

Regional Housing Taskforce

August 2021



**CENTRAL NSW
JOINT ORGANISATION**

- Bathurst
- Blayney
- Cabonne
- Cowra
- Forbes
- Lachlan
- Oberon
- Orange
- Parkes
- Weddin



Chair Cr John Medcalf OAM, Mayor, Lachlan Shire Council

Central NSW
Joint Organisation

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2 September 2021

Reference: jb:vp 210902
Enquiries: Ms J Bennett: 0428 690 935

Mr Garry Fielding
Chair of the Regional Housing Taskforce
DPIE
12 Darcy Street
Parramatta NSW 2150

Dear Mr Fielding,

Re: Regional Housing Taskforce

Introduction

As you are aware Local Government Regional Joint Organisations (JOs) were proclaimed in May 2018 under the NSW Local Government Act 1993. The Central NSW Joint Organisation (CNSWJO) represents over 200,000 people covering an area of more than 50,000sq kms comprising the Local Government Areas of Bathurst, Blayney, Cabonne, Cowra, Forbes, Lachlan, Oberon, Orange, Parkes, Weddin, and Central Tablelands Water.

Tasked with intergovernmental cooperation, leadership and prioritisation, JOs have consulted with their stakeholders to identify key strategic regional priorities. The CNSWJO Strategic Plan can be found here: https://docs.wixstatic.com/ugd/51b46b_31886650ecf546bc916f15e99a733b3e.pdf

Firstly, the Central NSW Joint Organisation thanks the Government for involving our region and giving roundtable sessions allowing opportunities to help speed up the delivery of homes in regional NSW.

Central NSW like all of regional Australia is enjoying unprecedented population pressure. The Regional Australia Institute has identified 69,700 jobs¹ needing to be filled in July of this year across Australia.

Still key agencies including Treasury in NSW have planning assumption for population growth in regional NSW that are well below those being experienced before the recent crisis. For example planning for water security for the cities of Bathurst and Orange in the region through the Regional Water Strategies being

¹ <https://eomail7.com/web-version?p=7ee282da-09ef-11ec-96e5-06b4694bee2a&pt=campaign&t=1630380663&s=2f02441a06eff8f32994028e6b52f17ae776f11b49b02a89012529d3d7d07b18>

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developed by the Department of Planning, Industry and the Environment at the moment have growth in these cities at 13% over the next 20 years. The data they use is “common Treasury planning assumptions.” Orange City Council’s estimates for population growth are 1.7%pa and Bathurst report ABS ERP showing growth above 1% in recent years.

Arguably, not only are the assumptions of key agencies wrong about population growth, but they are ‘rusted on wrong’ and have significant impacts on communities’ service levels adding to knock on growth restraints.

Further, the pipeline of projects in region including Inland Rail, Wyangala Dam, the upgrade to the Great Western Highway, the Parkes Special Activation Precinct, several significant mines, other State Significant Developments and the unprecedented and very welcomed NSW Government spend on infrastructure in region means that we know this pressure will only continue well into the next decade. Added to this the current tourism pinch point during Covid where the pandemic is also impacting access to construction materials and workforce.

While the region is adept at leveraging spare capacity in housing, for example during tourism events for example at Mount Panorama and the Elvis Festival, and has provided this capability to help the current housing crisis, for example the work being undertaken by Orange 360 to house mining workforce, there is only so much we can do with existing floorspace and resource.

Growth in property value is also exacerbating the situation, for example in August 2021 Forbes was announced as number one in NSW having achieved an 80.9% increase. Other towns are reporting landlords are taking the opportunity to on sell the property given unprecedented capital growth.²

Land and property prices have significantly increased in the last 18 months; however, it is also noted construction costs have increased 20% in the last 6 months alone. Sourcing quality contractors is also now an issue as everywhere is booming.³

If NSW is to avoid significant migration to other States, it needs to adopt a root and branch approach to tackling the at times wicked problems that are causing both the skills and housing crisis. These problems are well beyond the scope of this submission. The way forward is a fit for purpose approach across all levels of government to understanding the problem and then working collaboratively on solutions.

