

2021

Eastern Riverina Regional Housing Strategy



RIVERINA JO
JOINT ORGANISATION

REROC

RIVERINA EASTERN REGIONAL
ORGANISATION OF COUNCILS

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EASTERN RIVERINA REGIONAL HOUSING STRATEGY

Introduction

In late 2020 a situation that no-one had anticipated surfaced in the eastern Riverina Region, a pronounced shortage of housing. While for a number of years, the shortage of affordable housing had been a key focus in the housing debate, we found that most of the LGAs in our Region were experiencing shortages in virtually every form of housing.

We believed there could have been any number of reasons that could have been the catalyst for the problem including:

- People realising through their COVID working from home experiences that they could work remotely and then choosing to do so permanently.
- Towns with lower population densities becoming more attractive as a result of COVID, increasing demand for owner/occupier dwellings.
- Ex-pats returning from overseas in their hundreds of thousands, as a result of COVID, re-occupying homes that were previously on the rental market or buying a home.
- Financial institutions changing lending practises following the Royal Commission, impacting on the availability of finance especially in rural towns, where they question capital growth.
- The impact of drought, resulting in farmers not investing in housing for the rental market.
- Investment in housing stock focused on owner/occupier, rather than buying to rent.
- Landlords receiving better returns from short-term rentals removing stock from the general rental market.
- Planning for housing tied to Population Projections that did not reflect actual population growth.

Commencing in late December 2020 and finishing in early March 2021 the Riverina Joint Organisation (Riverina JO) and the Riverina Eastern Regional Organisation of Councils (REROC) undertook an audit of the housing that was for sale, for rent and available through Airbnb to determine whether the anecdotal information was matched by on-ground data. We found there was not a single house for rent in West Wyalong or Lockhart and barely anything available for rent in Temora or Gundagai. In Wagga Wagga, our largest LGA, rental properties had fallen by two-thirds and of those that were available many were expensive and out-of-reach for most on low incomes.

The housing stock for sale was limited with much of it either undesirable or highly priced or both. In some LGAs where it had previously taken years for properties to sell it was now taking weeks. In addition, property prices had increased considerably, again impacting the affordable housing stock.

Our Member Councils recognised that the significant infrastructure projects scheduled for commencement in the Region over the next 3 years would increase demand for housing. Transgrid's Energy Connect project, construction of the Inland Rail, Snowy Hydro 2.0, as well as the numerous solar farms that are being constructed and planned for construction across the Region are expected to bring an enormous boost to the regional economy. These infrastructure investments will run into the billions and the consequent employment into the thousands. These workers will need to be housed.

In addition, a number of our LGAs are in growth situations. Evolution Mining in West Wyalong advised that it would embark on significant growth which would see employment grow by around 250 jobs. Evolution wants to house those workers and their families in and around West Wyalong. There is a planned expansion of the Gundagai Abattoir, which is expected to employ up to 200 people, expansions of Teys, the growth of the Special Activation Precinct (SAP) and the Riverina Intermodal Freight and Logistics Hub in Wagga Wagga are all expected to generate demand for employees and housing to accommodate them.

We add to this mix the fact that most of our Member Council LGAs have very low unemployment rates¹, meaning that employees will almost certainly need to be sourced from people moving into the Region, not from those already living here. If we are unable to house those new employees, then the Region will not be able to attract and retain them. A lack of suitable housing will be a significant and perhaps an insurmountable barrier to economic growth.

Recognising that many of the LGAs were heading for a perfect storm, the Members Councils agreed that a regional approach would be the best approach to addressing their individual issues. The Riverina JO and REROC agreed to formulate a Strategy that would focus on the issues the Region had in delivering housing choices for both its current residents and the expected future demand.

Our Members agree that we need to create an ecosystem that supports housing growth at every level. This means that we need to have policy, planning and finance settings that work together to provide a pipeline of land, that supports developers to develop, and finally, that encourages investors to invest whether it be for owner/occupier, rental or social housing.

To create a vibrant eco-system that delivers not just housing but a diversity of housing, our Members identified three key interdependent drivers for success. We believe these three key drivers need to be working together feeding each other for a robust and viable residential development ecosystem to operate.

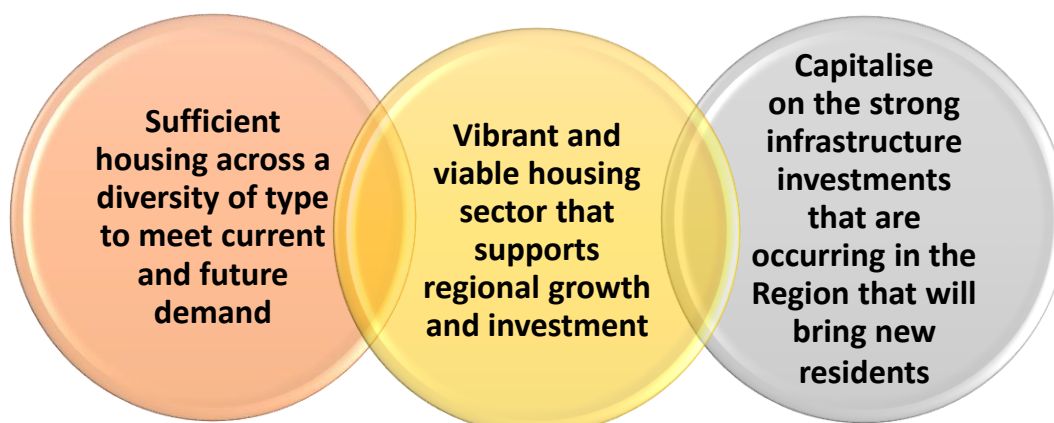
KEY DRIVERS FOR REGIONAL HOUSING



¹ Wagga Wagga: 2.5%, Junee: 2.3%, Cootamundra-Gundagai: 2.4% (as at Sept quarter 2021) Bland:3.6% (2016 ABS)

Our Members agreed on the following goals for the Strategy:

REGIONAL HOUSING GOALS



Our Member Councils have identified a number of strategies and actions for each Key Driver that could fulfil our regional housing goals. In order to inform the Regional Housing Taskforce’s deliberations in August 2021, we identified the following Key Actions from our Strategy to address housing shortages in our Region.

