



**plān|sphēre** [ urban strategy planners ]

# Surf Coast Housing Policy Project

VOLUME 3: HOUSING DEMAND AND SUPPLY

prepared by .id (informed decisions) consulting

May 2006



## Contents

<b>1. Introduction .....</b>	<b>3</b>
<b>2. Demand and Consumption .....</b>	<b>5</b>
2.1 Household Types .....	5
2.2 Dwelling Stock.....	11
2.3 Housing Preferences: Selected Household Types .....	13
Young Couples without Children households .....	14
Mature Couples without Children Households.....	16
Older Lone Person Households.....	18
<b>3. Housing Markets .....</b>	<b>20</b>
<b>4. Land Supply .....</b>	<b>22</b>
4.1 Historical Supply.....	22
4.2 Future Supply.....	23
<b>5. Demographic Change.....</b>	<b>27</b>
<b>6. Residential Role &amp; Function of Surf Coast Small Areas .....</b>	<b>33</b>
6.1 Anglesea .....	34
6.2 Jan Juc–Bellbrae–Bells Beach.....	38
6.3 Lorne-Aireys Inlet-Deans Marsh .....	42
6.4 Moriac-Rural East.....	46
6.5 Torquay .....	50
6.6 Winchelsea-Rural West.....	54
6.7 Comparative Residential Role and Function.....	58
<b>7. Implications &amp; Conclusions .....</b>	<b>61</b>
7.1 Demand & supply in current market.....	61
7.2 Housing need and affordability.....	61
7.3 Demographic trends over the next 3 decades .....	61
7.4 Impact of demographic change on housing .....	62
7.5 Trends in demand and supply.....	62
7.6 Key housing issues .....	62



## 1. Introduction

The diversification of housing stock in most areas is a key housing objective held by both state and local government to maximise housing choice; respond to demographic changes that are resulting in the significant growth of smaller household types; and to achieve sustainable communities. The housing challenge for Surf Coast Shire is significant as it is uniquely placed as a rapid coastal growth area that attracts a diverse housing market that includes not only young family households but also the empty nester and retiree market. This means that over the next 20 to 30 years, Surf Coast Shire will experience both the ageing-in-place process of the younger households that have moved there and will continue to move there; as well as continuing to receive significant numbers of older smaller household types throughout this period.

New residential subdivisions in rapid growth areas typically provide a relatively homogenous supply of dwellings that are dominated by the larger formats of 3 and 4-plus bedroom separate dwellings. This generally serves the needs of the new households moving to these areas but in the case of Surf Coast, there may be the need to diversify the housing stock to meet the demands of an already diverse housing market. The opportunities to do this primarily exist in the established townships. However, given that Surf Coast receives and is forecast to continue to receive older smaller households the Shire may consider the need to increase opportunities to diversify the housing stock in the new growth areas also in the medium term.

This paper develops an understanding of housing futures for the Surf Coast Shire by adopting a two-level approach that presents evidence and analyses the following:

1. Surf Coast Shire's residential role and function within its region and how that is likely to change in future; and
2. the residential role and function of the unique small areas that constitute the Shire, in recognition of the diversity of different places within the Shire.

The analysis combines evidence derived from the latest Census and residential development data as well as utilising the Shire's small area population and household forecasts (to 2021) and State Government forecasts that address the longer term (to 2031).

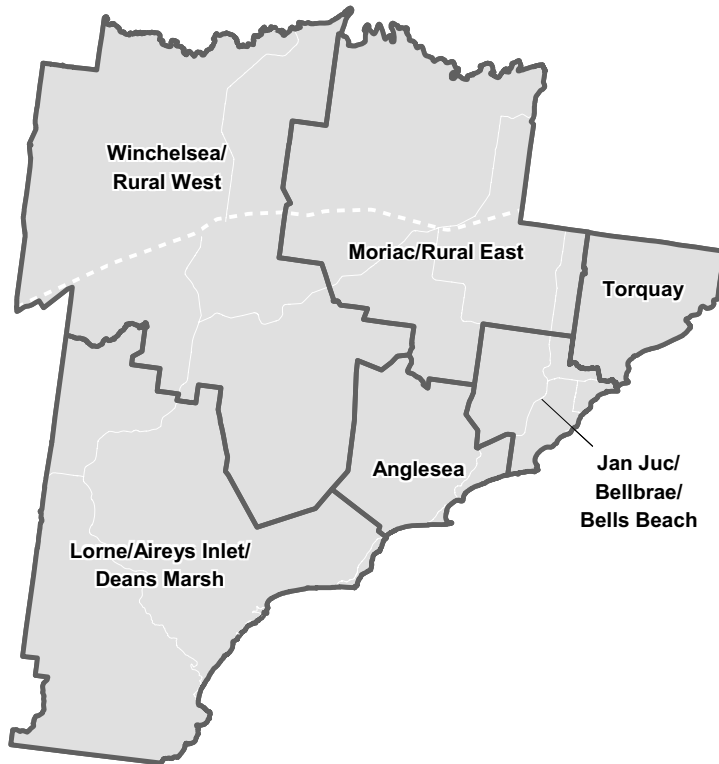
The report is structured to look at recent demographic change in the Shire and housing consumption patterns. It then explores (by using demographic forecasts) what demographic changes are expected to occur in future and what the implications for these changes are for housing in the Shire in future. In recognition of the Shire's diversity (coastal townships, large rapid growth areas, hinterland areas and townships); the report finally explores the residential role and function of six small areas constituting the Shire drawing out what the housing implications are for each of these areas, with specific reference to key townships. Please note that the forecasts are only available for the six small areas that include the townships and their surrounding areas. That is, forecast data are not available for the individual townships, and will therefore be qualified not quantified. The six areas are:

1. Anglesea
2. Jan Juc-Bellbrae-Bells Beach
3. Lorne-Aireys Inlet-Deans Marsh
4. Moriac-Rural East
5. Torquay
6. Winchelsea-Rural West



The small area geography is that based on the Shire's small area population and household forecasts and is outlined in the map below.

### Surf Coast Shire - Small Area Geography



Source: .id, 2004 and Surf Coast Shire, 2004

For the purpose of this project, the 'Region' is defined as the Barwon Statistical Division and includes the following municipalities: Surf Coast Shire (S), Colac-Otway (S), Queenscliffe (B), Golden Plains (S) and Greater Geelong (C).

**PLEASE NOTE:** This report does not include a detailed presentation and analysis of population projections for the Shire beyond presenting key indicators for analysing housing futures. For detailed population and household forecasts for the Shire and each of the six small areas please visit the following website:

<http://www.id.com.au/surfcoast/forecastid>

## 2. Demand and Consumption

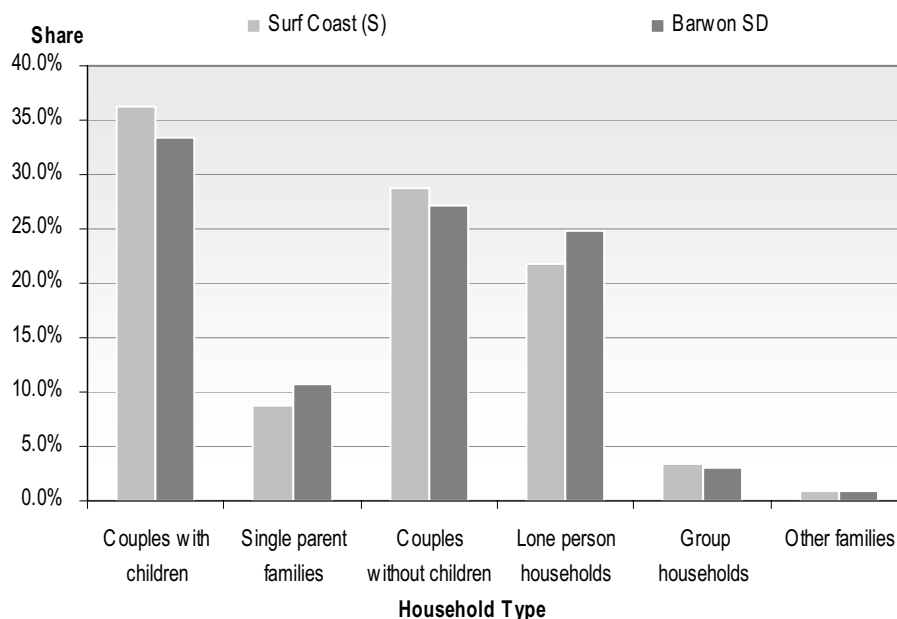
### 2.1 Household Types

The types of households that are most prevalent in Australian cities are typically family households – couples with children and single parent families. However as most public policy planning and housing decision makers are now recognising, family household types (at least in most established areas and even in growth areas), are decreasing as a proportion of total households while smaller household types (couples without children and lone person households) are on the increase. This trend is the result of a combination of social and demographic change occurring in Australia.

In so-called ‘sea-change’ areas one expects continued growth in retiree households and to some extent, family households. This is dependent on the nature of the local economy and the availability of local employment or access to near-by employment opportunities.

The analysis in this section uses the latest Census data to identify the ‘dominant’ and ‘key emerging’ household types in the Surf Coast Shire (LGA). ‘Dominant’ household types is based on absolute numbers of the major household types and ‘key emerging’ is based on change over the 5 year intercensal period 1996 to 2001. This analysis identifies how household types are changing, based on broad demographic trends, as well as any apparent changes to the residential role and function of the Shire within the context of its Region.

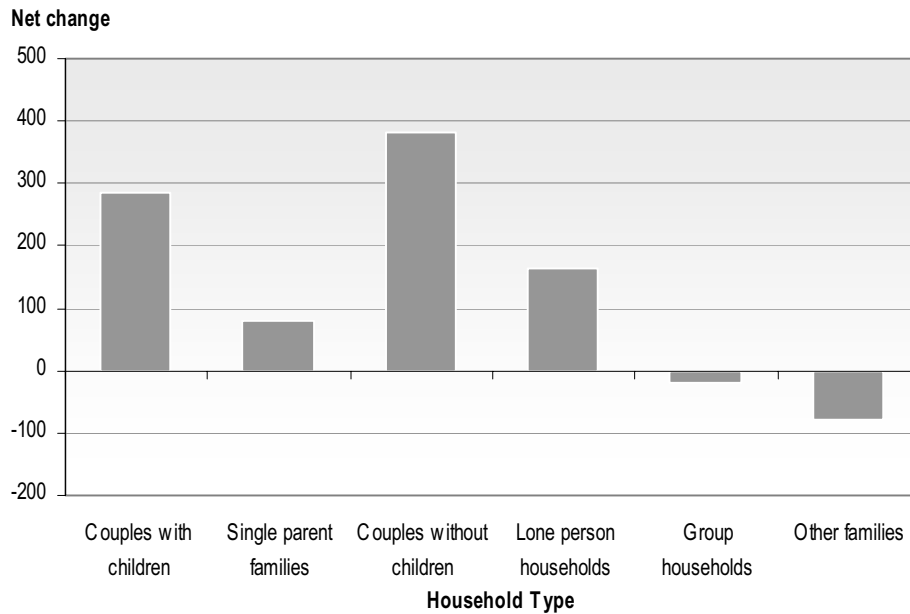
#### Share of household type, 2001



Source: Derived from ABS 1996 & 2001 Census data

The dominant household types in the Shire and Region are Couples with Children followed by Couples without Children (including both young couples and empty nesters) and Lone Person households. The Surf Coast Shire differs from the region in that it has a larger share of Couples with Children households and Couples without Children households, and a smaller share of Lone Person households.

### Net change in households by type (Surf Coast Shire), 1996-2001



Source: Derived from ABS 1996 & 2001 Census data

When looking at net change over the intercensal period 1996 - 2001 however, the most significant emerging household type in the Shire is Couples without Children, followed by Couples with Children households. Lone person households are also on the increase.

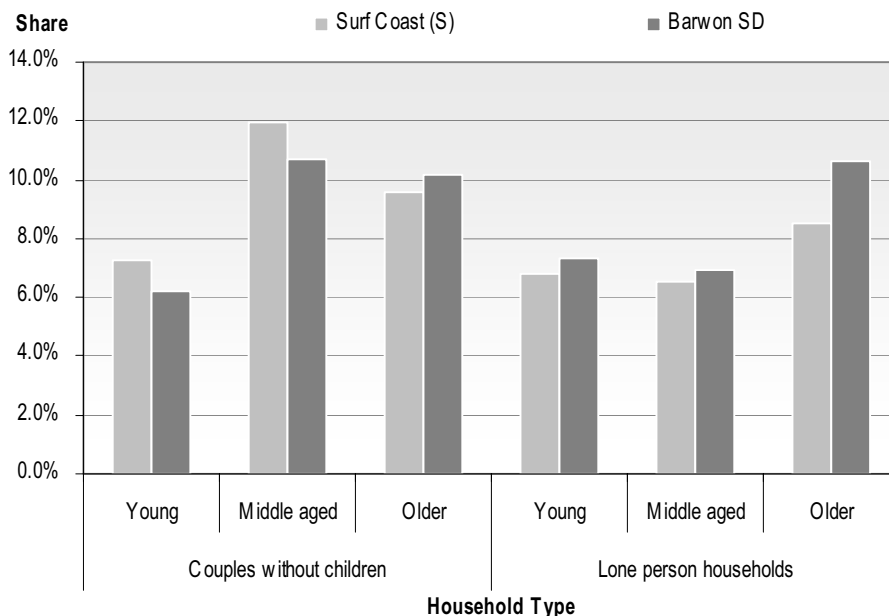
If the chart grouped the 'smaller' household types (couples and lone persons), then the significant net gain in Surf Coast of the smaller household types becomes more evident.

Given that it is likely that the Shire is attracting retirees from Geelong and Melbourne as well as attracting young couples and families, the Couples without Children household types are likely to be constituted of both young couples and empty nester couples who are both contributing to this 'smaller' household type trend. The 'smaller' household types are further explored below.

Further exploration of key emerging (smaller) household types by age is presented below to provide more insight into the residential role and function of the Shire and how housing demand patterns may be changing. It is important to differentiate household types by age because service providers and housing policy decision makers (and the housing industry for that matter) know that there is a significant difference in the consumption patterns and housing and servicing needs between 'young' lone person and 'old' lone person households. Further a young 'couple without children' household is likely to have significantly different needs and values to an empty nester household (old couples without children).

The Surf Coast Shire (within its regional context) attracts not only young family households but also attracts younger smaller households. It attracts smaller proportions of Lone Person households in all age groups but larger proportions of young couples without children and empty nesters. It does not play a significant role at this stage with regard to older couples and lone persons (65+) compared to the region. Other parts of the Barwon Region appear to cater more significantly for retirees at this stage. This may change as the Shire's population ages.

### Share of 'smaller' household types by age 2001



Source: Derived from ABS 1996 & 2001 Census data

**PLEASE NOTE: The household type evidence in this report is presented in age groups as follows:**

Households w/o children at home:

- young = 15-44,
- Middle = 45-64,
- Older = 65+

Young families = with children exclusively under age of 15 years

Older families = with children exclusively over age of 15

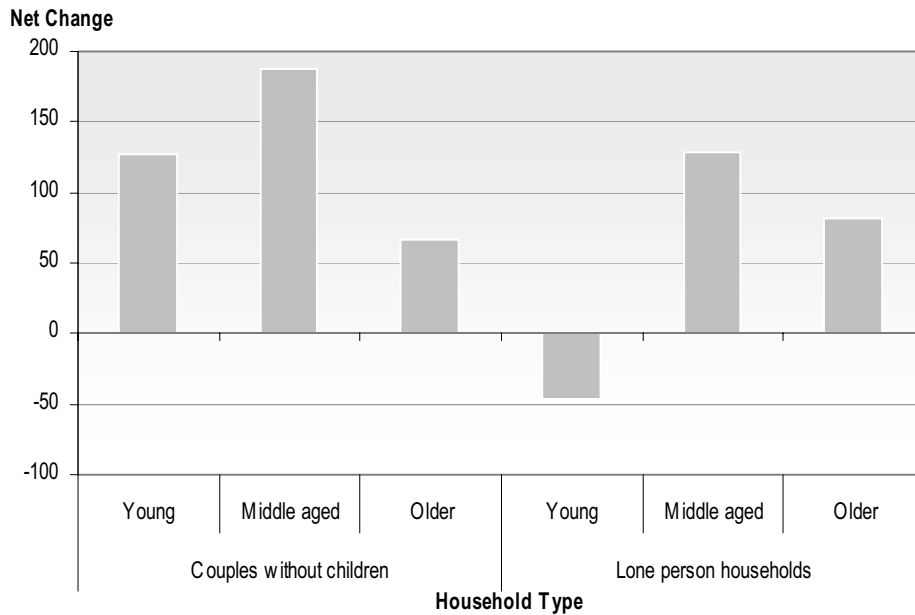
Mature families = with children both under and over 15 years



In terms of net change with regard to smaller household types in Surf Coast, the Shire has experienced the most significant gains in Middle-aged Couple households (which include empty nesters and early retirees) and Young Couple households (who are yet to start a family).

The Shire experienced a net loss of young lone person households over the period, perhaps seeking more affordable or more appropriate housing elsewhere.

**Net change in 'smaller' household types by age – Surf Coast (S) 1996 - 2001**



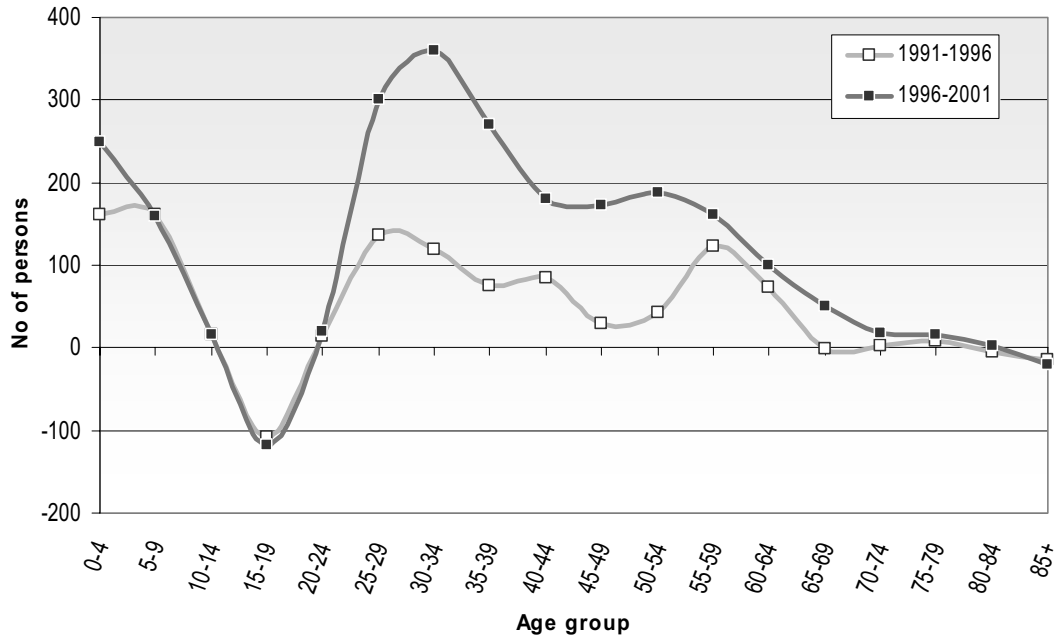
Source: Derived from ABS 1996 & 2001 Census data

Net age-specific migration data confirms that the Surf Coast attracts young families, young couples and empty nesters and early retirees.

This represents a diverse housing role for the Shire that reflects a largely dual role combining that of a typical growth area (attracting young families and couples) and a coastal retirement areas (attracting empty nesters and early retirees).



