

## **INQUIRY INTO SOCIAL, PUBLIC AND AFFORDABLE HOUSING**

**Organisation:** North Coast Community Housing  
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28 February 2014

Enquiries to: John McKenna  
(02) 6627 5310

The Hon Paul Green  
Chairman, Select Committee on Social, Public and Affordable Housing  
Parliament House  
MACQUARIE STREET NSW 2000

Dear Mr Chairman

**Re: Inquiry into social, public and affordable housing**

North Coast Community Housing (NCCH) is pleased to provide this submission to the Parliamentary Inquiry and also to endorse the submission of the NSW Federation of Housing Associations on behalf of the community housing sector.

**Northern Rivers Housing Study**

NCCH is the largest community housing provider in the Northern Rivers region of NSW and currently owns or manages over 870 properties in an area stretching from Tweed Heads to the Clarence Valley. NCCH has been housing people in our regional community for 30 years and is a key community anchor in the region.

I have included a copy of our recently completed Northern Rivers Housing Study which details the housing issues affecting the residents of the region and also the challenges faced in our region due to the changing demographics and ageing population, for the consideration of the Select Committee.

NCCH would welcome the opportunity to be part of the solution to overcoming the current housing issues facing our region and NSW as a whole.

**The Affordable Housing Challenge**

NSW faces significant challenges in supplying enough affordable housing to meet demand, and in managing an increasingly expensive social housing portfolio. While more publicity is received on issues in metropolitan areas, the situation is also of concern in regional NSW.

One-third of people in our State live in regional areas. Household incomes tend to be lower, though property purchase and rental prices have increased markedly over the last decade. Jobs can be scarce, transport links weak and social housing in poor repair. More regional areas face social and economic disadvantage than our coastal cities.

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## Background on NCCH

NCCH have been part of the NSW housing system for 30 years. From small-scale, local beginnings we are now recognised as a significant part of the social and affordable housing system in the Northern Rivers Region. NCCH is a professionally managed and governed social enterprise, our economic contribution to the region is significant. Areas of activity include:

- Delivering high quality housing management services
- Building and procuring new dwellings to increase the supply of affordable housing
- Managing property portfolios for long term outcomes
- Partnering with commercial businesses, government agencies and other not for profit organisations to expand housing outcomes and improve services to tenants and communities.

NCCH is a not for profit, charitable organisation whose principal business is the management and development of long term rental housing for low and moderate income households in our region.

## Governance and Professionalism of the Community Housing Sector

Since 2011, NCCH has been independently regulated by the NSW Registrar of Community Housing: the NSW Regulatory Code is presently being transitioned into the new National Regulatory System, which draws heavily on the NSW regulatory approach. NCCH volunteered to be a part of the Phase One trial of the National Regulatory System and achieve a satisfactory assessment as a Tier 2 provider against the evidence guidelines. NCCH has also achieved third party accreditation against the National Community Housing Standards.

In order to offer subsidised rents to low and moderate income households, NCCH receives funding and other support from all three levels of government. This may include grant funding, transfer of public housing property management or ownership, concessions on taxes and levies, eligibility of tenants for rent assistance, and other forms of subsidy.

## Growth of Affordable Housing in the Northern Rivers Region

NCCH is a growing business within the region since 2009 our staff numbers have increased from 15 to 26 to cater for the growth in the number of properties we manage. Our turnover has increased from \$5M to \$10M and our equity has increased from \$1M to \$12M.

By the end of April this year, when our 20 NRAS properties become available we will have added 42 new tenancy outcomes to our portfolio since December 2012, at a time when there has been little to no other investment in affordable housing in the region.

NCCH is also diversifying the business by moving into new property types and serving new target groups, including disability housing. Across its 30 year history, NCCH has demonstrated its capacity to grow to meet new challenges.

NCCH is a sustainable business, with income sources including rent, subsidies and fees for service. The company's competitive advantage over other housing providers is based on:

- Its capacity to leverage its asset base to attract private finance
- Its access to the National Rental Affordability Scheme for delivering new dwellings for moderate income earners
- Its ability to draw on Commonwealth Rent Assistance which averages \$3,000 per tenant per year
- Its capacity to develop flexible policies to meet local needs and tenants' individual, changing circumstances

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*NCCH acknowledges the Bundjalung, Arakwal, Gumbaynggir and Yaegl peoples who are the traditional custodians of the land that comprises the Northern Rivers.*



- Its tax status, including GST, land tax and stamp duty exemptions
- Its capacity to work with developers and local government to deliver affordable housing through the planning system.

Community housing providers such as NCCH are well placed to partner with Government to deliver solutions. We can manage social housing at lower cost, and provide better service to clients - as shown

by tenant satisfaction surveys. Moreover, we act as 'community anchors' in the regions and galvanise action by a range of stakeholders.

Our main need is for the State Government to better integrate strategies between Departments, and provide clear guidance on roles and responsibilities in the social housing sector. More public money is not necessarily the answer, rather a better use of existing funds and assets, and a careful leveraging of private and philanthropic finance.

NCCH would also like to see better coordination between regional councils, to ensure that the treatment of planning requirements, development contributions and the treatment of affordable housing guidelines are consistent across the Northern Rivers Region and that the Community Housing sector is recognised as a key stakeholder in solving the current lack of affordable housing in the region.

Community housing providers act as excellent partners in delivering Government objectives. Together, we can help address housing issues in regional NSW.

Yours sincerely

John McKenna  
**General Manager**

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# Northern Rivers Housing Study

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**Report commissioned by  
North Coast Community Housing**

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Dr Tony Gilmour  
Housing Action Network



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Prepared by Dr Tony Gilmour, Housing Action Network,  
with assistance from George Porter

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# Contents

<b>Executive Summary</b>	<b>6</b>
<b>Definitions</b>	<b>8</b>
<b>1 Background</b>	<b>9</b>
1.1 Regional Characteristics	9
1.2 Regional planning	10
1.3 Planning for affordable housing	12
<b>2 Regional Social and Economic Drivers</b>	<b>15</b>
2.1 Migration	15
2.2 Population forecasts	15
2.3 Housing demand	17
2.4 Housing supply	18
<b>3 Housing Market Analysis</b>	<b>22</b>
3.1 Existing housing stock and tenure	22
3.2 Regional housing costs	23
3.3 Housing affordability	23
3.4 Social housing	29
3.5 Demand for social housing	33
3.6 Specific housing needs	36
<b>4 Conclusions</b>	<b>39</b>
4.1 Regional issues	39
4.2 Housing supply	39
4.3 Special housing needs	40
<b>References</b>	<b>42</b>

# List of Tables

Table 1: Council affordable housing strategies	12
Table 2: Regional population projections to 2036	16
Table 3: Household composition, 2011	17
Table 4: Population by age, 2011	18
Table 5: Housing demand to 2036	18
Table 6: Housing supply and demand	19
Table 7: Occupied dwellings supply and demand	19
Table 8: Housing type, 2011	22
Table 9: Housing tenure, 2011	22
Table 10: Household weekly income, 2006-11	24
Table 11: Selected employment, 2011	26
Table 12: Occupation sample, 2011	26
Table 13: Renters in housing stress, 2011	27
Table 14: Affordable rental stock, Sep 2012	27
Table 15: Purchasers in housing stress, 2011	28
Table 16: Affordable purchase stock, Sep 2012	28
Table 17: Social housing stock at Jun 2012	30
Table 18: Social housing mix, 2007	31
Table 19: NRAS progress to Mar 2013	32
Table 20: Social housing waiting list, Jun 2012	33
Table 21: Applicants housed, year to Jun 2012	34
Table 22: Homelessness 2011	37



# List of Figures

Figure 1: Study area	9
Figure 2: Far North Coast plan	11
Figure 3: Mid North Coast, northern section	11
Figure 4: Population forecasts in study area	16
Figure 5: Population change, 2001-2036	17
Figure 6: Property rental costs, 2008-12	23
Figure 7: Property sales prices, 2009-12	23
Figure 8: Households with incomes below \$300/week	25
Figure 9: Weekly household income 2011	25
Figure 10: Social housing % of rental dwellings, 2011	29
Figure 11: Social housing waiting times, June 2012	34
Figure 12: Social housing % of rental dwellings, 2011	35

# Executive Summary

**North Coast Community Housing ('NCCH') operates in a part of NSW where population has grown fast in recent years, and this trend will continue over the next 25 years. The region will experience increasing issues with housing affordability which will impact most on lower income households and disadvantaged groups.**

Population is predicted to increase by a third across the study area by 2036. The strongest growth will be in Tweed, close to the Queensland border, and in coastal areas around Byron Bay and Ballina. These will be some of the fastest growing areas in Australia.

Growth in South East Queensland (SEQ) will impact the northern section of the study area, especially northern Tweed LGA. SEQ is expected to house over 1 million extra people in the next 20 years which will impose social, economic and environmental pressures further south.

Sea-change migration of retirees is a significant factor in the region. The greatest housing demand will continue to be in coastal areas, with limited growth in the hinterlands and stable or falling populations further inland. In coastal areas residential parks and mobile home villages are an important component of local affordable housing, though they will continue to be under threat from development pressures.

Byron, Ballina and Tweed LGAs are already among the most unaffordable in regional NSW. Predicted high levels of migration to these areas will lead to escalating housing prices unless there is a large amount of additional supply. Any worsening of the affordability of home ownership, which is already very limited, will put further pressure on rental markets.

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. It is also not close to jobs. New housing is generally being built in areas with few facilities and limited public transport access.

The 2011 Census highlights the slow rate of new property development. Between 2006 and 2011 the supply of new dwellings was only around two thirds the level required to meet Government's projections for population growth. The housing supply figures are even worse than this as an increasing number of properties, especially on the coast, are used as second and holiday homes. Between 2006 and 2011 there was a reduction in occupied dwellings of 1,351 in the study area.

