

Draft Affordable Housing Context Report





Executive Summary

Surf Coast Shire continues to experience significant housing pressures driven by population growth, changing household characteristics and a highly constrained housing market. While population growth moderated following the Covid-19 pandemic, the municipality is projected to grow by almost 9,500 residents and more than 4,100 households between 2021 and 2036ⁱ. Most household growth is expected to occur in Torquay and Winchelsea. While the State Government's target of 8,000 additional dwellings by 2051ⁱⁱ can be accommodated within planned growth areas, vibrant and inclusive communities that meet the needs of a diverse range of individuals and families will require greater housing diversity and an increased supply of affordable housing.

Housing affordability has deteriorated over the past decade. Despite recent market softening, in the Surf Coast Shire property prices remain substantially above pre-pandemic levels and the median house price is markedly higher than Metro Melbourne - approximately \$1.2 million compared to \$920,000ⁱⁱⁱ. High median rent and low private rental vacancy rates are also being sustained. Rental supply is limited and heavily concentrated in larger three- and four-bedroom dwellings^{iv}.

Housing stress is still prevalent and coupled with broader cost of living pressures. Analysis of Census-based demographic^v and economic^{vi} data and Victorian Rental Report statistics^{vii} indicates that there is demand for affordable housing from households experiencing severe or moderate rental stress, people experiencing homelessness and households already reliant on social housing. Local workforce affordability analysis shows that many workers who are essential to the functioning of communities and the regional economy would be experiencing rental stress at current market rents^{viii}. This is particularly the case for households that rely on a single income.

The Affordable Housing Context Report (the report) identifies a strong mismatch between the housing stock available and the needs of the community. Most dwellings are detached three- and four-bedroom houses, while two-person households are the dominant household type^{ix} and demand for one- and two-bedroom housing continues to grow. Housing suitability data indicates that underutilisation is widespread, with more than 21,000 spare bedrooms recorded across the municipality^x despite ongoing affordability pressures and unmet housing need.

A further source of underutilisation is the use of residential dwellings for short-term rental accommodation (STRA). Approximately 10 per cent of the municipality's residential housing stock is listed on short-term rental platforms such as

Airbnb, increasing to around 25 per cent in Lorne^{xi}. While STRA supports the visitor economy it reduces the availability of housing that could otherwise be a home for local residents and key workers.

Demand for social and affordable housing continues to increase. Additionally, most applicants on the Victorian Housing Register require smaller dwellings, particularly one-bedroom homes, yet the existing social housing portfolio is weighted toward larger properties. This mismatch highlights the importance of delivering a more diverse range of housing products across the municipality.

Future housing policy will need to focus on not only increasing overall housing supply but on providing a broader range of dwelling types, improving affordability outcomes and better aligning housing stock with the needs of current and future residents. Council's Urban Futures Strategy (2025) encourages housing diversity including different forms of housing type, size and configuration, and affordability models that are consistent with the character of townships. The Urban Futures Strategy^{xii} also designate locations where more intense urban development close to activity centres and public transport nodes is appropriate.

Purpose

The Affordable Housing Context Report (the report) has been prepared to assist with guiding the implementation of the Affordable Housing Policy. The report aims to provide a comprehensive picture of the demographic and economic conditions in which we are operating. While shifts in the data collected in the Context Report cannot be attributed to the implementation of the Affordable Housing Policy through the Affordable Housing Action Plan, it will alert Council to how macro level changes, ie, federal government taxation or state government planning policy, are being experienced at the micro level. This will help with the review of the Action Plan and guide us in reviewing strategic actions designed to increase access to safe and secure, appropriate and affordable housing.

Surf Coast Shire Affordable Housing Context

1. Population Growth and Housing Demand

1.1 Population Growth

Between 2016 and 2021, the Surf Coast Shire population increased by the annualised average rate of 5.6 percent which is more than twice the rate of growth experienced by Victoria. Figure one below shows that 1,614 people were added to the population between 2019 and 2020. Population growth spiked between 2020 and 2021 with 1,821 additional residents, before easing to 960 additional residents between 2021 and 2022. To 2024 approximately 600 residents were added.^{xiii} Forecast data (figure 2) indicates population growth hovers around an additional 600 per year until 2030, dipping into the 500s in 2030-31 and then the 400s after 2032-33.^{xiv}

