

NSW Minerals Council

Upper Hunter Housing Research Study (Stage 2)

Component 3b Information Paper

POTENTIAL TO POOL EXISTING
RESOURCES FOR AFFORDABLE
HOUSING

July, 2014



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Executive Summary

This paper is one of a series of information papers prepared as part of the Upper Hunter Housing Research Study commissioned by the NSW Minerals Council. The purpose of the Study is to understand the impact of mining on housing in the Upper Hunter sub-region, defined as the Muswellbrook, Singleton and Upper Hunter Shires. Ultimately the Study aims to facilitate the development of a collaborative approach to address the sub-region's housing issues. This information paper investigates options and resources available to the sub-region to specifically address the availability of affordable rental housing.

The impetus for the Study was the high level of stress being felt in the housing market during the recent period of expansion in coal mining (2010-2012). However, soon after the Study was commissioned, a significant downturn occurred in the mining industry with dramatic job losses triggering a downturn in the housing market which has seen rents fall, vacancy rates rise and clearance rates slow down. Any strategies to address housing affordability need to be understood in the context of this market variability.

The paper describes the effects of movements in the mining sector on the sub-region's housing market as it follows the upturns and downturns in coal production. It describes the mobility of residents and investors into and out of the housing market as it rises and falls, including the displacement of some low income households. It observes that both conditions contribute to homelessness, in an upturn due to rising housing costs and in a downturn due to job loss. It discusses the impact of housing stress on lower income households leaving less money for essential items (such as food, clothes, education, transport or health care) impacting on health, employment prospects, and family and community relationships. It highlights how the lack of affordable housing can impact on the availability of local goods and services (both as a result of housing costs in an upturn and job losses in a downturn), with some decline evident in the sub-region's retail and public administration services. Impacts can also be felt in the tourism sector which draws upon the image and substance of the region's social (and physical) environment. Mining is also affected by high housing costs which impact on service quality or availability, with workforce attraction dependent on the lifestyle qualities an area has to offer (such as education, retail and leisure services).

In the midst of the recent upturn (2011) and before the market peaked in 2012, housing stress amongst home renters affected 24% of rental households in Muswellbrook Shire and 21% in Upper Hunter Shire, and a lower 17% in Singleton Shire. However, it is likely that the data for Singleton Shire reflects the displacement of low income households from rental housing as the market tightened during the mining expansion. This assertion is supported by interviews with real estate agents who indicated a dominance of mining workers in the rental market at the time, with fewer young couples, young families and young people. The data also suggests that households on very low incomes (such as aged pensioners) have difficulty affording private rental housing even under downturn conditions; an observation also made by community housing providers.

Given that mining is the major driver of housing demand in the sub-region, any future expansion in the mining industry has the potential to again impact on housing affordability, depending on its scale. If this were to occur, those most likely to be affected would be low to moderate income households unable to absorb the increased rents that would follow.

The provision of affordable rental housing by not-for-profit community housing providers is a proven way of securing affordability as it can offer rents that are tied to income levels rather than movements in private rental prices. Affordable rental housing has been delivered in mining communities elsewhere through collaborative arrangements involving State and Local government, mining companies and not-for-profit community housing providers. The initiatives have been well received in the host communities and in two cases, were awarded national housing and development industry awards.

The Upper Hunter sub-region has the advantage of access to a variety of stakeholders, funding and land resources that could potentially be directed towards supplying affordable rental housing of this kind. The current downturn provides the opportunity for stakeholders to adopt a proactive approach in advance of any future upturn.

Should stakeholders decide to prepare in such a way, it is highly desirable that this happen as part of a wider strategy that addresses other aspects of housing affordability such as land supply and development, taking into account the housing market cycles described herein, along with regional influences (such as the development of the new settlement of Huntlee).

This paper has identified three options for securing affordable rental housing of relevance to the Upper Hunter sub-region:

Option 1. Rental Subsidy: A grant funded scheme offering a rental subsidy to eligible households to safeguard the affordability of their private rental housing by covering the gap between what they can afford and the actual rent charged. This option is time limited for the duration of the subsidy, providing the flexibility to respond to changing housing market conditions, but it does not add new housing stock.

Option 2. Joint Venture: One-off joint venture projects between a donor or group of donors (contributing land and / or funds) and a suitably qualified community housing provider, to develop and manage affordable rental houses. This option offers an adhoc supply of new affordable rental housing stock.

Option 3. Housing Trust: An independent local business with the sole purpose of monitoring and responding to anticipated demand for affordable rental housing. This option offers a sustainable business model capable of consistently generating additional of new affordable rental housing stock in response to predicted market need.

Either one of these options could be made possible by redirecting existing resources within the region and attracting additional State government funds, but would first need rigorous feasibility assessment. The community housing sector would be a key stakeholder in developing and / or managing any affordable rental housing generated.

1. INTRODUCTION

1.1. Background

This paper is one of a series of information papers prepared as part of the Upper Hunter Housing Research Study (the Study) commissioned by the NSW Minerals Council in response to a high level of community concern at the time about housing affordability within the Upper Hunter Sub-Region (meaning the Muswellbrook, Singleton and Upper Hunter Shires). The purpose of the Study is to understand the impact of mining on housing and to identify the potential roles and responsibilities required by stakeholders to address the affordability and availability of housing. Ultimately it aims to facilitate the development of a collaborative approach to address the sub-region's housing issues. As such, the NSW Minerals Council is conducting the Study in consultation with the three Shire Councils, relevant State government agencies, community housing providers and local business and has established a stakeholder Steering Group to assist.

Stage 1 of the Study sought to identify strategic links between State and Local government, the community housing sector, developers and the mining industry, along with opportunities for leadership and action in response to a number of identified issues. This stage of the study, Stage 2, includes the development of a suite of information papers intended as resource documents to support the development of a sub-regional approach to housing. The following information papers have been developed:

- Potential to Pool Existing Resources for Affordable Housing
- Short Term Accommodation Baseline Survey Report
- Infrastructure Funding and Financing Options.

This Paper, *Potential to Pool Existing Resources for Affordable Housing*, investigates the options available within the Sub-Region to pool existing available resources (including land, funds, knowledge and other resources) to increase the supply of affordable rental housing. Given that affordability was most keenly felt in the rental sector and that options for securing ongoing affordability lay mostly in rental housing, rental housing is the focus of the Paper.

Context for This Paper

Soon after the Study was commissioned a significant downturn occurred in the mining industry, resulting in a dramatic change in the Sub-Region's housing circumstances. There was a rapid shift from a tight housing market with high sales and rent prices with fast turnover and low vacancy rates, to a market in decline with falling rental values, slow clearance rates and high rental vacancies. This volatility in the market can be a feature in an economy that is largely dependent on mining, an industry with characteristic 'peak and trough' cycles.

Notwithstanding the current downturn, the Steering Group saw merit in investigating options for ways to increase the supply of affordable rental with a view to being prepared should peak conditions return.

It was initially intended that this Paper would be read in the context of updated housing projections for the Sub-Region cognisant of other regional influences including the development of Huntlee south of Singleton, the impact of the Hunter Expressway on commuter movements and the potential impact of worker's accommodation on housing demand. However, the projections have not been developed as they are reliant on a housing projections study for the whole of the Hunter Region being commissioned by the Department of Planning and Environment (then Department of Planning and Infrastructure) which is not yet available.

1.2. Key Concepts in Affordability

In discussing housing it is important to distinguish between three terms: 'housing affordability', 'affordable housing' and 'social housing'.

Housing affordability

'Housing affordability' refers to the underlying costs of developing housing and is influenced by a range of factors including the supply of land, the cost of development, and the cost of finance. It is also influenced by externalised costs such as the distance to travel to work or to access services, as well as the cost of maintenance.

Affordable Housing

'Affordable housing' refers to housing that can be reasonably afforded by low to middle income earners either through home ownership or renting. The NSW Government has adopted the following definition of affordable housing:

Housing is affordable when it is appropriate to the needs of very low to moderate income households and where they pay less than 30% of their gross income on housing costs¹.

Affordable housing is most commonly available to low and moderate income earners through:

- The private market, either through rental or home purchase housing

¹ Family and Community Services, Housing NSW, Centre for Affordable Housing (<http://www.housing.nsw.gov.au/Centre+For+Affordable+Housing/About+Affordable+Housing/> (accessed 12/12/13))

- Subsidised rental housing provided by (not for profit) community housing providers and / or the National Rental Affordability Scheme².

Affordable housing provided through subsidised rents is targeted at low to moderate income households, typically 'key workers' (meaning people working in essential businesses and services like health, education, police and other community services) who can't afford the private market and yet who don't qualify for social housing.

Social Housing

'Social housing', while affordable, is not 'affordable housing' but instead refers to public housing which is typically provided by State housing agencies. Increasingly social housing is being managed by community housing providers as part of reforms occurring in this sector in NSW. Social housing is typically allocated to households identified as having a very high level of social need that experience difficulty affording and / or sustaining tenancies in the private housing market.

1.3. Why Affordable Housing is Important

Having affordable housing means people have housing suited to their needs, workers have housing close to their work and local businesses and service providers can attract workers to provide goods and services to meet the community's needs and lifestyle preferences. Affordable housing allows people to have enough money left over for food, health, education, clothing, leisure and other personal and family needs.

A lack of affordable housing can impact on the local economy by affecting the ability of services and business to attract workers. Being able to provide local goods and services is important to the lifestyle that can be offered in a region. The tourism industry is one sector which draws upon the image and substance of a region's social (and physical) environment. Mining workforce attraction is also dependent on the lifestyle qualities an area has to offer (including the quality of education, retail and leisure services).

In the Upper Hunter Sub-Region there is some evidence of retail and public administration services having been in decline during the mining expansion (from 2006 to 2011 – discussed in the following section). The impact of high housing costs on this service capability is reflected in reports by the community about difficulties in attracting health, education and other workers to support local service and business operators due to the high cost of housing experienced at the time³. Since the downturn, anecdotal reports suggest a struggling retail sector associated with job losses and employment uncertainty.

² It is noted that the Federal Government has announced in its 2014 Budget that this scheme will be discontinued. Notwithstanding there are still some allocations to be completed and properties developed under the scheme to date will continue to be available at discounted rents for the duration of the remaining contract period (up to 10 years).

³ BHP Billiton Mt Arthur Coal (2011). *Sustainable Communities Project. Summary of Project Findings and Opportunities to Address Cumulative Impacts through Collaboration*. Muswellbrook, NSW

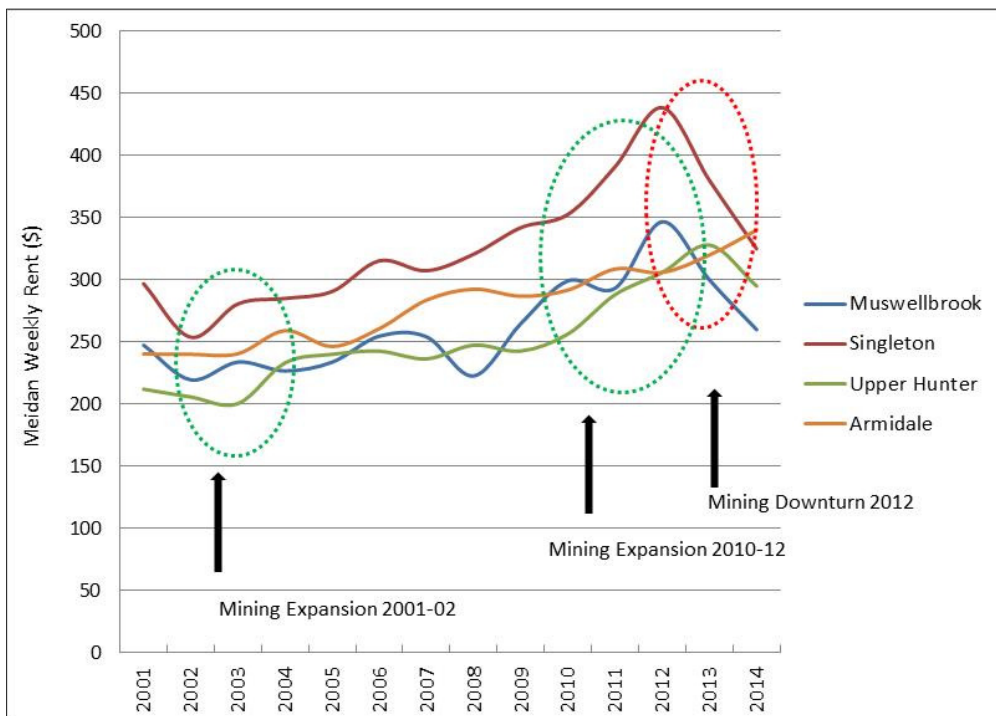
2. HOUSING AFFORDABILITY IN THE UPPER HUNTER

2.1. Housing Conditions

Fluctuations in housing markets are a common feature in regions where mining or other major projects lead to a rapid expansion and then reduction in workforce with markets unable to respond quickly to changing demand. This is true of the Upper Hunter sub-region where the housing market is largely driven by the mining industry⁴. The sub-region’s housing market has experienced a series of peaks and troughs since 2001 (Figure 1) and is currently experiencing a downturn.

