



PACIFIC LINK
HOUSING

Housing Affordability Review

Central Coast and Lower Hunter NSW

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Executive Summary

Pacific Link provides community housing in the Central Coast and Lower Hunter regions where population has grown steadily in recent years. Based on 2011 Census data, this trend looks set to continue. This will put increasing pressure on local housing markets (both for sale and rental), with lower income and disadvantaged groups particularly vulnerable.

The composition of the population continues to change. Nationally, the proportion of older people in the population is growing each year, and this trend is particularly notable in parts of the study area which are favoured by retirees. The make-up of the housing stock is not matching these changing demographics, with most new homes having 3 to 5 bedrooms.

Much of the more affordable housing in the study area is not well located for lower income households. Older stock, including much social housing, was often built in areas of mining and manufacturing industry where employment opportunities have declined. Much new housing is being built in areas with few facilities and limited public transport access.

There is already an undersupply of housing compared to underlying demand, and lack of land supply has limited new dwelling production in the study area for several years. In the short to medium this will put pressure on housing prices, which are already unaffordable for most households with income at or below the median.

The recent Census has highlighted the slow rate of development of new properties. Between 2006 and 2011 the supply of new

dwellings was only around half the level required in the Central Coast, and two thirds needed in the Lower Hunter.

The housing supply figures are even worse than this as an increasing number of properties, especially in Gosford and Wyong, are used as second homes. The 5,067 properties built in the Central Coast from 2006 to 2011 only resulted in a net increase of 1,164 occupied homes

There is particular pressure in the study area on private rental markets, and rents have continued to rise over the last few years despite flat housing sale prices. As a result, affordability problems for lower income households who are not eligible for social housing have become severe.

In the Central Coast and Lower Hunter, the main driver of affordability issues is lower incomes. Although purchase prices are below Sydney levels, and largely flat, only around 10% of households earning up to 80% of local salaries can afford to buy. Furthermore, the 2011 Census indicated regional salaries are rising more slowly than in Sydney.

The greatest 'housing stress' is currently faced by very low income renters.

Particularly vulnerable are older people, those relying on government benefits and others with fixed incomes. In 2012 households earning less than 50% of the area median income could afford only around one in ten local rental properties.

State Government policies set targets for future levels of housing supply, but not for particular price points or size of property. Given the cost of producing new housing, and the market preference for larger

detached dwellings, market mechanisms may continue to fail to produce affordable homes. Hence an increase in housing supply in areas such as North Wyong may have little impact on affordability.

Social rental housing is already in short supply in the area, especially the Central Coast. Government initiatives like NRAS have produced only modest numbers of new properties and funds are extremely limited for construction or acquisition outside these initiatives. As a result, the proportion of social housing looks set to continue falling from already low levels.

Across NSW, only about 10% of people on the social housing waiting list are housed each year, and the list continues to grow. An increasing proportion of lettings are required for priority applicants. On the Central Coast there is a minimum wait time of 5 years for all property types. There is also a lack of small units for single people and couples with no social housing studio or one bedroom units in many areas.

The issue of social disadvantage is particularly important to community housing providers such as Pacific Link. Due to the residualisation of social housing, most new applicants have complex needs rather than simply being low income. This provides greater challenges than in the past, though also offers opportunities to community-minded organisations with strong local links.

Ways forward

NSW Government is currently overhauling planning approaches, and finding ways to increase housing supply in new release areas. These approaches are a welcome advance, although will need to be expanded in scale on the Central Coast and Lower Hunter to have a significant impact.

Efforts will be needed to ensure the supply of new properties meets demand not just in

terms of numbers, but also size, location and affordability. Pacific Link have partnered with Wyong Council on new development projects - a big step forward. This approach needs to be followed elsewhere, especially in areas where the housing market is out of equilibrium.

Pacific Link is an important social landlord in the region, and can play a significant role in ameliorating many of the affordability issues identified in this report. However, it needs State Government to better align planning approaches with housing policy. Currently there is a lack of clarity on the future growth, delivery, funding and asset holding of the NSW social housing system.

There is a continuing need to renew public stock, and move to mixed tenure communities to reduce concentrations of disadvantage. In the Lower Hunter in particular, several current public housing estates are not well located relative to employment. Pacific Link already partners with Housing NSW at Dunbar Way, and more schemes of this type but at larger scale will be needed in the region.

By establishing development capacity, and registering as a 'tier one' community housing organisation under national regulation, Pacific Link can grow the supply of affordable housing. They can become a second bidder in the region for Government funds or stock transfers. Programs such as NRAS could be used to expand their property portfolio, targeting areas and groups with high housing need.

If left to the market, there may be continued under-production of smaller, well located affordable homes in areas facing the highest levels of housing stress. Social enterprises such as Pacific Link are well placed to use entrepreneurial approaches to deliver the social and community outcomes required by State Government.

Definitions

Community housing: social housing managed and/or owned by not-for-profit organisations with a clear social mission.

Greenfield development: new residential building in areas with little prior housing construction and infrastructure provision.

Housing stress: situations where a household is paying more than 30% of total household income on housing costs, either rent or mortgage loan repayments.

Primary homelessness: people not living in conventional accommodation - for example living on the streets. This is different to secondary and tertiary homelessness which includes people living in temporary or unsuitable accommodation, including boarding houses.

Public housing: social housing owned and managed by the public sector.

Residualisation: allocation of social housing to tenants with high, complex or multiple needs - not just to those on low incomes.

Sea change: migration from urban centres to coastal locations.

Social housing: rental housing provided at a discount to market rent levels. Tenancies are managed by either public housing or community housing providers.

Study area: Central Coast (Gosford and Wyong LGAs) and Lower Hunter (Cessnock, Lake Macquarie, Maitland, Newcastle and Port Stephens LGAs).

Tree change: migration from urban centres to rural or small town locations.

Abbreviations

ABS: Australian Bureau of Statistics

LGA: Local Government Area

NRAS: National Rental Affordability Scheme: a subsidy for constructing new affordable rental housing, part funded by Commonwealth and States

Pacific Link: Pacific Link Housing Limited

SEIFA: Socio Economic Index for Areas: an ABS measure of areas of disadvantage

SEPP: State Environmental Planning Policy

UDIA: Urban Development Industry Association: a developers' lobby group

Background

In January 2011 Pacific Link published a study, prepared by Elton Consulting, highlighting issues in the housing market in which they operate. This current review updates housing affordability issues, taking into account data released from the 2011 Census and new policies introduced by the Coalition Government from March 2011.

The study area is the seven Local Government Areas (LGAs) where Pacific Link manage larger number of properties. These are located in two planning sub-regions:

- **Central Coast:** Gosford and Wyong LGAs.
- **Lower Hunter:** Cessnock, Lake Macquarie, Maitland, Newcastle and Port Stephens LGAs.

The study area excludes Muswellbrook and Singleton as Pacific Link has few properties (see Figure 1) and these LGAs are in a different State planning region.

Figure 1: Pacific Link operating area



Source: Pacific Link (2012)

1.1 Regional overview

Due to their differing characteristics and distance from the metropolitan core, the Central Coast and Lower Hunter have the characteristics of distinct housing sub-markets. While impacted by wider trends, they have distinct characteristics based on existing housing stock, new dwelling supply and buyer/renter preferences.

Central Coast

The region is known for its coastal lifestyle and is a recognised tourist area. As at the 2011 census the region had 312,186 residents. Most people live in detached houses both in existing and the newer residential areas. The character of settlement and development within the region has evolved from characteristics of the natural environment, and later economic and infrastructure development.

The area's initial European settlement was based on timber and agricultural production. More recently the Central Coast has emerged as a place with strengths in tourism, retiree settlement and family homes.

Key economic sectors include manufacturing, retail, agriculture, tourism, construction and service industries. Emerging industries are cultural and recreational services. Strengths are said to be innovative small manufacturers, competitive logistics, growing building and construction, food production, hospitality and tourism (NSW Government, 2008: p.5)

Large centres on the Central Coast include Gosford, Tuggerah-Wyong, Erina, Woy Woy and The Entrance. In non-urban areas there are a number of rural villages. The majority of existing and future development on the Central Coast is located in coastal areas and the valleys and plains that surround the coast's numerous waterways.

The region has outstanding environmental qualities, including 81 kilometres of ocean coastline and extensive waterways, and more than half the Region comprises national parks, undeveloped bushland, and other major open spaces.

Lower Hunter

The region is the sixth largest urban area in Australia, and a major centre of economic activity. It has a population of 520,666 (2011) focussed on the major urban centre

of Newcastle. There are also major regional centres at Charlestown, Cessnock, Maitland and Raymond Terrace. Emerging centres are Morisset and Glendale-Cardiff.

The Lower Hunter region has a strong mining and industrial manufacturing heritage, including the world's largest coal exporting port. It also features large areas of rural, agricultural and forested lands, with a major river and coastal estuary which are important environmental assets.

Lifestyle migration

The Central Coast, and to a lesser extent the Lower Hunter region are impacted by the 'sea change' phenomenon. Dating from the late 1960s, this is the migration of households from metropolitan areas and inland communities to coastal locations (Burnley & Murphy, 2004).

Although retirees are part of the sea change movement, they are not the only component. Researchers have developed a typology of different types of movers, based on distance from metropolitan centres (Gurran et al., 2005). Three of the five categories are relevant to the study area:

- **Coastal commuters:** suburbanised satellite communities in outer metropolitan locations. Wyong and Gosford fall in this category. Although influenced by 'spill over' effects from unaffordable metropolitan areas, lifestyle considerations play a part.
- **Coastal getaways:** small and medium sized towns within three hours' drive of a capital city. At this distance from the capital city, locations can be attractive for holiday homes used initially for weekend trips. Examples include Port Stephens and Lake Macquarie.
- **Coastal cities:** large urban settlements away from capital cities with populations over 100,000 such as Newcastle. These

are often lower cost sea change destinations than coastal commuters and getaways.

In addition to the sea change phenomenon, 'tree change' is the move of people to inland rural communities to escape the pressures of city life. Parts of the Hunter Valley in would fall within this definition.

With the baby boomer generation approaching retirement, the rate of lifestyle migration is likely to rise further. This will place further pressure on the availability and affordability of properties in the area.

Lifestyle migrants typically have sufficient capital to buy in their sea/tree change locations, pushing up local house prices. Future generations of existing residents on lower incomes may be unable to afford to buy in the same area.

