

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

Organisation: City of Newcastle

Date Received: 20 August 2021

[REDACTED]
20 August 2021

Ms Wendy Lindsay MP
Chair of the Committee on Community Services
Parliament House
Macquarie Street
SYDNEY NSW 2000

By email: email to communityservices@parliament.nsw.gov.au

Dear Ms Lindsay and Committee Members

City of Newcastle (CN) welcomes the opportunity to make a submission to the Committee on Community Services and their inquiry into options to improve access to existing and alternate accommodation to address the social housing shortage.

CN's submission is structured as follows:

1. Executive Summary
2. Recommendations
3. Local Insights
4. CN Responses
5. Opportunities to Partner with us

We would welcome the opportunity to partner with the Committee and NSW State Government to develop these proposals further and pilot new initiatives in Newcastle.

If you have any questions regarding the submission, or the Committee would like to hold a hearing in Newcastle, please contact [REDACTED]

Kind regards,

Jeremy Bath
CHIEF EXECUTIVE OFFICER

1. Executive Summary

Newcastle is an emerging globally significant city. Newcastle is well positioned to respond to the local community and economic challenges of COVID-19; being resilient and dynamic. We welcome the piloting of new programs and approaches; we are small enough to care, big enough to deliver.

For Newcastle, stable and affordable housing plays a critical role in the health and wellbeing of families and individuals. In particular, social housing provides an important safety net for our community. Currently in Newcastle there are:

- **10,700** housing stressed households¹
- **4,780** social housing properties (public & community, understood to be fully occupied)
- with a waitlist of **1,179** approved households on the NSW Social Housing Register
- **7,000 to 7,500** affordable property demand by 2041²
- **139** delivered to date³

CN asks the Committee to consider the following recommendations to improve access to existing and alternate accommodation to address the city's social housing shortage:

- Deliver a net increase in supply in Newcastle
- Housing First solutions (over meanwhile uses)
- Continue support for specialist homelessness services
- Deliver specific housing needs for diverse population groups
- Improve transparency and data on social housing
- Pilot project – Community Housing Debt Guarantee Scheme

CN is implementing a range of reforms at the local government level. Further, CN leads a community sector Interagency Network, which provides direct connection to the largest community sector providers in our community.

¹ Judith Stubbs and Associates (2021) City of Newcastle commissioned Newcastle Affordable Housing Background Paper

² City of Newcastle (2020) City of Newcastle Local Housing Strategy

³ City of Newcastle (2020) City of Newcastle Local Housing Strategy

2. Recommendations

2.1. Deliver a net increase in supply in Newcastle

CN recommends:

- Build or acquire 7,000-7,500 additional affordable (2,500 social) housing properties over the next 20 years in Newcastle to address the current shortage and then match pace to respond to demand. This analysis was determined in our [Local Housing Strategy 2020](#).
- Establish area/region social and affordable housing (SAH) focussed taskforces, e.g. Hunter region, with member collaboration from NSW Land and Housing Corporation (LAHC), NSW Department of Communities and Justice (DCJ), Local Government, community housing providers and industry stakeholders. Each taskforce mobilised to accelerate and increase impact of social housing planning, delivery, and outcomes.
- Ensure no further net stock loss of social housing in the area.
- Increase opportunities for community housing providers to supply and/or manage social housing.
- Continue (and expand) work with Aboriginal Land Councils to deliver additional culturally appropriate social housing utilising their asset portfolio.
- Deliver stock in locations with good amenity, e.g., close access to jobs, services, and public transport. Newcastle's biggest local industries employing very low to moderate income earners are healthcare and social assistance; education; retail and accommodation; childcare; and food and hospitality services. It is important for workers in these industries to live close to where they work, as they may be required to work irregular shifts, respond to emergency situations and or have limited access to services and affordable transport options.

In 2020, CN adopted a new Local Housing Strategy. The Local Housing Strategy identified that Newcastle's population is set to grow by 41,150 residents to 202,050 by 2041, stimulating demand for some 19,450 new dwellings. Of these new dwellings, analysis estimates a need for 7,000-7,500 additional affordable (2,500 social) housing properties over the next 20 years.