This region is aware of work being done elsewhere, for example in the Riverina, and supports similar approaches being rolled out elsewhere.

Unfortunately, Regional Housing Taskforce’s a focus on the planning system to resolve the issues that have resulted in a severe housing shortage in many areas of regional NSW is far too narrow an approach.

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, development and investment to provide diverse and robust housing stock that meets the needs of rural and regional NSW.

NSW needs to create an ecosystem that supports housing growth at every level. This means 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.

² Century 21 Central West 27 August 2021 article ‘Exciting announcement for Forbes’

³ Feedback from Blayney Shire Council

The Central NSW Joint Organisation understands the purpose of the Taskforce is to investigate planning barriers and develop recommendations to address regional housing issues with a focus on:

- *The planning system and other government levers to stimulate housing supply and address housing needs*
- *Removing impediments within the planning system to the delivery of affordable housing types and housing generally*
- *Identifying mechanisms within the planning system to facilitate and drive the delivery of housing matched to community needs*

The Taskforce has asked 5 questions and CNSWJO has consolidated feedback from member Councils in this regard:

1. What are the critical housing supply issues in your local area?
2. What are the key elements contributing to these issues?
3. What are the key elements contributing to these issues?
4. What are the main barriers to delivering more diverse housing types to suit the varying needs of people in your region?
5. Overall, what can the NSW Government do to support housing delivery in the regions?

This is followed by a section addressing the three focus dot points above including recommendations.

Throughout regional consultation we have also received other feedback including:

- Some sensible definitions work on “affordable housing” would help where currently there is confusion.
- The Government needs to address the lack of Building Certifiers in Regional NSW, in particular the lack of youth and trainee’s entering the profession.
- The cost of Council having to hire a building surveyor from the private sector is exorbitant, noting that from time to time LG is experiencing a shortage of building surveying staff. Building surveyors are in such shortage they can charge whatever they like and there is always a delay in getting the service because they are so busy. The shortage is only going to get worse because of the restricted training options and the distances students will need to travel to get the relevant experience.
- The NSW Government previously assisted Councils with the cost of strategic planning through the Planning Reform Fund, this assistance has not existed for several years with all monies now directed to funding the NSW Planning Portal. The Planning Portal has not improved the development process in regional NSW.
- There is an opportunity for the NSW Government to facilitate long term housing planning in regional NSW, by supporting Councils to undertake strategic planning, including Master Planning (even requiring co investment). DPIE could also consider establishing a Regional NSW Master Planning Task Force, which could act as a specialist taskforce which supporting and assisting Regional NSW Councils (in particular smaller Councils) with specialist planning and engineering.

- The NSW Government should consider providing assistance through significant expansion of the NSW Government Low Cost Loans Initiative (LCLI) program, providing 50% interest subsidies for projects that deliver;
 - Upgrade aging infrastructure to facilitate housing growth, and/or
 - Deliver new infrastructure that facilitates new greenfield residential growth.
- Impacting the ability for home ownership is, outside regional centres is banks only lending to a Loan to Value Ratio of 80%, meaning 20% is required by a purchaser, this is compounded as prices surge at unprecedented rates.
- A significant issue is the capacity of Councils ageing infrastructure, in particular key trunk; road, potable water, sewer and stormwater having no additional (or limited) capacity for the further connection of new lots or dwellings. The infrastructure was simply not designed for the additional capacity.
- The definitions in the Standard Instrument LEP need to be reviewed to create more appropriate definitions.
- Councils support's the intent of s77 for short term accommodation, however companies now abusing the intent through constructing more semi-permanent accommodation, rather than the traditional caravan. There should be requirements in the regulation, for where the caravan is to be located (not in front or on side of a house), minimum structural certification, it must be a caravan (registered every 12 months) and should only be allowed to stay for say a maximum 8-week period with no approval or up to 12 months if approved under s68 of the Local Government Act.
- A significant issue starting to arise is the misunderstanding by the community regarding wider development processes, in particular; land identified during strategic planning, a planning proposal to rezone the land and then a Development Application (DA) to develop the land.
- The community often hold significant objections and frustrations over to the DA assessment because they do not understand the wider planning process. The process to bring on additional zoned land is confusing / not understood by the community and becomes resource intensive for Councils to deal with.
- Member feedback is that community does not want to look like Western Sydney (which is one reason people are relocating to the area). The taskforce needs to carefully consider that the quality of development is not compromised by a desire to hastily deliver quantity to the market.

