-01	TZ*	23	Council – restructure overlay maximum.
Kilcunda	KA-02	TZ/GRZ	98	Council – development proposal.
San Remo	SR-01	GRZ1	84	Council - permit
San Remo	SR-02	GRZ1	55	Council – permit
San Remo	SR-03	GRZ1	35	Council – development proposal
Sunderland Bay	SB-01	LDRZ	6	Council - permit
Ventnor	VR-01	FZ	22	Modelled
Ventnor	VR-02	FZ	36	Modelled
Wonthaggi	WT-01	LDRZ	83	Council - permit
Wonthaggi	WT-02	FZ	226	Modelled
Wonthaggi	WT-03	GRZ**	1,241 zoned 3,373 unzoned	PSP
Wattle Bank	WB-01	RLZ	58	Council - permit
Wattle Bank	WB-02	RLZ	9	Modelled

Source: Urban Enterprise, 2022.

*Combination of TZ and RLZ. **PSP area has a total expected yield of approximately 5,000 lots. Existing lots in completed estates excluded; yield of remaining undeveloped land area estimated by applying PSP land budget metrics of 80% NDA and 11 dwellings per hectare on average.

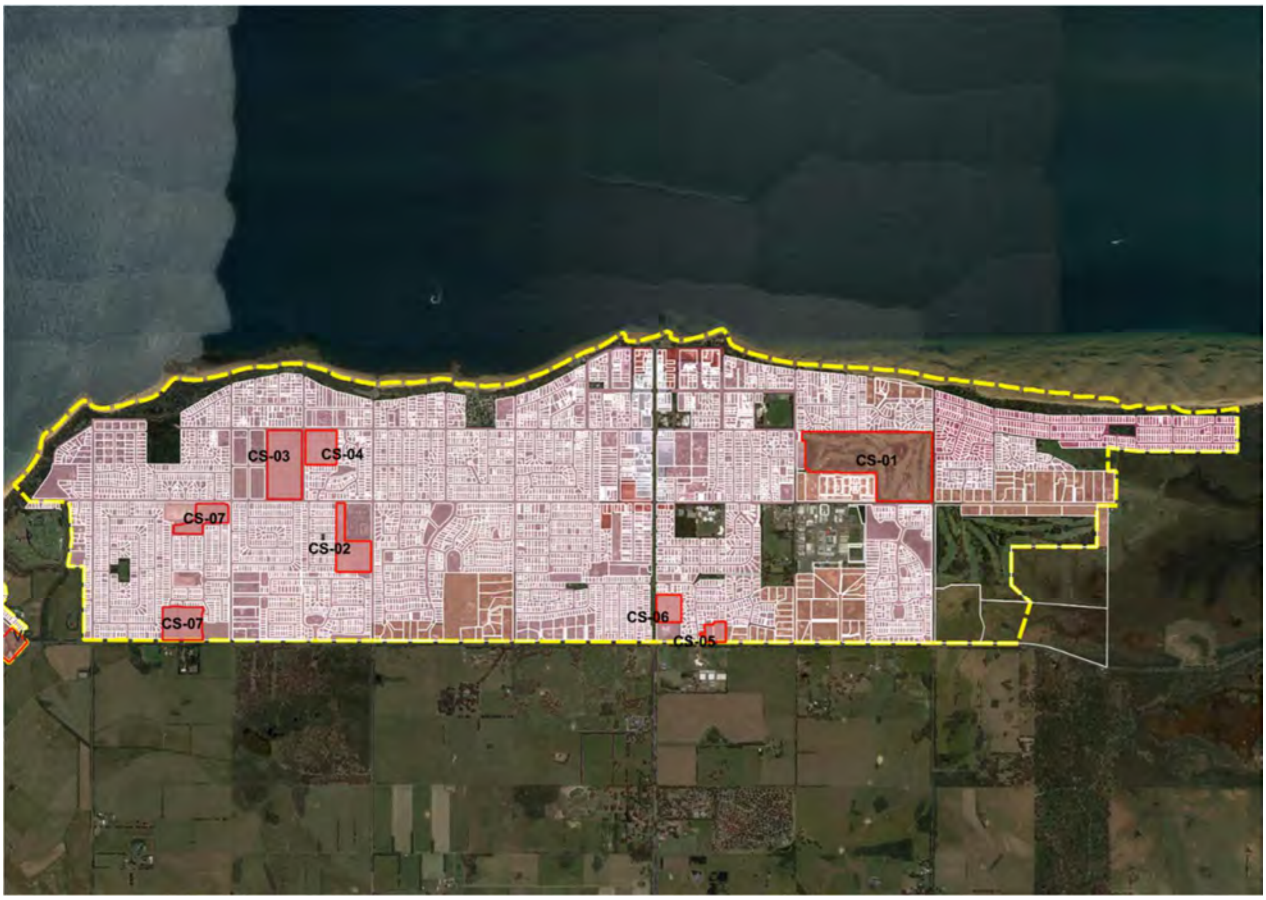
MAPS

