

**COMMITTEE
FOR THE HUNTER**

NSW REGIONAL HOUSING TASKFORCE

SUBMISSION



NSW Regional Housing Taskforce
Chair Garry Fielding

27 August 2021

Dear Taskforce members

Thank you for the opportunity to make a submission to the NSW Regional Housing Taskforce. The Committee for the Hunter invites the Taskforce to consider how the NSW Government can partner with the region on reforms to address issues of housing supply, affordability, diversity and resilience.

About the Committee for the Hunter

The Committee is an independent and inclusive champion for the people of the Greater Hunter and their enterprises. Representing over 60 organisations including some of the largest employers and institutions in the region, we provide a unified voice for the Hunter. Our members are drawn from the private and community sectors and all three levels of government. We come together with a shared interest in building a sustainable, prosperous and equitable future for our region. The Committee delivers on that promise through advocacy, thought leadership and providing a platform for collaborative action.

More information about the Committee can be found at www.hunter.org.au.

Housing supply and affordability have been identified as key priorities of our members

Good housing policy is good economic policy. The right housing in the right place, at the right time, and increasingly at the right price, is critical to attracting, retaining and supporting a skilled workforce. Without intervention, issues of housing supply and affordability will continue to impede the Hunter region's and the State's economic competitiveness.

Residential development is also a significant source of economic activity and employment. In the Hunter, the construction sector employs over 26,000 people (almost 10 per cent of the workforce) and generates economic output of \$13 billion.

Secure, quality, affordable and accessible housing is also critical in supporting the most vulnerable in our community to access opportunity. The Australian Council of Social Service has estimated that there is a national shortage of more than 400,000 homes that are affordable for people who are homeless or living on the lowest incomes.

The Hunter is approaching a housing affordability crisis

The Greater Newcastle Metropolitan Plan (GNMP) has a target of 60,450 new dwellings over 20 years – an average of 3,000 required each year. [The Urban Development Program 2018/19 Annual Report](#) showed that this target was being met however forecast supply to slow over the coming years. Indicators of housing stress have emerged while the data and reporting has become outdated.

The average price for a 3 bedroom house in the Hunter has increased 15 per cent over the past year.

The Reserve Bank of Australia notes that rental price growth is observed when vacancy rates drop below 3 per cent. Rental vacancy rates in the Hunter have been below 2 per cent since 2020 – a trend that precedes COVID impacts. The rate currently sits at 1.6 per cent – 0.7 outside of Newcastle.

A [2020 snapshot of the Hunter region](#) shows that just 5.5 per cent of all rental properties advertised across the Newcastle/Lake Macquarie, Hunter, Central Coast and Mid Coast regions were affordable for households on income support.

