

Ms Juliana Addison MLA,
Legislative Assembly Environment
and Planning Committee,
Parliament House, Spring Street
East Melbourne VIC

**RE: Inquiry into the Supply of
Homes in Regional Victoria**

Dear Ms Juliana Addison,

YIMBY Melbourne thanks the Legislative Assembly Environment and Planning Committee for the opportunity to provide input into the Inquiry into the Supply of Homes in Regional Victoria.

Over the past two years, our organisation has quickly established ourselves as a leading voice on the planning reforms necessary to boost housing supply and meaningfully confront the housing crisis in Victoria.

While we are indeed an organisation with 'Melbourne' in our name, we want to take this opportunity to demonstrate how the reforms we champion in our state's capital can be applied positively to its regions.

Enabling greater density within regional centres is essential to empower Victoria's smaller towns and cities to thrive. This submission outlines the ways in which enabling more dense housing is essential for building affordable and sustainable regional centres for those who live and visit there.

We thank the Committee for engaging with our organisation and look forward to working with you throughout this inquiry and beyond.

Yours sincerely,



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Recommendations

Enable greater density in the centres of regional towns and cities

1. The state government should introduce the Missing Middle Zone to regional centres—enabling six-storey mixed-use development within 3km of town centres, and within 1km of all V/Line stations.

Delegate regional council planning powers to a central authority

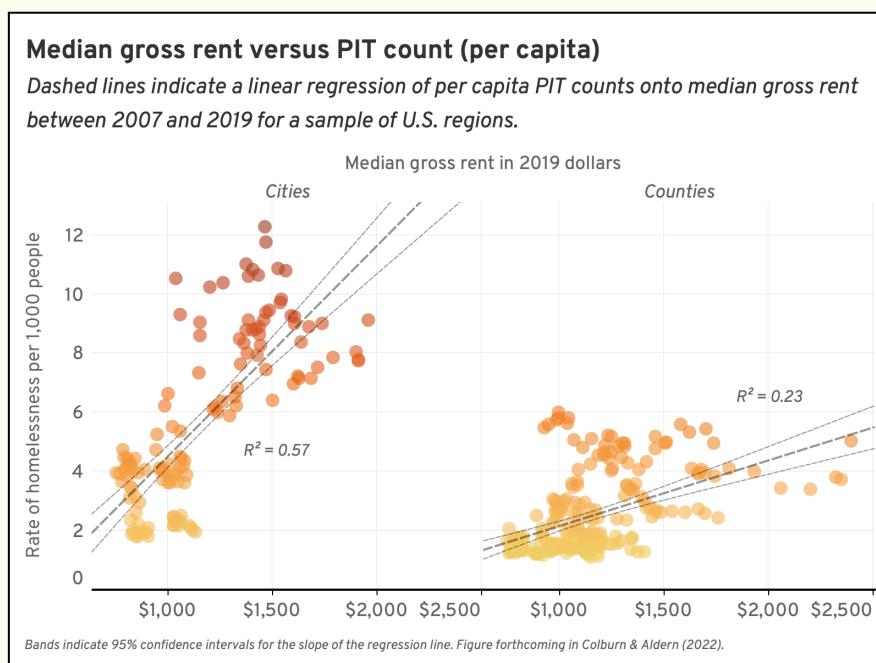
2. The state government should curtail third party appeal rights and introduce a regional planning panel with decision making powers to ensure efficient, non-discretionary delivery of all compliant housing, energy, and other key infrastructure projects.

Introduction: The housing crisis is a housing shortage

The discussion of Australia's housing shortage has been centred on our nation's capital cities. This is not without reason: as of December 2024, the cost of housing in Melbourne and Sydney placed them at 7th and 2nd most expensive in the world.^{1,2}

But housing shortages are by no means limited to our capitals. A stark example of this is found in recent reporting from the ABC which indicated that Castlemaine had just 10 homes available to rent.³ **It goes without saying that you cannot bring people out of homelessness if there is nowhere for them to live.**

This link between housing shortages and homelessness has been well-documented by academics, including by Gregg Coulburn and Clayton Page Aldern in their book *Homelessness is a Housing Problem*. This book shows the direct correlation between low housing supply, high rents, and high homelessness in both major cities and regional areas.⁴



Higher rents are strongly correlated with higher rates of homelessness.

