

Director, Housing & Infrastructure Policy
Department of Planning and Environment
GPO Box 39
Sydney NSW 2001

Dear Sir/Madam,

RE: Submission on the Draft Affordable Housing SEPP 70 Review

Thank you for the opportunity to provide comment on the proposed changes to SEPP 70. Port Stephens Council submission requests an opportunity to discuss our inclusion within SEPP 70 Affordable Housing (Revised Schemes).

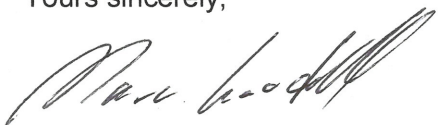
While we welcome the review of SEPP 70 to include the additional five Sydney-based councils, from our analysis the shortage of affordable housing is not confined to the Sydney Metropolitan Area. Data outlined within this submission provides an evidence-base that demonstrates the need for more affordable housing within our Local Government Area (LGA).

This data notes that low to moderate income earning families, including working families in housing stress are struggling to keep housing connections to the places where they live or work. Inclusion within SEPP 70 Affordable Housing (Revised Schemes) would provide Port Stephens Council with a mechanism to encourage and increase availability of affordable rental housing, which is essential infrastructure and critical to strong, diverse and livable communities. Well located affordable rental housing means that people in lower paid jobs can live in the community in close proximity to their workplace.

Providing more regional LGAs with the authority to develop well-designed contribution schemes which respond to local housing market conditions will mean that affordable housing outcomes are maximised.

Should you wish to discuss any of the above points, please contact Louise Cooper, Senior Social Planner on 4988 0299 or by email Louise.cooper@portstephens.nsw.gov.au.

Yours sincerely,



Marc Goodall
Acting Section Manager Strategy and Environment

31 January 2018



PORT STEPHENS AFFORDABLE HOUSING NEEDS ANALYSIS

JANUARY 2018

CONTENTS

page

EXECUTIVE SUMMARY.....	3
Housing Stress	3
1. What is Affordable Housing.....	5
1.1. What is Housing Stress	5
2. Demand for Affordable Housing.....	7
2.1 Very Low, Low and Moderate Income Households	8
2.2 Growing Demand for Affordable Housing.....	9
2.3 Key Workforce.....	9
2.4 Port Stephens Population Distribution.....	10
2.5 Levels of Disadvantage	11
2.6 Household Type	11
2.7 Housing Profile.....	12
2.8 Rising Costs of Housing.....	14
2.8.1 Median Rental Costs	14
2.8.2 Median Sales Price.....	14
3. Supply of Affordable Housing.....	15
4. Affordable Housing Market Analysis	17

EXECUTIVE SUMMARY

The purpose of the Port Stephens submission to the Draft SEPP 70 Affordable Housing (Revised Scheme) is to demonstrate the demand for affordable housing within the Port Stephens LGA, including the extent to which current ability (to buy or rent) meets the needs of its existing and future residents. In doing so Port Stephens Council requests an opportunity to discuss our inclusion within the SEPP 70 Affordable Housing (Revised Scheme). The submission also demonstrates that demographic change, population growth and market conditions are likely to impact on the future affordability in Port Stephens.

This submission provides an evidence based approach to facilitate understanding of the demand for more affordable housing. The findings highlight worsening conditions for very low, low and moderate income households to buy or rent properties across the Port Stephens LGA and the effects of rising levels of housing stress for these communities.

The limited ability of the private rental market to respond to the housing needs of very low, low and moderate income families at affordable levels is likely to present future issues for Port Stephens. Issues such as a significant ageing population not only necessitates affordable housing for this vulnerable demographic, it also requires a strong key worker workforce.

Housing Stress

- Proportionally lower levels of household income; over half (50.55%) of households living in Port Stephens are considered to be very low (18.78%), low (15.83%) and moderate (15.94%) income households.
- Significant increases in rental growth and property values are likely to have exacerbated levels of housing stress further, as wage and salary growth has grown disproportionately to rising housing costs.
- 54.8% of households within the Port Stephens LGA are either in housing stress or approaching housing stress.
- Proportionally low numbers of social and community housing within the Port Stephens LGA.

1. What is Affordable Housing

Affordable housing refers to the cost of housing in proportion to income. This proportion has been benchmarked as housing (renting or purchasing) that does not cost more than 30% of the gross income of very low, low or moderate income households. State Environmental Planning Policy (Affordable Rental Housing) 2009 (ARHSEPP) defines very low to moderate income households as households with a gross income that is less than 50% of the median household income for very low income earners, 50% or more but less than 80% for low income earners and 80 to 120% for moderate income earners. The median household used to calculate this threshold in Port Stephens is the statistical area 'rest of NSW, NSW Greater Capital Statistical Area' (\$1,168); that is NSW (excluding Sydney). Currently over half (50.55%) of households living in Port Stephens are considered to be very low (18.78%), low (15.83%) and moderate (15.94%) income households.

