

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

**Organisation:** Manly Council  
**Name:** Mr Anthony Hewton  
**Position:** Divisional Manager, Corporate Planning and Strategy  
**Telephone:** (02) 9976 1500  
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# Manly Council



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Enquiries: Jennie Minifie

**Council Offices**  
1 Belgrave Street  
Manly NSW 2095

**Correspondence to**  
General Manager  
PO Box 82  
Manly NSW 1655

DX 9205 Manly

**Telephone 02 9976 1500**  
Facsimile 02 9976 1400

[www.manly.nsw.gov.au](http://www.manly.nsw.gov.au)  
[records@manly.nsw.gov.au](mailto:records@manly.nsw.gov.au)

ABN 43 662 868 065

The Director  
Standing Committee on Social Issues  
Parliament House  
Macquarie St  
**SYDNEY NSW 2000**

Attention: Rachel Simpson

Dear Ms Simpson

**Re: NSW Legislative Council – Standing Committee on Social Issues –  
Inquiry into Homelessness and low-cost rental accommodation**

Please find enclosed a copy of Manly Council's submission to the above inquiry and addressing the Terms of Reference for this inquiry.

If there are any inquiries regarding the submission, please do not hesitate to contact either Kathryn Parker or Jennie Minifie at Manly Council on 9976 1590.

Yours faithfully

Anthony Hewton  
**Divisional Manager**  
**Corporate Planning and Strategy**

Date: 8/4/09.....

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**MANLY COUNCIL'S SUBMISSION TO THE NSW LEGISLATIVE COUNCIL STANDING  
COMMITTEE ON SOCIAL ISSUES –  
INQUIRY INTO HOMELESSNESS AND LOW-COST RENTAL ACCOMMODATION**

Manly Council appreciates the invitation to make a submission to the inquiry. The submission addresses the terms of reference in respect of homelessness and low-cost rental accommodation. *It also provides significant background information relevant to the Manly Local Government Area (LGA).*

The issues of homelessness and affordable housing are of concern to both Manly Council and the community of the Manly LGA. *As a beachside suburb, Manly is an attractive area for homeless people. As well, Manly is one of the least affordable local government areas in NSW, both for rental and purchase.*

**Background: Snapshot of Manly Housing Demographics**

*Manly is a small LGA (15.14km<sup>2</sup>) that has predominantly residential land uses. The estimated resident population (ERP) of Manly is close to 40,000 people including overseas visitors (ABS, 2007) with a slowing population growth rate of 1.5% between 2001 and 2006 Census.*

Manly can also be described as having a transient population with negative net migration experienced between 2001 and 2006 Census (e.g. Manly area lost 2,438 people interstate and intrastate) and a large influx of overseas migrants (Manly gained 4,376 people). Manly also has a relatively high population of overseas visitors (2.5%) compared to the Sydney statistical division (1.1%).

Manly's housing structure is also distinctive in its high concentration of flats, units and apartments that comprise 51% of all occupied dwellings. The distribution of high density dwellings is predominantly in the Manly Town Centre and Eastern Hill. Higher proportions of separate houses are found in the suburbs of Balgowlah Heights (90.5%), Seaforth (82.5%) and Balgowlah (37.9%).

There was some change in the composition of Manly's dwelling structure between 2001 - 2006. For instance, there was a reduction in the number of high and medium occupied private density dwellings and an increase in the number of separate houses. Overall, the total number of dwellings rose by 135 between the 2001 and 2006 Census.

As well, there is a high proportion of private rental stock in Manly compared with both the Sydney SD, and the SHOROC region. According to the 2006 Census, 32.7% of the residents own their homes, 23.8% are purchasing their own home and 33.1% are renting.

The average household size in Manly has also grown over time. For instance, in 2006 there were 2.35 persons per dwelling compared to 2.04 persons per dwelling in 1991. Manly also has relatively more households comprising lone persons (6.7%) and more group households compared to the Sydney SD (4.2%).

## **Key Housing issues in Manly**

### **1) Housing market**

Manly has experienced a significant increase in housing costs over the last decade for purchase and rental. There has been almost a doubling of the median weekly rent and the monthly housing loan repayment nationwide between the last two Census periods. As well, there was a greater proportion of households in Manly who were paying high rents (\$450 per week or more) and lower proportion of households with low rental payments (less than \$140) compared to Sydney SD. Of those with a mortgage, 58.9% of households were paying \$2,000 or more per month compared with 40.2% in Sydney SD.