1.2 Population growth

The NSW Government uses assumptions on fertility, mortality and migration to predict future population growth to 2036. These are informed estimates, not targets, and do not claim to be precise, as demographic trends can change. Note that current forecasts have not yet been updated in the light of

population data from the 2011 Census, which may lead to small amendments.

Forecast population growth, especially on the Central Coast, is higher than almost anywhere else in NSW, and significantly faster than in the Illawarra to the south of Sydney. Projected growth for the thirty years to 2036 is 39% for the Central Coast and 31% for Lower Hunter (see Table 1).

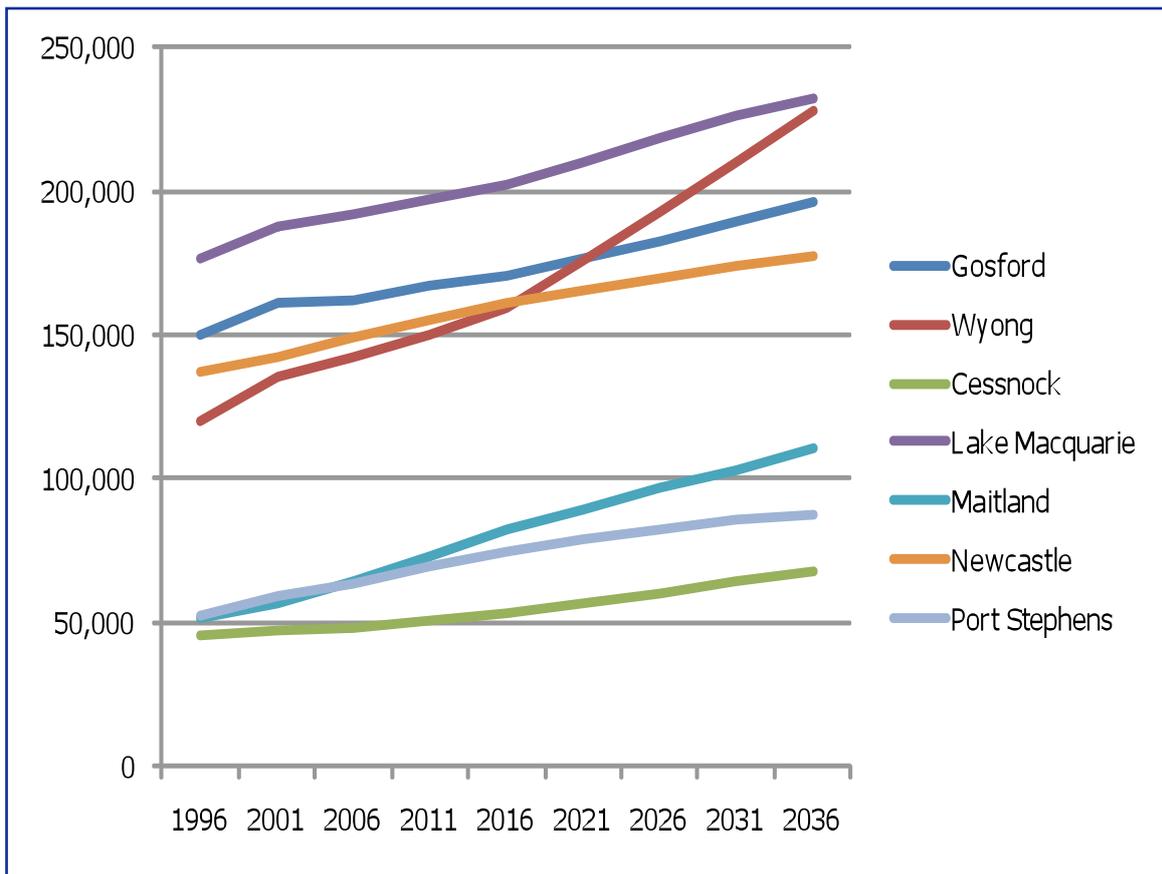
Table 1: Regional population forecasts to 2036

Area	2036	Change
Sydney Metro	5,982,100	+ 40%
Central Coast	424,700	+ 39%
Lower Hunter	675,900	+ 31%
Illawarra	529,100	+ 22%

Source: NSW Government (2010b). Sydney Metro includes the area south of the Central Coast and north of Illawarra

Figure 2 shows population change in absolute numbers to 2036. In most LGAs growth rates will be slightly lower than seen over during the early years of this century. The exceptions are Wyong and Maitland which are both set to grow more rapidly than their neighbouring LGAs. By 2036 the population of Wyong is set to overtake both Gosford and Newcastle, increasing from 149,746 in 2011 to a predicted 228,200 in 2036 - a 52% increase.

Figure 2: Population change, 1996-2036

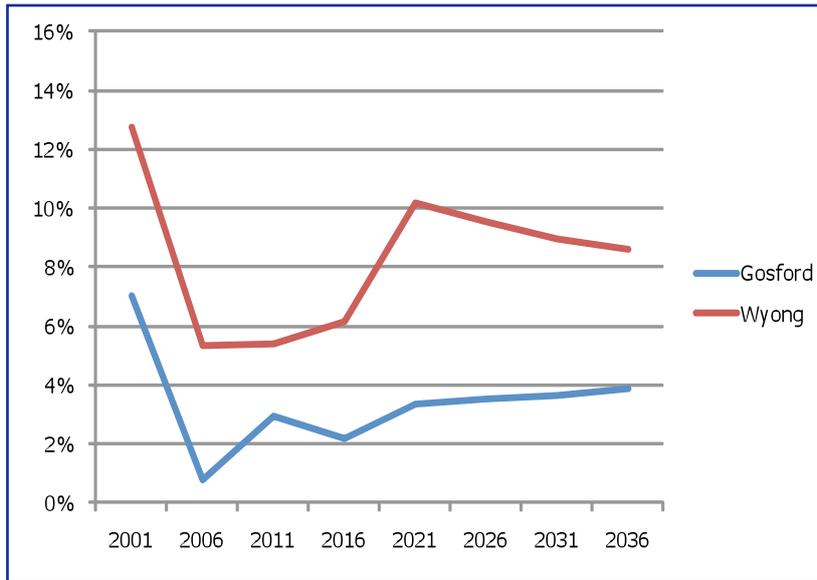


Source: NSW Government (2010b)

The regional pattern of population growth becomes more complicated when the rate of change is viewed in percentage terms. In Figure 3 the rate of population growth for five year periods is shown for Gosford and Wyong. This shows that between 2001 and 2006 the rate of increase in Central Coast

population declined as identified new release areas were exhausted. However, growth rates are recovering and are expected to reach 10% in Wyong LGA and 4% in Gosford LGA over the five years 2016-2021.

Figure 3: Central Coast rate of population growth

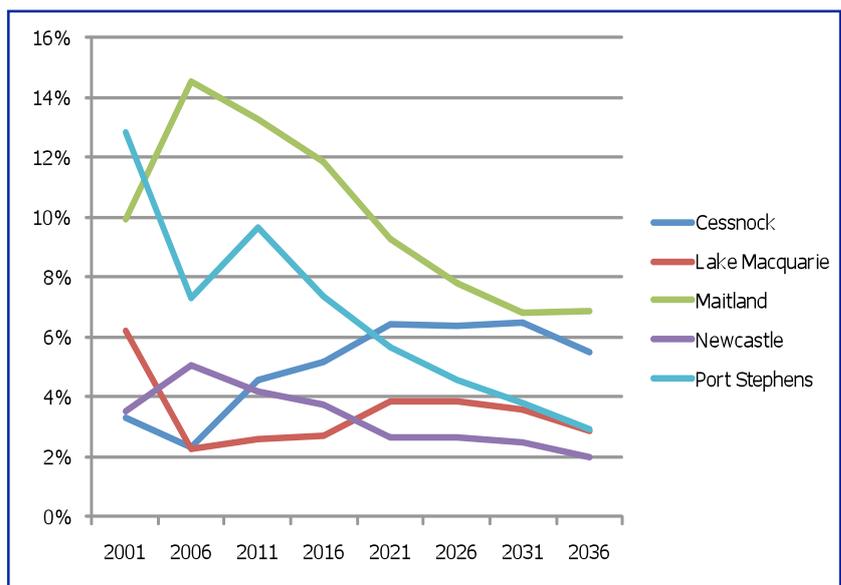


Source: NSW Government (2010b), as for Figure 4

Figure 4 shows percentage growth rates over five year periods for LGAs in the Lower Hunter. It shows that Maitland is currently the fastest growing LGA in the study area and this is expected to continue, although at a slower rate. The rate of growth in Newcastle and Lake Macquarie will be much slower (but large in absolute numbers).

The next section of this report will review Regional Planning Strategies, which are based on the principle that population growth will be localised within all LGAs, depending on priorities for new dwelling development. In the medium term, renewal will be a key element (especially in and around Newcastle) while greenfield development will be concentrated in Wyong LGA.

Figure 4: Lower Hunter rate of population growth



1.3 Future housing development

Regional Planning Strategies were released for the Lower Hunter in 2006 and for the

Central Coast in 2008 (DOP 2006 and 2008). These strategies summarise how the planning system will facilitate and direct development in the respective regions, including housing development.

Although these Strategies were devised by the former Labor Government, they have been effectively adopted by the Coalition. New Regional Planning Strategies are planned for 2013, and work is underway in changing the way the planning system works to deliver greater housing supply.

Central Coast

With a population of over 300,000 people in 2011, the Central Coast is a fast growing area, particularly since the opening of the F3 freeway extension in the late 1980s. Growth has slowed somewhat in recent years as land releases have been exhausted and water supply issues have imposed constraints. Both these sets of issues are now being addressed.

Based on the 2008 Department of Planning strategy, over the next 25 years the Central Coast is planned to grow by around 4,000 people per year. To accommodate this growth, the region will require an estimated 56,000 new dwellings with 40,000 new homes to be located in centres and existing urban areas and 16,000 new homes located in greenfield release areas (DOP, 2008: p.11).