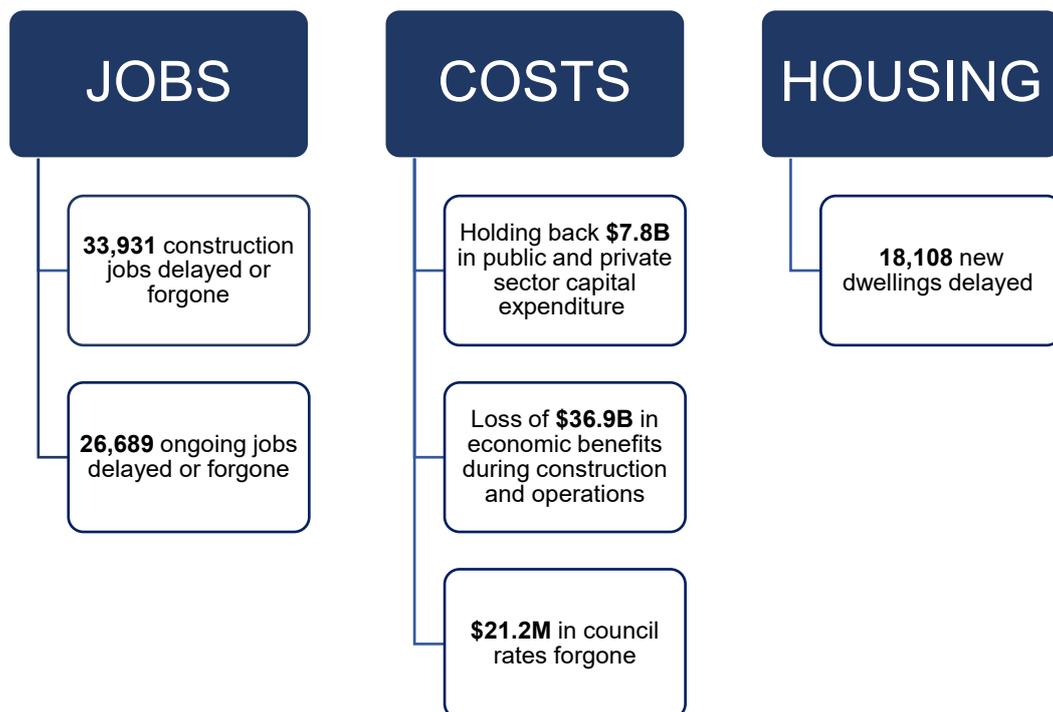
These figures demonstrate that there is a higher demand and capacity for growth than indicated by the GNMP and Hunter Regional Plan. More concerning, they show that demand for housing is outstripping supply and driving up prices. Unless addressed, this will increase inequity, restrict our region's future prosperity and actively work against the State's productivity agenda.

A significant shortfall is projected in new housing supply to meet targets identified in the Greater Newcastle Metropolitan Plan

[UDIA NSW has forecast a steady drop in the supply of new homes](#) in greenfield areas in the Hunter. If critical enabling infrastructure is not delivered, 2,260 lots could be delayed coming to market. Strong demand is expected to continue and UDIA NSW estimates a shortfall of 6,300 lots through to 2036.

Based on a sample of Hunter housing and employment projects currently stuck in the development pipeline, a recent, unpublished analysis has identified the significant economic impacts of delays (Figure 1). This analysis can be made available on request.

Figure 1: Impacts of Hunter development projects stuck in the planning pipeline



Options for reform

1. Accelerate and resource transport infrastructure reforms to address the backlog of housing developments

Since February 2021, Hunter stakeholders have engaged with the NSW Government on reforms to transport planning and funding to get the Hunter back on track to meet NSW housing targets.

Progress has been made through the creation of a dedicated Development Services division within the regional Transport for NSW office to escalate development-related assessments and processes stuck in the system. A review of the Work Authorisation Deed (WAD) process has been committed to deliver faster outcomes. Also, a 50 per cent reduction in the bank guarantee requirement for WADs was agreed. It is important that these functions continue to be supported and adequately resourced.

2. More investment in enabling infrastructure

More investment in enabling infrastructure can unlock and accelerate housing supply. However there has been a traditional under-spend on transport and housing infrastructure in the Hunter. For example, capital roadworks funding in the Hunter over the past five years equates to \$267 million or about one per cent of the State spend of \$27.8 billion. The population of the Hunter represents around 10 per cent of the NSW total. A population the size of Parkes is added to the region each year.

The Housing Acceleration Fund has been an important vehicle to deliver new homes and jobs in NSW. NSW figures show that just 3.86 per cent of the approximately \$1 billion fund has been invested across the Greater Hunter.

The recommendation is to extend the Housing Acceleration Fund to support delivery of State housing targets, including a discrete Hunter-based allocation.

3. A commitment on high speed rail, prioritising the Sydney to Newcastle corridor

The Hunter has a much higher capacity for growth than indicated by NSW population projections and can do more heavy lifting in the State solution to housing. Indicators such as housing price increases and rental vacancy rates are revealing a high demand for Hunter housing, particularly since COVID. This provides a trigger to rethink high speed rail.

