



NATIONAL REGIONAL HOUSING SUMMIT 2024

SUMMIT OUTCOMES & RECOMMENDATIONS



HOSTED BY:



REGIONAL AUSTRALIA INSTITUTE



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ACKNOWLEDGEMENT OF COUNTRY



We acknowledge the Traditional Owners and Custodians of Country throughout Australia. We recognise the strength and resilience of Aboriginal and Torres Strait Islander peoples and acknowledge and respect their continuing connections to country, rivers, land and sea. We recognise that sovereignty was never ceded. We also pay our respects to Elders past, present and emerging and extend that respect to all Traditional Custodians of this land.

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ABOUT US



REGIONAL AUSTRALIA INSTITUTE

Independent and informed by both research and ongoing dialogue with the community, the Regional Australia Institute develops policy solutions and advocates for change to build a stronger economy and a better quality of life in regional Australia – for the benefit of all Australians.

www.regionalaustralia.org.au



REAL ESTATE INSTITUTE OF AUSTRALIA

The Real Estate Institute of Australia is a federation of state and territory Real Estate Institutes. Formed in 1924, it represents the real estate industry in Australia at national and international levels.

www.reia.com.au



MASTER BUILDERS AUSTRALIA

Master Builders Australia (Master Builders) is the nation's peak building and construction industry association. Master Builders' members are the Master Builder state and territory associations. Over 130 years, the movement has grown to over 32,000 businesses nationwide, including the top 100 construction companies. Master Builders is the only industry association that represents all three sectors of the industry – residential, commercial, and engineering/civil construction.

www.masterbuilders.com.au

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REGIONALISATION AMBITION 2032

TARGET TO INCREASE AVAILABILITY AND AFFORDABILITY OF HOUSING IN REGIONAL AUSTRALIA

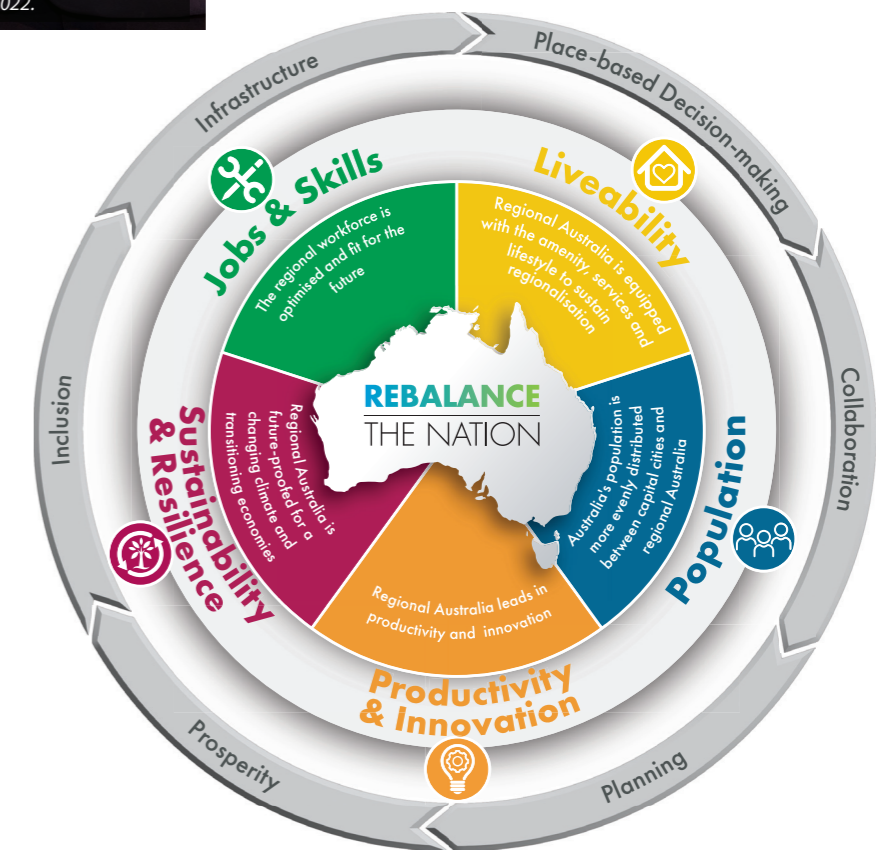


From left: RAI CEO Liz Ritchie, RAI Chair Christian Zahra AM and Minister for Infrastructure, Transport, Regional Development and Local Government, the Hon. Catherine King MP at the launch of the Regionalisation Ambition in 2022.

THE REGIONALISATION AMBITION 2032 SETS A TARGET TO ADDRESS CURRENT HOUSING SHORTAGES, INCLUDING TO INCREASE RENTAL VACANCY RATES IN REGIONAL AREAS TO ABOVE 3% AND TO ENSURE ANNUAL BUILDING APPROVALS KEEP PACE WITH POPULATION GROWTH.

The Regionalisation Ambition 2032 - A Framework to Rebalance the Nation, launched in 2022, is a national plan for regional Australia, based on more than a decade of research by the RAI, spanning the most important issues influencing the regions.

Designed for all levels of government; industry and the community; the Ambition seeks more balanced growth across our nation's regional communities and capital cities. The Framework underpinning the Ambition outlines cross-cutting themes and five pillars, each of which are interlinked and equally important. Across each pillar are key targets, actions and benefits that will contribute to building prosperous regional communities, and a stronger Australia.



MAKE A PLEDGE TO THE REGIONALISATION AMBITION 2032

The Regionalisation Ambition's goal to Rebalance the Nation has more than 60 pledges from supporters right across the nation. If your organisation is interested in making a pledge, visit the Ambition website to find out more.

www.rebalancethenation.com.au



On Friday 9 February 2024 more than 350 Australians took part in the first National Regional Housing Summit. Delegates joined in person and online, from each state and territory, representing regional communities and local governments; community housing providers and the not-for-profit sector; peak bodies; the building and finance sectors.

The day was solutions-focussed with a bold objective: to take a proactive approach to addressing the challenges before regional housing markets: spanning housing supply, labour shortages, home ownership, private rental, social and affordable housing and homelessness.

The Regional Australia Institute, Real Estate Institute of Australia and Master Builders Australia, knew the time was now to convene this important conversation.

The Summit was also supported by the Australian Forest Products Association, National Farmers Federation and Bendigo & Adelaide Bank.

To guide the Summit, a Discussion Paper set the scene outlining population, rental availability, house price trends and the regional jobs and skills landscape. These insights are also included within this report. Notable facts from the Paper include:

- Regional rental availability continues to decline: down from 1.5% in September 2022 to 1.2% in September 2023
- Regional median house prices have increased by 54.2% (from March 2020 to December 2023) compared to 29.3% in metropolitan Australia
- Regional Australia saw a 600,000 net population gain during the last census period
- Internet-advertised job vacancies continue to hover around 100,000 every month.

Importantly, the Discussion Paper also includes place-based examples of communities taking action to address their unique housing challenges. Like, Dubbo's No 1. Church Street- a 15 storey, 80 unit development, to address the inland city's lack of multi-density, low-maintenance housing options.

Over the course of the day, delegates engaged in subject-specific panels and heard a series of insightful keynote addresses, including from Housing Minister, the Hon Julie Collins MP, Shadow Federal Housing Minister the Hon Michael Sukkar MP and Independent Member for Indi, Dr Helen Haines MP.

Key themes from the day's discussions, although unsurprising to delegates, are critical for all interested parties to understand in order to overcome current housing challenges. The need to think long-term, to enable local solutions, and targeted policy measures, and to address the lack of supply, in particular across housing and rental markets, the workforce, and funding of critical infrastructure and new housing, emerged as critical barriers to regional housing markets and community prosperity.

Importantly, participants had their say in a workshop session, answering three questions:

1. What do you want government to really understand?
2. What are the short-term changes to address regional housing challenges?
3. What are potential game changing policies, investment and innovations that could lead to long-term, enduring improvements?

The outputs of these discussions and the research and analytical expertise of the RAI have formed the following policy insights, that we, as National Regional Housing Summit convenors, provide for your considered review.

These ideas and innovations are grounded in the lived experience of regional Australians, who everyday are on the frontline of their community's housing and related challenges. Many of the recommendations are brought forward having been tested and proven successful on a micro-scale in regional, rural and remote Australia.

We urge you, as a leader with influence, to consider the recommendations of this report, when formulating policy and investment decisions that shape and intersect with regional housing.

As the convenors of the National Regional Housing Summit, we would welcome the opportunity to meet with you to discuss regional Australia's housing needs and how, together, we can help to guarantee regional Australia continues to be a great place to live, work and invest.



LIZ RITCHIE
CEO
Regional Australia Institute



ANNA NEELAGAMA
CEO
Real Estate Institute of Australia



DENITA WAWN
CEO
Master Builders Australia

WHAT WE WANT GOVERNMENT TO KNOW AND UNDERSTAND

WE'VE HEARD FROM DELEGATES, WE HAVE INSIGHT FROM COMMUNITIES AND INDUSTRY...

