



NEW SOUTH WALES

Local Government Housing Kit

Resource Kit for Achieving Better
Housing for Local Communities





SYDNEY, 2019

This edition of

The Local Government Housing Kit

has been prepared for

The Department of Communities and Justice

by

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Local Government Housing Kit

Module 1

Addressing Housing Needs: Context, Roles and Issues

- Why it's Vital
- Defining and Measuring Affordable Housing
- Agency Roles and Key Players
- Purpose, Key Challenges and Issues
- Planning Context



Module 2

Preparing and Implementing a Local Housing Strategy

- Community and Stakeholder Engagement
- Developing an Evidence Base
- Setting the Scope
- Developing Actions and Strategies
- Implementation, Monitoring, Review and Evaluation



Module 3

Building an Evidence Base

Module 4

Financial Feasibility Assessment

Module 5

Case Studies and Resources

Introduction to the Kit

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Module 1

Addressing Housing Needs: Context, Roles and Issues

- Why it's vital
- Defining and measuring affordable housing
- Agency roles and key players
- Purpose, key challenges and issues
- Planning context

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- Case Studies and Resources

This **Housing Kit** is designed to help users already experienced in the local challenges of housing policy, those who may be addressing them for the first time, or when engaging consultants to develop local housing strategies.

The content is comprehensive, but it is divided into Modules, allowing users to focus on the parts that are most relevant given their different levels of expertise and experience and the task at hand. **Module 1** outlines the context in which local authorities operate, the factors they need to consider in responding to housing needs and the key players involved.

The focus of the Kit is affordable housing and the core of the Kit is **Module 2**: a step-by-step approach to developing local housing strategies that respond to local housing circumstances and meet the NSW Government requirements.

Module 3 provides guidance on developing a comprehensive evidence base on the current situation and future demand to underpin a local housing strategy. To help give councils confidence to review development feasibility studies and to assess if strategies recommended for implementation are likely to work in practice, **Module 4** introduces the concepts and practical steps for financial feasibility analysis.

Module 5 provides resources to help formulate strategies — more than forty examples of affordable housing initiatives — definitions of the terminology used by planners and developers — as well as guidance for engaging consultants to prepare local housing studies.

Relationship to the Local Housing Strategy Guideline



The State Government requires certain councils to prepare Local Housing Strategies to translate the housing objectives, as well as regional and district housing targets, into detailed plans that can be implemented at the local level. Its **Local Housing Strategy Guideline and Template** have been developed to help councils prepare strategies and set them out in a consistent way.

The **NSW Local Government Housing Kit** can be used alongside the Guideline and Template as there is alignment in the principles and steps to prepare a strategy. The Kit offers additional resources, including practical tools and case studies, as well as providing a deeper focus on housing needs and affordability. While land-use planning responses are central, the Kit also shows how the broader roles and functions of local government can be used to deliver responsive and effective housing strategies.

Why the Focus on Adequate and Affordable Housing?



The availability of a suitable range of housing is vital to every community's ability to function in an efficient, equitable, prosperous and sustainable way. Housing is critical to basic human needs for shelter, security and connection within communities. Housing is also a key city-shaping consideration influencing streetscapes and urban form. It plays an important economic role at a state and national level, affecting the buoyancy of the economy, the efficiency of businesses, and labour force availability.

Although the amount and range of housing supplied, its location and its form all affect the quality of housing and liveability for households, it is the cost of housing relative to income in particular that is impacting on more and more households.

Provision of housing is complex and a broad range of players influence housing opportunities and outcomes. While the federal and state governments have primary responsibility for many policy areas which affect housing markets, affordability and need, local governments have considerable scope to contribute positively to housing outcomes.

Furthermore, as this Kit outlines, local governments can go beyond traditional land use planning, infrastructure, delivery and services, to encourage housing opportunities in response to local needs. That is not

to say that local government should have ultimate responsibility for shaping housing outcomes.

What is important is that councils consciously use the powers and opportunities they have to bring about better housing outcomes for their communities.

In many areas the most pressing housing issue is the difficulty that low and moderate income households and those with special needs face in finding appropriate and affordable housing. This Kit focusses on helping councils to develop affordable housing responses.

Rapid increases in house prices in recent decades have seriously impaired housing affordability. In August 2017 the Committee for Economic Development of Australia reported that “a deposit gap of more than twice median income has emerged for a median priced dwelling in Australia and up to four times more than median income in Sydney and Melbourne.”

Growing community concern and widespread media attention have renewed government's focus on housing affordability. This is reflected in the NSW Government's *Future Directions for Social Housing and Housing Affordability Package*, designed to increase the supply of social and affordable housing, and in federal government measures to improve housing affordability.

The importance of affordable housing to achieving the liveability and economic objectives of urban planning strategies is widely recognised. The state government's *Plan for Growing Sydney* and planning strategies for regional areas and the federal government's *Smart Cities Plan* all include objectives to provide more affordable housing. These plans provide the framework for councils to address housing affordability in local plans.



What is the Purpose of the Kit?



The *Local Government Housing Kit* was first developed in 2006. Despite significant changes since the launch of the Kit, its basic purpose remains the same — to provide guidance and resources to encourage and assist local councils and others to bring about better housing outcomes.

The new Kit reflects changes in the policy context and the opportunities and challenges they bring. There is now a much more prominent community housing sector with a greater role in delivering affordable housing. Aboriginal housing providers are also becoming more active. Other influences such as the emergence of Airbnb and similar platforms are affecting housing markets, particularly in regional areas. The NSW planning framework has continued to develop. New infrastructure investment and urban renewal across Sydney have provided more opportunity for value capture and inclusionary zoning.

Many councils have developed affordable housing strategies since the Kit was originally launched. The few councils with an inclusionary zoning scheme have growing affordable housing portfolios. Others have developed innovative partnerships with community housing providers, using funds from voluntary planning agreements to deliver affordable housing.

Features in the new Kit include a module explaining financial feasibility. This module will help councils to understand opportunities for affordable housing, to assess value capture opportunities, to develop policies and strategies, including negotiating

voluntary planning agreements, and to assist in setting contributions for affordable housing which do not undermine development viability. The aim is to empower council officers and others to utilise feasibility assessment by familiarising readers with its basic elements and taking some of the mystery out of the process.

The Kit aims to provide resources to assist local government to respond to housing needs. It recognises that while councils operate within a larger institutional and funding framework and have limited powers to intervene, they are well placed to play a significant role. Councils have primary responsibility for developing strategic plans for their areas in the form of local strategic planning statements and local environmental plans. They determine the amount, form and location of housing to be provided and influence opportunities for economic development. These roles, combined with the services and infrastructure that councils provide, influence the affordability, sustainability and liveability of neighbourhoods.

The Kit can assist staff and elected representatives with any level of expertise. It can also help organisations and individuals working with councils to understand and respond to housing issues. These include community housing providers, other not-for-profit organisations, developers, researchers and the community.

What Does it Cover?

The five modules provide comprehensive guidance on developing local housing strategies, including understanding and assessing financial viability, formulating policies and strategies, and delivering affordable housing. Councils can also use individual modules to respond to short term opportunities and gaps, and to adjust to new or emerging issues.

Module 1 – Addressing Housing Needs: Context, Roles and Issues

Module 1 outlines the role of local government in developing housing strategies, how we define affordable housing, the policy context and key players. It summarises key considerations on addressing housing and recent policy initiatives at state and national level.

Module 2 – Preparing and Implementing a Local Housing Strategy

Module 2 sets out step-by-step guidance to assist in developing a local housing strategy, outlining the role of community and stakeholder engagement; establishing the scope, goals and objectives for the strategy; identifying needs and market conditions; exploring and determining strategies and actions;

and implementing and monitoring them. This model encourages councils to look at area of influence as well as their core powers and roles.

Module 3 – Building an Evidence Base

Module 3 provides guidance on developing a comprehensive evidence base and identifies data that can inform a local housing strategy. Much of the data is readily available through ABS and other agency websites and these are specified.

Module 4 – Financial Feasibility Assessment

Understanding feasibility is critical to implementing effective policies and strategies, particularly where councils intend to levy affordable housing contributions. This module guides users through feasibility analysis.

Module 5 – Case Studies and Resources

This module provides resources for councils including guidance for consultancy studies, case studies and examples from Australia and overseas, a glossary of terms used in the Kit and details of government housing programs and initiatives.



Module 1:

Addressing Housing Needs — Context, Roles and Issues

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Module 1

Addressing Housing Needs: Context, Roles and Issues

Why it's Vital

Defining and Measuring Affordable Housing

Agency Roles and Key Players

Purpose, Key Challenges and Issues

Planning Context

Module 2

Preparing and Implementing a Local Housing Strategy

Community and Stakeholder Engagement

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Setting the Scope

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Module 5

Case Studies and Resources

1.1 Outline

Local councils that make the best of opportunities to promote the availability and suitability of affordable housing enjoy rewards at several levels. Better housed and better balanced communities are economically advantageous, more livable, and consistent with the NSW Government's aspirations.

Module 1 identifies the challenge of maintaining an adequate supply of housing appropriate and affordable for residents with diverse needs, and the role of local housing strategies in addressing this challenge. It examines the roles of the three levels of government, and describes the authorities and agencies involved. It reviews measures being implemented by federal and state governments—which are heightening their focus on housing, and looking to local government to play an active part. It also describes community and private sector participants involved in providing affordable and appropriate housing.



Adequate and diverse housing is critical for economic prosperity and community well being

1.2 Why it's Vital to Address Housing Needs

Livable, sustainable and prosperous communities need a range of well designed housing, connected to transport and employment opportunities, services such as health and childcare, and open space. Safe, stable, affordable and accessible housing is critical to enabling people to live independently and improve life opportunities related to family, work, education, recreation and other pursuits. Diverse housing that meets changing needs allows communities to stay intact and social networks to grow. When housing needs aren't met, vulnerable groups are more likely to experience homelessness and overcrowding. Barriers to education and employment opportunities increase.

Meeting people's housing needs also has wider economic, social and environmental impacts. Insufficient housing and a lack of appropriate and affordable housing contribute to the cost of labour, and put economic growth and global competitiveness at risk. At regional and local levels offering more housing choices helps labour markets function, for example by improving labour mobility and ensuring sufficient workers are available to support local businesses.

Shortages of housing, a lack of diverse housing and predominance of housing that is unaffordable increase the risk of discrimination against certain groups and can reinforce patterns of exclusion and segregation. This can increase demand for government services. Left unchecked, it contributes to structural divisions in society and their consequences. Alternatively, households may be forced to relocate to outlying areas with more affordable or diverse housing, and then face difficulties obtaining employment or long commute times to work, education and other services, leading to congestion and poor environmental outcomes.



1.3 Defining and Measuring Affordable Housing

A lack of diverse housing and high housing costs make it difficult for many to find suitable housing. Those most affected include students and young people, people with special needs, women and children escaping domestic violence, low income single parents, some low and moderate income workers, and retirees with limited savings or superannuation.

Affordable housing means housing that is appropriate to the needs of a household and within its means. It is generally accepted to be housing that costs no more than 25–30% of the gross income of low to moderate income earners. Definitions vary depending on the policy or research focus. For a fuller discussion of housing affordability definitions and measures see the review by the National Affordable Housing Consortium (<http://bit.ly/2UR9cZo>). In this kit affordable housing means a range of housing affordable to low to moderate income households, including social and other affordable rental housing and some shared equity and assisted home purchase housing. Social housing means subsidised housing provided by public agencies and community housing providers usually at an income based rent.

The *Environmental Planning and Assessment Act 1979* defines affordable housing for very low

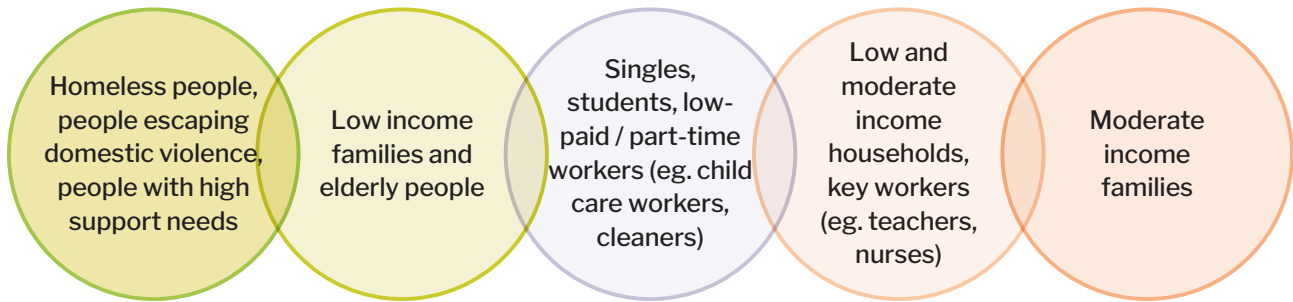
I used to wake up in the middle of the night in a cold sweat ... In my dream someone is demanding that I define the term ‘affordable housing’.

— An administrator quoted on www.independent.co.uk

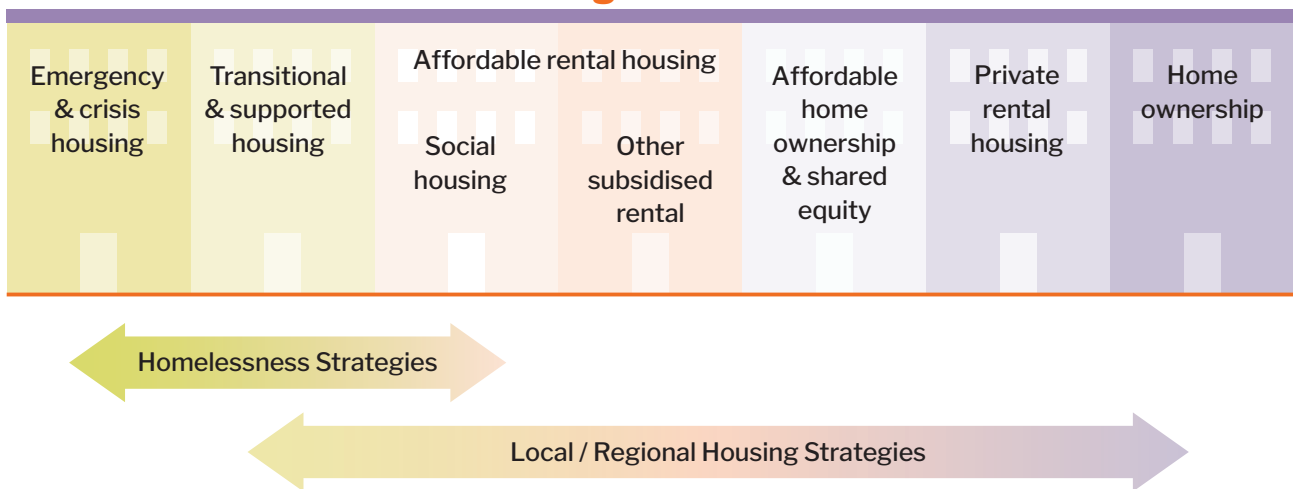
income households, low income households and moderate income households. According to State Environmental Planning Policy (Affordable Rental Housing) 2009 (AH SEPP) these are households with a gross income of up to 20% above the median household income and their housing is affordable if they pay 30% or less of it on housing.

Affordability differs with income level and household size. Very low income households cannot spend as great a percentage of their income on housing as low and moderate income households if they are still to have sufficient funds on which to live. Large households such as families with children typically have higher “after housing costs”—such as health care and education. Spending 30% of their income on housing may not leave enough to meet after housing costs. Those who pay more than this are often described as being in “housing stress”.

EXAMPLES OF HOUSING NEEDS

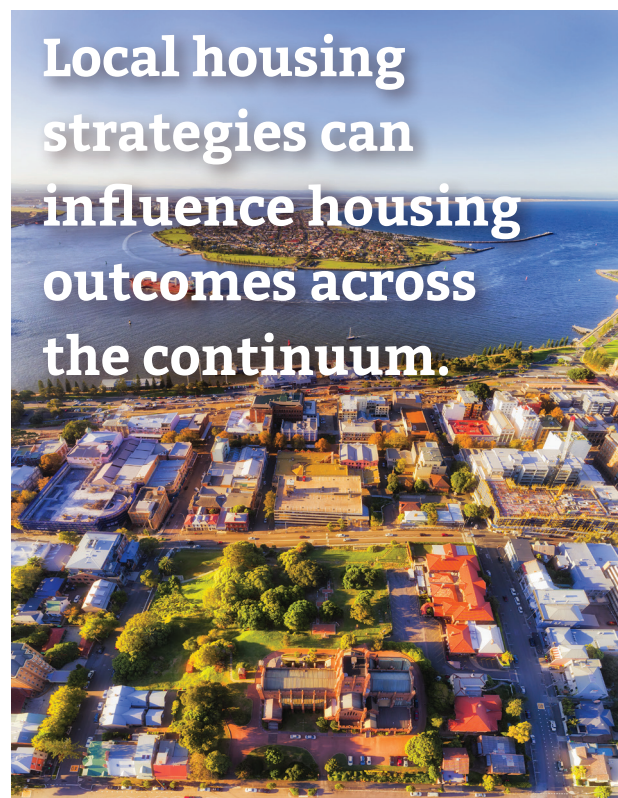


Housing Continuum



1.4 Continuum of Housing Needs and Housing Supply

A continuum of housing is a useful way of understanding housing supply. The Urbanista continuum above illustrates the spectrum of principal housing options available in New South Wales. Moving across the continuum from left to right from crisis housing through to home purchase, the level of control that residents have over their housing generally increases with those dependent on crisis housing having very little control, whilst home purchasers generally have far greater control over their housing. At the same time, moving across the continuum, the levels of housing assistance generally diminishes, though it is important not to underestimate the tax relief provided to private landlords, through negative gearing, and for home ownership through exemptions from land tax and capital gains tax, for example.





1.5 Whose Role is it to Address Housing Needs?

1.5.1 Key players

The housing market is influenced by a complex mix of players and is affected by demographic changes, economic patterns and the legislative framework at federal, state and local levels. Amongst key players are government agencies, the not-for-profit sector including community housing providers, financial institutions, property investors and private sector developers. Knowledge of the role of key players and how they interact at a local level can help councils understand and influence outcomes.

All can play a role in addressing housing needs. As the Commonwealth Government's *Smart Cities Plan* notes:

All governments in Australia, and the private sector, have a role in increasing housing supply in the right locations. The Australian Government makes contributions to infrastructure investment. We also provide settings for taxation, finance, welfare, superannuation and foreign investment policy. States and territories control stamp duty and land tax, which affect the cost of owning a home and the willingness of homeowners to move. State and local governments are responsible for zoning and development

approvals including developer charges, affecting the location, extent of supply and type of housing constructed. Coordinating these policy, planning and regulatory levers can better support the supply of affordable and diverse housing (<http://bit.ly/2yiCuGC>).

1.5.2 Federal and State Government

ROLES AND RESPONSIBILITIES FOR HOUSING ASSISTANCE

Federal and state government intervention has included facilitating housing supply and diversity, supporting affordable access to home purchase and private rental and programs designed to meet the housing needs of lower income and vulnerable households.

Historically the most prominent form of housing assistance is social housing jointly funded by the Commonwealth and states. In NSW there are approximately 135,000 social housing properties in the portfolio owned by the Land and Housing Corporation and managed by DCJ and community housing providers. There are also around 5,793 properties owned by the Aboriginal Housing Office, the majority of which are managed by DCJ.

These properties are made available to eligible low income households for crisis housing and for longer term housing. The federal government



provides Commonwealth Rent Assistance (CRA)—an income supplement paid to eligible renters who are recipients of Centrelink or Austudy or undertaking an apprenticeship.

In 2008 the federal government worked with the states to introduce the National Rental Affordability Scheme (NRAS), aimed at increasing the supply of affordable rental housing. It offered a financial incentive to housing providers to offer properties at a reduced rent for ten years. The government announced in 2014 that it was discontinuing future rounds of the program, though grants continue for the term of projects funded. These projects expire around 2026.

A heightened policy focus on housing affordability has brought an expansion of policies and measures at state and federal level, including reform of housing assistance and recognition of the impacts of other policy levers such as taxation. These measures will facilitate community housing providers and the private sector to deliver affordable housing.

In 2016, the NSW government introduced a major reform, *Future Directions for Social Housing*. This will see around \$22 billion worth of social housing assets redeveloped into a mix of social, affordable and private housing. It includes the transfer of management of 14,000 social housing properties to community housing providers in nine locations.

In 2017 a new housing affordability package aimed at first home buyers was released.

New housing affordability measures were announced by the Commonwealth in its 2017/18 budget. These include a new National Housing and Homelessness Agreement, replacing the current National Affordable Housing Agreement from 1 July 2018, and a new National Finance and Investment Corporation, an affordable housing bond aggregator to raise money at lower interest rates from the wholesale bond market for not-for-profit community housing providers.

An outline of some of these affordable housing initiatives is included in the **Housing Initiatives Overview** in Module 5.



**FEDERAL
GOVERNMENT
2017/18
BUDGET**

Housing affordability initiatives include:

- National Housing and Homelessness Agreement (NHHA)
- National Finance and Investment Corporation (NHFIC)
- National Housing Infrastructure Facility (NHIF)
- First Home Super Saver Scheme (FHSS)
- Foreign investment restrictions
- Managed investment trusts (MIT)
- Capital Gains Tax (CGT) discounts
- Downsizing incentives

**NSW
GOVERNMENT
2017/18
BUDGET**

Housing affordability package

A Fair Go for First Home Buyers includes:

- Removal of stamp duty for first home buyers for homes up to \$650,000 and stamp duty reductions for homes up to \$800,000
- Grants of \$10,000 for first home buyers purchasing new homes up to \$600,000
- Abolition of insurance duty on mortgage insurance
- Higher duties and taxes for foreign investors
- An end to the option investors had to defer payment of stamp duty for off-the-plan purchases
- Infrastructure funding
- Measures to boost housing supply

FEDERAL INVOLVEMENT IN URBAN AND REGIONAL PLANNING FOR HOUSING

From time to time the federal government intervenes in urban and regional planning. An example is the Building Better Cities Program initiated in 1991. This program saw the introduction of one of the first affordable housing schemes in NSW with establishment of the City West Housing Scheme in Ultimo and Pyrmont. More recently the Commonwealth has implemented the Housing Affordability Fund and Building Better Regional Cities Program. There is a renewed focus on cities at federal level with the establishment of a Cities Division within the Department of Prime Minister and Cabinet and the introduction of the Smart Cities Plan in 2016.

The Smart Cities Plan (<http://bit.ly/2S3Rpw8>) sets out the federal government's vision for cities—metropolitan and regional—and commitments to investment, policy and technology. The Plan includes City Deals which bring together the three levels of government, the community and private enterprise in place-based partnerships. They are intended to align the planning, investment and governance necessary to accelerate growth and job creation, stimulate urban renewal and drive economic reforms. The plan recognises housing and the housing affordability as key factors in shaping cities. Western Sydney is the subject of one of the first three City Deals and the only one in NSW.

STATE GOVERNMENT AGENCIES AND THEIR ROLES

| | |
|--|--|
| Department of Planning, Industry and Environment (DPIE) | <ul style="list-style-type: none">• The primary planning agency in the NSW Government• Develops policies, conducts assessments and makes plans at metropolitan and regional level• Responsible for plans and policies for delivering accessible, affordable and well designed housing. |
| Greater Sydney Commission | <ul style="list-style-type: none">• An independent organisation funded by the NSW Government• Has a leadership role in coordinating and aligning regional and local planning in Greater Sydney• Produces Regional and District Plans• Its Regional Plan sets directions, metrics and objectives on housing diversity and affordability• District Plans include targets for affordable housing, plus actions for improving choice, diversity and affordability of housing. |
| UrbanGrowth NSW Development Corporation | <ul style="list-style-type: none">• The NSW Government agency in charge of coordination and delivery of major urban renewal projects in metropolitan Sydney• Works with government, and private sector and community partners• Responsible for implementation of NSW Government housing priorities. |
| Landcom | <ul style="list-style-type: none">• A state owned land and property development corporation• Works with the private sector to establish new residential communities• Recently directed to focus on the affordable rental housing market. Responsible for improving the supply, diversity and affordability of new housing. |
| Hunter Development Corporation | <ul style="list-style-type: none">• A NSW Government agency in charge of facilitating developments and urban renewal projects in the Hunter Region• Works with the private sector• Responsible for delivery of housing goals set out in the Hunter Regional Plan 2036 and specific housing goals of individual projects. |
| Department of Communities and Justice (DCJ) | <ul style="list-style-type: none">• The NSW Government department in charge of delivering services, including social housing, to disadvantaged individuals, families and communities. It includes the Land and Housing Corporation and Aboriginal Housing Office.• The Land and Housing Corporation works with DCJ to manage the NSW Government's social housing portfolio.• The Aboriginal Housing Office is responsible for delivery of housing choices to Aboriginal and Torres Strait Islander people. |

NSW DEPARTMENT OF COMMUNITIES AND JUSTICE (DCJ)

DCJ has the key state government role in delivery of affordable rental housing through:

- ◆ The Social and Affordable Housing Fund (SAHF). SAHF round 1 will produce 2,200 affordable dwellings, round 2, 1,200 social and affordable homes (70% social, 30% affordable). These are restricted to affordable rents for 25 years.
- ◆ Communities Plus (managed by Land and Housing Corporation (LAHC))—500 affordable housing dwellings to be delivered over ten years.
- ◆ The National Rental Affordability Scheme (NRAS) will deliver 6,549 affordable housing dwellings for ten years.
- ◆ Smaller programs and projects totalling over 870 affordable dwellings.
- ◆ Tendering to community housing providers, calculating leveraging targets, developing and monitoring contracts, performance monitoring and reporting.