There is particular pressure on private rental markets, with most LGAs in the study area having higher rates of housing stress than NSW. Large numbers of purchasers also face affordability problems, with those on very low and low incomes (below 80% of local medium incomes) locked out of home purchase.

In the Northern Rivers region, the main driver of affordability issues is lower incomes. Regional incomes are rising at around the average rate for NSW, though remain much lower in absolute numbers. Weekly wages in the study area in 2011 ranged from \$714 in Kyogle to \$903 in Ballina. These contrast with the Gold Coast (\$1,173), Sydney (\$1,447) and Brisbane (\$1,388). External purchasers will be better funded for house buying in the study area than locals.

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 faster growing coastal areas may have little impact on affordability.

Social rental housing is already in short supply in the study area, at between 2.2% (Byron LGA) and 4.8% (Ballina LGA) of total housing stock in 2011. The average for NSW is 5%. Government initiatives like NRAS have produced few new affordable rental properties, and funds for social housing construction or acquisition are extremely limited. As a result, the proportion of social and affordable 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. Most regions in the study area have a waiting time over five years, and there is a lack of small units for single people and couples.

The issue of social disadvantage is particularly important to community housing providers such as NCCH. 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 in supporting tenants and maintaining tenancies.

## RECOMMENDATIONS

Some councils in the study area, most recently Lismore, have adopted progressive affordable housing policies. These will need to be implemented through partnerships, suggesting an increasing role for the Northern Rivers Housing Forum. Good practice will need to be spread to councils who have so far been less supportive of affordable housing or who have recently reduced funding for these types of initiatives.

Efforts will also be needed to ensure the supply of new properties meets demand not just in terms of numbers, but also size, location and affordability. This will require close collaboration between the

public, private and not-for-profit sectors. State Government will need to establish more specific regional policies, and concentrate resources on improving regional infrastructure.

In larger residential development sites in prime coastal locations, community housing organisations may have the opportunity to receive affordable housing properties supported by developer contributions. New properties need to be more geared to occupation, not investment, to reverse the trends between 2006 and 2011.

There remains a continuing need to renew public stock properties, and move to mixed tenure communities to reduce concentrations of disadvantage. NSW Government should be encouraged to continue the transfer of property management, as occurred in Byron LGA. The distance of the Northern Rivers from Sydney may be an advantage in negotiations.

Progressive social enterprises such as NCCH are well placed to use both traditional and market-based approaches to deliver the regional social and community outcomes required by Government. Increasing affordable housing in the fast growing Northern Rivers requires using NCCH's strong local connections, local leadership and demonstrated experience in working through cross-sector networks.



# Definitions

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

**Far North Coast:** NSW planning sub-region including Ballina Shire, Byron Shire, Kyogle Shire, Lismore City, Richmond Valley Shire and Tweed Shire LGAs

**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

**Mid North Coast:** NSW planning sub-region stretching from Clarence Valley LGA south through Coffs harbour and Port Macquarie to Greater Taree LGA. Only Clarence Valley LGA is included in this survey

**Primary homelessness:** people not living in conventional accommodation - for example living on the streets. This is different to secondary or tertiary homelessness which includes people living in temporary or unsuitable homes, 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 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, managed either by public or community housing providers

**Study area:** all the LGAs in the Far North Coast together with Clarence Valley LGA

## ABBREVIATIONS

**ABS:** Australian Bureau of Statistics

**LGA:** Local Government Area

**NBESP:** Nation Building Economic Stimulus Plan

**NCCH:** North Coast Community Housing Company Limited

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

**SEQ:** South East Queensland

**SEPP:** State Environmental Planning Policy

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

# 1. Background

In September 2011 NCCH 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.

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

- Far North Coast: Ballina, Byron, Kyogle, Lismore, Richmond Valley and Tweed LGAs.
- Mid North Coast: Clarence Valley LGA.

## 1.1 REGIONAL CHARACTERISTICS

Due to their differing housing and population characteristics, the seven council areas in this study act as distinct housing sub-markets. While impacted by wider trends in NSW, they have distinct characteristics based on existing housing stock, new dwelling supply and buyer/renter preferences.

### Far North Coast

The Far North Coast area covers 10,293 square kilometres and extends to the Queensland border. It had a population of just over 225,000 people as at the 2011 census, with major regional centres at Tweed Heads and Lismore, and an emerging centre at Ballina (Figure 1).

Population is relatively dispersed, with around half of residents in the sub-region living in coastal or non-coastal villages or smaller communities (NSW Government, 2006). The area has 21 national parks and a bush character that has been popular with sea-changers and people looking for an alternative lifestyle.

The sub-region's economy has recently transformed from largely agricultural to one driven by tourism, which has increased development pressure and disparity between popular coastal destinations like Byron Bay and less visited inland areas.

Figure 1: Study area



Figure 1. Location of properties for NCCHC by Local Government Area

Source: NCCH (2012)

Service industries now account for 84% of all employment, followed by manufacturing and construction, education and teaching. Some agriculture, forestry and fishing jobs have been maintained. Government strategies aim to encourage visitors to other parts of the region (NSW Government, 2006).

The region's coastal areas, east of the Pacific Highway and including Tweed Heads, have the most biodiversity and natural hazards and also have the greatest growth pressures. Key environmental issues include coastal inundation and erosion and instability, bushfires, flooding, acid sulphate soils and landslip.

### Mid North Coast

Clarence Valley LGA lies in the Mid North Coast, a sub-region that is similar to its northern neighbour in that tourism has become the major

economic driver. Other key economic sectors include a large service industry, manufacturing, construction and primary industries that are heavily reliant on the area's natural resources. Agricultural farming, fishing and forestry have declined in recent years as urban development has increased, especially in coastal centres (NSW Government, 2009).

The region is characterised by coastal plains, escarpments and a largely undeveloped coastline outside of the main centres. There are also rainforests, rivers and gorges, large coastal lakes and lagoons, estuaries, beaches offshore islands. Climate change – especially with the implications of potential sea level rise – is expected to be a major planning challenge in coming years (NSW Government, 2009).

The majority of the community of the sub-region lives in the urban areas of the region, including the four major regional centres at Grafton (in the study area), Coffs Harbour, Port Macquarie and Taree as well as the major towns of Maclean, Woolgoolga, Bellingen, Macksville, Kempsey, Forster-Tuncurry and Yamba.

The sub-region has few larger scale residential estates, rather smaller urban centres linked by the Pacific Highway. Future growth is expected to put strain on the environment and increase the need for housing and employment lands.

## 1.2 REGIONAL PLANNING

Both sub-regions have a NSW Government planning strategy until 2021, published in 2012 (NSW Government, 2012a; c). These strategies summarise in general how the planning system will direct development in the respective regions, although there is only modest detail on new housing development.

Government plans to 'improve access to affordable housing and reduce homelessness', and a relevant priority action is to 'build the capacity of the non-government sector to deliver community services'. During 2013 councils will deliver new Local Environmental Plans, and there will also be a more detailed review and update of the Far North Coast and Mid North Coast regional strategies.

In April 2013 Government issued a Planning White Paper, heralding the biggest change to the planning system in 25 years (NSW Government, 2013). This proposes a greater input by communities into the initial local strategic plans. At this planning stage generic building types will be developed, potentially including higher density dwellings that are more affordable. Once the strategies are in place, a greater proportion of planning decisions will not require detailed review by councils.

Reform of the NSW planning system will potentially streamline the delivery of new housing. However, unless action is taken by local communities and councils the new dwellings may not be affordable and well located. Furthermore, transition to the new planning system is likely to be complex and protracted.

### Far North Coast

Population growth in the sub-region has been uneven. Coastal areas 'boomed' in the 1980s and have maintained a moderate/high growth rate of 8-10% every five years. Growth in the hinterland has consistently been low or static.

Coastal growth has been in part driven by 'sea changers' moving from Sydney and other regions, and people relocating from SEQ as their costs of living, housing and industrial land rise. In the Tweed Shire, the majority of the growth is predicted to occur in the northern and coastal areas closest to the border with Queensland (Queensland Government, 2009).

Government projections signal an increase of almost 40% of the population by 2031, with the greatest growth concentrated around the Tweed and Ballina centres and along the coastal strip (NSW Government, 2006).

As planned upgrades to the Pacific Highway are completed, the region is becoming more accessible from north and south. A recent analysis anticipates the Pacific Highway upgrade will support the creation of 32,500 new jobs in the region over the 25 years (MacroPlan, 2008)

An ageing population is expected to increase demand for senior's living housing and local



**Figure 2: Far North Coast plan**



Source: NSW Government (2006)

services and amenities such as transport, health care and recreational facilities. The proportion aged over 65 is expected to double by 2031. By contrast the proportion of young people is expected to decline by 14% by 2031, and the working aged population will comprise only 54% of the sub-region population. This will drive greater demand for diversity in housing, particularly smaller properties for one and two person households (NSW Government, 2006)

The Planning Strategy aims to reduce greenfield development in coastal zones from 75% to 60% by 2031 to help mitigate environmental impacts and maintain 'green breaks' or buffer zones between the region's coastal villages (NSW Government, 2006). The inland towns of Murwillumbah and Casino have been identified as town centres expected to experience increased levels of new housing and employment (MacroPlan, 2008).

### Mid North Coast

For planning purposes, the Mid North Coast is divided into four sub-regions. The area of interest for this study is the Clarence sub-region, which covers the Clarence Valley LGA and includes a

major regional centre at Grafton and emerging towns at Maclean and particularly Yamba which is a popular coastal destination.

The Clarence sub-region is marked as a 'growth region' with 7,100 new dwellings planned by 2031, mostly for Grafton, Maclean and Yamba. Other new land release in coastal areas will be limited to selected areas east of the adjusted Pacific Highway. This is a deliberate strategy to minimise development pressure on coastal zones and ensure there are 'green breaks' of undeveloped land between population centres.

