

Central Goldfields Shire Council

Population, Housing and
Residential Strategy



**CENTRAL
GOLDFIELDS**
SHIRE COUNCIL

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Acknowledgement of Country

Central Goldfields Shire Council acknowledges the ancestors and descendants of the Dja Dja Wurrung. We acknowledge that their forebears are the Traditional Owners of the area we are on and have been for many thousands of years. The Djaara have performed age old ceremonies of celebration, initiation and renewal. We acknowledge their living culture and their unique role in the life of this region.



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Executive Summary and Recommendations

Main Findings

Over the last decade or more Central Goldfields Shire has seen only moderate, and variable, population growth. Up until the 2006 Census the Shire was losing population but this trend was halted over the 2006 to 2011 inter-census period. From 2011 to 2016 the Shire's population growth increased to an average 0.8% per year. Over the last few years estimates of annual growth have varied but overall the trend for moderate growth appears to be continuing. This recent modest population growth has been largely dependent upon inward migration – principally from surrounding areas.

When viewed in comparison with Melbourne, and the regional cities and peri-urban council areas within about 100 kilometres of Melbourne, population growth in Central Goldfields Shire population is modest. However, this could well change if strong growth continues in Melbourne, Ballarat and Bendigo. There is a real possibility that within the next decade or two Central Goldfields could be experiencing growth rates similar to those already seen in adjacent Shires such as Hepburn and Mount Alexander.

The Victorian Government's official Victoria in Future 2019 (VIF 2019) population projections for Central Goldfield's Shire do not anticipate continuation of the recent growth trend. Spatial Economics believes that this assumption is questionable and that it would be unwise for Council to rely solely on the VIF 2019 forecast in planning for the Shire's future housing needs. Instead we propose that Council adopt a scenario-based planning approach.

In line with this approach the findings and recommendations in this report take account of three plausible population growth scenarios:

- I. the VIF 2019 forecast (growth averaging 0.4% per year);
- II. a forecast reflecting recent growth trends (growth averaging 0.6% per year); and
- III. a 'big Melbourne growth' forecast (growth increasing gradually to 1.3% per year by 2036) or averaging 0.8% per annum from 2020 to 2036 .

Over the forecast period covered by this report (2020 to 2036) this translates into total population growth of between 815 and 1,925 people and a demand for between 713 and 1,304 additional dwellings. The difference in the ratio of population growth to additional dwelling requirements between the scenarios reflects the fact that the higher growth rates imply more in-migration and a higher percentage of younger households /households with children.

Compared to Victoria as a whole the population of the Central Goldfields Shire is skewed towards older age groups. This trend is projected to continue although faster population growth, if it occurs, may help moderate this trend somewhat. It is clear that Central Goldfields Shire will need, under any scenario, to plan to meet the changing housing needs of an older population.

Much of the Shire's population growth (70% or more) and housing development has been in Maryborough, Carisbrook and their environs. From 2009 to 2019 total dwelling approvals in Central Goldfields Shire averaged 65 per year. Nearly 70% of these approvals were in Maryborough (the percentage would be significantly higher if it included approvals in Carisbrook and on rural residential lots close to Maryborough/ Carisbrook). There is no basis for assuming that this trend will change over the forecast period. Planning for the Shire's future housing needs therefore needs to focus on Maryborough/ Carisbrook and their environs.

State Planning Policy requires councils to plan for a land supply that is sufficient to provide for at least fifteen years housing needs. This requirement is intended to apply on a council-wide and not a town/location specific basis. In the case of Central Goldfields Shire however



it is clear that the only sensible approach is to plan on the basis of maintaining at least a fifteen-year land supply for the Maryborough/Carisbrook market. This is because there is either little demand or little capacity for new housing elsewhere.

Under the three growth scenarios Spatial Economics have estimated (based upon conservative assumptions regarding the share of new housing going to broad-hectare developments and average yields from such developments) that there could be a requirement for between 22 and 78 hectares of additional broad-hectare land over the next 25 years.

Most (over 90%) of Maryborough's existing housing stock is comprised of detached houses and much of the recent housing development has been on broad-hectare or larger vacant sites. This lack of diversity in dwelling stock is likely to become an increasing problem as the Shire's population of older residents continues to increase. To date however there has been little in the way of 'urban consolidation' producing more varied housing stock in established parts of Maryborough (apart from several recent aged person housing projects).

Most of the areas currently zoned for broad-hectare development on the fringes of Maryborough are severely constrained and at best can provide for only a limited additional housing supply. Spatial Economics estimates that, based upon cautious but realistic estimates of yields from existing zoned land, Maryborough has only between eight and twelve years supply of broad-hectare residential land.

Future broad-hectare growth options for Maryborough are limited. This is due to a combination of significant native vegetation and bushfire risk. Spatial Economics has been able to identify only one potential additional location for such development - and the suitability of this site will need to be further assessed with the relevant authorities.

Planning for ongoing growth in Central Goldfield's primary housing market will therefore need to be based upon a combination of:

- encouragement and facilitation of urban consolidation in established parts of Maryborough;
- medium and longer term housing needs being met by broad-hectare development around Carisbrook (largely on grassland with a significantly lower bushfire risk than currently zoned areas on the edges of Maryborough); and
- some ongoing low density residential and rural residential development in areas surrounding Maryborough/Carisbrook.

An integrated approach needs to be taken to planning for these forms of development.

The focus in this report on planning for substantial medium to longer term residential growth around Carisbrook is a major change from the findings of the 2012 Residential Settlement Strategy. Carisbrook is sufficiently close enough to Maryborough to enable relatively easy access to Maryborough's wide range of services. We believe that, as part of its ongoing strategic planning efforts, Council should attach a high priority to preparing a precinct structure plan (PSP) for Carisbrook and environs (including Flagstaff and other areas between Carisbrook and Maryborough).

To date housing in Central Goldfields has been relatively affordable and this situation is likely to continue – although affordability may be affected to some extent by increasing growth rates. Most of future housing demand in the Shire will continue be met through the private housing market.

There will however be segments of the population whose future housing needs are unlikely to be provided for by private development. This includes some of the growing number of older households and of households on lower incomes. For these households, a combination of non-market initiatives will be required and this needs to be specifically addressed by Council in this and all future housing strategies. In particular Council has a



vital role to play both in coordinating the provision of services for those households that choose to continue to live in their existing dwelling ('age in place') and in advocating for, and facilitating investment by, community housing associations and other specialist housing providers.

For such community housing organisations, the availability of development funding is generally limited and often unpredictable. Central Goldfields Shire will therefore be competing with many other municipalities when decisions are made on the allocation of priorities for additional community housing developments. To maximise the chance of local needs being met it will be important for Council to:

- establish effective links with a number of such groups so that they are aware of local needs and have the local knowledge and support to move quickly when funding resources become available;
- advocate local needs strongly to State and Commonwealth Governments; and
- take appropriate action to facilitate and support potential local investments.

By comparison with Maryborough/Carisbrook and environs population growth and housing demand in Dunolly and Talbot has been, and is likely to continue to be, modest.

Existing vacant sites and residential zoned areas within Dunolly should be more than sufficient to provide for housing growth over the forecast period. There is no realistic need to provide for rezoning of additional land for housing (a location for such a rezoning was proposed in the 2012 Residential Settlement Strategy report).

In Talbot there is limited demand for additional dwellings and also limited capacity for additional housing development without the provision of a reticulated sewerage system. Provision of such a system is currently uneconomic and likely to remain so unless alternative technologies can substantially lower costs. In the absence of significant subsidies from either the State or Shire the only prudent assumption is that housing growth in Talbot will be limited and that there is no need to identify or rezone additional land for housing.

The 2012 Residential Settlement Strategy ignored the role of rural residential development in meeting Central Goldfields Shire's housing needs. Over recent years the construction of dwellings in rural-residential areas (almost exclusively on existing allotments) has accounted for about 13% of all new housing development in Central Goldfields. Ongoing planning for the Shire's housing requirements needs to make explicit provision for this sub-market.

Spatial Economics has estimated that, as at February 2019, Central Goldfields Shire had a total stock of over 1,600 rural residential lots. Of these almost 40% were vacant. The number of vacant rural residential lots is relatively high compared to other regional council areas across Victoria. Rural residential lots in Central Goldfields Shire are on average relatively large (76% are greater than 4 hectares) and a significant number would have potential for further subdivision. Given that only some eight new dwellings are constructed each year on rural residential allotments it is clear that there is no need, for the foreseeable future, to consider zoning more land for rural residential development.

There is however a relative lack of diversity in the Shire's rural residential land stocks. Spatial Economics believes that there may well be an unmet demand for smaller rural residential allotments – including for (serviced) low density residential lots. Such lots are typically between 3,000 sqm to 5,000 sqm in size. Some land that is currently zoned (RLZ) for rural residential development is likely also of high environmental or landscape significance and could warrant additional protection through the planning system. This might, for example, involve a change to rural conservation zoning (RCZ) or the introduction of additional controls on land use and/or the design and siting of dwellings.



Summary of Recommendations

Spatial Economics recommends that Central Goldfields Shire Council:

A scenario-based approach to planning for housing growth

1. Recognise that uncertainty regarding future population growth rates make it prudent not to rely on a single growth forecast for the purpose of planning for future housing needs.
2. Adopt a scenario-based approach to residential planning (i.e. plan on the basis of multiple growth scenarios and have planning in place to cope with the full range of growth rates set out in these scenarios).
3. Monitor and review actual residential development trends on at least an annual basis using the methodology set out in this report.

Managing the development of Maryborough/Carisbrook

4. Council use the analysis and recommendations presented in this report as the basis for adopting an updated strategy for medium to longer term housing development in Maryborough/Carisbrook.
5. Recognise that Maryborough/Carisbrook and environs are likely to remain the focus of most housing development in Central Goldfields.
6. Plan on the basis of maintaining at least a 15-year residential land in Maryborough/Carisbrook. Given the recommended scenario-based approach this means putting in place forward planning to enable Council to quickly rezone land to maintain an adequate land supply even under the high regional growth scenario.
7. Plan in an integrated way for the future development of Maryborough and Carisbrook (and for rural residential development in the Maryborough/Carisbrook environs).
8. Adopt a multi-faceted approach to meeting future housing needs that incorporates a mix of:
 - urban consolidation
 - ongoing broad-hectare development – with an increasing focus on development around Carisbrook
 - complementary provision in suitable areas for low density residential and rural residential development in areas close to Maryborough/Carisbrook

Promoting urban consolidation in Maryborough

9. Adopt a clear strategy to achieve its goal of encouraging greater urban consolidation and housing diversity while also protecting the amenity and character of Maryborough.
10. At a minimum, this strategy should include the following components:
 - a clear policy favouring a form of urban consolidation appropriate to Maryborough
 - promotion to the community of the benefits of such forms of development
 - a review of the extent of the main heritage overlay applying to central Maryborough (HO206) to ensure that it applies only to areas with historical significance and/or character that justify such additional protection
 - a review of the detailed requirements under HO206 to ensure that they:
 - relate only to those elements of built form/landscaping that contribute to the particular character of inner Maryborough
 - are actually being applied in the assessment of development applications



Requirements that do not meet these criteria should be considered for repeal

- minimising any unnecessary 'planning risk' (i.e. uncertainty and potential for delay) involved in obtaining approval for development in the area covered by HO206. This could be done by:
 - publishing clear and simple design guidelines setting out how new development can occur in central Maryborough without adversely impacting the town's heritage character (the guidelines should highlight the particular built form and landscape characteristics that contribute to the special character of inner Maryborough and would presumably cover issues such as setbacks, building heights, design elements and choice of materials for street frontages, etc)
 - clearly setting out the process to be followed in dealing with development applications in the HO area
- putting in arrangements to fast track consideration of applications for such types of development (with explicit targets regarding the time to be taken to process/decide applications).
- holding regular (at least yearly) forums with the development sector and other key stakeholders to review state of the market, the operation of heritage and other controls (including the achievement of processing time targets) and overall progress in encouraging urban consolidation.
- if necessary, adoption of a policy encouraging site consolidation through means such as density bonuses (i.e. provision for higher allowable densities on larger sites).

Broad-Hectare Development in Maryborough/Carisbrook

11. Recognise that, based upon the principles set out in this report [pages 47 & 48], there appears to be only one remaining potential site for substantial broad-hectare housing development in Maryborough (the Maryborough-Dunolly Road site).
12. Nominate this site as a priority investigation and work with landowners, servicing agencies, the CFA, EPA and DELWP to undertake a detailed assessment of its suitability for broad-hectare residential development.
13. Adopt, as a key part of its ongoing strategic planning, a policy of encouraging development in and around Carisbrook as the principal medium to longer term location for broad-hectare residential development to supply the Maryborough/Carisbrook market.
14. Consider adopting an explicit set of criteria to be used in assessing any future proposals to rezone land for broad-hectare residential development.
15. Consider rezoning to a less intensive and more suitable use areas on the edges of Maryborough that are currently zoned for residential development but are severely constrained and unlikely to contribute significantly to future housing supply.
16. Prepare a precinct structure plan setting out how development of Carisbrook and environs (including Flagstaff and other areas between Maryborough and Carisbrook) should proceed over the medium to longer term.

Low density and rural residential development close to Maryborough/Carisbrook

17. Incorporate consideration of the role of low density residential and rural residential development as part of the preparation of an overall housing strategy for Maryborough/Carisbrook.



18. Commit to a program of consultation and investigation to develop specific proposals to diversify the options available for this type of development.

Development Facilitation

19. Establish a dedicated 'development facilitation' position (which may be part time) with a particular brief to focus on:
 - reviewing Council development approval processes to ensure that they are as straightforward and efficient as possible
 - providing clear information and advice to prospective developers and purchasers of land regarding Council policies and requirements for development approval
 - organising regular (at least annual) discussion forums with key stakeholders on housing and development needs and steps that Council can take to facilitate ongoing investment in housing and economic development

The position does not need to be full-time and could potentially be held in conjunction with another role within council (outside areas that are routinely involved in the processing of development applications).

Housing development in Dunolly and Talbot

20. Recognise that, under existing circumstances, ongoing housing development in Dunolly and Talbot is likely to be moderate and able to be accommodated within existing zoning.
21. Not designate additional land or support any proposal for rezoning additional land for housing.
22. Lend its support to locally based proposals for the provision of secure and affordable housing for older residents of Dunolly (and elsewhere in the Shire) and actively advocate the need for such a development to the State and Commonwealth governments.
23. Work with State and Commonwealth agencies to try to ensure the adequate availability and coordination of support programs for those who choose, or have no option but to, 'age in place'
24. Explore options for cost-effective waste-water management technologies that might enable further residential development in Talbot.
25. Until such time as a wastewater treatment solution for Talbot is obtained, take no action to vary the existing zoning in and potential residential land supply in Talbot.

Housing Needs Not Able to be Met Through the Private Market

26. Prepare a policy statement clearly setting out:
 - priority local housing and associated service needs for Central Goldfields Shire
 - in principle support for greater local involvement of community sector organisations in meeting such needs
 - the range of measures that Council itself is willing to consider in order to encourage, facilitate and support the operations of such organisations
27. As the opportunity arises, use this policy statement as the basis for advocating local needs to the state and commonwealth governments and to potential providers of specialist housing services.
28. Review Council and State government land holdings that may be surplus to requirements and could potentially be made available on long term lease for community housing projects.



29. Consider the need for rezoning, site amalgamation or other steps, to help ensure that a lack of suitable sites does not deter developments that would help meet the housing needs of older and lower income residents of Central Goldfields Shire.
30. Allocate to a nominated person within council (possibly the suggested development facilitator position) responsibility for identifying and establishing ongoing links with a range of community housing associations and other organisations that may be able to assist in meeting priority local housing needs.
31. Incorporate consideration of aged and other community housing needs in the scope of the brief for preparation of the proposed Carisbrook Precinct Structure Plan.
32. Work with State and Commonwealth agencies to try to ensure that support programs for those who choose, or have no other option to, age in place are adequately coordinated

Planning for low density and rural residential development

33. Discuss with landowners, developers, public authorities and the community the merits of expanding the range of options available for low density and rural residential development (without increasing the overall area zoned for such forms of development) in Central Goldfields.
34. Pursue, in particular, the identification of areas that would be suitable for low density residential zoning.
35. Consider the need for change from rural residential to rural conservation zoning in selected areas of high environmental and/or landscape significance.
36. Specifically, consider opportunities for inclusion of areas of LDRZ or RCZ as part of preparation of a precinct structure plan for Carisbrook/Flagstaff and environs (recommendation 16 above).



1.0 Project Scope, Approach and Report Structure

1.1 The Brief

Central Goldfields Shire commissioned Spatial Economics in mid-2019 to prepare an updated Population, Housing and Residential Development Strategy for the Shire. The Strategy was intended to replace the Residential Settlement Strategy prepared in 2012.

The brief for this project identified its major components as:

- I. reviewing population trends and population forecasts for the Shire, preparation of supplementary forecasts if required and provision of advice to the Council as to a 'preferred' forecast that the Council should use for residential planning purposes;
- II. estimating, based upon these updated forecasts, likely future housing requirements for the Shire;
- III. assessing the adequacy of the Shire's currently zoned residential land stocks to meet the estimated future housing requirement;
- IV. reviewing the appropriateness of Council's planning for future residential development, including both the 2012 Residential Settlement Strategy and any relevant provisions of Council's planning scheme; and
- V. identifying the key residential planning issues that Council will need to address going forward and making recommendations as to how those issues should be addressed.

The primary purpose of the review was to ensure that central Goldfields has an adequate residential land supply to meet anticipated housing needs to 2035.

1.2 Our Approach

In responding to the requirements of the brief Spatial Economics:

- analysed population growth and housing development trends for Central Goldfields Shire over the last ten years – and longer where appropriate. This analysis incorporated detailed review of the location of residential subdivisions and housing development and included consideration of rural residential development (unlike the 2012 Residential Settlement Strategy);

Spatial Economics also briefly reviewed growth trends in adjacent Shires (along with Ballarat and Bendigo) in order to put the Central Goldfields into a larger regional growth context;

- critically reviewed the assumptions underlying the most recent state government population forecasts for the Shire (VIF 2019) and the changes in population structure anticipated to result from the VIF forecast;
- in the light of our analysis of both recent growth trends and the assumptions underlying the VIF 2019 forecast, prepared two additional realistic population growth scenarios for Central Goldfields Shire.