DCJ works with the private sector, local government, community housing providers and other government agencies. It manages funding programs and projects delivering affordable housing.

Commissioning Community Housing Providers (CHPs)

DCJ's role of commissioning services from the community housing sector includes making new social and affordable dwellings available through grant funding, and transfer of management and title of government-owned land and housing assets. Attached to these transfers of both funds and properties are leveraging targets that are resulting in new supply at no cost to government through CHPs' contribution of debt and equity and their access to other resources not available to government such as tax exemptions, philanthropic donations, Commonwealth Rent Assistance etc.

DCJ regularly seeks tenders from CHPs for delivery of both social and affordable housing. DCJ has standard tender guidelines, application forms and evaluation processes. DCJ sets standard criteria to assist it to

assess CHP experience and capacity in property and tenancy management, leveraging outcomes, delivery of affordable housing projects within timeframes etc. Its oversight and understanding of individual CHP capacity enable it to make informed resource allocations.

DCJ contracts with CHPs specify the Government's interest and requirements, e.g. leveraging targets for additional supply, ensuring the right clients get housed, and in the event that the provider winds up that the assets go to another provider. The registering of government's interest on title ensures that all future dealings in the properties require DCJ consent.

DCJ has a Contract Compliance and Performance Management Framework with quarterly reporting and monitoring and annual performance reviews. For construction and development projects such as the Vested Assets Program, it tracks delivery against individual construction and acquisition projects.

The independent Registrar of Community Housing oversees compliance by CHPs receiving contributions from the state government.

DCJ also sets the policy parameters and provides operational guidance on how to manage affordable housing. The NSW Affordable Housing Guidelines are ministerial guidelines that specify the operational requirements for affordable housing properties funded through the DCJ capital grants programs and vested assets. The Guidelines set income eligibility limits for clients seeking and residing in affordable housing rental properties and are published each year to notify community housing providers.

Grant Funding

DCJ manages and allocates grant funds for affordable housing projects from a variety of sources:

- ◆ Funds levied under the Affordable Rental Housing State Environmental Planning Policy (AHSEPP) for the loss of affordable housing are required to be forwarded by councils to DCJ for affordable housing projects. These must be spent within a reasonable time in the area where the funds were levied and are allocated to CHPs for affordable housing projects.



DCJ has experience,
expertise and
infrastructure to
assist councils

- ◆ Funds from the Rental Bond Board (RBB) for affordable housing programs and projects.
- ◆ Funds from some Councils that have agreements with DCJ to manage funds and assist with tendering and procurement of CHPs.

These funds accrue interest, are audited and reported on, and distributed for affordable housing projects with CHPs as required under the separate funding agreements.

DCJ Role in Future Delivery

DCJ is interested in the expansion of CHP-managed and owned affordable housing for the following reasons:

- ◆ To create more supply—additional leverage is possible through debt or equity contributions if CHPs are provided with grant funds or vested assets;
- ◆ To facilitate exits from social housing and prevent the need for tenants to enter social housing by providing affordable rental;
- ◆ To promote diversification and viability of CHPs. Affordable housing rents improve CHPs' revenue base, providing more capacity to cross-subsidise their social housing operations and leverage additional affordable housing supply.

DCJ has experience, expertise and infrastructure to assist councils in the delivery of affordable rental housing targets. DCJ can:

- ◆ Provide end-to-end services including procurement and tendering, contracting, regular performance monitoring and reporting. DCJ management of the end-to-end process means a consistent and transparent process for allocating resources and leveraging additional supply, as well as ensuring client outcomes. DCJ can partner with councils to ensure that council requirements are met. This relieves councils of the need to allocate significant resources to processes that are core business for DCJ;
- ◆ Lead or input into the tendering and contracting process for councils with CHPs;
- ◆ Provide advice and assistance to councils.

Where DCJ provides end-to-end services, in relation to monitoring and reporting on affordable housing supply owned or managed by CHPs, DCJ can require CHPs to report. This assists DCJ and councils to monitor progress and performance of CHPs and to provide consolidated annual reports on affordable housing supply.

Local Government

There are 128 councils in NSW following amalgamations in 2017. While traditionally state and federal governments have had primary responsibility for addressing housing affordability through the provision of housing assistance, and local government is not equipped nor expected to take that over, local government has a significant influence over housing and there is considerable scope for councils acting individually or in collaborations with others to use their powers to achieve better housing outcomes.

Local government traditionally influences housing outcomes through strategic land use planning, regulation of housing supply and form, infrastructure planning, and pricing policies. Responsibilities in these areas, combined with rate setting and community service delivery, can guide the form of housing in response to needs, influence the cost of housing production and the availability of services, and create opportunities for housing.

Despite the impact of these traditional council roles, housing supply and diversity are sometimes viewed as a responsibility for other levels of government and not of local government. This view risks poor outcomes for communities and underestimates the contribution of local government. As the Urban Research Centre puts it “Local Government’s dual responsibility for the planning of the built and social environment has made it a natural partner in the search for means to address the community’s right to adequate, safe and secure housing” (University of Western Sydney, Urban Research Centre (2008) *Models of Sustainable and Affordable Housing for Local Government*, Final Report).

Councils are central to effective policy making and implementation because they know their areas and communities, they know where development is happening, where jobs are and can be created and where infrastructure is proposed. They understand the impact of big picture issues at the local level.

Industry groups and service providers often seek the support of councils to progress economic and community development initiatives. They are ideally positioned to identify desired outcomes, to develop focussed strategies and to foster partnerships.

The capacity of councils to undertake non-regulatory and ancillary activities alongside their regulatory functions provides opportunities for innovative responses. Councils are not expected to respond to need on their own. In the Greater Sydney Region for example, local councils are working with the state government to develop local responses to meet the Greater Sydney Regional Plan’s (<http://bit.ly/2SUJ8uz>) five and ten year housing supply target (725,000 additional homes by 2036) and affordable rental housing targets “generally in the range of 5 to 10 percent of new residential floor space”. Councils in other parts of the state are working with the state government to implement housing supply targets and objectives for more affordable housing.

Many of the activities currently undertaken by local government, particularly urban planning and community services functions, *already* have a significant impact on housing outcomes. By proposing and reviewing zoning, preparing development standards, setting fees and contributions plans and through development assessment, local government shapes the supply, mix and location of housing, its cost and amenity. Local government also provides or plans for local infrastructure and delivers community services which foster social inclusion and community wellbeing.

Councils increasingly find ways to use their powers to address housing affordability. These include specific planning mechanisms which stipulate delivery of affordable housing, such as inclusionary zoning, flexible application of planning standards, and rate relief for providers of affordable housing.

1.5.4 Community Housing Providers (CHPs)

CHPs are non-profit managers and developers of affordable rental housing for lower income households and those with specific housing needs. CHPs deliver support for tenants linking them to disability, education, health and employment opportunities and services. At 30 June 2017 there were 3,333 affordable housing properties owned by CHPs. Additionally, under the Vested Assets Program, title to 6,276 social housing properties was transferred to CHPs. Under the Vested Assets Program, 17 community housing providers are contracted to deliver a total of 1,304 additional social and affordable housing properties by 30 June 2021. In 2018 CHPs managed over 35,000 properties and provided housing for 60,000 in NSW.



CHPs are businesses driven by social missions and values. They work with partners, investors and government to improve capability, capacity and funding. CHPs are regulated by the National Regulatory System for Community Housing. In NSW there are three tiers of registration based on the level of risk associated with the CHP's scale and scope of community housing activities. The tier of registration determines the performance requirements and the intensity of regulatory engagement applicable to each provider, as follows:

Tier 1: The highest level of performance requirements and regulatory engagement reflecting that these providers are involved in activities that necessitate management of a higher level of risk.

Tier 2: An intermediate level of performance requirements and regulatory engagement reflecting that these providers are involved in activities that

necessitate management of a level of risk lower than Tier 1 but greater than Tier 3.

Tier 3: A lower level of performance requirements and engagement reflecting that these providers are involved in activities that necessitate management of a lower level of risk.

In the past decade community housing has grown and developed more diverse products and partnerships as new providers enter the market. CHPs have been successful at leveraging additional supply for both social and affordable housing. Under targets for vested assets CHPs have generally leveraged around 20% additional supply. Where CHPs own the affordable housing, it is likely that they would be able to leverage more, given the likely higher rental income.

The Community Housing Industry Association (<http://bit.ly/2BqtY9j>) (CHIA) is the peak industry body for CHPs in NSW. Since 1993, it has provided leadership, support and resources, and represented the industry to government, partners, business and the community.



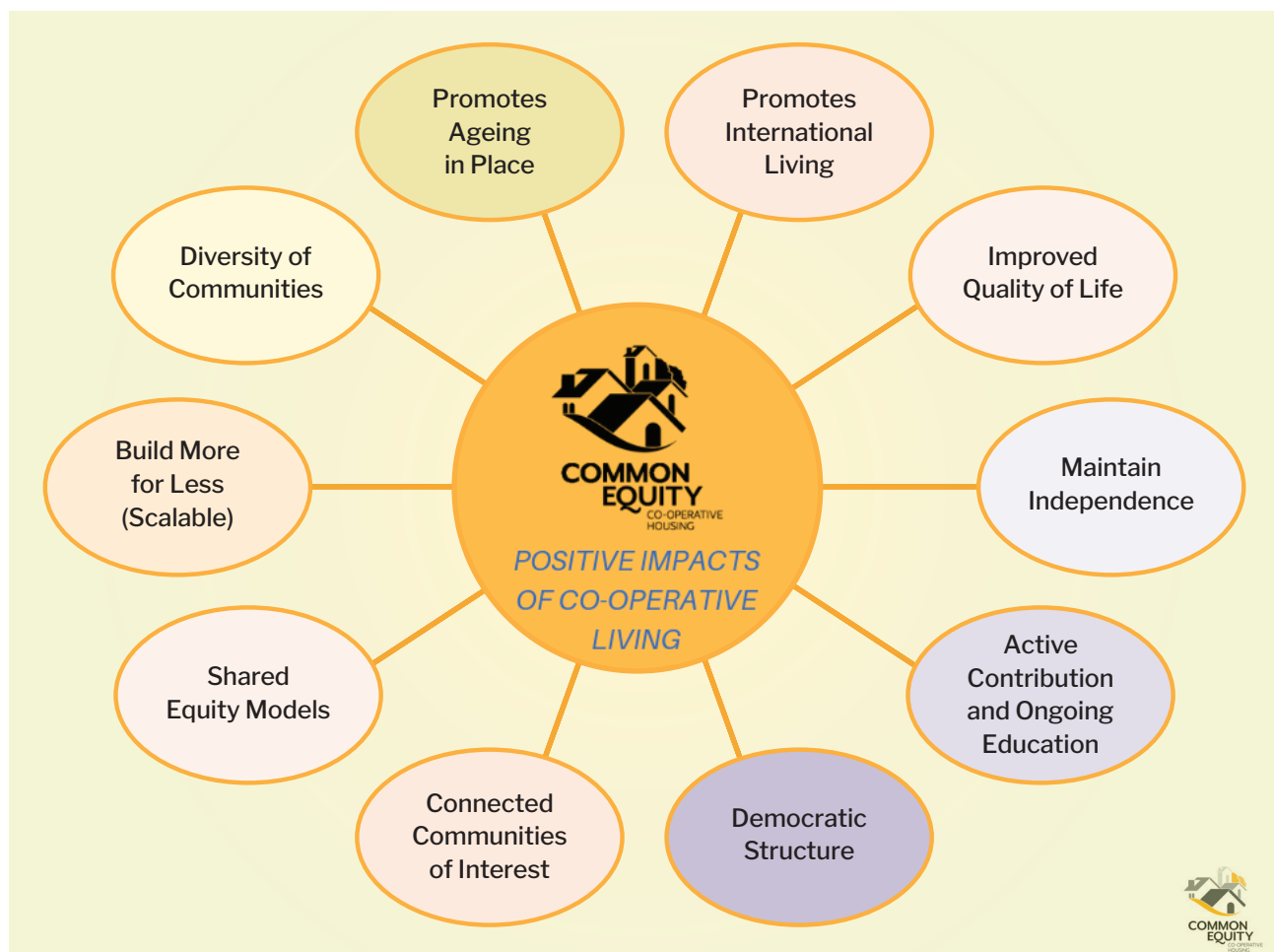
1.5.5 Housing Cooperatives

Housing cooperatives provide about 10% of community housing nationally. Uniquely in cooperative housing, tenants have a stake in the value created by the cooperative and its management, governance and strategic direction. Cooperative housing can be provided through a range tenure models including rental and privately owned co-ops, co-housing, eco villages, shared houses and tiny house parks. They can be companies limited by guarantee or registered under legislation.

Many of the models involve some sharing of resources such as community living and service areas like a laundry or produce garden, enabling a smaller overall building footprint and lower on-going costs. Residents will often be closely involved in housing design which improves satisfaction and helps to reduce costs by omitting unwanted features

and allowing conscious trade-offs to contain costs and environmental impacts. Cooperative housing can be tailored to the needs of specific groups such as people with disability and older people whose housing requirements are not well serviced by mainstream options. Drawing on their self-help approach, housing cooperatives can offer residents opportunities to develop skills and earn income by contributing to the management, maintenance and even construction of their housing.

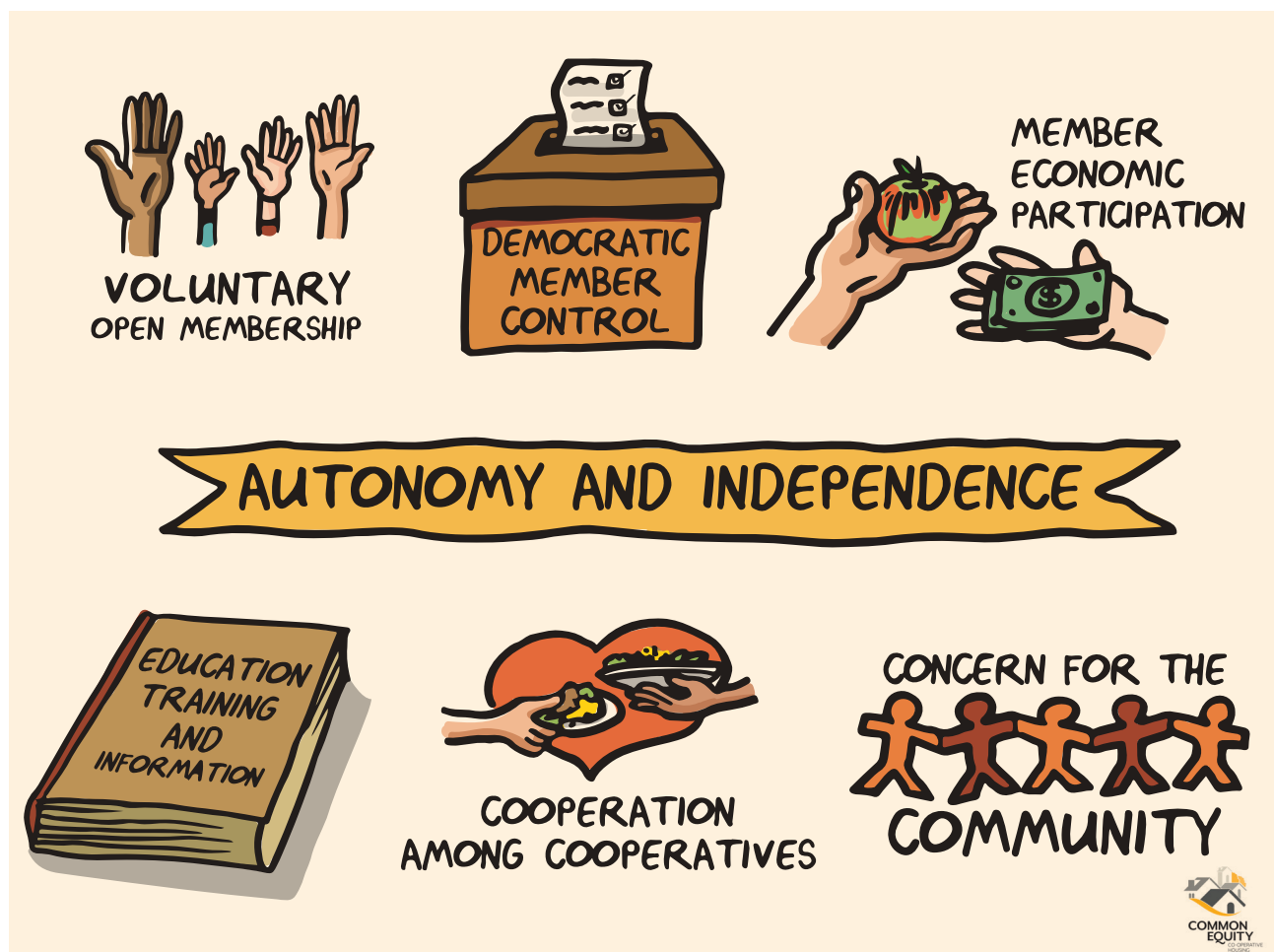
Common Equity is the peak body for housing co-operatives in NSW. It is a nationally registered Tier 2 Community Housing Provider and a registered Specialist Disability Accommodation Provider under the NDIS, managing over 500 properties across 25 Local Government Areas (LGAs). It represents many of the cooperatives involved in housing for lower income households and residents with special needs.



Whilst there are successful housing cooperatives operating at scale in many parts of the world including in Sweden and other European countries, it is the German Baugruppen or 'building group' model and Nightingale Housing initiated in Victoria that are gaining most recognition in Australia as viable customised alternatives to mainstream housing, albeit on a very small scale so far. The Baugruppen concept is based around a group of interested purchasers coming together and pooling resources to fund multi-unit housing designed to meet their needs. The approach bypasses developers and investors. Residents are often guided through the process by architects and designs usually have a focus on quality, sustainability and shared community facilities. For instance, on-site resident car parking may be replaced by bicycle racks and a space for a shared car.

Nightingale Housing (<http://bit.ly/2EA31Uy>) follows the Baugruppen model, focussing on multi-unit housing with the following features:

- ◆ By giving future homeowners the ability to invest their funds in the development of their own homes, the project requires less capital from investors. This means less interest paid to investors. Any savings are returned to members as reductions in the price of their units.
- ◆ Members engage Nightingale to manage the development for them. Nightingale does not sell them an apartment, just manages the process. With no sale involved Nightingale does not have to pay GST on sales revenue, another saving that reduces the cost of units.
- ◆ Because there is no sale there is no Stamp Duty to be paid on any of the properties regardless of first/second home owner status and/or price.



Councils can play a lead role in encouraging mutuals, clubs and associations to be engaged in local housing initiatives.



1.5.6 Mutuals and Local Associations

Member based companies and associations often have a close interest in their local communities. Many larger organisations will have community programs through which they offer grants or other assistance to address local issues and promote better local outcomes.

For instance, many mutual banks and credit unions are responsive to the housing affordability challenges facing members and their communities, alongside their more traditional roles in providing banking services for non-profit organisations and finance for affordable housing projects. Examples include supporting housing research (such as the 2018 study of Key Worker Housing Affordability in Sydney (<http://bit.ly/2zYVvi4>) sponsored by Teachers Mutual Bank, Police Bank, Firefighters Mutual Bank and My Credit Union Limited), participating in the ACT Government's Land Rent Scheme (see C.S.1 in Module 5), contributing to housing advocacy (such as Bank Australia's Gold sponsorship and volunteering for *The Big Issue* (<http://bit.ly/2Em2zIF>)) and direct support for housing initiatives.

One example of direct support is Beyond Bank's involvement the Turning Point program (<http://bit.ly/2BT4HWx>) offered by AnglicareSA. In 2018, the Bank provided grant funding for three years for short term accommodation for homeless single-parent families with young children. It helps them to address barriers, re-build capacity and access permanent housing. The grant provided by Beyond Bank will provide furniture packages for families that frequently arrive with nothing, which they can take on to their permanent home.

Other approaches involve customers in supporting local community initiatives. For example, BDCU Alliance Bank based in the Southern Highlands offers a My Community Account (<http://bit.ly/2EB3pSw>) which allows members to nominate a local community organisation to receive the interest from the account. Beyond Bank offers a Community Reward Account (<http://bit.ly/2rGPsKm>) which provides bonus interest payable to a nominated non-profit group.

Some local clubs, especially major sporting and RSL clubs, have been directly involved in developments incorporating affordable housing. ClubGRANTS is a state-wide initiative in which registered clubs with annual gaming machine revenue exceeding \$1 million apply 1.5% of gaming machine revenue to the community development funding program administered by councils. See for example, a \$10,000 grant to Housing Plus towards the establishment of a crisis centre in Orange for women and children who are experiencing domestic violence was funded from this source <http://bit.ly/2PG91fx>.

Councils can play a lead role in encouraging mutuals, clubs and associations to be engaged in local housing initiatives by highlighting needs and opportunities and in bringing together potential partners, who in turn can bring resources and other support for housing projects.

1.5.7 Private Sector Developers and Investors

The private sector has an important role to play in shaping cities and communities. Private sector developers design and build new housing as well as retail, industrial and other facilities communities need. The private sector is also increasingly involved in constructing infrastructure.

A number of peak bodies representing the private sector, with an interest in urban planning and housing supply, contribute to policy development through research and advocacy. They include the Housing Industry Association (<http://bit.ly/2EoZs2u>), the Urban Development Institute of Australia (<http://bit.ly/2Lljexf>), the Property Council of Australia (<http://bit.ly/2SRw7l8>) and Urban Taskforce (<http://bit.ly/2ExRXaj>).

Investors range from small scale individual landlord investors, who own one or two residential properties, to large institutions such as superannuation funds. Small scale investors dominate the market, owning around 83% of all investment properties.



1.5.8 The Wider Business Community

The business community has become conscious of the lack of key worker housing in reasonable commuting time of business centres, the mismatch between housing opportunities and housing supply in the regions in which businesses operate and the broad economic impacts of declining housing affordability.

A March 2018 speech by the Business Council of Australia CEO, Jennifer Westacott, acknowledged that:

The cost and location of housing directly influences workforce participation, productivity, and of course, the wellbeing of households. . . High housing costs limit housing choices for consumers. This has a flow on impact for the wider economy. It makes it harder for workers to live close to jobs, it can limit turnover and it can exacerbate intergenerational inequality. Continuing with a “business as usual” approach will not produce the changes that are needed — we must adopt a new economic narrative on housing policies. We need to focus on making the market work better — not ad hoc, one-off initiatives. (<https://bit.ly/2Yey6Dc>)

As well as being part of the public dialogue on housing affordability, some businesses and business councils are taking part in promoting affordable housing by offering contributions or facilitation. Contributions are varied in nature and scope. For example, planning and economic firm SGS partners with National Shelter, Community Sector Banking and the Brotherhood of St Laurence to provide a Rental Affordability Index (RAI) which is an indicator of rental affordability across Australia (see <http://bit.ly/2GdOvQM>).

At a local level, there is a lot to gain from councils working with their local business council or Chamber of Commerce and the business community to respond to common concerns. For example in July 2018, Griffith City Council held a “Griffith Residential Land and Future of Housing Forum” which brought together 60 industry representatives with real estate agents, developers, bankers and the business chamber in attendance, and which met with favourable media coverage (see “Successful Forum In Griffith Identifies Housing Concerns” at <https://bit.ly/2RA3VE6>). The Committee for Sydney (<http://bit.ly/ZQxyJi>) is an independent think tank with membership from business, academia, government and others (<https://www.sydney.org.au/>).

1.5.9 Individuals

Finally, individuals and households as occupants of housing and as consumers of goods and services and as employees and citizens interact with government



and businesses to influence housing markets and how our cities and towns are planned and operate.

Peak bodies representing the interests of individuals include Shelter NSW and the Tenants Union of NSW. Operating since 1975, Shelter NSW is the state’s peak housing policy and advocacy body. Its vision, *A Secure Home for All*, is pursued through systemic advocacy and advice on NSW housing policy and legislation to resolve housing inequality. The Tenants Union of NSW represents the interests of individual tenants in NSW, particularly tenants who are economically and socially disadvantaged. It is the main resourcing body for Tenants Advice and Advocacy services.

