

# PRIVATE SECTOR RISK FACTSHEET

*The source of all the data below is the Greater Whitsunday Housing Playbook unless another source is quoted.*

## **How do we solve for reducing private sector risk to deliver increased stock and diversity and increase conversion rates**



### **Key findings:**

Population growth has increased significantly in the last five years. Housing supply has not kept up with demand.

New house sales and dwelling approvals have slowed since the peak of 2012 despite favourable market conditions. Although sufficient land has been zoned for housing relative to population growth, infrastructure is not being funded or delivered to enable the volume of housing needed.

Construction costs are notably higher than the national average in the Greater Whitsunday Region. High building costs and timeframes are delaying and discouraging new housing delivery.

Given the lack of diversity in housing options, a portion of homes may not be adequately suited to residents.

- The wider region largely provides for a detached housing market, with limited offerings in the way of either townhouse or apartments.

There are 5,400 lots approved for development that are not being converted. Development Approvals are not being acted on (i.e., it is not commercially viable to develop). Costs associated with post-approval requirements and timeframes, trunk infrastructure, regional construction multipliers, limited skilled labour, high insurance premiums, and high loan deposits were identified as contributors.

Rates of building and construction have steadily declined over the last 10 years and remain low post-COVID. Significant increases in build rates are needed to meet current and future housing demand.

Housing types do not align with population demographics or their economic capacity. There is limited attached housing (e.g. duplex, townhouses, apartments) being delivered despite market demand.

There is scope to align local government planning schemes to improve consistency in planning requirements and timeframes.

Investment confidence was identified as one of 8 key themes from the data analysis and stakeholder engagement, that is, a lack of confidence in the property market as a financial investment option for long term individual and institutional investors. This is offset by the trend of high investor confidence and competition when housing is being secured as a business necessity.

- Fluctuating house prices, fluctuating coal prices, lack of new supply and declining bond lodgements together indicate an overall decrease in the level of investor confidence and provide strong indicators for reduced investment in the rental market.

The Regional Councils have not found their incentive programs to work/gain traction.

Stamp Duty is seen as a deterrent to investment – especially when upgrading.

## Key Themes

The top 5 Key Themes identified from the data analysis and stakeholder engagement are relevant to the investor and development community:

	<p><b>Housing Market Disruptors:</b> The Greater Whitsunday regional housing market is influenced by a range of factors beyond fluctuations in housing supply and demand driven by permanent residential communities. The housing market disruptors are primarily driven by employment sectors with a disparate range of housing needs and demands.</p>
	<p><b>Infrastructure:</b> Inadequate infrastructure to support cost effective and timely housing development. Barriers to on the ground infrastructure delivery include the cost of infrastructure provision for government and developers and lack of agility to plan and deliver required infrastructure ahead of development need, leading to difficulty matching housing supply to meet housing demand.</p>
	<p><b>Conversion and Delivery:</b> Increasing complexity and risk across the industries and sectors that contribute to housing delivery (e.g. planning, infrastructure, financing, construction, real estate etc.) are all contributing to an increasing lack of conversion. This lack of conversion is demonstrated via reduction in development applications and approvals for housing, an increase in 'banking' of land subject to housing approvals and a reduction in approvals for housing proceeding to construction.</p>
	<p><b>Housing Diversity:</b> While single detached housing remains, the predominant product being delivered and sought in the region, there is clear demand for greater housing diversity in the form of semi-attached and attached housing from a range of user groups in both coastal and rural areas.</p>
	<p><b>Investment Confidence:</b> A lack of confidence in the property market as a financial investment option for long term individual and institutional investors. This is offset by the trend of high investor confidence and competition when housing is being secured as a business necessity.</p>
	<p><b>Social and Affordable Housing:</b> An increasing demand for social and affordable housing options is identified from a range of user groups, fueled as the cost of securing housing (rental and purchase) remain high.</p>
	<p><b>Alignment of Planning Provisions:</b> There is opportunity to improve consistency across planning provisions for the three local government areas that comprise the region to improve community and developer understanding and certainty. This includes alignment of policy, development assessment efficiencies and post-approval requirements, systems and processes.</p>

## Considerations:

### Stakeholder (anecdotal) feedback includes:

- Development Approvals are harder to convert due to conditions being imposed.
- Red tape and financial factors are hindering investment/conversion.
- Cost of developing units is too high.
- Cost of insurance chases investors away, especially for units.
- Very costly to build in the regions and need State intervention and incentives.
- Valuers need to reframe how they value different diversity options.
- Councils are risk-averse and rely heavily on their Planning Scheme – they do not see or apply it as a guide, but rather a rule.