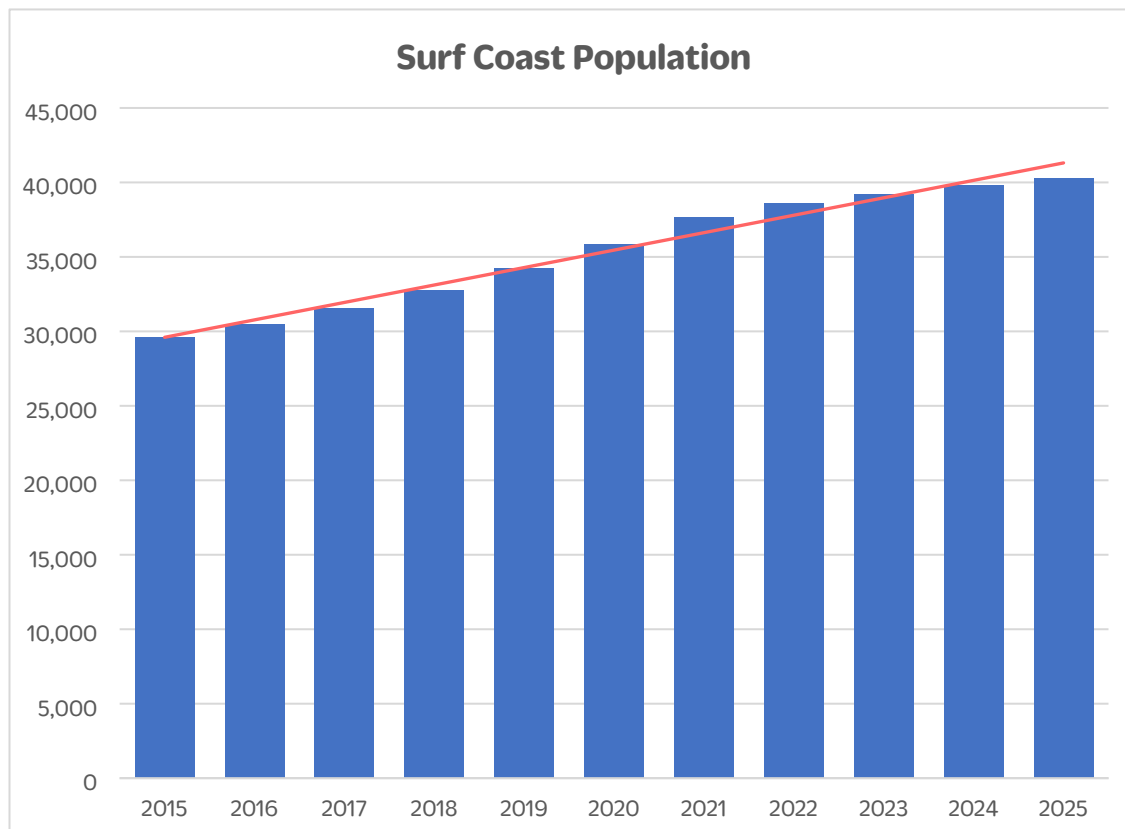


Figure 1. REMplan Surf Coast Shire Community data

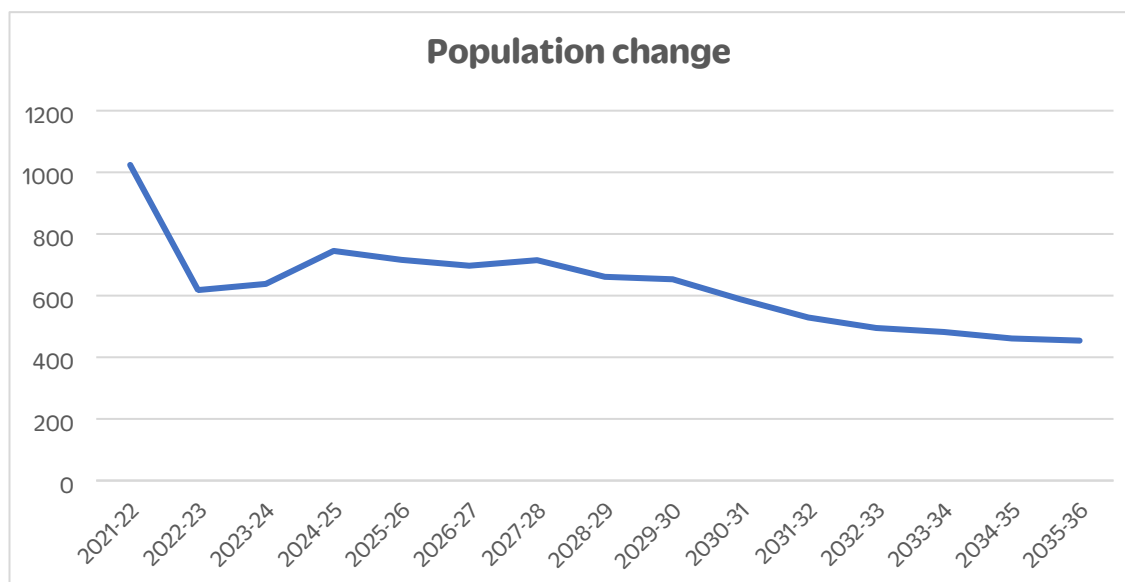


Figure 2. Population change 2021 - 2026 REMplan Surf Coast Shire Forecast data

The shire is expected to grow at a rate of 1.68 percent annually between 2021 and 2036, adding 9,476 people to the population^{xv}.

1.2 Household Growth

Household projections indicate 1.91 per cent growth over the same period. Growing by 4,116 households, from 14,384 in 2021 to 18,500 in 2036^{xvi}. The majority of growth in households will be in Torquay - 2,330 households - and Winchelsea - 1,010. The coastal towns of Lorne, Aireys Inlet and Fairhaven and Anglesea are not expected to grow substantially, adding 758 households for the Lorne-Anglesea SA2 region to 2036. From 2036, the majority of growth will occur in Winchelsea, adding 2,298 households between 2036 and 2046.

Household formation trends reflect both population growth and an ageing demographic profile^{xvii}. Across the Surf Coast Shire, two-person households are the dominant household type, largely driven by couples without dependent children including older residents ageing in place. Couple households with no dependents are set to grow by 1,699 or 32.1 per cent between 2021 and 2036 and lone-person households are forecast to increase by 1,460 or 39.2 per cent. These two household types will represent 68 per cent of the household growth in Surf Coast^{xviii}. While households with children (comprised of couples with children and one parent families) are forecast to increase by 1,263 households – representing 27 per cent of the increase in households to 2036.

1.3 Housing Targets and Land Supply

Forecast dwelling growth indicates that the Surf Coast Shire will continue to accommodate substantial residential development over the coming decades. Between 2021 and 2036, the number of dwellings is projected to increase by 5,063 dwellings, an average annual growth rate of 1.63 per cent, growing from 20,661 dwellings in 2021 to 25,724 dwellings in 2036^{xix}. Most of this growth is expected to occur in Torquay, which is forecast to accommodate an additional 2,989 dwellings, followed by Winchelsea with 1,065 additional dwellings. Beyond 2036, Winchelsea is projected to become the municipality's primary growth area, accommodating a further 2,463 dwellings between 2036 and 2046.

While dwelling growth is strong, the relationship between dwellings and households is influenced by the municipality's high proportion of unoccupied housing. At the 2021 Census, 6,267 dwellings, or 30.3 per cent of the housing stock, were unoccupied on Census night. This was a significant reduction from 40.1 per cent in 2016 but remained well above the Victorian average (11.1 per cent). Forecasts indicate only a modest decline in the proportion of unoccupied dwellings to approximately 28 per cent by 2036. While dwelling growth is forecast to outpace household growth, the number of unoccupied dwellings - forecast to reach 7,221 dwellings in 2056 - will reduce the effective housing supply available to meet household demand^{xx}.

Victoria in Future 2023 forecasts indicate that the municipality currently has sufficient residential land supply to accommodate approximately 12.7 years of demand, including around 5.7 years of supply on already zoned residential land.^{xxi} The Victorian Government's Housing Capacity Assessment Platform (HCAP) indicates that the Surf Coast Shire has sufficient identified housing capacity to accommodate its target of 8,000 additional dwellings by 2051.

