Affordable Housing Strategy

DRAFT

SEPTEMBER 2010

Disclaimer: This is a draft plan which has been prepared for public discussion purposes and does not necessarily indicate the position of Council. Councillors will adopt this plan after careful consideration of all public submissions received and amendments have been affected to address concerns raised in submissions that Council feels are justified.
Title of report
Client
Bega Valley Shire Council

Project
Affordable Housing Strategy

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Executive Summary

This draft affordable housing strategy considers the policies council can develop to reduce the significant housing affordability and homelessness issues faced in the Shire. It suggests ways council can assist local projects by harnessing finance available from State or Commonwealth government. The report considers how Council can learn from best practice, and also highlights ways in which local initiatives are already at the leading-edge.

This draft Strategy is based on external analysis of state, national and international trends, together with extensive local consultations. The process has been assisted by the community members, councillors and council staff who attended workshops on 7 June and 29 July 2010. Many of the ideas in this report have arisen from excellent contributions and suggested made during these events.

The housing affordability issues highlighted in this report are serious, and potentially impact on Council’s wider aspirations for the Shire. For example, without sufficient new affordable housing it will be difficult to attract additional businesses to the area as their employees will not be able to live locally. The tourist industry’s growth will be inhibited by a lack of staff.

Key recommendations

As a local government strategy, this report focuses on matters Council can influence, recognising that other levels of government, businesses and community organisations also play vital roles. The role of modern councils often involves influencing opinion and building partnerships rather than direct service delivery.

There are nine recommended actions that Bega Valley Shire Council could undertake:

- Coordinate existing affordable housing skills by re-establishing a ‘housing group’. This will help form and strengthen alliances and allow information exchange between council, agencies and community groups.
- Achieve better outcomes for public housing estates by working closely with Housing NSW, and coordinating Council policies on youth and employment issues in the two larger public housing estates.
- Improve the efficiency of private sector housing supply through data collection and analysis. Review ways of encouraging more residential house builders to the area.
- Investigate ways of leveraging from existing informal housing such as caravan parks and accommodation in out-houses on farmland.
- Help address homelessness issues through close working with state agencies, researchers and local community groups.
- Better tailor the Shire’s planning controls to encourage affordable housing, including addressing affordability within future revisions of the LEP and DCP. Understand barriers faced by the development industry in building affordable housing stock.
- Increase focus on Indigenous housing issues such as design, availability and concentration of disadvantage, by including strategies within specific Council policies.

The above actions are explained in more detail in section 4 of this report. Though there are important opportunities to make an impact on housing affordability, it is worth reiterating that the role of Council is necessarily limited. Many of the key housing affordability levers are controlled by Federal and State governments.
1 Introduction

This paper has been prepared by Elton Consulting to help Councillors, Council staff and community representatives in Bega Valley Shire work together on an affordable housing strategy. This will help guide Council’s service delivery, planning and actions over the next four years, and establish a clear pathway to address longer term priority issues.

1.1 Why housing affordability matters

Declining housing affordability is an important issue facing both metropolitan and regional Australia. Low and even moderate income households, both renters and purchasers, are paying what is thought to be an unsustainably high proportion of their income on housing costs. Many first time buyers are unable to enter the market as a result of unprecedented increases in the purchase price of houses.

At one end of the spectrum the building industry has concentrated on higher margin, expensive properties. At the other, governments have become unwilling to build new public housing and now restrict what homes are available to those in severe need. Low to moderate income households have often been caught in the middle and left without support.

The limited availability of affordable housing poses economic, social, spatial and environmental problems. High housing costs lead to more personal borrowing and the economy becomes more sensitive to rising interest rates. Labour mobility diminishes and areas become spatially polarised between the rich and the poor. For some families the diminution of disposable income and overcrowding can affect personal relationships, health and potentially lead to crime.

The limited availability of affordable housing poses a whole series of problems affecting not only individuals and families, but also the communities they live in:

- For some lower income families, the cost of housing can lead to living in overcrowded accommodation and – for a few – homelessness. Excessive moves between temporary accommodation can harm the education of children.
- Local economies need people to work in essential services such as the police, health services and childcare. They also need a supply of workers to support the retail, hospitality and tourism sectors. These moderately paid employees need well located affordable accommodation.
- In areas such as Bega Valley with a high quality of life, people who not born in the Shire may purchase homes (or second homes). This places further demand on the limited stock of homes, increasing prices, and making it less likely that the next
2 External Influences

This section discusses housing affordability issues facing Australia, with a focus on national and state trends which impact on the Shire.

2.1 Housing affordability

According to the research literature, there are increasing housing affordability problems in Australia for low and moderate income groups. In many surveys, Australia faces some of the worst affordability problems in the developed world (Box 1). Since the start of the 1990s, property prices have increased faster than wages, entry to home ownership is hard for many groups and there are shortages of affordable priced rental accommodation.