**Figure 3: Mid North Coast, northern section**



Source: NSW Government (2009)

### South East Queensland

SEQ, bordering the Far North Coast, has for some years been one of the fastest growing regions in Australia. This growth has slowed since 2009, but the Region is still projected to grow by 43% over the period 2011-2031. (Queensland Government, 2011b).

The region's population is heavily urbanised and is generally concentrated in city centres in Brisbane and Toowoomba, and on the Gold and Sunshine Coasts. The Gold Coast LGA, bordering Tweed, is the second largest sub-region with 466,500 people, predicted to grow by 300,000 people in the period to 2031.

Continuing population growth will impose significant social, economic and environmental pressures on the region including the need for an additional 754,000 dwellings and supporting infrastructure and services (Queensland Government, 2011a).

The main impacts of the growth of SEQ on the study area in this report are:

- The relatively large numbers who travel interstate daily for work (NSW Government, 2009)
- Migration of several hundred people each year from Queensland into Far North Coast LGAs, especially Tweed, Byron and Ballina.

### 1.3 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, SEPP (Affordable Rental Housing) 2009 is the main State policy initiative. It applies to all areas zoned for medium density housing, and is intended to help 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 managed by a registered community housing provider.

NSW planning reform is likely to update the earlier Affordable Rental Housing SEPP. It is not yet known whether this will favour or inhibit the development of new affordable housing.

**Table 1: Council affordable housing strategies**

Area	Strategies
Ballina Shire	Strategy adopted 2010 <ul style="list-style-type: none"> <li>• Governance framework, demographic trends, policy toolkit</li> </ul>
Byron Shire	Detailed options paper 2011 <ul style="list-style-type: none"> <li>• Investigating an affordable development at Mullumbimby and also actions to protect caravan parks.</li> </ul>
Kyogle	No specific policies
Lismore	Housing Strategy adopted 2012 <ul style="list-style-type: none"> <li>• Focus on improved supply and wider diversity.</li> <li>• Stresses partnership approach</li> </ul>
Richmond Valley	Affordable housing policy statement adopted in 2009 Aims to support specific initiatives
Tweed Shire	No specific policy <ul style="list-style-type: none"> <li>• Council supporting specific initiatives</li> </ul>
Clarence Valley	Strategy adopted 2007 Withdrawn 2013 <ul style="list-style-type: none"> <li>• Focus on partnerships through key stakeholder committee</li> </ul>

Source: Ballina Shire Council (2010), Byron Shire Council (2009), Clarence Valley Council (2007), Lismore City Council (2012)

## Local Government

Some councils have been proactive in addressing housing affordability issues. Actions including establishing and supporting community housing providers, inclusionary zoning schemes to raise developer contributions, direct property ownership and innovative planning policies promoting smaller lots and cheaper building approaches.

The housing affordability policies of the councils in the study area are summarised in Table 1. P h o n e consultations with each Council have indicated that all, except Kyogle Council, view affordable housing as a priority, although the scale of their responses varies markedly.

Of the councils who have the most developed affordability policies in the study area, the main approach is to partner with local groups; influence policymakers at State level and make minor changes to local planning regulations. Byron has also indicated they have reviewed council owned land to identify sites with residential development potential (Byron Shire Council, 2009).

Lismore City Council has produced the most recent housing strategy in the study area. They emphasise their role in supporting the release of land for housing development. Also, there is emphasis on working in partnership with the private sector and community housing groups.

Partnership working is also evident at Clarence Valley Council who has established an Affordable Housing Advisory Committee that brings together key local stakeholders. This supports implementation of their 2007 Affordable Housing Strategy. However, Clarence Valley Council (CVC) has recently withdrawn from their affordable housing approach due to a change in focus. CVC's role in auspicing the Housing Interagency has been taken up by NCCH, to ensure that the outcomes achieved continue to be progressed.

In April 2013 the Independent Local Government Review Panel published proposals for local government amalgamation and reform (ILGRP, 2013). The initial proposal is that Tweed, Byron,

Ballina, Lismore, Richmond Valley and Kyogle will merge to form a 'Northern Rivers County Council'. Clarence Valley would be part of the 'North Coast County Council'. These moves are likely to be contentious locally, and lead to uncertainty during transition.







## 2. Regional Social and Economic Drivers

**This section includes a housing demand analysis based on demographic characteristics, future projections, and the characteristics of those who may need housing now and in the future.**

### 2.1 MIGRATION

Migration is a key component of population change in the study area. Its level changes over time, being strongly affected by external factors, for instance a lack of new housing (which particularly affected Byron Shire in the period 2001-6) or a lack of employment opportunities which continues to affect Kyogle.

Currently the impact of the Global Financial Crisis on superannuation is one of the factors limiting previously high levels of retiree migration to coastal locations. For reasons like these, the rate of population change has varied by geography and time across the study area. The strongest growth has been in Tweed, although at around 8% a year, growth in this area is well below its peaks from the late 1990s.

The study area is heavily 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 a large part of the sea change movement, they are not the only component. Many new residents moving to coastal areas are younger than for Australia as a whole, and considerably younger than the local population of these areas. Typically they move for reasons of lifestyle and living costs.

Researchers have developed a typology of five different types of movers, based largely on distance from metropolitan centres (Gurran et al., 2005). Due to distance from capital cities in NSW and Queensland, coastal locations in the study area are best characterised as 'coastal lifestyle destinations' using the Gurran typology.

Coastal lifestyle destinations are more than three hours' drive from large cities, and attract visitors and new residents for lifestyle, tourism and leisure opportunities. Ballina and Byron fall into this definition.

In the north of the study area, Tweed Heads may fall within the 'coastal getaway' category. These are 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. Coastal getaway locations are likely to attract a younger demographic than coastal lifestyle destinations.

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. Though the term is more loosely defined than sea change, it tends to be used for locations within three hours' drive of a capital city. The inland areas of the Far North Coast fall within this definition, although the numbers moving into many of these areas are very small.

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.

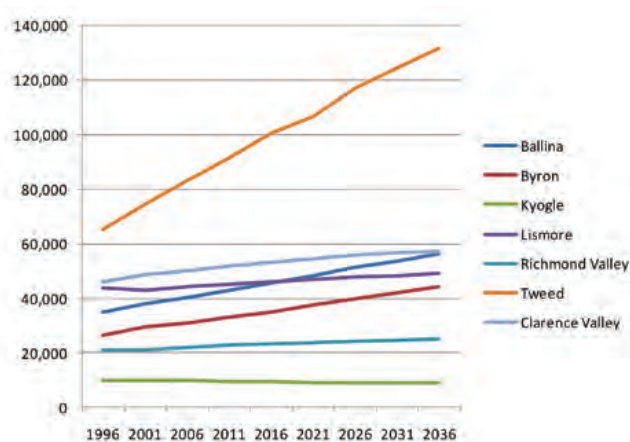
### 2.2 POPULATION FORECASTS

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. Across the whole study area, an additional population of 76,000 is forecast by 2036.

The population of the Far North Coast region is forecast to grow by 29% between 2011 and 2036, faster than the Mid North Coast (25%) but not far behind metropolitan Sydney (31%).

**Figure 4: Population forecasts in study area**



Source: NSW Government (2010b)

Figure 5 Shows the rate of population change over five year periods from 2001, including forecasts to 2036. It illustrates Kyogle's slow population decline, a more modest growth in Lismore, Clarence Valley and Richmond Valley, and relatively strong growth in Tweed, Ballina and Byron Shire LGAs.

As Table 2 indicates, the population of Tweed is forecast to increase by over 50% between 2011-2036, with Ballina and Byron also growing strongly. Inland areas are forecast to maintain a static or declining population, with a fall in population of 4.6% forecast for Kyogle.

In Figure 5 the rate of population increase between census and forecast rates for future inter-census periods is plotted. In the five years before the 2006 census Lismore and Richmond Valley increased by 1-2% before being predicted to steady over the next 25 years. Growth in Byron, Ballina and Tweed fell sharply before 2006 following periods of extremely high growth prior to 2001.

**Table 2: Regional population projections to 2036**

	2011	2036	Change
Ballina	39,274	56,200	43.1%
Byron	28,209	44,300	57.0%
Clarence Valley	49,665	57,300	15.4%
Kyogle	9,228	8,800	-4.6%
Lismore	42,766	49,200	15.0%
Richmond Valley	22,037	22,037	14.4%
Tweed	85,105	131,700	54.8%
<b>Total</b>	<b>276,284</b>	<b>372,700</b>	<b>34.9%</b>

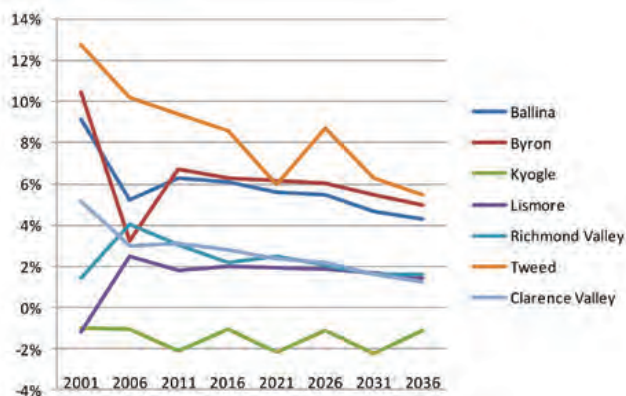
Sources: DoP (2009)

After 2006, Byron and Ballina's growth rate recovers quickly to a steady 5-6% growth for the next 20 years, with the main growth in older age groups (ibid). Tweed is growing at the fastest rate, with peaks before 2016, and rates between 6% and 9% for the following 20 years. Kyogle's population is declining by approximately 1-2% every five years.

In the Mid North Coast region. Clarence Valley's peak population growth is predicted to have already passed 2001, when the population was growing by 5%. It is predicted to grow by a low 2% to 3% every five year (DoP, 2009).