To ensure that housing targets can be accommodated within existing and planned growth areas, the pattern of residential development might need to shift to include more infill and medium density. However, current forecasts suggest that detached housing will remain the dominant housing type. In 2021, separate houses comprised 91.4 per cent of dwellings. In 2036 detached housing is forecast to account for 91.5 per cent of dwellings^{xxii}. Medium-density housing is expected to grow only marginally from 7.05 per cent in 2021 to 7.10 per cent in 2036 and, as a proportion of total dwellings, high-density housing is forecast to shrink from 1.03 per cent in 2021 to 0.94 per cent in 2036.

2. Housing Market Conditions

2.1 Property Sales Market

The Surf Coast Shire housing market remains one of the most expensive regional housing markets in Victoria. Property Value by Cotality^{xxiii} data indicates that 588 properties were sold across the municipality in the 12 months to September 2026^{xxiv}, with a median sale price of approximately \$1.2 million and an average selling period of 86 days. While the market has softened slightly from the peak conditions experienced during and immediately after the Covid-19 pandemic, house prices remain substantially higher than pre-pandemic levels. Recent trends suggest that buyers have become more price-sensitive,

with median sale prices declining by 1.7 per cent across the municipality over the past year and average vendor discounting increasing to approximately 7 per cent.

Location	Median Sale Price	Change (1yr)	Average discounting	Properties for Sale	Properties sold	Days on market
Lorne	\$1,800,000	-6.90%	-6.23%	26	38	110
Jan Juc	\$1,362,500	9.00%	-6.00%	46	57	66
Aireys Inlet	\$1,350,000	-6.90%	-12.34%	10	19	142
Anglesea	\$1,260,000	-13.10%	-8.62%	53	63	95
Torquay	\$1,200,000	3.16%	-4.53%	232	294	76
Winchelsea	\$643,000	4.47%	-4.08%	25	76	95
Average -Surf Coast	\$1,269,250	-1.71%	-6.97%	65	91	97

Property values vary considerably between townships. Lorne remains the municipality's most expensive housing market with a median sale price of \$1.8 million, followed by Jan Juc (\$1.36 million) and Aireys Inlet (\$1.35 million), and then Anglesea (\$1.26 million) and Torquay (\$1.2 million). Winchelsea remains the most affordable township, although its median sale price of \$643,000 still represents a substantial increase from historical levels. Over the previous 12 months, prices increased in Jan Juc (9.0 per cent), Winchelsea (4.5 per cent) and Torquay (3.2 per cent), while prices declined in Lorne (-6.9 per cent), Aireys Inlet (-6.9 per cent) and Anglesea (-13.1 per cent^{xxv}).

Market activity also differs between townships. Torquay remains the municipality's largest housing market, accounting for approximately half of all recorded sales over the previous 12 months (294 sales), reflecting its role as the primary population and growth centre. Properties sold more quickly in Jan Juc and Torquay than elsewhere in the municipality, while coastal townships such as Aireys Inlet and Lorne experienced longer selling periods, averaging 142 and 110 days on market respectively^{xxvi}.

Longer term trend data draws on the Valuer General Victoria property sales statistics^{xxvii} which looks at property price changes by suburb between 2015 and 2025.