Delegates of the National Regional Housing Summit spanned communities, not-for-profits, local industry and local government – **all of whom are on the frontline of regional Australia's housing challenge and they want government to know and understand that:**

WE MUST THINK LONG-TERM AND SYSTEMATICALLY ABOUT THE FUTURE OF REGIONAL AUSTRALIA, AND THE NATION.

- The Federal Government should lead a **National Population Plan** to inform the development of housing and other infrastructure that communities need over the medium- to long-term, right across Australia.
- **Housing must be embedded in local project and infrastructure funding.** In providing support for the housing of a project's workforce, governments will ultimately be supporting and enabling the longer-term housing needs of the wider community.
- When governments consider the cases for investing in and supporting regional housing, they need to **consider both the increased productivity, and the improved social outcomes**, that together achieve stronger communities and a stronger economy across the nation.
- Governments need to **value the broader socio-economic impacts of housing, above and beyond any simple fiscal business case.** For example, delegates at the Summit observed that for every dwelling delivered in a rural setting, the scale of impact is exponential when compared to metropolitan. The additional home could provide much needed housing to local health workers, construction workers, or other key workers whereby, if roles are not filled, the community is continuing without these important services. This is just one example of many potential multiplier effects of an additional home.
- **Wealth creation needs to be decoupled from the human right of housing.**

THE CAPACITY OF LOCAL GOVERNMENT AND LOCAL INFRASTRUCTURE MUST BE BOLSTERED THROUGH ADDITIONAL FUNDING.

- Regional communities are feeling the pinch of housing pressures, with rough sleeping now an occurrence in communities which have rarely (if ever) experienced this before. To get ahead of this, and ensure communities continue to thrive as liveable, safe, sustainable places, local government needs funding support. A starting point would be to see the \$500 million infrastructure fund become recurrent, or to realise Member for Indi Dr Helen Haines MP's call for a **\$2 billion fund dedicated for regional communities.**
- **Enabling infrastructure investment is critical** to support regional communities' growth into the future, alongside the construction of new homes. Water, energy, and key services must all support the addition of new homes, and residents.
- **The Housing Australia Future Fund Facility (HAFFF) must not only provide affordable regional housing, but it should also provide the supporting regional infrastructure.** At a minimum, governments should invest in essential infrastructure alongside HAFF operations. Both housing and infrastructure are economic levers and can provide a greater difference in regional areas.

ONE SIZE DOES NOT FIT ALL. EVEN WITH MEASURES INTENDED TO SUPPORT REGIONAL COMMUNITIES, THE CRITERIA AND COMPETITION OFTEN LEAVES SMALLER REGIONS PREJUDICED.

Regions need bespoke solutions for the different market settings experienced in different communities. There must be targets for regional Australia embedded in new housing policy architecture.

- Regions are not homogeneous. **Housing policy must reflect specific regional, rural and remote needs** and not simply mimic metropolitan policy.
- State and federal policies are currently geared towards markets that have scale and scope; markets that are deep and dynamic; and markets where local resources aren't constrained. State and federal policies need to factor in that the root cause of **housing challenges in many regional markets is the gap between development costs and market prices** (and therefore developer returns).
- **A continuous feedback loop for policy settings across all government levels is critical.** Policy settings need to be evaluated transparently, and communities need to be involved. This is especially the case for often smaller regional communities which find themselves in a policy and grant 'blackhole' – where these supports are either inappropriate or unavailable.

EVERYONE HAS A ROLE TO PLAY.

We know what is needed – all stakeholders now just need to work together to enable the knowledge, creativity and collaboration that local communities and local governments can deliver. This requires enabling capacity and resources through funding, and policy certainty for investor confidence.

- State and federal governments need to **simplify processes and remove blockages** across the housing market and its supply chain.
- State and federal governments need to **maintain continuity and certainty in regulation and legislation** to encourage investment.
- **Communities require deeper engagement** and relationships with federal, state, and local government to ensure housing is being delivered efficiently and effectively.
- The nation needs to **better plan for regional growth**, encompassing community needs across the system – the critical infrastructure, housing, services and workforce required. All stakeholders have a role in facilitating this.



POLICY INSIGHTS FROM THE SUMMIT

Local people are best placed to understand their community's needs. Local industry know their business models and markets. The RAI has deep research and analytical expertise. The collaboration at the National Regional Housing Summit has led to policy insights laser focused on bringing about the new homes needed urgently in regional Australia.



1

ENCOURAGE THE DEVELOPMENT AND DEEPENING OF LOCAL RENTAL MARKETS AND RENTAL HOUSING, INCLUDING SOCIAL AND AFFORDABLE HOUSING.

Regional rental markets have shown their vulnerability to external shocks, whether natural disasters (people relocating from flood- or fire-damaged homes) or population shocks (the COVID-19 pandemic). Local rental stocks and local social and affordable housing have not kept pace with the resulting surges in demand for rental accommodation. Outright availability has dried up. Rents have surged and many local renters have been pushed into housing stress or homelessness. Communities are ready to act but solutions will need to harness key players: the community housing sector; adequate and appropriate financing from the Housing Australia Future Fund; and the private building and finance sectors.

- Clear targets are needed for regional infrastructure and housing investment, to look beyond the cities and take a targeted approach when building 1.2 million new homes under the Accord. **The RAI supports the establishment of a sub-target for at least 40% of the Housing Accord's 1.2 million housing target to be delivered in regional markets and monitored at an SA3 level.**
- **Innovations in housing development need to be prioritised:** rent-to-buy developments, private build-to-rent developments, cooperative housing and, key worker accommodation.
- **Ensuring a diversity and depth in rental housing options** – especially in larger centres and more expensive markets – is crucial for a wide cross section of local communities: from local (but oftentimes non-permanent) professionals, to lower-paid but vitally important local key workers, to the most vulnerable members needing a home.
- **Across smaller (typically inland communities) there are examples of innovative models already at work.** Rental housing developments have been aggregated across multiple communities. These developments represent a scale viable for financing and building partners, but otherwise not present at the individual community/township level. They are driven by partnerships between communities, not-for-profits, private industry, and governments. These developments need to be replicated and supported.
- Communities need to find a sustainable balance of short-term accommodation demand and long-term rental needs.
- Gains are achievable in the short-term: **immediate supply could be unlocked through the tapping into local unoccupied dwellings and even spare bedrooms, identified through local occupancy audits.** Guidelines and clearer and improved regulations would provide greater certainty for home owners and better outcomes for tenants/boarders.



2

ENSURE A PIPELINE OF DEVELOPMENT-READY LAND. FUNDING IS CRITICAL. PLANNING HAS A MAJOR ROLE.

While many communities will have adequately-zoned residential land, it is often not development ready. Ensuring a pipeline of development-ready land requires funding for and planning coordination of critical-enabling infrastructure.

- The National Housing Infrastructure Facility is a vital source of funding for this infrastructure. But this **funding needs to be made available to all regions.** And regions need to know the funding is available and how to access it.
- Many local governments are often constrained in how much debt they can take on. **Small local governments often seek funding less than the minimum National Housing Infrastructure Facility loan amount.** These barriers need to be addressed.
- **State population projections are critical** to infrastructure funding decisions. These projections need to reflect the reality of strong growth in regional Australia's population.
- Gains can be achieved in the short term. **Many communities have some development-ready land that is underutilised.** Policy and planning settings need to address this.
- These settings should **encourage the development of secondary dwellings** on existing lots, the redevelopment of any unused commercial or industrial properties or precincts or, the activation of any unused Commonwealth land. The relevant planning and approvals processes need to be simplified to enable this.
- Planning also needs to be flexible. Communities need to consider how to **balance and plan for short-term or seasonal housing demand** along with longer-term housing needs and shortfalls.
- **Timely development of land** (and minimising land banking) needs to be balanced with maintaining quality and safety standards.
- Planning needs to be informed. **Investment is needed in improved, transparent data** surrounding regional housing markets and population to inform development and long-term planning.
- **More planning professionals are needed!** Planners are high among the list of professionals in short supply across the country, most acutely in regions.
- In the short-term state governments can provide support to help meet this need. Victoria has Regional Planning Hubs – groups of qualified planners who can be deployed to regions in need. NSW has a Regional Housing Flying Squad – a **panel of mobile planning consultants to whom regional councils can outsource their assessments** of housing development applications.
- Over the long-term, **greater investment is needed to develop career pathways for planners** through both the vocational and tertiary education systems.



SIGNIFICANTLY MORE SUPPLY AND A GREATER MIX OF HOUSING, INCLUDING MEDIUM-DENSITY HOUSING IS NEEDED.

