Housing and Local Government in Australia in the 21st Century

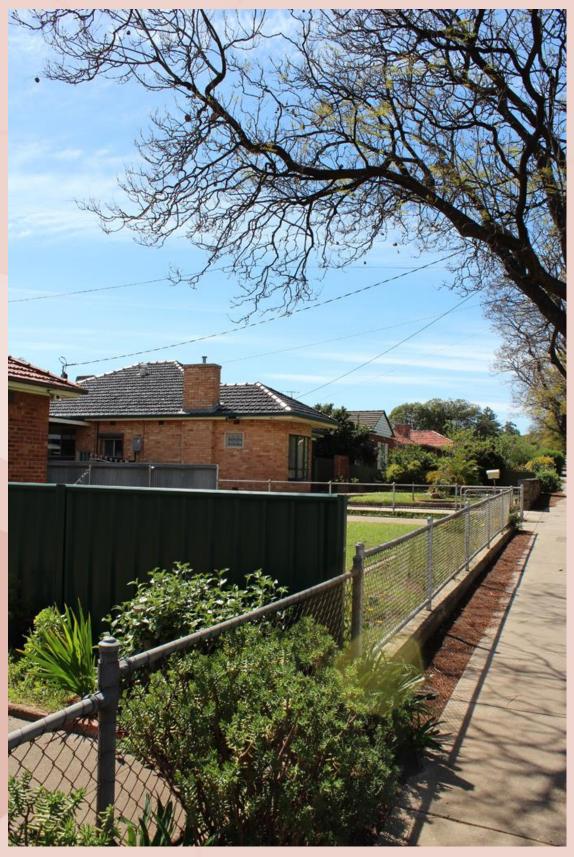*Andrew Beer, Alan Morris and Chris Paris*

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A street in Blair Athol, South Australia. Photo by Sandy Horne.
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1 Introduction

Everyone can agree that both local government and housing are essential features of life in contemporary Australia. Local governments are the tier of government closest to the people and undertake a range of essential tasks – they manage our cities, neighbourhoods and towns, they deal with waste, they provide a range of social services and they give communities voice. Housing also is important, as adequate and affordable housing provides the bedrock for prosperous, happy and engaged lives. Housing is important for access to employment, for success in schooling and in maintaining our health.

Despite the importance of both housing and local government, there is still considerable uncertainty over the relationship between the two. Often when we discuss housing, the community looks to the Federal or State governments to provide leadership. Federal Governments set the broader funding envelope for public sector outlays, influence interest rates and enunciate policies that may provide tax subsidies or other benefits to particular tenures, or housing in specific locations. State Governments have a clear role in the provision of affordable housing, with most states retaining an important social housing function.

Local government is often overlooked in discussions around housing, but this tier of government is important in virtually every dimension of residential development and management. Local governments are responsible for the day-to-day implementation of planning and development control, they provide critical infrastructure, they are often the sole source of essential recurrent services – such as waste removal – and they may provide advice and support to community groups dealing with issues such as homelessness, domestic violence etc.

The relationship between local government and housing continues to evolve as the housing market changes, as urban regeneration gathers pace and as policies evolve at the national and state levels. For example, the recent decision of the Queensland Government to divest itself of most, if not all, of its public housing stock will generate a new operating environment for local governments in that jurisdiction. In South Australia some local governments are considering moving to a more direct role in the provision of social housing as a way of achieving broader social policy objectives. The Federal Government's proposed White Paper on Federalism, also has the potential to fundamentally reshape the relationship between all tiers of government and the housing system.

This paper sets out to canvas some of the key emerging issues in the relationship between housing and local government in Australia. It does not attempt to provide a comprehensive analysis of each issue, instead it sets out to start a conversation about which issues are important, where change is happening most rapidly and which topics require further thought, analysis, research and debate.

2 Local Government and Housing: Historical and international perspectives

Local governments in many countries of Europe and North America have played a wide range of housing roles since the early 20th century, with some also in Australia:

- Land-use planning, building regulations, regulation of lodging houses and houses in multiple occupation (HMOs).

- Direct provision of social housing:
  - Some *very* large council housing stocks, e.g. Glasgow, Vienna.
  - Major player in Soviet Bloc countries before 1990.
  - Much smaller Australian local government sector e.g. Sydney City early 20th century and some direct provision of Community Housing.

- Joint activities with other housing providers:
  - Providing land or other resources for housing associations and/or co-ops (many countries) and subsidised private landlords (Germany).
  - Establishment of legally autonomous bodies to provide subsidised rental housing, for example Public Housing Authorities in the USA, some 'transfer' housing associations in the UK and Australian LG involvement in Community Housing.