There is also a low proportion of dwellings that are affordable for purchase by households in the lowest 40th percentile of median income. For instance, this was 2% in Manly in December 2005, compared to 4% in the Sydney SD (DOH, 2007).

### **2) Housing stress**

#### *a) Mortgage stress*

In 2006, there were 3.4% of Manly Council's households that were purchasing their own dwelling that were noted as experiencing mortgage stress. This is defined as those low income households (lowest 40%) that are paying more than 30% of income on mortgage repayments. This compared to 10.3% in the Sydney SD. These households were located in pockets within the LGA such as Manly, Manly Town Centre and Seaforth.

#### *b) Rental Stress*

In 2006, 13.1% of Manly Council's households that were renting were experiencing rental stress (defined as low income households (lowest 40%) paying more than 30% income on rent as a percentage of total rented dwellings) compared to 24.7% in the Sydney SD. The three areas with the highest levels of rental stress were the suburbs of Balgowlah and Manly, particularly Eastern Hill. The people most affected by rental stress were those receiving Commonwealth Rent Assistance.

The situation is exacerbated by continuous low levels of rental availability. In 2008, the estimated rental vacancy rates in Inner Sydney have been fluctuating between 0.9% and 1.3% (REINSW, 2009) and less than 3% is indicative of tight market conditions.

### 3) *Loss of boarding houses*

There has been a decline in the number of remaining boarding houses in Manly due to their reversion to private dwellings through either redevelopment and consolidation applications. In 2008, it was estimated that the number of boarding houses is currently as low as four or less. The loss of boarding house stock is an important issue, as traditionally this type of housing provides more affordable accommodation for low income earners, as well as for single persons.

For instance, the Eversham Private Hotel provided budget accommodation (approx 70 rooms) for local residents for many years until its closure in 2004. This represented a major loss of low-cost housing in Manly.

As well, the area has experienced the closure of two aged care hostels and nursing homes projected in early 2009. This will leave Manly with just one, Wesley Heights, providing a total of 121 beds (61 hostel and 60 nursing home beds). This is a major issue given the anticipated demand for suitable aged care and hostel facilities for Manly's future aging population.

### 4) *Social Housing*

Public housing represents 1.8% of all housing in Manly and this is below the average of 5.3% for the Greater Metropolitan Region (DOH report on Housing Market, 2007). Over the last Census period, the social housing stock in Manly declined from 5.3% in 2001 to 5% in 2006. This compares to 6.9% of social housing stock in Warringah and 14.9% in Australia in 2006 (ABS 2006 Census).

The gradual reduction of public housing in the Manly area and its sale to the private market is evident of a reduction in the supply of accommodation for people in need and further displacement of disadvantaged people.

### 5) *Gentrification*

Gentrification is an issue in Manly that has resulted in the increased conversion of former working class homes into luxury or gentrified dwelling homes. This has been evident in the increasing popularisation of former working class areas such as Eastern Hill, Manly CBD and Manly Flats and the conversion of multi-unit housing into large family houses and luxury units.

This characteristic has also resulted in the loss of local key workers. As shown by the 2006 Census, the proportion of technicians and trades workers in Manly is significantly lower (only 8.3%) compared to Warringah (13%) and Pittwater (13.5%) Councils.

6) *Manly as a holiday destination.*

Manly is a popular holiday destination that attracts an estimated 6 million visitors a year. International youth and student travellers, as well as working holiday travellers are growing market niches. These visitors often live and work in Manly for extended periods of time that may or may not be captured by Census updates.

A number of international English language schools, including the International College of Management, Sydney, are also located in Manly and service the high visitor numbers and overseas population living locally. There is also a high demand for shared accommodation and youth specific housing, and this issue is compounded by difficulty in sourcing cheaper housing and lower rents.

The presence of international students and travellers further reduces the opportunities for housing affordability for low-income earners and key workers employed in essential services such as hospitality and tourism. Local businesses find it hard to attract permanent staff because there are limited rental housing opportunities. Overseas students/visitors offer rent down payments for length of lease.

7) *Lack of effective State and Local Government controls on the Housing market outcomes resources*

Council has limited resources, legislative powers and budgets to properly manage both the issues of affordable housing and homelessness. Policies and strategies such as State Environmental Planning Policy 10 (SEPP 10) were designed to offset or prevent the closure of boarding houses and require development applications to undertake a thorough market assessment of the impact of the closure of boarding houses. They have delivered minimal monetary contributions or mechanisms to offset a perceived loss of these properties.

