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Department of Planning and Environment  
PO Box 1226  
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Ref HOG16/19809

Dear Mr Albury

**Draft Hunter Regional Plan and Draft Plan for Growing Hunter City**

Thank you for the opportunity to comment on the Draft Hunter Regional Plan and the Draft Plan for Growing Hunter City. The Department of Family and Community Services has a significant interest in the Draft Plans, in particular in relation to social and affordable housing supply.

Recently the Minister for Family and Community Services and Minister for Social Housing released *Future Directions for Social Housing in NSW*. This document sets out the NSW Government's vision for social housing over the next 10 years. It sets out the government's commitments, which include working with planning agencies and authorities to ensure appropriate rezoning of social housing assets. The Strategy also sets out areas for whole-of-government collaboration, including the Department of Planning and Environment working with Family and Community Services (FACS) to identify options to work with Commonwealth and local government to increase affordable housing supply.

FACS key concern is that the NSW Government commitments in *Future Directions* need to be reflected in the Hunter Regional Plan and the Plan for Growing Hunter City. The attached submission provides more information about *Future Directions*, specific comments on housing related directions in the Draft Hunter Regional Plan and the Draft Plan for Growing Hunter City as well as some data to support those comments. In addition, there are a number of resources on the FACS website that would assist in development of both Plans and in the development of local housing strategies. Information on these resources is included in the submission.

If you have any queries or would like any further information, please contact Sue Brown, Manager Affordable Housing, on 8753 8529.

Yours sincerely

  
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**FACS SUBMISSION - Draft Hunter Regional Plan and Draft Plan for Growing Hunter City**

Recently the Minister for Family and Community Services and Minister for Social Housing released *Future Directions for Social Housing in NSW*. This document sets out the NSW Government's vision for social housing over the next 10 years. It sets out the government's commitments, which include working with planning agencies and authorities to ensure appropriate rezoning of social housing assets. The strategy also sets out areas for whole-of-government collaboration, including the Department of Planning and Environment working with Family and Community Services (FACS) to identify options to work with Commonwealth and local government to increase affordable housing supply.

FACS key concern is that the NSW Government commitments in *Future Directions* need to be reflected in the Hunter Regional Plan and the Plan for Growing Hunter City. Note that the Land and Housing Corporation (LAHC) which sits within FACS, owns significant social housing assets, including a number of social housing estates in the Hunter (Cessnock, Windale, Bolton Point, Booragul, Toronto, Woodbury, South Muswellbrook, South Hamilton and Raymond Terrace) and there are also a number of community housing providers operating in this region.

General Comments:

*Future Directions*

The Strategy states:

Over the next 10 years the NSW Government will:

- a) Deliver redevelopment projects on Land and Housing Corporation sites throughout NSW through Communities Plus;
- b) Align redevelopment projects with UrbanGrowth priority renewal areas;
- c) Work with planning agencies and authorities to ensure appropriate rezoning is possible; and
- d) Ensure large redevelopments target a 70:30 ratio of private to social housing to enable more integrated communities (generally with an increased number of social housing where practicable).

Further, it states that the NSW Government will:

- Encourage development of more affordable rental housing to act as a stepping stone out of social housing, or a diversion from entering the system; and
- Explore options to better utilize Government lands for social and affordable housing.

*Future Directions* also outlines areas for whole of government collaboration. Collaboration with the Department of Planning and Environment includes:

- Working with the Land and Housing Corporation to determine appropriate planning mechanisms to assist the acceleration of redevelopment on identified sites; and

- Working with FACS to identify options to work with the Commonwealth and local governments to increase affordable housing supply, including using surplus Commonwealth and local government land.

These NSW Government commitments need to be reflected in the Hunter Regional Plan and the Plan for Growing Hunter City. FACS requests that the two Plans foreshadow work to implement *Future Directions* and to increase affordable housing supply.

A copy of Future Directions is available at:

<http://www.facs.nsw.gov.au/reforms/social-housing/future-directions>

In addition, FACS has prepared Housing Snapshots for NSW regions and metropolitan sub regions – they provide data and analysis on housing demand, the housing market, housing supply and gaps between supply and demand, with a particular focus on lower income households. This information will assist in understanding housing needs in the Hunter and in the preparation of local housing strategies. The Housing Snapshot for the Hunter is at:

<http://www.housing.nsw.gov.au/centre-for-affordable-housing/for-planners-of-affordable-housing/housing-snapshots/housing-market-snapshot-hunter-sub-region>

More detailed information on housing demand, housing market and housing supply is in the Related Information box in the top right corner of the web page or see:

[http://www.housing.nsw.gov.au/centre-for-affordable-housing/data/assets/pdf\\_file/0018/333540/HunterRegion\\_Demand.pdf](http://www.housing.nsw.gov.au/centre-for-affordable-housing/data/assets/pdf_file/0018/333540/HunterRegion_Demand.pdf)

