

4 October 2022

The Hon Anastacia Palaszczuk MP
Premier and Minister for the Olympics and Paralympics
PO Box 15185
City East Qld 4002

Via: housingsummit@premiers.qld.gov.au

Dear Premier

Western Queensland Alliance of Councils – Submission to Department of Premier and Cabinet in relation to Queensland Housing Summit (20th October 2022)

1. Introduction

The Western Queensland Alliance of Councils (WQAC) welcomes the opportunity to make a submission to the Department of Premier and Cabinet in the lead up to the Queensland Housing Summit on 20th October 2022.

Housing has emerged as a key priority for WQAC as similar to other infrastructure deficits in Western Queensland, the availability and diversity of quality housing stock is a key barrier to growing the economic and social potential of Western Queensland.

In this regard, the WQAC is proactively pursuing a number of initiatives to better understand the magnitude of the housing challenge in Western Queensland including the identification of potential solutions.

Noting the Department's request to keep submissions brief, this document highlights our key findings to-date, with supporting information contained in respective appendices.

In providing this information it should also be noted that the WQAC supports the policy priorities likewise being pursued by the LGAQ, which naturally is taking a wider viewpoint as the peak body representing Queensland's 77 local governments.

2. Background

By way of background, the (WQAC) is a collaboration between the North West Queensland Regional Organisation of Councils (NWQROC), the Remote Area Planning and Development Board (RAPAD) and the South West Queensland Regional Organisation of Councils (SWQROC).

Our three bodies represent 22 Councils across the north west, central west and south west of Queensland. This area covers 60 per cent of the State and makes a major contribution to the economies of Queensland and Australia. The aims of WQAC (amongst others) is to attract greater public and political attention to shared issues across the three regions and increase its advocacy power and influence due to its larger representative base. Further information on WQAC can be found on its website @ <https://wqac.com.au/>.

3. Issues and Potential Solutions Identified To-date

3.1 From the WQAC / Regional Australia Institute Housing Solutions Study – refer to Appendix A

- a. WQAC to establish an unlisted residential property fund – an investment vehicle to attract large-scale equity investment into housing in the region. The initial investment would be into new and substantially upgraded council housing. Subsequent investment could be into housing in the region’s private rental markets.

The WQAC have been further investigating such a model with the assistance of the Queensland Treasury Corporation (QTC) and Gadens (Lawyers). Likewise WQAC have been liaising with the private sector (builders) about this model and interest seems high given such an approach would provide certainty and a pipeline of work across regions.

At a minimum, WQAC believes there is an opportunity to create a Queensland Transport and Roads Investment Program (QTRIP) type program for housing which outlines the current and planned investment in housing infrastructure for delivery over a four year period.

- b. State Government to renew government employee housing through divesting itself of its existing stock and re-investing in a Build-Own-Operate-Transfer (BOOT) development of new dwellings spread across the WQAC region.
- c. Federal Government to introduce a Regional New Home Guarantee applicable to households looking to build or substantially renovate a home in locations where sales prices are significantly lower than average build costs.

Noting the Australian Government’s most recent *Regional First Home Buyer Support Scheme*, and a *Help to Buy Scheme*, WQAC has made direct representations to relevant Federal Ministers seeking the following changes.

➤ *Regional First Home Buyer Support Scheme*

- a. The policy requires an applicant to “have lived in the region for at least 12 months”. We request that this requirement be waived in rural and remote regions. This will provide an incentive to singles and families to move to our regions to fill the hundreds of vacant positions that currently exist and urgently need to be filled.
- b. Rural and remote regions can be identified either geographically or by post code to differentiate them from the larger regional centres and coastal communities where there are active housing markets.
- c. In addition, applicants could be required to live in the home for a minimum of 12 months, or a penalty clause included if they leave the region before a specified period had expired.
- d. The policy requires an applicant “to be an Australian citizen over 18”. We request that eligibility be extended to permanent residents over 18 living in designated rural and remote areas. This too would provide a further incentive to singles and families to move to our regions as noted above.
- e. Our communities are already culturally diverse and welcoming of skilled and semi-skilled immigrant workers. Opening the scheme to permanent residents creates greater opportunities for home ownership in rural and remote regions whilst at the same time relieving pressure on the housing markets in metropolitan, major regional centres and

coastal communities. This will be a significant issue with the recently announced increase in the annual immigration intake.