As well, the NSW Government's Land Tax Exception Scheme and various financial assistance schemes (for fire safety) have proven to be ineffective in preventing the closure of some boarding houses in Manly. Redevelopment of boarding houses and low cost housing has been dictated by market demand for upmarket housing and priced accordingly despite State government planning policies.

As well, there are also very few planning and development mechanisms available to Manly Council to legally require the provision of affordable housing in development applications. While, Manly Council is considering additional affordable housing objectives in its new planning policies in order to retain greater housing affordability in Manly, the ability to deliver 'affordable housing' remains an outcome of the housing market that is governed by supply and demand economic factors.

Manly Council could also negotiate a planning or developer agreement to deliver a specific quantity of affordable housing in a development. However, such agreements have specific requirements under section 94 of the EP&A Act and usually involve an agreement to offset another development benefit such as height, floorspace or parking. They are also difficult mechanisms and policies for Manly Council to enforce and control in the provision of housing developments.

As well, it is noted that as part of the Commonwealth National Building Economic Stimulus Plan, Housing NSW is planning to invest \$1 billion and the Commonwealth Government is investing \$2 billion to build an additional 3000 and 6000 (respectively) social housing homes. Under the provisions of State *Environmental Planning Policy (Infrastructure) 2007*, Housing NSW will be able to carry out some 'development without consent', and certain categories of developments will be approved by Housing NSW under Part 5 of the EP&A Act instead of Council.

As well, under the Nation Building and Jobs Plan (State Infrastructure Delivery) Act, the NSW Infrastructure Coordinator General has various powers including the timely delivery of National Building Economic Stimulus Plan projects by State Government agencies. While, these measures may assist the delivery of more and better quality social housing, it is as yet difficult to ascertain whether and when the Manly area will benefit from these plans and initiatives, or whether it will lead to greater disposal of public housing in the area to fund improvements elsewhere.

#### **Summary of issues affecting housing affordability in Manly**

- High and rapidly increasing land & housing costs and private rental levels;
- Ongoing decline in the supply of boarding houses;
- Possible constraints to an increase in the supply of public housing relate to land costs, and market demand for high quality single dwellings or upmarket apartments;
- Future disposal of public housing by Government agencies to generate funding for use elsewhere;
- Gentrification of the Manly areas has led to a loss of key workers and a change in dwelling stock;
- There is an increasing and constant demand in the area for tourist budget accommodation; and
- The inability of NSW and local government to influence the housing market by planning and development requirements or contributions.

#### **Homelessness issues**

Homeless people have been drawn to Manly's beaches and parks over a very long period of time. Many homeless people identify with the Manly area, where they may have had family, history or a past home in the area and consider the area as 'home'.

One of the most obvious changes over the past few years has been the profile of homeless people. From predominantly older and lone men, there are now many more females, young people and families who are homeless. The loss of boarding houses, hostels and other affordable accommodation in Manly together with inadequate mental health facilities and

drug and alcohol rehabilitation centres has meant there are far less options available for these disadvantaged and low income people.

Manly Council acknowledges that whilst the situation is not desirable, it is not within the Council's capacity to provide care for the homeless in Manly on its own. A coordinated approach across all tiers of Government is needed in respect to this problem. Currently, there are inadequate resources in Manly to deal with the needs of the homeless. There is a lack of professionally appointed and equipped services to assess, care, and refer these people to appropriate facilities to deal with their needs.

Unlike in the city, outreach case workers are not available in this area. Local agencies that engage in assisting homeless people include:

- Manly Community Centre – the Homeless Drop In Service
- Fairlight Centre, Mission Australia (hostel for men)- Proclaimed Place
- Salvation Army (Soup Kitchen) Weekdays, (service is provided 1hr per day)
- Manly Hospital (Mental Health service) - In house
- Queenscliff Health Centre (Mental Health Service)
- Manly Police- Law Enforcement
- Burdekin Association (youth) Assessment Criteria
- Garrigal Housing- Community Housing Eligibility Criteria

#### *Special need groups*

Many special need groups find accessing the private rental market to be difficult due to affordability and discrimination. Some of the issues raised in this respect are as follows:

- A lack of crisis accommodation for women and families;
- Absence of crisis accommodation for youth;
- High demand for supported accommodation for people with mental illness and physical disabilities, including young people with disabilities;
- Long waiting list for public housing;
- Low availability of aged care facilities and hostels for lone elderly people;
- Shortage of rental housing for students and other young people; and
- High demand for more shared accommodation and youth specific housing.