Box 1: Housing affordability data

- ‘Affordability’ is normally measured as a relationship between household income and expenditure on housing costs.
- Around 15% of Australian households pay over 30% of income on housing costs (defined as being in ‘stress’).
- Of households in the lowest 40% of income bands, 28% are in stress.
- More problems are faced by lower income renters in the private sector (65% in stress), than lower income purchasers (49% in stress).
- Housing stress has increased over the last decade even though incomes have risen (Yates & Milligan, 2007).
- Measured on the basis of comparing average income to average house prices, Australia is less affordable than the US, UK, Canada, Ireland and New Zealand (Demographia, 2010).
- Of the top 12 unaffordable cities in the above countries, 8 are in Australia. Vancouver is first, followed by the Sydney region where house prices are 9.1 times average income levels.

Australia’s population is projected at current trends to reach 35 million by 2049, caused by higher fertility rates and overseas migration. There are continuing shortfalls in the supply of new properties, with the annual gap between supply and demand some 78,000 homes in 2008-09 (Australian Government, 2010). These trends suggest that housing affordability will continue to be a major issue for years to come.

2.2 Social housing trends

During the last two decades public housing in many countries, including Australia, has become ‘residualised’. This is where properties are increasingly allocated to tenants with high and often multiple/complex needs. As rents are income based, the income of State Housing Authorities has been under pressure and maintenance has fallen behind. Around 80% of Australian public housing tenants are in the lowest 20% of income (Jacobs et al., 2009).

Since the mid 1990s, and particularly following the 2007 election of a Commonwealth Labor Government, there has been strong federal and state support for expanding affordable housing provision through growing the non-profit community housing sector (Milligan et al., 2009). Many of these organisations have built their capacity, employ highly skilled senior staff, raise private finance and have started to operate over wider areas (Gilmour, 2009).

Limited numbers of stock transfers from the public to the community housing sector have taken place in recent years and more are in process during 2010, especially in NSW (AIHW, 2009). As part of the current Nation Building Economic Stimulus Plan the Commonwealth is investing $2.9 billion to deliver 6,000 social housing units in NSW. Some 90% of these new properties will be owned and run by community housing providers (NSW Government, 2009).

With the increasing focus on community housing, and limited funding, Housing NSW have struggled to maintain the public housing stock. In the nine years to 2007/08, state housing authorities’ national funding fell by 24 per cent in real terms (Productivity Commission, 2009: vol 1, p.16.6). Poor stock repair and concentration of tenants with high needs in public housing has led to calls for a move away from single tenure public housing estates.
In a project jointly funded by NSW and the Commonwealth, $43 million will be spent on redeveloping 10 public housing estates in Sydney and Lake Macquarie. The largest scheme is at Claymore, on the outskirts of Campbelltown. In this $13 million project, funds will be invested in repairing 350 public housing units, though a further 123 will be sold as lower-cost home ownership properties. Funding for the scheme will be in part contributed by the sale of 774 lots for the development of private housing.

Of the funding announced in June 2010, some will be invested in master-planning future estate redevelopment schemes, including one at Redfern-Waterloo. This area has one of country’s highest concentrations of public housing. Unlike similar schemes in Britain and the US there has been little prior public consultation.

Though some funding for repairs came through the Nation Building Plan, other solutions have been sought. In Bonnyrigg NSW, for example, Australia’s largest housing public private partnership is redeveloping an 833 unit estate. By 2018 this $730 million scheme will rebuild all public housing units and add a further 1,531 private dwellings together with community facilities (Gilmour et al., 2010, forthcoming).

More suited to the renewal of smaller public housing estates such as those at Bega and Eden, in June 2010 the NSW Government announced a new program (Box 2). The ten projects aim to move public housing estates to a mixed tenure model, though without a commitment to maintain existing levels of public housing stock (Housing NSW, 2010a).

The recent trend in affordable housing funding is for it to be more explicitly allocated on a competitive basis. This has been true for both the Commonwealth and the states. With the recent Nation Building stimulus as an example, NSW has been one of the more aggressive is using this approach. Community housing providers had to compete by tender to receive the new properties built by the state.

### Box 2: NSW estate renewal

In a project jointly funded by NSW and the Commonwealth, $43 million will be spent on redeveloping 10 public housing estates in Sydney and Lake Macquarie. The largest scheme is at Claymore, on the outskirts of Campbelltown. In this $13 million project, funds will be invested in repairing 350 public housing units, though a further 123 will be sold as lower-cost home ownership properties. Funding for the scheme will be in part contributed by the sale of 774 lots for the development of private housing.

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### Box 3: NRAS

The National Rental Affordability Scheme (NRAS) is the flag-ship product of the Rudd Government to deliver affordable rental housing for low and moderate income Australians. By investing $1 billion in tax credits, the government aims to stimulate construction of 50,000 new homes by June 2012. Properties must be rented to eligible applicants for 10 years at below 80% of local market rental levels (Australian Government, 2008).

NRAS funding is currently $6,855 from the Commonwealth and $2,285 from the states each year over a 10 year period. This is insufficient funding to build new properties, therefore other contributions are needed such as land donations, bank loans, non-profit organisation tax breaks and use of the planning system.

Most NRAS incentives have been awarded to community housing organisations, with only a minority going to private investors. Around 20 large housing groups have grown in capacity and regularly win NRAS incentives. Due to limited funding through the scheme, most new properties have been built in middle and outer suburbs, and larger regional towns. This is where land prices are lower.