1.6 Addressing Needs through Local Housing Strategies

1.6.1 Purpose of a Local Housing Strategy

A focus of this Kit is to provide information, guidance and resources to assist local councils to address housing needs now and into the future by preparing local housing strategies and other means. Effective strategies will promote a range of housing of the type, size, cost, location and availability that enable residents from different socioeconomic positions to find housing that suits their needs, preferences, aspirations and financial means.

Local housing strategies provide a framework for:

- ◆ Responding to population growth and demographic and housing market changes
- ◆ Coordinating services and employment with housing
- ◆ Protecting urban and environmental amenity
- ◆ Enabling efficient land use
- ◆ Encouraging economic and community development.

1.6.2 Department of Planning, Industry and Environment (DPIE) Local Housing Strategy Guidelines

The NSW Government encourages councils to prepare local housing strategies. The District Plans for Greater Sydney and some Regional Plans require certain councils to do so. The DPIE has developed a

Guideline and Template for councils to develop local housing strategies (see <https://bit.ly/2TWJy46>).

A local housing strategy will enable the council and the community to influence growth and development in a way that is compatible with local character and community aspirations. The DPIE also sees the strategies as the way councils translate planning objectives set out in Regional and District Plans into plans that can be implemented at local level.

This Kit can be used alongside the DPIE Guideline to provide the practical tools to help councils assess housing need and develop strategies and actions. In particular, the Kit will assist councils to respond to the housing needs of lower income households and those with special needs not well serviced by the market.

1.6.3 What are the Key Challenges?

Councils are tasked with implementing housing supply targets under state government metropolitan and regional strategies and to provide through their local environmental plans a framework for the private sector and others to deliver housing in their local areas. Under the *Local Government Act 1993* they are also responsible for recognising “diverse local community needs and interests” and “social justice principles” in their decision making.

Providing a diverse range of dwellings to meet the needs of households at different stages of their lifecycle in areas with good access to transport, services and employment opportunities is critical. Often the housing market will meet mainstream needs efficiently but fail to provide for less affluent households and those requiring special features.



Variation in the size, type, price and tenure of dwellings helps more people find appropriate housing. Small one or two bedroom units, studio apartments, boarding houses and student accommodation are often suitable options for young people and students, and for single people and couples who do not have the time, resources or capacity to maintain larger dwellings and gardens. They are often more affordable than houses.

Large families and those with more than one generation living together need bigger dwellings, usually with more bedrooms than traditional three bedroom houses, to avoid health risks and other problems associated with overcrowding. Larger households are characteristically formed by people of Aboriginal and certain other cultural identifications.

Dwellings incorporating accessible design features and group homes enable older people and people with disabilities to stay in their local community or to find housing close to relatives and support networks.

Barriers to and gaps in provision of appropriate and affordable housing for the whole community vary with location.

Changing housing needs may be experienced by:

- ◆ Older residents who are retiring and seeking smaller, affordable housing
- ◆ Residents who separate or lose a spouse or partner and can no longer afford the rent on their home
- ◆ Adult children in a family who require independent housing but want to remain in the area
- ◆ Working couples that want to start a family but will lose some of their earning potential and capacity to pay for housing
- ◆ Families afflicted with long term illness or disability that impairs their ability to pay for housing
- ◆ Low income workers who find work in an area where they cannot afford housing or commuting costs.

Common *themes* and issues

- ◆ A mismatch between the current and future need for housing and the amount and type available at affordable rents and prices
- ◆ Environmental constraints on residential land release
- ◆ Pressure on house prices from investors
- ◆ Barriers, such as discrimination, to disadvantaged households seeking to rent or buy
- ◆ Shortages of appropriate affordable housing, for example housing suitable for older people or people with disabilities
- ◆ Concentrations of disadvantage in outlying areas and in public housing estates with poor access to jobs and services
- ◆ Diversion of private rental housing to seasonal workers and/or holiday makers on platforms such as Airbnb
- ◆ Land banking by private owners and developers that ties up housing opportunities
- ◆ Limited industry interest in developing diverse housing
- ◆ Community resistance to increased density (which may be required for developing compact dwelling forms in a feasible way)
- ◆ Planning controls which discourage housing diversity
- ◆ Gaps in infrastructure required to support more housing.



1.6.4 Housing in Regional Areas

Regional areas share a number of the housing issues confronting metropolitan areas such as shortages of suitable, affordable housing for lower income households. Some housing markets in regional NSW have been found to be among the least affordable internationally, as the 13th Demographia International Housing Affordability Survey (<http://bit.ly/2BnjF5S>) points out. Away from Sydney, whilst housing prices may be lower, household incomes are too. Lack of housing diversity is commonplace, with shortages of small dwellings and housing suitable for those with special needs the greatest problem.

Lack of diversity or appropriateness of rental housing stock manifests differently depending on context. For example, in some regional areas there is a lack of small dwellings suitable for singles or couples. A single person or couple may have to rent or purchase a large dwelling, more expensive and less suitable than needed. Older people may have difficulty maintaining large dwellings.

Regional areas with fast population growth are likely to share many of the housing issues experienced in metropolitan areas. Such areas face the challenge of keeping pace with population growth and meeting demand for housing, services and employment opportunities. Rising land and housing costs threaten displacement and gentrification. Investor interest is also drawn to growing regions.

In regional areas incomes and housing costs are generally lower than in large cities. Economies tend to be less diverse with fewer employment opportunities, and there is often less choice or variety in housing, especially in private rental markets. Environmental sensitivities may restrict development, and exposure to severe weather and environmental hazards such as flooding present some regions with challenges.

Tourism may have a greater impact outside larger urban centres. Seasonal demand can cause strain, especially on the rental market. In coastal holiday destinations particularly, those in the private rental market may see available housing stock become scarce as owners capitalise on the seasonal influx.

Temporary employment spikes, such as those associated with infrastructure works or resources projects, may put pressure on rental housing stock due to the arrival of workers from outside the region. Regional university towns are susceptible to demand pressures for student accommodation.

Growth in regional areas is usually slower than in metropolitan areas. Indeed some are gradually depopulating. Regions experiencing slow growth or population decline have quite distinct issues to address, including decline in housing stock, lack of





Away from Sydney, ... shortages of small dwellings and housing suitable for those with special needs are commonplace

suitable options for older people and less choice particularly for those with special needs.

The need to deal with housing issues in regional areas is addressed in NSW Regional Plans. Some examples of housing objectives in regional plans are set out below.

The **Central West and Orana Regional Plan 2036** encourages collaboration between the NSW Government and local councils on housing issues. Objectives nominated for the state government in the Plan are to:

- ◆ Work with councils to plan for future social and affordable housing needs
- ◆ Work with councils to investigate the demand for seniors housing and to identify barriers to providing low-care and independent senior's accommodation options
- ◆ Produce guidelines to help councils plan for and manage seasonal and itinerant worker accommodation.

The **North Coast Regional Plan 2036** notes that an additional 46,000 new homes will be required in that region in the next 20 years, and that 'Housing that meets the needs of residents on a range of incomes will also be important in addressing affordable and social housing to help reduce social disadvantage

and provide shelter.' The Plan seeks to increase opportunities for affordable housing and the supply and diversity of housing.

The **Far West Regional Plan** prescribes actions for addressing cultural requirements of Aboriginal housing, as well as catering for an ageing population. Actions include:

- ◆ Producing guidelines to help councils plan for and manage seasonal and itinerant worker accommodation
- ◆ Preparing planning guidelines for the short term accommodation of mining employees to support workforce needs during mining construction, operation and shutdown
- ◆ Providing additional development incentives and reduced contributions, or using other mechanisms under the State Environmental Planning Policy (Affordable Rental Housing) 2009 that may boost construction of secondary dwellings as alternative affordable housing
- ◆ Promoting caravan parks and manufactured housing estates on unconstrained land in existing settlements and new land release areas. Councils can identify appropriate sites that meet the needs of residents and tourists through their local planning strategies.



Big Ideas Homelessness Network Newcastle, NSW

1.6.5 Understanding Homelessness

People who are homeless or at risk of being homeless are the most vulnerable. Homelessness is a complex problem arising from a number of causes including domestic violence, financial hardship, health issues and limited access to affordable housing options. Effective responses are dependent on the availability of suitable support services and appropriate affordable housing.

The Commonwealth funds state and territory governments to address homelessness under a Council of Australian Governments (COAG) agreement, the National Affordable Housing Agreement (NAHA). In the 2017/18 federal budget it was announced that the NAHA and the former National Partnership Agreement on Homelessness (NPAH) are to be reformed into a new National Housing and Homelessness Agreement (NHHA) intended to increase housing supply, improve housing outcomes and alleviate homelessness.

The NSW Department of Communities and Justice (DCJ) is the lead NSW Government department that supports people experiencing or at risk of homelessness. It funds non-government organisations, offers connections to services, and prepares homelessness strategies.

An effective response to homelessness must go well beyond the physical provision of housing and services to address issues and is outside the scope of this Kit. For this reason, it is important that strategies for provision of suitable housing work together with measures directed against social causes of homelessness.

Some local councils already have strategies and initiatives to address homelessness. The City of Sydney has a Homelessness Unit, partly funded by DCJ, which assists affected people, gathers



information, and aims to reduce homelessness. Tweed Shire Council has a range of policies and strategies to prevent people becoming homeless and to help those already in need, including a Homelessness Policy.

1.6.6 Housing Issues Confronting Indigenous People

Indigenous people and Indigenous communities typically experience much greater challenges in accessing suitable and secure housing than the rest of the community. Rates of homelessness and overcrowding are substantially greater for Indigenous Australians, along with a raft of other negative indicators.

The provision of culturally appropriate housing in the right locations must be a top priority across the state. Sally Kubiak, Director, Aboriginal Housing Office (AHO), points out that responses “need to be locally tailored and flexible, and co-designed with the community” (Aboriginal Housing: What Does the Future Hold? (<http://bit.ly/2S5HPsz>)).

A range of culturally appropriate tenure options is needed in urban and regional areas that recognise the close connection between Aboriginal people and the



... responses ‘need to be locally tailored and flexible, and co-designed with the community’
Sally Kubiak, AHO

land, the obstacles to mainstream home ownership and the difficulties experienced by Aboriginal people in accessing secure private rental housing.

To achieve this, better information and better data are required on needs and opportunities. Better communication is needed with communities and individuals to help tailor effective responses, and more resources are required to meet pressing needs.

Some important steps are being put in place to improve responses to the housing issues confronting Indigenous people. Four pillars have been developed and endorsed by the NSW Aboriginal Housing Office and Aboriginal stakeholders to inform the development of a new ten year strategy:

1. Deliver housing solutions for Aboriginal people informed by evidence based demand for social and affordable housing
2. Achieve better outcomes for Aboriginal tenants by facilitating partnerships with human services agencies and Aboriginal organisations and through creating opportunities for economic participation
3. Strengthen and grow Aboriginal Community Housing Providers through capacity building, change in regulation and transfer of housing and asset management
4. Enhance data collection, evaluation and analysis functions to ensure planning is robust and resources are targetted where they are needed most.

Sally Kubiak, “Aboriginal Housing: What does the Future Hold?”, Presentation to the 2018 Affordable Housing Conference at <http://bit.ly/2S5HPsz>

An Aboriginal Community Housing Industry Association NSW (ACHIA) is being formed to represent the Aboriginal community housing sector which comprises 100 organisations in New South Wales. ACHIA is founded on the principle of self determination and aims to ensure that the Aboriginal housing sector is well represented as the NSW Government establishes and implements social housing and homelessness strategies and plans for affordable housing (see <http://bit.ly/2Bmcivj>).

The NSW Aboriginal Land Council (NSWALC) has identified five goals under its Strategic Plan 2018 to 2022 including pursuing economic independence and prosperity for Aboriginal people. As part of this NSWALC has identified that it will establish an Aboriginal Housing capability. Adequate and appropriate housing is also inexplicably linked with the other goals of the Strategic Plan (see <https://bit.ly/2Ge3nyr>).

As highlighted in Module 3, when building an evidence base, it is important to examine the specific needs of Aboriginal and Torres Strait Islander households and to identify the kinds of housing challenges experienced by these households.

1.6.7 Environmental Sustainability and Housing Affordability

Upfront purchase costs and rent are not the only components of affordability. Energy efficient and environmentally responsible housing design and construction can have important affordability benefits. Affordability and environmental sustainability are sometimes considered to be competing objectives. This is not necessarily so, particularly when long-term affordability is taken into account. Many of the approaches that represent environmentally



... if housing is of a standard that is appropriate to needs, rather than exceeding needs, it can be affordable and can also contain the use of resources

sustainable design, such as careful site planning and building orientation, do not in themselves add to housing costs. Other measures, whilst contributing to upfront costs, can result in long-term costs savings — for example, in heating and water consumption. Further, if housing is of a standard that is appropriate to needs, rather than exceeding needs, it can be affordable *and* can also contain the use of resources. Homes without multiple bathrooms are one example.

A helpful examination of housing features that contribute to sustainability and the affordability implications is provided in the Commonwealth Government's *Your Home: Australia's guide to environmentally sustainable homes* (<http://bit.ly/2PFRaoX>). The writers observed that “well-designed, climate appropriate sustainable improvements make a home more affordable over its life span”. The analysis notes the frequently overlooked problem of adverse sustainability and affordability outcomes resulting from increasing dwelling sizes:

Increasing house size is a substantial contributor to housing unaffordability in Australia. House size affects initial purchase cost, materials consumption and ongoing heating, cooling and maintenance costs, and environmental impact. The number of people in each Australian household is shrinking but house size is growing — we are building much larger houses than we need.

(<http://bit.ly/2PFRaoX>)

As well as saving land and materials, minimising the physical footprint of a building by efficient use of small spaces and passive design strategies that conserve heat or facilitate cooling can be very effective in reducing energy and running costs, and make an important contribution to overall affordability.

Regulatory frameworks that encourage innovation and efficiencies in the housing supply chain—such as small ‘smart’ dwellings tailored to residents’ needs, modular and/or prefabricated construction and simple features such as awnings over west facing windows, have flow-on impacts on housing costs.

Minimising consumption of energy and water, recycling waste and reducing the need for maintenance have environmental benefits and minimise costs for households and the community.

As the Commonwealth Government's *Your Home* analysis found:

well-designed, climate appropriate sustainable improvements make a home more affordable over its life span. . . . Some sustainable features that add to the initial capital cost of a home are cost positive from day one when savings from reduced energy bills offset additional mortgage payments. Other energy and water saving features with higher initial cost deliver significant returns within the life span of the home or appliance.

Affordability of features that improve sustainable performance should therefore be considered across the life span of the home. This life cycle costing (LCC) typically focuses only on economic cost, though increased comfort, health and amenity are clearly significant benefits from sustainable improvements.

(<http://bit.ly/2PFRaoX>)

These observations are reinforced in findings by the RMIT's Centre for Urban Research which concluded that "the evidence increasingly shows that sustainability and good design can improve affordability when fuller cost-benefit analyses are undertaken and non-monetised social, health and wellbeing benefits are considered." (See <https://bit.ly/2gUNHar>).

Sustainability measures were introduced into the planning system in NSW in 2004 through the BASIX scheme (<https://bit.ly/2X4kkXs>). The scheme sets targets for reducing water and energy consumption and minimum performance levels for thermal comfort in residential buildings. These targets have been increased since the scheme commenced. Despite these initiatives there is ongoing concern that regulation alone is not delivering environmentally sustainable affordable housing. This was the impetus for the Green Building Council of Australia's Innovation Challenge which aims to "increase the availability of affordable, sustainable housing and to increase living affordability" by identifying projects which encourage the provision of low-cost, sustainable housing within broader multi-unit developments. The Innovation Challenge utilises Legacy Green Star Rating Tools to assess the affordable and sustainable design, build and performance of developments (see the Green Building Council's website at <http://bit.ly/2CgJCpb>).

There is always a risk that environmentally sustainable approaches can add to the cost of housing and planners need to bear this in mind when developing and applying sustainability requirements. Nevertheless, as noted by the Urban Research Centre of the University of Western Sydney "Balancing social, economic and ecological imperatives is the routine work of planners and designers, although clearly with regard to affordable housing, affordability must remain paramount, at least for the end user. Councils are well oriented to questions of sustainability and have policy processes to support their planning staff determine the balance on a case by case basis" (University of Western Sydney, Urban Research Centre (2008) Models of Sustainable and Affordable Housing for Local Government, Final Report (p27 <https://bit.ly/2xdRiVT>)).

1.6.8 Adaptable, Accessible and Livable Housing

With an ever-changing and ageing population, and older people and people with disabilities increasingly living independent lives, it is vital to promote housing options that can accommodate the evolving needs of different occupants and that are, or could be, made suitable for people with reduced mobility or disability. Housing that is designed with this in mind can be more successfully and more cost-effectively adapted over time.

A livable and adaptable house is one that is able to respond effectively to these needs without requiring costly and energy intensive alterations.

Most people can expect temporary or permanent variations in their physical capabilities in their life due to injury, illness or age. The Australian Bureau of Statistics reports that the percentage of individuals with a disability increases significantly with age, rising to more than 50% of people aged over 60. Longer life spans and higher proportions of older people in our society make it more likely that every home will be required to respond to the needs of a person with a physical limitation whether they are the primary resident or a visitor.

(<http://bit.ly/2GIWu1u>)

Most councils have provisions in their local environment plans (LEPs), DCPs and other policies for accessible and/or adaptable housing, including some which apply mandatory quotas in certain circumstances or for certain types of dwellings. Vista Access Architects provide a listing of local government provisions in the Sydney basin (see <http://bit.ly/2ErEsIF>).

Although requirements of this type have been in place in New South Wales for some time, there is a lack of awareness in some quarters about requirements and confusion about terminology used and what adaptable, accessible and livable housing mean. The terms have specific meanings and should not be used interchangeably.



Adaptable housing

is “designed in such a way that it can be modified easily when required in the future to become accessible to the resident with disabilities without requiring costly and intensive alterations”. (<http://bit.ly/2A3sDFz>)

Accessible housing

is designed “to meet the needs of people requiring higher level access from the outset, and usually designed and built with a specific person’s needs in mind. An accessible house meets Australian Standard AS 1428.1-2001: Design for access and mobility, and is able to accommodate wheelchair users in all areas of the dwelling”. (<http://bit.ly/2GIWu1u>)

Livable housing

is designed to specific standards contained in the Livable Housing Design Guidelines (<http://bit.ly/2PHx2CP>) for the purpose of promoting housing that “is easier to access, navigate and live in, as well more cost effective to adapt when life’s circumstances change” (<http://bit.ly/2PFPb48>). A livable home is based on principles of “universal design” in order to be usable to the greatest extent possible. Livable Housing Australia has guidelines for Silver, Gold and Platinum levels to assist those seeking to incorporate livable design principles into home design (see <http://bit.ly/2SR2mRO>).

The Adaptable Housing Guidelines and brochures outlining design principles to consider in promoting adaptable and flexible housing prepared by Clarence Valley Council provide good examples of how local government can promote these principles within an affordable housing framework (see <https://bit.ly/2Z9OLZI>) under “Adaptable Housing Guidelines”.

1.6.9 People with Disability and the NDIS

The introduction of the National Disability Insurance Scheme (NDIS) has brought about a shift in responses to the needs of people with disability based on the principle of enabling people with disability to have choice and control over their lives.

To assist participants to live independently, the NDIS provides:

- ◆ Supports that build people’s capacity to live independently in the community, supports to improve living skills, household and money management, social and communication skills and behavioural management
- ◆ Home modifications to the participant’s own home or a private rental property and on a case-by-case basis in social housing
- ◆ Support with personal care, such as showering and dressing
- ◆ Help around the home, such as assistance with cleaning and laundry.

In general, the National Disability Insurance Agency (NDIA) which administers the scheme does not invest directly in housing or borrow or use its balance sheet to procure housing. However in limited circumstances where a participant may be subject to higher costs as a result of their disability, the NDIA has indicated an intention to contribute towards capital costs of certain specialist disability housing. Specifically the NDIS will only contribute towards the cost of housing where it represents “Specialist Disability Accommodation” that is “a reasonable and necessary support for a participant due to extreme functional impairment or very high support needs, in accordance with the SDA Rules (2016)”.



It is envisaged that over 90% of NDIS participants “will continue to access housing in the private market — rental or home ownership — or through social housing” (<http://bit.ly/2rFyrjJ>), and that costs of housing will “remain the responsibility of other housing systems, such as social housing and Commonwealth rent assistance. The NDIS will complement, but not replace, the efforts of the housing sector, the Commonwealth, state and local governments, and families.” (Report of the Joint Standing Committee on the National Disability Insurance Scheme on Accommodation for people with disabilities and the NDIS, 5 May 2016, Chapter 2 (<http://bit.ly/2zW1G6z>).

Thus, in relation to housing, there are ongoing challenges in meeting the central tenet of enabling people with disability to exercise choice and control. As acknowledged in the report of the Joint Standing Committee on the National Disability Insurance Scheme:

At present, Australians with disability are not assured of access to housing suitable for their needs. This has long been an issue of local, state and national concern. As noted in the committee’s 2015 report, the lack of adequate housing can significantly limit people’s ability to fully exercise choice and control. Ultimately it restricts their ability to participate in society and live an ordinary life.

Report of the Joint Standing Committee, Chapter 2 (<http://bit.ly/2zW1G6z>)

Constraints on the ability of people with disability to access suitable housing include “cost, disadvantage or discrimination in competition for private rental properties, and a limited supply of ‘accessible’ housing”.

The Standing Committee also reported that:

People with disability are over-represented in housing assistance programs. The committee received numerous submissions that detailed the multiple barriers people with disability face in accessing suitable housing, including barriers in the housing system and the disability support system.

The National Housing Consortium Disability Housing Futures Working Group 2017 report highlights “the rising incidence of inadequate housing for people with disability in recent years, as well as the negative workforce participation and health outcomes associated with such inadequate housing”, commenting that while “associations between inadequate housing and health are similar for people with and without disability, people with disability are over-represented in each of these groups” and that failure “to meet the gap in affordable housing will see increased financial stress, reduced workforce participation and negative physical and mental health outcomes for people with disability” (p2).

According to the Australian Housing and Urban Research Institute, people with disabilities are disadvantaged “by usually only having access to substandard housing with a limiting effect on their choice and control. In practice this means that people with disability are frequently separated from their families and informal support networks, as well as being segregated from the wider community.” The Joint Standing Committee on the NDIS identified four overarching requirements of housing for people with disabilities:

- ◆ It must be small scale and dispersed in the general community. . .
- ◆ It must be adaptable or universally designed. Poor outcomes are compounded by poor housing design that inhibits peoples’ movement in their own home. Accessible design is a fundamental aspect of increasing independence, and, consequently, reducing reliance and costs of support. The most effective means of achieving this would be through a legislative requirement for non-discriminatory access standards in new housing.
- ◆ It must be secure. Security in this context relates to security of occupancy and the stability of existing housing arrangements. Research demonstrates security of housing is associated with important aspects of human functioning: family functioning, social participation and health. Given the high underlying risk of homelessness, as well as often limited social networks, security of



housing is of vital importance to people with disability. Brightwater Care Group called on the government to ensure that, if not all, then at least a percentage of affordable, adaptable housing is included in new housing developments.

- ◆ It must be well-located. Living in places with limited access to employment, services and public transport can compound social disadvantage significantly.

(See <http://bit.ly/2BpwwEA> Chapter 3)

The National Housing Consortium Disability Housing Futures Working Group observes that “increasing the supply of affordable housing, designed to meet the needs of people with disability, will require a coordinated effort by Commonwealth, state and local governments, Disabled People’s Organisations, community organisations and church groups, developers and builders.” (2017, p3)

When planning for future housing suitable for people with disabilities it is important to bear in mind that not all are eligible for the NDIS and that people with disabilities are not a homogeneous group, they have a full range of requirements and needs reflective of that in the broader community. In keeping with this, housing choices should be diverse and include the option for a person to live with his or her family.



People with disability have a full range of requirements and needs, reflective of that in the broader community

Examples of responses

The challenges in providing successful housing for people with disability are considerable. Recent examples of purpose-built housing achieving worthwhile outcomes include:

Abbotsford Housing Project — six fully accessible self-contained one-bedroom apartments peppered throughout a 59 unit mixed private and social housing development. The multi-storey development is located in a prime inner city suburb within 500 metres of a railway station, shops and community facilities. <http://bit.ly/2Bnt7pG>

Five Dock mixed use development — a 2004 redevelopment of a supermarket and car park to produce a range of apartment types catering for a diverse mix of residents. It provides a range of living options as part of a development connected by pedestrian paths linking private and open spaces. “By negotiating with the developer, the council was able to deliver an excellent outcome for the broader community and provide a new public library and upgraded public spaces at a significantly reduced cost, that may not have otherwise occurred. Easy access to a wide range of shops, services and amenities, promotes a sense of independence and creates opportunities for

engagement with the local and wider community. The library, supermarket and cafe bring people into the development and increase opportunities for interactions.” (Young People in Nursing Homes National Alliance in collaboration with the Department of Architecture, Monash University, *Shaping the Future Today: Transforming Housing Policy for Australians with Disability* p.58-61.)