The first of these alternative scenarios (called 'Trend Growth') assumed a continuation of recent development trends in Central Goldfields Shire. The second alternative scenario (called 'Big Melbourne') assumes that Central Goldfields would see some further upturn in growth as a result of continued strong population growth in Melbourne, Ballarat and Bendigo (i.e. an extension to Central Goldfields of the 'spill-over' effect of metropolitan growth that is already apparent in adjacent areas such as Mt Alexander and Hepburn Shires);

- estimated the underlying housing demand that is likely to result from each of the three population growth scenarios. 'Underlying housing demand' is a measure of likely longer-term housing requirements based upon forecast changes in the number



and type of households. It ignores potential shorter-term cycles in the housing market;

- assessed the areas currently zoned for future residential development in Central Goldfields Shire, and in particular the degree to which their future development may be constrained by factors such as bushfire or flooding risk, in order to estimate a realistic likely future dwelling yield from each zoned area.

We also briefly reviewed the potential yield from other areas identified in the 2012 Residential Settlement Strategy as having potential for future residential development;

- briefly reviewed other relevant documents provided to us by Council;
- in the light of the above analysis, identified the key issues that are likely to need to be addressed in providing for future housing needs in Central Goldfields Shire. The list of issues was presented at a meeting of Council staff and Administrators. It was then refined following feedback from Council and discussions with key stakeholders;
- developed a set of draft principles that can be used to guide assessment of any potential future areas proposed for residential development;
- consulted key stakeholders regarding residential development issues and opportunities in the Shire.

The public sector organisations consulted included the Department of Environment, Land, Water and Planning (DELWP), North Central Catchment Management Authority, water authorities including Central Highlands Water and Coliban Water and the Country Fire Authority (in relation to bushfire risks associated with potential future development).

In addition, we consulted representatives of residential development and real estate companies operating in the Shire along with community and aged housing providers active in the Shire and advocates for additional community housing development.

- prepared recommendations regarding appropriate strategies to address the key issues identified and provide for the Shire's likely future housing needs.

1.3 Consideration of Relevant Council Objectives

Any review of planning for future residential growth should obviously have regard to, and seek to contribute to achieving, the overall Council and community vision and objectives for Central Goldfields.

To identify relevant key objectives Spatial Economics reviewed the background documents (including the 2018 update of the 2017-2021 Council Plan) made available to us by Council.

Among the most relevant statements identified from these documents are:

- Vision – “to be a thriving, inclusive community”
- Objectives/desired outcomes
 - ‘promote Central Goldfields as a place of choice to live, work and play’
 - ‘support positive development for residents of all ages and abilities’

(initiatives include ‘reviewing Council’s Population Growth Strategy’)

- ‘protect and enhance the environment while planning for growth’

(initiatives include ‘review & update the Central Goldfields planning scheme’ & ‘develop a strategic planning program’)

- ‘protect & preserve our heritage assets’



- 'provide leadership in emergency & fire prevention planning'

From these statements, and our fuller examination of the background documents provided by Council, we have concluded that Council's key aims include:

- encouraging population and employment growth;
- addressing the particular needs (including housing needs) of older residents;
- protecting the Shires environment and heritage assets; and
- taking a pro-active approach to minimising fire risks arising from the native vegetation and reserve areas surrounding the Shires townships

We have had regard to these (implied) aims in undertaking our analysis and framing our recommendations. In the context of this review consideration of fire risk is of particular importance and has clear implications for the location and design of future residential development - especially around Maryborough.

1.4 Report Structure

This report focusses on the key policy issues and options facing Central Goldfields Shire in meeting future housing needs. It presents an overview of Spatial Economics findings in relation to potential future population growth, housing demand and land stocks but does not duplicate the more detailed analysis set out in our earlier '*Context of Demand – Socio-Demographic Background*' (September 2019) and '*Residential Land Supply & Demand Assessment*' (January 2020) reports.

The initial section of the report briefly outlines the task we were asked to carry out, our methodology and what we interpreted as the policy context for our work (i.e. Councils broader objectives and priorities).

The second section of the report presents our analysis of key demographic trends and underlying housing demand in Central Goldfields Shire. The population growth scenarios prepared as part of our analysis and the implications of these scenarios in terms of potential future housing demand.

The third section of the report briefly presents information on residential land and housing development trends in Central Goldfields Shire. It also includes summary information on the existing land supply and on comparative residential land and housing prices (and highlights the competitive advantage that this provides to the Shire).

The fourth, and largest, section of the report focusses on what we see as the key issues facing Central Goldfields Shire in meeting future housing needs. It discusses the (unavoidable) uncertainty that exists regarding future rates of growth in population and housing demand and the implications of this uncertainty for Council planning. It presents three realistic growth scenarios for the Shire and makes recommendations regarding ongoing monitoring of growth trends. It then addresses the challenges in providing for future growth in Maryborough/Carisbrook as well as the differing situations facing Dunolly and Talbot. It then discusses the particular issues associated with addressing the housing needs of an ageing and lower income population and finally highlights issues associated with planning for rural residential development.

This section of the report also sets out most of our recommendations to Council.



2.0 Demographic Trends & Underlying Housing Demand

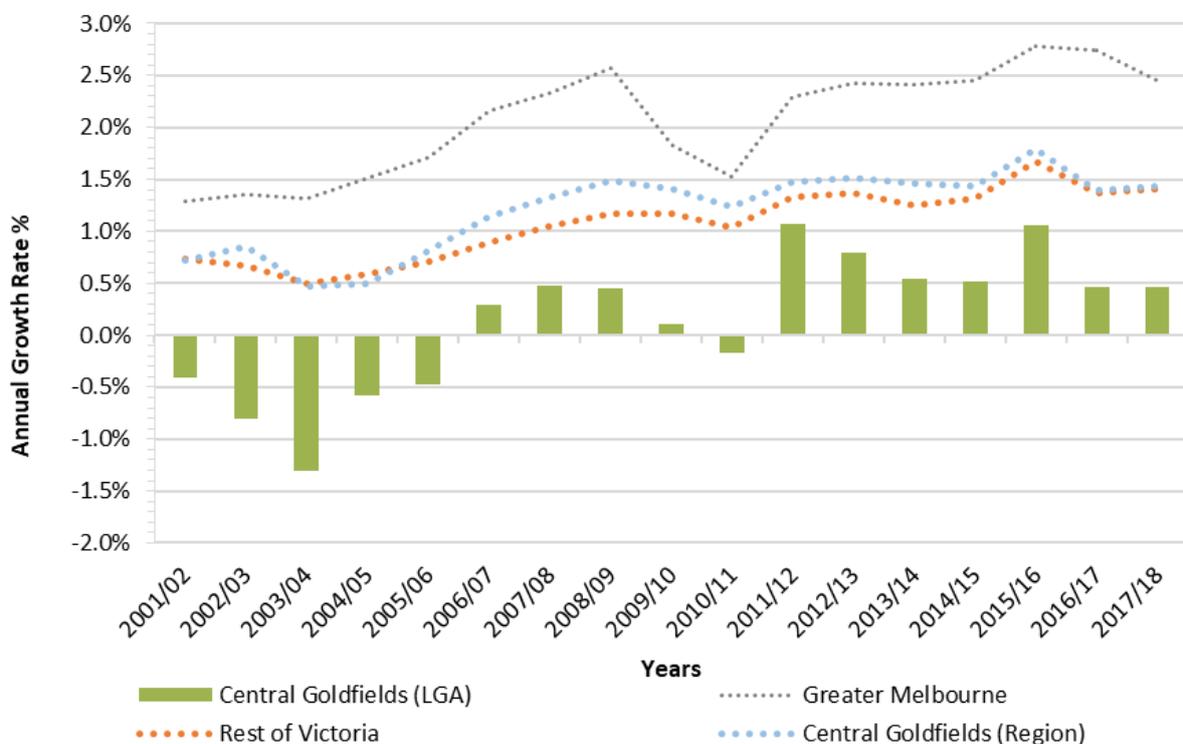
2.1 Population Size and Distribution

The latest available (2018) ABS estimate (ERP) for Central Goldfields gave the Shire’s population as 13,209. The 2018 update of the 2017-2021 Council Plan estimated that, of this total population, 8,074 people (just over 60%) lived in Maryborough. Other key population centres are Carisbrook (1,115), Dunolly (893) and Talbot (442).

Over the last decade or more Central Goldfields Shire has seen only moderate, and variable, population growth. Up until the 2006 Census the Shire was losing population. This trend was halted over the 2006 to 2011 inter-census period – which saw the addition of 145 people over the five-year period. This equates to an average annual population growth rate of 0.2%. From 2011 to 2016 the Shire’s population growth increased by an average 0.8% per year.

Over the last few years estimates of annual growth have varied, but the overall the trend for moderate population growth appears to be continuing.

Graph 1: Estimated Resident Population Annual Growth Rate, 2001 to 2018 (%) – Selected Jurisdictions



Most population growth over recent years has been concentrated in Maryborough, Carisbrook and environs.

The recent growth has been largely dependent upon inward migration – principally from surrounding local government areas. In the absence of this inward migration in 2017-18 natural growth (births minus deaths) would have resulted in Central Goldfields Shire’s population declining by about 50 people.

Population growth rates in Central Goldfields Shire are particularly modest when compared to Melbourne, nearby regional cities and peri-urban council areas within 100 kilometres or so of Melbourne. For example, in 2017-18 the growth rate of Greater Melbourne was estimated at 2.5%, that of Ballarat at 1.8%, that of Bendigo at 1.7%. The growth rates of the adjacent Mt Alexander Shire was 1.1% and that of Hepburn Shire was 1.2%.

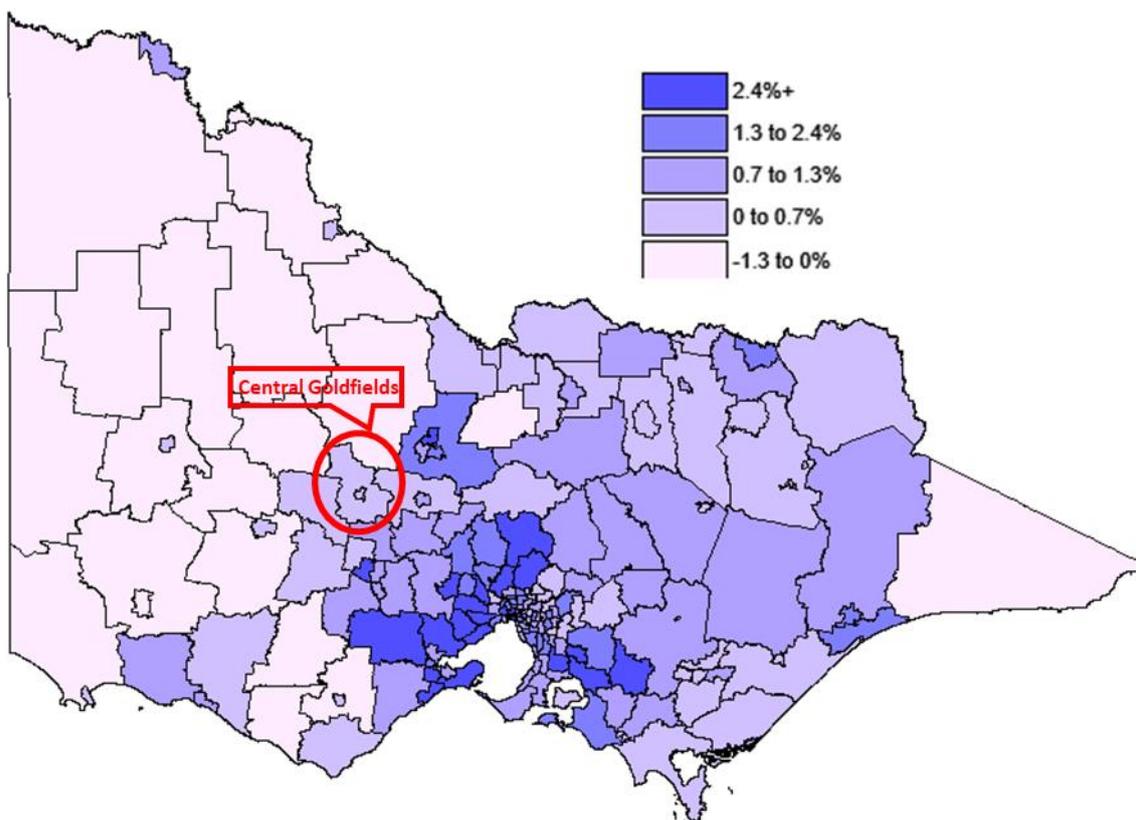


On the other hand, the growth rate of Central Goldfields Shire is well ahead of that of municipalities that are more remote from Melbourne (for example Loddon Shire with 0.1% growth and Pyrenees Shire with a population decline of -0.1%).

When trends are looked at over a longer time period it seems clear that the strong population and economic growth of Melbourne is driving growth across a larger region of central Victoria. This influence is gradually extending to more distant locations as Melbourne's population growth continues and as property prices increase in the peri-urban areas closer to Melbourne. It can reasonably be argued that Central Goldfields Shire is currently 'on the cusp' of being impacted by this spill-over effect of Melbourne's growth.

The forecast continuation of this trend is apparent in the map below.

Map 1: Average Annual Population Change by VIF Small Area, 2016 to 2036



2.2 Age Structure

In the context of planning for future housing needs it is important to note that, compared to Victoria as a whole, Central Goldfields Shire has a population that is relatively old - and continuing to age.

In 2016 the median age of the Shire's residents was 50. This compared to a median age of 37 for Victoria and 38 for Australia as a whole. The median age in Central Goldfields has increased steadily - it was 46 in 2006 and 48 in 2011. This trend has seen significant increases in the older age groups - 55-64, 65-74 (the fastest growing age group), 75-84 and 85 and over.

By comparison there has been a decline in the number of children and to a lesser extent young adults. The number of children aged 0-14 decreased by 460 (or 18%) between 2001 and 2016. This is due to several factors:

1. As school children age and become young adults many leave the Shire in search of employment and higher education opportunities in large centres such as Ballarat,



Bendigo and Melbourne. Furthermore, there is the age-old lure of the ‘bright lights’ for young adults;

2. Meanwhile the parents of those young adults age *in situ*; and
3. Fewer births occur partly because the pool of young adults has been reduced by out migration to cities and partly because birth rates to young females are declining.

It is worth noting that more recently (the 2011-16 period) Central Goldfields has seen some increase in the 20-24 year and 25-34 year age groups. This likely reflects a combination of improving opportunities locally (fewer young people feeling the need to move out) plus in-migration from adjacent areas driven in part by Central Goldfields growing relative advantage in terms of housing affordability.

2.3 Projected Change in Population and Household Structure

Central Goldfields Shire’s population can be expected to change in future due to: (a) the inward migration of people aged 30-44 (some of whom may be returning, having previously growing up the Shire) and (b) ongoing ageing in place of the established population.

Table 1: Changes in population age structure projected by VIF2019 for Central Goldfields Shire

| Age | 2016 | 2036 | Change 2016-2036 |
|--------------|---------------|---------------|---------------------|
| 0-14 | 2,120 | 1,950 | -170 |
| 15-29 | 1,930 | 1,810 | -120 |
| 30-44 | 1,750 | 2,290 | 540 |
| 45-59 | 2,670 | 2,230 | -440 |
| 60-74 | 3,040 | 3,190 | 150 |
| 75+ | 1,580 | 2,650 | 1,070 |
| Total | 13,090 | 14,130 | 1,040 |

The above table shows that the greatest increase is in the 75+ category. This is simply driven by ageing – the growth in population aged 60-74 over last 15 years moves on a further stage. The other change is the significant growth projected of people aged 30-44 – people establishing new family households. These changes in age structure also lead to changes in the projected mix of household types.

Table 2: Changes in household types projected by VIF2019 for central Goldfields Shire

| Household types | 2016 | 2036 | Change, 2016- 2036 |
|------------------------|--------------|--------------|--------------------------|
| Families with children | 1,890 | 2,070 | 180 |
| Couple only | 1,780 | 1,980 | 200 |
| Lone person | 2,150 | 2,570 | 420 |
| Group and other | 240 | 270 | 30 |
| Total | 6,060 | 6,890 | 830 |

As a consequence of the increase of the population aged 75+ the greatest growth is in lone person households – primarily older people ageing in place who, over time, lose their partners. Most of these lone person households will be widows.

The implications of these changes are many for providers of housing and local services. The ageing of the population, in particular, heightens the need for housing diversity in places with good access to services and health facilities.



2.4 Implications for Housing Needs

The age structure of the Shires' population means that Council will face some particular challenges in seeking to cater for the changing housing needs of the growing number of older households. In particular:

1. An increasing percentage of these individuals/households who choose to 'age in place' in their existing dwelling are likely to need additional services and support with building modifications, property maintenance, etc to enable them to do so; (Note – that over the next twenty years the largest increase is projected to be people aged 75 and over)
2. There will also be some who would prefer to downsize to smaller, lower maintenance dwellings but may find this difficult given the limited diversity in the Central Goldfields housing stock (and possibly also of having insufficient equity to fund the acquisition of a newer but smaller dwelling);
3. Older households who are renting and may find it increasingly difficult to find affordable accommodation that meets their needs; and
4. There may also be increasing numbers of households from smaller townships and rural areas who seek, but have difficulty in finding, suitable housing in Maryborough in order to access the wider range of facilities and services available there.

All this occurs against a background of growing dependency. Life expectancy has increased significantly over the last 30-40 years extending the time spent in retirement and often the time depending on others for support. While this issue is national or even international in scope, it has a particular local dimension given the acute age structure of the Shire.

For a significant number of these older households it may be hard to find what they need through independent action in the private market. They may instead be reliant on access to housing provided by public or community housing agencies or require the assistance of Council in accessing the mix of housing and services that best suits their needs and circumstances. Council will certainly have a central role to play in encouraging and facilitating the role of non-market housing providers. This suggested role is discussed later in the report.



3.0 Recent Residential Development Activity

3.1 Existing Housing Stock

The existing housing stock in Central Goldfields Shire is overwhelmingly (more than 90%) comprised of single detached dwellings. New development over the last decade, mainly in broad-hectare estates has not significantly changed this dwelling mix. To date, there is little evidence of development of smaller alternative dwelling types (e.g. town houses) suitable for older households that may seek to downsize. This may reflect a lack of demand, or alternately marginal viability of medium density housing development, given the current relatively low prices of detached houses in Central Goldfields

This uniformity of housing stock is typical of many regional towns and, as outlined later in this report, creates particular challenges in meeting the future housing needs of an ageing population.

In this context one important recent development has been the construction of a number of age-housing villages within central Maryborough.

3.2 Recent Residential Development Activity

In undertaking this project Spatial Economics reviewed in detail residential land and housing development trends in Central Goldfields over the decade from 2009 to 2019.

