

Council Housing Report

Reason for Report

To consider Council's housing stock, determine Council's current housing needs and present a strategy for management of Council housing into the future.

Background

At the time of amalgamation, the former Coolah Shire Council owned a considerable number of residences within Coolah. Upon amalgamation the houses defaulted to the control and management of Warrumbungle Shire Council.

The residences are mainly rented to Council staff in managerial and supervisory roles.

Issues

Council is responsible for the maintenance and upkeep of nine (9) residences in total. Eight (8) are located in Coolah, and one (1) is located on the property "Red Hill" at Coonabarabran.

The following summary table provides information on each property;

Table 1: Property Summaries

Residence	Latest Valuation	Income/Expend. Trend (Jan 2017 – Sept 2019)	Depreciation (Annual) 2018/19	Occupancy Rate (Jan 2017 – Sept 2019)	Current Status
4 Irwin Street, Coolah	Valued in 2019 at \$180K-\$210K	Positive at \$5,670	\$6,800	50%	Vacant
17 Cole Street, Coolah	Valued in 2012 at \$332K (includes 17a Cole Street)	Positive at \$3,212	\$5,168 (includes 17a Cole Street)	87%	Vacant
17a Cole Street, Coolah	See above – 17 Cole Street	Positive at \$14,305	See above – 17 Cole Street	91%	Occupied
84 Martin Street, Coolah	Valued in 2019 at \$250K-\$270K	Negative at \$20,620	\$9,271	16%	Vacant
137 Martin Street, Coolah	Valued in 2019 at \$260K-\$280K	Negative at \$11,680	\$5,292	31%	Occupied
139 Martin Street, Coolah	Valued in 2019 at \$320K-\$330K	Positive at \$11,085	\$6,134	64%	Occupied
141 Martin Street, Coolah	Valued in 2012 at \$672K	Positive at \$13,505	\$11,273	100%	Occupied by hospital
143 Martin Street, Coolah	Valued in 2012 at \$397K	Negative at \$43,910	\$6,736	68%	Occupied
Red Hill, Coonabarabran	Valued in 2015 at \$500,500	Positive at \$8,590	\$12,767	55%	Occupied

The occupancy rates of the residences vary significantly, depending on staff vacancies and staff recruitment, with periods of time where the housing stock is under utilised. At present, three (3) residences are vacant, in particular 84 Martin Street, Coolah has had minimal use and occupied for 16% of the time. Alternatively, 141 Martin Street is occupied full-time through a rental agreement with the local health service in Coolah.

Unoccupied houses do not generate income, and on average Councils housing stock is occupied for 62% of the time.

Expenditure on residences varies depending on maintenance during the reporting period. Considerable expenditure occurred on at least two of the houses being 84 Martin Street and 143 Martin Street. Neither of these properties were rented for the entire time during the reporting period.

Council's building asset register is yet to be generated, and forecasting of future repairs and replacement/renovation costs has not been factored into this report.

Council has an adopted strategic policy titled *Council Residential Property Policy* that outlines the main purpose of the housing and management responsibilities. A copy of the policy is attached to this report.

Comparison information on staff housing was sought from rural Council's of similar size and is provided as follows;

Lachlan Shire – Does provide staff housing. Has four (4) houses and (2) town houses. The houses and one (1) town house are rented to GM and Directors. The other town house is for medical staff. Council also leases another ten (10) houses and sub-lets to professional council staff to encourage salary sacrificing.

Bland Shire - Does not have any staff housing however made the comment that they believe it would be beneficial if they did have some, as rental property is difficult to source.

Coonamble Shire – Does provide staff housing. Has five (5) houses. The houses are provided for Executive staff and are included in contracts of employment. They also lease one (1) unit and sub-let to a Manager.

Bogan Shire Council – Does provide staff housing. Has six (6) houses. The houses are provided for Executive staff and management and are included in contracts of employment.

Strategy

Apart from the direction provided by the adopted policy for day-to-day management, Council does not have a long term plan for future management of its housing stock.

The occupancy trends demonstrated in Table 1 suggest that the housing stock is not fully occupied at the current time; further to that ongoing maintenance, charges and costs continue to be paid for by Council.

The amount of rent generated has not been sufficient to meet the overall costs for the properties during the reporting period. Added to the cost is the need to consider depreciation for the housing, as well as the amount of time a staff member is required to manage the housing.

