

INQUIRY INTO SOCIAL, PUBLIC AND AFFORDABLE HOUSING

Organisation: Pacific Link Housing Limited

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PACIFIC LINK

HOUSING

Home & Community

ABN 82 074 394 648

13 January 2014

The Chairman
NSW Parliamentary Inquiry into Social, Public and Affordable Housing
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Sir/Madam

Pacific Link Housing Limited has assisted families in housing need in the Central Coast and Hunter regions of NSW for over 25 years. We are an award-winning, registered Class One community housing provider, currently managing over 930 properties housing over 1900 residents.

Given the crisis in demand for affordable housing in our region of NSW, I am pleased to submit the attached information to assist the Inquiry in its investigations:

1. Housing Affordability Review January 2013 – this document was commissioned by Pacific Link from Dr Tony Gilmour, an independent housing consultant. The Study is an update from a 2011 review that reviews census data to provide our organisation with an evidence-based overview of the supply and demand for social and affordable housing.
2. Submission to NSW Department of Planning and Infrastructure, May 2013 – this document provides a response to the Department's Discussion paper on planning for the next 20 years for the Lower Hunter region.

I commend these documents to the Inquiry and should you require further information, please contact me on

Yours sincerely,

Keith Gavin
CEO



PACIFIC LINK
HOUSING

Housing Affordability Review

Central Coast and Lower Hunter NSW

January 2013

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14 January 2013

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Executive Summary

Pacific Link provides community housing in the Central Coast and Lower Hunter regions where population has grown steadily in recent years. Based on 2011 Census data, this trend looks set to continue. This will put increasing pressure on local housing markets (both for sale and rental), with lower income and disadvantaged groups particularly vulnerable.

The composition of the population continues to change. Nationally, the proportion of older people in the population is growing each year, and this trend is particularly notable in parts of the study area which are favoured by retirees. The make-up of the housing stock is not matching these changing demographics, with most new homes having 3 to 5 bedrooms.

Much of the more affordable housing in the study area is not well located for lower income households. Older stock, including much social housing, was often built in areas of mining and manufacturing industry where employment opportunities have declined. Much new housing is being built in areas with few facilities and limited public transport access.

There is already an undersupply of housing compared to underlying demand, and lack of land supply has limited new dwelling production in the study area for several years. In the short to medium this will put pressure on housing prices, which are already unaffordable for most households with income at or below the median.

The recent Census has highlighted the slow rate of development of new properties. Between 2006 and 2011 the supply of new

dwelling was only around half the level required in the Central Coast, and two thirds needed in the Lower Hunter.

The housing supply figures are even worse than this as an increasing number of properties, especially in Gosford and Wyong, are used as second homes. The 5,067 properties built in the Central Coast from 2006 to 2011 only resulted in a net increase of 1,164 occupied homes

There is particular pressure in the study area on private rental markets, and rents have continued to rise over the last few years despite flat housing sale prices. As a result, affordability problems for lower income households who are not eligible for social housing have become severe.

In the Central Coast and Lower Hunter, the main driver of affordability issues is lower incomes. Although purchase prices are below Sydney levels, and largely flat, only around 10% of households earning up to 80% of local salaries can afford to buy. Furthermore, the 2011 Census indicated regional salaries are rising more slowly than in Sydney.

The greatest 'housing stress' is currently faced by very low income renters. Particularly vulnerable are older people, those relying on government benefits and others with fixed incomes. In 2012 households earning less than 50% of the area median income could afford only around one in ten local rental properties.

State Government policies set targets for future levels of housing supply, but not for particular price points or size of property. Given the cost of producing new housing, and the market preference for larger

detached dwellings, market mechanisms may continue to fail to produce affordable homes. Hence an increase in housing supply in areas such as North Wyong may have little impact on affordability.

Social rental housing is already in short supply in the area, especially the Central Coast. Government initiatives like NRAS have produced only modest numbers of new properties and funds are extremely limited for construction or acquisition outside these initiatives. As a result, the proportion of social housing looks set to continue falling from already low levels.

Across NSW, only about 10% of people on the social housing waiting list are housed each year, and the list continues to grow. An increasing proportion of lettings are required for priority applicants. On the Central Coast there is a minimum wait time of 5 years for all property types. There is also a lack of small units for single people and couples with no social housing studio or one bedroom units in many areas.

The issue of social disadvantage is particularly important to community housing providers such as Pacific Link. Due to the residualisation of social housing, most new applicants have complex needs rather than simply being low income. This provides greater challenges than in the past, though also offers opportunities to community-minded organisations with strong local links.

Ways forward

NSW Government is currently overhauling planning approaches, and finding ways to increase housing supply in new release areas. These approaches are a welcome advance, although will need to be expanded in scale on the Central Coast and Lower Hunter to have a significant impact.

Efforts will be needed to ensure the supply of new properties meets demand not just in

terms of numbers, but also size, location and affordability. Pacific Link have partnered with Wyong Council on new development projects - a big step forward. This approach needs to be followed elsewhere, especially in areas where the housing market is out of equilibrium.

Pacific Link is an important social landlord in the region, and can play a significant role in ameliorating many of the affordability issues identified in this report. However, it needs State Government to better align planning approaches with housing policy. Currently there is a lack of clarity on the future growth, delivery, funding and asset holding of the NSW social housing system.

There is a continuing need to renew public stock, and move to mixed tenure communities to reduce concentrations of disadvantage. In the Lower Hunter in particular, several current public housing estates are not well located relative to employment. Pacific Link already partners with Housing NSW at Dunbar Way, and more schemes of this type but at larger scale will be needed in the region.

By establishing development capacity, and registering as a 'tier one' community housing organisation under national regulation, Pacific Link can grow the supply of affordable housing. They can become a second bidder in the region for Government funds or stock transfers. Programs such as NRAS could be used to expand their property portfolio, targeting areas and groups with high housing need.

If left to the market, there may be continued under-production of smaller, well located affordable homes in areas facing the highest levels of housing stress. Social enterprises such as Pacific Link are well placed to use entrepreneurial approaches to deliver the social and community outcomes required by State Government.

Definitions

Community housing: social housing managed and/or owned by not-for-profit organisations with a clear social mission.

Greenfield development: new residential building in areas with little prior housing construction and infrastructure provision.

Housing stress: situations where a household is paying more than 30% of total household income on housing costs, either rent or mortgage loan repayments.

Primary homelessness: people not living in conventional accommodation - for example living on the streets. This is different to secondary and tertiary homelessness which includes people living in temporary or unsuitable accommodation, including boarding houses.

Public housing: social housing owned and managed by the public sector.

Residualisation: allocation of social housing to tenants with high, complex or multiple needs - not just to those on low incomes.

Sea change: migration from urban centres to coastal locations.

Social housing: rental housing provided at a discount to market rent levels. Tenancies are managed by either public housing or community housing providers.

Study area: Central Coast (Gosford and Wyong LGAs) and Lower Hunter (Cessnock, Lake Macquarie, Maitland, Newcastle and Port Stephens LGAs).

Tree change: migration from urban centres to rural or small town locations.

Abbreviations

ABS: Australian Bureau of Statistics

LGA: Local Government Area

NRAS: National Rental Affordability Scheme: a subsidy for constructing new affordable rental housing, part funded by Commonwealth and States

Pacific Link: Pacific Link Housing Limited

SEIFA: Socio Economic Index for Areas: an ABS measure of areas of disadvantage

SEPP: State Environmental Planning Policy

UDIA: Urban Development Industry Association: a developers' lobby group

1 Background

In January 2011 Pacific Link published a study, prepared by Elton Consulting, highlighting issues in the housing market in which they operate. This current review updates housing affordability issues, taking into account data released from the 2011 Census and new policies introduced by the Coalition Government from March 2011.

The study area is the seven Local Government Areas (LGAs) where Pacific Link manage larger number of properties. These are located in two planning sub-regions:

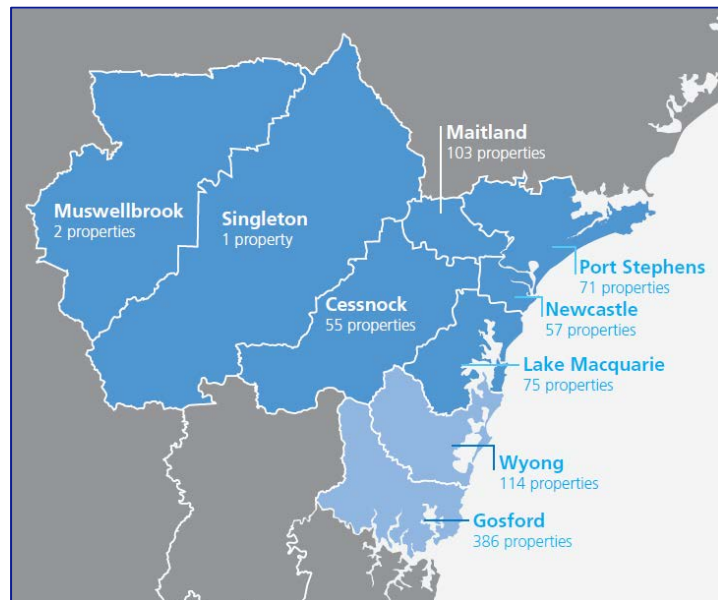
- **Central Coast:** Gosford and Wyong LGAs.
- **Lower Hunter:** Cessnock, Lake Macquarie, Maitland, Newcastle and Port Stephens LGAs.

The study area excludes Muswellbrook and Singleton as Pacific Link has few properties (see Figure 1) and these LGAs are in a different State planning region.

1.1 Regional overview

Due to their differing characteristics and distance from the metropolitan core, the Central Coast and Lower Hunter have the characteristics of distinct housing sub-markets. While impacted by wider trends, they have distinct characteristics based on existing housing stock, new dwelling supply and buyer/renter preferences.

Figure 1: Pacific Link operating area



Source: Pacific Link (2012)

Central Coast

The region is known for its coastal lifestyle and is a recognised tourist area. As at the 2011 census the region had 312,186 residents. Most people live in detached houses both in existing and the newer residential areas. The character of settlement and development within the region has evolved from characteristics of the natural environment, and later economic and infrastructure development.

The area's initial European settlement was based on timber and agricultural production. More recently the Central Coast has emerged as a place with strengths in tourism, retiree settlement and family homes.

Key economic sectors include manufacturing, retail, agriculture, tourism, construction and service industries. Emerging industries are cultural and

recreational services. Strengths are said to be innovative small manufacturers, competitive logistics, growing building and construction, food production, hospitality and tourism (NSW Government, 2008: p.5)

Large centres on the Central Coast include Gosford, Tuggerah-Wyong, Erina, Woy Woy and The Entrance. In non-urban areas there are a number of rural villages. The majority of existing and future development on the Central Coast is located in coastal areas and the valleys and plains that surround the coast's numerous waterways.

The region has outstanding environmental qualities, including 81 kilometres of ocean coastline and extensive waterways, and more than half the Region comprises national parks, undeveloped bushland, and other major open spaces.

Lower Hunter

The region is the sixth largest urban area in Australia, and a major centre of economic activity. It has a population of 520,666 (2011) focussed on the major urban centre of Newcastle. There are also major regional centres at Charlestown, Cessnock, Maitland and Raymond Terrace. Emerging centres are Morisset and Glendale-Cardiff.

The Lower Hunter region has a strong mining and industrial manufacturing heritage, including the world's largest coal exporting port. It also features large areas of rural, agricultural and forested lands, with a major river and coastal estuary which are important environmental assets.

Lifestyle migration

The Central Coast, and to a lesser extent the Lower Hunter region are impacted by the 'sea change' phenomenon. Dating from the late 1960s, this is the migration of households from metropolitan areas and inland communities to coastal locations (Burnley & Murphy, 2004).

Although retirees are part of the sea change movement, they are not the only component. Researchers have developed a typology of different types of movers, based on distance from metropolitan centres (Gurran et al., 2005). Three of the five categories are relevant to the study area:

- **Coastal commuters:** suburbanised satellite communities in outer metropolitan locations. Wyong and Gosford fall in this category. Although influenced by 'spill over' effects from unaffordable metropolitan areas, lifestyle considerations play a part.
- **Coastal getaways:** small and medium sized towns within three hours' drive of a capital city. At this distance from the capital city, locations can be attractive for holiday homes used initially for weekend trips. Examples include Port Stephens and Lake Macquarie.
- **Coastal cities:** large urban settlements away from capital cities with populations over 100,000 such as Newcastle. These are often lower cost sea change destinations than coastal commuters and getaways.

In addition to the sea change phenomenon, 'tree change' is the move of people to inland rural communities to escape the pressures of city life. Parts of the Hunter Valley in would fall within this definition.

With the baby boomer generation approaching retirement, the rate of lifestyle migration is likely to rise further. This will place further pressure on the availability and affordability of properties in the area.

Lifestyle migrants typically have sufficient capital to buy in their sea/tree change locations, pushing up local house prices. Future generations of existing residents on lower incomes may be unable to afford to buy in the same area.

1.2 Population growth

The NSW Government uses assumptions on fertility, mortality and migration to predict future population growth to 2036. These are informed estimates, not targets, and do not claim to be precise, as demographic trends can change. Note that current forecasts have not yet been updated in the light of population data from the 2011 Census, which may lead to small amendments.

Forecast population growth, especially on the Central Coast, is higher than almost anywhere else in NSW, and significantly faster than in the Illawarra to the south of Sydney. Projected growth for the thirty years to 2036 is 39% for the Central Coast and 31% for Lower Hunter (see Table 1).

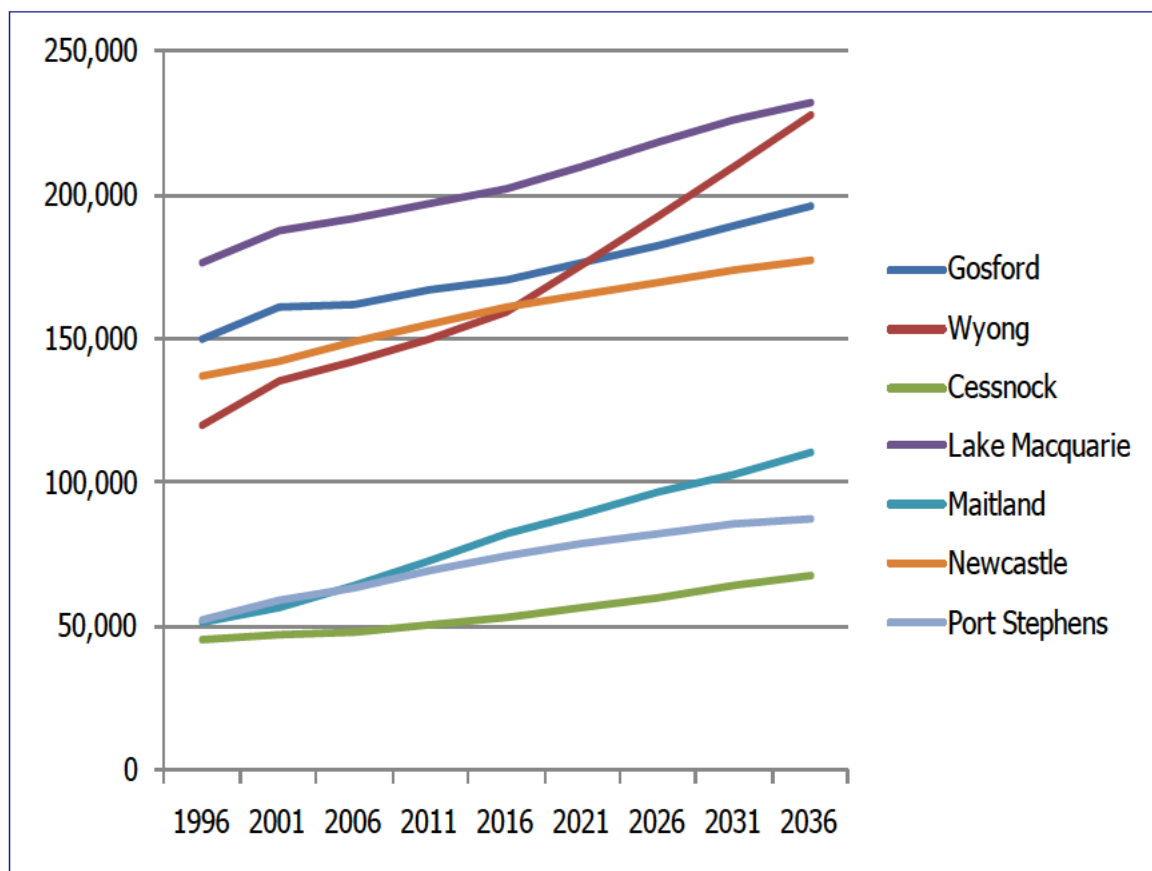
Table 1: Regional population forecasts to 2036

Area	2036	Change
Sydney Metro	5,982,100	+ 40%
Central Coast	424,700	+ 39%
Lower Hunter	675,900	+ 31%
Illawarra	529,100	+ 22%

Source: NSW Government (2010b). Sydney Metro includes the area south of the Central Coast and north of Illawarra

Figure 2 shows population change in absolute numbers to 2036. In most LGAs growth rates will be slightly lower than seen over during the early years of this century. The exceptions are Wyong and Maitland which are both set to grow more rapidly than their neighbouring LGAs. By 2036 the population of Wyong is set to overtake both Gosford and Newcastle, increasing from 149,746 in 2011 to a predicted 228,200 in 2036 - a 52% increase.

Figure 2: Population change, 1996-2036

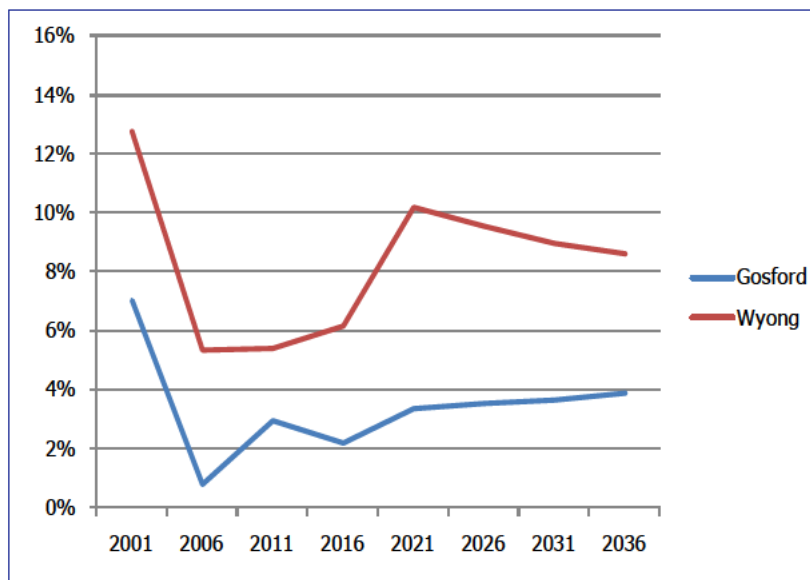


Source: NSW Government (2010b)

The regional pattern of population growth becomes more complicated when the rate of change is viewed in percentage terms. In Figure 3 the rate of population growth for five year periods is shown for Gosford and Wyong. This shows that between 2001 and 2006 the rate of increase in Central Coast

population declined as identified new release areas were exhausted. However, growth rates are recovering and are expected to reach 10% in Wyong LGA and 4% in Gosford LGA over the five years 2016-2021.