3

Regional housing stocks are dominated by detached housing. Census data shows detached housing makes up just 56 per cent of the total stock in Sydney, 67 per cent in Melbourne and 73 per cent in Brisbane. Across regional Australia, it is 83 per cent of total stock, and the supply of new homes being built in regions is still overwhelmingly detached homes. All regional markets – large or small, coast or inland – need to be encouraging a greater mix of new home building to cater for the demographic groups increasingly demanding non-detached, medium-density (if not apartment-style) housing, including:

- Young professionals and para-professionals who often cycle in and out of regions, not necessarily looking for yard space.
- Older people seeking to age in place (in regions) in appropriate and accessible accommodation.
- **Identify exactly why the market has not delivered this greater mix of housing** and address these barriers.
- **Regions are early adopters of modern manufacturing methods in housing – embracing innovation in construction, including off-site construction methods and 3D printing.** These techniques should be harnessed to bring about medium density product, and at scale.
- Governments can facilitate even greater uptake – **financing regulations and planning settings need to be updated to accommodate these new methods**, and programs designed to address the market failure that occurs in many regional markets.
- Over the longer term, the Federal Government should **consider allowing the National Reconstruction Fund to be fully leveraged** to help expand Australia’s onshore manufacturing and distribution capacity with respect to key building materials like timber, steel and modern manufacturing output.
- **The right workforce is needed** to deliver these additional homes. Master Builders estimates the building and construction industry will need to attract around half a million new entrants over the next three to five years.
- Migration can help with the immediate needs. **Visa approvals and appropriate migration pathways need to be expedited for professionals and workers in the building and construction industry** who will work in regions where shortages are critical.
- **Greater investment is needed in the construction workforce of the future**, by encouraging construction pathways, supporting the industry to deliver training and apprenticeship services productively while maintaining balance in conditions and job satisfaction.
- The **Regional First Home Buyer Guarantee and newly proposed Help to Buy schemes need to be refined** to address market failure in small low-cost markets, where new builds are unfinanceable for local home buyers. A blanket approach risks the unintended consequence of elevating prices in larger markets.





NATIONAL REGIONAL HOUSING SUMMIT

DISCUSSION PAPER

This Discussion Paper explores the varied challenges experienced in the housing market across regional Australia and highlights several solutions implemented by industry and local leaders, through valuable partnerships with not-for-profit and different levels of government.



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Cover image: Quilpie Shire Council has introduced grants of up to \$12,500 to buy and build new residential dwellings across the Council's townships. The grant is on the condition buyers build a house on the land and move into the property for at least six months. Pictured is Quilpie Shire Council CEO Justin Hancock.

#1 HOUSING, THE ACHILLES HEEL TO THE REGIONS' RENAISSANCE

REGIONAL RENTAL MARKETS ARE TIGHT, WITH LIMITED RENTAL STOCK AND POOR AFFORDABILITY.



23.3% OF REGIONAL HOUSING RENTED

Historically, regional Australia has had a smaller proportion of rental stock available, with 23.3% of regional dwellings rented in 2021 compared to 32.3% in Australia's most expensive markets (and as high as 51.3% in some LGAs)³.



518,634 UNOCCUPIED DWELLINGS IN REGIONS

This is not due to a differing owner-mortgage/-outright share, but the amount of unoccupied dwellings. Regional Australia (at 518,634) has almost the same amount of unoccupied private dwellings as metropolitan areas (at 524,453).



REGIONAL RENTS CONTINUE TO INCREASE

Where capital city rents fell between 2020 and 2021, regional rents continued to increase, and only in 2023 have capital cities felt similar inflationary pressures⁴.



RENTAL MARKETS IN REGIONS ARE NOT IMPROVING

The tight rental market in regions is not improving. The regional vacancy rate has decreased from 1.5% (September 2022) to 1.2% (September 2023)⁵.

Regional Australia is experiencing change like never before. More people than ever are looking to make a life outside our capital cities, and many have already made the move. Each month internet-advertised job vacancies continue to hover at rates just under 100,000. Demand is highest for professional skilled roles and those fundamental to regional living such as GPs, nurses, allied health professionals, aged care workers and early years educators.

Regional Australia is also gearing up to be the engine room of the nation's transition to net zero. However, housing persists as a key barrier to facilitating this growth, with rental vacancies continuing at detrimental lows and new housing playing 'catchup' to population needs.

REGIONAL HOUSING HAS NOT KEPT PACE WITH POPULATION GROWTH.

REGIONAL AUSTRALIA IS GROWING

During the decade to 2022, regional population continued to grow at an average of about 89,000 people each year, while the number of homes approved for construction declined in four out of these 10 years⁶. While regions continue to grow, monthly building approvals have been decreasing, a similar trend to capital cities⁷.



REGIONAL AREAS ARE SEEING A GREATER INCREASE IN HOUSE PRICES

With supply not keeping up with demand, affordability of housing has been challenged across the country – with regional areas seeing a greater increase in house prices.



MEDIAN REGIONAL HOUSE VALUES INCREASE BY 54.2%

Between March 2020 and December 2023, the median value of dwellings in capitals increased by 29.3% from \$643,540 to \$832,193, while the growth was more notable in regional Australia, with the median value increasing by 54.2% from \$392,802 to \$605,780⁸.



REGIONAL AUSTRALIA IS ON THE FRONT LINE OF THE NATION'S HOUSING CHALLENGE.

REGIONS OFFER INCREASING AFFORDABILITY, LIVEABILITY AND CAREER GROWTH AND PEOPLE ARE MAKING THE MOVE BECAUSE OF THIS!

> The most expensive markets (Australia's largest capitals) challenge the typical home buyer to 70 years of repayments⁹.

> In four other regional market types, it takes less than half of this time (refer to 'the regional housing story' to view these market types).

PEOPLE ARE MOVING TO REGIONAL AUSTRALIA AND WERE DOING SO BEFORE THE PANDEMIC.

WHERE ARE PEOPLE MOVING TO?

Top Regional Movers Index locations

Sunshine Coast | Moorabool | Mt Gambier | Gold Coast
Lake Macquarie | Port Augusta | Greater Geelong



A NET POSITIVE CAPITAL-TO-REGIONAL MIGRATION SINCE 2011¹⁰

58,744
(2011-2016)

166,073
(2016-2021)

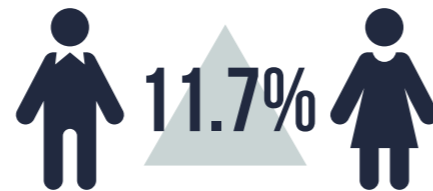
A NET GAIN OF MILLENNIALS MOVING TO THE REGIONS



57,000
(2016-2021)

CAPITAL-TO-REGIONAL MIGRATION REMAINS HIGH

Capital-to-regional migration remains high, even in the post-pandemic 'new normal'. The most recent Regional Movers Index (RMI) shows it remains 11.7% higher than pre-pandemic levels¹¹.

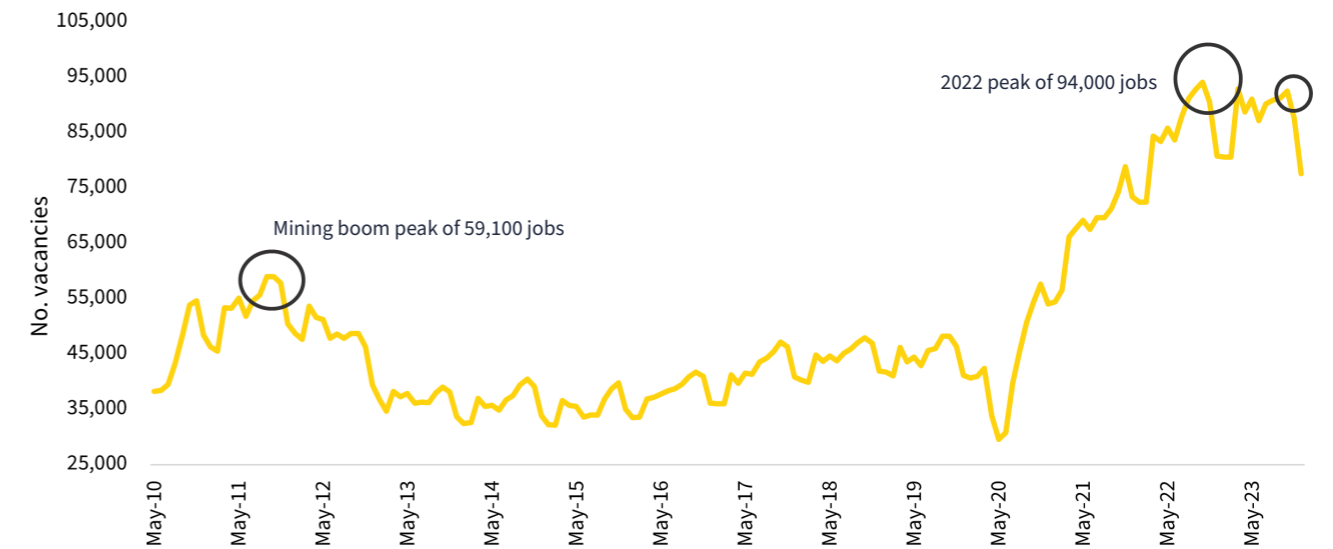


THE NEW NORMAL

REGIONAL HOUSING MUST BE A PRIORITY, AS IT IS PUTTING A HANDBRAKE ON OUR NATION'S GROWTH AND PROSPERITY.

DEMAND FOR WORKERS ACROSS SKILL LEVELS AND INDUSTRIES IN REGIONAL AUSTRALIA IS AT ITS HIGHEST – MORE SO THAN THE MINING BOOM.