- Regulation of social housing providers and appointment of members of boards of social housing agencies (various EU countries).

Diversity in LG housing roles: many differences between countries and regions.

- Federal/unitary national government systems, constitutional recognition of LG in some countries, not in others (including Australia).

- Diverse mixtures of local government functions and electoral systems.

- Profound differences in fiscal capacity of LGs to play active housing roles.

- Diverse roles for mayors: 'executive' (directly elected, e.g. Austria), 'political' representing localities (France), 'ceremonial' in 'Anglo' countries with strong bureaucratic management (Ireland) and 'collegial leaders' in 'leader-cabinet' models (England) (Heinelt and Hlepas, 2006).

- Different national/regional systems of housing provision, variations in tenure and land ownership, diverse housing subsidy and tax systems, but widespread trend away from producer subsidies to consumer subsidies.

- Big variation in extent of municipal provision of social housing: from 100 per cent in Hungary to zero in many countries.

- Enormous variety in dwellings types, systems of eligibility and allocation.

- Different perceptions of quality and success of LG and other social housing.

- Different roles of similar-sounding LGA housing roles: council housing in the UK was a lifetime tenure but a stepping stone to home ownership in Ireland.

Chris Paris chairs a meeting at the Local Government Association of South Australia. Photo by Sandy Horne. Copyright: CHURP

Many changes over time in systems of housing provision and LG housing roles:

- Growth of home ownership in many countries, with widespread deregulation of mortgage finance in the 1990s.

- Changing systems of providing subsidised housing: move away from construction subsidies to direct subsidies to consumers.

- Growth and decline of 'public' housing in English-speaking countries, with increasing residualisation and problems of stock maintenance.

- Changing status of LGAs within national/regional systems of government: decentralisation and/or devolution; amalgamations; allocation and/or removal of powers and responsibilities; introduction of elected mayor for London with 'strategic' functions and budget separate from London's 32 borough councils.

- Emergence of 'social housing' as an umbrella concept including all subsidised housing regardless of status of provider (LGAs, non-profits, private landlords).

- Changing mixture of public sector and other social landlords: declining public provision and growth of other forms of non-profit landlords.

- Abolition of local government housing and planning roles in Northern Ireland in 1971 (from 65 to 26 LGAs in 1971, down to 11 in 2014).

- Widespread privatisation of former public housing:
    - Mass transfer of stock in post-communist transition countries.
    - Transfer of ownership to tenants through sales (Ireland and the UK).
    - Stock transfer from LGs to other social agencies (GB, now Australia).
    - Sale to private agencies, including foreigners (former GDR).

- General movement *away* from municipal involvement in housing provision.

There are many examples for Australian local governments to consider also *risks*:

- Over-reach, unfunded obligations and budget creep: recurring problems of funding maintenance and renewal of subsidised stocks occupied by poor tenants in former Soviet Bloc countries and Australian SHAs.

- Unintended consequences: e.g. provision of housing for local low income households may attract other low income people into area, thus need more complex eligibility and allocation systems to balance 'need' and 'desert'.

- Citizen opposition to housing policy reforms (social housing provision).

Some key quotations from a review of trends in social housing in Europe (Whitehead and Scanlon, 2007; various authors)

> … the social sector generally houses a disproportionate number of single-parent families, the elderly and the poor. (p 6)

> In practice the working of the social housing system in most countries is inextricably bound to the social security system, and in particular to individual housing subsidies. (p 24)

Various studies have found that municipalities are often reluctant to permit the construction of new social housing, because they do not want an influx of residents with social problems who will cost them money. (p 45)

Key issues/questions

1. What is the main lesson to be learnt from diversity of LG roles?
2. Are trends in Australia similar or different from trends elsewhere?
3. What are the main potential benefits and risks of greater LG involvement in housing provision in Australia?

3 Australian Federalism, Local Government and Housing

- The Federation and establishment of the Commonwealth of Australia in 1901 were accomplished by agreement between leaders and citizens of the six founding States[1] and ratified by the British parliament.

- The Australian federal system and Constitution reflect the historical and political geography of 19th Century colonial settlement in the late Victorian era.

- States retain powers over matters not specified within the Constitution, including urban development, planning and housing.

- Key changes in the working of Commonwealth-State relations in the 20th Century included the shift of income tax collection to the Commonwealth, and the federal government taking responsibility for social security, income support and diverse forms of assistance through pensions and other benefits.