Figures 1 and 2 illustrate the association between movements in the rental market and movements in coal production-related employment, when compared with the regional city of Armidale which is not influenced by mining. While the cost of housing in all markets has increased since 2001, there have been significant fluctuations in the mining-led markets of Muswellbrook and Singleton in particular and more latterly in the Upper Hunter Shire. Muswellbrook and Singleton experienced growth and decline against the trend for Armidale during the mining expansion periods of 2001-02 and 2010-12 as well as in the current contraction cycle, with the Upper Hunter Shire being influenced since 2010.

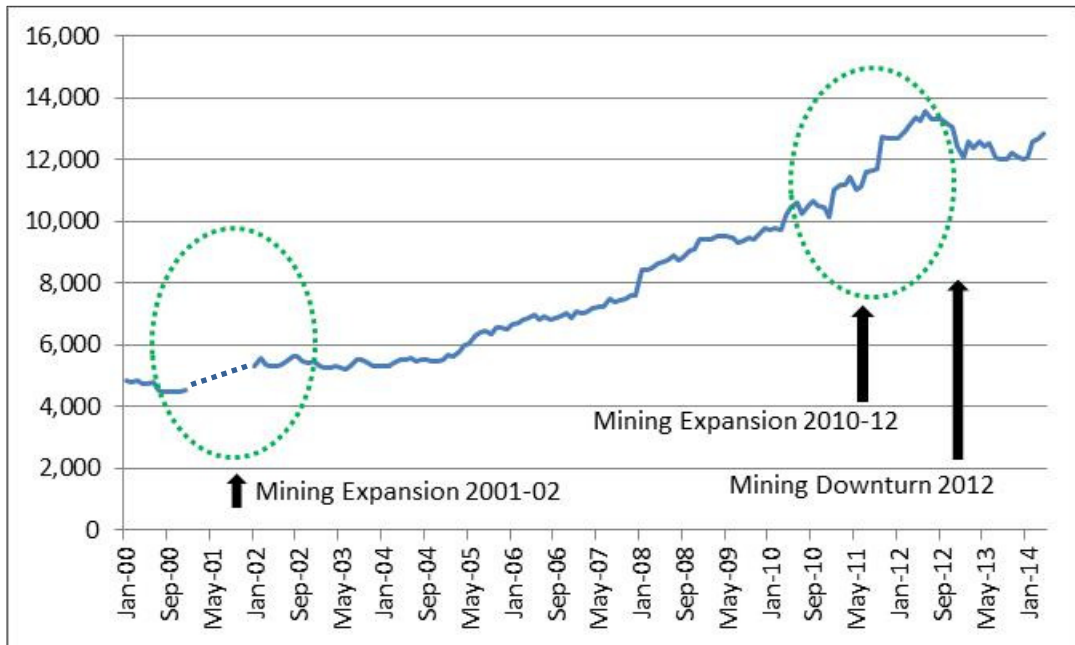
Figure 1. Median Weekly Rent, June Quarter - 3 brm house (CPI Adjusted)



Source: Data from Department of Family and Community Services, Housing NSW. Rent and Sales Reports. Interpretation by AYPC based on Figure 2 Raw data reported in Appendix 1.

⁴ Confirmed through interviews conducted with real estate agents and a survey of short term accommodation providers conducted as part of this study and is supported by previous research including: (1) Andrea Young Planning Consultants and Thao Ashford Planning Consultant (2010). *Mt Arthur Coal Sustainable Communities Project – Volume 4 Housing Impact Assessment*. BHP Billiton Mount Arthur Coal. Unpublished Report; (2) Manidis Roberts (2011). *Upper Hunter Mining Expansion & Housing Needs*. Landcom. Unpublished Report

Figure 2. Production Employment at Upper Hunter Coal Mines and Coal Preparation Plants (Full time equivalent, including contractors)



Source: Data from Coal Services Pty Ltd. Note: Orange dashed line is a synthetic representation. Interpretation by Andrea Young Planning Consultants. Raw data reported in Appendix 1.

When the sub-region’s housing market peaked in 2012 both rents and sale prices rose: median rents increased by 39% over the three year period from 2009-2012 (rising to \$430 / week) in Singleton); by 42% in Muswellbrook (rising to \$340 / week) and by 36% in the Upper Hunter (rising to \$300) – reported in Table 1. House sales prices also rose over this period: by 19% in Muswellbrook, 35% in Singleton and 31% in the Upper Hunter. Over the same period rental vacancies across the sub-region fell to around 1- 2% (Figure 3).

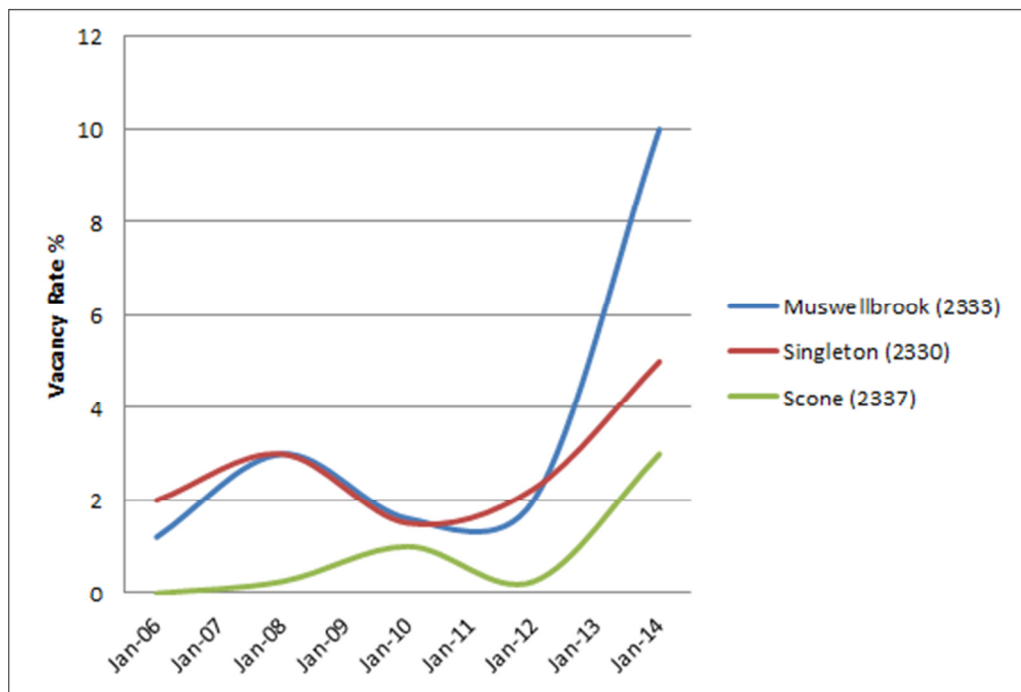
By early 2013, the effect of the mining downturn was being felt, with vacancies rising to an unprecedented level of 10% in Muswellbrook and to 5% and 3% respectively in Singleton and Scone (in the Upper Hunter Shire - Figure 3). Rents also fell in Muswellbrook and Singleton, returning to around 2010 levels by 2014, but remaining high in Scone. There appears to be little impact on home sales prices though sales clearance rates are much longer.

Table 1. Percentage Change – Median Weekly Rent and Median Sale Price (2009-2014)

LGA	Median Weekly Rent (3 Bedroom House)			Median Sale Price (All Dwellings)		
	2006-2009	2009-2012	2012-2014	2006-2009	2009-2012	2012-2014
Muswellbrook	14%	42%	-24%	0%	19%	16%
Singleton	19%	39%	-24%	11%	35%	-7%
Upper Hunter	10%	36%	-2%	-3%	31%	3%

Source: Derived from Housing NSW, Rent and Sales Reports <http://www.housing.nsw.gov.au/About+Us/Reports+Plans+and+Papers/Rent+and+Sales+Reports/>
 Note: Data reported in 2001 - 2005 was for the then Scone Shire (now the Upper Hunter Shire).

Figure 3. Residential Rental Vacancy Rates by Post Code (Percentage)



Source: <http://www.sqmresearch.com.au/free-statistics.php> (accessed 5/7/14)

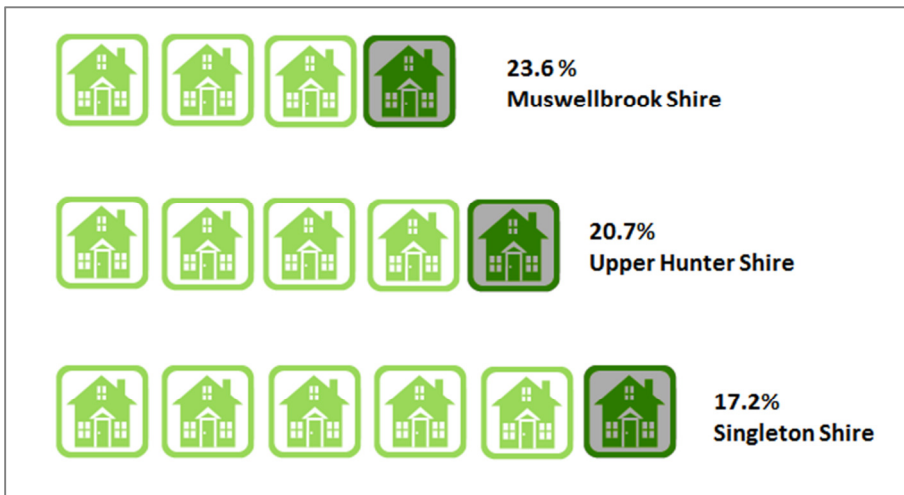
Housing Stress

From the discussion above it can be seen how the ability of lower income households to afford housing can be impacted in a market upturn. This can be measured in terms of ‘housing stress’.

Housing stress is said to occur when the lowest 40% of income earners pay more than 30% of their income on housing costs. Figure 4 shows that in 2011 housing stress in rental households affects 23.6% (around 1 in 4) households in the Muswellbrook Shire,

20.7% (or 1 in 5) households in the Upper Hunter and 17.2% (nearly 1 in 6) households in Singleton⁵.

Figure 4. Housing Stress amongst Renters in the Upper Hunter, 2011



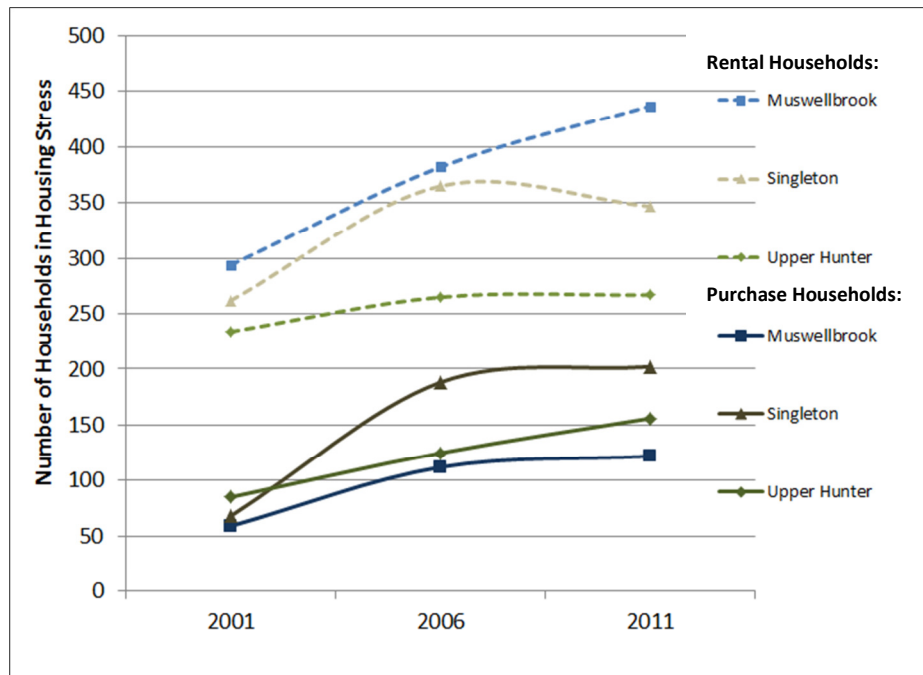
Source: Based on Census data reported in Figure 4 (data only available to 2011)

Figure 5 shows the number of households experiencing housing stress in the Upper Hunter sub-region⁶ at 2011. As would be expected, housing stress is most evident amongst rental households and less so amongst home purchasers. This is in part because below a certain income level, households do not pass financial institution due diligence requirements for home purchase finance and therefore the numbers in this segment are lower.

⁵ Note: this excludes households in public and community housing as they pay less than 30% of their income on housing.

⁶ This data relies on Census information with the latest data recorded in August 2011, represented in Figure 4.

Figure 5. Rental and Purchase Households in Housing Stress, 2001-2011 (Number)



Source: ABS Custom data. Raw data reported in Appendix 1.

The data in Figure 5 shows varying experiences of housing stress in the sub-region noting that all Shires have seen upward pressure on affordability since 2001, consistent with growth in mining employment (see Figure 2). While housing stress data beyond 2011 is not available⁷, median weekly rent data presented in Figure 1 suggests that housing stress is likely to have both risen and fallen since 2011, with median weekly rents, and presumably housing stress levels, returning to around 2011 levels by mid-2013.

Both Singleton and Muswellbrook saw significant increases in the number of rental households experiencing housing stress between 2001 and 2006, which continued to rise in Muswellbrook to 2011, but fell in Singleton. Changes to rental housing stress in the Upper Hunter were slight by comparison.