### Age specific net migration, Surf Coast Shire, 1991 to 2001

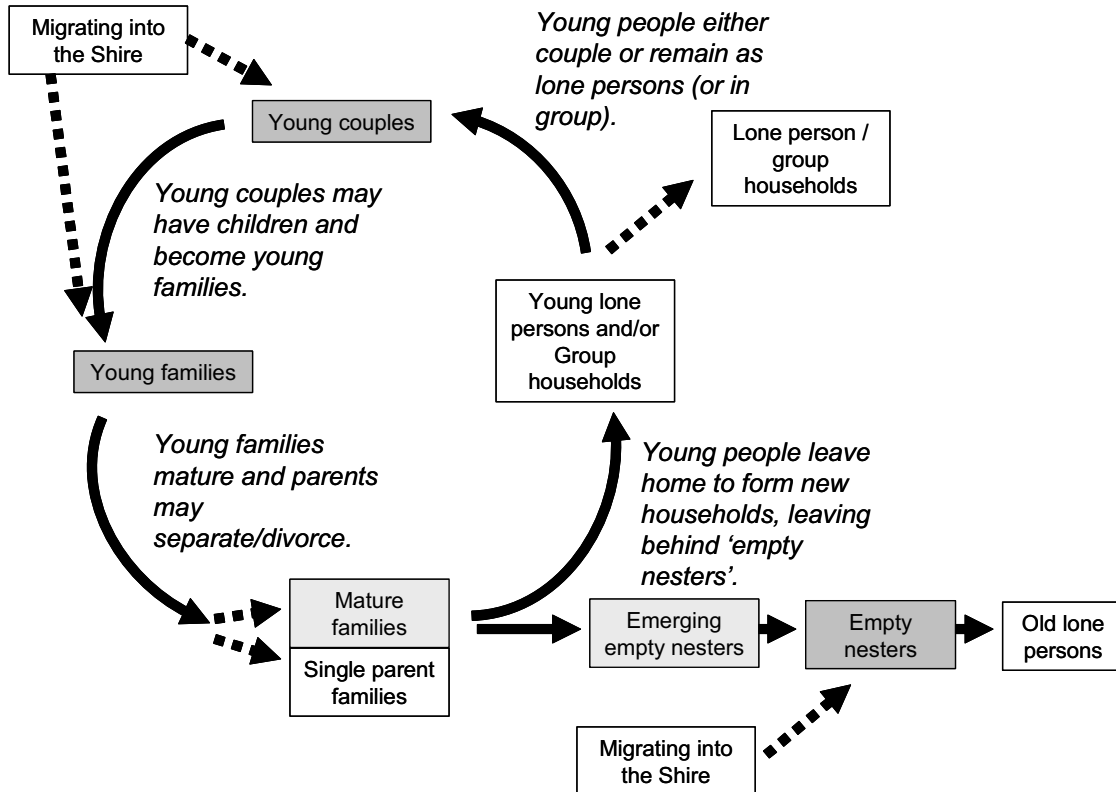


Source: .ABS Census 1996 2001

Different parts of the Shire play different residential roles that effectively aggregate to the 'dual' housing market role described on the previous page and again depicted in the age-specific migration chart above. The role and function and residential futures of each area constituting the Shire are addressed later in this report. However in general terms, Surf Coast Shire as a whole is at the point in the suburb lifecycle whereby young couples and young family households and empty nesters will continue to increase in numbers.

This is depicted in the suburb lifecycle diagram on the following page with the Shire's key emerging household types identified in the darker shaded boxes.

## Suburb Lifecycle Diagram – Surf Coast Shire



Surf Coast Shire has provided housing for predominantly family households and retirees. As the population will both continue to grow through development and in-migration primarily from Metropolitan Melbourne the existing population in the Shire will experience ageing and key emerging household types may increasingly become mature families, emerging empty nesters and empty nesters (through both ageing-in-place and in-migration). This is not uniform across the municipality as different areas and towns are likely to fulfil significantly different roles. However, it is apparent that Surf Coast's key emerging household types will remain diverse (in the dual role mentioned above) as long as significant amounts of new development continue. At some point in the future, when no further development is occurring, Surf Coast's population will then effectively age-in-place, whereby the 'suburb lifecycle' analysis would show that the young couple and young family categories would no longer be shaded as emerging households and households will move into the more mature phases. At this point it would be ideal for the Shire to have a significantly diverse stock of housing to enable the more mature households (older, smaller household types) to have a choice as to either stay in the family home or move to a more convenient form of dwelling.

At this point it is worthwhile exploring the relationship between the Shire's demographic structure and its current dwelling stock and dwelling consumption patterns.

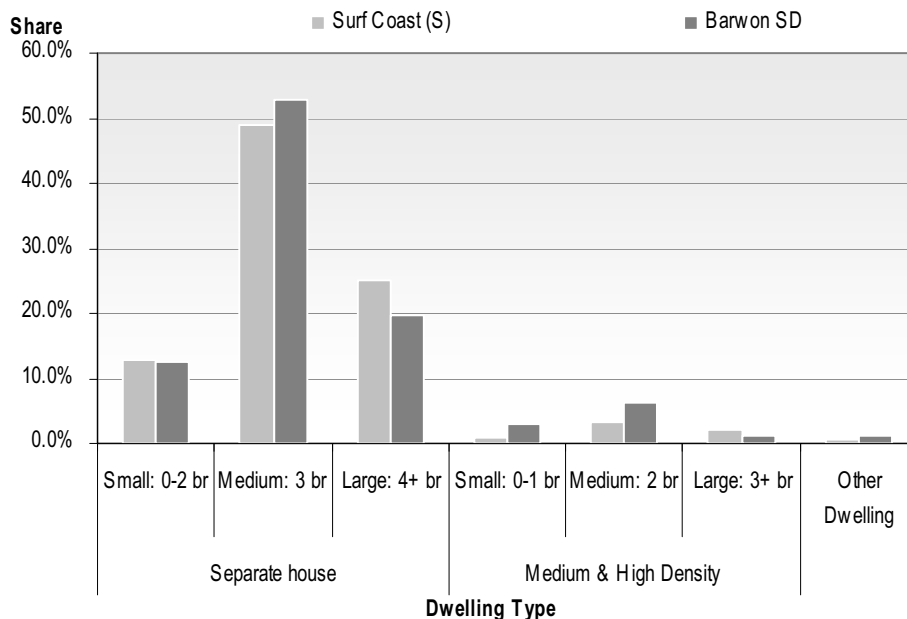
## 2.2 Dwelling Stock

The types of dwellings that are most prevalent in Australian suburbs and towns typically address family household structures – 3 and 4-plus bedroom separate dwellings. That is, the dominant dwelling type generally suits the historically dominant household type. However, in recognition of social and demographic changes, housing policy in all Australian cities has recently been calling for the development of higher densities and more ‘appropriate’ housing to meet the changing housing needs of increasingly smaller average household sizes.

The analysis in this section of the report uses the latest Census data to identify the dominant and key emerging dwelling types in the Surf Coast LGA. ‘Dominant’ dwelling types is based on the share of the major dwelling types and ‘key emerging’ is based on net change over the past 5 year period 1996 to 2001. Dwelling type data are presented as separate dwellings and semi-detached & attached dwellings by number of bedrooms.

This analysis identifies how dwelling types are changing based on changing supply factors (opportunities taken up by the development industry), as well as the development industry’s response to changing demand in the area. It also identifies, from the supply side, the apparent residential role and function of the Surf Coast Shire compared the Barwon Region. The results are benchmarked to the Barwon average in order to provide the regional context for the Surf Coast Shire.

### Share of dwelling types 2001

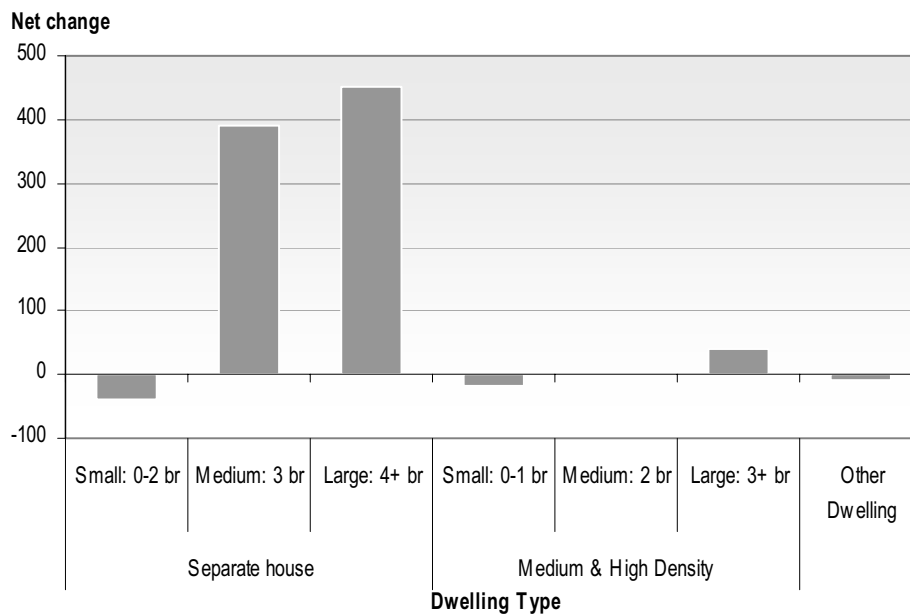


Source: Derived from ABS 2001 Census data

The share of dwelling types in Surf Coast reflects a similar pattern to the Barwon average, but importantly with a higher proportions of larger format separate dwellings and smaller proportions of higher density dwellings than the Barwon average. This possibly reflects the residential role and function of Surf Coast as a place that has historically provided opportunities for larger household types (family-type households).

While the differences are small it is interesting to note that Surf Coast has a larger share of 4-plus bedroom separate dwellings (and a smaller share of 3 bedroom separate dwellings) and most interestingly a larger share of 3+ bedroom higher density dwellings (albeit based on small numbers).

### Net change in dwelling types – Surf Coast Shire (S) 1996 - 2001



Source: Derived from ABS 1996 & 2001 Census data

With regard to net change in dwelling stock for Surf Coast Shire, we are seeing a strengthening of this pattern with the most significant emerging dwelling types being the larger format separate dwellings (3 and 4-plus bedrooms). There have also been minor gains in larger format higher density dwellings (3-plus bedrooms) in the Shire over the 1996-2001 period, while there has been a net loss (albeit minor) in smaller format dwellings (0-2 bedrooms).

What is interesting about this trend is that while we have seen an increase in smaller household types in Surf Coast over the 1996 – 2001 period, the most significant increase in the stock of dwellings for the same period is in the larger dwellings (4-plus bedroom separate dwellings).

Over the same period, there has been a decline in the number of small separate dwellings (2-bedroom) which is most likely as a result of extension activity than demolition activity, whereby people have been adding additional bedroom(s) to their small dwellings through renovation.

It should be noted that the gain in larger format dwellings, both separate and higher density dwellings reflects a broader trend of the consumption of larger dwellings (even by smaller households). This reflects the overall desire and consequent trend of households consuming more space although less people are tending to occupy each dwelling. This relates to a range of factors including:

- The desire to have an office at home (as computer and internet use increases);
- Operating a business and/or working from home;
- The requirement for a separate bedroom per child as a standard;
- The requirement for a spare room for visitors and children who have 'left home' or grandchildren;

- The need for a divorced partner to have bedrooms for their children when in their care.

### **2.3 Housing Preferences: Selected Household Types**

While there is no comprehensive data derived from primary research of housing preferences, secondary (Census) data enables an analysis of housing consumption patterns by household type. This data reveals housing consumption patterns within the context of supply constraints. Unpublished research by Terry Burke (Swinburne 2004) provides the following definitions used by .id in work recently completed for the Department of Sustainability and Environment:

- *Revealed preferences* - are what households actually do by way of behaviour (measured by what they actually consume e.g. what dwelling type do they actually reside in and under what tenure arrangements?).
- *Expressed preferences* - are those preferences that are stated by individuals when asked what course of action they would prefer (measured by a survey asking 'what sort of housing would you like to rent/buy?').

The analysis in this section of the report uses the latest Census data to identify the relationship between key emerging household types in the Surf Coast and the type of dwellings they are residing in.

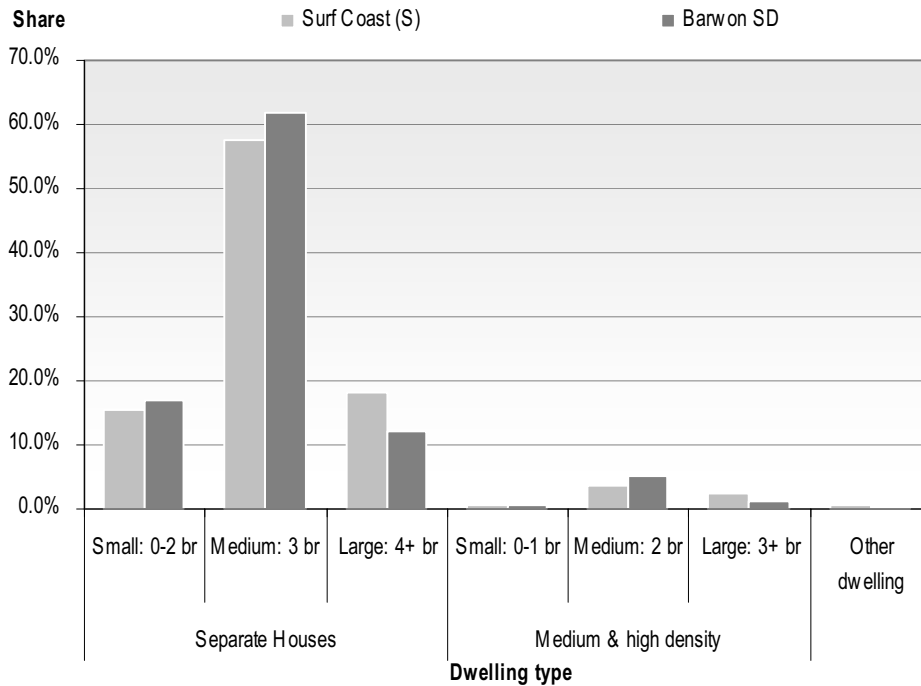
The revealed preference data derived from the Census are extensive. The key emerging household types explored for Surf Coast below are chosen on the basis of relevance to the development of housing policy for the Shire – namely the smaller emerging household types – couples without children and lone person households. It is assumed that the larger family household types are largely catered for in the status quo. That is, larger family type households currently dominate and continue to grow along with the development of large format separate dwellings (typical of growth areas such as Surf Coast Shire). The key emerging smaller household types and the types of dwellings they are consuming is essential to understanding the housing futures of the Shire and are therefore explored below. The following section explores three key household types selected on the basis of recent changes to Surf Coast's demographic structure and expected forecast change. These are:

1. Young couples without children: This group is expected to continue to grow along with family households as Surf Coast continues to provide land for residential development and continue its function as a growth area;
2. Mature couples without children: Often referred to as 'empty nesters' and are expected to continue to grow in numbers, as a result of ageing in place and in-migration of early retirees;
3. Older Lone Person households: This group, while currently displaying a smaller share of total households in the Shire compared to the Barwon Region average, will grow as the local population ages-in-place.

### Young Couples without Children households

This household type includes large number of purchasers, as well as some renters, and generally people at the beginning of their 'housing careers' or 'housing cycle'. These households are highly mobile and include points in their lifecycle where dwelling moves are most frequent.

### Young Couples without Children Households by dwelling type

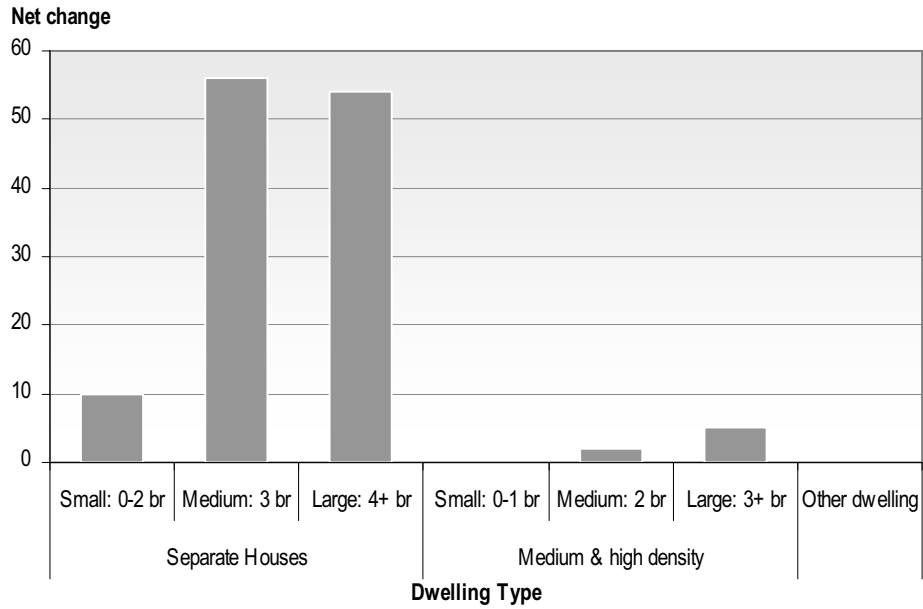


Source: Derived from ABS 2001 Census data

Surf Coast Shire provides the opportunity for Young Couples to enter the market as well as to upgrade their housing to large format family dwellings. Compared to the Barwon Region, the Shire has a higher proportion of these households in 4-plus separate dwellings (and in higher density 3-plus bedroom dwellings). This may be indicative of the type of dwellings on offer in the Shire's new growth areas in particular, as new estates tend to provide dwellings with more bedrooms.

In terms of net change to the types of dwellings housing young couples in Surf Coast, there has been growth in almost all dwelling types, with the strongest increases in larger format separate dwellings. It is nevertheless interesting that smaller format separate dwellings (2-bedroom) and higher density dwellings (2 and 3-bedroom) play an important role in Surf Coast, suggesting the these are more affordable dwelling formats that enable young couples to enter the market in the Shire. These dwelling formats, while in relatively short supply (and decreasing in the case of the stock of 2-bedroom separate dwellings), play an important role in the Shire by enabling young couples to live here due to the relative affordability of these dwelling formats.

**Net change – young couples without children households by dwelling type**

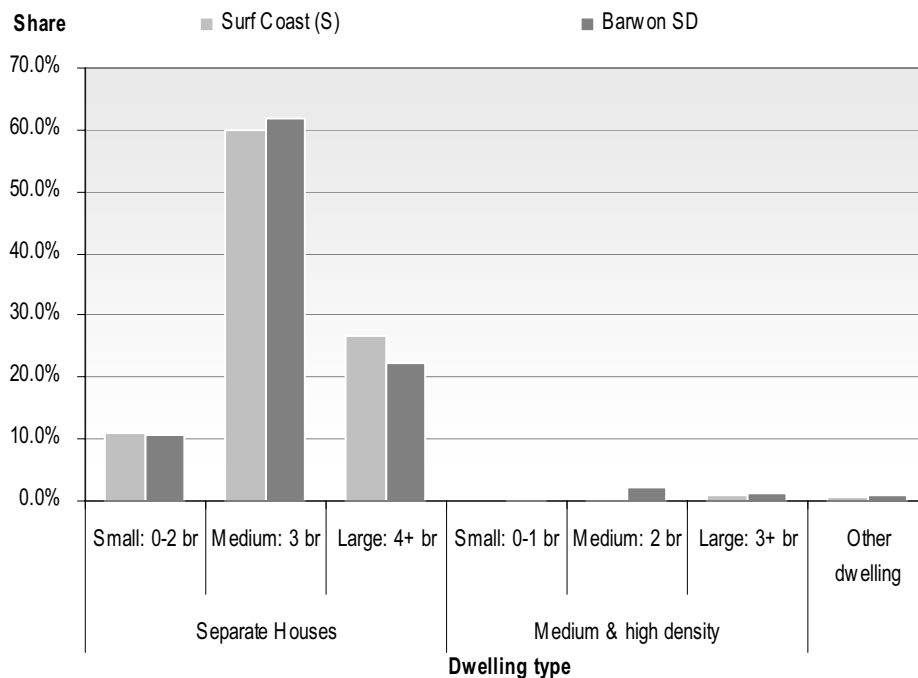


Source: Derived from ABS 1996 & 2001 Census data

### **Mature Couples without Children Households**

While a small proportion of these households are couples who never had children, the majority could be best described as ‘empty nesters’. This household type includes large numbers of homeowners, as well as purchasers, and generally people at established stages of their ‘housing careers’ or ‘housing cycle’. Empty nesters are well established in the market and tend to have significant capital investment in their house, by now having, in the majority, paid-off their home loan and therefore have more opportunity and housing choice than young households. In established areas this group has a relatively high propensity to seek alternative dwelling formats to the traditional family home and may consider higher density more convenient (lower maintenance) options if available.

