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Fact Sheet: Unlocking Regional Housing Bill

Why the Bill is needed

Across Australia right now, including in regional, rural and remote areas, we are experiencing a housing affordability and supply crisis. Despite one in three Australians living out of major cities, the unique needs of regional rural and remote Australia are frequently left out of the housing debate.

The current housing situation in Indi demonstrates the extent the of this crisis:

- National campaign Everybody's Home¹ found that essential workers in North East Victoria spend, on average, 44% of their income on rent and are experiencing severe rental stress.²
- According to the 2021 Census, homelessness in the Hume region has increased 19% since the 2016 census. In Wangaratta, which consistently has a vacancy rate of below 1 per cent,³ homelessness has increased by 67% since 2016.
- According to Rural Councils Victoria, to address this crisis rural Victoria will need approximately 87,400 new dwellings over the next 15 years. Failure to provide the extra homes could mean annual Gross Regional Product losses across rural Victoria of between \$200 million and \$1 billion.⁴

We are currently not well placed to meet the projected demand for new homes in regional Australia and address the current shortfall.

According to Everybody's Home, planning authorities have gone to great lengths to ensure there is enough zoned capacity to cater for projected growth.⁵ Wodonga City Council approved 500 dwellings in 2020-21, and Mansfield doubled their approvals in the same period.

But they can only do so much.

¹ A coalition of housing, homelessness and welfare organisations who campaign to fix the housing crisis.

² <https://everybodyshome.com.au/wp-content/uploads/2023/04/EH-Priced-Out-Report-2023.pdf> page 11. Essential worker includes aged care worker, nurse childcare worker, school teacher and hospitality worker.

³ <https://www.realestateinvestar.com.au/property/wangaratta>

⁴ <https://ruralcouncilsvictoria.org.au/rural-housing-crisis-costs-jobs-1bn/>

⁵ Murray, C., and Limb, M. (2020) We zoned for density and got higher house prices: Supply and price effects of upzoning over twenty years. <https://everybodyshome.com.au/wp-content/uploads/2023/04/EH-Priced-Out-Report-2023.pdf> page 26.

Wangaratta’s sewerage line is at capacity, and Benalla needs substantial drainage work carried out if more houses are going to be built.

We know there are huge costs in building infrastructure needed to support increasing the supply of housing. Regional, rural and remote communities struggle to attract the capital investment from developers to build the infrastructure, and we know local councils can’t fund it on their own.

In recent years Government investment in housing and enabling infrastructure has fallen significantly short.

In 2018 the previous Government set up the \$1 billion National Housing Infrastructure Facility (NHIF) to provide loans, grants and equity to fund new or upgraded infrastructure like sewerage, water, electricity, transportation and roads. The NHIF is administered by the National Housing Finance and Investment Corporation (NHFIC), itself created by the *National Housing Finance and Investment Corporation Act* (the NHFIC Act).⁶

But the NHIF has fallen short of achieving its purpose. A 2021 Statutory Review into the Act consistently heard that *‘the NHIF has been difficult to access, and was poorly understood. Stakeholders pointed to a range of reasons for this, ranging from: a general lack of understanding as to what projects and proponents qualify for NHIF financing; eligibility criteria that set a very high bar for approval... and a complicated and lengthy application process’.*⁷

The NHIF has also not delivered an equitable distribution of funding for regional Australia. According to their most recent Annual Report, the overwhelming majority of projects funded in 2021-2022 were in metropolitan areas.⁸

The Government is attempting to address the housing crisis by legislating its \$10 billion Housing Australia Future Fund for social and affordable housing. However, there is criticism this is not a large enough investment to meet the projected demand,⁹ and it does not address the unique housing supply challenges that regional people are facing right now.

About the Bill

The Bill amends the NHFIC Act¹⁰ to specifically address the regional housing crisis:

1. **Objects of the Act to include housing outcomes in regional Australia:** it adds an object of NHFIC to ‘provide finance, grants or investments that support the provision of housing-enabling infrastructure in regional, rural and remote Australia’.
2. **Equitable funding for regional Australia:** It requires the Minister to scrutinise what action needs to be taken so that the NHIF distributes at least 30%¹¹ of its funds each year to projects in rural,

⁶ NHFIC is responsible for administering the NHIF. If the Government’s Housing Australia Future Fund (HAFF) Bill (and related Bills) pass, NHFIC would become Housing Australia.

⁷ <https://treasury.gov.au/publication/p2021-217760>, page 43.

⁸ <https://www.nhfic.gov.au/reports-and-publications> page 34.

⁹ <https://everybodyshome.com.au/wp-content/uploads/2023/04/EH-Priced-Out-Report-2023.pdf> page 26.

¹⁰ NHFIC is responsible for administering the NHIF. If the Government’s Housing Australia Future Fund (HAFF) Bill (and related Bills) pass, NHFIC would become Housing Australia.

¹¹ This figure is based on the distribution of Australia’s population, with 27.8% of the population living in regional, rural and remote areas as per ABS data: *Estimated resident population, Remoteness Areas, Australia* <https://www.abs.gov.au/statistics/people/population/regional-population/latest-release>.

regional and remote Australia. The Minister would also have to outline in reports how it has complied with this consideration.

3. **Clarify that local governments and utility providers can receive NHFIC funding:** The 2021 Statutory Review found that there is no precedent of local governments directly accessing NHFIC funding, even though they are eligible.¹² In regional Australia, local governments are one of the key providers for enabling infrastructure like sewerage and drainage. But with small rate payer bases, they don't have the funds to build the infrastructure that attracts private investments. State or Territory government-owned utility providers, like water corporations, also struggle to fund these projects. The NHIF should be providing funding to local governments and utility providers.
4. **Require NHFIC to be more proactive in identifying housing projects** to support and accompany project proponents through the application process, notably for smaller actors such as Community Housing Providers and local governments.¹³ This addresses the findings of the 2021 Statutory Review of the Act, which found the NHIF has been difficult to access.
5. **Require regional housing expertise on the NHFIC Board:** Ensure at least one NHFIC Board Member has expertise, appropriate qualifications, skills or experience in housing needs in regional, rural and remote Australia. The NHIF is more likely to deliver for regional Australia if members on the NHFIC Board understand the unique housing circumstances in regional Australia.
6. **Require NHFIC to report on the workability of the Investment Mandate:** The Bill requires NHFIC annual reports to address whether the eligibility criteria in the NHFIC Investment Mandate (decided by Ministerial discretion), are appropriate or restrictive for delivering on NHFIC's functions. For example, under the current Investment Mandate the NHIF cannot fund projects that would provide community infrastructure such as parks, day-care centres or libraries. If the Minister is to put such restrictions on the NHIF, it is important to understand the impact of this on delivering housing outcomes.

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¹² <https://treasury.gov.au/sites/default/files/2021-10/p2021-217760.pdf>, page 43-44.

¹³ This was a recommendation of the 2021 Review: see page 78: <https://treasury.gov.au/sites/default/files/2021-10/p2021-217760.pdf>, page 43-44.