Feedback from members on the Taskforce's five questions to stakeholders

1. What are the critical housing supply issues in your local area?

Cabonne Council

- Residential Land in commuting distance to Orange (30 min approx.) is limited. Vacant land within this area is likely to be constrained.
- New land identified under the recent Settlement Strategy is not yet developed.
- Vacant unconstrained land zoned for residential development is likely to not be connected to services meaning that any development is cost prohibitive given servicing costs are added to construction costs.

Orange City Council

- Availability of rental housing and affordability of rental supply
- Development contributions cap – impacts on ability to deliver new greenfield areas
- Affordable housing supply
- Land availability (key issued address under 2. Include land banking and constrained land

Lachlan Shire Council

- Lachlan Shire Council is facing a critical shortage in rental properties in most of its towns and villages. In addition, the cost of supplying new housing outweighs the return on investment.

Bathurst Regional Council

- Availability of subdivided residential land. Demand is outstripping supply.
- Demand for high quality product from and influx of internal migration, primarily from Western Sydney.
- Little out migration from Bathurst and so lack of existing housing for sale.
- Availability of building materials, particularly because of COVID.
- Infrastructure lag with new housing supply.
- Household size decreasing and not achieving corresponding housing diversity (smaller houses/smaller lots).

2. What are the key elements contributing to these issues?

Cabonne Council

- No new urban residential land since 2012. Cost of developing land (especially utilities) is very high with an expectation that Council will assist in the delivery of land

Orange City Council

- Short term rental accommodation (anecdotal evidence – backed by the number of listings on AirBNB website)
- Diversity in housing mix, and provision of affordable housing for key workers
- Owners rezoning land and not developing, land that is unconstrained (topography, biodiversity, servicing etc.)

Lachlan Shire Council

- Cost of supplying new housing stock or renovating existing poor quality housing. Development pressures within the Shire associated with infrastructure development and new opportunities (e.g. mining, etc.).

Bathurst Regional Council

- It is taking longer to approve the subdivision of land to achieve better urban design outcomes.
- COVID – impact on building supplies.
- The staged release of lots is small and doesn't match overall infrastructure/service requirements.
- Small number of developers controlling the proportion of approved residential release areas.
- Greenfield sites in multiple ownership leading to difficulties in coordinating development at the same time.
- Limitation in amounts that can be funded through developer contributions.
- Higher community expectations as to the quality and timing of new infrastructure.

3. How can we best deliver houses on land already zoned for housing?

Cabonne Council

- No significant constraints once land is zoned and serviced.
- Vacant land that is zoned but un-serviced is quite costly to develop and therefore likely cost prohibitive (even when the land price itself is relatively cheap).
- Assistance with costs towards servicing would open up additional land for development.

Orange City Council

- Incentivise or develop legislation that require owners to enact the rezoning within a certain period (like DA consent)
- Possible Incentive option waiver on stamp duty if final lots delivered within X years?

Lachlan Shire Council

- Provide financial incentives for private developers to provide new housing stock. Expand existing grant criteria to allow and encourage local government housing projects.