Affordable Rental housing is rental housing that is delivered and managed by affordable housing providers within the not-for-profit sector for very low, low or moderate income households. Eligibility for Affordable Rental Housing is set by the Department of Family and Community and based on income. The eligibility for Affordable Housing is different to that for Public Housing. People who are eligible for Public Housing are able to occupy Affordable Housing dwellings, however those who are eligible for Affordable Housing are not eligible to occupy Social Housing.

1.1. What is Housing Stress

Housing stress is generally defined as those households in the lowest 40% of incomes (i.e. very low, low or moderate income households) who are paying 30% or more of their weekly household income on housing costs (rental or purchasing).

- Table 1 outlines scenarios where households are considered to be experiencing rental stress. Based on weekly median rents in the Port Stephens LGA by dwelling type as at the June Quarter 2017, households with a weekly household income that are considered to be experiencing rental stress are highlighted in red. Households with a weekly household income that are considered to be approaching rental stress are highlighted in orange, while households with a weekly household income that are not considered to be experiencing housing stress are highlighted in green. At 2016 census rates of 'housing affordability stress' and those approaching 'housing affordability stress' for renters of very low to moderate income households across Port Stephens was 26.1% and 28.7 respectively.

Source: New South Wales Government: Family & Community Services – Rent and Sales Report (Issue 120)

Table 1 - Weekly Median Rent (as at June Quarter 2017) as a Proportion of Weekly Household Income, Port Stephens LGA

Dwelling Type and Size	Flats / Units 2 bedrooms	Flats / units all bedrooms	2 bedrooms - all dwellings	3 bedrooms - all dwellings	4 bedrooms - all dwellings	Separate House all bedrooms
Median Rent (As at June 2017)	\$290.00	\$300.00	\$300.00	\$380.00	\$480.00	\$420.00
Weekly Household Income						
\$1-\$149 (\$1-\$7,799)	194.63%	201.34%	201.34%	255.03%	322.15%	281.88%
\$150-\$299 (\$7,800-\$15,599)	96.99%	100.33%	100.33%	127.09%	160.54%	140.47%
\$300-\$399 (\$15,600-\$20,799)	72.68%	75.19%	75.19%	95.24%	120.30%	105.26%
\$400-\$499 (\$20,800-\$25,999)	58.12%	60.12%	60.12%	76.15%	96.19%	84.17%
\$500-\$649 (\$26,000-\$33,799)	44.68%	46.22%	46.22%	58.55%	73.96%	64.71%
\$650-\$799 (\$33,800-\$41,599)	36.30%	37.55%	37.55%	47.56%	60.08%	52.57%
\$800-\$999 (\$41,600-\$51,999)	29.03%	30.03%	30.03%	38.04%	48.05%	42.04%
\$1,000-\$1,249 (\$52,000-\$64,999)	23.22%	24.02%	24.02%	30.42%	38.43%	33.63%
\$1,250-\$1,499 (\$65,000-\$77,999)	19.35%	20.01%	20.01%	25.35%	32.02%	28.02%
\$1,500-\$1,749 (\$78,000-\$90,999)	16.58%	17.15%	17.15%	21.73%	27.44%	24.01%
\$1,750-\$1,999 (\$91,000-\$103,999)	14.51%	15.01%	15.01%	19.01%	24.01%	21.01%
\$2,000-\$2,499 (\$104,000-\$129,999)	11.60%	12.00%	12.00%	15.21%	19.21%	16.81%
\$2,500-\$2,999 (\$130,000-\$155,999)	9.67%	10.00%	10.00%	12.67%	16.01%	14.00%
\$3,000-\$3,499 (\$156,000-\$181,999)	8.29%	8.57%	8.57%	10.86%	13.72%	12.00%
\$3,500-\$3,999 (\$182,000-\$207,999)	7.25%	7.50%	7.50%	9.50%	12.00%	10.50%
\$4,000-\$4,499 (\$208,000-\$233,999)	6.45%	6.67%	6.67%	8.45%	10.67%	9.34%
\$4,500-\$4,999 (\$234,000-\$259,999)	5.80%	6.00%	6.00%	7.60%	9.60%	8.40%
\$5,000-\$5,999 (\$260,000-\$311,999)	4.83%	5.00%	5.00%	6.33%	8.00%	7.00%
\$6,000-\$7,999 (\$312,000-\$415,999)	3.63%	3.75%	3.75%	4.75%	6.00%	5.25%
\$8,000 or more (\$416,000 or more)	3.63%	3.75%	3.75%	4.75%	6.00%	5.25%

Source: New South Wales Government: Family & Community Services - Rent and Sales Report (Issue 120)

Based on the data outlined in Table 1, any household in the Port Stephens LGA with a weekly household income of up to \$799 (\$41,599 annually) is considered to be experiencing rental stress. Households with a weekly household income of \$800 to \$1,749 (\$41,600 to \$90,999 annually) have the potential to be experiencing some form of rental stress, depending on the dwelling type. Households in the Port Stephens LGA earning a weekly household income of \$1,750 or above (\$90,999 annually) are not considered to be experiencing rental stress.

