

Our Reference: OP0021

26 August 2021

Mr Garry Fielding
Chair
NSW Regional Housing Taskforce

Dear Garry

Eurobodalla Shire Council's Submission to the Regional Housing Taskforce

Eurobodalla Shire Council (Council) welcomes the opportunity to provide a submission to the Regional Housing Taskforce and acknowledge the increasing pressures on the supply and affordability of housing in the regions.

This submission outlines the issues facing the Eurobodalla and whilst we suggest some ways to improve on the existing planning system the issues are complex and require systemic changes to the taxation of land and development, funding mechanisms, incentive schemes and the planning system. Whilst the planning system can deliver some improvements even where land is zoned for residential purposes there are barriers to development that require a more holistic view of the way housing is delivered in regional areas, including support for strategic planning of towns to facilitate infill development and master plan land release areas.

Smaller regional councils often do not have the rate base, capacity (human or financial) to be active in this space to the same degree as the metropolitan councils – and rely upon greater support from the NSW Government. The supply issues are exacerbated by recent exoduses to the regional areas. The rate at which developments can proceed needs to be faster, without compromising good urban design and planning principles or environmental impacts.

Thank you again for this opportunity and please find our submission outlined in the remainder of this document. Should your office have any questions or wish to discuss any of the issues raised in our submission, please do not hesitate to contact Council's Director Planning and Sustainability Services, Lindsay Usher, on 4474 1304 or via email lindsay.usher@esc.nsw.gov.au.

Yours sincerely



Dr Catherine Dale
General Manager

ccs: The Hon Andrew Constance, MP; Ms Sarah Lees, DPIE sarah.lees@planning.nsw.gov.au

Introduction

Housing shortages in Eurobodalla extend across all markets but are particularly exacerbated in the low to middle income brackets and for smaller dwelling types. There is an acute need for social housing associated with high unemployment, domestic violence and vulnerable people. In all housing sectors, supply has not been able to keep up with demand.

Council relies upon Population and Forecast .id as well as its land monitor to determine the relationships between supply and projected demand. However, inter-relationships between households and population, housing supply and approvals, affordability and availability, prices and income are much more complex.

Population and housing data

A number of demographic and demand side issues are important to understanding the housing supply crisis in Eurobodalla. These are outlined below:

- In 2016 there were 24,818 houses in our Shire and a projected need for 3,949 new houses by 2036. This projection was based on 2016 population growth of 0.9% per annum (Population .id). The population was expected to grow to 45,515 by 2036. Revised figures show a projected increase in the number of new dwellings needed in the Eurobodalla to be 5,132 (or an increase of 21% between 2016 – 2036) - Forecast.id.
- Adjusted figures shows the population to grow by over 5,554 people to 43,520 by 2026, at a revised average annual growth rate of 1.37%. This is based on an increase of over 2,726 households during the period.
- The average number of persons per household has fallen from 2.16 to 2.14 from 2016. 74.3% of households in the Eurobodalla are one or two person households. Most of the housing stock is three- and four-bedroom homes (68.6%).
- 42% of households in our Shire earn less than \$600 per week. Eurobodalla has high unemployment (9%) and only 7.1% of the population earn greater than \$1,500 per week compared to 12.2% in regional NSW, making home ownership relatively unattainable.
- Housing stress is experienced by over 20% of households in some parts of Moruya, Batemans Bay and Narooma, and by over 12% of households across the Eurobodalla Shire. This is higher than other regional areas in NSW, across NSW and throughout Australia. <https://public.tableau.com/app/profile/facs.statistics/viz/DistrictProfile-SouthernNSWDistrict/SouthernNSWDistrict>
- 3.3% of Eurobodalla's population were in social housing in 2016.
- Between 2011 and 2016, the counted Aboriginal population rose by 15%, while the overall population of the local government area rose by 4%.
- 7.7% of the population of Eurobodalla Shire need help in their day-to-day lives due to disability (compared with 6.3% for regional NSW) which is further compounded by the number of people with disability of working age (5.0% in Eurobodalla compared to 3.6% in regional NSW).

