

**Submission  
No 86**

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

**Organisation:** Ashfield Council

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Ashfield Council

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**Submission**

**to**

**NSW Parliamentary Inquiry  
into Social, Public and  
Affordable Housing**

**February 2014**

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# **Submission to NSW Parliamentary Inquiry into Social, Public and Affordable Housing – January 2014**

## **Ashfield Council**

### **Introduction**

Ashfield Council welcomes the opportunity to make a submission into the NSW parliamentary inquiry into social, public and affordable housing.

Council's submission is divided into five sections. Section one includes an overview of Ashfield's local government area demographics. Section two provides an overview of Ashfield's housing status including housing density, household size and structure, rental market in Ashfield, housing stress, rental stress, boarding houses, and private purchase. Section three discusses the varying impacts that an inadequate housing market can have on its local area and community. Section four highlights the measures Ashfield Council have taken to improve the supply of affordable housing in Ashfield, while section 5 outlines recommendations for further reforms which would improve the supply of affordable housing.

### **Section 1: Ashfield's Demographics – a snapshot**

Ashfield has a population of around 43,845 residents, which has increased by an average of 0.7% per annum in the past 10 years from 40,521 in 2001 to 43,683 in 2011. The population is projected to increase by 0.8% per annum over the next ten years to 47,481 in 2023.

0.6% of the total population identify as being Aboriginal or Torres Strait Islander, while 44% have been born overseas and 38% from a non English speaking background. The dominant overseas country of birth is China where 10% of the population were born. This is followed by 4% from Italy and 3% from India. However, in recent years Ashfield has seen a growing number of people from Nepal choosing to live in the area and who have become our new emerging community.

Ashfield's age structure is dominated by a young workforce aged 25 – 34 years old and is also home to a large percentage of parents and homebuilders aged between 35 – 49 years. This reflects the composition of Ashfield's households with an increasing number of young couples without children and couples families with young children living in the area.

In conjunction with this however, Ashfield has a substantial ageing population with 19.1% aged 60+ years, a trend which is set to continue over the next ten years.

The size of Ashfield's households mostly comprise two people (32.1%), which is closely followed by lone person households at 27.3%. 17.7% of households comprise three people while 15.3% comprise four people and 7.5% of households comprise five people or more.

Ashfield's household structure consists mostly of *Couple families with Children* (28.3%), *Couples families without Children* (22.8%) and *Lone Person Households* (27.3%).

Ashfield has an emerging household structure of *couples with young children*<sup>1</sup> and *young couples without children*<sup>2</sup>. Of the 4613 *Couples families with children* households, 2,597 or 16% of these comprise *couples with young children* and between 2006 and 2011, this type of household showed significant growth increasing by +112 households. Similarly, *young couples without children* also grew significantly, increasing by +226 households.

Ashfield has a high population density of 5,165 people per square kilometer with less than 17,000 occupied dwellings. This is actually the fourth highest population density in NSW. Between 2006 and 2011, Ashfield's occupied dwelling stock rose by 2.5% from 15,937 to 16,332 dwellings.

## **Section 2: Housing Status in Ashfield Council**

### **2.1 Housing Diversity**

Almost half of Ashfield's dwellings (46%) are classified as flats, units or apartments with a high majority (85%) in one, two or three storey blocks. 36% of Ashfield's dwellings are separate houses, while 11% are classified as semi-detached, row or terrace house or townhouse. There is a mix of dwelling size with respect to bedrooms with 12% including 1 bedroom/studio dwellings, 44% including 2 bedroom dwellings, 27% including 3 bedroom dwellings, 15% having 4 bedrooms or more and 1% with no bedrooms (bedsits).

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<sup>1</sup> Young Children = Children aged under 15 only (ID Profile, Ashfield Community Profile)

<sup>2</sup> Young couples = aged 15 – 44 years old (ID Profile, Ashfield Community Profile)

## 2.2 Rental Market in Ashfield

Ashfield's rental market incorporates 38.4% of all housing stock, of which 35.6% represents private rental and 2.4% represents social housing. The overall rental stock is higher when compared to Greater Sydney, however Greater Sydney has a higher percentage of social housing (5%).

