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## NSW & ACT

National Housing and Homelessness Plan  
Department of Social Services  
GPO Box 9820  
CANBERRA ACT 2601

20 October 2023

### Regional Development Australia (RDA) NSW Submission to *National Housing and Homelessness Issues Paper*

To Whom It May Concern,

Thank you for the opportunity to respond to the *National Housing and Homelessness Issues Paper*. This submission has been prepared on behalf of the 14 NSW RDA organisations that are part of a national network funded by the Australian Government. The RDA's remit is to help drive economic growth, innovation, and entrepreneurship in regions through facilitating investment in community, industry, and the environment. RDAs assist to bridge the regional development gaps in regions by working with a broad range of stakeholders across sectors and supporting the delivery of identified Australian Government strategic priorities.

Regional housing supply affects social and economic outcomes at local, state, and federal levels. In October 2022, RDA NSW in partnership with Economic Development Australia hosted a Housing Supply Workshop. 120 participants from across Australia discussed challenges and identified solutions for housing.

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 at the Workshop, [REDACTED] 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- Shortage of town planners and outdated planning laws restricting high density housing.

The keynote speaker of the workshop, [REDACTED]

[REDACTED] provided the following key points:

- 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
- 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.”

This submission will address a select group of questions from the issues paper, from a regional NSW perspective:

**Homelessness** ([Issues Paper](#), section 3.1, page 22)

1. What are the different challenges for people experiencing homelessness in regional and rural areas?

**Response**

The supply of crisis accommodation in regional areas is limited with support services covering a broad geographical area and often not necessarily located in region so access at times is difficult especially when the person experiencing homelessness does not have access to the technology to create the connection for assistance.

Stakeholders were surveyed to inform the responses in this submission, the following is an example of the experience in a NSW region: *‘Housing providers have nowhere to send people who need help. We need to start constructing villages and ensure services and security are provided so low risk people experiencing homelessness have somewhere to go.’*

In regional areas crisis accommodation supply is impacted by seasonal factors (visitation & workers), events and poor hotel operations which means there is no secure supply when required. Unlike metropolitan areas, there are no co-located support services within the transitional housing options and if located in a satellite village with limited transport options the resident is cut off from support services completely. The other aspect of support service provision in the regions is the lack of availability of skilled staff to perform the duties required with feedback from one stakeholder saying, *‘how do you afford to live here and work in our sector’*.

It was noted that single dwelling units are desperately needed to accommodate those experiencing homelessness in the Mid North Coast and it is recommended that a proportion of any new developments should be affordable single dwellings. Currently, due to a lack of stock service providers are being forced to place people inappropriately in share houses which inevitably fail causing the resident to leave, however this has an ongoing impact for the individual as they are refused further service for leaving their arrangement.

2. What short, medium, and long-term actions can governments take to help prevent homelessness or to support people who may be at risk of becoming homeless in regional/rural areas?

### Response

Increase supply of longer-term housing solutions under a housing first approach so that those experiencing homelessness have a pathway to more secure housing.

A survey response reflects the following about a region in NSW: *'Governments need to fund the spectrum of support needs. For example, in Coffs Harbour over 200 people a day are accessing homelessness support services (up from about 80 in 2021). Many of these people are seeking food relief as they cannot afford to eat and pay rent. The Neighbourhood Centre and Pete's Place (St Vincent's) have not received any additional funds to support this demand increase.'*

Stakeholders are observing that there is a broadening of the profile of those seeking support which requires case management of families under strain, this inadvertently impacts on early intervention measures in preventing homelessness for even more vulnerable cohorts of clients.

This is not an isolated case, feedback from RDA Riverina indicates *'As costs of living rise, people are having to make the choice between food or rent, therefore the pressure on organisations like 'Care Van' in Wagga Wagga is increasing'*.

There needs to be a much more flexible funding model for service providers that responds to the shift in need for services in a timely manner.