Bathurst Regional Council

- Funding for upfront master planning.
- Funding for upfront infrastructure, particularly the big-ticket items – e.g. bridges, reservoirs.
- Allow Councils to have their own complying development provisions that suit local circumstances – led to faster approval times than under SEPP provisions (Bathurst is case in point).
- Planning portal has significantly slowed down the receipt of DAs, CCs and other applications which has meant that applications are taking longer to administer before they can be assessed. This has slowed dwelling approvals.
- Encouraging property owners to partner with larger residential developers to help get product on the market quicker.
- Encourage blocks to be released at a range of sizes to encourage diversity of product to be created.

4. What are the main barriers to delivering more diverse housing types to suit the varying needs of people in your region?

Cabonne Council

- Lack of suitable land in close proximity to town centres for residential development of higher densities. A development of multi dwelling housing would require the purchase and demolition of an existing dwelling to make way for the development which is likely to make the development unviable.

Orange City Council

- Developers unwilling to subdivide smaller lots (historically, we are starting to see a shift in this as housing prices rise)
- Ensuring that infrastructure is in place for increased density (proposed changes to contributions plan is of concern)
- Affordable housing policies
- Land availability – constrained by various competing policy positions i.e. preserving agricultural land for primary production, preserving land for biodiversity, preserving land for scenic amenity etc Versus finding land for greenfield subdivision that is logically positioned and connected to the existing urban footprint
- Servicing and traffic management – collector and distributor road networks need to be designed well in advance of rezoning. However such foresight can then be overtaken by changes to the planning system from a state level whereby areas that had been anticipated to be viable for housing are subsequently constrained by a new policy position – i.e. the introduction of BSAL (south Orange) or changes to ecological constraints to include grasslands (north Orange)

Lachlan Shire Council

- Development costs and return on investment.

Bathurst Regional Council

- From economic perspective there is little incentive to build compact housing stock in line with current household occupancy rates as compared to building a 3- or 4-bedroom house. Housing prices are still too low to provide a high enough price differential to make unit mid-range development attractive. There is only demand for high-end units close to the CBD.
- Few real-life examples for unit and townhouse sales to set the valuations, adding a layer of risk for potential developers.
- Hesitancy of banks to lend for to new development types.
- Poor subdivision design and particularly the response to natural topography and the desire to build on slab only versus opportunities for a more diverse housing design which considers topography.

5. Overall, what can the NSW Government do to support housing delivery in the regions?

Cabonne Council

- Assistance with servicing costs and the delivery of the infrastructure to new residential land. The cost of connection to all services (water, sewer and electricity) is making development cost prohibitive.

Orange City Council

- Assist Council through the development of legislation to ensure residential land is zoned and developed (use it or lose it provisions in rezonings and/or stamp duty incentives)
- Ensure appropriate mechanisms (contributions) are in place for Council to deliver required amenity for new developments
- Review mechanisms for exceeding cap on contributions to ensure required infrastructure is available for communities
- Assist Council in expediting planning proposals for land identified as short term in housing strategies