Table 2 – Distribution of rental stress

Planning District Catchments	Proportion of Families in Income Brackets Experiencing Rental Stress (2016 census)	Proportion of Families in Income Brackets Approaching Rental Stress (2016 census)
Rural West	12.3%	24.3%
Rural East	30.1%	23.6%
Karuah / Swan Bay	34.7%	28.1%
Raymond Terrace	28.3%	31.3%
Medowie	14.0%	26.1%
Tilligerry	33.2%	31.3%
Tomaree	27.5%	29.1%
Fern Bay	31.0%	25.8%
Port Stephens LGA	26.1%	28.7%

Source: ABS 2016 (REMPPLAN)

Table 2 outlines the proportion of families within the Planning District Catchments that earn a weekly household income considered to be experiencing or approaching rental stress.

Based on the data outlined in Table 2, approximately 26.1% of families in the Port Stephens LGA are considered to be experiencing rental stress, while 28.7% of families are approaching rental stress. The Planning District Catchment with the highest proportion of families experiencing rental stress is Karuah / Swan Bay (34.7%), with the lowest being Rural West (12.3%). The Planning District Catchments with the highest proportion of families approaching rental stress is Raymond Terrace and Tilligerry (31.3%) and the lowest is Rural West (24.7%).

Source: New South Wales Government: Family & Community Services – Rent and Sales Report (Issue 120)

2. Demand for Affordable Housing

- Changes in demographic groupings such as a rising ageing population, family structure and single income households are likely to create an ongoing demand for more affordable and diverse housing. Household growth is expected to be strongest in lone person or 'non-family households'.
- While the SEPP (Housing for Seniors and People with a Disability (2004) has facilitated intensified development of higher density and smaller dwelling structures to accommodate older people, data in Table 1 indicates this development has not created affordable housing for very low, low and moderate income households.
- Undersupply of affordable housing for key workers, such as those in Table 4 is an inhibitor to economic growth because of the difficulty for lower income earners to find suitable housing.
- The median house price for Port Stephens at June 2016 Quarter was \$480,000, which has grown from \$340,000 since June 2009 Quarter. While this is considerably less expensive than Sydney, comparatively the median weekly household income in Port Stephens is \$1,180, or \$570.00 (48.3%) less than the median income of Sydney (\$1,750).

2.1 Very Low, Low and Moderate Income Households

Table 3 - Very Low, Low and Moderate Income Households in Port Stephens		
Income	No. of families	% of Families
Negative income / Nil Income	342	1.16%
\$1-\$149 (\$1-\$7,799)	189	0.64%
\$150-\$299 (\$7,800-\$15,599)	520	1.77%
\$300-\$399 (\$15,600-\$20,799)	830	2.82%
\$400-\$499 (\$20,800-\$25,999)	2,240	7.62%
\$500-\$649 (\$26,000-\$33,799)	1,401	4.77%
total very low income hh	5,522	18.78%
\$650-\$799 (\$33,800-\$41,599)	2,517	8.56%
\$800-\$999 (\$41,600-\$51,999)	2,137	7.27%
total low income hh	4,654	15.83%
\$1,000-\$1,249 (\$52,000-\$64,999)	2,540	8.64%
\$1,250-\$1,499 (\$65,000-\$77,999)	2,146	7.30%
total moderate income hh	4,686	15.94%
\$1,500-\$1,749 (\$78,000-\$90,999)	1,596	5.43%
\$1,750-\$1,999 (\$91,000-\$103,999)	1,472	5.01%
\$2,000-\$2,499 (\$104,000-\$129,999)	2,524	8.59%
\$2,500-\$2,999 (\$130,000-\$155,999)	1,608	5.47%
\$3,000-\$3,499 (\$156,000-\$181,999)	930	3.16%
\$3,500-\$3,999 (\$182,000-\$207,999)	642	2.18%
\$4,000-\$4,499 (\$208,000-\$233,999)	381	1.30%
\$4,500-\$4,999 (\$234,000-\$259,999)	328	1.12%
\$5,000-\$5,999 (\$260,000-\$311,999)	247	0.84%
\$6,000-\$7,999 (\$312,000-\$415,999)	157	0.53%
\$8,000 or more (\$416,000 or more)	21	0.07%
Partial income stated	2,201	7.49%
Total households*	24,768	
total very low to moderate income hh	14,862	
% very low to moderate income hh	50.55%	
<i>excludes 'not stated' and 'not applicable'</i>		
Source: ABS 2016 (REMPPLAN)		