[http://www.housing.nsw.gov.au/centre-for-affordable-housing/data/assets/pdf\\_file/0017/333530/HunterRegion\\_HousingMarket.pdf](http://www.housing.nsw.gov.au/centre-for-affordable-housing/data/assets/pdf_file/0017/333530/HunterRegion_HousingMarket.pdf)

[http://www.housing.nsw.gov.au/centre-for-affordable-housing/data/assets/pdf\\_file/0003/333534/HunterRegion\\_Supply.pdf](http://www.housing.nsw.gov.au/centre-for-affordable-housing/data/assets/pdf_file/0003/333534/HunterRegion_Supply.pdf)

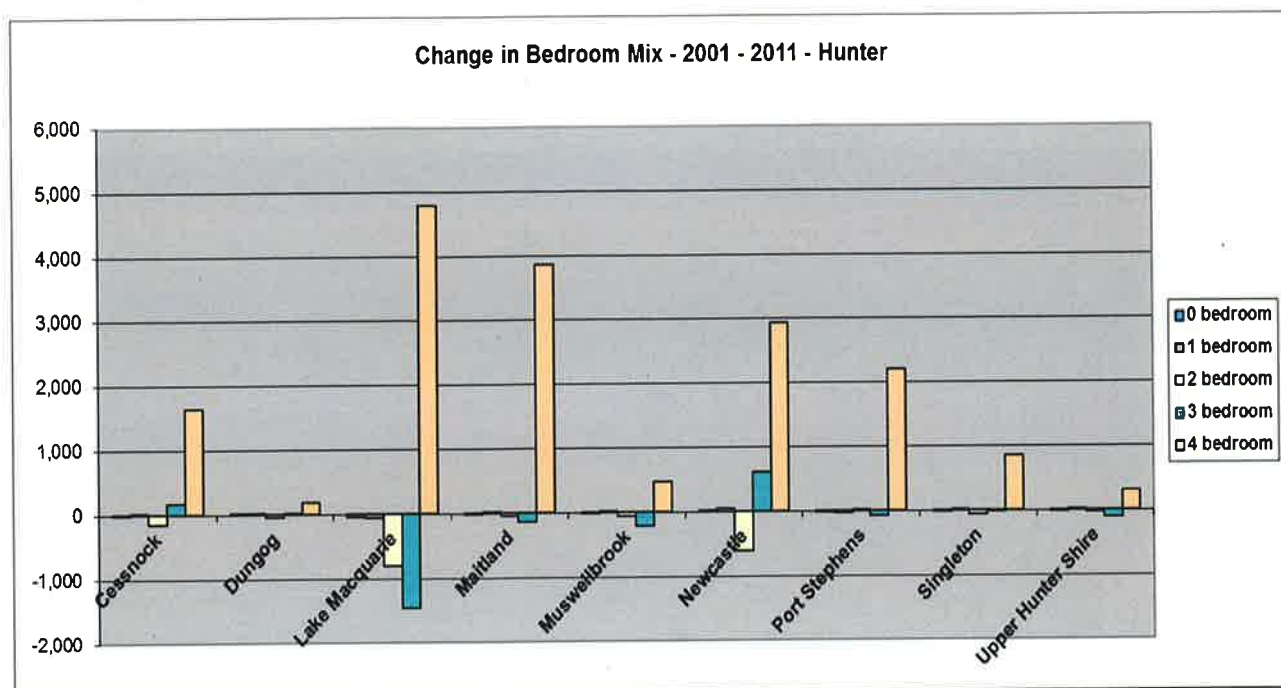
#### Specific Comments Draft Hunter Regional Plan

**Action 4.1.1 Investigate demand for and options to accommodate long-term housing growth in regional towns and villages. The NSW Government will...investigate options to encourage a more diverse range of new housing types...encourage more medium density housing in appropriate locations...” P66**