What are the critical housing supply issues in your local area and their drivers?

Rental housing/housing is unaffordable and in low supply

- Housing market is primarily supplied by the private sector who are profit driven. Money will be invested in the most secure and certain markets where the best return on investment can be obtained. To ensure a supply of affordable housing and rental properties will require some level of government intervention.
- In 2018 Eurobodalla Shire had a median house rental of \$600 per week, \$135 higher than the median house rental for NSW. Anecdotally the weekly rental price has increased by 20%.
- Local property managers have reported:
 - This shortage is the worst in over 20 years of managing properties in the Eurobodalla.
 - Normally they have something to offer but there are no homes available.
 - Since the end of 2020 there has been no rental supply.
 - People are taking rentals as soon as they become available, whether they can afford to or not.
 - Tenants are people who want to move here as well as locals needing new housing due to landlords moving into their coastal properties.
 - One Moruya property manager has lost up to 20 properties since end of 2020.
- The demand for rental housing means vulnerable people are not able to compete for rentals, especially if they are unemployed/under-employed. People are choosing not to rent to people that may be trying to exit social housing or temporary/emergency accommodation.
- Low supply of rental accommodation is making it difficult for employers to recruit workers (including unskilled labour and professionals) as they are struggling to find places to live.
- The influx of a non-resident workforce for major public infrastructure projects is putting pressure on rental housing supply and prices – this is likely to worsen with the construction of the new regional hospital and the Moruya Bypass.
- Supply has been exacerbated by damage or destruction of approximately 500 houses in the 2019-2020 bushfires.
- The Bushfire Recovery Service indicates that bushfire impacted families are reporting a shortage of housing for rent or purchase in Eurobodalla.
- There is evidence of bushfire impacted residents having inadequate bathroom facilities in temporary accommodation, with Council working with charity groups to identify residents in need of a funded and fully installed 'flat pack bathrooms'.
- In Southern NSW district, 2% of all households were living in public housing and Aboriginal Housing Office properties, compared with 3.2% overall in NSW. This reflects a shortage in supply of social housing in Southern NSW.
- In 2018-2019, 12.6% of households exited from public housing and Aboriginal Housing Office (AHO) properties to the private rental market/ownership in Southern NSW District. Compared to 14.0% in NSW, proportionately fewer households moved to the private rental market/ownership from public housing and AHO properties in Southern NSW District. There is a lack of housing options for people to exit social housing, combined with limited employment opportunities.
- At 30 June 2019, single parents with dependent children accounted for 29.8% of applicant households on the NSW Housing Register in Southern NSW District.

NOTE:

- Interestingly prior to the bushfires and COVID-19, over 30% of housing stock in the Eurobodalla was usually vacant due to absentee holiday home and holiday let owners. However, Council has written to non-resident ratepayers to request they offer their homes for rent and at this time the offer was taken up by approximately 80 home owners.
- In addition at March 2021, the number of listings on Airbnb reduced by 39% with 698 properties available for holiday rentals in comparison to 1,148 properties in 2020. Anecdotally these properties are being used by owners choosing to isolate or work remotely.

Homelessness

- Eurobodalla is experiencing increasing homelessness with more people living long-term at Council's low cost, primitive camping grounds. Associated concerns include public order issues (daily Police visits), health concerns with no hot running water and Council's inability to comply with Local Government regulations.
- Expected waiting times for social housing as at 30 June 2020 are 5-10 years for all dwelling types in Batemans Bay and over 10 years for a 3-bedroom dwelling in Moruya. The supply of emergency accommodation is diminishing and there is a very limited supply of long-term social housing – if homeless people come into the system, they face being moved from emergency accommodation to emergency accommodation every couple of months. <https://www.facs.nsw.gov.au/housing/help/applying-assistance/expected-waiting-times>
- The 2016 census recorded 26 people in improvised accommodation in Eurobodalla. More recently, housing and welfare organisations have witnessed increasing homelessness due to a lack of housing options for people to move to locally.