Listed below are the various competitive schemes that have been used since 2007 to help fund affordable housing:

- National Rental Affordability Scheme (NRAS) – see Box 3. The fourth round of NRAS opened on 7 June 2010 with a minimum requirement to build 20 homes. Round three remains open until 31 August with a minimum bid level of 1,000 units.
• Housing Affordability Fund (HAF). This will invest $512 million in schemes to lower the cost of building new homes, for example by helping assemble land and assist with providing basic infrastructure. Bids under HAF round two closed in January 2010.

• Nation Building Plan. Detailed in section 2.2.

Competition for funding has many benefits, including a more transparent allocation of public resources and encouraging higher quality projects. However, it tends to allocate resources to areas which are best at bidding for funding rather than those that have the greatest need. States such as Victoria which have been the most successful in obtaining national funds for housing have benefitted from high capacity non-profit organisations.

2.4 Using the planning system

The land use planning system can play a major role in assisting the delivery of new housing, thereby addressing mismatches between housing supply and demand. It can also help promote greater housing diversity in terms of size of units, location and price point. However, planners do not build houses – there needs to be sufficient market demand from purchasers and capacity within the construction sector.

Many countries, most noticeably Britain and the US, use the planning system as an explicit tool to address housing affordability issues. Known as ‘inclusionary planning’, schemes involve developers providing typically 10-15% of new housing schemes as affordable. There will often be requirements for a mixed housing stock of market sales, affordable sales and social rentals. Developers may receive density bonuses and other incentives to make such schemes financially viable (Gurran et al., 2008).

Australian planning initiatives normally focus on reducing planning delays, an approach which has only a modest impact on affordability. A few jurisdictions, South Australia and the Northern Territory, have targets for affordable housing in new developments - both 15%. However, neither scheme has been fully implemented. More successful inclusionary zoning has been used in smaller areas with high land values – for example Pyrmont, Sydney.

In NSW the 2009 State Environmental Planning Policy, SEPP (Affordable Rental Housing) was introduced to encourage new affordable housing supply and retain existing affordable housing stock. This is achieved by giving floor space bonuses, speeding approval times and providing flexibility for schemes such as ‘granny flats’. While the new SEPP introduces some useful planning tools, NSW councils lack comprehensive inclusionary planning zoning tools which may be of use to Bega Valley.

2.5 Implications

From this section, several points emerge:

• Housing affordability is, and is likely to remain, a major challenge in Australia.

• Funding for affordable housing initiatives is normally competitive, which may favour capital cities over regional areas.

• Community housing is a growth area, with public housing targeted for estate renewal.

• Planning tools available in NSW at state or local level are relatively weak.
3 Bega Valley Shire Perspectives

Following the previous discussion of broad housing affordability drivers, this section details issues of particular relevance to the Shire.

3.1 Current snapshot

Bega valley is one of the fastest growing areas in NSW. Within the council boundary, there is a continuing move towards settlements with more than 1,000 residents, and a slow decline in the rural population. Some areas are experiencing very fast growth; Tura Beach’s population grew by 50% in the decade to 2001 (BVSC, 2006).

Tura Beach is an example of population growth caused by the ‘sea change’ phenomenon. Bega Valley is classed as a ‘coastal lifestyle destination’ as it is too far from a capital city to allow commuting or easy weekend trips. These types of locations are characterised by a higher median age of resident than sea change communities nearer cities (Gurran et al., 2005).

Rapid population growth in the Shire has been accompanied by a decrease in household size. Between 2001 and 2006 the average number of residents in a family household fell from 3.04 to 2.94 (Public Practice, 2007). As a result of these two trends, housing demand is rising fast.

Between 2001 and 2006 the Shire’s population increased by 5.77%. Adjusting for the above figures for changing household size, the demand for housing over this period increased by 9.38%. This was at a time when housing supply increased by 5.47%. The gap between housing demand and supply is the one of the primary local drivers of rising housing costs.

Price rises for rental and purchase properties are a particular challenge for Bega Valley residents as salaries are lower than for NSW as a whole. There are also 25% more of the Shire’s population compared to NSW who are not of working age – below 15 years old or over 65. Furthermore, more people claim welfare benefits than on average in the state. Many jobs that are being created in the retail, tourism and hospitality sectors are modestly paid.

3.2 Community housing

NSW’s major community housing organisations tend to concentrate in metropolitan Sydney. Further south, The Housing Trust have 571 properties in Wollongong, and Argyle Community Housing have offices in Bowral and Queanbeyan. Southern Cross Community Housing manage 546 properties in Nowra, Batemans Bay and Cooma. Sapphire Coast are the main operator in Bega Valley Shire:

Box 4: Sapphire Coast

Community housing organisation Sapphire Coast Tenancy Scheme manage 99 properties throughout the Shire, from Bergamui to Eden. By the end of 2010 a further 10 properties will be added to their stock which is managed on behalf of Housing NSW. The organisation has been accredited for 8 years and was one of the earliest to obtain registration. Sapphire Coast’s aim is to continue as a local tenancy manager, connected to their communities. They are not looking to expand beyond the Shire, and do not anticipate applying for NRAS incentives.

As detailed in Box 3, most NRAS funds allocated to community housing organisations since 2008 have been to develop affordable housing in metropolitan areas and larger regional towns. NRAS incentives allocated in the area of NSW south of the Illawarra are shown in Table 1. Though the numbers of properties in particular areas is not disclosed, organisations based in Wollongong have been the most successful.