Investment in public transport like rail across the region, and connections to important centres like Sydney, is fundamental to ensure we capture the benefits of growth rather than it reducing the living standards of residents and productivity. Rail also has a role in driving a more even and efficient pattern of settlement and economic activity across NSW, taking the pressure off Sydney and avoiding some of the higher costs of infrastructure provision the city is facing to meet growth.

A decision on the NSW proposed high speed rail network that prioritises the Sydney to Newcastle corridor is the first step.

4. Secure more public funding to improve and increase the stock of social and crisis housing in the Hunter

The Committee for the Hunter joins other voices in NSW and the nation to call for more investment in social and affordable housing. This includes partnerships with developers and community housing providers to deliver more affordable housing stock.

Demand for social and crisis housing is growing faster than supply – here and elsewhere in NSW. The Committee sees social housing as an issue not readily addressed by the private and not-for-profit

sectors at the scale and speed that stock is required. We argue the provision social housing is a direct responsibility of governments. It is the bluntest instrument in the toolkit to deliver more affordable housing.

We congratulate the NSW Government on its advocacy and efforts to increase the availability in social housing in NSW, including the release of *Housing 2041: NSW Housing Strategy* and having it designated as a High Priority Initiative on the Infrastructure Australia 2021 Priority List. We encourage NSW to continue to work with the Australian Government to secure more funding to improve and increase the stock of social and crisis housing in the Hunter.

5. Improve the collection and reporting of data on housing activity in the Hunter

It was not possible in this paper to provide a contemporary assessment on the current and projected performance of housing supply in the Hunter compared to the targets outlined in the GNMP and the Hunter Regional Plan. The figures referenced on the projected shortfall in housing were produced by industry and refer only to greenfield supply.

The State-led Greater Newcastle Urban Development Program has committed to providing an annual snapshot on housing activity in the Hunter. The first, and most current report was published in February 2020 referencing the year 2018/19.

More regular and timely reporting is required to understand what is happening in housing markets and provide the opportunity to intervene.

6. Consider and consult on regional governance models for a more strategic and joined-up approach to land use planning, infrastructure investment and service delivery in the Hunter

The Hunter is not 'the bush'. We are Australia's largest regional economy and service a population of over one million with capacity for growth above State projections. The Hunter is experiencing economic change in the energy and resources sector, representing one of the largest structural adjustment challenges in the nation.

The lack of focus and investment is at odds with our size and strategic significance and will continue to put a handbrake on State objectives, including for housing.

However, housing issues in the Hunter have fundamentally emerged as a result of:

- a lack of strategic planning in addition to statutory planning
- land use planning and infrastructure investment are not sufficiently coordinated, and
- infrastructure and service agency budgets are not readily tied to the whole-of-government priorities identified in the GNMP and Hunter Regional Plan

Governance in the Hunter is highly fragmented. State-led innovations in planning and investment in the Sydney metro are designed to address these very issues and they provide a benchmark for best practice. Yet they are not being applied in contemporary planning processes and outputs in the Hunter.

More sophisticated approaches to governance, planning and investment in the Hunter are urgently required.

The Hunter is your partner in reform to address issues of housing supply, affordability, diversity and resilience

Housing policy is complex, and solutions cut across levels of government, multiple agencies and sectors. A place-based approach can support more integrated responses and complement whole-of-economy measures.

The Hunter was a test site for the National Disability Insurance Scheme, informing the national rollout. The Hunter offers a representative sample of populations, geography and scale to support the design and testing of new approaches to housing that cross disciplines, sectors and levels of government.

The Committee for the Hunter invites the NSW Government to partner with us and utilise the Hunter region as an applied 'sandpit' for innovative solutions with potential to be scaled across NSW.

If you would like to discuss this submission please contact Alice Thompson, CEO Committee for the Hunter on +61 490 688 125 or ceo@hunter.org.au.

Sincerely



Alice Thompson
CEO
Committee for the Hunter