KEY ACTIONS

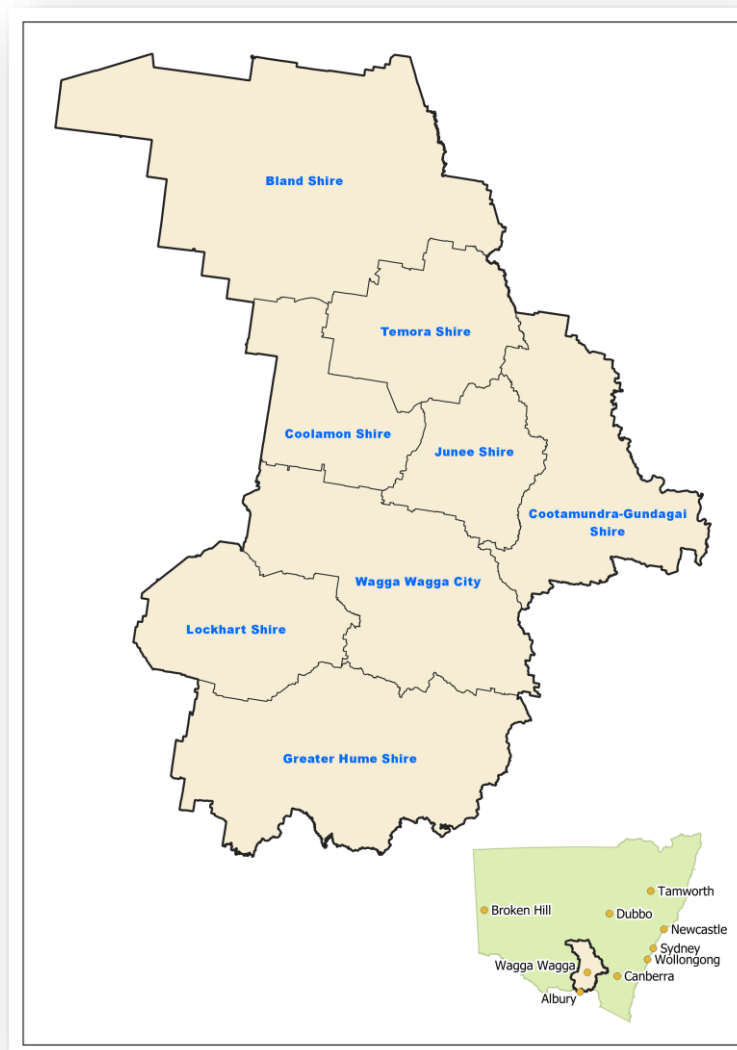
Revolving Infrastructure Fund	Identification of Crown Land available for permanent and temporary housing	Set land supply targets to create pipelines	Minimise release time by creating Development-Ready Land	Identification of under-utilised Council Land e.g. pocket parks for re-zoning
Align utility expansion plans with residential development	Form partnerships with private enterprise and Community Housing Providers	Market the value of investing in rural areas to financial institutions	Allow Business Investment Visa Applicants to invest in regional residential development	Ensure planning processes are efficient and minimise paperwork
Tie infrastructure contributions and Biodiversity Offset payments to milestones	Ensure there are sufficient trained workers to meet construction demands	Promote benefits of “Granny flat” developments	Encourage “Build to Rent” arrangements – provide incentives e.g. reduced Stamp Duty, rates	Introduce land rental schemes to lower entry cost
Partner with Crown Land to develop temporary accommodation for contract workers	Require DA approvals for large scale development to include provision for worker housing	Develop guidelines for shared equity arrangements	Introduce tax incentives to provide worker residences	Introduce rating based on lot yield to deter land banking

The above Key Actions are to be implemented from a strategic perspective by the Riverina Joint Organisation and, from an operational perspective, by the Riverina Eastern Regional Organisation of Councils. Both organisations will be working collaboratively with State agencies and other stakeholders such as RDA-Riverina, Community Housing Providers and the NSW MBA to address this significant regional issue.

Background

The Riverina Joint Organisation (Riverina JO) and the Riverina Eastern Regional Organisation of Councils (REROC) encompasses the Local Government Areas of Bland, Coolamon, Cootamundra-Gundagai, Greater Hume, Junee, Lockhart, Temora, Wagga Wagga located in the eastern Riverina region of NSW. Membership also includes Goldenfields Water County Council and Riverina Water County Council.

Covering an area of some 45,000 sq kilometres and some 120,000 people. Many of whom are struggling to find a place to call home.



Identifying the need to address the housing shortage problems across the Member Council LGAs, the Member Councils resolved to work with relevant State agencies and other stakeholders to develop a regional strategy.