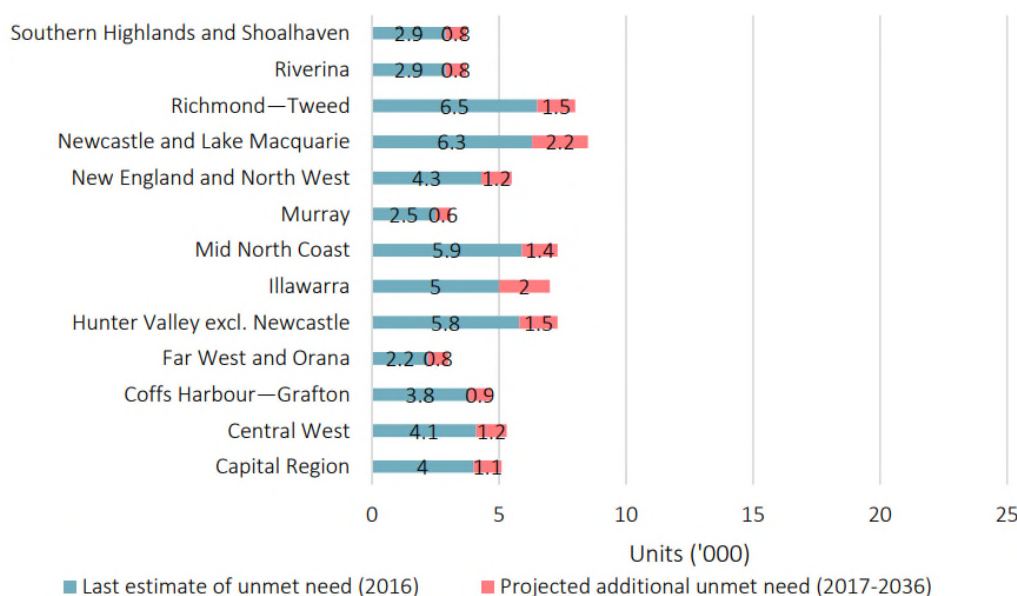
Demand targets have however been hampered by a progressive reduction in absolute numbers of social (and affordable) housing properties in the area. In 2015-16 Newcastle had 4,267 public and 999 community housing properties, however now they number 4,247⁴ and 553⁵ respectively. An AHURI report indicates in regional NSW, Newcastle (and Lake

⁴ City of Newcastle from various FACS/DCJ statistical reports and direct advice

⁵ Public housing constitutes most of the dwellings in the NSW social housing system

Macquarie – SA4) has the highest level of projected unmet social housing need and second highest (behind Richmond – Tweed) existing unmet need, see Figure 1.

Figure 1: NSW regional area existing and projected unmet social housing need between 2017-2036.



Source: [AHURI Final Report No. 315](#)

In the Newcastle local government area (LGA), seven percent of dwellings in 2016 were rented as social housing (public and community). Given the extent of the shortfall and nature of housing stress amongst very low income renters within our LGA, projections assume that the existing rate of social housing will need to be maintained. As such, an additional 2,500 dwellings from projected additional housing supply from 2016-41 would need to be social rental housing⁶. Based on current household type distribution for very low income renters in housing stress across the LGA, this would need to be configured as 70% (952) smaller dwellings - studios, one and two bedroom apartments and villas, as well as New Generation Boarding Houses⁷ developed through the State Environmental Planning Policy (Affordable Rental Housing) 2009 (ARHSEPP)⁸, and 30% (408) family dwellings.

Further to the social housing demand, there is evidence of increasing homelessness locally. Equity Economics research⁹ on the impact on the 'COVID-19 recession' estimates by June 2021 'experiences in homelessness' across Newcastle (and Lake Macquarie – SA4) has

⁶ 19,450 projected additional dwellings from 2016-41 x 0.07

⁷ NSW Government Planning & Environment (2018) Supporting New Generation Boarding Housing accessed at the following weblink <https://www.planning.nsw.gov.au/~media/D7796C1818794D238F49F77F2D792365.ashx>

⁸ NSW Government Planning, Industry & Environment (2021) Affordable Rental Housing SEPP accessed at the following weblink <https://www.planning.nsw.gov.au/Policy-and-Legislation/Housing/Diverse-and-affordable-housing/Affordable-Rental-Housing-SEPP>

⁹ Equity Economics (November 2020) A Wave of Disadvantage Across NSW: Impacts of Covid 19 Recession Report accessed at the following weblink https://www.ncoss.org.au/wp-content/uploads/2020/10/A-WAVE-OF-DISADVANTAGE- -COVID-19_Final.pdf

increased by 40.5%, or around 470 people based on the report's June 2021 homelessness estimates of 1,624 people in Newcastle and Lake Macquarie. Additionally, those 'at risk of homelessness' in the area were estimated at just over 6,000 people in June 2021. The report notes the above reflects the combination of larger populations of at-risk individuals and local area increases in unemployment.

Rising wait times of approved NSW Social Housing applicants¹⁰ in Newcastle is another challenge. Of the 1,179 general and 96 priority approved applications as at June 30 2020 for the Newcastle area, the wait times are between five years for any form of social housing and in excess of 10 years for larger or specific need properties.