Over the decade the Shire averaged 65 dwelling approvals a year. Nearly 70% of these approvals were for developments in Maryborough and were primarily for construction of detached dwellings. Approvals for construction of aged person housing villages averaged 10 dwellings per year or 15% of total approvals.

Over the same period an average of 48 new residential lots were developed per year. This was a mixture of lots in broad-hectare estates (36% or 17 lots per year on average), smaller scale/dispersed developments typically involving the re-subdivision of existing lots (23% or 11 lots per year), and a small number of larger subdivision projects on vacant sites in established areas of Maryborough (15% or 7 lots per year).

The difference between average annual lot construction and dwelling approval numbers reflects the fact that some dwelling approvals were for construction of dwellings on existing vacant lots.

In addition, there was a continuing trend for construction of small numbers (2 dwellings per year on average) of dwellings on existing rural residential lots. There was little or no subdivision of new rural residential lots.

3.3 Central Goldfields Shire's Current Residential Land Supply

3.3.1 Broad-hectare Land Supply

We estimate that, as at March 2019, Central Goldfields Shire had sufficient zoned broad-hectare land to provide for construction of approximately 670 residential lots. The estimated capacity is relatively low given the total area of land zoned for residential development but takes account of the fact that much of the land currently zoned is subject to a variety of development constraints.

In order to prepare our (January 2020) Residential Land Supply & Demand Assessment report, Spatial Economics undertook a site by site assessment of the zoned land supply with a particular focus on areas designated for future development around Maryborough. This assessment led us to conclude that likely dwelling yields from current residentially zoned land will be relatively low, estimated at only 4.7 dwellings per gross hectare across the municipality.



The relatively low estimate of potential lots per hectare is due to a number of factors. In particular:

- substantial portions of the zoned land are subject to significant development constraints such as bushfire risk, flooding and protected native vegetation. This is, by far, the most important factor in explaining the relatively low estimated lot yield;
- the current local trend is for newly subdivided lots to be relatively large (averaging 700 square metres). For planning purposes, we have made the (conservative) assumption that in future lot sizes will remain the same;
- provision needs to be made for normal land ‘take-outs’ for local infrastructure such as roads and open space; and
- the lack of reticulated sewerage in Talbot means that, to allow for on-site sewerage treatment, large sites are likely to continue to be required before dwellings can be approved.

Nearly 50% (or some 330 lots) of the estimated zoned capacity for future broad-hectare development is in Maryborough. A further 31% (or about 200 lots) is in Carisbrook, with 15% (100 lots) in Dunolly and only 2% (15 lots) in Talbot.

3.3.2 Potential Land Supply in Established Urban Areas

Spatial Economics has not attempted to quantify the capacity for re-subdivision/ redevelopment within established parts of Maryborough or other Central Goldfields townships.

Our experience is that most attempts to estimate housing capacity in established urban areas are overly theoretical, subject to a large margin of error, and of little value in making planning decisions.

In practice any significant urban consolidation within Central Goldfields will be restricted to Maryborough. Furthermore, the extent to which there will be a demand for, and supply of, additional housing even in the established areas of Maryborough will be dependent upon a complex combination of factors including:

- local planning policies – both in terms of zoning and of the degree of council encouragement of urban consolidation in practice;
- the intentions of the owners of the few remaining larger sites in established parts of Maryborough,
- local housing preferences and willingness to accept new forms of housing;
- the economic viability of new forms of housing from a (mostly aged) consumer perspective;
- the relative land value of properties in established areas as against new housing lots in broad-hectare estates (unless there is a sufficient margin in land values between established and new areas it is unlikely to be economic for developers to buy and redevelop existing properties); and
- the experience with this form of housing of the builders/developers who are active in the local market.

In our view it is sufficient to say that, if demand grows, there should be ample capacity for increased urban consolidation in established parts of Maryborough provided Council adopts a suitably supportive policy.

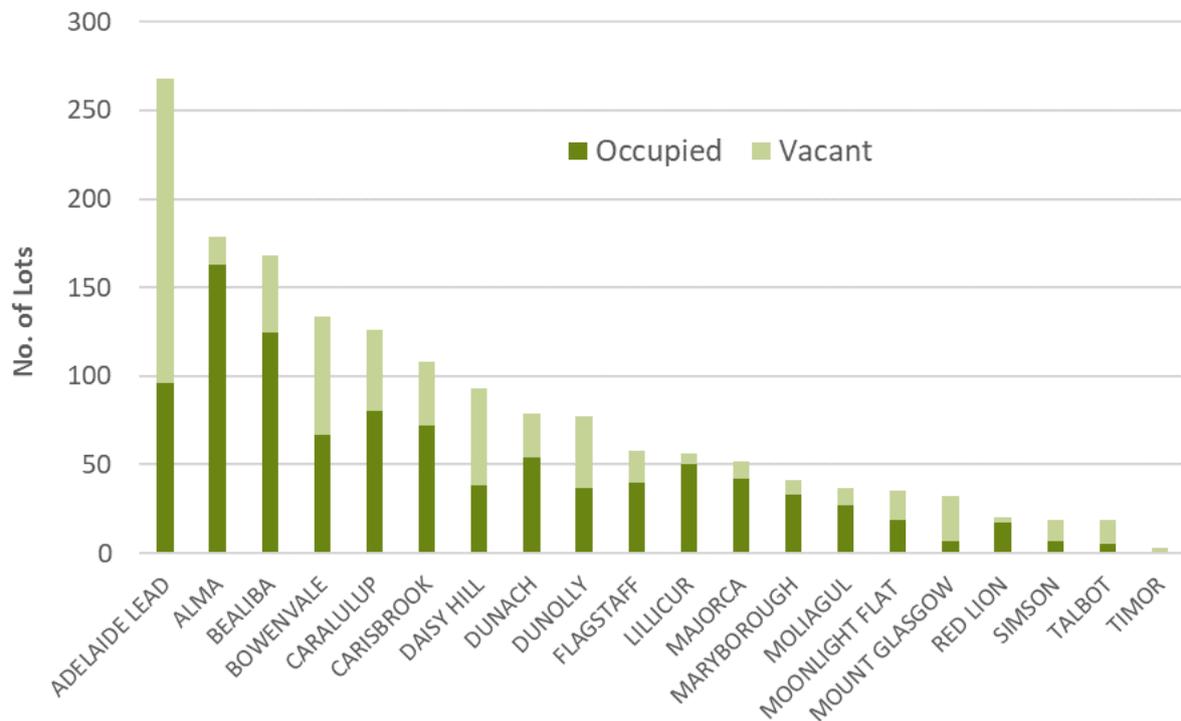


3.3.3 Rural Residential Land Supply

In addition to its ‘urban’ residential land capacity Central Goldfield Shire has a substantial supply of land identified for rural residential development.

As identified in our Residential Land Supply & Demand Assessment Report there are over 1,600 rural residential lots (of which some 980 are currently vacant) within the Shire. This equates to a total of almost 2,700 hectares of vacant rural residential land available in multiple locations across Central Goldfields.

Graph 2: Stock of Rural Residential Allotments



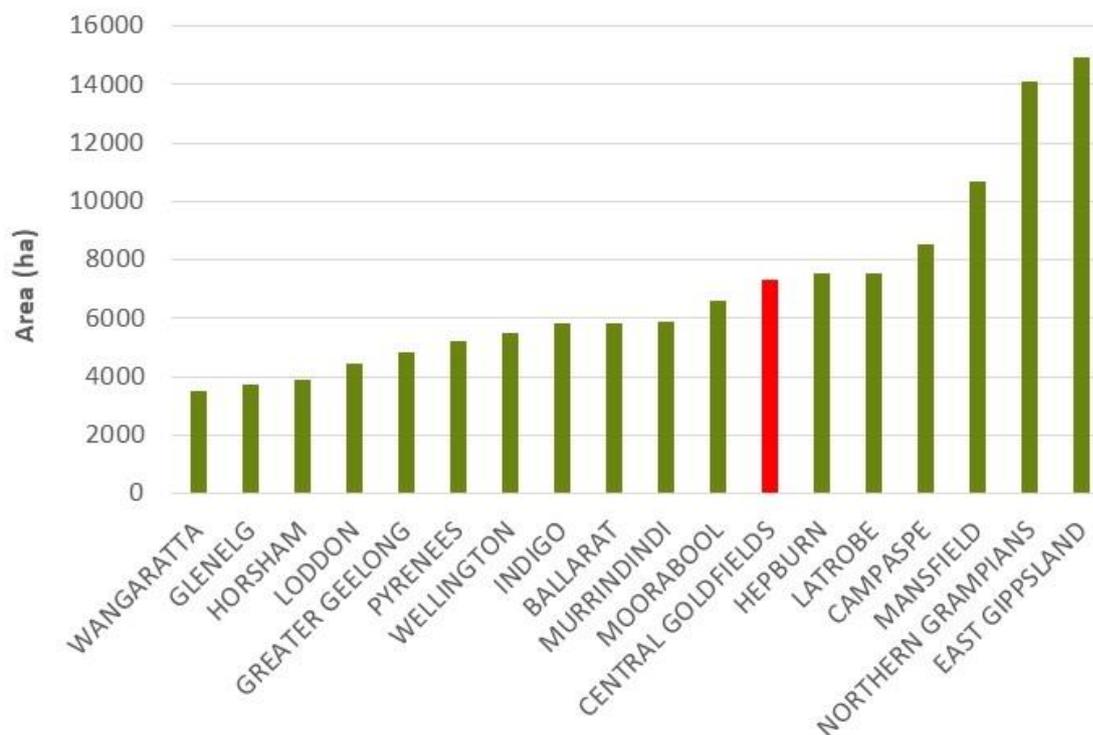
Of the Shires total rural residential land stock approximately 3,700 hectares are in areas relatively close to (i.e. within 10 kilometres of) Maryborough. This housing capacity was overlooked in the 2012 Residential Settlement Strategy but should be considered as a significant part of any strategy for meeting future housing demand in Maryborough/Carisbrook.

Over recent years virtually all construction of new dwellings on rural residential land has been on existing lots – there has been little or no new subdivisions of rural residential land. This is a good indication that there is a more than adequate supply of rural residential lots within Central Goldfields Shire.

Its very substantial supply of rural residential land places Central Goldfields Shire among the top local government areas in Victoria in terms of planned provision for rural living development. This is illustrated in the following graph:



Graph 3: Zoned Rural Residential Land Stocks for Selected Municipalities, 2019



In practice it is unlikely that all of this theoretical rural residential capacity will be taken up as there is likely to be a strong market preference for areas closer to Maryborough with many of the more remote areas remaining relatively unpopular and underdeveloped.

Most of the Shire’s vacant rural residential land – some 2,650 hectares in total - is zoned Rural Living (RLZ). Only some 37 hectares is zoned Low density residential (LDRZ) for residential development on smaller sites. In addition, average lot sizes in RLZ areas are relatively large.

As a result, there are restricted choices available to those seeking to live on a manageable, but larger than suburban, lot close to Maryborough/Carisbrook. Similarly, there are no options available for buyers seeking to buy in a rural location with high environmental quality and tight planning controls that will ensure the long-term retention of these environmental values (i.e. rural conservation zoning). While the lack of such supply means that there is not the market data to establish a demand for such products Spatial Economics believes that the experience of Shires closer to Melbourne makes it highly likely that such demand would be experienced once appropriate planning provision is made.

3.4 Adequacy of the Current Supply of Land for Housing Development

State Planning Policy (Clause 11.02-1S) requires councils, at a minimum, to plan to accommodate population growth over at least a 15-year period (i.e. to provide for a minimum 15-year residential land supply). Council are required to have regard to the State’s official (VIF) population forecasts for the purpose of estimating future housing demand.

As pointed out earlier in this report, there are good grounds for concluding that in the case of Central Goldfields Shire the VIF 2019 forecasts somewhat underestimate likely future housing demand. Spatial Economics assessment of the adequacy of Central Goldfields current residential land supply adopts the 15-year land supply criteria but has regard not only to the VIF 2019 forecast but also the higher growth scenarios prepared as part of this strategy review.



State Policy sets out a requirement for councils to monitor development trends and the adequacy of land supplies on a continuing basis. Our recommendations regarding an appropriate approach to such monitoring are set as part of our discussion of issues associated with maintaining an adequate residential land supply in Maryborough/Carisbrook.

State policy makes it clear that the adequacy of land supply is to be considered on a municipal, rather than town-by-town, basis. In the particular circumstances of Central Goldfields Shire however it is clearly necessary to distinguish between Maryborough/Carisbrook and the balance of the Shire when assessing land supply adequacy. This is because Maryborough/Carisbrook accounts for the bulk of Central Goldfields housing development and also because there are significantly more issues and challenges associated with meeting future housing demand in Maryborough/Carisbrook than in the Shire's smaller townships.

Our assessment of the adequacy of Central Goldfields residential land supply is therefore focussed primarily on Maryborough/Carisbrook.

Based upon the three growth scenarios presented in this report, and our assessment of likely yields from currently zoned land, Spatial Economics estimate that Maryborough currently has only between eight and twelve years supply of broad-hectare residential land.

If the VIF 2019 forecasts are used as the basis for estimating future housing demand Maryborough/Carisbrook has approximately a 12-year land supply. If either of the higher growth scenarios are assumed the broad-hectare land supply in Maryborough/Carisbrook shrinks to about eight years. The similarity in years of supply under the two higher growth scenarios reflects the fact that under these scenarios the annual population growth rate only begins to diverge significantly towards the end of the forecasting period.

It is important to point out that this assessment assumes the continuation of the current share of total demand going to broad-hectare development (i.e. it does not take account of Council's policy goal of encouraging urban consolidation in established areas of Maryborough). We believe that it is appropriate to make this assumption given both that to date there is little market evidence of such a change in the pattern of demand and Council has not yet set out a clear strategy to encourage greater urban consolidation.

3.4.1 Dunolly and Talbot

By comparison with Maryborough/Carisbrook the townships of Dunolly and Talbot do not have a pressing residential land supply problem given likely growth in population and dwelling numbers.

Dunolly currently has 76 vacant residential lots plus potential capacity for another 100 lots on zoned but undeveloped broad-hectare land. Even assuming that some of this potential supply may be affected by constraints such as flood or bushfire risk this is more than adequate to meet likely demand over the forecasting period addressed in this report.

This finding is broadly consistent with the 2012 Residential Settlement Strategy report which concluded that:

“Dunolly contains a considerable area of undeveloped residential land (blue) which is mostly located to the south, south-west, west and north-west of the Town centre. Whilst a portion of this land is subject to the LSIO and BMO there is still a considerable areas of undeveloped land unencumbered by overlay requirements. Whilst some of these areas are not located directly adjacent to the Town centre most vacant areas are still within easy walking distance to all Town amenities” and “Based upon the assumed lot demand of 5 lots /annum Dunolly has a considerable existing zoned land supply to meet shorter and longer term lot demands.”



Despite these findings the 2012 Strategy nominated a 25.7 hectare greenfield site, about half a kilometre north east of the Dunolly town centre, as a location for future residential development. The nominated site was already zoned for rural living development. Based upon Spatial Economics assessment of the current land supply and likely future housing demand, it is our view that there is no justification for proceeding with such a rezoning.

By comparison with Dunolly, Talbot does not have much usable land supply (only around 15 lots) given the minimum land size required to provide for on-site sewage disposal.

This limited supply needs to be seen in the context of the low levels of demand seen over the past decade. Given the low numbers involved it is not sensible to talk in terms of 'years of supply' of residential land in Talbot.

In relation to Talbot the 2012 Residential Settlement Strategy concluded that while Talbot:

"... has retained its historic character, it now functions as an isolated rural residential settlement where there has been little significant growth for decades. Talbot is approximately 15 kilometres south of Maryborough and approximately 51 kilometres north of Ballarat. Whilst the Town is ideally located within commuter distance to Maryborough the absence of reticulated sewerage poses a significant limitation to the future growth and prosperity of the Town."

The 2012 Strategy concluded that there was adequate zoned land within the township to provide for foreseeable future growth if a reticulated sewerage system was able to be provided.

In our view little has changed since the 2012 Strategy was prepared. The lack of a reticulated sewerage system, plus limited availability of local facilities and services, continues to constrain housing demand despite growth both in Maryborough and in Ballarat. Given the limited demand there is no need to consider augmenting the residential land supply.

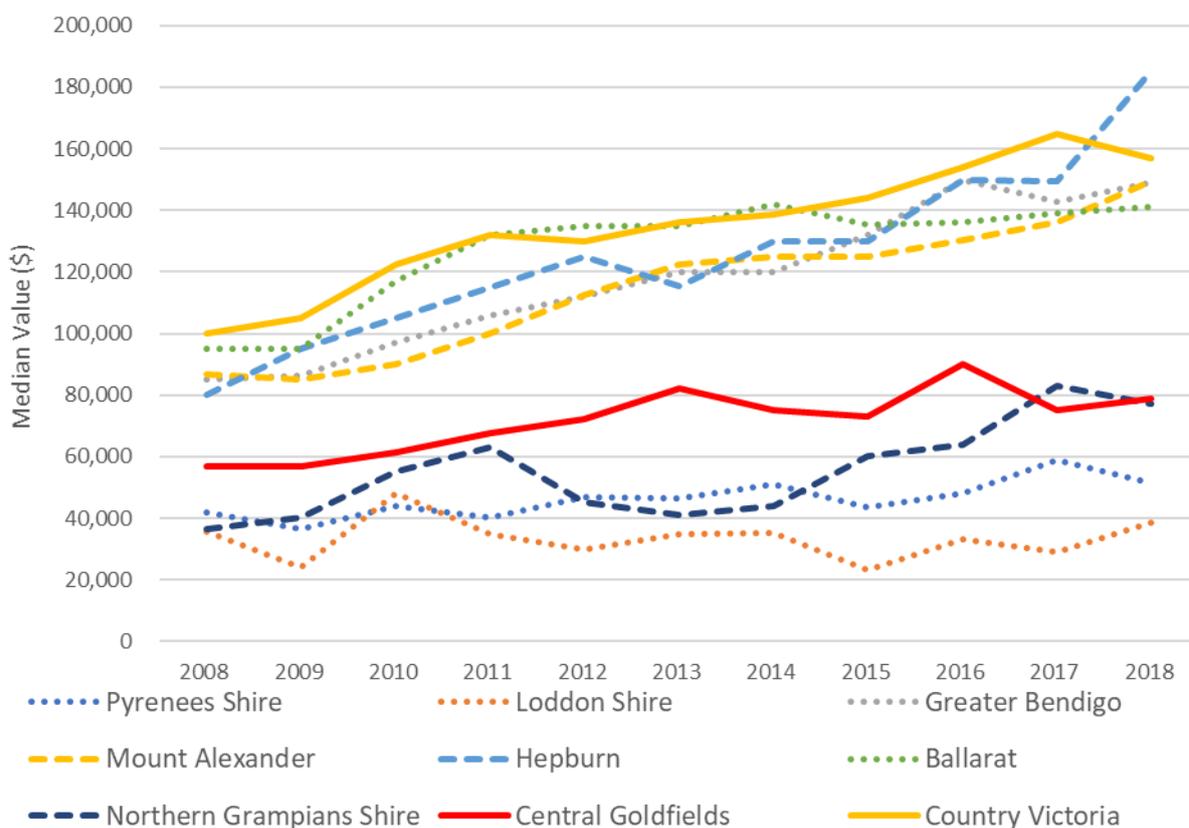
Spatial Economics concludes that the cost of provision of a conventional reticulated sewerage system is likely to be prohibitive. Instead Council should monitor developments in alternative sewerage treatment technologies and reassess future planning for Talbot when and if it becomes practical to provide a cost-effective sewerage treatment solution for Talbot.