Further feedback indicates that greater focus is required in supporting vulnerable tenancies, from the point of inception with ongoing intervention to ensure security of tenure. There are some excellent models such as the Western Australian *50 lives 50 Homes* project which has taken a housing first approach and wrap around service modelling. The challenge for governments is how do you take the learnings from these projects, which are usually metropolitan based, and apply them to a regional/ rural setting where the supply of suitable housing stock and the availability of skilled workers is extremely limited. The conundrum in this scenario is that there is a shortage of housing not only for those experiencing homelessness but also for the support staff providing the assistance.

One survey respondent suggested the rollout of budget housing construction projects within the regions in partnership with training institutes using the student cohort as part of the labour supply. Taking this idea one step further, currently the NSW Department of Corrective Services have an enterprise that produces prefabricated buildings for the NSW Department of Education which is now also producing co-designed houses for a group of regional Indigenous families that cater for multigenerational and community living. This demonstrates that there are existing resources that could be leveraged more fully to be part of the solution.



## Homelessness Services ([Issues Paper](#), section 3.2, page 29)

1. What are the main challenges in addressing chronic and repeat homelessness in regional/ rural areas?

### Response

Specialist Homelessness Services (SHSs) are funded to support people at risk or experiencing homelessness. These are government funded Homelessness services.

Overflow from these services is presenting at charity homelessness services and this overflow is exceeding the volume of the SHS service provision annually.

Charities are supporting vulnerable people with the use of their charitable funds, which is not visible to governments when making budgetary decisions regarding these services. The impact of this is that when services are contracted there is an under estimation of the need. To gain a complete picture there should be a mechanism for charities to provide servicing and case management data into this decision-making process.

As previously stated, regional, and rural areas have limited access to service providers and housing stock (with many regions having less than a 1% rental vacancy rate). Most of the service providers are in the larger town centres leaving no service provision in the smaller locations. There are communications disconnect where those in need of assistance do not know where to go and who to contact.

Local feedback indicates that some of the more remote areas do not have the ability to record the number of people who are homeless, due to there being no service provision in that location. Homelessness is then, not recorded statistically, and services are not offered to the community.

Therefore, the NSW RDA network recommends the following be explored:

- Ways to improve the collection and use of disaggregated data to design more effective policy approaches and improve monitoring and evaluation of the homeless in regional and rural areas
- Strategies for how all levels of government can work together and with the community and private sectors to better support people experiencing homelessness and housing insecurity.

## Aboriginal and Torres Strait Islander Housing ([Issues Paper](#), section 3.3, page 37)

1. What are the main cultural, social and economic factors that must be considered by governments and providers (including ATSICCHOs) when considering how to improve housing outcomes for Aboriginal and Torres Strait Islander people? How can governments best work with communities and the Aboriginal community controlled housing sector to support better housing outcomes for Aboriginal and Torres Strait Islander people, including embedding the Priority Reforms of the National Agreement on Closing the Gap and promoting self-determination? Are there any specific regional/ rural considerations for ATSI Housing?

### Response

*'Lack of housing contributes to people reoffending. Inside they have a roof over their head and three meals a day.'* Regionally based Local Land Council Member.

General feedback from a NSW Region:

*There is not enough housing stock in the NSW rural areas, this in turn causes prices to go up in the private market. For those who are on the lower income scale this scenario tightens even further their housing options.*

*Currently there is overcrowding of existing housing stock with large families (including extended family members) living in small two- and three-bedroom homes. There is a lack of maintenance on old housing stock, some are locked/boarded up, awaiting maintenance for many years.*

*There is a lack of afterhours activities for children in these areas e.g., community centres are closed by 4.30 – 5.00pm putting a strain on the overcrowded household so the children roam the streets.*

A robust housing model is required that is designed to accommodate high traffic communal living for a multi-family unit. The University of British Columbia conducted research on approaches to advancing culturally appropriate housing in Canada which provides a framework for intergenerational living.

Overall, solutions must be derived with a place based and localised perspective and must be created through a co-designed, bottom-up process. Creating the solutions that Aboriginal and Torres Strait Islander people want, will use and be culturally respected.

### **Social Housing** ([Issues Paper](#), section 3.4, page 45)

1. What is the role of social housing for low-income Australians?

#### **Response**

Social housing creates a safety net for those Australians that cannot financially tolerate market rental rates without severe hardship. It provides a pathway for those experiencing homelessness to longer term accommodation and creates accessibility to housing options for those Australians with high needs that are not competitive in the private rental market.

