

**OPTIONS TO IMPROVE ACCESS TO EXISTING AND ALTERNATE
ACCOMMODATION TO ADDRESS THE SOCIAL HOUSING SHORTAGE**

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Options to improve access to existing and alternate accommodation to address the social housing shortage

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1. Overview

Housing affordability is a national crisis, affecting a rapidly increasing number of working families as well as those in vulnerable social-economic groups. In Tweed Shire, there is a cohort of 'new vulnerable' individuals and families who, even though employed, find that they cannot afford a mortgage or rental property. The State Government, Local Government and not for profit housing groups don't have the capacity financially or through resource management to address current or future needs.

There is an immediate need for additional social and affordable housing as evidenced by the long social housing wait list and low rental vacancy rates. This is despite being at a time of historic low immigration and a falling Australian population for the first time in 100 years. There are a number of driving factors to this growing need for affordable and social housing:

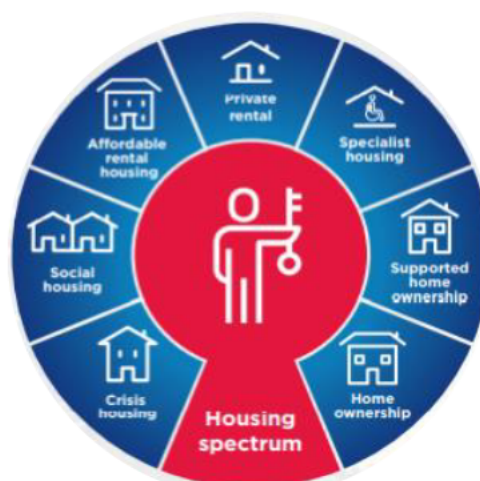
- Limited coordinated government approach and investment
- 10+ year wait for social housing in Tweed Heads¹
- 5 to 10 years wait for social housing in Murwillumbah²
- Limited crisis accommodation options
- Migration to the region from cities
- Increase in holiday/short-term rentals and investment properties
- Limited appropriate land and developer interest in social and affordable housing

The NSW Government Housing 2041 NSW Housing Strategy Report³ is a useful resource to illustrate the relationship between housing types across a wide spectrum:

A diverse mix and balance of options is needed, supported by both private and public initiatives.

Too much or too sudden a supply at the crisis end will cause upward pressure on demand for social and affordable housing, as well as on the sector providing both crisis and social housing services. With the right resourcing, this may be a positive outcome and improve the supports for the vulnerable.

Upstream supply must also be increased so that movement from crisis to sustainable long-term housing is achieved.



Housing Spectrum circle graphic from NSW Housing 2041 Report

Those people who find themselves at the front end of this spectrum – those who are homeless or at risk of becoming homeless – often find themselves cycling around in this space unable to move into more secure housing because of a lack of social or health support, or a lack of appropriate long-term housing.

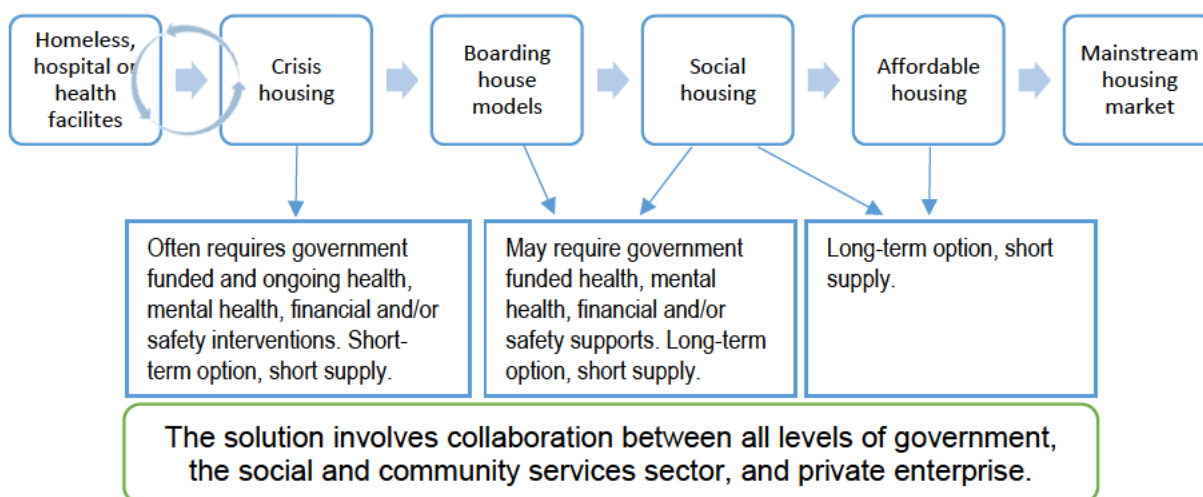
¹ <https://www.facs.nsw.gov.au/housing/help/applying-assistance/expected-waiting-times>