3.5 Comparative Residential Land and Housing Prices

When it comes to vacant residential lot and house prices Central Goldfield Shire currently enjoys a significant competitive advantage when compared to Ballarat and Bendigo and to the local government areas closer to Melbourne. This advantage is clearly shown in the graph below:



Graph 4: Median Sales Values – Vacant residential lots, 2007-2017 – Central Goldfields Vs Selected Jurisdictions



In fact, the above graph somewhat understates the extent of Central Goldfields advantage in terms of ‘value for money’ of residential property as average residential lot sizes, even in Maryborough, tend to be significantly larger than those in the major regional cities.

The price of residential land in Central Goldfields Shire is not only lower than in competing areas – it is also increasing more slowly. Since 2008 the median sales price of vacant residential lots in Central Goldfields has increased on average by a relatively modest 3.3% per year. This compares to an average annual increase of 4.6% for the same period across regional Victoria.

Part of the difference in the rate of increase in land prices between Central Goldfields and country Victoria as a whole is explained by the influence of more rapid growth in prices in the larger regional cities (Geelong, Ballarat, Bendigo). In part it also reflects the fact that Central Goldfields is yet to experience the effect on prices of ‘spill-over’ demand from Melbourne.

Even given these factors however it seems clear that a key reason for Central Goldfields Shire having relatively more affordable residential land is that it has had, at least until recently, a residential land supply that was more than adequate to provide for demand given the Shire’s relatively low population growth rate. With rising population growth rates, particularly in Maryborough and surrounds, the Shire is likely to face an increasing challenge in maintaining its relative advantage in terms of residential land and housing prices.

Maintaining Central Goldfields competitive advantage in terms of residential land and house prices benefits current residents in terms of housing affordability and is likely to be a crucial factor in attracting a higher share of regional population growth.



In practice when considering housing affordability, it is appropriate to focus particularly on residential lot prices. This is because, across Australia, there is substantial evidence that it is the increasing cost of residential land (rather than the cost of house building) that has accounted for most of the observed increases in housing costs and decline in housing affordability. Maintaining an ample residential land supply should therefore be a key objective for Central Goldfields Council.

Ensuring an adequate residential land supply, and facilitating residential development, is the central focus of the recommendations in this report.



4.0 Key Issues in Planning for Central Goldfield Shire's Future Housing Needs

On the basis both of the analysis Spatial Economics has carried out, and our discussions with Council and key stakeholders, we have identified five key issues that need to be addressed in planning for future housing needs in Central Goldfields Shire.

These issues are

I. Uncertainty re future population growth rates

There is considerable and unavoidable uncertainty regarding the rate of future population growth and housing demand in Central Goldfields Shire. Many, if not most, of the factors that will determine the eventual outcomes are beyond the control of the Central Goldfields Council and community.

This does not mean that Council and the Central Goldfields community must just passively stand by and wait to see what eventuates. There are things that Council and the community can do to encourage or discourage population and employment growth. It is a matter for Council and ultimately the community to determine how much they wish to promote and facilitate faster growth. Council's Population, Housing and Settlement Strategy needs to reflect that choice.

Ongoing uncertainty regarding growth rates will however be a fact of life for Central Goldfields for the foreseeable future. Council therefore to plan on the basis of a realistic range of potential growth scenarios. It also needs to put in place arrangements to monitor growth and regularly review its housing and residential development strategy.

II. Provision for future growth in Maryborough/Carisbrook

Whatever the Shire's overall growth rate it seems clear that much of the future growth will be focussed on Maryborough, Carisbrook and their close environs. This trend was already evident over the last decade and it is hard to envisage circumstances that could substantially change the trend going forward. Planning for future growth in Maryborough/Carisbrook must therefore be central to the Central Goldfields housing and residential development strategy.

However, by comparison with many other regional centres in Victoria, Maryborough's growth options are severely constrained. Bushfire risk, controls on the clearing of native vegetation and areas of reserved land all limit options for 'greenfield' development on the edges of Maryborough. Analysis undertaken as part of the preparation for this report has identified one potential option to the north of Maryborough that might be able to provide for medium term housing needs. However further investigations are required to resolve possible constraints on the development of this site.

It is also far from certain how far and how fast Council will be able to shift the focus of housing development from 'greenfields' growth to 'urban consolidation' in established parts of Maryborough. There are steps that Council can and should take to encourage and facilitate urban consolidation, but it is unlikely to substantially reduce the urgent need to identify suitable locations for ongoing greenfield growth.

Looking ahead it seems clear that planning for growth around Carisbrook needs to be a central element of Council's residential development strategy.

III. Planning for housing in Dunolly and Talbot

In contrast with potential growth pressures on Maryborough/Carisbrook the townships of Dunolly and Talbot are likely to experience much slower growth. Each town faces its own particular issues in terms of future residential development.

Dunolly has potential capacity (both zoned land and vacant lots) for growth. There is no need to define additional growth areas. However, there will be issues in addressing the



changing housing needs of an ageing population and Council has an important role to play in advocating for and coordinating responses to those changing housing needs.

Talbot's growth has been severely constrained by, among other things, the lack of a reticulated sewerage system. Unless that constraint can be overcome the township will continue to have limited capacity for growth. Using currently available technologies providing a reticulated sewerage system is likely to be prohibitively expensive and unlikely to be supported by Talbot residents. Council therefore needs to continue to monitor technological changes in the hope of identifying an economic way to address this key constraint on the growth of Talbot.

IV. Addressing the special housing needs of an ageing population & those who find it difficult to compete in the private market

The average age of the population of Central goldfield Shire is among the highest in Victoria and continues to increase. As households age their housing needs and preferences typically change.

In larger urban areas there are usually a wide variety of housing options available to households who may wish to 'downsize' or otherwise change their housing choices. This includes a variety of housing types including townhouses, apartments and specifically designed aged person housing. Strong growth in property values can also facilitate housing change in such larger urban areas.

In Central Goldfields the choices (both of housing stock and financially) are more limited.

Council therefore needs to look both at the steps it can take to increase the range of housing choices available and also to encourage and facilitate the involvement of a greater number of community housing associations and other specialist providers in meeting local housing needs. In addition, it needs to focus on, and advocate for, support services for those who choose to (or have no choice but to) 'age in place'.

V. Managing rural residential housing development

Central Goldfields Shire has zoned a large amount of land for rural residential development and there are a substantial number of vacant rural residential allotments – especially in areas more remote from Maryborough. Despite this large provision the role of rural residential development was overlooked in Council's 2012 housing strategy.

While the Shire has substantial areas zoned for rural living the variety of options available to those seeking an alternative to living in town seems limited. Council needs to look at ways in which more diverse options can be provided and the contribution this might make to attracting more growth to Central Goldfields.

In addition, some of the areas currently designated for rural living may not be appropriate for such development because of bushfire risks, high environment and/or landscape value, or the ongoing cost to the Shire of providing services to isolated pockets of rural housing development. Council may therefore need to consider changes to zoning or detailed planning controls for such areas.

These issues, together with our recommendations for addressing each, are discussed in detail in the following sections of this report.

4.1 Planning for Uncertainty Growth - Scenario Based Planning

Over the last two decades the rate of population growth in Central Goldfields Shire has varied. There has been a more recent upturn in growth rates, but this does not seem to be consistent from year to year. It is certainly not clear if faster growth will be sustained or even accelerate.

The official VIF 2019 forecasts suggest that in the medium to longer term Central Goldfield's population growth will be modest – and indeed not reach the average levels seen in recent years. Spatial Economics believes that this view is questionable. Given the



extent of uncertainty regarding future growth prospects, it would not be wise to plan solely on the basis of the VIF 2019 forecast.

Many of the factors that will determine the rate of future population growth in Central Goldfields Shire are beyond the control of the Council and community. This includes:

- birth and deaths rates (NB VIF2019 projects natural decrease - births minus deaths – in Central Goldfields to almost double between 2016 and 2036). It is common for rural shires, such as Central Goldfields, with an old population, to have more deaths than births. The size of this loss will increase as the population ages further over the next 20 years);
- trends in the national and regional economy and employment;
- possible future improvements in rail and road connections between Maryborough, Ballarat, Bendigo and Melbourne; and
- growth rates in Greater Melbourne and its broader 'peri-urban' region that, in future, may extend up to 200 kms outwards.

Clearly there is the potential for changes in economic conditions and the structure of key regional industries to impact upon employment and population growth in Central Goldfields Shire. Council is updating its economic development strategies in parallel with the preparation of the population, housing and residential development strategy. There is no value in our seeking to duplicate or second guess the analysis being undertaken as part of that parallel work stream. Suffice to say that economic changes, many outside the influence of Council, may have substantial flow on effects for population growth and housing demand.

Over the past decade or more there have been continuing improvements to the rail and road connections between Melbourne and key regional cities including Ballarat and Bendigo. The State Government has announced, and is implementing, ambitious plans for upgrading regional rail links. Freeway connections between Melbourne and key regional cities have also been significantly improved over recent years. Improvements are also progressively being made to road connections between regional cities and towns.

Regional growth and decentralisation are central to the policy agendas of both State and Commonwealth governments. It is therefore reasonable to assume that investment in improving transport and communications infrastructure and services to and between regional cities and towns will continue to be a priority over the next decade or more.

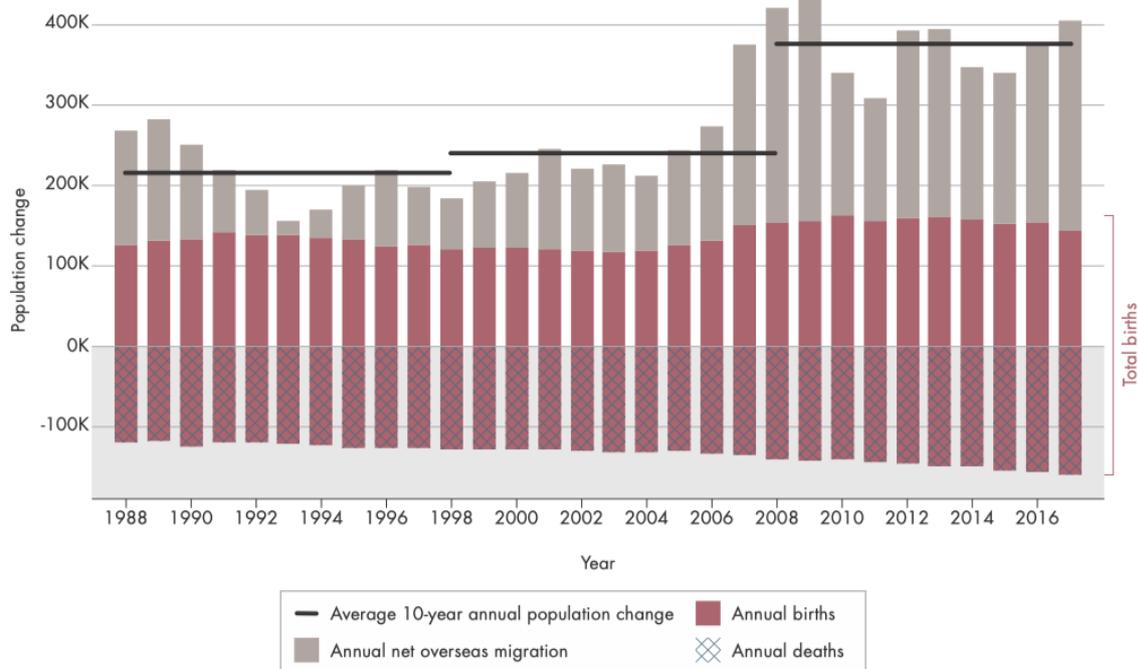
Any such improvements that impact upon Ballarat, Bendigo and Central Goldfields Shire are clearly likely to result in higher population growth rates not only for Ballarat and Bendigo but also for Central Goldfields Shire.

As important as the above factors are it seems clear that the most significant external influence on ongoing population growth in Central Goldfields Shire is likely to be the scale of population growth of Victoria and especially Melbourne.

The last decade has seen very historically high rates of growth in both the national and Victorian population – driven by higher birth rates and strong net overseas migration. At a national level this is clearly shown in the following graph from Infrastructure Australia's December 2018 '*Planning Liveable Cities*' report.



Graph 5: National Population Growth and Components of Change



Note: The ABS updated its methodology for Net Overseas Migration from September 2006 onwards.
 Source: Australian Bureau of Statistics (2014, 2018).⁸

Most of this faster population growth has been located in Australia’s larger cities. Melbourne has been growing fastest of all and is forecast to become Australia’s largest city sometime this decade. Its population passed 5 million in 2019 and is projected to reach 6 million by 2028, 7 million by 2038 and 9 million by 2056.

But the growth of big cities has an impact well beyond the built-up metropolitan area. Thirty years ago, the following was written of the experience of urbanisation in the US:

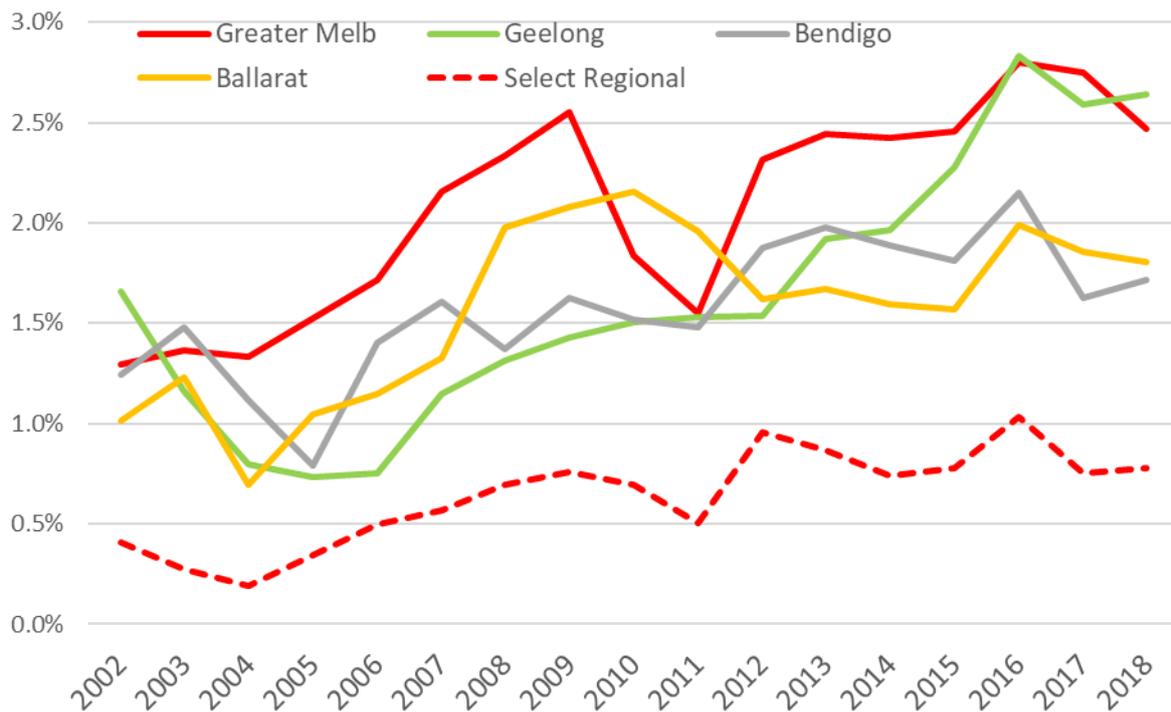
“There is emerging across the continental United States a new form of urban development. It extends far into the rural countryside but within the limits of commuting range to urban and suburban employment opportunities”.

Similar trends were then in their infancy in Australia. Over the last thirty years, commuting catchments of Australian cities have extended further into the countryside owing to infrastructure improvements and more flexible work regimes.

This trend of strong national and metropolitan population growth has had a flow on effect on growth in the regional cities close to Melbourne (Geelong, Ballarat and Bendigo) and the smaller regional towns within 100 kilometres or so of Melbourne. This is illustrated in the graph below.



Graph 5: Average Annual Population Growth for Selected Areas



* Select Regional, refers to all regional municipalities except Geelong, Ballarat, Bendigo and peri-urban Municipalities (i.e. adjacent to Melbourne)

Areas such as Macedon Ranges, Hepburn and Mount Alexander Shires have already seen stronger population and economic growth driven by demand from, and improved access to, Melbourne. To date, Central Goldfields Shire has not been greatly impacted by this ‘spill over’ of metropolitan growth. It would be unwise to assume that this will continue to be the case. This is especially true given that by 2036 Ballarat is forecast to grow by 38,000, Bendigo by 37,000 and Melbourne by up to 2 million.

More people in these centres will provide more job opportunities for Central Goldfield residents. More flexible working arrangements (e.g. opportunities to work from home and more flexible office hours - both of which reduce the need for routine commuting) will add to the already growing opportunity for people to live in attractive rural areas such as Central Goldfields without losing access to good incomes.

Spatial Economics believes that a sound case can be made that Central Goldfields Shire’s growth is likely to accelerate in future years as the populations of Melbourne, Ballarat & Bendigo continue to increase and the ‘spill over’ from them extends further and further. In other words, the changes that have been experienced in Daylesford, Castlemaine and Kyneton in the last twenty years could spread to Maryborough and other nearby towns. However, it is difficult to predict the timing and extent of this impact on population growth in Central Goldfields Shire.

In short it is impossible to know whether the recent population growth trend in Central Goldfields Shire will continue or accelerate further or fall back to the levels anticipated in the VIF 2019 forecasts. Council therefore has no choice but to plan for an uncertain future.

In this context it is important to recognise that the consequences of under estimating population growth are generally more severe than those of overestimating growth.