F37. CAPE PATERSON BROADHECTARE LOCATIONS



F38. CORINELLA AND CORONET BAY BROADHECTARE LOCATIONS

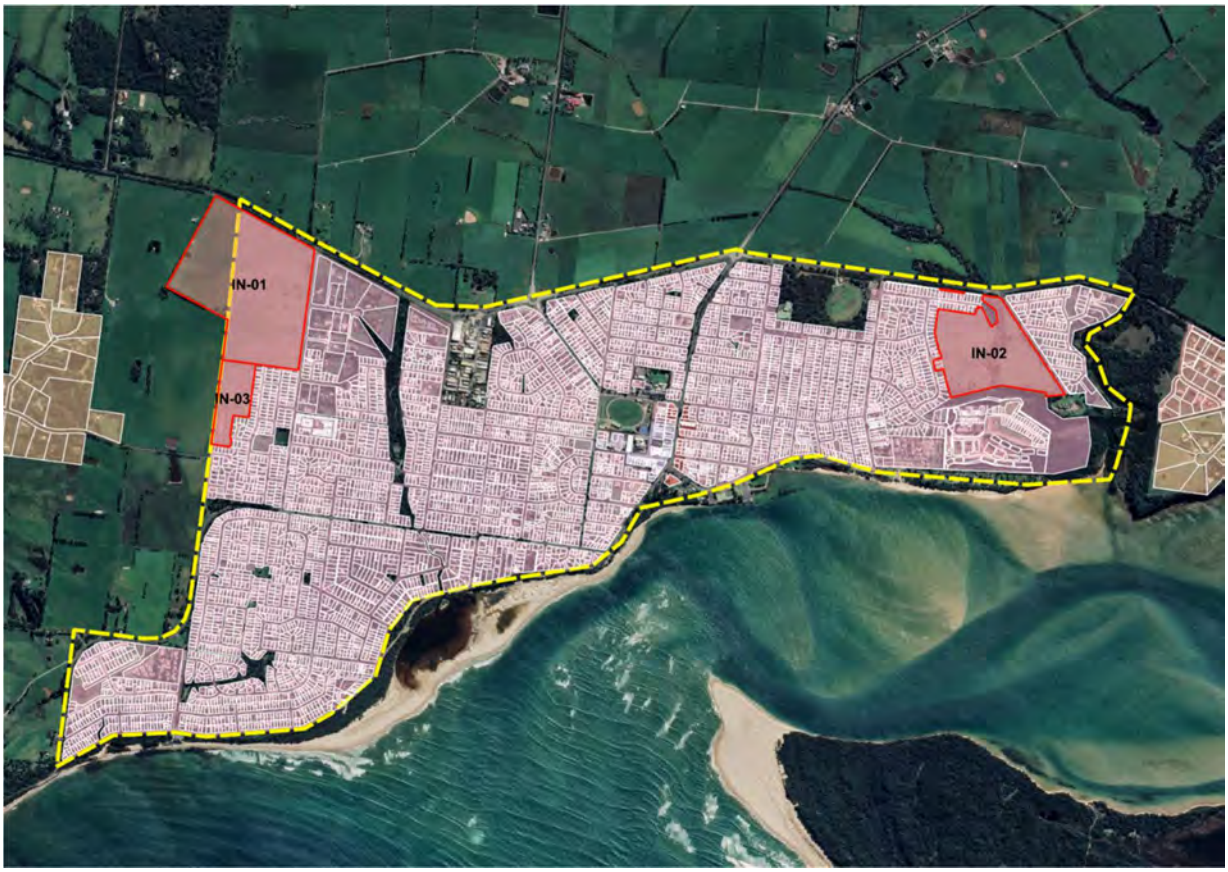
F39. COWES BROADHECTARE LOCATIONS



F40. VENTNOR BROADHECTARE LOCATIONS

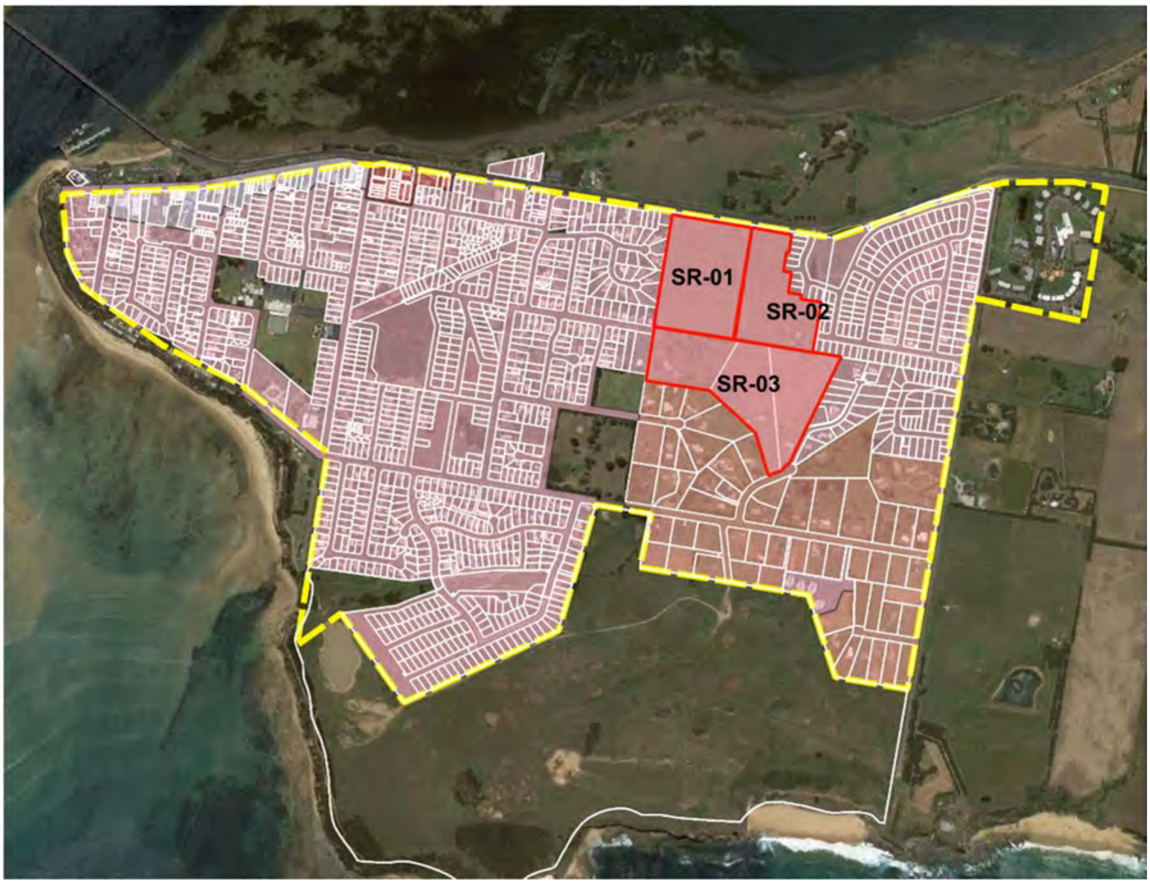
F41. GRANTVILLE BROADHECTARE LOCATIONS

F42. INVERLOCH BROADHECTARE LOCATIONS



F43. KILCUNDA & DALYSTON BROADHECTARE LOCATIONS

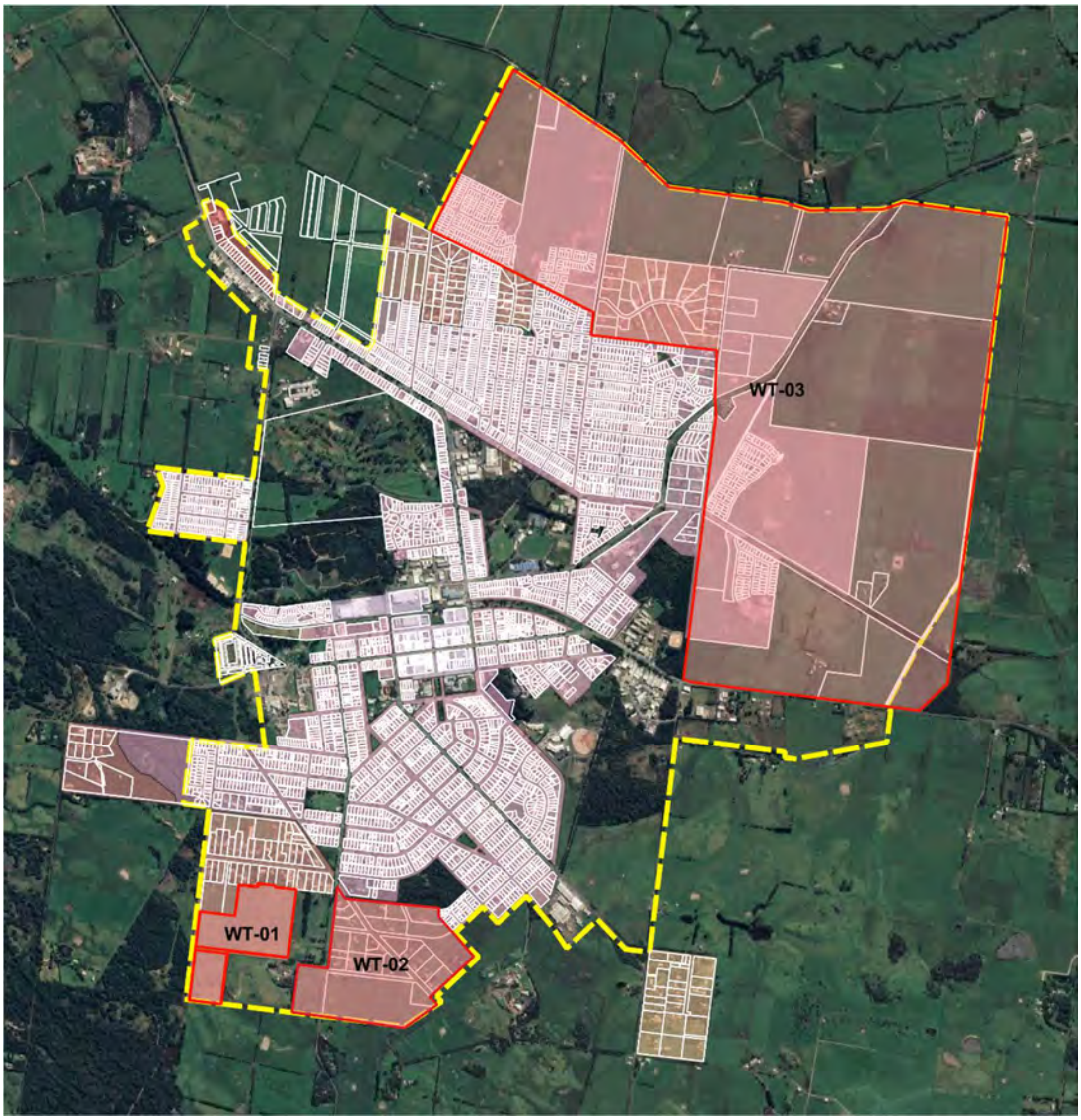
F44. SAN REMO BROADHECTARE LOCATIONS



F45. SUNDERLAND BAY BROADHECTARE LOCATIONS

F46. WATTLE BANK BROADHECTARE LOCATIONS

F47. WONTHAGGI BROADHECTARE LOCATIONS



APPENDIX C INFILL CAPACITY ASSESSMENT DETAILS

OVERVIEW OF METHOD

For sites not identified as broadhectare, the potential for infill development was assessed through the following process:

- A series of exclusions were first applied to remove from consideration sites that are considered unlikely to be redeveloped in the planning period for this