Figure 3: Central Coast rate of population growth

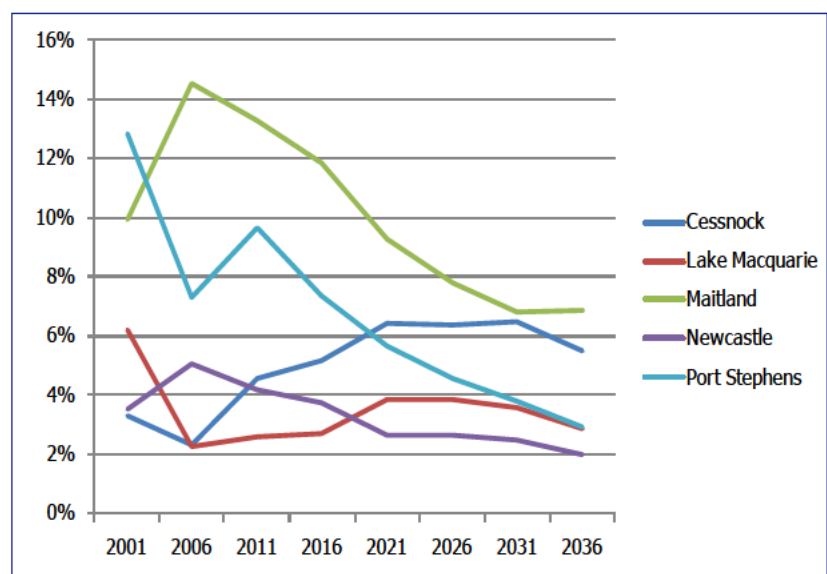


Source: NSW Government (2010b), as for Figure 4

Figure 4 shows percentage growth rates over five year periods for LGAs in the Lower Hunter. It shows that Maitland is currently the fastest growing LGA in the study area and this is expected to continue, although at a slower rate. The rate of growth in Newcastle and Lake Macquarie will be much slower (but large in absolute numbers).

be a key element (especially in and around Newcastle) while greenfield development will be concentrated in Wyong LGA.

Figure 4: Lower Hunter rate of population growth



The next section of this report will review Regional Planning Strategies, which are based on the principle that population growth will be localised within all LGAs, depending on priorities for new dwelling development. In the medium term, renewal will

1.3 Future housing development

Regional Planning Strategies were released for the Lower Hunter in 2006 and for the Central Coast in 2008 (DOP 2006 and 2008). These strategies summarise how the planning system will facilitate and direct development in the respective regions, including housing development.

Although these Strategies were devised by the former Labor Government, they have been effectively adopted by the Coalition. New Regional Planning Strategies are planned for 2013, and work is underway in changing the way the planning system works to deliver greater housing supply.

Central Coast

With a population of over 300,000 people in 2011, the Central Coast is a fast growing area, particularly since the opening of the F3 freeway extension in the late 1980s. Growth has slowed somewhat in recent years as

land releases have been exhausted and water supply issues have imposed constraints. Both these sets of issues are now being addressed.

Based on the 2008 Department of Planning strategy, over the next 25 years the Central Coast is planned to grow by around 4,000 people per year. To accommodate this growth, the region will require an estimated 56,000 new dwellings with 40,000 new homes to be located in centres and existing urban areas and 16,000 new homes located in greenfield release areas (DOP, 2008: p.11).

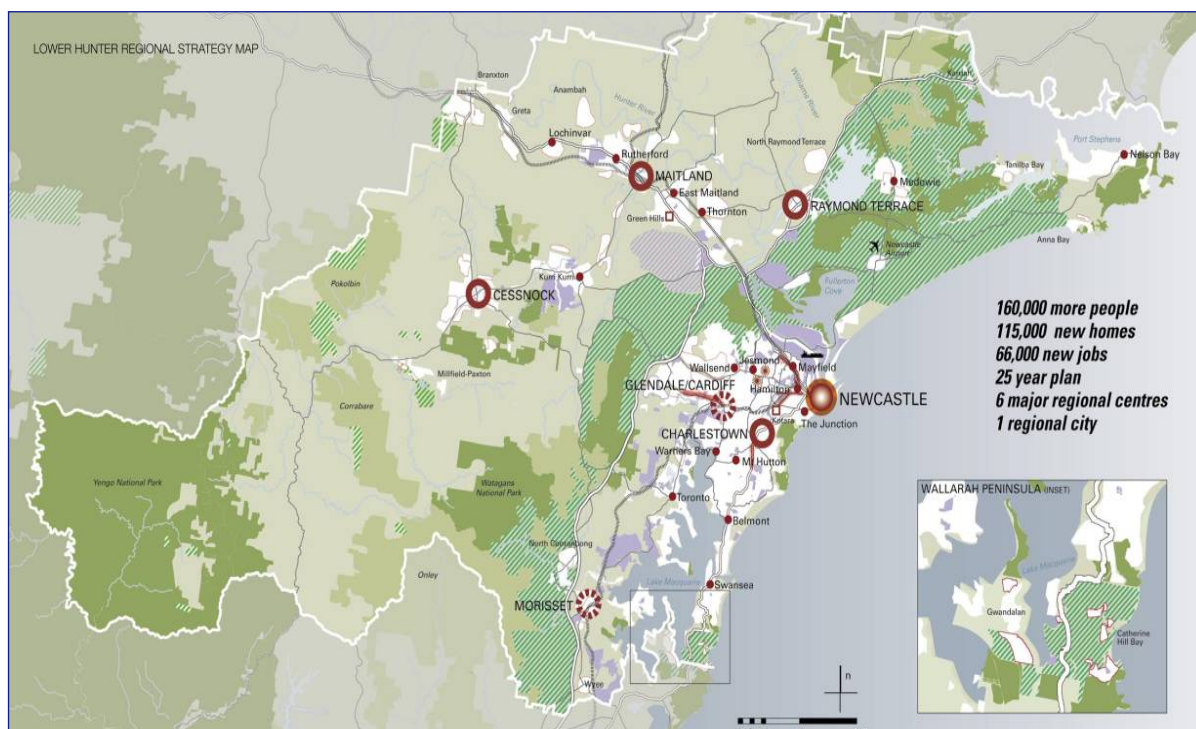
Key greenfield areas for future housing development are in North Wyong. In October 2012 the Government released a plan indicating potential for 17,000 new dwellings and between 12,150 and 17,100 new jobs by 2031 (NSW Government, 2012b). Initial development will be in areas that support the development of Warnervale Town Centre and the Wyong Employment Zone. New development will be in areas that allow for efficient infrastructure servicing.

Figure 5: Central Coast plan



Source: Central Coast Regional Strategy (DOP 2008)

Figure 6: Lower Hunter Strategic Plan



Source: Lower Hunter Regional Strategy (DOP 2006)

Lower Hunter

The Lower Hunter currently has around 220,000 dwellings. The NSW Department of Planning estimates that an additional 117,000 dwellings will be required to house the Region's growing population over the next 30 years to 2036 (Table 2).

The NSW Government identifies a key challenge for the Region as moving away

from the current focus on low density new housing in new release areas towards infill developments within existing areas.

New dwellings will be encouraged in and around the main centres, in renewal corridors, and through general urban infill. The Strategy provides that 60 per cent of new dwellings will be provided in new release areas and 40 per cent will be provided in existing urban areas.

Table 2: Lower Hunter dwelling targets to 2006-2036

	<i>Centres and corridors</i>	<i>Urban infill</i>	<i>Total infill</i>	<i>New release</i>	<i>Total dwellings</i>
Cessnock	500	1,500	2,000	19,700	21,700
Maitland	2,000	3,000	5,000	21,500	26,500
Port Stephens	3,300	2,000	5,300	7,200	12,500
Newcastle	12,200	2,500	14,700	5,800	20,500
Lake Macquarie	14,000	7,000	21,000	15,000	36,000
Total	32,000	16,000	48,000	69,200	117,200

Source: Lower Hunter Regional Strategy (DOP 2008)

Five renewal corridors are particularly identified, and will accommodate several thousand new homes. These are:

- Maitland Road (Newcastle West to Mayfield)
- Tudor Street (Newcastle West to Broadmeadow)
- Brunker Road (Nine Ways to Adamstown)
- Main Road, Edgeworth (Glendale to Edgeworth)
- Pacific Highway (Charlestown to Gateshead).

Major priority release areas and areas where planning for release is well advanced are:

- Thornton North (up to 7,000 dwellings)
- Cooranbong (up to 3,000 dwellings)
- Bellbird (up to 4,000 dwellings)
- North Raymond Terrace
- Other major release sites include
- Lochinvar (up to 5,000 dwellings),
- Anambah (up to 4,000 dwellings),
- Wyee (up to 2,000 dwellings) and
- Branxton-Huntlee (up to 7,200 dwellings).

1.4 Planning for affordable housing

The seven local councils in the study area play an important role in preparing and implementing planning policies that affect housing supply. However, the NSW Government also has a key role, being

responsible not only for regional planning strategies and State-level policies but also influencing drivers such as investment in transport, social infrastructure, land release and incentives to locate major new employment opportunities.

State Government

The *State Environmental Planning Policy (Affordable Rental Housing) 2009* is the principle State policy initiative. It applies to all areas zoned for medium density housing, and is intended to facilitate provision of affordable rental housing, social housing, and boarding houses.

Significantly the SEPP allows a 'density bonus' to be awarded to private sector developers if they agree that a proportion of the new homes built under a development approval will be made available as affordable rental housing for at least 10 years, with management by a registered community housing provider.

In June 2012, the NSW Government announced a series of planning and funding initiatives to encourage housing delivery in its 2012-13 budget. This includes supporting both greenfield and infill development with major new infrastructure funding, along with developing new code-based development assessment systems.

The NSW Department of Planning also auspices an Affordable Housing Taskforce, which is charged with investigating affordability issues and providing advice.

Local Government

Some councils have been proactive in addressing housing affordability issues. The principal housing affordability policies of the councils in the study area are summarised in the Table 3. In general, the response of the councils has been limited, and largely restricted to the Central Coast where affordability pressures are greatest. In many

other areas, councils have not adopted policies - despite the sharp increase in zoning of land for new housing.

Of the two Central Coast councils who have the most developed affordability policies in the study area, the main approach is to partner with local housing groups, and make minor changes to local planning regulations. Gosford City Council have policies to use their own land to promote better affordability outcomes, and their approaches to protecting holiday parks are well advanced.

In May 2012 Wyong Council entered into an agreement with Pacific Link to co-operate on projects designed to include low levels of affordable housing in new schemes. This partnership approach offers the chance to include affordable housing in the new growth areas such as North Wyong.

Table 3: Council affordable housing strategies

Area	Strategies
Gosford	2005 Plan (amended 2009) Promotes Residential park protection, adaptable housing provision, use of council land, social housing provision
Wyong	2008 Local Housing Strategy uses the planning system, zoning etc. to deliver affordable housing
Cessnock	No specific policies
Lake Macquarie	No specific policies, although their 2012 Local Environmental Plan allows for density bonuses in town centre developments
Maitland	Council's 2010 Urban Settlement Strategy considers the need for affordable housing
Newcastle	Strategy adopted 2005. Role limited to research and advocacy
Port Stephens	No specific policies

Source: Gosford City Council (2009), Wyong Shire Council (2008), Newcastle City Council (2005), web searches

1.5 Conclusions

All parts of the study area can expect substantial population growth over the next 25 years, with resident numbers projected to reach approximately 425,000 on the Central Coast and 675,000 in the Lower Hunter by 2036. Thus the region will experience some of the strongest population growth in NSW outside Sydney.

Regional population growth will be strongest in Wyong and Gosford LGAs, the core operating area for Pacific Link. This is largely due to the proximity to metropolitan Sydney, and the increase in commuting as well as lifestyle migration.

The State projects 56,000 additional homes will be required to accommodate the additional population on the Central Coast and 117,000 in the Lower Hunter by 2036. A large proportion of this stock will be built in existing areas as infill or redevelopment, but the release of new residential land is being accelerated in the short term to ensure adequate housing supply.

Strategic planning is currently focussing on housing supply, and it is expected that adequate housing supply should promote affordability. However, to date there has been little detailed regional planning by the new Coalition Government. Plans are advancing for North Wyong, but not other areas of the region or in the Lower Hunter.

Clearer indications of how the planning system will be reformed should emerge during 2013. Greater responsibility is likely to continue passing to local councils (NSW Government, 2012a). To improve affordability, more councils need affordable housing strategies, and partnership arrangements of the type established between Wyong Council and Pacific Link.

2 Housing Market Overview

This section reviews the current housing market in the Central Coast and Lower Hunter sub-regions and identifies key supply and demand issues.

2.1 Housing diversity

The housing stock across the study area is dominated by detached houses. From Table 4, all LGAs in the study area have a higher proportion of detached housing than either metropolitan Sydney or NSW. This housing form is most prevalent in the north and west of the study area, reaching 87% in Maitland LGA and 91% in Cessnock.

Table 4: Housing type, 2011

Area	Separate house	Attached dwelling	Other
Gosford	74.9%	23.7%	1.4%
Wyong	81.5%	16.9%	1.6%
Cessnock	91.1%	8.1%	0.8%
Lake Macquarie	86.4%	13.1%	0.5%
Maitland	87.2%	11.9%	0.8%
Newcastle	71.6%	27.7%	0.9%
Port Stephens	82.4%	15.4%	2.2%
NSW	69.5%	29.5%	1.0%

Source: ABS (2011) 'Attached dwelling' includes flats and townhouses

Most attached dwellings are semi-detached or terraces, with only modest numbers of flats. Outside Newcastle LGA, very few flats are three storeys or more in height.

There has been significant new housing construction across the region in recent years and this has resulted in a slight

decline in the supply of new detached dwellings since the 2006 Census, largely because a large number of townhouses have been built.

Table 5: Attached dwellings, 2006 and 2011

Area	Attached dwelling 2006	Attached dwelling 2011
Gosford	21.30%	23.7%
Wyong	13.20%	16.9%
Cessnock	5.50%	8.1%
Lake Macquarie	11.60%	13.1%
Maitland	10.50%	11.9%
Newcastle	25.30%	27.7%
Port Stephens	13.50%	15.4%
NSW	27.80%	29.5%

Source: ABS (2006 and 2011)

Other dwelling types are significant in some coastal areas, especially Port Stephens and Wyong LGAs, mainly in the form of residential parks (caravans and mobile homes).

Traditionally these parks have been significant sources of lower cost housing, particularly in coastal areas (Bunce, 2010). However, many residents are vulnerable. A study in Gosford found that the income levels among residents were very low and that the vast majority of residents were either retired or living on a disability pension (Lilley, 2010).

Some people live in caravans as homes of last resort because they cannot secure rental housing due to poverty or a poor rental history. Many residents of residential parks own their own mobile home, but under

existing arrangements the site is rented. Homelessness can occur if the park is closed for redevelopment, and Housing NSW has arranged to provide emergency assistance to people in this situation.

2.2 Property tenure

Table 6 shows housing tenure as at 2011. Owner occupation levels are high across the study area and levels of outright ownership are also high. The proportion of home buyers with a mortgage has risen over the last 5 years in areas where there has been significant new development, notably in Maitland.

Table 6: Housing tenure, 2011

	<i>Owner occupied</i>	<i>Social rental</i>	<i>Private rental</i>
Gosford	74.3%	3.1%	22.6%
Wyong	70.9%	3.1%	26.0%
Cessnock	74.7%	3.5%	21.8%
Lake Macquarie	77.0%	5.1%	17.9%
Maitland	73.3%	5.7%	21.0%
Newcastle	67.5%	5.2%	27.4%
Port Stephens	70.7%	4.2%	25.1%
NSW	70.7%	4.4%	24.9%

Source: ABS (2011). 'Owner occupation' includes fully owned and being purchased properties. 'Social rental' includes rented from a State Housing Authority, cooperative or community housing group. All other sundry rental types are included in the 'private rental' category

The proportion of social rental housing (which includes public and community housing) is markedly below the NSW averages in the Central Coast, and Cessnock LGA. The highest levels of social housing are in Newcastle and Maitland. Private rental levels are relatively low in several LGAs due to the higher regional rates of home ownership

2.3 Social rental housing

As noted above, there is a lower proportion of social housing for rent - a category including both public and community housing - in the Central Coast and Lower Hunter sub-regions than the NSW average (4.4%). The LGAs with least social housing are Wyong, Cessnock and Gosford.

The total numbers of public housing units managed by Housing NSW in late 2010 are shown in Table 7. Almost half of the 15,000 properties are in two LGAs - Newcastle and Lake Macquarie. Public housing in the study area varies in terms of stock quality, degree of concentration in particular neighbourhoods and location relative to sources of employment.

Table 7: Public housing stock, 2010

	<i>Public housing units</i>
Gosford	2,268
Wyong	1,868
Cessnock	650
Lake Macquarie	3,881
Maitland	1,510
Newcastle	4,083
Port Stephens	871

Source: Housing NSW, September 2010

Little public information is available on social housing in the study area beyond short surveys by the state housing authority (Housing NSW, 2008a; b; c; d; e; f; g). The key points to emerge from these are:

- Social housing tenants in Gosford and Newcastle LGAs are more concentrated in the over-55 category than across metropolitan Sydney. Many heads of household in these LGAs are either aged pensioners or disability pensioners.
- However, a substantial proportion of social housing tenants are of working

age, i.e. between 25 and 55, in Cessnock, Lake Macquarie, Maitland and Port Stephens LGAs, especially compared to Sydney. Data is unavailable for what proportion of these tenants are actually in employment.

- In Lake Macquarie, 50% of public housing is concentrated in three large estates at Belmont South, Bolton Point and Windale.