The Haven Foundation was established in 2006 by a small number of mothers whose adult children had long-term mental illness, and subsequently registered as a housing provider in Melbourne. The Haven Foundation leased land from St Joseph’s Catholic Church to provide 14 one bedroom units by refurbishing a disused convent as well as constructing a two level apartment block on the rear portion of the land. To be eligible tenants must:

- ◆ be able to live independently
- ◆ be within public housing asset and income limitations
- ◆ have ongoing clinical support where required
- ◆ have linkages/connections to the area in which they seek housing.

<http://bit.ly/2SOI2QW>

1.7 The Planning Context

1.7.1 Planning System Requirements

In the Greater Sydney metropolitan area, the Greater Sydney Region Plan provides the strategic planning framework for council responses to housing needs as the population grows and changes. It requires each council to prepare a local housing strategy aligned with the relevant District Plan. Specific requirements and guidance are provided for the preparation of strategies where these are mandatory.

Planning requirements for councils outside the Greater Sydney Region are set through regional plans and other policy guidance. While in most cases, it is not mandatory for regional councils to prepare a local housing strategy, councils are encouraged to address housing as part of their strategic framework.

An overview of the NSW legislative framework is provided in Module 5 at 5.7 for councils planning for housing in their communities.

1.7.2 Planning Provisions for Affordable Housing

Since this Kit was launched in 2006, changes to the statutory planning framework have expanded the capacity of councils to address housing needs. They include state planning policies that aim to ensure there is adequate diverse and affordable housing.

STATE ENVIRONMENTAL PLANNING POLICY No 70 (SEPP 70)—Affordable Housing (Revised Schemes) and Division 7.2 of the *Environment Planning and Assessment Act*

SEPP 70 is the instrument through which nominated Councils are empowered to utilise the provisions of Division 7.2 of the *Environment Planning and Assessment Act* entitled “Affordable housing contributions”.

The rules in Division 7.2 are the principal mechanism for implementing Mandatory Inclusionary Zoning. Section 7.32 enables land or monetary contributions to be required for affordable housing under conditions of development consent “if a State



environmental planning policy identifies that there is a need for affordable housing within the area”.

To meet the provisions in the Act, Councils are required to prepare a planning proposal to support changes to their LEPs and to prepare a contribution scheme associated with rezoning proposals. The intention is to provide clarity for landowners and developers, while helping to ensure households on very low, low and moderate incomes retain access to housing in areas undergoing urban renewal.

The SEPP was amended in 2018 to expand its application from a limited number of metropolitan councils to all local government areas in NSW. The NSW Government has also developed the Affordable Housing Contribution Guideline to help councils prepare affordable housing contributions schemes.

STATE ENVIRONMENTAL PLANNING POLICY (HOUSING FOR SENIORS OR PEOPLE WITH A DISABILITY) (HSPD SEPP)

The HSPD SEPP aims to ensure sufficient housing for older people and people with disabilities. It includes a provision for allowing increased density in vertical villages if 10% of dwellings are dedicated to affordable rental housing. The HSPD SEPP can override local planning controls that may inhibit the provision of suitable housing. It also specifies design principles and requires the provision of support services to seniors and people with disabilities in developments subject to the policy.

VOLUNTARY PLANNING AGREEMENT (VPA) **Provisions in the *Environmental Planning and Assessment Act***

A VPA is an agreement entered into by a planning authority (such as the Minister for Planning or a council) and a developer. VPAs are typically negotiated at the time of a proposed rezoning, where a planning authority seeks to ensure a positive outcome through the development. A developer agrees to provide or fund public amenities and public services, affordable housing, or transport or other infrastructure.

Contributions can be made as:

- ◆ dedication of land
- ◆ monetary contributions
- ◆ construction of infrastructure
- ◆ provision of materials for public benefit or use.

STATE ENVIRONMENTAL PLANNING POLICY **(Affordable Rental Housing) 2009 (AHSEPP)**

This SEPP is intended to facilitate supply and diversity of affordable rental housing by encouraging the delivery of infill affordable rental housing, secondary dwellings/granny flats, boarding houses, supportive accommodation, social housing and group homes and mitigating the loss of existing affordable rental housing.

The SEPP defines affordable rental housing as housing for very low, low and moderate income earning households with a gross income that is less than 120% of the median household income for the ABS Sydney Statistical Area) and pays no more than 30% of that gross income in rent (see <https://bit.ly/2Ixz1K7>).

Specifically the AHSEPP (<http://bit.ly/2EBSkAC>) encourages:



Infill affordable rental housing

by providing floor space incentives for dual occupancy, multi-dwelling housing or residential flat building development projects in accessible locations where these uses are already permitted,

if the projects include at least 20% affordable rental housing:



Secondary dwellings/granny flats by enabling dwellings in zones R1, R2, R3 or R4 satisfying the development standards set out in the relevant schedule to be assessed as complying development or, in circumstances

where the complying development requirements are not met, by permitting development with consent for secondary dwellings up to 60 square metres in floor area in

- ◆ Zone R1 General Residential,
- ◆ Zone R2 Low Density Residential,
- ◆ Zone R3 Medium Density Residential,
- ◆ Zone R4 High Density Residential,
- ◆ Zone R5 Large Lot Residential.

The SEPP limits the grounds for refusal of secondary dwellings on the basis of site area or car parking.



Boarding houses by providing floor space incentives to encourage investment in new boarding houses comprising both the traditional form of boarding houses with shared facilities and new generation boarding houses

with self contained rooms, and making those boarding houses permissible throughout the following zones or the equivalent zones for the local council area:

- ◆ R1 General Residential
- ◆ R2 Low Density Residential zones in locations close to public transport services
- ◆ R3 Medium Density Residential
- ◆ R4 High Density Residential
- ◆ B1 Neighbourhood Centre
- ◆ B2 Local Centre
- ◆ B4 Mixed Use.

In 2018, the NSW Government revised the parking provisions for boarding houses to increase that minimum at which consent cannot be refused on the basis of car parking to 0.5 spaces per boarding room (up from 0.2 parking spaces per boarding room in an accessible area and 0.4 parking spaces per boarding room otherwise). The provisions remain unchanged at 0.2 to 1 and 0.4 to 1 for development

undertaken by or on behalf of a "social housing provider". That term is defined to include a local government authority that provides affordable housing, a not for profit organisation that is a direct provider of rental housing to tenants and a registered community housing provider within the meaning of the Commonwealth *Australian Charities and Not-for-profits Commission Act 2012* (<http://bit.ly/2LmdJ1h>) (see clauses 4 and 29). In February 2019 the policy was amended to limit boarding houses in the R2 Low Density Residential Zone to 12 boarding rooms.



Supportive accommodation by increasing housing opportunities for people making the transition from supported living or homelessness to independent living by allowing supportive accommodation to be provided

in existing residential flat buildings or boarding houses without the need for development consent, if the development does not involve erection of, alteration of, or addition to a building where supportive accommodation (<http://bit.ly/2rIMRQe>) is defined as involving permanent, secure accommodation in self contained apartments, together with on-site support services (such as counselling and life skills development) for people (such as former homeless persons) who need support services.



Social housing and partnerships with private developers by enabling development consent to be sought for residential flat buildings on sites where residential flats are not normally permitted where those sites are

close to public transport in the Sydney Region or close to the business district of 32 nominated major regional centres and development is undertaken by or on behalf of *social housing providers* (<http://bit.ly/2rIMRQe>), including any of the following:

- ◆ the Department of Human Services
- ◆ the Land and Housing Corporation
- ◆ a registered community housing provider
- ◆ the Aboriginal Housing Office
- ◆ a registered Aboriginal housing organisation

- ◆ a local government authority that provides affordable housing
- ◆ a not-for-profit organisation that is a direct provider of rental housing.

(See <http://bit.ly/2rIMRQe> Divisions 5 and 6)



Group homes for vulnerable people by allowing group homes to be approved as complying development when they meet certain provisions and by increasing the number of areas where group homes can be built to include the following:

- ◆ R1 General Residential
- ◆ R2 Low Density Residential
- ◆ R3 Medium Density Residential
- ◆ R4 High Density Residential
- ◆ B4 Mixed Use
- ◆ SP1 Special Activities
- ◆ SP2 Infrastructure

Any equivalent zones for the local council area under the Standard LEP, in circumstances where a council has not yet made an LEP in accordance with the Standard Instrument (<http://bit.ly/2QE4eka>).



Mitigation of the loss of existing affordable rental dwellings

by establishing an assessment process for proposals in the Greater Metropolitan Region (including the Illawarra and Hunter regions) that impact on

existing boarding houses and low rental residential flat buildings that have not been subdivided and providing options to mitigate the loss of housing stock via compensatory payments. Specifically, a formula is provided for determining contributions to help offset the loss of low rental residential buildings and arrangements are required to be made to assist those existing residents who are likely to be displaced as a result of the development proposal as set out in the accompanying Guidelines for Retention of Existing Affordable Rental Housing (<http://bit.ly/2PJTEtS>).

Module 2:

Preparing and Implementing a Local Housing Strategy

| | |
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| Step 2 Developing an Evidence Base | 6 |
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Module 1

Addressing Housing Needs:
Context, Roles and Issues

Why it's Vital

Defining and Measuring Affordable Housing

Agency Roles and Key Players

Purpose, Key Challenges and Issues

Planning Context

Module 2

Preparing and Implementing a Local Housing Strategy

Community and Stakeholder Engagement

Developing an Evidence Base

Setting the Scope

Developing Actions and Strategies

Implementation, Monitoring, Review and Evaluation

Module 3

Building an
Evidence
Base

Module 4

Financial
Feasibility
Assessment

Module 5

Case Studies
and
Resources

Outline

Solutions to housing challenges are achievable when local housing strategies are developed with a clear vision and a genuine commitment across Council, and where responses are based on a sound understanding of issues and housing needs. Significant improvements are most likely when councils are open to exploring all their roles and functions and to working in partnership with others. Module 2 provides a sequential guide to developing a local housing strategy, but it is important that the steps be planned for and integrated at the outset.

Step 1 Community and Stakeholder Engagement

Why is it Crucial?

It provides insight into housing issues, local circumstances and the dimensions of housing need.

- ◆ It both reveals and informs community expectations and priorities.
- ◆ It identifies opportunities and generates ways of responding to housing needs.
- ◆ It enables findings to be verified and initiatives to be tested.
- ◆ It helps build community ownership of local housing strategies and support for Council's part in addressing challenges through local approaches.
- ◆ It facilitates partnerships and collaboration.

When and Whom?

Engagement should not be confined to a single stage of the process. It is most powerful in building understanding – within both the community and the Council – when commenced early and continued throughout information gathering and policy development, and then pursued at strategic points during the implementation to monitor success and inform further steps.

Formal engagement processes should be combined with open communication channels through which people can make less structured contributions.

As housing affects everybody, a broad range of groups and other stakeholders should be consulted. To serve the housing needs of the entire community, a mix of voices and perspectives must be heard and addressed. Demographic data and projections should be consulted to develop engagement strategies that reach across the community, to include sections that are least vocal or least equipped to respond. If certain housing types, such as affordable rental housing and emergency housing are not common in the local area, it could lead to some sections of the community being under-represented in feedback. Discussions with community housing providers and developers may be the best way to connect with the needs of “hidden” members of the community.

Steps in Developing a local housing strategy

1. Planning and undertaking continuing community and stakeholder engagement
2. Developing an evidence base
3. Establishing the scope and identifying goals and objectives
4. Selecting strategies and actions
5. Developing an implementation plan
6. Monitoring, review and evaluation

These steps cannot be taken independently of each other. For example, community and stakeholder engagement should be a feature of both strategy development and implementation. Monitoring and evaluation are most effective when built in from the start.

What is an Engaged City: an engaged city brings people together for conversations to address issues of common importance, to solve shared problems, and to bring about positive social change. It involves people in the decision-making process such that it improves the resulting decision and, over time, builds the trust that is needed for fully empowered communities to actively create a common future

City of Vancouver, Engaged City Task Force, 2014

who to Engage

Parties which a council should consider engaging with when developing a housing strategy include:

- ◆ Local residents, including tenants, purchasers and other tenure types
- ◆ The elderly
- ◆ Indigenous residents and organisations
- ◆ Workers
- ◆ Community housing providers
- ◆ Homelessness organisations
- ◆ Community service organisations
- ◆ Private developers
- ◆ The business community
- ◆ Students and student bodies, if student accommodation is a feature of the local housing market
- ◆ Local institutions such as hospitals and universities
- ◆ Councillors and council staff
- ◆ Government agencies, such as DCJ and Landcom.

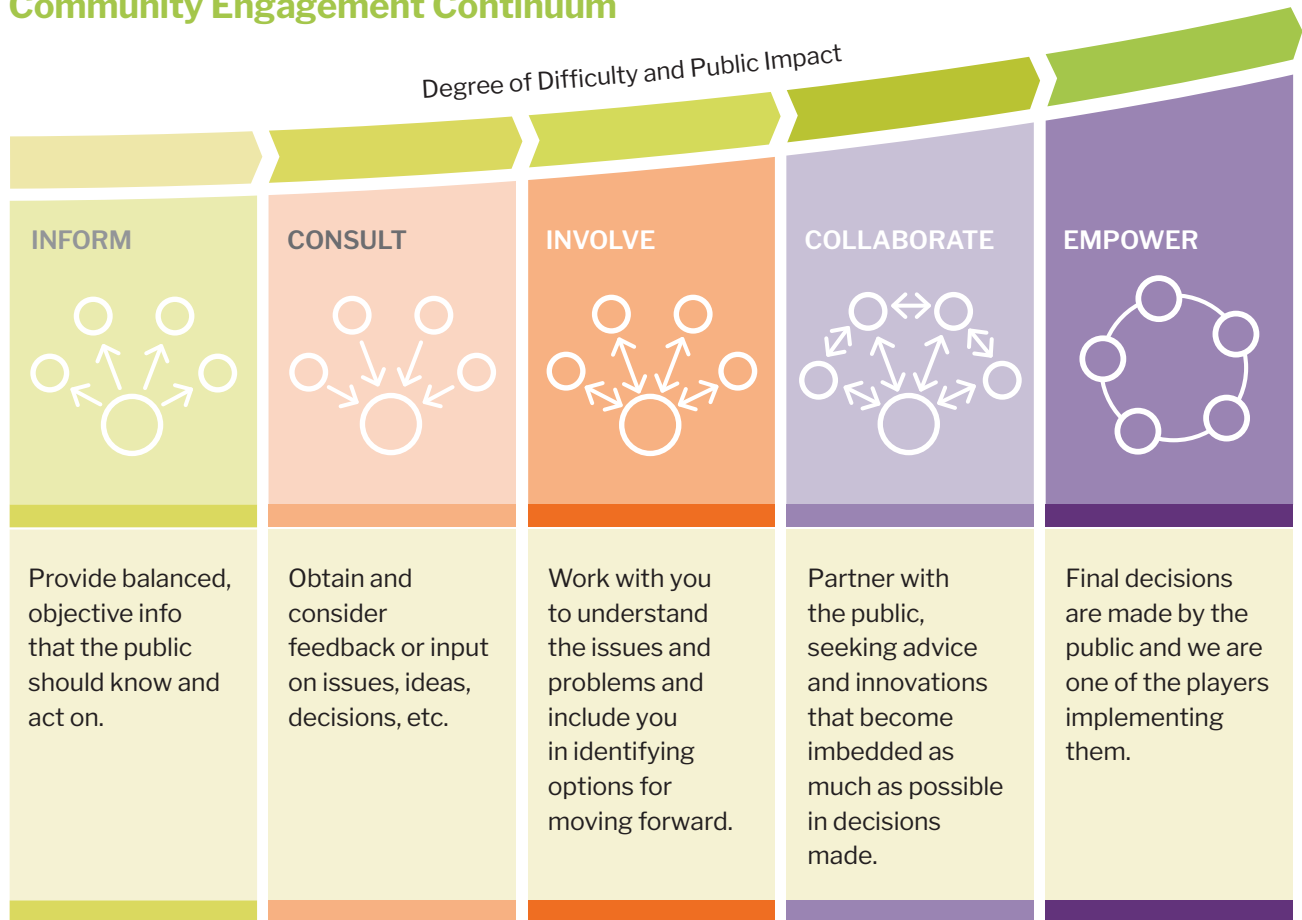
Developing an Engagement Strategy

A strategy for engaging stakeholders in housing issues can be developed as part of Council's broader approach to community engagement or as a discrete plan. Even if a discrete plan is proposed, it is important that it be designed in the context of other community engagement activities. When approaches to engaging with communities on local issues are too fragmented, messaging to and from the community can be confused, and responses may be fragmented and less effective.

Section 2.23 of the *Environmental Planning and Assessment Act* requires councils to prepare Community Participation Plans in respect of planning functions specified in section 2.21, which include making Local Environment Plans, development consents and contribution plans. Where these planning functions relate to matters being addressed in a local housing strategy, the plan for engaging with the community must meet the requirements of the section. Sub-section (4) provides that a council need not prepare a separate community participation plan if all the matters required in section 2.23 have been addressed when the council prepares its Community Strategic Plan under section 402 of the *Local Government Act 1993*.

The engagement strategy should set out principles and objectives for involving the community and stakeholders and provide a broadly based process employing a range of techniques, through all stages of developing and implementing a local housing strategy.

Community Engagement Continuum



Source: PlaceSpeak (<https://bit.ly/2CpkJGU>) adapted from the IAP2 framework

The International Association of Public Participation (IAP2) is devoted to furthering sound community engagement practices (see <https://bit.ly/2FxYRNs>). IAP2's Spectrum of Public Participation illustrated below defines different engagement activities based on their level of decision making and influence, from informing through to empowering, and identifies the outcomes and expectations involved in different kinds of involvement. It is helpful in providing a common language that can be used by participants and decision makers. IAP2 emphasises that "(t)he Spectrum show that differing levels of participation are legitimate depending on the goals, time frames, resources and levels of concern in the decision to be made".

To gain wide and meaningful input, a range of formats should be used and tailored to local circumstances. Traditional consultation methods such as public meetings and formal surveys are best complemented by less formal ways of reaching people, such as social media. Written communications and public meetings must not be the only ways people can provide input. There should be other channels, such as a phone-in line for recorded messages.

The best way to address social planning is to sit in the community space and listen.

Dr Iris Iwanicki, former President
Planning Institute of Australia SA



Approaches need to be tailored to different groups. Assistance from specialists may be required to reach certain parts of the community and to communicate effectively and appropriately. Be mindful of the cultural and other sensitivities of those you are seeking to engage with, as well as their specific needs and circumstances. Also check for unconscious bias when interpreting and prioritising community input.

An excellent example of an engagement strategy that addresses these considerations is Fairfield Council's *Community Engagement Strategy 2016 Integrated Planning and Reporting Framework* (<https://bit.ly/2FzyR4e>). See also Glenorchy City Council *Community Engagement Procedure* (<https://bit.ly/2Rvx0SS>).

Examples of approaches that may be used at different stages are given in the table opposite. It's important to define the outcomes sought, so engagement is focussed and meaningful for participants, and contributes the most it can to the strategy development process. One of the challenges of community engagement is that it is rarely possible to satisfy all parties. Input must be weighed up and balanced in the strategy development process. It is very helpful if engagement can help draw out and deal with diverging views and points of tension, and prompt participants to consider trade-offs and areas for compromise.

Equally it is important to encourage brainstorming and creative problem solving as local knowledge and insights can often lead to the best solutions. In addition, for winning community support it helps if participants see that Council is listening to their feedback and is receptive to their suggestions.

Community and Stakeholder Engagement Approaches

| Housing Strategy Stage | Possible approach |
|--|--|
| Preliminary | <ul style="list-style-type: none"> Establish a community engagement team. Post news on the Council website outlining Council's intention to address housing issues. Provide an outline of Council's process for engaging on housing issues in Council's regular newsletter. Launch a webpage with sign up for e-newsletter and provision for direct lodgement of submissions. Publicise through social media channels such as Facebook and Twitter. |
| Developing an evidence base | <ul style="list-style-type: none"> Organise public meetings on weekends and weekdays. Organise focus groups for example on youth, older people, homeless people, people with disabilities. Arrange a community survey. Meet with stakeholders, e.g. community housing providers, developers. Establish think tanks involving a mix of participants from the local community, business, development industry and service providers. Use the media to call for submissions and discussion. Request formal submissions through Council's website. Partner with service providers to engage with hard to reach groups. |
| Establishing the scope and focus for a local housing strategy | <ul style="list-style-type: none"> Conduct public meetings. Use newsletters to circulate updates. Convene focus groups and workshops. Operate drop-in two-way feedback opportunities at local markets and events. Distribute printed information. Put on presentations and invite discussion at Council meetings. Frame a discussion topic for existing inter-agency networks. |
| Developing strategies and actions | <ul style="list-style-type: none"> Conduct workshops and focus groups, targetting key participants (e.g. developers, local service providers, residents, tenants, youth, older people). Publish the draft local housing strategy for comment. Exhibit the draft strategy and provide for submissions and verbal feedback. Operate drop-in two-way feedback opportunities at local markets and events. Put on presentations and invite discussions at Council meetings. |
| Implementation | <ul style="list-style-type: none"> Launch the housing strategy and circulate it widely. Conduct information sessions and provide materials for developers and community organisations. Follow up with stakeholders formally and informally. Encourage people to use informal channels for continuing input. |
| Monitoring and evaluation | <ul style="list-style-type: none"> Circulate a regular e-newsletter with a direct feedback mechanism. Send updates and surveys by social media. Make the engagement team report against indicators. |
| Ongoing | <ul style="list-style-type: none"> Host and publicise community events relating to housing. Institute annual awards for housing excellence with community participation in selection. Organise regular reporting on housing outcomes e.g. an annual scorecard with community input into the scoring process. |

Step 2

Developing an Evidence Base

A sound evidence base provides the foundation for determining the issues to be addressed, which in turn point to the focus, objectives and actions for a local housing strategy. Sharing evidence helps build a common understanding of issues and garners support for action. It helps identify opportunities and constraints and informs allocation of resources.

The aim of the evidence base is to build a picture of how the local community operates and the relationship between housing supply and development capacity, demand, needs and affordability.

Suggested Areas for Analysis

- ◆ the demographic position
- ◆ the economic position
- ◆ the supply of housing
- ◆ the cost and affordability of housing
- ◆ opportunities and constraints.

Important data sources include the *Census of Population and Housing*, *NSW Rent and Sales Report* and *Commonwealth Rent Assistance* data. Local and regional planning strategies and studies also provide important contextual information.

The Department of Planning, Industry and Environment (DPIE)'s *Local Housing Strategy Guideline* (<https://bit.ly/2TWJy46>) requires Councils to prepare an LGA Snapshot identifying broader social, economic and environmental factors such as cross-border issues and the transport network and infrastructure required to support housing. Module 3 provides detailed guidance and data to assist in developing an evidence base.



Unless commitment is made
there are only promises and
hopes but no plans.

Peter F. Drucker

Step 3

Setting the Scope and Guiding the Framework

Drawing on analysis of the evidence base and input from the community and stakeholders, Council can establish the focus for the strategy and identify objectives and outcomes it wishes to achieve. Initially Council may choose to concentrate on immediate and pressing issues — for example encouraging severely undersupplied forms of housing or incorporating inclusionary zoning requirements for sites about to be redeveloped — before moving to a more comprehensive approach that addresses the housing needs of the whole community over a longer timeframe.

A strategy can include high level principles and may include a vision and goal, as well as objectives. Making these explicit and stating them upfront gives participants in the policy-making process a common understanding of the outcomes being sought and the basis for

different approaches that may be required to solve the problems identified. It also provides the basis for monitoring and evaluating the effectiveness of the strategy.

Principles may cover the process for developing the strategy and whom it will assist. They can also provide a basis for evaluating different solutions to a problem and allocations of scarce resources.

Principles for Local Housing Strategies

- ◆ **Commitment to providing access to housing that is appropriate and affordable**—all residents of an area should have access to appropriate and affordable housing
- ◆ **Openness and transparency**—all interest groups are engaged in open dialogue about how housing problems are to be defined, what issues are to be addressed and prioritised, what solutions are to be considered, what recommendations are to be made and what solutions are to be implemented.
- ◆ **Fairness and equity**—any costs and benefits of policy outcomes are to be fairly distributed among residents or interest groups, with an emphasis on ensuring that the least well off receive appropriate preference.
- ◆ **Efficiency and effectiveness**—public resources are applied in such a way as to maximise benefits for sums expended.
- ◆ **Simplicity and ease of administration**—measures should be simple to implement and administer and the costs of administration should be held in check.
- ◆ **Sustainability**—solutions that are adopted are sustainable socially, economically and environmentally.

These principles can be adapted to local circumstances (as they have been for example in the Maitland City Council Affordable and Adaptable Housing Action Plan ([http://bit.ly/ 2rIfz9](http://bit.ly/2rIfz9))).

