

**INQUIRY INTO HOMELESSNESS AND LOW-COST
RENTAL ACCOMMODATION**

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PORT MACQUARIE
HASTINGS

Your ref:

Refers to: Affordable housing

The Hon Ian West MLC
Committee Chair
Parliament House
Macquarie Street Sydney
SYDNEY NSW 2000

Dear Mr West

Inquiry into homelessness and low-cost rental accommodation

Port Macquarie Hasting Council (PMHC) has prepared the following submission to the inquiry into homelessness and low cost rental accommodation. Firstly, Australia as a signatory to the to the United Nations convention for Civil and Human Rights, has made a commitment to ensure all members of our community have access to safe and secure accommodation. In contrast, economic policies of the past 10 to 15 years have benefited those more able to exploit taxation rules. This has enabled greater concentration of property ownership, creating an imbalance in the market place. Furthermore, there has been a strong shift away from collective approaches to policy development with a shift toward individualist approaches - one size fits all or user pays. These approaches have then further disadvantaged individuals and families less able to compete in an aggressive market place.

The policies of the last decade have lead to an inability for some middle or lower income earners to gain affordable rental accommodation or to purchase a home close to their principle place of employment. This is known to be the case in large cities and

regional centres. Groups most directly affected are single parent families, young families, young people and the elderly.

Local Government, in some instances, has access to considerable land holdings that could be appropriated for the use of affordable housing. Affordable housing is generally classified by cost where an individual or family is paying less than one third of their weekly income on rent or mortgage. There also is a distinction between State funded social and community housing. Social housing generally refers to housing supplied by the State to individuals and families with complex social needs. Community housing conversely is supplied to individuals and families of limited income who are unable to financially compete for accommodation in certain areas.

Standing Committee – Terms of Reference

1. Models of low cost rental housing outside of mainstream public housing, including but not limited to co-operative housing.

All levels of Government could:

- 1.1 Purchase or lease land, by state or federal governments, from Local Government or private persons for the specific purpose of building affordable rental accommodation and housing for people unable to compete in areas of high demand. Once constructed the housing could be managed by a community housing provider of the provision of social, community or private purchase. Thus community housing could become an opportunity for cost recovery.
- 1.2 Negotiate with Council or State Government to trade land for specific projects.



Alternatively divert additional funds to health, education or infrastructure in the local area.

- 1.3 Develop part private partnerships with Local Government developers, State Government and community housing providers to create shared funding projects. It is envisaged that the projects would offer commercial profitability to developers. At the same time a portion of the development would be set aside for the specific purpose of affordable rental accommodation, managed by a Community Housing provider. Further incentives to developers could be a reduction in section 94 contributions, planning fees and a streaming of the assessment of developments incorporating elements of affordable housing.

2. Method of fast tracking the capacity of providers to deliver low cost rental accommodation in the shortest time.

- 2.1 The Port Macquarie Hasting Council's, Planning Department, has processed and approved a number of applications for unit type development over the last 5 years. However, of the applications approved not all are constructed leaving a number of potential sites available for affordable accommodation. It is acknowledged that Housing NSW has sought expressions of interest to purchase approved Development Assessment applications. However, this is expressly for the provision of social housing to the exclusion of community or affordable accommodation.

A solution would be to approach developers of undeveloped proposals and purchase the permits for the specific use of low cost rental accommodation to employed individuals, couples or families in areas of high need. Community Housing Providers could manage the development once constructed. A by-



product is an increased social mix without the associated issues of concentration of individuals with complex social needs.

2.2 Federal or State Governments to assist Community Housing Providers in increasing housing stock by leasing or purchasing dwellings. Community Housing Providers would manage the housing stock to assist single parent families, young people and couples. Access to accommodation would be means tested to ensure those on low incomes, studying in areas of high demand could be accommodated equitably.

3. Strategies to attract private sector investment in the provision of low cost rental accommodation in a short time frame.

3.1 The Victorian State Government has been successful in promoting private sector investment in affordable housing through its development arm Vic Urban. Their success in stimulating private sector partnerships has only occurred as a result of proactive state government involvement. It is understood that Landcom in NSW is a similar quasi government department, with a focus on stimulating property development through attempts at part private partnership, with very limited social benefit as a result.