² Ibid.

³ <https://www.planning.nsw.gov.au/-/media/Files/DPE/Reports/Policy-and-legislation/NSW-Housing-Strategy-Report-2021-Mayv2.pdf>

2. From homelessness to permanent housing: not a straight line

Research demonstrates that the issue of homelessness cannot be fixed through increasing supply of housing alone. It is part of a continuum of housing that ranges from crisis accommodation with wraparound support services for e.g. people with mental health issues, those fleeing family violence situations, people with financial problems, those with alcohol and other drugs issues, through to housing affordability issues.



An Elephant in the Room

A paper published in June 2021⁴ offers a perspective on the complexities of this issue:

Housing and the Economy: Taming the Elephant

Increasingly commentators, and national level policy politicians, comment that housing is a 'supply side problem' and many highlight 'planning' as the major cause of slow delivery of inadequate stocks of land and housing. Such conclusions are often based on anecdote and are somewhat incomplete. Housing price inflation is driven by excess demand. But rapid demand stimulus as well as sluggish supply can generate excess demand for housing. And even if sluggish housing supply rather than over-stimulated demand is problematic, then it is important to understand which element in the complex supply chain for homes is at fault, including the timing of land release by developers and financial constraints on development capacity – and not simply resort to blaming 'planning'. At local, metropolitan and national levels, housing supply chains need to be

much better understood. But our policy-making is bedevilled by a substantial deficit in the skills, institutions and governance structures needed to better understand Australia's housing market and strategies to make it more effective and stable.

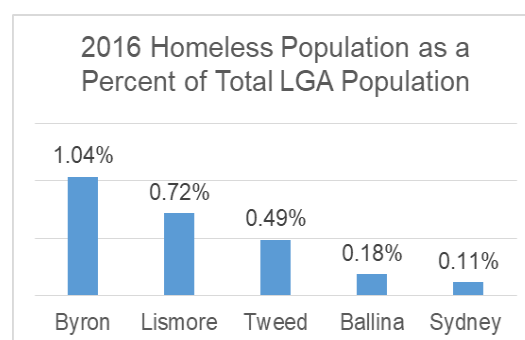
A system that raises housing costs for all Australians, that raises instability and lowers productivity, does not serve the nation well. And as for rising housing wealth, it is not like the wealth created from effort and innovation, for that creates gains for all. Rather, it makes some Australians – the affluent and older – better off, by making younger and poorer Australians, and also future buyers, worse off.

The housing elephant is in the living rooms and Party rooms of Australia and is set for another rampage through the economy. It's time to tame it!