Social housing isn't just housing, it should include the provision of wrap around services that support tenants to live in a safe environment that provides opportunities to participate both socially and economically in their community.

2. What factors should state governments and housing organisations consider when allocating social housing?

#### **Response**

Social housing should be a vehicle for those experiencing homelessness to secure longer term accommodation options as the priority.

It should operate from the Housing First principle in all aspects of homelessness and housing services. House the people then support them intensively to work on their other skills.

It should also enable people to have a choice of where they live, noting we are in a supply crisis. All too often people hit the three strikes rule when being able to decline a housing offer and are refused support from that point forward. Despite legitimate reasons for being unable to occupy a particular property.

3. What are the key short-term and/or long-term social and economic issues in social housing?

### Response

In the short-term there is a lack of supply of suitable social housing assets to address the need, coupled with the increasing costs of private rental which has a flow on effect on the number of Australians seeking assistance through social housing. Without stable housing a person cannot engage fully in both social and economic perspectives of their lives. At the NSW RDA's Housing Supply Workshop, it was highlighted that as of October 2022 there were 55,000 households on the social housing waitlist in NSW. The supply of social housing cannot meet this need so alternate options need to be considered, for example, AHURI recommends increasing the Commonwealth Rental Assistance in regional and rural areas which may stimulate an increase in the development of affordable rental housing supply.

In the longer-term greater consideration needs to be given to creating viable pathways for social housing tenants into a supply of affordable housing options with such levers as rental assistance packages, shared home ownership and the provision of wrap around services no matter what housing arrangement is in place. This would create vacancies in pre-existing stock for those most in need and reduce the demand for more social housing development.

Full use of existing social housing stock should be a priority with adequate budgets for property maintenance that can bring housing in disrepair back into supply as quickly as possible and if properties reach their end of life or are no longer meeting the needs of the tenants e.g., poor location, then replacement housing is developed in alternate locations within the region, so stock is not depleted. It was highlighted at the NSW RDA's Housing Supply Workshop that in a recent mapping exercise of the 3,500-government housing stock in the Central West and Orana region that an estimated 300 houses were vacant.

### Affordable Housing ([Issues Paper](#), page 56)

1. How can governments encourage delivery and availability of affordable housing in the short, medium and long-term?

### Response

*'The crisis in this country is not, and it never was, how difficult it is to buy a home. It was the fact that we don't have enough affordable rental supply. To be viable, the market should be about 3% vacancy rate. You would all know that the majority of vacancy rates in most regional areas is well down below 1%.'* Panellist NSW RDA Housing Supply Workshop.

The NSW RDA network would like to stress that the primary focus should be on supply of affordable rental housing in the regions. When planning affordable housing it is important to understand what need is being addressed, for example, a Council of a small community in rural NSW developed affordable accommodation focused on addressing the needs of their aged and NDIS residents and are now working with a Prime contractor on workforce housing for a major infrastructure project, this will leave a legacy after construction completion for the community.

Housing needs assessments should frame decisions on the delivery of affordable housing, local councils are the most appropriate vehicle to conduct these assessments, however, many local councils in regional NSW are struggling with workforce shortages (especially planners), so in the short and medium term there needs to be a system in place that enables councils to conduct these important assessments and have access to the relevant data.

Governments need to take control of the supply of affordable and key worker housing rather than waiting for the opportunity to negotiate ratios when projects are put forward by developers. The development of this housing should be considered through a broad scope of ownership and governance including co-operatives, state, and local government owned, community trusts and private ownership.

2. How can governments work with institutional investors to support more housing development (particularly affordable housing)?

### **Response**

The NSW RDAs congratulate the Federal Government for the successful passing of the Housing Australia Future Fund and supports the introduction of new incentives for build-to-rent eligible projects. The NSW Government is also providing a 50% reduction on land tax until 2040 and exemption from foreign investor duty and land tax surchargers (or a refund of surcharges paid). The NSW RDAs welcomes the condition of offering 3-year lease agreements, giving a level of certainty to tenants.