The fall in rental housing stress in Singleton after 2006 can be explained in part by an increase in housing supply (shown in Figure 6). However, this does not tell the full story. While the data is incomplete, there is sufficient evidence to support the assumption that lower income households unable to afford the rising rents were also displaced from the rental market after 2006.

This assertion is supported by noting changes in employment. Between 2006 and 2011 population wealth increased along with the increase in higher paying jobs in the mining industry (employment in mining increased by around 1,200 jobs over this time – see Figure 2). Two concurrent trends are also evident: a decline in the number of lower

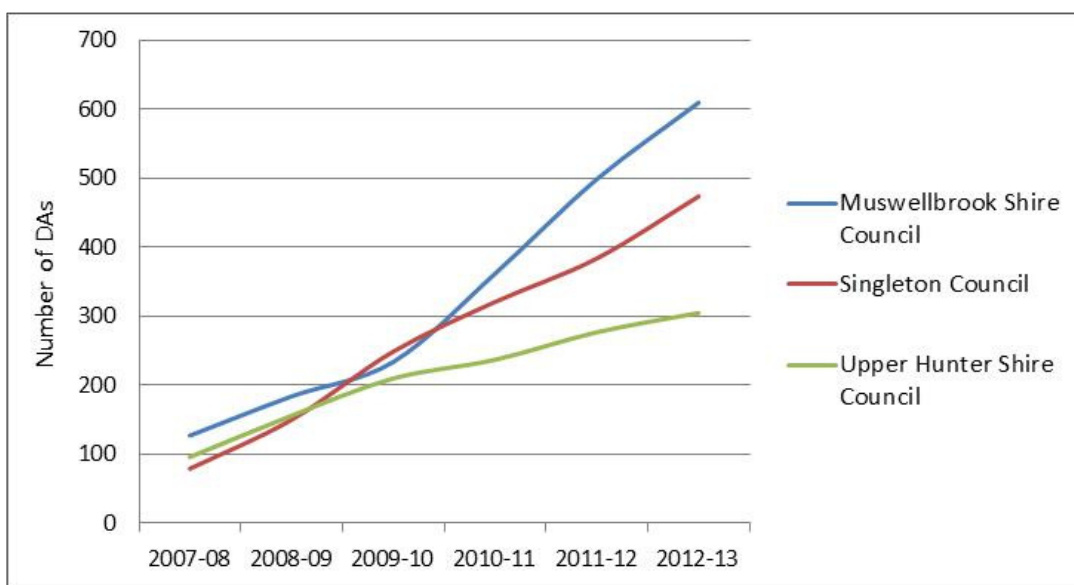
⁷ While this analysis uses the most reliable information for assessing housing stress at the sub-regional level, the data is only collected every 5 years with the next Census due in 2016.

paying jobs (in industry sectors such as public administration and safety, retail and agriculture - shown in Figure 7); and a population increase in Singleton (rising by around 1,000 people⁸). This suggests that the new jobs in mining were filled by existing residents who moved into higher paying jobs in the mining industry as well as by newcomers, both with a propensity to pay higher rents.

The assertion is further supported by interviews with real estate agents who indicated that the rental market was dominated by mining workers over this period and fewer young couples, young families and young people, who are re-entering the rental market now that prices have fallen.

While some households are now able to access private rental housing given the lower rents, housing affordability remains a material issue for those on very low incomes (see example for aged pensioners in Appendix 2). This view is supported by observations reported by community housing providers⁹. Further, and as explained previously, housing affordability is cyclical, being closely associated with the cycles of mining sector growth and retraction. The current easing in rental costs may well reverse with the next growth phase in mining (unless supply keeps pace with demand).

Figure 6. Development Assessments Determined - New Single and Multi-Unit Dwellings (Cumulative)

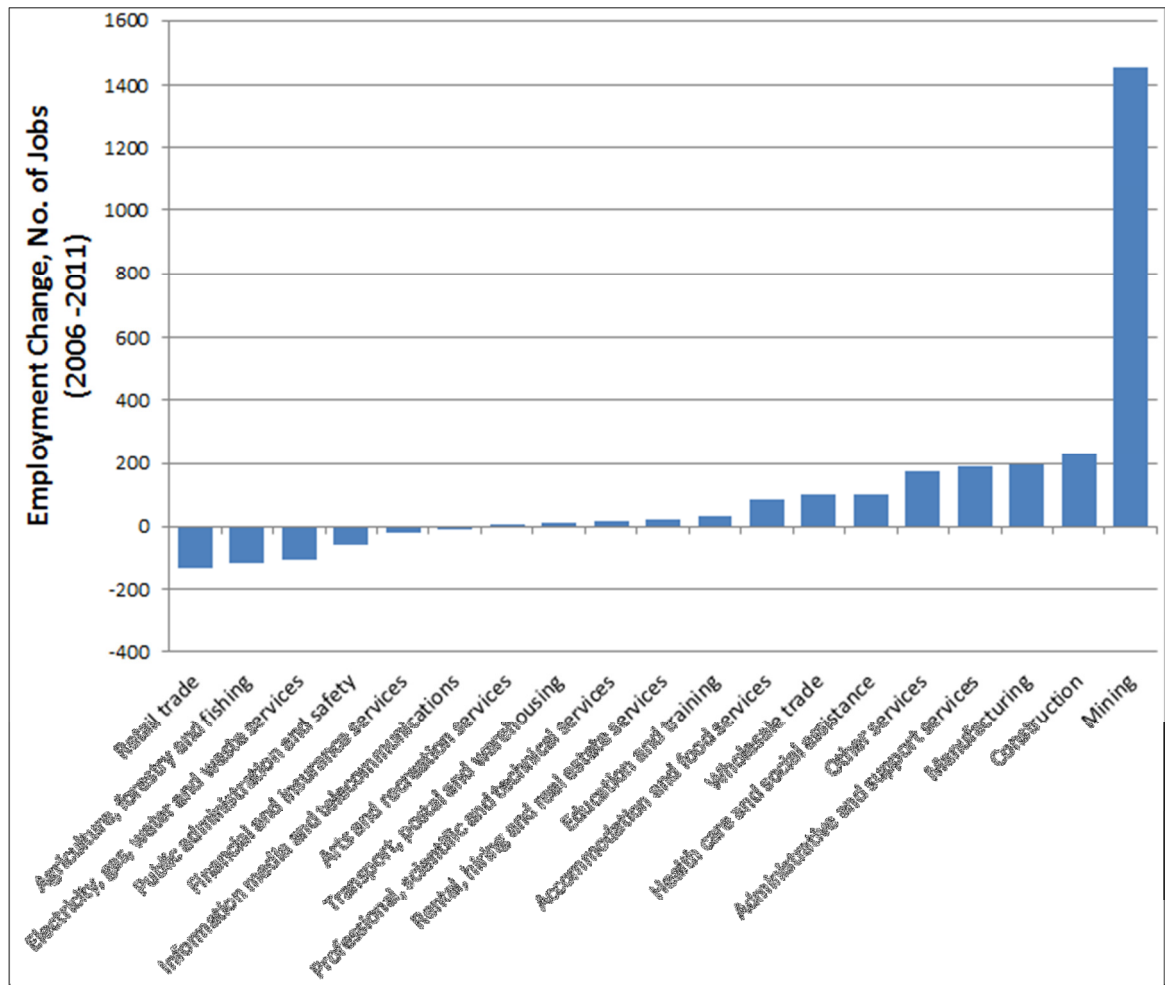


Source: Department of Planning and Environment Performance Monitoring data available at: <http://www.planning.nsw.gov.au/en-us/developmentproposals/performancemonitoring.aspx>

⁸ The ABS Census (Estimated Resident Population) data shows the population in Singleton in 2006 and 2011 was 22,535 people and 23,523 people respectively.

⁹ Social and Community Housing Sector Workshop, June 2012.

Figure 7. Employment Change, Singleton, 2006-2011 (Number of Jobs)



Source: ABS, Census of Population and Housing, Working Population Profiles. Raw data reported in Appendix 1.

2.2. The Cycle of Affordability

Characteristically, as the cost of housing rises, affordability falls, unless there is a corresponding rise in household income to offset the increasing costs. By turn, a fall in housing costs can improve affordability for many (others may be hurt by job loss while low income earners may continue to find housing unaffordable, even with the lower cost).

Housing markets that are strongly influenced by mining and industrial activity tend to follow the expansion and contraction peak and trough cycles associated with mineral production and other major projects. However, these markets are less able to adjust to the rapid expansion and decline often associated with mining, given that the supply of housing often lags behind demand and once established is 'permanent', irrespective of demand. This mismatch between demand and supply, together with the cycles of jobs growth and decline, fuels the rise and fall of housing affordability in mining regions such as the Upper Hunter.

Table 2 summarises the impacts of both recent upturn and downturn conditions on housing affordability in the sub-region.

Table 2. Impacts of Recent Upturn and Downturn Cycles in the Upper Hunter Housing Market¹⁰

Last Mining Upturn (2010 - 2012)	Current Mining Downturn (2012-2014)
<p>Private Rental:</p> <ul style="list-style-type: none"> • Weekly median rent, 3br house (June 2012): <ul style="list-style-type: none"> - Muswellbrook \$340 - Singleton \$430 - Upper Hunter \$300 • Vacancy rates: 1-2% • Vacancy clearance time: immediate • Higher demand for units from mine workers / contractors • Newcomers experience difficulty in finding suitable housing • Businesses experience difficulty attracting and retaining staff due to housing costs 	<p>Private Rental:</p> <ul style="list-style-type: none"> • Weekly median rent, 3br house (June 2014): <ul style="list-style-type: none"> - Muswellbrook \$260 - Singleton \$325 - Upper Hunter \$295 (Real Estate agencies reported rental price falls in order of \$100-150/week) • Vacancy rates: 5-10% • Vacancy clearance time: 2-3 months • Less demand for units • People upgrading to better properties now they are more affordable • Contractors have left rental market and young couples and young people have entered • Housing more affordable for most groups (but remains above affordable price point for those on very low incomes, i.e. aged pension couple – see Appendix 2)
<p>Private Sale:</p> <ul style="list-style-type: none"> • Median sales price, 3 brm house (2012): <ul style="list-style-type: none"> - Muswellbrook \$303,000 - Singleton \$429,000 - Upper Hunter \$320,000 • Clearance rate: 1 week • Investors active in market 	<p>Private Sale:</p> <ul style="list-style-type: none"> • Median house price 3 brm house (2014): <ul style="list-style-type: none"> - Muswellbrook \$350,000 - Singleton \$400,000 - Upper Hunter \$330,000 • Clearance rate: estimated at up to 7 months • A dominant driver for sales is job loss and inability to pay mortgage • Investors leaving the market
<p>Social Housing:</p> <ul style="list-style-type: none"> • Increased demand for social housing • Low vacancy rates as people hold onto their tenancies 	<p>Social Housing:</p> <ul style="list-style-type: none"> • Increased vacancy rates as tenants move into the now affordable private market • Uptake of vacancies by people previously living in shared or overcrowded houses, or living at home
<p>Homelessness:</p> <ul style="list-style-type: none"> • Reported increased demand for homeless services 	<p>Homelessness:</p> <ul style="list-style-type: none"> • Continued high demand for homeless services associated with continuing lack of affordability in market for very low income households, job-loss related stress factors, and persistent other factors (e.g. family breakdown, mental illness, substance abuse, domestic violence)

¹⁰ This information draws on: Housing NSW, Rent and Sales Reports; Vacancy data accessed at <http://www.sqmresearch.com.au/free-statistics.php>; interviews with real estate agents in June and December, 2013; a survey of short term accommodation providers in December 2013; a workshop with community housing providers in June 2013; and interview with Executive Manager Operations East, Compass Housing