Local government within Australian federalism

- Australian local government was not included in the Australian Constitution and referendums to gain constitutional recognition have not succeeded to date, but local government has been recognised in all State constitutions.

- Local government systems across Australia remain 'creatures' of the States and the Northern Territory, with statutory duties, rights and capacities.

- Australia only has one 'level' of local governments, unlike many other countries, but with differences between States and Territories and big variations between LGAs in size (area), population and resources.

- State governments have initiated many reforms of local government systems, including amalgamations of LGAs, and encouraged the growth of human-related services at the local level.

- Local government functions historically related to property-related services and local roads, though some LGAs developed small stocks of council housing and/or provided accommodation for key workers.

Housing provision and policy within Australian federalism

- Housing is a complex arena of intergovernmental relations as it involves elements of production (land development, house building) and consumption (tenure, housing costs and access), and housing-related polices affect demand and need, including economic, tax, immigration and asylum policies.

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[1] New South Wales, Victoria, Tasmania, South Australia, Queensland and Western Australia.

- Commonwealth, States and local government housing roles all have changed in many ways since the time of federation.

- The Australian housing system changed enormously during the 20th Century with massive improvement in housing quality and growth of home ownership up to the 1970s stimulated by growing affluence and policies assisting first home buyers, including the sale of public housing to tenants.

- Post WW2 growth of State and Territory public housing was boosted by low cost Commonwealth loans, however this stock was seen as 'welfare' housing by the 1980s.

- Reforms of Commonwealth policy in the 1990s resulted in a switch to consumer subsidies and payment of rent assistance to social security claimants and a shift away from public housing provision towards 'social housing' managed by Community Housing agencies.

- Different elements of housing provision are affected by federal, States' and local government policies and practices.

  o Commonwealth tax policies and periodic assistance to home buyers affect housing production and markets.

  o Commonwealth rental assistance helps lower income households retain tenancies in the private and social sectors.

  o State governments have responsibility for planning legislation and strategic planning, land development and consumer protection.

  o State governments also periodically provide various grants and subsidies for home buyers and to stimulate housing industries.

  o LGAs are primarily involved in local planning and building regulation, within parameters determined by state and territory governments.

Wider housing roles for Australian local government

- Many LGAs have played more active roles in housing provision over the last 20 years, in relation to both housing production and consumption.

- Gurran (2003) identified the following housing-related roles:

  o Production: identifying land; development controls; environmental/social assessment; facilitating land parcels and residential subdivision; 'streamlined' approvals; collaboration with other housing providers (private, public and community sector); planning mechanisms related to affordable housing; joint ventures; donation of land; and production of housing units.

  o Consumption: identifying and monitoring housing needs; collaboration with other housing providers; co-ordinating or delivering appropriate support services (for the aged, homeless or crisis resource centres); information and

advocacy; financial assistance; and, managing local housing stock.

- Change in Commonwealth-State relations regarding housing subsidies has encouraged some local governments to be active in Community Housing provision, especially in Queensland, mainly managing State-owned housing occupied by aged persons and other vulnerable groups.

- Many local governments have developed local housing strategies, especially capital city LGAs, mainly regarding assisting lower income households in their areas.

- Box 1 outlines the case of the City of Sydney.

- The emerging National Regulatory Framework for Community Housing offers both attractions and risks for local government.

- There are risks and limits to greater local government roles:

  o Potential contradictions between objectives: urban consolidation may help to increase population densities but make housing more expensive squeezing out lower income households.

  o Financial resources are limited, especially for non-core activities.

  o Potential community resistance to social housing projects.

  o The transfer of public housing to LGAs or other community housing providers could result in unfunded commitments.

  o Mismatch between LGA boundaries and the structure and operation of local and metropolitan housing markets.

A street in Lochiel Park, South Australia. Photo by Sandy Horne.
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Key issues/questions

- What are the most appropriate roles for LGAs regarding housing provision?
- Should LGA housing roles vary according to different local circumstances?
- What are the main risks relating to wider LGA in housing provision?

Box 1. Local Government and Housing: The case of the City of Sydney

The City of Sydney council area (population, approximately 192,000) is in danger of becoming an enclave of high income households. In inner-city Sydney, between March 1993 and March 2013, the median weekly rent for all properties nearly tripled from $195 to $560. In Surry Hills, a City of Sydney neighbourhood, the median price of a house has increased from around $700,000 in March 2007 to $1,180,000 in June 2014. The decline in affordable housing means that lower paid workers can no longer afford to live in the City of Sydney.