#### **Share of mature couples without children households by dwelling type, 2001.**



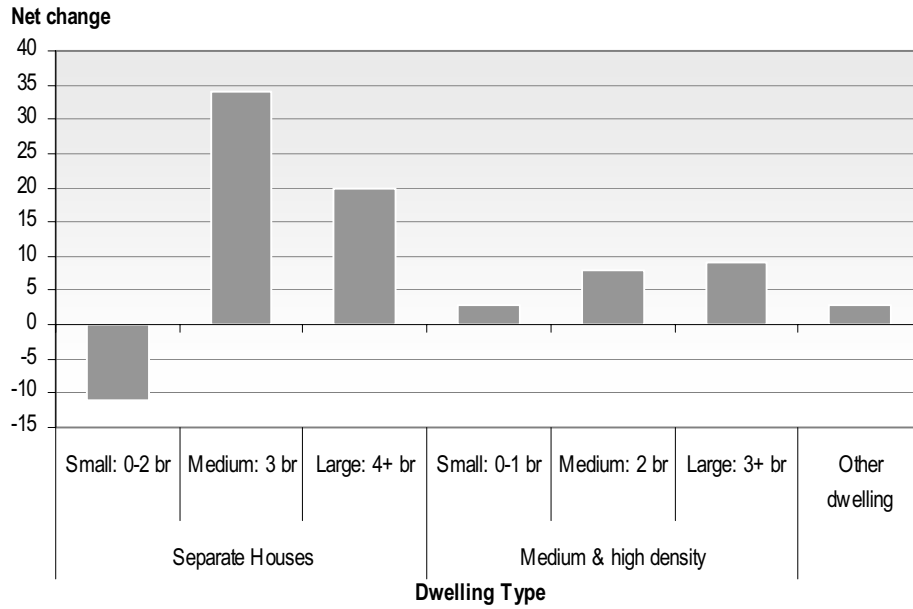
Source: Derived from ABS 2001 Census data

Mature couples without children households in Surf Coast reveal preferences for three plus bedroom separate dwellings, with a higher proportion in 4-plus bedroom separate dwelling formats and a similar proportion to the Region in 2 bedroom separate dwelling formats. This pattern may suggest that there is, at least in part, a lack of available suitable higher density dwelling stock for empty nesters to make a choice to move to higher density living.

Over the 1996-2001 period empty nesters appear to have primarily remained in their family dwellings (3 and 4 plus bedroom separate dwellings). However, while small in number, there have been noteworthy gains in larger higher density dwelling formats for empty nester households which is indicative of their propensity to consider higher density dwelling options.



**Net change: mature couples without children h'holds by dwelling type, 1996-2001**



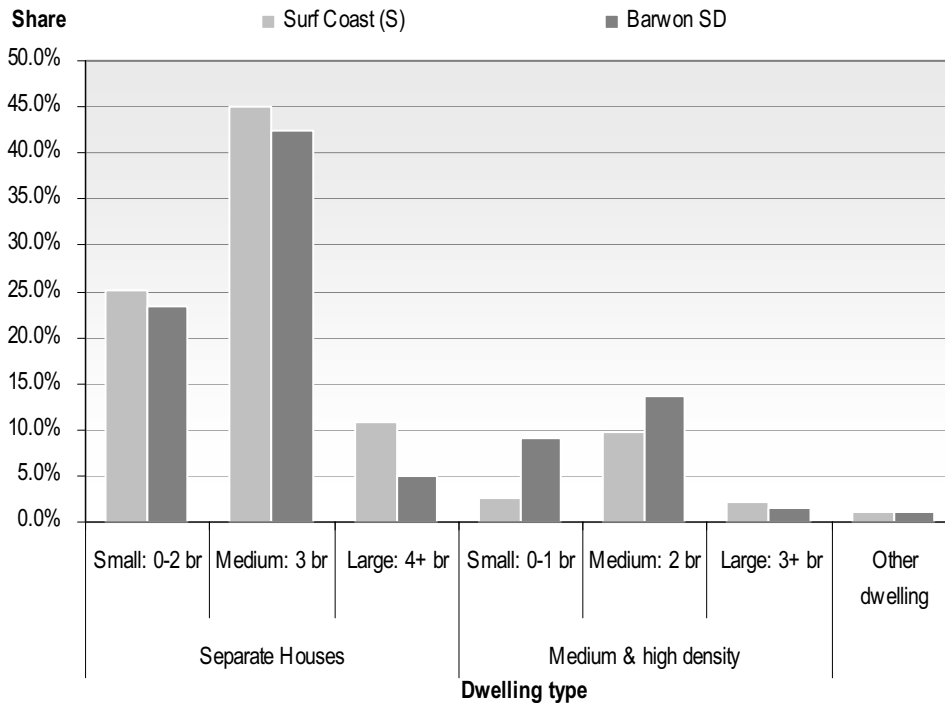
Source: Derived from ABS 1996 & 2001 Census data

### Older Lone Person Households

These are generally households at the end of their 'housing careers' who are often ageing-in-place and are faced with decisions on whether to move or not, given the death of (or divorce from) their partner.

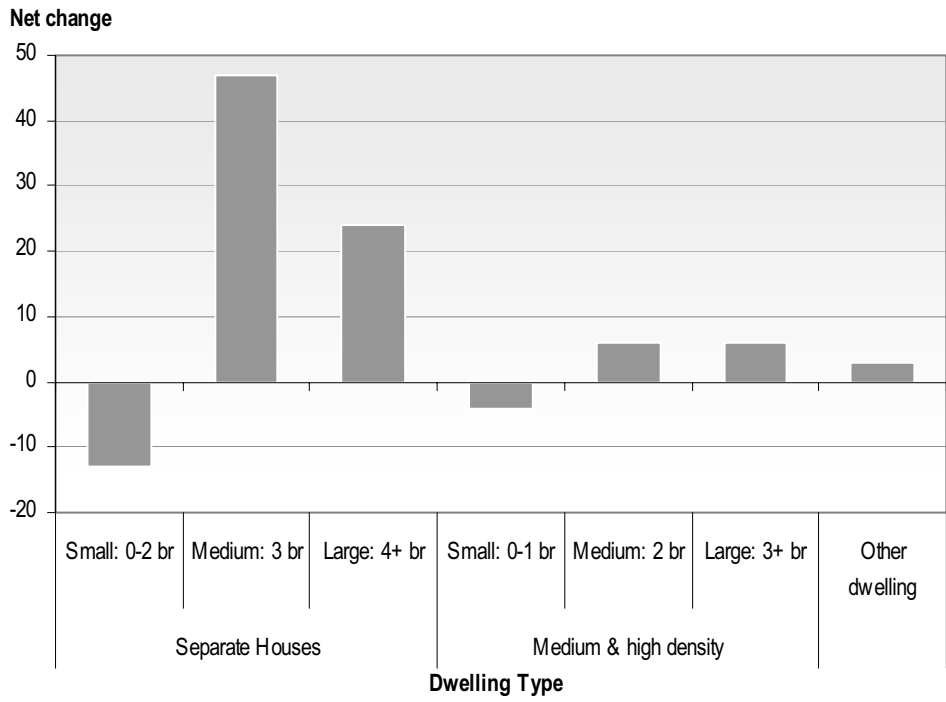
Compared to the Region, Old lone person households have a much higher propensity to remain in the family dwelling, with old lone person households displaying a higher propensity to live in small, medium and large format separate dwellings. Most interestingly there is double the propensity of old lone person households to live in 4-plus bedroom separate dwellings in Surf Coast compared to the region. It is apparent that perhaps there is not the supply of 0-2 bedroom higher density dwellings available to old lone households in Surf Coast Shire, particularly when compared to the region. In terms of net change the biggest increases for old lone person households were in 3 and 4-plus bedroom separate dwellings, there were negligible gains in these households in higher density dwellings. It is likely that bed-sits and one bedroom dwellings are not of interest to the old lone person household market – 2 and 3-bedroom medium density dwellings are likely to be more attractive.

### Share of old lone person households by dwelling type, 2001.



Source: Derived from ABS 2001 Census data

**Net change – old lone person households 1996 - 2001**



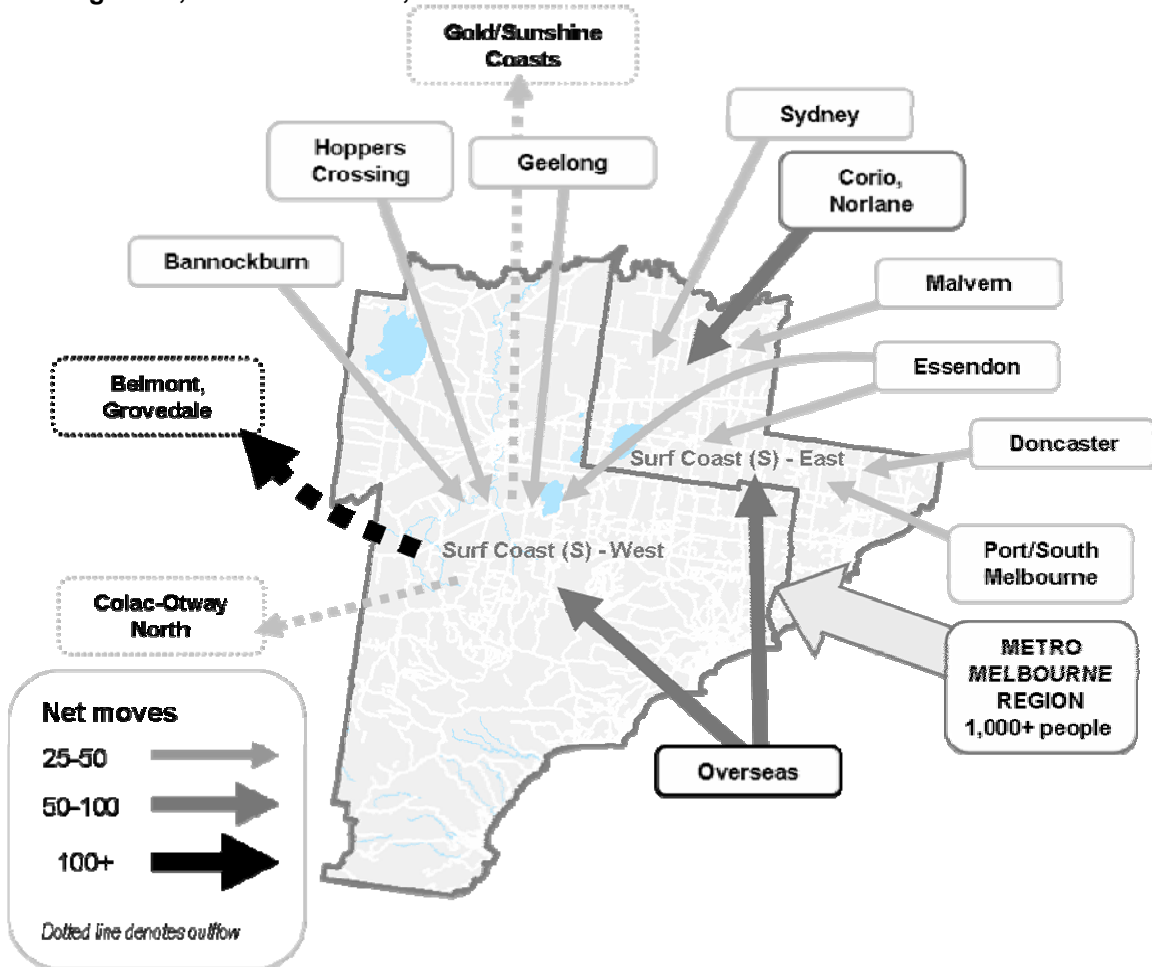
Source: Derived from ABS 1996 & 2001 Census data

### 3. Housing Markets

The source of demand in the Shire for both residential roles outlined above (namely for housing families and empty nesters/retirees) is strong and significant in that in-migration comes from Metropolitan Melbourne. The source of supply from households and individuals in the Shire is likely to continue as it is established but is subject mainly to regional sources of supply. That is, competing locations of land supply across the Barwon Region.

The migration information below is derived from the 1996 and 2001 Censuses and reveals the extent to which Surf Coast attracts people and households from key source areas and loses people and households to other destinations.

#### Net Migration, Surf Coast Shire, 1996-2001



Source: ABS, 2001 Census

The Shire comprises significant diversity in terms of residential and economic role and function. Areas such as Lorne, Aireys Inlet, Fairhaven and Anglesea have large numbers of dwellings that are only occupied part time. These areas are generally outside commuting distance to major employment centres in Geelong and Melbourne, and it is assumed that much of their future demand will come from people in the retiree age groups. Winchelsea and Moriac are more traditional rural service centres with good access to Geelong and are expected to slowly increase in population as coastal areas become less affordable. These areas will continue to lose young adults (18-24 year olds) seeking employment, educational and lifestyle opportunities closer to Geelong or Melbourne. Torquay and Jan Juc have more of a 'suburban' role in attracting young families, their access to employment in Geelong a key



attribute. This variety of function and role of the small areas in Surf Coast Shire means that population outcomes differ significantly across the municipality.

The primary housing market role that the Shire played over the last 10 years has been to attract young families and retirees. Significant development in the Shire is expected to continue, dominated by new growth areas in Torquay, particularly to the north and west of the town. This is based predominantly on two factors. The first factor is the attractiveness of a coastal lifestyle to young families with good access to employment and education opportunities. The second factor is the significant demand from retirees from Melbourne and Geelong. This market can be expected to increase significantly as the 'baby boomer' generation reaches retirement age.

## 4. Land Supply

### 4.1 Historical Supply

Residential approvals in Surf Coast Shire have risen steadily over the last decade with the most activity occurring during the 1999-2002 period. Traditionally, Surf Coast has been a place dominated by separate dwellings, which is a trend that is continuing. It is interesting to note however that approvals for separate houses have declined slightly in recent times and there has been a small increase in approvals for other forms of houses (higher density forms such as townhouses).

#### Number of dwelling approvals, Surf Coast (S) and Barwon SD, 1996-2005

	1996-99		1999-02		2002-05	
	Houses	Other*	Houses	Other*	Houses	Other*
Surf Coast (S) – East	477	16	705	57	726	73
Surf Coast (S) – West	433	64	521	55	444	98
<b>Surf Coast (S) Total</b>	<b>910</b>	<b>80</b>	<b>1,226</b>	<b>112</b>	<b>1,170</b>	<b>171</b>
Barwon SD	5,015	585	7,160	682	7,372	957
Surf Coast % of Barwon SD	18.1	13.7	17.1	16.4	15.9	17.9

Source: ABS; 2006

A comparison of dwelling approvals in Surf Coast Shire to the Barwon Statistical Region reveals that the share of approvals for separate houses has declined between 1996 and 2005, while there has been a steady increase in the share of approvals for other forms of houses.

#### Average number of dwellings approvals per annum (financial year), Surf Coast (S) and Barwon SD, 1996-2005

	1996-99		1999-02		2002-05	
	Houses	Other	Houses	Other	Houses	Other
Surf Coast (S) - East	159	5	235	19	242	24
Surf Coast (S) - West	144	21	174	18	148	33
<b>Surf Coast (S) Total</b>	<b>303</b>	<b>27</b>	<b>409</b>	<b>37</b>	<b>390</b>	<b>57</b>
Barwon SD	1,672	195	2,387	227	2,457	319

Source: ABS; 2006

The table above indicates that approvals for separate houses is dominant and growing steadily, however, there is an emerging trend for growth in the approvals for 'other' (higher density) dwellings.

Over and above this, Surf Coast has steadily (albeit slightly) declined in share of overall dwelling approvals from 18% in the 1996-99 period to 17% in the 1999-02 period to 16% in the 2002-05 period.

#### 4.2 Future Supply

A majority of future growth is expected to occur in the Torquay and Jan Juc areas. An assessment of information from Surf Coast Shire and the Department of Sustainability and Environment presents an estimate of potential dwelling supply through the development or redevelopment of major sites that are either in the planning or mooted stages of development.

##### Estimated dwelling additions, Surf Coast 2006 +

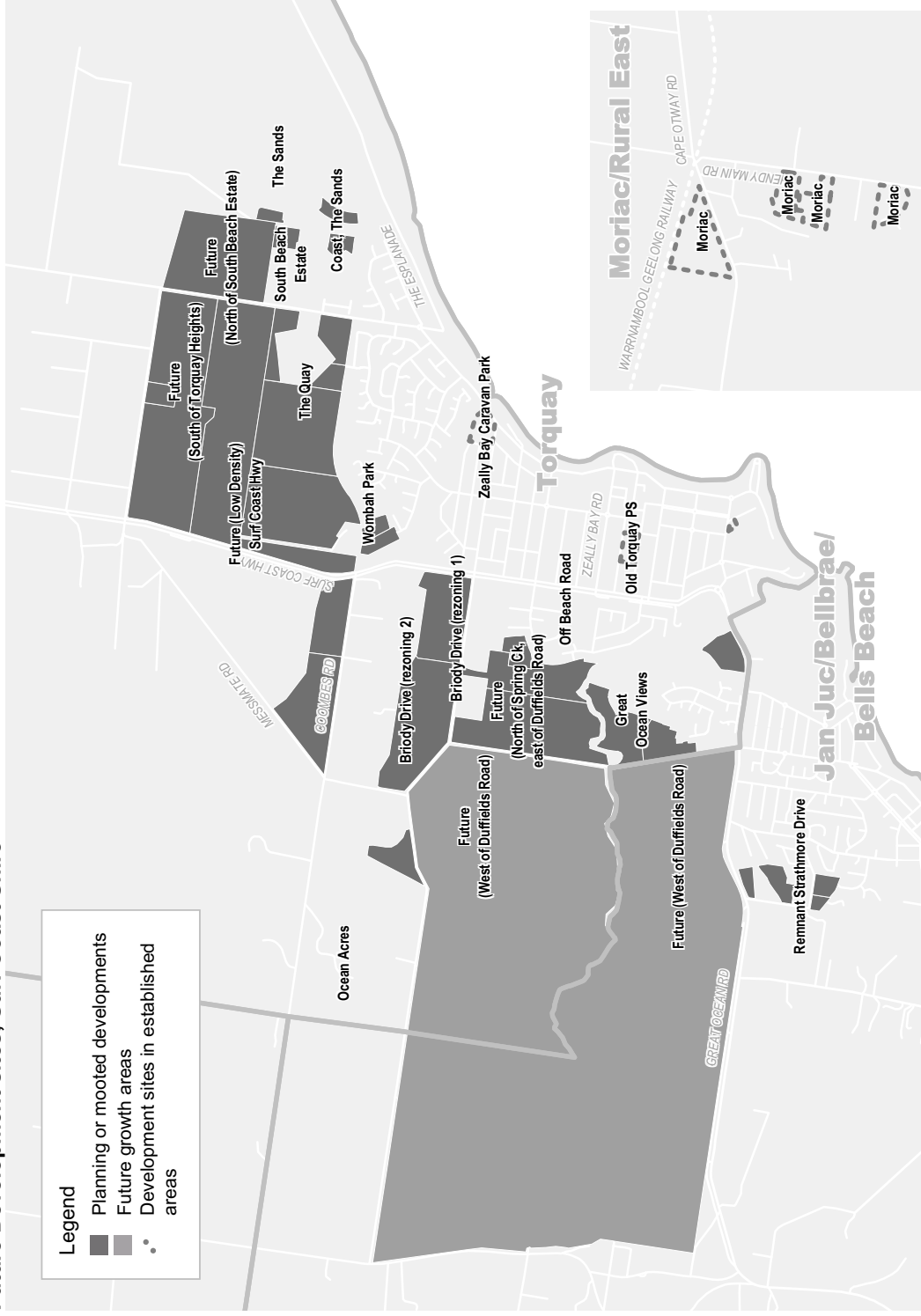
Development types by small areas	1-2 years	3-5 years	6-10 years	10+ years
<b>Broadhectare site</b>				
Torquay	523	1,232	2,495	
Jan Juc/Bellbrae/Bells Beach	35	37	0	
<b>Established</b>				
Torquay	70	10	0	
Jan Juc/Bellbrae/Bells Beach				
<b>Future</b>				
Torquay				2,360
Jan Juc/Bellbrae/Bells Beach				4,990
<b>Total</b>	<b>628</b>	<b>1,279</b>	<b>2,495</b>	<b>7,350</b>

Source: DSE, 2006 & Surf Coast Shire, 2005

The map on the following page identifies future major development sites by location with reference to the specific future and current development areas.