There is a small but significant stock provided specifically for indigenous people. The Aboriginal Housing Office managed 387 properties in the study area in 2010. In addition to these properties for Aboriginal households managed by the State there are approximately 175 properties managed by Indigenous community housing organisations, mostly in Newcastle LGA.

Traditionally, social housing has been almost entirely public housing managed by Housing NSW. However, community housing is playing an increasing role, and this can be expected to increase.

Table 8: Social housing mix, 2010

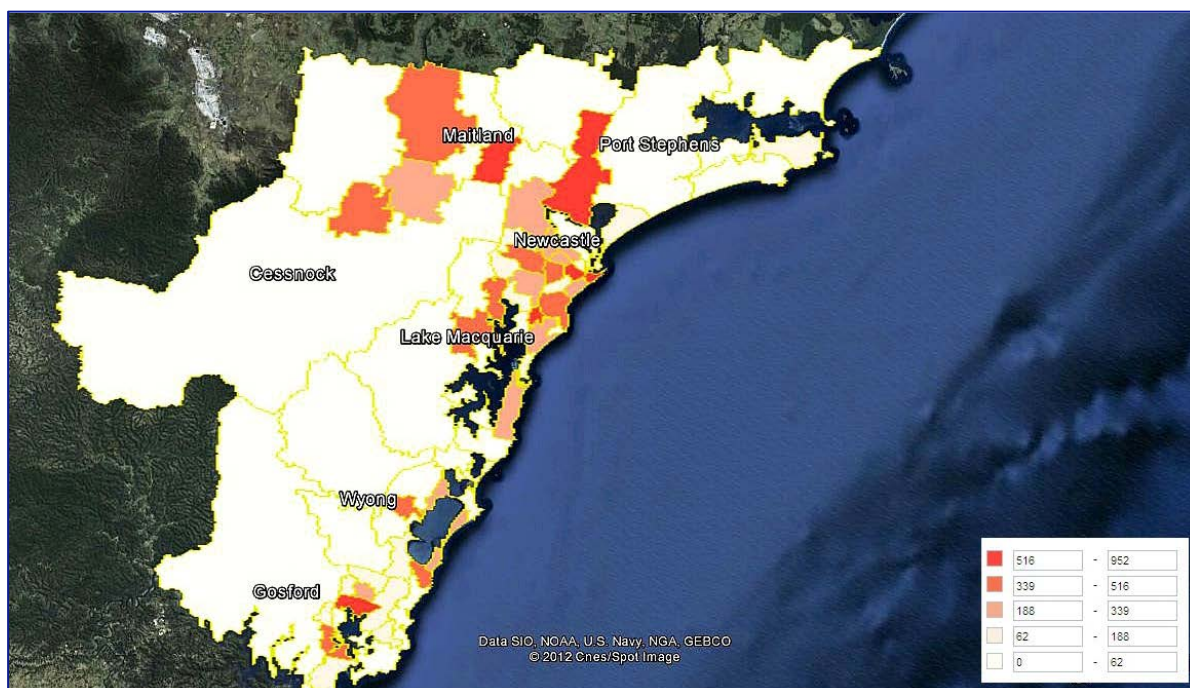
	<i>Public housing</i>	<i>Community housing</i>	<i>Aboriginal housing</i>
Gosford	86%	13%	1%
Wyong	79%	17%	4%
Cessnock	91%	8%	1%
Lake Macquarie	90%	7%	3%
Maitland	91%	6%	3%
Newcastle	87%	12%	2%
Port Stephens	90%	9%	1%

Source: Housing NSW, September 2010

Figure 7 shows the numbers of social housing dwellings in smaller districts in the study area in 2011. In the majority of districts there are fewer than 200 social units, particularly in inland and rural areas where the vast majority of properties are in the private sector.

Higher concentrations of social housing occur in urban areas in Gosford, Lake Macquarie, Cessnock and Maitland. Social housing concentration is less of an issue in Wyong, Port Stephens and Newcastle.

Figure 7: Social housing, 2011



2.4 Housing demand

The dynamics of the regional housing markets in the Central Coast and Lower Hunter are impacted by both housing demand and housing supply.

Factors influencing demand

The demand for future housing in the study area depends on assumptions on population increase (see Section 1.2), household composition and property occupancy levels. Information on household mix is given below

Table 9: Household composition, 2011

	Family households	Single (or lone) person households	Group house holds
Gosford	70.0%	27.3%	2.8%
Wyong	71.0%	26.2%	2.7%
Cessnock	73.6%	23.8%	2.6%
Lake Macquarie	73.8%	23.9%	2.3%
Maitland	76.1%	21.5%	2.4%
Newcastle	63.8%	29.5%	6.6%
Port Stephens	73.2%	24.6%	2.3%
NSW	71.9%	24.2%	3.8%

Source: ABS (2011). Totals do not add up to 100%: the balance is Other families.

The data show that the prevalence of one person households is lower than the State average, except in Newcastle, where the proportion of group households is also high. Among family households, the proportion of couples with children is around the NSW average, as shown in Table 9.

Childless couples are particularly well represented in Port Stephens, while the proportion of lone parent families is above the State average throughout the study area, and especially in Cessnock (20.3%) and Maitland (21.3%).

Table 10: Family composition, 2011

	Couple family without children	Couple family with children	One parent family	Other family
Gosford	38.2	42.6	17.9	1.3
Wyong	37.4	40	21.3	1.3
Cessnock	36.6	41.8	20.3	1.2
Lake Macquarie	39.7	41.8	17.3	1.3
Maitland	35.7	46.1	17.1	1.2
Newcastle	38.8	40.5	18.5	2.1
Port Stephens	43.0	39.4	16.6	1.0
NSW	36.6	45.5	16.3	1.7

Source ABS 2011. Totals do not add up to 100%: the balance is Other families.

Household occupancy rates have been falling for several decades but this decline has ended in the last five years in most areas. Rates in 2011 were similar to or marginally higher than those found in 2006, ranging from 2.4 people per household in Newcastle to 2.7 in Maitland.

This stabilisation is in part due to an increase in the rate of childbirth and a decline in new household formation. The proportion of lone person households is continuing to grow and this is likely to last as a result of an ageing population.

The ageing population is a key issue for all parts of Australia and particularly so for some parts of the study area, which are popular with retirees. Key data is presented in the Table 11.

In the five years since the 2006 Census, the proportion of residents aged 65 or more has increased in every LGA in the study area apart from Newcastle where there has been a marginal decline. This proportion currently ranges from 19.3% in Port Stephens down to 12.7% in Maitland.

Conversely, the proportion of children aged 0-14 has fallen in every LGA across the

region and now ranges from 22% in Maitland down to 17% in Newcastle.

Consequently the median age of residents throughout the study area has risen over the last five years, particularly in Port Stephens and Gosford, and this is expected to continue. In all LGAs the median age is above the NSW median (of 38 years) - except in Newcastle, Maitland and Cessnock.

Table 11: Population by age, 2011

	<i>Median age</i>	<i>% aged 0-14</i>	<i>% aged 65+</i>
Gosford	42	18.7	19.2
Wyong	40	20.2	18.8
Cessnock	37	21.4	14.1
Lake Macquarie	41	18.6	18.4
Maitland	36	22	12.7
Newcastle	37	17	15.4
Port Stephens	42	19.5	19.3
NSW	38	19.1	14.6

Source: ABS (2011)

Population projections

The demand for future housing in the study area is contested. State Government continue to rely on earlier projections which do not take into account data from the 2011 census.

The Urban Development Institute of Australia (UDIA) contends that the projections for the Central Coast are an under-estimate of population growth. However, it should be remembered the UDIA are a developers' lobby group and higher population numbers strengthen their case for lower developer charges and faster land release.

Compared to the Government's projected Central Coast population of 424,700 in 2036, the UDIA consider a 'desirable'

population to be 456,100 based on an annual growth rate of 1.375% (UDIA NSW, 2007: p.8)

Similarly, the UDIA consider the Government's projections for the Lower Hunter to be 'conservative' (UDIA NSW, 2006: p.10). However, they do not present alternative projections, and since the draft Lower Hunter strategy was published in late 2005 the Government raised annual growth projections from 5,000 to 5,250 additional people each year. Therefore the gap between the UDIA and Government on Lower Hunter population projections is probably only modest.

Independent demographer Bernard Salt from KPMG has derived an alternative population growth forecast for the Lower Hunter, suggesting the potential for a population of 723,000 by 2051 (Salt, 2005). Interestingly, this is somewhat less than the 745,000 population that could be seen in 2051 based on Government estimates extrapolated from 2036 to 2051. The work of Bernard Salt suggests that the Government's Lower Hunter population projections are relatively conservative.

Demand projections

NSW Government regional strategies use an estimated average household size of 2.21 persons per dwelling for the Central Coast and 2.11 persons per dwelling for the Lower Hunter. These ratios are noticeably lower than seen at recent censuses, reflecting more people living alone, lower fertility rates and general effects of an ageing population.

Table 12 calculates the amount of new housing required in the study area based on State Government estimates of population growth and occupancy levels. This indicates Central Coast requires 56,000 new homes and the Lower Hunter 115,000 by 2036.

Table 12: Housing demand to 2036

	<i>Central Coast</i>	<i>Lower Hunter</i>
Estimated population, 2036	424,700	675,900
Dwelling occupancy	2.21	2.11
Properties required, 2036	192,000	320,000
Housing stock, 2011	139,305	222,330
New dwellings required	52,695	96,670
New dwellings required each year	2,108	3,867

Source: NSW Government (2010b) for first two lines

These projections are highly sensitive to changes in population and occupancy estimates, and rely on population projections that need to be reviewed and updated by Government.

2.5 Housing supply

One of the main drivers reducing the affordability of housing has been the failure of housing supply to keep pace with housing demand. According to the National Housing Supply Council, the shortfall of supply compared to underlying demand reached 89,000 dwellings in NSW in 2012. (Australian Government, 2010).

NSW Government Regional Strategy plans seek to ensure that future housing demand will be met, by setting targets for dwelling approvals and by facilitating delivery of the new housing. It is intended that infill and redevelopment in existing centres will deliver 71% of new housing in the Central Coast, and 41% in Lower Hunter (DOP 2006, 2008).

Industry views

The development industry has raised concerns that the NSW Government's targets for the region are not well founded. UDIA NSW (2010) have pointed out that appropriately zoned greenfield land supplies

in the study area have been almost exhausted in recent years and will take time to be restocked. They say:

- Future targets for the proportion of higher density infill developments are unrealistic. Most market demand in the study area has been, and in their view will probably continue to be, for detached properties.
- By ruling out development west of the F3 in the Central Coast, the Government has restricted housing supply in an area where there would otherwise be high demand.
- A focus on infill development, particularly in the Central Coast, may exacerbate problems of housing affordability. The UDIA says that construction costs of for multi-unit homes are much higher than for detached dwellings.
- The Lower Hunter has special factors which may limit the rate of new building projects such as fragmented land ownership, mining subsidence and the need for conservation.
- In both the Central Coast and Lower Hunter, lack of quality transport infrastructure may limit the attractiveness of several of the sites identified by Government for development.

The Coalition Government recently announced new planning initiatives aiming to facilitate new land release and speed up development activity. In October 2012 a specific approach for North Wyong was launched, proposing 17,000 new dwellings by 2031 (NSW Government, 2012b).

Census 2011 data

Recently released information highlights the challenges over recent years in delivering additional housing into the study area. As

shown in Table 13, the number of dwellings has increased since 2006. However, the supply is not sufficient to keep up with anticipated demand.

Table 13: Housing supply and demand

	<i>Central Coast</i>	<i>Lower Hunter</i>
Dwellings, 2006	134,238	209,916
Dwellings, 2011	139,305	222,330
Total increase	5,067	12,214
Annual supply	1,103	2,484
Annual demand	2,108	3,867
Annual shortfall	1,005	1,383
% shortfall	48%	36%

Source: ABS (2006; 2011). Demand figures are taken from Table 12. Total dwelling numbers

The annual shortfall in new household supply is considerable. For example, in the Central Coast it is less than half the rate required. Table 13 also highlights that the housing market is more challenged in the Central Coast than the Lower Hunter.

A more detailed analysis of the 2011 Census suggests that the position may be worse than suggested in Table 13. Through analysing the proportion of dwellings that are occupied, rather than looking at all dwellings, a new trend emerged. As shown in Table 14, there has been only a modest increase in occupied dwellings since 2006.

Table 14: Occupied dwellings supply and demand

	<i>Central Coast</i>	<i>Lower Hunter</i>
Occupied dwellings, 2006	116,041	191,011
Occupied dwellings, 2011	117,205	195,309
Total increase	1,164	4,298
Annual increase	232	860
Annual demand	2,108	3,867
Annual shortfall	1,876	3,007
% shortfall	89%	78%

Source: ABS (2006; 2011). Demand figures are taken from Table 12. Total occupied dwelling numbers

Occupancy levels in 2011 are higher in the Lower Hunter (88%) than the Central Coast (84%). This is most likely based on a higher number of holiday homes in Gosford and Wyong. However, there has been a trend to lower occupancy rates in 2011 than in 2006. For example, Central Coast occupancy rates fell from 86% in 2006 to 84% in 2011.

Unless there are data collection issues, the fall in occupancy rates suggests that many of the new properties built between 2006 and 2011 are second or holiday homes. For example, the 5,067 properties built in the Central Coast over the period, only resulted in a net increase of 1,164 occupied homes. In the Lower Hunter the 12,414 new properties only led to an increase of 4,298 occupied homes.

2.6 Conclusions

The study area has limited diversity of housing stock, particularly outside the major urban areas of Newcastle, and the great majority of dwellings are detached houses. There has been some change in the type of new supply between 2006 and 2011, though this is unlikely to make a major difference. The housing stock is likely to increasingly fail to match the demand for smaller, more affordable and well located properties.

Levels of home ownership are high, reaching almost 75% in Gosford and Cessnock LGAs. In areas of established housing and in areas popular with retirees, a large proportion of home owners are mortgage-free. Levels of private rental are generally similar to or below the NSW average, except in Wyong, Newcastle and Port Stephens. The level in Lake Macquarie is especially low.

The proportion of dwellings let as social housing is significantly lower than the NSW

average on the Central Coast and also in Cessnock. Some of the existing social housing stock is unsatisfactory because of its age or condition, or because it is poorly located relative to current employment opportunities or because it is highly concentrated in disadvantaged estates.

Between 2006 and 2011, housing supply failed to keep up with housing demand. This is an issue well known to Government, and steps have been taken to accelerate new land release. It will take several years for this new housing to be delivered, and so far detailed plans are not in place for the Lower Hunter and fast growing areas such as Gosford LGA.

The housing market in the Central Coast is further out of equilibrium than the Lower Hunter, though both face challenges. In the Central Coast, the supply of new dwellings is only around half the level required, and in the Lower Hunter around two thirds.

The 2011 Census highlights a growing regional trend of increasing numbers of unoccupied properties. This is probably explained by second homes, rather than abandonment. However it is resulting in very modest levels of net housing supply, especially in the Central Coast. Lifestyle migration is a factor, fuelled by the greater spending power of metropolitan Sydney residents compared to local purchasers.

3 Housing affordability trends

This section reviews housing affordability issues in the study area, with a particular focus on issues facing lower income groups. In addition suggestions are provided as to the best approach to be adopted by social housing providers.

3.1 Affordability challenges

'Housing affordability' is normally measured as a relationship between household income and expenditure on housing costs. It can apply to all households, whether they are purchasing a property via a mortgage or renting from a landlord.

Around one in six Australian households pay over 30% of income on housing costs, and are defined as being in 'stress'. Of households in the lowest 40% of income bands, over a quarter are in stress. The lowest income households are concentrated in the private rental sector, where a majority face housing stress.

Housing stress increased from the early 1990s in Australia, principally because housing prices increased much faster than wages (Yates & Milligan, 2007). As a result, entry to home ownership became difficult or impossible for many households, and shortages of affordably priced rental accommodation became severe.

Measured by comparing average income to average house purchase prices, Australia is less affordable than the US, UK, Canada, Ireland or New Zealand (Demographia, 2012). Five of the ten most unaffordable city

regions in these countries are in Australia, with Sydney the third least affordable market in the world.

The Central Coast and Lower Hunter sub-regions share many affordability issues with other parts of Australia. However, there are a number of important and distinct regional issues. Much of the Central Coast has become a popular commuting location, with new residents attracted by relatively affordable prices, especially compared with the metropolitan core. One quarter of Central Coast workers, some 30,000 people, commute southwards to work, in many cases to Sydney (NSW Government, 2008).

3.2 Regional incomes

People in professional and managerial occupations are under-represented in the study area, except in Newcastle and Gosford. Levels are especially low in Cessnock, Port Stephens and Wyong.

Table 15: Occupation sample, 2011

	<i>Professionals</i>	<i>Labourers</i>
Gosford	21.4	8.9
Lake Macquarie	19.3	10.1
Maitland	16.8	10.6
Cessnock	11.0	13.7
Newcastle	26.1	9.1
Port Stephens	14.4	10.9
Wyong	14.5	12.3
Region	19.2	10.3
NSW	23.2	8.9

Source: ABS (2011). Selected occupations only. Percentage of all employed adults

In all LGAs except Gosford, mining and manufacturing are higher than across metropolitan Sydney and NSW. The main manufacturing areas are Cessnock and Maitland LGAs, both areas where mining is a major employer. Table 16 shows weekly incomes across the study area.