⁴ Duncan MacLennan, Jinqiao Long (University of Glasgow), Hal Pawson, Bill Randolph, Fatemeh Aminpour (City Futures Research Centre, UNSW), Chris Leishman (University of South Australia) 2021, Housing: taming the elephant in the economy - A report to the Housing and Productivity Research Consortium, p 9

Homelessness statistics for the Tweed Shire

LGA	YEAR		CHANGE		2016 Population	2016 Homeless Population as a Percent of Total LGA Population
	2011	2016	#	%		
Byron	279	327	48	17%	31,556	1.04%
Lismore	283	309	26	9%	43,135	0.72%
Tweed	308	444	136	44%	91,371	0.49%
Ballina	142	77	-65	-46%	41,790	0.18%
Sydney	3037	5061	2024	67%	4,446,805	0.11%



Source: 2016 ABS Statistics ABS <https://www.abs.gov.au/statistics/people/housing/census-population-and-housing-estimating-homelessness/latest-release#data-download> accessed 26 July 2021

Census 2016 Housing Stress data

	Tweed Shire	Regional NSW	NSW	Australia
Housing Stress	13.1%	11.4%	11.7%	11.4%

While Tweed Shire had a higher proportion of households experiencing housing stress, it is important to note that this varied across the Shire. Proportions ranged from a low of 6.6% in North East Hinterland – Tumbulgun, to a high of 18.0% in Tweed Heads West. The five areas with the highest percentages were:

- Tweed Heads West (18.0%)
- Murwillumbah and District (15.8%)
- Tweed Heads (15.1%)
- Cabarita area (14.2%)
- North West Tweed – Tyalgum (12.9%)

3. The private market

Based on 2016 Census, there were 42,707 private dwellings and 38,503 total households in the Tweed. This is a difference of 4,204 or 10% more dwellings than households.

This indicates that in 2016, **4,204 homes** were either **empty**, as holiday or second homes, or waiting tenants.

The 2021 March Quarter [NSW FACS](#) report for Tweed shows the median weekly rent for new bonds was \$540. This increased by 10% compared to last year, and 8% compared to December 2020.

Overall, there was also a drop in new rentals (new bonds) by over 12% compared with last year, and 6% in last quarter. Note this is for 2, 3 and 4 bedroom dwellings, but not 1 bedroom dwellings. This indicates that renters are staying put and not moving or recent homes sales are for owner/occupier, or short-term accommodation (Air BNB), or most likely a combination.

Rent March 2021 for the Tweed:

# Bedrms.	First Quartile Weekly Rent New Bonds \$	Median Weekly Rent for New Bonds \$	Third Quartile Weekly Rent for New Bonds \$	Quarterly change in Median Weekly Rent	Annual change in Median Weekly Rent	Quarterly change in New Bonds Lodged	Annual change in New Bonds Lodged
Total	450	540	650	8.00%	10.20%	-6.07%	-12.65%
1	260	350	435	25.00%	16.67%	40.54%	23.81%
2	390	450	523	9.76%	12.50%	-23.08%	-19.60%
3	495	580	650	11.54%	13.73%	4.55%	-15.44%
4 +	626	718	885	5.51%	10.38%	-8.93%	-8.11%

Sales for Tweed:

Dec 2020 – Median value = \$665,000. Increase of 13% over six months
Jun 2020 – Median value = \$581,000.

4. Response to Terms of Reference

1. Options to better support 'meanwhile use' (temporary supportive accommodation), and the current major planning barriers to 'meanwhile use'

Outside the box thinking is required. An audit utilising the Census data to determine the number of underutilised bedrooms in existing housing stock should be prioritised. There are many three and four bedroom homes in our State that are occupied by a single person or a couple (housing composition). Measures to encourage these people to downsize and move money to Superannuation is commendable, but many do not wish to leave their family home or relocate from their known environment.

2. Options to improve access to existing accommodation to provide community housing

Strategies could be explored to entice home owners to make parts of their home available for people who qualify for social housing or meet certain criteria such as students. The assumption here is that people would be willing to let potential strangers live in their homes, and secondly that 'homeless people' will want to live in those homes. An example project is 'Homeshare' in Victoria where students were brought together with older people for mutual benefit. The risks are very high and 'match-making' was extremely complex and time consuming. There are other examples of organisations who manage this type of arrangement, e.g. [Holdsworth HomeShare - Holdsworth](#), and HomeShare Australia New Zealand, [Homeshare Australia](#).