Table 1: NRAS incentives, South NSW

<table>
<thead>
<tr>
<th>Recipient</th>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macquarie Bond Trust</td>
<td>Wollongong</td>
</tr>
<tr>
<td>Blue CHP</td>
<td>Shoalhaven</td>
</tr>
<tr>
<td>Illawarra Retirement Trust</td>
<td>Wollongong</td>
</tr>
<tr>
<td>Community Housing Limited</td>
<td>Bega Valley</td>
</tr>
<tr>
<td>Illawarra Community Housing</td>
<td>Wollongong</td>
</tr>
</tbody>
</table>

Source: Housing NSW website.

Bega Valley is one of the few regional areas in NSW to receive an allocation, with 10 NRAS incentives awarded to Community Housing Limited. The details of this project with BEND are detailed in Box 6. Though this has been a
challenging scheme to arrange, it is unique in Australia in terms of the strong links between social and environmental sustainability goals.

Box 5: BEND

Bega Eco Neighbourhood Developers (BEND) were formed as a cooperative in 2002 to promote environmentally and social sustainable housing. One third of housing is to be devoted to non-profit rental housing. Council approval for the scheme was agreed in 2005, though progress was slow in obtaining finance.

In 2008 an agreement was reached with Community Housing Limited (CHL), a national non-profit housing provider based in Melbourne. Ten low-cost rental homes will be built by CHL and managed by a tenant cooperative group. Finance came from contributions from BEND from plot sales, NRAS incentives and fundraising.

The BEND project is a rare example of a partnership between a national community housing organisation and a local cooperative group. CHL bring experience in developing affordable housing and raising NRAS finance while BEND are grounded in their community. Tenants have been carefully selected by BEND based both on housing need and their enthusiasm for participating in managing their own homes. BEND are not required to take tenants from the Housing NSW waiting list.

NRAS incentives may also be used for a further scheme in Bega Valley on a site at Kalaru, midway between Bega and Tathra. Owned by the Tathra Lions Club, the 6 hectare site could accommodate 70 dwellings of which 30 would be for low income rental. Although NRAS incentives have been obtained, the scheme is currently on hold due to financial issues.

3.3 Public housing

From figures supplied by Housing NSW there are currently 377 public housing units in Bega Valley Shire. Of these, a minority (16%) are managed through the Aboriginal Housing Office (Table 2). Housing NSW treat Bega Valley as a separate public housing allocation zone and have a regional office in Bega.

<table>
<thead>
<tr>
<th>Category</th>
<th>Properties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head leased</td>
<td>12</td>
</tr>
<tr>
<td>Housing NSW</td>
<td>305</td>
</tr>
<tr>
<td>Aboriginal Housing Office</td>
<td>60</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bed sitter</td>
<td>16</td>
</tr>
<tr>
<td>1 bedrooms</td>
<td>60</td>
</tr>
<tr>
<td>2 bedrooms</td>
<td>66</td>
</tr>
<tr>
<td>3 bedrooms</td>
<td>189</td>
</tr>
<tr>
<td>4+ bedrooms</td>
<td>46</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Location</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Glebe estate, Bega</td>
<td>70</td>
</tr>
<tr>
<td>Eden estate, Eden</td>
<td>90</td>
</tr>
<tr>
<td>Bega - other locations</td>
<td>101</td>
</tr>
<tr>
<td>Eden - other locations</td>
<td>61</td>
</tr>
<tr>
<td>Bermagui</td>
<td>21</td>
</tr>
<tr>
<td>Merimbula</td>
<td>26</td>
</tr>
<tr>
<td>Other Shire locations</td>
<td>8</td>
</tr>
</tbody>
</table>

Source: Housing NSW. Information supplied direct to Elton Consulting.

Public housing is mainly located in Bega (171 units) and Eden (151 units), with smaller numbers of in Bermagui an Merimbula. Few units are provided outside these four major settlements. There is a concentration of public housing in two moderate sized, single tenure estates in Bega and Eden.

Both of these housing estates are somewhat distant from their town centres, and house a high proportion of sole parents, Indigenous people and those with higher needs or who are unemployed. The estates lack shops, local transport or neighbourhood centres. A limited amount of renewal work is being carried out, particularly on the Eden housing estate.

Both council surveys and the workshop in Bega identified a number of issues relating to the two estates. They remain disconnected from their local towns, the housing stock is in need of renewal and more community facilities are needed. New employment opportunities could usefully be directed towards these estates.

Housing NSW has recently offered a number of public housing units for open market sale, reducing the stock of affordable housing in the Shire at a time when demand is rising. Six properties in Bega and six in Eden have been sold in the four years to 2009-2010.
3.4 Private housing for purchase

Much of the available information on the Shire’s housing market is anecdotal. In part this is due to most data being collected for the entire council area. Also, much published data is based on limited recent sales and rental transactions which may be unrepresentative.

From discussions held in Bega Valley, the following issues emerge:

- Housing markets operate differently in inland and coastal areas, and between the main towns and rural hinterland.