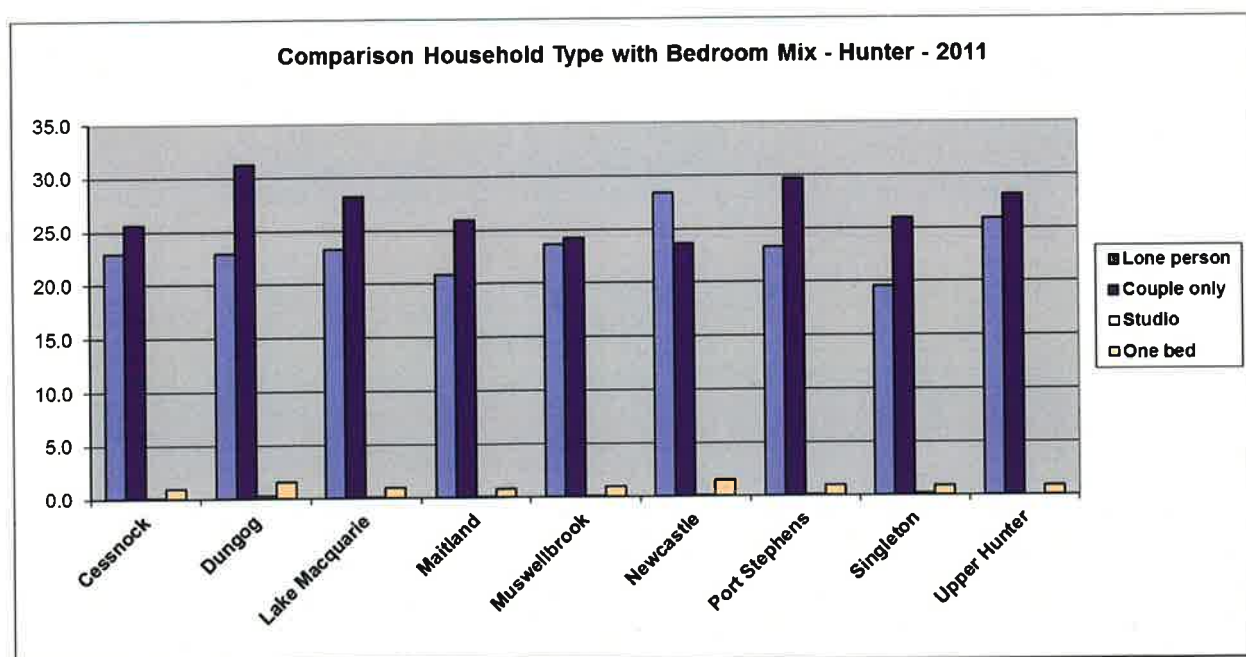
And

**Action 4.2.3 Deliver housing to meet the varied needs of communities P69**

Between 2006 and 2011 every local government area in the Hunter Region experienced a significant increase in four bedroom dwellings and (except for three bedroom homes in Newcastle and Cessnock), losses in every other bedroom category (see the graph below) despite the increase in overall dwelling numbers:



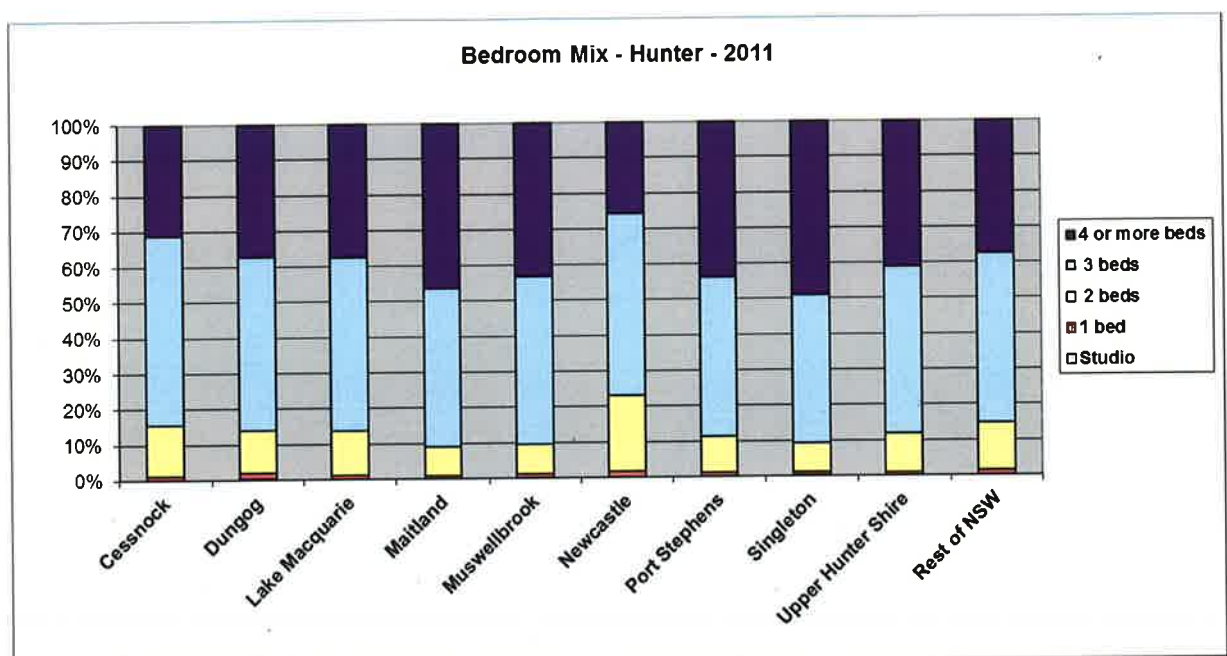
Note also that there are very high and growing proportions of lone person and couple only households and a poor and worsening match between household type and bedroom mix as demonstrated in the graph below:



It is insufficient to suggest that encouraging more medium density housing will address this worsening gap in bedroom mix relative to household type in the Hunter. New dwelling supply represents between 1 – 2% of the total dwelling stock each year. Only a very small proportion of this is likely to be in the form of studio dwellings or one and two bedroom stock. The current

dwelling stock across the Hunter was built to suit families. Given the forecast increase in older age groups in the population and the increased number of single person and couple only households, ideally there should be an increase in the number of studio, one and two bedroom dwellings. Although there has been significant change in household types and to some extent in the types of dwellings, in terms of bedroom mix, the change in dwelling stock has not kept pace – in fact it has gone backwards.

