SENATE SELECT COMMITTEE ON HOUSING AFFORDABILITY IN AUSTRALIA

SUBMISSION BY TWEED SHIRE COUNCIL, NEW SOUTH WALES

HEARING TUESDAY, 15 APRIL 2008
AT GOLD COAST ARTS CENTRE, BUNDALL

This submission is prepared by Robin Spragg, Social Planner within the Community & Cultural Services Unit of Tweed Shire Council.

Robin is a qualified Town Planner and Geographer. The Social Planner prepares and maintains the Council's Social Plan, deals with socio-economic issues affecting the community and assesses need for community facilities and services.

Tweed Shire is a community of 85,000 people situated in the Tweed Valley of NSW, adjoining the border with Queensland. It has grown rapidly in recent years as a 'seachange' location for retirees from Brisbane, Sydney and Melbourne.

The following comments are offered concerning the Terms of Reference of the Select Committee, and the current housing situation in the Shire.

The release of new land for housing - Terms of Reference (b):
The rate of population growth in Tweed has been the highest in NSW, varying from 4%pa in the 1990s to 2.2%pa in 2006. Most of the coastal areas have become urbanised in that time, but there are Urban Release Areas available to accommodate a further 40,000 people. The growth pressures have been only along the coast, with inland areas having a static population. The spread of urban housing has raised concerns locally, and the previous policy of accommodating growth is beginning to change to one of more compact development and protection of the environmental areas that attracted people to the Tweed.

Originally a low cost housing area, Tweed house prices and rents have escalated dramatically since 2000 to be almost on a par with Sydney and the Gold Coast.

NSW Dept. Housing Sales Reports-September Qtr 2007, All Dwellings:

		Median Price	Mean Price	Qtr Change	($'000)
Sydney	Inner Ring	555	703	-0.7%	
	Middle Ring	451	554	-0.9%	
	Outer Ring	375	438	-1.8%	
Tweed Heads & Tweed		415	425	+8.5%	
Richmond/Tweed Balance		395	438	-0.5%	

Port Macquarie	325	339	-3.3%
Queanbeyan	366	373	+4.4%

No others higher in Rural NSW.

Comparison with the Gold Coast is provided by the Australian Property Monitor figures for house prices in some local suburbs:

	6 months to August 2007	6 months to February 2008 ($'000)
Tweed Heads	550	450
Kingscliff	550	693
Pottsville	410	460
Murwillumbah	354	370
Byron Bay	640	720
Surfers Paradise	1200	1281
Gold Coast Central	555	620
Currumbin	690	527
Palm Beach	513	550

Median Weekly Rent figures for NSW LGAs in December 2007 indicate a Tweed median of $328 for all 3-bedroom dwellings, and $400 for 4-bedroom dwellings. Equivalent figures for the Tweed Heads and Tweed Coast parts of the Shire were $335 and $420. Similar figures were recorded in Byron Bay and Ballina Shires.

The Australian Property Monitors Rental Report for the September 2007 quarter ranked Darwin houses at $410; Sydney, Gold Coast and Canberra $400. For multi-units, Sydney reached $380, Canberra $370, Gold Coast and Darwin $340.

The effect of these rises locally is more serious than in other high cost locations because Tweed average incomes are about one third lower than they are in Australia as a whole. The Median Weekly Household Income in 2006 was $683, compared to a median of $1,027 for Australia. There were 17,606 people aged 65 years or more in Tweed Shire. This represented 22.2% of the population, compared to the Australian average of 13.3%. Tweed is facing the effects of an ageing population decades before most of Australia.

The effect is also more serious for renters than owners because renters do not have the compensation of receiving high prices on sale of a property, and simply have to manage with a lower standard of accommodation, if they can find any.

The role of Tweed Shire Council in facilitating affordable home ownership - Terms of Reference (d).

The symptoms of less affordable housing in the community include anecdotal evidence of forced relocations, difficulties for key workers in obtaining accommodation close to work, and an increase in homelessness and insecure accommodation, especially for young people. It is difficult to confirm these. Other symptoms to be expected would be longer commuting distances and higher costs, lower immigration, and increased gentrification.

The Council has very limited options to counteract these trends. The area was already suffering from a severe lack of crisis housing, a lower than average stock of public housing, and a reputation as a destination for footloose immigrants, both young and old. Council financial resources are already stretched to provide infrastructure for the incoming residents, some 1500-2000 per year.

In collaboration with other community service providers, Council's Youth Development Officer has recently focused on ways to address youth homelessness (a power point presentation developed for a Forum held last November has been provided). Best estimates are that 170 young people are homeless every night in Tweed. St Joseph's provides a medium term refuge for some 16 young people between ages 16 and 21. Murwillumbah Community Centre and Rosies provide food, showers and other occasional assistance. Many young people are believed to be 'couch surfing' (living insecurely with friends and relatives rather than at home), with high levels of personal risk. Less affordable housing is a major contributory cause of homelessness.

Council is undertaking planning towards an affordable housing strategy. As the land use development agency, Council can influence future development patterns through the Local Environmental Plan (LEP - statutory zoning provisions). Coincidentally, the NSW Government is requiring Councils to adopt new LEPs following a more consistent State template, and efforts are being made to adjust zone provisions to enable and encourage the more affordable types of housing. Although this will rely on the private developer, any increase in the proportion of smaller units, granny flats, subdivision of large houses, protection of existing caravan parks, or incentives for a proportion of affordable dwellings in developments will be beneficial.

More does need to be done to produce affordable housing or provide incentives, but at Local Authority level a great deal of determination and resources is required to develop effective programs, and it can be left in the 'too hard basket'. Councils have traditionally been reluctant to interfere in the housing market, or regulate in favour of particular types of housing, though town planners may say that they should be more proactive.

Effect on the market of planning laws – Terms of Reference (e).
NSW has a system of developer contributions under S.94 of the Environmental Planning & Assessment Act. S.94 provides contributions for a wide range of infrastructure for the needs of new, rather than existing, residents. The State Government is now proposing to limit the requirement of contributions more strictly in order to reduce the cost of providing housing.   The exact effect of this move has not yet been quantified, but Local Government is fearful that it will be unable to maintain the present level of services and facilities.

It has been the practice in Tweed to prepare S.94 contribution plans for everything from roads to community centres, providing a coherent system of urban infrastructure planning. If this is limited too severely, new urban areas will be developed without physical and social infrastructure at the critical early stages, and the existing infrastructure will come under greater demand pressure. Local Government has few alternative sources to fund infrastructure other than rates, which are capped, and none that is as reliable.

It has been our experience that social infrastructure such as community centres have been well received by new communities, and are an important means of strengthening the communities and reducing social alienation and isolation.

A balance needs to be maintained to ensure contributions increase development costs only moderately. The largest single community centre project in Tweed funded by contributions has cost $1.8m, for a suburb of more than 12,000 people.

Example: S.94 cost/lot for a current estate development:

	2002	2007	
Land price	$95,500	$216,250	
S94 Contributions	$7,017	$14,886	
S64 Contributions	$6,864	$14,801	(sewer & water)
Total Contributions	$13,881	$29,687	

The price of land has more than doubled in a five year period, and the total contributions have also doubled. In a strong housing market there is no likelihood that development may be jeopardised, unless the rising price level deters buyers.

Conclusions:

While Local Government can provide local support services and local facilities to mitigate some of the worst effects of unaffordable housing, the scale of development and the level of corrective action required can only be addressed by Federal and State Government actions in the broader housing market.