The increasing exclusion of low-income workers is a serious economic, social and environmental issue and the City of Sydney has put in place mechanisms to ensure that new developments include affordable housing. *The City of Sydney Affordable Rental Housing Strategy* (2008) outlines strategies to facilitate the preservation and expansion of affordable housing – affordable housing levies; strategic partnerships between state and federal governments, not-for-profit and private sectors as well as other local councils; the provision of financial incentives to developers who provide affordable housing; providing land to housing providers for affordable housing; and advocacy for state and federal government involvement in the provision and retention of affordable housing. Other aspects of the strategy include educating the public about the benefits of affordable housing and research on national and international housing affordability best practice. Although the impact of these strategies on affordable housing has been small, but there have been some notable successes.

Pyrmont/Ultimo Legislation gives the Council the power to ensure that developers contribute towards a 3 per cent affordable housing levy. A primary aim of the City West Affordable Housing Program, established in 1994, is to ensure that the area remains socially diverse and the target is to ultimately provide 600 affordable homes. By 2014, the initiative had led to the provision of 445 affordable homes.

Green Square City West is responsible for the provision of affordable housing in Green Square, a large residential redevelopment. An inclusionary zoning mechanism requires new residential developments dedicate 3 per cent of floor space to affordable housing or make a financial contribution to the same effect. So far 102 affordable rental units have been provided. The target is 330.

North Eveleigh, Redfern and Joynton Street, Zetland These are City West projects to be completed in 2015. The North Eveleigh project located on an old industrial site will provide 88 affordable units and the Joynton Street project, 104 units.

National Rental Affordability Scheme (NRAS) By 2011 the federal government allocated funding for 1035 affordable rental dwellings in the City of Sydney.

Redfern- Waterloo Another major project is in the Redfern Waterloo area. It is premised on developer contributions and has a strong Aboriginal focus. The plan is to provide 120 affordable units.

The Common Ground Project The project has provided 104 mixed tenure affordable housing units and support of various kinds. Half of the units are geared towards the chronically homeless. It is a partnership between the City of Sydney, the state and federal government, NGOs and the private sector.

Going forward: The Affordable Rental Housing Strategy

The City of Sydney has ambitious plans for increasing the proportion of affordable housing stock. In partnership with government, the universities, private and not-for-profit organisations, the City's *Affordable Rental Housing Strategy* and *Sustainable Sydney 2030,* aim to increase the social and affordable housing stock from 11,488 units in 2006 to 20,100 by 2030; 7.5 per cent of all dwellings within the LGA. The additional affordable housing will be delivered by a range of organisations and programs. For example, 'Council in partnership', the aim is to provide 400 homes by the City utilising sites across the LGA. It is estimated that the two universities in the LGA (University of Sydney and University of Technology, Sydney) will provide 1450 subsidised dwellings for students and the NSW and Commonwealth government incentives will provide 1600 dwellings mainly through the National Rental Affordability Scheme (NRAS). The biggest contributor, an estimated 2000 homes, is to be delivered through the existing developer levies.

A major impediment to the City of Sydney increasing the supply of affordable housing has been blockage by successive New South Wales governments of attempts to apply a levy or raise the amount developers contribute. At the federal level the reluctance to devote resources to social housing means that the number of public housing units will remain flat. Although the City of Sydney is acutely aware of the magnitude of the problem and the dire implications, its capacity to increase the proportion of affordable housing or even maintain the current proportion, is dependent on adequate backing from the state and federal government.

4 Second Homes, Rates and Grants Commissions

The growth and changing role of holiday homes in Australia raises a range of distinctive issues for LGAs relating to the property base for local rates and Grants Commissions funding, as well as local urban planning and tourism strategies:

- Issues relating to sources of revenues and costs of service provision.
- The impacts of population mobility on local governments, including both seasonal and other temporal movements.
- There are emerging planning concerns about dwelling classification, especially where large holiday homes are let to groups of holiday-makers, hence the Gosford decision in the NSW land and Environment Court.
- Holiday homes are a vital element of tourist accommodation in many LGAs but can/should they be zoned and/or rated differently from standard residential housing?

Vertical and horizontal inequities about in the funding of LGAs:

- Vertical fiscal imbalance: the Commonwealth collects most taxes with some redistribution to States and Territories, and LGAs, via Grants Commissions.
- Grants Commission funding results in horizontal inequity due to two factors:
  - Base level support goes to all LGAs including those that are wealthy.
  - Other support is based on number of LGA permanent residents so disadvantages LGAs with large areas with roads to be serviced but small populations and/or large proportions of non-permanent residents.
- Dwellings are used at peak times and services have to reflect this, if Grants Commission funding were based on a dwelling count this would reflect peak service provision and capital infrastructure needs, and penalise owners deliberately leaving dwellings empty.