The Manly Community Centre deals with the everyday issues of caring for, and trying to manage the homelessness issue, in the absence of constructive efforts and funding to improve the situation on the Northern Beaches. Additional resources are required for the following services:

- Access to safe, secure affordable accommodation for homeless, transient and those at risk;
- Access to safe and secure crisis accommodation for single women;
- Access to a secure place for storage of homeless people's belongings;
- Access to hot showers; and
- Access to ethno-specific support services.



Some of the actions to alleviate and reduce the impact of homelessness undertaken by MCC include:

- The centre has established a Homeless and At Risk Register for homeless, transient people and those at risk of homelessness. This information can be utilised to assist police and other key services (e.g. Area Health) to identify clients in the area.
- A code of conduct leaflet for homeless people was designed in conjunction with the Homeless Committee and Manly Council and given to Council Rangers for distribution.
- 4 Reports commissioned on homelessness.
- The provision of low-cost rental accommodation.
- Workshop for Homeless Women conducted in collaboration with 30 women, DoCS and Manly Council.

### **What Manly Council is doing to tackle the problem of affordable housing and homelessness?**

Manly Council has always been an advocate for issues relating to affordable housing. Council has commissioned a number of studies, most recently the 2004 report "Northern Beaches Key Workers Study" and the 2005 report "Planning for Affordable Housing in Manly and Warringah".

#### **Research**

Council has undertaken several research projects in the area of housing affordability during recent years. Demographic and market analyses have been conducted to illustrate the market characteristics and the lack of affordable housing options in Manly. However, while the research is informative and provides guidelines on what can be achieved to a small degree in Manly, there is still a need for greater Commonwealth and NSW Government direction and control of the housing market to reduce the negative outcomes of the economic market on housing affordability and homelessness.

#### **Funding**

Manly Council has created an Affordable Housing Fund to hold contributions from SEPP 10 development applications. Fees collected in this fund provide Council with the potential to make contributions to joint ventures with Department of Housing or other providers.

The Council is also exploring other funding opportunities to improve the care of homeless people in Manly. In 2008, Council provided grant funds to the Manly Community Centre to develop a Homeless Manual & Resource Kit and referral card for homeless people. The manual is a comprehensive guide for local agencies with roles and responsibilities for homeless people. The card (pocket size) lists crisis contact numbers. The resource kit has

been distributed to service providers and Council's rangers, accompanied by training and encouragement to refer people to the various service providers.

### **Strategies and actions for the future: Addressing the Inquiry Terms of Reference**

This section attempts to draw together the issues and points raised in previous sections of this submission.

#### ***A - Models of low cost rental housing outside of mainstream public housing.***

In this respect, there are traditional models of housing which could be provided by public or private agencies, or a partnership between the two. These include:

1. The provision of accommodation for nurses and other health related employees, working in hospitals, nursing homes, and hostels. Traditionally such accommodation was provided as ancillary development to the principal function. It could take the form of self-contained accommodation in single dwellings or flat buildings or housing with shared facilities and common spaces, and;
2. The acquisition and refurbishment of residential flat buildings in locations close to facilities, including councils, schools, hospitals, and institutions, to address the demand for low-cost rental accommodation as demonstrated by key worker studies. The costs could be offset by subsidies to encourage the investment, which may have conditions to ensure that these appeal to long-term investors.

#### ***B - Methods of fast-tracking the capacity of providers to deliver low-cost rental accommodation in a short time frame.***

In NSW, a State Environmental Planning Policy provided for fast tracking of development for public housing for two decades by exempting proposals from the approval process. The principal reason that this failed was the absence of funding support from State and Commonwealth Government for a range of public housing in different areas to meet the demand. If government was to provide incentives to investment through subsidies and grants then low cost rental accommodation would become a preferred investment option.

The provision of funding assistance to cooperative and other housing organizations which currently operate on the northern beaches, including Garrigal and Burdekin, is seen as the preferred model for fast-tracking the capacity of providers to deliver low-cost rental housing.

#### ***C - Strategies to attract private sector investment in the provision of low cost rental accommodation.***

There are models which have been used elsewhere, including Canada, to attract private sector investment through the provision of grants towards refurbishment as well as the provision of low cost housing. Where a building may have been used for low cost accommodation it may attract a grant or subsidy for the continuation of the use, and if it has heritage values it may attract additional funding towards its refurbishment and restoration of built fabric.

As well, in the USA and the United Kingdom, there have been a wide variety of low interest or mortgage products that have been structured and developed with government incentives and tax relief schemes by community development finance corporations and the community sector organisations in recent years. These have attempted to facilitate greater supply of low cost housing either for rental or ownership to a variety of people in housing need, including disadvantaged groups, and community sector organisations. However, the current global economic credit crisis and contraction of lending to higher risk customers may curtail the application of such schemes in NSW and Australia.