The experience of other council areas is that assuming low growth rates and making inadequate provision for future housing need is likely to lead to significant increases in prices of residential land and housing and/or displace potential population in-migration.



This would both disadvantage local residents looking to buy housing and also weaken Central Goldfields competitive position and ability to attract additional population from outside the Shire.

Under-estimating population growth may also result in Council and State agencies understating the need for investment in improving facilities and services – again to the disadvantage of the local community.

Council therefore needs to have strategies in place that enable it to cope with the housing and other needs flowing from a range of realistic population growth rates. It also needs to be prepared to argue cogently to Government for investment in state facilities and services required by that potentially growing population.

This is not to say that Council should just adopt and plan on a high growth forecast or neglect to monitor and adjust to growth trends. It simply means accepting and being prepared for uncertainty and planning to be able to cope with a variety of realistic potential growth rates.

This is scenario-based planning and it is increasingly being recognised as the basis for best practice approaches to strategic planning at a national, regional and local scale.

Spatial Economics therefore recommends that Council:

- recognise that uncertainty regarding future population growth rates make it prudent not to rely on a single growth forecast for the purpose of planning for future housing needs
- adopt a scenario-based approach to residential planning rather than settling on a single/preferred population growth forecast.

4.2 Three Realistic Growth Scenarios for Central Goldfields Shire

For the purposes of the current review, Spatial Economics has prepared, and examined the implications for housing demand of, three population growth scenarios (forecasts) for Central Goldfields Shire covering the period from 2020 to 2036. These growth scenarios are:

1. The official state (**VIF 2019**) projection.

This scenario would see population growth averaging 0.4% per year - or total growth of 815 people over the sixteen years.

For dwelling demand, it would result in a growth rate of 0.6% a year - a total requirement for an additional 713 dwellings.

2. A **trend growth** scenario based upon, and anticipating a continuation of, the average growth rates seen in recent years.

Although recent growth has been uneven it is clear that, particularly over the last five years, Central Goldfields population has been growing faster than the rate forecast by VIF 2019. This growth scenario that assumes that this higher average growth rate will continue.

It would see population growth averaging 0.6% per year - or total growth of 1412 people over sixteen years.

For dwelling demand this scenario forecasts a growth rate of 0.9% a year - a total requirement for an additional 1024 dwellings.

3. A third scenario that we have called the **Big Melbourne Growth** scenario. It assumes accelerating population growth in Central Goldfields Shire driven by a 'spill over' of ongoing rapid growth in Melbourne, Ballarat and Bendigo.



As noted above this type of spill over or flow on of metropolitan growth into peri-urban areas has already seen accelerating population growth in the Shires between Central Goldfields and Melbourne. If Melbourne's population growth continues (as forecast in VIF 2019) to almost 7 million by 2036 this spill over effect is likely to extend even further from Melbourne. It will be further reinforced by forecast strong growth in Ballarat and Bendigo.

Maryborough in particular is well placed to benefit from this regionally driven growth given its rail connection to Ballarat and Melbourne together with the appeal of its heritage character to potential 'tree changers' and its cost advantages.

Under this 'Big Melbourne Growth' scenario Central Goldfield Shire's population growth is assumed to gradually accelerate and by 2036 reach the level (1.3% per year) already achieved by Mt Alexander Shire.

In terms of total forecast growth to 2036 the impact of the 'Big Melbourne growth' scenario is moderated by the fact that we have assumed that there will be only a gradual shift upward from the trend growth rate.

This still equates to average population growth of 0.8% per year - or total growth of 1,925 people by 2036.

For housing demand this scenario would see average annual growth 1.1% - or a total requirement for an additional 1,304 dwellings by 2036.

The differences in assumed growth rates for population as against housing demand under each of the scenarios is explained by changes in household structures. Spatial Economics has based our analysis of such likely changes on the assumptions set out in VIF 2019.

4.3 Monitoring Ongoing Growth

A key element of our recommended scenario-based approach to planning is putting in place a system to regularly monitor and respond to actual changes in development trends.

This is required to ensure that Council promptly becomes aware of, and is therefore able to respond effectively to, any changes in actual growth rates and/or market conditions.

Some larger regional councils (e.g. the City of Greater Geelong, Moorabool, Surf Coast and Greater Shepparton) have put in place quiet sophisticated arrangements for monitoring and responding to growth trends. Such a sophisticated and costly process is not appropriate for a smaller shire such as Central Goldfields.

Instead we recommend a simpler approach involving the following key elements:

- monitoring at a municipal and ABS SA2 level Estimated Resident Population data released by the Australian Bureau of Statistics
(NB: Population and Housing Census results will be released in mid-2022, resulting in finalised Estimated Resident Population for 2016 to 2021);
- monitoring the quantum, location and type of residential planning approvals/subdivisions from internal processes.
- monitoring at a municipal and ABS SA2 level residential building approval data, particularly the change in approvals for non-separate housing;
- monitoring the 'consumption' or subdivision annually of identified broadhectare sites (broadhectare sites supplied to Council from Spatial Economics) and updated to reflect residual capacity; and
- as recommended within this report, hold annual development forums with the local development and real estate industry with the purpose of gathering intelligence regarding any potential land development issues, pricing and housing composition.



Spatial Economics recommends that Central Goldfields Shire commit to a regular (desirably annual) development monitoring program with the features outlined in this report.

4.4 Adequacy of the Shires Current Residential Land Supply under the Three Growth Scenarios

Spatial Economics has assessed the adequacy of Central Goldfields current and planned residential land supply under each of the three growth scenarios. It is apparent from that analysis that inadequate provision has been made for possible future housing demand – particularly in Maryborough.

In terms of zoned broadhectare residential land stocks, it is estimated based on the identified supply and projected demand scenarios, there are sufficient land stocks to satisfy between 8 to 12 years of demand in Maryborough. Twelve years supply under the VIF2019 scenario and eight years supply under scenarios two and three.

State Planning Policy requires Councils to designate sufficient residential land to provide for at least 15 years of forecast housing demand. State Policy also states that this 15-year minimum land supply requirement is applied on a whole of Council basis and not to smaller areas or individual towns. Our analysis of housing demand has however made it clear that in the case of Central Goldfields Shire it makes most sense to apply the 15 years supply requirement primarily to Maryborough/Carisbrook and their immediate environs.

Spatial Economics has chosen to take a conservative approach to estimating the adequacy of remaining land supplies. In particular we have assumed that:

- most of Central Goldfield Shire’s growth will continue to occur in Maryborough/Carisbrook;
- the share of new housing development occurring on broad-hectare land will not decrease significantly;
- average lot sizes in broad-hectare developments will remain in line with recent years; and
- remnant large vacant sites in established parts of Maryborough can be largely discounted as a future source of additional detached housing.

Our reason for making these conservative assumptions is that we believe (as previously outlined) that the consequences of under providing for future land requirements are likely to be more severe than those associated with over providing for possible future broad-hectare housing demand.

We emphasise however that we support moves to increase urban consolidation in Maryborough. Our analysis of and recommendations on this issue are outlined later in this report.

Spatial Economics recommends that Council:

- recognise that Maryborough/Carisbrook and environs are likely to remain the focus of most housing development in Central Goldfields
- plan on the basis of maintaining at least a 15-year residential land supply in Maryborough/Carisbrook. Given the recommended scenario-based approach this means putting in place forward planning to enable Council to quickly rezone land to maintain an adequate land supply even under the highest of the three growth scenarios.



4.5 Planning for Future Housing Growth in Maryborough-Carisbrook

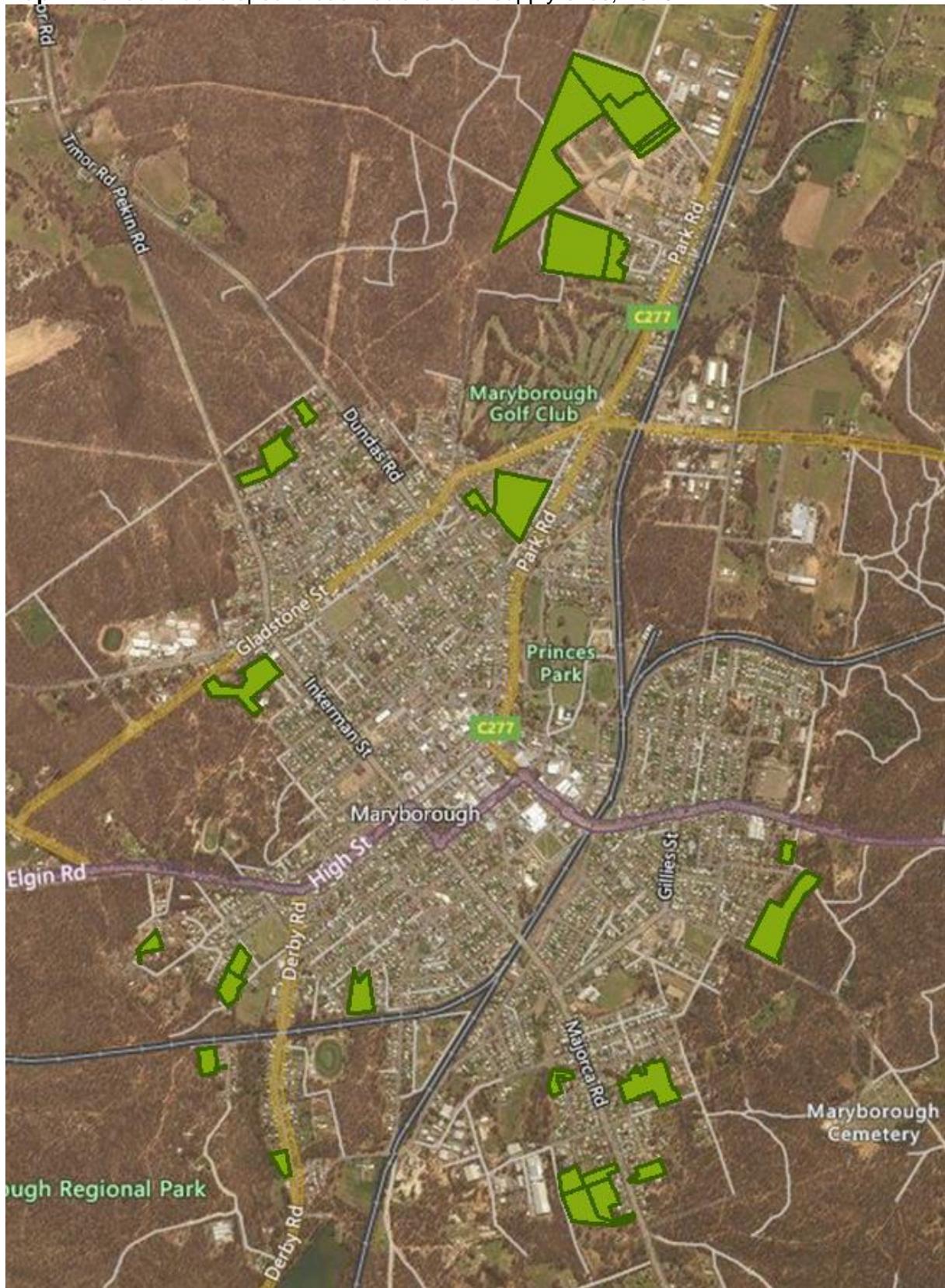
4.5.1 Limited Options for increasing Maryborough's zoned Residential Land Supply

As outlined earlier in this report the Maryborough/Carisbrook area will provide for most of Central Goldfield Shire's future housing growth. It will have to do so despite development options being severely constrained by fire and flood risks, by significant conservation reserves and areas of native vegetation and by buffer zones around the towns industrial areas and sewerage treatment plant.

As part of its analysis Spatial Economics reviewed the potential yield from all of the vacant residential zoned areas on the edges of Maryborough.



Map 1: Zoned undeveloped broad-hectare land supply sites, 2019



As set out in detail in our Residential Land Supply Assessment report the likely yield from these areas (a total of approximately 328 lots) is much smaller than would normally be expected given their total area (58 hectares). It is clear that the areas currently zoned will be inadequate to provide for likely housing demand beyond the short to medium term.



We therefore also looked at the potential for rezoning for residential use of other undeveloped areas around the edges of Maryborough. Most such areas are heavily vegetated and both bushfire risk and controls on the clearing of native vegetation make them unsuitable for rezoning for residential development. In summary there are very few realistic options to rezone additional land for broad-hectare residential development in Maryborough.

We have been able to identify only one sizable and currently unzoned area (detailed later in the report) that might have the potential to add to Maryborough's broad-hectare residential land supply. While we believe that Council should identify this area as a priority investigation area it is far from certain that it will be considered suitable for residential development after a more thorough assessment.

Looking forward, and in the absence of early and appropriate action by Council, there is a real risk that Maryborough could face a growing shortage of residential development opportunities. This could quickly erode Maryborough/Central Goldfields current competitive advantage in terms of housing prices and affordability.

It is clear that to meet medium to longer term housing needs Council will need to increasingly look to Carisbrook and its environs as a location for future broad-hectare development and also take active steps to encourage and facilitate urban consolidation in more established parts of Maryborough. A multi-faceted approach is needed to meeting future housing needs in Maryborough/Carisbrook and environs.

Given the constraints outlined above Spatial Economics recommends that Council:

- Use the analysis and recommendations presented in this report as the basis for adopting an updated strategy for medium to longer term housing development in Maryborough/Carisbrook.
- plan in an integrated way for the future development of Maryborough and Carisbrook (and for rural residential development in the Maryborough/Carisbrook environs)
- adopt a multi-faceted approach to meeting future housing needs that incorporates a mix of:
 - urban consolidation
 - ongoing broad-hectare development – with an increasing focus on development around Carisbrook
 - complementary provision in suitable areas for low density residential and rural residential development in areas close to Maryborough/Carisbrook

Each of the elements of this proposed multi-pronged approach are discussed in detail below.

4.5.2 Urban Consolidation

While its broad-hectare land stocks are limited, Maryborough potentially has significant scope to accommodate additional housing in the established urban area. This includes a decreasing number of larger vacant sites together with the potential for re-subdivision of, or redevelopment on, existing residential lots. In the longer term encouraging urban consolidation with a greater mix in dwelling stock within established areas of Maryborough has the potential to be an important part of meeting future housing needs.

The advantages of doing so are significant. In addition to adding to overall housing capacity and extending the life of Maryborough's constrained broad-hectare land stocks, it would help diversify Maryborough's existing dwelling stock and create smaller, newer housing better suited to the needs of ageing households.



Other benefits of encouraging urban consolidation are likely to include:

- enabling more residents to live in close proximity to the facilities and services in central Maryborough;
- providing an expanded market for businesses and services providers in central Maryborough; and
- likely lowering ongoing costs to Council (when compared to reliance primarily on broad-hectare development).

From our discussions with Council staff it seems clear that Council would like to encourage an appropriate form of urban consolidation on suitable sites in established parts of Maryborough.

There has not been a tradition of this type of development in Maryborough and to date only a limited amount of real 'urban consolidation' has occurred. Most of the recent development in established parts of Maryborough has involved vacant sites and not the replacement of older detached dwellings on larger lots with new medium density housing.

Council will therefore need to work with both developers and the community to build support for, and facilitate, such developments.

Even with such encouragement it is unlikely that there will be a significant short-term increase in urban consolidation because:

- alternatives to detached dwellings are still to be established as an accepted and successful development option in Maryborough; and
- relative property prices may mean that development of townhouses and other forms of medium density housing will be financially marginal - at least in the shorter term. This may change if population growth rates increase significantly or if future options for broad-hectare development become even more restricted.

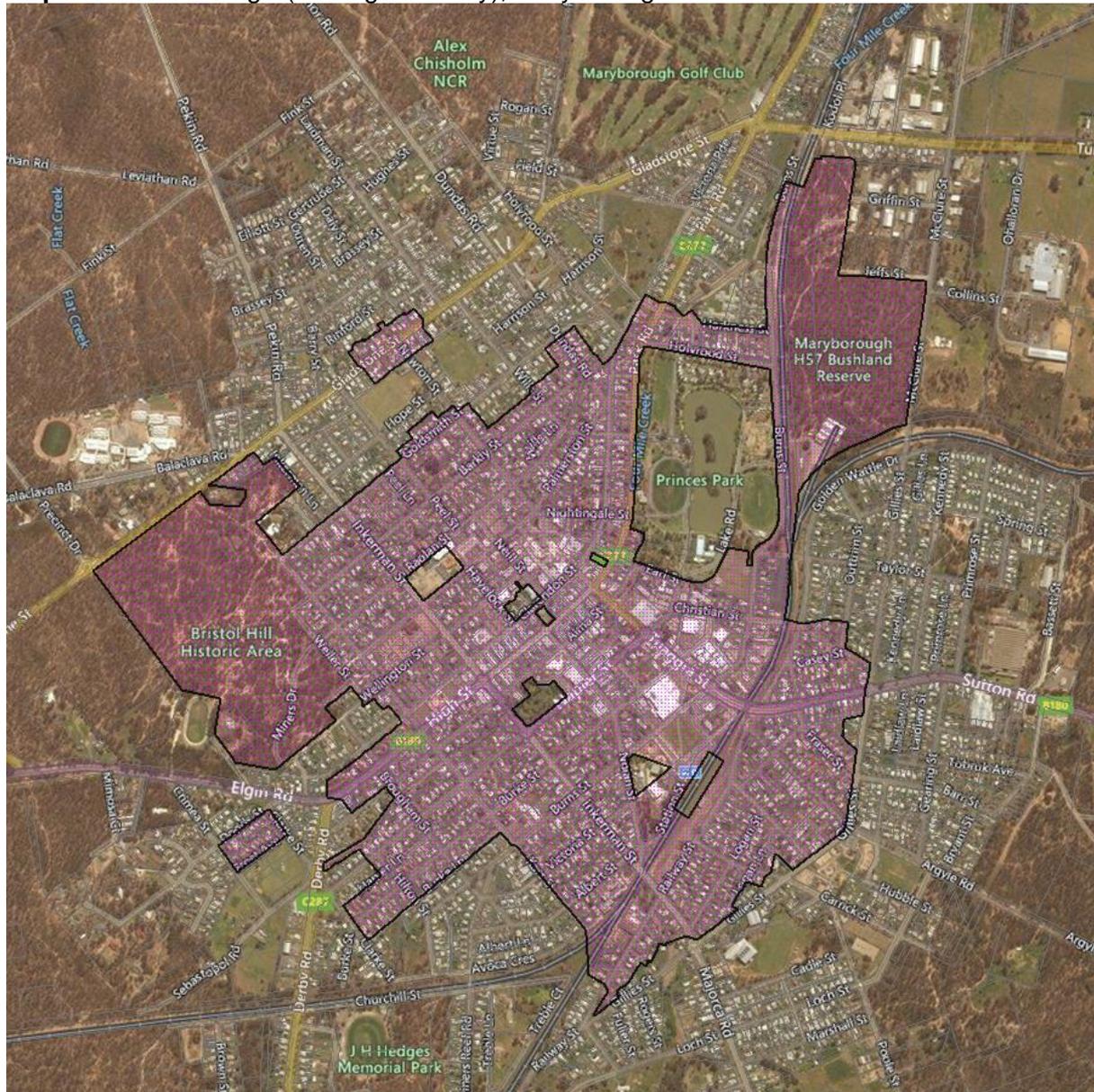
4.5.3 Urban Consolidation and Heritage Conservation

There is no doubt that the heritage character of Maryborough is an important contributor to the liveability of the town as well as a significant asset in terms of attracting additional visitors and population to Central Goldfields. It will therefore be important to manage future urban consolidation in a way that does not detract from the character of Maryborough but also to ensure that planning controls designed to protect Maryborough's heritage do not unnecessarily discourage urban consolidation.