REGIONAL AUSTRALIA JOB VACANCIES



Source: Jobs and Skills Australia IVI, Regional Australia Institute

A SHORTAGE OF KEY WORKERS THREATENS THE 'LIVEABILITY' OF THE REGIONS.

Between 2013 to 2023, vacancies have increased from...

1,234 to 6,932

MEDICAL PRACTITIONERS AND NURSES VACANCIES

Between 2021 – 2022, vacancies increased by 25%

Between 2022 – 2023, vacancies increased by 12%

1,385 to 5,539

CARERS AND AIDES VACANCIES

Between 2021 – 2022, vacancies increased by 22%

Between 2022 – 2023, vacancies increased by 2%

437 to 1,865

EDUCATION PROFESSIONALS VACANCIES

Between 2021 – 2022, vacancies increased by 35%

Between 2022 – 2023, vacancies increased by 26%



WE NEED TO PLAN FOR, INVEST IN, AND FACILITATE REGIONAL GROWTH - BECAUSE MORE PEOPLE WANT TO MOVE TO REGIONAL AUSTRALIA – UP TO 3.5 MILLION, IN FACT.

#2 THE REGIONAL HOUSING STORY

HOW DID WE GET HERE?

Each region has unique housing market attributes and complexities. Decades of a 'one size fits all' policy approach, underinvestment and a lack of long-term planning has led to housing challenges. In 2024, housing constraints are creating negative implications across regional Australia, with low availability for rentals and affordable housing, and limited supply, putting upward pressure on house prices. In some communities, homelessness has developed as a serious issue where it had rarely been experienced before. In many instances, these are new challenges for regional communities with many not equipped to respond.

This Discussion Paper explores the varied challenges experienced in the housing market across regional Australia and highlights several solutions implemented by industry and local leaders, through valuable partnerships with not-for-profit and different levels of government.

REGIONAL HOUSING MARKETS REQUIRE UNIQUE, TARGETED SOLUTIONS

The RAI's **Building the Good Life** research series, part of the RAI's Intergovernmental Shared Inquiry Program, identified six types of housing markets¹², five of which are predominately rural and regional. Based on analysis of key statistical data over 20 years from 2000 to 2020, these six regional housing markets are:

CORE POLICY PRINCIPLES CONSIDERED IN THIS DISCUSSION PAPER INCLUDE:



PLACE-BASED COLLABORATION

- A one-size fits all approach to housing policy and investment is detrimental to communities - regional housing challenges are varied and complex.
- Place-based, targeted policy and investment is necessary, acknowledging the different needs and challenges of places. The RAI has identified six types of regional housing markets (see 'Building the Good Life' housing research series).
- Collaborative partnerships between local leadership, government, business and the not-for-profit sector are a key driver for successful grassroots projects.



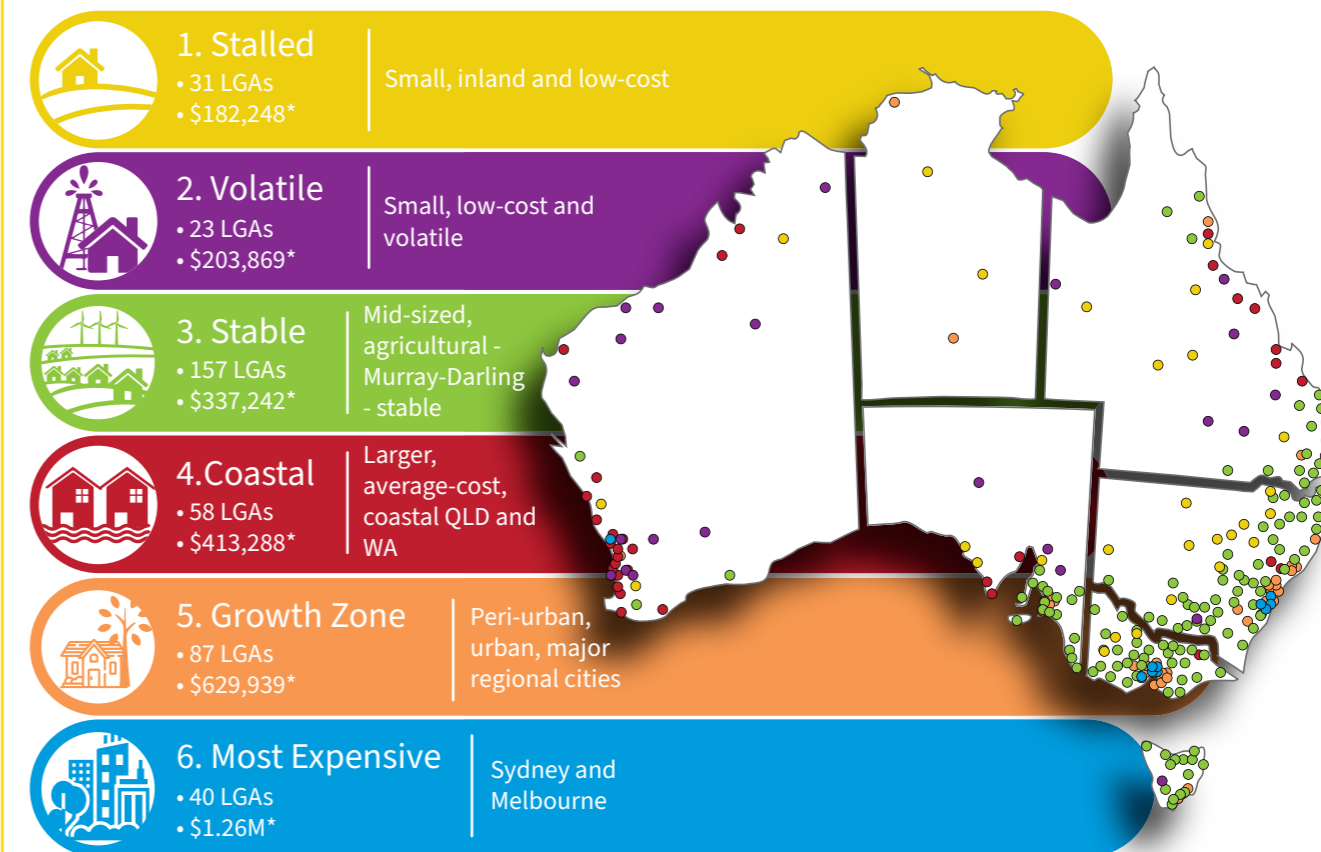
LONG-TERM PLANNING

- Systemic structural problems and market failures continue to contribute to regional Australia's housing difficulties.
- The nation must be proactive in planning for regional Australia's continued population growth and prepare and invest in communities to enable thriving, sustainable places, such as through a National Population Plan.
- A strategic, best-practice-informed housing plan for the regions will accelerate regional Australia's already significant economic contribution and ensure life outside city bounds continues to be an attractive proposition.



HOUSING FOR ALL

- Housing is a fundamental human right - tackling this housing challenge across Australia, particularly in regions, means providing safe, secure homes to those experiencing housing stress and homelessness in our communities.
- People's diverse housing needs must inform solutions - regional communities need a diverse housing mix, with more affordable, accessible, medium density housing.



* Denotes median dwelling prices as at 2020-2021

The differences between the characteristics of each market type and the drivers of each of these markets emphasises the importance of 'placed-based' responses to housing challenges. With the drivers of markets quite different in each market type, responses need to be calibrated accordingly, to ensure they improve the situation rather than make it worse.

For example, if blanket policies are introduced to incentivise new builds within stalled markets, it may exacerbate land supply pressures for the more active

markets (market types 3-5). Conversely, policies to bring more land to market should help alleviate undersupply in fast growing regions but will have no impact on low growth regions where supply is already plentiful.

Regional housing markets are not served well by some current policy settings. There are meaningful differences in the behaviours of housing markets of metropolitan and regional areas. Understanding these differences can help policy makers identify which levers will work best in addressing regional housing challenges.

PEOPLE'S DIVERSE HOUSING NEEDS MUST INFORM SOLUTIONS — REGIONAL COMMUNITIES NEED A DIVERSE HOUSING MIX, WITH MORE AFFORDABLE, ACCESSIBLE, MEDIUM DENSITY HOUSING.

#3 FROM THE GROUND UP: REGIONAL HOUSING & HOME OWNERSHIP

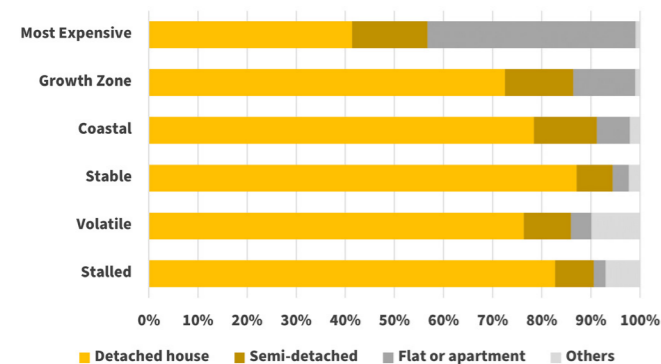
CURRENT CONTEXT

Historically, policy interventions have targeted demand-side levers in facilitating Australia's housing market, particularly in assisting first-home ownership. Such measures can have unintended consequences when implemented as a blanket policy. In fact, research indicates such policies when applied broadly simply bring forward ownership from eventual buyers (therefore not assisting in increasing rates of overall home ownership, and pushing prices up further, limiting affordable options)¹³. A more effective approach is to target such measures to particular housing markets, relieving the specific shortfalls of low-value regional markets.