- The differentiated housing market suggests that affordability indicators for the Shire as a whole have only limited relevance. Hence although the ratio of average earnings to house prices looks manageable, this hides local variations and housing stress.

- Association with particular towns in the Shire is strong, making it less likely that people will willingly move to where lower cost housing exists – for example in Bega.

- Areas with expanding opportunities such as Merimbula are also areas experiencing most housing affordability issues. Commuting is relatively expensive and public transport options limited – especially in rural areas.

- Tourism and absentee owners are particular issue in coastal areas which are target areas for sea change migrants. Little public and community housing exists in these locations.

- New job creators, such as Woolworths supermarket and the proposed regional hospital are likely to increase the demand for affordable housing as many staff will be on modest incomes. These types of homes are not being built at volume in the Shire.

- The housing stock in Bega Valley is predominantly two and three bedroom houses, though the demand is increasingly for smaller and more affordable properties. There are few flats or units in the Shire.

Unlike in the capital cities, rapidly rising land prices are not the main driver of affordability problems. Data released early in 2010 showed that land values in the Shire were relatively stable in most areas over the last three years.

Modest falls were recorded in Tura Beach, Pambula Beach and Bega (LPMA, 2010):

<table>
<thead>
<tr>
<th>Area</th>
<th>Land size (m²)</th>
<th>Value ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merimbula</td>
<td>1,020</td>
<td>223,000</td>
</tr>
<tr>
<td>Tura Beach *</td>
<td>1,100</td>
<td>171,000</td>
</tr>
<tr>
<td>Pambula Beach *</td>
<td>675</td>
<td>155,000</td>
</tr>
<tr>
<td>Eden</td>
<td>555</td>
<td>131,000</td>
</tr>
<tr>
<td>Pambula</td>
<td>695</td>
<td>98,300</td>
</tr>
<tr>
<td>Bega *</td>
<td>950</td>
<td>80,000</td>
</tr>
<tr>
<td>Wolumla</td>
<td>1,820</td>
<td>71,100</td>
</tr>
<tr>
<td>Candelo</td>
<td>850</td>
<td>45,300</td>
</tr>
<tr>
<td>Cobargo</td>
<td>1,214</td>
<td>39,000</td>
</tr>
</tbody>
</table>


Local newspapers report real estate agents stating few properties are for sale at under $400,000 in Bega Valley Shire (McCormick, 2010). However, a search of the website www.domain.com.au on 21 June 2010 revealed 78 properties for sale in Bega of which 49 (62%) were advertised at below $400,000. Of this sample 10 (13%) were priced under $200,000. By contrast of the 63 properties advertised for sale in Merimbula, only 18 (29%) were under $400,000 and 2 under $200,000.

These prices for house selling costs suggest that families on average or below average incomes will find it challenging to buy property unless they have other sources of capital. The supply of properties below $200,000 is low in the Shire, and many are located away from where jobs are being created. The proportion of higher paying jobs in the Shire is modest, with the average and higher prices properties only really affordable for retirees or sea changers.

The 2006 census indicated a high property vacancy rate in Bega Valley. Of the 15,518 properties on census night, 2,890 (18.6%) were unoccupied (Public Practice, 2007). This figure has probably been inflated by a higher than normal proportion whose residents were away at the time of the census or who did not complete the form. However, there will also be an impact from the holiday homes in the area.

3.5 Private housing for rent

The comparative size of the private rental market can be calculated as follows:
• Home ownership rates are higher in the Shire at 72% than across NSW at 67% (Public Practice, 2007).

• Public and community housing is in short supply, perhaps comprising around 500 homes out of a total of 15,515 in the Shire in 2006. At just 3.2% of housing the social rental properties in Bega Valley are lower than in the 4.4% average in Australia and 5.0% in NSW (Gilmour & Bourke, 2009).

• The resulting proportion of Bega Valley Shire housing in private rentals is 24.8%, lower than the 28% across the state.

The prices of private sector rental properties are shown in Table 4. Bega Valley is slightly more expensive than neighbouring council areas based on new rental bonds lodged. However, as expected, rents are low compared to the rest of NSW. For a 2 bed house in NSW the median rent is $265 per week, rising to $350 in the Sydney metropolitan area.

Data on all rental bonds held as at March 2010 combines Bega Valley and Eurobodalla. In this area there are 5,346 bonds, of which 66% are separate houses and the remainder flats or units. This is a different ratio to NSW where only 43% of private rental housing is separate houses. Given that in Table 4 house rentals are considerably more expensive than flat rentals, the rental stock in Bega is relatively expensive.

Table 4: Rental prices, March 2010

<table>
<thead>
<tr>
<th>Area</th>
<th>2 bed house</th>
<th>3 bed house</th>
<th>1 bed flat</th>
<th>2 bed flat</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bega Valley</td>
<td>220</td>
<td>260</td>
<td>150</td>
<td>180</td>
</tr>
<tr>
<td>Eurobodalla</td>
<td>200</td>
<td>258</td>
<td>n</td>
<td>185</td>
</tr>
<tr>
<td>Cooma-Monaro</td>
<td>195</td>
<td>218</td>
<td>110</td>
<td>125</td>
</tr>
</tbody>
</table>

Source: Housing NSW (2010b). n= too small a sample to measure. Figures are weekly rents in $.