- f. The policy requires applicants “to have a taxable income of up to \$125,000 per year for singles and \$200,000 a year for couples”. We request that these amounts be increased to \$150,000 and \$250,000 respectively for rural and remote regions. These amounts are considered more realistic given the salaries that must be offered to attract workers to our regions.
 - g. The current income eligibility limits would unfairly deny workers in rural and remote areas the opportunity of accessing the scheme when these same workers could do so if living in larger regional centres and coastal communities where their income is within the limits.
- *Help to Buy Scheme*
- a. The policy requires an applicant “to be an Australian citizen over 18”. We request that eligibility be extended to permanent residents over 18 living in the designated rural and remote areas for the same reasons as outlined above.
 - b. The policy requires applicants “to have a taxable income of up to \$90,000 per year for singles and \$120,000 a year for couples”. We request that these amounts be increased to \$120,000 and \$150,000 respectively for rural and remote regions for the same reasons as outlined above.

WQAC would encourage the State Government to likewise support these changes and make representations as appropriate to its Australian Government counterparts.

3.2 From the WQAC / Queensland State Government Local Housing Action Plans Initiative – refer to Appendix B

- a. The State Government implement agile policy and program responses to the housing issue by:
 - ensuring improved coordination across relevant Departments, including at the regional level as the current approach often seems fragmented, siloed and slow; and
 - implementing placed based measures and responses across different regions recognising their unique housing needs.
- b. State Government assistance and funding in bringing land to market would be of significant value. Councils don’t have the funds to pay the State Government’s “asking price” for vacant land, nor the funds to subdivide and provide services - roads, water, sewer, electricity and connectivity. Rural/remote councils do not levy developer charges – it would be counterproductive.
- c. State Government to increase its stock of social housing and government employee housing in communities where they consume a significant proportion of the private rental market. This denies private sector employee rental opportunities precluding economic development.
- d. State Government to provide a dedicated co-funding scheme for councils to construct employee housing and housing for service industry workers precluded from the limited private rental market in many areas.

- e. State Government to clarify if councils have a valid exemption under Sections 235 & 236 of the Local Government Regulation 2012 to provide housing directly to staff or social housing without a tender process .
- f. State Government to examine the eligibility criteria for its *Regional Home Building Boost Grant* which only applies to new home builds or substantial renovations.
- g. The National Housing Finance and Investment Corporation Government (NHFIC) proactively promote its *National Housing infrastructure Facility* to councils.
- h. The Federal Government recognise the Postcode Discrimination imposed by the banks in their demand for higher deposits and lower borrowing limits and tailor its housing programs i.e., *Regional First Home Buyer Support Scheme*, and the *Help to Buy Scheme* to better reflect the unique housing market circumstances in rural and remote areas – noting the comments earlier in this submission.

We hope the issues identified in this submission are of assistance in shaping the agenda and format of the upcoming Housing Summit. WQAC congratulates the Government on convening the Summit and noting the work already underway by WQAC, we would welcome an opportunity to attend the Summit in person.

Yours sincerely

NWQROC



Cr Jack Bawden
Mayor
Carpentaria Shire Council
Chair, NWQROC
Ph: +61 427 459 424

RAPAD



Cr Tony Rayner
Mayor
Longreach Regional Council
Chair, RAPAD
Ph: +61 418 961 372

SWQROC



Cr Samantha O'Toole
Mayor
Balonne Shire Council
Chair, SWQROC
Ph: +61 428 887 100

Greg Hoffman PSM
Executive Officer, NWQROC
Ph: 0418 756 005

David Arnold
CEO, RAPAD
Ph: 0428 583 301

Simone Talbot
Executive Officer, SWQROC
Ph: 0427 990 201

Appendix A: Background Information on WQAC / Regional Australia Institute Housing Solution Study