Housing Affordability – Stamp Duty versus Land Tax

While there is currently much debate about replacing Stamp Duty with a recurrent annual Land Tax purportedly in an effort to make houses more affordable by removing a cost barrier for young people entering the property market. The reality is that house price growth is driven more by supply and demand, and an individual's capacity to borrow. It is likely that the purported savings will just further increase house prices.

Perhaps a better reason for the introduction is to provide State Governments with a recurrent known income stream regardless of the peaks and troughs of the property market. However,

little thought has been given to the effect it will have to annual cost of living pressures and to household disposable income. I fear it could exacerbate homelessness as recurrent costs of rates, body corporates and land tax would mean the weekly cost to live in your own home (or rent if passed to tenants) will be high. If the recurrent land tax is based on Unimproved Land Value, some suburbs will be prohibitive for low income earners to ever live in.

It would appear that little thought has been given to an option of transitioning to a stamp duty at time of sale rather than time of purchase. Charge the stamp duty to the person selling the property as opposed to the person buying the property. Flip it on its head so to speak. Such a move would achieve the so claimed reduction to upfront purchase costs preventing some owners entering the market, would still give governments an income stream; yet would not affect annual household disposable income. Further it would be paid by the selling owner, usually after the property price has increased in value and/or their loan has either reduced or been paid off.

Land banking and Rezoning Reforms

The current planning system provides a windfall to private land owners when land is up zoned. Yet if a Council attempts to back zone land, compensation is often demanded. This presents all benefit to the private individual. Further once land has been rezoned, there is no onus for the proponent to develop the land for its higher use. In some cases, the rezoning simply results in land banked. As a practical example of this impact is that Tweed presently has in excess of 13,000 lots zoned and available for development. In most cases this land has been zoned for residential development since the 1980's.

The land is primarily held in the ownership of two to three private individuals. It would appear in some cases they may be waiting for supply in other estates to dry up so that they can drip feed lots at a price premium. This is not in the public interest. Further, whilst it sits awaiting development it is rated as farmland as the owners run a few cows on it. Again this is not in the public interest. In some cases some of the land that was rezoned in the 1980's would now be better served as industrial given its strategic location to Gold Coast highway and the M1 and some portions of the land should be e-zones and non-developable.

The issues could be resolved by a change to rezoning laws whereby land would sit as a deferred zone for 5 years. After which time if the land owner has not moved on bringing the land to market, they should be provided the choice of having the land back zoned, or rated and land taxed as if it had been developed. This would be in the public interest and would open up supply of land and allow governments to change zones if land needs have changed since it was first considered as a deferred zone. The Western Australian Planning System has a similar model as suggested.

Below is a link to an ABC Radio the General Manager did recently on the concept, which resulted in a Daily Telegraph article and response by the Minister expressing interest.

[Part one](#)

[Part two](#)

Major development – Wardrop Community Village concept

Over the past several years Council has been exploring a concept that would see up to 200 small dwellings (50 in Stage 1) built on Council land in the Wardrop Valley. Council recently resolved to re-engage with government and housing providers to further explore the potential of such a project. There is a range of economic and social implications that need to be explored as part of a detailed business case for which Council would need to find additional

resources. Council estimates that approximately \$50,000 would be required to undertake preliminary business case.

We have also estimated that an additional \$300,000 would be required to technical studies to develop the masterplan design.

On that basis, Council has requested a response from various government and community housing providers to gauge interest in financially contributing to Council's appointment of a consultant to develop a business case and, if the business case is viable, financially contributing to undertaking technical studies to develop the masterplan design.

It is anticipated that such a community village would require a detailed and long-term plan of management so that its purpose and sustainability are firmly set and unable to be eroded. This project could potentially be a collaborative showcase for government at all levels, as well as encouraging partnerships with sustainable and affordable housing providers.

