

**Submission
No 58**

INQUIRY INTO SOCIAL, PUBLIC AND AFFORDABLE HOUSING

Organisation: Port Macquarie-Hastings Council

Date received: 27/02/2014

This submission relates to 1. (g) (i), (ii), (v), (vi)

Port Macquarie-Hastings Council has an average growth rate of approximately 1.1%, or approximately 840 additional persons per annum. Residential expansion to accommodate this population growth is focussed on urban release areas on the fringe of existing centres and to a lesser extent in redevelopment within existing centres.

Council has sought to promote a range of housing densities in greenfield urban release areas and to minimise fees and charges in these areas, where possible, to ensure that new housing is generally as affordable as possible. Council is obligated, nevertheless, to charge developer contributions for essential services (e.g. roads, water and sewer) and to manage key environmental outcomes (e.g. koala underpasses) in order that development can proceed. These costs cannot be reduced unless they are subsidised by the wider community, which would in turn reduce Council's capacity to fund priorities in other areas.

Whilst Council's development control plan specifies minimum dwelling yields per development hectare in the urban release areas, with higher yields in close proximity to new centres, DCP provisions in NSW have been reduced to guideline status and it is questionable whether such provisions can be enforced if there is resistance from the development industry. The provision of minimum lot size is standard in local environmental plans but Council is aware of no examples of maximum lot size to ensure that densities are achieved.

Council has acted in a facilitating role, using voluntary planning agreements with developers and landowners, to ensure that the up-front costs incurred by the first developer (e.g. providing stormwater detention) are recovered by that developer at the time of development by successive developers. Council acts as a middle party, passing on the contribution from the successive developers to the original developer. This provides additional certainty for developers regarding the apportionment of costs and helps to minimise housing costs generally.

Council has also been successful in applying for funding under the Building Better Regional Cities from the Federal government. This program provides federal government funding for infrastructure projects (e.g. a new water reservoir), and Council has established an affordable housing incentive scheme, which provides a one off payment of \$20,000 to eligible purchasers at the time of exchange. A total of 100 such payments will be paid to eligible purchasers within nominated urban release areas in the period to 2016.

In addition to urban release areas, Council is reviewing the local environmental plan and development control plan provisions in areas immediately surrounding the Port Macquarie Town Centre, which have historically had the highest levels of higher density development. The aim in this review is to explore options such as reduced on-site parking requirements to ensure that Council planning provisions and developer contributions are not unnecessarily limiting the development of new housing in these areas. The work by Council to date indicates that some change to policy is warranted but that the primary issue is that the cost of developing in these areas is in excess of the expected market return at present.

Council's experience is that there is little scope for incentive mechanisms to promote affordable housing units as part of any redevelopment because of market constraints and the fact that existing planning provisions already provide for maximum development in terms of height and floor space ratio, based on the geographic constraints in the areas where higher density development is proposed. In the absence of an alternative funding source (e.g. State and Federal government subsidies) the only means of providing low cost housing units within a development is to increase the cost of other units.

The above initiatives show that Council is genuinely trying to promote a range of housing types and to keep housing costs at a minimum. Council is looking at innovative ways to promote affordability and is working collaboratively with the Federal government to provide assistance to some low income households. Unfortunately, however, Council's ability to subsidise the cost of housing is limited due to the funding limitations on local government generally. It is therefore not possible for Council to take more of a leadership role in the provision of affordable housing without increased State or Federal

government assistance. The provision of social housing has historically not been a role for local government in NSW.

Council is looking into the feasibility of developing a Homeshare program along the lines of Homeshare London and Homeshare ACT, whereby Homesharers live with older people and they pay minimal rent or no rent in exchange for 10 hours support per week. Port Macquarie-Hastings has one of the highest ageing populations in Australia. At the 2011 ABS census the Port Macquarie-Hastings population over 60 years of age was 32% compared with 20% in NSW. 28% of households in Port Macquarie-Hastings Council area contain only one person, compared with 24% in New South Wales, with the most dominant household size being 2 persons per household.

Port Macquarie is also experiencing an increasing student population with the development of Charles Sturt University, University of Newcastle and NSW University in the area. Charles Sturt University is building a campus this year for 600 students in the first stage and up to 5000 on completion. There will be a need to absorb the additional students within the community. If considered feasible the Homeshare program can assist in addressing the affordable housing crisis and at the same time provide additional assistance to support older people to remain in their own homes and reduce social isolation.

The Homeshare program requires funding to resource and administer. Council does not have the resources to fund such a program and the community would be dependent on State / federal funding to ensure success.