An extensive area in central Maryborough is covered by heritage overlays. In particular HO206 covers much of the area within 800 metres of Maryborough's High Street retail/services precinct, including many of the locations likely to be most suitable for urban consolidation.



Map 2: H206 coverage (Heritage Overlay), Maryborough



There are also a number of other site-specific heritage overlays that apply to parts of central Maryborough. In most cases these appear to apply to parcels of land occupied by public buildings or parks. In our view they are unlikely to have a significant impact on urban consolidation.

There is a risk however that the extent of HO206 may result in a perception that there will be increased difficulty, delay and risk involved in obtaining planning approvals for developments in central Maryborough. This could act as a significant deterrent to urban consolidation.

Spatial Economics has looked in some detail at the existing planning controls in the area covered by HO206 and sought insights into their impact from organisations involved in real estate and development in Maryborough. Our discussions with these groups suggest that, in practice, it is less the existence of the heritage overlay and more a lack of active Council facilitation of development applications in established parts of Maryborough that tends to discourage urban consolidation.



However, perceptions of the impact of the HO may still be important - especially in relation to development organisations that do not have detailed experience of working in Maryborough.

A key planning challenge for Council will therefore be to manage any such perceptions to ensure that Maryborough gains the benefits of both heritage conservation and urban consolidation. We believe that this is achievable provided that:

- the provisions of HO206 are 'fine-tuned' to ensure that they apply only to areas of significant heritage value and are carefully targeted to encourage design approaches that contribute to the desired character of central Maryborough to adopt;
- the regulatory controls are complemented by urban design guidelines that highlight the elements of built form and landscape that particularly contribute to the heritage character of central Maryborough and make clear how new developments can be designed to complement and reinforce that heritage character; and
- Council puts in place processes to facilitate well prepared development proposals within the area of the heritage overlay.

We recommend that Council adopt a clear strategy in order to achieve its goal of encouraging greater urban consolidation while also protecting the amenity and character of Maryborough.

At a minimum this strategy should include the following components:

- a clear policy favouring a form of urban consolidation appropriate to Maryborough
- promotion to the community of the benefits of such forms of development
- a review of the extent of the main heritage overlay applying to central Maryborough (HO206) to ensure that it applies only to areas with historical significance and/or character that justify such additional protection
- a review of the detailed requirements under HO206 to ensure that they:
 - relate only to those elements of built form/landscaping that contribute to the particular character of inner Maryborough
 - are actually being applied in the assessment of development applications

Requirements that do not meet these criteria should be considered for repeal

- minimising any unnecessary 'planning risk' (i.e. uncertainty and potential for delay) involved in obtaining approval for development in the area covered by HO206. This could be done by:
 - publishing clear and simple design guidelines setting out how new development can occur in central Maryborough without adversely impacting the town's heritage character

(the guidelines should highlight the particular built form and landscape characteristics that contribute to the special character of inner Maryborough and would presumably cover issues such as setbacks, building heights, design elements and choice of materials for street frontages, etc)
- clearly setting out the process to be followed in dealing with development applications in the HO area
- putting in arrangements to fast track consideration of applications for such types of development (with explicit targets regarding the time to be taken to process/decide applications).



- holding regular (at least yearly) forums with the development sector and other key stakeholders to review state of the market, the operation of heritage and other controls (including the achievement of processing time targets) and overall progress in encouraging urban consolidation.
- if necessary, adoption of a policy encouraging site consolidation through means such as density bonuses.

Spatial Economics also recommends that:

- Council establish a staff position with the role of ‘development facilitation’ with a particular focus on:
 - ensuring that Council development approval processes are as straightforward and efficient as possible;
 - providing clear information and advice to prospective developers and purchasers of land regarding Council policies and requirements for development approval; and
 - organising regular (at least annual) discussion forums with key stakeholders on housing and development needs and steps that Council can take to facilitate ongoing investment in housing (and economic development) across Central Goldfields
- This position does not need to be full-time and could potentially be held in conjunction with another role within council (outside areas that are routinely involved in the processing of development applications).

4.5.4 Broad-hectare Development

Given the likelihood that it will take some years to significantly increase the share of housing needs being met by urban consolidation it remains critically important to identify sufficient opportunities for ongoing broad-hectare development in Maryborough and Carisbrook. Spatial Economics therefore carefully reviewed principles and options for broad-hectare development around Maryborough/Carisbrook.

As a result of this review it is clear that:

- much of Maryborough’s current zoned residential land supply is comprised of relatively small parcels of land which realistically are likely to provide only small housing yields
- many of these areas are subject to significant bushfire risk (as evidenced by the bushfire management overlay that effectively surrounds the west, south & east of Maryborough (only relatively small areas to the north of Maryborough are not subject to the BMO). It is important to note that BMO may severely constrain but not entirely rule out development
- most of the areas currently zoned for standard residential development are also likely to be constrained by requirements to retain native vegetation.

Spatial Economics recommends that: Council consider rezoning to a less intensive and more suitable use areas on the edges of Maryborough that are currently zoned for residential development but are severely constrained and unlikely to contribute significantly to future housing supply.

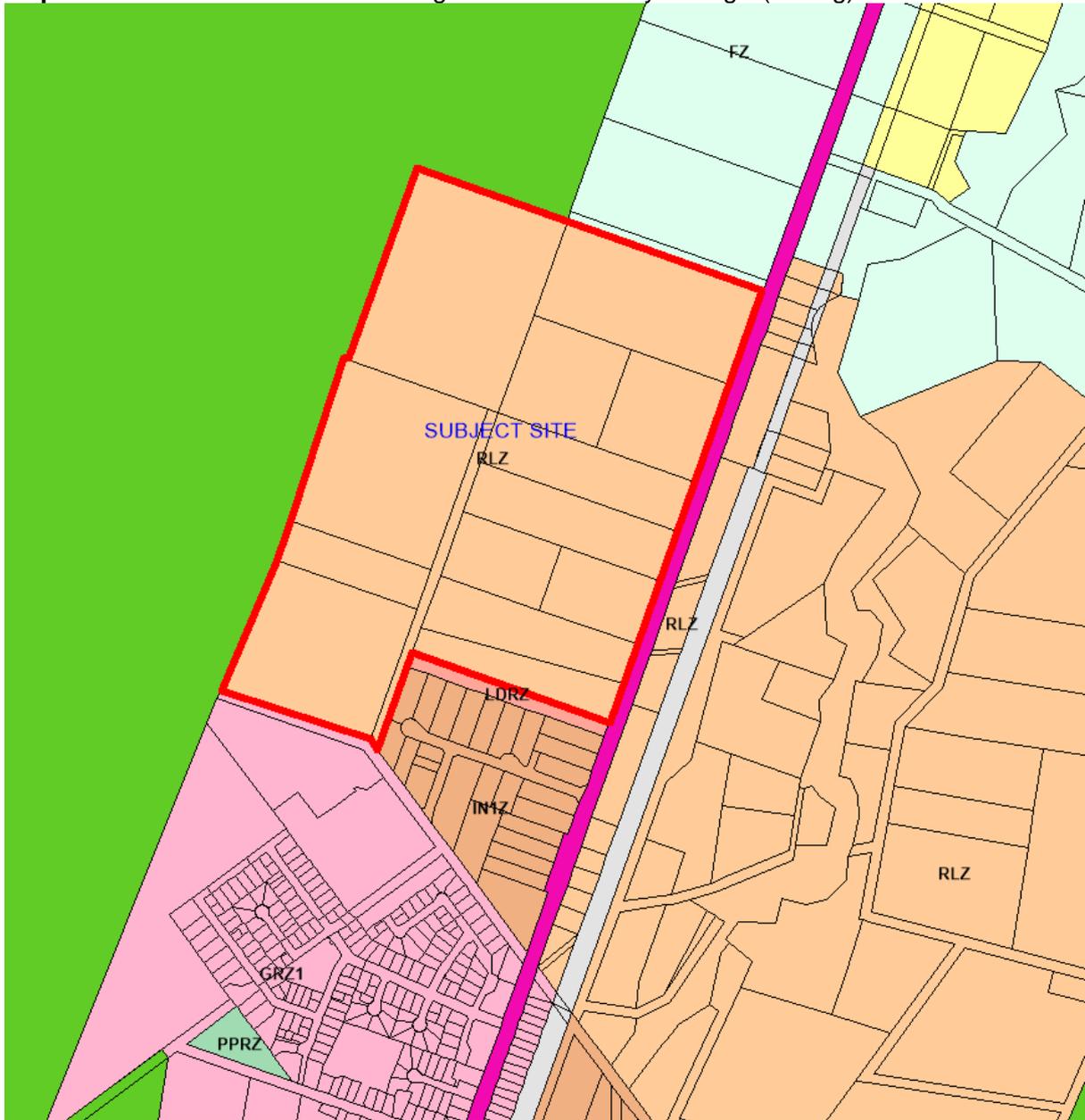
One location with possible medium-term potential for greenfield development is an area of currently rural living zoned land on the northern outskirts of Maryborough (see map below).



Map 3a: Potential Residential Investigation Area – Maryborough (context)



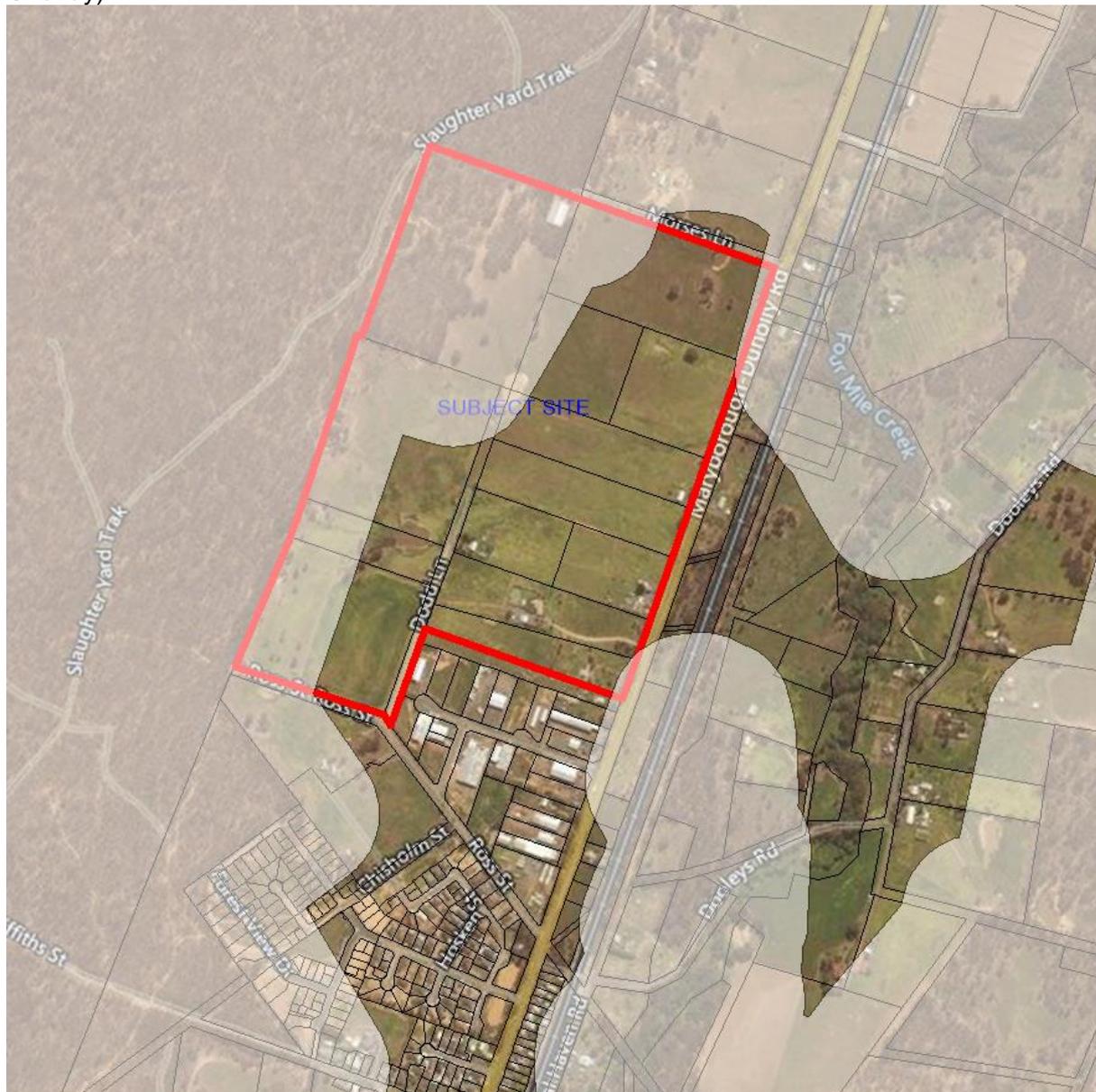
Map 3b: Potential Residential Investigation Area – Maryborough (zoning)



Map 3d: Potential Residential Investigation Area – Maryborough (aerial)



Map 3e: Potential Residential Investigation Area – Maryborough (Bush Fire Management Overlay)



This area is largely cleared but is adjacent to an area of dense native vegetation.

A detailed fire risk assessment will therefore be needed before residential rezoning could be considered. The area is also close to an existing industrial area and, although outside the designated buffer to the Maryborough sewerage treatment plant, is still relatively close to that plant.

The site is of substantial size (approximately 70 hectares) and could potentially provide 400 to 600 lots. If more detailed investigation indicates that it is suitable for development this site could potentially meet much of Maryborough's short to medium term housing needs.

Spatial Economics therefore recommends that Council identify this site as a priority investigation area and work with landowners, servicing agencies and DELWP to undertake a detailed assessment of its suitability for broad-hectare residential development.

Beyond this possible northern site, we have not been able to identify any substantial parcels of land within or immediately adjacent to Maryborough that seem to have clear potential for broad-hectare development.



To meet the longer-term requirement for broad-hectare residential land Spatial Economics has therefore concluded that the primary focus of broad-hectare development will need to move to Carisbrook.

Among the primary advantages of a shift of broad-hectare development to Carisbrook is that it would see development move from areas that are forested/adjacent to forest to areas that are typically more open grassland. It is therefore more consistent with current strategies to reduce bushfire risk. Development around Carisbrook would still be within reasonable distance of Maryborough and able to benefit from the range of facilities and services available in central Maryborough.

The 2012 Residential Settlement strategy identified an area of higher ground to the north-east of Carisbrook as suitable for future residential development. While this conclusion still seems valid it is not clear how this area fits into a larger scale vision for the future of Carisbrook. Since the preparation of the 2012 Strategy there have also been studies and investments (e.g. to review and reduce flooding risks) that effect options for development in and around Carisbrook.

In our view, it is therefore appropriate and timely to review planning for future development in Carisbrook and its environs (including consideration of the suitability for development – whether residential or industrial - of Flagstaff and other areas between Maryborough and Carisbrook).

The most appropriate way of proceeding is to prepare a precinct structure plan (PSP) to identify what areas are suitable for development and to guide the form of future development. A PSP could also address the preferred staging of future development and identify a suitable location for a future neighbourhood centre and the other facilities likely to be required to serve the longer-term development of Carisbrook. The State Government has published detailed guidelines for the preparation of PSP's and Council may be able to seek assistance with preparation of the PSP from the Victorian Planning Authority.

There may also be suggestions from landowners or developers that other areas should also be considered for future broad-hectare development. While Spatial Economics has not been able to identify any such areas we accept that such additional opportunities may exist.

It is therefore desirable that Council adopt explicit criteria for assessing any such proposals that do come forward.

As a start in developing such criteria Spatial Economics suggests the following:

- the degree to which the land is constrained by bushfire risk, flood risk and/or significant native vegetation;
- proximity of the site to existing urban areas (& therefore its ability to integrate with/add value to existing communities);
- the availability and cost of extending major infrastructure (hydraulic services, road access) to the site;
- any significant conflicts with other land uses (e.g. compatibility with current/designated employment areas, the airport, etc);
- any other significant constraints that are known or likely (e.g. any contamination issues from past mining);
- the sites' potential to help maintaining choice and competition in land supply to keep downward pressure on land prices and help maintain Maryborough's competitive advantage in terms of housing affordability;
- the pattern of existing land parcels/ownership (i.e. is the land highly fragmented); and



- where known the landowner intentions (this is most relevant in considering shorter term options).

Spatial Economics therefore recommends that Council:

- adopt, as a key part of its ongoing strategic planning, a policy of encouraging development in and around Carisbrook as the principal medium to longer term location for broad-hectare residential development to supply the Maryborough/Carisbrook market;
- prepare a precinct structure plan setting out how development of Carisbrook and environs (including Flagstaff and other areas between Maryborough and Carisbrook) should proceed over the medium to longer term
- consider adopting an explicit set of criteria to be used in assessing any future proposals to rezone land for broad-hectare residential development.

4.5.5 Low Density and Rural Residential Development

In addition to urban consolidation and development of new broad-hectare subdivisions at typical urban densities there is also scope for low density residential development and rural residential development to play a modest but still significant part in meeting the future housing needs of Maryborough/Carisbrook households.

As noted earlier in this report the potential contribution of housing construction on rural residential lots in relatively close proximity to Maryborough/ Carisbrook was overlooked in the 2012 Residential Settlement Strategy. Construction of dwellings on rural residential lots within 10 kilometres of Maryborough/Carisbrook has, on average, contributed approximately 6 additional dwellings a year to the local housing supply.