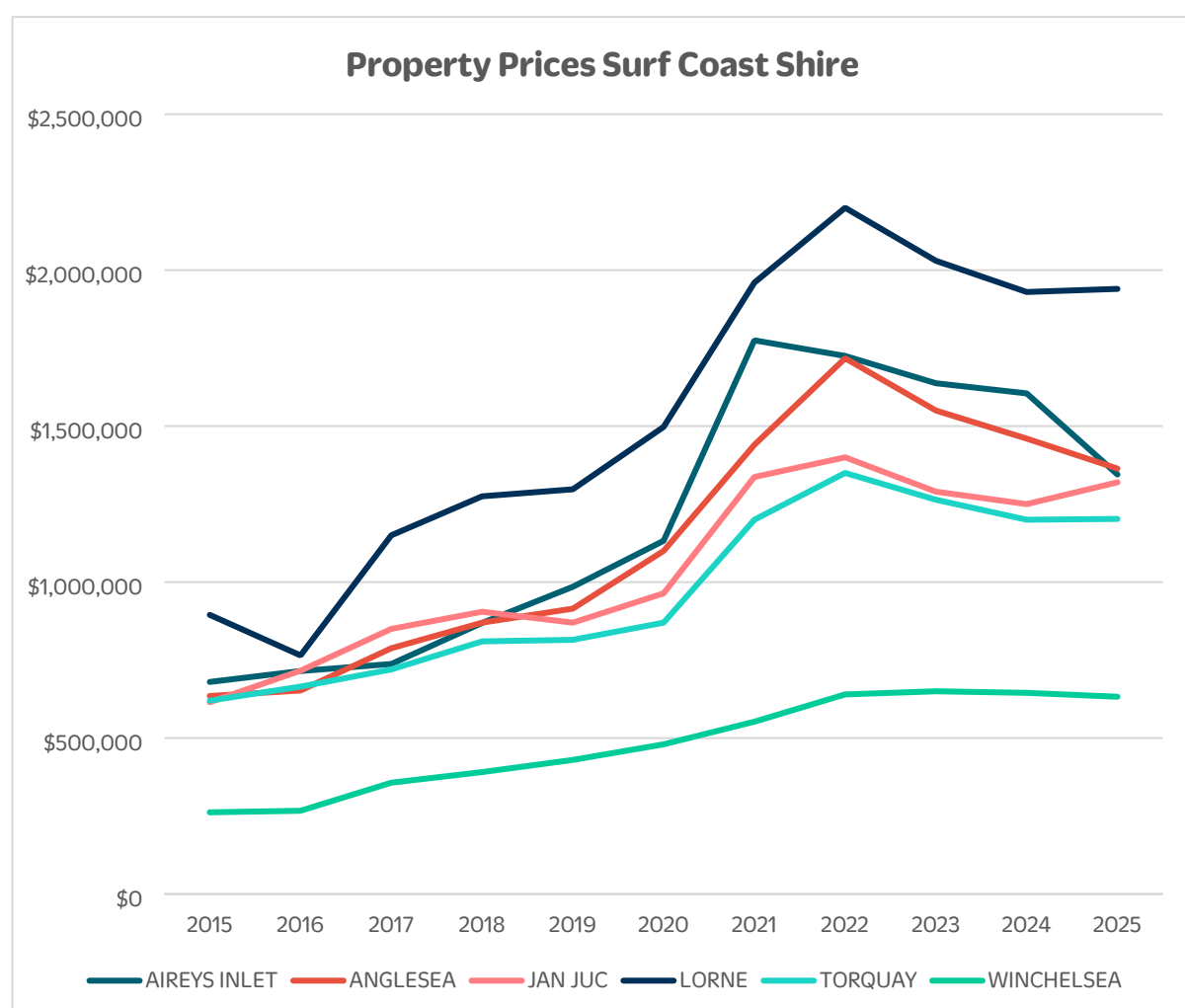


Figure 3. Valuer General Victoria Property Sales 2015 – 2025

Longer-term trends demonstrate the significant impact of the Covid-19 pandemic on regional housing markets. The strongest annual price growth across the municipality occurred between 2020 and 2021, coinciding with heightened demand for regional housing. Aireys Inlet experienced the strongest annual increase during this period, with median prices rising by approximately 56 per cent in a single year. Jan Juc and Torquay also experienced rapid growth (38.7 per cent and 37.9 per cent), while Anglesea and Lorne recorded annual increases of approximately 31 per cent. Winchelsea experienced more moderate but sustained growth, increasing by 15 per cent between 2020 and 2021 and a further 16 per cent between 2021 and 2022^{xxviii}.

The market reached its peak in 2022, when median house prices exceeded \$2.2 million in Lorne and reached record highs across most townships. Since then, property prices have moderated throughout the municipality, reflecting broader market conditions including higher interest rates and reduced internal migration from metropolitan Melbourne. Despite these recent declines, property values remain considerably above pre-Covid levels. Between 2019 and 2025, median property prices increased by 37 per cent in Aireys Inlet, 47 per cent in Winchelsea, 48 per cent in Torquay, 49 per cent in Anglesea, 50 per cent in Lorne and 52 per cent in Jan Juc^{xxix}.

While recent price moderation may improve accessibility for some purchasers, the long-term increase in property values has significantly outpaced income growth, creating barriers to home ownership for many lower- and moderate-income households and local workers. The sustained strength of housing demand across most townships also indicates that housing affordability is likely to remain a significant issue despite recent market easing.

2.2 Rental Market

The Surf Coast Shire rental market remains highly constrained, reflecting broader trends across regional Victoria. Vacancy rates began tightening during 2020 as internal migration from metropolitan Melbourne increased demand for housing in regional areas. By October 2020^{xxx}, the vacancy rate across regional Victoria had fallen to 0.9 per cent, while market data suggested vacancy rates in the Surf Coast Shire were effectively zero. This surge in demand coincided with the significant

population movements observed during the Covid-19 pandemic and contributed to rapid increases in both rents and housing prices.

Although vacancy rates have improved slightly since the peak of the pandemic housing boom, rental supply remains extremely limited. Throughout 2025, Victoria's vacancy rate remained relatively stable at approximately 1.9 per cent. In contrast, vacancy rates within the Surf Coast Shire remained substantially lower. SQM Research^{xxxi} reported a vacancy rate of 0.9 per cent in Winchelsea and 0.4 per cent in Torquay in October 2025, while other coastal townships had only a handful of advertised rental properties available at any one time. These conditions indicate a rental market where demand continues to significantly exceed supply.

Rental bond data provides a useful indicator of longer-term growth in the rental market. As at June 2025, there were 4,134 active rental bonds recorded in the Surf Coast Shire. While this represented annual growth of less than one per cent, the number of active bonds has increased by more than 50 per cent over the previous five years, indicating substantial growth in the municipality's private rental sector^{xxxii}. Despite this increase, extremely low vacancy rates suggest that growth in rental supply has not kept pace with demand.

The composition of rental housing also highlights a significant supply imbalance. Homes Victoria rental data shows that three- and four-bedroom dwellings consistently account for more than 80 per cent of all newly leased rental properties. In the September 2025 quarter there were no one-bedroom or two-bedroom apartments leased, only ten two-bedroom houses, and more than 90 per cent of leased properties were three- or four-bedroom dwellings^{xxxiii}. This indicates that smaller households have very limited opportunities to access appropriately sized rental housing within the municipality.

2.3 Rental Pricing

Median rents remain high across all dwelling types. During the September 2025 quarter, the median rent for a three-bedroom house was \$600 per week, while the median rent for a four-bedroom house was \$580 per week. Three-bedroom apartments recorded the highest median rent at \$683 per week. The relatively small difference between median rents for larger dwellings suggests that affordability challenges in the Surf Coast rental market are driven primarily by limited supply rather than significant price variation between housing types^{xxxiv}.