Our Region is in the grip of a severe housing shortage and one that will only worsen as major infrastructure projects get underway like the Inland Rail, Snowy Hydro 2.0, numerous solar farms, the expansion of Evolution Mining at West Wyalong, TransGrid’s Energy Connect project and the growth that is anticipated to be generated by the Wagga Wagga Special Activation Precinct (SAP) and the Riverina Intermodal Freight Hub.

While it is wonderful to have so much economic development in the Region, it will be extremely disappointing if we cannot translate this into permanent population growth, due to a lack of housing. Regional NSW has fought for decades for population growth, we need action to leverage the economic growth we are now experiencing to ensure that regions benefit in the long-term from the billions of dollars in investments that are being made.

In our Region available housing is so scarce that these major infrastructure projects are being forced to use or consider using Fly-in-Fly-Out workers or temporary housing arrangements. Neither of which is conducive to families choosing to permanently live and work in our Region.

In the Riverina JO Region as of 16 July 2021 our research showed that the following housing was available:

LGA	Number of Residences for Purchase	Number of Residences for Rent	Population
Bland	27	0	5,985
Coolamon	15	3	4,368
Cootamundra-Gundagai	26	8	11,260
Greater Hume	14	4	10,686
Junee	29	2	6,631
Lockhart	13	8	3,295
Temora	5	1	6,274
Wagga Wagga	29	5	64,820
	156	101	

The lack of sufficient housing that meets the needs of a diverse population will act as a handbrake on growth for regional NSW and our Region in particular.

In identifying the need to address the housing shortage problems across our Member Council LGAs, the Riverina JO and REROC agreed to work with relevant State agencies and other stakeholders to develop a Regional Housing Strategy. As a result of the workshops and consultation that were held the following goals were identified for the Housing Strategy:

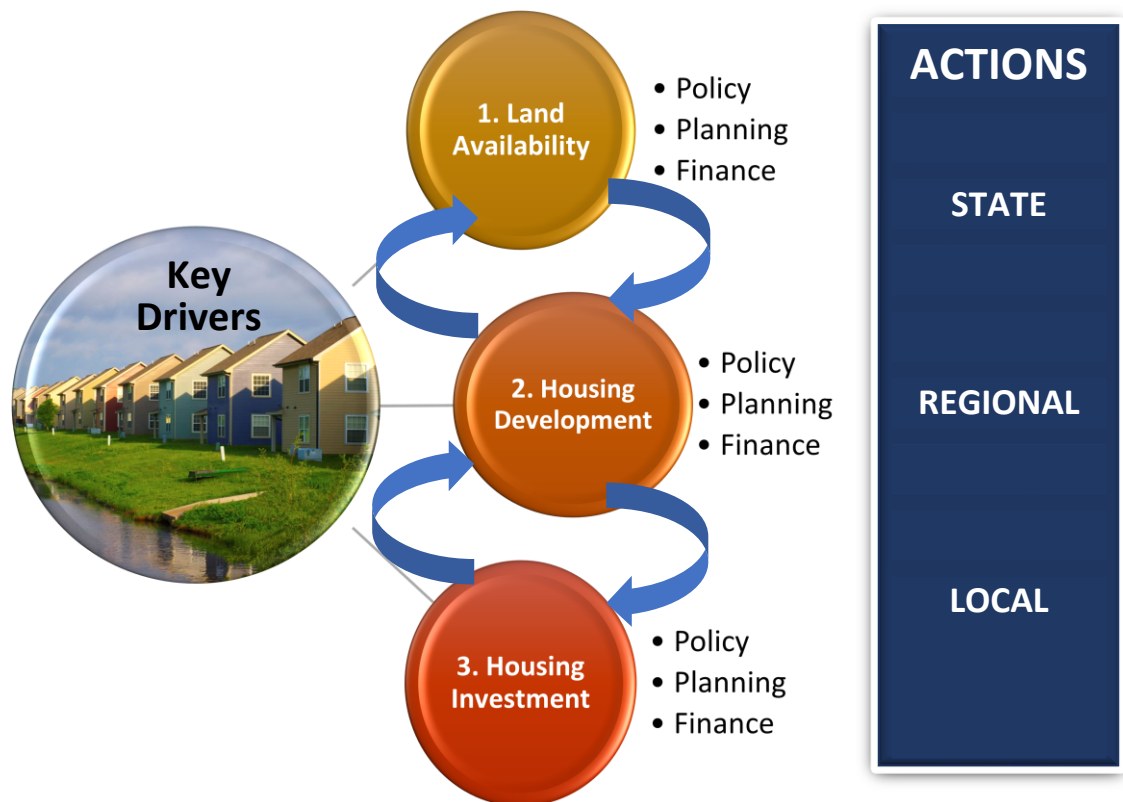
Regional Housing Strategy Goals

- *Sufficient housing, across a diversity of type to meet current and future demand.*
- *Vibrant and viable housing sector that supports regional growth and investment.*
- *Capitalise on the strong infrastructure investments that are occurring in the Region that will bring new residents.*

A successful, vibrant and viable housing sector depends on far more than just a functioning and efficient planning system. The planning system needs to be supported by sound housing policy and solid financial and investment strategies with each element working together to support land availability, residential development and investment to provide diverse and robust housing stock that meets the needs of rural and regional NSW.

We need to create an ecosystem that supports housing growth at every level. This means that we need to have policy, planning and finance settings that work together to provide a pipeline of land, that supports developers to develop and finally that encourages investors to invest whether it be for owner/occupier, rental or social housing.