**Figure 5: Population change, 2001-2036**



Source: DoP (2009)

In essence, several distinctive sub-regional trends emerge from these forecasts:

- Future population growth will be concentrated in coastal areas nearest the Queensland border, in particular in Tweed, Byron and Ballina.
- The coastal hinterland will retain a fairly static population.
- Internal regions, including Kyogle and the western Clarence valley LGA will continue to lose population.
- The regions covered in the study area show markedly different patterns of population group, leading to a differentiated pattern of housing outcomes and affordability levels.

## 2.3 HOUSING DEMAND

Population growth in the study area will be dependent on the availability of housing. The demand for future housing in the study area will also depend on assumptions on household composition and property occupancy levels.

### Factors influencing demand

In Table 3, families with children represent between 37% and 41% of households, while single person households represent 27% to 29%. This population structure is fairly typical of regional areas in NSW.

**Table 3: Household composition, 2011**

	Families with children	Couples	Lone person	Group
Ballina	38.3%	30.8%	27.3%	3.6%
Byron	40.7%	24.2%	27.6%	7.5%
Clarence Valley	37.3%	32.4%	27.7%	2.7%
Kyogle	37.9%	30.3%	29.4%	2.4%
Lismore	41.5%	26.1%	27.5%	5.0%
Richmond Valley	40.1%	29.3%	28.1%	2.4%
Tweed	37.6%	30.2%	28.4%	3.8%
<b>Total</b>	<b>38.8%</b>	<b>29.4%</b>	<b>27.9%</b>	<b>4.0%</b>

Source: ABS (2011). The high numbers of group households in Lismore and Byron may be linked to the relatively high number of students (Lismore) and young people (Byron).

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, at around 2.4 persons per dwelling across the study area, somewhat lower than the NSW average of 2.6.

The age distribution of the resident population varies greatly across the area. In particular, Table 4 shows that the proportion of older people in several coastal LGAs is very high (especially Ballina and Tweed) with an average across the study area of over 19%, well above the NSW average. The proportion of children aged 14 or less is generally slightly less than the NSW average, except in Lismore.

Across both sub-regions the proportion of people aged over 65 is expected to more than double by 2031 and the median age will rise dramatically from 39 to 51 years in the Far North, and from 44 to 55 on the Mid North Coast, reflecting the large numbers of retirees expected in these areas.

Table 4: Population by age, 2011		
	aged 0-14	aged 65+
Ballina	17.9%	21.5%
Byron	18.4%	13.3%
Clarence Valley	19.1%	17.4%
Kyogle	18.6%	21.3%
Lismore	19.7%	14.7%
Richmond Valley	20.8%	19.6%
Tweed	17.8%	22.9%
<b>Total</b>	<b>18.6%</b>	<b>19.7%</b>
<b>NSW</b>	<b>19.1%</b>	<b>14.7%</b>

Source: ABS (2011).

### Demand projections

NSW Government regional strategies apply an estimated average household size of 1.91 persons per dwelling for the Far North Coast (NSW Government, 2006) and 2.21 persons per dwelling for the Mid North Coast (NSW Government, 2011) by 2031. These reflect an expectation that most of the population growth in the area will be inward migration of retirees.

Table 5 calculates the estimated amount of new housing required in the study area based on State Government estimates of population growth and occupancy levels. This suggests that numbers of properties in the study area will need to rise from 129,327 in 2011 to 191,164 in 2036, or an increase of just under 62,000. This is equivalent to 2,473 new homes per year.

Table 5: Housing demand to 2036		
	Far North Coast	Clarence Valley
Estimated population, 2036	315,600	57,300
Dwelling occupancy	1.91	2.21
Properties required, 2036	165,236	25,928
Housing stock, 2011	105,446	23,881
New dwellings required	59,790	2,047
Total new dwellings required study area	–	61,837
Total new dwellings required each year	–	2,473

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.

## 2.4 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, 2012)

NSW Government has identified the need to improve housing supply as a key issue, and its Regional Strategic plans set targets for additional dwelling supply, including the location of key growth centres. The 2006 Strategy identified the need for an extra 51,000 new properties in the Far North Coast (i.e. the study area excluding Clarence Valley) by 2031.

From the analysis in Table 5, based on 2011 data, there has been an increase in the likely demand for properties in the region. There will need to be a very substantial growth in the housing supply in most LGAs - an average increase of over 50%

across the study area, with a target to more than double the housing supply in Richmond Valley. On the Far North Coast, the focus of expansion will be the regional centres in Ballina, Richmond Valley and Tweed (NSW Government, 2006).

Target forecasts for housing supply are open to challenge. On one hand, economic conditions or other factors may affect the level of migration, and therefore the level of demand. On the other hand, it may not be possible to meet demand if key assumptions in the strategies prove unrealistic - in particular, there is some doubt about the capacity to deliver large numbers of new homes through infill in existing areas.

Media articles also indicate concern about the environmental impact of large scale housing construction, including the use of high quality agricultural land and the continuing development of housing in low lying coastal areas that may become vulnerable as a result of climate change (Australian Broadcasting Corporation, 2009).

The NSW Government believes adequate supply will alleviate affordability pressures. There is some doubt in the development industry that this will occur to a significant degree, especially given the relatively high cost of constructing new homes. In addition, the continued popularity of international tourist 'hot spot' Byron Bay is likely to mean that demand will never be fully met there, and that the high-priced area will become even less affordable as land becomes scarce (MacroPlan, 2008).

### Census 2011 data

Recently released information highlights the challenges over recent years in delivering additional housing into the study area. As shown Table 6, the number of dwellings has increased since 2006. However, the supply is not sufficient to keep up with anticipated demand.

**Table 6: Housing supply and demand**

All dwellings, study area, 2006	120,799
All dwellings, study area, 2011	129,327
Total increase	8,528
Annual supply	1,706
Annual demand	2,473
Annual shortfall	767
% shortfall	31%

Source: ABS (2006; 2011). Demand figures are taken from Table 6. Total dwelling numbers

Based on the level of new housing production between 2006 and 2011, the annual shortfall in new household supply is considerable. These figures are for all types of dwelling supply, regardless of whether the price point or bedroom configuration is meeting demand.

A more detailed analysis of the 2011 Census suggests that the position may be worse than suggested in Table 6. Through analysing the proportion of dwellings that are occupied, rather than looking at all dwellings, a new trend emerges. As shown in Table 7, there has been a decrease in occupied dwellings since 2006.

**Table 7: Occupied dwellings supply and demand**

Occupied dwellings, study area, 2006	109,498
Occupied dwellings in study area, 2011	108,147
Total decrease	1,351
Annual decrease	270

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



From Tables 6 and 7, although there was a net increase of 8,528 in properties between 2006 and 2011 in the study, there was a reduction in occupied dwellings of 1,351. This suggests that many of the new properties built between 2006 and 2011 are second or holiday homes, and that an increasing proportion of the existing housing stock is being used for these purposes.

The number of occupied properties fell between 2006 and 2011 in every LGA in the study area except Tweed. Even in Tweed LGA, a net increase of 3,486 extra properties 2006-2011 only resulted in an additional 60 occupied homes.

In 2006 the average occupancy rate (occupied properties divided by total properties) was 91% in the study area. This fell to 84% in 2011. The lowest occupancy rates are in Byron (78%) and Clarence Valley (81%) and the highest in Ballina (87%) and Lismore (89%) LGAs.



# 3. Housing Market Analysis

This section reviews the current housing market in the study area, assesses housing affordability, and considers likely impacts from the housing supply and demand issues covered in section 2.

## 3.1 EXISTING HOUSING STOCK AND TENURE

The study area has a relatively traditional housing stock, dominated by detached houses. This housing form is most prevalent in the inner highlands and some coastal areas away from the larger centres, up to 93% in Kyogle LGA and 81% and Richmond Valley. From Table 8, it can be seen that attached home and apartments are more common in the rapidly growing urban areas of Tweed and Ballina.

	Separate house	Attached house	Apart-ment	Other
Ballina	68.5%	13.7%	13.6%	4.2%
Byron	78.0%	9.9%	7.1%	5.0%
Clarence Valley	83.5%	4.3%	8.0%	4.2%
Kyogle	94.5%	1.0%	2.5%	2.1%
Lismore	83.9%	5.8%	8.2%	2.1%
Richmond Valley	80.7%	5.9%	9.4%	4.1%
Tweed	62.0%	19.4%	14.6%	4.0%
<b>Total</b>	<b>74.3%</b>	<b>11.1%</b>	<b>10.7%</b>	<b>3.8%</b>

Source: ABS (2011). 'Other' includes mobile home, caravan, houseboat, tent and sleeping-out

The proportion of 'other' dwellings is significant in parts of the area, mainly in the form of residential parks. These are often a mix of both holiday homes and affordable accommodation.

Table 9 shows housing tenure in 2011. Owner occupation levels exceed Sydney metropolitan and NSW levels in Clarence Valley and Kyogle but otherwise are close to or less than state averages. Most owner occupiers in the study area own their house outright, particularly in Clarence Valley, Richmond Valley and Kyogle. Tweed also has a high proportion of home owners which may change as demographics and housing supply shift over the next 25 years.

	Owned outright	Owned with a mortgage	Private rental	Social rental
Ballina	42.1%	27.4%	25.6%	4.8%
Byron	36.3%	29.5%	32.0%	2.2%
Clarence Valley	45.5%	28.3%	23.1%	3.2%
Kyogle	48.4%	28.7%	20.1%	2.8%
Lismore	37.1%	33.2%	25.5%	4.2%
Richmond Valley	40.8%	29.5%	25.1%	4.6%
Tweed	42.1%	28.5%	26.1%	3.3%
<b>Total</b>	<b>41.5%</b>	<b>29.2%</b>	<b>25.8%</b>	<b>3.6%</b>

Source: ABS (2011). '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

Social rental housing, which includes public and community housing, is noticeably below the NSW averages (5.0%) in all areas except Ballina and Richmond Valley. Social housing stock is low in the fast-growing LGAs of Byron and Tweed. Byron LGA is noticeable for a high percentage of private rental housing, much of which may not be affordable to lower income households, as shown below in Figure 6.