Table 16: Weekly household income, 2006-11

	2006	2011
Gosford	943	1,089
Wyong	769	934
Cessnock	788	1,042
Lake Macquarie	921	1,117
Maitland	1,024	1,292
Newcastle	886	1,165
Port Stephens	831	999
Metro Sydney	1,154	1,447
NSW	1,034	1,237

Source: ABS (2011). Median income

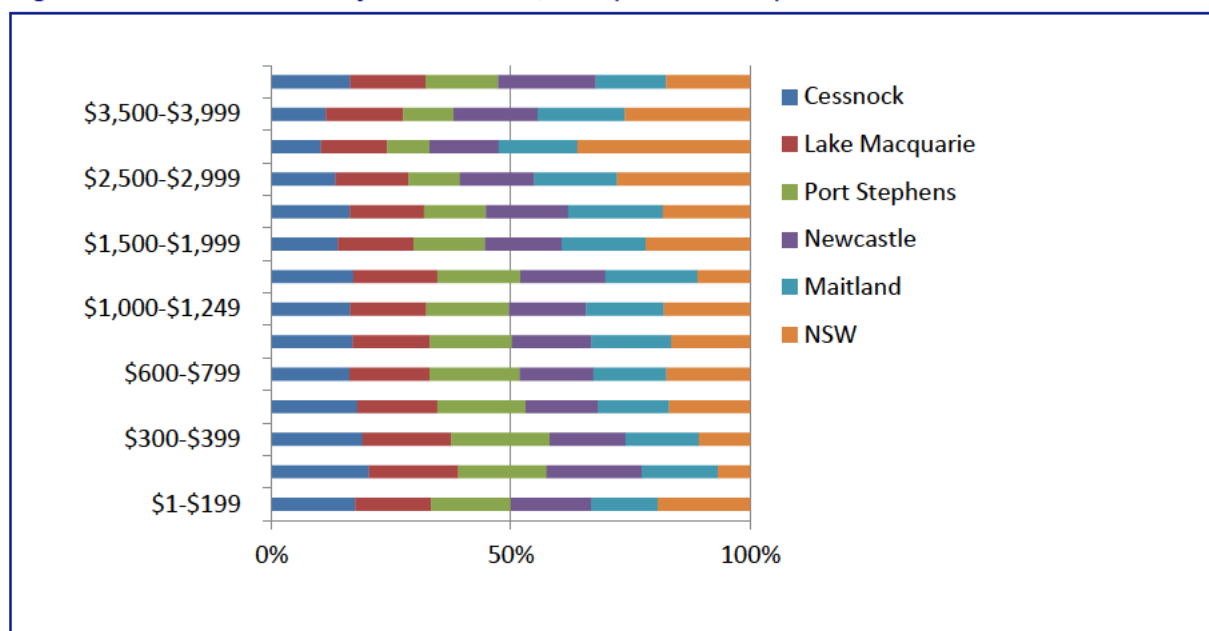
In each period, all LGAs except Maitland had median household incomes below the NSW median income. All LGAs in the study

region have income levels below metropolitan Sydney. The lowest incomes were in Port Stephens and Wyong, probably because of the significant population of retirees in these areas.

Between 2006 and 2011 median household incomes increased by 25% in metropolitan Sydney. By contrast the rise in Pacific Link's key markets was only 15% in Gosford and 21% in Wyong. This makes it increasingly hard for Central Coast renters and purchasers to compete for properties against higher paid Sydney earners.

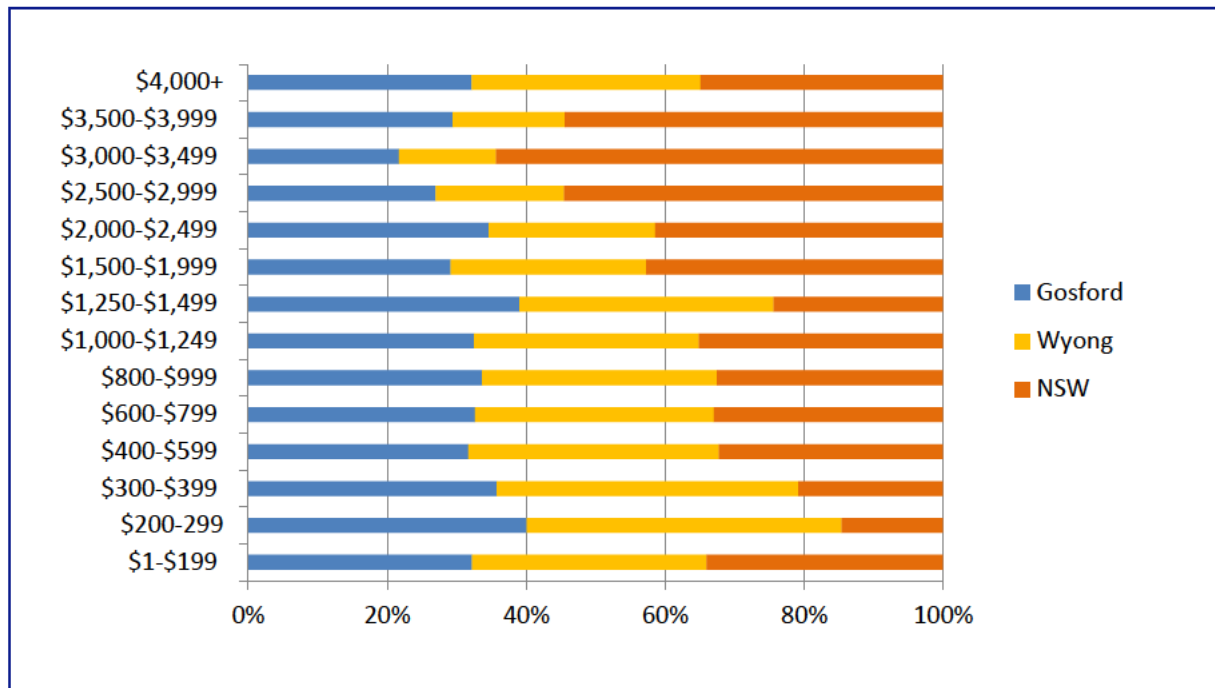
Regional areas with high household income increases were Cessnock (+32%) and Maitland (+26%). These are areas benefiting from increased resource and mining activity. Large increases in income were also seen in Newcastle (+31%). Other Lower Hunter LGAs continued to fall further behind income levels seen in Sydney. This split in trends in the Lower Hunter is shown in Figure 8.

Figure 8: Households in weekly income bands, 2011 (Lower Hunter)



Source ABS (2011)

Figure 9: Households in weekly income bands, 2011 (Central Coast)



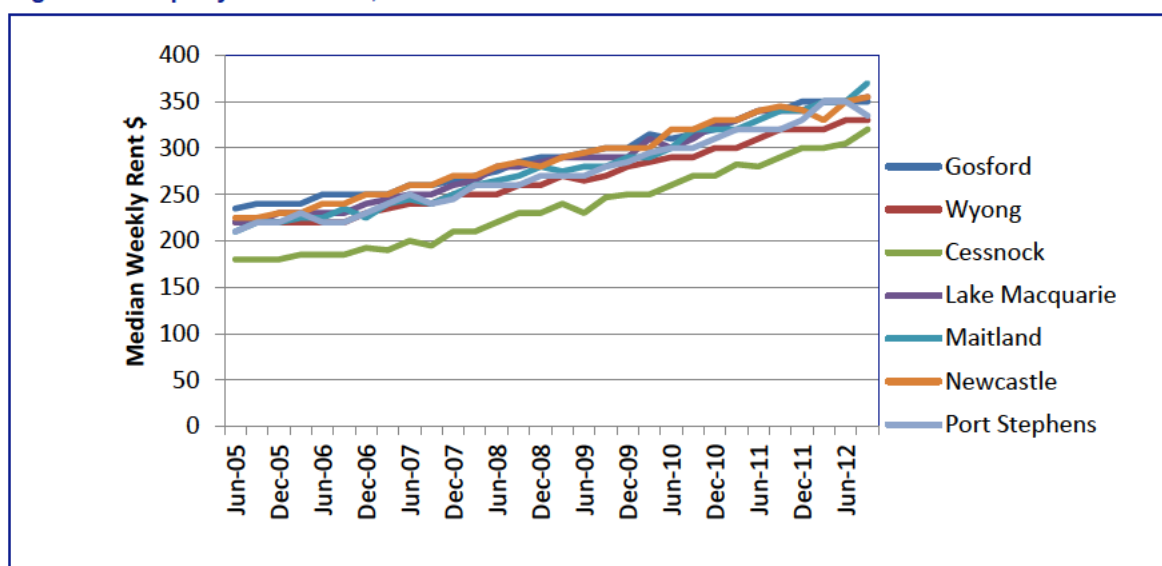
Source ABS 2011

From Figure 9, the income distribution is more skewed in Wyong - with a greater focus on lower and very high income bands - than Gosford. Overall, in Central Coast LGAs, there are fewer higher income households than across NSW earning in excess of \$2,000 per week.

3.3 Regional housing costs

Price trends since 2005 in property rental costs in the study area are shown in the next chart. Rents in the Central Coast and Lower Hunter regions are somewhat lower than NSW averages but slightly above the average for non-metropolitan NSW.

Figure 10: Property rental costs, 2005-12



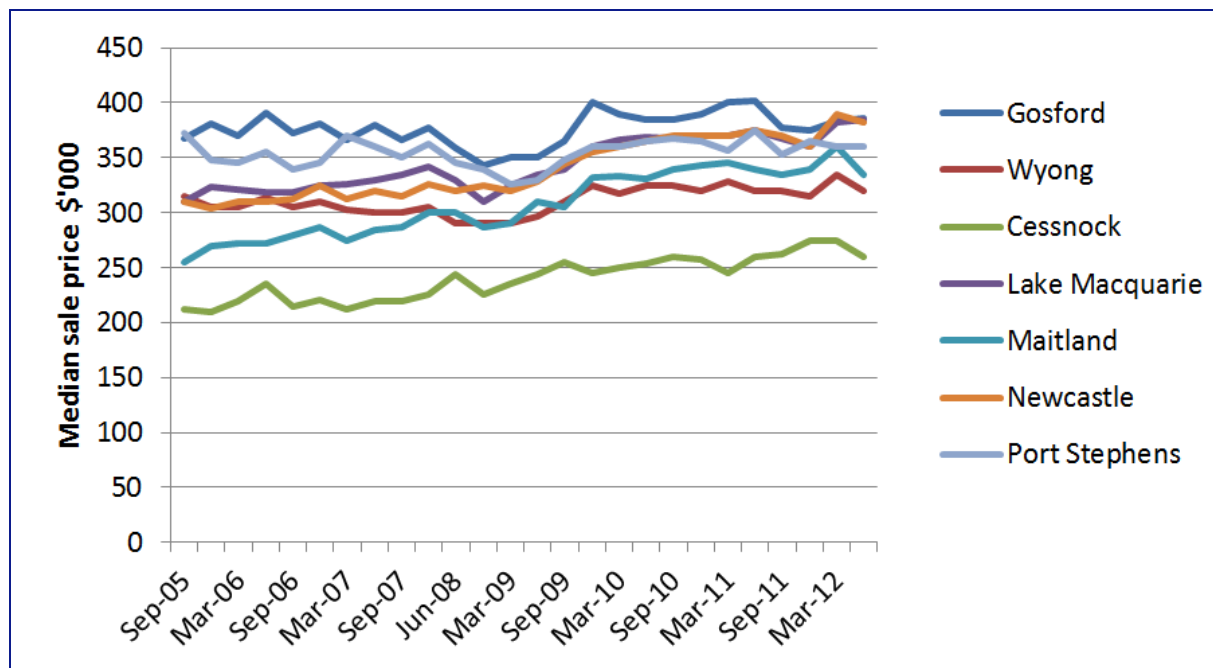
Source: Housing NSW (2012). All properties

As the Figure 10 shows, average rents have continued to climb despite the lack of growth in property values as indicated in Figure 11. This phenomenon is due to the shortage of private rental supply in comparison to demand in the study area.

Rent levels throughout the study area are similar, and there is a convergence of rents

in different LGAs over the period 2005 to 2012. Throughout the period highest rents have normally been seen in Newcastle and Gosford, though rents have recently increased markedly in Maitland with the resources boom. Cessnock LGA rents continue to be the lowest in the study area.

Figure 11: Property sales prices, 2005-12



Source: Housing NSW (2012). Median quarterly sales prices, all properties

As Figure 11 indicates, housing sales prices in the study area fell during the Global Financial Crisis and recovered in 2010. Since late 2011, declines have again been experienced in most areas. Gosford and Newcastle are the highest priced LGAs, but all have broadly similar housing values apart from Cessnock which is notably cheaper.

3.4 Regional affordability

The previous tables and figures show that both household incomes and household expenditure on housing costs are lower in the study area than for NSW. Measures of 'housing stress' combine these variables to show whether housing costs represent an

unaffordable proportion of a household's income. The usual benchmark is that households in the lowest 40% of the income range are in housing stress if they spend more than 30% of their income on rent or mortgage payments.

Full data on housing stress from the ABS Census 2011 at a local level, and for different tenure types, has not yet been published. However available data shows the percentage of all households in housing stress in each LGA, and this provides an indication of stress levels in the Study Area.

Rental affordability

As is shown in Table 17, housing stress levels in the region among renters are similar to or slightly below the NSW average. The situation is most problematic in Wyong, Newcastle, Gosford and Port Stephens.

Table 17: Renters in housing stress, 2011

	<i>% in housing stress</i>
Gosford	10.60%
Wyong	12.50%
Cessnock	9.20%
Lake Macquarie	8.40%
Maitland	8.70%
Newcastle	11.90%
Port Stephens	10.10%
NSW	11.60%

Source: ABS (2011), percentage of all households

An alternative view of affordability can be found by examining the percentage of an area's housing stock that is affordable to different income bands (Table 18). Data for this measure reinforces the previous finding that only a very small proportion of private rental housing is affordable to households with low incomes

Table 18: Affordable rental stock, 2012

<i>Area</i>	<i>Very Low Incomes - affordable % rental stock</i>	<i>Low Incomes - affordable % rental stock</i>	<i>Moderate Incomes - affordable % rental stock</i>
Cessnock	11%	58%	93%
Gosford	10%	39%	83%
Lake Macquarie	10%	36%	86%
Maitland	12%	35%	88%
Newcastle	18%	38%	78%
Port Stephens	9%	45%	88%
Wyong	10%	48%	89%

Source: Centre for Affordable Housing (2012). Income bands are compared to median: 'Very low' (<50%); 'Low' (50%-80%) and 'Moderate' (80-120%). Data as at September 2012

Housing stress affects the lowest income households most severely. From Table 18, households with incomes below 50% of the median can afford a very small proportion of the available private rental housing.

Purchase affordability

A similar picture to rental affordability is shown in Table 19 which shows housing stress among purchasers. Again, this table shows the percentage of all households in stress.

Research has previously noted that 'mortgage stress' is more evenly distributed across the income bands than 'rental stress', with around 3 out of 4 households in the lowest 20% of the income range experiencing stress, and over half of those in the 20% above this. Gosford and Wyong have the highest levels of mortgage stress according to the data.

Table 19: Purchasers in housing stress, 2011

	<i>% in housing stress</i>
Gosford	10.20%
Wyong	10.20%
Cessnock	8.20%
Lake Macquarie	8.70%
Maitland	8.60%
Newcastle	7.40%
Port Stephens	8.40%
NSW	10.50%

Source: ABS (2011), percentage of all households

Table 20 shows the proportion of dwellings that are affordable to lower income households. Not surprisingly, very low income households (i.e. income 50% of the LGA median or less) are effectively locked out of home ownership, as are most households with income closer to the median. Affordability for moderate income households is best in Wyong and Cessnock.

Table 20: Affordable purchase stock, 2012

	<i>Very Low Incomes affordable %</i> <i>purchase stock</i>	<i>Low Incomes affordable %</i> <i>purchase stock</i>	<i>Moderate Incomes affordable %</i> <i>purchase stock</i>
Cessnock	0%	36%	78%
Gosford	0%	4%	42%
Lake Macquarie	0%	4%	44%
Maitland	1%	12%	54%
Newcastle	0%	3%	44%
Port Stephens	0%	12%	50%
Wyong	0%	14%	63%

Source: Centre for Affordable Housing (2012). Data as at September 2012

Relatively stable housing prices mean that purchase affordability in the region has improved somewhat in recent years, although it remains almost impossible for Very Low and Low income households to buy a home in the region unless they have access to additional funds such as financial contributions from parents.

Consequently, lower income households are usually limited to rental options. Even for moderate income households, there are limited options, although it is worth noting that the Central Coast and Lower Hunter are more affordable than metropolitan Sydney.

In summary:

- Housing affordability has improved for purchasers over the last few years, but not for renters.
- Affordability problems are greater in the Central Coast than the Lower Hunter for both renters and purchasers.
- Very high levels of housing stress are faced by Very Low Income renters.

It is important to recognise that patterns of housing stress are not uniform within an

LGA. Housing stress in Gosford LGA is greatest in the areas around Gosford City and around Ettalong Beach, and in coastal suburbs from Avoca Beach to Terrigal.

In Wyong LGA housing stress is greatest around the shores of Lake Tuggerah and up to Gwandalan. However, there are a number of sparsely populated coastal districts where housing stress is low. In the Lower Hunter LGAs, housing stress is greatest in the older urban areas, particularly in those parts of Newcastle which are gentrifying.

3.5 Social housing waiting lists

Section 2 of this report detailed the supply of social housing across the study area. Data from housing waiting lists can be used to indicate the types and locations of housing that are in particularly short supply. This can help Pacific Link plan the most appropriate locations for, and specific types of new social housing and future service provision.

From the latest data available, across NSW there were over 56,000 eligible applicants on waiting lists for social housing at the end of 2011 (NSW Government, 2010a).

This figure equates to approximately 600 people on social housing waiting lists per 100,000 residents in NSW. Rates are higher in the study area: nearly 800 waiting per 100,000 residents in the Lower Hunter and over 1100 in the Central Coast.

Table 21 shows the most recent available data for numbers on the Housing Pathways waiting list across the study area. By far the largest waiting lists for social housing are in Gosford, Wyong and Newcastle. However, given the low stock of social housing on the Central Coast, the prospects for applicants there are worse than in other areas.

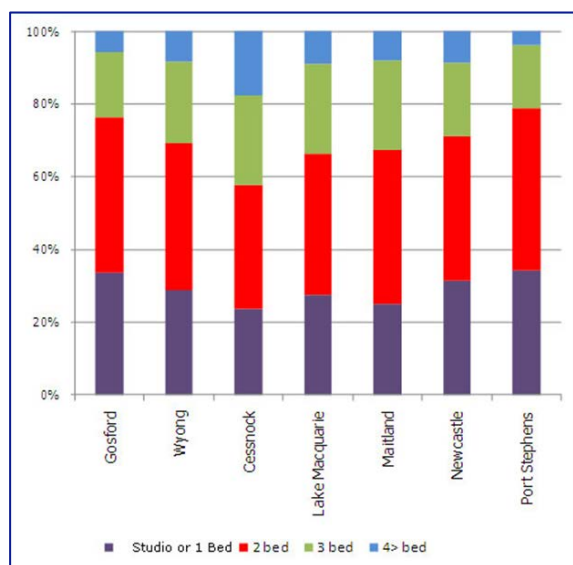
Table 21: Waiting lists, 2011

	<i>Number on list 2010</i>
Gosford	1,916
Wyong	1,964
Cessnock	231
Lake Macquarie	899
Maitland	890
Newcastle	2,147
Port Stephens	202

Source: Data supplied by Pacific Link

Figure 12 shows the breakdown of housing requirements among waiting list applicants. Greatest demand is for smaller properties with up to two bedrooms. This is particularly the case in the Central Coast, Newcastle and Port Stephens.