REGIONAL HOUSING ECOSYSTEM



Each of the Key Drivers identified above has been addressed in the Strategy, with goals and actions developed and divided into Policy, Planning, Finance and other initiatives within each. We have also allocated responsibilities for specific actions including a regional responsibility where we believe the best outcome would be achieved with Members working collaboratively with others and led by either the Riverina JO or REROC depending on whether the activity is strategic or operational.

We need the State to work with the Regions and local government to create that ecosystem. One tier of government acting alone will not result in successful outcomes. Every tier has a stake in this, and regional organisations can be pivotal in facilitating outcomes, whether they be regional organisations representing local government, affordable housing providers or developers.

Collaboration is the key if we are to successfully address this issue, the State released its *Housing Strategy 2041* and its accompanying *Action Plan* in mid-2021. The Eastern Riverina Housing Regional Strategy identifies the commonalities between the State's Action Plan and the actions that mirror or are similar within this Strategy.

1. Land Availability

The key foundation to ensuring that there is a suitable and diverse range of housing is the availability of appropriately zoned land. This requires a lead-in time with councils needing to identify land in anticipation of demand and then developers taking advantage of the pipeline in a timely way so that housing is provided that meets demand.

The investment environment must be right for developers to take greenfield sites and ready them for residential development. There can be a long lead-in time for developers to turn a land investment into a development that is returning on that investment. In regional and rural areas this lead-in time has numbered in years, however as demand outstrips supply in most of the LGAs in our Region, land availability is under stress.

Create Development-Ready Land

There is a long lead-in time for land to be ready for a development.

The creation of Development-ready land that minimises the lead-in time for land release by creating a bank of land where preplanning requirements are already completed.

Biodiversity planning requirements, infrastructure planning and utilities planning would already have been prepared.

Land ready and waiting!

Before a development can commence there must be land zoned appropriately for the development. Councils usually rely on private citizens making the decision to develop their land. However, half of our Members have made the decision to be proactive in this area and rather than wait until private enterprise steps in, proactively developing residential land. Even so, if council is acting as the developer, it must still acquire suitably zoned land, or transform land it already owns.

Our Members believe that lead-in times could be addressed through the creation of Development-Ready land. This is land where all the preliminary, statutory investigations and reports have been undertaken and are made available to the developer. Councils recognise that their limited resources would mean that if this Action is to be realised it would depend on the State providing resources, particularly in the form of town planners.

The State could also be a key player in making land available for residential zoning. In many LGAs, the State holds dormant

Crown Land that has been earmarked for a public purpose that has never eventuated. This land is often found in highly sought-after locations, however, much of it is subject to Native Title claims which is likely to limit its timely re-purposing for residential housing, unless suitable arrangements can be made to address the Native Title issues.

The State, through NSW Planning, plays key roles in supporting re-zoning. The first of these is by approving the re-zoning process. Some councils report difficulties in obtaining NSW Planning's approval to re-zone in the first instance, with Planning requiring evidence, such as statistics, to support the need for additional land to be re-zoned. Councils attempting to develop a pipeline of land for development are hampered by the State's inflexibility relating to the granting of re-zoning permissions. The second role that NSW Planning can and does play, is assisting with resourcing to deal with the actual process of re-zoning. NSW Planning currently provides advice to councils on

re-zoning however, this could be extended by supplying Planning staff to provide on-ground assistance to councils.

In determining the availability of land in the Region, we engaged RDA-Riverina to undertake Land Monitoring research. This research identified the number of lots in an LGA that are currently undeveloped. The research was a revelation in the identification of the number of lots that had been held, undeveloped by owners for over 20 years, in some cases much longer. The Members recognise that this issue needs to be further investigation to determine whether the land is:

- **Unsuited to residential development** – there are inherent issues with its topography, hydrology or other issues that make it unsuitable for residential development.
- **Undesirable for residential development** – where prospective homeowners/developers have decided the location is not somewhere people want to live. This could be as a result of the land’s proximity to non-residential purposes, its location in the LGA, connectivity to transport etc.
- **Committed for use to non-residential purposes** – the owner might use the land to house animals such as horses, dogs or chickens. The land could also be used for residential orchards, gardens or perhaps storage. This land could ultimately become available for development once the non-residential use is no longer required.
- **Land-banked** – being held by owners awaiting the right personal or economic circumstances prior to being developed.
- **Available for Development** – owners are willing to develop but require support to do so.
- **Other reasons** – land is suitable for residential development however the owners have no intention of ever developing it.

Determine the availability of Aged Allotments for Development

Research undertaken as part of the Strategy’s development identified hundreds of vacant lots across the Region that are “available” for development. Members report that these lots are used by owners for a variety of purposes such as storage, residential gardens and orchards. The Strategy recommends that research be undertaken to determine the number of aged allotments, those that have been held but not developed for 20 years, and those that are likely to be developed in the next 10 years.

There is also concern that new residential developments in rural and regional councils are on prime agricultural land. The loss of prime agricultural land to housing development is of concern to both the State and councils, however, the reality is that where a council’s urban area abuts prime agricultural land then residential land growth will encroach on agricultural land. Economies of scale and scope for residential land depend on contiguous development that leverages existing infrastructure. We believe the way that the State’s Agricultural Land Use Strategy unfolds will be significant in how this land can be successfully developed to cater for growing regional and rural communities.

Land Availability Goals and Actions

The goals and actions for the Land Availability Driver have been identified under key initiative areas of Policy, Planning, Finance and Other which in the main encompass marketing activities. The Actions have been allocated by the most suitable area of responsibility: State, Regional and Local.

