

**Submission  
No 98**

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

**Organisation:** Regional Development Australia Illawarra

**Date received:** 28/02/2014

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## **Submission to the Inquiry into social, public and affordable housing Regional Development Australia Illawarra (RDAI)**

### **Introduction**

Thank you for the opportunity to submit to the Select Committee on social, public and affordable housing. RDAI is the peak regional development consultative organisation for the Illawarra region (Wollongong, Shellharbour and Kiama local government areas). It is part of the national network of Regional Development Australia committees which is a joint initiative of the Commonwealth and State Governments. Our Board is committed to enhancing human capital and sustainability in the region. RDAI's central focus is sustainable economic development leading to employment growth, by working with partner organisations to identify and implement strategies and projects that:

- Enable economic and business growth in the region
- Create jobs for the Illawarra's unemployed
- Facilitate the development of employment generating infrastructure, and
- Build community capacity, particularly in disadvantaged suburbs.

### **The link between rental affordability and social disadvantage in the Illawarra**

The SEIFA index (2011) of relative disadvantage varies across the region, with pockets of high disadvantage scattered amongst areas of relatively high advantage. In the Wollongong LGA the suburbs of Warrawong, Bellambi, Unanderra, Koonawarra, Cringila, Berkeley, Port Kembla rank in the lowest decile (most disadvantaged) areas in Australia. In the Shellharbour LGA the suburbs of Warilla and Lake Illawarra similarly rank in the first decile of most disadvantaged areas. The Kiama LGA does not register such pockets of disadvantage, not negating however that there are low income households within the LGA.

The September 2013 unemployment rate in the combined Wollongong and Shellharbour LGAs was 7% (compared to 5.2% in Sydney) with an average job seeker duration of 31 months. Department of Employment quotes 48% lone-parent families as jobless (ABS Census 2011) and so have particular housing needs. In December 2013 the youth Unemployment rate in the Illawarra was 16% for 15-24 year olds and 36.4% for 15-19 year olds. (Source: ABS Labour Force Survey). A subdued jobs market clearly impacts housing needs of the region's most vulnerable citizens.

Research commissioned by RDAI as part of our Transition Illawarra Initiative found that the relatively slow population growth and workforce growth in the Illawarra have kept Illawarra housing values relative low compared to other regions resulting in relatively lower levels of mortgage stress. However, rental affordability for low income households remains a significant concern in this region.

Census (2011) figures show that in Wollongong 8.3% of the population live in social or public housing and a further 20.5% rent properties privately. For Shellharbour, 7.7% of the population live in social or public housing and 17.7% rent privately.

Anglicare's Rental Affordability Snapshot (April 2011) found that in the Illawarra there were no affordable and appropriate available (advertised for lease) private rental properties for people on Newstart or Youth Allowance. One property was identified as appropriate and affordable for people on the parenting payment.

Median weekly private rental rates (Housing NSW September 2013 figures) in the Kiama to Shellharbour area were \$350 for a two bedroom dwelling and \$360 in Wollongong. The median rental for a one bedroom unit in Wollongong was \$250. The Newstart payment for single people is just \$251 pw plus Commonwealth Rent Assistance (CRA). The maximum CRA is \$62 p.w if the rent paid is more than \$275 per week. The independent youth allowance for young people unable to live at home is even lower at \$212.20 per week. The affordability issues are self evident.

The waiting lists for general applicants on the Housing Register for public and social housing in September 2013 were:

- Shellharbour – 10 years for all property types
- Wollongong City – 5-10 years for one and four bedroom properties; 10 years for all other property sizes/types
- Southern Suburbs of Wollongong: 5-10 years for one bedroom properties; 10 years for two and three bedroom properties and more than 10 years for four bedroom properties.