The minimum dwelling number for this support is 50 which would not be difficult to achieve in a metropolitan setting, however further consideration needs to be given to how this model could be applied in a regional setting where dwelling numbers may be less but equally addresses a critical need. We recommend that further exemptions are applied for regional/rural areas that incentivise institutional investors to develop affordable rental properties with a lower dwelling number that still produces a return for the investor.

The reevaluation of government owned land that can be repurposed/rezoned for the development of social and affordable dwellings, particularly in our regional and rural areas, should be strongly considered.

**Housing costs, home ownership and the private rental market in Australia** ([Issues Paper](#), section 3.5, page 59)

1. What should the most important (long-term) and/or immediate (short-term) housing market policy focus be, across all levels of government, over the next 10 years?

**Response**

Regional and rural NSW is fortunately experiencing an unprecedented roll out of large infrastructure projects requiring high numbers of temporary workers, for example one regional renewable energy zone, at its peak, will require a workforce of 4,500 in a region where the rental vacancy rate is less than 1%. This is a short-term issue that can produce long-term solutions if housing provision is a primary contractual condition in the delivery of these projects.

Most of the projects being delivered are funded through federal and state governments so there is a direct control mechanism in place to ensure that this is done well and provides a legacy for the community well beyond the construction phase. It is important to include in decisions about temporary worker accommodation development the future uses of that housing and ensure that it is fit for purpose and meets the needs of the community in which it is located.

2. How can the utilisation of existing properties be improved? How can governments incentivise improved utilisation of existing properties?

**Response**

RDA Mid North Coast conducted a research project on the utilisation of spare bedrooms in the region – there were 81,000 and yet at the same time key workers were not able to find accommodation causing them to leave the region. This RDA launched a social media campaign and film promoting the concept of borders/flatmates. This is not a novel idea and has been part of the housing landscape for decades however given the critical shortfall of housing options the NSW RDA network recommends the introduction of tax incentives for those property owners living in residence who wish to open their doors to borders.

At the NSW RDA Housing Supply Workshop, we heard from a property developer doing things differently, they convert existing housing stock or build new co-living properties where everyone has their own sitting area, their own bedroom, their own kitchenette. They share one major kitchen in the house with an oven in it and a laundry. In four weeks, the developer can take an existing four-bedroom, two-bathroom house and convert it, have it finished, furnished, and photographed and ready to be rented to the marketplace.

Every time, they take a four-bedroom house, its converted into four-front doors. This frees up three family homes for those families to be able to live affordably. The people in the house are saving one-third to one-half off their normal weekly rent with utilities included, which means they can save and buy something the next three to five years.



This innovative and immediate solution requires understanding and capability from local government to ensure that projects are not stalled at the approval stage.

3. How do supply, demand and affordability challenges differ in urban and regional/remote areas? How could these differences be taken into account when designing policy?

### Response

*Regional/remote areas face various challenges including:*

- Well positioned available land for housing development that does not conflict with agricultural usage and in some instances renewable energy infrastructure, Native Title, or Crown Lands (Land Use Conflicts)
- Financial Institutions requiring home buyers to have deposits of up to 40% and difficulty in obtaining finance due to lack of 'comps' (comparable properties in valuation) in towns that have not had new housing development for 50 years plus
- The cost of insurance coverage due to regional vulnerability to climatic events which makes it unattractive for buyers to purchase, this issue has worsened over the last 10 years
- Lack of rental accommodation available, many regions facing below 1% vacancy rate
- Lot sizes not large enough for investment return on developments and other similar issues that limit normal market influenced developer opportunities (varies by location)
- Construction costs inflated due to higher transport costs of materials
- Lack of construction materials
- Workforce shortages preventing projects proceeding
- The supply of smaller studio, 1-bedroom units and small footprint dwellings in the regions is limited, there needs to be an increase in this type of housing
- Many assume that all regional dwellers want to live on large blocks of land. This is not the case and mixed development is required to service the affordable and essential worker cohorts. Policy to force percentage requirements on local councils for smaller developments may assist.