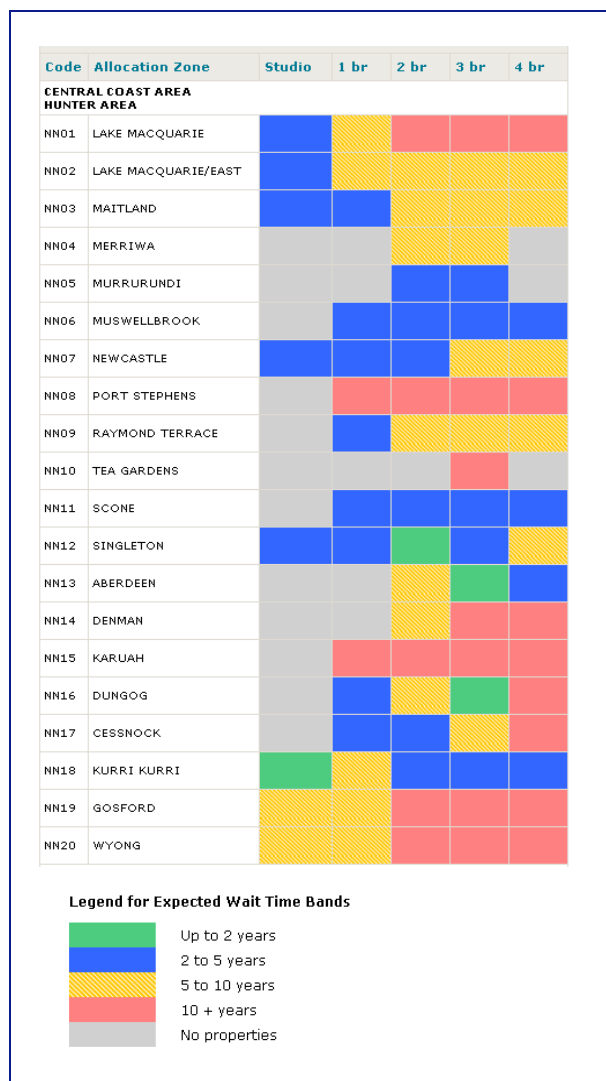
Figure 12: Waiting lists by household type, 2006



Source: Housing NSW 2006. Updated data is no longer published

Figure 13 shows projected waiting times for different sizes of dwelling in each Housing Allocation Zones in the Hunter and Central Coast, for non-priority applicants. Note that these Zones are areas used by Housing NSW and do not correspond to LGA or other boundaries. There are very few areas shaded green, with a 'reasonable' waiting time of up to two years. Many areas have waiting lists in excess of a decade.

Figure 13: Social housing waiting lists, 2012



Source: Housing NSW website

The chart illustrates the particular shortage of social housing on the Central Coast, where all categories of dwelling show a minimum wait period of 5 years. Availability is best in Muswellbrook and Scone, but these areas have limited employment opportunities. The chart also shows the lack of small units for single people and couples across much of the study area, with no studio or one bedroom units in the social housing stock in many areas.

The demand for social housing in each area depends to a significant degree on the mix of available stock. State-wide, over 40% of housing NSW's public housing stock is three bedroom, according to the most recently

published data, while 27% is two bedroom and 26% one bedroom or bedsits. Only 7% has four or more bedrooms.

Over the next 10 years, the Central Coast is projected to remain the more challenged part of the study area, in terms of social housing provision with particular problems in Wyong LGA. Maitland, another fast growing area, faces similar issues.

Finally, it is important to note that a significant proportion of social housing lettings are made to priority applicants. In 2011, 4,599 of 11,276 new lettings were to priority households. Particularly high priority is given to people who are homeless or threatened with homelessness.

Table 22: Homelessness 2011

	<i>Homeless persons</i>	<i>Severely over-crowded</i>	<i>Marginally housed in caravan parks</i>
	no.	no.	no.
Gosford	404	171	33
Wyong	364	207	274
Lower Hunter	190	141	31
Maitland	111	107	61
Port Stephens	108	54	110
Lake Macquarie E	248	106	62
Lake Macquarie W	154	87	125
Newcastle	667	203	0

Source: ABS 2011. 'Homeless' includes those in emergency accommodation, boarding houses, staying with friends, and severely overcrowded.

Data from the 2011 Census indicates that homelessness rates are similar to those found in 2006 and are particularly high in Newcastle. Note the ABS definition of 'homeless' includes those in boarding houses. All the region's boarding houses are in Newcastle, accommodating 250 people.

In both the sub-regions in the study area in 2011, homelessness was at a lower rate than for NSW as a whole. However, data on homeless rates should be treated with caution. Accurate information is notoriously difficult to obtain and verify, and the Census likely to underestimate numbers.

3.6 Increasing social housing

During the last two decades public housing in Australia has become 'residualised', that is, a limited stock is increasingly allocated to tenants with high and often multiple/complex needs. As rents are income-based, the revenue of State Housing Authorities has been under substantial pressure. Around 80% of Australian public housing tenants are in the lowest 20% of the income range (Jacobs et al., 2009).

Housing NSW has struggled to maintain the public housing stock, and has had very limited funds available to augment it. In the nine years to 2007/08, state housing authorities national funding fell by 24 per cent in real terms (Productivity Commission, 2009: vol 1, p.16.6).

Poor stock repair and concentration of tenants with high needs in public housing has led to calls for a move away from single tenure public housing estates. Several estate renewal projects are underway and more are planned. In general, these are partly self-funded by introducing new private sector housing to the estates.

The Windale area in Lake Macquarie LGA has been identified for mixed tenure renewal. This is expected to involve the sale of some land and properties. No information is available on progress.

New social housing

Despite growing demand, social housing supply did not expand over an extended period from the mid-1990s and has seen only very marginal growth over the last few years.

As part of the Nation Building Economic Stimulus Plan the Commonwealth invested \$2.9 billion to deliver new social housing units in NSW. Some 90% of these new properties are now owned and run by community housing providers. In the study area, Newcastle-based Compass Housing received properties under the Package.

The main longer-term program for building new affordable housing is the National Rental Affordability Scheme (NRAS). Under this, subsidies are provided to ensure that properties are rented to eligible applicants for 10 years at 80% of local market rental levels or less.

Table 23 shows progress with NRAS allocations from Rounds 1 to 4 in the study area. Of the 702 allocations, 229 to date have resulted in delivered properties. This is a similar success rate to nationally.

The Central Coast and Lower Hunter have received a relatively good allocation of NRAS incentives, though with some awards it is not clear which area is the target. The main beneficiary has been Compass Housing (229 incentives), followed by Community Housing Limited (150 incentives). Three private sector bidders have also received NRAS allocations.

The Stimulus Package and NRAS funded properties, while welcome, will only make a small impact on the study area's housing affordability challenges. They are balanced against the proposed sales of public housing in Lake Macquarie, which will reduce social housing stock, and the continuing demand for new homes detailed in section 2.

Table 23: Delivery progress with NRAS allocation

	<i>Postcode</i>	<i>Built</i>	<i>Reserved</i>	<i>Total</i>
Aberdare	2325	3	0	3
Cardiff	2285	2	0	2
Cessnock	2325	15	0	15
Charlestown	2290	0	42	42
Charmhaven	2263	20	0	20
East Maitland	2323	6	0	6
Edgeworth	2285	7	0	7
Elmore Vale	2287	10	0	10
Fennel Bay	2283	13	0	13
Gorokan	2263	3	0	3
Gosford	2250	32	61	93
Hamlyn Ter.	2259	0	40	40
Islington	2296	8	26	34
Jesmond	2299	4	0	4
Maitland	2320	0	35	35
Marks Point	2280	0	40	40
Mayfield	2304	0	40	40
Mount Hutton	2290	7	0	7
Newcastle	2300	30	0	30
Newcastle W	2302	1	0	1
Niagara Park	2250	0	62	62
N Gosford	2250	8	58	66
Raymond Ter.	2324	17	11	28
Springfield	2250	0	1	1
Tighes Hill	2297	8	0	8
Wadalba	2259	9	0	9
Wallsend	2287	10	57	67
Waratah	2298	14	0	14
Watanobbi	2259	2	0	2

Source: National Rental Affordability Scheme Monthly Performance Report, (Australian Government, 2012)

3.7 Social issues

There are a number of social issues facing the Central Coast and Lower Hunter:

- Recent population increases have challenged existing human services both in sheer demand for service, as well as the variety and complexity of

services needed. This will take large investment to resolve.

- Population growth has not always been accompanied by a similar rise in the number of jobs. Fast growing areas in the Central Coast act in part as dormitory outer suburbs for workers employed outside the region.
- Some parts of the region are characterised by smaller towns and villages with poor public transport links. Lower income groups living in areas of high social disadvantage may not be able to easily and affordably travel to parts of the region where there are jobs.
- Sea and tree change migrants, and others buying second homes in the region, generally tend to buy existing properties. Existing residents may be displaced over time (Barr, 2009).
- Some social housing in the region was located to serve traditional industries. As these have declined, the housing has become relatively isolated from employment. Over recent years, the proportion of social housing residents able to work has diminished due to an ageing population and residualisation.

The issue of social disadvantage is particularly important to community housing providers such as Pacific Link. Due to the residualisation of social housing, most new applicants have complex needs rather than simply being in a low income group. This provides challenges to both State Housing Authorities and community providers.

Pacific Link have procedures to assist tenants with complex needs, through their own staff, often working in partnership with local and regional not-for-profit social service providers. This has led to strong networks of support being built in region, helping build community cohesion. This

networked and service/housing mix strategy is in contrast to most of the 'growth' community housing groups across Australia.

3.8 Conclusions

Central Coast and Lower Hunter housing markets are characterised by significant housing affordability issues especially for low income renters. These are made worse by a relatively low supply of social rental housing. Most affected are the lowest income households seeking accommodation on the private rental market, and renters with fixed incomes, including older people.

Housing stress among renters has, if anything increased in recent years, due to continuing rises in rents. Stress among buyers has decreased due to stable prices and lower interest rates, although many borrowers remain vulnerable, particularly if they lose their employment or go through relationship breakdown.

Traditional sources of low cost rental housing (including older-style housing stock, caravan parks and boarding houses) are declining due to development pressures.

The supply of social housing and affordable housing is not keeping pace with population growth anywhere in the study area. There is a particular shortage of social housing in Wyong and Gosford. Recent initiatives to build new affordable rental housing will have some impact, although the numbers are modest compared to demand.

In general, new greenfield housing development across the region will be concentrated in a small number of areas, the largest being in Wyong. At present, strategies are not in place to ensure social and affordable housing are provided in these developments.

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NSW Department of Planning and
Infrastructure

The Lower Hunter over the next 20 years

Submission from
Pacific Link Housing

May 2013



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Submission prepared with the assistance of Dr Tony Gilmour, Housing Action Network with assistance from George Porter

3 May 2013

Hon Brad Hazzard MP
Minister for Planning and Infrastructure
Department of Planning and Infrastructure
Newcastle Office
PO Box 1226
Newcastle NSW 2300

Dear Minister

The Lower Hunter over the next 20 years

On behalf of Pacific Link Housing Ltd (Pacific Link), I am pleased to submit this response to the recent Discussion Paper. Pacific Link is responding to issues regarding housing our growing population, with a particular focus on social and affordable housing.

As a leading community housing provider in the region we value this opportunity to assist the NSW Department of Planning and Infrastructure plan future housing solutions for the Lower Hunter. With almost 30 years' experience in the community housing sector, Pacific Link is well positioned to provide input on contemporary ways of helping deliver the Government's objectives.

NSW Government is currently undertaking the first significant overhaul of the planning system in over 30 years. This is a welcome change towards using a more market-based approach. Furthermore, recent initiatives have looked at ways of increasing new land for development in the outer areas of the Sydney metropolitan region.

It is important that the planning system is used to try and ensure the supply of new properties meets demand not just in terms of numbers, but also size, location and affordability. Pacific Link has already started to partner with Wyong Council on new land-release development projects - a big step forward. This approach needs to be followed elsewhere, especially in areas such as the Lower Hunter where the housing market is out of equilibrium.

Pacific Link Housing look forward to continuing working with State Government and helping deliver our shared goals of greater housing choice for all NSW residents, de-concentrating pockets of social disadvantage and increasing the efficiency and effectiveness of the NSW housing system.

Yours faithfully

Keith Gavin
Chief Executive Officer

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Executive Summary

Pacific Link provides community housing in the Lower Hunter and Central Coast regions. Our tenants comprise mainly low income households, in many cases experiencing disadvantage and complex needs.

The Lower Hunter's population is growing and is expected to continue to grow. This will put increasing pressure on local housing markets (both for sale and rental), with lower income and disadvantaged groups particularly vulnerable. There is already an acute shortage of homes for households with low incomes and without action this situation can be expected to worsen.

The composition of the population continues to change, with many more small households and an ageing population. The make-up of the housing stock is not matching these changing demographics, with most new homes having three to five bedrooms.

Much of the limited stock of more affordable homes in the Lower Hunter is not well located for lower income households. Older stock, including much social housing, was often built in areas of mining and manufacturing industry where employment opportunities have declined. Much new housing is being built in areas with few facilities and limited public transport access.

There is already an undersupply of housing compared to underlying demand, and in the short to medium this can be expected to put further pressure on housing prices, which are already unaffordable for most households with income at or below the median.

The recent Census has highlighted the slow rate of development of new properties. Between 2006 and 2011 the supply of new dwellings was only around two thirds needed in the Lower Hunter region.

There is particular pressure in the Lower Hunter on private rental markets, and rents have continued to rise over the last few years despite flat housing sale prices. As a result, affordability problems for lower income households who are not eligible for social housing have become severe. At the same time, the stock of social housing including community housing in the Region is very limited, and cannot meet even a fraction of the demand for affordable homes.

In the Lower Hunter, the main factor underpinning affordability issues is lower incomes. Although purchase prices are below Sydney levels, and largely flat, purchase can only be considered by those whose incomes are close to or above the local median. Furthermore, the 2011 Census indicated regional incomes are rising more slowly than in Sydney.

The greatest 'housing stress' is currently faced by very low income renters. Particularly vulnerable are older people, those relying on government benefits and others with fixed incomes. In 2012 households earning less than 50% of the area's median income could afford only around one in ten local rental properties.

State Government policies set targets for future levels of housing supply, but not for particular price points or size of property. Given the cost of producing new housing, and the market preference for larger detached dwellings, market mechanisms may continue to fail to produce the affordable homes needed in the region.

Social rental housing is already in short supply in the area, and waiting lists long. Commonwealth initiatives like NRAS have produced only modest numbers of new properties and funds are extremely limited for construction or acquisition outside these initiatives. As a result, the proportion of

social housing in the total stock looks set to continue falling from already low levels.

The issue of social disadvantage is particularly important in the Lower Hunter. Due to the residualisation of social housing, most new applicants have complex needs rather than simply having low incomes. Many older public housing estates evidence concentrations of disadvantage, and are increasingly expensive to maintain.

Ways forward

The new Lower Hunter Regional Strategy needs to address many longstanding housing challenges in the Lower Hunter, and form the basis for further growth in Australia's seventh largest region. This will require careful coordination between Government agencies, local councils, the private sector and not for profits.

As a first step, we propose that the Lower Hunter Strategy should require all Councils to investigate housing needs in their areas and prepare a Housing Strategy that identifies specific steps that will be taken to improve the availability of affordable homes.

Pacific Link is an important social landlord in the region, and can play a significant role in ameliorating several of the housing issues identified in the Discussion Paper. However, it needs State Government to better align planning approaches with housing policy.

Class One community housing providers such as Pacific Link are in a good position to

increase the supply of social and affordable housing. Using our growing development capacity, and favourable tax settings, we can build new homes in areas supported by Government. Unlike a private developer, we do not just build to maximise profitability. All surpluses made by Pacific Link are re-invested in further good outcomes.

Unlike public housing, organisations like Pacific Link can raise private finance and make running social housing a financially sustainable activity. Across Australia, and the developed world, not-for-profit organisations are taking the lead in delivering outsourced Government services.

There is a continuing need to renew public stock, and move to mixed tenure communities to reduce concentrations of disadvantage. In the Lower Hunter in particular, several current public housing estates are not well located relative to employment. Pacific Link already partners with Housing NSW on the Central Coast, and more schemes of this type but at larger scale will be needed in the Lower Hunter.

If left entirely to the market, there may be continued under-production of smaller, well located affordable homes in areas facing the highest levels of housing stress. Social enterprises like Pacific Link are well placed to use entrepreneurial approaches to deliver the planning, social, economic and community outcomes required by NSW Government in the Lower Hunter.

Pacific Link Housing will continue to provide and further develop affordable and appropriate housing solutions for those in the community who are in the greatest need.

The company will operate within a culture of social justice, fairness and transparency and remain accountable to all stakeholders.

1 Lower Hunter: planning and housing

Pacific Link, as a major provider of low cost rental housing on the Central Coast and Lower Hunter, has a good understanding of many of the issues affecting the Lower Hunter, having operated in the region for many years.

We particularly share Government's aim of reducing the imbalance between housing supply and demand in order to reduce the rising challenges of housing affordability.

1.1 Economic development

We believe economic development should benefit the whole community. In particular, access to employment opportunities needs to be supported by appropriately located and affordable housing options, and public transport links.

The Lower Hunter is a dynamic region, a major centre of economic activity, and the seventh largest urban area in Australia with a population of 520,666 (2011). In addition to the major urban centre of Newcastle, there are also regional centres at Charlestown, Cessnock, Maitland and Raymond Terrace and emerging centres of Morisset and Glendale-Cardiff.

The economy of the Region has been transformed in recent years, and as a result displays elements of decline, particularly in parts of the engineering and manufacturing sectors, and strong growth, particularly in the resources sector.

Mining is still very important and the Region hosts the world's largest coal exporting port. It also features large areas of rural, agricultural and forested lands, with a major river and coastal estuary which are important environmental assets.

Consequently, the region's economy and population are diverse, and exhibit greatly varying needs from place to place and from one population group to the next.

1.2 Population growth

Strong population growth is likely to continue. It will be important for all levels of government to plan for this growth, including provision of adequate and appropriate housing choices and social infrastructure.

Population growth estimates are currently being updated to reflect the findings of the 2011 Census, but it is reasonable to assume that regional growth will be at rates amongst the highest in NSW, despite being slightly lower than seen during the early years of this century in most Lower Hunter local government areas.