Rental prices in Ashfield increased significantly between 2006 and 2011 with the median rent for all dwellings increasing by 22% within this period. Currently, the median rent for a one bedroom dwelling is \$350 per week, \$420 for a two bedroom dwelling and \$630 per week for a three bedroom dwelling.

Of the 35.6% who rent, nearly half (45.8%) are paying rents of between \$307 - \$418 per week (medium highest quartile). This differs to Greater Sydney which has a higher proportion (35.4%) of its renters paying \$419 or over per week (highest quartile).

However, only 9.3% of Ashfield's renters are paying rents in the lowest quartile, (less than \$150 per week) compared to 17.4% in Greater Sydney.

In conjunction with increasing rental prices, it appears that the number of households paying higher rents will continue to rise and those paying lower rents decrease. Between 2006 and 2011, the most significant change occurred in the medium lowest quartile, decreasing by - 321 households, while households paying rents in the medium highest and highest quartile collectively increased by +218 households.

A key factor in driving increasing rents is the demand in the rental market. Vacancy rates have been low at 3 – 4% across Sydney for the past four years. The inner and middle ring local government areas of Sydney, which includes Ashfield, are even more competitive with vacancy rates as low as 1.8% in 2012.

## 2.3 Housing Stress

In 2011, 12.4% of Ashfield Council area's households, were experiencing housing stress<sup>3</sup> compared to 11.5% in Greater Sydney, with some areas such as Ashfield CBD as high as 19.6%. Housing NSW<sup>4</sup> conducted a study into the proportion of people in receipt of Commonwealth Rent Assistance in Ashfield and who were experiencing housing stress. Using 2010 Centrelink data, the study found that of the 2,482 residents receiving Commonwealth Rent Assistance(CRA), 55% were in housing stress, which is above the metropolitan NSW average of 48%. The study noted that 65% of single person households in the private rental market and in receipt of CRA were experiencing housing stress. This was followed by couples with children (13%) and single parents (12%). Ashfield has a significant ageing population who also appear to be affected by housing affordability with 46% of households in receipt of the Aged Pension and the CRA were experiencing housing stress. This is again higher than metropolitan NSW at 36%.

## 2.4 Rental Stress

According to the 2011 Census, 26% of households in Ashfield's renting market reported experiencing rental stress<sup>5</sup>, with areas such as Ashfield CBD as high as 34.1%. However, if we consider low to moderate income<sup>6</sup> households only, the proportion jumps to over 50% of households experiencing rental stress. Housing NSW found that in 2012, the proportion of rental housing which were theoretically affordable to low income households was 10.1% which compares to 13.6% in Greater Sydney, making Ashfield less affordable.

The data indicates a number of issues: Ashfield's rental market is not accommodating for the needs of lower income families, with only 10% being able to afford current rents. This is especially true for those in receipt of Commonwealth Rent Assistance where single person households and households receiving the Aged Pension appear to be the worst affected. As rents continue to rise in Ashfield, this trend can only continue unless further measure are taken to address it.

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<sup>3</sup> Housing Stress is defined as per the NATSEM (National Centre for Social and Economic Modelling) model as households in the lowest 40% of incomes who are paying more than 30% of their usual gross weekly income on housing costs.

<sup>4</sup> Housing NSW – Information on Ashfield Housing Market - 2012

<sup>5</sup> Rental Stress is defined as per the NATSEM (National Centre for Social and Economic Modelling) model as households in the lowest 40% of incomes, who are paying more than 30% of their usual gross weekly income on rent.

<sup>6</sup> Low income households are those whose income is under 80% of the median household income while moderate income households are those whose income is between 80% - 120% of the median household income.