Research suggests that the growth in new accommodation built in Bega Valley is mainly in the form of houses. Between 2001 and 2006 separate houses increased by 13%, while the number of flats and units actually decreased by 5% (Public Practice, 2007). This is in contrast to NSW where flats and units increased by 12%. The lack of flats in the Shire which could be available for lower cost rentals is one of the issues accentuating affordability problems.

3.6 Temporary shelter

Traditionally caravan parks and holiday villages have been significant sources of lower cost housing, particularly in coastal areas. These sites are coming under threat as tourism increases and, in some cases, more money can be made by re-developing the land for private residences. Due to the informal nature of using caravan parks for longer term accommodation, little reliable data is available.

Anecdotal evidence suggests that there is good demand for accommodation at caravan parks, for example at Acacia Ponds which aims for residents aged over 55. Eden Realty are currently promoting a scheme which would turn a caravan park into a development affordable homes. These would have a plot size of 280 square metres, well below the current norms.

A further type of informal settlement in addition to caravan parks arises from occupation of remote out-houses and caravans on farmland in rural areas. These units may pose problems with sanitation, and access to transport, schooling and employment for families.

Informal living options described above are evidence of homelessness issues within the Shire. From the 2006 census, 130 people were recorded as sleeping rough in Bega Valley, the third highest in the state (Table 4). This is a very high figure, given the total for NSW is 3,500. Homelessness is a clear symptom of the housing affordability problems in the Shire.

Table 5: Rough sleepers, 2006

<table>
<thead>
<tr>
<th>Council areas with over 100 rough sleepers</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Sydney</td>
</tr>
<tr>
<td>Walgett</td>
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<tr>
<td>Bega Valley</td>
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<td>Hawkesbury</td>
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<tr>
<td>Burwood</td>
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</table>

Source: Simon (2009).

Assistance is provided by a number of local voluntary organisations such as One Youth Crisis Service, Bega Women’s Refuge and Ricky’s Place. However, there are few medium term options for people facing homelessness, and limited provision for single men or families.
3.7 Workshop feedback

A workshop was held on 7 June 2010 attended by 10 community representatives together with council staff and two councillors. This was followed by a further workshop attended by 10 people on 29 July 2010. The second workshop allowed feedback on a draft of this report.

At the start of the first workshop each person was asked to write down two points they considered important relating to affordable housing in Bega Valley. These are the results:

- Affordable housing should be made available in all new developments to give a mix:
  - Make a percentage available for lower cost rental in new schemes.
  - Obtain developer contributions to help fund housing and other local amenities.
  - Provide community infrastructure as well as housing in all new schemes.

- Make special housing arrangements for higher and special needs groups:
  - Crisis accommodation is important given high levels of homelessness. Housing single men is a major problem, as are facilities for homeless families.
  - Facilities should cater for needs of young people, including young families.
  - Policies should aim to cater for the needs of an ageing population, a major demographic trend in the Shire.
  - Accommodation is important for key workers, especially low paid retail staff.

- Try to encourage greater diversity within Bega Valley Shire's housing stock:
  - Provide housing that allows people to 'move through the system', from lower cost rentals into property purchase.
  - Provide a range of small, medium and large sized new properties.
  - Aim to fill particular gaps in the market, for example lower cost one or two bedroom units for sale or rent.

- Council should fully engage with, and understand, the community's needs:
  - Council should have a clear vision of what their affordable housing role is.
  - There is a need for Council to build a coalition to stand up to NIMBY objections to affordable housing in the Shire.
  - Council's limited resources are best spent where the housing need is greatest.
  - Given the number of retirees with social housing knowledge, make use of them as volunteers on housing projects.

- Council should act as a facilitator to leverage external funding to Bega Valley Shire:
  - Council's role is to find where the sources of external finance exist.
  - Consider greater use of NRAS incentives, including in rural and remote areas.

The range of comments to some extent reflect the service provision background of a number of the attendees. However, there was a shared realisation that there were no 'easy answers' and that Council only has limited levers to use. Participants expressed a feeling that Bega Valley Shire was ‘losing out’ with NSW funds being allocated to other regions.

The second workshop on 29 July 2010 raised a number of further affordable housing issues:

- Concerns were raised that Council did not acknowledge the high level of homelessness revealed by the 2006 rough sleeper survey.

- There was discussion of the role of the private sector in promoting affordable housing, including the potential for re-developing former caravan park sites.

- The role of the planning system is helping or hindering affordable housing was agreed. Some participants complaining of high charges on developers and inflexible planning rules encouraging larger plot size.
3.8 Implications

Issues emerging from this section:

- Bega Valley face a number of housing affordability problems, often driven by lower incomes and types of housing stock.
- Public housing is in short supply in the Shire and further estate renewal is needed.
- There are good examples in the Shire of community housing innovation, though their scale is modest compared to the problems.
- Private house selling prices are highly regionalised and distorted by sea changers.
- The private rental market often does not offer the types of property most in demand.
- The level of homelessness in Bega Valley is high and needs further surveys, initiatives and funding to help address.
4 Ways Forward

This final section considers ways that Council can help, directly or through working in partnership with the private and non-profit sector, to improve housing affordability.