The graph below shows the bedroom mix across all the Hunter LGAs at the 2011 Census. It is evident that the overwhelming majority of stock is three or four bedrooms.



Specific and targeted measures are required to ensure an improvement in the bedroom mix relative to household type in order to seriously address housing diversity across the Hunter region.

Action 4.2.3 Deliver housing to meet the varied needs of communities P69 and

Action 4.2.4 Develop local strategies to create flexible employment, housing and service delivery that responds to changing markets P69

“Many people in the Hunter with low incomes find it difficult to access housing in the private rental market without compromising their ability to pay for other essentials. Social and affordable housing is important in meeting the needs of people on low incomes. Each local community will have different needs for affordable housing and local solutions will need to be developed.”

DPE is to be commended for acknowledging the issues of affordability for lower income private renters and the need for more affordable housing for lower income earners. In addition to the



Housing Snapshots on the FACS website, there is also the Local Government Housing Kit at <http://www.housing.nsw.gov.au/centre-for-affordable-housing/nsw-local-government-housing-kit>

And the Local Government Housing Kit Data base at

<http://www.housing.nsw.gov.au/centre-for-affordable-housing/nsw-local-government-housing-kit/local-government-housing-kit-database>

to assist councils in the preparation of local housing strategies.

While local government can make a significant contribution to affordable housing through local solutions, it is not able on its own to address this issue.

Note that through the provisions of the Affordable Rental Housing State Environmental Planning Policy, over the three years between 2011/12 and 2013/14 the total number of affordable dwellings produced in the Hunter LGAs are as follows (according to data sent by councils to DPE):

- Cessnock – 5 (all secondary dwellings)
- Dungog – 1 (secondary dwelling)
- Gloucester – 0
- Great Lakes – 1 (secondary dwelling)
- Lake Macquarie – 28 (14 secondary dwellings, 0 new generation boarding houses, 0 group homes, 14 affordable housing dwellings)
- Maitland – 123 (0 secondary dwellings, 0 new generation boarding houses, 0 group homes, 123 affordable housing dwellings)
- Muswellbrook – 4 (all secondary dwellings)
- Newcastle – 548 (141 secondary dwellings, 373 new generation boarding house rooms, 24 affordable housing dwellings, 10 group homes)
- Port Stephens – 8 (all secondary dwellings)
- Singleton – 0
- Upper Hunter – 0

Secondary dwellings have been popular in the Hunter (and everywhere else) but have really only occurred in any numbers in Newcastle. There is scope for encouraging more secondary dwellings in the other LGAs of the Hunter, as these provide suitable rental accommodation (usually one bedroom) for single person and couple only households, students, older residents and potentially people with a disability.

New generation boarding houses similarly provide studio (rental) accommodation suitable for single person and couple households, students and key workers. Yet they have been approved only in Newcastle. There is scope to encourage their development in other parts of the Hunter. There is also potential for this form of accommodation to provide a housing response for a seasonal workforce, miners and older residents.

Further mechanisms to enable councils to increase the supply of affordable housing should be considered in the context of both *Future Directions* and the Regional Plan.

“Increasing the overall supply of housing can also help reduce upward pressure on the cost of housing.” P69

Increasing the overall supply of housing is a good response to the increase in households but is not a response to housing affordability issues. Targeted responses are required to address affordability barriers and expand the supply of affordable housing.

See the article by Nicole Gurran and Peter Phibbs “Going bananas over affordable housing” at