How many holiday homes?

There has been very large growth in the number of dwellings used as holiday homes over the last 50 years as well as various forms of short-term rental accommodation for holiday makers and other visitors (including serviced apartments), but there is no reliable systemic data on the proportions and numbers of dwellings used as holiday homes as the ABS stopped estimating the number of holiday homes in the 1970s.

- Census data contain indications of the number and locations of holiday homes: primarily through much higher reported levels of unoccupied dwellings in known holiday homes locations.

- LGAs' own data also provide clues where high levels of unoccupied dwellings coincide with high proportions of non-resident ratepayers.
- Survey data contain indications but none adequately differentiate between ownership of rental properties and holiday homes.

There has been a massive increase in the number proportion of unoccupied dwellings in Australia over the last 40 years. We have baseline data from the 1971 census and this can be compared to more recent census data as well as industry estimates.

- The 1971 census counted 3.7 million dwellings in Australia; 8.5 per cent were unoccupied (340,000) with 27 per cent of these considered holiday homes (92,500).
- The 2011 census counted 7.8m dwellings in total, with almost 11 per cent unoccupied (935,000), an increase of around 600,000 since 1971.

Hindmarsh Island, South Australia. Photo by Sandy Horne.
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Point-in-time data collection cannot capture seasonal or other temporal population movements. Attempts to estimate the numbers of holiday homes are complicated by changing use of dwellings across the year: as a holiday home for owners, as holiday rental let commercially.

- If 27 per cent of the 2011 unoccupied dwellings were holiday homes the total would be 253,000, but industry estimates suggest *many* more (600,000+).

There are at four reasons for the big difference in estimates and all may apply:

- 1971 census counts *under*estimated the proportion of holiday homes.
- Holiday homes are now a *higher* proportion of unoccupied dwellings.
- 2001 data exclude dwellings occupied by visitors and non-classifiable households.
- Many holiday homes in some states were occupied on census night.

Key issues/questions

- Should general capital funds be allocated on basis of number of dwellings and length of local road system, not just permanent population?
- How should LGAs treat holiday homes in local land use planning and tourism strategies?
- How much do these issues vary between LGAs?

5 Cost Shifting and Local Governments

Local governments across Australia are acutely aware of the growing pressures they face on their finances. Some of the challenges confronting them include: state government imposed caps or regulation of rate increases, growing cost pressures as a result of inflation, national policy changes and/or shifts in regulatory environments, rising wage costs and the rising costs of maintaining infrastructure and other services.

The Hawker Inquiry

In 2003 The Hawker Inquiry examined cost shifting and its impact on local government. It found that

- Cost shifting is real, and has gathered pace over recent the past two decades.
- Local governments are often handed 'unfunded mandates' by either the state or Australian Government, that is, they are given a responsibility in a policy area – such as the environment, social support, infrastructure provision – without a revenue stream to fund this activity;
    o Unfunded mandates are often transferred from state or national government budgets to local governments and are not limited to new functions or responsibilities.
    o Such measures effectively represent a tax on local governments and the communities they represent.
- Unfunded mandates may have socially regressive outcomes.
    o Small communities may be required to carry substantial costs that were previously carried by the state or the nation as a whole.

Cost Shifting and Housing

- The Australian Local Government Association notes the following broad categories of cost shifting:
    o Withdrawn or reduced services by state government with the gap filled by councils.
    o Home and Community Care, childcare and aged care services, valuations, safety and crime prevention, housing.
    o Transferred assets.
    o State regional roads, federal regional airports.
    o Concessions and rebates created without compensation for councils.
    o Pensioner rebate schemes, non-rateable federal/state land.
    o Increased regulatory and compliance requirements.
    o Food regulation, companion animals, threatened species, fire brigade contributions.

- o Failure to provide indexation of fees and charges.
- o Swimming pool inspections, licensing, statutory planning fees, environmental protection fees.
- In the area of housing, there is a real risk that public housing responsibilities and outlays could be transferred to local governments and their communities.
  - o The discussion above in section 2 has shown that internationally local governments can be effective in delivering social housing, but not without adequate resources.
- Recent developments in South Australia have identified the potential for substantial cost shifting. State legislation requiring the provision of rate rebates to community housing providers represents both a subsidy to these not-for-profit providers, and a windfall for the South Australian Treasury.
  - o Comparable legislation can be found in other jurisdictions, including Queensland, New South Wales, Victoria and Western Australia, although the implementation varies considerably.
- Across Australia, the financial sustainability of local governments has been called into question, partly as an outcome of cost shifting.