Increasing Newcastle's stock of social and affordable housing by 7,000-7500 will provide a welcomed alternative for the 10,700 Newcastle families and individuals facing housing insecurity and homelessness. A CN commissioned Affordable Housing Background Report (JSA, 2021) shows there is some opportunity for the private market to provide around 30% of the current and future demand by 2041, but this is likely to be restricted to moderate income households, and a minority of low income households. The remaining 70% is unlikely to be met without strong social housing intervention, including direct creation and/or funding of affordable housing above net growth.

2.2. Housing First Solutions (over meanwhile uses)

CN recommends:

- Implement a Housing First approach where strategic responses to homelessness prioritise permanent and stable housing over meanwhile uses. Furthermore, a range of supportive services, choice and flexibility are incorporated into a Housing First approach to enable the positive structures required for permanent solutions.

There are around 700 people¹¹ in Newcastle likely to need some form of short-term, transitional, or supported accommodation in any given year, and who are at risk of long-term homelessness. Under the Australian Bureau of Statistics definition of homelessness¹², people in temporary accommodation and short- and medium-term housing would be considered homeless. Whilst some are likely to have their needs met through the existing supply of such accommodation in the LGA, others benefit from access to short-term accommodation while they seek to address their permanent housing needs.

The main issue for people entering and/or in need of short-term accommodation is subsequent access to permanent/long-term accommodation options. 'Housing first solutions' are demonstrated to be the most effective in resolving homelessness¹³, where people who

¹⁰ NSW Government Communities and Justice (2018) Waiting Times for Social Housing accessed at the following weblink <https://www.facs.nsw.gov.au/housing/help/applying-assistance/waiting-times>

¹¹ Judith Stubbs and Associates (2021) Duration analysis - City of Newcastle commissioned Newcastle Affordable Housing Background Paper

¹² ABS 4922.0 (2012) Information Paper – A Statistical Definition of Homelessness

¹³ [Housing First Finland](#) and [Housing First Europe Hub](#)

have been homeless for varying lengths of time and with varying needs are placed into long-term (generally community) housing with drop-in/wrap around support if appropriate. As such, strategies and mechanisms through the land planning system that create a stock of permanent affordable (including social) rental housing with deep subsidies are crucial to addressing the needs of homeless people, who are not a homogenous group. To support this, CN is undertaking the development of an Affordable Housing Contribution Scheme (under State Environmental Planning Policy 70 (Affordable Housing)).

In the absence of additional social housing supply, 'meanwhile use' accommodation could provide some additional temporary resources as a stop gap measure. CN refers to 'meanwhile use' as the use of empty commercial and industrial buildings as temporary accommodation while the building owners are seeking a permanent tenant. Although it is difficult to gather statistics, it is likely that the most prevalent form of 'meanwhile use' is where developers purchase dwellings for redevelopment and rent them on the housing market while waiting for their project to commence. They are common in overseas jurisdictions and have been used to accommodate people who are homeless or at risk of homelessness, as a form of crisis or transitional accommodation in the Australian context. There are also recent examples in NSW including the use of Beecroft House (a disused nursing home) as transitional housing for women over the age of 55¹⁴ and a Newcastle based business orientated program, Renew Newcastle, that brokered use of underutilised commercial properties for artists and small businesses¹⁵.

Given supply shortages of affordable (and social) housing in Newcastle and elsewhere, existing short-term, transitional, or supported accommodation is a necessity, and highly valued with the current state of the housing system. However, CN recommends that secure, appropriate, genuinely affordable long-term housing with deep subsidies should be pursued as a priority. This would provide a tangible exit point from various short-term accommodation solutions, as well as preventing more very low- and low income households from entering homelessness in the first place. As opposed to undertaking meanwhile use developments – especially if this leads to significant investment and energy being diverted away from addressing the critical undersupply of affordable, lower cost and appropriate housing types. As such, CN supports a Housing First approach to increase the supply of long-term affordable (including social) rental housing for the betterment of our city's most marginalised.

2.3. Continue Support for Specialist Homelessness Services

CN recommends:

- Ensure the ongoing financial viability and operation of Specialist Homelessness Services.

¹⁴ ABC News (2019) Could empty properties solve Australia's need for social housing accessed at the following weblink <https://www.abc.net.au/news/2019-11-01/could-empty-properties-solve-australias-need-for-social-housing/11655386>

¹⁵ Organisation ceased operations in 2019

- Increase diversity of temporary accommodation (TA) to include accommodation types that support those with acute and/or diverse needs (e.g., mental health, brain injury, victims of domestic violence, disability and access, those from culturally diverse backgrounds). For instance, hospitality staff in hotels and motels that are part of the TA network are often not adequately trained/experienced to safely support TA clients with acute needs such as women and children escaping domestic and family violence and young people; TA can have limited to no ability to prepare and store food; and can be in locations isolated from other support services making it difficult for client support needs to be addressed.