Note that any Action that is marked with a “*” indicates that the NSW State Housing Strategy 2021-22 Action Plan includes a similar provision, the numbers in the brackets that follow the asterisk refer to the corresponding or similar action in the State’s Action Plan.

Policy Initiatives: Goals and Actions

STATE	
Goal One:	<i>Maximise use of State-Government Owned Land to Increase Land Availability</i>
Actions	<ul style="list-style-type: none"> • Identify NSW Land and Housing land and properties in LGAs that are suitable for release for development. • Release of Crown Land for Social, Community and Affordable housing. * (1.3.2)(3.1.1)(3.6.1) • Crown Lands resolve Native Title and release surplus stock into the market. *(1.3.2)(3.6.1) • Initiate a licensing scheme for Crown Land which would enable its use for temporary housing e.g. for workers on Inland Rail or Snowy Hydro. *(2.6.2)
REGIONAL	
Goal One:	<i>Collaborate on Regional Housing Planning</i>
Actions	<ul style="list-style-type: none"> • Work with other stakeholders, prepare Regional Housing Strategy – including “pinch-points” for housing demand. • Prepare LGA-based Housing Strategy including Affordable Housing.
Goal Two:	<i>Support access to evidence-based Decision Making</i>
Actions	<ul style="list-style-type: none"> • Ensure there is sufficient land in the pipeline to accommodate growth – set land supply targets to meet growth. Improve data capture and analysis of needs.* (1.1.1) • Prepare Land Monitor Reports for each LGA in the Region • Undertake research to determine the availability of Aged Allotments for development. • Prepare Population Projections to better reflect current growth trends for each LGA.
Goal Three:	<i>Align infrastructure and service planning with residential development</i>
Actions	<ul style="list-style-type: none"> • Align plans for utility upgrades with residential development to ensure that they work in tandem. • Prioritise upgrades of ageing infrastructure to benefit residentially zoned land.

LOCAL	
Goal One:	<i>Invest to create Development-ready Land</i>
Actions	<ul style="list-style-type: none"> Minimise the lead-time for land release by creating Development-Ready land, with Biodiversity planning requirements, infrastructure planning and utilities planning prepared.*(2.2.2)
Goal Two:	<i>Maximise use of council-owned and privately owned land to Increase Land Availability</i>
Actions	<ul style="list-style-type: none"> Identify under-utilised council land, including “pocket parks”, community and operational land that could be zoned for housing.*(5.1.3) Approach landowners to encourage requests for re-zoning. Survey them to see what the time frame would be for development to occur if the land was re-zoned.

Planning Initiatives: Goals and Actions

STATE	
Goal One:	<i>Provide Planning, Regulations and Guidelines that increase Land Availability</i>
Actions	<ul style="list-style-type: none"> Identify and where possible remove barriers that stop land being used for its zoned purpose e.g. medium density zoned land cannot be developed because of heritage issues. Simplify processes for re-zoning.*(2.2.1)(2.2.1)(2.2.5) Change zoning for vacant shops in villages to allow them to be used for either temporary accommodation.*(2.6.2)
REGIONAL	
Goal One:	<i>Collaborate on Identification of barriers to land availability</i>
Actions	<ul style="list-style-type: none"> Identify and where possible remove barriers that stop land being used for its zoned purpose e.g. medium density zoned land cannot be developed because of heritage issues.
LOCAL	
Goal One:	<i>Ensure local planning policies support residential land release</i>
Actions	<ul style="list-style-type: none"> Use Land Monitor Reports to inform residential zoning decisions and to set supply targets.*(1.2.2) Audit land to ensure there is sufficient land zoned for a diversity of uses – medium density, rural-residential, residential. Ensure there is sufficient land in the pipeline to accommodate growth – set land supply targets to meet growth. Improve data capture and analysis of needs.* (1.1.1) Review existing planning instruments to ensure they meet housing needs. Councils use their LSPS to identify land for residential use based on projected demand data. Identify and where possible remove barriers that stop land being used for its zoned purpose e.g. medium density zoned land cannot be developed because of heritage issues. Support subdivisions on large blocks of land and battle axe blocks.

Financial Initiatives: Goals and Actions

STATE	
Goal One:	<i>Implement State Funding arrangements that support the increase of Land Availability</i>
Actions	<ul style="list-style-type: none"> • Provide low-interest loans to developers to meet the cost of infrastructure. • Develop Community Land Trusts to increase the pool of developers. *(3.1.1) • Rent land and purchase later arrangements to reduce upfront costs.
REGIONAL	
Goal One:	<i>Regional Funding arrangements that support the increase of Land Availability</i>
Regional	<ul style="list-style-type: none"> • Access National Housing Finance Investment (NHFI) Corporation low-interest funding by partnering with a Community Housing Provider. • Create an Umbrella Fund Housing Investment Fund for the Region with T-Corp. Council could then access low-interest loans to meet infrastructure costs.
LOCAL	
Goal One:	<i>Local Funding arrangements that support the increase of Land Availability</i>
Local	<ul style="list-style-type: none"> • Offset/Contributions and rates to drive development in specific areas e.g. medium density or high-density housing. • Reduce the costs associated with re-zoning in return for an undertaking to commence development within an agreed timeframe. • Defer rates and development costs until land or house/land are sold. • Incentivise in-fill development and subdivision of large land lots.