The Victorian example is successful on a number of levels. However, most importantly VicUrban works closely with local Council planners, landowners and other stakeholders to create grass roots support for development activities.

In terms of encouraging private investment in affordable accommodation, it must be realised that the market will not provide the solution. Therefore VicUrban has encouraged development and then piggy- backed the inclusion of



affordable accommodation to reduce the cost to the taxpayer, but most importantly increase the social benefit. This is achieved through the streamlining of planning permits applications and proportional sharing of development costs. The proportion component is derived from the percentage of the development dedicated to affordable housing. A Community Housing provider would then undertake the management of affordable housing.

3. Current barriers to growth in affordable low cost rental housing.

3.1 Stigma associated with low cost housing. Stigma is generally associated with social housing accommodating individuals and families with complex social needs.

3.2 The tax system in Australia inequitably encourages property investment and speculation, which has seen levels of property investment never before experienced in Australia. Also contributing to barriers to growth in affordable housing generally, though the past financial boom is the increase in immigration to Australia to meet a skills shortage. Migration to Australia peaked in 2007 in turn creating greater demand for housing in an already over stimulated market place.

However, since the global financial crisis the Australian Federal Government has revised the immigration intake for 2009 by approximately 10%. The decrease in intake is estimated to alleviate need for an additional 20,000 new dwellings. The combined the above elements have had a particularly strong impact on housing and rental affordability in Australian.



3.3 Lack of state and federal investment in affordable housing. Consecutive state and federal governments have reduced funding availability for public housing initiatives. A greater emphasis has been placed on free market approaches with state and Federal Governments reducing their responsibility for the provision of social and community housing. Greater emphasis on community housing is required.

3.4 Currently there is little profitability in affordable and low cost housing.

Affordability is a market based supply and demand problem. Therefore, with demand high and supply limited, it is unrealistic to assume that the problem can be resolved through market based approaches. To remove barriers to affordable housing, the problem must be tackled without constraints of profit. To make real inroads in the provision of sustainable, affordable, low cost rental and housing stock opportunities external to markets need considering. One such possibility would be for all levels of government to identify sites suitable for redevelopment either on council- owned land or purchased privately. However, if council owned land is used reimbursement for the land, would be required in some form. This is because the land is a community owned asset and held in trust to use for the greatest benefit. Compensation would not necessarily need to be financial but rather in kind for example, grant for urban design projects, infrastructure or library materials.

The intention for development would be to establish a permanent supply of affordable rental accommodation for low to moderately payed workers in areas where more than one third of the weekly wage is required for rent.



4.5 State and Federal grant funding system does little to generate affordable housing.

4. Strategies to avoid concentration of disadvantaged and grow cohesive communities.

4.1 To accomplish strong and cohesive communities a greater commitment to active social policy would need to occur at all levels of government. Greater involvement to address housing affordability is only one element of broader interlinked social issues such as public education, clinical health, aged care, Social Infrastructure (parks, footpaths, public transport etc), training and employment.

Wilkinson and Pickett (2005), in their paper *The problems of relative deprivation: why do some societies do better than others*, demonstrate that the more inequitable the society, the greater the concentration of social dysfunction.

Using income inequality as a guide, it is easy to see that the greater the imbalance in income the more deep seated social problems associated with poverty. Within the paper, their research (twenty countries from Western Europe, Australia and the USA, over a ten years period) clearly demonstrated that there is a correlation between relative inequality and social dysfunction.

Quite simply the study found that countries such as Sweden have a more equitable social and income structure with less incidents of social dysfunction. However, Australia and USA demonstrate quite the opposite with greater disparity in income, there are equally a greater level of entrenched social dysfunction. Therefore, rather than trying to avoiding concentrations of



disadvantage ought we look at the courses of disadvantage and inequality. In doing so, our goal must be to create more equitable and resilient communities, which in turn reduce disadvantage.

- 5.2 Strengthening of the links between Social Planning and Land Use Planning would be a good opportunity to better integrate social and community requirements with that of the market and private interest.

On behalf of Port Macquarie Hastings Council, I would like to thank you for the opportunity to contribute to the important issue of affordable housing. If you would like to discuss any of the points above please feel free to contact me on (02) 6581 8040 or email dean.fisher@pmhc.nsw.gov.au.

Yours sincerely

Dean Fisher
Social Planner
Port Macquarie Hastings Council





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