***D - Current barriers to growth in low cost housing.***

There are currently a wide variety of barriers to the provision of low cost housing in NSW. These include economic factors governing the supply of housing such as the high cost of land, buildings and development, as well as the tax system and capital gains tax relief afforded to the housing sector that makes it a capital investment opportunity to offset losses.

As well, the NSW Government preference to sell its social housing assets to fund refurbishment, maintenance and re-developments has historically been a problem with NSW and Commonwealth public housing renewal and improvements. As well, this appears to stem from fiscal prudence and the need to balance budgets rather than provide for future housing generations.

In addition, the NSW planning system has not provided an effective 'legislative mechanism or development controls' to prevent the closure of low cost housing such as boarding houses, or provide affordable housing where the supply and cost of housing is dictated by market forces. SEPP 10 is ineffective in alleviating the decline of boarding houses and section 94A affordable housing provisions of the EP&A Act only applies to a couple of Councils in NSW. Planning agreements as a mechanism for delivering affordable housing in NSW are also seen as ineffective, subject to possible corruption and bargaining by developers to gain concessions in floorspace, height and bulk that would not otherwise be desirable in the development application.

***E- Strategies to avoid concentrations of disadvantage and grow cohesive communities.***

There has been a lack of overall Commonwealth, State and Local government co-ordination on the development of strategies, and planning about policies or reasons to avoid concentrations of disadvantaged communities, or the growth of cohesive communities.

There have been numerous programs involving the three levels of government and programs that may have indirectly considered these issues through portfolios or agencies in the areas of housing, education and training, health, social welfare considerations of jobs, development proposals and planning mechanisms. Indeed, various levels of successive Commonwealth and State governments have consistently developed policies, programs and measures to stimulate communities and development, and there have often been adverse consequences. However, the impact of these policies or planning decisions has rarely been reviewed from the context of 'disadvantage' or whether there was a cohesive community

developed. Many of these programs have simply focussed on identifying the problem, much to the frustration of those working at the coalface.

There have been many NSW and Commonwealth Government regional development and planning policies that have historically generated and built communities throughout NSW, as well as NSW housing policies that have delivered social housing. There has been no consistent or co-ordinated approach in NSW and Commonwealth Government to review the outcomes of these policies or negative consequences of direct or indirect measures. It is recommended that these issues be further considered and scoped in the context of planning, housing, tax and micro and macro-economic policy stimulation measures, and possible consideration through the Council of Australian Governments (COAG) level, and senior infrastructure and policy co-ordination units within the NSW Government to ensure better delivery of local services and greater resources to alleviate problems and issues.

In this regard the current Review of the Australian Taxation System provides an immediate opportunity to address these issues and create the changes needed to ensure that low-cost housing is an attractive investment opportunity. And address long term sustainability at the same time.

## **Conclusions**

There are many actions that could be undertaken in the future in Manly to avert the problems of homelessness and issues surrounding housing affordability as discussed in this paper. The real issues limiting Council action are based on lack of resources and legislative power to require affordable housing and achieve real gains in averting the homelessness problem and greater funding through Commonwealth and State agencies to deliver better services in this area.

Other options include the following:

- Assess gaps in service delivery, identify existing numbers, issues and needs and monitor situation;
- Coordinate local agencies/ joint working initiatives at a COAG or senior NSW government level to deliver more efficient and better local resources and services;
- Approach outreach services to engage with homeless people;
- Continue to advocate and lobby other levels of government for services for homeless people (e.g., crisis shelters, supported accommodation, dual diagnosis services, residential rehabilitation, income support, food services).
- Advocate on behalf of homeless people to combat social exclusion.
- Education for Council officers who have direct contact with homeless people; including rangers, parks and gardens officers, and waste services staff.

This paper has sought to highlight the issues of homelessness and lack of affordable housing in Manly. There has been a serious deterioration of the housing affordability in Manly due to dramatic changes in the housing market, gentrification, redevelopment and consolidation of boarding houses. This combined with lack of legislation and ineffectiveness

of planning instruments to retain the affordable housing, has contributed to exacerbation of the housing crisis in global and local terms.

This area has often been perceived as affluent and not in greater need of housing and welfare assistance. This is not an accurate perception. It is also essential that councils are provided with policy, legal platforms and operational mechanisms to encourage affordable housing supply and retention. Support by all government levels is paramount.

Manly Council is looking forward to achieving positive housing outcomes for the homeless people and low-income earners in Manly.

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