

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

**Organisation:** Gunnedah Shire Council

**Date received:** 7/05/2014

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The Hon Paul Green MLC  
Chair  
Select Committee  
Inquiry into Social, Public and Affordable Housing in NSW

6 May 2014

Dear Sir

**Submission  
Social, Public and Affordable Housing in NSW**

I am pleased to enclose Council's submission to the Inquiry.

The Mayor Cr Owen Hasler and I look forward to the opportunity to appear at the hearing in Tamworth on 20 May 2014.

Yours faithfully,

Michael J Silver  
ACTING GENERAL MANAGER

Contact: 67402120  
Reference: ms:vg

Encl.



## **SUBMISSION BY GUNNEDAH SHIRE COUNCIL**

### **TO**

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

### **INTRODUCTION**

The Gunnedah Shire Local Government Area embraces 5000 square kilometres in the northern inland region of NSW.

With a population of 12,500 it is a prosperous agricultural area with extensive coal and gas resources.

Agriculture has traditionally been the primary economic driver, underpinning other sectors of the community. The strong global demand for coal and gas has resulted in the 'ramping' up of the coal and gas sectors, with the Gunnedah Basin (which incorporates Liverpool Plains, Gunnedah and Narrabri Shires) identified as the 'new coal frontier'. Coal reserves in the Gunnedah Basin are estimated to be in excess of 2,000 million tonnes. The coal mining sector is competing with agriculture and other sections for labour, resources and access to infrastructure.

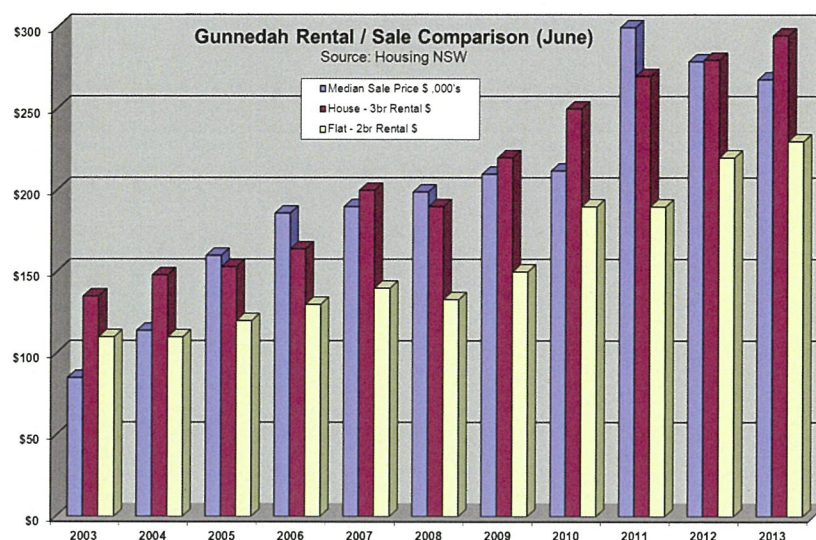
In particular the development of the resources sector is placing increasing pressure on housing availability and affordability.

### **BACKGROUND**

Gunnedah has experienced considerable increases in population and demands for housing since 2005.

This has been as a consequence of an increase in coal mining exploration and development, together with increased interest in the potential to develop coal seam gas opportunities within the region.

This is demonstrated in the graph below which shows the significant increase in rental prices since 2007.



An examination of 2011 Census data for Gunnedah reveals that 32% of the population has gross weekly income of less than \$600 per week. This is above the NSW average of 24.2% and also the national average of 23.7%.

The rental payment relative to percentage of income for Gunnedah is consistent with or slightly below the state and national averages.

Gunnedah's public housing sector is primarily managed by Homes North Community Housing Ltd with approximately 170 properties offering accommodation across all demographic sectors.

Council has also been involved in the community housing sector and continues to manage six housing units targeting general housing and youth housing as well as having part ownership of another four general housing units managed by Homes North.

## RECENT HOUSING DEVELOPMENT

The ramping up of coal resource development over the last eight years has seen an escalation in private dwelling construction and in the unit development.

This is best demonstrated by the following charts for dwelling and unit approval by Council.

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>New Dwellings</b>	28	40	48	26	34	64	66	77
<b>Residential Units</b>	38	18	30	12	4	11	13	21

Whilst this has addressed demand from the incoming workforce often with considerable financial capability, it has not addressed the challenges faced by the existing workforce in terms of rent levels. The residential unit development has been speculative being targeted at high returns and consequently not addressing the impacts at the lower income levels.

## **THE FUTURE**

The Gunnedah Basin is forecast to experience significant resource development over the next five to ten years with several projects in the Gunnedah Local Government Area to come on line.

The Shenhua Watermark proposal (600 direct employees) is nearing determination by the Planning and Assessment Commission whilst the Caroon Coal Project (400 employees) owned by BHP Billiton is progressing through the Environmental Impact Assessment phase.

Add to this the Vickery Coal Project (200 employees) subject to imminent determination and expansion works associated with existing mining developments in the Boggabri district, as well as the potential for coal seam gas development in the next five years, the Gunnedah district will be under considerable housing pressure.

Mining companies are proposing to address some of this housing impact by utilising mining camps, however given the ancillary development and associated industries required to support these proposals with the consequential multiplier effect, the demands for housing in Gunnedah will be considerable between now and 2020.

## **HOUSING SOLUTIONS**

### **Major Development Impacts**

Council believes that all parties contributing to housing impacts and affordability issues have a role to play in addressing the problem..

In the Gunnedah instance, the resource development proposals will be the single most significant drive affecting housing affordability and availability.

Council has endeavoured, without success, to negotiate affordable and social housing programs with resource development companies as part of Voluntary Planning Agreement discussions. Unfortunately, housing issues generally fall within the discretionary component of such discussions from the proponent's perspective. The general response being that "market forces" will address this problem and that housing impacts not directly related to mine operation are not the responsibility of the developer.

**Recommendation:** That the planning requirements to review and address broad housing impacts in major development proposals be strengthened in order that proponents are required to accept a proportion of the cost of solutions to availability of affordable and social housing.

### **Community Housing Partnerships**

The community housing programs conducted in NSW during the 1990's in association with local government, from a Gunnedah perspective were a success.

These initiatives allowed locally targeted accommodation to be developed in a cost effective manner, with local government (or a community housing provider) meeting the ongoing operational and ongoing asset management requirements.

Whilst local government will be concerned that it does not become directly responsible for ongoing asset maintenance costs, there is a role for Councils to partner with other levels of government or the private sector in social or community housing programs. This is particularly applicable where critical workers such as police, health care workers, teachers and importantly lower paid workers such as service industry staff are negatively impacted by increasing rentals and housing availability.

**Recommendation:** That ongoing funding partnerships with the Federal and State Government be further developed with a priority being given to areas subject to resource development.

## **MARKET INCENTIVES**

The current affordable housing incentives have little benefit to housing developments in rural communities.

The ability to construct, say an additional unit as part of a proposal given certain requirements, is often outweighed by the development cost when compared to the likely return.

It therefore seems that incentives or discounts need to be more direct and definitive. Nevertheless the nature of development also needs to meet local community expectations.

To ensure that there is an awareness of the challenges that we face in the future from housing affordability and sustainability it is vital that affordable housing requirements are embedded in the planning system – this includes robust provisions at the LEP level. This approach would ensure that local communities and the Councils address this matter as a local priority.

**Recommendation:** That consideration be given to embedding affordable housing provisions in the planning system with particular focus on provisions directly in the Local Environmental Plan Standard Instrument.