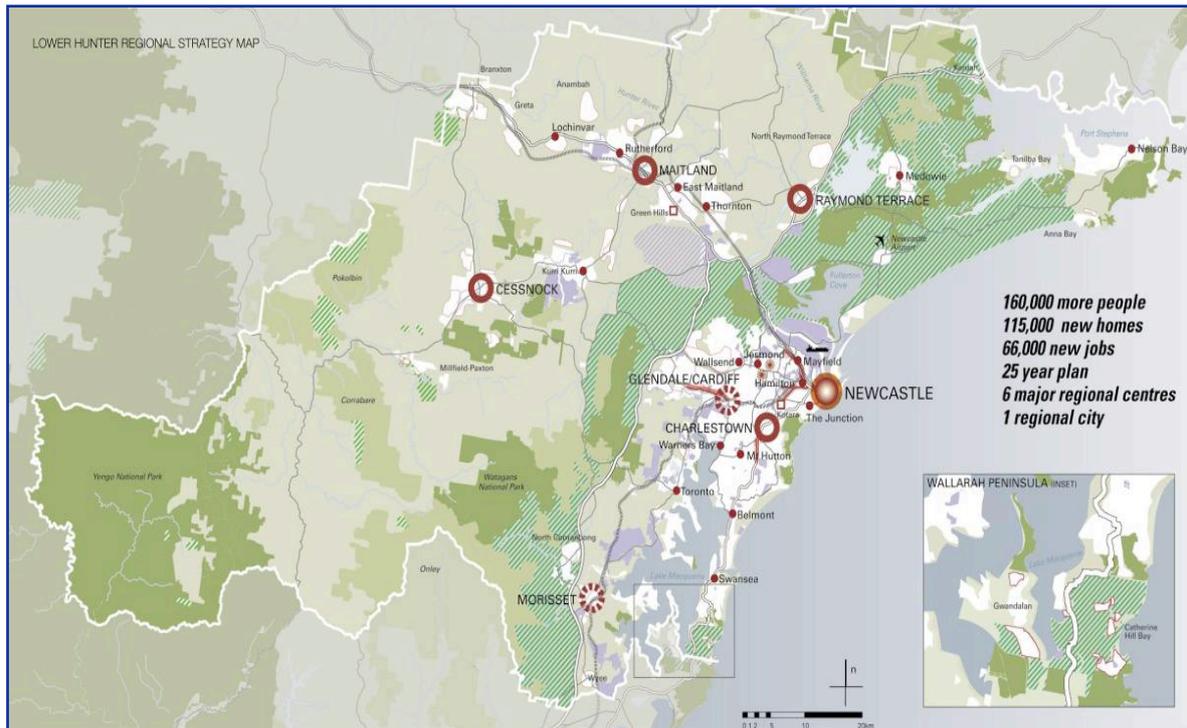
Key greenfield areas for future housing development are in North Wyong. In October 2012 the Government released a plan indicating potential for 17,000 new dwellings and between 12,150 and 17,100 new jobs by 2031 (NSW Government, 2012b). Initial development will be in areas that support the development of Warnervale Town Centre and the Wyong Employment Zone. New development will be in areas that allow for efficient infrastructure servicing.

Figure 5: Central Coast plan



Source: Central Coast Regional Strategy (DOP 2008)

Figure 6: Lower Hunter Strategic Plan



Source: Lower Hunter Regional Strategy (DOP 2006)

Lower Hunter

The Lower Hunter currently has around 220,000 dwellings. The NSW Department of Planning estimates that an additional 117,000 dwellings will be required to house the Region’s growing population over the next 30 years to 2036 (Table 2).

The NSW Government identifies a key challenge for the Region as moving away

from the current focus on low density new housing in new release areas towards infill developments within existing areas.

New dwellings will be encouraged in and around the main centres, in renewal corridors, and through general urban infill. The Strategy provides that 60 per cent of new dwellings will be provided in new release areas and 40 per cent will be provided in existing urban areas.

Table 2: Lower Hunter dwelling targets to 2006-2036

	<i>Centres and corridors</i>	<i>Urban infill</i>	<i>Total infill</i>	<i>New release</i>	<i>Total dwellings</i>
Cessnock	500	1,500	2,000	19,700	21,700
Maitland	2,000	3,000	5,000	21,500	26,500
Port Stephens	3,300	2,000	5,300	7,200	12,500
Newcastle	12,200	2,500	14,700	5,800	20,500
Lake Macquarie	14,000	7,000	21,000	15,000	36,000
Total	32,000	16,000	48,000	69,200	117,200

Source: Lower Hunter Regional Strategy (DOP 2008)

Five renewal corridors are particularly identified, and will accommodate several thousand new homes. These are:

- Maitland Road (Newcastle West to Mayfield)
- Tudor Street (Newcastle West to Broadmeadow)
- Brunner Road (Nine Ways to Adamstown)
- Main Road, Edgeworth (Glendale to Edgeworth)
- Pacific Highway (Charlestown to Gateshead).

Major priority release areas and areas where planning for release is well advanced are:

- Thornton North (up to 7,000 dwellings)
- Cooranbong (up to 3,000 dwellings)
- Bellbird (up to 4,000 dwellings)
- North Raymond Terrace
- Other major release sites include
- Lochinvar (up to 5,000 dwellings),
- Anambah (up to 4,000 dwellings),
- Wyee (up to 2,000 dwellings) and
- Branxton-Huntlee (up to 7,200 dwellings).

1.4 Planning for affordable housing

The seven local councils in the study area play an important role in preparing and implementing planning policies that affect housing supply. However, the NSW Government also has a key role, being responsible not only for regional planning

strategies and State-level policies but also influencing drivers such as investment in transport, social infrastructure, land release and incentives to locate major new employment opportunities.

State Government

The *State Environmental Planning Policy (Affordable Rental Housing) 2009* is the principle State policy initiative. It applies to all areas zoned for medium density housing, and is intended to facilitate provision of affordable rental housing, social housing, and boarding houses.

Significantly the SEPP allows a 'density bonus' to be awarded to private sector developers if they agree that a proportion of the new homes built under a development approval will be made available as affordable rental housing for at least 10 years, with management by a registered community housing provider.

In June 2012, the NSW Government announced a series of planning and funding initiatives to encourage housing delivery in its 2012-13 budget. This includes supporting both greenfield and infill development with major new infrastructure funding, along with developing new code-based development assessment systems.

The NSW Department of Planning also auspices an Affordable Housing Taskforce, which is charged with investigating affordability issues and providing advice.

Local Government

Some councils have been proactive in addressing housing affordability issues. The principal housing affordability policies of the councils in the study area are summarised in the Table 3. In general, the response of the councils has been limited, and largely restricted to the Central Coast where affordability pressures are greatest. In many other areas, councils have not adopted

policies - despite the sharp increase in zoning of land for new housing.

Of the two Central Coast councils who have the most developed affordability policies in the study area, the main approach is to partner with local housing groups, and make minor changes to local planning regulations. Gosford City Council have policies to use their own land to promote better affordability outcomes, and their approaches to protecting holiday parks are well advanced.

In May 2012 Wyong Council entered into an agreement with Pacific Link to co-operate on projects designed to include low levels of affordable housing in new schemes. This partnership approach offers the chance to include affordable housing in the new growth areas such as North Wyong.

Table 3: Council affordable housing strategies

<i>Area</i>	<i>Strategies</i>
Gosford	2005 Plan (amended 2009) Promotes Residential park protection, adaptable housing provision, use of council land, social housing provision
Wyong	2008 Local Housing Strategy uses the planning system, zoning etc. to deliver affordable housing
Cessnock	No specific policies
Lake Macquarie	No specific policies, although their 2012 Local Environmental Plan allows for density bonuses in town centre developments
Maitland	Council's 2010 Urban Settlement Strategy considers the need for affordable housing
Newcastle	Strategy adopted 2005. Role limited to research and advocacy
Port Stephens	No specific policies

Source: Gosford City Council (2009), Wyong Shire Council (2008), Newcastle City Council (2005), web searches

1.5 Conclusions

All parts of the study area can expect substantial population growth over the next 25 years, with resident numbers projected to reach approximately 425,000 on the Central Coast and 675,000 in the Lower Hunter by 2036. Thus the region will experience some of the strongest population growth in NSW outside Sydney.

Regional population growth will be strongest in Wyong and Gosford LGAs, the core operating area for Pacific Link. This is largely due to the proximity to metropolitan Sydney, and the increase in commuting as well as lifestyle migration.

The State projects 56,000 additional homes will be required to accommodate the additional population on the Central Coast and 117,000 in the Lower Hunter by 2036. A large proportion of this stock will be built in existing areas as infill or redevelopment, but the release of new residential land is being accelerated in the short term to ensure adequate housing supply.

Strategic planning is currently focussing on housing supply, and it is expected that adequate housing supply should promote affordability. However, to date there has been little detailed regional planning by the new Coalition Government. Plans are advancing for North Wyong, but not other areas of the region or in the Lower Hunter.

Clearer indications of how the planning system will be reformed should emerge during 2013. Greater responsibility is likely to continue passing to local councils (NSW Government, 2012a). To improve affordability, more councils need affordable housing strategies, and partnership arrangements of the type established between Wyong Council and Pacific Link.

2 Housing Market Overview

This section reviews the current housing market in the Central Coast and Lower Hunter sub-regions and identifies key supply and demand issues.

2.1 Housing diversity

The housing stock across the study area is dominated by detached houses. From Table 4, all LGAs in the study area have a higher proportion of detached housing than either metropolitan Sydney or NSW. This housing form is most prevalent in the north and west of the study area, reaching 87% in Maitland LGA and 91% in Cessnock.

Table 4: Housing type, 2011

Area	Separate house	Attached dwelling	Other
Gosford	74.9%	23.7%	1.4%
Wyong	81.5%	16.9%	1.6%
Cessnock	91.1%	8.1%	0.8%
Lake Macquarie	86.4%	13.1%	0.5%
Maitland	87.2%	11.9%	0.8%
Newcastle	71.6%	27.7%	0.9%
Port Stephens	82.4%	15.4%	2.2%
NSW	69.5%	29.5%	1.0%

Source: ABS (2011) 'Attached dwelling' includes flats and townhouses

Most attached dwellings are semi-detached or terraces, with only modest numbers of flats. Outside Newcastle LGA, very few flats are three storeys or more in height.

There has been significant new housing construction across the region in recent years and this has resulted in a slight decline in the supply of new detached dwellings since the 2006 Census, largely because a large number of townhouses have been built.