4. *Home Ownership* - How can the use and release of land encourage residential growth in well located areas (i.e., close to infrastructure, jobs and services, and resilient to natural hazards) in the short, medium and long-term?

### Response

Well-located areas, as per the above description, tend to be reasonably well developed and do not have a lot of scope for additional land release. The most effective measure is to use air space and build up rather than out, but this requires community tolerance of densification. It can be noted some of the grocery chains are venturing into multi-dwelling housing developments on pre-existing retail outlets that could provide some opportunities.

Enabling multi-occupancies on large blocks within already built on areas will assist to mitigate the NIMBY issues.

5. *Home Ownership* - Are there ways to improve supply chain issues to support more efficient housing supply and reduce building costs?

**Response**

Supply chains to the housing sector are globally connected but there is a lack of transparency as to the materials coming into the sector, there is a need for greater data on supply chain materials to create a longer-term view of end of life of housing stock of the materials that have been used and identified for reuse. This has a twofold impact of reduction of costs and environmentally sustainable.

We learnt during Covid that Australia's dependence on international supply chains can cause an impact on our ability to deliver construction projects within the required timeframe and budget. The mapping of materials into housing construction sector would also highlight our weak points and inform industry development strategies.

6. *Rental Properties* - How can flexibility, accessibility (particularly in the physical environment), affordability and security be improved in the rental private market, particularly for low-income earners?

**Response**

The NSW RDA network welcomes the Housing Australia's Future Fund's intention to increase the Commonwealth Rental Assistance for low-income earners with the acknowledgement that CPI is not the measure for increases in the current market. The support being provided to Build to Rent also creates a level of security of tenure.

As previously indicated creating pathways for those in social housing to the private rental market without losing the support services and rental payment conditions would open vacancies in the social housing market.

The NSW RDA network also recommends regulating increases in existing tenancy rents, including ending 'no-grounds' evictions and a portable bond provision. This should not have an impact on the supply of new tenancies (subject to financial returns of mum and dad investors) and protect those in existing rental housing to maintain their tenure.

**The importance of planning, zoning, and development** (*Issues Paper, section 3.6, page 71*)

1. To what extent is the supply, affordability and diversity of houses affected by planning and zoning regulations and administrative processes?

**Response**

The responsiveness to the housing crisis which is present in all forms is governed by the capacity of the system to respond in a timely and effective manner. As previously mentioned, there is a skills deficit in local government for planners and other professionals that can progress development applications, skills shortages are being experienced by a broad range of sectors, however in a crisis situation such as this there needs to be other mechanisms in place to progress these applications in a timelier manner.

2. How can governments work together to be more responsive and flexible to housing demand pressures, both now and in the future?

**Response**

The impact of major projects on the availability of temporary accommodation needs to be managed appropriately, with many of the NSW regions being the fortunate recipients of major projects that in the long term will create enormous economic benefit. However, the lack of supply of accommodation for essential workers stifles in region businesses to operate to their full potential and reduces access for local residents to services such as health, education and childcare due to workforce shortages caused by the lack of supply of housing.

The hotels that provide crisis accommodation in the regions are now being taken up by workers on major projects despite the major project's best efforts to minimise impact on the housing market locally.

The way forward is to work with local government and developers to create solutions that are good for the community (public/private partnerships). Creating funds for local government to enable the essential services to new land development and working with local government to make it easier to create medium density development in regional CBDs. At this stage, this isn't a cost-effective solution for developers.

3. What is the role of state and local governments in the improvement of speed and/or transparency of development assessment processes to help improve supply of housing and the affordability of homes?

### Response

Feedback from stakeholders indicate that there are numerous examples of where DAs have been so delayed that the property is no longer financially viable to build with the increase in costs incurred because of the time it has taken. This is unacceptable and if a property sits within the correct planning parameters, then they should be automatically approved. Further work is required into the adoption of Artificial Intelligence Technology for speedier assessment processes.

Local government has a role to play in housing, firstly they have land and building assets that could potentially be used for affordable, community or public housing, with state and federal government support. Secondly, local government has the best understanding of what types of housing would be required for their own region as they work closely and on the ground with communities and understand what would be most relevant.