2.2 Growing Demand for Affordable Housing

Analysis of Port Stephens workforce characteristics of workers, self-containment, export of skills and import of skills shows similarities across all types of employment in the Port Stephens LGA. Workers are typically employed in population-serving occupations. This is evident in larger proportions of people employed in key worker occupations. (Table 4)

Proportions of very low, low and moderate household income is representative of lower income earning key workers, also indicative of Port Stephens wide ranging community types and differing socio-economic groups (Graph 1, Table 5, and Chart 1). Current proportions of dwelling types (Chart 2, Graph 2 and Graph 3) and corresponding weekly rents do not adequately respond to the needs of these socio economic groupings. Affordable housing is essential infrastructure critical to strong, diverse and livable communities. Well located affordable rental housing means that people of all socio-economic backgrounds including those in lower paid jobs can remain living in the Port Stephens LGA.

2.3 Key Workforce

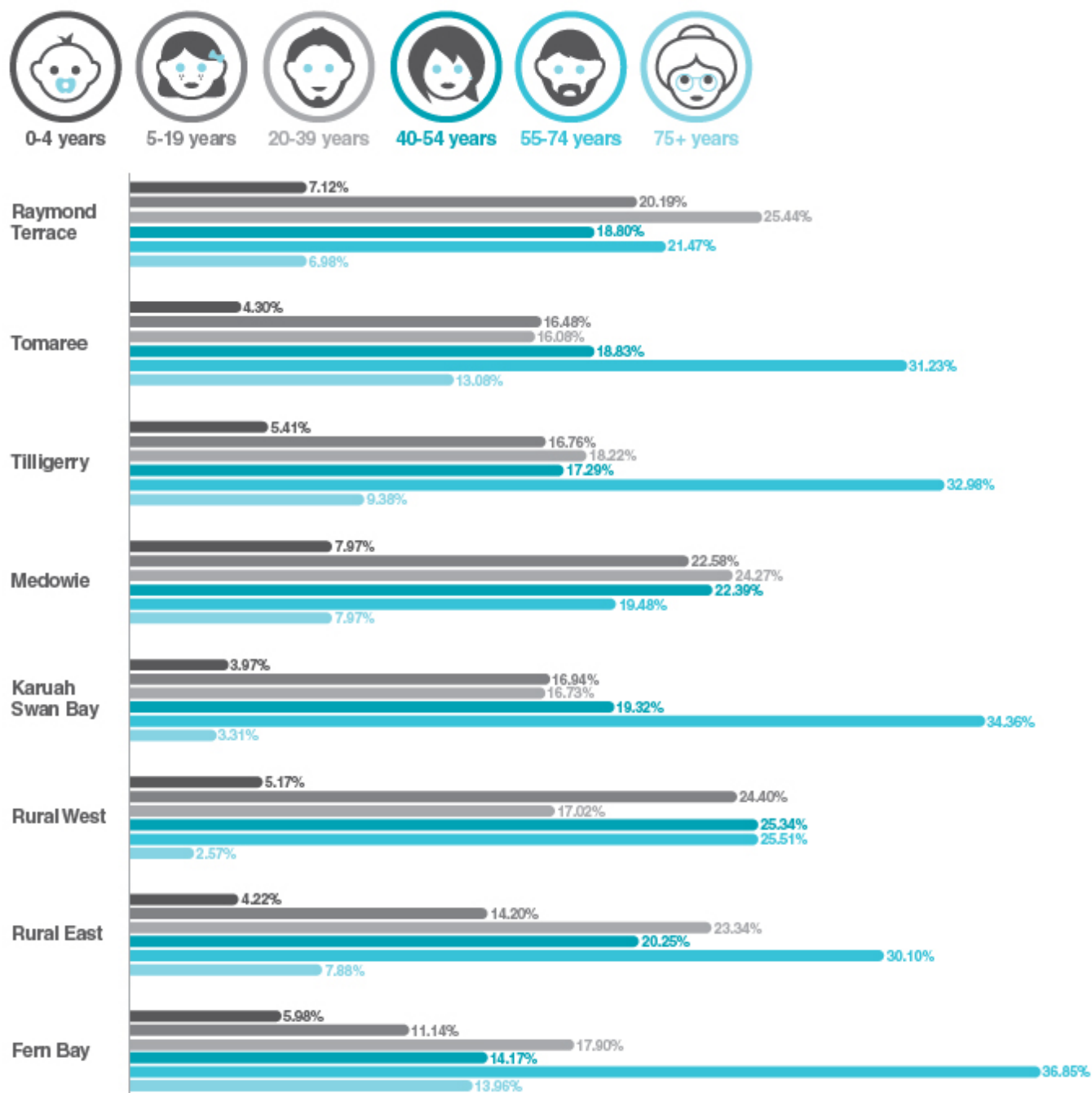
Port Stephens Key Worker - Work in Region and Live in Region				
Workforce by Select Occupation	2011		2016	
	Work in Region (Jobs)	Live in Region (Resident Workers)	Work in Region (Jobs)	Live in Region (Resident Workers)
Midwifery and Nursing Professionals	237	660	289	757
School Teachers	754	758	826	788
Hospitality Workers	584	714	738	783
Personal Carers and Assistants	393	702	545	917
Child Carers	277	325	339	378
Carers and Aides, nfd	4	18	0	11
Defence Force Members, Fire Fighters and Police	467	363	524	374
Automobile, Bus and Rail Drivers	123	235	146	273
Cleaners and Laundry Workers	547	846	661	868
TOTAL key worker jobs / resident workers	3386	4621	4068	5149
TOTAL jobs / resident workers	22,912	26,615	25,722	27,599