Specialist homelessness services (SHS) are services provided by a specialist homelessness agency to a client aimed at responding to or preventing homelessness. These services include accommodation provision, assistance to sustain housing, domestic/family violence services, mental health services, family/relationship assistance, disability services, drug/alcohol counselling, legal/financial services, immigration/cultural services, other specialist services and general assistance and support.

Even before the pandemic, numbers accessing SHS were rising each year. According to the Australian Institute of Health and Welfare, 1,814 people in the Newcastle LGA were being assisted by SHS in 2019–20 (up from 1,014 in 2014–15)¹⁶. Clients included people experiencing homelessness and those at risk of homelessness from across the LGA. The upwards trend is supported in the latest findings on homelessness from the Productivity Commission¹⁷ which reported 45.2% of the homeless population in NSW surveyed reported a need for accommodation¹⁸ and associated services in 2018–19 that was unable to be met. This rate of unmet need has grown every year in NSW since 2014.

An example of a valued Newcastle SHS¹⁹ is the pilot Department of Communities and Justice (DCJ) Newcastle Assertive Outreach Service, operating in collaboration with several non-government SHS. Commencing in Newcastle in 2019 (and inner-city Sydney and Tweed Heads, and a further 53 LGAs in response to COVID-19), it seeks to combat street homelessness. NSW Housing staff, specialist caseworkers and health professionals conduct patrols to proactively engage with people experiencing street homelessness and provide a pathway to stable long-term housing. By end 2020, the Newcastle pilot had conducted 600 patrols, assisted 189 people into temporary accommodation who were sleeping rough, 100 of whom are now in long-term accommodation, with 98% sustaining their tenancies²⁰. The program's effectiveness is further affirmed in the 2021 NSW State-wide Street Count where across 11 locations in Newcastle during one exercise, 19 people sleeping rough were

¹⁶ Australian Institute of Health and Welfare (2020) Specialist Homelessness Services Collection (SHSC),

¹⁷ Australian Government Productivity Commission (2020) Report on Government Services accessed at the following weblink <https://www.pc.gov.au/research/ongoing/report-on-government-services/2020/housing-and-homelessness>

¹⁸ Need for accommodation includes need for 'Short-term or emergency accommodation', 'Medium-term / transitional housing' or 'Long-term housing'

¹⁹ NSW Government Communities and Justice (2019) Findings from a Specialist Homelessness Service accessed at the following weblink <https://www.facs.nsw.gov.au/housing/help/ways/services>

²⁰ [2019-20 DCJ \(v1\) Performance and Activities Report](#)

counted (down from 52 in the 2020 Street Count, which represents a 63% reduction)²¹. The longevity of this program beyond its pilot period is currently unknown.

Continuing (and expanding) funding for Newcastle's housing and homelessness support services will help our city's families and individuals to stay in suitable housing, better navigate housing stress and target assistance to those who do become homeless. Without such support, the predicted increase in housing stress in Newcastle of 40.5% and 470 additional homelessness (see earlier references) will be underestimates.

2.4. Deliver Specific Housing needs for Diverse Population Groups

CN recommends:

- Expanding eligibility of social housing and associated services to humanitarian entrants (refugees and asylum seekers).
- Work with education providers to further investigate accommodation supply and demand considerations for both domestic and international students to better characterise and plan for the anticipated future student populations (e.g. universities strategically plan and manage student housing targets, assist students to find accommodation such as specialist international student housing support). International students have previously been identified as a vulnerable population group, particularly following COVID-19.

For refugees and asylum seekers stable housing is the key to effective settlement. In a 2014 AHURI report it noted "*... successful resettlement and integration of refugees into a host nation is dependent upon accessibility of appropriate, affordable and secure housing, and establishing a place to call 'home' "*"²². However, newly-arrived humanitarian entrants can find it difficult to find a home in the private rental market due to a range of reasons including their initial income is provided by Centrelink, language barriers, a lack of understanding of Australian rental processes, no previous rental history in Australia, hesitancy to enter long term leases because of the uncertain nature of their status and increasing competitiveness of the housing market in many metropolitan and regional areas across Australia.

Based on eligibility criteria and Humanitarian Entrants conditions, they have limited income or long-term housing support from both State and the Australian Government. In many instances, this is resulting in groups living in overcrowded conditions and in housing which

²¹NSW Government Communities and Justice (2021) NSW State Wide Street Count 2021 Technical Paper accessed at the following weblink https://www.facs.nsw.gov.au/data/assets/pdf_file/0003/808428/Technical-paper-NSW-Statewide-Street-Count-2021.pdf

²² Paul Flatau, Val Colic-Peisker, Alicia Bauskis, Paul Maginn, and Petra Buergelt (2014) Refugees, Housing, and Neighbourhoods in Australia Final Report accessed at the following weblink https://www.ahuri.edu.au/data/assets/pdf_file/0015/2058/AHURI_Final_Report_No224_Refugees,-housing,-and-neighbourhoods-in-Australia.pdf

does not meet even the most basic standards.²³ These groups are currently being indirectly supported by not-for-profits, charities and community groups which is not sustainable in the long term.