Table 5: Attached dwellings, 2006 and 2011

Area	Attached dwelling 2006	Attached dwelling 2011
Gosford	21.30%	23.7%
Wyong	13.20%	16.9%
Cessnock	5.50%	8.1%
Lake Macquarie	11.60%	13.1%
Maitland	10.50%	11.9%
Newcastle	25.30%	27.7%
Port Stephens	13.50%	15.4%
NSW	27.80%	29.5%

Source: ABS (2006 and 2011)

Other dwelling types are significant in some coastal areas, especially Port Stephens and Wyong LGAs, mainly in the form of residential parks (caravans and mobile homes).

Traditionally these parks have been significant sources of lower cost housing, particularly in coastal areas (Bunce, 2010). However, many residents are vulnerable. A study in Gosford found that the income levels among residents were very low and that the vast majority of residents were either retired or living on a disability pension (Lilley, 2010).

Some people live in caravans as homes of last resort because they cannot secure rental housing due to poverty or a poor rental history. Many residents of residential parks own their own mobile home, but under existing arrangements the site is rented. Homelessness can occur if the park is closed for redevelopment, and Housing NSW has arranged to provide emergency assistance to people in this situation.

2.2 Property tenure

Table 6 shows housing tenure as at 2011. Owner occupation levels are high across the study area and levels of outright ownership

are also high. The proportion of home buyers with a mortgage has risen over the last 5 years in areas where there has been significant new development, notably in Maitland.

Table 6: Housing tenure, 2011

	<i>Owner occupied</i>	<i>Social rental</i>	<i>Private rental</i>
Gosford	74.3%	3.1%	22.6%
Wyong	70.9%	3.1%	26.0%
Cessnock	74.7%	3.5%	21.8%
Lake Macquarie	77.0%	5.1%	17.9%
Maitland	73.3%	5.7%	21.0%
Newcastle	67.5%	5.2%	27.4%
Port Stephens	70.7%	4.2%	25.1%
NSW	70.7%	4.4%	24.9%

Source: ABS (2011). 'Owner occupation' includes fully owned and being purchased properties. 'Social rental' includes rented from a State Housing Authority, cooperative or community housing group. All other sundry rental types are included in the 'private rental' category

The proportion of social rental housing (which includes public and community housing) is markedly below the NSW averages in the Central Coast, and Cessnock LGA. The highest levels of social housing are in Newcastle and Maitland. Private rental levels are relatively low in several LGAs due to the higher regional rates of home ownership

2.3 Social rental housing

As noted above, there is a lower proportion of social housing for rent - a category including both public and community housing - in the Central Coast and Lower Hunter sub-regions than the NSW average (4.4%). The LGAs with least social housing are Wyong, Cessnock and Gosford.

The total numbers of public housing units managed by Housing NSW in late 2010 are

shown in Table 7. Almost half of the 15,000 properties are in two LGAs - Newcastle and Lake Macquarie. Public housing in the study area varies in terms of stock quality, degree of concentration in particular neighbourhoods and location relative to sources of employment.

Table 7: Public housing stock, 2010

	<i>Public housing units</i>
Gosford	2,268
Wyong	1,868
Cessnock	650
Lake Macquarie	3,881
Maitland	1,510
Newcastle	4,083
Port Stephens	871

Source: Housing NSW, September 2010

Little public information is available on social housing in the study area beyond short surveys by the state housing authority (Housing NSW, 2008a; b; c; d; e; f; g). The key points to emerge from these are:

- Social housing tenants in Gosford and Newcastle LGAs are more concentrated in the over-55 category than across metropolitan Sydney. Many heads of household in these LGAs are either aged pensioners or disability pensioners.
- However, a substantial proportion of social housing tenants are of working age, i.e. between 25 and 55, in Cessnock, Lake Macquarie, Maitland and Port Stephens LGAs, especially compared to Sydney. Data is unavailable for what proportion of these tenants are actually in employment.
- In Lake Macquarie, 50% of public housing is concentrated in three large estates at Belmont South, Bolton Point and Windale.

There is a small but significant stock provided specifically for indigenous people. The Aboriginal Housing Office managed 387 properties in the study area in 2010. In addition to these properties for Aboriginal households managed by the State there are approximately 175 properties managed by Indigenous community housing organisations, mostly in Newcastle LGA.

Traditionally, social housing has been almost entirely public housing managed by Housing NSW. However, community housing is playing an increasing role, and this can be expected to increase.

Table 8: Social housing mix, 2010

	Public housing	Community housing	Aboriginal housing
Gosford	86%	13%	1%
Wyong	79%	17%	4%

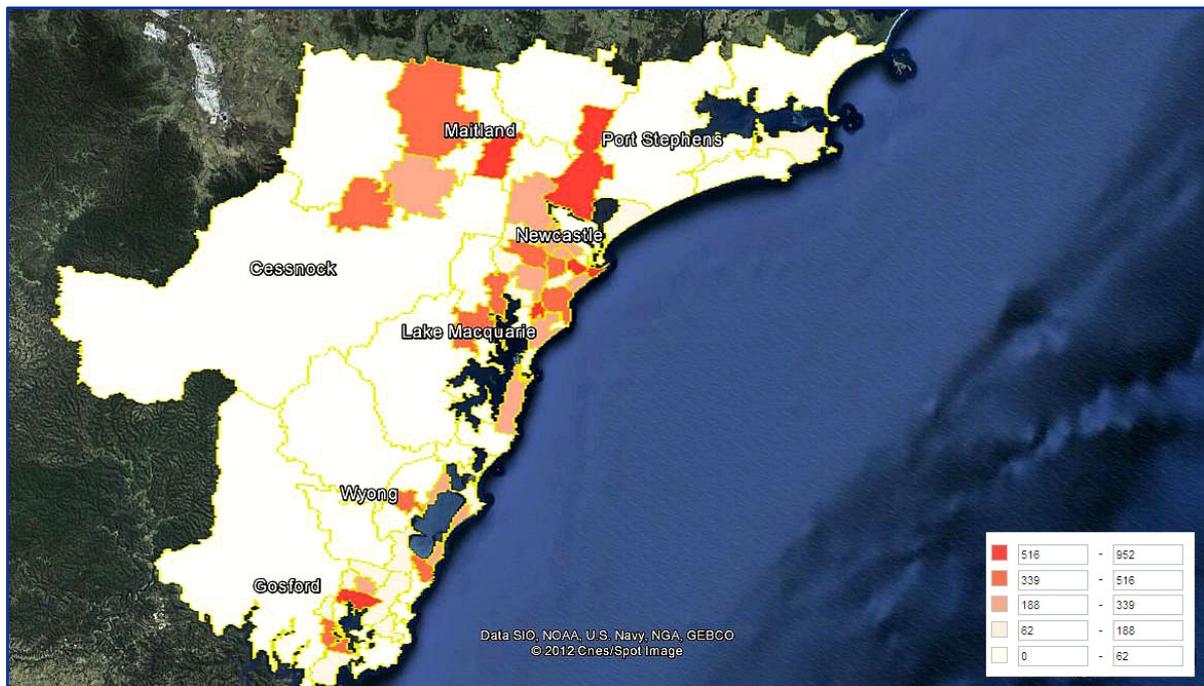
Cessnock	91%	8%	1%
Lake Macquarie	90%	7%	3%
Maitland	91%	6%	3%
Newcastle	87%	12%	2%
Port Stephens	90%	9%	1%

Source: Housing NSW, September 2010

Figure 7 shows the numbers of social housing dwellings in smaller districts in the study area in 2011. In the majority of districts there are fewer than 200 social units, particularly in inland and rural areas where the vast majority of properties are in the private sector.

Higher concentrations of social housing occur in urban areas in Gosford, Lake Macquarie, Cessnock and Maitland. Social housing concentration is less of an issue in Wyong, Port Stephens and Newcastle.

Figure 7: Social housing, 2011



2.4 Housing demand

The dynamics of the regional housing markets in the Central Coast and Lower

Hunter are impacted by both housing demand and housing supply.

Factors influencing demand

The demand for future housing in the study area depends on assumptions on population increase (see Section 1.2), household composition and property occupancy levels. Information on household mix is given below

Table 9: Household composition, 2011

	Family households	Single (or lone) person households	Group households
Gosford	70.0%	27.3%	2.8%
Wyong	71.0%	26.2%	2.7%
Cessnock	73.6%	23.8%	2.6%
Lake Macquarie	73.8%	23.9%	2.3%
Maitland	76.1%	21.5%	2.4%
Newcastle	63.8%	29.5%	6.6%
Port Stephens	73.2%	24.6%	2.3%
NSW	71.9%	24.2%	3.8%

Source: ABS (2011). Totals do not add up to 100%: the balance is Other families.

The data show that the prevalence of one person households is lower than the State average, except in Newcastle, where the proportion of group households is also high. Among family households, the proportion of couples with children is around the NSW average, as shown in Table 9.

Childless couples are particularly well represented in Port Stephens, while the proportion of lone parent families is above the State average throughout the study area, and especially in Cessnock (20.3%) and Maitland (21.3%).

Table 10: Family composition, 2011

	<i>Couple family without children</i>	<i>Couple family with children</i>	<i>One parent family</i>	<i>Other family</i>
Gosford	38.2	42.6	17.9	1.3
Wyong	37.4	40	21.3	1.3
Cessnock	36.6	41.8	20.3	1.2
Lake	39.7	41.8	17.3	1.3

Macquarie				
Maitland	35.7	46.1	17.1	1.2
Newcastle	38.8	40.5	18.5	2.1
Port Stephens	43.0	39.4	16.6	1.0
NSW	36.6	45.5	16.3	1.7

Source ABS 2011. Totals do not add up to 100%: the balance is Other families.

Household occupancy rates have been falling for several decades but this decline has ended in the last five years in most areas. Rates in 2011 were similar to or marginally higher than those found in 2006, ranging from 2.4 people per household in Newcastle to 2.7 in Maitland.

This stabilisation is in part due to an increase in the rate of childbirth and a decline in new household formation. The proportion of lone person households is continuing to grow and this is likely to last as a result of an ageing population.

The ageing population is a key issue for all parts of Australia and particularly so for some parts of the study area, which are popular with retirees. Key data is presented in the Table 11.

In the five years since the 2006 Census, the proportion of residents aged 65 or more has increased in every LGA in the study area apart from Newcastle where there has been a marginal decline. This proportion currently ranges from 19.3% in Port Stephens down to 12.7% in Maitland.

Conversely, the proportion of children aged 0-14 has fallen in every LGA across the region and now ranges from 22% in Maitland down to 17% in Newcastle.

Consequently the median age of residents throughout the study area has risen over the last five years, particularly in Port Stephens and Gosford, and this is expected to continue. In all LGAs the median age is above the NSW median (of 38 years) -

except in Newcastle, Maitland and Cessnock.

Table 11: Population by age, 2011

	<i>Median age</i>	<i>% aged 0-14</i>	<i>% aged 65+</i>
Gosford	42	18.7	19.2
Wyong	40	20.2	18.8
Cessnock	37	21.4	14.1
Lake Macquarie	41	18.6	18.4
Maitland	36	22	12.7
Newcastle	37	17	15.4
Port Stephens	42	19.5	19.3
NSW	38	19.1	14.6

Source: ABS (2011)

Population projections

The demand for future housing in the study area is contested. State Government continue to rely on earlier projections which do not take into account data from the 2011 census.

The Urban Development Institute of Australia (UDIA) contends that the projections for the Central Coast are an under-estimate of population growth. However, it should be remembered the UDIA are a developers' lobby group and higher population numbers strengthen their case for lower developer charges and faster land release.

Compared to the Government's projected Central Coast population of 424,700 in 2036, the UDIA consider a 'desirable' population to be 456,100 based on an annual growth rate of 1.375% (UDIA NSW, 2007: p.8)

Similarly, the UDIA consider the Government's projections for the Lower Hunter to be 'conservative' (UDIA NSW, 2006: p.10). However, they do not present alternative projections, and since the draft

Lower Hunter strategy was published in late 2005 the Government raised annual growth projections from 5,000 to 5,250 additional people each year. Therefore the gap between the UDIA and Government on Lower Hunter population projections is probably only modest.

Independent demographer Bernard Salt from KPMG has derived an alternative population growth forecast for the Lower Hunter, suggesting the potential for a population of 723,000 by 2051 (Salt, 2005). Interestingly, this is somewhat less than the 745,000 population that could be seen in 2051 based on Government estimates extrapolated from 2036 to 2051. The work of Bernard Salt suggests that the Government's Lower Hunter population projections are relatively conservative.

Demand projections

NSW Government regional strategies use an estimated average household size of 2.21 persons per dwelling for the Central Coast and 2.11 persons per dwelling for the Lower Hunter. These ratios are noticeably lower than seen at recent censuses, reflecting more people living alone, lower fertility rates and general effects of an ageing population.

Table 12 calculates the amount of new housing required in the study area based on State Government estimates of population growth and occupancy levels. This indicates Central Coast requires 56,000 new homes and the Lower Hunter 115,000 by 2036.

Table 12: Housing demand to 2036

	<i>Central Coast</i>	<i>Lower Hunter</i>
Estimated population, 2036	424,700	675,900
Dwelling occupancy	2.21	2.11
Properties required, 2036	192,000	320,000
Housing stock, 2011	139,305	222,330

New dwellings required	52,695	96,670
New dwellings required each year	2,108	3,867

Source: NSW Government (2010b) for first two lines

These projections are highly sensitive to changes in population and occupancy estimates, and rely on population projections that need to be reviewed and updated by Government.

2.5 Housing supply

One of the main drivers reducing the affordability of housing has been the failure of housing supply to keep pace with housing demand. According to the National Housing Supply Council, the shortfall of supply compared to underlying demand reached 89,000 dwellings in NSW in 2012. (Australian Government, 2010).

NSW Government Regional Strategy plans seek to ensure that future housing demand will be met, by setting targets for dwelling approvals and by facilitating delivery of the new housing. It is intended that infill and redevelopment in existing centres will deliver 71% of new housing in the Central Coast, and 41% in Lower Hunter (DOP 2006, 2008).

Industry views

The development industry has raised concerns that the NSW Government's targets for the region are not well founded. UDIA NSW (2010) have pointed out that appropriately zoned greenfield land supplies in the study area have been almost exhausted in recent years and will take time to be restocked. They say:

- Future targets for the proportion of higher density infill developments are unrealistic. Most market demand in the study area has been, and in their view

will probably continue to be, for detached properties.

- By ruling out development west of the F3 in the Central Coast, the Government has restricted housing supply in an area where there would otherwise be high demand.
- A focus on infill development, particularly in the Central Coast, may exacerbate problems of housing affordability. The UDIA says that construction costs of for multi-unit homes are much higher than for detached dwellings.
- The Lower Hunter has special factors which may limit the rate of new building projects such as fragmented land ownership, mining subsidence and the need for conservation.
- In both the Central Coast and Lower Hunter, lack of quality transport infrastructure may limit the attractiveness of several of the sites identified by Government for development.

The Coalition Government recently announced new planning initiatives aiming to facilitate new land release and speed up development activity. In October 2012 a specific approach for North Wyong was launched, proposing 17,000 new dwellings by 2031 (NSW Government, 2012b).

Census 2011 data

Recently released information highlights the challenges over recent years in delivering additional housing into the study area. As shown in Table 13, the number of dwellings has increased since 2006. However, the supply is not sufficient to keep up with anticipated demand.

Table 13: Housing supply and demand

	Central	Lower
--	---------	-------

	<i>Coast</i>	<i>Hunter</i>
Dwellings, 2006	134,238	209,916
Dwellings, 2011	139,305	222,330
Total increase	5,067	12,214
Annual supply	1,103	2,484
Annual demand	2,108	3,867
Annual shortfall	1,005	1,383
% shortfall	48%	36%

Source: ABS (2006; 2011). Demand figures are taken from Table 12. Total dwelling numbers

The annual shortfall in new household supply is considerable. For example, in the Central Coast it is less than half the rate required. Table 13 also highlights that the housing market is more challenged in the Central Coast than the Lower Hunter.

A more detailed analysis of the 2011 Census suggests that the position may be worse than suggested in Table 13. Through analysing the proportion of dwellings that are occupied, rather than looking at all dwellings, a new trend emerged. As shown in Table 14, there has been only a modest increase in occupied dwellings since 2006.

Table 14: Occupied dwellings supply and demand

	<i>Central Coast</i>	<i>Lower Hunter</i>
Occupied dwellings, 2006	116,041	191,011
Occupied dwellings, 2011	117,205	195,309
Total increase	1,164	4,298
Annual increase	232	860
Annual demand	2,108	3,867
Annual shortfall	1,876	3,007
% shortfall	89%	78%

Source: ABS (2006; 2011). Demand figures are taken from Table 12. Total occupied dwelling numbers

Occupancy levels in 2011 are higher in the Lower Hunter (88%) than the Central Coast (84%). This is most likely based on a higher number of holiday homes in Gosford and Wyong. However, there has been a trend to lower occupancy rates in 2011 than in 2006.

For example, Central Coast occupancy rates fell from 86% in 2006 to 84% in 2011.

Unless there are data collection issues, the fall in occupancy rates suggests that many of the new properties built between 2006 and 2011 are second or holiday homes. For example, the 5,067 properties built in the Central Coast over the period, only resulted in a net increase of 1,164 occupied homes. In the Lower Hunter the 12,414 new properties only led to an increase of 4,298 occupied homes.

2.6 Conclusions

The study area has limited diversity of housing stock, particularly outside the major urban areas of Newcastle, and the great majority of dwellings are detached houses. There has been some change in the type of new supply between 2006 and 2011, though this is unlikely to make a major difference. The housing stock is likely to increasingly fail to match the demand for smaller, more affordable and well located properties.

Levels of home ownership are high, reaching almost 75% in Gosford and Cessnock LGAs. In areas of established housing and in areas popular with retirees, a large proportion of home owners are mortgage-free. Levels of private rental are generally similar to or below the NSW average, except in Wyong, Newcastle and Port Stephens. The level in Lake Macquarie is especially low.

The proportion of dwellings let as social housing is significantly lower than the NSW average on the Central Coast and also in Cessnock. Some of the existing social housing stock is unsatisfactory because of its age or condition, or because it is poorly located relative to current employment

opportunities or because it is highly concentrated in disadvantaged estates.

Between 2006 and 2011, housing supply failed to keep up with housing demand. This is an issue well known to Government, and steps have been taken to accelerate new land release. It will take several years for this new housing to be delivered, and so far detailed plans are not in place for the Lower Hunter and fast growing areas such as Gosford LGA.

The housing market in the Central Coast is further out of equilibrium than the Lower Hunter, though both face challenges. In the Central Coast, the supply of new dwellings is only around half the level required, and in the Lower Hunter around two thirds.

The 2011 Census highlights a growing regional trend of increasing numbers of unoccupied properties. This is probably explained by second homes, rather than abandonment. However it is resulting in very modest levels of net housing supply, especially in the Central Coast. Lifestyle migration is a factor, fuelled by the greater spending power of metropolitan Sydney residents compared to local purchasers.

3 Housing affordability trends

This section reviews housing affordability issues in the study area, with a particular focus on issues facing lower income groups. In addition suggestions are provided as to the best approach to be adopted by social housing providers.

3.1 Affordability challenges

'Housing affordability' is normally measured as a relationship between household income and expenditure on housing costs. It can apply to all households, whether they are purchasing a property via a mortgage or renting from a landlord.

Around one in six Australian households pay over 30% of income on housing costs, and are defined as being in 'stress'. Of households in the lowest 40% of income bands, over a quarter are in stress. The lowest income households are concentrated in the private rental sector, where a majority face housing stress.

Housing stress increased from the early 1990s in Australia, principally because housing prices increased much faster than wages (Yates & Milligan, 2007). As a result, entry to home ownership became difficult or impossible for many households, and shortages of affordably priced rental accommodation became severe.

Measured by comparing average income to average house purchase prices, Australia is less affordable than the US, UK, Canada,

Ireland or New Zealand (Demographia, 2012). Five of the ten most unaffordable city regions in these countries are in Australia, with Sydney the third least affordable market in the world.

The Central Coast and Lower Hunter sub-regions share many affordability issues with other parts of Australia. However, there are a number of important and distinct regional issues. Much of the Central Coast has become a popular commuting location, with new residents attracted by relatively affordable prices, especially compared with the metropolitan core. One quarter of Central Coast workers, some 30,000 people, commute southwards to work, in many cases to Sydney (NSW Government, 2008).

3.2 Regional incomes

People in professional and managerial occupations are under-represented in the study area, except in Newcastle and Gosford. Levels are especially low in Cessnock, Port Stephens and Wyong.