**Future Development sites, Surf Coast Shire**



**Legend**

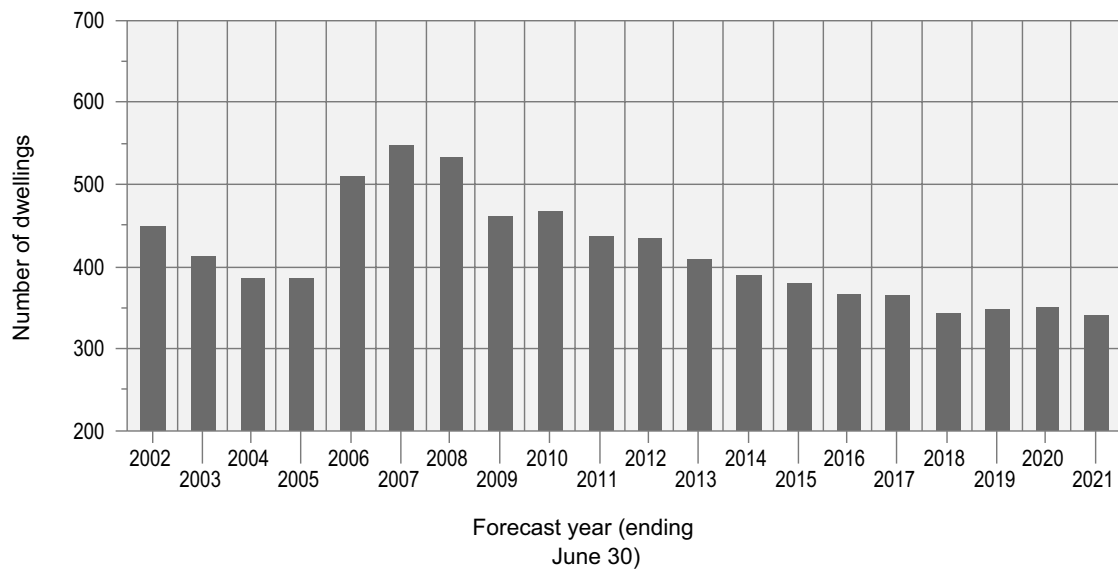
- Planning or mooted developments
- Future growth areas
- Development sites in established areas

Source: Department of Sustainability and Environment 2006, .id and Surf Coast Shire 2004



The chart below shows the 'net gain in dwelling' assumptions underlying the Surf Coast small area household and population forecasts. The assumptions are that a gradual decrease of net gain in dwellings from a high of over 500 per annum (currently) to just over 300 per annum by 2021 will occur. Assuming that the long term annual average net gain in dwellings for Surf Coast is 400 dwellings, then the DSE land supply figures show that Surf Coast has a stock of almost 30 years of supply from 2006.

### Surf Coast Shire assumed new dwellings gain (per annum), 2002 to 2021



Source: .id, 2006

The primary sources of supply are:

- 2001-4 dwelling additions are based on building approvals, lagged by 12 months. From 2004 onwards:
- Torquay - 5,000 additional dwellings
- Lorne-Aireys Inlet-Deans Marsh - 900 additional dwellings
- Winchelsea-Rural West - 500 additional dwellings
- Moriac-Rural East - 400 additional dwellings
- Anglesea - 280 additional dwellings
- Jan Juc-Bellbrae-Bells Beach - 230 additional dwellings

It should be noted that growth in households over the forecast period also results from expected increases in occupancy (i.e. former holiday dwellings becoming permanently occupied). This affects the coastal areas of the Shire including Torquay, Jan Juc-Bellbrae-Bells Beach, Anglesea and Lorne-Aireys Inlet-Deans Marsh. This additional source of new dwellings is an important component of potential population growth and has been taken into account in the forecast figures.



The table below shows the assumptions made regarding future occupancy rates for each small area. The change in occupancy between 1991 and 2001 is also presented to provide context.

**Estimated occupancy rate, Surf Coast Shire & small areas, 2001-2021**

Area	1991-2001 Occupancy change	2001 Occupancy	2011 Occupancy	2021 Occupancy
Anglesea	-1.0%	40.1%	43.6%	48.6%
Jan Juc-Bellbrae-Bells Beach	6.0%	79.1%	82.6%	85.0%
Lorne-Aireys Inlet-Deans Marsh	1.9%	37.9%	40.0%	43.0%
Moriac-Rural East	3.7%	97.8%	97.8%	97.8%
Torquay	6.8%	72.5%	76.5%	80.5%
Winchelsea-Rural West	1.2%	96.5%	96.5%	96.5%
<b>Surf Coast Shire</b>	<b>4.0%</b>	<b>61.6%</b>	<b>65.9%</b>	<b>71.0%</b>

Source: .id, 2004

The significant supply of land (and associated net gain in dwellings) in the long term means that Surf Coast Shire should be able to continue to supply affordable housing that will continue to attract young families. However at the same time the demographic processes of ageing of the existing (and continuously growing number of households) will have a significant impact on the age structure, household structure and possible changes in housing demand (and housing preferences) over the longer term.



## 5. Demographic Change

Unfortunately the forecasts prepared for Surf Coast by .id extend only to 2021 and not to 2031 as required for this project. The State Government Department of Sustainability and Environment (DSE) however have produced forecasts for the required period but the fact that the DSE forecasts do not include forecasts of household types makes them less useful for understanding the housing implications of changing age structures. This section compares the DSE forecasts to .id's forecasts to enable us to make assumptions about future housing implications in the long term. Put simply, if the DSE forecasts are depicting similar trend outputs to the .id forecasts for Surf Coast then we can qualify the housing implications for the Shire to 2031.

The DSE population and household forecasts are based on a 'top-down' model and extend to 2031. This means that forecasts are prepared for metropolitan Melbourne and regional Victoria and then effectively allocated to Statistical Local Areas (SLAs), ensuring that these total to the numbers for the larger regions. The forecasts prepared for Surf Coast Shire by .id are for the current period up to 2021. By contrast to DSE, these are based on a 'bottom-up' approach, where development assumptions are made for each individual small area and the forecast for the Shire is a sum of the forecasts for each of the small areas.

Please refer to the charts on the following pages to accompany this commentary.

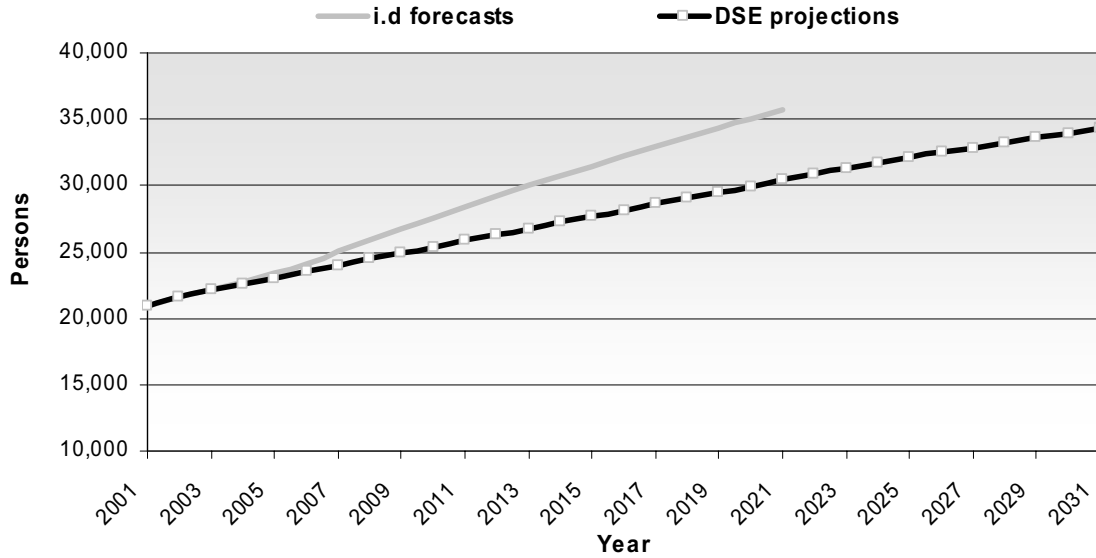
Both .id and DSE have forecast a continuous growth trend for the forecast period for the Surf Coast driven by the availability of land for residential development in the Shire and the large and sustainable source of supply of households originating from Metropolitan Melbourne.

.id's population forecasts are consistently higher than the DSE forecasts. This is based on assumed higher rates of development, as depicted in .id's assumed growth in the number of households (running at a higher assumed level than DSE's forecasts). But again, they are showing a similar overall trend.

.id and DSE have both forecast reasonable and continuing decline in the average household size in the Shire, although DSE have assumed a slightly more rapid decline. (.id's average household size results are an output of the function of the age-specific propensity of each age group to form into certain household types).

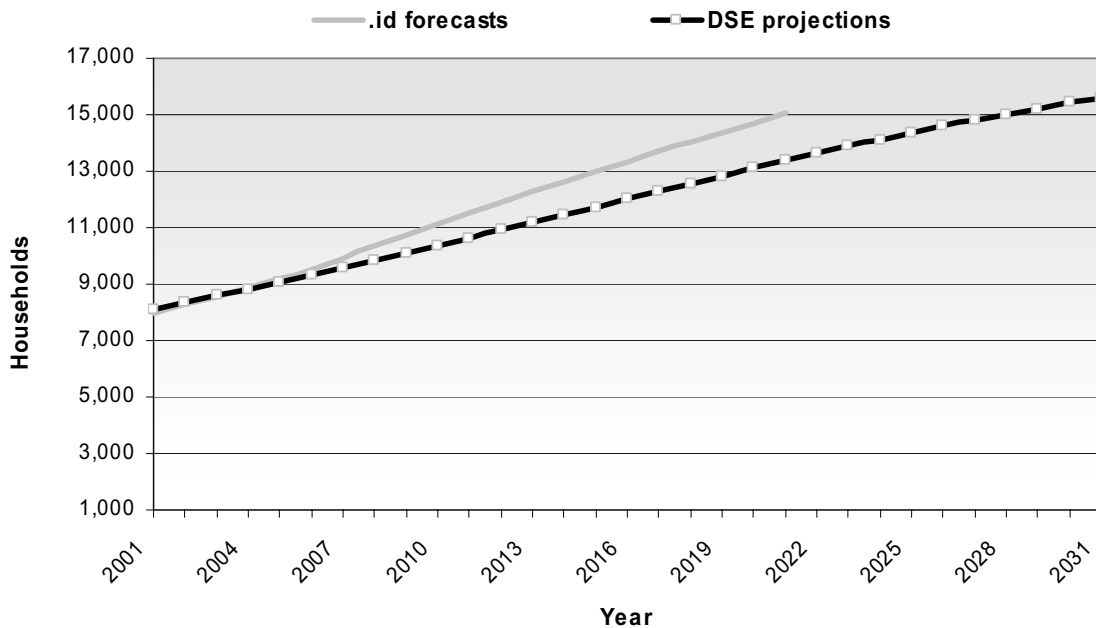
The point is, however it is clear that the trends depicted in both the DSE and .id forecasts for Surf Coast Shire are consistent and to use the forecast household type results from .id's forecasts and extrapolate those trends by qualification to 2031 is a reasonable assumption to make.

**Estimated resident population, .id & DSE, 2001 to 2031**



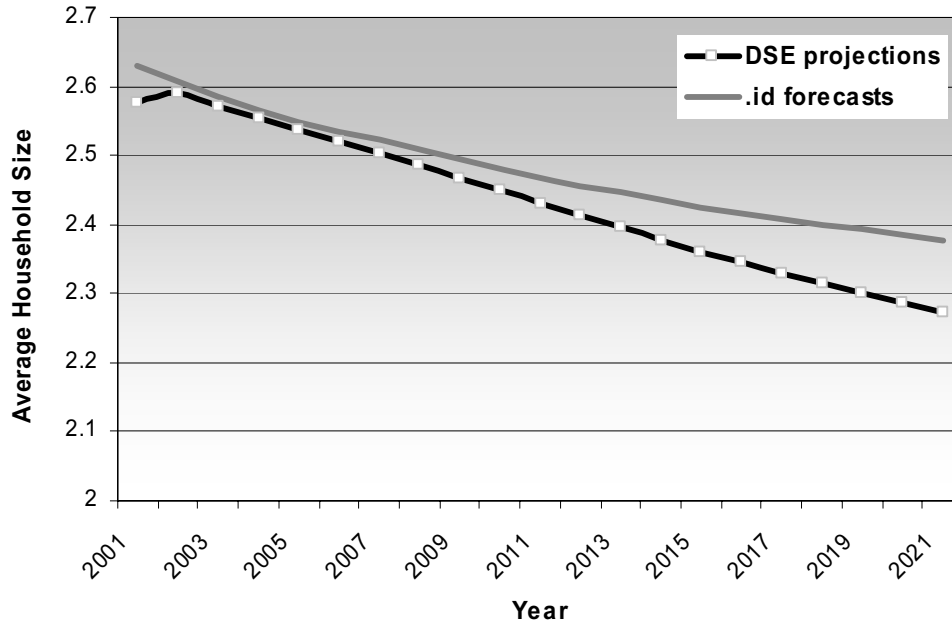
Source: .id, 2004 & DSE, 2005

**Estimated number of households, .id & DSE, 2001 to 2031**



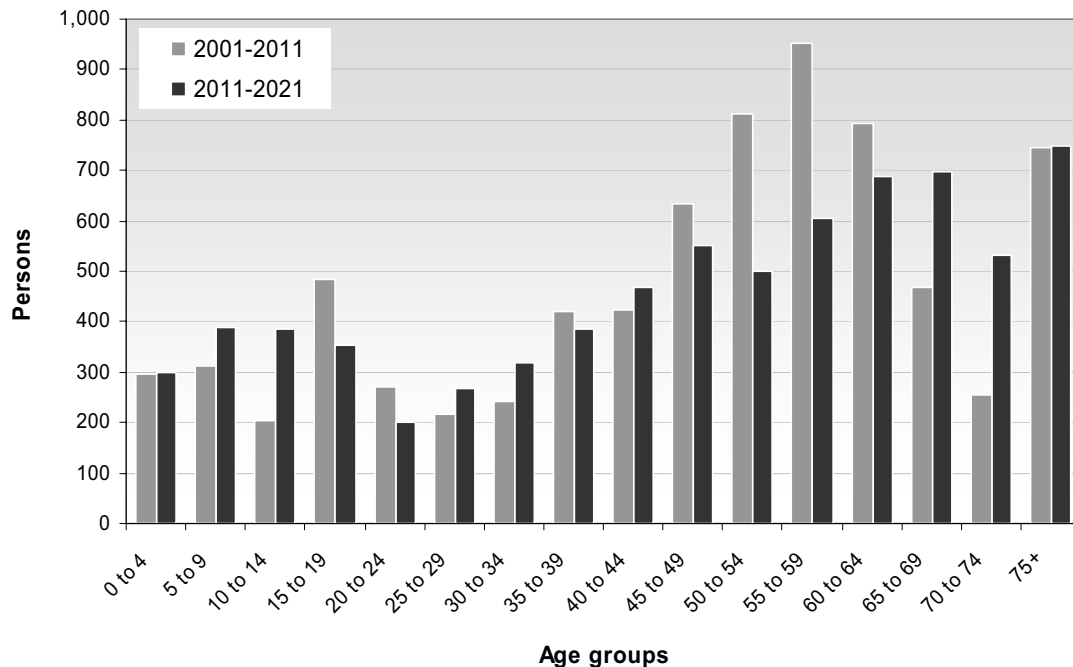
Source: .id, 2004 & DSE, 2005

**Estimated Average Household Size, Surf Coast Shire 2001**



Source: .id, 2004 & DSE, 2005

**Surf Coast Shire, .id forecast, change in estimated resident population by 5 year age groups**

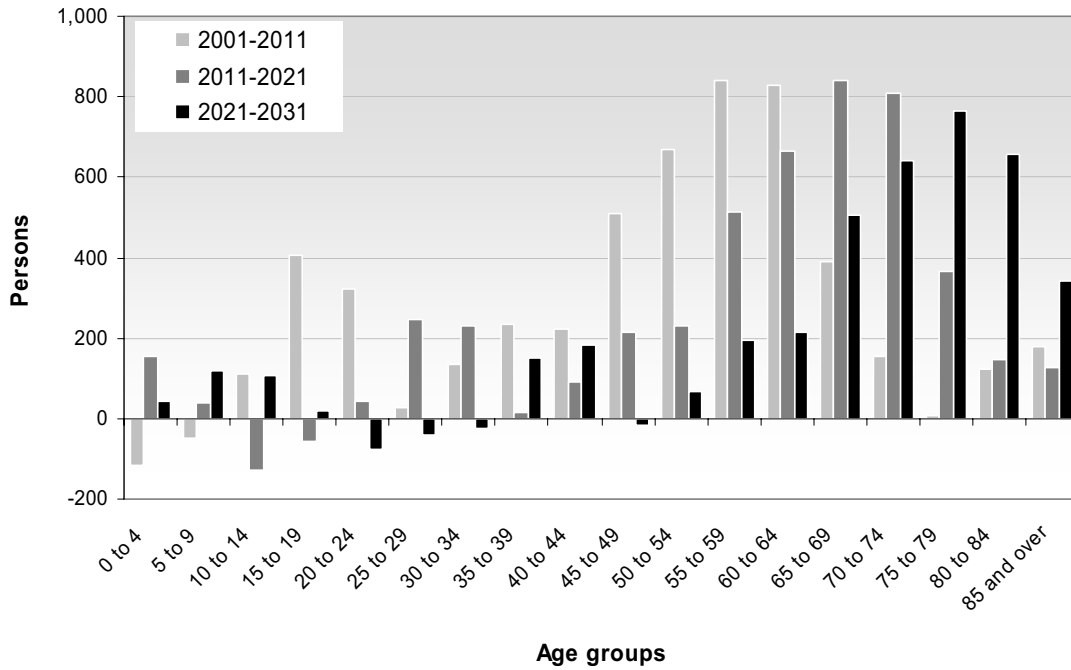


Source: .id, 2004

.id forecast of estimated resident population for Surf Coast shows an increase in the numbers across all age groups. It is typical of a growth area to experience gains in all age groups but not typical of a growth area to see such significant gains in the 50 plus year old population. This again depicts the dual residential role that Surf Coast plays as a place attracting both families and smaller older household types (such as empty nesters and retirees). There are two processes at play here including simply people who have moved here over the years effectively ageing in place while at the same time the older age groups are added to by the in-migration of older couples and retirees.

Looking into the longer term, the DSE age structure forecasts overwhelmingly show the most significant net gains in population in the 50-plus age groups and in the period 2021 – 2031 by far the most significant increases in the 65-plus age groups. This is all occurring while the Shire continues to grow as a result of the long term development of its residential land supplies (presumably still attracting significant numbers of family households).