2.5. Improve Transparency and Data on Social Housing

CN recommends:

- Develop a single public repository of social housing information.
- Develop a public measurement and tracking platform.
- Develop a consistent methodology and tracking framework applied across public and community housing to aid clarity and, importantly, actualisation of increases in social housing numbers.

Currently local governments, sector and advocacy groups and individuals are restricted to compiling information about social housing planning, delivery, maintenance, tenant outcomes etc. from multiple sources, including NSW Parliament Questions and Answers, media releases and individual announcements on NSW Government pages²⁴. For instance, of the 23,000 social housing dwellings announced under 10-year LAHC Communities Plus Strategy (2015), with approximately 17,000 replacement stock and 6000 new builds, it is difficult to determine how many are identified for the regions, including Newcastle. Including public data of assessed demand and availability for social housing properties in each jurisdiction, planning (funding, partnerships, works schedules, etc.), costs, timeframes, locations, and target achievements would aid transparency and align with the NSW Government's Open Data Policy.

2.6. Pilot project – Community Housing Debt Guarantee Scheme

CN recommends:

- Establish Newcastle as a pilot location for the Community Housing Debt Guarantee Scheme model proposed by the Australian Housing and Urban Research Institute (AHURI)²⁵.

²³ Andrew Beer and Paul Foley (2003) Housing Need and Provision for Recently Arrive Refugees in Australia Final Report accessed at the following weblink
https://www.ahuri.edu.au/data/assets/pdf_file/0010/2251/AHURI_Final_Report_No48_Housing_need_and_provision_for_recently_arrived_refugees_in_Australia.pdf

²⁴ Emma Barnes, Thomas Writer & Chris Hartley (2021) Social Housing in NSW: Report 1 Contemporary Analysis accessed at the following weblink
https://www.csi.edu.au/media/uploads/social_housing_in_nsw_contemporary_analysis.pdf

²⁵ Julie Lawson, Mike Berry, Carrie Hamilton and Hal Pawson (2014) Enhancing Affordable Rental Housing Investment accessed at the following weblink

As advised by AHURI (2014), the community housing sector (non-profit and profit) is expected to deliver 35% of Australian affordable and social rental housing in the near future. A major hindrance to this has been attracting fiscal investment, which has had limited success to date, especially in attracting institutional private investors to the sector. Debt guarantees can be a cost-effective mechanism to direct private investment towards housing provision via the community housing sector. Guarantees influence the credit allocation of lenders by giving comfort to investors in the form of an agreement, outlining conditions of coupon payment in the event of default by the borrower. As a policy tool increasingly used by well-established social and affordable housing finance systems in Europe and the US²⁶, AHURI has developed an adapted debt guarantee model for the Australian context that attracts and stabilises longer term, lower cost investment in supply and renovation of affordable (including social) rental housing.

Commercial borrowing terms and conditions demanded by banks is proving a significant impediment to the number, scale and pace the sector can supply Australia's social and affordable rental needs. As a means of addressing these issues, AHURI states '*a new circuit of investment is required ...*', with the aim of supplying lower cost and longer-term finance to the affordable and social housing sector. The Community Housing Debt Guarantee Scheme involves the establishment of an expert financial intermediary to assess and aggregate the borrowing demands of registered community housing providers and issue bonds with a carefully structured and targeted guarantee.²⁷

The size of social housing demand, combined with the metropolitan scale of Newcastle, provides an ideal location to pilot such an initiative.

https://www.ahuri.edu.au/_data/assets/pdf_file/0017/2069/AHURI_Final_Report_No220_Enhancing-affordable-rental-housing-investment-via-an-intermediary-and-guarantee.pdf

and Julie Lawson (2013) The Use of Guarantees in Affordable Housing Investment – A Selective International Review accessed at the following weblink

https://www.ahuri.edu.au/_data/assets/pdf_file/0025/2887/AHURI_Positioning_Paper_No156_The-use-of-guarantees-in-affordable-housing-investment-a-selective-international-review.pdf