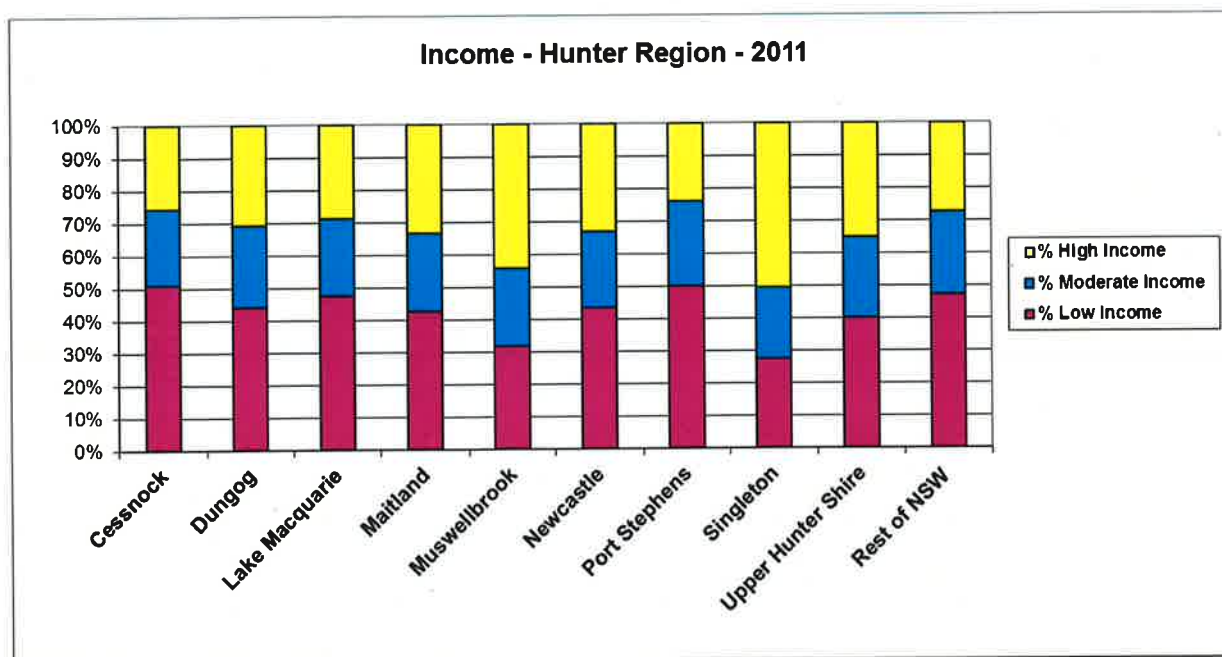
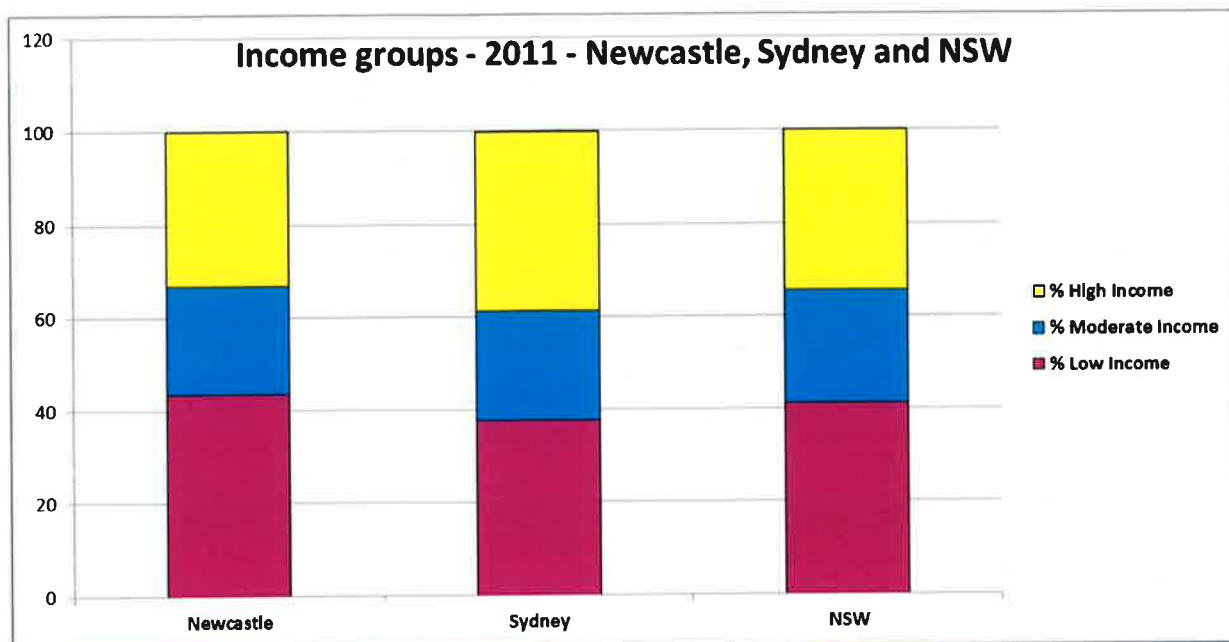
<http://theconversation.com/going-bananas-over-affordable-housing-30029>. The article argues that policies to increase housing supply aim to transform and expand the existing housing stock in response to changing demand. While increasing housing supply is very important, it is not enough to meet demand for affordable housing for low and moderate income households.

The authors point out that prices for housing are set by the total housing market, not just the 1-2% that are built every year. Therefore, when the supply of houses goes up the price does not come down and the article presents evidence for this. They further note that “perversely, demand for houses in the short term often increases along with prices, due to expectations that prices will continue to rise and the fact that we all need somewhere to live...”