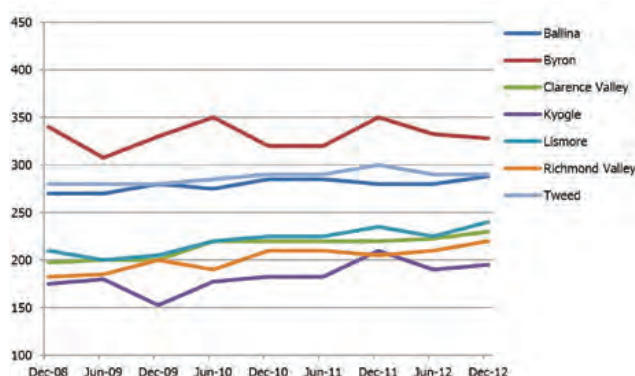
### 3.2 REGIONAL HOUSING COSTS

The trends since 2008 in housing rental costs in the study area are shown in Figure 6. Median rents in the study area vary greatly from one LGA to the next – rents in Byron are almost double those in Kyogle. However, median rents in most areas are lower than the NSW average.

Median rents are most expensive in Byron (median \$332 per week) and cheapest in Kyogle (\$190 per week) although rents in both these LGAs have varied from one period to the next more than has occurred in other parts of the study area. Tweed is relatively affordable at \$290 a week, which may reflect the greater numbers of smaller dwellings in the area.

Overall, rent levels have been relatively stable over the last 4 years and there has been little change in the hierarchy of rents between different LGAs in the study area.

**Figure 6: Property rental costs, 2008-12**

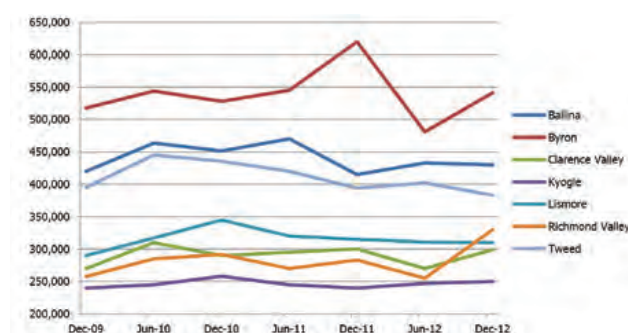


Source: Housing NSW (2013). Median rental cost in \$ per week, all properties

From Figure 7, property sales prices also vary greatly across the area, with the peak being Byron followed by other coastal areas. Prices in most areas have shown a stable or moderately declining trend since 2008, except in Byron and Richmond Valley where there has been greater volatility in prices. Note, however, that sample sizes can sometimes be small and the chart is best used to determine longer term trends.

Sales prices in Byron LGA, prior to their readjustment, reached a similar figure to the June 2012 levels seen in metropolitan Sydney (\$621,000). At this date the median sales price across NSW was \$521,000 and all LGAs in the study area had median sales prices below this figure. However, as will be noted below, relative differences in regional incomes need to be taken into account in assessing housing affordability.

**Figure 7: Property sales prices, 2009-12**



Source: Housing NSW (2013). Median sales price all properties

### 3.3 HOUSING AFFORDABILITY

‘Housing affordability’ is normally measured as the relationship between household income and household 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 housing stress. The lowest income households are concentrated in the private rental sector, where a majority of residents 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 Far North Coast and Mid North Coast sub-regions share many affordability issues with other parts of Australia. However, there are several important and distinct regional issues.

The sub-regions have become popular tourist destinations, especially Byron and Ballina LGAs with new residents attracted by the high quality coastal living and environment. This has caused the emergence of two distinct coastal and inland sub-markets, with inequitable distribution of wealth and social advantage, land prices, population growth and housing approvals between them (MacroPlan, 2008).

Although there are a number of reasons why housing affordability is such a major issue in Australia, the most important is the imbalance between the demand for and supply of housing.

Within this general relationship, there are particular issues relating to sub-markets. For example, there may be imbalances between supply and demand for certain types of properties, or tenure types, and in specific locations. Often smaller, cheaper properties are in greater demand. Although averages are often used to measure housing affordability, close attention needs to be given to how specific segments of the market behave.

### Regional incomes

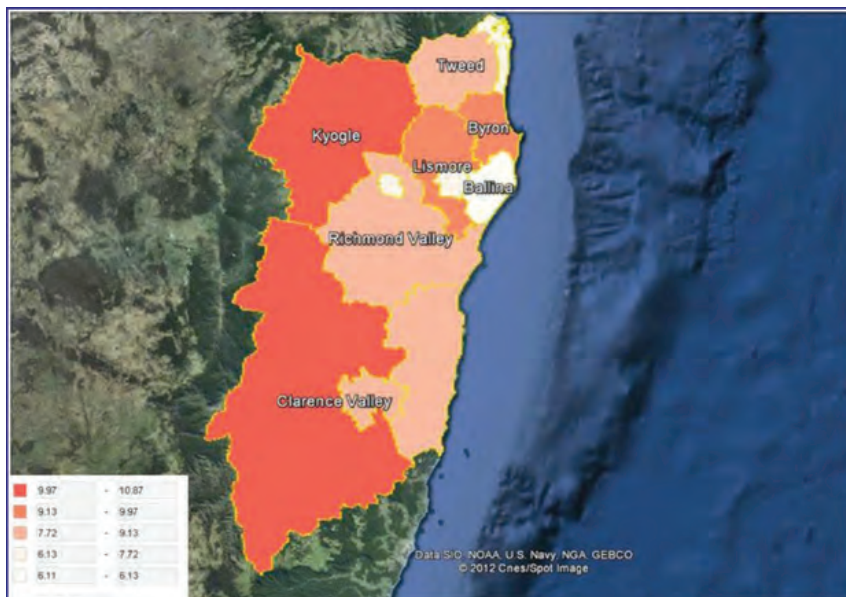
Table 10 shows that household incomes in the study area are well below the NSW average in 2011 (\$1,237 per week), as well as below the Gold Coast (\$1,173), metropolitan Sydney (\$1,447) and metropolitan Brisbane (\$1,388). In many inland areas median income is less than three quarters of the NSW average. The highest incomes are found in Ballina, Byron, Lismore and Tweed. Rates of increase in household income in the study area are similar to NSW.

**Table 10: Household weekly income, 2006-11**

	2006	2011	Change
Ballina	\$776	\$930	19.8%
Byron	\$744	\$885	19.0%
Clarence Valley	\$632	\$768	21.5%
Kyogle	\$600	\$714	19.0%
Lismore	\$759	\$907	19.5%
Richmond Valley	\$645	\$789	22.3%
Tweed	\$679	\$845	24.4%
<b>NSW</b>	<b>\$1,034</b>	<b>\$1,237</b>	<b>19.6%</b>

Source: ABS (2006, 2011)

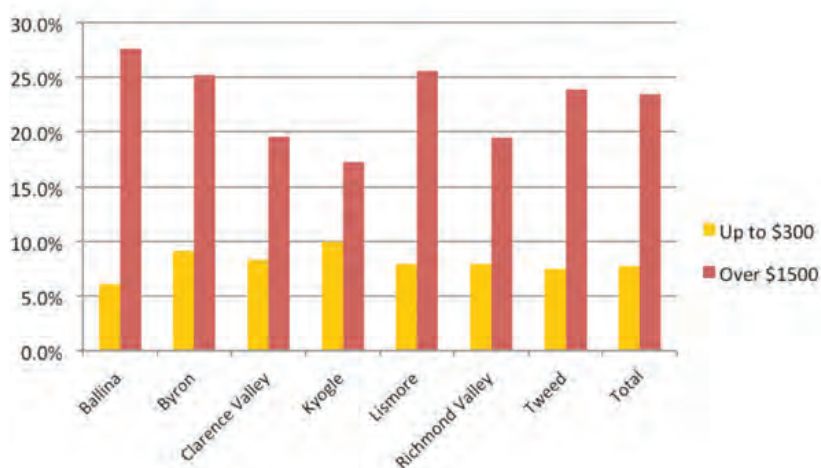
**Figure 8: Households with incomes below \$300/week**



Source: ABS (2011)

Figure 8 shows how weekly household incomes vary across the study area. It maps the distribution of very low income households, demonstrating the concentration of relative poverty in the inland areas of Kyogle and Clarence Valley. It shows the percentage of households with an income of \$300 a week or less. According to NATSEM (2009), over 23% of the residents of Kyogle and eastern Clarence valley have incomes below half the NSW median – some of the highest levels of poverty in NSW.

**Figure 9: Weekly household income 2011**



Source: ABS (2011)

Figure 9 illustrates the extent of low and high income households in the study area. It shows those with a low income below \$300 and with a high income over \$1,500. Again it reveals higher incomes are most common in the coastal LGAs and in the regional centre of Lismore, than inland. Income differentials are greatest in the coastal LGAs of Ballina, Byron and Tweed and lowest in inland Kyogle LGA.

Unemployment in NSW averaged 5.2% in mid-2012. It averaged 6.9% in the study area, in rates that varied from a low of 4.1% in Ballina LGA, up to 7.8% in Byron. Rates were also high in Kyogle at 6.9%, Richmond Valley 6.9% and Clarence Valley 6.2% (DEEWR, 2012)

The mix of industries of employment in the study area helps explain some of the income patterns. All LGAs have similar levels of employment in key service industries such as health, education, public services. In other industries there are marked local variations. Agriculture remains a major employer only in Kyogle; manufacturing is a major employer in Richmond Valley and Kyogle; accommodation and food services are important in Byron and Tweed.