²⁶ AHURI - Lawson 2013, Lawson, Berry, Hamilton and Pawson 2014

²⁷ Julie Lawson, Mike Berry, Carrie Hamilton and Hal Pawson (2014) Enhancing Affordable Rental Housing Investment accessed at the following weblink

https://www.ahuri.edu.au/_data/assets/pdf_file/0017/2069/AHURI_Final_Report_No220_Enhancing-affordable-rental-housing-investment-via-an-intermediary-and-guarantee.pdf

and Julie Lawson (2013) The Use of Guarantees in Affordable Housing Investment – A Selective International Review accessed at the following weblink

https://www.ahuri.edu.au/_data/assets/pdf_file/0025/2887/AHURI_Positioning_Paper_No156_The-use-of-guarantees-in-affordable-housing-investment-a-selective-international-review.pdf

3. Local Insights

For CN, stable and affordable housing plays a critical role in the health and wellbeing of families and individuals. It forms a critical safety net for vulnerable families and individuals. Housing provides the foundation for individuals to build lifelong relationships, through family and community, enabling them to achieve goals in education, employment and participate positively in local communities and broader society. When housing access becomes uncertain and unaffordable, other misfortunes are compounded. Family relations are strained, mental and physical health is compromised, and productivity is lost – earning, learning and contributing. School dropout rates rise, domestic violence increases along with welfare dependency. All these misfortunes reinforce a drift into more extreme poverty which is likely to be passed through generations²⁸.

Lack of affordably priced housing not only affects the quality of life of individual families, who may be sacrificing basic necessities to pay for their housing, it also has a serious impact on employment growth and economic development. The loss of households with workers in lower paid essential service jobs from an area due to housing affordability issues can contribute to labour shortages in many metropolitan and regional areas of NSW. The displacement of long-term residents for the same reasons reduces social cohesion, engagement with community activities (such as volunteering), and extended family support.

Unfortunately, housing unaffordability ('housing stress') and homelessness for our vulnerable families and individuals is increasing because of a significant shortfall in the supply of longer-term social (and affordable) housing. Newcastle's housing affordability problem for lower income households has become acute and its impact is being felt strongly.

In 2016, of Newcastle's 65,377 households (with an average household size of 2.4 people), around 10,700 (16.4%) were in housing stress²⁹, comprising 8,653 households in rental stress and 2,061 households in purchase stress. Just over 1,160 households are on the NSW Social Housing Register for the Newcastle area.

Very low income households (renting and purchasing) constitute just over 6.8% of total households in Newcastle. Limited income households tend to rely on rented properties (dwelling, boarding house, caravan, etc.), many of which would meet eligibility for social housing.

²⁸ [Fixing Affordable Housing in NSW and Beyond, Industry Super Australia 2020](#)

²⁹ See for example Yates, J. 2007. *Housing Affordability and Financial Stress*, AHURI Sydney University, who notes that, often 'housing stress' is defined by the 30-40 rule, that is, that a low income household (in the lowest 40% of household income) will pay no more than 30% of its gross income on housing costs. This broad rule of thumb is often extended to the low to moderate income groups as defined under SEPP 70. 'Severe housing stress' is households paying more than 50% of its income on housing costs.

Table 1: Break down of relative housing stress among income and tenure groups

| Housing Stress Summary: Newcastle LGA | | | |
|---------------------------------------|--------------------------------------|--|---------------|
| INCOME BAND | RENTAL STRESS (Severe + Moderate) | PURCHASE STRESS (Severe + Moderate) | TOTAL STRESS |
| Very Low | 4,003 (37%) | 431 (5%) | 4,434 (42%) |
| Low | 2,589 (24%) | 638 (6%) | 3,227 (30%) |
| Moderate | 2,061 (19%) | 992 (9%) | 3,053 (28%) |
| Total | 8,653 (81%) | 2,061 (19%) | 10,714 (100%) |

Source: Newcastle Affordable Housing Background Paper, JSA 2021, derived from ABS 2016 Census, Table Builder

Table 2: Relevant affordable housing income and cost benchmarks – Rest of NSW

| | Very low-income household | Low-income household | Moderate-income household |
|------------------------------------|---|---|---|
| Income Benchmark | <50% of Gross Median H/H Income for Rest of NSW | 50-80% of Gross Median H/H Income for Rest of NSW | 80%-120% of Gross Median H/H Income for Rest of NSW |
| Income Range (2) | <\$626 per week | \$627-\$1,001 per week | \$1,002-\$1,502 per week |
| Affordable Rental Benchmarks (3) | <\$188 per week | \$189-\$300 per week | \$301-\$451 per week |
| Affordable Purchase Benchmarks (4) | <\$238,000 | \$238,001-\$376,000 | \$376,001-\$565,000 |

Source: Newcastle Affordable Housing Background Paper, JSA 2021, based on data from ABS (2016) Census and ABS (2020) Consumer Price Index, ANZ online home loan repayment calculator

Whilst housing stress amongst purchasers is serious, this group often have an appreciating asset and their income to repayments ratio generally decreases over time. Long-term renters do not have these benefits and are particularly hard hit where the real cost of rental continues to grow, as is the case in Newcastle, where rents on various housing products grew at a much higher rate than Rest of NSW, particularly over the past 12 months.