According to 2010 estimates by the NSW Government, projected growth for the thirty years to 2036 is 31% for Lower Hunter (see Table 1).

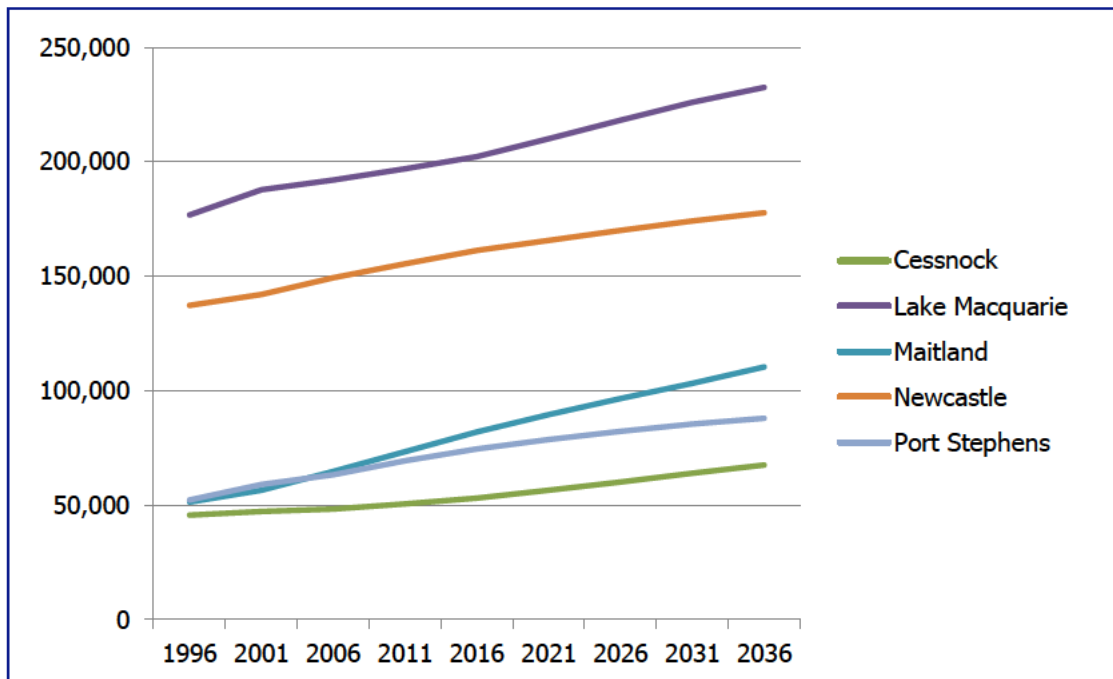
Table 1: Regional population forecasts to 2036

Area	2036	Change
Sydney Metro	5,982,100	+ 40%
Lower Hunter	675,900	+ 31%
Illawarra	529,100	+ 22%

Source: NSW Government (2010). Sydney Metro includes the area south of the Central Coast and north of Illawarra

In percentage terms, growth rates in Maitland LGA are expected to continue to be the greatest in the Lower Hunter region. The rate of growth in Newcastle and Lake Macquarie will be much slower, but still large in absolute numbers. Figure 1 shows projected population change in absolute numbers to 2036.

Figure 1: Population change, 1996-2036



Source: NSW Government (2010)

Some commentators dispute the assumptions used in preparing these projections, but overall there is agreement that substantial growth must be catered for.

1.3 Housing demand

Population growth leads to additional housing demand. However, this cannot simply be addressed by providing a targeted number of additional homes: aspects of demand that must also be considered include location, types of housing, and affordability.

The overall demand for future housing in the study area will depend on a number of factors including:

- Population growth including migration
- Household composition and size
- Housing affordability
- Lifestyle and market preferences

Table 2 calculates the amount of new housing required in the study area based on State Government estimates of population growth and occupancy levels. Applying the

NSW Government's assumptions, the Lower Hunter will require 96,670 new dwellings by 2036.

These assumptions include a future average household size of 2.11 persons per dwelling. This reflects more people living alone, lower fertility rates and general effects of an ageing population.

However the decline in household sizes has ceased in the last five years in most areas. Rates in 2011 were similar to or marginally higher than those found in 2006, ranging from 2.4 people per household in Newcastle to 2.7 in Maitland.

Table 2: Housing demand to 2036

Lower Hunter	
Estimated population, 2036	675,900
Dwelling occupancy	2.11
Properties required, 2036	320,000
Housing stock, 2011	222,330
New dwellings required	96,670
New dwellings each year	3,867

Source: NSW Government (2010) for first two lines

Other aspects of demographic change will affect housing demand in the future. In particular, many single person households and older people will seek smaller homes, which will also be sought by other households for affordability and lifestyle.

As the following table shows, about a quarter of households in the Lower Hunter region have only one person. The proportion is highest in Newcastle.

Table 3: Household composition, 2011

	<i>Families</i>	<i>Single persons</i>	<i>Groups</i>
Cessnock	73.6%	23.8%	2.6%
Lake Macquarie	73.8%	23.9%	2.3%
Maitland	76.1%	21.5%	2.4%
Newcastle	63.8%	29.5%	6.6%
Port Stephens	73.2%	24.6%	2.3%
NSW	71.9%	24.2%	3.8%

Source: ABS (2011). Totals do not add up to 100%: the balance is Other families.

The ageing population is a key issue for all parts of Australia and particularly so for much of the region, especially Lake Macquarie and Port Stephens LGAs. The proportion currently ranges from 19.3% in Port Stephens down to 12.7% in Maitland. Key data is presented in the Table 4.

Conversely, the proportion of children aged 0-14 has fallen in every LGA across the region and now ranges from 22% in Maitland down to 17% in Newcastle.

Table 4: Population by age, 2011

	<i>Median age</i>	<i>% aged 0-14</i>	<i>% aged 65+</i>
Cessnock	37	21.4	14.1
Lake Macquarie	41	18.6	18.4
Maitland	36	22	12.7
Newcastle	37	17	15.4
Port Stephens	42	19.5	19.3
NSW	38	19.1	14.6

Source: ABS (2011)

When considering future housing demand, it will be important for the Lower Hunter Strategy to examine components of that demand, including existing unmet demand. In particular, there is already a shortage of affordable accommodation in the Lower Hunter for the lowest income households (those with 50% or less of median income).

The vast majority of private rental accommodation and all the accommodation available for purchase is unaffordable using the standard benchmarks. Looking more widely at the needs of all households with incomes at or below the median (that is, half of all households) the majority of homes to rent and the great majority of homes for purchase are unaffordable.

In practice, the private sector will not be able to meet the needs of most very low income households, nor of those households with complex needs. This highlights the need to maximise the delivery of additional social and community housing in the Lower Hunter.

The following tables summarise the availability of affordable accommodation for low, low to moderate and moderate income households in the various Lower Hunter LGAs at the end of 2012.

Table 5: Affordable rental stock September 2012

<i>Area</i>	<i>Very Low Incomes - affordable % of rental stock</i>	<i>Low Incomes - affordable % of rental stock</i>	<i>Moderate Incomes - affordable % of rental stock</i>
Cessnock	11	58	93
Lake Macquarie	10	36	86
Maitland	12	35	88
Newcastle	18	38	78
Port Stephens	9	45	88

Source: Centre for Affordable Housing (2012). All figures are percentages. Income bands are in a range compared to

median: 'Very low' (<50%); 'Low' (50%-80%) and 'Moderate' (80-120%)

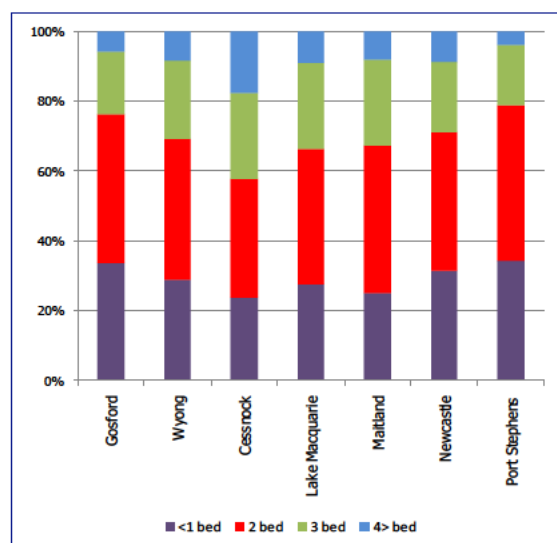
Table 6: Affordable purchase stock, Sep 2012

Area	Very Low Incomes - affordable % of purchase stock	Low Incomes - affordable % of purchase stock	Moderate Incomes affordable % of purchase stock
Cessnock	0	36	78
Lake Macquarie	0	4	44
Maitland	1	12	54
Newcastle	0	3	44
Port Stephens	0	12	50

Source: As previous table.

Finally, while the private sector generally concentrates on constructing large houses, it is important to recognise that a large proportion of the unmet demand for social and community housing is for small dwellings. As the following table shows, between 60% and 80% of social housing applicants in most LGAs in the Region require 1 or 2 bedroom dwellings.

Figure 2: Waiting lists by household type, 2006



Source: Housing NSW 2006. Updated data is no longer published. Includes adjacent LGAs.

1.4 Housing supply

One of the factors affecting the affordability of housing has been the lag between growth of housing supply and the growth in the population. The choice, location and cost of new housing supply have also inadequately matched the needs of the Lower Hunter community.

Population has grown faster than housing supply in the Lower Hunter over recent years. This is a widespread phenomenon. According to the National Housing Supply Council, in NSW in 2012 the shortfall of supply compared to underlying demand reached 89,000 dwellings. (Australian Government, 2010a).

The new Regional Strategy will need to ensure that future housing demand will be met. This will involve ensuring that targets are realistic and that new release land and infill locations are in areas which can be efficiently developed. The development industry has raised concerns that previous targets have not been achievable, because:

- Targets for the proportion of higher density infill developments are unrealistic at least in the short term.
- The Lower Hunter has special factors which may delay new building projects such as fragmented land ownership, mining subsidence and the need for conservation.
- Inadequate transport infrastructure may limit the attractiveness of some of the sites identified by Government for development.

1.5 Housing diversity

Housing diversity across the Region is relatively poor. The housing stock is dominated by detached houses. Public and community housing providers are desperately in need of additional smaller dwellings in many areas.

From Table 7, all LGAs in the study area have a higher proportion of detached housing than either metropolitan Sydney or NSW. This housing form is most prevalent in the north and west of the study area, reaching 87% in Maitland LGA and 91% in Cessnock.

Most attached dwellings are semi-detached or terraces, with only modest numbers of apartments. Outside Newcastle LGA, very few apartments are three storeys or more in height.

Table 7: Housing type, 2011

Area	Separate house	Attached dwelling	Other
Cessnock	91.1%	8.1%	0.8%
Lake Macquarie	86.4%	13.1%	0.5%
Maitland	87.2%	11.9%	0.8%
Newcastle	71.6%	27.7%	0.9%
Port Stephens	82.4%	15.4%	2.2%
NSW	69.5%	29.5%	1.0%

Source: ABS (2011) 'Attached dwelling' includes flats and townhouses

Other dwelling types are significant in some coastal areas, especially Port Stephens LGA, mainly in the form of residential parks (caravans and mobile homes).

Traditionally these parks have been significant sources of lower cost housing, particularly in coastal areas (Bunce, 2010). However, many residents are vulnerable. A study in Gosford found that the income levels among residents were very low and that the vast majority of residents were

either retired or living on a disability pension (Lilley, 2010).

Some people live in caravans as homes of last resort because they cannot secure rental housing due to poverty or a poor rental history. Many residents of residential parks own their own mobile home, but under existing arrangements the site is rented. Homelessness can occur if the park is closed for redevelopment, and Housing NSW has arranged to provide emergency assistance to people in this situation.

Housing diversity has improved somewhat in recent years, particularly with the development of more attached dwellings. On the other hand, detached homes have generally become larger, with 4 and 5 bedrooms being normal in many new developments.

1.6 Future housing development

The current Regional Planning Strategy for the Lower Hunter was released in 2006 (DOP 2006). This strategy summarised how the planning system can facilitate and direct development, including housing development.

In 2006, the Lower Hunter had around 220,000 dwellings, and the Strategy estimated that an additional 117,000 dwellings will be required to house the Region's growing population over the next period to 2036 (Table 8). The Strategy identified a key challenge as moving away from a focus on low density new housing in new release areas towards infill.

Table 8: Lower Hunter dwelling targets to 2006-2036

	<i>Centres and corridors</i>	<i>Urban infill</i>	<i>Total infill</i>	<i>New release</i>	<i>Total dwellings</i>
Cessnock	500	1,500	2,000	19,700	21,700
Maitland	2,000	3,000	5,000	21,500	26,500
Port Stephens	3,300	2,000	5,300	7,200	12,500
Newcastle	12,200	2,500	14,700	5,800	20,500
Lake Macquarie	14,000	7,000	21,000	15,000	36,000
Total	32,000	16,000	48,000	69,200	117,200

Source: Lower Hunter Regional Strategy (DOP 2008)

Subsequent to the release of the Strategy, the rate of housing development slowed significantly, although this decline has now been reversed. However, housing provision has not kept up with demand projections, and a large amount of zoned residential land is still undeveloped.

Recently released information highlights the challenges over recent years in delivering additional housing into the study area. The annual shortfall in new household supply is considerable. As **Error! Not a valid bookmark self-reference.** shows, the supply of homes increased by only 12,241 from 2006-2011, representing an annual shortfall of 1,383 dwellings.

Table 9: Housing supply and demand

	<i>Lower Hunter</i>
Dwellings, 2006	209,916
Dwellings, 2011	222,330
Total increase	12,214
Annual supply	2,484
Annual demand	3,867
Annual shortfall	1,383
% shortfall	36%

Source: ABS (2006; 2011). Demand figures are taken from Table 12. Total dwelling numbers

However, a more detailed analysis of the 2011 Census indicates the position may be worse than this suggests, as the proportion of unoccupied homes has increased strongly. The Census found that the number of occupied homes grew by only 4,298 from 2006-2011, representing a 78% shortfall compared to population growth.

1.7 Conclusions

The Lower Hunter has limited diversity of housing stock, particularly outside the major urban areas of Newcastle, and the great majority of dwellings are detached houses. There has been some change in the mix of new supply between 2006 and 2011, though this is so far too small to have a major impact. The housing stock is failing to match the demand for smaller, more affordable and well located properties.

Levels of home ownership are high, reaching almost 75% in Cessnock LGA. In areas of established housing and in areas popular with retirees, a large proportion of home owners are mortgage-free. Levels of private rental are generally similar to or below the NSW average, except Newcastle and Port Stephens. The level in Lake Macquarie is especially low.

The proportion of dwellings let as social housing is significantly lower than the NSW average in Cessnock. More widely, some of the existing social housing stock is unsatisfactory because of its age or condition, or because it is poorly located relative to current employment or because it is highly concentrated in disadvantaged estates.

Between 2006 and 2011, housing supply failed to keep up with housing demand. The supply of new dwellings is only around two thirds the levels required in the Lower Hunter, and possibly much less. Government planning needs to ensure that not only is housing supply increased, but that it includes a good proportion of homes affordable to low and moderate income households in the Lower Hunter.

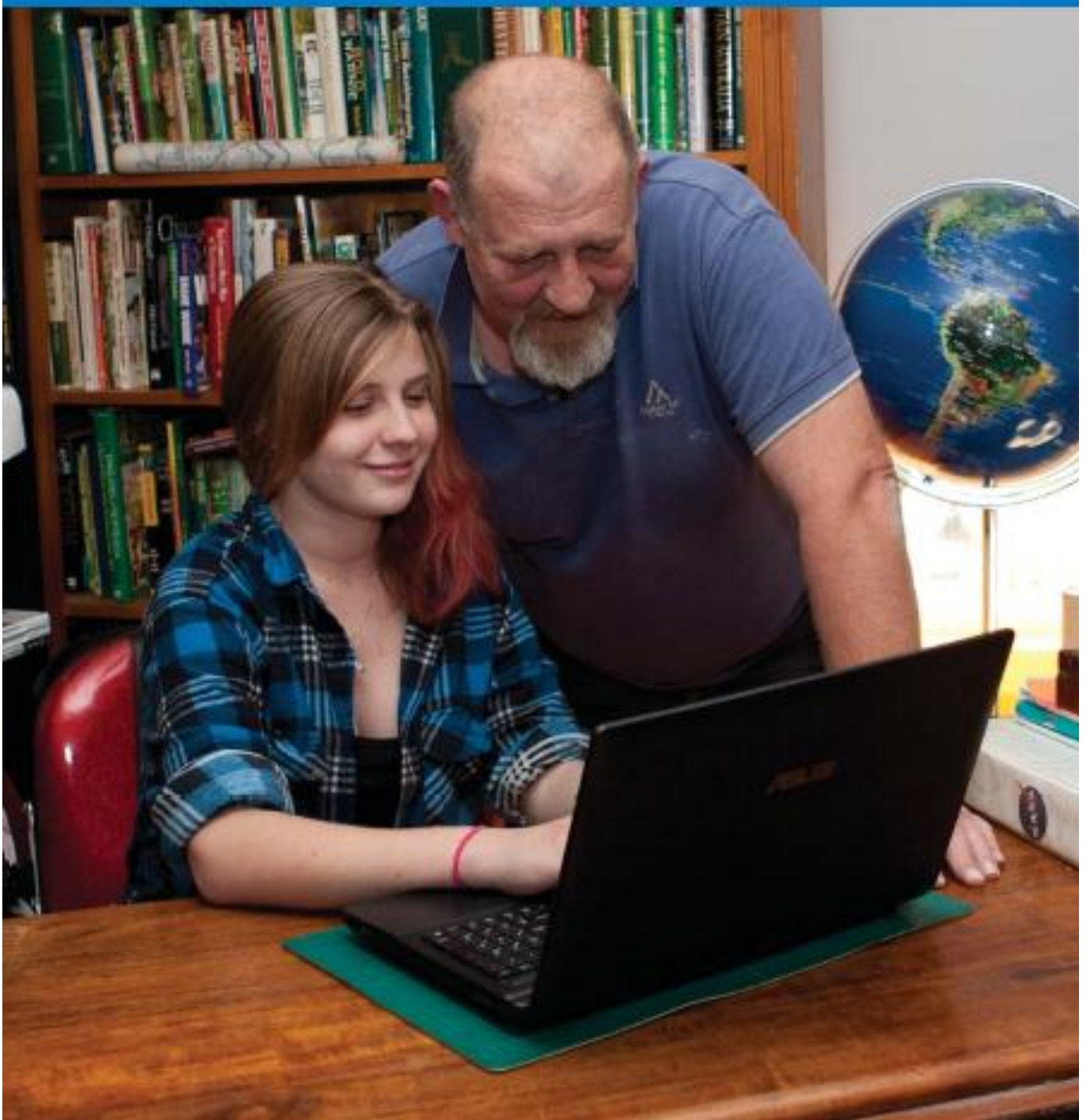


PACIFIC LINK

HOUSING

Home & Community

Pacific Link's laptop purchase program has allowed Rebecca and Dennis to acquire a computer and pay off the loan in interest free instalments each fortnight. "The program benefits both of us by making it possible to carry out research, write papers for school and enjoy leisure activities and games as well."