Where housing shortages exist in higher-growth regions due to strong demand running up against supply that is slow to respond, the key issue to be addressed is the speed and ease of new developments. Overcoming the barriers to supply, as opposed to facilitating further demand, is the critical response for such markets.

However, different barriers exist in smaller regions where population growth has been low, or negative. Activity here has usually stalled because of the smaller scale of these markets and local buyers face constrained access to housing finance. Banks are less likely to lend to prospective builders and buyers in inactive or stalled markets. The key issue to address is the constrained access to finance through targeted responses, such as a place-based 'Regional New Home Guarantee', as proposed in the 'Building the Good Life' research series¹⁴.

Figure 1: Dwelling structure by housing market type



Furthermore, the demand for diversity of housing, even in regional and rural communities, is changing. Regional Australia has a much higher proportion of houses compared to metropolitan areas, and a lower proportion of flats and apartments and semi-detached dwellings, such as townhouses¹⁵.

While the 'Great Australian Dream' and the driving assumptions for historical development in housing markets has remained synonymous with a detached house and large backyard, there is increased, unmet, demand for a much more diverse offering, particularly more affordable one and two-bedroom dwellings.

A 2021 study conducted by the RAI with the Western Queensland Alliance of Councils on housing solutions found that nearly half of the demand across the 22 member councils was for semi-detached townhouses, units, and apartments¹⁶. These types of dwellings are in strong demand particularly from older downsizers, young professionals, and communities desperately seeking to attract essential workers to their region.

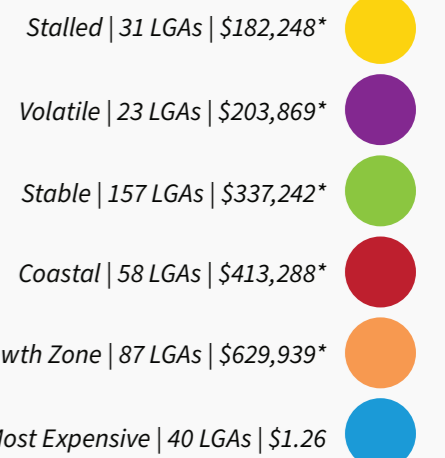
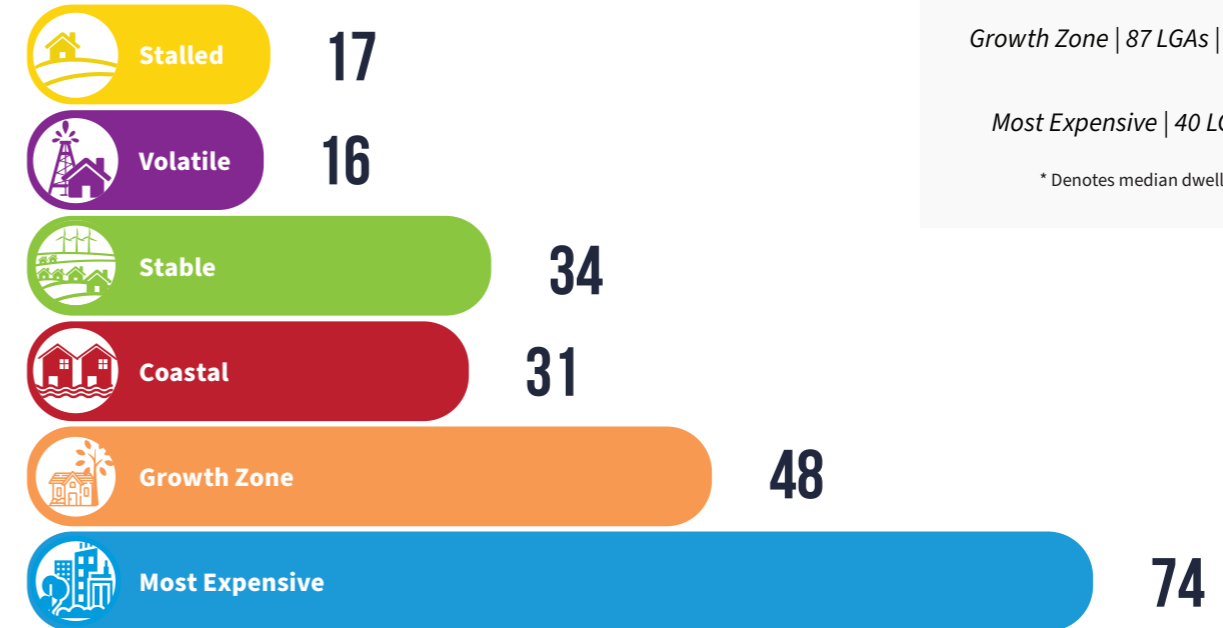
Added diversity of the housing mix would also help to ease the affordability pressures many regional communities have faced, particularly since 2020 and the onset of the COVID-19 pandemic. During this period, regional Australia experienced much more notable growth in median dwelling values, increasing by 54.2% between March 2020 and December 2023 (from \$392,802 to \$605,780). This contrasts with the growth in capitals, which increased by 29.3% during the same period (from \$643,540 to \$823,193)¹⁷.

While household incomes have remained relatively resilient due to strong labour market conditions, home loans remain at their most unaffordable point since 2008 in terms of income to mortgage ratio¹⁸. And while this incredible growth in regional housing market prices has brought on decreasing affordability, regional areas remain an attractive option for city dwellers seeking greater affordability and liveability.

REGIONAL HOUSING MARKETS CONTINUE TO OFFER A MUCH MORE AFFORDABLE OFFERING TO HOME BUYERS

In analysing the six housing market types, regional housing markets continue to offer a much more affordable offering to home buyers. The most expensive markets of Australia's largest capitals challenge the typical home buyer to more than 70 years of repayments in order to own their own home. In four other regional market types, it takes less than half of this time – from 34 years in stable markets, to 16 years in volatile markets¹⁹.

MEDIAN YEARS TO OWN A HOUSE



* Denotes median dwelling prices as at 2020-2021

Finally, a critical barrier to increasing supply of housing in regional areas is the shortage of workers. The national Skills Priority List in 2023 identified both technical and trade workers and professional occupations (which include engineering roles) as having the highest worker shortages, in regional areas²⁰. Not only is there a current shortage, but Master Builders Australia estimates that this challenge will not be easily fixed, with the industry needing to attract about 500,000 workers to meet current demand, and replace workers exiting the industry, in the four years to November 2026²¹.

A CRITICAL BARRIER TO INCREASING SUPPLY OF HOUSING IN REGIONAL AREAS IS THE SHORTAGE OF WORKERS



MEETING DEMAND IN REGIONS — NO 1 CHURCH ST DUBBO

ASPIRE
TO
ICONIC
LIVING



DUBBO, NEW SOUTH WALES



74,084 (LGA, 2021 CENSUS)



A lack of diverse, non-detached and unit housing and challenges of building the first high-rise, medium-density apartment block in an inland NSW regional community.



The development of 15 story, 80-unit apartment block underpinned by extensive market research, intimate knowledge of planning processes and the region.

When the first residents move into the modernist No. 1 Church Street in the bustling centre of western New South Wales city, Dubbo next year, they'll be making history. Inland Australia isn't known for its high-rise properties, but Dubbo-based developers Walkom Brothers believe the regions certainly can support them.

The multimillion-dollar project, financed by Walkom Brothers and Harvey Norman's Gerry Norman, consists of a 15 story residential and retail building, with 80 apartments, 60 of which are already under contract. Construction is underway and the development is expected to be completed by the final quarter of 2025.

The Walkom Brothers have part-owned the land No.1 Church Street since 2005 and state they knew of its potential immediately. An original development application for the site included serviced apartments, but extensive market research over five or so years resulted in that component of the development being dropped, with a focus on private apartments alone.

Determining pricing proved to be tricky, with no contemporaries, and limited apartment building in

Dubbo in recent years, but the Walkom Brothers are confident they've found a sweet spot.

Walkom Brothers Director, John Walkom believes regional Australia is maturing and with this comes a desire for higher-density living options – evident by the demographic that's shown the most interest in No. 1 Church Street.

“They're retirees and they're downsizers. They want a turnkey option and not to have to worry about outside maintenance. There's a lot of this demographic coming through - Baby Boomers are only just starting to really 'hit the market' for this type of living in regional areas.”

John's advice for others wanting to take on a medium-density development in a regional area is “do your homework” when it comes to scoping out finance and whether the market would be accepting of such a proposal. Design is also important.

“Ensure you understand planning processes, and whether the land's zoning is appropriate or needs amending” he said.

KEY POINTS

- > Position, position, position! If your proposed development is in the wrong location, it'll struggle to gain finance and support.
- > Research is vital, and if done correctly can enable you to go to market with confidence.
- > Factor in building in a regional area can cost the same, if not more than a metropolitan area but your sell price is a lot less.