Recent work commissioned by CN shows a median priced one-bedroom rental strata dwelling³⁰ was out of reach for very low income households in most of the city's suburbs and only some areas for low income households. Nowhere in Newcastle is two-bedroom strata dwelling affordable to a very low or low income renting household, and there is virtually nowhere in the LGA where a median priced three bedroom house is affordable to any of the affordable housing target groups. Rental vacancy rates also compound the matter; the June 2020 residential rental vacancy rate for the Hunter was 0.7% (1.6% for June 2019 pre-COVID-19)³¹.

Examples of affordability for key population groups in Newcastle:

- Very low income worker households include a lone person working part-time as a lower-level aged care worker, earning around \$600 for a 30-hour week; or as a casual cleaner earning around \$600 for a 25-hour week. These households would need to pay less than \$180 rent per week for their housing. These households could not afford to rent anything in Newcastle LGA.
- Very low income households that are dependent on Centrelink payments are a single aged pensioner with no superannuation on a pension of \$476 per week including relevant supplements, who could afford to pay \$193 in rent including Commonwealth Rental Assistance; and a single person on JobSeeker Allowance, who would have an income of \$310 per week, and could afford to pay \$143 in rent including Commonwealth Rental Assistance. These households could not afford to rent anything in the LGA.
- Low income workers include a full time hospital cleaner, aged care worker, storeman or enrolled nurse, with these workers generally earning \$765 to \$900 per week. For example, a hospital cleaner living alone can afford \$240 per week rent and would just be able to afford to rent a median one bedroom flat in four post code areas. A couple with three young children with one person working fulltime as an enrolled nurse on \$900 per week could afford \$270 per week in rent, but could only afford a median one-bedroom flat in four post code areas, and nothing suitable for a family anywhere in the LGA.
- Moderate income key worker households include full-time as an ambulance officer, entry level teacher or registered nurse, whose incomes would be around \$960 to \$1,330 per week. For example, an ambulance officer earning around \$1,000 per week can afford \$300 per week in rent and could affordably rent a median one bedroom flat in most areas, but nothing larger.
- A couple with two young children with one working part time as a nursing home cleaner and one as a process worker would earn around \$1,400 per week and could

³⁰ A strata scheme is a building or collection of buildings that has been divided into 'lots'. Lots can be individual units/apartments, townhouses or houses. When a person buys a lot, they own the individual lot and also share the ownership of common property with other lot owners.

³¹ SQM Research

affordably pay \$400 per week in rent. They could afford to rent a median two bedroom unit in a number of post code areas, but nothing larger.

Housing for those most marginalised; those homeless and at risk of homelessness persons also need to be considered. In 2016, 802 people were estimated to be homeless in Newcastle (SA3)³², and an additional 301 people marginally housed, or 4.9 homeless people and 1.8 marginally housed people per 1,000 population. Major contributors to homelessness were persons living in boarding houses (37%), people in supported accommodation for the homeless (25%) and people living in 'severely' crowded dwellings (15%); and major contributors to marginally housed were people in other crowded dwellings (98%). By comparison, rates for NSW were 5.0 homeless people and 5.0 marginally housed people per 1,000 population, meaning that Newcastle SA3's rate of homelessness is equivalent to NSW averages but with lower levels of marginally housed people. Comparative rates from 2011 show homelessness in Newcastle is increasing.

Experiences of homelessness across a given year provides a more robust picture, such as alternating episodes of rough sleeping and temporary accommodation, couch surfing across numerous friends and family houses. Using homelessness duration data from the General Social Survey, Newcastle has 9,600 to 14,900 homeless incidents in any given year. Of these, around 4,100 drive their own assistance, 1,900 obtain assistance from housing service providers and 1,000 access housing service providers and crisis accommodation. This, in addition to renting and purchasing households in housing stress provides a broad picture of lower income affordable housing need in Newcastle.

As of June 2021, Newcastle has 4,870 social housing dwellings (combined public housing, community housing, and Aboriginal housing), 33 refugees and 49 transitional housing³³. Social housing properties (public and community) make up a small percentage of the total housing stock in Newcastle (about seven percent). Levels of social housing vary significantly from a low of about three percent in Victoria to a high of nine percent in the Northern Territory³⁴. While the current social housing supply is broadly dispersed throughout the Newcastle LGA, some suburbs have a higher proportion of dwellings and other suburbs have very few or none. The current supply of social housing is understood to be entirely occupied. 1,179 general and 96 priority households (at June 2021) are currently on the NSW Social Housing Register for properties in Newcastle and expected wait times indicate a minimum wait time of five years for any form of social housing and in excess of 10 years for larger or specific need properties. Information on pipeline social housing supply is limited (refer table 3).