**Surf Coast Shire, DSE, estimated resident population by 5 year age groups**

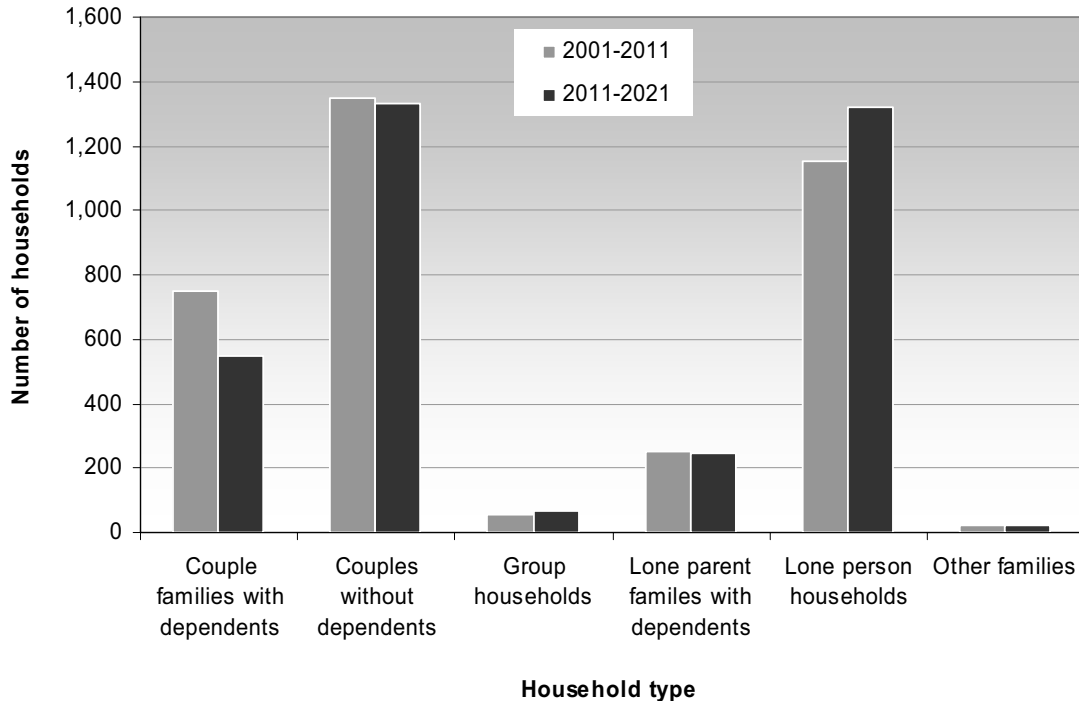


Source: .DSE, 2005

While family households are still moving into the Shire for the duration of the forecast period, it is the ageing in place of the existing population as well as continued in-migration of mature couples without children that is driving the growth of smaller household types in Surf Coast Shire.

The chart below of forecast household structure for Surf Coast Shire shows that small households (couples without children and lone person households) added together, is forecast to be around 4 times larger than the family household types added together by 2021.

### Estimated change in Household types, 2001-2021



Source: .id, 2004

Surf Coast Shire is forecast to have the most significant increases in the number of couples without children households and lone person households. Couple families with dependents (and lone parent families) are also expected to increase but to a lesser extent. This overall trend for the Shire differs across the Shire as different parts of the Shire play different residential roles.

The significant differences in the supply of residential land (and dwellings) across the Shire will have a major influence in structuring different population and household futures over the next five to twenty years. Large new 'greenfield' opportunities are primarily located in Torquay and as a result, this area will dominate population growth in the Shire over the forecast period.

Torquay is the primary growth area and is forecast to have significant increases in the number of couples with children between 2001 and 2021, a result of in-migration of young families. This is likely to occur on a smaller scale in Jan Juc-Bellbrae-Bells Beach and Lorne-Aireys Inlet-Deans Marsh.

Increases in lone person households are expected in all areas of the Shire to 2021 as a result of ageing, with the largest gains expected in the growth area of Torquay with significant concentrations expected in Anglesea and Lorne-Aireys Inlet-Deans Marsh, which are the coastal resort and retirement areas of the Shire.

The following section explores the forecast residential role and function of each of the small areas constituting the Shire and what the housing implications are for each area.



## 6. Residential Role & Function of Surf Coast Small Areas

This section explores the housing implications of each of the small areas constituting the Surf Coast Shire, including:

1. Anglesea
2. Jan Juc-Bellbrae-Bells Beach
3. Lorne-Aireys Inlet-Deans Marsh
4. Moriac-Rural East
5. Torquay
6. Winchelsea-Rural West

The analysis presents three indicators that provide insight into the residential role and function of each area and future housing implications based on demographic and residential development forecasts. These indicators are:

- Historical and forecast (assumed) age-specific migration: These data provide insight into who is attracted to each area and who is leaving. The data presented in charts in net terms effectively describes the housing market characteristics of each area and how that is expected to change.
- Forecast net change in age structure: The forecasts are based on a combination of assumptions about future opportunity for households to move into the area (based on net gains in dwelling stock brought about as a result of residential development, redevelopment, conversion of temporary residences (holiday dwellings) to permanent dwellings, etc. and who is taking the opportunity to move into the area (and leave the area). It also takes account of births and deaths. The changing age structure of a place has significant implications for its housing future. For example we know that there are age-specific propensities to live in certain household types (living arrangements); and we also know that certain household types express preferences for specific types of dwellings.
- Forecast household type: Household type forecasts are based on applying age-specific propensities for each age group to live in a particular household type. This work by assuming that the age structure of the population is an indicator of household size and type. These differences are assumed at the local area based on the household type and size from the 2001 census. The population is divided into household types based on five year age groups and sex. Each of these household types has an associated household size. From this relationship, all the household forming population (adults and any non-dependents) effectively represent a share of a household. These relationships are extrapolated forward with some adjustments, depending on the type of area. While the overall trend assumes that a greater share of the population will live in smaller households at all age groups in the future, many areas will go against this trend, depending on their place within the life cycle of suburbs. The projected decrease in the fertility rate and resulting likelihood of smaller families reinforces the assumption that a greater share of the population will live as couples and alone in the future.

Conclusions on housing futures draws on the supply demand analysis outlined in the early Sections of this report and the forecast household type results.

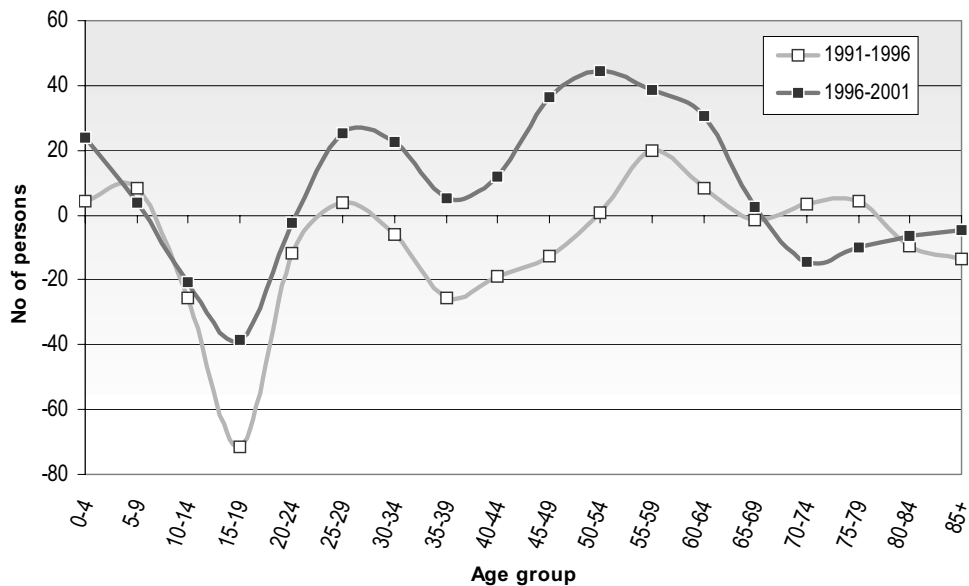
## 6.1 Anglesea

### Housing market

No significant changes are assumed in the local housing market for Anglesea. Historical observations as far as the types of households attracted to the area and who is leaving are largely assumed to continue into the future. These are:

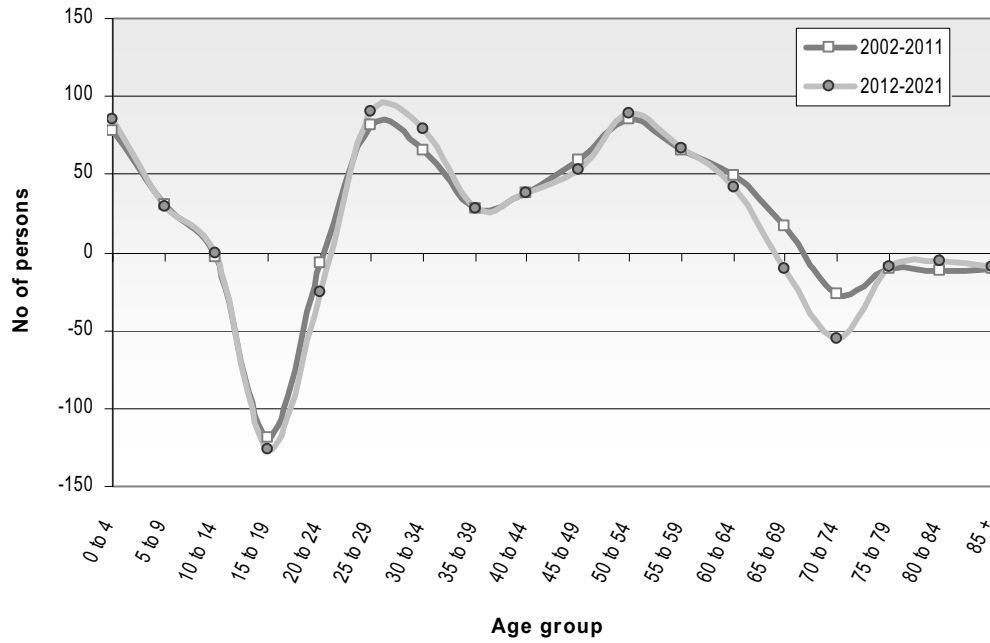
- Gain of young families, older childless couples and retirees into Anglesea;
- Loss of young adults (18-24) leaving home seeking employment and education opportunities in Melbourne and Geelong
- Small loss of older adults and elderly to areas that provide appropriate housing and services for the aged.

### Age specific net migration, Anglesea, 1991 to 2001



Source: ABS Census 1996 & 2001

**Forecast age specific net migration, Anglesea, 2002 to 2021**



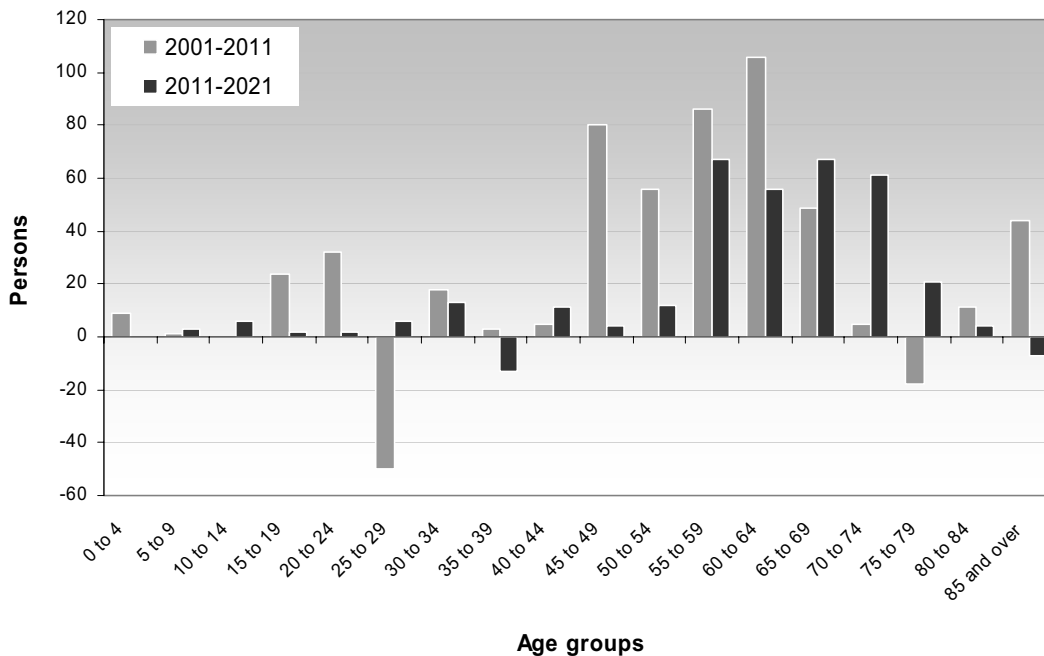
Source: .id, 2006

**Age Structure & Household change**

Most significant age specific gains are forecast to occur in the 50 plus year old age groups, with negligible change in the other (younger) age groups. While Anglesea is forecast to experience continued growth in family households in the short term (next 5 years), during this period and beyond that the most significant net gains will be in smaller households (couples without children and lone person households). This is the result of the dual processes of the existing population ageing in place and the continued in-migration of the empty nester market.

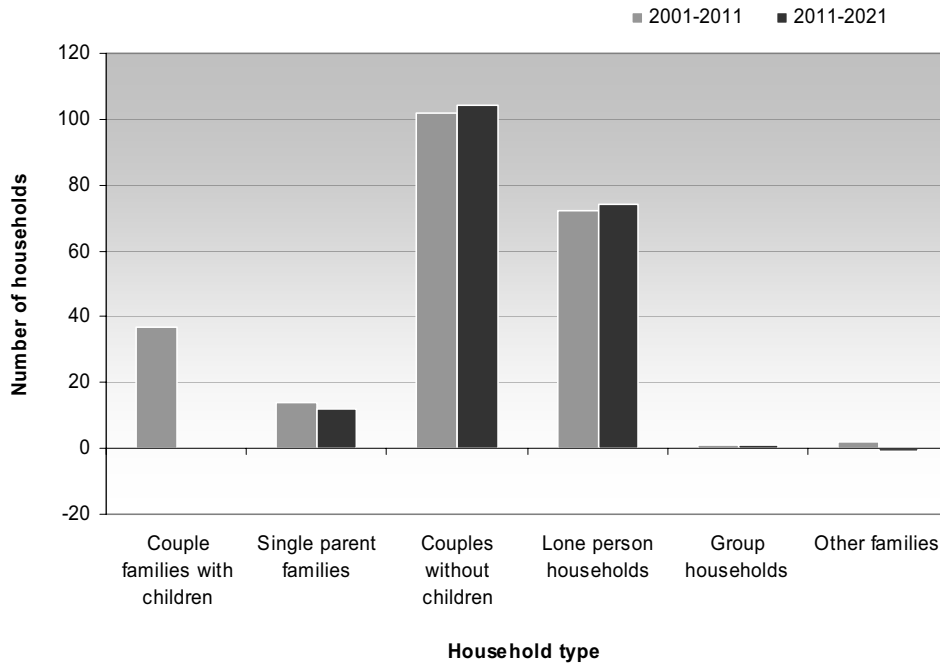
Further, there are significant land supply constraints in and around Anglesea and for the forecast period only a moderate level of infill development and construction on vacant lots of 20 dwellings per annum in the medium term, declining to 5 per annum in the longer term are providing housing opportunities for new households.

**Anglesea - Net Change in Age Structure 2001 - 2021**



Source: .id, 2006

### Anglesea – Forecast Household type 2001 - 2021



Source: .id, 2006

#### **Housing Implications**

While there are significant environmental constraints to future development (and redevelopment) in the township there is significant demographically driven demand for diversification of the housing stock as depicted in the significant forecast growth in the smaller households. Given the constrained supply in and around Anglesea township, there is likely to be upward pressure on residential land values that may make higher density residential development increasingly viable in this market in future. This may be an appropriate development given the demographic changes in this area are likely to result in the significant emergence of smaller older household types that may consider moving to more convenient (lower maintenance), higher density dwellings. This is assuming that the higher density alternatives take account of this emerging housing market's aspirations and preferences.

There will also be continued pressure for the trend of the conversion of holiday dwellings to permanent dwellings. This effectively increases residential supply in this area. It is forecast that the occupancy rate of Anglesea will increase from 40.1% in 2001 to 48.6% in 2021. While a large proportion of dwellings in Anglesea are expected to remain as holiday houses, many of these will remain unavailable to people seeking to settle in the area permanently.

## 6.2 Jan Juc–Bellbrae–Bells Beach

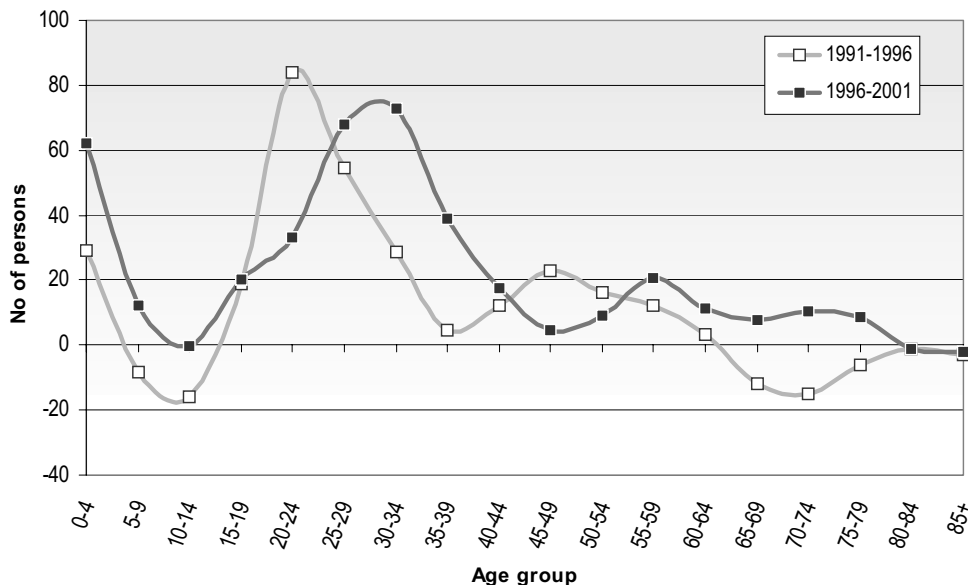
### Housing market

There were some changes to the housing market (migration) profile for Jan Juc-Bellbrae-Bells Beach in that this area historically attracted significant numbers of young adults in their 20's has moved to the area attracting young adults in their early 30's. Further, as ageing of the population continues there will be increased losses of young adults in their late teenage and early 20's age groups – seeking employment, education and affordable housing elsewhere. We can therefore expect:

- Minor short term gain of young families;
- More significant growth in older childless couples and retirees;
- Loss of young adults (18-24) leaving home seeking employment and education opportunities in Melbourne and Geelong
- Small loss of older couples and older families, particularly in latter period of forecast as new housing opportunities are exhausted. After the Strathmore Drive area with an estimated 150 dwellings being developed to 2013, there remains only a low level of infill development to occur until land is released in the area north of Great Ocean Road in the long term (post 2021).