LOCAL SOLUTIONS TO HOUSING IN BEAUFORT



BEAUFORT, VICTORIA



7,671 (LGA, 2021 CENSUS)



Stagnating community due to lack of and ageing housing stock.



Council funded residential sub division.

Ten years ago, the Pyrenees Shire Council in regional Victoria, took a calculated risk and bought a tranche of land in Beaufort, a town of about 1,700 people on the Western Highway midway between Ararat and Ballarat. Beaufort, despite hosting schools, good public transportation links to Melbourne, and other amenities, was stagnating. The town's housing stock, like its population, was ageing and private developers were not interested nor willing to take a risk in the former gold-rush town.

Using \$6m in savings and loans, the Council, in consultation with the Beaufort community, developed a residential subdivision called Correa Park and over seven years and several stages sold 100 blocks of land. The Shire concedes sales started slowly, but after several new-builds were established momentum grew, and soon every new land release had a waiting list, and council recouped its initial investment.

It's proven such a success, the Council is about to embark on developing a further subdivision in Beaufort. It plans on seeking a partnership with the

Victorian State Government to help fund the enabling infrastructure for the subdivision– a set-up it believes could be replicated across the country to assist regional councils wanting to develop residential land and state governments wanting to increase housing stock. The Council notes however, Victoria's recently introduced Windfalls Gain Tax, could prove to be a disincentive for some shires to rezone land.

Pyrenees Shire Council CEO, Jim Nolan, attributes Correa Park as the catalyst for a regeneration of Beaufort which has since seen its population grow, new businesses and an additional train service established, and its community modernised, making it more viable and seeing its previously underutilised public amenities better used.

“I think it's provided a certain amount of confidence to the community to invest – as well as the state. We're not just a little tinpot rural town that's going to die. The Council is investing effort in this and it's justification for people to invest as well” he said.

KEY POINTS

- > Developments need to be done in consultation with the community that will be affected by them most.
- > Some projects will take time to realise their full potential.
- > A housing development has the ability to revitalise a small community and bring with it new services and amenities.

SENIOR AND FAMILIES BENEFIT FROM COMMUNITY BANK SOCIAL ENTERPRISE



WINCHELSEA, VICTORIA



2,033 (LGA, 2021 CENSUS)



A lack of independent living options for local seniors wanting to downsize and conversely, a lack of detached homes for younger homebuyers.



The Surf Coast Community Bank, supported by the Community Enterprise Foundation, established a social enterprise to fund the development of 10 independent living units, with help from the Surf Coast Shire.

The small Victorian town of Winchelsea, is about 1.5 hours south west of Melbourne and 30 minutes from Geelong. A shortage of appropriate housing for older people looking to downsize, is forcing some residents to move from their hometown into the nearby city of Geelong or even further afield.

In response, to this challenge, the Community Bank Surf Coast formed a new social enterprise called 'Winanglo'. Winanglo will drive the development of 10 independent living units and associated support services in the town.

Integral to the project was the transfer of vacant land for \$1 by the Surf Coast Shire made possible by the confidence the structure provided the Shire.

"Winanglo is an incorporated association with charitable status. This structure assured the Surf Shire the development would remain in the ownership of community," David Impey, CEO of Bendigo and Adelaide Bank's Community Enterprise Foundation said.

David said the Community Bank Surf Coast had committed \$1.5 million towards the \$5 million dollar project with the remainder of the money loaned to Winanglo.

"The loan will be repaid as the units are sold and a profit is generated. Other Winanglo profits will also be reinvested in other local community projects on a needs basis."

The project has just finalised site preparations and when complete it will accommodate at least 12 senior community members.

KEY POINTS

- > Dedicated housing options for senior members of the community allow for both safer, accessible living options for those seniors, whilst also freeing up existing housing stock for local buyers.
- > Community Bank funding can facilitate more empowered, place-based outcomes for a community.

"An important secondary benefit is the freeing up of 10 larger homes. Winchelsea's proximity to Geelong and Melbourne, makes it a popular option for younger home buyers. This project will provide much needed new stock to the local housing market" he said.

David said Winanglo was an example of a unique model that addressed a local concern in a manner that allowed the community to retain economic, social and human capital.

"Winchelsea is not unique in having a shortage of living options for seniors wanting to downsize and remain in their home community. I believe the Winanglo model could easily be replicated in other regional communities across the country."

The Bendigo and Adelaide Bank Community Bank model has a successful track record of supporting communities to develop community-owned social enterprises, such as Winanglo. The profits from these ventures are reinvested back into social, environmental and economic initiatives within each community.

The model has proven to empower communities and enables them to take charge of their own financial futures by investing in what's important to that community including community infrastructure, social cohesion, improved educational outcomes, sport, health and cultural enrichment.

In 2023 the Bendigo and Adelaide Bank's Community Bank model celebrated 25 years. During that time the Community Bank network has grown to over 300 branches and returned more than \$320 million back to communities across the country in the form of sponsorships and grants.

Community Bank funding often attracts co-investors such as local, state and federal governments creating a multiplier effect on the capital generated.

INNOVATIVE BUY & BUILD GRANT BY QUILPIE SHIRE COUNCIL



QUILPIE, QUEENSLAND



698 (LGA, 2021 CENSUS)



Lack of private residential investment due to inability to access finance.



Council funded grant scheme to incentivise development.

Quilpie Shire Council made international headlines in 2021 when it launched a scheme offering \$12,500 grants for people to buy and build new residential dwellings across its townships. The grant was on the condition that buyers build a house on the land and move into the property for at least six months. The initiative was developed solely by the Council to incentivise private residential investment in the town, 1000 kilometres west of Brisbane.

Council CEO Justin Hancock had identified an inability to access finance as the key factor affecting the region's lack of private residential development.

"We've got stories from people where they've been pre-approved for a million-dollar loan in Brisbane and were laughed at when they've asked for \$400,000 in Quilpie. I'm sure if they went in and asked for \$130,000 for a Landcruiser they would've walked out with a cheque that day, but they can't get it for a home."

The Council is advocating for an increase to the minimum household income threshold for the Queensland Housing Finance Loan, which it believes could open up the state government scheme to more people in smaller, isolated communities where there is market failure.

In its first month the grant scheme attracted more than 600 enquiries, and in 2023 it was increased to \$20,000. It now also includes transportable and relocated houses. So far, the Council has sold 12

blocks of land and awarded its first grant in December 2023. Justin Hancock believes the LGA is on a trajectory to meet its goal of increasing the Shire's population to 1000 people, as well as seeing five new houses in Quilpie within five years, helping the community boost its home-ownership rate, which currently sits at around 30-35%.

To complement the scheme, the Council has also embarked on an ambitious building project in recent years to help further bolster local housing stock. It currently owns more than 50 properties across the Shire, which it uses to house council staff, state government and other essential workers, as well as local seniors in a supported accommodation village. Mr Hancock recalls, when he arrived in Quilpie in early 2021, there were no spare Council-owned properties, resulting in him living in the seniors village for seven months, until a more suitable house became available. In 2024, it plans to add a further 14 properties to its portfolio – a mixture of townhouses and three-bedroom homes. Quilpie Shire Mayor Stuart Mackenzie believes it's a critical investment;

"Housing growth is essential to support local employment and the long-term sustainability of our Shire, which is why Council has committed more than \$11.8m of its own cash funds towards additional housing since 2022" Stuart said.

KEY POINTS

- > An inability for regional residents to secure finance for house-builds is a significant issue in remote communities.
- > Council driven schemes need to be realistic and achievable, with in-built flexibility to adapt to evolving circumstances.
- > A succession plan can enable a council to adequately plan for future housing needs.

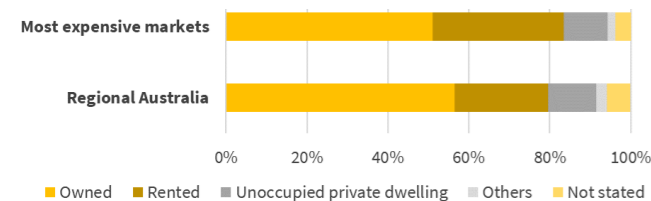
#4 REGIONAL PRIVATE RENTAL AVAILABILITY AND AFFORDABILITY

CASE STUDIES

CURRENT CONTEXT

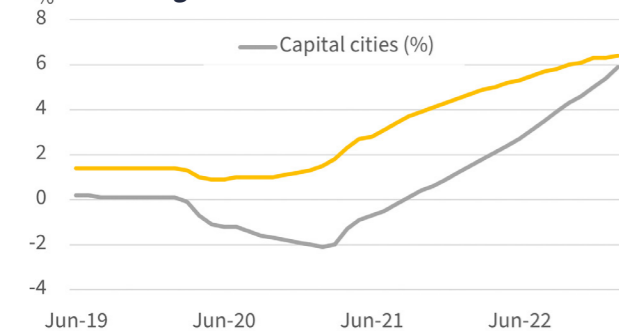
Regional Australia has historically provided less rental stock when compared to metropolitan areas. Where rental stock in the most expensive markets in Australia contribute to 32.3% of total dwellings (and as high as 51% in some LGAs), the share in regional areas is lower, at just 23.2% (and as low as 10% in some LGAs)²³. Beginning with a lower rental pool, it is no surprise that recent housing pressures have been especially felt in regional markets, with vacancy rates falling to below 1% in many places during the pandemic, and national regional vacancy rates remaining tight in 2023 at 1.2%²⁴.