2 Affordable housing delivery

Pacific Link is social enterprise, working in the Lower Hunter to better manage social housing on behalf of Government. While delivering quality tenancy management services, Pacific Link is also able to work efficiently and effectively in helping achieve a variety of the goals of the 'NSW 2021' strategy to help make NSW number one.

2.1 Contemporary community housing

Community housing is affordable rental housing (including social housing and sub-market priced rental housing) provided by not-for-profit organisations at below market rent for low to moderate income tenants. It forms an integral part of Australia's housing system by providing housing options that are reasonably priced, secure and responsive to the needs of the neighbourhoods in which the organisations operate.

Contemporary community housing organisations are run by professional managers, and supervised by highly skilled Boards of Directors. They are accountable to tenants, the community and government for the effectiveness of the service provided and their use of public funds.

Unlike the larger and centrally controlled public housing agencies such as Housing NSW, community housing providers can be more locally responsive. They work closely with local service agencies and not-for-profit partners, building social cohesion in what were once concentrated areas of social and economic disadvantage.

During the last decade the role of Australian community housing providers has been transformed, following similar patterns seen in North America and Europe.

Organisations such as Pacific Link have retained their local accountability and community focus, while becoming increasingly professional and innovative:

- Many community housing providers have raised private finance, increasing the pot of money available to invest in affordable housing without increasing State Government debt.
- Community housing organisations have become key partners in urban regeneration, and the transformation of troubled public housing estates. Many organisations are skilled at working closely with partners from the public and private sectors, and with other more traditional not-for-profit welfare agencies.
- Several not-for-profit organisations have helped subsidise new housing production through being involved in commercial property development schemes. This helps fund new affordable housing supply, and creates sustainable mixed-income, mixed-tenure neighbourhoods.
- Community housing organisations deliver excellent community outcomes. They have established social enterprises, involved tenants in their operation and innovated with new forms of neighbourhood support. This allows organisations to act as 'community anchors', integrating housing with human service support more effectively than if delivered direct by Government.
- Delivery of social housing by community housing providers is generally acknowledged to be at a lower cost than possible by State Government. This is in part due to the salary structure

of the sector, and the tax benefits enjoyed by not-for-profit organisations.

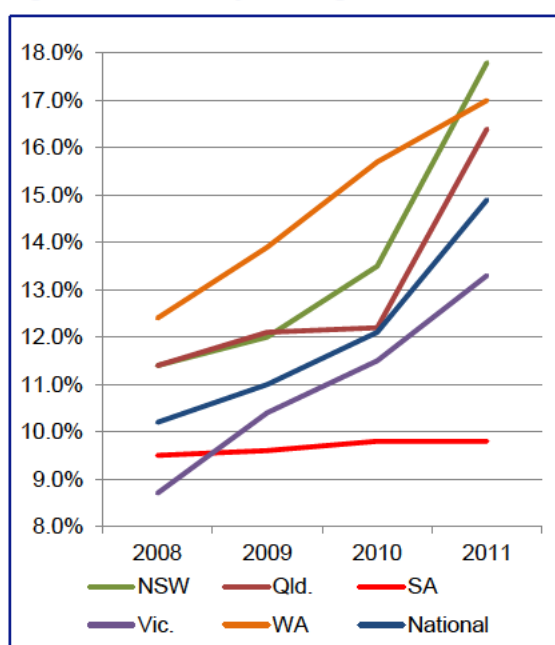
In 2009 Commonwealth and State Housing Ministers agreed to develop a large scale not-for-profit sector comprising up to 35% of social housing by 2014 (Australian Government, 2010b).

In NSW, title transfer to efficient community housing providers has been supported by the Coalition Government. This is to leverage private finance against the sector's assets to maximise the supply of new affordable housing for each dollar of direct State Government subsidy.

Sector Profile

With the support of the Commonwealth and State governments, there has been a substantial increase in the number of properties managed by the community housing sector over recent years. Figure 3 shows NSW leading the country in terms of the growth of the sector.

Figure 3: Community housing share, 2008-11



Source: AIHW (AIHW, 2009a; b; 2010a; b; 2011; 2012). Data as at 30 June each year. Chart shows proportion of community housing compared to total social

The community housing sector has become dominated by a small number of larger

'growth providers'. Of the 906 organisations in the sector in June 2011, managing 58,000 dwellings, only 81 managed more than 100 (AIHW, 2012).

It is really only the thirty or so very large organisations that have the capacity to develop new housing stock at scale (Milligan et al., 2009). Pacific Link, with some 900 properties, falls clearly into this 'growth provider' category.

2.2 Sustainable affordable housing growth

State Housing Authorities have suffered over decades from restricted Commonwealth finance, and have struggled to develop new housing stock or keep pace with necessary property maintenance. As large bureaucracies, they have become increasingly inefficient and not able to keep pace with the level of innovation in the community housing sector.

Housing NSW's portfolio of social housing properties has remained largely static for the last decade, and has failed to keep pace with growth in the state's population. Waiting lists are long and housing conditions deteriorating. In the larger public housing estates on the outskirts of metropolitan Sydney, State Government expenditure on property repairs, community services and policing have escalated.

By contrast, community housing organisations can grow their property portfolios. This can be achieved by offering a range of rent settings, including some 'affordable housing rents' which, in the case of National Rental Affordability Scheme (NRAS) properties, are typically up to 75% of market rents for community housing owned dwellings.

Community housing organisations can also capture Commonwealth Rent Assistance (CRA) on their properties. Cashflow surpluses generated per property can be used to raise bank finance, secured against

the property asset. Loans then fund new property construction.

Community housing providers also have the ability to receive philanthropic donations, either of land or of reduced prices for development work. This latter approach has helped finance a number of Common Ground homelessness initiatives across Australia. Furthermore, it is often possible to work closely with local councils who are keen to promote new supply of affordable housing. This is the approach taken by Pacific Link with Wyong Council.

Both overseas, and in most Australian jurisdictions, this leveraging approach to increasing the supply of affordable housing has become accepted government housing policy. It was a policy pioneered by Margaret Thatcher in Britain, and Ronald Reagan in the United States and in both countries has subsequently benefited from bi-partisan support.

2.3 Partnerships to re-develop social housing estates

Many jurisdictions in Australia and overseas are investing in transforming large, mono-tenure public housing estates using partnerships spanning the public, private and not-for-profit sectors. Aims usually include moving to a mixed-income, mixed-tenure model by introducing owner-occupied properties, increasing densities, renovating or re-building often tired public housing stock and transferring tenancy management from public housing agencies to community housing organisations.

Transforming estates is particularly important in areas such as the Lower Hunter where there are a number of

concentrated areas of public housing. Often these areas can limit the inflows of new private sector investment, in addition to becoming incubators of social issues.

Increasingly in social housing estate redevelopment, community housing organisations play a central role in cross-sectoral partnership. These schemes can transform the lives of people living in areas with concentrated disadvantage. A good example of the approach is the initiative launched by Pacific Link to transform outcomes in the Dunbar Way estate.

2.4 Building strong communities

Although community housing's core business of providing affordable rental accommodation reduces social exclusion, many organisations go further. Following the 'housing plus' approach popular in both Britain and the US, many organisations work in close association with other not-for-profits and government agencies to assist tenants to seek work, build skills and stabilise their family situation.

British research positions housing associations as 'community anchors' in the neighbourhoods in which they operate. Though housing providers cannot provide all the answers, they are often best placed to bring together the services of a number of different agencies (Wadhams, 2006). For the community housing provider, it often also makes business sense by protecting assets, cutting rent arrears, lowering the tenant turnover rate and reducing anti-social behaviour. Benefits also flow to State Government, through lower policing, welfare, health and other expenditure.



Nikidon came to be a tenant of PLH with the support of Regional Youth Support Services – RYSS, one of our many partner agencies, through their program for young persons. A keen musician, Nikidon is part of Musicians Making a Difference – a charity that uses the power of music to engage, inspire, educate & empower young people.

Rebecca, one of PLH's Housing Managers, works closely with our service partners to engage young persons and ensure they are able to sustain their tenancies; one part of her work she finds very rewarding

3 Pacific Link in the Lower Hunter

Pacific Link is committed and professional. We have the knowledge and ability to provide leadership in the Lower Hunter. We are research driven, with informed ideas and long term plans to deliver affordable community and social housing.

We work with local government and community service groups to provide a fully integrated range of services for tenants in need - and we never stop searching for better options and more effective methods.

3.1 Our organisation

Pacific Link Housing Ltd is a community housing provider which has been operating in the Lower Hunter and Central Coast since 1984. We manage 864 properties (including 66 for disabled), house 2,000 residents, employ 20 staff, have \$300 million in assets under management and an accumulated surplus of \$7.8 million as at year-end.

Our goal is to provide and further develop affordable and appropriate housing solutions for those in the community who are in the greatest need. The organisation operates within a culture of social justice, fairness and transparency and remains accountable to all stakeholders.

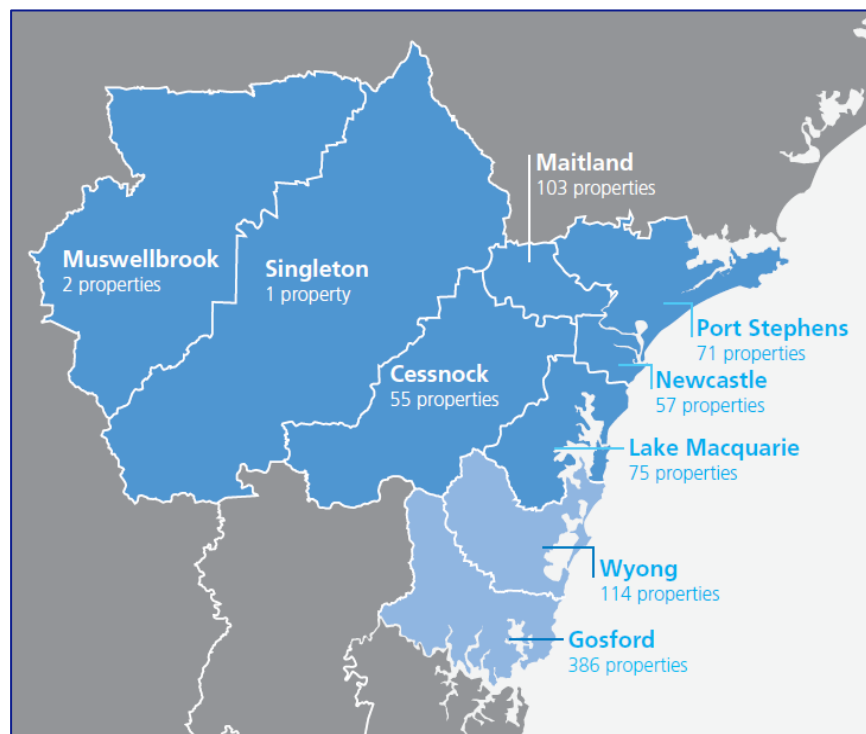
Pacific Link has a strong presence on the Central Coast and is seeking to increase the services it offers in the Lower Hunter. We

currently operate across the Lower Hunter, from Muswellbrook and Singleton to Port Stephens, Newcastle and Lake Macquarie.

Pacific Link provides special purpose housing in thirty diverse housing programs which include mental health, sole parents, young people and students, the aged, recovering substance users, aboriginal families, families exiting refuge accommodation, exiting custodial institutions, households with persons with a disability and refugee families.

We also manage over sixty properties on a fee for service basis for other agencies and are currently exploring strategies to develop Affordable Housing to further assist community members who are facing hardship affording increasing rental costs.

Pacific Link received 'growth' status in 1996 to enable the organisation to expand our core business and increase the housing portfolio. We are also one of the latest to



enter the top tier of community housing providers in NSW, having been appointed a Class One housing provider in early 2013.

3.2 Promoting social cohesion

Pacific Link aims to be more than just provider of social housing. While we certainly have a strong focus on ensuring tenants meet their lease obligations, we work with and engage our tenants, and encourage improvement in their physical and mental wellbeing to ensure they have a bright future. Pacific Link is committed to developing liveable communities and to developing skills and building capacity through tenant participation.

Through our work in building community cohesion, Pacific Link helps NSW Government address a variety of social and economic issues. Stable communities need lower investment in policing, property repair expenditure and social services. There are also greater opportunities to attract private sector investment in new residential development, and in business able to take advantage of a stable local workforce.

Pacific Link seeks to change the traditional perception of community housing as a permanent solution and plan to take a leading role in promoting the potential for tenants to transition through, and exit from, social housing.

This is essential to allow for the re-allocation

Pacific Link build neighbourhood cohesion

Pacific Link has received the backing of NSW Government to work towards the regeneration of the Dunbar Way public housing estate, North Gosford. There is evidence from the Census that the Dunbar Way neighbourhood is deprived, and isolated from activities in Gosford. Just under one third of households have no access to a car, twice the level for Gosford Council. In addition, only one third of homes have access to broadband internet access, lower than in neighbouring areas.

We are leading the following initiatives:

- Forming a strong partnership with key stakeholders: NSW Government, Gosford City Council, Coast Shelter, the police and other stakeholders
- Investing in Estate improvement measures such as improved lighting, security through a CCTV system, communal garden, a park and a children's play area
- Investing in improving the appearance of properties and gardens on the Estate though minor repairs, painting and landscaping
- Promoting the expansion of the Community Centre, through working with service provision partners to ensure there is a good presence of staff on site
- Promoting new projects to improve social cohesion on the site and life skills of the tenants, for example assisting tenants find work or training, or gain access to the Internet
- Establishing a local community transport shuttle for the clients of the Estate.

Pacific Link has reached agreement with the NSW Government for a transfer of management of additional properties on the Estate so that we can exercise more control over tenant activity and property condition of the complete 90-unit Estate.

The funding for the Dunbar Way initiative comes from Pacific Link resources, grant funding and co-contributions from our partners. Our approach follows international best practice, though will be a pioneering project for Australia as it is based on a small area, and is led by a community housing provider.

of existing housing stock, with tenants who are able to leave the public sector moving on to make space available for new arrivals in more urgent need.

To support this change and as part of our support of liveable communities Pacific Link provide a broad range of tenant support programs including:

Learner drivers program

The Learner Drivers Program helps young tenants seeking a driver licence by providing information packs and paying for professional driving lessons in the first and last 20 hours of their training.

Introduced by Pacific Link in 2012, the program aims to improve the knowledge and skills of learner drivers recognising:

- The value of a driver licence as an aid to mobility and employment for young people.
- The importance of better driving skills to improve road safety for learner drivers and all road users.

The program is open to Pacific Link tenants and dependants in good standing between 16 and 19 years of age who are applying for their Learner Licence.

Sheila Astolfi education scholarships

Named in honour of the first chief executive of Pacific Link Housing, Sheila Astolfi, the education scholarships are open to all tenants enrolled at school or in tertiary studies.

Offered at six-monthly intervals, they provide support through the provision of equipment and technology that would normally not be available to recipients due to their financial position.

Last year more than 20 recipients, ranging in age from primary school to mature age students received assistance from the scheme, which is designed to help recipients achieve their immediate

educational objectives and continue towards life-long learning.

Laptop loan/purchase program

Many of those in community and social housing are there through no fault of their own, and all are at risk of becoming disconnected, in a world driven by computer skills and linked by online communications.

To help tenants stay in touch and access jobs and many other services now provided principally on-line, Pacific Link introduced a low cost loan/purchase program to give tenants in good standing access to laptop computers and online communications.

The on-going program provides tenants with brand new, fully featured laptops incorporating Pentium Dual Core P620 processors operating at 2.13GHz with 2GB of RAM and a 500GB hard drive. Inbuilt features include an optical drive with wireless LAN and Bluetooth connectivity.

Valued at \$499, the laptops are made available to tenants on loan/purchase agreements for a minimum of \$20 per fortnight.

Sports, health, wellbeing and education program

New research released last year shows children from disadvantaged families miss out on the social and physical benefits of sport and other well-being programs because their parents can't afford the cost of club memberships, uniforms and equipment.

Pacific Link was in the process of developing its Sports, Health, Wellbeing and Education scholarship program to help tenants and dependents improve their health, fitness and wellbeing at the time, and have now assisted many to take part.

Made twice a year to support participation in major seasonal sports, the program offers scholarships to help meet the cost of club registration and kit for a wide range of sporting, dance and similar 'weekend' activities.

By encouraging participation, Pacific Link also aims to help tenants and their children build new, enduring friendships of the kind so commonly formed through weekend sport and similar activities.

Tenant training and employment

Youth training and employment remains a major priority for Pacific Link and last year we began a program with JobQuest to offer training in property maintenance through work programs. The JobQuest program provides – following a probationary period – for award-wage training leading to a Certificate 3 qualification.

Experience shows that many social housing tenants have multiple barriers to employment. These barriers have to be addressed before they can be successfully trained and retained as productive members of the community.

As training programs can provide a series of stepping stones leading to full employment, Pacific Link is pursuing a number of similar programs for introduction this year.

Tenant Group excursions

Staying connected is important to the welfare of people who may otherwise come to believe that they have few opportunities. Pacific Link's tenant action group plays a part in preventing this by providing regular day trips for tenants and their children to visit places of interest like the Powerhouse Museum in Sydney or the Hunter Valley Gardens in the Lower Hunter.

These programs, and others now in planning, are provided to help our tenants overcome specific areas of disadvantage where Pacific Link can make a difference through scholarships and similar support

programs that make participation possible for tenants.

These programs enable tenants to connect with the wider community and to more easily participate in activities such as employment, education, sports and the arts.

