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Regional
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Australia
NSW & ACT



Regional Housing Workshop Summary Report

2022

Creating collaborative solutions for regional communities

Workshop snapshot

Regional housing supply affects social and economic outcomes at local, state and federal levels. In October 2022, Regional Development Australia (RDA) NSW & ACT and Economic Development Australia (EDA) hosted a housing supply workshop. 120 participants from across Australia discussed challenges and identified solutions for housing.

Minister's Opening

The Honourable Kristy McBain MP (Federal Minister for Regional Development, Local Government and Territories) opened the workshop. She highlighted the importance of housing supply and the need for collaboration. Regional housing supply and affordability have a direct impact on jobs and skills, with shortages preventing skilled people from moving to, and staying, in the regions.

During her address, the Minister outlined several reasons affecting supply, including:

- Natural disasters
- Limits on construction finance
- People building in remote and regional locations needing bigger deposits
- Access to land
- Shortage of town planners and outdated planning laws restrict high density housing.

The Minister also highlighted the expansion of the National Housing Infrastructure Facility. This key outcome from the 'Jobs and Skills Summit' will provide up to \$575 million for social and affordable housing investments.

Keynote presentation

Neil McInroy is a Senior Fellow for the US-based Research and Development lab, Global Advancement of Community Wealth Building at the Democracy Collaborative, and a key advisor on housing to Scottish Government. His thought-provoking keynote focused on housing supply issues and international innovations, including Scotland's land reform agenda.

The key themes of his address included:

- the need to 'think the unthinkable' and view housing and land ownership differently with more land in cooperative ownership
- housing is a human right (not a commodity) that affects all aspects of life and is fundamental to wellbeing
- taking a progressive approach to housing and including different types of housing in regional economic planning
- encouraging government intervention because housing is an economic anchor, and the market won't solve the issue
- leave the planning to developers and investors and view housing through a wellbeing rather than a growth lens
- changing our approach to land ownership will also require banking reform to move away from housing interest rates as a key economic lever.

"You're going to have to intervene, you're going to have to get deep, you're going to have to get serious. It's a home. It's fundamental to what we are as human social beings."

Panel 1 – the current situation: presenting the data



Image 1: Rachel Whiting, CEO, RDA Riverina, Melanie Rankin, Research Officer RDA Riverina, and Jason McFarlane Chair EDA & Founder & Managing Director FAR Lane

The first panel discussion presented data on current housing supply issues.

- Land availability, housing development and investment are all policy planning and finance issues that need to be addressed in tandem.
- Places with large numbers of Air BnB properties often have no long-term rentals available.
- Australia's 'just-in-time' housing policy and expectation that the market will meet demand, hasn't worked for a long time and recently reached crisis levels after bushfires, COVID and floods.
- Scarcity is embedded into the housing market through the ways we plan and release land into the market.
- The Australian Dream of housing ownership and the focus on wealth building through property, will be a challenge in changing the status quo.
- There is a need to make investment in regional housing supply more appealing.
- Bridging the gap in housing supply requires planning, infrastructure provision and incentives such as rates and tax provisions.
- The importance of having diverse housing options to attract and keep key employees in regional areas.
- Addressing housing shortages and creating innovative solutions requires less red tape and greater communication between governments and the private sector.

Case Study: RDA Riverina Land Monitor Report for Wagga Wagga

The report identifies current and historic supply and demand, whether it is matching demand, or supply is over-catering or under-catering. Population projections impact housing supply, but Wagga Wagga LGA has already exceeded its predicted 2026 population.

Audience responses

- More than 50% of the regions have a housing strategy.
- The majority of participants did not have current data to determine housing supply.

Panel 2 – Short-term solutions: what can we do right now?



Image 2: Chris Pothan, Director CVC Projects, Nicole Woodrow, Development Director, Affordable Housing Unit, Landcom, David Fisher, CEO, Housing Plus, and Ian Ugarte, Director, INVIDA

In this panel discussion, participants shared several innovative solutions:

- **Building using structural insulated panels (SIPs)** is a practical and efficient way to build, especially during and following natural disasters or to provide housing on major projects.
- **Landcom** is working with communities and councils to identify opportunities for community housing and change the established systems, which are complex and time-consuming. The goal is to provide housing that appropriately fits each community.
- **Community housing** provides tailored location specific solutions to provide secure, long-term affordable housing as an alternative to government or private rental housing.
- Current projections suggest there is a shortage of about 1 million homes, but there are currently 13.5 million empty bedrooms in Australia every night.
- There is a mismatch of property across Australia with large houses available when there is a demand for housing for singles and couples. Converting larger houses to create additional properties will reduce rents and help renters save for their own home.
- Addressing these challenges needs big ideas, real determination, and collaboration.

Audience responses

- Co-accommodation and the re-use of government housing and new affordable medium density developments were the most popular short-term options.
- Almost all participants identified the need for changes to planning policies.
- Most regions have a need for affordable and worker housing.

Panel 3 – future solutions



Image 3: Megan Dixon, CEO, RDA Orana, Michele Adair, Chair, Community Housing Industry Association (NSW), Monica Gibson, NSW Housing & Infrastructure, NSW DPIE, and Kristy Cosier, Acting Planning and Development Manager, Gilgandra Shire Council

Future Housing Solutions - What needs to / can / could happen in the future?