Table 4

Source: ABS 2016 (REMPAN)

2.4 Port Stephens Population Distribution

2016 Population Distribution in Port Stephens



Graph 1
Source: ABS 2016 (REMPAN)

2.5 Levels of Disadvantage

SEIFA Index of Disadvantage for the Raymond Terrace and Karuah / Swan Bay Planning Catchments correspond with the level of need for more affordable housing; that is Raymond Terrace and Karuah / Swan Bay have the lowest score for SEIFA Index for Disadvantage indicating higher levels of disadvantage with both areas identified by Family and Community Services as having higher levels of demand for affordable housing.

SEIFA Index of Disadvantage (2011)		
Port Stephens Catchments	Score	National Rank
Rural West	1,070	
Medowie	1,047	
Tomaree	994	
Port Stephens (A)	980	292/564
Rural East	977	
Tilligerry	949	
Fern Bay	936	
Raymond Terrace	906	
Karuah / Swan Bay	884	

Table 5
Source: ABS 2011 (REMPPLAN)

2.6 Household Type

Analysis of the POUR family types in the Port Stephens LGA compared to New South Wales shows a higher proportion of couple families with no children (28.46%, compared to 23.52% in New South Wales) and lower proportions of couple family with children (24.63%, compared to 29.41% in New South Wales). However, dwellings by bedroom number show an increased proportion of 4 and 5 bedroom dwellings, a reduction in the proportion of 3 bedroom dwellings and significantly lower proportions of 1 and 2 bedroom dwellings. The rental cost of larger dwellings is disproportionate to the majority of household incomes in the LGA. However there is less supply of smaller dwelling types with less expensive rents. The majority of household incomes in the LGA is disproportionate to the cost of the available housing supply.

Household types in Port Stephens

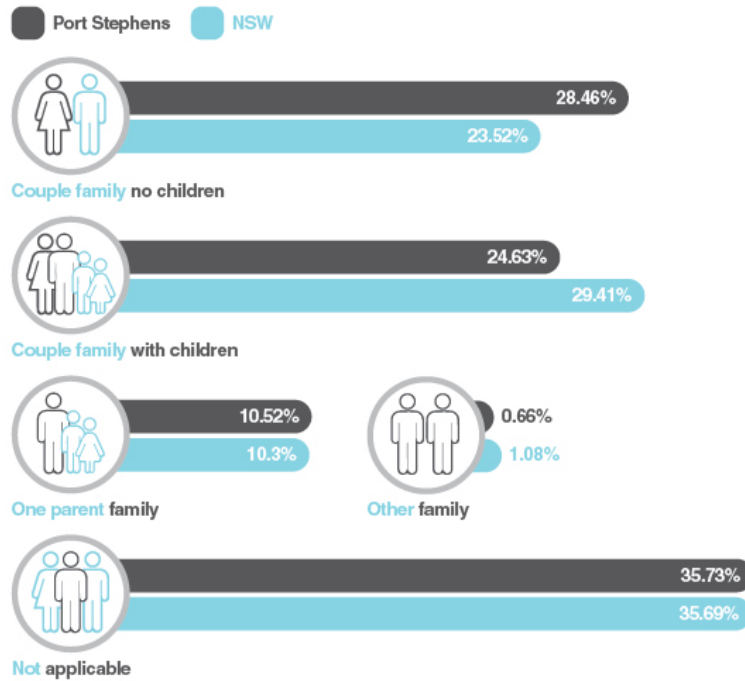


Chart 1
Source: ABS 2016 (REMPPLAN)