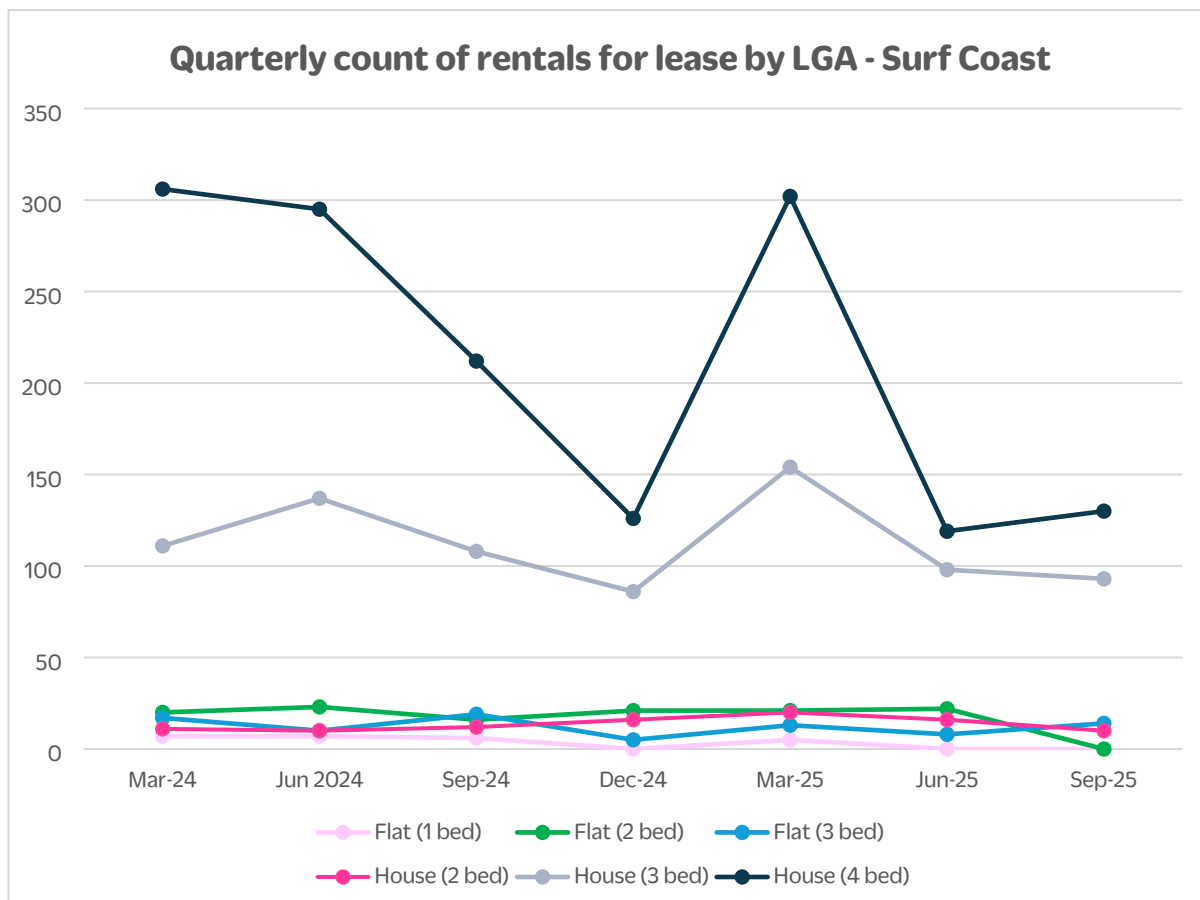


Figure 5. Homes Victoria Rental Report. Quarterly count of properties leased in the last 18 months.

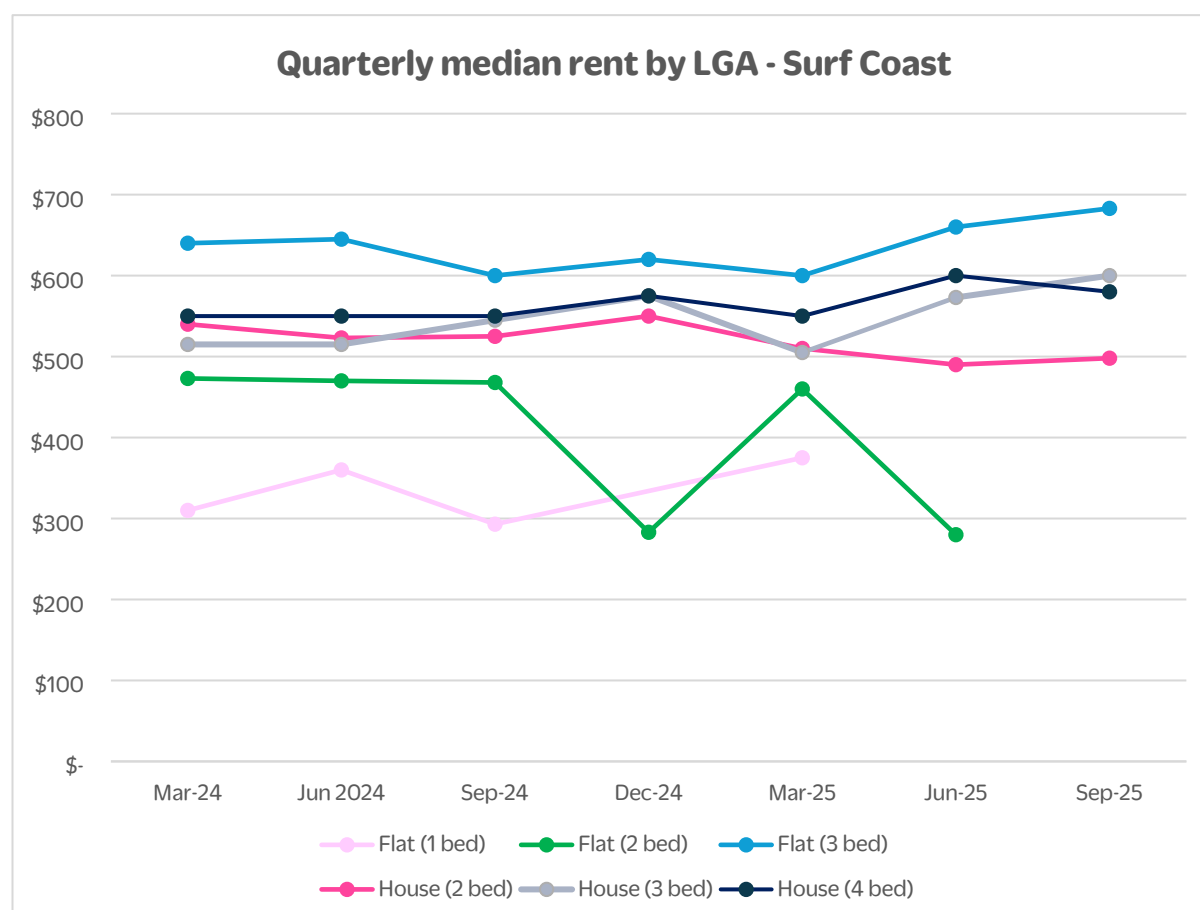


Figure 6. Homes Victoria Rental Report. Moving quarterly count of rentals by LGA – Surf Coast Shire.

Rental pricing data also demonstrates a lack of affordable options for lower-income households. Homes Victoria data indicates that only 30 rental properties leased during the September 2025 quarter were affordable to households reliant on statutory incomes. Of these, 26 were four-bedroom dwellings, reflecting the dominance of larger homes in the rental market. While these properties may be considered affordable when matched to larger family households receiving government payments, they provide little assistance for singles, couples and smaller households seeking affordable rental accommodation^{xxxv}.

The scarcity of smaller rental dwellings is particularly significant given the demographic profile of the municipality. Two-person households are the most common household type in the Surf Coast Shire, yet the rental housing market is concentrated in larger family-sized homes. Feedback from local real estate agents suggests that one- and two-bedroom rental properties are rarely available and are typically leased very quickly when they enter the market. This suggests that the apparent low supply reflects limited availability rather than limited demand. As a result, many smaller households may be forced to compete for larger and more expensive dwellings than they require, while others may be unable to find suitable accommodation within the municipality at all.