As set out in our Residential Land Supply Assessment report (and more briefly outlined earlier in this report) Spatial Economics believes that there would be benefit in diversifying the range of lower density and rural residential housing options available in the Maryborough/Carisbrook environs. This could include:

- low density residential development on areas around Maryborough/Carisbrook that are not suited to development at conventional residential densities; and
- the development of lower density residential and/or rural residential estates targeted at particular sub-markets (e.g. horse owners).

With appropriate planning it should be possible to provide for such increased variety and choice without significantly increasing the total area zoned for rural residential.

Consideration of opportunities for these forms of development should be incorporated into any ongoing discussion of housing supply options for Maryborough/ Carisbrook and into the preparation of a PSP for Carisbrook and environs.

In our view consideration should also be given to conversion of some areas of existing rural living land which is subject to particularly high bushfire risk or is of high environmental and/or landscape value to a more suitable zoning (e.g. rural conservation zone).

Spatial Economics recommends that Council:

- Incorporate consideration of the role of low density residential and rural residential development as part of the preparation of an overall housing strategy for Maryborough/Carisbrook.
- Engage in a discussion with landowners, developers, public authorities and the community to explore the range of options that might realistically be available for a wider variety of low density and rural residential development close to Maryborough/Carisbrook.



4.5.6 An Integrated Vision for meeting Future Housing Needs

Taken together a combination of the elements outlined above would in our view be able to both diversify the currently available housing options and satisfy the housing requirements of Maryborough/Carisbrook even under the 'Big Melbourne' growth scenario.

Setting out a clear vision for future residential development in Maryborough/Carisbrook and environs would maximise Council's ability to protect the characteristics that make the Maryborough area special while also promoting Maryborough/ Carisbrook and environs as an attractive location for people to live and work.

Spatial Economics therefore recommends that Council use the analysis and recommendations presented in this report as the basis for adopting an updated strategy for medium to longer term housing development in Maryborough/Carisbrook.

Such a Strategy should:

- recognise that in future the planning of Maryborough, Carisbrook and their close environs should be dealt with in an integrated way and that in the medium to longer term Maryborough's broad-hectare land supply will need to come from Carisbrook;
- incorporate the outcome of further investigations into the suitability of the potential northern 'greenfield' site identified in this report to provide additional medium-term capacity for broad-hectare residential development;
- commit to preparing a precinct structure plan (PSP) for Carisbrook and environs to provide a suitable longer-term residential land supply for Maryborough/ Carisbrook;
- commit to facilitating urban consolidation within established areas of Maryborough through the types of measures set out earlier in this report;
- incorporate proposals to amend the zoning of areas of residentially zoned land on the edges of Maryborough that can no longer be regarded as suitable for development at conventional urban densities;
- explicitly include consideration of the role of low density residential and rural residential development as part of the future residential strategy for Maryborough/Carisbrook and commit to a program of consultation to develop specific proposals to diversify the options available for this type of development; and
- appoint a development facilitator with a brief to work with landowners, developers and the community to promote successful implementation of the residential strategy including through improvements in Councils development approvals processes.

4.5.7 Planning for Housing in Dunolly and Talbot

Unlike Maryborough/Carisbrook, where there is both growing housing demand and a need to make additional provision for medium to longer term housing development, Dunolly and Talbot are not facing immediate pressures to provide for additional housing growth. The land supply and recent development trend in both towns is outlined in section 3 of this report. The situation of the two towns differs markedly.

Dunolly

Over the last decade the population of Dunolly has not increased significantly and there has been little new housing construction.

As at March 2019 Dunolly had approximately 10 hectares of vacant zoned land potentially capable of being subdivided for housing plus around 75 vacant residential lots.



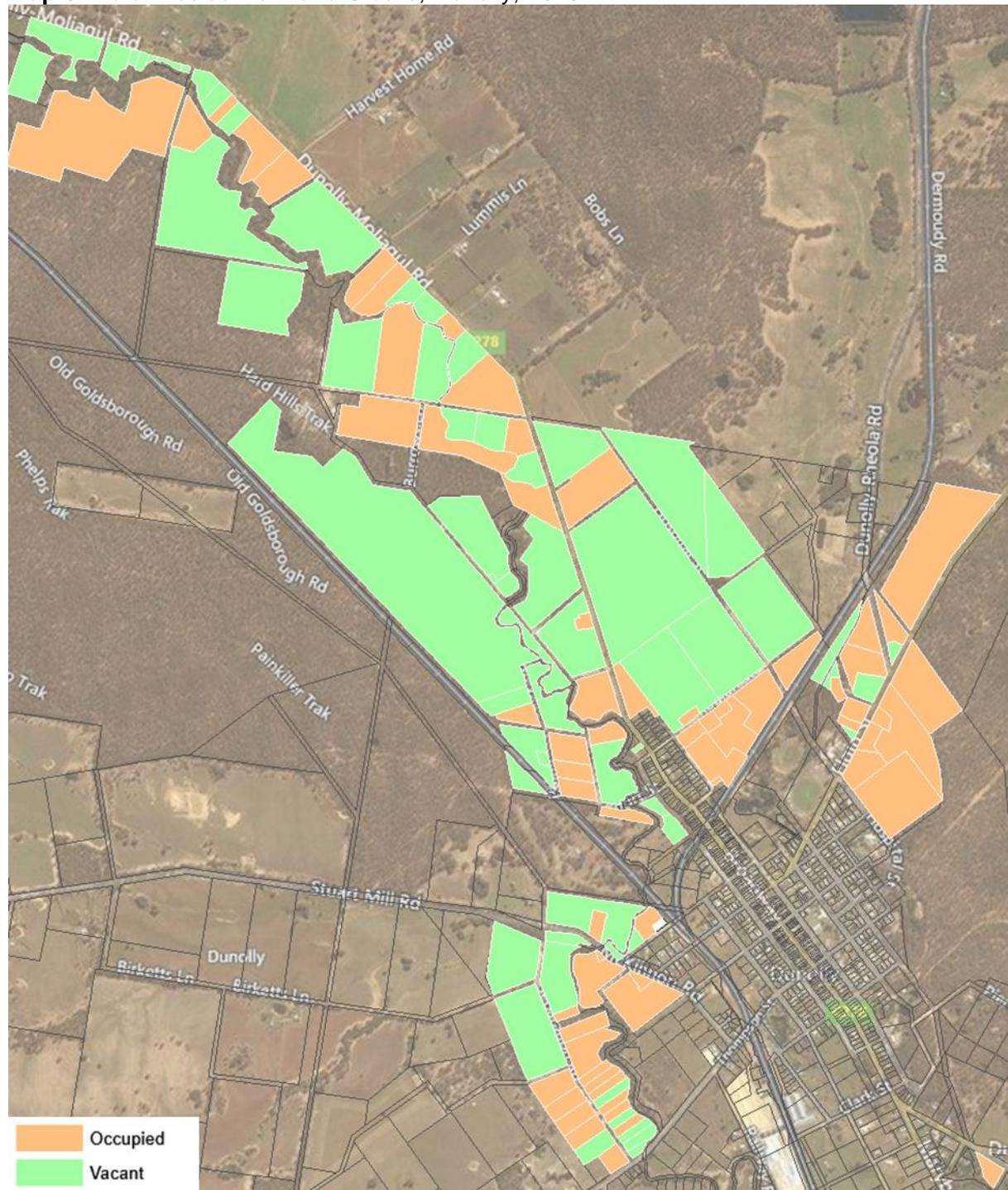
Some of the vacant lots may be unsuitable for development due to flood risk. The potential yield from some of the zoned land may also be reduced due to bushfire risk. Spatial Economics has therefore chosen to err on the side of caution in assessing potential development yields and the adequacy of Dunolly's residential land supply. In our view Dunolly's land supply is clearly sufficient to provide for any foreseen growth over the next decade or more.

In addition, there is a substantial supply of rural residential lots in the areas surrounding Dunolly.

Map 4: Urban Residential Land Supply Dunolly, 2019



Map 5: Rural Residential Land Stocks, Dunolly, 2019



Beyond this time there is so much uncertainty regarding the level of future demand that there is, in our view, little point in trying to assess if there is a need to designate additional areas for development.

This conclusion contrasts with the findings of the 2012 Residential Settlement Strategy which made an arbitrary assumption regarding future housing demand in Dunolly (assuming demand for 5 lots per annum).

Based upon this assumption, and despite identifying a substantial existing land stock, the 2012 Strategy identified an additional area of land to the north-east of Dunolly as suitable for future housing development. Spatial Economics does not believe that identification of



this additional land can be justified based upon the existing supply and known trend in demand.

If necessary, a further assessment of the need for additional supply can be made in the medium to longer term (i.e. after 2030) should Council be successful in promoting additional economic growth in Dunolly.

In our view going forward a more significant housing issue for Dunolly is likely to be how to make best use of the existing residential land supply to meet the housing needs of an ageing local population.

There is likely to be an increasing need for programs to assist older households with property maintenance. Many such households are likely to have limited options in terms of moving to lower maintenance properties given that they may not be able to sell their properties at a price that would enable them to purchase more suitable alternative housing.

Spatial Economics also notes that a 2018 report (*Dunolly Independent Living Units Feasibility Report*) proposed development of 16 to 18 smaller housing units for older residents of Dunolly and surrounding areas on vacant land adjacent to Dunolly District Hospital. That report highlighted strong local support for such a development but pointed out that

“Many local ageing residents experience an acute ‘Catch 22’ when they need to move into (more) suitable housing; their assets exceed eligibility for social housing but are insufficient to buy into private or not-for-profit housing programs”.

There is clearly both a significant local need and a likely continuing gap in the local market which will only be filled with the assistance of some form of State or Commonwealth subsidy. As part of its overall housing strategy Council should advocate strongly for such support.

Talbot

In contrast to Dunolly, Talbot realistically has a limited residential land supply and little evidence of significant demand for additional housing – in both cases due primarily to the towns lack of a reticulated sewerage system.

The 2012 Residential Settlement Strategy noted that:

“The town has been in serious decline since the 1850’s ... (and) has virtually no new development interest. ... Whilst the town is ideally located within commuter distance of Maryborough the absence of reticulated sewerage poses a significant limitation to the future growth and prosperity of the Town”.

Spatial Economics has seen no evidence that would lead it to disagree with this assessment.

Despite its assessment of the prospects for population and housing growth in Talbot the 2012 Strategy made an arbitrary assumption (similar to that for Dunolly) that Council should plan on the basis of ongoing demand for an additional 5 residential lots per year.

It also concluded that:

“there (are) currently substantial areas of vacant Township Zone land that has the capacity to facilitate the development of additional residential dwellings in Talbot”.

It calculated that based upon a standard allotment size of 800m² to 1,000m² there was potential for close to 200 additional housing lots.

In contrast Spatial Economics’ assessment is that in fact there is a realistic capacity for only fifteen additional dwellings in Talbot. This assessment is based upon the current requirement for a minimum site area of at least 5,000 m² for approval of an additional



dwelling. This minimum site area is to provide for onsite sewerage disposal and is likely to mean that multiple existing allotments would need to be amalgamated before construction of a dwelling would be approved.

While this is a very tight supply there is currently no evidence of ongoing demand that would justify action by Council to rezone additional land.

Any change in our assessment would be dependent upon finding a cost-effective way to address the lack of a reticulated sewerage system in Dunolly. Based upon current technology, and in the absence of a substantial public subsidy, it is very unlikely that the local community would support the cost of provision of a reticulated sewerage system.

Spatial Economics recommends that in relation to future housing needs in Dunolly and Talbot, Council:

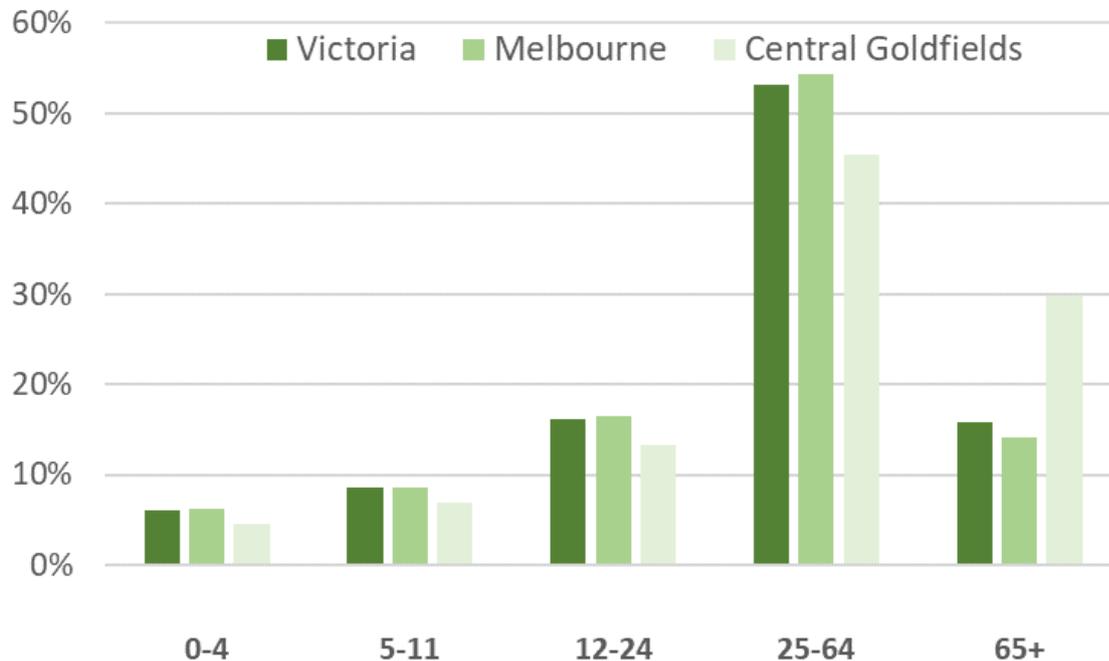
- Recognise that, under existing circumstances, ongoing housing development in Dunolly and Talbot is likely to be moderate and able to be accommodated within existing zoning.
- Not designate additional land or support any proposal for rezoning additional land for housing.
- Lend its support to locally based proposals for the provision of secure and affordable housing for older residents of Dunolly (and other areas within the Shire) and actively advocate the need for such a development to the State and Commonwealth governments.
- Work with State and Commonwealth agencies to try to ensure the adequate availability and coordination of support programs for those who choose, or have no option but to, 'age in place'.
- Explore options for cost-effective waste water management technologies that might enable further residential development in Talbot.
- Until such time as a wastewater treatment solution for Talbot is obtained, take no action to vary the existing zoning in and potential residential land supply in Talbot.



5.0 Addressing Housing Needs That May Not Be Adequately Met Through the Private Market

As pointed out earlier in this report the population of Central Goldfields Shire is significantly older than the metropolitan and state average. The official (VIF 2019) state population forecasts suggest that in future the Central Goldfields population will be even further skewed towards older households

Graph 6: Age Distribution by Selected Region, 2020



There is therefore likely to be ongoing growth in demand both for specialist aged-care accommodation and for smaller, newer dwellings suitable for older residents who wish to downsize to lower maintenance housing. At the same time many older households may choose to, or have little option but to, remain in their existing dwelling and as a result may be in increasing need of assistance with necessary maintenance and housing modifications.

Central Goldfields Shire also has a significant number of lower income households. These lower income households have been able to benefit from the fact that private rental housing in Central Goldfields is relatively affordable.

In the most recent period for which data is available over 80% of rental properties coming onto the market in Central Goldfields Shire have been assessed as affordable for households receiving Centrelink benefits. It is important to note however that there were a limited number of such properties and the total need for affordable housing may exceed the supply.

To date the Shire has not seen the rapid purchase price and rental increases experienced in many larger centres. Looking forward however there is a risk that Central Goldfield's relative advantage in terms of housing affordability could be eroded by rising residential land and housing prices - especially if population growth rates accelerate and early and adequate steps are not taken to plan for a long term residential land supply for Maryborough/ Carisbrook.

As outlined in our discussion of planning for Maryborough/Carisbrook housing needs, the Central Goldfields Shire Council has indicated that it supports a greater degree of urban consolidation and development of more diverse housing stock in established parts of Maryborough.



Encouraging this type of development will be important in increasing the housing choices available to Central Goldfields households. It will be especially useful in meeting the needs of older and poorer households for whom the ability to live in an area within walking distance of shops, medical facilities and other facilities can be a key consideration.

As pointed out earlier, achieving a meaningful increase in the housing mix through urban consolidation will take some years. Even given Council support for greater urban consolidation, for the short to medium term at least, the housing needs of many older and lower income households may not be fully met by the private housing market. Council's housing and residential development strategy needs to pay particular attention to the needs of these groups.

In particular there is a need to consider the needs of:

- Older households who wish to 'age in place' but who may increasingly need assistance with home maintenance and other services;
- Older households that would prefer to transition to smaller, newer housing with lower maintenance requirements;
- Older households and individuals who are in need of residential aged care;
- Lower income households who may find it difficult to access affordable rental accommodation through the private market; and
- The homeless and those at risk of homelessness.

The not for profit/community housing sector can have an especially important role in meeting the housing needs of these groups.

In this context it is worth noting that in recent years the Shire has seen significant investments by:

- Havilah on Palmerston;
- Havilah on Harkness; and
- Maryborough Schoolhouse Village.

Getting these forms of developments off the ground can be very difficult – financially, in terms of finding suitable sites and in obtaining planning approvals. For example, to date the Dunolly Independent Living Units proposal has not been able to attract funding.

It needs to be recognised that the funding programs that are able to be drawn on to help get such developments off the ground are often of limited term - and even where program funding is ongoing it is generally inadequate given the scale of housing need to be addressed.

Accessing such funding sources is competitive and, in practice, often dependent upon the ability to move quickly to make a clear, logical and convincing argument about local needs and a demonstrated capacity to respond effectively when a potential funding 'window' opens. The prize most often goes to the well prepared.

Council commitment and support can be vital in ensuring that when such opportunities arise, they are able to be taken advantage of.

There are a variety of roles that Council can play in facilitating such community sector housing projects. This includes:

- I. Making clear to potential housing providers that Council recognises the importance of community housing projects and that projects that address priority local needs will have its support;
- II. Identifying and ensuring suitable zoning of sites for such forms of development. This may be able to be adequately addressed through normal zoning reviews but, at



times, it may also require Council to be willing to take action to make a spot-rezoning. (NB: consideration of the need for suitable sites for such developments should form part of preparation of a Carisbrook PSP);

- III. Playing a targeted role in site amalgamation if the availability of suitable sites in central areas of Maryborough becomes a constraint on such specialised housing developments;
- IV. Identifying, and establishing an ongoing dialogue with, a range of community housing associations and other organisations that have the potential to provide housing and services relevant to the needs of Central Goldfields residents.
[NB: this could be among the tasks assigned to the developer facilitator position recommended earlier in this report];
- V. Advocating for the priority of local needs both to potential providers and to key funding bodies (especially the State and Commonwealth Governments). This applies to the need for both specialist housing developments and services to assist those who seek to 'age in place';
- VI. Assisting the financial viability of potential community housing developments by making Council owned land available on preferential terms as sites for such developments (e.g. by via long terms leases). Council may also be aware of potentially surplus state government land that would be suitable for such forms of development and be able to play a key role in advocating for such sites to be made available.