Greenfield/new development is increasingly more costly, slow, complex and not keeping up with demand

- In Eurobodalla there has been a surge in the volume and value of residential approvals in the last financial year due to bushfire rebuilds and exacerbated by demand for new homes as some subdivisions make new land available (e.g. Malua Bay, Long Beach and Sunshine Bay). There is a steady stream of new housing developments coming online but new releases are often sold before coming onto the market.
- Subdivision construction activity (that has been on hold for many years) has been invigorated in the last 12 months.
- Across all six residential categories there has been a 33% increase in the number of development applications (DA) and a 6% increase in total value. Residential single dwellings have increased by 28% in the number of DAs and a 43% increase in total value. This is shown in Table 1 below.

Table 1: Number of DAs approved and total value of developments in the 19/20 and 20/21 financial years in Eurobodalla.

Across all six residential categories:		
<i>Financial Year</i>	<i>Approved DAs (No.)</i>	<i>Total Value</i>
2020-2021	665	\$131M
2019-2020	500	\$123M
Residential single dwellings:		
2020-2021	262	\$97m
2019-2020	205	\$68m

- Availability of appropriately zoned land is not an issue for the Eurobodalla. At the beginning of 2020 our Shire had a potential of 5,376 vacant residential lots across all towns, residential zones and densities.
- However, whilst Eurobodalla has sufficient greenfield zoned land and subdivision activity to accommodate future population growth to meet the 2036 projections, the time to reach the projected populations according to Forecast .id is likely to be shorter. There is a lengthy lag time (often 2-3 plus years) between zoning - subdivision consent – construction and lots coming on to the market.
- Dwelling construction activity is high but not able to meet a strong market resulting from bushfire rebuilds and relocation from the cities in response to Covid, on top of normal market pressures.
- Builders are facing unforeseen material supply shortages and increase material costs leaving them with longer build times and a blowout in prices with reports that some builders are increasing the build price to avoid incurring a loss.
- The building industry is facing more and more uncertainty with the construction boom putting pressure on the industry from sourcing supplies and a lack of skilled workforce.

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

- Direct financial involvement by the NSW Government to support the provision of social and affordable housing by government or in partnership with not for profit organisations.
- The development of build to rent housing, supported not just through planning policy but also financial and tax arrangements. The financial and tax arrangements required to promote construction should be finalised to complement new design guidance for ‘build to rent’ housing.
- To assist with alleviating the uncertainty and complexities of master planning and subdivision design and development assessment, the NSW Government should fund strategic Bio-certification projects under the Biodiversity Conservation Act 2016. Bio-certification of land release areas is an expensive process that does not result in an income back to Council. Council needs more than the available loans to be able to deliver this strategic approach. Implementation of such approach would increase certainty and speed up the development process while directing funds to improve environmental management.

- Direct the Planfirst fund back to councils as originally intended to fund strategic planning work (housing strategies, master planning, development control plans, etc) that will assist in the provision of residential land and housing to meet the needs of the community.
- The Complying Development Code is metropolitan centric. In the regional context, complying developments are not streamlining housing development, due to the requirement for s.68, s.138, Bushfire Attack Level (BAL) certificates, tree removal and cut and fill greater than 600mm. The NSW Government should stop the one size fits all complying development approach and provide greater opportunities for complying development for specific areas in collaboration with councils.
- Simplify the planning system and make it more efficient.
 - You almost have to be a lawyer to navigate and understand the planning system.
 - There are too many layers, LEP/DCP/SEPP/EPA Act and other Acts/guidelines and policies applying making it very complicated and almost impossible to navigate.
 - Concurrence/ integrated development provisions. It would be good if there was one Act that regulated planning/NRM/building/bushfire/heritage, etc.
 - NSW Government agencies concentrate on their own pieces of legislation but often do not consider other agencies. I.e. biodiversity reforms and Planning for Bushfire Protection. Input/Advice from Government Agencies should be integrated.
 - There is no consistency as to where to go for certain elements of the planning process, SEPPs/ Acts, etc. As an example, there is a requirement to notify development applications to the energy providers under the ISEPP. Then you might have to notify the Marine Parks Authority under the Marine Estate Mgt Act, then you might have to seek concurrence of the NSW RFS if a flame zone.