It may be necessary to give one principle precedence over another. For example, simplicity of administration may be compromised to ensure that outcomes benefit the least well-off. Appropriate compromises between conflicting principles may require public debate so that the resulting outcomes are broadly supported.

Goals and objectives should address the issues raised in the housing needs and market analysis, and the problems identified. Goals are broad statements of intent, addressing the problems and harnessing the opportunities that have been identified. For example, where analysis of the housing market shows that not enough choices exist to satisfy different needs and demand, a goal might be “to support successful communities through housing choice, affordability,

other Sources

Other sources that may offer valuable insights and additional information for developing an evidence base include:

- ◆ Insights and information from engagement with key stakeholders and the community
- ◆ Data and information held by Council (for example development and building approvals)
- ◆ Reports and research on specific issues or needs groups (for example, reports published by the Australian Housing and Urban Research Institute)
- ◆ Information and databases produced by state government agencies and industry bodies (for example DCJ, Community Housing Industry Association NSW and Housing Industry Association)
- ◆ Housing targets set out in district/regional plans and DPIE’s Sydney Housing Supply Forecast
- ◆ Infrastructure capacity and any planned and committed infrastructure
- ◆ Social housing waiting times for housing assistance.

adaptability, accessibility and sustainability”. Goals provide an overall direction to orient more specific, practical housing objectives.

For each objective, strategies and actions to achieve that objective should then be identified, along with the basis for measuring success.

Examples of Housing Strategy Goals and Objectives Adopted by Councils

Housing for a diverse population.

*City of Sydney Sustainable Sydney 2030
Strategic Direction*

To encourage the growth and diversity of the residential population by providing for a range of appropriately located housing, including affordable housing.

City of Sydney LEP

By 2031 the City of Ryde Council will be a leading council in Sydney in the provision of affordable housing and an increasing number of key workers in the local economy will live locally.

*Ryde Council Affordable Housing Policy
2016-2031 Vision*

To maintain and increase the amount of affordable rental stock in North Sydney LGA and ensure the long-term sustainability of Council's involvement in affordable housing.

North Sydney Council Affordable Housing Strategy

To support social inclusion and sustainability in the Tamworth region by promoting housing of different type, size and tenure in suitable locations, at a range of prices within the reach of households of varying composition and financial capacity.

Tamworth Affordable Housing Strategy 2011 Goal

Step 4 Developing Actions and Strategies

The planning framework controls where and how much housing can be delivered and influences local amenity and access to transport, jobs and services. Planning mechanisms specifically designed to deliver affordable housing are a potentially effective response to housing issues. Councils' other roles in community services, infrastructure planning and provision, advocacy and facilitation, can also be employed in housing strategies. Indeed, strategies that utilise the broadest range of measures are often the most effective.

Core Roles

Land use planning, community services and infrastructure provision

Revenue collection, administration and enforcement of regulations

Planning Mechanisms

Development incentives

Inclusionary zoning

Tailored planning requirements

Project facilitation

Facilitation and Advocacy

Promotion and information, community education, input to regional and state policy

Use of Council and surplus land, partnerships and joint ventures, awards

Examples of Housing Objectives

Community wellbeing

OBJECTIVE: To promote community wellbeing through better provision of housing to meet diverse community needs.

Housing needs to be recognised as central to community wellbeing to gain the focus it deserves, and to ensure that strategies for its improvement are successful.

Contributing to quality of life

OBJECTIVE: To provide housing and communities that allow people to pursue their goals related to family, work, education, creativity, recreation or other pursuits.

Housing and the communities in which people live often shape the opportunities they have as a result of location and accessibility (to jobs, education and services, for example), the availability of space for particular activities, the capacity for privacy, and so on.

Contributing to sustainability

OBJECTIVE: To promote environmentally, socially and economically sustainable development.

“Sustainable development comprises types of economic and social development that protect and enhance the natural environment and social equity.”*

* Dunphy, D., et al, *Sustainability: The Corporate Challenge of the 21st Century*, Allen & Unwin, Sydney 2000, p. 23.

Access

OBJECTIVE: To ensure that housing is available with adequate access to transport, employment, services and the social and support networks of residents.

Access refers to the proximity of housing to services, employment and commercial centres and the availability of reliable and convenient public transport. Residential neighbourhoods outside central areas should be serviced by regular and efficient public transport. This objective can be more challenging to achieve in regional and outlying areas.

Providing diversity and choice

OBJECTIVE: To provide housing choice by encouraging a diverse range of housing of different types, size and tenure, in suitable locations, at a range of prices within the reach of households of varying financial capacity.

Housing choice refers to a household's capacity to select a home that suits its needs, preferences,

aspirations and financial means. Housing choice requires the availability of an appropriate and diverse range of housing that is accessible to households from different socio-economic groups. An inclusive community is one that offers such choice and diversity.

Providing appropriate housing

OBJECTIVE: To enable households to access housing that is appropriate to their needs.

Appropriate housing meets the needs of residents in terms of size, physical attributes and location. Housing should be of a standard that is safe and not detrimental to residents' health or wellbeing. It should accommodate daily requirements, and allow sufficient space and privacy for all. If household members have special needs, their housing must also accommodate them adequately.

Addressing affordability

OBJECTIVE: To promote housing that is affordable to households of varying financial capacity, especially very low, low and moderate income households.

Affordability generally refers to housing costs that are reasonable in relation to income as outlined in Module 1. The focus is usually on the availability of accommodation that is affordable to lower income households and those having difficulty accessing affordable housing locally.

Encouraging adaptable and accessible housing

OBJECTIVE: To encourage adaptable and accessible housing that can respond to the changing needs of residents and be cost effectively adapted to the specific needs of people with disabilities.

Adaptable housing means housing that can be modified or extended at low cost to suit the changing needs of residents. The aim should be to design and build housing so that it can be adapted for use by “everybody, irrespective of the users' age, level of mobility, health or lifestyle”. As this will have implications for housing costs and land requirements, councils may seek to specify targets for housing that meets Australian Standard AS 1428.1-2001: Design for access and mobility and/or the Livable Housing Design Guidelines (<http://bit.ly/2PHx2CP>) (see further at Module 1.6/8/9).

Core Roles – Land Use Planning, Community Services and Infrastructure Provision

Land use planning, community services and infrastructure planning and provision are core roles for councils. The approach taken, focus and delivery of these functions influence housing outcomes in a number of ways.

Planning objectives within Council's Local Environmental Plan and associated instruments signal Council's intentions and influence outcomes. Examples of housing objectives that can be incorporated in a Local Environment Plan are:

- ◆ To promote a variety of housing (including affordable housing) to accommodate a range of income levels and increase housing choice;
- ◆ To facilitate the development of a broad and appropriate range of affordable housing types by the private sector.

Zoning and local infrastructure provision such as roads and, in regional areas, water and sewerage, determines the amount of land available for housing and influences the range of housing provided, its amenity and cost. Ensuring that adequate land is available for housing restrains prices of residential land and existing housing.

Well planned medium and high density housing development enables more households to benefit from living in accessible, sustainable and liveable environments while conserving land needed for employment uses, agriculture and open space, and preserving sensitive environments. Research shows that denser, well serviced suburbs are not only more environmentally sustainable but better for health. As the Health Foundation pointed out in 2014, residents of “higher density neighbourhoods undertake more walking and physical activity than those living in low density neighbourhoods” (*Low Density Development: Impacts on Physical Activity and Associated Health Outcomes*). Further, sharing the value of uplift between landowners and developers and the community can make it feasible to incorporate affordable housing and enhancements to the public realm and community services alongside housing development.

Community services and facilities that provide support to people close to where they live help to promote inclusion and affordable living. For example, access to childcare assists families, including those with limited means, to get to employment opportunities and meet housing costs. Support services such as mobile libraries, meals on wheels and community buses help older people age in place, and reduce the disruption and cost associated with moving.

Within the core roles of local government, **land use planning levers**, set out in the following table, are available to control housing outcomes. Differences in population, character and density, geography, resources and economic growth influence the housing issues that emerge and the appropriateness of responses.

| Strategies and Actions | Purpose | Applicability | Examples |
|--|---|---|--|
| Land Use Planning Levers | | | |
| <p>Targets: Set numerical targets for affordable housing outcomes linked to broader housing supply targets and supported by percentage requirements for affordable housing in projects or precincts.</p> <p>As recognised in the Cockburn Coast District Structure plan, “Dwelling mix alone will not be sufficient to ensure a reasonable extent of affordability” (p.38).</p> <p>Government land: Incorporate affordable housing targets in conditions of sale or joint venture partnerships to bind incoming private owners and partners to deliver affordable housing.</p> | To promote affordable housing and enable progress to be measured | Areas with identified need for affordable housing | <p>City of Sydney, <i>Sydney 2030</i>, p.24</p> <p>Parramatta, <i>Draft Affordable Housing Policy</i></p> <p>Shoalhaven <i>Affordable Housing Strategy</i> (Module 5: C.S.12);</p> <p>Cockburn Coast District <i>Structure Plan</i>, pp.XV and 37–41, https://bit.ly/2Xyh2Lp</p> <p>Ryde <i>Affordable Housing Strategy</i></p> |
| <p>Land supply: Identify requirements for additional housing opportunities for sub-markets and work with state agencies to ensure appropriate zoning and infrastructure.</p> | To promote opportunities to expand provision of undersupplied housing | Where demand exceeds supply | <p>Shoalhaven <i>Affordable Housing Strategy</i> (Module 5: C.S.12).</p> |
| <p>Review current controls to assess capacity for meeting housing needs. Responses could include:</p> <p>Greater provision for higher density development in areas with good access to transport and services</p> <p>Controls requiring a mix of the number of bedrooms in dwellings</p> <p>Reduced setbacks and smaller lot sizes</p> <p>“Meanwhile use” housing — the interim use of vacant land for temporary housing</p> <p>Limiting short-term holiday rental.</p> | To encourage diverse housing types, improve efficiency (and reduce costs), and increase amount of low cost rental stock | Areas with a mismatch in housing and demand and shortage of low cost private rental housing | <p>Wyong Planning Controls: Background Report 2012; Leichhardt LEP;</p> <p>City of Kingston, Victoria (Module 5: E.13);</p> <p>“Meanwhile use” housing (Module 5: E.14);</p> <p>DPIE Short stay discussion paper.</p> <p>http://bit.ly/2KXYqfk</p> |
| <p>Housing diversity requirements: Require a mix of dwelling sizes, types and tenures within a development or an area (e.g. within a master-planned development).</p> | To ensure a mix of housing to meet diverse community needs | All areas | <p>Metropolitan Redevelopment Authority Affordable and Diverse Housing Policy Central Perth Redevelopment Area; Landcom’s Universal Housing Design Guidelines.</p> |
| <p>Protect development opportunities: Ensure new development controls do not dampen potential for future higher density (e.g. by permitting modestly higher densities in areas where high density is appropriate and feasible and thereby impeding future redevelopment at optimum density).</p> | To increase housing supply, and preserve value capture opportunities | Areas with infill or greenfields development proposed | <p>“Smart Growth” principles for compact design, for example:</p> <p>Hismen Hin-Nu Terrace, Oakland, California;</p> <p>Storrs Center, Mansfield, Connecticut.</p> |

| Strategies and Actions | Purpose | Applicability | Examples |
|--|--|--|--|
| Land Use Planning Levers | | | |
| Utilise state planning policies: Assess the impact of state planning policies (e.g. Housing for Seniors and People with a Disability SEPP, AHSEPP). Do the number and form of dwellings being delivered support objectives? Can they better align to local plans? Apply for inclusion in SEPP 70. | To increase diversity of housing and delivery of dedicated affordable housing within new development | Areas where state planning policies apply | Parramatta Draft Affordable Housing Policy (Module 5: C.S.9) Shoalhaven Affordable Housing Strategy (Module 5: C.S.13). |
| Review the feasibility and cost impacts of development controls. Adjusting Floor Space Ratio, height and parking requirements can improve development feasibility and reduce development costs, e.g. reducing parking requirements in well located areas or for smaller dwellings such as dual occupancy or tiny homes. | To reduce the cost of housing production and end price and encourage development in designated areas | Areas where development opportunities are not taken up, or not considered to be feasible | Tiny Homes Foundation/ Central Coast pilot (Module 5: E.24). |
| Land audit: Identify surplus sites or precincts suitable for urban renewal and additional housing. | To provide opportunities for meeting supply shortfalls | Areas with a need for housing | City of Darebin, Victoria – “Exploring the Use of Council-owned Land for Affordable Housing”, https://bit.ly/2x4FjcN . |
| Social housing renewal: Work with state agencies and their partners to deliver affordable housing through renewal of social housing precincts and smaller sites. | To improve social housing and provide pathways out of social housing | Areas with existing social housing in need of renewal | NSW Government Communities Plus, http://bit.ly/2KVLDK9 . City of Sydney and NSW Government – Cowper Street project. |
| Coordinated housing and infrastructure: Plan early engagement to optimise benefits of infrastructure investment — more housing and economic growth and potential for capturing value uplift. | To provide more dedicated affordable housing with good access to opportunities | Areas with major infrastructure planned | Randwick Council (Module 5: C.S.11). |
| Value capture opportunities: Establish a value capture matrix which can measure the value capture potential of existing development controls and proposed changes. | To develop a pipeline of dedicated affordable housing | Areas with high land value and development opportunities | VPA Calculator, (Module 4: 4.3.5). |

| Strategies and Actions | Purpose | Applicability | Examples |
|--|--|--|--|
| Land Use Planning Levers | | | |
| Mixed use precincts: Encourage housing options to be linked with employment by enabling mixed use developments and precincts and commercial opportunities close to areas with low cost housing, and/or advocate for transport linkages. | To link housing with work and services and promote sustainable communities | All areas, particularly those with less access to work | Highlands' Garden Village, Denver, Colorado (Module 5: C.S.6), http://bit.ly/2RCpcMu . |
| Sustainability benefits: Consider developing a ratings tool to measure ongoing housing affordability of developments (e.g. sustainable features — orientation, dwelling size, insulation, water reuse). | To reduce ongoing housing costs and improve residential amenity | All areas | Melbourne City Council (http://bit.ly/2zLAKQk) and the National Australian Built Environment Rating System (NABERS). |
| Social impact assessment: Require social impact assessment for proposed developments to reduce loss of low cost accommodation and mitigate impacts (e.g. by cash contribution or support to relocate tenants). | To prevent homelessness of vulnerable groups | Areas with low cost rental that are to be redeveloped | Port Macquarie example (Module 5: E.18). |

| Strategies and Actions | Purpose | Applicability | Examples |
|--|--|--|--|
| Community Services and Infrastructure Provision | | | |
| Community strategic plan: Incorporate housing objectives in Council's community strategic plan. | To prioritise and communicate housing objectives | All areas | City of Sydney (Module 5: C.S.14), http://bit.ly/2ATR1sN . |
| Infrastructure to support housing: Coordinate approval from state agencies to ensure water, electricity, sewerage and telecommunications services are available to facilitate greenfield residential development. Augment local infrastructure to attract business investment and support viability of existing businesses. | To increase the amount of housing in an area and support new and existing businesses | All areas, particularly areas with lower economic growth and residential development | Oran Park, Camden LGA, http://bit.ly/2StRx7R . |
| Local economic development: Prepare a local economic development policy and/or strategy to generate more employment opportunities for local residents — this could include providing incentives for businesses to start up or relocate, such as waiving rates/fees. | To generate employment opportunities for low income households and promote sustainable communities | Areas with affordable housing but limited employment options | Port Macquarie Hastings Economic Development Strategy 2017–2021, http://bit.ly/2zIQw58 . |

| Strategies and Actions | Purpose | Applicability | Examples |
|---|--|--|--|
| Community Services and Infrastructure Provision | | | |
| Align local infrastructure planning — such as road improvements, parks, landscaping of commercial districts, crime reduction, street lighting, cycleways — with housing objectives; e.g. improved footpaths, main street landscaping, seating and lighting where the population is ageing. | To promote liveability | All areas where infrastructure is identified as a gap in supporting housing need | Blacktown Council Crime Prevention Through Design Draft Strategy 2017-2021. NSW Police Crime Prevention through Environmental Design Checklist, http://bit.ly/2CfCYyj . |
| Access to work: Ensure there are sufficient day care places for children to support single working parents. | To enable families to afford housing and commit to ongoing rent or mortgage payments | Areas with a shortage of affordable childcare and high unemployment | Port Macquarie Hastings Council, <i>Social Strategy 2013–17</i> . |
| Access to facilities: Prepare a policy that commits to promote inclusive and compassionate access to public spaces and community facilities. | To guide council and community responses to people who are homeless | All areas, but a priority where homelessness is an issue | Liverpool City Council and Tweed Shire homelessness policies. |
| Support access to community centres and community hubs for vulnerable groups or those with limited access to facilities such as residents of caravan parks and social housing tenants. | To enable low income households to get access to services, and participate and connect with their communities | Areas with low income households and need for services and support | City of Burnside, South Australia, http://bit.ly/2BU8HGL . |
| Suitable contributions: Ensure local infrastructure contributions plans are in place and regularly updated to maximise funds for local infrastructure without impeding development. | To provide for new residential developments to have sufficient infrastructure (e.g. community facilities and open space) | Areas with planned growth and development, particularly rapid growth areas | VPA Calculator (Module 4: 4.3.5) |
| Information on how to assist: Include links to housing providers and support services in Council's community services register. | To make available the help people need to maintain housing or access more affordable housing | All areas | Inner West Council Website, https://bit.ly/2FszSes . Yarra City Council, Victoria, http://bit.ly/2RE8Fb2 . |

Planning Mechanisms to Promote Affordable Housing

The term “planning mechanisms” is used to refer ways of using planning powers specifically to promote affordability and accessibility. Measures identified as planning mechanisms generally fall into three groups:

- ◆ Voluntary mechanisms which offer some kind of incentive to include or maintain affordable housing;
- ◆ Mandatory requirements that make inclusion of affordable housing a prerequisite for development;
- ◆ Impact fees and restrictions to offset the loss of existing affordable housing.

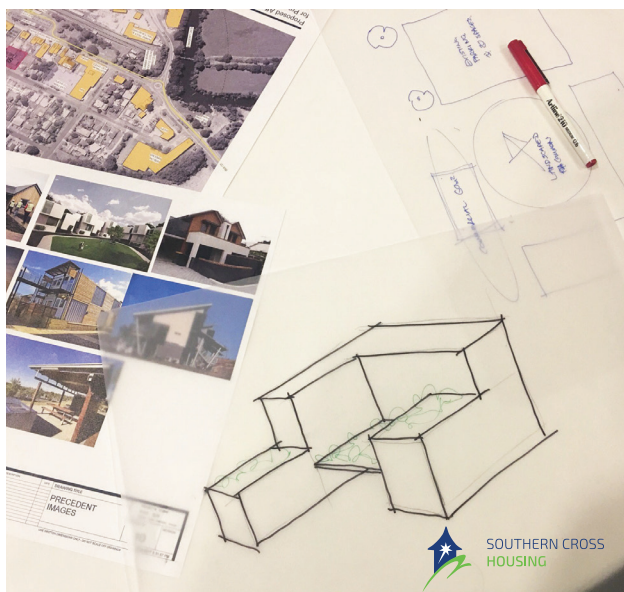
Councils can utilise voluntary approaches such as voluntary inclusionary zoning and voluntary planning agreements for affordable housing and, in certain circumstances, mandatory planning mechanisms, such as mandatory inclusionary zoning, and measures to protect existing housing stock.

VOLUNTARY MECHANISMS

Development Incentives

Voluntary approaches most commonly involve some kind of incentive such as a bonus floorspace or height allowance or a relaxation in controls or requirements. Bonuses and other variations to planning standards may be applied to the whole development or only to the affordable housing component. Voluntary Inclusionary Zoning usually involves a council signalling that it is seeking a certain component of affordable housing as part of development and providing developers with the option of utilising a specific planning incentive or concession, such as a density bonus, in return. Sometimes concerns are raised that allowing density bonuses or other variations to planning standards will undermine the integrity and/or intent of the planning framework. However, the rationale for a variation of standards is that it is acceptable in limited circumstances because of the nature of the housing involved and/or the community benefits it provides. (See Gurran et al at <https://bit.ly/2XdvjJZ>, page 18)





Tailored Planning Controls for Affordable Housing

Requirements such as restrictions on the development of smaller dwellings, minimum unit sizes and restrictive covenants that require expensive materials can impede the production of affordable housing. Housing features that do not provide value to the residents can add unnecessarily to housing costs and undermine affordability. The need for particular features may vary with housing size and type. For example, residents of community housing and other types of subsidised affordable housing generally have lower rates of car ownership and so there is less need for on-site parking and greater need for access to public transport.

For these reasons, it is desirable to offer flexibility in the application of planning controls for affordable housing and other types of accommodation designed for specific needs, such as housing for people with disability. This approach may be complemented by adopting performance-based graduated planning standards, which can increase site yield and facilitate the provision of affordable housing, by linking planning requirements with dwelling size for instance. Examples include open space standards that increase proportionally to the size of the dwelling or the number of bedrooms and parking requirements that reflect the accessibility of the location and the needs of future residents.

Project Facilitation

Councils may provide incentives to non-profit housing providers and private developers to facilitate provision of affordable dwellings. Incentives in the form of facilitations and concessions may be designed to provide more affordable rental housing managed by a community housing provider or may be tied to a requirement for units to be sold or rented for a specified period to an eligible low to moderate income household. For example, a council or other consent authority may dedicate staff to expedite certain classes of applications thus reducing the applicant's holding costs, or a case manager to deal with affordable housing applications or applications by community housing providers. Other facilitation measures include linking community services planning with housing provision and assisting with brokering partnerships between local businesses and community housing providers. Concessions may include measures to reduce development costs and reduce on-going operation costs, such as a reduction in council rates, to streamline the development approval process.

Reducing barriers to affordable housing projects is another important form of facilitation. To be effective, this requires liaison with affordable housing proponents to identify the roadblocks to development. Some could be statutory planning impediments, while others may be community resistance.

Implementation of Voluntary Mechanisms

Voluntary mechanisms are commonly implemented through inclusionary zoning and voluntary planning agreements. The Affordable Rental Housing SEPP also provides an incentive framework for identified housing developments (see 1.7.2 for further details).

Voluntary Inclusionary Zoning

Voluntary inclusionary zoning usually involves a council signalling that it is seeking a certain component of affordable housing as part of development and in return providing developers with the option of utilising a specific planning incentive or concession, such as a density bonus.

Voluntary Planning Agreements

Under a voluntary planning agreement between a developer and a planning authority such as a local council, a developer may agree to provide or fund affordable housing or other public benefits. Voluntary planning agreements for provision of affordable housing are enabled by section 7.32 of the NSW *Environmental Planning and Assessment Act 1979* which envisages that a developer may agree to:

- ◆ Dedicate land free of cost, and/or
- ◆ Pay a monetary contribution, and/or
- ◆ Provide another public benefit for a specific purpose.

Agreements may be entered into at the development application or rezoning application stage, particularly in circumstances where permissible heights or densities are being increased.

MANDATORY MECHANISMS

Mandatory Inclusionary Zoning requires that a component of affordable housing be included when land is developed or redeveloped, or that a monetary contribution be paid in lieu of the direct provision of housing. Mandatory inclusionary zoning is supported by planning legislation in all local government areas under State Environmental Planning Policy No 70 Affordable Housing (Revised Schemes). See 1.7.2 for further details.

IMPACT FEES AND RESTRICTIONS

The main mechanism for protecting existing affordable housing is Part 3 of the *Affordable Rental Housing SEPP*. Part 3 establishes an assessment process for proposals in the greater metropolitan region that affect low rent flats or certain boarding houses, to mitigate the negative impact on existing affordable rental housing. A formula is provided for calculating a monetary contribution to help offset the loss of low rent residences.

Outside NSW, impact fees are used in some jurisdictions to offset impacts created by new development such as an increased need for affordable housing or the loss of existing housing as a result of the development.



SELECTING PLANNING MECHANISMS

The local housing market, land values and the type of development occurring in the area determine which planning mechanisms are most effective. Outcomes of all the mechanisms are most favourable where there is a lot of development going on.

It is difficult to compare the effectiveness of different mechanisms because of the many variables that come into play. They include the way mechanisms have been applied, whether the approach was introduced alongside up-zoning, the timing of introduction relative to periods of economic prosperity and/or construction activity, the duration of application, whether a mechanism has been applied in combination with other incentives and how actively housing outcomes have been pursued (which may be influenced by both Council commitment and community acceptance).

Mandatory inclusionary zoning is potentially more effective than voluntary measures, particularly in higher land value locations with large sites, and areas with capacity for up-zoning and redevelopment, and where it is applied across an LGA as proposed by the City of Sydney.