The data and information outlined in Table 1 indicate that Council does not have need for the current number of houses it possesses at the current time. On this basis, two of the vacant properties could be sold, these being 4 Irwin Street and 84 Martin Street. Both of these houses have low occupancy rates.

A staged approach to the sale of the properties is recommended to avoid pushing too many houses onto the market in Coolah at the same time. The process could be run through local property agents in Coolah.

Further investigations need to be carried out to investigate whether the remaining houses are required. There may or may not be a need for the housing to be retained to attract staff and assist with recruitment processes. At present, Council housing is utilised for managers, supervisors and apprentices; it is not restricted, though Managers generally are housed first if based in Coolah and vacant housing is available.

In relation to Coonabarabran, Council does not own houses within the township, but does possess a house on the property "Red Hill", with the house being rented to a Manager. The property "Red Hill" was purchased to supplement quarrying operations on the adjoining land owned by Boral and leased by Council. Red Hill consists of a brick home, and contains approximately 40 hectares.

141 Martin Street, Coolah is currently rented to the Coolah Multi Purpose Service (Hospital) and has been for a number of years. The provision of the house for this purpose is documented in the adopted Council policy. Council should review the arrangement with the hospital, appraising the current usage rates, needs and rent paid by the hospital.

After reviewing other Council's and their management of housing stock, Council could investigate whether it is feasible or justifiable to provide staff housing in Coonabarabran and Coolah. This is based on the comments received by other Councils whereby it is evidenced they supply housing for at least senior staff and some other professional positions.

The following strategy actions are recommended based on investigations carried out to date:

1. Sell the two (2) currently vacant houses in Coolah being 4 Irwin Street and 84 Martin Street.
2. Undertake a review of the arrangement with Coolah Multi Purpose Centre regarding the rental of 141 Martin Street.
3. Undertake a review as to whether staff housing assists with the recruitment and retention of staff.
4. Investigate whether there is a need for staff housing in Coonabarabran.

Options

Council has housing in Coolah, some of the houses are vacant and under utilised. Investigation of the usage demonstrates occupancy rates are low and not covering costs.

Council can chose to actively review the situation and adopt strategy actions to sell some of the properties, and review and investigate remaining properties.

Alternatively, Council can continue to retain all housing and not investigate or make changes to its current housing stock.

Financial Considerations

Overall, the properties are running at a deficit of \$19,843 over the period from January 2017 – September 2019 with ongoing maintenance and repairs carried out on an as needs basis.

Depreciation total on the residences during 2018/19 is calculated at \$63,441.

Valuations and depreciation costs for each property have been included in Table 1 above.

With sale of 4 Irwin Street and 84 Martin Street, Council will make savings of at least \$16,071 per year from depreciation, and cease incurring maintenance and utility services costs for the two properties.

Attachments

1. Individual Housing Reports
2. *Council Residential Property Policy* – adopted by Council 20 July 2017.

Recommendation

That Council:

1. Sell the two (2) currently vacant houses in Coolah being 4 Irwin Street and 84 Martin Street.
2. Undertake a review of the arrangement with Coolah Multi Purpose Centre regarding the rental of 141 Martin Street.
3. Undertake a review as to whether staff housing assists with the recruitment process and the retention of staff.
4. Investigate whether there is a need for staff housing in Coonabarabran.

Attachment 1 – Individual Housing Reports

Property - 4 Irwin Street, Coolah



This house was built in approx. 1964. It is a weatherboard home with a flat tin roof, and double garage; with driveway access to Irwin Street. Total floor area of building is 184m² with the land area covering 844m².

The house consists of 3 bedrooms, combined lounge/dining room, kitchen, office with separate entry from back of house, bathroom and laundry. There is a closed-in verandah with views of Coolah Valley.

Valuation – a valuation was undertaken by Piper Real Estate in 2019 indicating the market rent is \$240 - \$250 week. If the property was put on the market it could bring between \$180,000 to \$210,000.

Depreciation – \$6,800

Tenancy Rates – The property was tenanted by Council staff for 70 weeks and vacant for 70 weeks over the past 140 week period (2 years, 9 months). The rent charged during this time was \$240/week. The property is currently vacant.