Defence Housing Scheme

The State could consider a model similar to Defence Housing Australia, whereby the Land and Housing Corporation could develop land, construct homes and then sell them to the private sector/individuals at a small premium, with longer term rental agreements in place and make good provisions at the end of the lease, similar to that provided by the Defence Housing Australia. This provides for stock renewal thereby ensuring longer term tenants have good quality homes to live in. Lease management fees should be held by the Authority and the State and Commonwealth still benefit from Land Tax and Capital Gains Tax from investors, as well as stimulating the construction sector. Over the life of a home, this can be a cost effective way for Governments to provide accommodation and it directs private investment where it is most needed.

3. Options for crisis, key-worker and other short term accommodation models

There are some options for these workers to use motels, hotels and holiday parks as short-term accommodation. However, Tweed Shire's economic and demographic profiles show that there needs to be **long term options** for health, hospitality, aged/disability care and tourism workers.

4. Barriers to additional supply across NSW, including for smaller non-CHP housing providers

One innovative way to address the issue, which could also have positive effects for home owners with cost of living pressures, is to reform the taxation system so as not to create a disincentive for private property owners with capacity in their homes or through the addition of a granny flat to let one of the bedrooms/ flats to those in most need. The current taxation system creates a disincentive to utilise the capacity that currently exists within the private sector to address accommodation options for the most vulnerable in the community.

Disincentives at a Federal level include a principal place of residence becoming subject to capital gains tax should that property or part thereof be let for more than six years (Section 118-145 of the Income Tax Assessment Act) and impacts to the aged pension for pensioners who may be open to taking in a boarder.

Disincentives at a State level include a principal place of residence becoming subject to land tax should the property or part thereof be let.

Recommendation: Both State and Federal Governments could consider providing an amendment to the above Acts whereby a private land owner with capacity in their home to let a bedroom or perhaps a granny flat would be exempt from both capital gains tax, impacts to the aged pension and land tax provisions should the bedroom or granny flat be let to a person deemed in housing crisis by Centrelink. Obligations on the property owner would be to register their property with Centrelink and the Office of State Revenue as available for affordable accommodation and rents payable should be capped and set by a Government body based upon locality. Localities could be broadly set in four subcategories as follows:

- CBD and inner suburbs
- Outer metropolitan suburbs
- Regional city centres
- Rural

Rents payable to the property owner could be made directly by Centrelink in lieu of rental assistance paid directly to the client. This would ensure that the funds were directed to address the accommodation needs as opposed to other expenditure.

Socially speaking the proposal would also have the added advantages of providing companionship to both the property owner and the tenant which could greatly benefit mental health and social wellbeing.

Infrastructure Constraints

The delivery of planning outcomes are now being affected by the supply of adequate civil infrastructure such as electricity, water and waste water. Authorities had previously forward funded the supply of civil infrastructure in the context of zoned land. This was then recouped through developer contribution charges. The WICA Act coupled with land banking and deliberate delays by developers to release their land has meant that authorities have reviewed the way that they plan and forward fund critical infrastructure. Previously authorities have borrowed in advance to build necessary infrastructure.

The privatisation of land release and the inability for Government to influence its timed release has meant the broader community are picking up the loan costs of unnecessary augmentation of infrastructure. This has led to authorities delaying the supply of major civil upgrades such as electricity substations, waste water augmentation or water treatments plants, and new water supply. This is not sustainable and strategies must be investigated to better ensure supply and delivery of critical infrastructure aligning to land release. This may mean the introduction of planning agreements that provide for authorities to construct infrastructure with time bound bonds for land release.

5. Support for and accountability of registered community housing providers

This is best addressed by providers themselves. However, Tweed Shire Council is supportive of innovations and partnerships in the sector, including from a planning perspective. However, there needs to be substantial education and communication within the broader community to ensure that when affordable and social housing developments are proposed, the 'NIMBY' syndrome doesn't thwart the process.