#### Specific Comments on the Draft Plan for Growing Hunter City

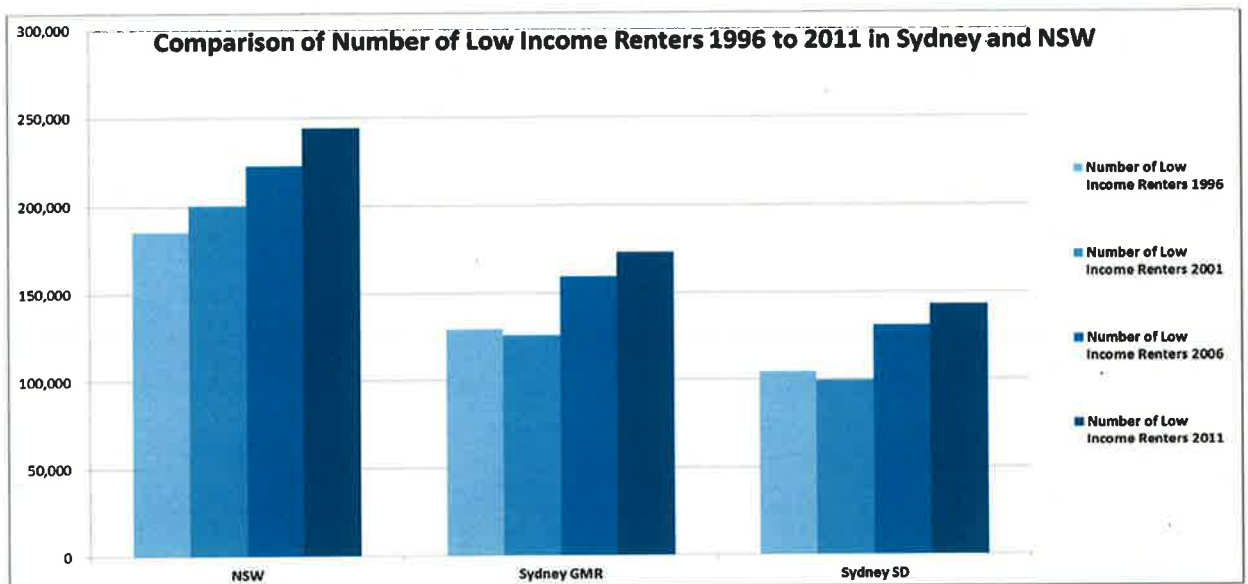
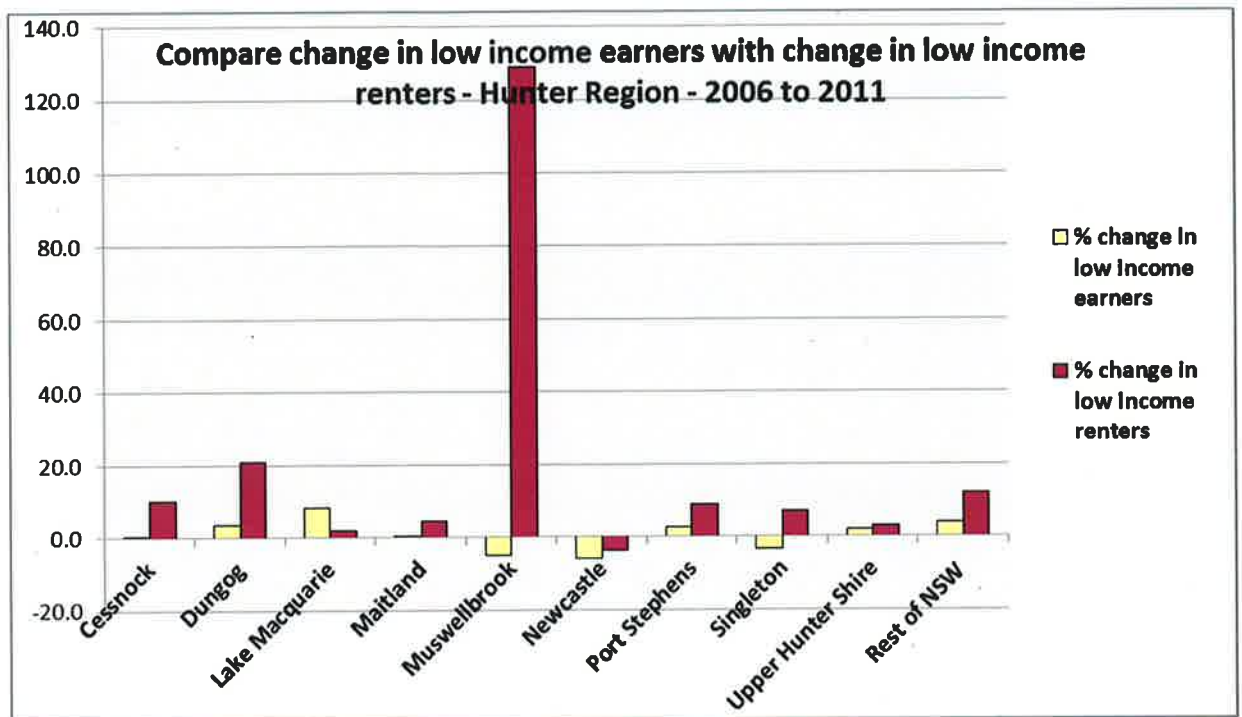
The comments outlined above for the Draft Hunter Regional Plan are also applicable to the Draft Plan for Growing Hunter City. In addition, it is important that housing supply price points show a reasonable match with household tenure and income levels.