¹ Center for Demographics and Policy, '[Demographia International Housing Affordability Index](#)' (2024)

² Field, Shivaune, '[Sydney, Melbourne, Adelaide Are Top 10 Least Affordable Cities for Housing](#)', *Forbes Australia* (24 June 2024)

³ '[In the Popular Victorian Commuter Town of Castlemaine, There Are Only 10 Homes Available to Rent](#)', ABC News (online, 10 November 2024)

⁴ Colburn, Gregg and Clayton Page Aldern, *Homelessness Is a Housing Problem: How Structural Factors Explain U.S. Patterns* (University of California Press, 2022)

Between 2016 and 2021, homelessness increased 24% across Victoria—more than double the rate of population growth. Metropolitan homelessness increased by 20%—whereas regional homelessness increased by 27%. This is despite faster population growth in metropolitan areas.

As housing-first methodologies continue to lead the way worldwide,⁵ policy consensus makes clear that the only way out of a housing shortage is to build a lot of homes. **The answer to housing scarcity is housing abundance.**

In regional Victoria, the question of where this new and abundant housing should be built is fraught. For decades, Melbourne has been able to avoid much-needed but politically challenging suburban densification by sprawling outward. Due to the city's sheer scale, inner-city residents have been able to put the externalities of sprawl far out of mind.

The same out-of-sight, out-of-mind handwave is not possible for regional towns and cities, where sprawl is highly noticeable due to its relative proximity to the town centre. This was highlighted by Professor Ned Wales of Bond University in a recent ABC article: "[Regional towns] have to go up... It's not just the urban sprawl, it's the impact on agricultural land, it's about creating a market for other services to survive."⁶

Over the past two years, the Australian housing policy consensus has emerged: housing is expensive because it is scarce, and it is scarce because we have made it difficult to build.

This difficulty is predominantly imposed by a planning system that is no longer fit-for-purpose. In order to increase housing choices in the regions, these areas will have to permit more homes to be built.

In order to thrive, regional centres should focus on enabling greater density to be built in established areas, to reduce the environmental impact of sprawling out across the natural reserves and agricultural land that defines our state's regional areas.

In this submission, we outline YIMBY Melbourne's policy research and apply it to three regional centres of different sizes: Ballarat (116k), Mildura (35k), and Castlemaine (8k).

The housing crisis does not discriminate between sizes of cities and townships, and neither does the need for good policy and reform. To confront the housing shortage, we must enable abundant housing to be built for all Victorians, in the places where they most want to live.

⁵ <https://www.nytimes.com/2022/06/14/headway/houston-homeless-people.html>
Kimmelman, Michael, '[How Houston Moved 25,000 People From the Streets Into Homes of Their Own](#)', *New York Times* (14 June, 2022)

⁶ '[No Longer an Affordable Option for Sea and Tree Changes, Planners Say Regional NSW Needs to Build Up](#)', ABC News (online, 27 November 2024)

Enable greater housing choices in the centres of regional towns and cities

Regional centres have not zoned for housing diversity they need to grow

	Melbourne	Ballarat	Mildura	Castlemaine
Proportion of total land				
Mixed use & dense housing (4+ storeys)	30.59%	4.32%	3.52%	0.55%
Low density (<=3 storeys)	26.70%	51.05%	34.44%	22.81%
Proportion of residential land				
Mixed use & dense housing (4+ storeys)	53.39%	7.79%	9.28%	2.34%
Low density (<=3 storeys)	46.61%	92.21%	90.72%	97.66%

All measurements as a proportion of land area.

The chart above demonstrates the shortfall of available land on which diverse housing typologies can be built in regional areas. Where Melbourne enables housing of four or more storeys across just over half of all residential land—mostly in the CBD itself—none of the three selected regional examples allow for density on even 10% of residential land.

This shortfall is stark. **Ballarat having almost 7 times less diversely-zoned residential land than Melbourne as a proportion of the total is a big problem.**

The reality is that Ballarat, and the other towns included in the table above, could have a lot more homes—if they would only allow them to be built.

YIMBY Melbourne has previously demonstrated that there is a shortfall of land zoned for density in Melbourne.⁷ That our regional centres have even less capacity should be a clear cause for alarm.

Regional centres should embrace Missing Middle Zoning to enable greater housing choice

Over the past year, the Victorian Government has begun undertaking ambitious planning reform across metropolitan Melbourne.⁸ This has been a welcome shift in policy, and will enable more homes to be built over years to come to enable better outcomes for all.