3. Housing Affordability

3.1 Understanding Housing Stress

Housing affordability is commonly measured using indicators of housing stress. Housing stress occurs when a household spends more than 30 per cent of its gross income on housing costs, including either rent or mortgage repayments. While this measure can be applied across all households, it is most commonly assessed using the 30:40 Indicator^{xxxvi}, which focuses on lower-income households. Using this approach, a household is considered to be experiencing housing stress when it falls within the lowest 40 per cent of the income distribution and spends more than 30 per cent of its income on housing. The indicator recognises that housing costs have a much greater impact on the financial wellbeing of low-income households, reducing their capacity to meet essential living costs such as food, healthcare, education and transport.

For planning purposes, housing stress is used as a proxy measure of affordable housing need. Households experiencing housing stress may require access to lower-cost market housing, affordable housing products or social housing assistance depending on the severity of their circumstances. Severe housing stress is generally defined as households spending more than 50 per cent of their income on housing costs, indicating a particularly high risk of financial hardship and housing insecurity.

The Planning and Environment Act 1987 provides the statutory definition of affordable housing in Victoria. Under section 3AB, affordable housing is housing that is appropriate for the needs of very low-, low- and moderate-income households and is priced so that these households can meet their other essential living costs^{xxxvii}. This definition recognises that affordable housing extends beyond social housing and includes a range of housing products that support households unable to access appropriate housing through the private market.

To estimate affordable housing need within Surf Coast Shire, this report combines Census-based rental stress analysis with information relating to social housing and homelessness. The methodology is informed by established housing need approaches that recognise both households currently experiencing rental stress and those unable to access the private rental market. The resulting estimate provides an indication of the scale and distribution of affordable housing demand across the municipality.

3.2 Rental Affordability

Analysis of Census 2021 data indicates that housing affordability pressures are concentrated among lower-income households. The greatest level of housing stress is experienced by very low-income households, many of whom face significant challenges accessing appropriate housing through the private rental market. Of the 502 very low-income renter households identified in Surf Coast Shire, 282 are experiencing severe rental stress, meaning they spend more than half of their household income on housing costs.^{xxxviii}

Low-income households also experience significant affordability pressures. Of 439 low-income renter households, 205 experience severe rental stress and a further 95 experience moderate rental stress. Moderate-income households experience lower levels of stress overall. However, 90 moderate-income households are still paying more than 30 per cent of their income towards housing costs.^{xxxix}

The distribution of housing stress demonstrates that affordability challenges are not limited to households on the lowest incomes. While severe rental stress is concentrated among very low- and low-income households, a proportion of moderate-income households are also struggling to secure affordable housing within the municipality. This reflects the high cost of housing relative to local incomes and suggests affordability pressures extend beyond traditionally disadvantaged groups.

Quantum of Affordable Housing Demand

Figure four is a calculation of households experiencing rental stress and people experiencing homelessness as an indicator of affordable housing need.

	Moderate rental stress	Severe rental stress	Outside private market*	Quantum of demand
Homelessness	N/A	N/A	55	55
Social Housing	N/A	N/A	109	109
Very Low income	N/A	282	224	282
Low income	194	106	139	300
Moderate income	90	N/A	191	90
Above moderate-income households	N/A	N/A	200	N/A

*Outside private market is a rental landlord type that is not through a real estate agent nor social housing. Described as renting from a 'person living in the same household' or a 'person not living in the same household', ie, a friend or relative.

The estimated quantum of affordable housing demand combines households experiencing housing stress with households outside the private housing market. This approach recognises that affordable housing need exists both among households struggling to afford market housing and among those already reliant on housing assistance or experiencing homelessness.

Based on 2021 Census data and local homelessness estimates, the current affordable housing need within Surf Coast Shire is estimated at approximately 836 households including 109 households currently living in social housing and 55 people experiencing homelessness^{xl}.

3.3 Workforce Affordability

The affordability of housing has important implications for the local workforce and the ongoing economic vitality of Surf Coast Shire. Analysis of employee earnings and local rental costs indicates that many occupations that require a physical presence in the municipality face significant housing affordability challenges. Using the Homes Victoria Rental Report September 2025 Surf Coast Shire median rent of \$580 per week^{xli}, many workers in service industries would be experiencing rental stress if reliant on a single income.

Category	Weekly Income	30% of weekly income	% of income
Hairdressers	\$1,145	\$344	50.2%
Education aides	\$1,168	\$350	49.2%
Child carers	\$1,180	\$354	48.7%
Receptionists	\$1,209	\$363	47.6%
Cleaners and laundry workers	\$1,246	\$374	46.1%
Sales assistants and salespersons	\$1,256	\$377	45.8%
Hospitality workers	\$1,281	\$384	44.9%
Personal carers and assistants	\$1,430	\$429	40.2%
Health and welfare support workers	\$1,878	\$563	30.6%
Automobile, bus and rail drivers	\$1,917	\$575	30.0%
Bricklayers, and carpenters and joiners	\$1,969	\$591	29.2%
School teachers	\$2,008	\$602	28.6%
Midwifery and nursing professionals	\$2,305	\$692	24.9%
Electricians	\$2,398	\$720	24.0%
Defence force members, fire fighters and police	\$2,438	\$731	23.6%

Figure 7. Quarterly median rent by LGA (source: VRR September 2025) and Employee earnings (source: ABS Statistics – Labour: Earnings and Working Conditions May 2023).

The greatest affordability pressures are experienced by workers in lower-paid occupations. Hairdressers, education aides, childcare workers, receptionists, cleaners, retail workers and hospitality staff would need to spend between 45 and 50 per cent of their income on housing costs at prevailing rental rates. Personal carers and assistants would spend approximately 40 per cent of income on rent, while health and welfare support workers would also exceed the housing stress threshold.

Higher-paid occupations, including teachers, nurses, electricians, emergency services workers and skilled tradespeople, generally remain below the housing stress benchmark, although housing still represents a substantial household expense. The analysis suggests a growing disconnect between local wages and local housing costs.

The affordability challenge is partially offset by multi-income households. Approximately 23 per cent of households have two full-time incomes and a further 17 per cent have one full-time and one part-time income^{xlii}. However, many households rely on one income or less, making them particularly vulnerable to rising housing costs.