In this context it is relevant to note that, as a rough rule of thumb, it is most often necessary for community housing bodies to have access to a subsidy (either in cash or kind) sufficient to cover about 20% of total capital cost in order for such developments to be financially viable. The provision of a site on concessional terms can often be the factor that 'makes or breaks' a potential community housing project;

- VII. Facilitating timely planning approvals and where necessary being willing to agree to some flexibility in zoning and design requirements.

It is worth noting that an increasing number of metropolitan and regional councils are already taking these types of steps in order to encourage and assist community housing investments targeted at priority local housing needs. Given the demographic and socio-economic characteristics of Central Goldfields we believe that a very sound case can be made for the Shire Council to also give priority to such actions.

Council also has an important role to play a role in coordinating ongoing services and initiatives at a local level to support those for whom the best available option is to 'age in place'.



Spatial Economics recommends that Council:

- prepare a policy statement clearly setting out:
 - priority local housing and associated service needs for Central Goldfields Shire
 - in principle support for greater local involvement of community sector organisations in meeting such needs
 - the range of measures that Council itself is willing to consider in order to encourage, facilitate and support the operations of such organisations
- use this policy statement as the basis for advocating local needs to the State and Commonwealth Governments and to potential providers of specialist housing services
- review Council and State government land holdings to identify sites that may be surplus to requirements and could potentially be made available on long term lease for community housing projects
- consider the need for rezoning, site amalgamation or other steps, to help ensure that a lack of suitable sites does not deter developments that would help meet the housing needs of older and lower income residents of Central Goldfields Shire
- allocate to a nominated person within council (possibly the person appointed to the development facilitator position recommended in this report) responsibility for identifying and establishing ongoing links with a range of community housing associations and other organisations that may be able to assist in meeting priority local housing needs
- incorporate consideration of aged and other community housing needs in the scope of the brief for preparation of the proposed Carisbrook Precinct Structure Plan
- work with State and Commonwealth agencies to try to ensure that support programs for those who choose, or have no other option to, age in place are adequately coordinated



6.0 Managing Rural Residential Development

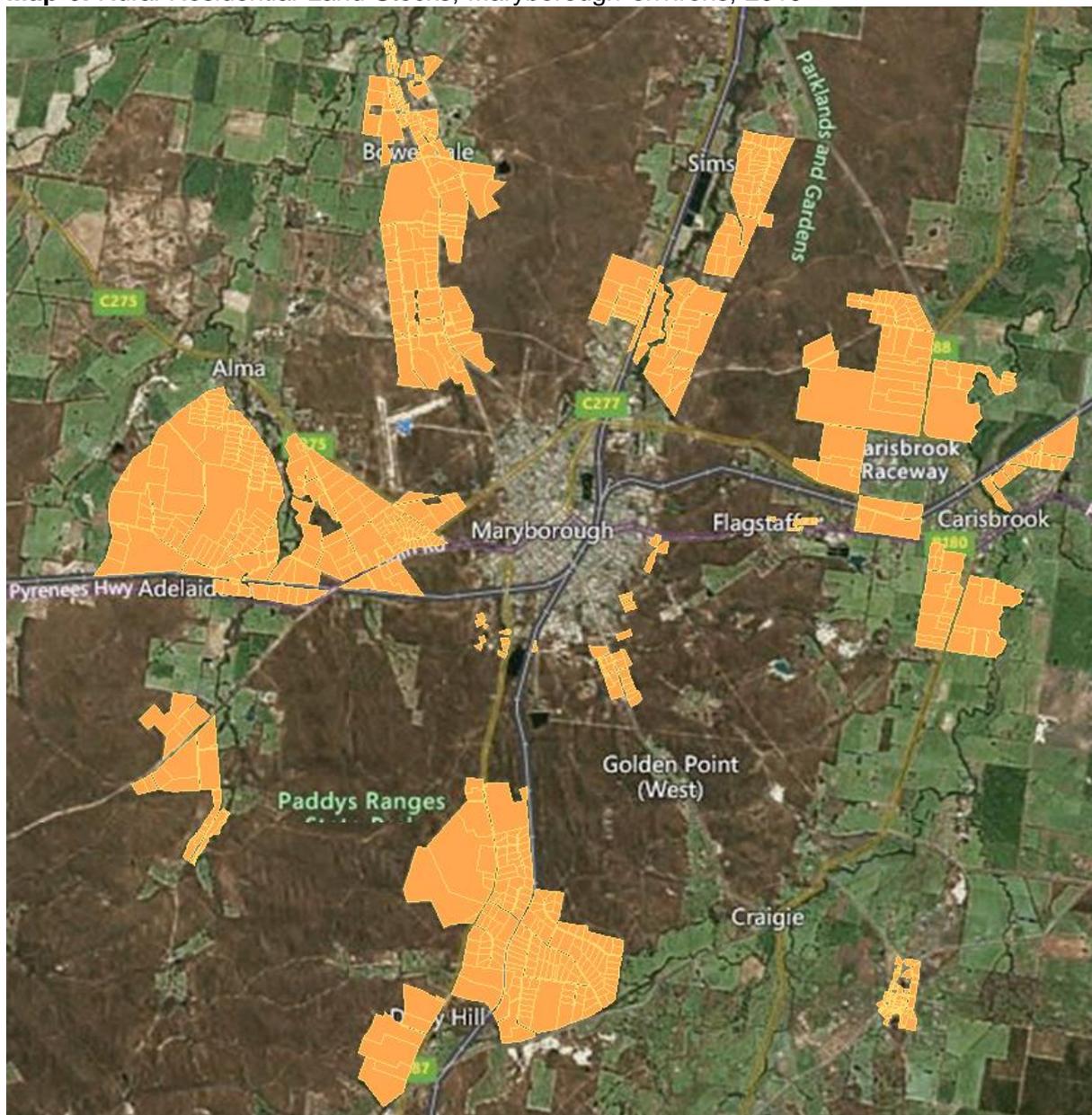
As pointed out earlier in this report the role and potential contribution of rural residential development was not addressed in the 2012 Residential Settlement Strategy.

Past planning by Central Goldfields Shire has made provision for a large amount, but not a significant diversity, of rural residential development.

Central Goldfields has almost 7,000 ha of zoned rural residential land in some twenty locations across the Shire, of this stock nearly 2,700 hectares are vacant. On the basis of the existing subdivision pattern (i.e. with no further subdivision of rural residential land) this is an existing stock of more than 1,600 lots.

Of these areas a number are located within relatively close proximity (i.e. a 10-kilometre radius) to Maryborough/Carisbrook. This includes rural residentially zoned land at Golden Point, Carisbrook, Alma/Moonlight Flat, Simson and Adelaide Lead. In addition, there are some rural residentially zoned lots within Maryborough itself. In total these areas have over 820 lots of which only about 25% (216 lots) were vacant at the time of our analysis.

Map 6: Rural Residential Land Stocks, Maryborough environs, 2019



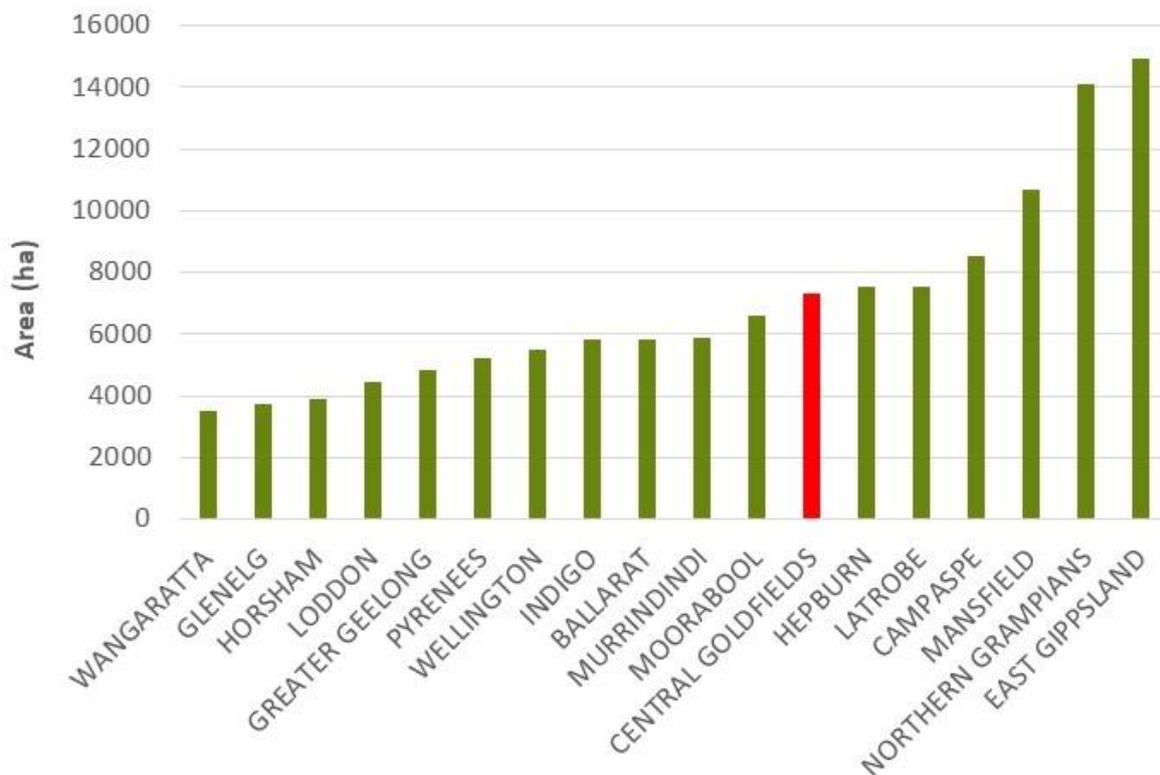
In our view these lots (and the potential for further subdivision of rural residential zoned land) should clearly be considered when assessing future housing options for Maryborough/Carisbrook.

By comparison there appears to be less demand for rural residential lots in locations further from Maryborough/Carisbrook. We estimated that more than 50% of lots in these areas (or over 400 lots) are vacant.

Across the Shire minimum subdivision sizes for creation of additional lots on RLZ land range from 1 ha to 8 ha. The high proportion of larger existing lots results in a significant potential additional supply from future subdivisions.

When compared to other council areas in regional Victoria, Central Goldfields has a large supply of zoned rural residential land. In terms of total area zoned for rural residential use, there are only four municipalities in Victoria that have made significantly greater provision for this zone type than has Central Goldfields Shire (and two others with similarly sized rural residential zone stocks). This is shown on the graph below.

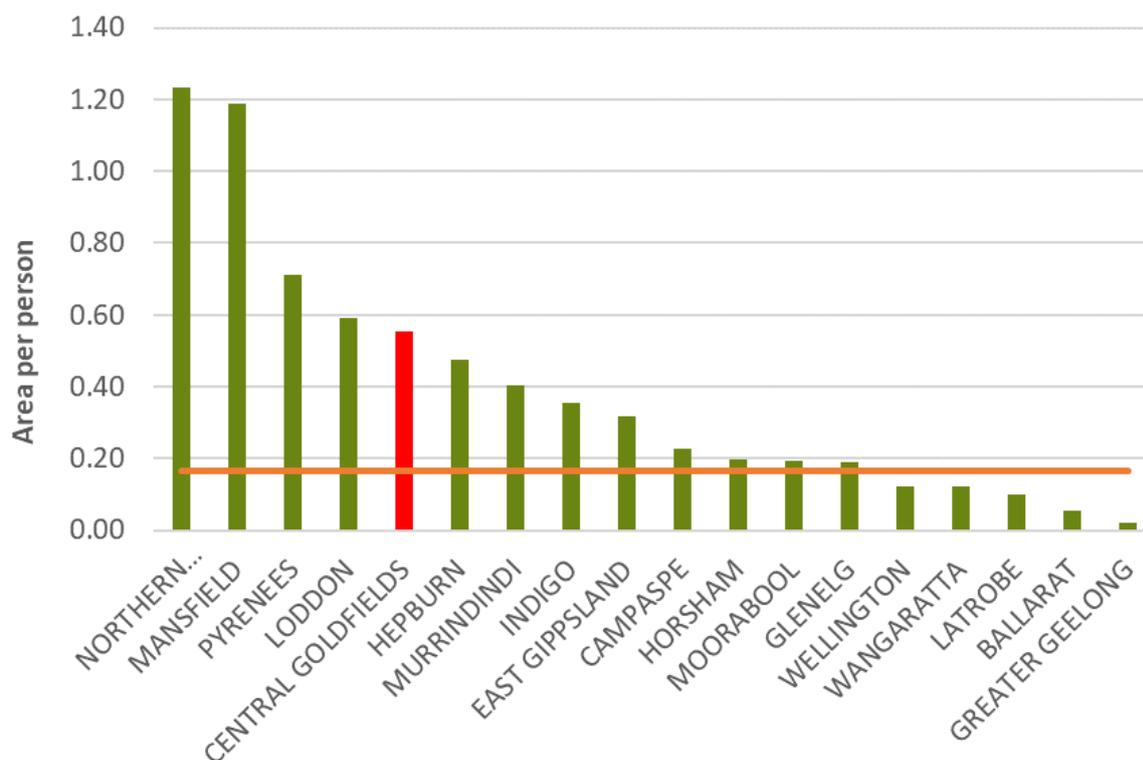
Graph 7: Total Area of Rural Residential Zoning, selected LGAs – (Top 18), 2019



In terms of per capita supply of rural residential land, the situation is equally marked – again only 4 LGA’s have a larger supply of rural residential land than Central Goldfields Shire.



Graph 8: Rural Residential Land Stocks per Capita, selected LGAs – (Top 18), 2019



Despite the Shire’s large supply of rural residential zoned land, on average only 8 dwellings a year were constructed on rural residential lots between 2010 and 2019. At this take-up rate the existing (i.e. without further subdivision) supply of lots in Rural Living Zones would satisfy demand for over 75 years.

The relatively modest rate of housing construction on rural residential lots may reflect the Shire’s past slow rate of population growth or a preference by Central Goldfields residents for township living. However, it may also, at least in part, be due to the fact that despite its large overall supply of rural living land, Central Goldfields Shire currently provides only limited choices to buyers seeking a rural or semi-rural residential lifestyle

In particular most of the land is zoned Rural Living with relatively little (120 ha or less than 2%) zoned Low Density Residential (LDRZ) to provide specifically for smaller lot sizes. There are currently only 46 vacant lots zoned LDRZ within Central Goldfields Shire. There are no specific minimum subdivision sizes proscribed for LDRZ land in Central Goldfields, but across the State such minimums are typically 4,000m².

It should be noted that the limited supply of LDRZ lots is somewhat offset because approximately 28% of the Shire’s total - RLZ & LDRZ - supply of rural residential lots (both vacant & occupied) are less than 1 ha in size). However, most of the smaller RLZ lots are relatively remote from Maryborough/Carisbrook. Within 10 km of Maryborough/Carisbrook there are only 28 vacant RLZ lots of less than 1 ha in size – and the fact that specific planning approval is required to develop dwellings on such lots may mean that not all of this limited supply is in fact able to be developed.

In contrast with the past approach taken in Central Goldfields Shire some other regional councils have chosen to zone significantly larger areas for low density residential development. This has resulted in the development of substantial, well planned and serviced, LDRZ estates specifically targeted at buyers who are seeking an easily manageable lot in a master-planned community environment.



Examples include areas in Shepparton and at Bannockburn in the Golden Plains Shire. Such LDRZ estates often have paved roads and a reticulated water supply – they are a ‘premium’ product attracting buyers looking for an attractive alternative to suburban subdivisions.

Interstate we are also aware of examples of low-density residential subdivisions which have been developed using creative options such as:

- community title schemes in which some of the most attractive or environmentally sensitive land is held as common property enjoyed (and maintained) by all residents; and
- subdivisions targeted specifically at horse owners (or other shared interest groups) where again the lot owners benefit from access to specialised facilities either within or outside the subdivision.

We believe that Central Goldfields Council should explore with landowners, developers and the community the benefits of encouraging such forms of development.

Looking forward Spatial Economics believes that there is the potential for Central Goldfields Shire to attract additional population by increasing the supply of well planned, smaller rural residential (LDRZ) lots in close proximity to Maryborough/Carisbrook. Such lots could be an attractive alternative for those working in Ballarat, Bendigo or surrounding areas but looking for an affordable rural residential environment close to a good range of facilities and services.

This view is confirmed by comments made by local agents/developers.

Should Council choose to pursue the option of encouraging development of planned LDRZ subdivisions it may be necessary to look not only at land currently zoned RLZ but also at some areas of cleared Farm Zone land close to Maryborough/Carisbrook. This is because much of the RLZ land with subdivision potential is either treed (and therefore subject to high bushfire risk) or more remote from Maryborough/Carisbrook.

In some other Shires with a similar excess supply of rural living zoned land Spatial Economics has recommended that councils consider opportunities (especially in more remote locations) to back-zone some RLZ land to farming zone in order to maximise the potential for future agricultural production. This may also help to avoid landowners unnecessarily paying rates based on assumed higher rural residential land values.

In the specific situation of Central Goldfield Shire, we are conscious of the fact that some RLZ land is of limited value for agriculture and that this may limit the potential benefits of back-zoning. However there may still be an argument for considering such a move in order to discourage development of additional housing in remote locations that would involve excessive costs for provision of Council services or where development may be undesirable from a catchment management or other environmental perspective.

Alternately there may be a case, in very selective locations of particular environmental and/or landscape value, for Council to consider a change from RLZ to Rural Conservation (RCZ) zoning.



Spatial Economics recommends that Council:

- Discuss with landowners, developers, public authorities and the community the merits of expanding the range of options available for low density and rural residential development (without increasing the overall area zoned for such forms of development) in Central Goldfields
- Pursue, in particular, the identification of areas that would be suitable for low density residential and rural conservation zoning
- Specifically consider opportunities for inclusion of areas of LDRZ or RCZ as part of preparation of a precinct structure plan for Carisbrook/Flagstaff and environs (recommendation 17 above)