2.7 Housing Profile

Dwelling types in Port Stephens

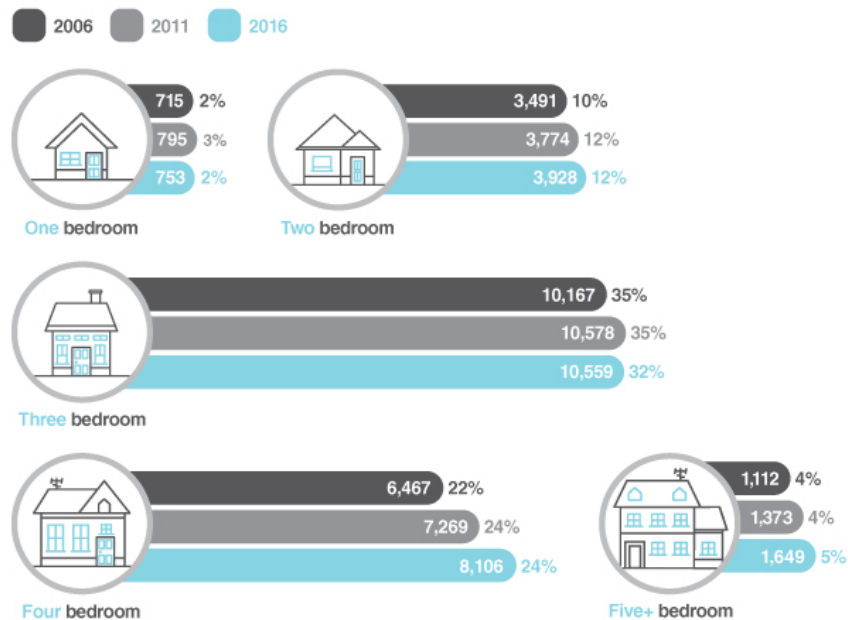
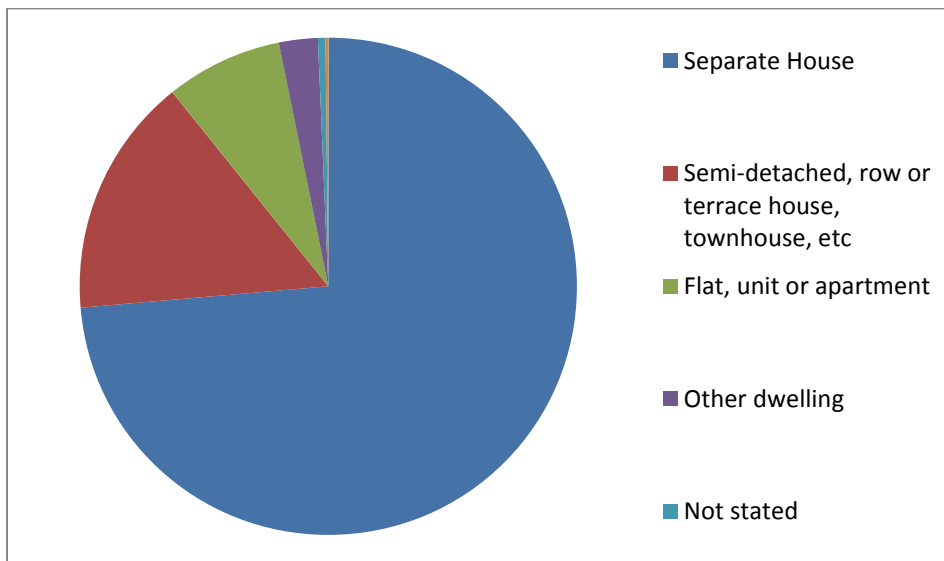


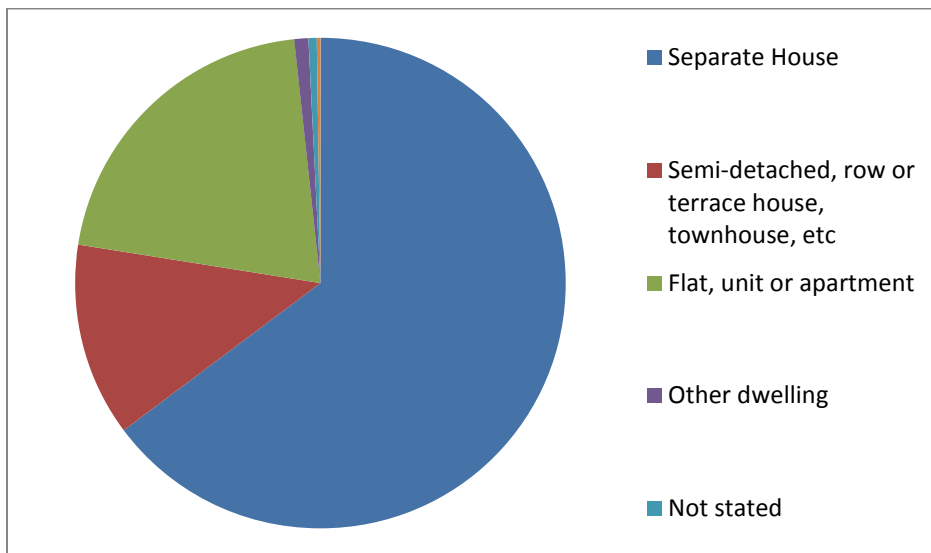
Chart 2
Source: ABS 2016 (REMPPLAN)