Other Initiatives

STATE	
Goal One:	<i>Market the benefits of investing in regional and rural communities</i>
Actions	<ul style="list-style-type: none"> • Promote the benefits of living and working in regional and rural NSW.
REGIONAL	
Goal One:	<i>Market the benefits of investing in regional and rural communities</i>
Actions	<ul style="list-style-type: none"> • Market long-term demand for housing based on data – so that owners know how long they need to wait to benefit. • Market the benefits of developing land to private owners of re-zoned lands to encourage action.
LOCAL	
Goal One:	<i>Market the benefits of investing in regional and rural communities</i>
Actions	<ul style="list-style-type: none"> • Market the benefits of developing land to private owners of re-zoned lands to encourage action. • Prioritise upgrades of ageing infrastructure to benefit residentially zoned land.

2. Residential Development

Upfront costs of development have been identified as a barrier to developing zoned land. The need for “lumpy” asset investments upfront that can only be recouped on the sale of the land acts as a disincentive for action. This is particularly the case when “mum and dad” landowners are involved. The land may be zoned for residential development, but small investors can be risk-averse in relation to borrowing money for development or may not want to develop viewing the land as their “retirement plan”.

Return on Investment is paramount in the decision-making for developers, addressing lead-in times for developments that provide a return sooner is important. In addition, there are the added pressures associated with developing in rural as opposed to regional communities. This could be addressed by providing financial support to deal with the upfront costs of infrastructure.

The cost of developing residential allotments in a smaller country town when compared to large regional centres (i.e. Albury or Wagga Wagga) is about the same, however developments in smaller communities do not produce the same return on investment, making them potentially less attractive. Land development in smaller rural communities needs to be incentivised to encourage development outside regional centres.

Partner with Community Housing to provide affordable Housing

Local Government partnering with Community Housing Providers at a regional level could capture economies of scale and scope that will make small projects viable.

Revolving Infrastructure Fund

The State provides a Revolving Development Fund from which councils can borrow to fund infrastructure to create Development-Ready land.

The Funding would be repaid as the lots of land are sold. Councils would be allowed to access the Fund on behalf of a private developer that is developing in a designated regional area.

Access to finance is also an issue, many financial institutions are reluctant to loan money for rural and regional residential development or residential home purchases where traditionally capital growth along with housing sales have been slow. Banks are informed by population and housing data when deciding whether to loan money, if both are seen to be negative, there is little incentive for financial institutions to loan money.

Increasingly, our Members are finding that residential development is also being delayed by lack of skilled labour. This has been an issue in the Riverina region for more than 20 years and as baby boomers retire it is likely to reach critical levels. Wagga Wagga is reporting that the time taken to complete a house has increased by 12 weeks simply due to the lack of skilled tradespeople. Of course, a lack of skilled tradespeople means a lack of people to train apprentices, which again worsens an already dire problem.

Residential Development Goals and Actions

The goals and actions for the Land Availability Driver have been identified under key initiative areas of Policy, Planning, Finance and Other which in the main encompass marketing activities. The Actions have been allocated by the most suitable area of responsibility: State, Regional and Local.

Note that any Action that is marked with a “*” indicates that the NSW State Housing Strategy 2021-22 Action Plan includes a similar provision, the numbers in the brackets that follow the asterisk refer to the corresponding or similar action in the State’s Action Plan.

Policy Initiatives: Goals and Actions

STATE	
Goal One:	<i>Planning Regulations and Policies that support residential development</i>
Actions	<ul style="list-style-type: none"> • Residentially zoned land that is not developed within a specified time is returned to its original zoning. • Introduce a rating based on lot yield to increase the holding costs of residentially zoned land and provide an incentive to develop. • Develop legislative and structural arrangements that support councils as developers. • Councils to be able to access Commonwealth and State funding for social and community housing developments.* (3.1.1) • Change the home warranty insurance regime to support the construction of dual occupancy dwellings so that they are not treated as multi-unit dwelling. • Develop a compliance regime that supports the conversion of unused hotels and hospitals for rental.
Goal Two:	<i>Support access to evidence-based Decision Making</i>
Actions	<ul style="list-style-type: none"> • Population projections need to reflect planned and current economic development activities. The projections can be used to determine housing demand. • Establish “live” supply and demand monitors.* (1.2.2)
REGIONAL	
Goal Two:	<i>Collaborate on Regional Housing Planning</i>
Actions	<ul style="list-style-type: none"> • Form partnerships with Community Housing Providers to deliver social and affordable housing projects.
Goal Two:	<i>Support access to evidence-based Decision Making</i>
Actions	<ul style="list-style-type: none"> • Population projections need to reflect planned and current economic development activities. The projections can be used to determine housing demand.
LOCAL	
Goal One:	<i>Develop and adopt policies that promote community housing</i>
Actions	<ul style="list-style-type: none"> • Mandate community housing as part of new housing estates. • Form partnerships with Community Housing Providers to facilitate the delivery of social and affordable housing projects.