The following table compares some of the mechanisms available to local government to facilitate housing.

| Strategies and Actions | Purpose | Applicability | Examples |
|---|---|--|--|
| Planning Mechanisms and Facilitation | | | |
| Value capture: Identify opportunities for value capture and determine the most appropriate lever (SEPP 70, VPA or bonuses/incentives). | To target dedicated affordable housing at low and moderate income households | Areas with housing need, where value capture is feasible, i.e. with sufficient development uplift and underlying land values | See Urbanista Report “Facilitating Affordable Housing Through Planning Mechanisms at www.urbanista.com.au , (http://bit.ly/2svDwLS). |
| Signal inclusionary zoning: Determine that a proportion of affordable housing is to be sought by Council in greenfield or large-scale developments. If the LGA is not covered by SEPP 70, this would be through voluntary inclusionary zoning. | To provide affordable housing | Areas with greenfield or large developments outside SEPP 70 | Yarra City Council, Victoria, Policy Guidance Note on Affordable Housing in Significant Redevelopments, http://bit.ly/2KXfkdn ; Clarence Valley Case Study (Module 5: C.S.5). |
| SEPP 70: Identify areas for development uplift where it is feasible to levy affordable housing contributions. | To provide dedicated affordable housing | High value/high need locations where increased density is proposed | Randwick Council (Module 5: C.S.11). |
| Voluntary Planning Agreement policy: Develop a policy to encourage and guide private developers interested in incorporating affordable housing. | To provide dedicated affordable housing | Areas with development opportunities | Canada Bay Council (Module 5: C.S.4). |
| Implementation policy: Establish an implementation policy for delivering affordable housing – including roles and responsibilities of Council and community housing providers associated with receipt of contributions and holding funds, housing delivery, ongoing asset and tenancy management. | To manage affordable housing efficiently, affordably and transparently | All areas where affordable housing projects are proposed | Willoughby and Canada Bay, case studies (Module 5: C.S.18 and C.S.4). |
| Density bonuses: Provide for inclusion of additional affordable housing when formulating Floor Space Ratio controls to enable density bonuses. | To increase supply of low rent housing in higher cost areas with capacity to support additional housing yield | Areas with capacity to support additional development yield | Waverley Council (Module 5: C.S.16); Ashfield Town Centre – See Inner West example (Module 5: E.11); Fremantle Local Planning Scheme 4, https://bit.ly/2VYdMFD |

| Strategies and Actions | Purpose | Applicability | Examples |
|---|---|--|---|
| Planning Mechanisms and Facilitation | | | |
| Graduated planning standards: Apply performance-based planning controls linked for example to dwelling size or occupant requirements. | To increase site yield and facilitate the provision of affordable housing | All areas | Proposed in Maitland City Council, http://bit.ly/2r1lfz9 . Affordable and Adaptable Housing – Action Plan, 2013. |
| Dedicated planning officer: Nominate an officer to focus exclusively on supporting housing applications or to have a dedicated housing focus along with other duties. | To develop capacity within Council and provide stakeholders with a point of contact | Areas where housing strategies are to be implemented | City of Port Phillip, Victoria (Module 5: C.S.10). |
| Fast-track development assessment in conjunction with local or joint regional planning panels, for affordable housing projects. | To reduce costs associated with holding land and construction, and improve project viability | Areas providing opportunities or incentives for affordable housing | City of Kingston, Victoria (Module 5: C.S.13), http://bit.ly/2riCVNc . |
| Reduced fees: Set lower fees such as development application fees and infrastructure contribution charges for defined affordable housing projects. Ongoing rate relief may also be considered. | To improve project viability and generate cost savings to support additional affordable housing | Areas with a housing need | Brisbane City Council fee reductions for student and retirement accommodation, eligible community organisations. City of Sydney, Rate reductions for affordable housing provided by City West Housing Ltd. |



Advocacy, Partnerships and Support

Councils are well placed to advocate for change and influence other levels of government. Councils participate in state and regional planning, interact with multiple stakeholders and have systems and processes which can be employed to help drive outcomes. Councils can also encourage better housing outcomes by promoting housing issues and responses across all corporate functions, by bringing players together and by playing active roles in affordable housing provision by using their own resources such as land.

The following table compares opportunities councils have to engage in advocacy, partnerships and support.

| Strategies and Actions | Purpose | Applicability | Examples |
|--|---|--|--|
| Advocacy, Partnerships and Support | | | |
| Engage with communities, businesses and developers to build awareness and gather information. | To inform the strategy and build support for housing strategy | Areas with unmet housing needs and issues | Wyong Housing Strategy 2008; Parramatta Draft Affordable Housing Policy 2017 (Module 5: C.S.9). |
| Sponsor information sessions, public forums, research, affordable housing conferences. | To build understanding of issues and support for planned actions | Areas in which a response to housing needs and issues is being planned | City of Sydney Sustainable Sydney 2030. http://bit.ly/2UjJeNO |
| Establish databases and resources on housing needs and strategies for the community, developers and other stakeholders. | To communicate evidence, help monitor and communicate progress and need for adjustments | Areas with limited data and information on housing issues | Melbourne City Example (Module 5: E.15). |
| Build partnerships with CHPs for example Council can enter into memoranda of understanding with specific local CHPs. | To harness expertise and resources, and build capacity for creating shared value | Areas where CHPs are active and can help identify issues and responses | Armidale Council and Homes North (http://bit.ly/2RCNg27) Clarence Valley Case Study (Module 5: C.S.5). |
| Support non-profit real estate enterprises. | To encourage use of empty dwellings; To expand rental diversity and supply | Areas with empty dwellings and absentee owners | City of Melbourne sponsorship of HomeGround http://bit.ly/2FjLlwV ; HomeGround Real Estate Sydney http://bit.ly/2AWryyT ; Echo Realty http://bit.ly/2zKc1SN |
| Publicise progress on the strategy in Council's website and annual report. | To demonstrate commitment and accountability | Areas where a strategy is in place | Western Australian Government Progress Report provides Local Government examples http://bit.ly/2PoaB5s ; City of Sydney Annual Report Operational Plan Quarter 4 Report 2017/18. https://bit.ly/2RVpS2U |

| Strategies and Actions | Purpose | Applicability | Examples |
|--|--|---|---|
| Advocacy, Partnerships and Support | | | |
| Establish awards for excellence in housing design and outcomes. | To encourage innovative, well designed projects and build community acceptance | All areas | Waverley Council's awards (http://bit.ly/2E6ogMq) could be expanded to include housing. |
| Provide seed funding to innovative projects or approaches. | To encourage cross-sector collaboration, e.g. by philanthropists, commercial developers, architects, urban planners, CHPs and government | All areas | Melbourne Lord Mayor's Charitable Foundation's Affordable Housing Challenge. http://bit.ly/2QcXSrE |
| Advocate for additional housing resources , social housing provision and homelessness services, at other levels of government. | To respond to supply gaps and address housing need for lower income and vulnerable residents | Areas with unmet housing needs – most locations | City of Sydney http://bit.ly/2ro8cyg |
| Establish or join a housing fund to pool resources obtained from council and other contributions, planning mechanisms and other sources. These could be pooled with neighbouring councils under an agreed policy or protocol. | To hasten delivery of affordable housing | Areas where there is capacity to collect contributions from disparate sources, usually growth areas | Yarra Affordable Rental Housing Development Fund (http://bit.ly/2KXfkdN) 2009–2012 as a means of leveraging of government growth funds (e.g. Nation Building Economic Stimulus Plan). |
| Review government-owned land to identify surplus and under-utilised sites for pilot projects. | To provide opportunities for CHPs to partner to develop affordable housing | Areas with shortages of land for housing projects | Byron Shire Affordable Housing Initiatives; Various Victorian councils see summary at Affordable Development Outcomes. http://bit.ly/2UiisoV |
| Contribute or sell land to CHPs at subsidised rates for development of affordable housing. | To provide dedicated affordable housing | Areas with housing need, surplus land and active CHPs | City of Sydney (Module 5: C.S. 14) and Byron Bay (Module 5: E.3). |
| Bid for funding grants that can be used to deliver affordable housing and/or supportive infrastructure e.g. SAHF/ DCJ Community Grants (see Module 5). | To maximise available resources and generate housing | Areas that meet program criteria, including requirements for ownership by CHPs | DCJ programs. |

Responding to the Local and Regional Context

The choice of strategies and actions may be informed by developing an opportunities map – a process which helps identify where and which strategies will be most effective. Progressing short term actions while a fuller strategy is developed may be an option if there are immediate opportunities.

Scoping known constraints at an early stage can also help focus strategies and timeframes.

Constraints can include:

- ◆ Policy and legislative constraints (e.g. SEPP 70 may not be applicable in lower value, low growth locations);
- ◆ Limited resources and capacity (e.g. availability of staff to undertake the work, a need to build expertise required to implement new approaches);
- ◆ Economic and market cycles (e.g. economic downturns that can exacerbate housing issues).

Module 3 provides samples for different regional contexts illustrating the actions and strategies that might be included in a local housing strategy.

Opportunities

Opportunities both short and long term may arise as a result of:

- ◆ Areas or precincts being planned or under review (e.g. greenfield areas, renewal of existing areas);
- ◆ Availability of funds or resources (e.g. developer contributions, other government programs);
- ◆ Newly emerging development or infrastructure projects (e.g. new hospitals, and correction facilities);
- ◆ Private sector development activity or large scale government initiatives (e.g. Western Sydney Airport, Sydney Metro).

Step 5 Implementation

Developing an Implementation Plan

Too often strategies fail to be implemented because other council strategies or policies do not align well with them, resources are insufficient for implementation or employees and stakeholders fail to engage. Time invested in upfront planning and project development can minimise costly mistakes and delays, and disengagement of participants.

An implementation plan sets out the sequencing and timing, and identifies dependencies and the resources required. For example, progress on some actions may require legislative change, while others may require further community consultation. For new partnership approaches, council will be interested in understanding legal and financial implications and this may require establishment of policies and protocols. The Queensland Government's Housing Strategy 2020 Implementation Plan (<http://bit.ly/2BSI7x7>) for example sets out the expected outcomes, deliverables and timing for actions in the strategy.

An effective way to implement a housing strategy can be to identify short, medium and long term actions. The strategy may initially be limited in scope to take into account early opportunities for action where resources and capacity are in place to act, or where significant development activity is proposed, with other

**A goal without a plan
is just a wish.**

Antoine de Saint-Exupéry

questions to Consider

- ◆ Who will actually deliver the strategy and actions?
- ◆ Who will depend on the delivery?
- ◆ Who is accountable for the delivery?
- ◆ Who are the stakeholders?
- ◆ What do they need to know about delivery?
- ◆ Which relationships are critical to success?
- ◆ What are the risks facing the strategy?
- ◆ What skills, capabilities and resources already exist in council?
- ◆ What other skills are needed and how might they be sourced?
- ◆ How quickly will decisions need to be made to ensure the strategy meets its timeframes?

strategies and actions added later. Timing may also be driven by statutory and other requirements such as annual budgets and infrastructure plans, ten year Community Strategic Plans and DPIE timeframes.

Project Governance

Clear and effective governance arrangements are critical to success and time must be taken to consider whether or not existing governance and project management systems will suffice. Governance arrangements become more complex if there are multiple and diverse agencies and stakeholders involved.

There should be clear accountability for the strategy and for specific actions. It is likely that all areas of Council will have some responsibilities for implementation and these should be clearly defined. These accountabilities should be incorporated into staff work plans and performance reviews. It may therefore be appropriate to consult across council teams and divisions when developing the governance arrangements.



The *Cabinet Implementation Toolkit 2 Governance* developed by the Department of Prime Minister and Cabinet identifies elements of an effective governance structure:

| | |
|-----------------------|--|
| Transparency | The roles and responsibilities of each person or group involved are clearly defined, agreed to and documented. Conflicts of interest are addressed on an ongoing basis. Decisions are documented, and minutes and reports of decisions are circulated among team members and stakeholders. |
| Leadership | The senior executives in all areas with a policy or delivery interest agree on a clear outcome and demonstrate a shared commitment to the governance arrangements. |
| Accountability | There is a shared understanding of where the buck stops and defined reporting and review arrangements. The senior officer has adequate authority and time to dedicate. Other team members have the delegations and authority they need to carry out their responsibilities. |
| Efficiency | Processes are designed with efficiency in mind. Processes that require duplication of effort are minimised and there is a focus on achieving results. |
| Responsiveness | The arrangements facilitate fast and proactive management and escalation of issues, risks and disputes to the right person or body for resolution. Arrangements are reviewed regularly and can be adapted as implementation moves forward. |

Risk Management

The aim of risk management is not to entirely avoid risks but to identify and assess the strategies to manage them. Strategies typically have long timeframes and need to weather hurdles that may arise from political processes, policy and legislative reviews, changing resources and other factors.

Without some level of risk management councils will be less likely to consider new and innovative approaches. Risk mitigation strategies such as pilots and staged implementation provide opportunities to identify risks and to review and refine approaches. A positive risk culture also guards against over-optimistic views of a strategy and being blind to vulnerabilities and obstacles. Most councils have risk management frameworks, which include a risk management process, risk register, risk profile and mitigation measures.

The risk management component of an implementation plan should be commensurate with the levels of risk involved and where appropriate, link with Council's general risk management framework. It should build in a process for reviewing performance of the strategy and monitoring identified and emerging risks.





Step 6

Monitoring, Review and Evaluation

Why are they Important?

An effective monitoring and evaluation framework allows a council to:

- ◆ assess what is working and what is not
- ◆ adjust strategies and actions
- ◆ consider new issues or opportunities that may have arisen.

Monitoring helps communicate progress made to key stakeholders and maintain support for a strategy. It provides evidence for adjustments that may be needed, indicating for example whether the level and use of resources are appropriate. It can also support additional opportunities that may arise during implementation such as bids for funding. Monitoring provides data to support evaluation.

Monitoring Outcomes

Establishing key performance indicators (KPIs) and collecting quantitative data and qualitative information provide a baseline for assessing progress and outcomes. KPIs can include timeframes for implementing actions as well as housing outcomes, for example changes in rental supply and affordability. They should be simple, measurable, actionable, timely and visible.

Common problems that can impair monitoring and review include inadequate resourcing, lack of a systematic planning approach, and irrelevant or insufficient data.

Developing a housing strategy dashboard which tracks progress relative to identified targets can be an effective way to monitor implementation, improve performance and ensure accountability.

Evaluation

The timeframe for evaluation will depend on the actions and strategies involved. Some actions, particularly those relating to housing supply and diversity may have long lead times especially if they depend on legislative change or industry responses requiring financing, design and construction. Capacity to separately measure and evaluate the impact of Council's actions and strategies—when other factors (such as taxation, inflation and employment) also influence housing outcomes—should be built into the evaluation framework.

Evaluation Guidelines

The NSW Government Program Evaluation Guidelines (<http://bit.ly/2E2qJaN>) identify nine principles to underpin best practice:

- 1 Build evaluation into your program design.**
Plan your evaluation before you implement a program to ensure the program has clearly defined and measurable outcomes.
- 2 Base your evaluation on sound methodology.**
Use methodologies suited to the program's size, significance and risk.
- 3 Include resources and time to evaluate.**
Consider the required evaluation resources and timeframe when planning the project. Ensure evaluation findings will be available when needed to support decision-making.
- 4 Use the right mix of expertise and independence.**
Choose evaluators who are experienced and independent from program managers, but always include program managers in evaluation planning.
- 5 Ensure proper governance and oversight.**
- 6 Be ethical in design and conduct.**
Carefully consider the ethical implications of any evaluation activity, particularly collecting and using personal data, and potential impacts on vulnerable groups. You may need formal review and approval from an ethics committee certified by the National Health and Medical Research Council.
- 7 Be informed and guided by stakeholders,**
including participants, government and non-government staff and senior decision makers.
- 8 Consider and use evaluation data meaningfully.**
Include clear statements of findings for consideration in evaluation reports. Use reports to inform any decisions about changes to programs.
- 9 Be transparent and open to scrutiny.**
Publicly release key information about all aspects of the evaluation unless there is an overriding public interest against disclosure. This could include methodologies, assumptions, analyses and findings.

Module 3:

Building an Evidence Base

| | | |
|-----|---------------------------------|----|
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Module 1

Addressing Housing Needs:
Context, Roles and Issues

Why it's Vital

Defining and Measuring Affordable Housing

Agency Roles and Key Players

Purpose, Key Challenges and Issues

Planning Context

Module 2

Preparing and Implementing a Local
Housing Strategy

Community and Stakeholder Engagement

Developing an Evidence Base

Setting the Scope

Developing Actions and Strategies

Implementation, Monitoring, Review and
Evaluation

Module 3

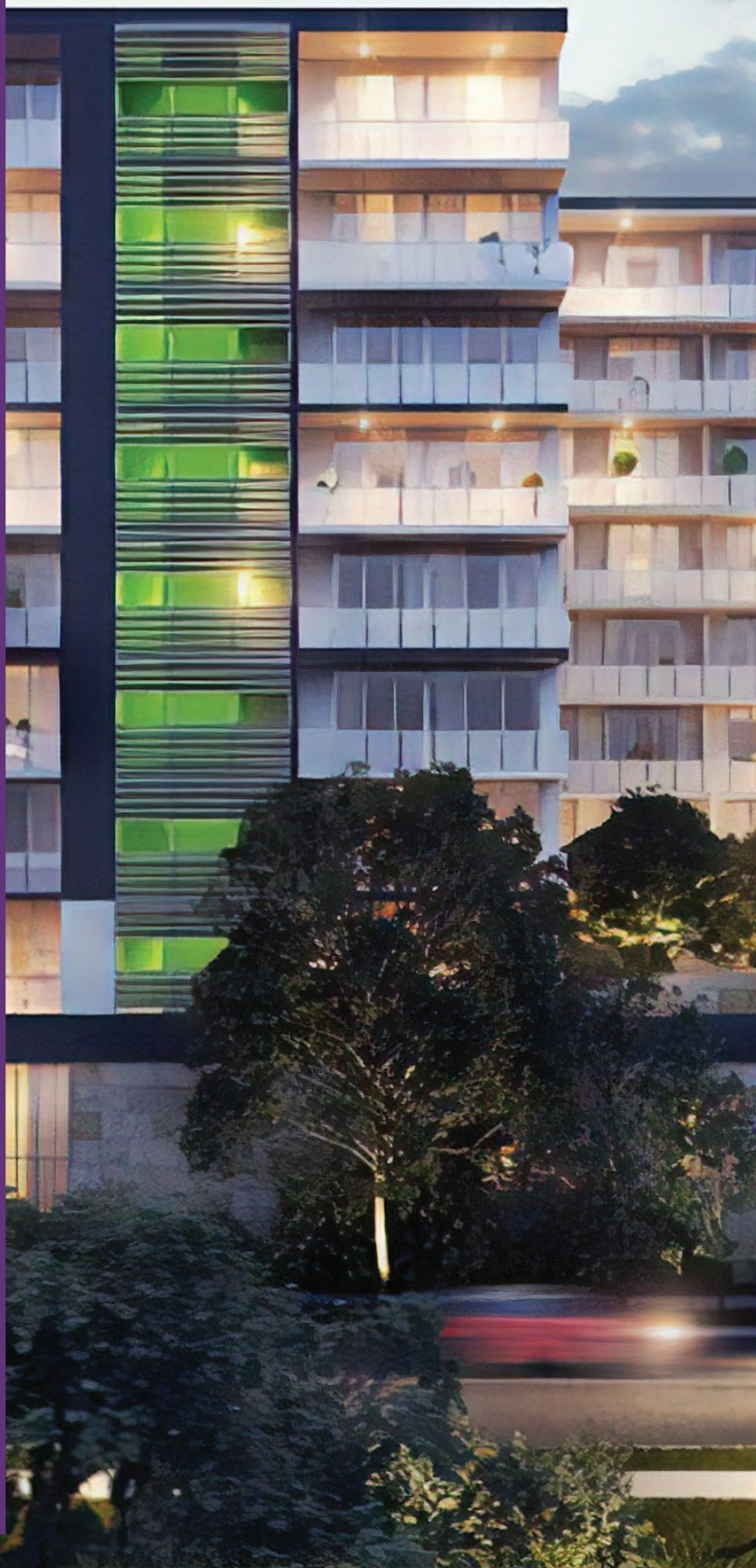
Building an
Evidence
Base

Module 4

Financial
Feasibility
Assessment

Module 5

Case Studies
and
Resources



3.1 Outline

To be effective and beneficial, measures for addressing current and future challenges must spring from robust plans and policies. Plans and policies should be based on accurate knowledge of conditions, circumstances and trends, and understanding of the influences of the world beyond the local area. In framing local housing strategies and affordable housing policies, this requires analysis of statistical data under four heads:

- ◆ The Demographic Position
- ◆ The Economic Position
- ◆ Housing Supply
- ◆ Housing Costs and Affordability.

Module 3 guides users in the sourcing and analysis of the data required to understand housing needs and to frame a useful housing strategy and affordable housing policies for an LGA.

After examining the four main heads of the evidence base, Module 3 illustrates the way the findings from data analysis help to quantify housing demand and supply, identify gaps to be addressed and how they link to responses.

The module includes five sample regional typologies which capture typical factors that emerge from analysis of the local evidence base, and their implications for housing, together with examples of responsive short, medium and long term strategies.

A database linked to this module includes tabulated data for all parts of NSW which can be used in constructing the evidence base for an LGA. <https://www.facs.nsw.gov.au/resources/nsw-local-government-housing-kit/chapters/local-government-housing-kit-database>. The database is accompanied by a “Database Dictionary” explaining various labels and headings. Users are likely to need additional data that will require them to go to other sources beyond the database. These needs differ with the peculiar circumstances of each locality.

Examples of key performance indicators that can be used to measure the effectiveness of strategies and actions over time are also provided.

3.2

Using data

Housing analysis often draws on data for the entire LGA as a basis for interpreting strategic policy implications. In practice, it is also useful to conduct its studies on a smaller scale by comparing data within the LGA, for instance by suburb or postcode.

Not all analysis items come directly from the data source—they may need to be calculated from the information given. A standard definition must be used in calculating these items. A good example of this is the calculation for the Dependency Ratio which is based on ABS age data drawn from the Population Census. The Database Dictionary includes an explanatory entry, “Dependency Ratio”.

Comparisons of an LGA with larger areas, such as the Greater Sydney Region or the Rest of NSW, are helpful in understanding the role the LGA plays in its region and state. In analysing comparisons, it is essential to avoid confusing the DPIE’s Sydney Metropolitan Region (SMR), the ABS’s Greater Sydney Region (GSR), and DCJ’s Greater Metropolitan Region (GMR). In the ABS’s definition, the GSR includes the Central Coast LGA as well as the SMR defined by the DPIE. The GMR defined by DCJ comprises the entire GSR as well as the LGAs of Newcastle, Cessnock, Maitland, Port Stephens, Lake Macquarie, Wollongong, Shellharbour and Kiama. Data representing one of these three statistical areas cannot be matched in the same analysis with data for another, without adjustment.

In the Database, data for 2006, 2011 and 2016 are generally used, those being the years in which the ABS published census data.



Data has a better idea

Sources for gathering the evidence base include:

- ◆ **ABS Census Data** are categorised into four databases: General Community Profile (GCP), Aboriginal and Torres Strait Islander Peoples Profile (IP), Time Series Profile (TSP) and Working Population Profile (WPP). The TSP is used in gathering data for the Module 3 examples. It presents data from three censuses, based on the geographical boundaries for the most recent of the three, allowing meaningful comparisons to be made. Comparing data from the different Time Series Profiles is not valid, because geographical boundaries are subject to change between censuses.
- ◆ **ABS.Stat Beta** contains ABS statistics that have not yet been formally published. The data in this site are subject to change. It includes some variables that the ABS has not released before. In addition, the site encourages users to send in feedback. An ABS.Stat release calendar advises users of the latest updates and next expected updates.
- ◆ **DCJ Rent and Sales Reports** derive rental statistics from bond lodgement forms submitted to the Rental Bonds Board and sales statistics from notice of sale and transfer of land forms lodged with Land and Property Information.
- ◆ The DPIE's **Population Projections** show how the NSW population is expected to change in coming years, based on data trends for births, deaths and migrations. DPIE asserts that the projections are not targets but are in place to help understand the impacts of population growth on housing and other social services.
- ◆ **.id's demographic resources** provide well curated statistical data and are easy to navigate. The site refers to ABS Census data; however, ABS Census data should be used directly from the ABS databases wherever possible, as figures presented by .id are edited according to the company's own methodology.
- ◆ Inside **AirBNB data** is an independent, non-commercial set of tools and data that allows users to explore public AirBNB data. AirBNB is a holiday letting site, providing short-term accommodation to tourists, rented out by locals.
- ◆ The **Rental Affordability Index** has been released on a biannual basis since 2015 by National Shelter, Community Sector Banking and SGS. The Brotherhood of St Laurence joined as a sponsor in 2018. It provides a price index for rental housing markets as an indicator of rental affordability relative to household incomes across geographic areas chiefly at a state or greater capital city level. It also provides information on lower income households by household types (single pensioners, minimum wage households, student share houses etc.).

3.3 The Demographic Position

Understanding the existing community and the make-up of households in the future provides the basis for measuring current and future demand for housing in an area. It quantifies the current population, type and size of households and helps identify households that may have specific additional housing needs.