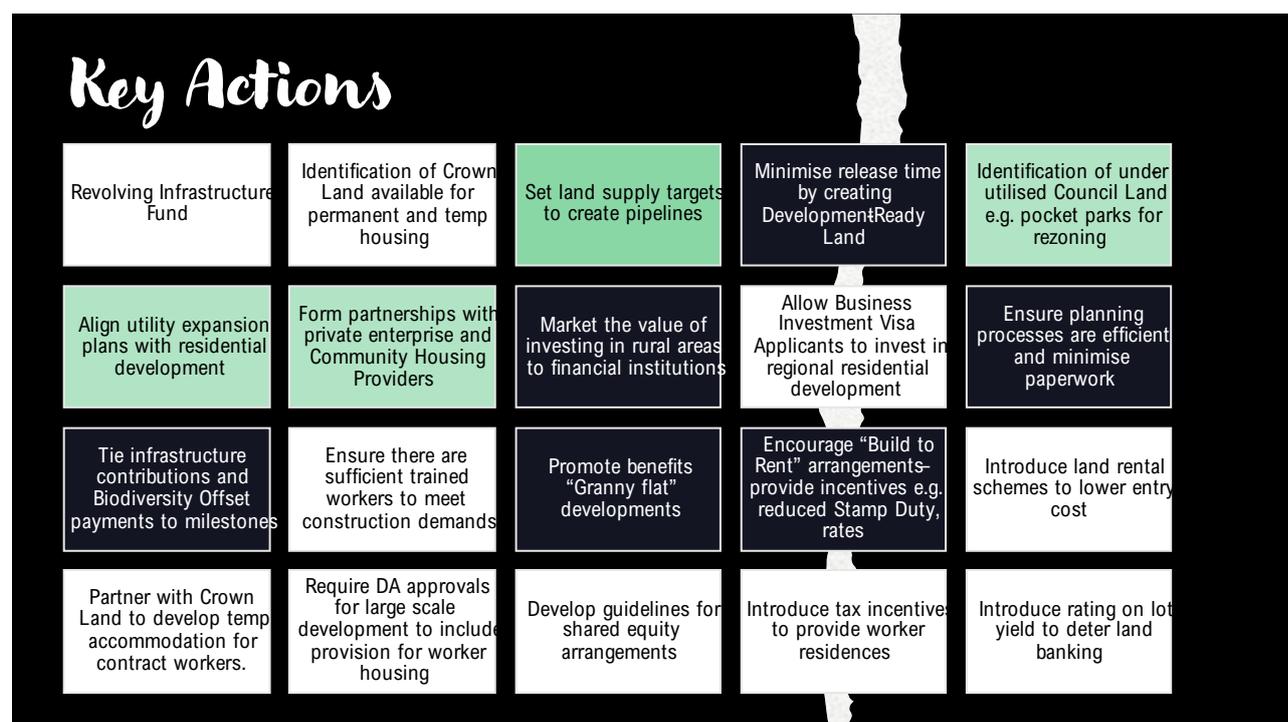
- Grants/funding support for master planning of centres (where increasing densities) and for greenfield development
- Update Environmental Sensitive Area mapping to accurately reflect listed endangered flora/fauna
- Require new State policies that would constrain development to preserve viable growth corridors for urban centres.

Lachlan Shire Council

- Outlined above. Provide financial incentives for private developers to provide new housing stock.
- Take a long term view on education/training. The shortage of suitably qualified builders/tradespeople increases the costs associated with constructing new buildings/carry out alterations to existing dwellings.
- The shortage of building materials is also increasing costs. The NSW Government needs to look at the supply chain for building materials to ensure that builders can obtain materials without paying exorbitant prices or with large time delays (e.g. steel, etc.).

Bathurst Regional Council

- Provide greater level of funding to Councils for key and critical infrastructure and so that infrastructure can be provided upfront.
- Reimburse Planfirst fees to local government to spend in the region – e.g. on master planning, traffic planning etc.
- Ensure regions can achieve water security.
- Help local developers realise the potential for unit and townhouse development.
- Encourage developers and Councils to provide a diversity of product. Provide funding support to Council's in regional NSW to develop showcase projects.



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Addressing the three focus points for the Taskforce's Terms of Reference and recommendations from this region

1. The planning system and other government levers to stimulate housing supply and address housing needs

Land Availability

The key foundation to ensuring that there is a suitable and diverse range of housing provided 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 to meet demand.

The State can 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 which has never eventuated. This land is often found in highly sought-after locations, however, much of it is subject to Native Title claims which will limit its re-purposing for residential housing.

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 areas abut prime agricultural land then residential land growth will normally occur by accessing nearby land that is often prime agricultural land. Economies of scale and scope for residential land depend on contiguous development that leverages existing infrastructure.