Figure 2: Tenure structure



Low rental vacancy rates have had profound implications for regions right across Australia – regional areas have experienced overall a higher level of rental inflation over the three years to 2022 compared to metropolitan areas²⁵, and rents continued to increase in regional markets by 4.1% nationally over the year to September 2023²⁶. This inflation has been particularly felt in inland regions, with ABS data highlighting rents increasing the most in regions furthest away from a capital city CBDs during the pandemic period²⁷.

Figure 3: Annual Rent Inflation*



* Total private dwellings excluding rent assistance. Stratified by SA3 and property type.

This has created a lack of affordable housing that is driving regional dwellers further inland with the emergence of high levels of rental stress in inland²⁸ regional markets which have not seen this before²⁹. A recently released Rental Affordability Index by SGS Economics and Planning reiterates the rental struggle in regional Australia, finding that the rental affordability

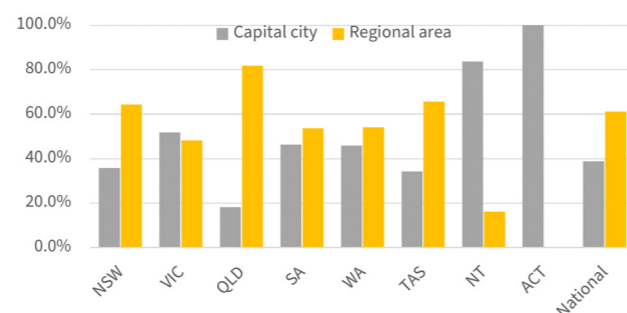
in every regional 'rest of state' area (other than NSW) was worse than the state's capital city counterpart, with affordability falling by at least 5% per annum across each rest of state area since 2020³⁰.

In revisiting housing stock across regional and metropolitan areas, it is evident the smaller rental stock in regions is not due to a difference in home ownership (either outright, or with a mortgage) compared to metropolitan areas, but is because of the higher percentage of unoccupied dwellings, contributing to 11.9% of housing stock in regions, compared to 8% in metropolitan areas. In fact, regional Australia has almost the same amount of unoccupied private dwellings as metropolitan areas (with 518,634 in regions, compared to 524,453)³¹.

Another factor further limiting rental stock availability in regions is the increasing popularity of short-stay accommodation and vacant holiday homes. REIA's recent report delving into Short Stay Accommodation (SSA) across Australia highlights the prevalence of SSA in regional areas, with regions contributing over 50% share of SSA stock in all states except NT, with regional Victoria's share just below at 48%³². This means that while at a national, or even state level, the share of SSA dwellings may only be a small percentage of total dwellings, regions with a higher share of SSA (particularly tourist destinations) can feel the changes in this market acutely. For example, of the top 25 SSA regions by 'density', 21 were in regional locations, with the SSA proportion reaching above 20% of total dwellings in regional places like Port Douglas and Noosa Heads in Queensland, or Byron Bay, Huskisson-Vincentia, and Jindabyne-Berridale in New South Wales.

The popularity of SSA in 2023 meant more entire dwellings were entering the market than were exiting. In the March 2023 Quarter, the number of new dwellings entering the SSA market was more than 2.5 times the number of dwellings exiting, in each state and territory regional market.

Figure 4: Capital/Regional Short Stay Accommodation mix



Source: REIA. Short-stay accommodation in Australia, September 2023

UNLOCKING THE POTENTIAL OF SPARE ROOMS



CENTRAL NEW SOUTH WALES



181,473 (LGA, 2021 CENSUS)



A lack of affordable, especially, short- to medium-term accommodation options.



An examination of how spare bedrooms in occupied houses can be introduced into the short- to medium- term rental market.

The significant shortage of housing in regional NSW is well evidenced. It is also accepted that addressing this shortage will require innovative approaches in the short to medium-term, as the delivery of new housing generally has lead times longer than what is acceptable to employers of a growing workforce. A short-term approach is spare capacity.

Work undertaken by the Department of Planning in NSW shows that 64,000 additional workers are required across the Central West and Orana region in the next 5 years.

The Central NSW Joint Organisation (JO) is actively looking at novel ways to unlock accommodation in the area to support the economic growth of the region.

The 'Spare Capacity in Housing Project', led by the Central NSW Joint Organisation, funded by The Department of Regional NSW and delivered jointly by Orange360 and Work+Stay, has been designed to investigate the potential for 'unlocking' additional accommodation in the region's existing housing stock.

"Anecdotally we know there are many houses which have one or more spare rooms, and this Project seeks to understand if and/or how the primary occupants of homes with spare rooms can be encouraged to let them out on a short-term rental basis," Work + Stay Executive Director Kate Sowden said.

As a first step, Work+Stay undertook a detailed analysis of the potential spare room capacity across Orange, Parkes and Bathurst. The initial housing data shows there may be more than over 25,000 spare rooms across the three centres.

"Secondly, an environmental scan of similar projects has been undertaken, documenting domestic and international examples of initiatives that have been designed to address this same issue in different locations and contexts" Kate said.

The scan documents many successful outcomes, as well as important learnings from less successful initiatives.

Kate said two standout examples documented in the report included more than over 100,000 nurses and doctors being housed in spare rooms across the USA, and significant numbers of seasonal workers in Canada being accommodated in spare rooms in Muskoka.

The final component of the Project, prior to the final report being delivered in May 2024, is to undertake comprehensive community and business surveys in Orange, Parkes and Bathurst to ascertain homeowners and business operator's perception of this concept, and as noted above, understand the opportunities and constraints associated with securing short-term accommodation for the region's expanding workforce.

KEY POINTS

- > An audit across three central NSW LGAs has found 25,000 spare bedrooms in occupied dwellings.
- > The Spare Capacity Housing project is looking at how primary occupants can be encouraged to list their vacant bedrooms as short-term rental options.
- > The project is drawing on international examples, as to how mobilising the capacity of spare rooms has helped communities overcome housing challenges.

RENTAL PROPERTY DEVELOPMENT BY TATIARA DISTRICT COUNCIL



BORDERTOWN, SOUTH AUSTRALIA



6,891 (LGA, 2021 CENSUS)



Zero rental availability across entire Local Government area, affecting the ability to attract new workers and residents.



A council-funded project to create new worker accommodation and state government partnership to deliver new rental housing.

“It’s dismal” - the Tatiara District Council doesn’t hold back when describing the rental situation in south-eastern South Australia.

Council Chief Executive Anne Champness recounts a story of a local professional recently being forced to live in a tent during winter due to the lack of rentals in the Local Government area’s biggest community, Bordertown. Anne herself was one of 48 applications for a property back in 2018 – long before many people had started to talk about housing in regional Australia.

The Council has identified three key markets looking for rentals in the region: 1) workers needing affordable one-bedroom properties, 2) families after two-to-four-bedroom properties, and 3) older people living in large houses who want to downsize, but can’t due to the lack of rental homes.

The Council is tackling the first market by using the former Building Better Regions Fund to build eight one-bedroom units at the Council-owned caravan park at a total cost of \$680,000. The first deposit by a prospective tenant was signed off by the Council in mid-January.

The Council is also working in partnership with Renewal SA on a more than \$3m pilot project to deliver a 51-home subdivision of mixed-size lots. The Council will deliver the subdivision’s enabling works and the South Australian Government will deliver the new homes. The first stage of the initiative aims to 15

lots of land released – five will be for key government employees in Bordertown, like teachers and police officers. The remainder will be targeted at local businesses wanting to build rentals for employees, and the invest-to-rent market.

Anne concedes it’s taken a lot of “bloody hard work” to reach this point, with a strong focus on data to showcase the impact the lack of rentals is having on the region.

“We trust this. We believe housing is absolutely essential for our economy. Council is not usually in the business of building homes or doing subdivisions, but has committed its own resources to make this happen.”

The Council is hopeful the new Housing Australia Future Fund (HAFF) will provide the financial support other LGAs may need to take on similar projects. Anne found the former National Housing Finance and Investment Corporation’s (NHFC) criteria for accessing support constrained and tied to taking out finance.

“They wanted to allocate their funding in \$100m amounts and when I’m saying I just need \$5m to support infrastructure, it wasn’t even on their radar. We were just too small” she said.

Tatiara District Council know many more rentals will be needed to alleviate the pressure locally, but there is optimism, these projects will help.

KEY POINTS

- Identify the type of housing stock that is needed within the community.
- Have data on hand to prove demand and show the impact of a ‘no-action’ scenario.
- Be prepared to advocate for your community, sometimes for many years.