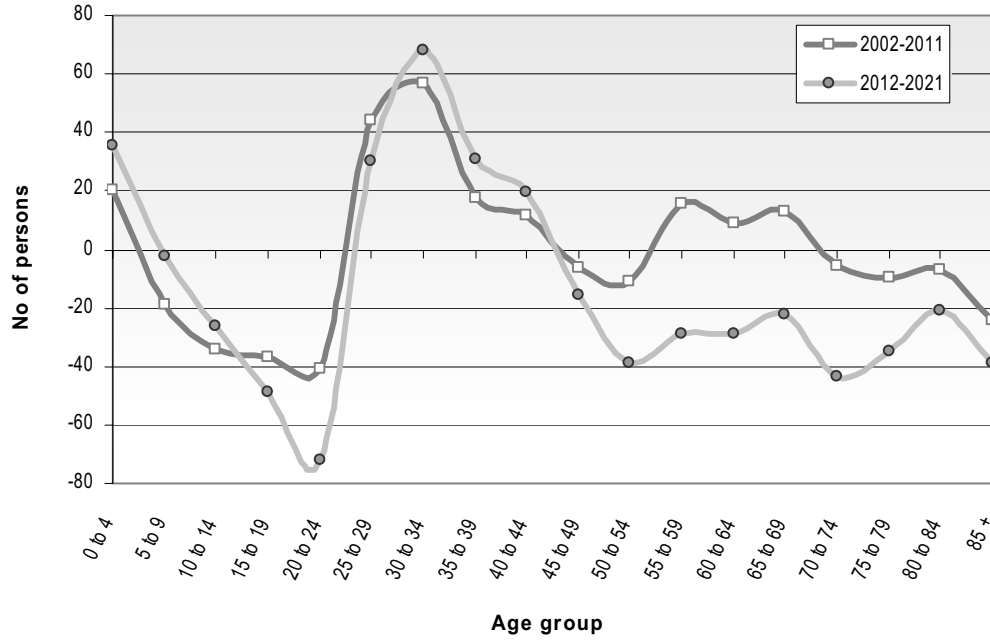
With the possible release of this residential land between Great Ocean Road and Spring Creek, Jan Juc will join Torquay as the Shire's most significant new release area, attracting family households to the area in large numbers once again.

### Age specific net migration, Jan Juc-Bellbrae-Bells Beach, 1991 to 2001



Source: ABS Census 1996 & 2001

**Forecast age specific net migration, Jan Juc-Bellbrae-Bells Beach, 2002 to 2021**



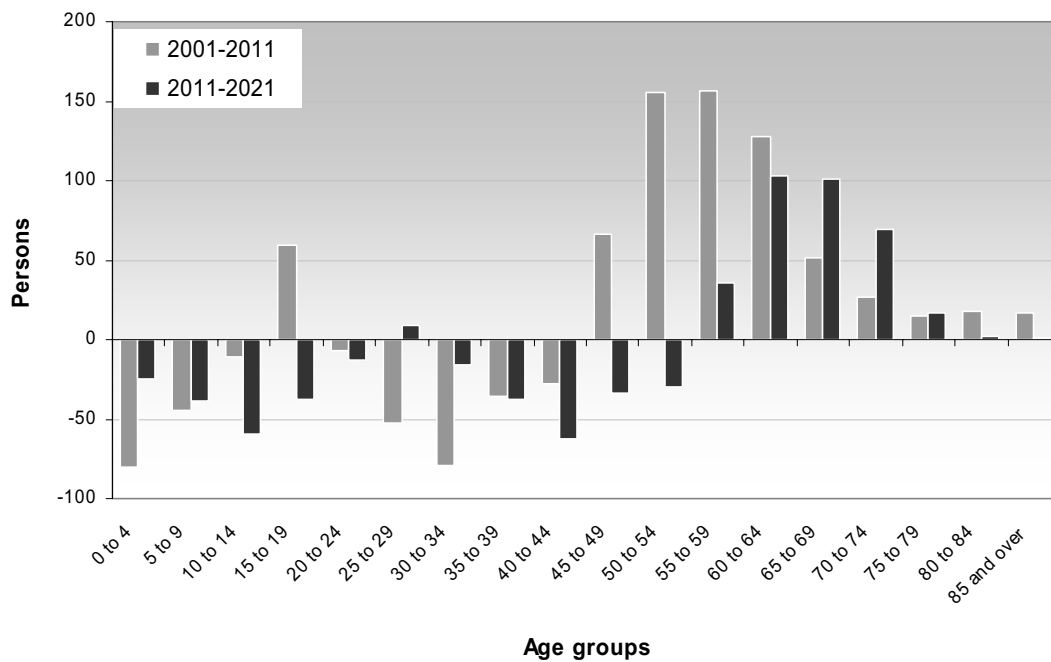
Source: .id, 2006

### Age Structure & Household change

As a result of the lack of significant development opportunities in this area in the short to medium term, the ageing-in-place process will impact over the next 10 to 15 years. However residential land supply north of Great Ocean Road is expected to come on-line in the long term, possibly when land starts to run out in Torquay in the post 2021 period. This is a large development area that will potentially provide a significant supply of dwellings in the Surf Coast beyond 2021, continuing to provide affordable housing attracting young families to the area. This will result in the forecast age structure largely ageing with most net gains in the 50-plus age groups in the medium term. There are also expected net losses of all other age groups as the ageing process takes hold in the medium term. In the long term however there will be net gains in the younger age groups once again as young family households take up the housing opportunities in the new development area.

This will result in large net gains of older couples without children and older lone person households while family households are forecast to actually decline in numbers, until the land is released (post 2021), when there will once again be gains in the younger age groups.

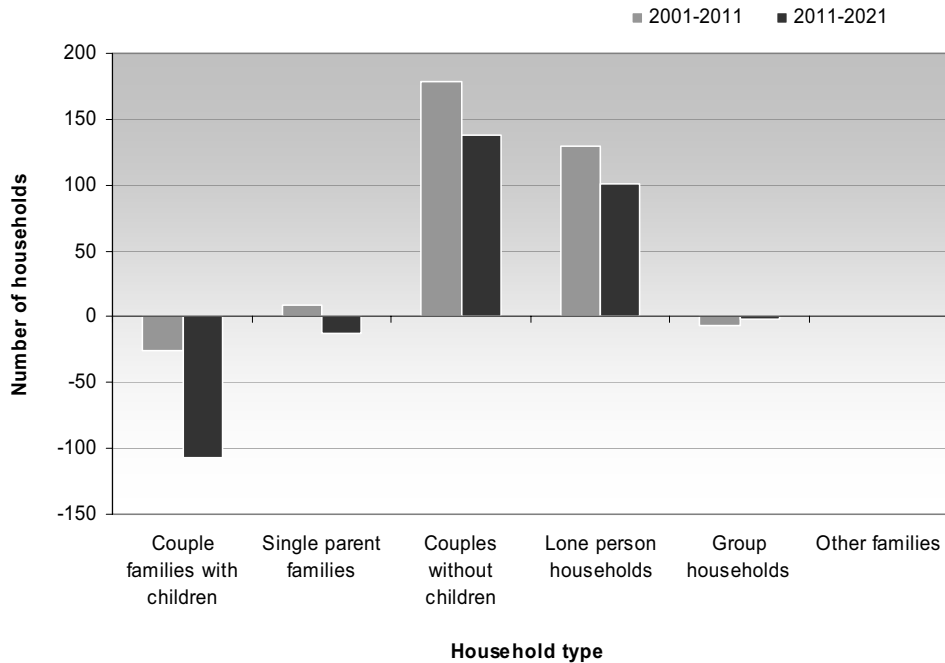
### Jan Juc-Bellbrae-Bells Beach - Net Change in Age Structure 2001 - 2021



Source: .id, 2006



### Jan Juc-Bellbrae-Bells Beach - Forecast Household type 2001 - 2021



Source: .id, 2006

#### **Housing Implications**

In the medium term (to 2021), there will be a significant shift in the residential role and function of this area as small household types actually emerge to become the dominant household type and larger household types (families) actually decline in numbers. This raises questions as to whether the existing stock of dwellings in this area is suitably diverse to provide choice for local residents as their housing needs change as ageing occurs in the medium term. However with the possible release of a large amount of residential land in the longer term, this area will most likely attract young family households once again to Jan Juc. But this land may also provide an opportunity to diversify Jan Juc's dwelling stock to deliver alternative housing choices for the growing number of older households in the Jan Juc – Torquay areas.

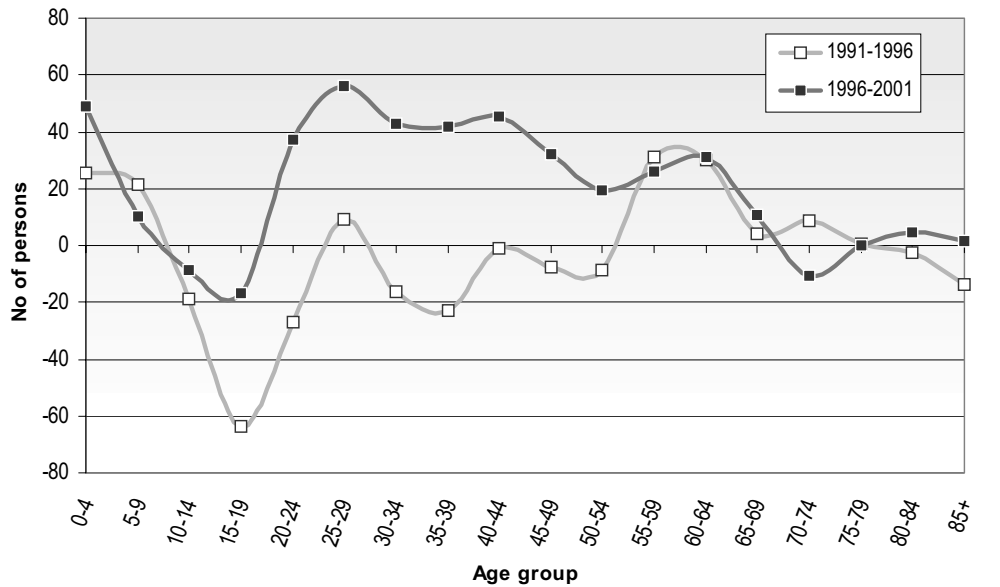
### 6.3 Lorne-Aireys Inlet-Deans Marsh

#### Housing market

The level of development has picked up in this area since 2000 and has driven a change in the migration profile as a result. The market attracted to this area is diverse and the new housing opportunities on offer will likely result in the following:

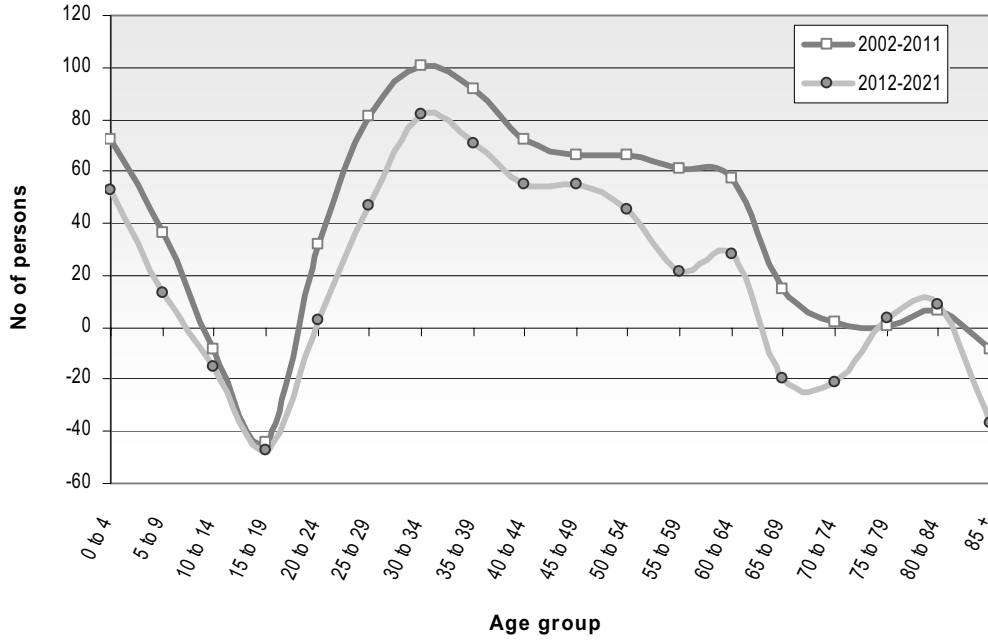
- Attract predominantly younger families, older childless couples and retirees;
- There will continue to be some loss of young adults (18-24) leaving home seeking employment and education opportunities and affordable housing in Melbourne and Geelong;
- There will be little change through migration in older adult and elderly age groups.

#### Age specific net migration, Lorne-Aireys Inlet-Deans Marsh, 1991 to 2001



Source: ABS Census 1996 & 2001

**Forecast age specific net migration, Lorne-Aireys Inlet-Deans Marsh, 2002 to 2021**



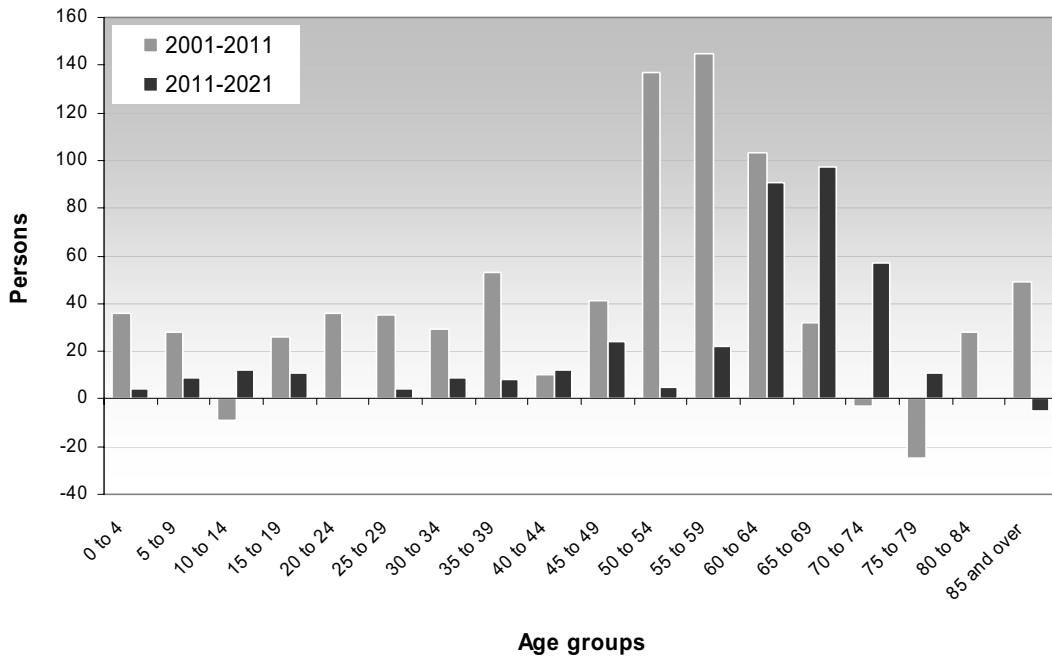
Source: .id, 2006

**Age Structure & Household change**

The level of development expected in this area will drive continued population growth in almost all age groups, with most growth occurring in the 50-plus year age groups. The growth in this older population is fuelled by both the existing population simply ageing in place as well as the continued in-migration of empty nesters and retirees.

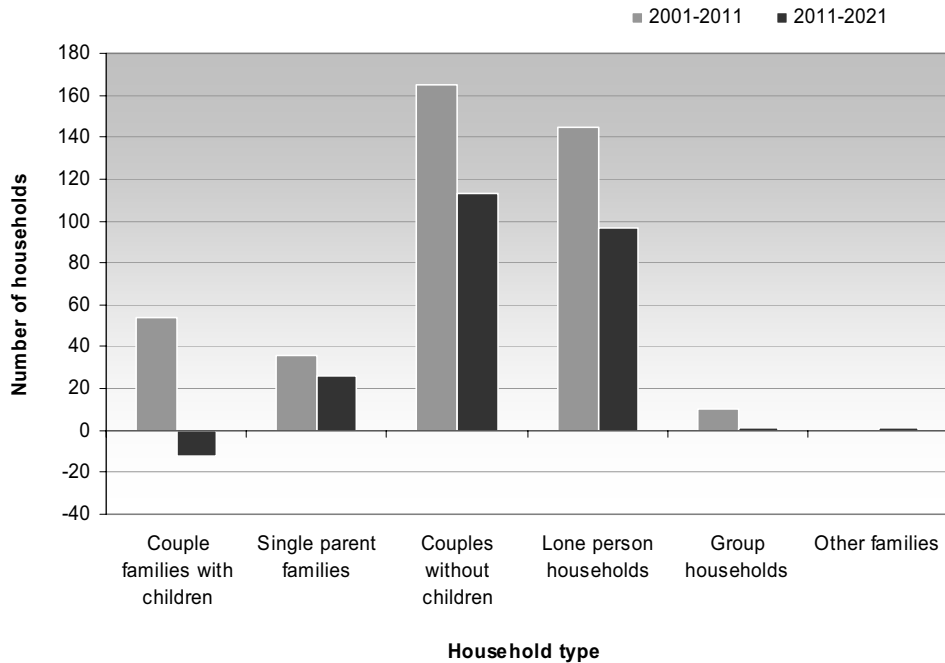
There is negligible change expected in the numbers of family households in the area while significant growth is forecast in the empty nester and retiree (smaller) household types

**Lorne-Aireys Inlet-Deans Marsh - Net Change in Age Structure 2001 - 2021**



Source: .id, 2006

### Lorne-Aireys Inlet-Deans Marsh - Forecast Household type 2001 - 2021



Source: .id, 2006

#### **Housing Implications**

In the high amenity coastal residential parts of this area high land values will facilitate the continued development of higher density dwellings and subsequent diversification of the housing stock. This trend of the diversification of the dwelling stock is already established in this area. If the higher density developments are addressing a range of markets, they may also focus more in the longer term on providing alternative, potentially more affordable, housing for the smaller, older household types. This may also have the effect of freeing up the larger format dwellings that may attract more family households to the area. Both Lorne and Aireys Inlet/Fairhaven have significant environmental constraints that prevent outward expansion. Future potential for new dwellings is likely to come from a combination of intensification of existing township areas, as well as the conversion of holiday houses to permanent occupancy. The occupancy rate for the Lorne-Aireys Inlet-Deans Marsh small area is forecast to increase from 37.9% in 2001 to 43.0% in 2021.