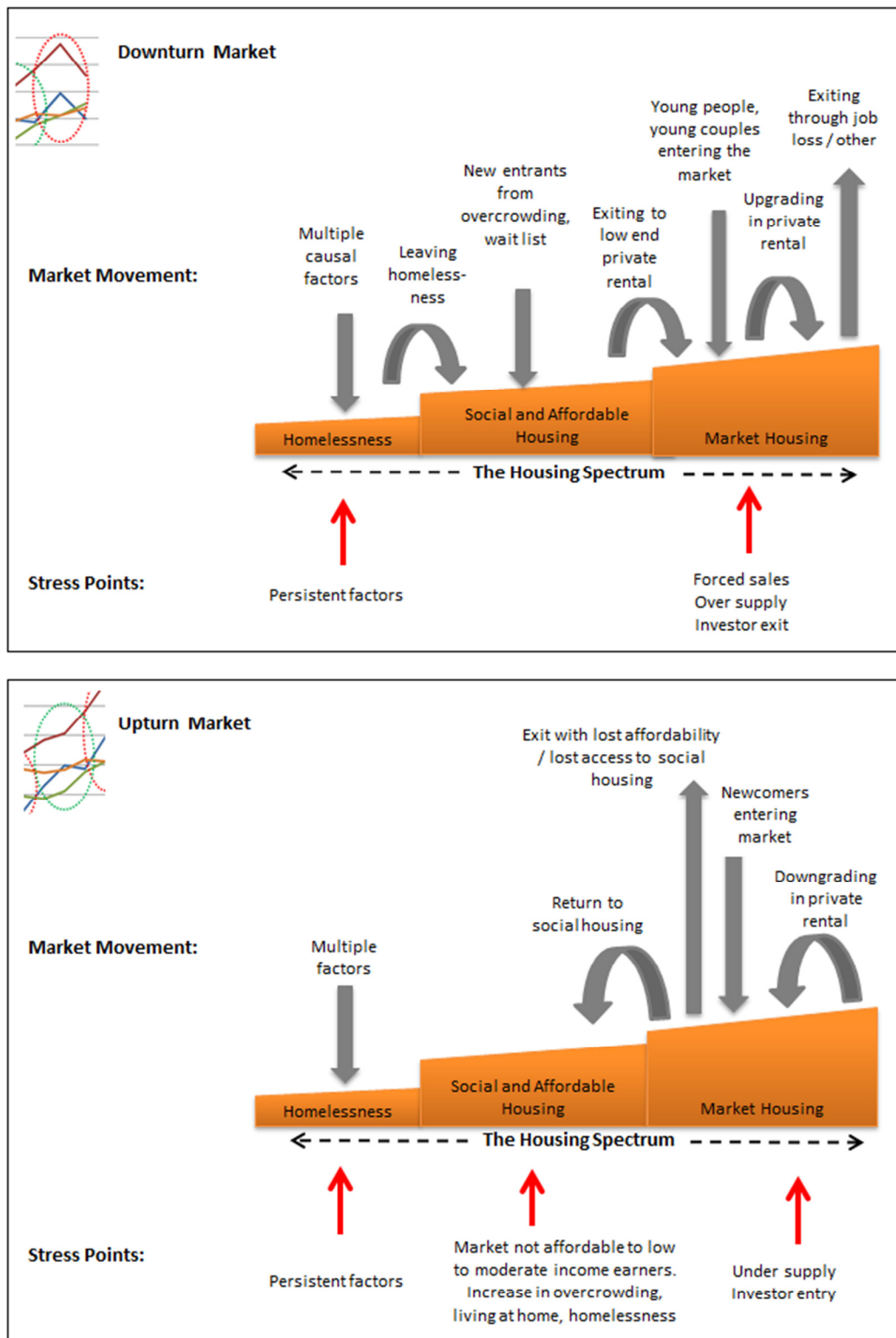
Figure 8 (overleaf) characterises the effect of these cycles as experienced in the Upper Hunter, showing the different pressures and opportunities that each cycle brings:

- In an upturn, there is the opportunity to invest and do well out of the market (investors are more prevalent). For those on low to moderate incomes and unable to access the private market, there is strong competition for public and affordable housing, with options for many limited to shared or overcrowded housing or living at home. There is also a greater difficulty in attracting and retaining workers to local services and businesses.
- In a downturn, there is greater affordability generating a chain of events as mine and contract workers leave the private market, freeing up housing supply. This often results in a lowering of prices such that households leave public housing to enter the private market, or upgrade within the private market¹¹. This by turn frees up the bottleneck that constrains the supply of social housing during an upturn, allowing people to move off the waiting list or out of overcrowded situations or homelessness and into social housing. There are also others who need to sell their homes due to job losses and enter the rental market, social housing or even homelessness; some may leave altogether.
- When the housing market cycles back to an upturn, depending on the scale of the upturn and whether housing supply has been supplemented, the movement of people within the housing spectrum flows back in the other direction (Figure 5) flows back in the other direction, as increased demand leads to increased rents and house purchase prices. People on low to moderate incomes can be vulnerable in this market. Those who gave up public housing to enter the private rental market can find it difficult to return, depending on the size of waiting lists; others on low incomes may return to share housing, overcrowding, living at home or even leave. Again businesses can struggle to attract workers faced with high housing costs, challenging the ability to maintain local service provision.
- In both markets homelessness persists. A downturn can accentuate homelessness through loss of job security or stress-related family breakdown; an upturn can do the same through loss of secure housing or the inability of a household to absorb increased housing costs.

This characterisation highlights the importance of building resilience into the housing market in resource areas, particularly for those who are most vulnerable, typically low to moderate income households.

¹¹ Both current reported trends by social housing providers and real estate agents.

Figure 8. Characterisation of Housing Cycles in the Upper Hunter Sub-Region



Source: Andrea Young Planning Consultants

3. POOLING RESOURCES FOR AFFORDABLE RENTAL HOUSING

Examples of how stakeholders in other resource regions have combined their resources to help increase the stock of affordable rental housing are discussed in this section. A number of approaches have been investigated. The majority are operational in Queensland and have been developed since 2011. These initiatives were stimulated by the (then) State Government's requirement for mining companies to provide a quantum of affordable housing as a condition of project approval, to mitigate project impacts on local housing supply and affordability. This requirement led to the establishment of a variety of vehicles to deliver affordable housing supply. Whilst the central theme is one of pooled funding, other examples also include integrating public and privately owned land. In addition to the Queensland examples, initiatives in the Pilbara region of Western Australia have also been explored. Here existing land assets have been combined with State government funding (Royalties for Regions) to deliver new affordable housing stock.

In most cases the affordable housing generated has been targeted at the low to moderate income earners. Most apply debt-financing and mixed sales and retention models to maximise housing yield. One example applies a rent subsidy to existing housing stock. All examples have relevance to the Upper Hunter sub-region.

In summary the vehicles investigated seek to:

- Increase the availability of affordable housing stock
- Provide constancy in rental pricing (through discounted market rents or rent subsidies)
- Leverage off available resources to expand supply (through the use of assets, funds, creative development and debt financing)
- In one case to establish a self-sustaining model for ongoing development.

The initiatives investigated draw on a variety of resources:

- Social investment funds from mining companies
- Land assets from State and Local government
- Knowhow and debt raising capabilities by growth-oriented (not-for-profit) community housing providers
- Land assets owned by community housing providers
- State government funding programs (e.g. Royalties for Regions in WA)
- Federal and State government contributions through the National Affordable Rental Scheme (NRAS)

Four different approaches have been identified, one targeting affordable rents within existing housing stock and three targeting the development of new affordable housing stock. These are described below:

Rental Subsidy – As one condition of project approval, three LNG companies¹² establishing new operations in the Gladstone region were required as part of their project approval to fund rental subsidies to eligible low income households for the

¹² Australia Pacific LNG, Santos GLNG and QGC

course of their projects' construction phases to offset possible displacement caused by an expected increase in the cost of rental housing as a result of project approvals (further conditions required the companies to also supply a specified number of new affordable rental houses as well as a quantum of housing for their workforce). In response to this requirement, the gas companies agreed to combine their rental subsidy payments (totalling \$3.5m over three years). They established a partnership arrangement with the Gladstone Regional Council's Community Advisory Service to administer the funds. The rental subsidies target long term residents who are unable to afford the rising market rents and cover the difference between market rent and what eligible households could pay within 30 per cent of their household income. Eligible households must first pass a rigorous means test; in many cases financial planning and budgeting advice enables households to continue to pay full market rent through helping them to better manage their household budget. The rental subsidy program is dependent upon grant funding and is due to end in July 2014, when funds will have been expended. Over 2.5 years of operation, 270 households have been assisted with rental subsidies.

Independent Private Trust– an independent private trust company owned by an established community housing provider and managed by an expert board. The trust is corporate in both structure and operation. Funds are generally contributed by mining companies as part of conditions of approval (as explained in the previous example), but funds from other donors can also be attracted (e.g. from State and Local governments). The business model is based on long-term growth in equity through a mixture of stock sale and retention and debt-financed housing. Profits are re-invested in subsequent projects. Example: Gladstone Affordable Housing (operated by Catalyst Affordable Housing – see below)

Council Owned Private Trust - a Council managed not-for-profit private trust company managed by a Council board, established to deliver affordable housing within a defined region. These are 'quasi-corporate' in structure and operation. Funds are generally contributed by mining companies as part of conditions of approval, but funds from other donors can also be attracted (e.g. State and Local governments). Construction and management opportunities are tendered for and delivered by a community housing provider, and are generally part funded using debt-finances. Council retains ownership of the asset (a potential limiting factor for further leveraging against assets). However, as per not-for-profits organisations, profits are returned to the Fund for re-investment. Examples: Western Downs Housing Trust (see below), Isaac Regional Housing Trust, Maranoa Housing Trust (since discontinued).

Direct Joint Venture – a project-by-project approach involving one-off joint venture arrangements negotiated between a donor (e.g. State government, Local government and/or mining company) and a community housing provider to build and manage affordable housing stock (or social housing stock). No long term business plan for leveraging growth on existing assets though this can be achieved by individual housing companies, depending on who retains ownership of the asset. Depending on capital inputs, the business model generally relies on a mix of stock for sale and retention to achieve feasibility. Examples: Horizon Housing and Australia Pacific LNG (Miles, Qld); Lazy Lands Residential Infill Project, Karratha, WA (development of unused Crown Land). See below.

3.1. Investigation of Approaches to Develop Affordable Rental Housing Stock

A more detailed description of the approaches described to develop new rental housing stock is provided below (the rental subsidy approach is not included here as it relies on the use of existing housing stock).

3.1.1. Independent Affordable Housing Trust

Example: Gladstone Affordable Housing (GAH), Queensland¹³

- *Purpose:* to establish a sustainable fund for affordable housing to help meet the Gladstone community's medium to long term housing needs for low to moderate income households. Gladstone had been experiencing housing pressures from industrial and resource industry growth for some fifteen years, with additional demand expected for at least a further 4,500 dwellings as a result of new resource projects¹⁴. The Trust was designed as a 'legacy-building' model to establish an expanding affordable housing asset base to support the region's needs over the long term. Start up funds were contributed by three gas companies¹⁵ as a condition of project approval. The Trust builds housing and contracts responsibility for housing management to a local community housing provider.
- *Governance:* GAH is a private company governed by a 3 member board with expertise in commercial property, community development and property development. Oversight is provided by the GAH Advisory Committee with membership from the donor companies, GAH and the Department of Housing and Public Works. Joint branding occurs for all sponsor companies.
- *Establishment:* The Trust's establishment was facilitated by the Gladstone Regional Council in response to conditions of approval for LNG companies to contribute \$19.8m towards affordable housing. It was initiated via a call to tender to community housing providers to propose a feasible business model and vision for the Trust. The resource input required by Council in the establishment phase was limited to 15 days, with no ongoing input beyond establishment. Post tendering, the responsibility for establishment of the Trust fell to the successful tenderer (Catalyst Affordable Housing, an affiliate of the Brisbane Housing Company), including negotiating a single funding agreement with donor companies (specifying such matters as financial and other performance targets, accountability requirements). Catalyst Affordable Housing led the legal process, with donor companies responsible for their own legal and contracting inputs. The lead time required to progress from establishment to construction of first project was 2 years (commencing in 2011). Initial start-up funds were provided to Catalyst Affordable Housing to cover establishment costs (\$90,000). A full-time Gladstone-based staff member was employed to develop relationships and establish the business, with support from Brisbane-based head office.

¹³ An operating branch of Catalyst Affordable Housing (affiliated with the Brisbane Housing Company). Information sourced from interviews with CEO Catalyst Housing; Business Development Manager, Gladstone Affordable Housing; Board Member, Gladstone Affordable Housing; Gladstone Regional Manager, External Affairs, GLNG Operations Pty Ltd (Santos); Director Corporate and Community Services, Gladstone Regional Council; and the GAH website at: <http://gladstoneaffordablehousing.com.au/welcome-to-gladstone-affordable-housing/>

¹⁴ Rolfe J, Akbar D and Chapman, P (2012). *Gladstone Housing Needs Analysis*. Report prepared for Gladstone Affordable Housing. Rockhampton. Accessed at: <http://gladstoneaffordablehousing.com.au/assets/PDFs/GladstoneHousingNeedAnalysisFINALNov-2012-doc.pdf>

¹⁵ Australia Pacific LNG, Santos GLNG and QGC

- *Basis for deciding projects:* GAH conducted a housing needs analysis defining target group and the type and location of housing needed.
- *Business model:* The model applies a mixed retention / sale, growth-based formula. Housing developments include a mix of affordable and market for sale properties funded through a combination of trust funds and debt finance. Profits from sales are re-invested and newly gained assets used for leveraging additional borrowings for new projects. All projects are self-financing relying on property sales and rental returns. All funds are spent in the Gladstone region. Rents are discounted to align with a maximum of 30 of household income). Rental discounts can range from 60-75% of market rents. Notionally (and subject to multiple variables), the initial \$20m investment could leverage 35 retained dwellings with a viable income stream to support staff, maintenance and management costs. Between a third and half of all dwellings developed can be retained as affordable housing. Applying this 'rule of thumb' (and assuming a third of developed dwellings are retained) and with no additional funding inputs, this could lead to 52 dwellings in total. However, the business plan includes identifying a diversity of development opportunities, including innovative partnerships involving land contribution and site redevelopments that will continue to augment its leveraging power and grow the business. This same model has been applied by the parent company, Brisbane Housing Company, with an asset base that has grown from \$60m initially to over \$300m (including with some additional capital injections).
- *Housing outcomes:* The first 32 dwellings are near completion, with a further 79 dwellings planned (as a staged development). GAH was the national winner of PowerHousing Australia's Business Partner of the Year Award, 2013.