Low income earners predominate in Newcastle (see graph below) and in fact in every Hunter LGA excepting Singleton and Muswellbrook (see second graph below).

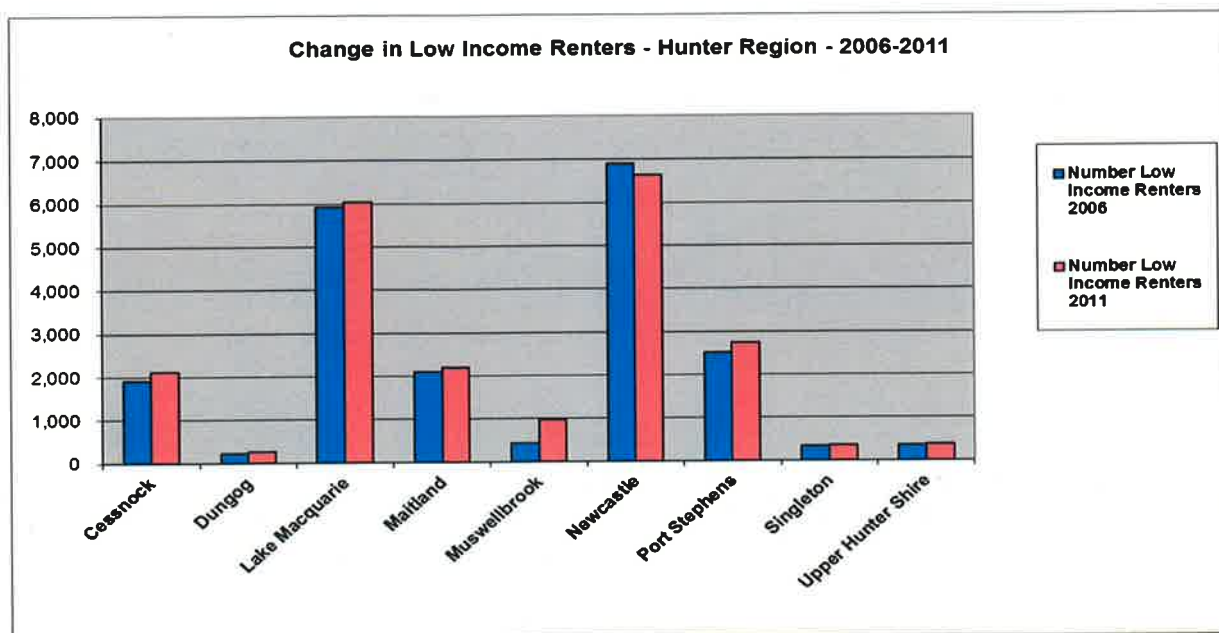


Between 2006 and 2011, the number of low income households increased in every Hunter LGA, excepting Newcastle, Muswellbrook and Singleton. More significantly, the number of low income rental households has been growing at a much faster rate than low income households generally, across NSW and in the Hunter, as the graphs below demonstrate:

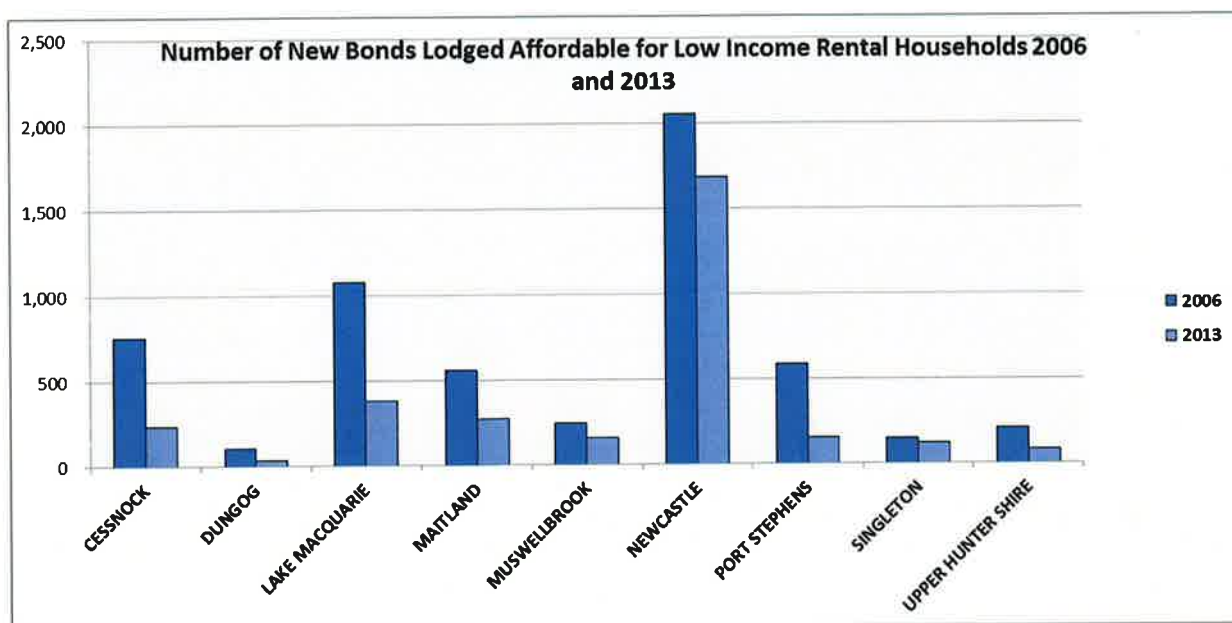




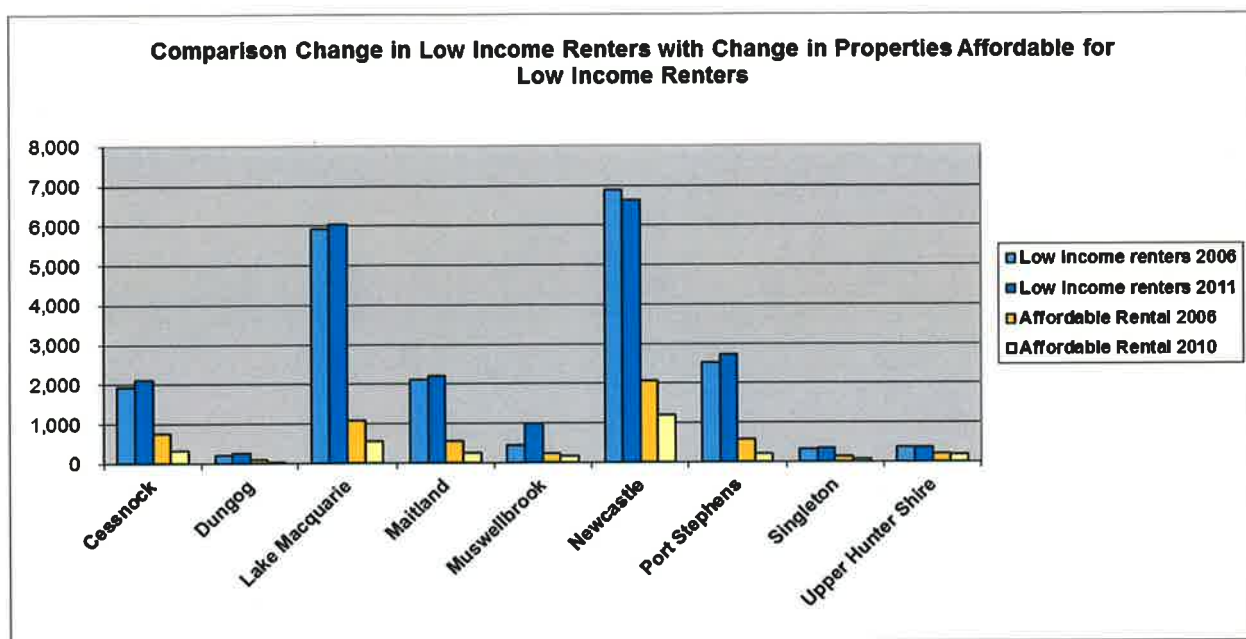
Newcastle is an exception, as the graph below shows. This is against the trend elsewhere in NSW and is very unusual. Nevertheless, the number of low income renters in Newcastle is significant.



At the same time, the supply of affordable rental has been declining across all the Hunter LGAs, as indicated in the graph below:



So while low income renters are (in general) increasing fairly rapidly, private rental accommodation affordable for low income households is declining, as the graph below demonstrates:



This clearly demonstrates a growing gap between demand for affordable rental accommodation for lower income households and affordable housing supply.

Specific and targeted measures are required to respond to this demand. While the development and implementation of responsive local housing strategies are important, on their own they are highly unlikely to deliver an adequate response. FACS is keen to collaborate with the Department of Planning and Environment to help address this issue.