



Urbanista

Tweed Shire

Responding to Housing Needs: Context and Options Paper

April 2018

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1 INTRODUCTION

Tweed Shire Council has identified housing affordability as a significant issue in the Local Government Area (LGA). Council has an appreciation of housing need in the LGA, has been proactive with the development of its Homelessness Policy and is interested in pursuing other approaches to meeting needs. There is an opportunity for Council to implement further initiatives and actions to increase the supply of affordable housing in the LGA to relieve housing stress for many low and moderate-income residents.

Rising house prices and a limited supply of affordable housing are priority issues for all levels of government. Both the New South Wales and Commonwealth governments have introduced new measures and reforms to increase the supply of affordable housing and to place downward pressure on house prices. A greater emphasis on housing affordability in relevant urban planning strategies such as the North Coast Regional Plan 2036 and the National Smart Cities Plan has also emerged.

These provide a more robust policy framework for local government to encourage responses by the community housing industry and the private sector to affordable housing, as well as opportunities for Council to work in partnership with other players and leverage its own resources. There are however certain timeframes within which Council may need to respond to these emerging opportunities. Combined with this, there are local priorities requiring swift action which have been exacerbated by recent floods and pressures from tourism and regional growth.

It is in this context that this Paper outlines key housing issues for the Tweed Shire and recommends some early actions Council can take to address housing affordability. The Paper has been informed by a high-level review of housing need and affordability undertaken by Urbanista, discussions with Council managers and workshops with Council offices and Councillors held in November 2017 and February 2018. These discussions and workshops confirmed key housing issues and priorities and also explored the potential role Council can play.

The actions identified in this paper are not exhaustive. Those actions included here are aimed at responding to the priority issues identified by Council. They will position Council to take advantage of funding and programs offered by other agencies and build a case for legislative change. While these are considered early responses, it is important to note that their impact may not be immediate and may require additional resources to implement.

The recommended actions are grouped into four areas of focus:

- Building evidence
- Assessment of options
- Responding to priority issues and
- Facilitating affordable housing.

To provide the context for these actions, this Paper first provides an overview of the demographic and environmental factors acting upon housing needs, costs and supply in the Tweed Shire.

2 BACKGROUND AND CONTEXT

Broad economic and social drivers influencing housing markets and affordability together with regional demographic, environmental and economic factors determine the amount of affordable housing and housing stress in regional and metropolitan areas.

Housing affordability pressures in the Tweed Shire are particularly acute as a result of a unique combination of factors. The Shire has the lower household incomes and higher unemployment typical of many regional areas, while the attractiveness of its coastal environment to both tourists and those relocating from metropolitan centres, combined with its proximity to the Brisbane/Gold Coast region, have resulted in cost pressures more typical of major metropolitan areas.

Further information on these characteristics is provided in Attachment 1.

2.1 Demographic and social trends

The key demographic and social trends include a high rate of population growth, an ageing population, a predominance of smaller households and a large proportion of low-income households.

The North Coast is characterised by a high rate of population growth. The population in Tweed Shire, the fastest growing area in the region, is projected to increase by one-third to 125,770 over the next 20 years.

The current proportion of older people aged 60 years and over is high and is forecast to continue to grow (see Attachment 1 Figure 1).

More than 50% of households are single person or couple households. Tweed Shire has a lower proportion of couples with children relative to regional NSW. Almost 35% of households are low income (with incomes in the lowest household income quartile) and the rate of unemployment is typically high (see Attachment 1 Figure 2, 3 and 4).

2.2 Housing Market Trends

Housing market trends in Tweed include a decline in the number of renter households, a higher proportion of unoccupied dwellings, significant mismatch between the type and size of housing and households, high rents and high housing prices.

Housing tenure is changing in Tweed. From a high proportion of renter households, the number of renters declined in the Census period 2011 to 2016 (see Attachment 1, Figure 5).

A high level of dwellings in Tweed Shire, around 10.7%, are unoccupied compared with 7.7% in Greater Sydney and 9.9% for NSW overall.

At the 2016 Census, the majority of housing in the LGA (as in NSW) was separate houses. Tweed has a lower proportion of flats and apartments relative to NSW.

Private market rents are high relative to regional NSW, and more on a par with rents in outer metropolitan Sydney. The number of dwellings available for rent is declining. The total number of rental bonds has declined by 0.7% over the year to June 2017 in Tweed. Tweed is only one of four regional areas in NSW where the number of bonds has fallen (see Attachment 1, Figure 6).

Tweed Heads is one of the least affordable housing markets for middle-income households according to the 13th Demographia International Housing Affordability Survey. Using the "Median Multiple" measure which is the median house price divided by the median household income, Tweed Heads which measured 9.7 was one of the least affordable of 28 locations in Australia (outside of major capital cities) rated as severely unaffordable (see Attachment 1, Figure 8).

Tweed Shire's high housing costs contribute to high levels of housing stress. The number of Commonwealth Rent Assistance (CRA) recipients in Tweed is growing and the proportion of these in housing stress has ranged from 35% to over 40% between 2001 and 2015. Households are considered to be in housing stress when they are paying more than 30% of their income in rent.

The number of social housing dwellings (1128) is 2.8% of total dwellings in Tweed LGA. This is lower than the average of 4% across the state. Wait times for most social housing dwellings are more than 5 years and more than 10 years in Tweed Heads.

2.3 Housing Impacts – Summary

The review of this data, together with Council knowledge and insights, indicates the following key issues, constraints, impacts and gaps.

Housing Impacts – Tweed Shire

Issues

- High population growth, ageing population
- Unmet demand for social housing
- High needs for specific groups , for example Aboriginal people
- Contracting private rental market
- High rents, high house prices – competition from tourism, retirees and tree changers
- Lack of housing diversity – mismatch with household type and size
- Large amounts of greenfields land zoned but not released

Impacts

- Dislocated households from recent floods
- Flow on impacts of housing market pressures on homelessness
- Challenges ensuring services and work opportunities keep pace with growth
- Long term residents being displaced through gentrification, non-resident investment and conversion of permanent rental accommodation to short-term use
- High levels of investor interest

Constraints

- Limits on land availability: environmentally sensitive areas, protection of agricultural land, ownership monopolies
- Low income and high unemployment
- Lack of diversity in the housing market – dominance of detached housing
- Lack of good examples of higher density housing – affordable housing more prominent

Gaps

- Smaller accessible dwellings (all tenures) for older people, single person households and lower income couples
- Emergency housing for homeless and at risk individuals/families
- Short term housing for displaced households
- Private rental-all housing types but especially smaller dwellings in accessible locations at lower price points
- Affordable housing for lower income households – all dwelling types

3 OPTIONS FOR ADDRESSING HOUSING AFFORDABILITY

The recommended actions are grouped into four areas of focus:

- Building evidence;
- Assessment of options;
- Responding to immediate issues; and
- Facilitating affordable housing.

Focus Area 1: Build Evidence

Building evidence is an important pre-requisite for taking action. An updated and well researched understanding of housing need and issues:

- informs the actions which Council decides to pursue and ensures effort is appropriately directed
- provides a basis for engaging with the community and other stakeholders to build a common understanding of issues
- can also position Council to participate in other government programs and provide the information needed to bid for funding opportunities.

The preliminary work undertaken by Council and Urbanista indicates significant housing affordability issues in Tweed Shire, together with a mismatch between available housing and community needs.

Actions		Tasks	
F1.1	Update and document housing issues	1.1a	Prepare a paper highlighting or updating issues and identifying specific needs groups. This could be a short paper updating information to hand or focussing on specific issues or a more comprehensive analysis of housing issues. It can be used to build a case for direct action and to inform approaches.
		1.1b	Engage with key players. This will provide additional insights and help build a stronger picture of local needs and issues.

Focus Area 2: Assess Options

The growing shortage of affordable housing to meet the needs of households across Australia has been recognised as a prominent policy issue. Responses aimed at expanding the provision of affordable and appropriate housing are under consideration by all levels of government.

While local government does not have primary responsibility for meeting the needs of low income households many of its core functions impact on housing and there are a range of strategies and actions which councils can implement to improve housing outcomes for their communities. Many councils are considering how they can use their powers and influence to foster provision of housing that responds to local needs. There are also opportunities for councils to work in partnership with other agencies.

The North Coast Regional Plan recommends that councils examine planning mechanisms to respond to housing needs. An effective response to this recommendation would be to consider a range of options to determine what will be most effective in the local context.

A pre-requisite for implementing planning mechanisms including State Environmental Planning Policy 70 (SEPP 70) is a rigorous assessment to demonstrate they will be an effective response to housing needs. The State Government recently announced the inclusion of five additional LGAs (Canada Bay, Inner West, Northern Beaches, Randwick and Ryde) in SEPP 70. While the inclusion of non-metropolitan LGAs is not currently enabled by the SEPP, if following a wider review of planning approaches, Council considered it to be a potentially effective option for Tweed Shire, further engagement with the Department of Planning and Environment on this matter would be worth pursuing.

Actions		Tasks	
F2.1	Assess current planning framework	2.1a	Assess Council's current planning controls and developer contribution rates. This will confirm there are no barriers to dwelling diversity/cost and form and that it is feasible to deliver desired housing under the existing framework.
		2.1b	Consider planning strategies and controls that contribute to 'affordable living'. For example, more environmentally sustainable dwellings contribute to housing affordability by reducing ongoing housing costs.
F2.2	Review planning mechanisms for affordable housing	2.2a	Review planning mechanisms for delivering affordable housing identified in the North Coast Regional Plan: <ul style="list-style-type: none"> • Bonus development provisions where a percentage of affordable housing is included in a proposal; • Reduced contributions or other development incentives that may boost construction of secondary dwellings as alternative affordable housing;

Actions		Tasks	
			<ul style="list-style-type: none"> • Planning incentives or negotiated planning agreements to encourage private investment in social and affordable housing; • Promotion of new caravan parks and manufactured home estates on unconstrained land in existing settlements and new land release areas in the urban growth areas; and • Preparation of local affordability analyses and precinct plans to support local growth management strategies and planning proposals that identify responsive lot size and planning controls. <p>This task involves considering their application across Tweed Shire to determine what mechanisms may be effective and where, noting that some mechanisms will work better under certain conditions than others.</p>
		2.2b	<p>Assess potential for inclusionary zoning and inclusion in SEPP 70.</p> <p>Consideration of the suitability of mechanisms outlined in 2.2a will provide a basis for assessing whether SEPP 70 is the appropriate policy tool and if it is, is a pre-requisite step to seeking inclusion in the SEPP.</p> <p>Note: SEPP 70 will only be effective if Council provides for sufficient development uplift in specific precincts.</p>
F2.3	Review development feasibility and value capture opportunities	2.3a	<p>Confirm feasibility of current zones/planning controls and identify opportunities for value capture.</p> <p>Value capture occurs where a rezoning or relaxation of other planning requirements results in an increase in the value and/or potential of land, and a portion of the increase is diverted to affordable housing provision through a monetary levy or requirement for an in-kind contribution of land and/or housing. In practice value sharing is similar to inclusionary zoning.</p>
		2.3b	<p>Develop a VPA policy that can be used for future planning proposals.</p> <p>Council could build on policies developed by other Councils e.g. Canada Bay, Randwick. The system enables a voluntary agreement to be made between a planning authority and a developer whereby the developer agrees as part of a development proposal or rezoning to fund or provide affordable housing or another specified public benefit.</p>

Focus Area 3: Respond to priority issues

Council has identified some priority concerns. Responding effectively and quickly to a few priority issues has the wider benefits of building skills and capacity within Council, promoting awareness of the issues and demonstrating Council’s commitment with the community and other key stakeholders.

Council can also work with other agencies with land holdings or surplus sites and a role in facilitating affordable housing such as NSW Land and Housing Corporation, Landcom and community housing organisations to identify short and medium term opportunities to deliver additional affordable housing.

Actions		Tasks	
F3.1	Unlock land already zoned	3.1a	<p>Review zoning and development controls on land zoned but not developed.</p> <p>This will determine whether controls are still appropriate in a planning context and that development is feasible. Consider whether these could be adjusted to encourage development.</p> <p>For example, greater flexibility in controls allowing smaller lot sizes/some multi-unit or alternative land use zonings could be introduced with a sunset clause. A sunset clause is time-limited provision where the increased development potential is available for a set period such as 5 years. This would provide an incentive for a landowner to develop their land holding within this timeframe.</p>
		3.1b	<p>Review rate settings.</p> <p>Consider whether land is being rated according to zoning - if not this could be changed to discourage extended land holding.</p>
		3.1c	<p>Lobby other levels of government/industry groups.</p> <p>Other agency support/ approval may be required to support Council action on these actions, for example Revenue NSW in relation to rate settings.</p>
F3.2	Respond to tourism impact	3.2a	<p>Review options/actions to address Airbnb impacts.</p> <p>Develop options with reference to the Report of the Legislative Assembly Committee on Environment and Planning on the “Adequacy of The Regulation of Short-Term Holiday Letting in New South Wales” and experience in other jurisdictions.</p>

Actions		Tasks	
			<p>Options could include:</p> <ul style="list-style-type: none"> - introducing differential rates - lower rates for properties rented out to long-term tenants, properties managed by CHPs - reviewing development approval requirements for short-term lettings/ or require a permit (funds go to affordable housing).
F3.3	Use of surplus land -other agencies or Council sites	3.3a	<p>Conduct a land audit of surplus and underutilised sites in the LGA.</p> <p>Assess the suitability of government/non-government surplus sites, e.g. Tweed Hospital land for affordable housing. This could be done in collaboration with Landcom. This would include:</p> <ul style="list-style-type: none"> - checking zoning and determining if rezoning is required - for Council land, checking classification and determining if reclassification is required before disposal - identifying priorities/housing outcomes Council would seek on nominated sites.

Focus Area 4: Facilitate

Council can also offer a range of facilitation for genuine “affordable housing” projects. Council could do this by defining eligible projects by setting requirements for resident profile (in response to identified needs), housing costs and management.

Development proposals incorporating a component of “affordable housing” could be eligible for facilitation such as fast track development approval, a dedicated Council officer to deal with applications and partial relief from section 94 contributions¹.

There are also a number of programs and initiatives which have expanded the opportunity for Councils to facilitate the delivery of affordable housing without the need for legislative change. For example, the NSW Department of Family and Community Services is currently implementing the second phase of the Social and Affordable Housing Fund (SAHF)².

¹ A dedicated officer would not need to work exclusively on “affordable housing” projects.

² The SAHF is seeks to leverage affordable housing from concessional land owned by Councils and others. When combined with resources provided by other partners such as private developers and community housing providers to build housing and SAHF funds, the program delivers affordable housing and support for clients for 25 years. The SAHF Phase 2 will target 30% of dwellings in regional areas.

Actions		Tasks	
F4.1	Build community engagement on housing issues	4.1a	<p>Incorporate affordable housing objectives in Councils Community Strategic Planning framework.</p> <p>Council's Community Engagement Network team could be utilised to help engage the community on housing issues.</p>
F4.2	Adopt a corporate response	4.2a	<p>Prioritise and integrate affordable housing objectives across Council.</p> <p>Integrate affordable housing objectives into all levels of Council activity including its policy framework, local initiatives, website and communications, annual awards etc.</p> <p>It signals to developers and other players the importance Council places on achieving outcomes and identify innovative ways to respond to housing issues.</p>
		4.2b	<p>Review the impact of rate settings and charges on housing affordability.</p> <p>Consider the potential for lower section 94 charges for secondary dwellings/tiny homes – rented to bona fide low and moderate income renters.</p>
		4.2c	<p>Consider how community services can support 'affordable living'.</p> <p>Assess whether there is a need and/or opportunity to improve services for residents currently residing in more affordable, less accessible locations. For example, improving community transport, supporting employment growth and expanding services in areas where lower income households reside.</p>
F4.3	Utilise community housing providers	4.3a	<p>Develop a framework for CHPs to help deliver Councils affordable housing objectives.</p> <p>This could involve:</p> <ul style="list-style-type: none"> - Establishing regular liaison/information sharing sessions with local CHPs - Supporting CHPs to deliver their projects through for example fast-tracking of identified projects - Establishing a role for CHPs in the delivery of affordable housing projects that may be delivered if planning mechanisms or VPAs are implemented or if surplus Council land is used for affordable housing.

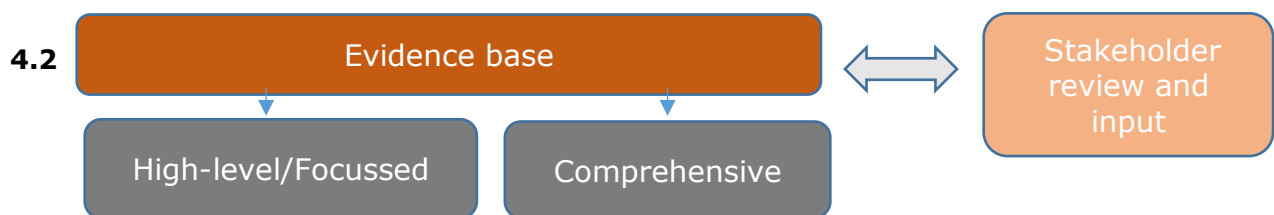
Actions		Tasks	
			<p>Council can develop a template for inviting proposals/EOIs from CHPs based on consideration of its preferred role e.g.:</p> <ul style="list-style-type: none"> • transfers ownership to CHP/other partner by contributing or subsidising the sale of land • retaining ownership and leasing for a period. <p>This could be based on a set of guiding principles but vary according to site characteristics. Council may identify the housing priorities it is seeking to address through the initiative based on its objectives.</p>
F4.4	Pursue funding opportunities, partnerships and develop collaborative approaches	4.4a	<p>Identify opportunities for Council to leverage affordable housing through initiatives developed by Commonwealth and State government.</p> <p>The Social and Affordable Housing Fund being implemented by FACS provides direct opportunities for Council involvement. Phase 2 has a target of 30% in regional NSW. Council may not be positioned to respond to the timeframe for Phase 2 as EOIs have closed, but it could participate in future phases.</p> <p>There may also be an opportunity to work with adjoining Councils (Gold Coast/Byron) to lobby for a Smart Cities deal with a housing affordability outcome.</p>
		4.4b	<p>Convene a housing roundtable.</p> <p>Bring key players including private developers, local businesses, community housing providers, non-profit service providers and local institutions to the table to confirm key issues and immediate funding opportunities – identify priorities, lobby for resources and identify innovative ways to respond. This could be done as a regional forum.</p>
		4.4c	<p>Work collaboratively to address cross-border issues.</p> <p>Develop existing relationships with Gold Coast Council to respond to cross-border issues and their impact on housing affordability.</p> <p>Build an understanding of Queensland’s response to housing issues, particularly recent decisions to close nearby holiday parks to permanent residents and any impacts of the recent Commonwealth Games.</p>

4 NEXT STEPS TO DEVELOP A LOCAL HOUSING STRATEGY



Establishing Council's aims and objectives for housing is important for determining the actions and strategies that will be most effective. It also provides the framework for Council to build community awareness and to measure and assess outcomes.

These aims and objectives can be informed by engagement with the community and other stakeholders.



A sound evidence base will support strategy development and educate and align stakeholders. This need not be resource intensive or exhaustive. If Council's objectives are focussed, such as trialling a specific strategy or initiative, Council may have sufficient data and knowledge of stakeholder views to conduct a focussed, high-level analysis.

For a broader, long term strategy a more comprehensive evidence base helps to inform and guide Council's objectives and priorities. When established the evidence base provides a rationale for setting objectives and identifying strategies and actions.



A useful starting point is to undertake an audit of surplus government land or underutilised sites to identify opportunities for delivering affordable housing. Council may also include a review its land in the audit.

Engaging early with other government agencies and land owners can identify opportunities for affordable housing projects and highlight the role Council can play in facilitating them.

4.4



There are a wide range of strategies and actions Council can implement. They range from strategies and actions that are within Council’s core responsibilities, planning levers for affordable housing and direct provision through to actively facilitating affordable housing. Determining what is feasible in the local context is critical.

Core	Planning Levers	Direct Provision
E.g. Promote/adjust existing land use provisions, support and promote use of AHR SEPP (or recommend adjustments for Tweed)	E.g. Set up Voluntary planning agreement policy, SEPP 70 inclusion	E.g. Land audit – Key sites and/or provision of land for pilot

Assessing the opportunities and constraints by town/area across an LGA is an approach developed by Urbanista to help determine what will work and align strategies to local community needs and objectives.

Urbanista Affordable Housing Options Assessment Matrix [Sample Outline for Tweed]

Suburbs/ towns	Planning objectives: Reg/local	Housing needs/ issues#	Constraints	Options feasibility		
				Core	Planning Levers	Provision and Advocacy
Tweed Heads	Grow centre/ 40% new dwgs to be multi-unit	A, D, S	Limited take-up of dev’t uplift, AHRSEPP not effective or utilised	Adjust – rezone landmark sites/or precincts	VPA – hospital site (if appropriate)	Advocate for affordable housing on Tweed hospital site, Boyd Street site
Murwillumbah	Growth-retain character	A, D, S	Flooding, development feasibility	Test feasibility of medium density controls	X	Council or other land.
Banora Point					X	X
Terranora						
Fingal Head						
Kingscliff						
Casuarina						
....						

A – Affordability/needs; D – Diversity; S - Supply

4.5



An implementation plan and monitoring will help keep the strategy on track and manage stakeholder expectations. Strategies and actions can be prioritised, divided into short and longer term and their dependencies mapped.

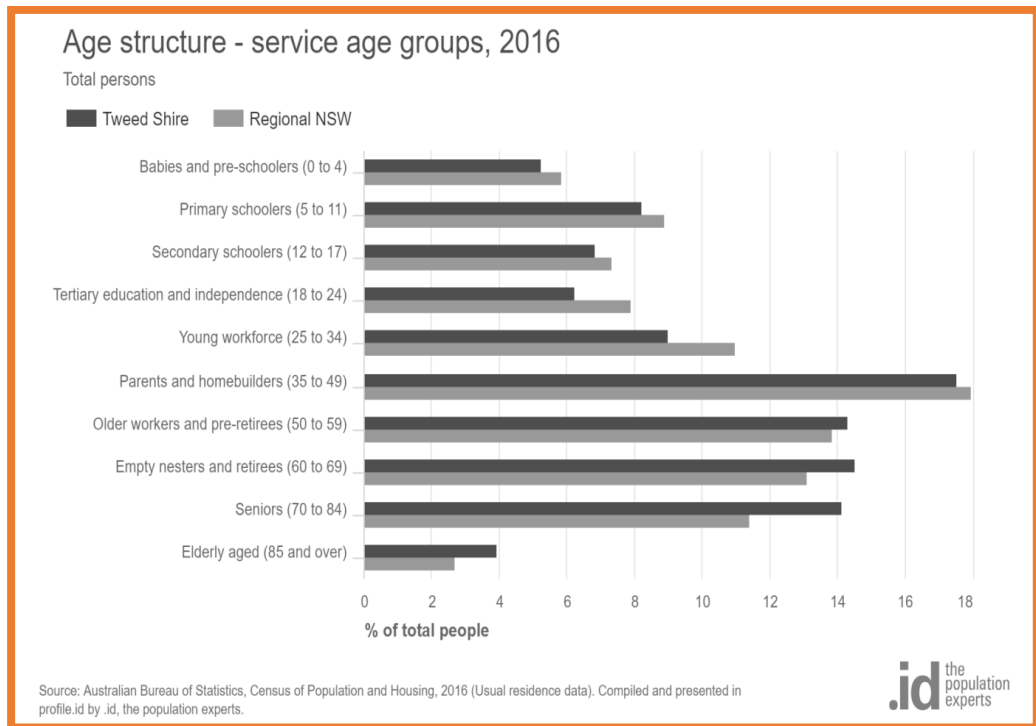
Some strategies may be brought forward to fit within externally driven timeframes, for example being well-positioned to influence future decisions and planning for the Tweed Hospital site. Other strategies, for example seeking inclusion in SEPP 70, will require building a case with sufficient analysis and evidence, engagement with Department of Environment and Planning and, if supported, legislative change.



ATTACHMENT 1

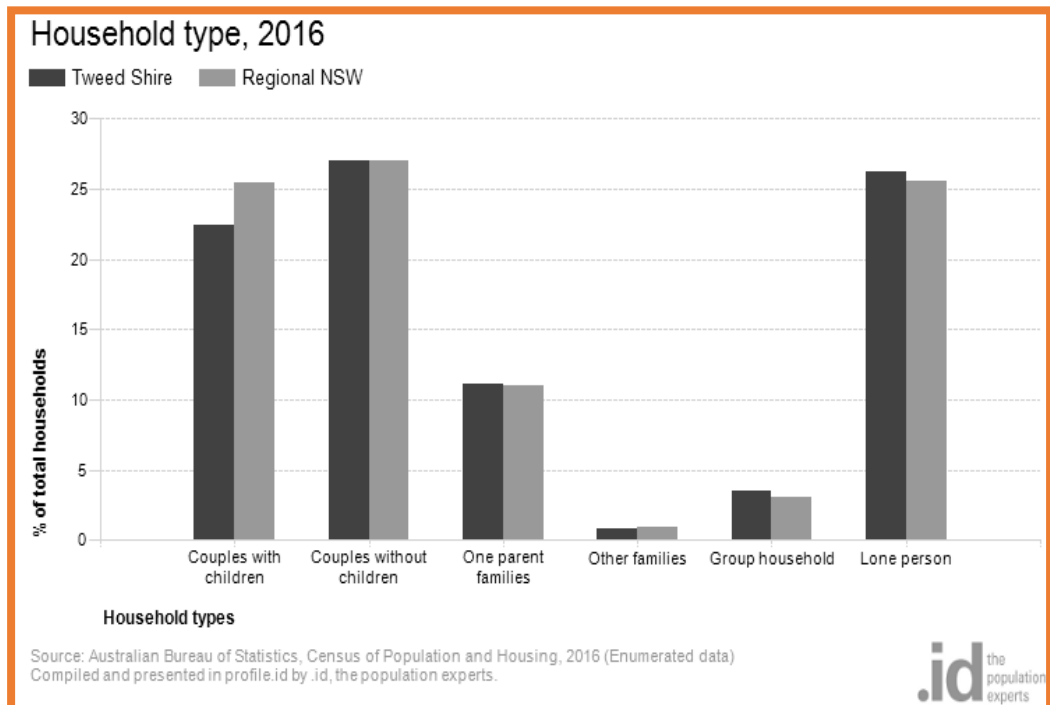
HOUSING CONTEXT SUPPORTING INFORMATION

Figure 1



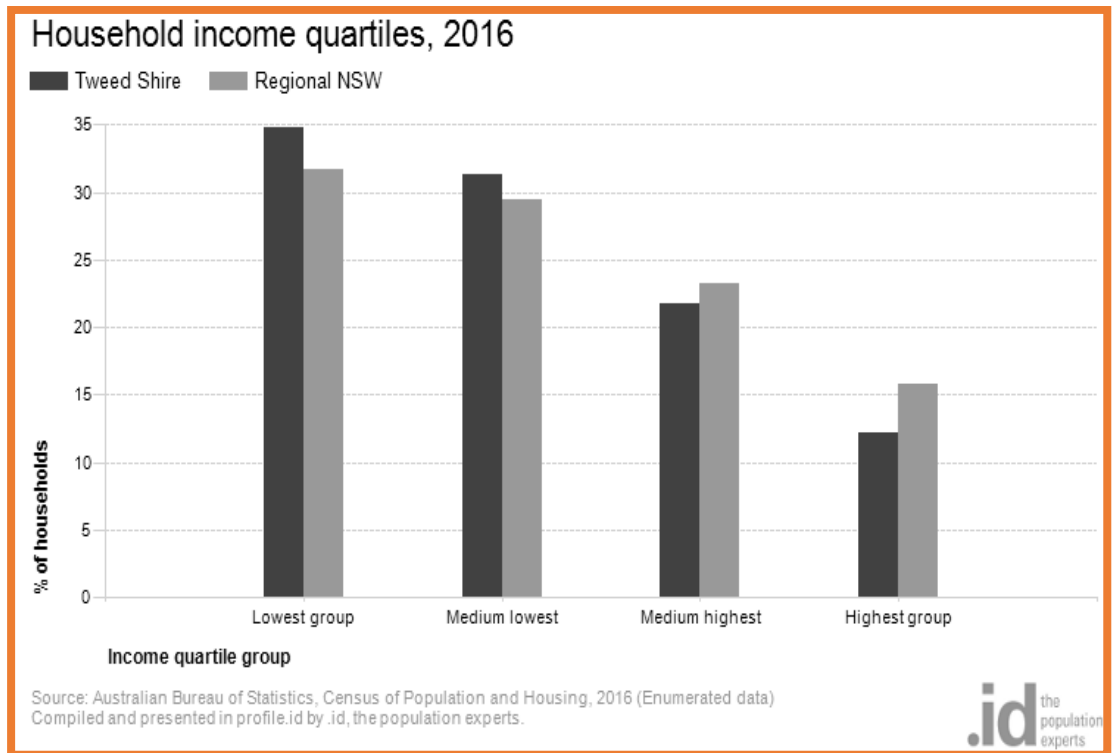
Source: Tweed Shire Council

Figure 2



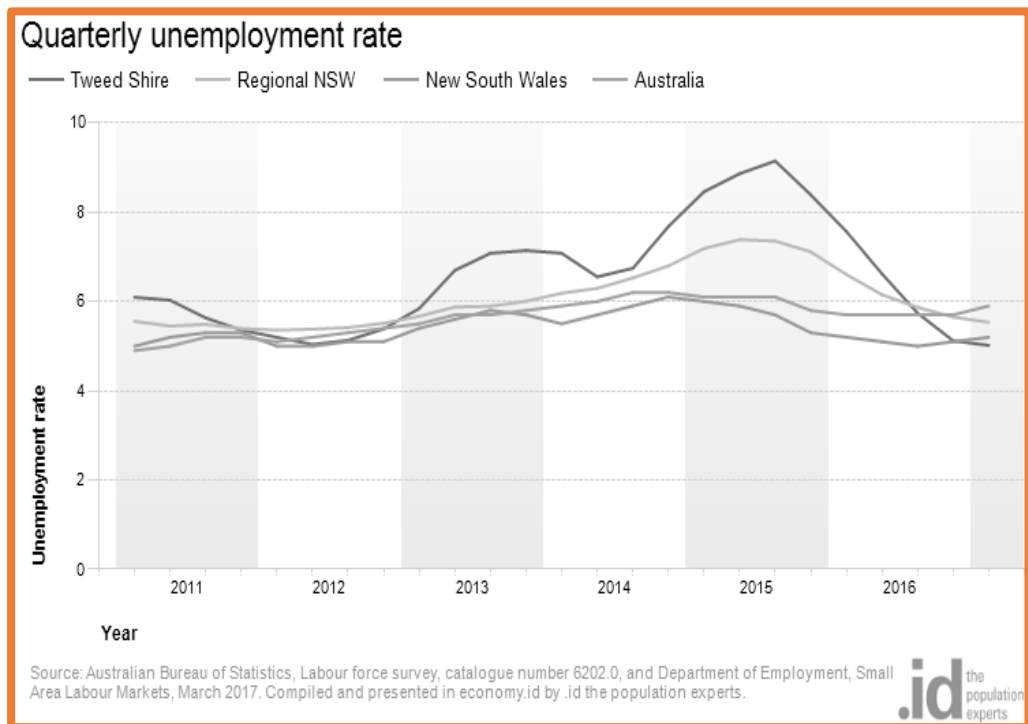
Source: Tweed Shire Council

Figure 3



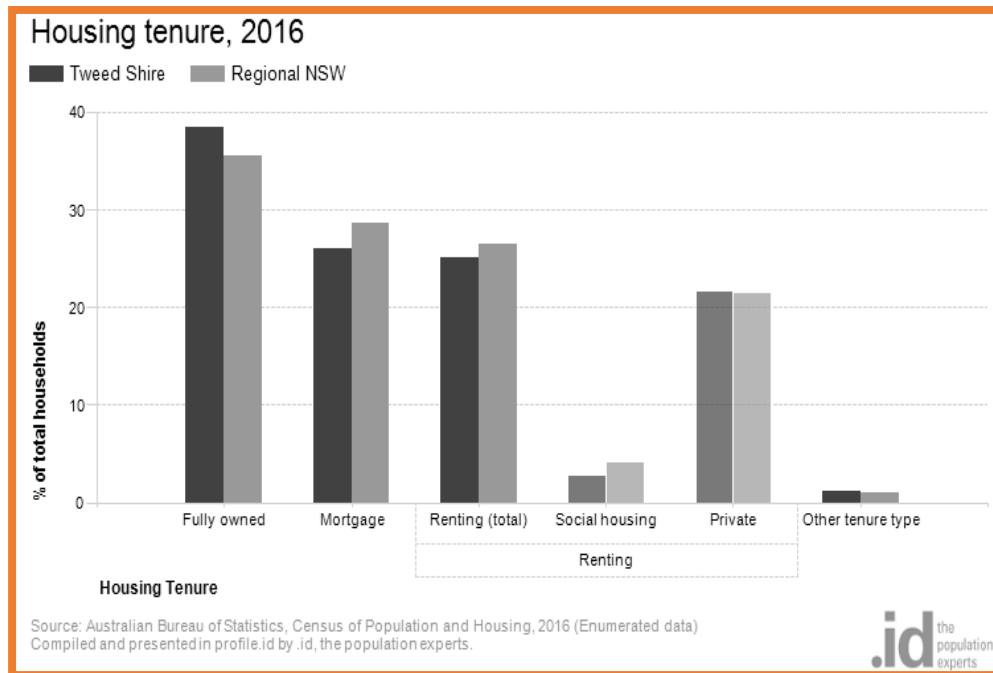
Source: Tweed Shire Council

Figure 4



Source: Tweed Shire Council

Figure 5



Source: Tweed Shire Council

Figure 6

**Median weekly rent for new bonds:
all dwellings June Qtr 2017**

Area	1 bedroom	2 bedroom	3 bedroom	4+
Greater Sydney	500	540	530	650
Non-metro NSW	200	265	330	420
NSW	465	475	450	550
Tweed	-	360	450	-

Source: FACS Rent and Sales Report Issue 120

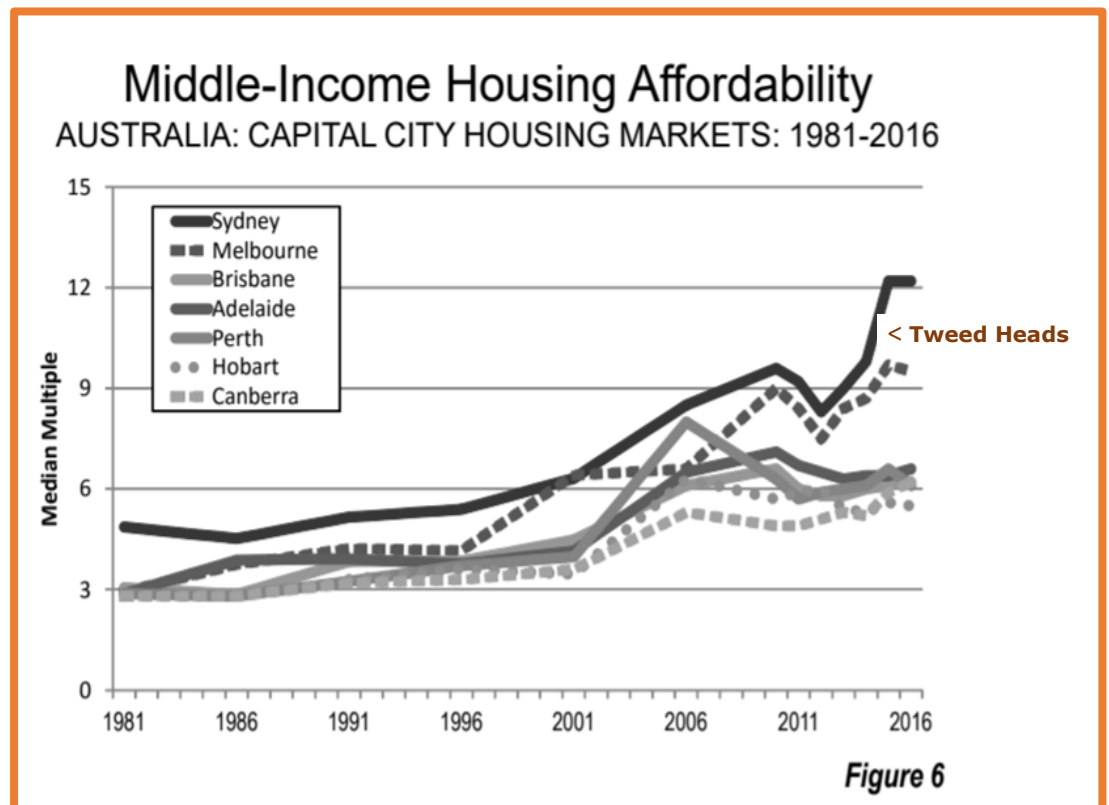
Figure 7

Median sale price – March Qtr 2017

Area	Strata dwellings	Non-strata dwellings	All dwellings
Greater Sydney	720,000	900,000	810,000
Non-metro NSW	329,000	400,000	385,000
NSW	650,000	635,000	640,000
Tweed	385,000	585,000	520,000

Source: FACS Rent and Sales Report Issue 120

Figure 8



Source: 13th Demographia International Housing Affordability Survey