Port Stephens Dwelling Structure (2016)



Graph 2
Source: ABS 2016 (REMPAN)

NSW Dwelling Structure (2016)



Graph 3
Source: ABS 2016 (REMPAN)

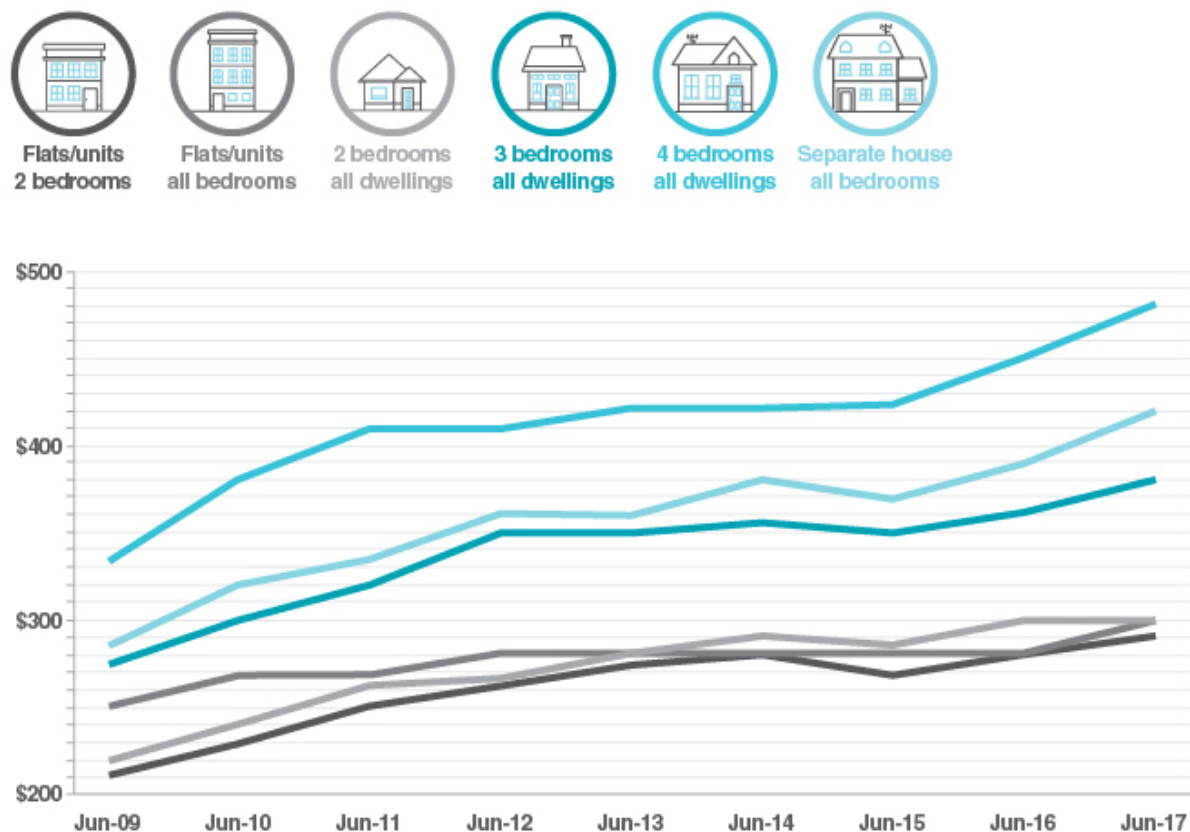
2.8 Rising Costs of Housing

2.8.1 Median Rental Costs

Between the June Quarter 2009 and June Quarter 2017, median weekly rents across all dwelling types in the Port Stephens LGA have increased by 47.4%. The highest growth in median weekly rent over this time was in 4 bedroom and 3 bedroom dwellings, experiencing increases of 43.4% and 38.2% respectively.