Table 15: Occupation sample, 2011

	<i>Professionals</i>	<i>Labourers</i>
Gosford	21.4	8.9
Lake Macquarie	19.3	10.1
Maitland	16.8	10.6
Cessnock	11.0	13.7
Newcastle	26.1	9.1
Port Stephens	14.4	10.9
Wyong	14.5	12.3
Region	19.2	10.3
NSW	23.2	8.9

Source: ABS (2011). Selected occupations only. Percentage of all employed adults

In all LGAs except Gosford, mining and manufacturing are higher than across metropolitan Sydney and NSW. The main manufacturing areas are Cessnock and Maitland LGAs, both areas where mining is a major employer. Table 16 shows weekly incomes across the study area.

Table 16: Weekly household income, 2006-11

	2006	2011
Gosford	943	1,089
Wyong	769	934
Cessnock	788	1,042
Lake Macquarie	921	1,117
Maitland	1,024	1,292
Newcastle	886	1,165
Port Stephens	831	999

Metro Sydney	1,154	1,447
NSW	1,034	1,237

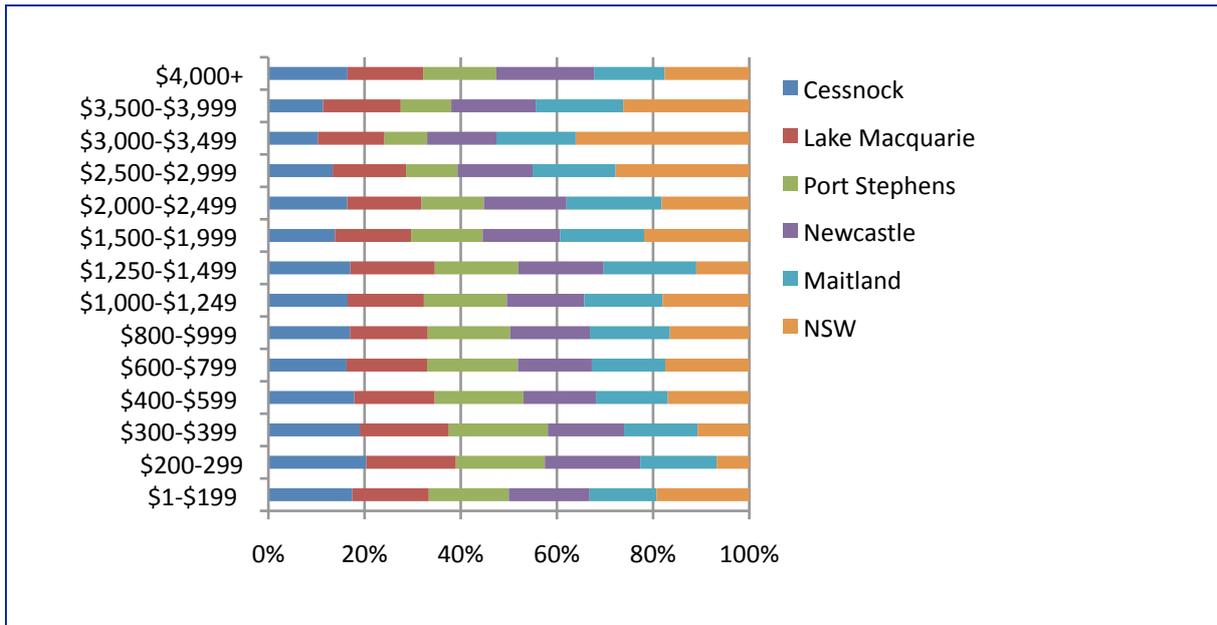
Source: ABS (2011). Median income

In each period, all LGAs except Maitland had median household incomes below the NSW median income. All LGAs in the study region have income levels below metropolitan Sydney. The lowest incomes were in Port Stephens and Wyong, probably because of the significant population of retirees in these areas.

Between 2006 and 2011 median household incomes increased by 25% in metropolitan Sydney. By contrast the rise in Pacific Link's key markets was only 15% in Gosford and 21% in Wyong. This makes it increasingly hard for Central Coast renters and purchasers to compete for properties against higher paid Sydney earners.

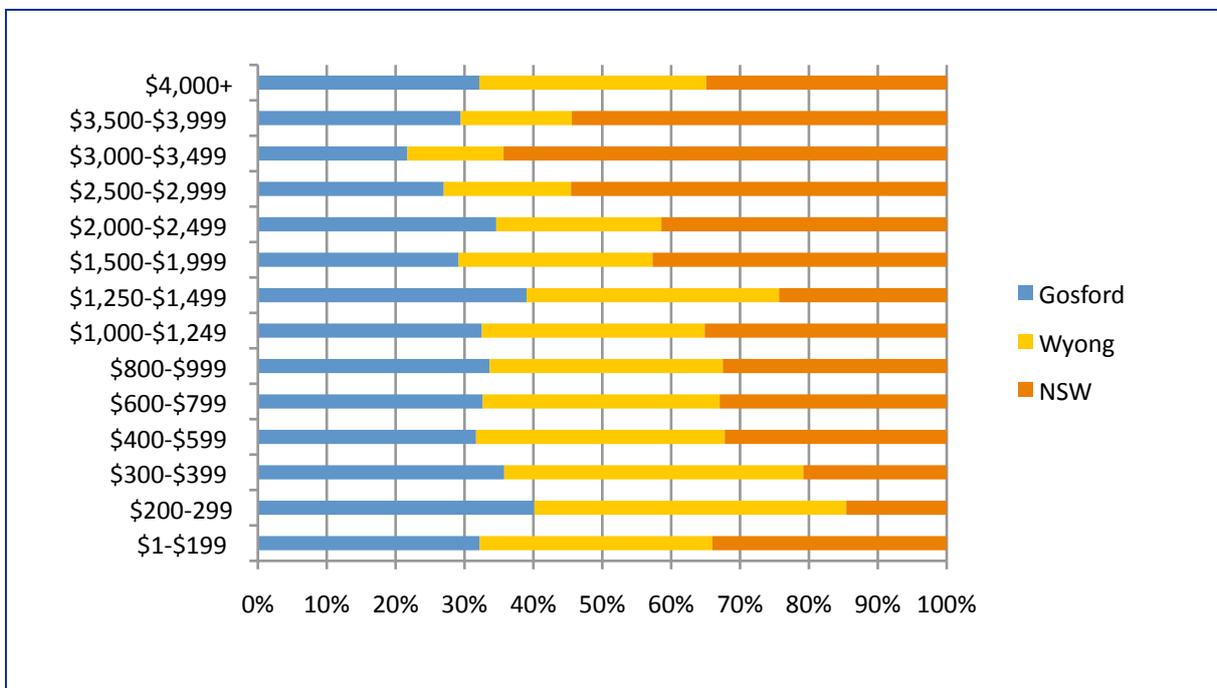
Regional areas with high household income increases were Cessnock (+32%) and Maitland (+26%). These are areas benefiting from increased resource and mining activity. Large increases in income were also seen in Newcastle (+31%). Other Lower Hunter LGAs continued to fall further behind income levels seen in Sydney. This split in trends in the Lower Hunter is shown in Figure 8.

Figure 8: Households in weekly income bands, 2011 (Lower Hunter)



Source ABS (2011)

Figure 9: Households in weekly income bands, 2011 (Central Coast)



Source ABS 2011

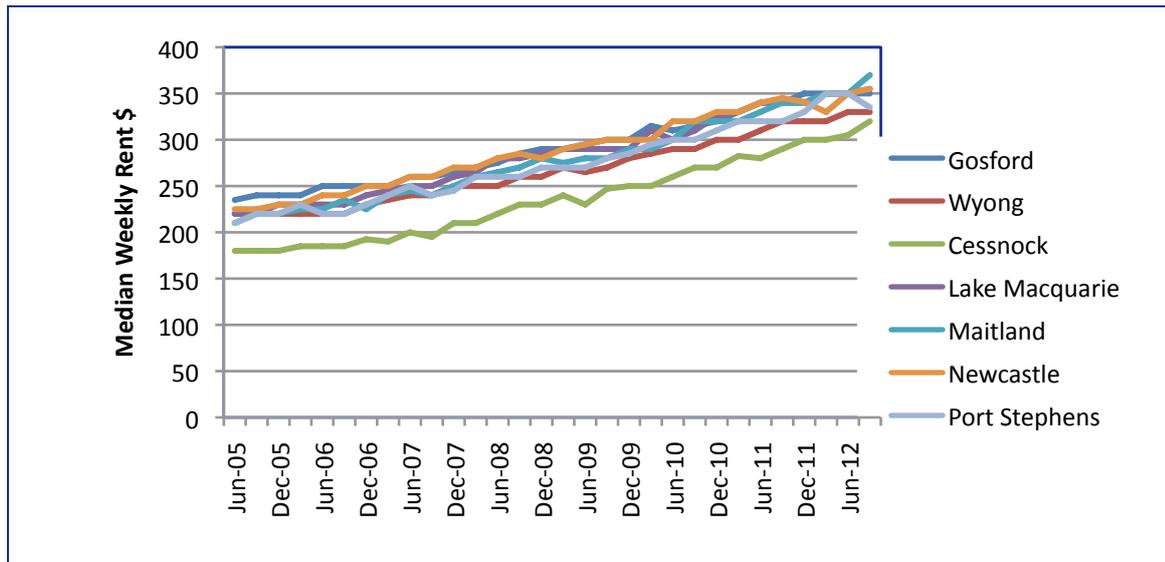
From Figure 9, the income distribution is more skewed in Wyong - with a greater focus on lower and very high income bands - than Gosford. Overall, in Central Coast LGAs, there are fewer higher income households than across NSW earning in excess of \$2,000 per week.

3.3 Regional housing costs

Price trends since 2005 in property rental costs in the study area are shown in the next chart. Rents in the Central Coast and Lower Hunter regions are somewhat lower

than NSW averages but slightly above the average for non-metropolitan NSW.