Key Issues/Questions

- How can local governments ensure they are not unfairly handed unfunded mandates with respect to housing?
- What strategy or strategies can local governments pursue in the housing sphere in order to a) achieve their broader objectives with respect to their community and b) not incur unwanted additional expenditures?

6 The Planning System – Housing and Land Use

Local governments play a pivotal role in land use planning and housing provision. This role has evolved over time and there is some variation in jurisdictions. It is, however, possible to identify a number of common trends and issues.

- Metropolitan scale planning documents are usually set by state governments – e.g. the 30 Year Plan for Adelaide – but the implementation of local plans, as well as planning and development control is most commonly delegated to councils.
  - States may set specific targets, e.g. for population growth or affordable housing
  - But local government is critical in what type of development occur, and when
  - Their decisions can have a critical influence on cost.

There is a consensus in the international literature that planning regulation affects housing development costs and outcomes – including the affordability of housing, but there is considerable debate about the weight of impact and its causes.

- For instance, we don't know whether and under which circumstances, price impacts are due to demand factors (due to greater amenity produced by positive planning) or supply factors (a shortage of housing due to restrictive planning).
- Delays in development approvals are known to add to the cost of housing by increasing the risks carried by developers as well as their holding costs.
- In the United States, research suggests that planning standards designed to reduce density – e.g., large minimum residential lot sizes, dwelling sizes, or restrictions against multi-unit housing, have the greatest impact on house prices. Similarly, high impact fees may also coincide with higher home values. However, these outcomes do not necessarily result from a direct cost/price relationship but may reflect a deliberate and exclusionary 'pricing out' of certain income groups.
- It is difficult to determine whether any negative planning system impacts on housing affordability can be attributed to local government, or whether they reflect more the decisions taken by state or national government agencies.
  - In New South Wales, for example, Section 94 contributions from developers, which are enabled under state government-legislation and substitute for state-government outlays, have been shown to have an adverse impact on housing affordability.
- There is, however, substantial evidence that local governments vary considerably in their planning performance. This has, in part,

triggered a move in some jurisdictions to create other entities – including regional boards – to take responsibility for planning implementation.

- o The New South Wales Government publishes each year the average time taken to process development approvals, but this is unusual across Australia. We know there is considerable variation in the time it takes for developments to be approved.

Key Issues/Questions

- What impact does local government planning have on housing development and affordability and is there evidence that measures to monitor the performance of the development system improve performance and affordability?

- What would a more effective local planning system look like?

- How can local governments achieve a better balance between their regulatory and other community responsibilities when planning for housing?

- What is the potential impact of measures to remove some planning controls from local government control?

Modbury Heights, South Australia. Photo by Sandy Horne.
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7 Local Government, Homelessness and Non-Government Organisations (NGOs)

The 2011 Census found that 105,237 people were homeless in Australia on the 9 August 2011, representing 49 persons for every 10,000 persons, an increase of 8 per cent on 2006. Most of the homeless (39 per cent) were living in severely crowded dwellings. The next largest group (20 per cent) were staying in supported accommodation for the homeless and 6 per cent were sleeping rough. Just under 80,000 people were living in marginal housing, i.e. in circumstances that do not meet the definition of homelessness, but are just above the homelessness threshold.

The Role of Governments

- The increase in homelessness has taken place against a background of an increase in government funding to fight homelessness and a National Partnership Agreement on Homelessness that commenced in January 2009.

- The big gap in the initiative is a failure to address the lack of affordable housing. The *2014 Rental Affordability Snapshot* conducted by Anglicare found that across Australia there is virtually no affordable accommodation for households dependent on government payments.

- The extent and complexity of the homelessness problem and shortage of affordable housing makes homelessness an exceptionally difficult issue for local government to address.

- At present there is no legislation that requires local government to be involved in addressing homelessness. However, a number of councils have prepared strategies to address homelessness in their LGA.

Learning from New South Wales Experience

- Although the proceeding discussion of local government and homelessness focusses on New South Wales, the detail, arguments made and conclusions reached are not necessarily NSW specific.

  - In New South Wales, the *Homeless Action Plan 2009-2014,* outlined the state's five-year strategic plan to prevent, respond effectively and break the cycle of homelessness.

  - A key principle is to achieve these goals through a collaborative approach between the state and local governments, NGOs and the private sector. Noteworthy is that there is no reference to what specific role local government should play.