Planning Initiatives: Goals and Actions

STATE	
Goal One:	<i>Planning Regulations and Policies that support residential development</i>
Actions	<ul style="list-style-type: none"> • Identify Housing Shortages in the DPIE Regional Plans.* (5.1.5) • Ensure planning processes are efficient and minimise paperwork.* (2.1.4) • Biodiversity assessment requirements should be easily implemented and not delay development processing.* (2.1.4) • Encourage alternative designs such as modular housing and small housing, particularly for temporary housing.* (2.1.4)
REGIONAL	
Goal One:	<i>Develop processes that support developers to engage with the planning process</i>
Actions	<ul style="list-style-type: none"> • Provide support positions to assist developers to prepare development paperwork.
LOCAL	
Goal One:	<i>Planning Regulations and Policies that support residential development</i>
Actions	<ul style="list-style-type: none"> • Ensure planning processes are efficient and minimise paperwork.* (2.1.4) • Encourage alternative designs such as modular housing and small housing, particularly for temporary housing.* (2.1.4) • Council introduces an Affordable Housing Contribution Scheme under SEPP70.*(5.2.1) and amend LEPs to reference the Scheme. • Councils to include clause in LEPs that allows the establishment of short-term temporary accommodation on identified land.* (2.6.2) • Develop caravan parks for temporary housing.

Financial Initiatives: Goals and Actions

STATE	
Goal One:	<i>Implement State Funding arrangements that support the increase of Land Availability</i>
Actions	<ul style="list-style-type: none"> • The State provides a Revolving Development Fund from which councils can borrow to fund infrastructure to create Development-Ready land. The funding to be repaid as the lots of land are sold. Allow councils to access the Fund on behalf of a developer. • Delay the requirement to pay biodiversity offsets until after development is completed, or alternatively, pay at development milestones. • Facilitate private-public partnerships that lead to development.* (2.1.5) • Facilitate Community Trust Land arrangements where land is owned by the Trust and charges a ground lease. This reduces the cost of a house by removing the land component.* (2.1.5)(3.1.1) • Provide funding to support Community Trust Land investments for councils and Not for Profits (NFPs).

REGIONAL	
Goal One:	<i>Form regional collaborations that support residential development</i>
Actions	<ul style="list-style-type: none"> • Form partnerships with Community Housing Providers to access low-interest loans through National Housing Infrastructure Facility (NHFI). • Match utilities' growth plans with residential development needs.
LOCAL	
Goal One:	<i>Local funding arrangements that support residential developments</i>
Actions	<ul style="list-style-type: none"> • Form partnerships with Community Housing Providers to access low-interest loans through NHFI. • Provide incentives to build granny flats and encourage in-fill developments. • Provide incentives to subdivide large lots and build dwellings.

Other Initiatives

STATE	
Goal One	<i>Ensure that there are sufficient trained workers to meet construction demands</i>
Action	<ul style="list-style-type: none"> • Address skills shortages in building trades.
REGIONAL	
Goal One:	<i>Market the benefits of investing in regional and rural communities</i>
Actions	<ul style="list-style-type: none"> • Market the value of investing in rural areas to financial institutions. • Promote investment in Community Housing projects to philanthropic organisations and people. • Create awareness of changing rural and regional residential markets. • Develop business cases that demonstrate returns on investment through residential development. • Ensure people who need social housing are registering for it – demand dictates investment. • Address skills shortages in building trades.
LOCAL	
Goal One:	<i>Create an environment that supports residential development</i>
Actions	<ul style="list-style-type: none"> • Promote the advantages of "granny flat" development to residents. • Match utilities' growth plans with residential development needs.

3. Housing Investment (including Affordable Housing)

Change Investment Guidelines for Business Innovation and Investment Visas to permit investments for residential housing in rural and regional areas

Two of the visa streams within the Commonwealth's Business Innovation and Investment visa require that the visa applicant make significant investments in approved investment vehicles.

The Investor Stream requires an investment of at least \$2.5million while the Significant Investor Stream requires an investment of at least \$5 million. The investments must be held for the life of the visa – usually 5 years.

Currently, investments in real estate are prohibited, this could be lifted to allow investment in rural and regional housing initiatives, creating an investment pool of new money.

Developers do not build houses in order to own them, they develop residential properties to sell them to homeowners or investors. Where there are no purchasers for properties, there is no market driver to build residential properties. Along with land, developers need investors who will purchase the properties they build.

Currently, given the high demand for housing, there seems to be no shortage of consumers wanting to invest their money in rural housing. However, they need to be able to obtain loans in order to make those investments.

Anecdotal evidence indicates that financial institutions are reluctant to loan money for residential property in rural areas. The perceptions financial organisations have about rural areas are critical; perceptions that relate to falling populations together with low capital growth can act as a barrier to accessing loan funds. The increasing use by financial institutions of online, algorithm-driven financial assessment tools exacerbates the problem. These online tools rely on statistics and other quantitative assessments to determine loan availability, they are incapable of taking into account the vagaries that are currently occurring in regional housing markets.

One such vagary is the disconnect between the current NSW Population Projections for Bland Shire and its likely population growth. The Shire's population is projected to fall by 600 residents by 2041 taking the total population to an estimated 5,400. However, Evolution Mining has expansion plans for its Lake Cowal mine for the same timeframe with an immediate need for over 200 workers. Institutional financial models are not equipped

to respond to these data anomalies.

Investors and financial institutions look at these statistics to determine where they will place their funds. They are produced by the State, and consequently, they have enormous credibility and reach. We need to do better; local government must provide more information into Planning when projections are being prepared and Planning must develop a viable methodology to accommodate variability.

Social and affordable housing is important to the diversity of the housing mix. A direct consequence of the shortage of housing is that the low-cost rental market is now almost non-existent. Those who depend on that housing are increasingly being pushed to the margins in terms of the quality of the housing and its proximity to services. There is an opportunity for Local Government to partner with Social Housing providers to develop housing projects. We believe that this type of project could be undertaken regionally to capture economies of scale and scope.