### Opportunities identified from stakeholder engagement:

- All employers predict significant employment growth keeping demand for housing strong.
- Opportunity for diversity of product that works with the market. i.e., units in general are not viable but small scale separate titled (no body corporate) terraces, small lots, duplexes, ancillary dwellings.
- LGA to reduce, waive or delay fees for approval processes and infrastructure costs, or to retain their fees and fund into the post approval process to support compliance and delivery.
- Review Council Planning Schemes and alignment to boost investor confidence in the locality.
- Annual review of Government policies with market trends and update as required.
- Review current DA assessment timeframes and provide more streamlined services.

### Financial:

- Investigate if/how high loan deposit requirements (30%) can be removed.
- Explore pilot project potential of purchasing old or un-used housing (e.g. motels, hostels etc.) and upgrading into housing, including potential joint venture delivery.



## Opportunities identified:

### Partnerships and collaboration theme:

- Identify opportunities to **reduce private sector risk to deliver alternative housing types** (e.g. diverse and targeted housing typologies at profitable volumes for a pre-identified housing demand and co-housing opportunities).
- **Consider cross-sector opportunities to package Build-to-Rent project opportunities** that includes identification of well-located and serviced land and pre-committed housing volumes for set periods of time.
- Establish a **'Community of Practice'** to act as champions of change and identify, share, explore and test the delivery of housing that promotes diversity and innovation in the design, construction and management of housing.

### Enabling the Market theme:

- **Build and support local developer capacity and capability to deliver attached housing product** (e.g. due diligence and development feasibility assessment assistance for developers, construction methods training for builders, tendering support services for attached housing product).
- Identify methods to **attract Tier 1 developers** to deliver housing types that the local market is not in a position to develop or deliver.
- Identify and develop opportunities for regional and local Community Housing Providers and Housing Trust bodies to **partner with the public and private sector** to deliver new housing.
- Facilitate renewal opportunities for **existing unused housing** (e.g. housing damaged during cyclones).
- Develop, prepare and promote **development prospectus packages** (including site identification) connected to committed rental or purchase demand for Build-to-Rent, retirement living, aged care, short-term accommodation, infill attached housing, affordable housing and conversion of non-residential buildings to housing.
  - Include promotion of diversity of product that works with the market. i.e., units in general are not viable but small scale separate titled (no body corporate) terraces, small lots, duplexes, ancillary dwellings.
- Develop, prepare and **promote housing investment prospectus packages for individual/small scale and institutional investors**.
- Establish a **development facilitation and brokering program** to identify and reduce development application and delivery barriers (e.g. establish coordinated concierge service within local or state government, under the Housing Alliance or a regional economic development entity).

### Planning and Infrastructure theme:

- Work with infrastructure entities to minimise and **streamline post-approval compliance processes**.
- **Prioritise trunk infrastructure delivery** in key housing demand and need locations.
- Establish **consistent residential development requirements in planning schemes** across local government areas in the region including:
  - Reviewing zoning provisions to enable more diverse housing types in a range of residential zones,
  - Identifying specific housing types suitable for 'as-or-right' development (i.e. accepted development not requiring development approval),
  - Identifying opportunities to reduce or remove the need for assessment when changing between residential land uses on land zoned for housing, and
  - Making a greater range of housing types a lower level of assessment (i.e. code assessable instead of impact assessable).
- Establish policy positions that support and **encourage flexible approaches to funding trunk infrastructure**, including local government / private sector partnerships and agreements.

**Government and Leadership theme:**

- Establish a biannual, facilitated regional development forum where applicants and assessors throughout the development process can come together in good faith to explore barriers and identify solutions to achieve streamlined and cost-efficient assessment and post approval processes (e.g. discuss standards and expectations around application materials, processes, timeframes, resource allocation and development outcomes).
- Encourage local government to explore setting regional-level service delivery benchmarks to boost developer certainty, such as target assessment timeframes for typical housing applications and post-approval compliance processes.

**Examples of some contemporary affordable attached dwellings:**

10m frontage lots at Ripley, QLD:

- They step down a slope so reduce retaining wall heights
- Incorporates dwelling and ancillary dwelling or duplex (note double letter boxes)
- Single storey so it is cheaper to deliver and fits with normal expectations, that is, local small scale investors and owners can be encouraged.



ENVI Micro Urban Village | degenhartSHEDD - smallest lot, at 38 sqm, is one of the smallest in the country



VARSITY LAKES | degenhartSHEDD



AV Jennings Cadence Development Ripley, QLD  
with some lots as small as 281 sqm:

