



## A Win/Win Proposal to Boost Housing

Pacific Link Housing has developed an innovative plan to increase the supply of community and social housing at no additional cost to the NSW Government. Instead, the plan will add to the value of government's current housing assets.

If accepted, the Pacific Link plan will see it fund the addition of secondary dwellings – commonly called granny flats – to around 100 existing properties owned by Housing NSW throughout the Central Coast and Lower Hunter.

Detailed costings show the plan is feasible if government grants Pacific Link long-term management leases on two existing properties for each new home added under the scheme.

If the government transfers 200 properties to Pacific Link to manage under 30-year leases, Pacific Link will progressively add a secondary dwelling to half of them – adding 100 new homes.

The '2+1' plan – as it's known – would allow government to retain ownership of the existing homes it provides and the new homes added by Pacific Link.

Far from increasing costs to Government, the 2+1 plan will:

- Remove the cost of managing and maintaining 200 homes for 30 years,
- Provide 100 additional new homes
- Increase the overall value of the government's housing assets through the addition of the new homes.

The plan's author, Pacific Link CEO Keith Gavin, says the 2+1 plan relies on Pacific Link obtaining 30-year leases on the properties provided by government.

"Under current regulations, the NSW Government is not permitted to raise debt funding against the value of its housing assets. As a non-government, not-for-profit social enterprise, Pacific Link is able to raise funding – so what we're simply saying is 'please lend us 200 properties for 30 years and we'll

give you 300 properties back at the end of the period.

"It's a win/win plan that provides an alternate way of increasing housing provision at a time when constrained public funding makes it very hard for government to do the same."

The detailed plan is fully costed and documented in a detailed prospectus provided to government by Pacific Link. In the prospectus, Pacific Link points out that:

- Secondary dwellings allow for the modest densification of neighbourhoods without significant visual intrusion on the existing streetscape.
- Their delivery in the social housing

Continued overleaf →



sector is easier than in the private sector as there is no need to split titles.

- The addition of secondary dwellings will allow some social housing residents to move from under-occupied larger properties, freeing up larger homes.
- There is a particularly urgent need for new housing on the Central Coast, which has 30% fewer homes set aside for social housing than the average for NSW.
- Pacific Link will use the procurement process to give young people work experience which will help reduce welfare dependence and reduce overall costs to government.

“The funding model is complete and robust,” said Keith Gavin. “Prices for delivering secondary dwellings can and will be fixed in advance – and bulk discounts will result for a project of this scale.

“In the first year, Pacific Link will meet the cost of the initial developments through a capital contribution of \$2.2 million from its own resources. This will provide a track record of successful delivery prior to obtaining the necessary development loans to proceed.”

Cash-flow models show Pacific Link will pay for the new dwellings over a seven year period.

The Prospectus produced by Pacific Link to demonstrate the nature, funding and financial viability of the project has been distributed to government and a limited number of elected representatives and others in the sector on a Commercial-in-Confidence basis.

The proposal has received wide-spread support, and Pacific Link is now engaged in detailed discussions with government.

“The concept makes the most of existing government assets to leverage the development of housing in a region where the wait for all forms of community and social housing now extends beyond 10 years,” said Keith Gavin.

“With further, rapid population growth now forecast for the next 20 years, the addition of secondary dwellings in the community and social housing sectors will be part of a solution that also includes more granny flats for private rental on many more privately owned properties throughout the region.

“The 2 + 1 proposal is unique only in that it offers the development of secondary dwellings at no cost – and without loss of title – to government,” he said.

## Dunbar Way Refurbishment Secures Estate's Future

**Upgrade and refurbishment work at the Dunbar Way and Kendall Village estates in North Gosford is now well underway and scheduled for completion in June next year.**

The Government-approved project will ensure the estate's 100 homes continue to provide community and social housing for many years to come.

Pacific Link is funding the \$400,000 program to improve tenant facilities for residents ranging from young families with children to retirees in age.

Safety and security has been improved on both estates through the addition

of new lighting and closed circuit TV in public areas. The upgrade work also includes:

- Repainting the exteriors of all 100 homes
- Installing fences around unfenced properties
- The construction of a new children's playground
- Installation of new playground equipment
- Tree trimming and landscaping
- A storage upgrade for unwanted household furniture and similar items.

“Dunbar Way and Kendall Village are important community and social housing assets,” said Pacific Link Chairman, David Bacon.

“The Central Coast is already well behind when it comes to housing supply. With waiting times now well beyond 10 years for all assisted housing on the Coast, it's essential we maintain the properties we have.

“The Dunbar Way refurbishment is essential, and I'd like to take this opportunity to thank all those who've been involved, including our tenants on site,” he said.

# Pacific Link Submission Calls for Holistic Approach in NSW

Pacific Link has called for the establishment of a whole-of-government agency to manage and co-ordinate the supply of affordable, community and social housing for the Central Coast region.

The call for urgent steps to ease the chronic shortage here is included in Pacific Link's submission to the NSW Government's Regional Growth and Infrastructure Plan for the Central Coast now being undertaken by the NSW Department of Planning and Environment.

The call comes at a time when the Central Coast:

- Has 30% fewer homes set aside for community and social housing than the average for NSW – leaving the region 1800 homes short of parity.
- Housing and rental prices on the Coast have risen 50% faster than in Sydney over recent years.
- Real household incomes on the Coast have fallen in comparison with Sydney – increasing by only 15% compared to Sydney's 25%.
- Buying a house is now out of the question for all low income earners, thousands on the minimum wage, and almost half of those on moderate incomes.
- The waiting list for community and social housing is now out to 10 or 12 years
- A lack of new affordable housing means high-value workers on the minimum wage – including health and aged care workers, and most people in retail and hospitality – have few affordable rental options
- And homelessness is on the rise, with more and more elderly people suddenly at risk.

“With rapid population growth now forecast for the Central Coast the future's looking pretty bleak for those

on low to moderate incomes. But it's not all just bad news,” said Pacific Link CEO Keith Gavin.

“There are many positive programs and initiatives coming through. Most of these have come about with the realisation that governments can't be expected to do all the heavy lifting on their own. Efficient, well-managed not-for-profit providers like Pacific Link need to get involved by putting their shoulders to the wheel.”

Local regional providers have a number of advantages, he said. “We have better access to our local communities and better local research to inform decision making.

“We also have very significant funding advantages, for while the government has a massive set of assets in public housing, it is forbidden from raising debt finance against them to fund new housing. We can do that and leverage the value of our housing assets along with the value of any transferred to us from government.

“The government stands to benefit by effectively sponsoring new housing through stock transfers to accredited providers like Pacific Link.

“Not only can we raise money to fund new housing against existing stock, but we can also manage housing at a lower cost to the State Government than it can achieve on its own through direct management.

“This comes about because the Federal Government provides Commonwealth Rental Assistance for homes managed by

accredited providers like us, but not for homes owned and managed directly by the State Government.

“The NSW State Government is already one of the largest housing owners in the world, so by sharing our abilities and resources through collaborative projects there is much that can be done to increase housing supply at little or no cost to the State.” (See 2+1 proposal on Page 1).

“Pacific Link has worked closely with government for more than 30 years,” he said, “and with continuing co-operation and support we can work in partnership to secure the new levels of affordable and community housing required for the future.

“The chase will quicken as affordable, community and public housing changes to meet emerging needs – just as commercial housing has.

“Older housing blocks with single homes on quarter acre blocks can – and have been – redeveloped as modern low density unit blocks. At one site in Gosford, two older blocks have been redeveloped to accommodate 18 new townhouses.

“Secondary dwellings or ‘granny flats’ can be added to existing properties at no cost to the government, without the government losing ownership.

“The huge demand for 1 and 2-bedroom apartments to provide affordable, community and social housing can be met with providers like Pacific Link sharing development costs and managing small blocks of self-contained studio apartments.

“Developments like these are already underway, and with careful thought and further planning we can work with government to develop compact high-quality housing for high-value workers, the elderly, disabled, and people on low incomes or benefits – people with no current prospect of having a place to call home.

“Duplexes and townhouses, multi-unit developments with several properties on a large block, shop-top housing ... all these are known options and there will be others. We can provide the housing that is needed but it needs regional co-ordination,” said Keith Gavin.

While ever local builders and developers look to maximise the return on home building, they will look to build large family homes that sell for more to the few that can afford them.

“But even whispers of ‘affordable’ or worse still ‘social’ housing are enough to send authorities into a spin as residents conjure-up public panic based on imagined horror stories.

“As it happens we already manage more than 1,000 community and social housing homes – and none of the outrage people fear occurs.

“We need to get over scare-mongering and start building homes that are affordable for decent people who lack only one resource: investment funds.

“We need to support the elderly and help people in need – most of whom are in need through no fault of their own. We need to take a grown-up approach to affordable community and social housing.”

A grown-up approach means innovative planning, a joint willingness to be part of the solution and co-ordinated delivery through all regions by all levels of government.

One option to deliver more affordable housing is to allow private developers to make voluntary affordable housing contributions in exchange for planning incentives such as increases in density or height. In Sydney, the Green Square development delivered more than 100



affordable rental units in this way and in Ultimo and Pyrmont, 400 of 600 affordable housing units have been delivered.

The problem on the Central Coast requires a whole-of-government approach that brings State Government and agencies together with local government to develop appropriate planning regulations and share the load through joint delivery.

“There is likely to be a role for Urban Growth NSW on the Central Coast – appropriately funded and based on the Central Coast to co-ordinate stakeholders.

“If the Gosford/Wyong corridor was designated as a Major Urban Renewal Portfolio, much more could be achieved through the addition of a co-ordinating agency.”

“We can do this and do it well by working together for those in urgent need of housing options on the Central Coast,” said Keith Gavin.

“The government stands to benefit by effectively sponsoring new housing through stock transfers to accredited providers like Pacific Link.”

**Keith Gavin**

# Pacific Link 'Comes Of Age'

Four years ago Pacific Link was in some difficulty – a situation that ultimately led to a major management restructure under newly-appointed Chairman, David Bacon.

Since then, David has overseen the appointment of a skills-based board, the appointment of CEO Keith Gavin, and the empowerment of staff committed to the provision of community housing and support services for those in need.

The organisation has never looked back and is now an acknowledged national leader in the community and social housing sector.

Achievements noted in its recently released Annual Report for 2014 include:

- Gaining Tier One accreditation under the new National Registration scheme
- Lifting retained earnings by 50%, making an accumulated total of \$10.7m available for re-investment in the sector.
- Recording a tenant satisfaction rating of 94% – maintaining averages above 90% over recent years
- Establishing an innovative and groundbreaking partnership with Sydney-based provider, Evolve Housing, to break down geographic barriers
- Funding and managing the refurbishment of the 100-home Dunbar Way estate in North Gosford
- Securing NSW Government grants worth \$7m for new projects
- Developing the win/win 2+1 plan – now before Government (see front page article)
- Receiving State and National awards for outstanding Tenant Engagement, Leading Housing Project and Innovation in Research from the Australasian Housing Institute.



“Pacific Link has long aimed to begin addressing the community housing shortage in our region,” said Chairman David Bacon. “The benefits of the management re-structure can now be seen in a research process that allows for evidenced-based decision making and retained earnings that allow us to invest.

“With only limited Government funding now available for new housing, well-managed providers have an important role to play as managers, innovators and investors in new housing.”

“The refurbishment of the estate at Dunbar Way will make 100 homes available for many years to come. We are developing new plans that will make better use of existing properties through the gradual addition of secondary dwellings on existing underutilised housing blocks – helping to address the housing shortage.

“We are working on new projects for the elderly and disabled in Cessnock and elsewhere – and we’re in the early days of a joint project with Evolve Housing to develop studio apartments in Western

Sydney, the Central Coast and Lower Hunter regions.

“All of this is possible because Pacific Link is a well managed, highly efficient social enterprise with retained earnings and skills that now allow for our direct involvement in the delivery of new community and social housing.

“Pacific Link’s ability to do this vital work tells me we’ve come of age,” he said.

Pacific Link’s decision to partner with Evolve Housing led to the establishment of a joint project group – Evolve Pacific Developments – which successfully tendered for Government grants worth \$7 million.

“There’s a desperate need for housing in our region, where waiting time for all forms of community and social housing now extend beyond 10 years.

As an active, innovative and appropriately resourced provider we are now positioned to play an active part in the delivery of new housing solutions for our region,” he said.

# Farewell to a Stalwart Couple!

**David Lennox – tenant, long-serving board member and former Chairman of Pacific Link Housing – will be sadly missed when he leaves the board of Pacific Link this year.**

David joined the board eight years ago and was subsequently thrust into the role of Chairman at a difficult time in the organisation's history – a role he accepted because his help was needed.

David has been a staunch advocate for Pacific Link tenants – working on their behalf in many roles before chairing the board's Tenant Reference Committee in recent years.

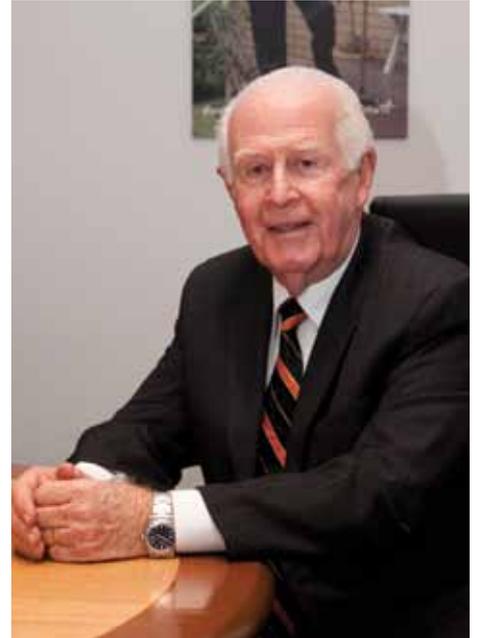
A gentleman and constant community volunteer in his retirement years, David

has been a constant volunteer in local hospitals and nursing homes, as well as being a Marriage Celebrant and Justice of the Peace.

David and his wife Jeanette, who also served as a member of the board, have made an outstanding contribution and it is with great regret that we note Jeanette's recent passing.

In appreciation of their contribution to Pacific Link, our tenants, and the many young people they assisted, the board unanimously resolved to name the new childrens' playground at Dunbar Way *Lennox Park* in honour of David and Jeanette.

David – we will miss you.



## Wal Edgell joins the board of PLH

**One of Australia's most experienced banking executives, Mr Wal Edgell, has been appointed to the board of Pacific Link Housing, the Gosford-based not-for-profit provider of affordable, community and social housing.**

Mr Edgell joins the board following the resignation of Mr David Lennox, a long-serving former board member who leaves after eight years of dedicated service.

A senior finance and banking executive with 45 years experience, Mr Edgell will add his considerable knowledge of corporate real estate, property and infrastructure management to the

skills-based board of Pacific Link at a time when the organisation is emerging as an active investor and developer of affordable, community and social housing in the Central Coast and Lower Hunter regions.

Prior to retiring in 2012, Mr Edgell held a succession of key positions within the Commonwealth Bank including that of Chief Financial Officer – CBA Corporate Real Estate and Property Funds Management. From 2008 to 2012, Mr Edgell was Head of the Business Strategy and Business Implementation Group for Colonial First State Global Asset Management (Property and Infrastructure).

A long-time Central Coast resident, he has, since retirement, acted as a property consultant, a funds management and property consultant to Colonial First State Global Asset Management; and is an independent member and chairman of Colonial First State's Global Asset Management – Capital Management and Debt/Equity Committee.

Pacific Link Chairman, David Bacon, announced Mr Edgell's appointment at the Pacific Link Annual General Meeting in November. "We are delighted to have a board member with the outstanding skills, knowledge and experience that Wal brings to our board," he said.



**PACIFIC LINK**  
**HOUSING**  
*Home & Community*

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