The WQAC has invested considerable time and effort (in conjunction with the Regional Australia Institute) examining the 'housing' market failure in Western Queensland and in September 2021 completed its Report: *WQAC Housing Solutions Study – To Build and Grow the Potential of Western Queensland*. This report can be sourced at the following link: <https://wqac.com.au/housing-study>

The report found that the market failure in Western Queensland stems from a mismatch between the costs of construction and renovation and the value of the existing housing stock which has resulted in the quantity and quality of available housing not keeping pace with market demands. Whilst this issue has existed for some time, the COVID-19 environment highlighted its significance and its adverse consequences on:

Community Liveability and Decentralisation – the lack of diversity in housing options in local communities impacts on the opportunities for residents to live and work locally, the opportunity to attract new families to an area and the opportunity to also attract and retain key professionals, including essential service workers such as teachers, health care professionals and police. In aggregate, these outcomes act as a key barrier to sustaining local communities and the economic potential of Western Queensland.

Resident and Investor Confidence - when the market value of the existing housing stock is low, with little demand or scope for price increases, investment in updating existing houses or building new ones is constrained. The cost of new home construction is well above the value of average homes in most markets and lending practices mean that it is getting even harder for residents to obtain finance to buy or renovate a home. This is causing a lack of housing suitable for buyers of new homes and has placed a hard cap on the rental market in most places – with rental vacancy rates commonly extremely low with little prospect of new rental stock becoming available.

Community Resilience – is impacted due to the inability of the market to facilitate the availability of the right types of housing for different residents, for example the lack of quality accommodation options for the young, elderly, first nations and professionals. Housing stock has seen very little renewal in the last two decades and is now a long way from meeting the needs of these groups in regard to physical and financial accessibility.

Business Growth and Employment – when demand for housing is low, supply is also typically low and slow to respond to increasing demand, for example, from an expanding workforce at a regional business. The supply of housing is in fact fixed in the short term – the time from planning through to completing a home build spanning many months if not in excess of a year. This means employers have trouble finding accommodation for their staff. In many towns the rental market is non-existent as all available accommodation is in use, meaning that new workers have nowhere to stay. As a consequence, local businesses are reluctant to expand, face additional costs in trying to step in to find and often subsidise accommodation themselves, and see diminished productivity associated with high employee turnover and constant recruitment costs. Workers also face increased living costs (i.e., rent / transport) resulting in less disposable income and flow-on spending in their local communities.

Additionally, there are many examples of new investment proposals in regions which have had reduced local impact due to a reliance on FIFO or DIDO workers largely because of an absence of local accommodation.

Further, the local building industry will face the same constraints in accessing the skilled labour required to expand and update the region's housing stock. Trade labour is typically quite mobile, yet this mobility is often stretched over the large distances in Western Queensland.

The WQAC Study was informed by interviews with key people in each region with an interest in and knowledge of housing markets. The Study interviewed Council planning staff, real estate agents, builders, developers,

and financiers (banks, mortgage brokers and valuers) to build a full picture of the sources of the market failure as well as provide insights into suitable solutions.

The shortfall in housing across the region was identified as follows:

Private sector	1490 new dwellings
State Government employee housing	127 new dwellings
Local Government employee housing	296 new dwellings, 248 needing major refurbishment

The level of underinvestment in housing in the region is significant. The per-capita level of investment into housing across the 22 council areas in Western Queensland over the past three years is less than one fifth of what occurs in Greater Brisbane – as an example.

Western Queensland	\$320 per capita
Greater Brisbane	\$2,675 per capita

Reasons for this underinvestment arise because of a unique combination of characteristics:

- Generally small (and shrinking, or at best, holding steady) populations; and
- Remote locations and existing housing stock that is low in value relative to average building costs.

These characteristics underscore barriers on both the demand and supply sides of home building and renovating, including severely constrained access to finance whereby banks require much larger deposits for mortgages for homes in small and low-cost markets – i.e., Western Queensland.