  - The *Action Plan* identifies that a major priority is to develop 'regional homelessness action plans' in priority locations through consultations, data analysis and building local partnerships to identify projects and strategies.

- o The establishment of partnerships and collaborations is viewed as a critical component in the delivery of effective homelessness services.

- In his research on barriers preventing local governments from adopting innovative homelessness services, Berman (1996: 1133) found that 'use of partnerships, community-based planning and coordination of public and private services' combined with local government funding are necessary strategies if local government is to develop solutions to homelessness.

  - o An important point made by Giles (2009) is there is no one size fits all solution; each local government area needs to assess what are the existing services; what are the gaps and what is required to resolve homelessness in its domain.

- It is important to keep in mind that while local governments are perfectly placed to address homelessness, state and federal government support remains crucial to ensuring positive outcomes.

  - o In New South Wales, a number of councils have developed strategic plans in alignment with the state's homelessness *Action Plan*. All emphasise that partnerships with other government agencies, NGOs and the private sector are essential. Three key initiatives are summarised.

8 Homelessness Strategies in Action

The City of Sydney's Homelessness Strategy 2007-2012 has four prongs – 'homelessness services; project and policy development; sector development and coordination and research, advocacy, evaluation and accountability'.

- The homelessness services are constituted by a Homeless Persons Information Centre (HPIC). The Centre receives more than 50,000 calls annually and helps callers access relevant services. The City and the Department of Housing jointly fund an outreach service for homeless people in the LGA. The Outreach team assists with housing applications, referrals to accommodation and general welfare.

- A key premise of the City of Sydney strategy is that in order to address chronic homelessness, permanent support is required.

    o In collaboration with the Commonwealth government, New South Wales Government, Mission Australia, The Inner City Coalition and a number of inner-city homelessness services, this was put into practice with the opening of the Common Ground project in Camperdown. The 104 unit facility provides affordable housing, social housing and supported accommodation.

The Parramatta City Council (PCC) Homelessness Implementation Plan was established in November 2011 after a substantial amount of research into local government and homelessness and best practice in Australia, the United Kingdom and North America.

- The plan observes that the prevention and reduction in the homeless population in the LGA will depend on the PCC's capacity to strengthen its partnerships with relevant not-for-profits service providers and the willingness of the state government to provide funding to increase the supply of affordable housing and that gives the PCC the capacity to provide adequate support.

- Like the City of Sydney, the PCC plan to reduce homelessness is premised on the provision of housing and support. The plan lists 31 strategies to prevent homelessness. The strategies include monitoring at risk households; advocating for improved mental health services; supporting homelessness events to raise awareness; improving facilities for personal care; developing a protocol for people in local government to use when working with homeless people and improving data collection.

- The PCC also drove the establishment of the Parramatta Region Homelessness Interagency. The aim of the Interagency is to break down the silos and get different organisations to work together on different themes and share information. The PCC coordinates the Interagency.

Project 40 – In Western Sydney, the Nepean-Blacktown Regional Taskforce on Homelessness established Project 40. The Project 40 consortium involves collaboration between the Penrith, Blacktown,

Hawkesbury and the Blue Mountains Councils and Wentworth Community Housing and more than 80 services including churches, youth groups, government departments, Aboriginal services, community based NGOs and employment agencies.

- The primary aim is to provide affordable housing and ongoing support to the chronically homeless. Project 40 is based on the Housing First model pioneered in the United States.

- In each of the four local government areas coordination groups assess applicants 'against a vulnerability index'. The coordination group is constituted by about 20 agencies. By 2013, 60 applicants had been provided with housing and ongoing support.

- The housing of applicants became a possibility when Wentworth Community Housing set aside a proportion of the new housing it received from the stimulus package for Project 40.

- The complexity of the issues and the resources required means that the prevention and reduction of homelessness is an onerous and difficult challenge for local government. The challenge has been recognised by some councils and besides the development of council specific responses, councils have come together to form regional Homelessness Action Plans. However, most councils in New South Wales do not have a dedicated homelessness strategy.

Key Issues/Questions

- How can local governments contribute to finding a solution to homelessness in Australia without taken on an unfunded liability?

- What strategies and actions are going to be the most effective in addressing this issue?

- Who will be their key partners in bringing about positive change?

9 Changing Social and Economic Context

Population growth and change

- There has been strong population growth since 1945, driven by both natural increase (generally declining) and a very high level of net in-migration compared to the USA or other OECD countries.

- The population has become much more diverse with a changing mix of migrant origins and growing cultural and linguistic diversity.