4.1 Key challenges for Council

The housing affordability issues highlighted in this report are serious, and potentially impact on Council’s wider aspirations for the Shire. For example, without sufficient new affordable housing it will be difficult to attract additional businesses to the area as their employees will not be able to live locally. The tourist industry’s growth will be inhibited by a lack of staff.

Many of the actions that Council can take on housing, in conjunction with community groups and the private sector, help address other issues for the Shire. Strategies for youth, ageing, economic development and affordable housing need to be carefully coordinated:

- Affordable housing is needed to retain young people in the area.
- The ageing of Bega Valley Shire’s population is leading to a mis-match in the housing market in terms of types and locations of properties available, and access to services.
- Encouraging new employment generators such as Woolworths and the regional hospital needs to be coordinated with an increase in local affordable housing for staff.
- Co-operative approaches to building affordable housing, such as at BEND, may help stimulate local employment. Projects such as this could also be used to help local young people increase their skill-set.

Issues on the two public housing estates cross-cut with youth issues, transport shortages and the need for sources of new local employment.

4.2 Council’s role

Australian councils are able to play only a limited role in housing affordability issues. The main drivers for unaffordability are under State control – investment in transport, social infrastructure, land release and incentives to locate major new employment opportunities. However, most recent debates in NSW have involved councils being criticised for delays in processing planning applications.

A recent report by the Australian Local Government Association suggests a more constructive way forward to help address housing affordability issues: ‘all levels of government and industry [need] to work collaboratively rather engaging in some old fashion council bashing and tinkering at the edges with talk of administrative reform of planning processes’ (ALGA, 2010).

Housing NSW’s Centre for Affordable Housing have produced a short report on why local government areas should have affordable housing strategies (Housing NSW, 2009). The document details a number of state initiatives, including grants for affordability partnership schemes, and awards for councils that develop innovative best practice programs. There is somewhat more detailed a useful information on the Centre for Affordable Housing’s website

4.3 Approaches to consider

There are a various practical opportunities for action by a Council and other stakeholders to help encourage greater housing affordability. A number of suggestions are discussed below, with the most promising included in Table 5.

- Council could enter into, or help establish, a partnership to deliver affordable rental properties. This may involve a free transfer
of land and favourable planning consents. There are examples of this approach being used by Port Phillip Council (see Box 8), City West Housing in Pyrmont, and Waverley City Council. Such schemes have a major impact on affordability, though seem to work best in urban areas with high land values.

- The above types of partnership have the ability to leverage external finance, both NRAS incentives and bank loans. Council would need to consider which community housing organisation to partner with. Sapphire do not seek to become developers, but could potentially work as tenancy managers on a scheme coordinated by a national community housing group. This follows the approach used by BEND.

- The significant homelessness issues in the Shire give an opportunity for Council to work with local service providers in seeking new State and Commonwealth funding.

- Investigate whether the Affordable Housing SEPP can be used to help encourage more affordable rental properties. The SEPP is unlikely to be of as much help for Bega Valley as for councils in metropolitan Sydney due to its emphasis on in-fill development, and focus on affordable rental not sale.

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The Australian council considered to have made the greatest impact on housing affordability through the use of partnerships with non-profit organisations and private developers is Port Phillip Council in metropolitan Melbourne:

**Box 7: Port Phillip Council**

In 1986 the former City of St Kilda Council in Victoria established a non-profit organisation to acquire and manage affordable housing. This was funded by Council contributing land in partnership with grants from State and Commonwealth Government. Partnerships were also entered into with private developers to encourage mixed tenure new schemes.

Council transferred ownership of the housing assets in 2006 to a trust to preserve them from political interference. The non-profit organisation, now known as Port Phillip Housing Association, has expanded its area of operation throughout metropolitan Melbourne. It has received 133 NRAS incentives to date, together with properties transferred under the Nation Building Plan. Their current portfolio is 535 homes, 144 of which are rooming house units and 181 one bedroom flats.

Following further research, it may be possible for Bega Valley Shire Council to adjust existing planning regulations. For example, informal rural dwellings could be formalised, caravan parks protected and zonings changed to encourage smaller properties and/or flat developments. This approach has the benefit of not relying on State initiatives, and can be tailored to the specific needs of Bega Valley Shire.

- Council may wish to partner with Housing NSW and possibly local community groups in pushing for renewal of the public housing estates at Bega and Eden in line with approaches detailed in Box 2. This might give an opportunity to leverage-in external funds, improve housing conditions and move to mixed-tenure neighbourhoods. Council should ensure that the quantity of social housing is not reduced by such a scheme.