To understand the current and future community, the analysis should consider:

- ◆ Demographic trends
- ◆ Households structures
- ◆ Community profile
- ◆ Migration trends.

For each of these, analysis of pertinent datasets gathered from sample LGAs is provided to guide users in what kind of information should be collected and to highlight aspects with possible implications for housing. The sample analysis offers some insights into what individual datasets could imply when developing a local housing strategy—rather than demonstrating a complete analysis.

3.3.1 Demographic Trends

Trends in overall population size provide an important backdrop for the demographic factors influencing the market. Key trends are the high rate of population growth in Sydney and some coastal areas of NSW, and declining populations in some smaller towns in regional areas.

To enable a deeper and more effective understanding of what population growth means for future housing requirements, other data should also be considered. Significant or noticeable trends that emerge from the data will help tell the story of the housing market under analysis. For example, changes in *households by type*: what types of households (such as lone person, couples with children, group) are increasing, decreasing or otherwise changing. Analysis of demographic information on *household structures*, *community profile* and *migration trends* will enable a fuller understanding of the current and future community.

The age structure of the population influences migration trends, household formation and housing need. A large aged cohort might suggest a high need for adaptable and accessible housing while a large young population with low employment opportunities may imply a vulnerable group who require rent assistance.

3.3.2 Household Structures and Tenures

Increase in the number of households has been a consistent trend across Australia. The growing number of small households has been attributed to more people living on their own, increased life expectancies and decline in fertility. However, the 2016 census revealed that in some parts of NSW average household size had increased for the first time in many years. In some areas there was a substantial increase in the size of group households, possibly a strategy for reducing housing costs. AHURI (<http://bit.ly/2Es7Nm0>) suggests that corresponding data on lower rates of household formation for the most recent census period “may indicate that a considerable number of people are not forming new households due to a shortage of sufficient and affordable dwellings”.

As each household type has distinct housing needs, this information acquires greater value when read in conjunction with data on *housing stock by bedroom*



size. Is there sufficient diversity in housing stock to meet these needs? For example, if single person and couple households are increasing, is there an adequate supply of studio, one and two bedroom dwellings to meet demand? Is the stock increasing? Data on dwelling approvals can be consulted to see whether future housing supply is appropriate in this respect.

A breakdown of *households by tenure*, when viewed as a percentage of total households over time, can indicate where attention from planning authorities may be required. Broad trends showing an increase of private rental tenures and falling home ownership rates may be an indication of affordability issues, pending further investigation specific to the LGA. Correspondingly, household incomes and income brackets as a percentage of the population directly inform an assessment of housing affordability issues and needs. It is important not to draw simplistic conclusions from one set of data. For example, if the proportion of low income households is decreasing, does this mean that incomes are rising, or that these households are being priced out of the local housing market?

3.3.3 Community Profile

Recognising the different groups within a community is important because their needs vary and characteristics are obscured in overall population data. Sections of the community that have distinct needs include:

- ◆ People with disability
- ◆ Frail aged people
- ◆ Large households
- ◆ Homeless people
- ◆ Culturally and linguistically diverse people.

Ethnicity has a strong influence on the mix and location of housing need and demand. Different ethnic groups may have different age structures, household formation rates and fertility rates as

well as different tenure, housing type and location preferences.

Specific consideration of the needs of Aboriginal and Torres Strait Islander households is also vital. These households are more likely than the rest of the population to be disadvantaged with respect to housing. Common issues include discrimination in the private rental market, difficulty finding appropriate dwellings for large extended families and poverty which generates acute affordability problems and high rates of homelessness.

3.3.4 Internal Migration Trends

The numbers and types of households moving into and out of an area influence the demand for housing. Within any area there are many households that may have been in the same dwelling for years, with no intention of moving in the near future and which do not actively influence housing demand in terms of the type and price. An analysis of households that have moved into the region recently enables a picture of changing housing demand to be developed. This analysis is only possible with the aid of a special run of ABS Census data.

**The local economy
can be affected by
broader economic
conditions, structural
change and local
investment decisions
with flow-on impacts
for housing markets.**



Recent mover analysis examines:

- ◆ Where households moved from
- ◆ Where they moved to
- ◆ Ages of mover households
- ◆ Type of households that moved
- ◆ Household incomes of recent movers
- ◆ Household income by tenure
- ◆ Household income by type
- ◆ Types and sizes of dwellings occupied by households
- ◆ Types of dwellings occupied by area of origin
- ◆ Tenure by household type.

Such an analysis enables an estimation of the evident demand for different types, sizes and tenures of dwellings and enables some conclusions to be drawn about future growth. It is more difficult to assess unrealised demand, for example as lower income groups are forced to relocate or people remain in existing unsuitable homes due to lack of more appropriate, affordable alternatives.

3.4 The Economic Position

Economic factors such as household incomes, employment trends and economic structure of an area have implications for the supply and diversity of housing and people's ability to meet housing costs. The economic profile of a local area can be understood by analysing:

- ◆ Income distribution
- ◆ Occupation profile, education and employment/unemployment trends
- ◆ Local industry and economic structure
- ◆ Socio-economic Indexes for Areas (SEIFA).

3.4.1 Income Distribution

An understanding of household incomes indicates whether or not local residents can afford housing that is appropriate to their needs. People who perform essential jobs such as cleaners, health workers and seasonal farm workers often have low incomes. An area with a high proportion of low income households will likely equate to higher demand for affordable housing (especially if they are renters).

3.4.2 Occupation Profile, Education and Employment Trends

The occupation of residents is an income-related variable that can be used to indicate the LGA's socio-economic status. Similarly education levels correlate with earning capacity and community resilience in the face of economic and social change.

Employment and unemployment trends such as shifts from full time to part time and casual employment affect the ability of some households to obtain finance for home purchase because of uncertainty about future income, or if they do have a mortgage, to afford increases in loan repayments resulting from rises in interest rates.



It is important to differentiate cyclical unemployment that results from fluctuations in the business cycle from structural unemployment that results from the permanent decline of a particular industry.

3.4.3 Local Industry and Economic Structure

The local economy can be affected by broader economic conditions, structural change and local investment decisions with flow-on impacts for housing markets. Economic declines and upswings do not affect all sectors of the economy in the same way.

The spatial impact of the continued shift to financial and information sectors of the economy from manufacturing includes strong economic growth in the central areas of Sydney but a declining employment base and stagnant economies in many non-metropolitan regions.

There is a strong link between economic growth and housing market activity. Housing markets are more diverse and responsive to demand in high growth areas than in low growth areas.

3.4.4 Socio-economic Indexes for Areas (SEIFA)

SEIFA is a measure developed by the ABS that ranks areas in Australia according to socio-economic advantage and disadvantage. There is often a link between disadvantage and concentrations of social housing and other lower-cost housing. The challenge in these areas is to improve access to transport, employment opportunities, services and facilities and also to ensure that housing options are available to enable people to continue to live close to their families and networks as their support needs change.

3.5 Housing Supply

The housing profile of an area helps identify whether the supply of housing is adequate in relation to demand and the amount of housing that is available for rent or purchase. It includes analysis of:

- ◆ Dwelling numbers, bedroom size and type
- ◆ Housing tenure
- ◆ Low cost housing stock
- ◆ Residential supply and development trends





3.5.1 Dwelling Numbers and Type

Understanding existing housing stock, including dwelling numbers, the housing mix by bedroom size and type of dwelling can provide a baseline for planning future housing delivery and allows estimated housing need based on household numbers, size and type to be compared to the mix and availability of housing. Identifying development trends and market preferences can provide insights into what the future profile may be, and highlight gaps and issues.

3.5.2 Housing Tenure

Tenure is the legal mechanism through which a household accesses housing, and influences housing security. The main tenure types include fully owned, being purchased, private rental and social housing. A trend in many areas is decline in home ownership and an increasing number of households renting privately and for longer periods of time.

3.5.3 Low Cost Housing Supply

Low cost housing may be provided by the private market but, more commonly, requires a direct subsidy to bring the cost within reach of low income

households. Social housing, which includes public housing, community housing and Aboriginal housing owned and managed by government and not-for-profit organisations, provides subsidised rental housing targeted to low-income eligible households and those with high needs. The supply and availability of social housing varies from area to area and there are long wait times in high demand locations. DCJ publishes wait time information for social housing (see <https://www.facs.nsw.gov.au/housing/help/applying-assistance/expected-waiting-times>).

Affordable housing generated through the planning system and other initiatives (mostly managed by CHPs) also provides subsidised rental housing to eligible low and some moderate income households.

Small flats, caravan parks and mobile home estates can provide low cost housing in the private market. This stock is often at risk due to pressures for redevelopment associated with gentrification and rising property prices. Sometimes the purchase or rental costs are low because dwellings are in poor condition or located in poorer amenity areas or some distance from transport, jobs and services. Lower priced rental stock is not necessarily occupied by low income households, particularly as these groups

may be disadvantaged when competing with rental applicants who have more secure employment history and references.

In some areas boarding houses provide opportunities for disadvantaged residents, especially singles. The supply and location of boarding houses can be difficult to determine as these properties are not classified as private dwellings in the standard ABS Census. Some data is available from the NSW Fair Trading Boarding House Register (<http://bit.ly/2PJQKCA>). In recent years the AHSEPP has facilitated the development of new generation boarding houses which provide self contained units in a group setting. Council development approval and construction certificate data is the best source for details of new boarding house accommodation.

Hotels, motels, bed and breakfast establishments and caravan parks are often used by homelessness services for temporary emergency accommodation. The supply and seasonal availability of this form of accommodation should also be considered, particularly where homelessness is a pressing issue and low cost rental accommodation is limited.

3.5.4 Residential Supply and Development Trends

Monitoring supply and development trends and understanding consumer preferences helps predict what forms of new housing are likely to be built in an area and is important for meeting housing supply targets in District and Regional Plans. It can highlight whether planning controls are facilitating an adequate number and sufficient diversity of dwellings.

For councils in Greater Sydney the DPIE Sydney Housing Supply Forecast provides information on where, when, and how many new homes are likely to be built based on information gathered by councils and industry. It also informs decisions on future land use zoning to ensure adequate levels of new housing supply.

Census data provides information on dwelling types at a broad level every five years for all areas, however

Councils databases are likely to be a valuable source of regular data on new dwellings and dwelling configuration. It is also important to consider the cost of new dwellings and the impact this has on the overall stock of lower cost housing. While ensuring an adequate supply of housing is a pressing issue in many areas, increasing the supply of housing that is affordable is equally important.

3.6 Housing Costs and Affordability

The interaction between housing supply and demand generates price outcomes in the housing market. Broader economic factors also affect housing costs and affordability. Relative price levels over time and across geographic or political boundaries reflect local dynamics of supply and demand. An analysis of house prices and rents, the amount of rental stock and the proportion of low cost housing available for long term rental will provide a picture of housing affordability in the area.

It's important to consider the local area in the context of surrounding areas and changes over time. Using LGA-wide figures can provide a misleading picture. The market may appear to be in balance if there are for example low levels of households in housing stress, but this could simply be because prices have forced many people out of the area in search of more affordable housing.



3.6.1 Housing Costs

Housing costs are the amount people pay for their housing. The primary housing costs are rent or mortgage payments. Other housing costs include rates and taxes, insurance, and repairs and maintenance. Some definitions also include utility payments and the cost of commuting where lower cost housing is located in poorly serviced areas. Such costs are difficult to measure and quantify.

House prices have increased significantly in many areas over past decades excluding many low and moderate income households from home ownership. Close and regular monitoring of house prices and rents and comparisons with surrounding areas and regions can highlight local housing market issues.

3.6.2 Affordability of Rental Housing

People on low incomes living in rental housing are some of the most vulnerable in the community and at highest risk if there is any tightening of supply or price increases in the private rental market. Between 1994/95 and 2013/14, the proportion of Australian households classified as renters increased from 26% to 31% and on average, private renters spend more of

their gross household income on housing costs than other tenure types (Australian Parliamentary Library Briefing Book—*Housing Affordability in Australia*, August 2016).

While the overall supply of housing may be increasing in some areas, the supply and cost of private rental stock may not. Availability of low cost private rental stock is particularly important for providing pathways out of social and affordable housing. Close monitoring of the supply of low rent dwellings (including any loss of low rent dwellings) is critical for all housing strategies. Affordability can be measured by analysing the proportion of rental accommodation that is available at less than 30% of low and moderate household incomes.

3.6.3 Housing Stress and Assistance

The main forms of housing assistance available to low income rental households are social housing and Commonwealth Rent Assistance (CRA). People in social housing receive a rent subsidy based on household size, type and gross assessable income. The subsidy means that households pay between 25% to 30% of their income in rent.

Housing stress



There are different ways of measuring housing stress and affordability. While simple ratios have some shortcomings, they are straightforward to calculate and compare. It is assumed that lower income households paying more than 30% of their income in rent or mortgage costs are experiencing housing stress.

Lower income households are usually defined by reference to median household income. A threshold of below 80% of median income is commonly used. As incomes vary from region to region, the median

income of Greater Sydney Region is often used when determining low income households in Sydney. The NSW median income is used in other areas.

Shelter NSW *Housing Fact Sheet 2: Housing and Rental Stress* reports that 76% of low income renter households in the state were in rental stress in 2013/14, compared to the national rate of 68%. At the same time, 50% of low income NSW households with a mortgage were in mortgage stress in 2013/14, compared to the national rate of 47%.



Holiday letting may reduce the supply of accommodation for long term rental and place upward pressure on rents.

CRA is an income supplement for low income people who rent in the private rental market or community housing. To qualify for CRA a person or family must receive an eligible social security payment or a service pension or income support supplement, and pay or be liable to pay more than a minimum amount of rent. The amount of assistance is 75 cents for every dollar above the rent threshold until a maximum rent is reached.

Affordable housing generated under the provisions of Division 7.2 of the *Environmental Planning and Assessment Act 1979* may be accessed by a broader group of households. As well as accommodating very low and low income households (who earn less than 80% of median income for Greater Sydney), moderate income households, who earn between 80% and 120% of the median income are also eligible.

3.6.4 Short Term Holiday Letting

Short term holiday letting is accommodation for tourists, corporate and business trips, community events, temporary accommodation while looking for long term rental and emergency accommodation. The DPIE *Short-term Holiday Letting in NSW Options Paper* notes that in NSW short term holiday letting takes four forms:

- ◆ Rental of one or more rooms (including room sharing) with the host present
- ◆ Rental of a whole dwelling (principal residence) with the host away
- ◆ Rental of a holiday dwelling (non-principal residence) with the host away

- ◆ Rental of a dwelling solely reserved for short term holiday letting.

Holiday letting may reduce the supply of accommodation for long term rental and place upward pressure on rents.

3.7 Local and Regional Context

Module 2 discusses how the selection of strategies and actions to meet housing strategy objectives can be informed by developing an opportunities map and scoping relevant constraints. Some of these factors will reflect underlying regional trends, others will be localised. They will become evident with incisive analysis of an evidence base including both statistical data and input from constituents and key players.

Set out below are five sample regional typologies which capture typical factors that emerge from analysis of the local evidence base and their implications for housing.

Module 2 also emphasises the value of progressing short term responses to priority issues and immediate opportunities, alongside the development of a more comprehensive strategy. The sample templates provide examples of short, medium and long term strategies and actions that might be included in a local housing strategy.

While the templates do not cover all circumstances and all areas will have unique local issues, they do illustrate how to move from analysis of the evidence base on to strategy development. They can be adapted and expanded to reflect and respond to local and regional conditions.

Contexts

1: REGIONAL AREA—HIGH GROWTH

Pressure Points and Issues

- ◆ Upward price pressures due to good amenities attracting retirees; competition for accommodation from holiday makers; rising demand from households attracted by affordable housing or work opportunities; demand for student accommodation
- ◆ Low average incomes owing to many residents being older than working age and pockets of social disadvantage
- ◆ Smallness of the private rental sector and lack of diversity in rental accommodation
- ◆ Lack of diversity in the housing market especially outside major centres, with a predominance of large detached homes
- ◆ Diversity of needs including smaller households, single parent households, ageing population, indigenous and other cultural groups, students and homelessness
- ◆ Limited public transport and high reliance on private cars
- ◆ Seasonal fluctuations in the economy, high unemployment
- ◆ Vulnerability to natural disasters, changing climate and extremes of weather

Key Players and Perspectives

- ◆ Strong opposition from sectors of the community to increases in density and different forms of housing
- ◆ Opposition from neighbours to low cost housing such as social and other forms of affordable housing
- ◆ Council concern about lack of suitable affordable housing
- ◆ Development industry interest in sites with sufficient development uplift
- ◆ CHPs and other not-for-profit groups seeking opportunities for development of affordable housing projects
- ◆ Discrimination against some types of tenant, e.g. young people and Aboriginal households, seeking to rent privately
- ◆ State government targets for housing supply

Constraints

- ◆ Limits on land availability as result of environmentally sensitive lands and ownership monopolies.
- ◆ Low housing density and environmentally sensitive land make some infrastructure less viable.



Context 1: REGIONAL AREA—HIGH GROWTH

Opportunities

- ◆ Increased density likely to be feasible due to population growth, increasing land values in centres
- ◆ Development of Council-owned land for affordable housing
- ◆ Target improvements to services and accessibility in more affordable locations
- ◆ Active CHPs with resources, tenancy management expertise and increased capacity to develop projects

Possible Strategies and Actions

SHORT TERM (within 3 years):

- ◆ Build evidence base and engage with the community and other stakeholders on housing issues.
- ◆ Ensure there is sufficient land in R1, R3 and B4 zones around key centres for a diversity of housing.
- ◆ Assess affordability impacts of development controls and codes.
- ◆ Investigate council and other government or privately held surplus sites that may suit affordable housing.
- ◆ Require social impact assessment of major developments.
- ◆ Set requirements for minimum provision of accessible housing.

MEDIUM TERM (3–5 years):

- ◆ Seek inclusion in SEPP 70.
- ◆ Promote good quality boarding house developments close to key centres.
- ◆ Identify a Council-owned site for a pilot affordable housing project.

LONG TERM (5–10 years):

- ◆ Rezone precincts for higher density with incentives for smaller dwellings and a more diverse dwelling mix.
- ◆ Mandate affordable and low cost dwelling types in appropriate developments and locations in R1, R3 and B4 zones close to key centres (SEPP 70).

Context 2: REGIONAL AREA—STEADY GROWTH, BUOYANT ECONOMY

Typical Features

- ◆ Steady population growth with a gradually shifting demography, changing household structures and more elderly people living longer
- ◆ Buoyant economy with businesses centred around major centres
- ◆ Considerable employment and economic growth and relatively low unemployment
- ◆ Strong representation of younger people, particularly young workers, compared with other regional locations
- ◆ Diverse and productive industries such as agriculture, advanced manufacturing, tourism, retail and service sectors
- ◆ Regional health, education and transport infrastructure

Pressure Points and Issues

- ◆ Diversity of needs such as those of singles and couples, single parent households, ageing population, indigenous and other cultural groups, students
- ◆ Lower average incomes than metropolitan areas, with pockets of social disadvantage and homelessness
- ◆ Lack of diversity in the housing market, typically with a predominance of large detached homes, and slow increase in numbers of home units
- ◆ Upward housing price pressures due to growth, rising demand from households attracted by work opportunities, affordable housing and growing tourism
- ◆ Small private rental sector with low vacancy rates
- ◆ People living in group household arrangements because of lack of suitable alternatives
- ◆ Development of zoned land for housing not keeping pace with demand
- ◆ Shortages of temporary and emergency accommodation
- ◆ Limited public transport and high reliance on private cars
- ◆ Seasonal economic fluctuations, resulting in peaks in housing demand and times of higher unemployment
- ◆ Vulnerability to natural disasters, changing climate and extremes of weather

Players and Perspectives

- ◆ Council, business and community concern about lack of suitable affordable housing
- ◆ Community housing providers and other not-for-profit groups seeking opportunities for development of affordable housing projects
- ◆ Crisis support services seeking options for dealing with high demand
- ◆ Discrimination against some types of tenant, e.g. young people and Aboriginal households, seeking to rent privately
- ◆ Limited availability of rental housing and small dwellings impacting on ability of business to access labour

Constraints

- ◆ Construction industry may be dominated by small-scale, local builders. The absence of larger developers may limit middle to high quality medium density and small lot development.
- ◆ Infrastructure costs may be impeding land development.
- ◆ Low housing density and environmentally sensitive land may make some infrastructure less viable.
- ◆ Potential resistance to increases in density, different forms of housing and affordable housing.

Context 2: REGIONAL AREA—STEADY GROWTH, BUOYANT ECONOMY

Opportunities

- ◆ Potential to build on business interest to address housing issues and explore alternative approaches
- ◆ Increased density likely to be more feasible due to population and economic growth and unmet demand
- ◆ NSW Government commitment to support growing regional centres, activate local economies and improve services through its Regional Growth Fund and other initiatives
- ◆ Council-owned land as a catalyst for development of affordable housing
- ◆ CHPs with tenancy management expertise and increased capacity to develop projects

Possible Strategies and Actions

EARLY RESPONSES

- ◆ Engage with construction industry to identify constraints to development of zoned land.
- ◆ Investigate council and other government or privately held surplus sites for diverse and affordable housing.
- ◆ Explore opportunities for innovative, locally tailored approaches such as land rent, home share, adaptive reuse of dwellings and incentives for utilising vacant dwellings.

SHORT TERM (within 3 years):

- ◆ Streamline approval processes.
- ◆ Set requirements for minimum provision of accessible housing.
- ◆ Review planning controls and contributions plans to support, for example, small lot development, dual occupancies, secondary dwellings and conversion of existing dwellings to units.
- ◆ Assess affordability impacts of development controls and codes.
- ◆ Ensure there is sufficient land in R1, R3 and B4 zones in accessible locations for a diversity of housing.
- ◆ Encourage the business community to participate in addressing housing affordability requirements, for example by undertaking social impact assessment of large projects and encouraging inclusion of affordable housing in major developments.
- ◆ Develop active relationships with affordable housing providers to support current and future projects and help secure government grants and incentives to provide affordable housing.
- ◆ Support ageing people to remain in their homes.
- ◆ Identify key locations suitable for aged care accommodation.
- ◆ Strengthen coordination mechanisms for infrastructure and land development.

LONGER TERM (3+ years):

- ◆ Rezone precincts for higher density with incentives for smaller dwellings and a more diverse dwelling mix.
- ◆ Promote good quality new generation boarding house developments in accessible locations.
- ◆ Set mandatory requirements for affordable dwellings in appropriate developments and locations (SEPP 70).

Context 3: REGIONAL AREA—LOW GROWTH

Pressure Points and Issues

- ◆ Diversity of needs, from ageing population, indigenous residents, homeless persons, those needing crisis accommodation
- ◆ Economic vulnerability due to seasonal factors, reliance on few industries and businesses—with a risk of downturn due to closures, restructuring, environmental factors and inbound migration
- ◆ Limited long term rental, due to purchase of holiday homes by non-residents
- ◆ Small private rental sector and social housing stock
- ◆ Lack of diversity in the housing market, with a predominance of detached family homes
- ◆ Lower housing costs and often much lower income than in metropolitan areas
- ◆ Limited public infrastructure, with high reliance on private cars
- ◆ Vulnerability to natural disasters and extreme weather events (such as coastal erosion and inundation)

Key Players and Perspectives

- ◆ Construction industry may be dominated by small scale, local builders alongside mid-sized home builders. The absence of large developers may result in shortage of middle to high quality medium density and small lot villa developments
- ◆ Lack of interest in or support for alternatives to detached houses
- ◆ Discrimination against some types of tenant, e.g. young people and Aboriginal households, seeking to rent privately

Constraints

- ◆ Limited development industry interest in producing housing and participating in partnerships
- ◆ Limited supply of social housing
- ◆ Few employment opportunities
- ◆ Declining services and facilities

Context 3: REGIONAL AREA—LOW GROWTH

Opportunities

- ◆ Availability of residential land in urban precincts – potentially linked to charges rate relief to incentivise development
- ◆ Improving access to jobs in regional centres with affordable housing
- ◆ Explore innovative ways to improve access to services and facilities
- ◆ Partnerships with CHPs, ACHPs, Aboriginal Land Councils and mutuals to supply affordable housing

Possible Strategies and Actions

SHORT TERM (within 3 years):

- ◆ Summarise immediate issues and needs.
- ◆ Review development trends to determine whether the supply pipeline is adequate and can promote housing diversity.
- ◆ Audit council and other government land holdings to identify surplus sites suitable for an affordable housing project.

MEDIUM TERM (3–5 years):

- ◆ Review planning controls to incentivise more affordable and diverse housing (e.g. encourage small lot subdivision, raising height controls in urban centres, reduced parking requirements, relaxed landscaping requirements, DA fee reductions, rates discounts, waiving contributions and other incentives for secondary dwellings close to centres).
- ◆ Create incentives for ageing people to remain in the area (e.g. improved services by attracting doctors, supporting community care services, identifying key locations suitable for aged care accommodation).
- ◆ Develop active relationships with affordable housing providers to support current and future projects and help gain access to government grants and incentives to provide low cost social housing.