Income

Period	Rental Income	Weeks tenanted
January 2017 – June 2017	\$4,340	18
July 2017 – June 2018	\$8,685	36
July 2018 – June 2019	\$1,220	5
July 2019 – September 2019	\$2,640	11
Total	\$16,885	70

Expenses

Period	Expense	Items
January 2017 – June 2017	\$800	Expenses included building and yard maintenance (plant and staff costs), insurance, rates, water and pest control
July 2017 – June 2018	\$3,400	
July 2018 – June 2019	\$4,430	
July 2019 – September 2019	\$2,585	
Total	\$11,215	

Property - 17 Cole Street, Coolah



The house was built in approx. 1981 with a total floor area of 143m²; located on an allotment covering 1,201m². It is a weatherboard home with tiled roof and garage situated in the back yard. 17a Cole Street is located on the same allotment; 17a is a flat and presented on the following page.

The house located at 17 Cole Street consists of 4 bedrooms, lounge, dining room, kitchen, bathroom and laundry. There is a front and a back patio. The yard is fully fenced.

Valuation - Valuation undertaken by Scott Fullarton Valuations in 2012 indicated a valuation of both house and flat (known as 17a Cole Street) at \$332,000.

Depreciation - \$5,168 (includes the flat known as 17a Cole Street)

Tenancy Rates – The property was tenanted by Council staff for 122 weeks and vacant for 18 weeks over the past 140 week period (2 years, 9 months). The rent charged during this time was \$200/week. The property is currently vacant.

Income

Period	Rental Income	Weeks tenanted
January 2017 – June 2017	\$4,462	22
July 2017 – June 2018	\$10,088	50
July 2018 – June 2019	\$10,088	50
July 2019 – September 2019	\$194	0
Total	\$24,832	122

Expenses

Period	Expense	Maintenance Carried Out
January 2017 – July 2017	\$1,220	Expenses included building and yard maintenance (plant and staff costs), insurance, rates, water and pest control. Further expenses incurred included painting of the exterior of the building.
July 2017 – June 2018	\$12,400	
July 2018 – June 2019	\$5,600	
July 2019 – September 2019	\$2,400	
Total	\$21,620	

Property - 17a Cole Street, Coolah



The flat located at 17a Cole Street was constructed in approx. 1981 with a total floor area of 79m². It is a traditional weatherboard building with tiled roof; a carport is situated in the front yard. The block is 1201m² block and also contains the house at 17 Cole Street.

The flat contains 2 bedrooms, lounge, dining room, kitchen, bathroom and laundry.

Valuation - Valuation undertaken by Scott Fullarton Valuations in 2012 indicated a valuation of both house (known as 17 Cole Street) and flat at \$332,000.

Depreciation - \$5,168 (includes the house known as 17 Cole Street)

Tenancy Rates – The property was tenanted by Council staff for 128 weeks and vacant for 12 weeks over the past 140 week period (2 years, 9 months). The rent charged during this time was \$145/week. The property is currently occupied.

Income

Period	Rental Income	Weeks tenanted
January 2017 – June 2017	\$3,765	26
July 2017 – June 2018	\$7,540	52
July 2018 – June 2019	\$7,540	52
July 2019 – September 2019	\$1,740	12
Total	\$20,585	128

Expenses

Period	Expense	Maintenance Carried Out
January 2017 – July 2017	\$1,300	Expenses included building and yard maintenance (plant and staff costs), insurance, rates, water and pest control
July 2017 – June 2018	\$4,340	
July 2018 – June 2019	\$640	
July 2019 – September 2019	0	
Total	\$6,280	

Property - 84 Martin Street, Coolah



The house was built in approx. 1984 with a total floor area of 164m². It is a brick home with tiled roof, a single garage with remote control access. The block is a 969m² with rear access through Cameron Place.

The house consists of 3 bedrooms two with built-in wardrobes, a combined kitchen/dinning area and separate living/family room. The living room has a slow combustion wood fire and split system. The backyard is fully fenced with rear gate to Cameron Place.

Valuation - Valuation undertaken by Piper Real Estate in 2019 indicated the market rent would be \$250 - \$270 week and if the property was put on the market it could bring between \$250,000 to \$270,000.