Figure 10: Property rental costs, 2005-12



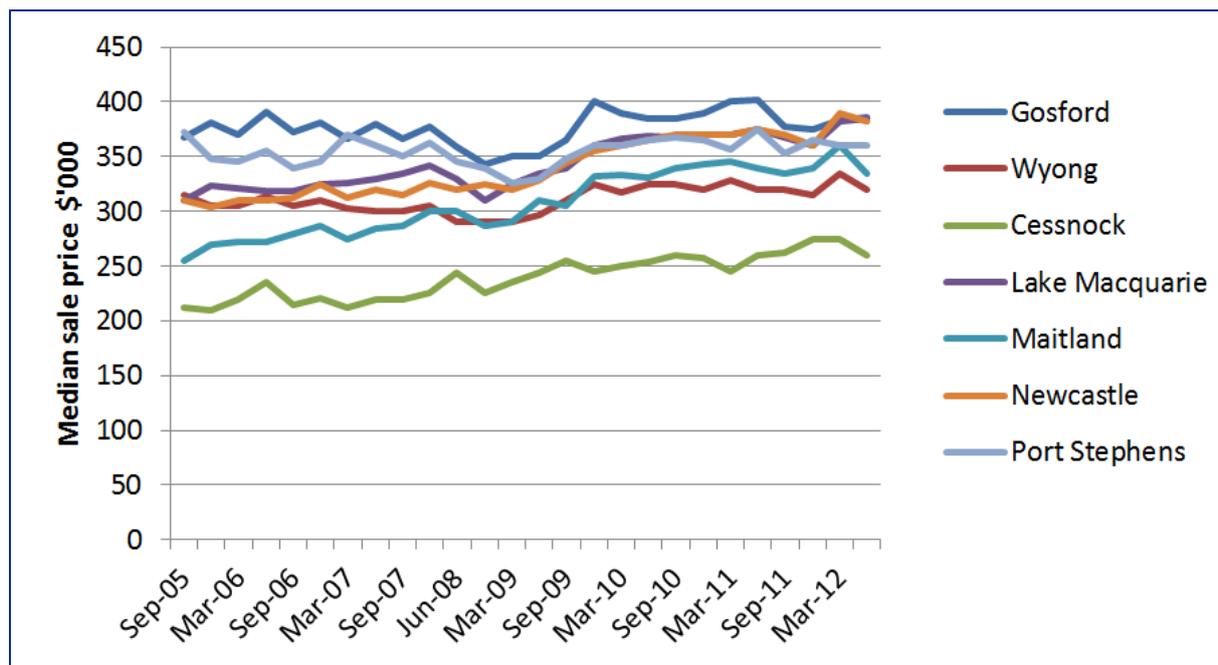
Source: Housing NSW (2012). All properties

As the Figure 10 shows, average rents have continued to climb despite the lack of growth in property values as indicated in Figure 11. This phenomenon is due to the shortage of private rental supply in comparison to demand in the study area.

Rent levels throughout the study area are similar, and there is a convergence of rents in different LGAs over the period 2005 to

2012. Throughout the period highest rents have normally been seen in Newcastle and Gosford, though rents have recently increased markedly in Maitland with the resources boom. Cessnock LGA rents continue to be the lowest in the study area.

Figure 11: Property sales prices, 2005-12



Source: Housing NSW (2012). Median quarterly sales prices, all properties

As Figure 11 indicates, housing sales prices in the study area fell during the Global Financial Crisis and recovered in 2010. Since late 2011, declines have again been experienced in most areas. Gosford and Newcastle are the highest priced LGAs, but all have broadly similar housing values apart from Cessnock which is notably cheaper.

3.4 Regional affordability

The previous tables and figures show that both household incomes and household expenditure on housing costs are lower in the study area than for NSW. Measures of ‘housing stress’ combine these variables to show whether housing costs represent an unaffordable proportion of a household’s income. The usual benchmark is that households in the lowest 40% of the income range are in housing stress if they spend more than 30% of their income on rent or mortgage payments.

Full data on housing stress from the ABS Census 2011 at a local level, and for

different tenure types, has not yet been published. However available data shows the percentage of all households in housing stress in each LGA, and this provides an indication of stress levels in the Study Area.

Rental affordability

As is shown in Table 17, housing stress levels in the region among renters are similar to or slightly below the NSW average. The situation is most problematic in Wyong, Newcastle, Gosford and Port Stephens.

Table 17: Renters in housing stress, 2011

	% in housing stress
Gosford	10.60%
Wyong	12.50%
Cessnock	9.20%
Lake Macquarie	8.40%
Maitland	8.70%

Newcastle	11.90%
Port Stephens	10.10%
NSW	11.60%

Source; ABS (2011), percentage of all households

An alternative view of affordability can be found by examining the percentage of an area's housing stock that is affordable to different income bands (Table 18). Data for this measure reinforces the previous finding that only a very small proportion of private rental housing is affordable to households with low incomes

Table 18: Affordable rental stock, 2012

Area	Very Low Incomes - affordable % rental stock	Low Incomes - affordable % rental stock	Moderate Incomes - affordable % rental stock
Cessnock	11%	58%	93%
Gosford	10%	39%	83%
Lake Macquarie	10%	36%	86%
Maitland	12%	35%	88%
Newcastle	18%	38%	78%
Port Stephens	9%	45%	88%
Wyong	10%	48%	89%

Source: Centre for Affordable Housing (2012). Income bands are compared to median: 'Very low' (<50%); 'Low' (50%-80%) and 'Moderate' (80-120%). Data as at September 2012

Housing stress affects the lowest income households most severely. From Table 18, households with incomes below 50% of the median can afford a very small proportion of the available private rental housing.

Purchase affordability

A similar picture to rental affordability is shown in Table 19 which shows housing stress among purchasers. Again, this table shows the percentage of all households in stress.

Research has previously noted that 'mortgage stress' is more evenly distributed across the

income bands than 'rental stress', with around 3 out of 4 households in the lowest 20% of the income range experiencing stress, and over half of those in the 20% above this. Gosford and Wyong have the highest levels of mortgage stress according to the data.

Table 19: Purchasers in housing stress, 2011

	% in housing stress
Gosford	10.20%
Wyong	10.20%
Cessnock	8.20%
Lake Macquarie	8.70%
Maitland	8.60%
Newcastle	7.40%
Port Stephens	8.40%
NSW	10.50%

Source: ABS (2011), percentage of all households

Table 20 shows the proportion of dwellings that are affordable to lower income households. Not surprisingly, very low income households (i.e. income 50% of the LGA median or less) are effectively locked out of home ownership, as are most households with income closer to the median. Affordability for moderate income households is best in Wyong and Cessnock.

Table 20: Affordable purchase stock, 2012

	Very Low Incomes affordable % purchase stock	Low Incomes affordable % purchase stock	Moderate Incomes affordable % purchase stock
Cessnock	0%	36%	78%
Gosford	0%	4%	42%
Lake Macquarie	0%	4%	44%
Maitland	1%	12%	54%
Newcastle	0%	3%	44%
Port Stephens	0%	12%	50%
Wyong	0%	14%	63%

Source: Centre for Affordable Housing (2012). Data as at September 2012

Relatively stable housing prices mean that purchase affordability in the region has improved somewhat in recent years, although it remains almost impossible for Very Low and Low income households to buy a home in the region unless they have access to additional funds such as financial contributions from parents.

Consequently, lower income households are usually limited to rental options. Even for moderate income households, there are limited options, although it is worth noting that the Central Coast and Lower Hunter are more affordable than metropolitan Sydney.

In summary:

- Housing affordability has improved for purchasers over the last few years, but not for renters.
- Affordability problems are greater in the Central Coast than the Lower Hunter for both renters and purchasers.
- Very high levels of housing stress are faced by Very Low Income renters.

It is important to recognise that patterns of housing stress are not uniform within an LGA. Housing stress in Gosford LGA is greatest in the areas around Gosford City and around Ettalong Beach, and in coastal suburbs from Avoca Beach to Terrigal.

In Wyong LGA housing stress is greatest around the shores of Lake Tuggerah and up to Gwandalan. However, there are a number of sparsely populated coastal districts where housing stress is low. In the Lower Hunter LGAs, housing stress is greatest in the older urban areas, particularly in those parts of Newcastle which are gentrifying.

3.5 Social housing waiting lists

Section 2 of this report detailed the supply of social housing across the study area. Data

from housing waiting lists can be used to indicate the types and locations of housing that are in particularly short supply. This can help Pacific Link plan the most appropriate locations for, and specific types of new social housing and future service provision.

From the latest data available, across NSW there were over 56,000 eligible applicants on waiting lists for social housing at the end of 2011 (NSW Government, 2010a).

This figure equates to approximately 600 people on social housing waiting lists per 100,000 residents in NSW. Rates are higher in the study area: nearly 800 waiting per 100,000 residents in the Lower Hunter and over 1100 in the Central Coast.

Table 21 shows the most recent available data for numbers on the Housing Pathways waiting list across the study area. By far the largest waiting lists for social housing are in Gosford, Wyong and Newcastle. However, given the low stock of social housing on the Central Coast, the prospects for applicants there are worse than in other areas.

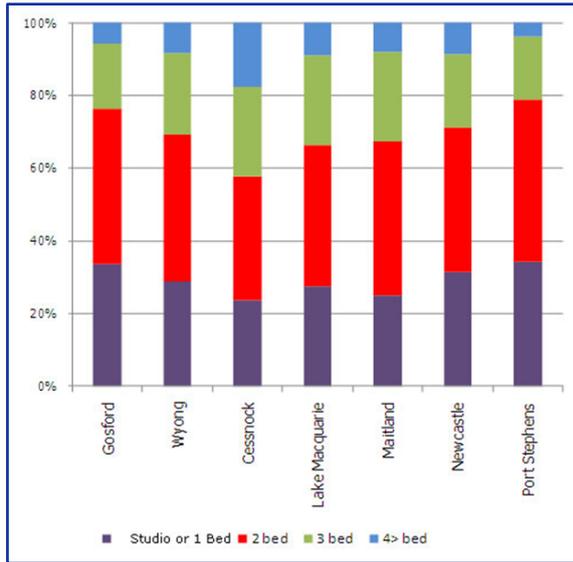
Table 21: Waiting lists, 2011

	<i>Number on list 2010</i>
Gosford	1,916
Wyong	1,964
Cessnock	231
Lake Macquarie	899
Maitland	890
Newcastle	2,147
Port Stephens	202

Source: Data supplied by Pacific Link

Figure 12 shows the breakdown of housing requirements among waiting list applicants. Greatest demand is for smaller properties with up to two bedrooms. This is particularly the case in the Central Coast, Newcastle and Port Stephens.