Overall, to be more open, flexible, and accommodating of different solutions, especially around the government owned land opportunities to develop social housing. The following options are presenting within the regions:

- Pre-constructed, modular, energy efficient and fireproof buildings as housing
- Partially pre-constructed quick build options for housing
- Rent to buy proposals
- Private and government investment models into affordable housing
- NFP built and managed affordable and social housing.

4. What key short, medium and long-term planning and zoning reforms could be explored in the Plan?

### Response

As our keynote speaker said at the NSW RDA Housing Supply Workshop: *'Planning, it can't be developer and developed, they've had too much influence, the private sector developer, the investor, on housing we need... It can't be led by that. It's got to be led by this wider sense of society and the kind of economy we want. And the planning needs to be enabling, it needs to be enabling of this wider sense of how the economy should function.'*

There needs to be strong support for small developers and a plurality of different forms of housing not just ownership, creating an opportunity through different forms for everyone to have a decent home e.g., cooperative housing.

For example, Scotland's Housing Strategy is framed by its economic strategy and its aspiration to be a wellbeing economy. The Western Isles of Scotland is very much a rural economy and has a housing affordability issues because it is a popular place to relocate to. The Scottish government is proactively

buying land or facilitating community ownership so it is not owned by developers or private landowners, and it can control the development of affordable housing in that region.

**The impact of climate change and disasters on housing security, sustainability and health** ([Issues Paper](#), section 3.7, page 77)

1. How can governments support hazard resilient housing and housing modifications for new and existing housing, in particular within rural and remote locations that are more likely to be impacted by extreme weather events?

**Response**

Community asset mapping to identify vulnerable areas within the community and putting into measure preventive solutions to mitigate the risk of natural disasters (i.e., levy banks around higher flooding areas).

Funding to improve old building stock. New buildings should comply with appropriate sustainable standards that are determined by consultation with state regulatory authorities.

2. How can housing policies and programs support people who have been displaced due to climate disasters?

**Response**

There are currently approximately 1,000 displaced residents living in 11 temporary housing sites across the Northern Rivers region. Displaced residents have been provided with temporary modular homes (also called pods) and caravans. The sites include supporting infrastructure and amenities. They vary in size, depending on the land and available amenities. They are managed by Community Housing Providers and residents can stay there for a period of up to 2 years.

The NSW Government established the Northern Rivers Reconstruction Corporation which manages the rebuild of flood impacted communities in the Northern Rivers. A Resilient Homes Program has been introduced with 3 components, home-buybacks, home raising and retrofitting of homes. This Program is complemented by the Resilient Land Program, which is seeking ways of increasing the housing supply in the Northern Rivers region.

The process of recovery is requiring time and available resources, the total flood rebuild value is currently estimated at approximately \$8 billion. What is vital is that the region has a workforce that can complete these projects on time, and within government's budget. Workforce availability is a major issue for the region and further policies need to be explored regarding workforce attraction and retention for the recovery process to be achieved.

It is also important to take the learnings from the recovery process of the Northern Rivers to inform policy settings for the management of future climatic events.



Firsthand feedback from Coffs Harbour NSW, just south of the Northern Rivers region, reports that vulnerable residents with complex issues are relocating from the North into the region as a result of the floods, however crisis accommodation was already full when the climatic crisis occurred leaving these very vulnerable persons stranded and not connected to support services.

3. How can hazard resilience and thermal performance of housing in regional and remote locations be improved?

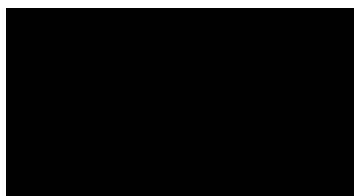
### **Response**

Build environmentally sound houses that require less heating and cooling, require builders to include solar panels to be installed on all new builds, white roofing, and driveways to reduce heat islands, have lots of plants and trees in all streets (not just in "green areas"). Keep waterways above ground and as natural as possible, mandatory car charging facilities in all new builds and promote other renewable options as they develop and become available.

## **Summary**

On behalf of the NSW RDA network, we thank you for considering our submission and welcome any further discussion.

Yours sincerely



RDA NSW & ACT Committee