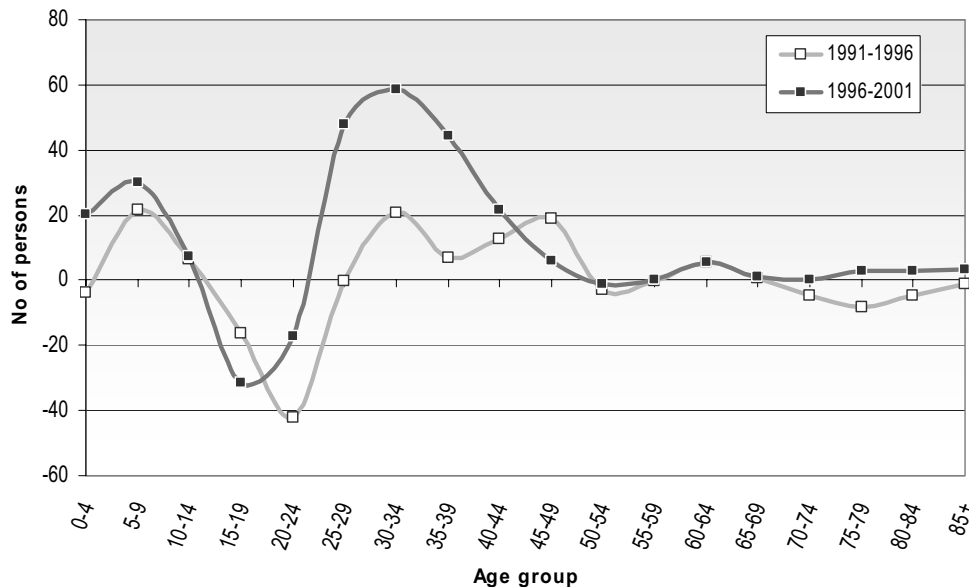
## 6.4 Moriac-Rural East

### Housing market

The Moriac-Rural East area's historic residential role of largely attracting young families is unlikely to change in future. There is a moderate and consistent amount of residential development expected to continue to occur in this area - based on the development of remnant zoned land and moderate levels of in-fill (at around 20 or so dwellings per year). The historical age-specific migration charts imply that this area is relatively affordable as it has historically attracted young families and it is likely to continue this role. Unlike most parts of Surf Coast Shire, this area does not attract empty nesters and retirees. The housing market characteristics of the area are unlikely to change and are as follows:

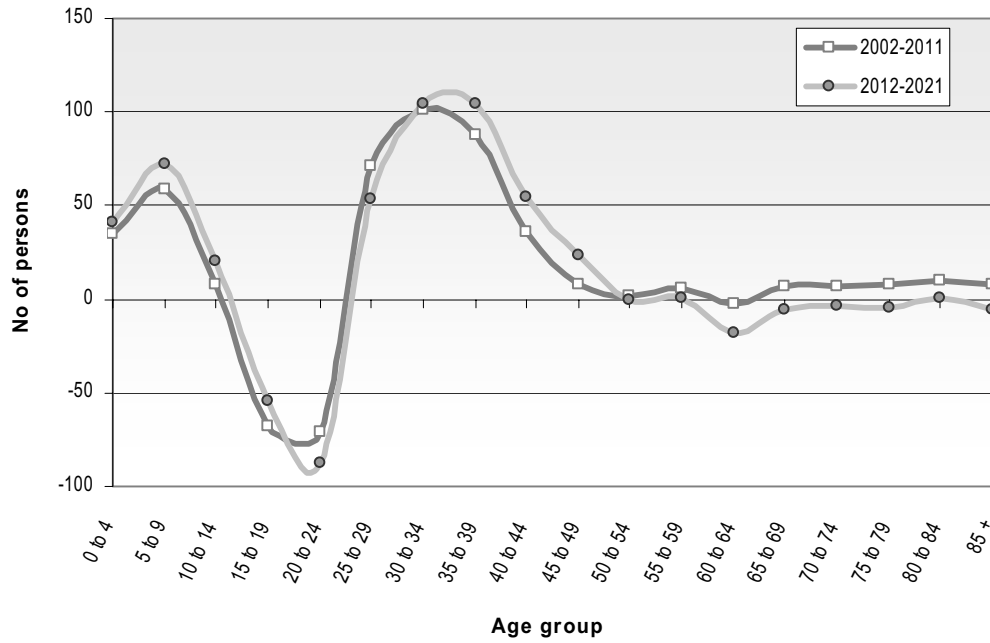
- Some continuing gain of young and more mature families;
- Continued loss of young adults (18-24) leaving home seeking employment and education opportunities in Melbourne and Geelong;
- Little change through migration expected in ages 45+

### Age specific net migration, Moriac-Rural East, 1991 to 2001



Source: ABS Census 1996 & 2001

**Forecast age specific net migration, Moriac-Rural East, 2002 to 2021**

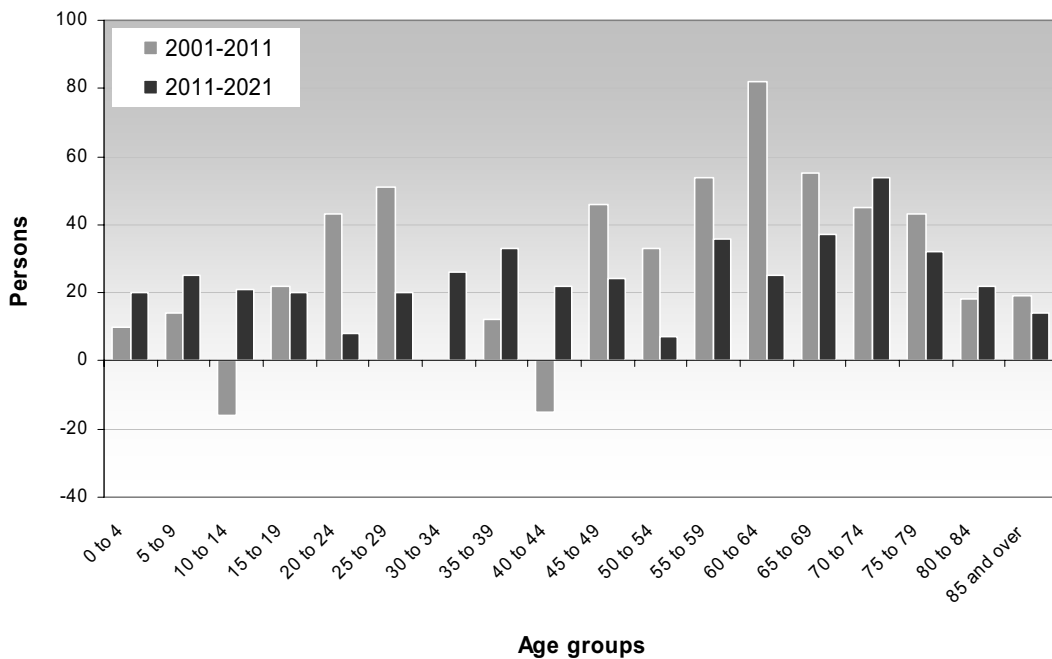


Source: .id, 2006

**Age Structure & Household change**

The moderate rate of development creates a supply of dwellings to maintain the area's affordability (and attraction) to young families. The effect of attracting young families to an area has a 'youthening' effect that is tempered by the processes of ageing-in-place. This is evident in the forecast age structure for Moriac-Rural East where there are expected increases in virtually all age groups over the forecast period; however the most significant increases are forecast in the 55-plus age groups. This ageing process will result in the most significant household type gains in the smaller household types (empty nesters and older lone persons), although the moderate forecast net gain rate in dwellings is sufficient to expect moderate gains in family household types also.

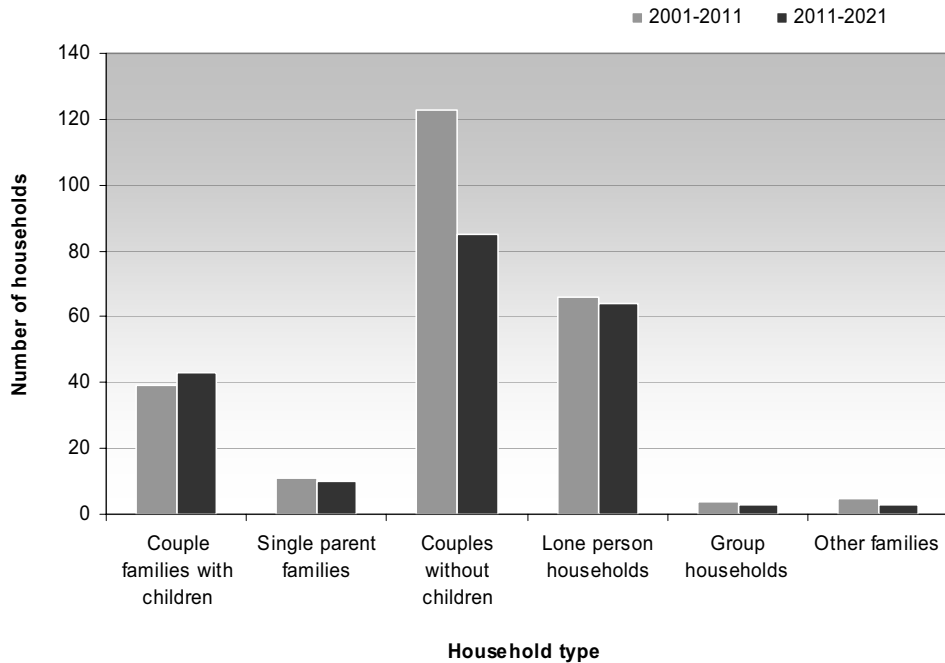
**Moriac-Rural East- Net Change in Age Structure 2001 - 2021**



Source: .id, 2006



### Moriac-Rural East - Forecast Household type 2001 - 2021



Source: .id, 2006

#### **Housing Implications**

While the ageing of the population in Moriac-Rural East is resulting in significant growth in smaller households the nature of this area is unlikely to call for any significant diversification of the dwelling stock. It is clear that the residential role and function of this area is to provide affordable housing for young families and it would ideally continue to fulfil that role in the Shire. Perhaps as housing stock becomes more diverse in other parts of the Shire, the older households in this area that may seek alternative dwelling formats (higher density, lower maintenance) may look to Geelong as options.

## 6.5 Torquay

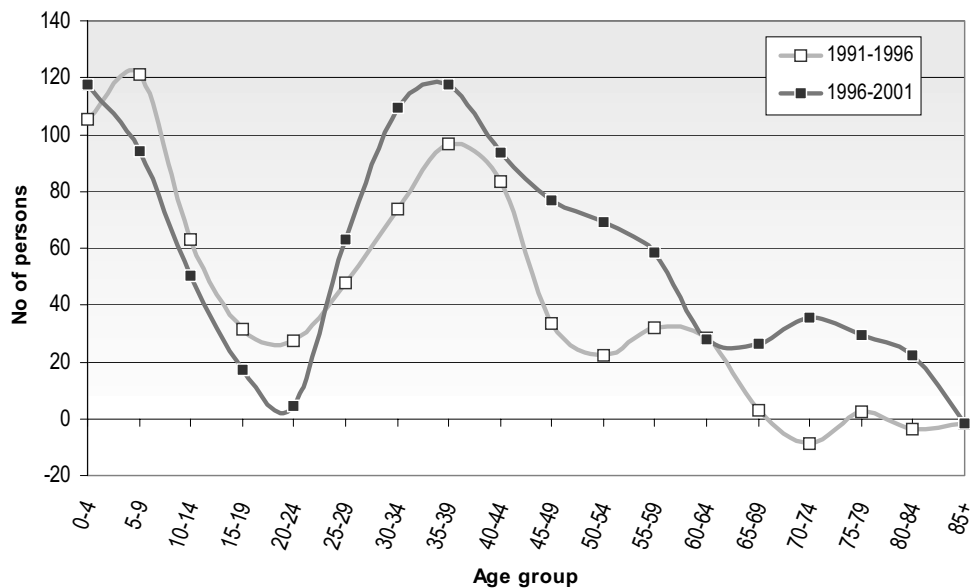
### Housing market

At least for the last 10 years and for the next 25 years Torquay has been and will continue to be a growth area. The substantial new housing land supplies are expected to continue for the next 25 years, with this area continuing to attract a diverse housing market including:

- Predominantly young and mature families and older childless couples (retirees);
- Generally, there are no losses expected from migration in any age groups, although net in-migration of young adults and the elderly is minimal.

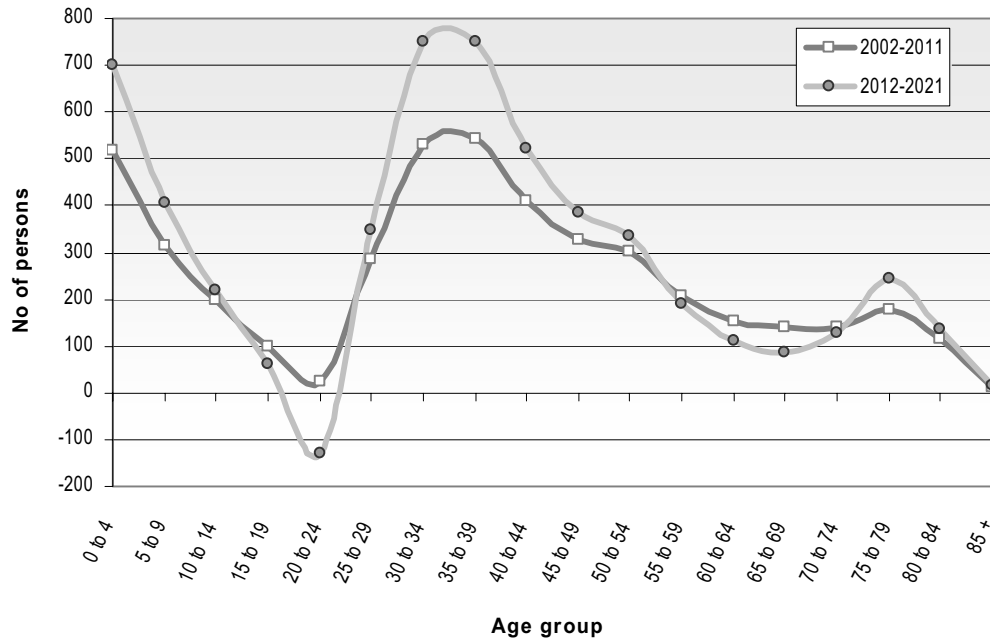
This growth area is somewhat atypical as Torquay attracts a larger proportion of older, smaller households that could best be described as empty nesters and early retirees. Typically growth areas attract more of a 'mono-market' that includes primarily young couples and young families. The uniqueness of Torquay's housing market is that it also attracts older households. This is brought about by the attractiveness of this coastal area for retirees.

### Age specific net migration, Torquay, 1991 to 2001



Source: ABS Census 1996 & 2001

**Forecast age specific net migration, Torquay, 2002 to 2021**



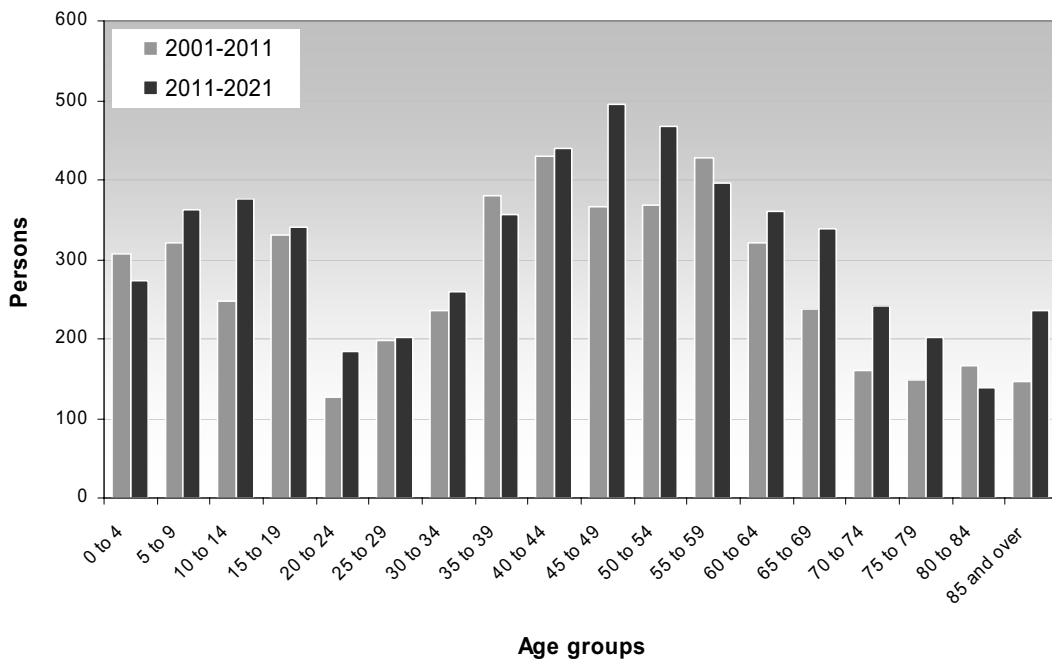
Source: .id, 2006

**Age Structure & Household change**

The relatively high rate of development in this area provides a supply that is affordable enough to attract young families. They are expected to continue to move here throughout the forecast period at a rate that results in the maintenance of a relatively young age structure, with most growth forecast to occur in the young and mature family household age groups. While this will result in strong and continued growth in the larger household types (young and mature families), even this typical growth area phenomenon is not strong enough to stop the smaller household types from gaining dominance in this area by 2030. That is, empty nester and older lone person households are forecast to outnumber family households during the forecast period.

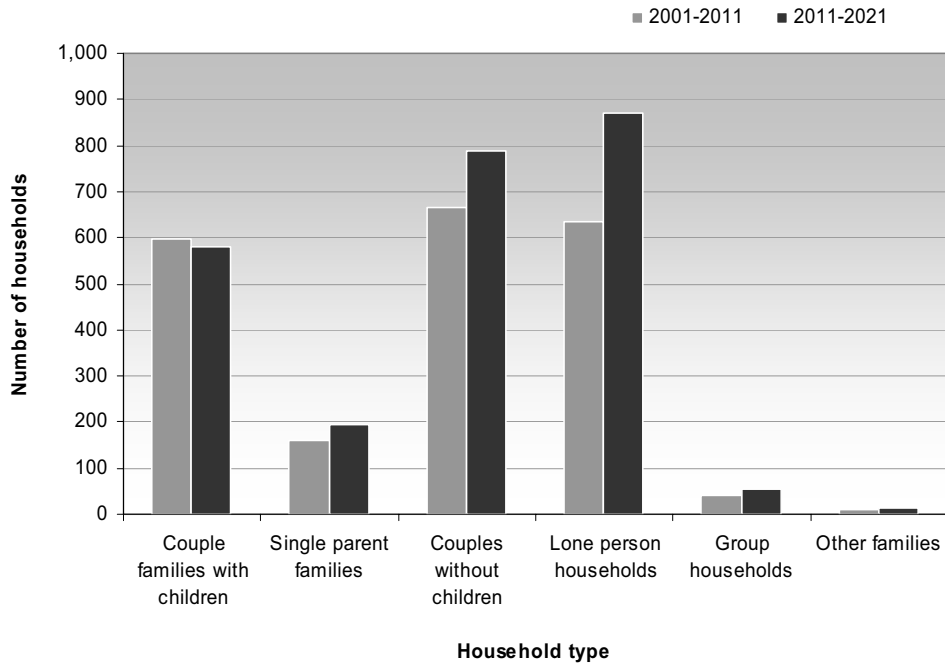
This significant growth in smaller (and older) household types is expected to occur at a higher rate than in most typical growth areas. The typical growth area caters overwhelmingly for young, and to a lesser extent, mature families; and smaller older households emerge later as a result of the early settler families in the area effectively ageing-in-place. While this process is taking place in Torquay, growth in the smaller older household types is effectively exacerbated by the attractiveness of the area to empty nesters and retirees and their consequent in-migration.

**Torquay - Net Change in Age Structure 2001 - 2021**



Source: .id, 2006

### Torquay - Forecast Household type 2001 - 2021



Source: .id, 2006

#### **Housing Implications**

Three and four-plus bedroom separate dwelling formats are flexible and generally meet the needs of the housing markets that are typically attracted to growth areas. Given that Torquay’s growth area status is forecast to continue for at least the next 25 years, there is possibly only one significant and immediate housing implication apparent for the growth area parts of the Torquay area. That is, as for all growth areas, there comes a time when diversification of the housing stock is required to meet the more diverse needs of a changing population (with the changes largely resulting from ageing). The challenge in growth areas is not necessarily to diversify the housing stock during the rapid development phase but rather to ensure that the subdivision layout is robust enough to enable the diversification of the dwelling stock in 20 or 30 years time when required. Short term opportunities to diversify the dwelling stock in this area however are most likely to come from the older parts of Torquay township or in the more recently subdivided areas. The implications therefore for Old Torquay are that this is the ideal part of this area to facilitate the provision of higher density dwellings in the short to medium term.

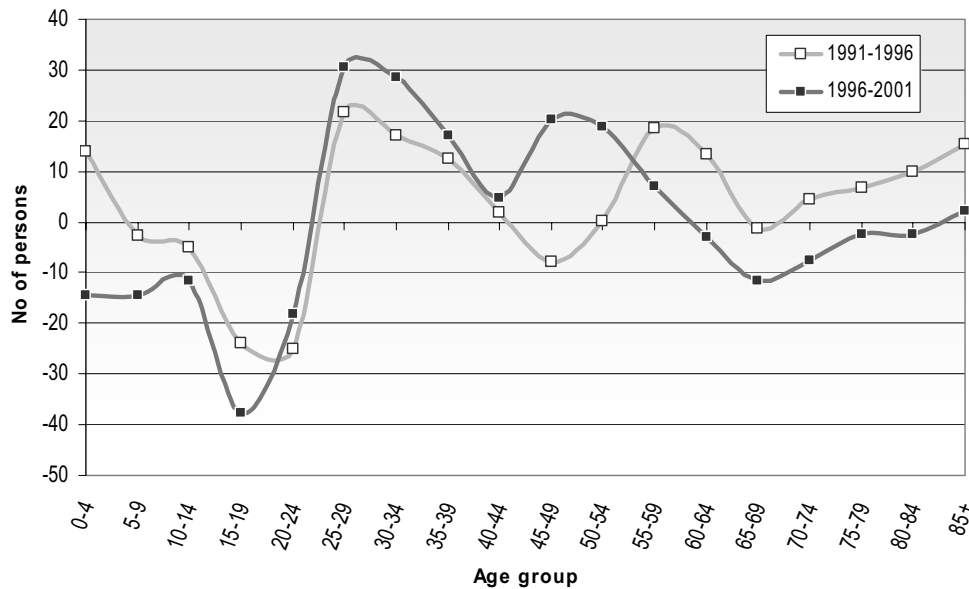
## 6.6 Winchelsea-Rural West

### Housing market

Winchelsea-Rural West includes the township of Winchelsea and its surrounding rural areas. It plays a relatively minor residential role and function in terms of numbers. It attracts small numbers of young and more mature families and retirees. It also experiences the loss of young adults (18-24) leaving home seeking employment and education opportunities in Melbourne and Geelong.