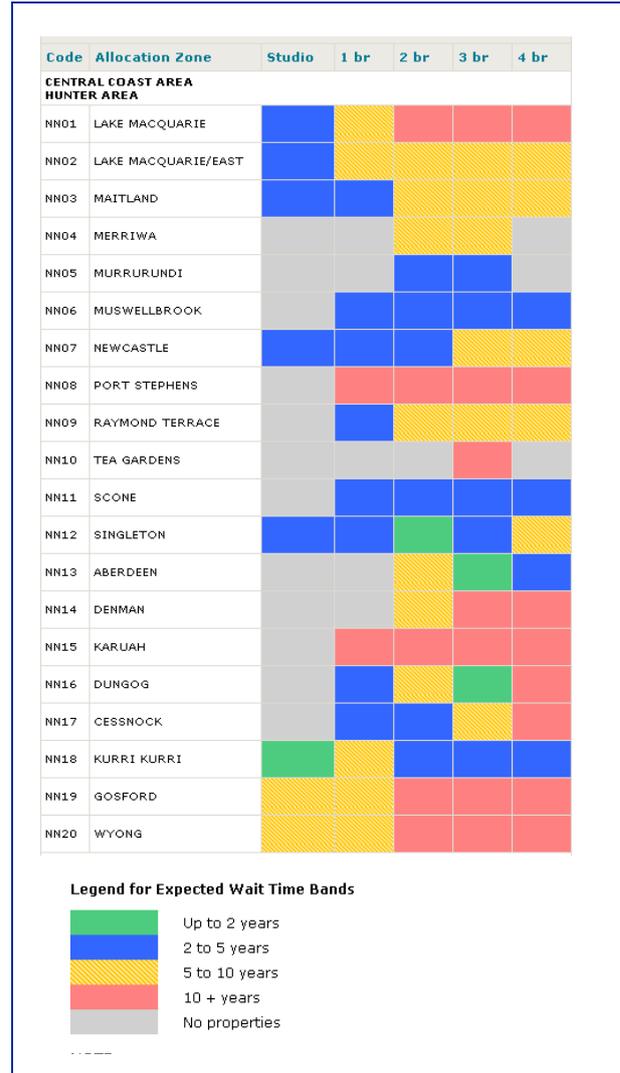
Figure 12: Waiting lists by household type, 2006



Source: Housing NSW 2006. Updated data is no longer published

Figure 13 shows projected waiting times for different sizes of dwelling in each Housing Allocation Zones in the Hunter and Central Coast, for non-priority applicants. Note that these Zones are areas used by Housing NSW and do not correspond to LGA or other boundaries. There are very few areas shaded green, with a 'reasonable' waiting time of up to two years. Many areas have waiting lists in excess of a decade.

Figure 13: Social housing waiting lists, 2012



Source: Housing NSW website

The chart illustrates the particular shortage of social housing on the Central Coast, where all categories of dwelling show a minimum wait period of 5 years. Availability is best in Muswellbrook and Scone, but these areas have limited employment opportunities. The chart also shows the lack of small units for single people and couples across much of the study area, with no studio or one bedroom units in the social housing stock in many areas.

The demand for social housing in each area depends to a significant degree on the mix of available stock. State-wide, over 40% of housing NSW's public housing stock is three bedroom, according to the most recently

published data, while 27% is two bedroom and 26% one bedroom or bedsits. Only 7% has four or more bedrooms.

Over the next 10 years, the Central Coast is projected to remain the more challenged part of the study area, in terms of social housing provision with particular problems in Wyong LGA. Maitland, another fast growing area, faces similar issues.

Finally, it is important to note that a significant proportion of social housing lettings are made to priority applicants. In 2011, 4,599 of 11,276 new lettings were to priority households. Particularly high priority is given to people who are homeless or threatened with homelessness.

Table 22: Homelessness 2011

	<i>Homeless persons</i>	<i>Severely overcrowded</i>	<i>Marginally housed in caravan parks</i>
	no.	no.	no.
Gosford	404	171	33
Wyong	364	207	274
Lower Hunter	190	141	31
Maitland	111	107	61
Port Stephens	108	54	110
Lake Macquarie E	248	106	62
Lake Macquarie W	154	87	125
Newcastle	667	203	0

Source: ABS 2011. 'Homeless' includes those in emergency accommodation, boarding houses, staying with friends, and severely overcrowded.

Data from the 2011 Census indicates that homelessness rates are similar to those found in 2006 and are particularly high in Newcastle. Note the ABS definition of 'homeless' includes those in boarding houses. All the region's boarding houses are in Newcastle, accommodating 250 people.

In both the sub-regions in the study area in 2011, homelessness was at a lower rate than for NSW as a whole. However, data on homeless rates should be treated with caution. Accurate information is notoriously difficult to obtain and verify, and the Census likely to underestimate numbers.

3.6 Increasing social housing

During the last two decades public housing in Australia has become 'residualised', that is, a limited stock is increasingly allocated to tenants with high and often multiple/complex needs. As rents are income-based, the revenue of State Housing Authorities has been under substantial pressure. Around 80% of Australian public housing tenants are in the lowest 20% of the income range (Jacobs et al., 2009).

Housing NSW has struggled to maintain the public housing stock, and has had very limited funds available to augment it. In the nine years to 2007/08, state housing authorities national funding fell by 24 per cent in real terms (Productivity Commission, 2009: vol 1, p.16.6).

Poor stock repair and concentration of tenants with high needs in public housing has led to calls for a move away from single tenure public housing estates. Several estate renewal projects are underway and more are planned. In general, these are partly self-funded by introducing new private sector housing to the estates.

The Windale area in Lake Macquarie LGA has been identified for mixed tenure renewal. This is expected to involve the sale of some land and properties. No information is available on progress.

New social housing

Despite growing demand, social housing supply did not expand over an extended period from the mid-1990s and has seen only very marginal growth over the last few years.

As part of the Nation Building Economic Stimulus Plan the Commonwealth invested \$2.9 billion to deliver new social housing units in NSW. Some 90% of these new properties are now owned and run by community housing providers. In the study area, Newcastle-based Compass Housing received properties under the Package.

The main longer-term program for building new affordable housing is the National Rental Affordability Scheme (NRAS). Under this, subsidies are provided to ensure that properties are rented to eligible applicants for 10 years at 80% of local market rental levels or less.

Table 23 shows progress with NRAS allocations from Rounds 1 to 4 in the study area. Of the 702 allocations, 229 to date have resulted in delivered properties. This is a similar success rate to nationally.

The Central Coast and Lower Hunter have received a relatively good allocation of NRAS incentives, though with some awards it is not clear which area is the target. The main beneficiary has been Compass Housing (229 incentives), followed by Community Housing Limited (150 incentives). Three private sector bidders have also received NRAS allocations.

The Stimulus Package and NRAS funded properties, while welcome, will only make a small impact on the study area's housing affordability challenges. They are balanced against the proposed sales of public housing in Lake Macquarie, which will reduce social housing stock, and the continuing demand for new homes detailed in section 2.

Table 23: Delivery progress with NRAS allocation

	Postcode	Built	Reserved	Total
Aberdare	2325	3	0	3
Cardiff	2285	2	0	2
Cessnock	2325	15	0	15
Charlestown	2290	0	42	42
Charmhaven	2263	20	0	20
East Maitland	2323	6	0	6
Edgeworth	2285	7	0	7
Elermore Vale	2287	10	0	10
Fennel Bay	2283	13	0	13
Gorokan	2263	3	0	3
Gosford	2250	32	61	93
Hamlyn Ter.	2259	0	40	40
Islington	2296	8	26	34
Jesmond	2299	4	0	4
Maitland	2320	0	35	35
Marks Point	2280	0	40	40
Mayfield	2304	0	40	40
Mount Hutton	2290	7	0	7
Newcastle	2300	30	0	30
Newcastle W	2302	1	0	1
Niagara Park	2250	0	62	62
N Gosford	2250	8	58	66
Raymond Ter.	2324	17	11	28
Springfield	2250	0	1	1
Tighes Hill	2297	8	0	8
Wadalba	2259	9	0	9
Wallsend	2287	10	57	67
Waratah	2298	14	0	14
Watanobbi	2259	2	0	2

Source: National Rental Affordability Scheme Monthly Performance Report, (Australian Government, 2012)

3.7 Social issues

There are a number of social issues facing the Central Coast and Lower Hunter:

- Recent population increases have challenged existing human services both in sheer demand for service, as well as the variety and complexity of

services needed. This will take large investment to resolve.

- Population growth has not always been accompanied by a similar rise in the number of jobs. Fast growing areas in the Central Coast act in part as dormitory outer suburbs for workers employed outside the region.
- Some parts of the region are characterised by smaller towns and villages with poor public transport links. Lower income groups living in areas of high social disadvantage may not be able to easily and affordably travel to parts of the region where there are jobs.
- Sea and tree change migrants, and others buying second homes in the region, generally tend to buy existing properties. Existing residents may be displaced over time (Barr, 2009).
- Some social housing in the region was located to serve traditional industries. As these have declined, the housing has become relatively isolated from employment. Over recent years, the proportion of social housing residents able to work has diminished due to an ageing population and residualisation.

The issue of social disadvantage is particularly important to community housing providers such as Pacific Link. Due to the residualisation of social housing, most new applicants have complex needs rather than simply being in a low income group. This provides challenges to both State Housing Authorities and community providers.

Pacific Link have procedures to assist tenants with complex needs, through their own staff, often working in partnership with local and regional not-for-profit social service providers. This has led to strong networks of support being built in region, helping build community cohesion. This

networked and service/housing mix strategy is in contrast to most of the 'growth' community housing groups across Australia.

3.8 Conclusions

Central Coast and Lower Hunter housing markets are characterised by significant housing affordability issues especially for low income renters. These are made worse by a relatively low supply of social rental housing. Most affected are the lowest income households seeking accommodation on the private rental market, and renters with fixed incomes, including older people.

Housing stress among renters has, if anything increased in recent years, due to continuing rises in rents. Stress among buyers has decreased due to stable prices and lower interest rates, although many borrowers remain vulnerable, particularly if they lose their employment or go through relationship breakdown.

Traditional sources of low cost rental housing (including older-style housing stock, caravan parks and boarding houses) are declining due to development pressures.

The supply of social housing and affordable housing is not keeping pace with population growth anywhere in the study area. There is a particular shortage of social housing in Wyong and Gosford. Recent initiatives to build new affordable rental housing will have some impact, although the numbers are modest compared to demand.

In general, new greenfield housing development across the region will be concentrated in a small number of areas, the largest being in Wyong. At present, strategies are not in place to ensure social and affordable housing are provided in these developments.

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