## **2.5 Boarding Houses**

Ashfield Council has in the range of 54 boarding houses across the local government area, one of the highest in the Inner West. Boarding houses play an important role in the housing market and can provide the only affordable and accessible option for some people. Traditionally, boarding houses have provided private rental accommodation to single people on low incomes who are required to occupy a single room and share other facilities such as kitchen and bathrooms. More recently, there has been a high demand for what is known as 'new generation boarding houses' which provide more self contained accommodation and makes boarding houses a more viable long term housing option. On census night in 2011, 365 people were counted in known boarding houses in Ashfield. However, it is estimated that the actual figure is much higher when unknown boarding houses are taken into account. Community service providers have reported international students to be a new emerging client group occupying boarding houses in Ashfield.

## **2.6 Private Purchase in Ashfield**

According to the 2011 ABS Census, 27.4% of Ashfield residents fully own their own home while 26.3% have a mortgage. Between 2006 and 2011, the number of people with a mortgage which increased by +589 people.

However, if we consider housing affordability, in 2012 only 0.6% of houses available for purchase were affordable to low income families in Ashfield, which compares to 1.4% in Greater Sydney.

Housing loan repayments in Ashfield mostly fall into the highest loan quartile at 32.7% (\$2854 + per month) and medium highest quartile at 27% (\$1,996 to \$2,853 per month). Between 2006 and 2011, the most significant change also occurred in the highest quartile which showed an increase of +197 households paying housing loan repayments within this category.

In 2011, 9.4% of all households purchasing their dwelling currently report experiencing mortgage stress<sup>7</sup>. However, if we consider low to moderate income households this proportion jumps to over 60% who experience mortgage stress.

The data again reflects a housing market that is not accommodating for the needs of lower income families in particular in Ashfield. The result of which is that families who wish to purchase a home are either forced to move to areas which are more affordable, leaving family and social networks behind or to endure the high costs which lead to financial difficulties.

### **Section 3 - The impact of an inadequate housing market**

There are compelling economic, social and environmental reasons to maintain and improve housing affordability across our cities and towns. Housing is of course at the very base of Maslow's hierarchy of human needs. In social terms, a secure home provides a strong framework for resilient, diverse and healthy communities and individual health and wellbeing. In economic terms it can help the local labour market to function more effectively, for example by improving labour mobility and by helping to ensure that sufficient lower paid workers are available to support local industries and provide local services. Better and more stable employment prospects for local households in turn helps them to be more self sufficient and to achieve long term housing goals. Environmentally, reducing the dislocation of workers will assist with containing commuting and congestion.

The lack of an affordable housing market on the other hand can result in adverse costs to communities such as :

- Forced housing-related migration resulting in the fragmentation and depletion of social and family support networks.
- Increased pressure on older people living long-term in rental accommodation to keep pace with rental increases as they move on to fixed incomes and government pensions.
- Increased risk of homelessness, overcrowding or poor housing quality

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<sup>7</sup> Mortgage Stress is defined as per the NATSEM (National Centre for Social and Economic Modelling) model as households in the lowest 40% of incomes who are paying more than 30% of their usual gross weekly income on home loan repayments.



- The depletion of a range of workers from the region, including:
  - a) Lower paid professional staff including nurses, police and childcare staff;
  - b) Essential services workers including retail, hospitality and trade staff; and
  - c) Non-skilled personnel including cleaners and labourers.
- Costs to business of hiring labour from outside the region to perform essential business and social services.
- The broader social, economic and environmental costs of excessive commuting, especially for lower income workers.
- Structural divisions in society divided by social and economic marginalisation which reinforce patterns of exclusion and segregation for minority groups.

#### **Section 4: Measures taken by Ashfield Council to improve the supply of affordable housing**

Ashfield Council is committed to planning for a vibrant and inclusive community, supporting local residents, especially those who are disadvantaged. To address the issue of an inadequate housing market in Ashfield and encourage the provision of affordable housing Council has on its own initiative included provisions in its new Local Environmental Plan.<sup>8</sup>

An additional two floors of residential accommodation are permitted as part of any development, provided that 25% of the bonus floor area permitted is provided to Council in the form of affordable housing. This type of provision is unique to Ashfield.