**Table 11: Selected employment, 2011**

	<b>Agriculture, Forestry and Fishing</b>	<b>Manufacturing</b>	<b>Accommodation and Food Services</b>
Ballina	4.4%	5.9%	9.1%
Byron	3.7%	5.7%	13.0%
Clarence Valley	6.2%	8.1%	9.0%
Kyogle	17.5%	10.1%	4.5%
Lismore	5.3%	7.2%	7.0%
Richmond Valley	7.7%	15.6%	6.9%
Tweed	2.6%	5.9%	10.7%
<b>Total</b>	<b>4.9%</b>	<b>7.3%</b>	<b>9.3%</b>

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

There are also significant variations in occupational mix, with larger numbers of (typically higher paid) professional and managers in Byron and Ballina (and, perhaps, surprisingly Kyogle, probably due to the large numbers of people running small agricultural enterprises), and a high proportion of tradespeople, drivers and technical operatives in Richmond valley.

**Table 12: Occupation sample, 2011**

	<b>Managers and professionals</b>	<b>Labourers</b>	<b>Trades, Technical Operatives, Drivers</b>
Ballina	34.6%	18.9%	10.7%
Byron	39.0%	18.1%	10.6%
Clarence Valley	27.2%	21.7%	13.8%
Kyogle	36.2%	20.0%	14.7%
Lismore	32.6%	19.0%	12.3%
Richmond Valley	24.7%	22.6%	19.2%
Tweed	28.3%	22.1%	12.3%
<b>Total</b>	<b>31.0%</b>	<b>20.5%</b>	<b>12.7%</b>

Source: ABS (2011). Selected occupations only

Substantial coal-seam gas reserves have been identified in the Far North Coast region which may signal the emergence of employment in local energy industries in coming years, although the industry faces large scale opposition.

### Regional affordability

The previous figures show that both incomes and housing costs are higher in the northern coastal areas of the study area, with lower costs in the hinterland and coastal areas to the south, and the lowest costs (and incomes) inland.

Affordability is a function of both housing costs and household income. Housing stress is a specific measure of the extent to which lower income households face unaffordable housing costs (rent or mortgage payments).

The usual benchmark for affordability is that households should not pay more than 30% of their gross income for housing if they fall within the lowest 40% of the income range. Full data on housing stress from the ABS Census 2011 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.

**Table 13: Renters in housing stress, 2011**

	% in housing stress
Ballina	13.2
Byron	19.1
Clarence Valley	11.5
Kyogle	8.2
Lismore	12.7
Richmond Valley	12.3
Tweed	14.5
<b>Total</b>	<b>11.6</b>

Source: ABS (2011). Percentage of all households

As Table 13 shows, levels of rental stress in the area are high. Despite rent levels that are generally lower than the NSW average, the prevalence of low incomes has resulted in high levels of stress. Rental stress is particularly acute in Byron (19.1% of all renting households) but is also above the NSW average in Ballina, Lismore, Richmond Valley and Tweed.

Small area analysis of the 2006 census showed housing stress is heavily concentrated in urban areas throughout the study area, in particular in the towns of Byron Bay, Ballina, central Lismore,

Tweed Heads and, to a lesser extent, in coastal settlements between Ballina and the Queensland Border (Gilmour, 2011).

Table 14 analyses rental affordability in the study area based on households paying up to 30% of household income on rental costs. It shows that for very low income households, Byron, Ballina and Tweed are very unaffordable, and for this group the majority of the rental stock is unaffordable throughout the region.

Overall, Kyogle is the most affordable LGA. Rental affordability in most parts of the area has improved marginally over the last 12 months due to relatively stable rent levels, but over a longer period it has deteriorated substantially.

**Table 14: Affordable rental stock, Sep 2012**

	Very Low Incomes -affordable % rental stock	Low Incomes - affordable % rental stock	Moderate Incomes - affordable % of rental stock
Ballina	6	26	80
Byron	3	13	52
Clarence Valley	22	67	95
Kyogle	42	85	95
Lismore	25	56	91
Richmond Valley	28	73	97
Tweed	8	30	82

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 15 shows data for purchaser households in housing stress. Stress is above the NSW average in Byron and Tweed, but is at a significant level across the study area.

Table 15: Purchasers in housing stress, 2011	
	% in housing stress
Ballina	8.5
Byron	11.9
Clarence Valley	8.4
Kyogle	8.6
Lismore	10.1
Richmond Valley	8.9
Tweed	10.6
<b>Total</b>	<b>10.5</b>

Source: ABS (2011). Percentage of all households

As Table 16 shows, households in lower income groups have poor access to home ownership in the study area. Clarence valley, Kyogle and Richmond Valley are the most affordable LGAs, and Byron is by far the least affordable.

Table 16: Affordable purchase stock, Sep 2012			
	Very Low Incomes – affordable % purchase stock	Low Incomes – affordable % purchase stock	Moderate Incomes – affordable % purchase stock
Ballina	0	3	22
Byron	0	1	5
Clarence Valley	2	18	64
Kyogle*	13	35	78
Lismore	0	10	49
Richmond Valley	2	31	62
Tweed	0	6	34

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%).

\*Average for 12 months due to small sample

The table indicates that large numbers of purchasers face affordability problems. In general, very low income households (i.e. income 50% of the LGA median or less) are effectively locked out of home ownership, as are most low income households, especially in Ballina, Byron and Tweed. The exceptions are households with access to large deposits, for example from parents.

Moderate income bands have better access to affordable purchase, but the proportion of affordable stock for them in Byron is very low, and in Ballina and Tweed is low.

There are a number of broad regional trends emerging from Tables 13, 14, 15 and 16:

- Housing affordability has improved marginally over the last few years, but not everywhere. However, affordability levels are still near historic lows.
- The greatest levels of housing stress are faced by very low income renters, most of whom are

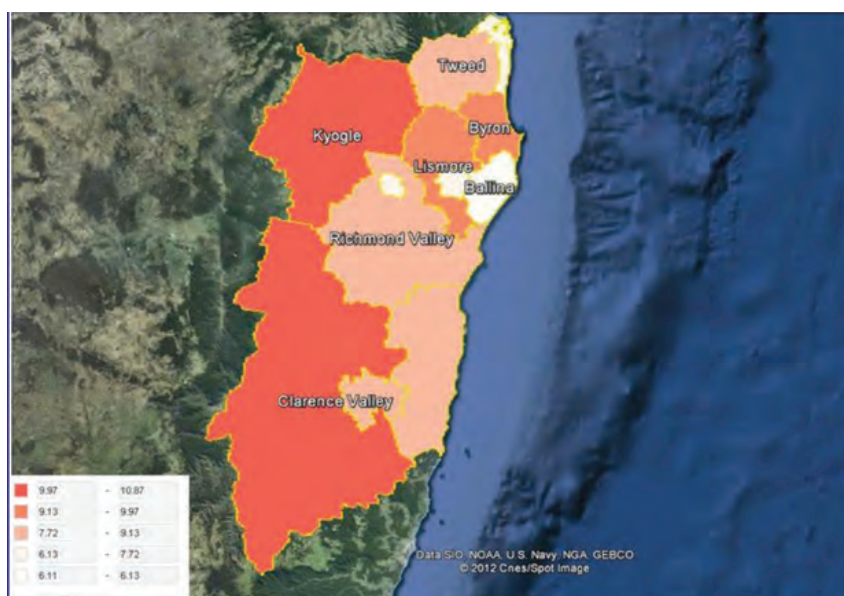
in housing stress. Single income households are most likely to face housing stress, according to Housing NSW (2007a).

- Housing affordability problems are greater in Byron, Ballina and Tweed for both renters and purchasers. Lismore by comparison is a more affordable regional centre but only for low to moderate income earners.
- Byron LGA's affordability profile is by far the worst in the survey area, with stress levels close to those found in much of metropolitan Sydney.
- Clarence Valley, Kyogle, Lismore and Richmond Valley are the LGAs that have the lowest proportion of households facing housing stress. Despite this, many very low and low income households in these areas are in stress.
- Housing stress levels are not uniform within an LGA, the worst affected areas being the significant coastal urban centres.

### 3.4 SOCIAL HOUSING

Figure 10 shows the regional distribution of social housing. There are pockets of high concentrations of social housing in rural areas in Clarence Valley and Kyogle which reflects the proportion of social housing compared to their sparse populations.

**Figure 10: Social housing % of rental dwellings, 2011**



Source: ABS (2011)

Very small concentrations of social housing are also located in the centre of Lismore and Clarence Valley and outer areas of Ballina. Concentration of social housing is less of an issue in Tweed and Richmond Valley LGAs.

Data on the numbers of social housing units are given in Table 17. Almost three-quarters of the properties are in three LGAs: Ballina, Lismore and Tweed. Byron has a low amount of public housing following the transfer of management to NCCH in 2009-2010.

**Table 17: Social housing stock at Jun 2012**

	<b>Studio</b>	<b>1 bed</b>	<b>2 bed</b>	<b>3 bed</b>	<b>4 bed plus</b>	<b>Total</b>
Tweed Heads	0	324	357	270	59	<b>1,010</b>
Lismore	22	176	246	264	57	<b>765</b>
Ballina	0	217	200	231	42	<b>690</b>
Grafton	0	95	148	186	47	<b>476</b>
Casino	0	35	84	154	41	<b>314</b>
Murwillumbah	0	50	67	78	20	<b>215</b>
Wauchope	0	16	83	64	16	<b>179</b>
Byron Bay	0	50	46	66	11	<b>173</b>
Lower Clarence	0	6	51	39	10	<b>112</b>
Woolgoolga	0	29	17	37	7	<b>90</b>
Laurieton	0	50	15	2	1	<b>68</b>
Alstonville	0	8	9	30	7	<b>54</b>
Brunswick Heads	0	28	7	9	6	<b>50</b>
Kyogle	0	0	17	15	10	<b>42</b>
Evans Head	0	11	4	20	3	<b>38</b>
Mullumbimby	8	12	6	8	1	<b>35</b>
Crescent Head	0	20	4	1	0	<b>25</b>
Bonalbo	0	0	1	0	0	<b>1</b>

Source: Housing NSW (2012a). Housing NSW social housing regions

It was noted in Table 9 that the proportion of households in social housing in the study area averages 3.6%, well below the NSW average of (5.0%). The LGAs with least social housing compared to existing housing stock are Byron Shire (2.2%), Kyogle (2.8%), Clarence Valley (3.2%) and Tweed (3.3%).