⁷ [Missing Middle Housing Targets](#), YIMBY Melbourne (18 April, 2024)

⁸ Kolovos, Benita, '[Victorian Government to Rezone Affluent Areas in Bid to Attract “Locked out” Young People to 50 Suburbs](#)', The Guardian (online, 19 October 2024)

Planning reform must now be extended to Victoria's regional centres. We propose using the Missing Middle Zone to enable six-storey, mixed-use development on all residential land in regional towns and cities that meet one of the following criteria:

1. within 1 kilometre of a train station, or
2. 500 metres of a tram or rapid bus transit stop, or
3. within a 3 kilometre radius of the town centre.

This new planning regime would enable new housing to be built at scale in regional areas, and provide the capacity for growth over coming years, including of the total stock of social housing necessary to assist those most in need.

In early 2025, YIMBY Melbourne presented a version of this Missing Middle Zone to a demographically representative set of Australians, where it received support from 94% of attendees, including those in regional areas.⁹

Recommendation 1

The state government should introduce the Missing Middle Zone to regional centres—enabling six-storey mixed-use development within 3km of town centres, and within 1km of all V/Line stations.

This recommendation for reform, as with many others in the realm of land use planning, are popular—and only rejected by a small but vocal minority, who weaponise the current, broken planning system in order to stop homes from being built and doom people to homelessness.

This will be the subject of this submission's second section.

⁹ 'Housing Amplification Results', Amplify (2025)

Regional council planning powers should be delegated to a regional planning panel

Planning decisions should not be discretionary at a local level

In previous submissions to the Inquiry into Local Government funding and services¹⁰ and the Inquiry into the rental and housing affordability crisis in Victoria¹¹, YIMBY Melbourne has laid out the evidence that local councils are not the correct level of government to be making fundamental decisions about infrastructure including—but by no means limited to¹²—housing.

The issue of local decision making and the housing crisis was recently highlighted when Banyule Council blocked on spurious grounds a state government fast track program known as Future Homes.¹³ After a large campaign to block 17 new apartments, Banyule Council caved, and voted not to grant a permit to the project.

Local political incentives will always empower a noisy minority of incumbents who benefit from the status quo—while disempowering the voices of the many, including poorer people and renters, as well as the people who would like to live within a jurisdiction but cannot, due to a shortage of homes.

These issues are not unique to metropolitan Melbourne. The following subsections of the report lay out housing and planning case studies within each of the locations: Ballarat, Mildura, and Castlemaine.

In a number of cases below we have examples of regional councils approving housing and the residents then overturning those decisions within VCAT, highlighting fundamental issues with the often arbitrary and discretionary nature of Victoria's planning system.

¹⁰

https://cdn.prod.website-files.com/64a530aa67ffbab04c9c3a4f/66838018e1f331536da3a7f8_Inquiry%20into%20Local%20Government%20funding%20and%20services.pdf

¹¹

https://cdn.prod.website-files.com/64a530aa67ffbab04c9c3a4f/64cf453fffc94c135da764fb_YIMBY-VICRental-D1-1.pdf

¹²

<https://www.smh.com.au/environment/climate-change/residents-opposed-this-solar-farm-then-the-government-changed-the-rules-20250327-p5ln1w.html>

¹³

<https://www.smh.com.au/national/victoria/council-rejection-means-off-the-shelf-apartment-proposal-won-t-get-off-the-ground-20250218-p5ld67.html>

Ballarat: Council-approved developments regularly held up by local objectors at VCAT

Ballarat most recently entered the planning discourse in a February 18 article in *The Age*, which detailed a 74-home development that faced familiar opposition to what would be seen at any inner-city council.¹⁴

To Ballarat Council's credit, they approved the development in April 2024—but anti-housing and heritage activists went on to fight the development tooth-and-nail, taking the developer to VCAT. The project was then called in by the Minister, and in February 2025 it was announced that the homes would be built.

These delays add up. Ten months is no short time in a crisis. Those 74 homes will make a difference, and they should have been built sooner. The reality is that making planning decisions locally empowers local naysayers—while disempowering the main beneficiaries of new, dense housing: poorer people who'd like to live somewhere but can't.

This is not a one-off example. In previous times, Ballarat Council approved a hotel which was then fought against in VCAT by residents.¹⁵ In an era where regional areas have valid concerns regarding AirBnB affecting long-term rental availability,¹⁶ approving a hotel would be in their rational interest. This was reflected by the Council's decision—which was then overturned by a litigious minority of residents.

The example of Ballarat demonstrates clearly that while councils and councillors themselves are not always the problem—the root of the problem is always found in localism.