Added to this, the vacancy rates in private rentals are low in the Illawarra. Research undertaken by Ferrer (*The Private Rental Market, Affordability and Homelessness: April 2013*) shows a direct correlation between low vacancy rates in the private rental market and escalations of homelessness rates. Where the vacancy rate falls below 2%, homelessness significantly escalates. The January 2014 Real Estate Institute of NSW Vacancy Rate Survey reports the Illawarra private rental vacancy rates as 1.8%.

## Homelessness in the Illawarra

On Census night 2011 there were 972 people counted as homeless. The definition used by the ABS for this count includes those living in improvised dwellings, tents or sleeping out; those living in supported accommodation for the homeless; those staying temporarily with other households; those living in boarding houses and those living in other temporary lodgings or severely overcrowded dwellings. In addition, the Census also counted 149 people marginally housed in caravan parks who fit the definition of homeless. On any given night in the Illawarra there are over 1,000 people experiencing homelessness. Just under half of these people are under the age of 25 years.

## Demographic changes

The stock of social, public and private rental housing in the region needs to align with the demographic changes being experienced. The size of household composition in the Illawarra has been steadily reducing leading to increased need for smaller sized affordable rental properties.

In the Wollongong LGA the composition of households in the 2011 Census was: couple families with children (30.3%); couples without children (24.3%); single person households (25%) and one parent families (11.7%). The largest changes in family/household types in Wollongong City between 2006 and 2011 were:

- Lone person (+1,120 households)
- Couples without children (+757 households)
- One parent families (+528 households)

In the Shellharbour LGA the composition of households in 2011 was: couple families with children (35.5%); couples without children (25.3%); single person households (20.1%) and one parent families (14%). The largest changes in family/household types in Shellharbour City between 2006 and 2011 were:

- Lone person (+640 households)
- Couples without children (+445 households)
- One parent families (+319 households)

In the Kiama LGA the composition of households in 2011 was: couple families with children (31.6%); couples without children (32.3%); single person households (21.5%) and one parent families (9.2%) The largest changes in family/household types in Municipality of Kiama between 2006 and 2011 were:

- Couples without children (+402 households)
- Lone person (+133 households)
- One parent families (+72 households)

State government plans and policies set targets and predictions for housing supply. For example Planning and Infrastructure NSW's Regional Strategy for the Illawarra supports the NSW Government's 25-year land use strategy aim to provide 38,000 new dwellings by 2031. However, without concerted strategies to ensure that a proportion of these dwellings match the need for diversity in size and type of housing that is affordable for rent to low income households, the risk remains that the market will continue to favour larger and higher value properties.

The recently completed report by Deloitte Access Economics for the Transition Illawarra Initiative made one recommendations with regard to housing: "Work with local councils and the NSW Department of Planning and Infrastructure to ensure the region is able to accommodate future housing needs". The Select Committee could consider strengthening social procurement provisions to include developer incentives for a mix of public housing styles in both greenfields and in-fill developments.

### **Recommendations**

This Inquiry is timely in light of the issues raised affecting low income residents of our region in their endeavours to secure appropriate and affordable housing. RDAI recommends that the Inquiry Committee consider the following as potential enablers of increasing housing security for low income residents of the Illawarra:

1. Providing incentives for the private developers to create affordable housing stock, e.g:
  - a. Enablers for new housing developments to include a proportion of affordable housing, such as in the Legislative Council's currently proposed Amendments to the Planning Bill 2013
  - b. Enablers for partnerships between private developers and Registered Community Housing Providers to utilise the affordable housing stock created as low cost rentals managed by the Community Housing Provider.
2. Increasing the supply of smaller sized social and public housing stock to better match the demand
3. Renewing the National Affordable Housing Agreement post July 2014 and recommending that objectives include:
  - a. Commonwealth and State investment in increasing social and public housing in areas of high demand
  - b. Strategies for developing appropriate social and public housing for young people who are disproportionately making up the homelessness statistics.

Thank you for the opportunity to make a submission to the Inquiry.

Natalie Burroughs, CEO

## References

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