Housing Investment Goals and Actions

The goals and actions for the Land Availability Driver have been identified under key initiative areas of Policy, Planning, Finance and Other which in the main encompass marketing activities. The Actions have been allocated by the most suitable area of responsibility: State, Regional and Local.

Note that any Action that is marked with a “*” indicates that the NSW State Housing Strategy 2021-22 Action Plan includes a similar provision, the numbers in the brackets that follow the asterisk refer to the corresponding or similar action in the State’s Action Plan.

Policy Initiatives: Goals and Actions

STATE	
Goal One:	<i>State Government policies to support investment in housing in rural and regional areas</i>
Actions	<ul style="list-style-type: none"> • Change investment guidelines for Business Innovation and Investment visas to allow investment in residential developments in rural and regional areas that will be used for long-term rental. • Regulate Airbnb properties. • Encourage “Build-to-Rent, where investors agree to rent the properties for a long-term period e.g. 10 years.* (2.6.1) • Facilitate partnerships between Crown Lands and councils to develop temporary accommodation sites for contract workers.* (3.6.1) • Ensure that population projections reflect actual population growth in regional areas.
REGIONAL	
Goal One:	<i>Create an environment that encourages investment in housing</i>
Actions	<ul style="list-style-type: none"> • Encourage financial institutions’ policies to support investment in rural areas. • Encourage change in investment guidelines for Business Innovation and Investment visas to allow investment in residential developments in rural and regional areas that will be used for long-term rental. • Encourage “Build-to-Rent, where investors agree to rent the properties for the long-term e.g. 10 years.* (2.6.1) • Explore the opportunity to partner with social housing providers at a regional level to develop projects over multiple LGAs that leverage economies of scale and scope.
LOCAL	
Goal One:	<i>Create an environment that encourages investment in housing</i>
Actions	<ul style="list-style-type: none"> • Seek opportunities to partner with social housing providers to invest in projects.

Planning Initiatives: Goals and Actions

STATE	
Goal One:	<i>Planning Regulations and Policies that support residential investment</i>
Actions	<ul style="list-style-type: none"> • Introduce land rental scheme to lower cost of housing. Rent is paid on the land until the owner can afford to purchase. • Facilitate Community Trust Land arrangements where land is owned by the Trust and charges a ground lease. This reduces the cost of a house by removing the land component.* (2.1.5)(3.1.1) • Require State Significant Development Conditions of Consent to include the provision of housing for workers.
REGIONAL	
Goal One:	<i>Planning Policies support residential investment</i>
Actions	<ul style="list-style-type: none"> • Work with Crown Land to identify sites that are suitable for temporary accommodation and could be utilised by infrastructure developers.
LOCAL	
Goal One:	<i>Planning Policies support residential investment</i>
Actions	<ul style="list-style-type: none"> • Partner with Crown Land to develop temporary accommodation sites for contract workers.* (3.6.1) • Require large-scale development approvals' Conditions of Consent to include the provision of housing for workers.

Financial Initiatives: Goals and Actions

STATE	
Goal One:	<i>Implement State Funding arrangements that support investment in housing</i>
Actions	<ul style="list-style-type: none"> • Reduce Stamp Duty for purchasers of rental properties in urban areas of rural communities. • Reduce quantum of taxes and charges levied on houses to reduce the cost of purchase. • Introduce taxation incentives for employers to provide housing for employees. • Introduce taxation incentives for those that Build-to-Rent.* (2.6.1) • Develop guidelines for shared equity arrangements, where the owner and the community both contribute to the costs.*(3.1.1)(3.6.4) • Introduce a land rental scheme to lower cost of housing. Rental is paid on the land until the owner can afford to purchase. • Facilitate Community Trust Land arrangements where land is owned by the Trust and charges a ground lease. This reduces the cost of a house by removing the land component.* (2.1.5)(3.1.1) • Centrelink pays the rental subsidy directly to the landlord, ensuring that even if the tenant stops paying some money is coming in. • Provide bond guarantees to protect rental property owners.

REGIONAL	
Goal One:	<i>Form regional collaborations that support residential development</i>
Actions	<ul style="list-style-type: none"> • Develop a Local Government model that replicates the Defence Force Housing model of guaranteed rentals over a long-term period. • Develop shared equity arrangements, where the owner puts in a portion and community housing puts in a portion.*(3.1.1)(3.6.4)
LOCAL	
Goal One:	<i>Local funding arrangements that support residential developments</i>
Actions	<ul style="list-style-type: none"> • Provide rates' incentives for Build to Rent properties.

Other Initiatives

STATE	
Goal One:	<i>Market the benefits of investing in regional and rural communities</i>
Actions	<ul style="list-style-type: none"> • Regional NSW to market the benefits of rural and regional communities and the investment opportunities.
REGIONAL	
Goal One:	<i>Market the benefits of investing in regional and rural communities</i>
Actions	<ul style="list-style-type: none"> • Market the Return on Investment for rental properties in rural and regional areas. • Prepare an Investment Prospectus for regional and rural areas.
Goal Two:	<i>Form regional collaborations that support residential investment</i>
Actions	<ul style="list-style-type: none"> • Ensure people who need social housing are registering for it – demand dictates investment. • Create a regional short-term temporary housing register. • Work with Universities to identify student housing that could be used for short-term housing. • Work with social housing providers to invest in housing projects.
LOCAL	
Goal One:	<i>Form local collaborations that support residential investment</i>
Actions	<ul style="list-style-type: none"> • Work with the community to identify and resolve barriers to investment at a local level.



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