Graph 5 - Rising Costs of Housing in the Port Stephens LGA (Weekly rent per dwelling type)

Weekly Rent Trends in Port Stephens



Source: New South Wales Government: Family & Community Services – Rent and Sales Report (Issue 120)

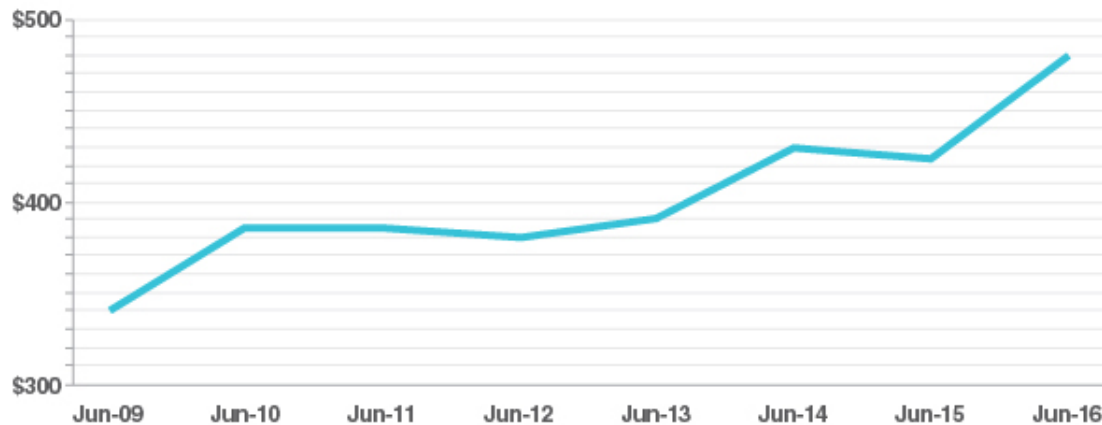
2.8.2 Median Sales Price

Between the June Quarter 2009 and June Quarter 2016, median dwelling prices have continued to increase, growing from \$340k to \$480k in June 2016. This represents a 41.2% increase in median dwelling price since the June Quarter 2009 (Graph 6).

Median Sales Trends in Port Stephens (,000k)



All dwellings



Graph 6

Source: New South Wales Government: Family & Community Services – Rent and Sales Report (Issue 120)

3. Supply of Affordable Housing

Port Stephens dispersed settlement pattern and historic market demand for four bedroom dwellings on larger lots has not responded to the changing demographic and socio economic environment. This is represented in the need for affordable housing within Port Stephens LGA to be considered at high need and moderate high need levels (Table 7)

- Across Port Stephens, as of June 2016 Family and Community Services provide 955 dwellings, which is 2.88% of all dwellings in the Port Stephens LGA (Table 7).
- As at June 2016 Affordable Housing providers in Port Stephens provide a further contribution of 18 homes, an additional 0.05% of all dwellings in the Port Stephens LGA (Table 7).
- The median sales price of all dwellings within the Port Stephens LGA has risen by 41% between June 2009 to June 2016 (Table 7)
- Demand for an increased supply of affordable housing is expected to be driven by;
 - An ageing population who require affordable and appropriate accommodation, which is not being met through SEPP (Housing for Seniors or People with a Disability) 2004 within the Port Stephens LGA
 - A need to grow our key workers workforce
 - Undersupply of affordable housing for existing less advantaged demographics
 - Tourism accommodation demand and high numbers of dwelling un-occupancy
 - Disproportionate dwelling types to meet the needs of household types
 - Significant increase in median sales price disproportionately to change in household income.

Public / Social Housing and Affordable Housing Waiting Times										
	Applicants Housed in 12 Month Period (as at June 2016)			Applicants on Housing Register (as at 30 June 2016)			Expected Waiting Time For General Applicants on the Housing Register (as at June 2016)			
							Bedroom Entitlement			
Location	Priority	General	Total	Priority	General	Total	Studio / 1	2	3	4+
Port Stephens	1	19	20	3	133	136				
Raymond Terrace	13	19	52	4	144	148				
Karuah	0	0	0	0	2	2				

Table 6

Source: Family and Community Services, Centre for Affordable Housing

Total Affordable/Community Housing Stock (as at June 2016)						
Provider	Location	Bedroom Numbers				
		Studio /1	2	3	4+	
Compass	Raymond Terrace	Nil	Nil	2	Nil	
Pacific Link	Port Stephens (LGA)	Nil	9	5	2	
Total Public/Social Housing Stock (as at June 2016)						
Provider	Location	Bedroom Numbers				
		Studio /1	2	3	4+	
Family and Community Services (FACS)	Port Stephens	81	62	46	7	
	Raymond Terrace	85	149	423	91	
	Karuah	4	4	1	2	

Table 7

Source: Family and Community Services, Centre for Affordable Housing

4. Affordable Housing Market Analysis

The Port Stephens LGA is made up of a dispersed settlement pattern with varying demographic characteristics. Analysis of the data within this submission appears to suggest current dwelling construction is not enabling provision of affordable housing to meet the needs of this demographic.

The escalating cost of housing (to rent or buy) is placing households in housing stress across the Port Stephens LGA. Port Stephens has proportionally higher levels of very low, low and moderate household incomes yet higher proportions of larger more expensive dwellings.

When planning for the future development of the Port Stephens LGA, both appropriateness of location and different types of housing to meet local community needs to be considered. Strategies for new housing that support greater diversity of housing supply and improved affordability should be pursued. Inclusion within SEPP 70