3.1.2. Council Owned Private Trust

Example: Western Downs Housing Trust, Queensland¹⁶

- *Purpose:* The Trust's is a Council operated fund for the development of affordable rental housing for key workers to reduce coal seam gas industry impacts on housing affordability in the Surat Basin. It is a key delivery vehicle for the Western Downs Regional Council Affordable Housing Strategy (funded by QGC LNG prior to establishment). Start-up funds were contributed QGC LNG as a condition of project approval.
- *Governance:* The Trust is a private company managed by a Board of Directors (2 Councillors and the Council CEO) and led by Council's CEO who is also the CEO of the Trust. The Trust is overseen by an Advisory Board comprised of Councillors, the Council's Chief Executive Officer and other representatives of the mining industry and relevant State and Federal government agencies. It is also supported by a Reference Group of key community, business and government stakeholders. Joint branding occurs for all sponsor companies (although QGC is the only sponsor to date).
- *Establishment:* The Trust was established by the Western Downs Regional Council with a start-up contribution of \$5.7m from QGCLNG. Council staff input to establish trust structure involved a 3 month full time equivalent position for one senior staff member (over 6 months). The lead time from establishment to commencement of first project was 18 months.
- *Basis for deciding projects:* Development priorities are guided by the findings from a survey of local businesses that identified housing affordability as a barrier to

¹⁶ Information sourced from interviews with Economic Development and Strategic Projects, Western Downs Regional Council; Business Development Manager, Horizon Housing; Social Program Executive Lead, Origin Energy; and http://www.wdrc.qld.gov.au/news/index.shtml/-/asset_publisher/qQq7/content/affordable-housing-boost-for-wandoan

recruitment for most micro and small to medium businesses. The findings identified the number of residences that would be needed to support the housing needs, including affordability price points and location of need.

- *Business model:* Council invites tenders from prospective community housing companies and either sells land at market price or retains asset, outsourcing construction and management to community housing provider. Projects are self-funded through trust funds and rental income.
- *Housing outcomes / targets:* The first project comprising 4 townhouses is at Wandoan (with Horizon Housing Company) and is due for completion in June 2014 at development cost of \$900,000. No forward targets have been determined.

3.1.3. Direct Joint Venture

Example 1: Lazy Lands Residential Infill Project, Karratha, WA¹⁷

- *Purpose:* This project is an initiative of the Pilbara Development Commission¹⁸. Its purpose is to develop under-utilised and surplus State and Local government owned land to address a shortage of affordable housing resulting from mining led population growth. Similar initiatives are underway elsewhere in the Pilbara region in Newman, Tom Price, Port Hedland and South Hedland. *Partners:* Partners include the Pilbara Development Commission, the Department of Regional Development and Lands, in association with the Shire of Roebourne.
- *Business model:* The project has identified 61 parcels of surplus land reserved for parks, recreation and drainage that is under-utilised. This land is located within the township and will be rezoned for residential development, for development in stages. The land has been distributed to three agencies (LandCorp, Department of Housing and Shire of Roebourne), with each individually responsible for developing the land for housing in accordance with an agreement struck with the Pilbara Development Commission. No projects have progressed as far as the development stage as yet. The initial cost for land assembly and surveying was \$100,000, funded by the Royalties for Regions program.
- *Housing outcomes / targets:* the ultimate yield is expected to be 200 dwellings with a mix of 1, 2 and 3 bedrooms. Stage 1 is a parcel of 3.1ha with an expected yield of 63 dwellings.

Example 2: Miles Affordable Housing, Horizon Housing and Origin APLNG, Surat Basin, Queensland¹⁹

- *Purpose:* The project developed affordable housing for key workers in response to conditions of project approval for Origin APLNG to manage its project's impacts on the local housing supply. As part of the condition of approval, the production of housing required to align with the timing of project impacts.
- *Partners:* Origin APLNG and Horizon Housing.

¹⁷ Information sourced from <http://www.pdc.wa.gov.au/pilbara-cities/lazy-lands/> and by personal communication with the Project Officer, Land and Infrastructure Team, Pilbara Development Commission

¹⁸ The Pilbara Development Commission is a Statutory Authority of the State Government of Western Australia. It recently merged with the previous Pilbara Cities initiative which previously sat within the Department of Regional Development and Lands.

¹⁹ Information sourced from interview with Business Development Manager, Horizon Housing; Social Program Executive Lead, Origin Energy; and http://www.horizonhousing.com.au/index.php?com=com_properties&itemid=8&action=view and http://www.aplng.com.au/sites/default/files/130321_Miles_Affordable_Housing_opening.pdf

- *Governance:* The development operates within the company structure of Horizon Housing Company, with the funding partner approval required the project proposal. An individual project agreements was struck setting out funding, target group, conditions for possible future sale of land, communication and branding. Agreements vary with each project.
- *Basis for deciding projects:* The only criterion used for determining investments is that they must be in the operating catchment of the funding partner. No formal evidence base for prioritising type or location was used for this project.
- *Business model:* This project was 100% grant funded (\$2m) and resulted in the development of 9 new dwellings, 7 of which are rented at discount market rent (based on 30% of incomes for low income households), with 2 sold at just below market value (to purchasers who could demonstrate local presence and lower income). Sale proceeds will be re-invested in other developments in the Origin APLNG project operations area. The remaining 7 homes have been retained and are managed by Horizon Housing. To accommodate the uncertainties of the mining boom / bust cycle and changing housing needs, Horizon Housing has developed townhouses which are scarce in the market; it has also designed them to support multiple future needs for occupation by apprentice, key worker or seniors. [Note: In another project in Roma this model is augmented by applying debt-financing to \$1.5m of grant funds contributed by Origin APLNG. It will generate 18 townhouses, of which 12 will be retained and 6 will be sold at just below market price at \$275,000.]
- *Housing outcomes / targets:* The project delivered 7 dwellings, comprising a mix of 2 and 3 bedroom townhouses, now completed and occupied. The project was the winner of the Urban Development Institute of Australia's Mining and Resource Development Award for Excellence, 2013.

3.1.4. Analysis of the Different Approaches Investigated

An analysis of the strengths and weaknesses of each of these models follows in Table 3.

Table 3. Analysis of Approaches to Generate New Affordable Rental Housing

Analysis
All models
<p><u>Strengths:</u></p> <ul style="list-style-type: none"> • All are able to attract a diversity of resources including government and industry funds, surplus or under-utilised land owned by State and Local government. All work in close co-operation with Local Government <p><u>Weaknesses:</u></p> <ul style="list-style-type: none"> • Where government land donors retain land ownership, the potential to leverage further growth against owned assets in affordable housing supply is weakened • Limited capacity to deliver housing to households on very low incomes (e.g. aged pensioners) – business modelling is oriented to key workers (low to moderate income earners) • All have experienced constraints associated with the lack of flexibility in planning schemes
Independent Trust
<p><u>Strengths:</u></p> <ul style="list-style-type: none"> • Strong governance with relevant housing, development and finance expertise • Utilised existing expertise in affordable housing development to establish and operate

Analysis
<ul style="list-style-type: none"> • Minimal demand on Council resources to facilitate establishment and none ongoing • Sponsor companies report they prefer to collaborate as they can achieve more significant outcomes and have an impact that communities and Councils can see²⁰ • Sustainable funding model for continued expansion in the long term, subject to local need and attraction of new resources / leveraging opportunities through redevelopment of other's assets • Housing priorities informed by evidence-based research • Agile and innovative, able to respond to market opportunities as they arise (e.g. win/win partnerships with other parties²¹) • Local presence through local community housing manager • Independent – not subject to local political preferences • Rigorous transparency and accountability to project stakeholders <p><u>Weaknesses:</u></p> <ul style="list-style-type: none"> • Tight development margins in a market exposed to boom / bust conditions. Financial prudence required • Mixed tenure and land use model constrained by planning regulation • Does not deliver housing for very low income people – primary focus is on key workers • Significant start-up funds needed to get started
Council Owned Trust
<p><u>Strengths:</u></p> <ul style="list-style-type: none"> • Local presence and direction • Housing priorities informed by evidence-based research <p><u>Weaknesses:</u></p> <ul style="list-style-type: none"> • Involves Council as housing provider (generally not core business for Councils) • Time taken to learn new business and high demand on Council resources to establish and operationalise • Limited affordable housing expertise weakening corporate governance • Limited agility to adapt to market opportunities and demands • Retention of asset ownership by Council and reluctance to leverage limits growth capacity Heavy reliance on industry funds • Need for Council to qualify as a registered Tier 1 housing provider²² to develop housing under National Regulatory System for Community Housing • Council owned and operated trusts can have limited success (one was abandoned – Maranoa Regional Council) • Difficulty in attracting donor funds if there is an absence of clear vision and a business plan
Direct Joint Venture
<p><u>Strengths:</u></p> <ul style="list-style-type: none"> • Draws on existing expertise and capacity in affordable housing development and management • Able to be agile and innovative in approach to development • Potential to leverage and expand assets based on previous developments but in an adhoc way, subject to individual project partner funding • Innovative design that anticipates rising / falling market and changing housing needs (such as seniors housing) <p><u>Weaknesses:</u></p> <ul style="list-style-type: none"> • Lacks co-ordinated, evidenced-based approach to housing type and location • Short term prospects (often a one-off in a region) and therefore limited long term gains

²⁰ Gladstone Regional Manager, External Affairs, GLNG Operations Pty Ltd (Santos) Pers. comm.

²¹ One example of such innovation is the development of the Queensland Cricketers Club site by BHC, yielding new club facilities, 7 apartments for the Club and 66 affordable rental apartments owned by BHC requiring no land cost component. <http://www.bhcl.com.au/latest-news/century-apartments-at-woolloomgabba-sold-out/>

²² Tier 1 registration is needed under the National Regulatory System for Community Housing as performing to be able to develop debt-financed housing.

4. EXISTING RESOURCES IN THE SUB-REGION

This section of the paper identifies existing resources that could potentially be redirected to support the supply of affordable rental housing in the Upper Hunter sub-region.

A broad range of stakeholders have a variety of existing resources (land and cash assets, know-how and innovation opportunities), suggesting that there is significant existing potential within the sub-region to generate a supply of affordable rental housing. These resources are described in Table 4 and in summary include:

- NSW Government:
 - Land and housing assets (Land and Housing Corporation)
 - Joint venture capacity and access to low interest loans (UrbanGrowth NSW²³, Land and Housing Corporation)
 - Funding (infrastructure, Resources for Regions funds)
- Local government:
 - Land assets
 - Funding (developer contribution funds)
 - Rate and application fee discounts
- Community housing sector:
 - Housing assets (primarily Compass Housing)
 - Capacity for debt-financed development
 - Knowhow in developing affordable (discount market) rental housing
- Mining sector:
 - Land and housing assets
 - Existing funding commitments (contributed as social investments)
 - In kind contributions through advocacy and business and financial knowhow.

A limited range of government funding and tax incentives are also potentially available. These are described in Table 5 and summarised below:

- Australian Government - tax incentives (National Rental Affordability Scheme)²⁴
- NSW Government:
 - Tax incentives (contribution to National Rental Affordability Scheme)
 - Resources for Regions funds
 - Hunter Infrastructure and Investment Fund (funds have now been expended)
 - Housing Acceleration Fund (limited potential).

²³ Note: UrbanGrowth NSW is currently undergoing a review which may change its potential to assist in this way.

²⁴ The Australian Government's Housing Affordability Fund, targeting \$450m of funds over five years to address housing affordability, expired at the end of FY13.

Table 4. Resources Potentially Available for Affordable Housing

Resource Type	Description
NSW State Government	
Public housing stock / potential redevelopment (owned by NSW Land and Housing Corporation - LAHC)	<p>LAHC owns 504 dwellings in the sub-region (managed by Compass Housing):</p> <ul style="list-style-type: none"> • 360 in Muswellbrook Shire • 13 in Singleton Shire • 131 in Upper Hunter Shire, <p>including 3 vacant sites in Muswellbrook²⁵.</p> <p>LAHC participates in joint development developments from time to time and would welcome approaches for joint venture opportunities in the sub-region, subject to their viability being demonstrated²⁶. These would be cast as Unsolicited Proposals (see below).</p>
Capacity building for community housing providers	In kind support for housing support service providers.
Surplus Crown land – managed by the State Property Authority (SPA)	<p>A register of State owned land is held but is not publicly available. Land identified as being surplus to needs is publicly notified by SPA. No properties are currently surplus to need in the sub-region²⁷. Properties are auctioned at market value. Direct negotiations can also take place via the NSW Government’s Unsolicited Proposals vehicle.</p> <p>Apart from contacting SPA, approaches can be made to Government agencies that are locally situated to identify land that might be surplus to their needs.</p>
Unsolicited Proposals	<p>The NSW Government invites Unsolicited Proposals to stimulate innovation in the development and delivery of new infrastructure and services in accordance with established protocols²⁸. Proposals should:</p> <ul style="list-style-type: none"> • Help deliver a strategic outcome (e.g. the Upper Hunter Strategic Land Use Plan and its associated actions for affordable housing) • Be low risk to Government • Be submitted to the Department of Premier and Cabinet.