study. Exclusions apply where sites have recently constructed and/or high value improvements, are too small to accommodate townhouse or apartment development, or have current non-residential uses that are unlikely to be redeveloped (such as schools, churches, infrastructure, caravan parks and so on).
- For sites not excluded, the potential capacity of the land was estimated based on existing Bass Coast planning policy relating to residential densities in established areas. Residential intensification is encouraged in some towns but not others and is particularly encouraged in areas proximate to activity centres in major towns.
- In the Cowes, San Remo, Inverloch and Wonthaggi Activity Centres, information on the proposed capacity or yield of particular strategic redevelopment sites was provided by Council to replace any 'modelled' development capacity.
- In cases where no further subdivision is likely, but a site is currently vacant, these sites were identified as 'single vacant lots'.

The following tables detail the assumptions used to estimate the development capacity of land in established areas of Bass Coast townships.

EXCLUSIONS

Table 42 summarises the exclusions that are applied to remove from consideration sites that are considered unlikely to be developed over the planning period. Although some of these sites may ultimately be developed, these sites have characteristics that usually mean that development is less likely or viable, so including the capacity of the sites would likely overestimate the housing opportunities in established areas.

T42. EXCLUSIONS

No	Characteristic	Exclusion	Details
1	Year Built	Buildings constructed since January 2000	Sites with recently constructed buildings less likely to be redeveloped in the short-medium term.
2	High Value Improvements	CIV:SV Ratio > 3 (higher density and mixed use locations) CIV:SV ratio > 1.5 (all other zones and areas)	Redevelopment of occupied properties with high value improvements relative to site value are less likely to be short term development propositions. Development generally focuses on sites with lower value improvements to maximise return/viability.
3	Small lots	Lots less than 300sqm	Small lots are unlikely to be further subdivided or developed.
4	Existing land uses	• Strata-titled and common property • Aged care and retirement living • Townhouses and units • Public infrastructure (e.g., telecommunications, electricity, drainage, open space) • Education and public health and community facilities • Emergency services • Religious and other gathering buildings	Certain property types and land uses have characteristics or existing uses that generally reduce the likelihood of redevelopment. These properties have been excluded.

Source: Urban Enterprise.