- The market, government and community housing bodies provide residential housing in Australia.
- In the last 10 years, Australia has built more houses than ever, but houses have never been less affordable.
- There is a huge shortage of affordable rentals. In a viable market, the vacancy rate would be 3% but it's 1% in most regions.
- Housing is more than a vehicle for personal wealth creation. Without a safe, secure, and affordable roof over your head, you can't get and keep a job, educate your kids, manage your health, or move from damaging or abusive relationships.
- In the last 10 years, Community Housing Providers (CHP) in NSW have built 5,300 homes, invested \$1.8 billion and created 15,000 jobs.
- During a recent visit to Toronto and New York, it was clear that local government, which is closest to communities and is responsible for rezoning, should take direct leadership on affordable housing. There needs to be respect for renters, breaking down the stigma of renting to show value, respect and integrity.

"If you're under 45, you've only got a 50/50 chance of owning a home. For those that buy a home, you'll be almost exclusively relying on your family's pre-existing wealth, either waiting for someone to leave you part of their estate or go guarantor for you."

- A recent report from the Regional Housing Taskforce adopted 5 recommendations and has developed an action and implementation plan.
- The NSW Government's \$2.8 billion housing package includes taxation reforms, maintenance of social housing and construction of 270 new key worker homes.
- NSW Department of Planning and Environment's work on housing supply and its coordinated and dedicated focus on the housing pipeline include the following areas of consideration:
 - Accelerated Infrastructure Investment Program – there has recently been a \$300 million allocation for some councils or some of the communities in NSW.
 - A program for councils across the state will provide direct support for planning staff.
 - 4 key pillars in NSW's housing strategy: supply, affordability, diversity and resilience.

Case study: Gilgandra Shire Council (population: 4200)

- Developed a local housing strategy due to 0% percent rental vacancy, and rental/purchase waiting lists as the population grew for the first time in 20 years.
- Council did a stocktake and are now looking to develop land and release additional properties.
- Partnering with the Inland Rail Project to develop 10 properties that would be part of a lease arrangement with Inland Rail staff.
- Need accommodation for workers so they don't book all the motels which affects tourism.
- As a small regional council, challenges include not being eligible for housing packages and support funds, and not being a special activation precinct.

Thoughts from the audience:

- Make land more attractive to private developers wanting to develop social housing.
- Example of a project with Northern Grampians Shire in Victoria where there is an incentive for developers to 10% social and 10% affordable housing with a timeframe whereby they need to give the land back and pay any costs.

Audience poll results:

- Local government provides housing in less than half the regions attending.
- Types of housing included tourism, disability, aged and worker.
- Participants were fairly evenly split on incentives for regional housing investment, including tax concessions, accelerated planning and subsidised infrastructure costs.

A focused plan for the future

Planning

- Develop flexible models that involve 3 levels of government.
- Need better data and assessment of housing needs, impact of Air BnB, etc.
- Change zoning, land releases, density, and low-cost loans.
- Look for opportunities to support workforce and temporary accommodation, including reuse of temporary workforce accommodation.

Targets

- Ensure 20% of new housing is affordable.
- Set local targets.

Incentives

- Offer incentives to superannuation funds to invest in affordable housing.
- Provide tax and social security incentives to downsize, sell large blocks or rent rooms, and encourage housing development in rural areas.
- Discourage vacant Air BnBs and offer incentives to change to long-term rental.
- Look at opportunities to encourage public and private investment in housing and utilities.
- Long term social and affordable housing strategy and funding supply

Models

- Models of tourist accommodation that don't rely on Air BnB.
- Focus on housing as a human right.
- Housing for medium income.
- Create transient worker housing to use for other projects or as emergency housing.

- Conversion of pre-existing housing stock into a co-accommodation structure.

Meet needs

- Focus on affordable rentals and approach housing from a wellbeing perspective.
- Create a diverse rental market that balances short and long-term rentals.
- Encourage greater equity between the tenant and landlord.
- Focus on long-term analysis over the next 20 years to identify supply gaps of rental stock and new housing.

RDA NSW and ACT initiatives

Housing cuts across the NSW and ACT RDA's strategic priorities and supports economic development. Solutions vary across the state and require partnerships between government, industry, financial institutions, and the community.

Regional population has increased following the COVID pandemic, but there are also large numbers of workers moving into regions to build infrastructure projects. This alone would place pressure on housing supply, but recent natural disasters have reduced housing stocks and increased the cost of housing and insurance.

For these reasons, RDA's across NSW and ACT will continue to prioritise housing supply with a range of initiatives including:

- hosting forums with key players to build connections and identify solutions
- conducting surveys and research to collect accurate housing and worker data
- building connections with community housing providers
- collaborating with innovators to create new products to support the rental market
- advising local government on housing and accommodation plans
- working with local councils and major projects to identify and deliver housing solutions.

Next Steps

Regional housing supply issues are not unique to NSW and the ACT. It is a national issue requiring a coordinated response across all levels of government, business, service providers and the broader community. This workshop is part of an ongoing dialogue to share ideas and generate new solutions.

If you would like to take part in an ongoing conversation, go to:

<https://rdasydney.org.au/housing-supply-resources/>