²⁵ Pers. Comm. with personnel from Community and Private Market Housing, Housing NSW; and Executive Manager Operations East, Compass Housing

²⁶ Pers. Comm. with Director of Assets, Land and Housing Corporation

²⁷ Pers. Comm. State Property Authority personnel

²⁸ Established in the Guide for Submission and Assessment of Unsolicited Proposals accessible at <http://www.nsw.gov.au/your-government/unsolicited-proposals>

Resource Type	Description
Urban Growth NSW: <ul style="list-style-type: none"> • State assisted development through joint venture • Access to low interest loans Activity in the sub-region identified as a strategic action in the Upper Hunter Strategic Land Use Plan (Action 6.2)	UrbanGrowth NSW's role and capacities are under currently review and not likely to be released until March, 2014. A potential joint venture development with Singleton Shire has been put on hold as a result.
Funding: Various	See Table 4.
Local Government	
Rate and development application fee discounts	None current
Planning incentives	None current
Council owned land	<p><u>Muswellbrook Shire Council</u> the supply of Council owned land had not been established at the time of writing.</p> <p><u>Singleton Shire Council</u> has a small amount of greenfield land that has potential for residential development (land volume not specified). There is little suitable land beyond this (the most significant parcel is located outside urban areas and therefore not suitable).</p> <p><u>Upper Hunter Shire Council</u> is undertaking a staged development of its land at Aberdeen (77ha). Apart from this there is little other undeveloped or surplus land that has been identified as being suitable for residential development.</p>
Development contributions	Development contributions are paid to Councils by developers by way of Section 94 Development Contribution Plans and where applicable, by planning agreements ²⁹ . The purpose is to help cover the cost of providing appropriate infrastructure through the dedication of land, money, infrastructure provision or materials for public benefit.
Community Housing Sector	
Housing development, financing and management capability	Compass Housing is a Tier 1 community housing provider ³⁰ with a proven capability and track record in developing and managing affordable housing. Compass currently manages a total of 504 properties, of which it owns 108. Compass Housing, along with two other Tier 1 community housing providers, has previously shown interest in

²⁹ Enabled under the Environmental Planning and Assessment Act, 1979, Part 4 Division 6.

³⁰ A Tier 1 providers are assessed under the National Regulatory System for Community Housing as performing to the highest level of regulatory requirements for generating sufficient income to meet operating payments, debt commitments and the achievement of growth targets while maintaining service levels.

Resource Type	Description
	participating in housing development in the Upper Hunter sub-region ³¹ . All are growth oriented and have capacity to leverage against held assets through debt financing.
Existing assets	Compass Housing owns existing assets (108 dwellings) in the Upper Hunter region, in Muswellbrook Shire (81) and Upper Hunter Shire (27).
Nation Building obligations and targets	Compass Housing is obliged to develop new affordable housing in its NSW operating region under its Nation Building funding agreement with the Federal Government. Development costs, remoteness and uncertainty associated with mining cycles have constrained prioritising the Upper Hunter to date.
Mining Industry³²	
Company owned housing	Some companies own housing stock which is mostly located within environmental offset and buffer areas and is not suitable for affordable housing.
Existing community contributions	Two companies have contributed social investment money towards housing projects in the past In 2013/14 mining companies paid \$4.73m in community contributions to community groups in the sub-region (detailed in Appendix 3) ³³ .
In-kind support <ul style="list-style-type: none"> • Business and financial knowledge and capacity • Advocacy capacity 	Capacity to advocate to government on sub-region's needs. In-house business acumen.

³¹ Compass Housing operates in the Newcastle, Lake Macquarie, Wyong, Gosford, Maitland, Port Stephens, Cessnock, Singleton, Upper Hunter, Muswellbrook, Broken Hill, Central Darling, Dubbo and Broken Hill Local Government Areas.

³² Information collected from company interviews conducted in Stage 1 of this study.

³³ Data provided by NSW Minerals Council from raw data collected for the following report: Centre for Small Business and Regional Research and Lawrence Consulting (2013). *NSW Mining Industry Economic Impact Assessment 2012/13*, prepared for NSW Minerals Council by the University of Wollongong. Published: Wollongong. Accessed at: http://www.nswmining.com.au/NSWMining/media/NSW-Mining/Economic-Report/Factsheet/NSWMining_Industry_Economic_Impact_Assessment_2012-13.pdf

Table 5. Summary of Funding Sources Available for Affordable Housing

Description	Application to the Upper Hunter Sub-Region
National Rental Affordability Scheme (NRAS)	
<p>The National Rental Affordability Scheme (NRAS) is a long term commitment by the Australian Government to invest in affordable rental housing. The Scheme seeks to address the shortage of affordable rental housing by offering financial incentives to the business sector and community organisations to build and rent dwellings to low and moderate income households at 20 per cent below-market rates for 10 years, with income levels for eligible tenants specified by regulation.</p> <p>The Australian government’s financial incentive of \$7,763 per dwelling (2013/14 value) can be paid as an upfront grant or a refundable tax offset.</p> <p>The NSW government adds a contribution of \$2,589 (2013/14 value). Both contributions are indexed annually for up to 10 years. The NSW contribution can be paid annually (NRAS B) or, in the case of a not-for-profit registered community housing providers, as an upfront grant (NRAS A). Round 5 closed in August 2013 offering incentives for approximately 3,500 properties. In its recent budget the Australian government announced that the scheme would not continue beyond its current allocations.</p>	<p>NRAS has been an effective vehicle in leveraging private investment in new housing supply, incentivised by tax rebates to be rented at 80% of market rents.</p> <p>While its effectiveness in resource communities has been constrained by high market rents success can be achieved with the support of land subsidy (e.g. government owned land), design innovation (e.g. ‘dual key’³⁴ dwellings) and other subsidies to reduce development costs.</p> <p>In NSW viability can be assisted by the payment of State contributions as an upfront capital contribution to the project for not-for-profit registered community housing providers (NRAS A).</p>
Resources for Regions (sourced from Restart NSW funds)	
<p>The fund aims to support regional and rural communities affected by mining by addressing infrastructure constraints. It supports projects that focus on:</p> <ul style="list-style-type: none"> • Public transport • Roads • Infrastructure that may improve the competitiveness of the State • Local infrastructure in regional areas that are affected by mining operations • Health facilities • Workplaces for frontline government staff <p>The fund must align with the NSW 2021 Plan, which for the Hunter regions specifically includes renewing “the focus on liveability, lifestyle and land use, through affordable housing options, well-planned land and resource use, and through revitalisation of areas under population and industry pressure”.</p>	<p>Singleton and Muswellbrook identified as priority areas for funded projects.</p> <p>Has relevance as social infrastructure recognised as including affordable and rental housing.</p> <p>Applications from not-for-profit organisations accepted, including partnerships with other entities.</p> <p>Locally funded projects to date include:</p> <p><u>Muswellbrook Shire:</u></p> <ul style="list-style-type: none"> • \$7.6m road safety improvement • \$4m Muswellbrook Hospital Emergency Department Upgrade <p><u>Singleton Shire:</u></p> <ul style="list-style-type: none"> • \$9m CBD renewal project

³⁴ Dual key refers to a dwelling that can be occupied as a single dwelling with one front door but with lockable internal sub-dwellings that can be occupied by different households. Developments in Karratha, WA and the Surat Basin, Qld have used this approach to provide affordable key worker housing through the Australian and State governments NRAS subsidies (the latter with sponsorship from Australia Pacific LNG - http://www.aplng.com.au/sites/default/files/130321_Miles_Affordable_Housing_opening.pdf (accessed 3/7/13))

Description	Application to the Upper Hunter Sub-Region
<p>Funding in 2013/14 second round totalled \$78m. To date, funded projects range from \$3.5m to \$9m.</p> <p><i>Managed by Infrastructure NSW (INSW) in conjunction with Trade and Investment NSW.</i></p>	<ul style="list-style-type: none"> • \$1.9m Herbert Street Bridge Replacement, Broke • \$2m Bridgeman Road - New England Highway Intersection Upgrade • \$2m Pioneer Road Extension, Hunterview
Housing Acceleration Fund (HAF)	
<p>\$300m allocated 2013/14 to support major State and local infrastructure projects. Over \$200m allocated to Sydney and Lower Hunter. Funds: wastewater, road, water and electricity infrastructure. Focus is on major housing growth areas where housing supply is constrained by cost of major infrastructure. Projects to date have ranged between 750 – 17,600 dwellings³⁵. Funded projects must have approvals in place and land ready for development. Councils or developers can apply.</p> <p>Includes <i>Local Infrastructure Growth Scheme</i> (\$99m) to assist Councils fund the gap between maximum infrastructure levy cap and actual cost. Subject to Independent Pricing and Regulatory Tribunal review of council contribution plan. Transitional arrangement only until the new planning system is adopted in 2014.</p>	<p>Unlikely to have application to the small scale of development typical in the region but should not be dismissed³⁶.</p>
Hunter Infrastructure and Investment Fund (HIIF)	
<p>Fund value \$350m over four years to 2015/16 (funds now expended). Guided by the Hunter Infrastructure and Investment Board and the 20 Year Hunter Strategic Infrastructure Plan (with focus on lower Hunter region). Funding for transport, education, water, education, health and emergency services infrastructure. Councils and State agencies in Hunter region can apply, including partnerships with private sector. Must demonstrate:</p> <ul style="list-style-type: none"> • Contribution to productivity, liveability and sustainability in region / sub-region • Alignment with strategic planning and market need • Ability to implement by June 2015 • Economic and social benefit 	<p>Funding scope includes Upper Hunter sub-region</p> <p>Examples of locally funded projects include³⁷:</p> <p><u>Muswellbrook Shire:</u></p> <ul style="list-style-type: none"> • \$2m refurbishment of Upper Hunter Conservatorium of Music • \$9.6m replacement of Muswellbrook Sewerage Treatment Plant • \$4m for Thomas Mitchell Drive <p><u>Singleton Shire:</u></p> <ul style="list-style-type: none"> • \$5.7m refurbishment of Gym and Swim complex

³⁵NSW Planning and Infrastructure at: www.planning.nsw.gov.au/Portals/0/AboutUs/docs/BUILDING_HOME_AND_INFRASTRUCTURE.pdf (accessed 4/12/13)

³⁶ Advice received from Department of Planning and Infrastructure (now Department of Environment and Planning) Personnel, June 2013

³⁷ <http://www.hunterinfrastructure.nsw.gov.au/Projects.aspx> (accessed 4/12/13)

5. OPTIONS FOR CONSIDERATION

The provision of discounted market rental housing by not-for-profit community housing providers is a proven way of securing a long term supply of affordable rental housing immune to market volatility that has been pursued in a number of different resource regions. Rent pricing in this type of housing is more closely aligned to the ability to pay rather than market pricing. Most of the approaches investigated in this paper contributed to a permanent supply of affordable housing while one contributed to a more flexible, temporary supply (in the case of rental subsidies). All rely upon a pooling of resources to make them happen.

The Upper Hunter sub-region has the advantage of access to a variety of stakeholders, funding and land resources (outlined above in Table 3) that could potentially be directed towards supplying affordable rental housing.

Should stakeholders in the sub-region decide to pursue similar initiatives, it is highly desirable that this happen as part of a wider strategy that addresses other aspects of housing affordability such as land supply and development. It is also desirable that a strategy should anticipate and plan for both upturn and downturn cycles in housing, and factor in other regional influences (such as the impact of the development of Huntlee, a major residential development south of Singleton).

With this in mind, there are a number of options that could be considered to strengthen the resilience of affordable rental housing in anticipation of any future stress on the housing market.

5.1. Options for Affordable Rental Housing

This paper has identified the following three options for securing affordable rental housing that have been tested elsewhere. These options are further illustrated in Figure 9:

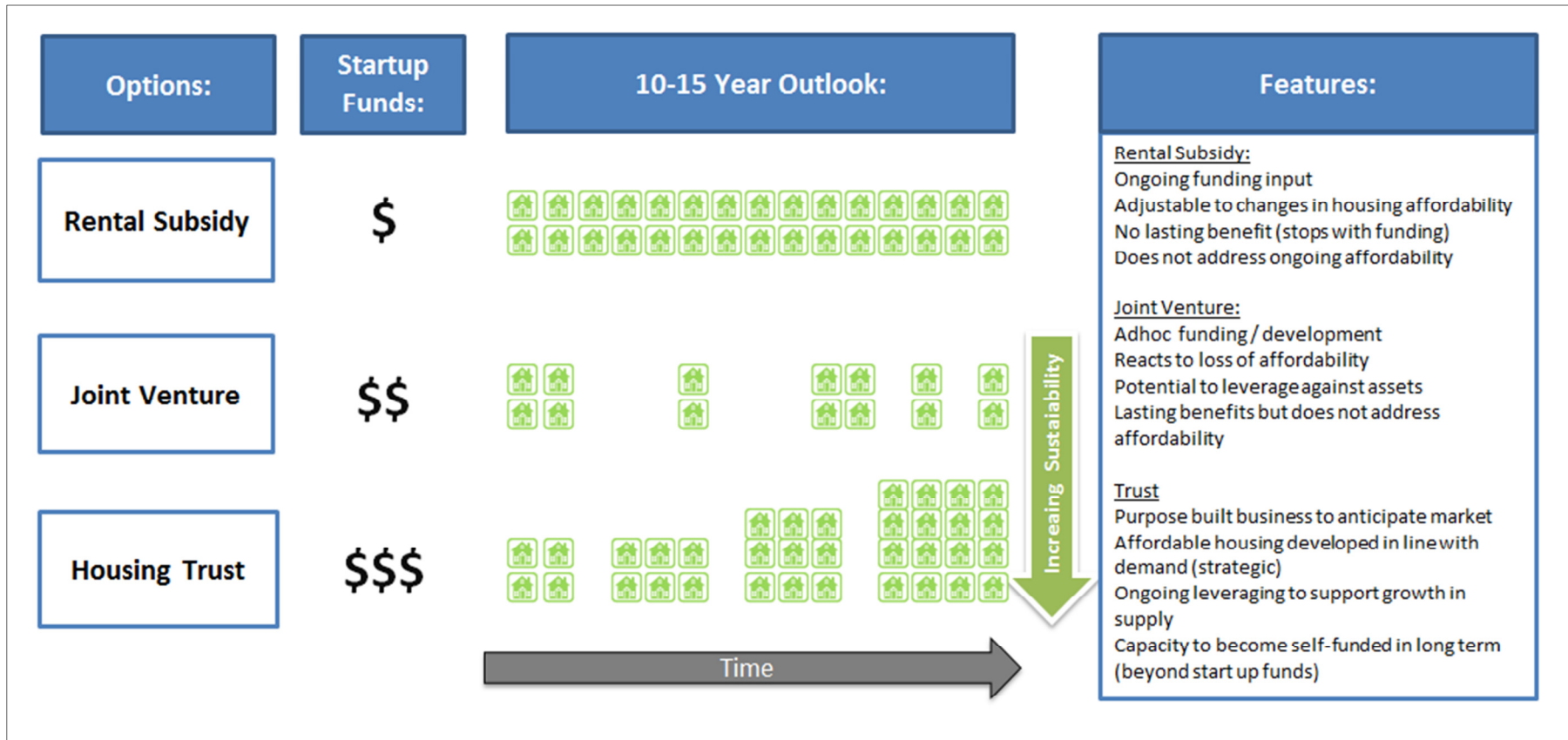
Option 1. Rental Subsidy Scheme – this option involves the ongoing contribution of funds to subsidise rental housing costs for low to moderate income households, within clearly defined eligibility criteria. The extent of subsidy needed would vary in accordance with movements in rental costs (e.g. during a downturn when rental prices fall, the number of households requiring subsidy may also fall) and the duration of the subsidy period. This option offers a flexible mechanism to help manage short term impacts on rental housing costs that can be relatively quickly planned and initiated ahead of a market upturn, but does not deliver new housing stock. The program would ideally be administered by a suitable local housing agency.

Option 2. Joint Venture Development – This option would entail one-off joint venture projects between a stakeholder / stakeholders (contributing land and / or funds) and a suitably qualified community housing provider (contributing expertise and the ability to access debt-raised finance). Asset ownership would be retained by the

community housing provider, allowing potential to leverage against this for subsequent developments (subject to the availability of additional funding injections). This offers a viable but adhoc approach to increasing affordable rental housing, and is reliant upon the willingness of stakeholders to inject further funds. Under this option, projects are likely to be developed in response to a shortage in affordable housing (with supply lagging behind demand as result).

Option 3. Independent Housing Trust - This option would see the formation of an independently established corporate trust (specialist business) whose purpose is to monitor affordable housing and respond in anticipation of increased demand. The business model would rely upon sizeable start up funds to enable the business to establish and then progressively develop a housing portfolio. It would do this by leveraging against existing assets and rental income to continuously expand its portfolio. As a discrete business entity, the trust would be responsive to development opportunities as they emerge. The long term intent would be to approach self-sufficiency so that the trust is no longer dependent on funding injections to expand its portfolio. In this way it has the potential to establish a lasting legacy.

Figure 9. Options for Providing Affordable Rental Housing



Source: Andrea Young Planning Consultants

5.2. Evaluation

An evaluation of these options follows.

Option 1. Rental Subsidy

Strengths:

- Help to prevent residents on low to moderate incomes being displaced from their rental housing
- Able to respond in the short term to changes in housing affordability (peaks and troughs)
- Spreads funds across more households while funding lasts
- Capacity to target very low, low and moderate income households

Weaknesses:

- The subsidy ends when the funding ends – there is no lasting housing stock.

Option 2. Joint Venture

Strengths:

- Provides a secure supply of affordable rental housing
- Through partnership with a community housing provider, able to leverage additional borrowed funds against available funds and established assets
- Brings expertise in affordable rental housing development and management to the sub-region

Weaknesses:

- Provides solutions on a sporadic basis
- Reliant on individually negotiated projects facilitated by local agencies and stakeholders
- Some demands on Councils or other stakeholder partners to initiate
- More prone to responding to demand for affordable housing than anticipating it (resulting in a lag of supply behind demand)
- Less able to target very low income earners (focus more on low to moderate income earners – key workers³⁸).

³⁸ Based on experience from the examples investigated, the earnings from very low income households are unlikely to be sufficient to support the viability of the business model. In particular circumstances, housing for very low income households could be achieved where a higher level of subsidy can be secured for a particular development.

Option 3. Housing Trust (Independent)

Strengths:

- Facilitates the establishment of a specialist business in the region with the sole purpose of developing affordable rental housing
- Business model based on strategic growth in anticipation of market need (supply closely matched to demand)
- Provides a growing and secure supply of affordable rental housing
- Potential to leverage off established assets
- Brings expertise in affordable rental housing development and management to the sub-region
- Minimal demands on Councils or other stakeholder partners to establish and operate
- Ability to respond to development and funding opportunities as they arise
- Potential to become self-reliant, leveraging off established assets and rental income

Weaknesses:

- Requires substantial start-up funds
- Less able to target very low income earners (focus more on low to moderate income earners – key workers³⁹)
- Capacity of the sub-region to sustain this model would need testing.

5.3. An Opportunity to Plan Ahead

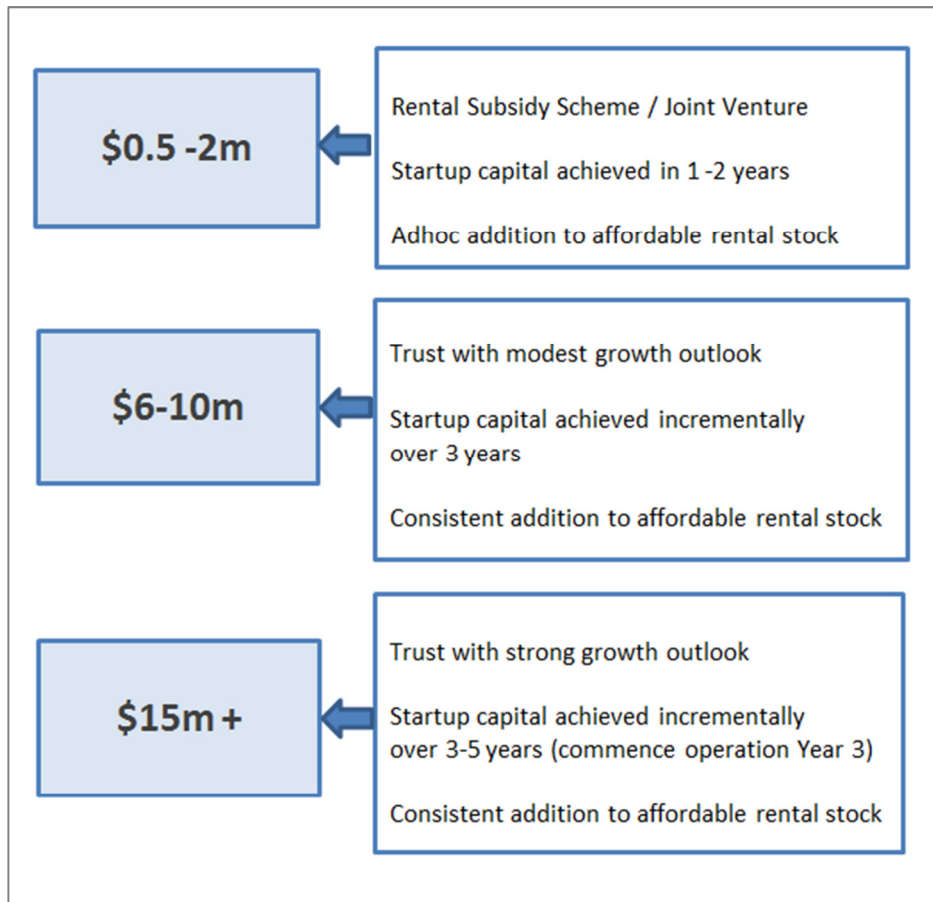
While the pressure on housing affordability has eased in the sub-region during the current downturn, affordability issues are still present for some. These pressures may increase when the mining industry returns to a growth cycle (depending on whether there is a corresponding and timely increase in housing supply).

The current downturn provides the opportunity for the sub-region's stakeholders to develop a strategy for securing a resilient supply of affordable rental housing ahead of the next upturn. Preparation now would enable steps to be taken to put in place any required governance arrangements and / or start-up capital (funds and land) in support of such a strategic approach.

Figure 10 proposes a conceptual approach for consideration, involving the potential redirection of existing available resources to support one or other of the options presented earlier. It is stressed that the figures proposed are notional only and have not been modelled. They are simply intended to indicate the likely range in the extent of funding for each of the approaches discussed. The author emphasises that a full feasibility would be necessary before any decision is made to invest in any of the options proposed.

³⁹ Based on experience from the examples investigated, the earnings from very low income households are unlikely to be sufficient to support the viability of the business model. In particular circumstances, housing for very low income households could be achieved where a higher level of subsidy can be secured for a particular development.

Figure 10. Conceptual Strategy for Assembling Start Up Capital



Note: the figures indicated above are notional only and have not been modelled for the sub-region. A full feasibility would be necessary before any decision to invest is made.

6. CONCLUSIONS

This paper describes the effects of movements in the mining sector on the sub-region’s housing market as it follows the upturns and downturns in coal production. It describes the mobility of residents and investors into and out of the housing market as it rises and falls, including the displacement of some low income households. It observes that both conditions contribute to homelessness, in an upturn due to rising housing costs and in a downturn due to job loss. It discusses the impact of housing stress on lower income households leaving less money for essential items (such as food, clothes, education, transport or health care) impacting on health, employment prospects, and family and community relationships. It highlights how the lack of affordable housing can impact on the availability of local goods and services (both as a result of housing costs in an upturn and job losses in a downturn), with some decline evident in the sub-region’s retail and public administration services. Impacts can also be felt in the tourism sector which draws upon the image and substance of the region’s social (and physical) environment. Mining is also affected by high housing costs which impact on

service quality or availability, with workforce attraction dependent on the lifestyle qualities an area has to offer (such as education, retail and leisure services).

In the midst of the recent upturn (2011) and before the market peaked in 2012, housing stress amongst home renters affected 24% of rental households in Muswellbrook Shire and 21% in Upper Hunter Shire, and a lower 17% in Singleton Shire. However, it is likely that the data for Singleton Shire reflects the displacement of low income households from rental housing as the market tightened during the mining expansion. This assertion is supported by interviews with real estate agents who indicated a dominance of mining workers in the rental market at the time, with fewer young couples, young families and young people. The data also suggests that households on very low incomes (such as aged pensioners) have difficulty affording private rental housing even under downturn conditions; an observation also made by community housing providers.

Given that mining is the major driver of housing demand in the sub-region, any future expansion in the mining industry has the potential to again impact on housing affordability, depending on its scale. If this were to occur, those most likely to be affected would be low to moderate income households unable to absorb the increased rents that would follow.

The provision of affordable rental housing by not-for-profit community housing providers is a proven way of securing affordability as it can offer rents that are tied to income levels rather than movements in private rental prices. Affordable rental housing has been delivered in mining communities elsewhere through collaborative arrangements involving State and Local government, mining companies and not-for-profit community housing providers. The initiatives have been well received in the host communities and in two cases, were awarded national housing and development industry awards.

The Upper Hunter sub-region has the advantage of access to a variety of stakeholders, funding and land resources that could potentially be directed towards supplying affordable rental housing of this kind. The current downturn provides the opportunity for stakeholders to adopt a proactive approach in advance of any future upturn.

Should stakeholders decide to prepare in such a way, it is highly desirable that this happen as part of a wider strategy that addresses other aspects of housing affordability such as land supply and development, taking into account the housing market cycles described herein, along with regional influences (such as the development of the new settlement of Huntlee).

This paper has identified three options for securing affordable rental housing of relevance to the Upper Hunter sub-region:

Option 1. Rental Subsidy: A grant funded scheme offering a rental subsidy to eligible households to safeguard the affordability of their private rental housing by covering the gap between what they can afford and the actual rent charged. This option is time limited for the duration of the subsidy, providing the flexibility to respond to changing housing market conditions, but it does not add new housing stock.

Option 2. Joint Venture: One-off joint venture projects between a donor or group of donors (contributing land and / or funds) and a suitably qualified community housing

provider, to develop and manage affordable rental houses. This option offers an adhoc supply of new affordable rental housing stock.

Option 3. Housing Trust: An independent local business with the sole purpose of monitoring and responding to anticipated demand for affordable rental housing. This option offers a sustainable business model capable of consistently generating additional of new affordable rental housing stock in response to predicted market need.

Either one of these options could be made possible by redirecting existing resources within the region and attracting additional State government funds, but would first need rigorous feasibility assessment. The community housing sector would be a key stakeholder in developing and / or managing any affordable rental housing generated.