**4.4 Recommended actions**

Table 5 contains a variety of suggestions for how Council, often working in partnership with the private sector and community groups, can help alleviate affordability problems. Though there are important opportunities, it is worth reiterating that the role of Council is necessarily limited. Many of the key levers are controlled by Federal and State governments.
<table>
<thead>
<tr>
<th>Issue</th>
<th>What Council do now</th>
<th>Recommended role for Council</th>
<th>Role for others</th>
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<tbody>
<tr>
<td>Encourage more national affordable housing funding to the Shire</td>
<td>No policy, only informal ad hoc support of particular schemes</td>
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- Establish a policy setting out Council’s role.  
- Host workshops to help build understanding of local organisations and council staff of national and state affordable housing funding schemes.  
- Consider Council bidding under the Housing Affordability Fund (HAF) for finance to support new housing affordable schemes in the Shire.  
- Promote the success of schemes such as BEND through the Council’s website. Consider what further assistance could be given to BEND. |  
- Community organisations will be the main bidders for NRAS funding.  
- Sapphire Community Housing to consider partnering with a regional or national provider with development capability to apply for NRAS incentives. |
| Make fuller use of Council resources such as land | n/a |  
- Bega Planning Department to review whether any Council land could be made available free or at reduced cost to a community organisation for affordable housing development.  
- Consider if existing Council sites could be subdivided to allow both community facilities and land for affordable housing schemes. Old buildings may be suitable for conversion to affordable housing.  
- Council to consider terms of transfer of 10 units to Sapphire to maximise leverage of new affordable housing funded by NRAS and/or bank loans. |  
- Community groups to alert Council of potential land requirements. |
| Coordinate existing affordable housing skills in Shire | Workshops convened as part of Affordable Housing Strategy |  
- Re-establish under Council leadership the ‘Housing Group’, an organisation (previously run by Housing NSW) representing housing interests in the Shire  
- Hold meetings every two months to allow capacity building, help form and strengthen alliances and allow information exchange between projects.  
- Invite other housing experts in the area, such as the Australasian Housing Institute, Garry Mallard etc. To assist building a broad base of support for affordable housing initiatives in Bega Valley. |  
- Active involvement by community groups and the private sector in the Housing Group.  
- Willingness to freely share information.  
- Ideally the Housing Group will be hosted by the Council but run by members of the community. |
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<tr>
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<th>Recommended role for Council</th>
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| Achieve better outcomes for public housing estates | n/a | - Establish a policy setting out Council’s roles and responsibilities for working with Housing NSW on housing renewal, and with youth and employment issues on the two main estates.  
- Council’s role will be to influence Housing NSW, encouraging funding of potentially major estate renewal. This may result in a move to mixed-tenure, though care should be taken that no further reductions in stock numbers occur. | - Main responsibility lies with Housing NSW, though Council can play a supportive role.  
- Larger-scale redevelopment of the public housing estates may involve the private sector and community housing providers. |
| Improve efficiency of private sector housing supply | n/a | - Consider collecting and/or presenting housing data through the Council’s website.  
- Use data to help suggest type of housing stock that is needed in Bega Valley Shire.  
- As part of Council’s economic development strategy, review ways of encouraging more residential house builders to be active in the area. | - Council can provide information, but the delivery of housing is the responsibility of the private sector. |
| Investigate ways of leveraging from existing informal housing | n/a | - Establish a planning policy for caravan parks, encouraging their continuation.  
- Consider the Eden Realty proposal for caravan park modification as smaller-plot affordable housing as a ‘demonstration project’. This may require external evaluation and research.  
- Survey dwelling such as out-houses on farmland and review whether they can be ‘formalised’. | - Potential role for private sector in caravan park projects. |
| Help address homelessness issues | n/a | - Open negotiations with Housing NSW and other branches of State government to try and locate funding or project support for the Shire.  
- Further investigate, potentially using outside consultants, the level of homelessness in the Shire and best approaches to alleviation.  
- Establish a policy setting out Council’s role. | - Close partnership working will be required between Council and existing community organisations and state bodies working on homelessness. |
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| Better tailor planning controls to encourage affordable housing | While Council has detailed planning guidelines, few directly address housing affordability | • The LEP (BVSC, 2002) and DCP (BVSC, 2003) are currently under review, with a timescale that is tight for considered amendments to be made. Changes may be needed in subsequent review, particularly of the DCP.  
• In future both the LEP and DCP should explicitly address housing affordability issues and state Council’s views and strategies.  
• As suggested above, consider new approaches to informal settlements, including caravan parks, and incorporate within the revised DCP.  
• Consider use of planning incentives to encourage affordable housing within medium and larger schemes. Publicise these to developers.  
• Hold a workshop with the development and real estate sector to review if certain Council guidelines, for example on minimum plot size, are inhibiting new developments in the Shire.  
• Considering extending this workshop into a regular series of open meetings between Council planners and the private sector (ideally running separate to the ‘Housing Group’ detailed above). | • Though Council can change planning guidelines, close liaison with the real estate and development industries is required – they are the parties that will be delivering new housing stock. |
| Increase focus on Indigenous housing issues | Limited activity to date | • Research specific Indigenous issues relating to housing in the Shire, including housing design, concentrations of disadvantage and specific considerations on the public housing estates.  
• Establish a policy setting out Council’s role on Indigenous issues, to include a dimension relating to housing/affordable housing. | • Try to obtain feedback on Council’s recommended strategy from members of the Indigenous community.  
• Close partnership working will be required between Council and existing community organisations and state bodies. |
References


Housing NSW (2010a) Housing affordability fund to deliver 10 urban renewal projects in NSW. Joint media release by Tanya Plibersek MP, Federal Minister for Housing, and Frank Terenzini MP, NSW Minister for Housing. 7 June 2010. Available at www.housingnsw.gov.au: Housing NSW.


housing organisations together.
Melbourne: AHURI.