Solutions the State could consider

- *Maximise use of State-Government Owned Land to Increase Land Availability* – through releasing Crown Land that has been identified as surplus to needs and resolving outstanding Native Title issues on the land. It is pointless earmarking Crown Land for residential development if the Crown has not resolved the matter of Native Title.
- *Support Evidence Based Decision making* – we note that this is a feature of the State Housing Strategy and it should be a focus of the Regional Strategy. There needs to be sufficient land in the pipeline to accommodate growth. This can only be achieved if population projections accurately reflect growth trends. In Central NSW, the projections have consistently failed to reflect what has actually occurred. It is impossible to develop residential land pipelines if population projections and therefore demand forecasting is inaccurate. Further, it needs to be **nimble** responding to changes in region. How can it be that **today** NSW Government Treasury planning assumptions informing the priorities for infrastructure to secure water for our communities are so far off the mark?
- *Invest to Create Development-ready Land* - minimise the lead-time for land release by creating Development-Ready land, where Biodiversity planning requirements, infrastructure planning and utilities planning have been completed or partially completed. This process would need to be funded by the State and would also require changes to the Biodiversity Offset Calculator which is currently stifling development across the region.

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- *Maximise use of council-owned land to Increase Land Availability* – provide support to councils to reclassify community and operational land, such as pocket parks, for housing.
- *Resolve the conflict between the need for urban residential development and the retention of prime agricultural land* – we note that the Agriculture Commissioner is close to finalising his Agricultural Land Use Strategy. This will hopefully assist and provide guidance on how this conflict can be addressed to accommodate all needs.

Housing Development

Upfront costs of development have been identified as a barrier to developing zoned land. The need for “lumpy” asset investments upfront which 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. Access to finance is also an issue, many financial institutions are reluctant to loan money for rural and regional residential development where traditionally capital growth along with housing sales have been slow. Banks are informed by population and housing data when making loan borrowing decisions, 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 being delayed by lack of skilled labour.

Solutions the State could consider

- *Introduction of legislative and structural arrangements that support councils as developer* – in many rural areas, council is a significant developer of land, structures should be put into place that recognize and support this role.
- *Implement State and Local Funding arrangements that support housing development* –
 - create a Revolving Infrastructure 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.
 - Provide low-interest loans to developers to meet the cost of infrastructure, allowing them to pay the loans off as lots are sold. Caveats could be placed over the land to ensure payments are made.
 - Offset contributions and rates to drive development of specific types of housing e.g. medium density or high-density housing. This would cost councils money; the State could provide financial support for this to occur.
 - Reduce the costs associated with re-zoning in return for Developers 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.
- *Create arrangements that make land-banking less attractive* - Residentially zoned land that is not developed within a specified time is returned to its original zoning. Alternatively, introduce rating based on lot yield. This would increase the holding costs of residentially zoned land and provide an incentive to develop.

- *Delay upfront costs for Developers* – delay the requirement to pay biodiversity offsets until after development is completed, or alternatively pay at development milestones. **The Biodiversity Offset Calculator needs recalibration as soon as possible.**
- *Improve access to finance:*
 - Market the benefits of investing in regional and rural communities to address the lack of understanding on Return on Investment for regional areas and the overall demand for housing.
 - Allow applicants for Business investment and Innovation (188) visas to invest in residential real estate in regional and rural areas. The Investor Stream requires the applicant to invest \$2.5million in complying investments, while for the Significant Investment stream visa applicants must invest \$5 million. Both are currently prohibited from investing in residential real estate.
- *Ensure there is sufficient skilled labour to meet demand* – developers cannot build, if there are no builders available. Skills shortages in the Central NSW Region are at a critical level, with unemployment in most of the Region running at below the national average. The consolidation of TAFE training into regional cities has impacted on the accessibility of trades training in rural and regional areas creating barriers to the employment of apprentices and trainees.
 - *Make training more accessible for apprentices* – apprentices are often required to travel away from home for “block release” training. Apprentices are usually teenagers the requirement can be a disincentive to taking up a trade.
 - *Provide targeted incentives for employing apprentices* – there are already financial incentives for employing apprentices, however we are still short of trades people. More work needs to be done by the State to identify why employers are not employing apprentices.
 - *Increase the numbers of skilled and experienced foreign workers working in rural and regional areas* – apprentices need on-the-job tradespeople to train them. Foreign workers who are skilled and experienced tradespeople could “plug” the shortfall that will be created by the retirement of the Baby Boomer tradespeople.