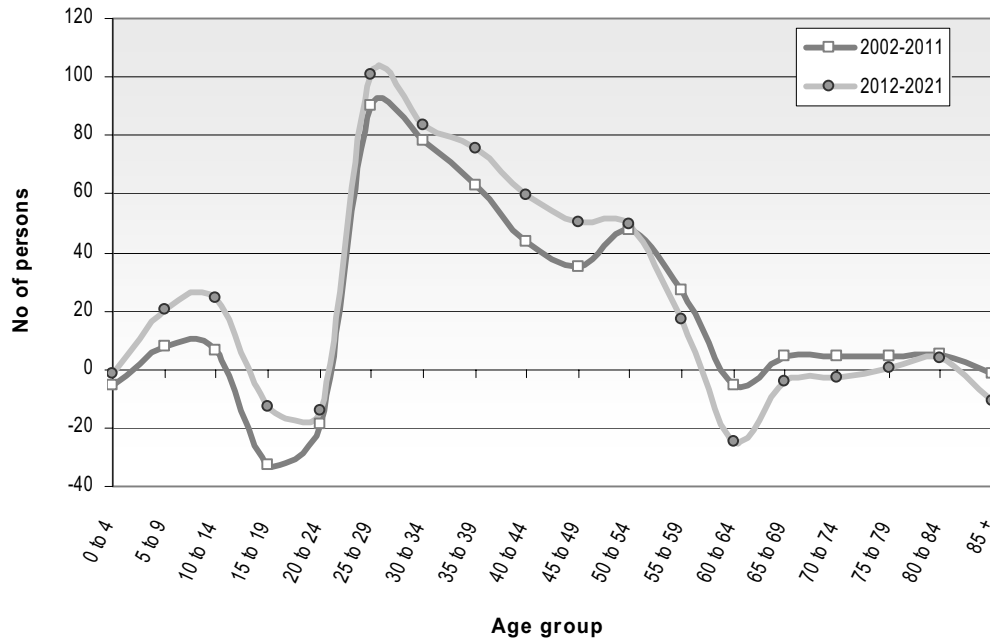
There is a moderate level of infill development and construction on vacant lots at around 30 dwellings per annum for the forecast period resulting in forecast household and population growth.

### Age specific net migration, Winchelsea-Rural West, 1991 to 2001



Source: ABS Census 1996 & 2001

**Forecast age specific net migration, Winchelsea-Rural West, 2001 to 2021**



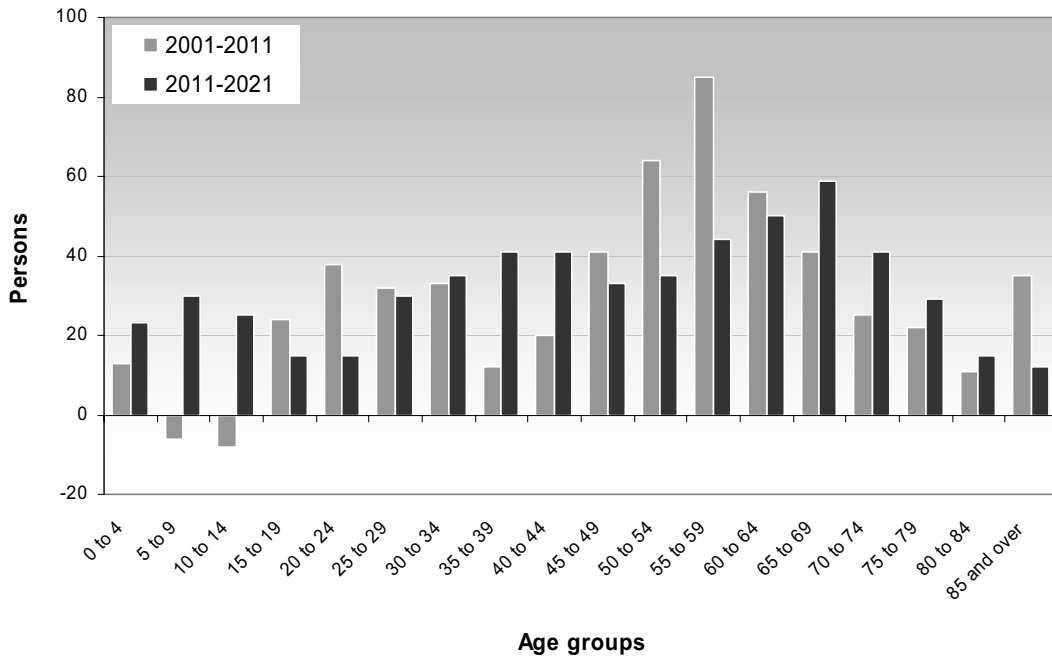
Source: .id, 2006

**Age Structure & Household change**

The moderate level of residential development activity in this area will result in continued growth in almost all age groups, but with the most significant gains in the 50-plus age groups.

Household change in this area is driven by ageing and the in-migration of new households resulting from the level of dwelling construction activity assumed to be occurring there (a net gain of around 30 dwellings per annum). While there are mostly net gains in smaller empty nester and retiree households, there is also expected to be growth in family households, albeit to a significantly lesser extent.

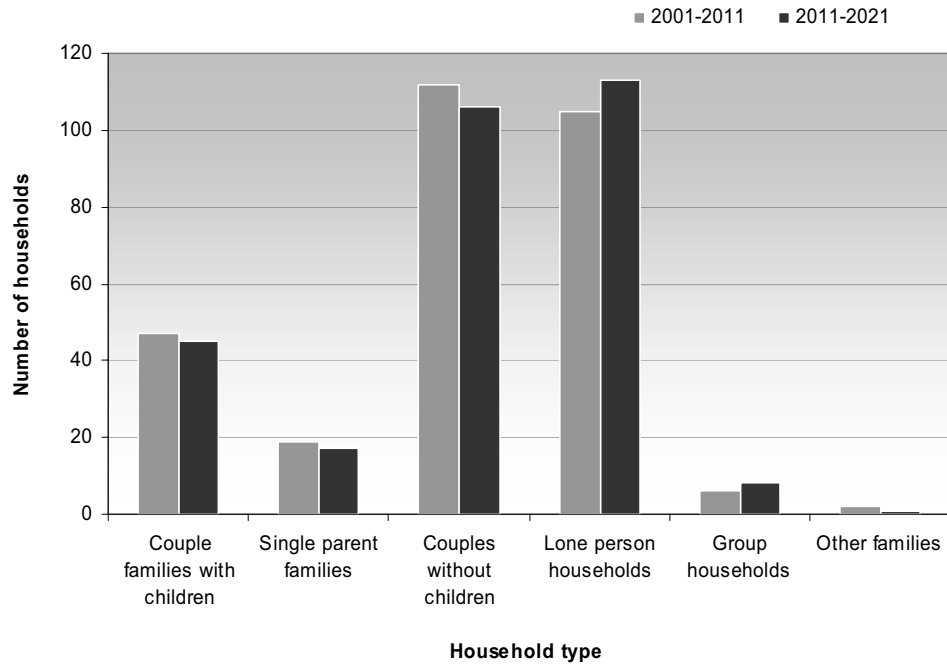
**Winchelsea-Rural West - Net Change in Age Structure 2001 - 2021**



Source: .id, 2006



### Winchelsea-Rural West - Forecast Household type 2001 - 2021



Source: .id, 2006

#### **Housing Implications**

There are no significant housing issues in this area. The implications of demographic change in Winchelsea-Rural West are not of a scale to change the largely rural service centre role and function of this area.

## **6.7 Comparative Residential Role and Function**

### **Old Torquay Township**

Older established area containing significant opportunity to diversify the dwelling stock within the Torquay small area by higher density redevelopment. Large lots and grid pattern streets provide a significant and viable opportunity for the diversification of the housing stock.

### **Torquay Growth Area**

Rapid green field development area dominated by 3 and 4-plus bedroom separate dwellings. It is important that the subdivision structures in this area are formatted to facilitate the diversity of the dwelling stock in future and achieve higher densities as the population in this area ages and opportunities for diversification in the older established parts of Torquay become more scarce. Council may wish to consider implementing policy to achieve a more diverse dwelling stock in the short term, particularly given that this area attracts not only family households but also smaller older household types.

### **Jan Juc**

The existing Jan Juc township was predominantly developed in the 1970s and 1980s. As such, many of the original settlers in this area are now in their 40s with older children. This area will reach a critical point over the next ten years as many children leave home to establish new households elsewhere. Some proportion of the empty nesters left behind will wish to move to housing more appropriate for their stage of the lifecycle. This market will need to be catered for in some way, either in Jan Juc, or more likely in the older and more flexible areas of Old Torquay. Old Torquay's role in catering for a more diverse range of household and dwelling types will need to consider this significant emerging group in Jan Juc. While there are some examples of higher density forms of housing around the Jan Juc shopping area, this may need to be expanded in future.

### **Jan Juc Growth Area**

This is a rapid greenfield development area. As for Torquay it is important that the subdivision structures in this area are formatted to facilitate the diversity of the dwelling stock in future and achieve higher densities as the population in this area ages and opportunities for diversification in the older established parts of Torquay become more scarce. As this growth area is effectively an extension of the Torquay growth area, Council may also wish to consider implementing policy to achieve a more diverse dwelling stock in the short term, particularly given that this area attracts not only family households but also smaller older household types.

### **Bellbrae/Bells Beach**

The Bellbrae and Bells Beach market play a minor role in providing low density and rural residential living around the Torquay-Jan Juc outskirts. Given the small nature of these areas and the lack of specific Census data, it is difficult to determine the demographic characteristics of the existing population. One aspect however that is common to low density/rural residential areas is their general inappropriateness for older adults and the elderly. They are generally poorly serviced with transport and can be particularly onerous in terms of maintenance. Intensification of these areas would generally not be considered appropriate given the buffer these areas provide between Torquay-Jan Juc and the surrounding rural areas. However, there is likely to be a need for persons from these areas requiring smaller accommodation closer to services in areas such as Old Torquay.



### **Anglesea Coastal Township**

Anglesea Township does not have the opportunity that Torquay township has for residential expansion largely due to significant environmental constraints. However, higher density redevelopment opportunities should be taken up to diversify the housing stock wherever possible. Also a policy of limiting holiday rental in the residential areas of the township (outside of the high activity tourism areas) will increase the supply of permanent rental dwellings, improving opportunities for affordable housing.

### **Aireys Inlet Coastal Township**

The last remnant areas of greenfield land in the Aireys Inlet/Fairhaven area are presently being developed. In general terms, Aireys Inlet is in a similar position to Anglesea and Lorne in terms of having little or no ability for outward expansion. This has resulted in increases in land and housing prices. Council has a number of options in regard to Aireys Inlet. It can enable more intense forms of urban development to cater for demand for the area. This of course would be a highly contentious decision in this area. Alternatives may include encouraging this form of development in either Anglesea and/or Lorne. It is clear that Aireys Inlet/Fairhaven will continue to attract significant levels of demand both from outsiders and from residents seeking diverse forms of housing. Any decision not to cater for this in some manner is likely to have a significant impact on affordability.

### **Lorne Coastal Township**

Lorne has long held an iconic role in Victorian coastal towns. It is a sought after short and long stay holiday destination. Its physical setting (surrounded by State Forest/National Park), has meant that outward expansion of the township is significantly limited, with direct implications for affordability. Demand for the township is high and it is likely that residential development will continue with the intensification of areas closest to Mountjoy Parade. Sites for development appear limited and affordability is likely to continue to be a major issue, particularly for the town's many service workers in the summer. Council may wish to investigate policies limiting short stay accommodation to increase the level of long term rental properties available.

### **Deans Marsh Hinterland**

Deans Marsh is a small town located in the hills above Lorne, between Winchelsea and the coast. It is traditionally a timber town but in recent years has become an alternative residential option for those priced out of Lorne. It has supplies of zoned residential land available and is expected to play a minor role in future. It does have constraints however in terms of sewerage and water supply.

### **Winchelsea Hinterland Township**

Winchelsea is the largest of the traditional rural centres in the Shire. It plays a role as a rural service centre and strategic centre on the Princes Highway at the junction of the main route to Lorne. The area has experienced steady population growth in recent times and this is expected to continue throughout the forecast period. The town has affordable housing compared to the coast and Geelong and is expected to continue to attract both families and retirees seeking a rural area to settle in that is close to Geelong and the coast.

### **Moriac Hinterland Township**

The Moriac township and surrounds provide an alternative small town and rural lifestyle for a local population that mainly commutes to Geelong. It has experienced population growth in recent



times with additional residential opportunities having been opened up in the south of the Moriac township. Continued low levels of growth are expected, however there are constraints to longer term development due to lack of reticulated sewerage. The outer southern and south western areas of Geelong (Grovedale, Waurm Ponds, Highton, Wandana Heights) will continue to cater for the overwhelming majority of family households moving to this area. It is expected that Moriac will continue to play a niche role in attracting some of this young family market however.

## **7. Implications & Conclusions**

### ***7.1 Demand & supply in current market***

There are strong economic and geographic relationships between the Surf Coast and the Greater Geelong region making Surf Coast attractive as commuting to places of employment, leisure and education is relatively easy.

It is apparent that the Surf Coast Shire has a dual residential role and function, namely:

1. attracting young couples and young families, typical of a growth area (mainly in Torquay area);
2. attracting retirees/empty nesters, typical of an attractive coastal area relatively near higher order services.

The dominant dwelling format is generally typical of a growth area as dwellings are oriented to 3 & 4 bedroom separate dwellings (large format). This dwelling format serves the role and function of a growth area well.

### ***7.2 Housing need and affordability***

The Shire should be able to continue to provide affordable housing for young families as long as the developable land is available and there continues to be reasonable access to employment. It is apparent that the Shire has stocks for around another 30 years of development (assuming an average development rate of around 400 dwellings per year). This of course will be concentrated in the areas around Torquay, which is the closest area of the Shire to Geelong and Melbourne, the major source of new migrants to the Shire.

As long as the Shire continues to provide new affordable housing, young families will continue to move there but in the meantime there is an ageing impact on the population derived from two factors, namely:

1. in-migration of mature couples (lifestyle); and
2. local people ageing-in-place

As greenfield land supply runs out (in the long term), affordability will increasingly become an issue. High value coastal places typically have lower permanent occupancy rates and owners can yield high returns from holiday rental. This limits the supply of permanent rental stock that plays an important role in making a place accessible to key workers (who do not necessarily have high wages). Ensuring an adequate supply of rental stock is a key objective to maintaining a sustainable housing and population base.

### ***7.3 Demographic trends over the next 3 decades***

Demographic changes over the next 3 decades are driven by three key factors:

- Continued rapid development of residential land attracting young families to the area;
- The attraction of the area to older households such as the empty nesters;
- The ageing-in-place of the existing population.

These three factors are resulting in continued population growth while at the same time the Shire will experience ageing that will see the dominant 'family' household types become a minority as smaller older empty nester and lone person households emerge to become the dominant household type in the Shire.

#### **7.4 Impact of demographic change on housing**

The demographic changes forecast for the Shire will have significant implications for housing in Surf Coast over the next 10 to 20 years, particularly with regard to the diversification of the dwelling stock to meet changing housing preferences resulting from demographic change.

As households age, housing needs and preferences change particularly at certain points in the household lifecycle. The ageing process in Surf Coast will increase demand for more diverse housing choice in the Shire given that older households such as empty nesters and lone persons will increase in number to be more prevalent in the Shire than family households in the short term. Older households are likely to take up alternative lower maintenance (higher density) housing options if they are available. This would in turn free up the larger format 'family'-type dwellings, effectively increasing supply and opportunity for younger family households into the Shire. Increasing supply increases affordability as a general principle.

#### **7.5 Trends in demand and supply**

Fewer opportunities for residential development in coastal areas of Anglesea and Lorne will lead to increased demand for areas in Torquay and Jan Juc-Bellbrae-Bells Beach areas. However, land values in the townships that have significant land constraints will increase and higher density dwelling developments will occur in these places (as they already are in Lorne), which will provide a 'natural' opportunity for increasing dwelling diversity within the Shire - this will include the old part of Torquay also.

Compared to the Barwon Region, it is apparent that there is not a great deal of dwelling diversity in the Shire and in particular the Shire does not yet play a significant role housing retirees and the elderly (smaller household types). This role is apparently currently fulfilled elsewhere in the Barwon Region (i.e. Geelong).

#### **7.6 Key housing issues**

Surf Coast's traditional role as a place of coastal towns, rural towns and rural areas has been undergoing a rapid transition to a growth area attracting young family households, empty nesters and retirees. The predominant dwelling stock in Surf Coast of 3 and 4-plus bedroom separate dwellings is one of Surf Coast's key assets and holds the key to attracting more family households to the area after the rapid development phase is completed in 20 years time. The issue is that the population residing in those dwellings is ageing and average household sizes will continue to decrease. Without alternative housing options for the ageing population, Surf Coast's larger separate dwelling stock will not be effectively freed up to attract new family households to the area.

The Shire's current lack of housing diversity has long term implications because to maintain a sustainable population base, it is ideal to maintain a diversity of household type (which Surf Coast is currently experiencing). However in future, the best opportunity for doing this is to achieve a relatively diverse dwelling stock - which Surf Coast Shire doesn't currently have. The Shire's dwelling stock is dominated by large format separate dwellings. Consideration will need to be given to achieve a diversification of the housing stock in the medium to long term as the ageing impact takes place.

The options for Surf Coast Shire are:

1. To focus on key townships and established areas to redevelop a higher density and more diverse housing stock to provide choice to the community that is not only ageing-in-place but also receiving significant numbers of older smaller household types;
2. to undertake option 1 (above) while at the same time attempting to achieve more diversity of the dwelling stock in the new growth areas – more difficult to achieve if there are still significant opportunities in established townships and established areas;

3. to undertake option 1 (above) while ensuring that the subdivision formats of the new growth areas are structured to enable the redevelopment of key sites and locations that can facilitate the diversification of the housing stock in future. This process of redevelopment of 'traditional' residential suburbs into places that can be redeveloped to provide more housing choice is evident in many middle ring suburbs of metropolitan Melbourne and inner suburbs of Geelong. This is based on the view that well designed urban places will adapt and change over time as demand changes and redevelopment becomes viable.

The objective of diversifying housing choice by facilitating alternative housing options can more easily meet the future need to diversify the household types in Surf Coast. This will in turn assist in maintaining the population at a level whereby the critical mass to support sufficient levels of demand for a wide range of services and facilities is more likely to be achieved.

Maintaining a consistent level of supply of new dwellings in the Shire has been to date, and will be in future, the key to maintaining affordability for family households in the Shire. In the long term when the supply of greenfield land starts to diminish, the importance of diversifying the dwelling stock will become critical. Freeing up the stock of 3 and 4-plus bedroom dwellings in by providing alternative choices for ageing households will provide increased opportunities for family households to move to the area. They are attracted by quality amenity, coastal lifestyle, access to employment, large quality family dwellings and quality schools.

The townships should continue to provide a source of supply for higher density living and the subdivisions currently being constructed should take into consideration the need for redevelopment of key sites to provide alternative housing choices in areas where the current family households are ageing and may seek alternative dwelling formats in future. It is ideal for established households to find affordable alternative dwellings within the sphere of their existing social networks.