It is also worth noting that women are strongly represented in several key worker industries, including health care, social assistance, education, retail and accommodation services. Women working in these low- to moderate-income roles that may be more vulnerable to increasing housing costs, particularly for single-income households and women approaching retirement.

Women are over-represented in part-time employment, making up 67 per cent of employees working less than 35 hours per week. Additionally, drawing on figure eight below, women outnumber men (58.5 per cent compared to 41.5 per cent) across all income bands below \$1,250 per week or \$65,000 per year (approximately median income).^{xliii}

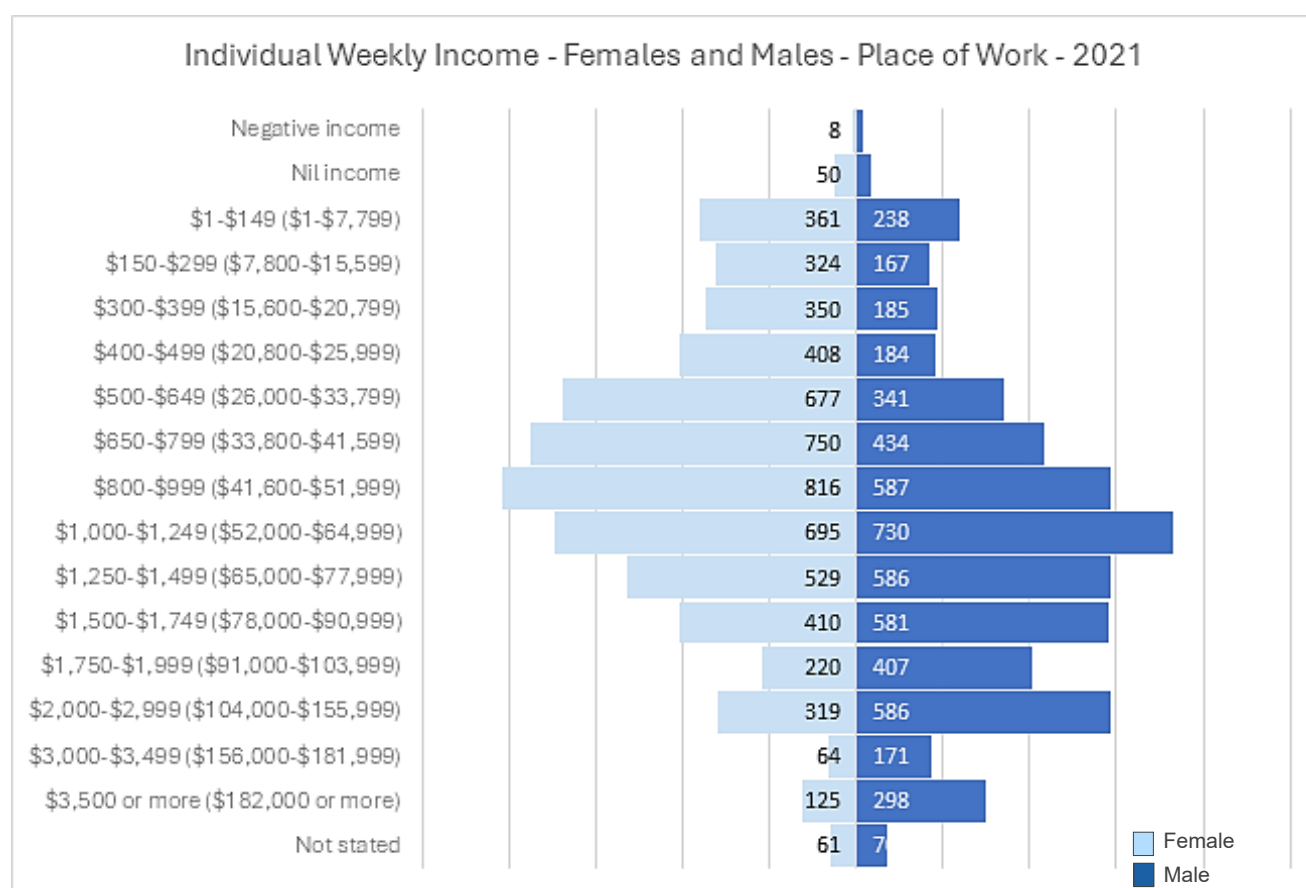


Figure 8. Surf Coast Shire workers (destination zone) by gender Census 2021, TableBuilder.

3.4 Home Ownership Affordability

Home ownership has become increasingly difficult for many households across Surf Coast Shire. Rising property values and higher borrowing costs have significantly increased the income required to enter the ownership market. While recent price growth has moderated, median dwelling prices remain substantially above pre-pandemic levels and beyond the reach of many lower- and moderate-income households.

Based on current Victorian lending conditions, the average mortgage of approximately \$664,000 attracts repayments of around \$1,012 per week. Applying the housing stress benchmark indicates that a household would need to earn approximately \$3,372 per week to avoid mortgage stress^{xliv}.

These income requirements exceed the earnings of many local occupations and significantly constrain opportunities for first-home buyers, younger households and lower-income workers. For many households, rising rents also make it difficult to save for a deposit, creating additional barriers to home ownership.

The continued growth in property prices relative to incomes suggests that home ownership is becoming less accessible and that many households may remain within the rental market for longer periods than previous generations.

4. Housing Stock and Housing Diversity

4.1 Existing Housing Stock

The Surf Coast housing stock is dominated by detached housing. According to the 2021 Census, 91.4 per cent of dwellings are detached houses, while medium-density housing accounts for a relatively small proportion of stock and high-density housing accounts for less than one per cent.^{xlv}

Housing is also characterised by larger dwelling sizes. More than 84 per cent of dwellings contain three or more bedrooms, while only around 11 per cent contain one or two bedrooms^{xlvi}.

Higher-density housing is concentrated in Torquay, Jan Juc and Lorne, while most other townships remain overwhelmingly detached in character.

The municipality also has unusually high levels of non-permanent occupation. Around 30 per cent of dwellings were unoccupied on Census night and approximately 2,121 whole dwellings were listed on Airbnb and similar short-term rental platforms in 2025^{xlvii}

4.2 Household Characteristics

Household size and composition are changing across Surf Coast Shire. Two-person households are the dominant household type, accounting for 4,587 households, followed by four-person and three-person households. Couples without children represent a significant proportion of all households^{xlviii}.