Pacific Link discourages tenants from assuming a life-long entitlement to community housing and encourages those who, following a period of assistance and support, are able to return to private sector housing

Those who are able to return to private housing play an essential part in supporting the needs of others by making existing properties available for re-allocation

3.3 Delivering new housing

Over recent years, Pacific Link has benefited from new leadership and the introduction of private sector management models. These are essential steps that have led to improved tenant services and financial stability including financial surpluses for re-investment in the sector.

Today, Pacific Link rents or provides one additional community housing property for every two supplied by government. This is a major contribution by a not-for-profit that boosts supply by a third in a region where the number of community housing homes falls well short of State-wide averages.

Pacific Link Housing is taking steps to increase the number of homes it can add by becoming a housing developer. With government approval, this allows Pacific Link to work on its own, or in partnership with others, to develop projects that include a community housing component. This adds essential properties to the existing stocks in regions such as the Lower Hunter.

Praise from the NSW Registrar of Community Housing

In 2012 the Registrar used Pacific Link as a practice example on strategic planning to inform other NSW organisations of how to develop a growth strategy. Below is an extract from the Registrar's website:

"The provider is a case study in some of the key elements for successfully, and prudently, growing the scale and scope of a community housing organisation. Providers that are able to navigate an uncertain environment in a proactive rather than reactive way, typically operate under the stewardship of a governing body and executive team that have a clear and well tested strategic view. This requires understanding positive and negative alternative scenarios, taking an integrated approach to planning and decision making, and regularly seeking the counsel of expert and experienced governing body members, staff and external advisers.



"This registered community housing provider under the Regulatory Code commissioned a regional housing study to inform its future business strategy.

"The study found that significant population growth was forecast in its operational area, that housing costs were increasing and affordability for households on low to moderate incomes was declining. At the same time, new housing supply was overwhelmingly for sale at market rates while waiting lists for social and affordable housing options were rising.

"The provider wants to respond to the gap in affordable housing options but recognises both the funding challenges and also the capacity building within its own organisation to enable it to expand its property portfolio without risk to its overall business performance and financial viability.

"Prior to embarking on developing its growth strategy, the provider had strengthened its governance and recruited new members with the skills and expertise to oversee and support its growth objective. Governing body members with a background in property development, communications and political experience were recruited.

"The provider, building on the regional housing study expertise, produced growth options for its governing body and designated a specialist 'growth' sub- committee. The options included joint ventures, mergers and acquisitions, renovations as well as new property development. It has put in place a clear and comprehensive plan to support its growth strategy.

4 Discussion Paper responses

Pacific Link Housing support NSW Government's overhaul of the planning system, and the move to a more strategic and coherent approach to regional planning. We believe in areas such as the Lower Hunter we can play an important role in delivering Government's policy goals.

4.1 Planning principles

The Discussion Paper identifies a number of principles (p.9) that guide the NSW Government's approach to strategic planning for the Lower Hunter. We are pleased to note that several of these support the creation of sustainable communities that can provide for the needs of our tenants for accommodation, facilities and services.

In particular the following principles are critical:

- Integrating land use planning with transport, infrastructure and services.
- Supporting economic growth and strengthening employment.
- Supporting Lower Hunter towns and centres with appropriate services and infrastructure.
- Improving transport connections across the Lower Hunter.
- Providing access to services and economic and recreational opportunities.
- Providing a diversity of housing choices for different budgets and lifestyles.

These principles have often been overlooked in the past, resulting in isolation and disadvantage for many households with low incomes or particular needs.

There has been a tendency to concentrate social housing tenants in estates and run-down areas that have poor transport links, and little access to employment, services and facilities. If our tenants are to participate fully in the community, an integrated approach to development is needed.

This approach should include strategies to ensure housing choices (including costs, style of housing and location) that are suitable and affordable for lower income households and those with particular needs, including older people and people with disabilities.

4.2 Housing our growing population

Pacific Link generally supports the proposed strategic approach (as outlined in pp.13-15 of the Discussion Paper) to housing provision to meet the needs of the growing population. Having said this, we make the following proviso.

Housing affordability is and will continue to be a crucial issue in the Lower Hunter. It is not simply a matter that can be addressed by increasing housing supply through new land releases or infill development, although these will continue to be vital.

Strategies are also required to support efforts of organisations like ours to meet the housing needs of poorer and disadvantaged households, particularly those that cannot afford market -priced housing for sale or rent. This is Pacific Link's core client group, and the needs of this client group already greatly outstrip our capacity to assist them.

As a first step, we believe that the Lower Hunter Strategy should address housing affordability more specifically, including:

- Clearly identifying that there is a need for social rented housing, sub-market priced rental housing and lower cost housing for purchase, as well as for additional market-priced housing.
- Prioritising the issue of affordability and strategies to address it, for instance by specifically requiring Councils to investigate local housing needs and develop strategies to help meet them.

We recognise that funding for affordable housing will continue to be a challenge. However, with strong strategic support from State level policies, organisations like ours could do more to address the needs of our tenants, particularly if the development approval framework was more supportive and all arms of government worked together to achieve the desired outcomes.

4.3 Social issues

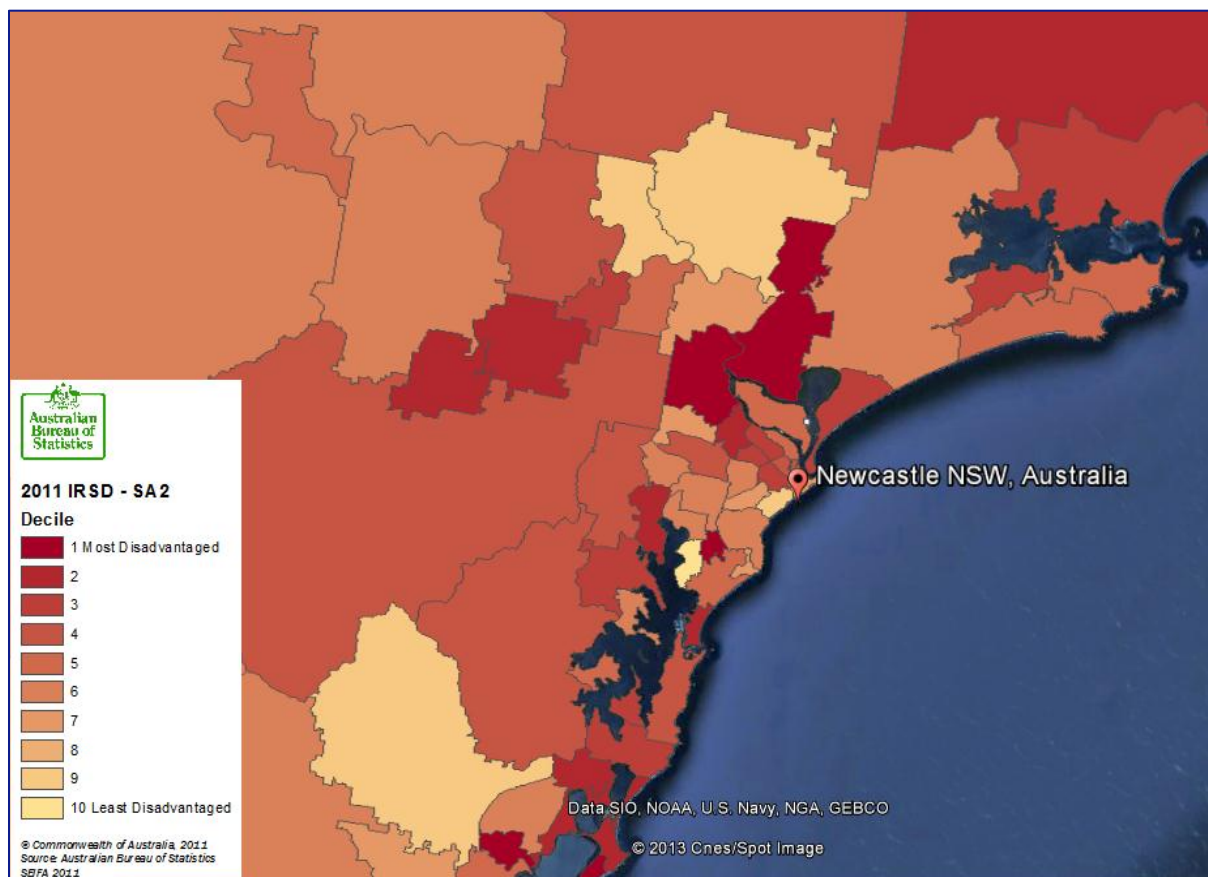
A number of social issues confront lower income households in the Lower Hunter. Ongoing population growth, along with

demographic change including the ageing population, is challenging existing human services both in sheer demand for service, and in the variety and complexity of services needed. In many cases, new investment is not keeping up with these demands.

Some parts of the region are characterised by smaller towns and villages with poor public transport links and limited services. In particular, people with very limited incomes living in disadvantaged areas may not be able to travel to parts of the region where there are jobs.

Existing residents may be displaced over time or may face declining affordability (Barr, 2009) as a result of an influx of highly paid workers (especially in the resources industries) or of sea- and tree-change migrants and second home buyers. These factors affect several parts of the Hunter.

Figure 4: Areas of social and economic disadvantage in Lower Hunter, 2011



Much of the social housing in the region was located to serve traditional industries. As these have declined, the housing has become relatively isolated from employment. This has contributed to concentrations of disadvantage, exacerbated by residualisation of social housing, and increasing proportions of tenants who are ageing or have disabilities. The proportion of social housing residents in work is low in many locations.

The issue of social disadvantage is particularly important to community housing providers such as Pacific Link. Inadequate supply has meant that social rented housing has become “residualised”, that is, occupied mostly by people with very low incomes and complex needs. This provides challenges to both State Housing Authorities and community providers.

Pacific Link have procedures to assist tenants with complex needs, through their own staff, often working in partnership with local and regional not-for-profit social service providers. This has led to strong networks of support being built in region, helping build community cohesion.

The following further responses to the issues raised in the Discussion Paper are based on our experience of housing issues affecting the Local Government Areas of Cessnock, Lake Macquarie, Maitland, Newcastle and Port Stephens.

4.4 Housing development in existing urban areas

We support the continuation of significant emphasis on development in existing urban areas. From the viewpoint of community housing tenants, established areas often provide better access to public transport, which many households rely upon.

Proximity to services, facilities, education and employment, supported by good public transport options and walkable

neighbourhoods, allow tenants to participate fully in society as well as promoting quality of life. It also allows residents to interact with and connect with their communities, particularly through work and recreation.

4.5 Distribution of housing targets

Existing research has identified localities where housing needs are highest, and these are located within all the LGAs in the Lower Hunter.

However, targets need to address more than numbers of additional dwellings. Types of dwelling, cost, tenure and localities also need to be addressed. In particular, it is important to recognise that housing targets should reflect the needs of all sections of the community.

Demands for new housing for sale in growing ‘commuter’ locations and areas with a developing resource industry sector, are only one aspect of this picture. Other locations, especially in established areas, have pressing needs for housing renewal, improved diversity of housing forms, and a wider range of prices and tenures.

We therefore believe that housing targets should be set within the context of LGA level Housing Strategies that take an integrated view of housing needs and demands and that identify a range of strategies to meet these. Strategies that rely on land release alone (or land release accompanied by piecemeal infill) are not adequate to ensure appropriate diversity of dwelling types, costs and tenure.

One particular need in many areas is for smaller homes suitable for small households, including single people and older people. These needs are sometimes overlooked in new housing developments.

4.6 Council support for affordable housing delivery

The local councils in the Lower Hunter already play a role in preparing and implementing planning policies that affect housing supply. The principal housing affordability policies of the councils in the study area are summarised in Table 10.

Table 10: Council affordable housing strategies

LGA	Strategies
Cessnock	No specific policies
Lake Macquarie	2012 Local Environmental Plan allows for density bonuses in town centre developments Diverse and affordable housing identified as a need in Community Strategic Plan.
Maitland	Council's 2010 Urban Settlement Strategy considers the need for affordable housing
Newcastle	Strategy adopted 2005. Role limited to research and advocacy Diverse and affordable housing identified as a need in Community Strategic Plan.
Port Stephens	No specific policies

Source: Web searches

In general, the response of the councils in the Lower Hunter has been limited, despite the sharp increase in zoning of land for new

housing as indicated in the Discussion Paper.

We see a need for the Lower Hunter Strategy to encourage or require each council to develop an Affordable Housing Strategy. An Affordable Housing Strategy will help to ensure that:

- Current and future affordable housing demands are understood and strategies put in place to facilitate delivery of the appropriate mix and types of housing in the suitable locations. This includes affordable housing for sale as well as social and affordable housing for rent.
- Council's planning policies, land holdings, and community development resources are utilised in ways that facilitate affordable housing provision.
- Affordable housing is linked to community plans, such as the Liveable Communities project which promotes access to public transport, employment opportunities, support services and recreational activities for all members of the community.
- Sources of funds, land, cross subsidies etc. are identified to support affordable housing delivery.
- Councils identify ways of working to assist potential development partners,

Wyong Council chooses Community Housing Partner

Wyong Shire Council has entered into an agreement with Pacific Link to co-operate in the planning and delivery of housing appropriate to the Council's recently adopted housing plan.

Pacific Link Chairman, David Bacon, said Wyong Council was to be applauded for opting to co-operate in the orderly planning and delivery of integrated community housing units in the Shire. "There will always be a need for community housing," he said, "and this is a positive agreement that will lead to best practice planning and delivery for the benefit of the community as a whole."

Wyong Shire Mayor Bob Graham said Council was delighted to enter into an arrangement with Pacific Link. "This will assist in creating opportunities to share information or assist in projects that will provide real benefit to our community in the form of housing choice," Mayor Graham said.

"Pacific Link is a locally based community housing provider that understands the issues surrounding the availability of this type of housing in the Shire. The agreement means Council is well equipped to help address the housing choice issues affecting many of our residents and shows how committed we are to minimising the level of housing stress in our community."

social and affordable housing providers and Housing NSW to develop projects.

- Best practice for the management of affordable housing can be identified.

In nearby LGA's, Pacific Link has already worked with Gosford and Wyong Councils to help develop their affordable housing strategies. We have in place a partnership agreement with Wyong Council that will allow a joint approach to delivering more affordable housing in the fast-growing fringe areas north of Sydney.

In the planning reforms proposed by NSW Government, it will be important that community housing organisations such as Pacific Link Housing are recognised and actively involved. Over time, each of the councils, or the proposed amalgamated regional councils, should have in place clear housing strategies.

4.7 NSW Government and housing delivery

The NSW Government has a central role in social and community housing delivery. It is responsible for:

- Much of the funding and delivery of social rental housing;
- Regional planning strategies and State-level policies;
- Prioritising and investing in drivers such as transport, social infrastructure, land release and incentives to locate major new employment opportunities.

In relation to investment in social housing stock, State Housing Authorities have suffered for many years from restricted access to finance and limited Commonwealth subsidies, and have struggled to develop new housing stock or keep pace with necessary property maintenance. As large bureaucracies, they have become unable to keep pace with the level of innovation in the community housing

sector, for instance by utilising their assets to secure private debt and equity funding.

Table 11: Housing tenure, 2011 (Persons)

	<i>Owner occupied</i>	<i>Social rental</i>	<i>Private rental</i>
Cessnock	74.7%	3.5%	21.8%
Lake Macquarie	77.0%	5.1%	17.9%
Maitland	73.3%	5.7%	21.0%
Newcastle	67.5%	5.2%	27.4%
Port Stephens	70.7%	4.2%	25.1%
NSW	70.7%	4.4%	24.9%

Source: ABS (2011) 'Owner occupation' includes fully owned and being purchased properties. 'Social rental' includes rented from a State Housing Authority, cooperative or community housing group. All other sundry rental types are included in the 'private rental' category.

For these reasons, Housing NSW's portfolio of social housing properties has remained fairly static for the last decade, and has certainly failed to keep pace with growth in the state's population. Waiting lists have lengthened and in some locations (notably large estates) housing conditions have deteriorated.

By contrast, where community housing organisations which have title to the properties they manage, they can grow their property portfolios. This can be achieved by offering a range of rent settings, including some 'affordable housing rents' which, in the case of National Rental Affordability Scheme (NRAS) properties, are typically up to 75% of market rents.

Community housing organisations can also capture Commonwealth Rental Assistance on their tenancies. Efficient management allows cash-flow surpluses to be generated and these can be used to raise bank finance, secured against the property asset. Loans then fund new property construction.

Community housing providers also have the ability to receive philanthropic donations, either of land or of reduced prices for development work. This latter approach has helped finance a number of Common Ground homelessness initiatives across

Australia. Furthermore, it is often possible to work closely with councils who are keen to promote new supply of affordable housing.

The proportion of social housing that is held by community housing providers in NSW is generally below the national average and, except in Newcastle, where 12% of social housing is community housing, levels are particularly low in the Lower Hunter. For example only 6% of social housing in Cessnock LGA is community housing.

4.8 Increasing affordable housing supply

We have already identified the need for Councils and the NSW Government to provide stronger strategic and policy support to affordable housing provision, including the identification of strategies in the Lower Hunter Strategies and the preparation of council level Housing Strategies.

The large and increasing number of people on social housing waiting lists means that all but the highest-priority households must wait for a considerable period of time (often many years) to access appropriate and affordable housing. In a nation which rightly recognises access to suitable housing as a basic right, this is unacceptable.

This situation can only be addressed if all levels of Government, along with housing provision partners such as Pacific Link, work together to provide the number and types of homes that are required within the Lower Hunter communities.

It is important that the NSW Government continues the transfer of housing stock to community housing providers (continuing the general move within governments to provide services more at arm's length). The benefits arising from such transfers of public

housing stock to not-for-profit organisations include:

- Not for profit organisations are highly flexible and can offer diverse forms of social housing, managed in ways that are responsive to local needs and to households with particular needs.
- Not-for-profit providers have access to additional revenue funds through Commonwealth Rent Assistance (CRA) that is payable to eligible tenants.
- Community housing providers can raise private finance to invest in increasing the supply of affordable housing without the additional debt appearing on the Government's books.
- A variety of tax concessions for not-for-profit organisations make housing construction and management more cost-effective.

4.9 Minimum housing density requirements

We support the use of density requirements to promote the efficient use of land, in high-cost and high-accessibility locations. This can only occur in the context of good strategic planning for Urban Centres.

In many cases, it is easier to provide affordable rental housing in higher density locations than elsewhere, as a result of lower costs per unit and wider dwelling mix. In addition, highly accessible locations with a good choice of housing are often well served by transport and facilities and therefore meet the needs of our tenants. Density requirements can also be expected to ensure that the needs of a range of households are met, including those seeking small units or apartments.

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