The mix between the different types of social housing across the study area is shown in Table 18 based on data available from Housing NSW. Across NSW the current split between social housing types is public housing 84%, community housing 13% and housing managed by the Aboriginal Housing Office only 3%. Table 18 is prior to the transfer of properties in Byron from Housing NSW to NCCH.

**Table 18: Social housing mix, 2007**

	Public housing %	Community housing %	Aboriginal housing %
Ballina	78	19	3
Byron	78	19	3
Clarence Valley	63	30	7
Kyogle	74	7	19
Lismore	77	17	6
Richmond Valley	73	17	10
Tweed	82	13	5

Source: Surveys (Housing NSW, 2007a; b; c; d; e; f; g)

The Aboriginal Housing Office manage the highest proportion of social housing in Kyogle, although that percentage figure in Table 18 is exaggerated due to the low level of all social housing in Kyogle. The greatest absolute numbers of Aboriginal Housing Office managed properties are in Lismore (46), Clarence Valley (41) and Richmond Valley (34).

## North Coast Community housing

NCCH managed 839 properties at June 2012 housing 1,592 people in a mix of single and family households (NCCH, 2012). The property portfolio is made up of:

- 602 'Capital' properties leased from Housing NSW
- 27 properties have been transferred under the Nation Building Economic Stimulus Plan, four of which have had the title transfer to NCCH. In April 2013 the Minister announced NCCH had been successful awarded title transfer of the remaining properties (Pearce, 2013)
- 157 properties leased from the private rental market
- 32 affordable housing properties through the Social Housing Subsidy Program
- 15 Home Purchase Assistance properties
- Four Rough Sleepers Program properties
- Two properties owned by NCCH

NCCH's share of social housing provision is 82% in the Byron Shire following transfer. Their share in Tweed is small at 14% and Lismore 19%.

## Public housing renewal

During the last two decades public housing in many countries, including Australia, has become 'residualised'. This is where 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.

There have been some stock transfers from the public to the community housing sector in recent years and more are likely (AIHW, 2009). NCCH received 27 properties under the Nation Building Economic Stimulus Plan (NBESP), though was unsuccessful in two further tenders for transfer



of stock ownership (NCCH, 2010: p.16). More success has been achieved with transfer of management responsibilities but not title transfer from Housing NSW in Byron.

### 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 NBESP the Commonwealth invested \$2.9 billion to deliver new social housing units in NSW. Some 90% of these new properties are now run by community housing providers, although not always with title.

The main longer-term program for building new affordable housing is the National Rental Affordability Scheme (NRAS). By investing \$1 billion in tax credits, the Commonwealth with State support has aimed to stimulate construction of 50,000 new homes.

Most NRAS funds allocated to community housing organisations since 2008 have been to develop affordable housing in metropolitan areas. The majority of the NRAS incentives allocated in the study area are located in the northern Tweed, and are shown in Table 19.

**Table 19: NRAS progress to Mar 2013**

	Postcode	Built	Proposed	Total	Success
Tweed Heads	2485	0	112	112	0%
Goonellabah	2480	6	20	26	23%
Lismore	2480	26	0	26	100%
Banora Point	2486	0	100	100	0%
Lennox Head	2478	0	24	24	0%
Byron Bay	2481	0	8	8	0%
Yamba	2464	10	0	10	100%
Grafton	2460	8	0	8	100%
Junction Hill	2460	6	0	6	100%
Woodburn	2472	0	5	5	0%
South Grafton	2460	0	1	1	0%
<b>Total - Northern Rivers</b>	—	<b>56</b>	<b>270</b>	<b>326</b>	<b>17%</b>
<b>Total - NSW</b>	—	<b>1,660</b>	<b>4,869</b>	<b>6,529</b>	<b>25%</b>

Source: Housing NSW (2012)

NRAS allocations in the study area compared to NSW have been modest in number, and only a small number have been delivered to date. The 56 NRAs properties currently occupied, although welcome, will make only a small difference to regional housing affordability issues.

NCCH did not bid in rounds 1-3, though received 20 incentives in round 4. Uniting Care, Baptist Community Services and Community Housing Limited (CHL) were successful in the study area in rounds 1-2. Victorian based CHL merged with Mid North Coast Community Housing in 2009 to establish a presence in the south of the study area.

### 3.5 DEMAND FOR SOCIAL HOUSING

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 NCCH 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). Table 20 shows the total waiting list for the study area, which comprises 2,376 applicants of which 161 are classed as priority and 2,215 as general.

**Table 20: Social housing waiting list, Jun 2012**

	Priority	General	Total
Tweed Heads	32	811	843
Lismore	25	326	351
Ballina	18	232	250
Grafton	10	225	235
Byron Bay	26	128	154
Murwillumbah	7	92	99
Casino	3	67	70
Brunswick Heads	13	54	67
Mullumbimby	13	54	67
Lower Clarence	5	60	65
Evans Head	1	21	22
Alstonville	0	17	17
Kyogle	2	14	16
<b>Total</b>	<b>155</b>	<b>2,101</b>	<b>2,256</b>

Source: Housing NSW (2012)

**Table 21: Applicants housed, year to Jun 2012**

	Priority	General	Total
Tweed Heads	20	32	52
Lismore	26	24	50
Ballina	16	29	45
Grafton	8	30	38
Casino	2	20	22
Wauchope	2	11	13
Murwillumbah	3	8	11
Byron Bay	4	4	8
Lower Clarence	0	4	4
Evans Head	0	4	4
Laurieton	0	4	4
Woolgoolga	2	2	4
Alstonville	1	3	4
Brunswick Heads	0	4	4
Crescent Head	0	1	1
Mullumbimby	1	0	1
Kyogle		0	0
Bonalbo	0	0	0
<b>Total</b>	<b>85</b>	<b>180</b>	<b>265</b>

Source: Housing NSW (2012b)

Table 21 shows that 265 people were housed off the social housing waiting list in the year to June 2012, 85 of them priority applicants. In many parts of the study area there was little movement on the waiting list, a reflection of low levels of social housing stock.

Figure 11 illustrates the particular shortage of social housing on the study area. Availability is best in Casino and Kyogle, 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 two 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.

**Figure 11: Social housing waiting times, June 2012**

Source: Housing NSW



### Social housing tenants

According to Government research, the profile of tenants in the Northern Rivers region is more similar to metropolitan Sydney than NSW as a whole as 30% receive the aged pension (DFS, 2012). The proportion of public housing tenants receiving the Disability Support Pension is above average in the region, as is the proportion of single person households.

Projections suggest that by 2021 there will be just under 25,000 social housing eligible households in the Northern Rivers region compared to the current housing stock of 2,891.

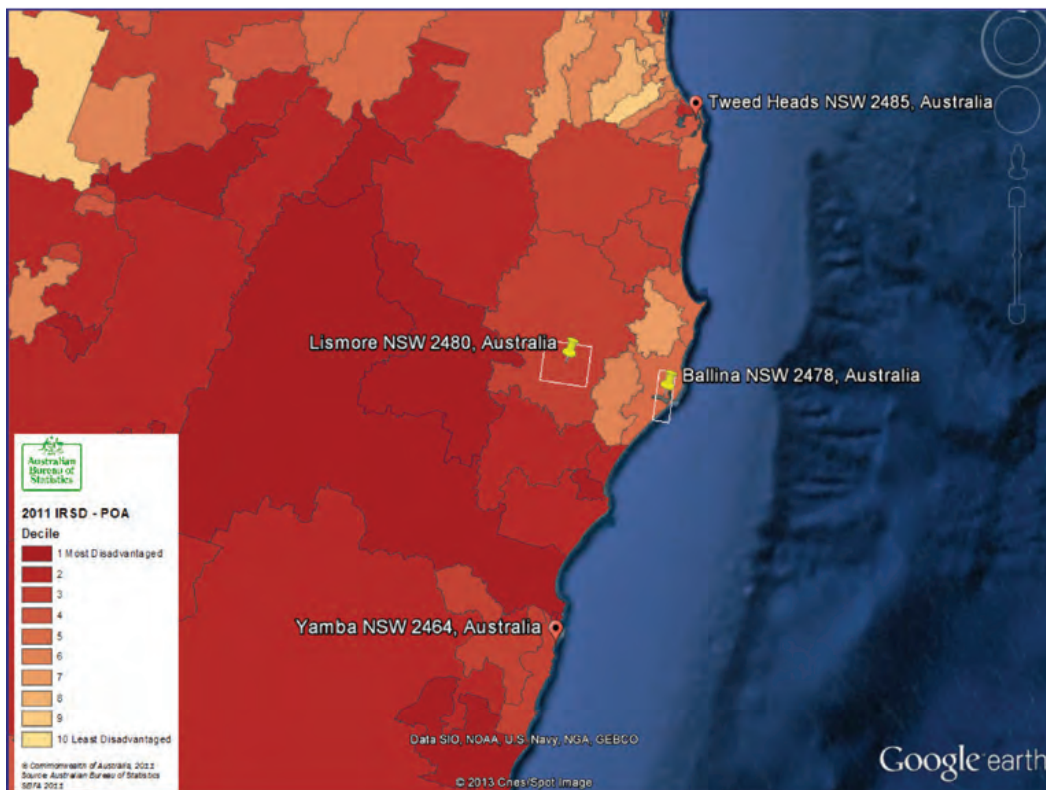
Of the demand for housing, 72% will be for one bedroom and 18% for two bedroom properties. Only 10% of demand will be for three or more bedroomed properties. Social housing demand will be increasingly for one and two bedroom properties. The fastest growing type of eligible households will be of frail aged households where the householder is over 80 years old.