The new Local Environmental Plan clause (4.3A) states:

(1) The objective of this clause is to increase the supply of affordable rental housing by providing height incentives for the development of certain types of affordable rental housing.

(2) This clause applies to development for the following purposes on land identified as “Area 1” on the Height of Buildings Map:

- (a) residential flat buildings,
- (b) shop top housing that forms part of a mixed use development.

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<sup>8</sup> Ashfield Local Environmental Plan - <http://143.119.201.4/maintop/view/inforce/epi+753+2013+cd+0+N>

(3) Despite clause 4.3 (2), development consent may be granted to development to which this clause applies that exceeds the maximum height shown for the land on the Height of Buildings Map (the **maximum height**) by no more than 7 metres if:

- (a) the development will contain at least 1 dwelling used for the purpose of affordable rental housing, and
- (b) at least 25% of the additional floor space area resulting from the part of the building that exceeds the maximum height will be used for the purpose of affordable rental housing.

(4) In this clause, **affordable rental housing** has the same meaning as in the State Environmental Planning Policy (Affordable Rental Housing 2009)

Council also successfully lobbied the State government to include an affordable housing component in the Allied Mills residential development at Summer Hill. The result of which will see up to ten apartments being allocated for this purpose. During 2012-2013, Council participated in a study initiated by the Inner city Mayors forum (Sydney City Council were the "lead" Council) on affordable housing. This study identified the Allied Mills site in Summer Hill and land at 89-93 Liverpool Road which is owned by the Roads and Maritime Services (RMS) as sites where affordable housing should be encouraged.

The Affordable Housing State Environmental Planning Policy also permits low cost housing such as boarding houses in all business and residential zones (excluding the B6 enterprise Zone extending along Parramatta Road). In respect of this, Council encourages smaller apartments in flat developments which are inherently more "affordable".

## **Section 5: Recommendations for the further provision of affordable housing**

Council alone does not have sufficient resources available to meet the demands for affordable housing, nor does it believe that market forces will deliver the desired outcomes. However, Council is determined to continue to improve the supply of affordable housing which ensures its residents can remain living in Ashfield 'stress free' regardless of their financial status. In doing so, Council aims to work holistically and take an integrated planning approach with state government, developers and registered community housing providers in addressing this issue.

Council recommends the following key points:

- **State government continues to work with Council to more effectively facilitate the supply of affordable housing through more effective planning mechanisms, which would strengthen opportunities for increasing the potential site yield of development sites.**
- **Examine the potential for implementing a system which is currently operating in the United Kingdom where developers are obliged to provide a proportion of affordable housing as part of (substantial) developments. This new development planning framework should perhaps be examined to ascertain whether aspects of this system have merit in an "Australian context".**
- **Examine the potential for implementing a system similar to Hong Kong and Canada where the financial gains attained from the 'value uplift' of development sites is used to fund and provide community provisions such as transport and affordable housing.**
- **Increase opportunities for first time buyers to stay in their locality by creating more favourable incentives through stamp duty removal and tax breaks which better reflect the cost of purchasing a home in the inner and middle ring local government areas of Sydney.**
- **That affordable housing accommodation be allocated in perpetuity and managed by community housing providers in fee simple ownership.**
- **That the Government should be more directly involved in the provision of affordable housing.**

## **Conclusion**

The provision of secure, safe and affordable housing is a key concern for Ashfield Council. This submission highlights the fact that the current housing market is not accommodating for the needs of a high proportion of Ashfield residents and in particular lower income families and those receiving the aged pension. Council is committed to continually assessing innovative ways to addressing this issue, both through new ideas and collaborative

partnerships. In this submission Council has outlined its key recommendations which it feels will have the greatest positive impact to improve the supply of affordable housing in Ashfield. Council hopes that the NSW parliamentary inquiry will look favorably on these recommendations.