Housing Investment

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

Solutions the State could consider

- *State Government policies to support investment in housing in rural and regional areas:*
 - Change investment guidelines for Business subclass 188 visas to allow investment in residential developments in rural and regional areas that will be used for long-term rental. The Federal Government recently set at target of 15,000 188 visas. Visa holders are required to make investments of between \$2.5 million and \$5 million, depending on the type of 188 visa, in approved investments. They are currently precluded from investing in residential real estate.
 - Encourage “Build-to-Rent” where investors agree to rent the properties for the long-term e.g. 10 years.

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- Reduce Stamp Duty for purchasers of rental properties in rural areas. Lower Payroll Tax for employers who provide housing for employees.
- *Introduce land rental schemes to lower the cost of housing* - Rental is paid on the land until the owner can afford to purchase.
- *Market the benefits of investing in regional and rural communities* – Market the Return on Investment for rental properties in rural and regional areas and prepare an Investment Prospectus for regional and rural areas

2. Removing impediments within the planning system to the delivery of affordable housing types and housing generally

Land Availability

In Central NSW people who need affordable housing are being driven out of the market, prices are soaring and consequently people are being forced into lower and lower quality housing. In rural areas these people are often pushed to outlying villages where there is no public transport creating problems with regard to isolation and access to support services. Some members are reporting significant impacts on vulnerable people who are being forced from their homes as they are being sold to realise capital gains.

Solutions the State could consider:

- *Identify NSW Land and Housing land and properties in LGAs that are suitable for release for development* – this is a resource that is currently under-utilised. The State should proactively identify these properties and then work with councils and social housing providers to develop the land.
- *Releasing of Crown Land for Social, Community and Affordable housing* – we note that this approach is also included in the State Housing Strategy.
- *Initiate a license scheme for Crown Land which would enable its use for temporary housing* – many of the large infrastructure projects like Inland Rail or Snowy Hydro will have a high demand for housing. This housing could then be repurposed for affordable housing. The license could expire at the time estimated by Crowns that the land will be needed for use.
- *Prepare LGA-based Housing Strategy including Affordable Housing* – council resourcing in rural and regional areas is such that the preparation of LGA based strategies can be problematic. However, working with the Department of Planning this could be achieved initially by targeting LGAs with the highest demand for affordable and social housing.
- *Develop Community Land Trusts to increase the pool of developers* – the shared ownership of the land through a Trust increases affordability.

Housing Development

There is no question that there is a significant shortage of social and affordable housing across our Region.

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Solutions the State could consider:

- *Access National Housing Finance Investment (NHFI) Corporation low-interest funding by partnering with a community housing provider* – councils could form partnerships with community housing providers to unlock funding.
- *Create an Umbrella Housing Investment Fund for the Region with T-Corp* – T-Corp’s minimum loan amount is in excess of what most rural councils require to co-invest in affordable and social housing. An umbrella loan, which encompasses all the LGAs in a specified region could be established with individual councils able to access the funding.
- *Reduce the costs associated with re-zoning in return for an undertaking to include a specified level of affordable and social housing in the development* – this could overcome Return on Investment issues for developers.
- *Allow unused hotels and hospitals for affordable rental accommodation* – develop compliance regimes that support the conversion of older buildings into multi-residential developments. This includes managing for good but achievable heritage outcomes. Further – generate policy, funding opportunities and downward pressure on Health Infrastructure to repurpose existing floor space.
- *Mandate community housing as part of new housing estates* – require all new housing estates to include affordable and social housing options, including dual occupancy.