The ageing population and growth in smaller household types are increasing demand for smaller dwellings. Despite this trend, the housing stock remains heavily weighted towards larger family homes.

Some evidence also suggests that people are adapting to rising housing costs through larger group households and shared living arrangements.

4.3 Housing Suitability

Housing suitability analysis shows that underutilisation is substantially more common than overcrowding within Surf Coast Shire. More than 27 per cent of dwellings have one spare bedroom, almost 38 per cent have two spare bedrooms and 18.5 per cent have three or more spare bedrooms. Across the municipality this equates to approximately 21,399 spare bedrooms^{xlix}.

By comparison, only 118 households reported requiring additional bedrooms and a total of approximately 149 additional bedrooms were needed to address overcrowding^l.

The housing challenge facing Surf Coast Shire is not simply a shortage of bedrooms but a mismatch between the housing stock available and the needs of existing households. Large, detached dwellings dominate the housing stock, while one- and two-person households dominate household formation. Significant numbers of older residents and smaller households live in homes with multiple spare bedrooms.

This mismatch suggests that increasing housing diversity could improve housing utilisation and provide more suitable housing options for smaller households, without requiring residents to leave their local communities.

4.4 Tenure Patterns

Home ownership remains the dominant tenure type across the municipality. More than 5,200 dwellings are owned outright and more than 5,000 are owned with a mortgage. Renting is also an important tenure, with approximately 2,500 households occupying rental accommodation^{li}.

Most rental households rent through real estate agents, although a smaller proportion rent from family members, employers or private landlords. Rental households are concentrated in Torquay and Jan Juc, which account for around two-thirds of all renters in the municipality.

Alternative tenure forms remain relatively limited. Community housing, public housing, shared-equity purchases and non-private dwellings all represent a small proportion of the overall housing system.

5. Social and Affordable Housing

5.1 Existing Social Housing Supply

Social housing supply in Surf Coast Shire is limited. Homes Victoria data indicates there are approximately 69 public housing dwellings and 39 community housing dwellings, providing around 109 social housing dwellings across the municipalityⁱⁱⁱ.

Public housing rents are capped at 25 per cent of household income, while community housing rents are generally capped at 30 per cent of household income plus Commonwealth Rent Assistance.

5.2 Victorian Housing Register Demand

As of March 2026, approximately 800 Victorian Housing Register applications nominated a location within Surf Coast Shire. Around two-thirds were Priority Access applications, reflecting high levels of housing need among applicantsⁱⁱⁱ.

Most demand is concentrated in the Anglesea District, including Torquay, Anglesea and Aireys Inlet, while demand in Winchelsea is smaller but growing.

5.3 Housing Type Demand

Demand for social housing is heavily concentrated in smaller dwellings. Almost 70 per cent of applicants require a one-bedroom dwelling, while demand for larger dwellings is comparatively limited.

The composition of the existing social housing portfolio does not align with applicant demand. Approximately 41 per cent of social housing stock comprises three-bedroom dwellings, while only 31 per cent consists of one-bedroom housing^{iv}.

This suggests future investment should prioritise one- and two-bedroom social and affordable housing products to better reflect local need.

5.4 Affordable Housing Eligibility

The Planning and Environment Act establishes affordable housing as housing that is appropriate for very low-, low- and moderate-income households and available at a cost that allows those households to meet their other essential living expenses.

Income thresholds for affordable housing differ between metropolitan Melbourne and regional Victoria. The lower thresholds applicable to regional Victoria mean that some households experiencing housing stress may not qualify for affordable housing products targeted at moderate-income households despite experiencing significant affordability pressures.

This highlights the importance of considering local housing costs and local incomes when assessing affordable housing need within Surf Coast Shire.

6. Summary of Themes and Implications

Theme 1: Population Growth Will Continue to Drive Housing Demand

Surf Coast Shire is projected to continue growing over the coming decades, with population, household and dwelling forecasts all indicating sustained demand for housing. While planned growth areas in Torquay and Winchelsea are expected to accommodate much of this growth, additional housing supply will be required to meet future needs and achieve the State Government's housing targets. The challenge will be ensuring that new housing responds not only to growth in population, but also to changing household structures and community needs.

Theme 2: Housing Affordability Has Deteriorated

Housing affordability has worsened significantly over the past decade. Although property values have moderated from their post-pandemic peak, both purchase prices and rents remain substantially higher than pre-Covid levels. The gap between local incomes and housing costs has widened, making it increasingly difficult for lower- and moderate-income households to access secure and affordable housing.

Theme 3: Rental Market Conditions Remain Constrained

The rental market remains extremely competitive, characterised by very low vacancy rates and limited housing choice. While the number of rental properties has grown over time, demand continues to exceed supply. The shortage of available rental housing contributes to upward pressure on rents and limits options for households seeking to live and work within the municipality.

Theme 4: Smaller Households Are Underserved

Household formation trends indicate growing demand from lone-person households, couples without children and older residents. Despite this, both the ownership and rental markets remain dominated by larger family-sized dwellings. The limited supply of one- and two-bedroom housing restricts opportunities for smaller households to access housing that is affordable, appropriate and right-sized for their needs.

Theme 5: Housing Diversity Is Limited

The municipality's housing stock is overwhelmingly comprised of detached three- and four-bedroom homes. Medium- and higher-density housing remains a small component of overall supply, despite changing demographic trends and increasing demand for alternative housing types. Expanding housing diversity will be important to improving affordability, supporting ageing in place and creating greater housing choice.

Theme 6: Social Housing Demand Exceeds Supply

Demand for social and affordable housing continues to increase, with strong growth in Victorian Housing Register applications and a high proportion of Priority Access applicants. Applicant demand is heavily concentrated in smaller dwellings, while the existing social housing portfolio contains a relatively high proportion of larger homes. This highlights the need for additional investment in social and affordable housing that better reflects local demand.

Theme 7: Housing Stock Is Underutilised

The evidence suggests that housing affordability challenges are not solely the result of an overall shortage of bedrooms. Large numbers of dwellings contain spare bedrooms, particularly among one- and two-person households living in detached family homes. In addition, approximately 10 per cent of the municipality's housing stock is listed as short-term rental accommodation. Together, these trends point to a mismatch between the housing stock available and the housing needs of the resident population.

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