As noted earlier in this submission, the study also identified solutions to address the specific barriers to local home building and renovating through a variety of local, state, and federal measure. These solutions aim to address the key barriers of constrained access to finance as well as the issue of scale.

Appendix B: Background Information on WQAC / Queensland State Government Local Housing Action Plans Initiative

The WQAC, through NWQROC has entered into a funding agreement with the Queensland Government to undertake the development of Local Housing Action Plans (LHAPs) for the 22 councils of WQAC.

The LHAPs are a commitment under the *Queensland Housing and Homelessness Action Plan 2021-2025* and aim to identify needs, solutions as well as help coordinate responses to rural and remote community housing challenges.

Background

The Funding Agreement, signed on 3 June 2022, sets out a two (2) stage process, firstly involving six (6) of the 22 councils being used as pilot sites. These councils, two (2) in each of the three (3) ROCs in Western Queensland, are being used to refine the data collection template used by the consultants, draft their initial LHAPs and develop the logistical arrangements for the extended visits to the remaining councils. The six (6) pilot councils are:

- Carpentaria SC
- Flinders SC
- Boulia SC
- Blackall-Tambo SC
- Murweh SC
- Paroo SC

The second stage involves the development of the LHAPs for the remaining 16 councils, following endorsement by the Project Oversight Group (POG) of the six (6) stage one pilot LHAPs, and incorporating the learnings from the stage one pilots.

Progress to date:

➤ Data Collection Template

The first meeting of the POG was held on 17 June 2022 to consider a draft of the Data Collection Template. With input from this meeting, follow up discussion with departmental officers and testing with council officers, the template was settled for the purposes of the pilots. QTC also undertook the conversion of the template into an Excel spreadsheet. This will enable the data collected from the 22 councils to not only support the preparation of their individual LHAPs but also to be analysed and various reports produced at regional and subregional levels to assist in policy, program, funding, and investment decisions across Local, State and Federal governments.

QTC's contribution to the housing initiative is greatly appreciated.

➤ Council Visits

The project consultant visits to the pilot councils commenced on 8 August and were completed on 2 September 2022. The councils were sent the data collection template ahead of the consultants visits and the onsite sessions involved meetings with the CEO and council officers relevant to completion of the template. Meetings also occurred with mayors and councillors where availability permitted, community organisations with involvement in housing issues, and departmental officers if located in the communities visited and available at the time of the visits.

Also, communities outside of the main centres in each council area were visited where there is social housing, and State Government and council employee housing requirements. A data collection template was completed for each of these communities.

Not all the information requested was available at the time of the visits and has gradually been received enabling the drafting of the six (6) pilot LHAPs noting there are data gaps at present.

Outstanding Information

Gathering comprehensive and up-to-date information is essential to ensuring the accuracy and value of the initial LHAPs and the data analysis and reports generated by QTC from the Excel spreadsheets.

Over the past two (2) months DCHDE and GEH officers have been conducting virtual meetings with WQAC councils in planning their respective work programs following the handing down of the State Budget in June. At each of these meetings a PowerPoint pack was tabled outlining current housing stock, land availability and respective departmental construction plans for social and employee housing. A record of meeting was also prepared including council feedback and suggestions.

This information will provide the comprehensive and up-to-date data required to ensure accuracy of the LHAPs and related reports and has been requested from both departments.

It is also intended to include in each LHAP key demographic characteristics for the area drawn from the 2021 Census.

Timelines

It is planned that all 22 LHAPs will be completed by February 2023 with all site visits finalised prior to Christmas 2022. Whilst travelling to undertake the visits to the six (6) pilot councils the consultants have taken the opportunity to call in on other councils to alert them to their upcoming visits and start discussion on data collection which will be a significant task in the larger centres e.g., Mount Isa, Longreach and Roma.

It is intended that the LHAPs will be progressively finalised over the period up to February 2023 as scheduled visits occur, data collection is finalised, and the documentation completed.