- In common with most other OECD countries, the population is ageing with falling average household size and the increase in the number of households exceeding the rate of population growth. There is, however, evidence that this fall in household size has levelled or off or even halted.

  o This change in trend highlights the importance of demographic processes in the shaping the demand for housing, and the pressures placed on local governments.

- There are distinctive cohort effects across the changing population structure – some local governments have much younger populations and some much older. But under both circumstances the demand for housing is much affected.

Economic and social changes

- Massive changes in the economy, from post-war industrialisation to more recent deindustrialisation and the growth of the sector.

- Growth of service sector employment and the knowledge economy

- Globalisation of production and consumption.

- Recent mining boom boosted overall earnings but

- Changing socio-economic structures: growth of the middle mass, decline of a 'working class' and creation of an underclass as in other OECD countries.

- Huge increase in mobility of all kinds, including seasonal and other temporal movements.

Urban and regional changes

- Some continuity with long-term trend of low density urbanisation and sprawl, with growth of peri-urban populations and the associated increase in commuting time.

  o The increased length of many journeys to work raises issues around social, economic and environmental sustainability.

- Continuing population movement from rural areas to regional centres.

- Changing inner metropolitan areas with gentrification and inner metropolitan redevelopment at higher densities.

- Urban consolidation policies introduced by States to restrict land supply and push up housing costs and hence stamp duty and land tax income.
- Changing geography of wealth and poverty, with some persistent elements and other dynamic emergent elements, especially increasing concentrations of affluence in inner metropolitan areas.

Changing housing system

- Widespread concerns about homelessness and the costs of accessing and sustaining home ownership or tenancies.
- Falling level of home ownership since the 1980s with fewer first-time buyers and growth of private renting driven by investor-purchasers, including overseas investors.
- Large growth of foreign student housing demand in inner metropolitan areas.
- 1990s reforms of Commonwealth housing policy and rental assistance followed by slow growth of community housing sector with some LG involvement, varying between States and territories.
- At present: States steadily withdrawing from social housing provision with stock transfers to community housing organisations, including some LGAs.
- More active role for many LGs regarding housing in their areas together with more active role in other social policy areas.

Change and continuity in inter-governmental relations

- Continuity in terms of stability of overall federal system and balance of powers between Commonwealth, States and territories: very few successful referenda.
- But Australian federalism reflects a different era at the fading of the British Empire, with little government involvement in the economy, before the massive economic and geo-political transformations of the 20th Century, mass car ownership and air travel.
- 1980s: Hawke/Uren, some new initiatives for local governments, some in collaboration with States, promotion of LG housing strategies.
- Continuing divisions over question of constitutional recognition of local government.

Key issues/questions

- No relationship exists between metropolitan and regional housing markets and local government geographies, with big differences in those LGA geographies between States and Territories.
- How much do the impacts of socio-economic change vary between LGAs?
- Is there a mismatch between LG's wish to play greater housing role and the funding base for LGAs?

10 Conclusion

This paper has outlined some of the key practical, political and conceptual challenges in the relationship between housing and local government in Australia. From the discussion above we can draw a number of conclusions:

- First, housing doesn't represent one issue or challenge for local government in Australia, rather it raises a number of inter-related questions.

- Second, there can be no denying the importance of housing for local government and local government for housing.
    - Local governments may have a significant impact on housing costs – although the precise magnitude of that change is yet to be determined.
    - Housing represents an important part of the income stream of most local governments as it is the most important component of the rate base in most places.
        - It is also an important source of demand for expenditures, in the form of services provided to existing properties and demand for community facilities such as libraries.
        - Encouraging housing growth is a well-established strategy for bringing about economic development and income-growth within a region.

- Third, there is clear evidence of innovation and progressive thinking across Australia in how local governments relate to housing issues.

- The City of Sydney case study discussed in Box 1 showcased what was achieved in just one of the nation's 540 local governments.

- Fourth, changes in Australian and state government policy settings represent a significant challenge for local governments and how they relate to the housing sector.
    - 'Housing' and 'housing policy' is no longer an oblique way of making reference to state-government provided and Australian government funded social housing provision.
    - Instead, the picture is much more complex. This creates both opportunities and potential risks for local governments.

- Fifth, the challenge for local government is to identify ways to engage with housing issues, without being burdened by one or more unfunded mandates.
    - In part, the solution may lie with a broader, industry wide engagement with this issue, and the forthcoming White Paper on Australian Federalism will provide an opportunity for this debate.
    - At a practical level, these new solutions and approaches will need to be enacted at the level of the individual council.

o   More research and thinking is needed on how best to articulate sector-wider and individual council solutions.

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