Mildura: Caravan park rejected and housing subdivision held up by the Mildura Rural City Council

In 2023, The ABC documented Mildura's ongoing rental crisis and housing shortage, which saw a 99% increase in homelessness between the 2016 and 2021 censuses.¹⁷

Despite this, Mildura Rural City Council has consistently refused to enable new housing to be built in the area. The local Mildura paper, Sunraysia Daily, in 2024 documented the Council's refusal to permit a rezoning for a shovel-ready 69-lot

¹⁴ Preiss, Benjamin, '[High-Rise Development the New Gold Rush in Ballarat](#)', *The Age* (18 February 2025)

¹⁵ '[VCAT Sides with Residents to Scrap Hotel Development on Ballarat's Farming Fringes](#)', ABC News (8 October 2023)

¹⁶ Gardiner, Stephanie, '[The Promise and Pitfalls of Airbnb in Country Australia](#)', *Canberra Times* (2 July 2024)

¹⁷ '[Rental Crisis Bites in Regional Victorian City Where Homelessness Is up 99 per Cent](#)', ABC News (5 April 2023)

subdivision.¹⁸ The Council said that "the strategic justification for the rezoning request is unlikely to be able to be demonstrated".

One wonders what strategic justification, beyond a 99% increase in homelessness, would be required for Mildura Council to approve of rezoning for housing.

In March 2025, Mildura Rural City Council refused a permit for a new caravan park that included a total of 194 cabins and sites after neighbours kicked up a fuss.^{19, 20} From the Sunraysia Daily again:

Sebastian Tabacco, who lives in a neighbouring property, said up to 100 people attended a meeting last week to discuss the planning application and voice their concerns.

He said the area had experienced rapid residential growth and the proposed development would "significantly detract" from the long-term development potential of the region.

"Residents in that area have enjoyed the tranquility, ambience and serenity of what our backyards offer for many years," he said.

"The whole of community that gathered last week expressed concerns about that being threatened in an area that predominantly includes young families and older people who have chosen to retire there."

It must be emphasised that the main threat to young families is rising homelessness and housing unaffordability—issues that are exacerbated with applications are rejected by local councils on behalf of a small minority of residents. It must be made clear that in a housing shortage the benefits of a caravan park and other residential development will almost always outweigh the costs.

Castlemaine: housing rejections leave just 10 homes for rent in November 2024

In 2022, the ABC documented a case where Castlemaine residents fought and defeated the development of two townhouses in the town. The new homes were blocked through VCAT litigation on heritage grounds.²¹

¹⁸ ['Housing Land Tied up in Red Tape'](#), Sunraysia Daily (24 July 2024)

¹⁹ ['Caravan Park Plans Not Welcomed'](#), Sunraysia Daily (5 February 2025)

²⁰ [Planning Delegated Committee Minutes – 13 March 2025](#), Mildura Rural City Council (13 March 2025)

²¹ ['House Designer's Eight-Year Dream Dashed by Heritage Concerns'](#), ABC News (online, 7 June 2022)

Of course, rejections of new housing—even just one or two new homes—adds up. In 2024, the ABC wrote another article on Castlemaine, this time on the area's devastatingly tight rental market.²²

At the time the article was published, there were only 10 homes available for rent. That translated to only one available dwelling for every 60 Castlemaine residents seeking housing. One resident said:

"Even if you go and look at an open house, you're not the only person there. Now there is upwards of 30 people looking at a property and most of the time you're wondering why you're wasting your time putting an application in."

This is the lived experience of a housing shortage, and a direct result of empowering local busybodies to reject the construction of much-needed new homes.

Regional planning decisions should be non-discretionary and fast

With homelessness rising faster in the regions than metropolitan areas, the mandate to build should be stronger. Instead, regional councils and residents have been empowered to reject the new homes that people desperately need.

This is an indication that the highly localised, discretionary nature of the planning system is no longer fit for purpose, and should be reformed. This will require State Government intervention in local government planning. Rather than waiting to intervene after many months of costly delay, such as in the Ballarat example, the State should establish a regional planning panel with robust decision making powers to ensure that localism is able to be overcome in Victoria.

The only way out of a housing shortage is to build more homes. The only way to build more homes is to permit those homes to be built.

Recommendation 2

The state government should curtail third party appeal rights and introduce a regional planning panel with decision making powers to ensure efficient, non-discretionary delivery of all compliant housing, energy, and other key infrastructure projects.

²² ['In the Popular Victorian Commuter Town of Castlemaine, There Are Only 10 Homes Available to Rent'](#), ABC News (10 November 2024)