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

- Regional markets:
 - are generally more risky for development investors. They tend to be the first to slow and last to recover.
 - generally have slower growth rates therefore lower demand and slower take up.
 - rate of development is often slower, resulting in longer development timeframes, increased holding/development costs and increased risk.
 - are often less able to absorb the significant lead in costs - infrastructure, biodiversity offsets, etc
- Developers need to wait (long times, often many years) for the right part of the cycle where development is financial to bring on-line.
- The development process is not responsive enough to respond to the 'windows' of opportunity resulting in opportunity lost and supply not being made available. This is sometimes addressed by developers obtaining and sitting on development consents waiting for the right market conditions to make the project financial.

- Community opposition to change even when it is consistent with agreed planning outcomes or existing consents. Development consents often obtained and sat on to address the above issues, receive opposition when they are activated.
- Lead in and holding costs are increased as a result of inefficient and conflicting planning legislation and associated direct costs, eg biodiversity offsets, which can vary across development timelines.
- Planning proposal process takes too long – DPIE had a 6-month target for simple planning proposals and 12 months for more complicated planning proposals. Has this been achieved?
- Council often hear of financial institutions not being willing to lend in regional areas making it difficult to securing finance for anything other than the standard 3-4 bed freestanding dwelling.
- Development sector in regional areas are often small ‘mum and dad’ building companies who do not have the capacity or access to finance necessary to develop larger housing developments or housing types that are potentially or seen as being more risky resulting in the product being developed being the standard 3-4 bed free standing house.
- Planning controls and design guide is based upon what the market has traditionally provided rather than what the market requires. This is due to a lack of resources to plan for these types of development in a way that overcomes community opposition to increased density, and stereo types around social and affordable housing.
- In the Eurobodalla topography, riparian values, biodiversity, Aboriginal cultural values as well as hazards such as bushfire and flooding pose challenges in the design of and provision of land for housing and the development of housing. The area is naturally very constrained making it difficult and more costly to develop, reducing yields (number of lots or dwellings that can be achieved), more difficult to work through the planning process and more risky for developers.
- The lack of suitably qualified development specialists in regional areas e.g., urban designers, architects, surveyors and development engineers:
 - can result in poor quality subdivision and housing development applications requiring lengthy negotiation processes and council resources to ensure that even minimum standards are addressed.
 - prevent the development industry from developing new housing products better suited to the market need.

What can the NSW Government do to support housing delivery?

- Direct financial involvement by the NSW Government to support the provision of social and affordable housing by government or in partnership with not for profit organisations.
- Provide financial incentives (eg., tax, stamp duty relief) under appropriate contractual arrangements to the private sector where they are able to provide affordable housing solutions as part of their development.
- Develop short term temporary accommodation for people until permanent housing stock is available through collaboration with service providers, landholders such as has occurred in response to the Black Summer Bushfires - e.g Minderoo

- Consider housing needs of an area as part of the planning/delivery cycle of major capital works projects (bridges, hospital, bypass) and in response provide housing to meet demand of workers and then at end of project the broader needs of the community through provision of affordable or social housing managed through not for profits or government programs.
- Recognise the original intention of the Plan First funding and direct funds back to local government to fund strategic planning work (housing strategies, master planning, development control plans etc) that will assist in the provision of residential land and housing to meet the needs of the community.
- Stop the focus on a one size fits all standardisation of planning process and controls that prevents innovation and the flexibility required to provide the right outcomes for each community.
- Stop the ad-hoc reform agenda that is fatiguing local government while failing to deliver the true reforms required to drive efficiency and certainty. Reforms such as the portal have reduced efficiency and driven up costs for local government.
- Look at reforms that 'front end' the planning system to deliver greater certainty to the community and developers while enabling the delivery of housing to be more efficient and responsive to market shifts and more affordable.
- Develop and deliver educational packages to inform the community of the planning and development process.
- Work with the finance sector to address lending issues and uncertainty for developers when trying to finance development in regional areas.