Depreciation - \$9,271

Tenancy Rates – The property was tenanted by Council staff for 23 weeks and vacant for 117 weeks over the past 140 week period (2 years, 9 months). The rent charged during this time was \$250/week. The property is currently vacant.

Income

Period	Rental Income	Weeks tenanted
January 2017 – June 2017	0	0
July 2017 – June 2018	0	0
July 2018 – June 2019	\$4,750	19
July 2019 – September 2019	\$1,000	4
Total	\$5,750	23

Expenses

Period	Expense	Maintenance Carried Out
January 2017 – July 2017	\$14,240	Expenses included building and yard maintenance (plant and staff costs), insurance, rates, water and pest control. Further expenses incurred include new window coverings and floor coverings.
July 2017 – June 2018	\$4,330	
July 2018 – June 2019	\$4,960	
July 2019 – September 2019	2,840	
Total	\$26,370	

Property - 137 Martin Street, Coolah



The house was built in approx. 1986 with a total floor area of 123m². It is a brick veneer home with a tin roof, a double garage with remote access, cement driveway to Martin Street. The allotment covers 1,450m² with access to backyard through side gate.

The house consists of 4 bedrooms all with built-in wardrobes, kitchen, dining, combined lounge/family room with slow combustion wood fire and split system.

Valuation - Valuation undertaken by Piper Real Estate in 2019 indicated the market rent would be \$250 - \$260 week and if the property was put on the market it could bring between \$260,000 to \$280,000.

Depreciation - \$5,292

Tenancy Rates – The property was tenanted by Council staff for 44 weeks and vacant for 96 weeks over the past 140 week period (2 years, 9 months). The rent charged during this time was \$240/week. The property is currently occupied.

Income

Period	Rental Income	Weeks tenanted
January 2017 – June 2017	\$6,240	26
July 2017 – June 2018	\$4,320	18
July 2018 – June 2019	0	0
July 2019 – September 2019	0	0
Total	\$10,560	44

Expenses

Period	Expense	Maintenance Carried Out
January 2017 – July 2017	\$3,230	Expenses included building and yard maintenance (plant and staff costs), insurance, rates, water and pest control. Further expenses incurred include renovations to the kitchen.
July 2017 – June 2018	\$7,900	
July 2018 – June 2019	\$5,110	
July 2019 – September 2019	\$6,000	
Total	\$22,240	

Property - 139 Martin Street, Coolah



The house was built in approx. 1998 with a total floor area of 200m². It is a brick home with a tiled roof, a double garage with remote control access with concrete driveway access to Martin Street. The allotment covers 1,140m². The garage has rear roller door allowing access to backyard through garage. The house consists of 4 bedrooms, master bedroom has walk-in-robe and ensuite, built in wardrobes in the other 3 bedrooms, combined kitchen family room with gas connection and split system, living room, games room and laundry. The covered outdoor entertainment area also has gas connection and has good views of the Coolah Valley.

Valuation - Valuation undertaken by Piper Real Estate in 2019 indicated the market rent would be \$270 - \$280 week and if the property was put on the market it could bring between \$320,000 to \$330,000.

Depreciation - \$6,134

Tenancy Rates – The property was tenanted by Council staff for 90 weeks and vacant for 50 weeks over the past 140 week period (2 years, 9 months). The rent charged during this time was \$270/week. The property is currently occupied.

Income

Period	Rental Income	Weeks tenanted
January 2017 – June 2017	\$6,600	24
July 2017 – June 2018	\$13,200	48
July 2018 – June 2019	\$3,375	12
July 2019 – September 2019	\$1,620	6
Total	\$24,795	90

Expenses

Period	Expense	Maintenance Carried Out
January 2017 – July 2017	\$1,250	Expenses included building and yard maintenance (plant and staff costs), insurance, rates, water and pest control.
July 2017 – June 2018	\$3,800	
July 2018 – June 2019	\$4,820	
July 2019 – September 2019	\$3,840	
Total	\$13,710	

Property - 141 Martin Street, Coolah



The house was built in approx. 2000 with a floor area of 294m² upstairs and 101m² downstairs. It is a brick home with a tin roof, a double garage with remote control access and concrete driveway to Yule Street. The block is a 907m² corner block. The house consists of 5 bedrooms, master bedroom has walk in wardrobe, ensuite and courtyard with access to backyard, 3 bedrooms with built-in wardrobes and 1 bedroom/office, kitchen, dining room, lounge rooms and a combined family/meals room. Downstairs is the laundry, second toilet, storage area, cellar and garage.

The house is rented through the Hospital for the Coolah Doctor at the Hospital.

Valuation - Valuation undertaken by Scott Fullarton Valuations in 2012 indicated a valuation of \$672,000.

Depreciation - \$11,273

Tenancy Rates – The property was tenanted by the Hospital for 140 weeks and vacant for 0 weeks over the past 140 week period (2 years, 9 months). The rent charged during this time was \$220/week. The property is currently occupied.

Income

Period	Rental Income	Weeks tenanted
January 2017 – June 2017	\$6,150	27
July 2017 – June 2018	\$10,550	48
July 2018 – June 2019	\$11,110	51
July 2019 – Sept 2019 (paid quarterly)	0	0
Total	\$27,810	126

Expenses

Period	Expense	Maintenance Carried Out
January 2017 – July 2017	\$1,375	Expenses included building and yard maintenance (plant and staff costs), insurance, rates, water and pest control.
July 2017 – June 2018	\$4,700	
July 2018 – June 2019	\$5,600	
July 2019 – Sept 2019	\$2,630	
Total	\$14,305	

Property - 143 Martin Street, Coolah



The house was built in approx. 1996 with a total floor area of 236m². It is a brick home with a tiled roof, a double garage with remote control access and concrete driveway to Martin Street. The allotment is 1,584m².

The house consists of 4 bedrooms, master bedroom has walk in wardrobe and ensuite, 3 bedrooms with built-in wardrobes, combined family/kitchen, lounge/dining rooms. There is a front verandah and a fully fenced backyard that backs on the bushland.

Valuation - Valuation undertaken by Scott Fullarton Valuations in 2012 indicated a valuation of \$397,000.

Depreciation - \$6,736

Tenancy Rates – The property was tenanted by Council staff for 96 weeks and vacant for 44 weeks over the past 140 week period (2 years, 9 months). The rent charged during this time was \$280/week. The property is currently occupied.

Income

Period	Rental Income	Weeks tenanted
January 2017 – June 2017	0	0
July 2017 – June 2018	\$9,200	32
July 2018 – June 2019	\$14,600	52
July 2019 – September 2019	\$3,400	12
Total	\$27,200	96

Expenses

Period	Expense	Maintenance Carried Out
January 2017 – July 2017	\$8,500	Expenses included building and yard maintenance (plant and staff costs), insurance, rates, water and pest control. Further expenses incurred with renovations to kitchen, main bathroom/ensuite, new floor coverings.
July 2017 – June 2018	\$52,800	
July 2018 – June 2019	\$7,140	
July 2019 – September 2019	2,670	
Total	\$71,110	

Property – “Red Hill”, 8934 Newell Highway, Coonabarabran



“Red Hill” was purchased by Council in 2015. The age of the house is unknown; the approx. floor area is 228m². The house is constructed of brick veneer with a tin roof and situated on 40ha of farm land with a large powered storage shed, bore and solar panels.

The structure consists of 4 bedrooms, master bedroom with built-in wardrobe and ensuite, 3 bedrooms with built-in wardrobes, a combined dining/kitchen with separate lounge room with slow combustion wood fire. It has a front and back verandah and a fenced yard.

Valuation – a valuation was undertaken on the property when it was purchased in 2015 for \$500,500.

Depreciation - \$12,767

Tenancy Rates – The property was tenanted by Council staff for 77 weeks and vacant for 63 weeks over the past 140 week period (2 years, 9 months). The rent charged during this time was \$250/week. The property is currently occupied.

Income

Period	Rental Income	Weeks tenanted
January 2017 – June 2017	9,060	36
July 2017 – June 2018	\$10,400	41
July 2018 – June 2019	0	0
July 2019 – Sept 2019	0	0
Total	\$19,460	77

Expenses

Period	Expense	Maintenance Carried Out
January 2017 – July 2017	\$3,400	Expenses included building and yard maintenance (plant and staff costs), insurance, rates, water and pest control.
July 2017 – June 2018	\$3,900	
July 2018 – June 2019	\$3,200	
July 2019 – Sept 2019	\$370	
Total	\$10,870	