APPENDIX 1 Data Tables

Table A1a. Median Weekly Rent, June Qtr - 3 Bedroom House (\$) Annual Value

LGA	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Muswellbrook	175	160	175	175	185	210	215	198	240	280	285	340	300	260
Singleton	210	185	210	220	230	260	260	285	310	330	380	430	380	325
Upper Hunter	150	150	150	180	190	200	200	220	220	240	280	300	328	295
Armidale	170	175	180	200	195	215	240	260	260	273	300	300	320	340

Source: Department of Family and Community Services, Housing NSW. Rent and Sales Reports accessed at <http://www.housing.nsw.gov.au/About+Us/Reports+Plans+and+Papers/Rent+and+Sales+Reports/> Note: Data reported in 2001 - 2005 was for the then Scone (now Upper Hunter Shire)

Table A1b. Median Weekly Rent, June Qtr - 3 Bedroom House (\$) CPI Adjusted

LGA	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Muswellbrook	247	220	234	227	234	255	254	223	265	299	293	347	300	260
Singleton	297	254	281	285	291	315	307	321	342	353	391	439	380	325
Upper Hunter	212	206	200	233	240	243	236	248	243	257	288	306	328	295
Armidale	240	240	241	259	246	261	284	293	287	292	309	306	320	340

Source: CPI adjusted data based on median weekly rent data from Department of Family and Community Services, Housing NSW. Rent and Sales Reports accessed at <http://www.housing.nsw.gov.au/About+Us/Reports+Plans+and+Papers/Rent+and+Sales+Reports/> Note: Data reported in 2001 - 2005 was for the then Scone (now Upper Hunter Shire)

Table A2. Median Sales, June Qtr - All Dwellings (\$)

LGA	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Muswellbrook	110,000	114,000	160,000	178,000	213,000	255,000	249,000	291,000	255,000	286,000	298,000	303,000	310,000	350,000
Singleton	141,000	147,000	220,000	274,000	298,000	285,000	325,000	305,000	317,000	384,000	372,000	429,000	430,000	400,000
Upper Hunter	125,000	126,000	153,000	218,000	232,000	253,000	210,000	263,000	245,000	290,000	289,000	320,000	320,000	330,000

Source: CPI adjusted data based on median weekly rent data from Department of Family and Community Services, Housing NSW. Rent and Sales Reports accessed at <http://www.housing.nsw.gov.au/About+Us/Reports+Plans+and+Papers/Rent+and+Sales+Reports/> Note: Data reported in 2001 - 2005 was for the then Scone (now Upper Hunter Shire)

Table A3. Production Employment at Upper Hunter Coal Mines and Coal Processing Plants

2000-01	Employees FTE	2002-03	Employees FTE	2004-05	Employees FTE	2006-07	Employees FTE	2008-09	Employees FTE	2010-11	Employees FTE	2012-13	Employees FTE	2013-14	Employees FTE
Jan-00	4,831	Jan-02	5,328	Jan-04	5,328	Jan-06	6,648	Jan-08	8,405	Jan-10	9,722	Jan-12	12,702	Jan-14	12,047
Feb-00	4,803	Feb-02	5,581	Feb-04	5,298	Feb-06	6,713	Feb-08	8,408	Feb-10	9,751	Feb-12	12,877	Feb-14	12,573
Mar-00	4,823	Mar-02	5,347	Mar-04	5,397	Mar-06	6,815	Mar-08	8,476	Mar-10	9,713	Mar-12	13,077	Mar-14	12,662
Apr-00	4,758	Apr-02	5,305	Apr-04	5,536	Apr-06	6,843	Apr-08	8,645	Apr-10	10,187	Apr-12	13,332	Apr-14	12,816
May-00	4,748	May-02	5,309	May-04	5,523	May-06	6,946	May-08	8,676	May-10	10,459	May-12	13,244	-	-
Jun-00	4,770	Jun-02	5,336	Jun-04	5,577	Jun-06	6,825	Jun-08	8,709	Jun-10	10,607	Jun-12	13,553	-	-
Jul-00	4,532	Jul-02	5,484	Jul-04	5,459	Jul-06	6,918	Jul-08	8,870	Jul-10	10,259	Jul-12	13,293	-	-
Aug-00	4,491	Aug-02	5,601	Aug-04	5,514	Aug-06	6,839	Aug-08	8751	Aug-10	10,499	Aug-12	13,294	-	-
Sep-00	4,475	Sep-02	5,598	Sep-04	5,540	Sep-06	6,871	Sep-08	8847	Sep-10	10,680	Sep-12	13,313	-	-
Oct-00	4,455	Oct-02	5,484	Oct-04	5,475	Oct-06	6,902	Oct-08	9044	Oct-10	10,508	Oct-12	13,146	-	-
Nov-00	4,471	Nov-02	5,412	Nov-04	5,485	Nov-06	7,007	Nov-08	9078	Nov-10	10,445	Nov-12	13,045	-	-
Dec-00	4,532	Dec-02	5,446	Dec-04	5,493	Dec-06	6,864	Dec-08	9386	Dec-10	10,160	Dec-12	12,416	-	-
Jan-01	-	Jan-03	5,330	Jan-05	5,663	Jan-07	7,097	Jan-09	9,414	Jan-11	11,005	Jan-13	12,033	-	-
Feb-01	-	Feb-03	5,241	Feb-05	5,628	Feb-07	7,028	Feb-09	9,418	Feb-11	11,187	Feb-13	12,576	-	-
Mar-01	-	Mar-03	5,278	Mar-05	5,796	Mar-07	7,083	Mar-09	9,490	Mar-11	11,163	Mar-13	12,353	-	-
Apr-01	-	Apr-03	5,314	Apr-05	5,995	Apr-07	7,171	Apr-09	9,535	Apr-11	11,447	Apr-13	12,553	-	-
May-01	-	May-03	5,281	May-05	6,036	May-07	7,218	May-09	9,529	May-11	10,998	May-13	12,404	-	-
Jun-01	-	Jun-03	5,223	Jun-05	6,306	Jun-07	7,212	Jun-09	9,444	Jun-11	11,121	Jun-13	12,500	-	-
Jul-01	-	Jul-03	5,387	Jul-05	6,405	Jul-07	7,500	Jul-09	9,319	Jul-11	11,564	Jul-13	12,058	-	-
Aug-01	-	Aug-03	5,507	Aug-05	6,463	Aug-07	7,387	Aug-09	9,340	Aug-11	11,631	Aug-13	11,999	-	-

2000-01	Employees FTE	2002-03	Employees FTE	2004-05	Employees FTE	2006-07	Employees FTE	2008-09	Employees FTE	2010-11	Employees FTE	2012-13	Employees FTE	2013-14	Employees FTE
Sep-01	-	Sep-03	5,494	Sep-05	6,364	Sep-07	7,447	Sep-09	9,480	Sep-11	11,709	Sep-13	12,029	-	-
Oct-01	-	Oct-03	5,404	Oct-05	6,534	Oct-07	7,488	Oct-09	9,397	Oct-11	12,747	Oct-13	12,209	-	-
Nov-01	-	Nov-03	5,310	Nov-05	6,530	Nov-07	7,580	Nov-09	9,574	Nov-11	12,667	Nov-13	12,095	-	-
Dec-01	-	Dec-03	5,298	Dec-05	6,486	Dec-07	7,568	Dec-09	9,777	Dec-11	12,703	Dec-13	11,990	-	-

Source: Coal Services Pty Ltd

Note: Employee data is Full Time Equivalent (FTE) and includes contractors.

Table A4. Residential Vacancy Rates (Percentage)

Area	Post Code	Jul-06	Jul-08	Jul-10	Jul-12	May-14
Muswellbrook	2333	1.2	3	1.6	2	10
Singleton	2330	2	3	1.5	2.25	5
Scone	2337	0	0.25	1	0.25	3

Source: <http://www.sqmresearch.com.au/free-statistics.php> (accessed 5/7/14)

Table A5. Rental and Purchase Households in Housing Stress (Number)

Housing Stress Category	LGA	2001	2006	2011
Rental Stress	Muswellbrook	294	382	437
Home Purchase Stress	Muswellbrook	59	112	122
Rental Stress	Singleton	262	365	347
Home Purchase Stress	Singleton	68	188	202
Rental Stress	Upper Hunter	234	265	267
Home Purchase Stress	Upper Hunter	85	125	156

Source: ABS Custom Data

Table A6. Cumulative Development Assessments, 2001 - 2010 New Single and Multi-Unit Dwellings (Number)

Local Government Area	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Muswellbrook Shire Council	127	184	234	362	499	610
Singleton Council	79	150	249	321	384	474
Upper Hunter Shire Council	96	156	210	237	277	305

Source: Department of Planning and Environment Performance Monitoring, accessed at: <http://www.planning.nsw.gov.au/en-us/developmentproposals/performance/monitoring.aspx>

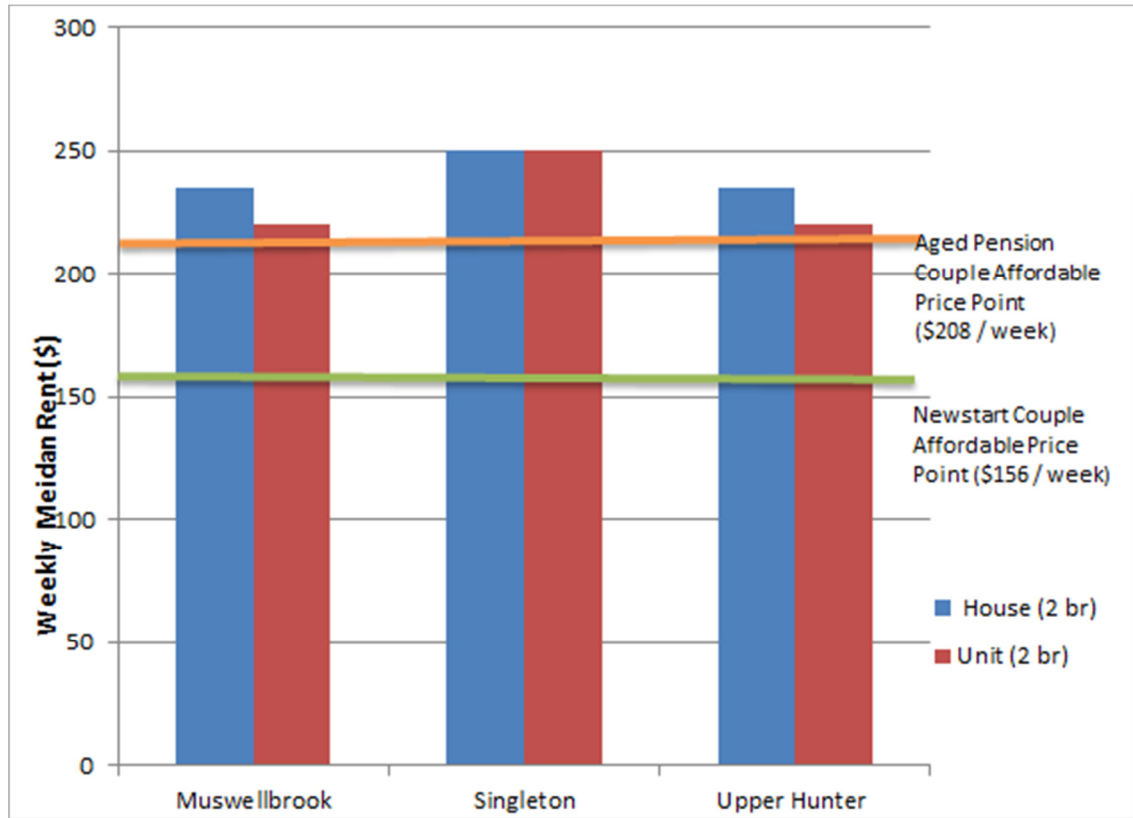
Table A7. Change in Industry Employment Singleton (2006 - 2011)

Industry of Employment	Change 2006 - 2011
Retail trade	-137
Agriculture, forestry and fishing	-117
Electricity, gas, water and waste services	-107
Public administration and safety	-61
Financial and insurance services	-19
Information media and telecommunications	-11
Arts and recreation services	9
Transport, postal and warehousing	11
Professional, scientific and technical services	19
Rental, hiring and real estate services	22
Education and training	35
Accommodation and food services	86
Wholesale trade	101
Health care and social assistance	101
Other services	175
Administrative and support services	189
Manufacturing	194
Construction	230
Mining	1453

Source: ABS, Census of Population and Housing, Working Population Profiles, 2006, 2011 (Table W09)

APPENDIX 2 Affordable Housing Price Points

Table A8. Weekly Median Rent Compared with Affordable Housing Price Points for Selected Centrelink Recipients (based on weekly income), 2014



Source: Housing NSW. Rent and Sales Report March 2014 and Department of Human Services Centrelink Payment Rates (2014)

Additional Notes:

Centrelink payments based on maximum payment rates for Newstart. Newstart is available to eligible people aged 22 years or more and under Aged Pension age.

Income calculations include Commonwealth Rental Assistance

APPENDIX 3 Community Contributions

Table A7. Community Contributions by Local Government Area, Financial Year 2012/13

Local Government Area	Community Contributions \$
Muswellbrook	3,006,184
Singleton	1,299,833
Upper Hunter	427,731
Total	4,733,748

Source: NSW Minerals Council from raw data in collected for Centre for Small Business and Regional Research and Lawrence Consulting (2013). *NSW Mining Industry Economic Impact Assessment 2012/13*, prepared for NSW Minerals Council by the University of Wollongong. Published: Wollongong.