Table 3: Future Social Housing for the Newcastle LGA - LAHC

| Financial Year | Number of social housing properties <i>(information not available whether new / increase in stock or</i> | Dwelling Breakdown |
|----------------|---|--------------------|
|----------------|---|--------------------|

³² ABS 2016 Census; the smallest area at which data is available and equivalent to Newcastle LGA but incorporating Fullerton Cove and Fern Bay suburbs.

³³ Prepared by City of Newcastle from various FACS/DCJ annual statistical reports and direct advice

³⁴ ABS 2017c

| | <i>replacement / no net increase in stock)</i> | |
|---------|--|--|
| 2020-21 | None | <ul style="list-style-type: none"> • 40 unit dwellings • 18 detached single dwellings • 5 dual occupancy or manor house buildings |
| 2021-22 | 45 | |
| 2022-23 | 18 | |

Source: [Question 4642](#), Question to NSW Minister for Water, Property and Housing, *Future Social Housing for the Newcastle LGA* answered [16 December 2020](#)

The Newcastle Local Housing Strategy (2020) identifies Newcastle's population is set to grow by 41,150 residents to 202,050 by 2041, stimulating demand for some 19,450 new dwellings. Of these new dwellings, analysis estimates a need for 7,000-7,500 additional affordable (2,500 social) housing properties over the next 20 years³⁵. At the time of the strategy's release 139 affordable (including social) houses had been delivered, substantially short of the assumed underlying demand for 7,000 to 7,500 units. This is compounded by the possibility of reduced affordable (including social) stock in coming years. This indicates a significant supply gap that will need to be addressed.

CN is committed to increasing the supply of affordable housing (including social) in Newcastle and has been working with community housing providers and the State Government to deliver new projects across the LGA. However, existing projects are expected to contribute less than two percent of affordable (including social) needs as currently estimated³⁶.

Along with undersupply in social housing and demand increasing (as per NSW social housing register), without substantial intervention, the supply of affordable (including social) in Newcastle is simultaneously expected to diminish as the current supply of publicly owned social housing reaches the end of its functional life, and the National Rental Affordability Scheme funding (subsidising below-market-rent units) is being discontinued.

4. CN responses

CN is part of the solution. We are continuing to implement a range of reforms at the local government level, including commencing in 2021 the preparation of an Affordable Housing Contributions Scheme with a 15% Affordable Housing Mandate on privately developed land, as part of the Newcastle Local Housing Strategy (2020).

Also, CN has a collaborative approach with community services agencies and organisations addressing homelessness and has undertaken:

- COVID-19 rapid grants for community sector organisations to provide services including food insecurity, outreach, social isolation and community extra-curricular activities (online).

³⁵ City of Newcastle (2019) CN Housing Evidence Report, City Plan

³⁶ City of Newcastle (2019) CN Housing Evidence Report, City Plan

- Continuing CN's commitment to the NSW Government's 'Protocol for Homeless People in Public Places'. The NSW Government introduced the Protocol in 2013 to help ensure that homeless people are treated respectfully and appropriately and are not discriminated against on the basis of their homeless status.
- Leading and coordinating the Newcastle Community Services Interagency Network.
- Annual Community Support Grants focusing on Social Inclusion and Quick Response.
- Operationalisation by CN staff of the Advice of a Person Sleeping Rough initiative to assist the Department of Communities and Justice's Assertive Outreach Team (3-year pilot) and other Newcastle Specialist Homelessness Services (SHS) to provide immediate outreach with the aim to link people sleeping rough into housing and supports.
- Providing support and funding to the Hunter Homeless Connect Days (held August each year in Newcastle), where people who are experiencing homelessness, struggling, doing it tough, or are at risk of homelessness, gain free services (e.g. legal, health care, haircuts), food, entertainment, etc.
- Facilitating the Newcastle Homeless Working Group, comprised of a range of specialist homelessness service providers, and other key stakeholders where relevant, including the DCJ, NSW Police, Transport NSW, Health providers, and Business Chambers. The group meets as required to address site specific homelessness matters and coordinate strategies to reduce homelessness across the Newcastle area.
- Providing support to Family and Community Services and Hunter assertive outreach services on large-scale street counts of people sleeping rough in Newcastle. Street counts also occur in regional and rural NSW and assist with planning assertive outreach services across the state.

5. Opportunities to Partner with us

CN proposes a range of partnership opportunities:

- Further contribute to the Committee's Inquiry through the hosting / participation in a public hearing in Newcastle.
- Use the Newcastle Community Sector Interagency Network as a key reference group
- CN participates in the design of new social housing solutions and contributes to the piloting of initiatives in Newcastle.