PLANNING POLICY ON RESIDENTIAL INTENSIFICATION

The Bass Coast Planning Scheme includes a range of policies regarding the level of residential change supported in towns and within specific local areas. The main relevant policies are as follows:

- Clause 02.03 identifies that Council seeks to "support increased housing densities close to commercial centres and community facilities" but does not further define these areas.
- Clause 11.01 includes Strategic Framework Plans for most towns, some of which provide specific direction on residential densities encouraged within those towns;
- Clause 15.01 includes a range of neighbourhood character and design policies which influence decisions on densities in certain areas; and
- Clause 16.01 provides general policy guidance on locations and towns where increased housing densities are to be encouraged or discouraged. It also provides specific policy guidance for the towns of Inverloch, San Remo, Newhaven, Cowes and Silverleaves, Ventnor and Rhyll.

The above policies often overlap and sometimes conflict. The policy direction regarding residential intensification has been distilled by Urban Enterprise into a matrix (Table 43) of locations where increased residential density is and is not encouraged, and if it is encouraged, then the type of development that is encouraged.

T43. SUMMARY OF POLICY FOR RESIDENTIAL INTENSIFICATION

Town	Encourage increased densities[1]	Discourage increased Housing Densities	Localised policy
Wonthaggi	X		Strategic Framework Plan (Clause 11)
Cowes	X		Strategic Framework Plan (Clause 11)
San Remo	X		Strategic Framework Plan (Clause 11)
Inverloch	X		Strategic Framework Plan (Clause 11) Residential Character Areas Plan (Clause 15, 16)
Grantville	X		Strategic Framework Plan (Clause 11)
Cape Paterson		X	Strategic Framework Plan (Clause 11)
Dalyston		X	Strategic Framework Plan (Clause 11)
Kilcunda		X	Strategic Framework Plan (Clause 11)
Bass		X	Strategic Framework Plan (Clause 11)
Corinella		X	Strategic Framework Plan (Clause 11)
Coronet Bay		X	Strategic Framework Plan (Clause 11)
Newhaven		X	Strategic Framework Plan (Clause 11) Support residential development of higher densities (Clause 16)
Ventnor		X	Strategic Framework Plan (Clause 11)
Rhyll		X	Encourage a mix of densities (Clause 16)
Tenby Point		X	Strategic Framework Plan (Clause 11)
Jam Jerrup		X	Strategic Framework Plan (Clause 11)
Pioneer Bay		X	Strategic Framework Plan (Clause 11)
Adams Estate		X	-
Harmers Haven		X	Strategic Framework Plan (Clause 11)
The Gurdies		X	Strategic Framework Plan (Clause 11)
South Dudley		X	-
Mabilia Estate, Kilcunda		X	-
Silverleaves		X	Strategic Framework Plan (Clause 11)
Sunset Strip		X	Strategic Framework Plan (Clause 11)
Wimbledon Heights		X	Strategic Framework Plan (Clause 11)
Smiths Beach		X	Strategic Framework Plan (Clause 11)
Sunderland Bay		X	Strategic Framework Plan (Clause 11)
Surf Beach		X	Strategic Framework Plan (Clause 11)
Cape Woolamai		X	Strategic Framework Plan (Clause 11)

Source: Urban Enterprise based on Bass Coast Planning Scheme.
1. Clause 16 includes this policy to encourage increased housing densities "in areas that are either close to activity centres, community facilities and services or nominated in structure plans or design frameworks."

Clause 16 includes specific policy regarding the lot sizes that are encouraged in certain areas based on proximity to "main commercial activity centres or commercial facilities". These lot sizes are shown in Table 44.

Consultation with council indicated that the policy weight of the nominated lot sizes is limited due to inconsistencies with the balance of the planning scheme (i.e., the zones generally allow smaller lot sizes and higher density outcomes). The lot sizes assumed in these areas are therefore lower than those nominated in Clause 16.

T44. CLAUSE 16 LOT SIZE POLICY

Distance from activity centre	0-200m	0-400m	400-800m	800m+
Lot size (sqm)	Increasing housing densities	300	450	600

Source: Bass Coast Planning Scheme.