Housing Investment

Solutions the State could consider:

- *Encourage “Build-to-Rent, where investors agree to rent the properties for the long-term e.g. 10 years* – provide incentives for investors who are prepared to offer rental accommodation for social and affordable housing.
- *Change zoning for vacant shops in villages to allow them to be used for either permanent or temporary accommodation* – this could increase the types of housing stock available.

3. Identifying mechanisms within the planning system to facilitate and drive the delivery of housing matched to community needs.

A diversity of housing is imperative if we are to meet community needs, yet we find in rural and regional areas are dominated by 3–4 bedroom brick veneer housing.

Rural communities reflect the demographics of the wider population; young singles, families with no children, retirees and those looking for rural lifestyles. Current approaches are not delivering the diversity that is required to deliver what communities want. For example, farmers looking to retire into town are often looking for transitional housing, such as small acreages where they are able to maintain a rural lifestyle close to town, while others are looking to downsize into villas that are part of a dual occupancy.

Suitable housing stock for young people to facilitate them staying in region is also a priority.

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The most desirable outcome is a diversity of lot sizes and dwelling sizes in any area creating variety and range. The Standard Instrument LEP does not facilitate this based upon a minimum lot size rather than also including lot averaging provisions.

Land Availability

Solutions the State could consider:

- *Accurate (or at least close to) population projections are needed to reflect planned and current economic development activities* - The projections can be used to determine housing demand – councils need to know the types of housing that will be needed as this determines the zoning of the land.
- *Audit land to ensure there is sufficient land zoned for a diversity of uses – medium density, rural-residential, residential* – this would ensure there is sufficient land in the pipeline to accommodate growth. If the land is not zoned for diversity, builders cannot build diverse offerings.
- *Set land supply targets to meet growth* – using data capture and analysis to determine targets for land supply that meet growth demands.
- *Councils use their LSPS to identify land for residential use based on projected demand data* – again this is the use of quality data to inform decision making in relation to projected land demand.
- *Support subdivisions on large blocks of land and battle axe blocks* – this would encourage more medium density housing options and make better use of existing infrastructure.
- *Incentivise in-fill development and subdivision of large land lots* – this could encourage more intensive use of land that is already serviced by infrastructure.
- *Resolve the conflict between rural-residential land development on prime agricultural land* – in many rural communities, residential growth and particularly rural residential growth occurs on what is prime agricultural land. The Agriculture Commissioner is currently developing an Agricultural Land Use Strategy, this needs to address the need for prime agricultural land to be used for residential development.

Housing Development

Solutions the State could consider:

- *Review Home Warranty Insurance arrangements to ensure that they support housing diversity* – dual occupancy development is very attractive in rural areas, however developers advise that from a Home Warranty Insurance perspective they are treated as a multi-unit development. The insurance on the second unit can be three times higher on the first, impacting on the viability of the project. It is acting as a disincentive.

Housing Investment

Solutions the State could consider:

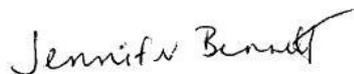
- *Change investment guidelines for Business visas to allow investment in residential developments in rural and regional areas that will be used for long-term rental – as mentioned above, if the State changed the investment guidelines for NSW this could open an entirely new source of funding.*
- *Encourage financial institutions' policies to support investment in rural areas – people cannot invest in homes if the financial institutions will not lend. Anecdotally we are advised that many financial institutions resist investments in rural areas because of the historically poor capital growth. This attitude does not reflect current circumstances.*

In conclusion

Central NSW would welcome an opportunity to be part of codesigning and implementing solutions that work to remediate a housing crisis that is a result of broader problems than could be resolved by fixing planning issues. This is not to say that the planning system does not need an overhaul, however the problems are broader also requiring wider and cross level of government collaboration.

Please contact me on 0428 690 935 should you wish to discuss further.

Yours sincerely,



Jennifer Bennett

Executive Officer

Central NSW Joint Organisation (CNSWJO)