#5 SOCIAL AND AFFORDABLE HOUSING AND HOMELESSNESS IN REGIONS

CURRENT CONTEXT

Regional Australia is suffering from an affordable housing shortfall. Would-be, higher-income, home buyers are remaining in the private rental market for longer, rental vacancies are continuing at all-time lows, and rental costs are increasing to beyond affordable levels. This heightened pressure on an already tight private rental market in regional communities has resulted in a limited number of available rentals that are affordable for our nation’s most vulnerable. Aged pensioners, job seekers and low-income households face restricted options (with nothing, or as little as 1 to 2%, that is affordable on the private rental market)³³.

The RAI developed a Regional Housing Need Index for Shelter NSW in 2021, and recently updated the Index to reflect and compare the 2016 and 2021 Census periods³⁴. This updated 2023 Index highlighted a sustained unmet need in the state, with the top 10 regions remaining largely unchanged. However, this updated Index also highlighted that the increase in housing need was spreading, identifying regions with the largest change in scores located in more western areas of the state³⁵. Many regional communities have therefore experienced increasing, or in some instances new, needs for crisis and transitional housing, and are ill-equipped to respond with the necessary supports and services for their communities (with crisis accommodation generally centred in capital and major regional cities)³⁶.

REGIONAL AUSTRALIA IS SUFFERING FROM AN AFFORDABLE HOUSING SHORTFALL.



Argyle Housing’s new affordable modular homes in Wagga Wagga NSW

INDUSTRY INNOVATION MY BELLA CASA



Housing waitlist data shows regional communities are in need of social housing, but the costs simply don't stack up for developers and builders using traditional methods.



Turnkey, offsite built homes delivered collaboratively to ensure a solution across the lifecycle of social and affordable housing.

My Bella Casa is an offsite construction business, working to deliver new, quality, long-term homes to regional, rural and remote communities across Australia.

My Bella Casa is the brainchild of Tamika Smith, passionate entrepreneur and regional advocate, who recognised a dire need for affordable, quality housing in regional communities. "The regional focus was really important to me, because I recognised the data was skewed from a social housing point of view – it told a very different story to what was happening on the ground in regional communities because without the housing availability, the data was often not collected at all."

My Bella Casa sought to overcome one of the key barriers to regional housing supply, the efficiency of quality construction. The cost of new builds, even renovations, rarely stack up in many regional areas for traditionally built homes, which has been further exacerbated through trade shortages. Tamika recognised the opportunity that modular could deliver in overcoming such challenges, however soon realised that groundwork needed to be done to overcome the stigma around modular.

"Previously modular has been stigmatised by 'dongers' and often associated as a lower quality home. The more work we did with housing providers

in regional locations, the more I was dedicated to establish quality homes for the people that needed our help the most."

Offsite construction of new homes through My Bella Casa provides a cost-effective alternative to traditional building methods, particularly for the smaller one- and two-bedroom dwellings that are most in demand on social housing waitlists, and particularly absent in regions.

"My Bella Casa was an essential link in the broader picture of us being able to deliver the turnkey package from developer, construction, funding all the way through to owning and operating."

Utilising 15 years experience in construction Tamika has worked with housing providers, investors and all tiers of government to advocate and deliver new social and affordable housing targeted directly to each community's needs. She cites collaboration as key to the model's success.

"Local Government has been incredibly supportive to see long-term housing outcomes delivered with this new approach. This was part of the driving force for My Bella Casa, to connect all the dots, to make it simple to deliver and be accountable for the end goal – helping people, in need of a home" she said.

KEY POINTS

- > Local governments can achieve fast-tracked housing through incentives and exemption measures for social and affordable housing, whether that be via expediated solutions or discounts for those delivering the supply of housing to the regions.
- > Offsite construction offers a cost-effective, high-quality, timely and minimally disruptive response to immediate housing needs, particularly in regions where traditional building costs are less feasible.
- > A long-term plan is needed to tackle the current shortage, and prepare for future housing needs in regional communities.

MODULAR HOMES FACE FINANCING DIFFICULTIES



SUNSHINE COAST, QUEENSLAND



342,541 (LGA, 2021 CENSUS)



Securing finance for modular homes, which are becoming increasingly popular as affordable properties for low-income households.



Strong relationships with lending institutions to set up processes to navigate finance negotiations.

Teresa Fisk, a finance broker on Queensland's Sunshine Coast, has spent the past two years with a strong focus on assisting clients to finance modular homes.

Modular homes are covered by the same building standards as on-site builds, are eligible for the First Home Owners Grant, and are often seen as an affordable option in many parts of regional Australia where securing skilled labor for new builds is unachievable. However, securing finance for them is difficult unless clients have equity readily available.

Teresa works with five large modular companies in Queensland, all of which are receiving a number of enquiries about their homes, particularly from people living in sheds, caravans or cars on land they own but who are unable to get finance for a modular build.

"At the moment, we have a lender who won't pay any money to the builder until the project is delivered and installed to services on the property. This is hard on the modular builders, as they have to shoulder the cost of the build until the end in most cases, whereas a standard builder will receive up to five progressive payments throughout the build process" she said.

Teresa has been working with two lenders and is making progress on making it easier for a client to get a modular home build, with one paying a progress payment at frame stage and the remainder at completion.

Teresa can see an opportunity for more families to get into homes but believes the hurdles they need to jump over are currently serving as a disincentive, with many choosing not to take up the modular option.

KEY POINTS

- > Modular homes have the same building standards as on-site constructions but are much harder to secure finance.
- > There is a growing interest and market in modular and prefabricated home across regional Australia.
- > Securing finance for modulars is often dependent on broker/institution relationships.

GRIFFIN GREEN BY GRIFFITH CITY COUNCIL



GRIFFITH, NEW SOUTH WALES



27,086 (LGA, 2021 CENSUS)



Stalling local economy due to lack of housing for key workers.



Partnership with not-for-profit affordable housing provider to deliver 60 new properties and regenerate local suburb.

Partnerships between multiple levels of government and the not-for-profit sector are often discussed, but rarely do they experience the success of the Griffin Green project, which is underway in the city of Griffith in the New South Wales Riverina region.

Five years ago, when Griffith City Council was developing its housing strategy, it identified that the local economy was stalling and being held back due to a significant lack of housing, specifically for workers in manufacturing, trade, agriculture and food and beverage production. The Council formed a partnership with not-for-profit community and social housing provider Argyle Housing, to develop 'Griffin Green' a social and affordable housing precinct on two parcels of adjoining land, one block Council owned, one block Crown Land.

With a \$6m grant through the former Building Better Regions Fund, as well as a \$3m investment each from the Council and Argyle Housing, the two organisations went about building 20 affordable townhouses (10% of which will be quarantined for Aboriginal and Torres Strait Islander key workers), as well as developing 40 vacant lots of land, two of which Argyle Housing will purchase to build a new community centre.

The others, it's hoped, could be developed as part of the Housing Australia Future Fund.

Argyle Housing CEO Carolyn Doherty notes, a further almost \$1.5m grant from the New South Wales Government is enabling it to redevelop and modernise an adjacent park, which is an important social hub for local youth.

"It's very much evolved from 'We want some housing', to 'We want to actually work towards and create good community', and opportunities for people within that space to improve their lives through access to quality and affordable housing" she said.

Argyle Housing believes the strong partnership it developed with Griffith City Council is a model others can draw on to not only boost housing stock, but to enable community betterment. It notes that the not-for-profit sector is highly regulated so can offer regional councils a lower-risk partnership for housing developments.

KEY POINTS

- > Social and affordable housing is an important component in a community's dwelling stock.
- > Smaller investments can still affect significant change.
- > Partnerships can enable the development of projects where singular parties alone could not afford to finance.

FURTHER READING

REGIONAL AUSTRALIA INSTITUTE

Visit www.regionalaustralia.org.au/research to access the RAI's latest research on regional housing and more, including;

- ***Building the Good Life Series: Meeting the Demand for Regional Housing and Foundations of Regional Housing***
- ***Regionalisation Ambition 2032 – a Framework to Rebalance the Nation***
- ***Big Movers 2023***
- ***Against the Odds - Realising Regional Australia's Workforce Potential***
- ***Liveability Toolkit***

Access the Regional Movers Index (RMI) for quarterly updates on capital to regional mobility, and keep track of where movers are calling home in regional Australia – visit <https://www.regionalaustralia.org.au/Regional-Movers-Index>



REAL ESTATE INSTITUTE OF AUSTRALIA

The Real Estate Institute of Australia's research reports are a must-read for all real estate stakeholders including agencies, investors, trade media and decision-makers. Each provides a comprehensive quarterly snapshot of Australia's real estate industry.

REIA's flagship reports 'The Housing Affordability Report' and 'Real Estate Market Facts', are available to be purchased on their website www.reia.com.au/product/reia-reports-subscription.

REIA also regularly make submissions to the government on a range of issues likely to impact real estate practice and the property market. These submissions can be viewed on their website www.reia.com.au/advocacy/submissions.



MASTER BUILDERS AUSTRALIA

Visit www.masterbuilders.com.au to access recent research and forecasts from Master Builders Australia, including;

- ***Delivering the housing needs for all Australians***
- ***Submission to the inquiry into the worsening rental crisis in Australia***
- ***Building and construction industry sustainability goals 2050***
- ***Building and construction industry forecasts*** (available for purchase)



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