DEVELOPMENT TYPOLOGIES, DENSITIES AND LOT SIZES

Given the complex and often conflicting policy on residential intensification, a development typology has been allocated to each town and sub-area based on policy where the policy is sufficiently explicit to determine this.

Typologies include the following:

- Low rise apartments – this typology is encouraged in certain higher growth and change areas, such as within the substantial change areas in Cowes and the Inverloch Activity Centre. Three storey apartment buildings are assumed as the typology in these areas if lot sizes are large enough to accommodate an apartment development, unless DDO controls permit greater building heights (such as in Cowes DDO11 where 4 and 5 storey buildings are permitted in specific sub-precincts of the Cowes Activity Centre).
- Mixed Use low rise multi-level development – Three storey mixed use development (commercial ground floor with residential above) is assumed to be the default housing typology in the Commercial 1 Zone and Mixed Use Zone based on policy support for residential above commercial uses in most town centres.
- Townhouse – Based on recent development activity across most towns in Bass Coast experiencing infill development, townhouses / units are the most common residential intensification outcome and are assumed to continue to be the default infill development typology in most areas where increased densities are encouraged. For example, in the 'Medium Density Housing residential character area', a townhouse typology is applied.
- Small lot detached housing – Some areas in Inverloch are nominated in policy as locations where some infill development is possible but dwelling intensification should reflect the detached character of housing. In these cases, smaller lot detached dwellings are assumed for the purposes of estimating capacity.
- Detached Dwellings – Assumed to be the default housing typology in towns where increased housing density is discouraged by Clause 16.

For each development typology, a typical density is applied to estimate housing capacity as shown in Table 45.

T45. DENSITY AND LOT SIZE ASSUMPTIONS

Typology	Density (dw/ha)	Equivalent lot size (sqm)	Minimum lot threshold (sqm)
Apartment – 3 storeys	130	77	1,000
Apartment – 4 storeys	200	50	1,000
Apartment – 5 storeys	270	37	1,000
Mixed Use – 3 storeys	80	125	1,000
Mixed use – 4 storeys	150	67	1,000
Mixed use – 5 storeys	210	48	1,000
Townhouse	50	200	500
Small lot detached	-	450	-
Detached	-	500	-

Source: Urban Enterprise. Apartment density based on Urban Development Program projects with the relevant number of storeys. Mixed Use density based on apartment densities minus one level (i.e., ground level non-residential use). Townhouse density based on Urban Development Program projects (average density 72 dw/ha) and a review of common projects completed in Bass Coast towns (commonly 40 dw/ha with common property and stand alone dwellings). 50dw/ha adopted.

In order to apply the policy intention of Clause 16 (and other parts of the planning scheme) whereby the closer sites are to the activity centres of Cowes, Wonthaggi, San Remo, Grantville and Inverloch, the greater the residential density that will be supported, a sliding scale of lot sizes has been applied as shown in Table 46. Lot sizes have been determined based on a sample of recent subdivisions that have been approved in these towns.

These sizes only apply if no other specific guidance on densities and typologies is adopted through other assumptions previously described. For example, in Cowes, the overriding assumption driving modelled density is the policy regarding Substantial Change, Incremental Change and Minimal Change areas.

T46. SLIDING SCALE OF HOUSING DENSITY IN AREAS SUPPORTED FOR INFILL DEVELOPMENT

Distance from activity centre	0-200m	0-400m	400-800m	800m+
Clause 16 policy lot size (sqm)	"Increasing housing densities"	300	450	600
Adopted lot size (sqm)	200	200	300	500

Source: Urban Enterprise.

The following local exceptions apply:

- Inverloch Restricted Environmental Residential (Character 3) – 600sqm based on existing lot size profile.

OTHER ASSUMPTIONS AND INPUTS

- A list of strategic redevelopment sites in the Cowes, San Remo, Inverloch and Wonthaggi Activity Centres was provided by Council – the yield of these sites was adopted in place of any modelled capacity.

BASS COAST

Bass Coast Housing Strategy 2024

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