### Social disadvantage

A key factor affecting demand for social housing is social disadvantage. A widely-used measure of social disadvantage is the ABS SEIFA (Socio Economic Index for Areas) data. The most recent version was published in April 2013, and is shown for the study area in Figure 12. The index measures relative disadvantage based income, educational attainment, housing quality, unemployment and other factors. The lower the SEIFA score, the greater the disadvantage in the area relative to all areas in Australia.

There are many districts in the study area where social disadvantage is in the top 40% of all districts across Australia. They are concentrated in areas generally south of the region, in Clarence Valley, and inland rural areas away from the coastal strip.

**Figure 12: Social housing as a % of rental dwellings, 2011**



Source: ABS (2011). Modelled by the author using Google Earth

Social disadvantage raises several issues in addition to housing needs and affordability. The following are important in the Far North and Mid North Coast sub-regions:

- The rapid recent population increases have challenged existing human services both in terms of demand for service, as well as the variety and complexity of services needed. This will take large investment to resolve.
- Recent population growth has not always been accompanied by a similar rise in the number of jobs. Many of the newer jobs in the service sector are relatively low paid. Unemployment and under-employment may lead to social issues emerging.
- The study area is 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 study area where there are jobs.
- A major barrier for delivering outreach health care services in the region, especially for older people, is the geographic spread of clients requiring care, and the time and cost of travelling to reach them.
- Other identified regional barriers included a long-standing shortage of occupational therapists and physiotherapists within the public health sector in the Far North Coast especially. These difficulties are expected to be exacerbated as the population in the region ages rapidly (Aged Services Learning and Research Centre, 2009).

The issue of social disadvantage is particularly important to community housing providers such as NCCH. 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 housing providers.

NCCH 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 the 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

### 3.6 SPECIFIC HOUSING NEEDS

Much of the previous analysis relates to the housing market in general. Certain challenges, however, are best assessed by examining the housing needs of particular groups.

#### Older people

The composition of the population is changing. 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 whole of the study area already has a larger proportion of older residents than the average for NSW, and the proportion is particularly high in Tweed (23% over 65), Ballina and Kyogle (nearly 22%) and Richmond Valley (almost 20%). These numbers can be expected to increase further, largely as a result of the inward migration of retirees.

Older people in private rental accommodation are particularly vulnerable. Many have fixed or limited incomes and are unable to afford regularly rising rents. Other experience housing crises when a partner dies.

#### Homeless people

Census data for 2011 is included in Table 22. The areas used for census analysis are 'statistical local area 3', rather than LGAs. Of the four areas, the highest numbers of homeless people are in the Richmond Valley coastal strip. This area also has the highest rate of homelessness at 683 per 100,000.

The average homelessness rate in NSW is 408 per 100,000 population. This gives an indication that homelessness in many parts of the study region is above the average for the State, particularly the coastal strip that includes Ballina and Byron Bay.

**Table 22: Homelessness 2011**

	Homeless persons no.	Homeless persons rate	Marginally housed, eg in caravan parks no.
Richmond Valley – coastal (Brunswick Heads to Evans Heads)	500	683	270
Richmond Valley – hinterland (Lismore, Casino)	371	535	136
Tweed Valley (Tweed Heads, Murwillumbah)	306	359	280
Clarence Valley	200	406	115
NSW	28,209	408	3,777

Source: ABS (2011). Rate is per 100,000 population

### People living in alternative dwellings

Traditionally residential parks, caravan parks and holiday villages have been significant sources of lower cost housing, particularly in coastal areas (Bunce, 2010).

These alternative housing options have been threatened by increasing competition for land from ‘sea-change’ migrants and use for tourism purposes. Consequently, many residents are vulnerable. One study found 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 its 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.

Citing an earlier discussion paper (Connor, 2004), Caroline Squires reported to the 2005 National Housing Conference that ‘a total of 420 permanent sites are estimated to have been

lost between November 2001 and January 2004 on the north coast... and a significant amount of remaining caravan park accommodation is at risk of being redeveloped’ (Squires & Gurran, 2005: p.283).

Since the 2005 paper was delivered the pace of coastal residential development has not abated. It is reasonable to assume caravan parks, and similar low cost accommodation, continues to be eroded by profit seeking development.







# 4. Conclusions

**The final section provides reviews the major research findings, and makes suggestions to regional stakeholders on actions needed to address issues raised in the report**

## 4.1 REGIONAL ISSUES

Many parts of the study area can expect continuing strong population growth over the next 25 years, with greatest pressure on the coastal strip and near the Queensland border. The region will experience some of the fastest population growth in NSW outside Sydney.

State 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 State Coalition Government. More detailed plans have been published for areas on the fringes of metropolitan Sydney, though not on the Far North Coast of NSW.

Clearer indications should emerge during 2013 of how the planning system will be reformed, and on local government amalgamations. These two changes are likely to have fundamental impacts locally. During what might be an extended period of transition, councils will have few resources to push for a greater provision of well-located affordable housing.

### Recommendations

The Northern Rivers area has suffered for a number of years with fragmented leadership. One potentially beneficial outcome from local government re-organisation might be a more coordinated approach across the region and a stronger single voice when negotiating for funding from State Government.

Individuals and organisations concerned about housing affordability issues will need to ensure new administrative arrangements address housing issues. The recent withdrawal of Clarence Valley Council from a more pro-active approach to affordable housing is not encouraging. Skills and expertise built within existing councils need to be preserved within new administrative structures.

Although the Northern Rivers may be run in a more coordinated way, the region will retain a significantly divided set of housing markets. In particular there are differences between parts of the inland area and the coastal strip. Housing policies will need to be tailored to the specific requirements of particular sub-markets.

Even with local government reform, major policy levers remain with State Government. Greater resources need to be directed to the region to address high levels of homelessness, and provide infrastructure both in declining rural areas and the Tweed Valley area impacted by South East Queensland's rapid growth.

The Northern Rivers Housing Forum is an effective regional initiative bringing together organisations in the public, private and not-for-profit sectors. The Forum needs to continue to act as a strong voice for affordable housing issues, and seek new forms of funding.

## 4.2 HOUSING SUPPLY

NSW State Government is planning for a major expansion of the population living in the Far North Coast and Mid North Coast sub-regions over the next 25 years, and a commensurate increase in housing supply. This will make the region one of the fastest growing in Australia.

However, between 2006 and 2011, new 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.

Of the 2,473 new properties needed each year to keep pace with projected housing demand to 2036 in the study area, only 1,706 were built each year between 2006 and 2011. Despite this modest increase in new housing, the number of occupied properties actually fell by 270 per year. This phenomenon has been noted in other coastal locations such as the Central Coast, though is probably more extreme in the Far North Coast sub-region.

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. Lifestyle migration is a factor, fuelled by the greater spending power of urban buyers.

### **Recommendations**

There is a clear need to increase housing supply at a variety of price points, and for owner occupation as well as rental. In the Northern Rivers, State Government needs to assist by improving the supply of developable land and streamlining planning decisions. This is the approach taken on the urban fringe areas of metropolitan Sydney.

However, supply of land needs to be accompanied by careful planning to ensure properties will be affordable to buy or rent by low, moderate and higher income households. If the market is left un-checked, most supply will be of larger properties and holiday homes along the coast. This will merely accentuate the trend of recent years.

In sought-after locations along the coastal strip it should be possible to negotiate for a number of properties in each development to be affordable. In part this can be achieved by

requiring smaller as well as larger properties in new residential schemes.

Developments should be encouraged that use NRAS incentives, and are targeted at low to moderate income rental households. If these projects are developed by not-for-profit community housing groups, these dwellings will remain affordable in perpetuity.

### **4.3 SPECIAL HOUSING NEEDS**

There are significant housing affordability issues for very low and low income households, both renters and purchasers. The situation is made worse by a relatively low availability of social rental housing. Given State Government financial approaches, it is unlikely new social housing will be built at scale, and the proportion of social housing will fall further.

Areas of severe housing stress are dispersed through the sub-regions, though most intense in coastal areas and regional centres. Traditional sources of low rental housing such as residential parks are at risk from development pressures.

Older people with low incomes are facing increased housing stress. This will intensify as the region's population ages. Affordable housing and appropriate housing for singles and seniors will especially be needed. The pockets of concentrated homelessness will also need concerted intervention by various groups.

There is a need for greater housing diversity across all LGAs in the study area, in relation to housing types, sizes and rental costs. Smaller dwellings with one to two bedrooms are especially needed for vulnerable groups such as older people, people with very low to low incomes and people receiving pensions. Many of these people may be facing other challenges through domestic violence, medical issues and various types of disability.

### **Recommendations**

Governments in Tasmania, Queensland and South Australia have concluded their public housing is unsustainable, and recently started further transfers to community housing groups.

This allows greater financial security through the ability of the not-for-profit organisations to receive Commonwealth Rent Assistance. In addition, research suggests community housing is a lower costs form of social housing delivery.

Progressive stock transfers of social housing in the Northern Rivers, as has happened in Byron LGA, can lead to better social and economic outcomes. NCCH and other providers in the region should push for more transfers to take place. This approach may well be favourably received by Government as housing distant from Sydney is harder and more costly for state agencies to administer.

NCCH are well placed to assist households in areas of social disadvantage due to their strong partnerships with local and regional not-for-profit social service agencies. Stock transfer will empower a greater range of such partnerships, and allow local people to have a greater say in how their housing is managed. NCCH has an industry-leading tenant participation scheme, are better able to build social and community capital than a centralised Government agency.

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