LONG TERM (5–10 years):

- ◆ Implement an affordable housing project on a surplus site in partnership with a CHP.
- ◆ Investigate potential for Land Rent or Buy Assist models to support home ownership for low income households.

Context 4: METROPOLITAN AREA—CENTRAL/ACCESSIBLE LOCATION

Pressure Points and Issues

- ◆ New infrastructure and transformational urban renewal changing the housing market
- ◆ Gentrification driven by high income workers being drawn to the area, with increased housing stress for existing low to moderate income households
- ◆ Worsening unaffordability of rents and dwelling prices, leading to reduction of key worker population
- ◆ Challenges in balancing the provision of affordable housing and the provision of quality amenities
- ◆ Worsening homelessness with a shortage of crisis accommodation
- ◆ Limited policy frameworks in place for value capture

Players and Perspectives

- ◆ Developers likely to be opposed to affordability schemes if they impair development feasibility
- ◆ Strong community opposition to social housing renewal and concern for residents who may be displaced
- ◆ Existing resident concerns about over-development and unsuitable development, extending to affordable housing projects
- ◆ New residents' preference for medium density housing such as townhouses and semis in well located areas (compared with detached dwellings in outlying suburbs).
- ◆ Active CHPs and other not-for-profit entities
- ◆ Greater Parramatta and the Olympic Peninsula and Macquarie Park key urban renewal precincts associated with proximity to new transport services

Constraints

- ◆ Rapid rise in housing prices and declining affordability, competition for low cost rental housing
- ◆ State residential tenancy laws and regulations limiting the viability of long term rental options
- ◆ Decline in low cost rental housing schemes

Context 4: METROPOLITAN AREA—CENTRAL/ACCESSIBLE LOCATION

Opportunities

- ◆ Upzoning opening the opportunity for SEPP70 affordable housing contributions
- ◆ Plans for renewal of social housing to incorporate additional affordable housing
- ◆ Opportunities to support Build-to-Rent model

Possible Strategies and Actions

SHORT TERM (within 3 years):

- ◆ Review planning controls to build diversity of housing linked to need.
- ◆ Monitor the supply of low cost rental housing.
- ◆ Identify areas suitable for upzoning and test feasibility of affordable housing contribution rates.
- ◆ Develop a plan for managing and expenditure of funds.
- ◆ Sell council-owned land at a subsidised rate to CHPs.

MEDIUM TERM (3–5 years):

- ◆ Mandate targets for affordable rental housing supply on urban renewal sites, supported by planning mechanisms to enable delivery.
- ◆ Advocate on key housing issues to federal and state governments through submissions to planning policy reviews, inquiries and state level urban renewal master-planning processes.

LONG TERM (5–10 years)

- ◆ Harness the potential of large scale urban renewal projects to pilot models that deliver more affordable housing and may attract institutional investors, financiers and developers through joint ventures and public and private partnerships.
- ◆ Implement a demonstration affordable housing project in partnership with a CHP.

Context 5: METROPOLITAN AREA—OUTLYING LOCATION

Pressure points and issues

- ◆ Price pressure from population growth in both established and new release areas
- ◆ Increase in proportions of one person and two person households producing stronger demand for housing choice
- ◆ Lack of diversity in housing market e.g. a predominance of detached dwellings, despite growing need for medium to high density housing (particularly near key centres)
- ◆ Major new infrastructure associated with transformational change—including Northwest and Southwest rail lines and Western Sydney Airport

Players and Perspectives

- ◆ Community opposition anticipated to higher density dwelling types—for example blocks of flats
- ◆ Developer concern about planning and infrastructure delays
- ◆ Community opposition to increased pressure on local infrastructure and amenities as a result of new transport and higher densities e.g. open space, libraries, roads
- ◆ State government concern and reforms to address concentrations of disadvantage in social and affordable housing

Constraints

- ◆ Planning controls not providing sufficient opportunities for a diverse mix of housing, particularly medium density forms such as townhouses, villas and terraces
- ◆ Limited infrastructure capacity of existing key centres that may impede opportunities for increased densities (e.g. road congestion, open space, childcare) and transport (especially in areas of social disadvantage)
- ◆ Pockets of low service provision and accessibility that limit market for increased density housing

Context 5: METROPOLITAN AREA—OUTLYING LOCATION

Opportunities

- ◆ Locations in or near key centres suitable for increased densities and housing diversity. Link to mechanisms to:
 - enhance local facilities (e.g. through increasing mixed use development)
 - improve existing local open spaces and parks to increase usability and access
 - expand and improve existing retail centres
- ◆ Opportunities to position mixed use land zones such as B2 and B4 in proximity to R3 and R2 zones to allow greater flexibility in housing diversity and choice

Possible Strategies and Actions

SHORT TERM (within 3 years):

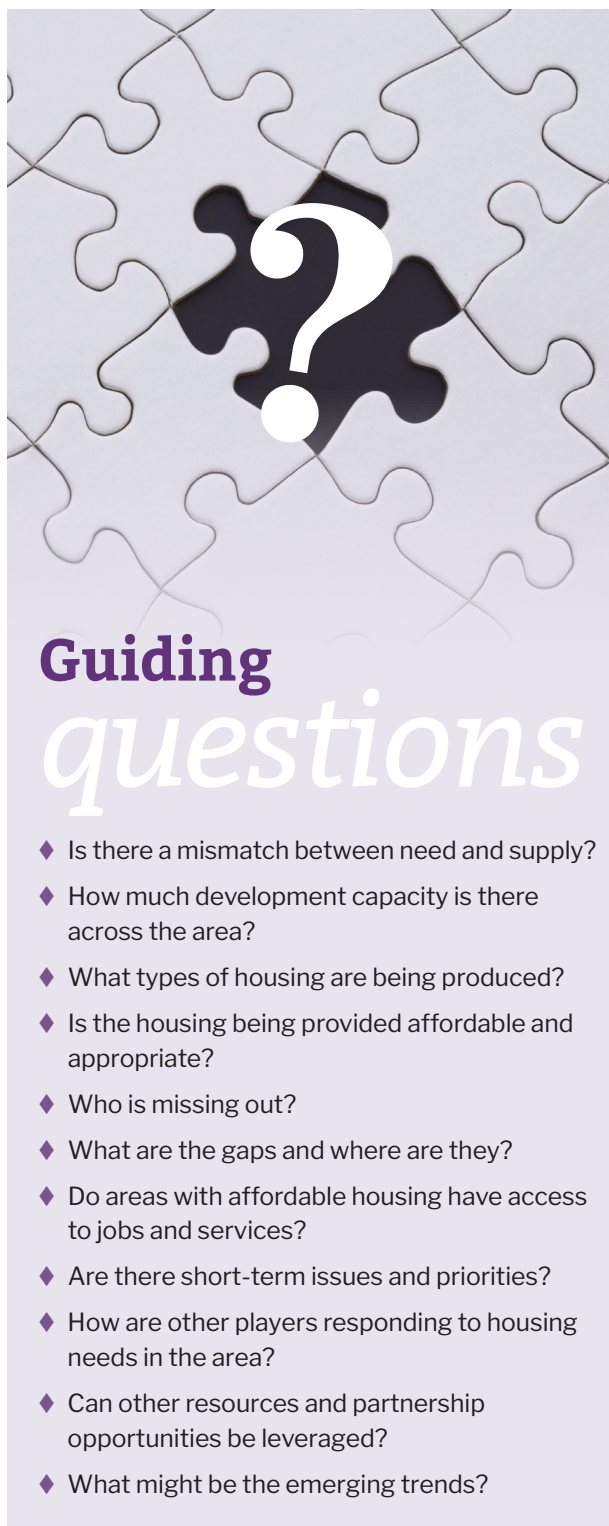
- ◆ Plan for increasing density near new and existing rail stations and investigate value capture opportunities there for affordable housing.
- ◆ Investigate future value capture opportunities across the LGA for affordable housing contributions.
- ◆ Advocate for affordable housing in the Smart Cities Plan for Western Sydney.

MEDIUM TERM (3–5 years):

- ◆ Develop a planning proposal and affordable housing contribution scheme (SEPP 70) for application in precincts planned for increased density.
- ◆ Investigate renewal opportunities for key areas close to rail stations, where infrastructure is inadequate to support density increase e.g. audit infrastructure needs and identify future housing opportunities.
- ◆ Promote good quality boarding house developments and secondary dwellings close to key centres.
- ◆ Encourage mixed use development opportunities that can consolidate commercial, retail and high density residential uses.

LONG TERM (5–10 years):

- ◆ Investigate opportunities for community/affordable housing on council and state government owned sites, linked to local needs.



3.8 Analysis and Conclusions

The information collected builds a picture of local housing market drivers and outcomes and helps highlight issues and gaps.

Some findings may include:

- ◆ There is a shortage of new housing relative to demand.
- ◆ There is a limited range of dwelling types (and a mismatch with households).
- ◆ Some special needs groups are inappropriately housed.
- ◆ Housing available for rent or purchase is unaffordable for low and moderate income households.
- ◆ Limited opportunities for redevelopment impede supply of new housing.
- ◆ Redevelopment is not feasible or there is little incentive for development.
- ◆ Existing infrastructure is not adequate to facilitate increased housing density.
- ◆ There are areas of affordable housing but with limited access to services.
- ◆ Environmental constraints limit opportunities for development.

Developing a summary needs/issues matrix to highlight key issues and areas for action can help to navigate a path towards a strategy. This can be done at an area or precinct level to ensure strategies are responsive to varying housing market elements. Consideration can also be given to what data to use to monitor strategies and inform implementation.

A summary dashboard of key performance indicators can be used for reporting progress to stakeholders. This would include house price and rental market data and potentially other data on supply and development drawn from Council and other agency databases.



Sample *KPIs*

Key performance indicators will depend on the specific actions in each council strategy and the timeframe for implementation.

- ◆ Development capacity of areas for additional housing—projected and actual take-up
- ◆ Number of development approvals which have not commenced construction
- ◆ Increase/decrease of dwellings by type, number of bedrooms and location
- ◆ Number of affordable private market rental dwellings—increase/decrease
- ◆ Affordability of private market housing purchased by owner occupiers—increase/decrease
- ◆ Number of affordable rental dwellings generally,



by other agencies/organisations and those created as a result of specific actions in the strategy

- ◆ Number and type of dwellings targetted to special needs
- ◆ Number of social housing dwellings—net change and number renewed
- ◆ The proportion of very low, low and moderate income households in housing stress. (This should be compared to the proportions in the population of high, moderate and low income households, and changes in income categories over time)
- ◆ Changes in diversity of income, age and employment groups.

Module 4: Financial Feasibility Assessment

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| 4.1 | Outline | 1 |
| 4.2 | Why Financial Feasibility Assessment is Important | 1 |
| 4.3 | Development Feasibility Models | 3 |
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| 4.5 | Key Considerations | 15 |

Module 1

Addressing Housing Needs:
Context, Roles and Issues

Why it's Vital

Defining and Measuring Affordable Housing

Agency Roles and Key Players

Purpose, Key Challenges and Issues

Planning Context

Module 2

Preparing and Implementing a Local
Housing Strategy

Community and Stakeholder Engagement

Developing an Evidence Base

Setting the Scope

Developing Actions and Strategies

Implementation, Monitoring, Review and
Evaluation

Module 3

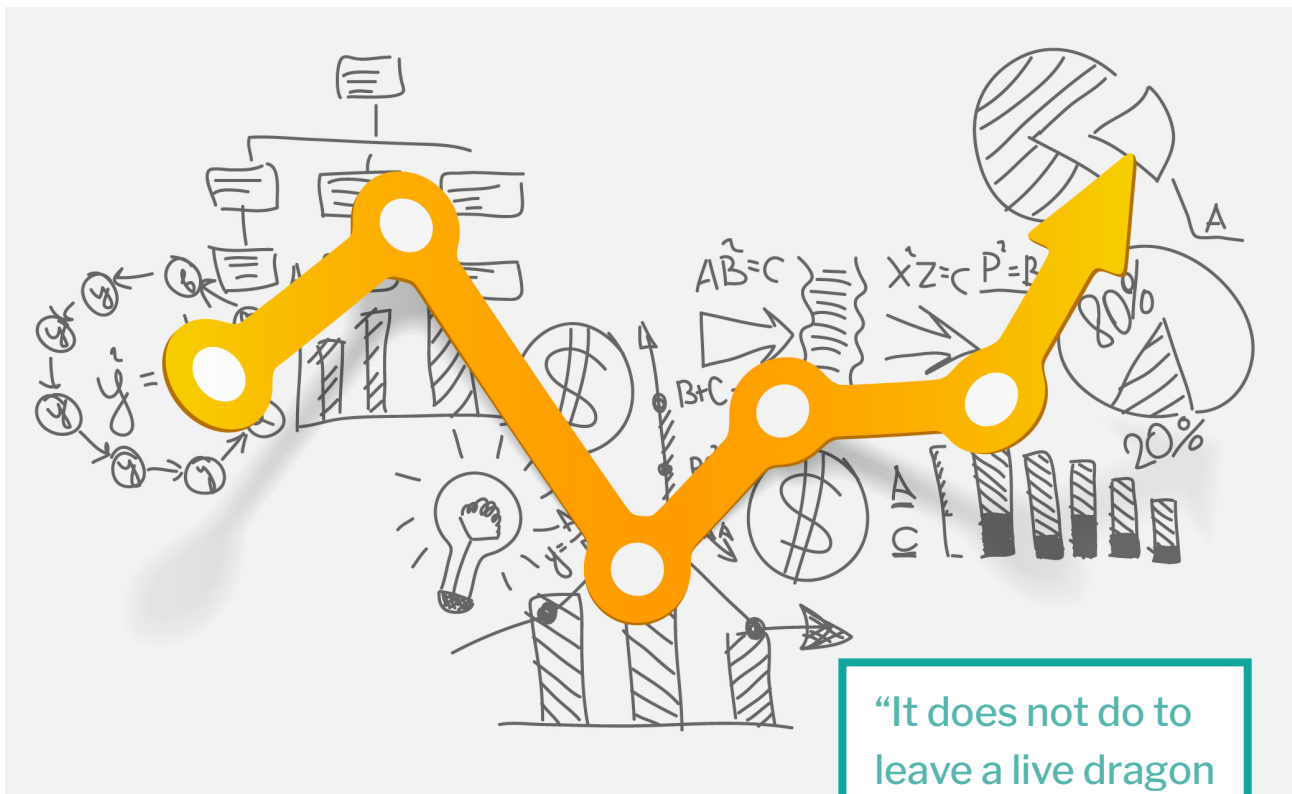
Building an
Evidence
Base

Module 4

Financial
Feasibility
Assessment

Module 5

Case Studies
and
Resources



**“It does not do to
leave a live dragon
out of your
calculations, if you
live near him.”**

*J.R.R. Tolkien, **The Hobbit***

4.1 Outline

This module explains financial feasibility assessment and highlights how it can be used. The aim is to empower council officers and others, and to take some of the mystery out of the process. The module leads readers through the basic formula and what to look for in reviewing outputs and avoiding pitfalls so readers can evaluate and challenge assessments provided by others.

4.2 Why Financial Feasibility Assessment is Important

Evaluating the feasibility of existing and proposed planning controls is important to ensure that the planning framework can produce viable development and does not unnecessarily impede appropriate development.

Feasibility assessment is a vital tool for:

- ◆ Establishing a planning framework that enables the desired form and mix of development
- ◆ Formulating strategies to meet gaps in housing supply
- ◆ Determining whether contributions for affordable housing under the EP&A Act 1979 are viable.

Feasibility assessment can go a step further to ensure that local controls not only enable but encourage desired uses, relative to other forms of development. For example, feasibility assessment can test whether small dwellings are an attractive form of development in a regional centre compared with alternative permissible uses, or whether incentives aimed at encouraging affordable rental housing are sufficient to have any effect.

If planners are not confident undertaking or reviewing feasibility analysis, modelling provided by a development proponent may be accepted too readily and the best outcomes for local communities may not be achieved.

The purpose of urban planning is to guide growth and to provide for development that supports the social and economic wellbeing of communities, creates healthy and liveable places and protects the environment and natural resources. However desired development will not occur if it is not feasible

under the applicable planning controls. Poorly scoped planning controls can cause stagnation and impede growth, prosperity and vitality. If development is not happening at the pace desired or if areas are experiencing stagnation, one reason could be that the area or region is in decline, another may be that it is simply not feasible to develop in forms permissible under the planning controls that apply.

Feasibility modelling can tell councils whether their planning controls support the kinds of development being sought and assist councils to develop planning controls which promote undersupplied forms of housing, by testing the feasibility impact of potential changes to the planning framework.

Feasibility assessment also assists in fine tuning the planning framework to maximise public benefits without impeding development. This may be relevant in determining contribution levels, setting height, floor space ratio (FSR) or other planning standards, identifying permissible land uses, and setting inclusionary zoning and other requirements.

For example, there is no benefit in introducing requirements for shop-top housing if it is not a viable building form or land use in the local area. It could impede the provision of both retail and residential space and stagnate development in areas zoned exclusively for such a use.

Likewise, if section 7.11 contributions or inclusionary zoning requirements are set too high or if height, FSR or other planning standards are too restrictive, desired development may simply not occur, or occur

only very gradually as existing buildings reach the end of their economic life. There is also a risk that a divergence of views between local land owners and the market as to the value of their land following an upzoning will be so considerable as to constrain the sale of land and consequently the pace of development.

Finally and importantly, if councils seek to promote affordable housing, it is not enough that affordable housing development be feasible in a particular area. It must also be attractive relative to other forms of permissible development. If not, affordable housing will only be produced by community housing or government providers.

... it is not enough that affordable housing development be feasible in a particular area. It must also be attractive relative to other forms of permissible development



4.3 Development Feasibility Models

Most feasibility models are built on the following basic formula or some variation of it:

Revenue i.e. proceeds of development
— **Costs** of development
(plus allowance for risk and unknowns)
= **Return** on Development

This formula may be rearranged depending on whether it is residual land value, developer's profit, or viability after allowing for a specified developer's margin that is being assessed. The same basic components are still used in the assessment. Of course, models vary in complexity but variations are mostly related to fine

tuning of inputs, assumptions and the timing of costs and revenue.

In most feasibility assessment, revenue projections will be based on the anticipated development yield under current or proposed planning controls. In addition to estimated project costs, an allowance for contingencies will be added to cover unknown factors or items which may add to total project costs.

Generally, allowances for contingencies will be greater where less detail is available on a project (for example at an early concept stage) or it is anticipated that the project will not commence for some time. Care should be taken not to allow too much for contingencies as this may unrealistically mask the project's viability.



4.3.1 Residual Land Value



The most common form of financial model used for assessing the financial feasibility of development proposals is the residual land value model.

The anticipated revenue from the completed development is calculated, usually based on projected sale values. The projected costs of the development, other than land, are added together with the required developer's margin (the profit required by a developer expressed as a percentage of total project costs—typically 15%–20% but higher in times of rapid growth in housing prices)

and the combined figure is subtracted from projected revenue to give an estimated value of the undeveloped land, referred to as the **residual land value**. This value represents the amount a developer would be able to pay for a parcel of land based on returns from the development scenario being modelled.

This model allows an assessment of viability and a comparison of options without needing an actual land value.

4.3.2 Development Profit



Where the price paid or the assessed value of the land is known or can be estimated, instead of specifying a required developer's margin as is done when calculating residual land value, the basic model can be configured to predict the developer's profit.

Under this model, once again the anticipated revenue from the completed development is calculated based on projected sale values. The projected costs of the development including land, but excluding developer's margin, are subtracted from the projected revenue to give the estimated profit from development.

If profitability calculated using the formula is less than the threshold sought by a developer, the project will be unlikely to proceed without adjustment. The profit threshold calculated in this way can be expected to

be broadly equivalent to the developer's margin used in residual land value modelling but expressed as a dollar value.



4.3.3 Return on Development



An alternative approach, where the price paid or the assessed value of the land is known or can be estimated, is to deduct a developer's profit margin (again typically 15%-20%), together with land and development costs, from total projected revenue, to

provide an anticipated net return on development. If the return is positive, a project will be viable as its projected revenue will exceed costs and the profit margin required by the developer. Any extra return on top of this is a bonus for the developer.

4.3.4 More Complex Models

The simple models outlined above can be improved in accuracy by including information on the timing of sales and costs. These factors affect financing costs and other holding costs such as council rates and insurance.

Where sufficiently detailed design information is available, more precise and detailed estimates can be made of construction costs. Likewise, firms which have undertaken similar development in the past will be able to estimate costs more precisely and in greater detail.

Construction costs are generally not evenly distributed across the development period. They tend to increase gradually in the early stages, before ramping up and then increasingly gradually tapering off in the later stages. In a typical example 60% of construction costs are expected to be expended 50% into the construction period. This pattern when graphed follows an S-curve. A typical S-curve is often used for projecting construction costs. Some other costs such as design fees, site preparation, landscaping and section 7.11 fees generally fall towards the beginning or end of a project.

Modelling may be used to project the cash flows arising from a development project to ensure that sufficient funds are available over the course of development, to fine-tune estimates for project finance or to assess project feasibility more


accurately. **Cash flow modelling** can assist project planning by highlighting where shortfalls may occur so that adjustments can be made, for example by pushing back discretionary items until pre-sales reach a specified target. Of course, many items cannot be postponed without impairing project delivery, and insufficient cash flow can have adverse effects such as increasing holding and finance costs. For this reason, delays in the development approval process are usually a significant concern for developers.

Particularly for long term projects, costs and revenue may be discounted to reflect their value in today's dollars. Using this approach, **escalation rates** can be



... delays in the development approval process have significant cost impacts

Oli Dale



applied to both costs and revenues as they are incurred over the course of the project. Costs and revenues will then be discounted back to the commencement of the project using a specified **discount rate**. However, caution should be used if applying escalation factors, because being speculative they add risk to the modelling outputs. Also, escalation rates may be offset by other factors, for example when sales are largely made before or during construction (referred to as selling “off the plan”) which is commonly the case. If no allowance is made for escalation, then the implicit assumption is that any increases in construction costs are offset by price rises.

A commonly used measure, **net present value (NPV)**, can be calculated by summing discounted cash flows. The NPV for a project is the difference between the discounted revenue stream and the corresponding discounted costs including developer’s profit. If the NPV is positive, a project is considered viable.

The **internal rate of return (IRR)** is the flip-side of the NPV. It is the rate of return at which the NPV is zero. It equates to the minimum discount rate at which a project is viable.

Microsoft Excel and other programs include functions to assist in calculating NPV and IRR.

4.3.5 VPA Calculator

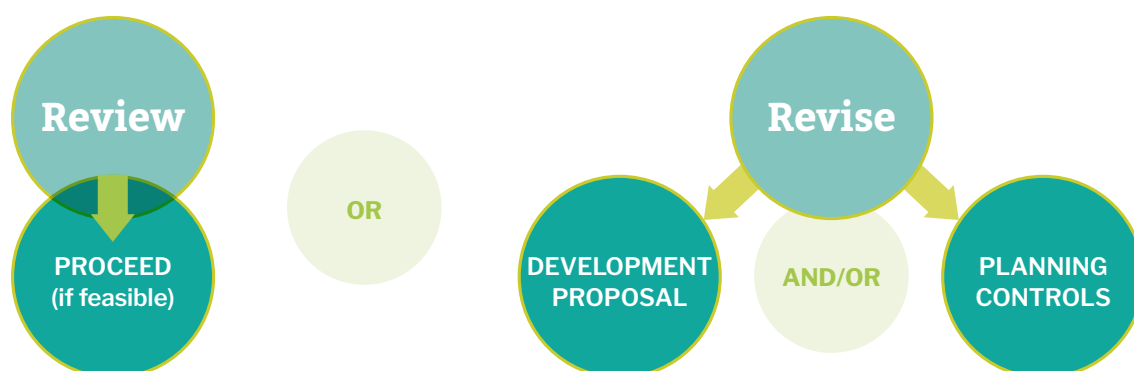
DCJ has developed a VPA Calculator to assist councils and others to make informed judgements about VPAs and how they can be used to promote affordable housing.

The VPA Calculator is designed to assess the feasibility and potential value of a change in zoning or an uplift in the development potential of a site proposed in a VPA. It can also be used in formulating planning controls to assess the value created by varying the density controls that apply to a site.

Users work through a series of steps to input details of the existing planning framework and the proposed change in zoning or increase in the FSR. The VPA Calculator quantifies the value created by the changes. It then assesses the potential benefits of directing a share of that value towards the provision of affordable housing. This knowledge will help councils to negotiate favourable outcomes for their communities, based on relevant and consistent information.

4.4 Key Steps in Assessing Development Feasibility

| | |
|---|--|
| 1 | Determine site yield |
| 2 | Estimate future revenue |
| 3 | Identify all development costs , timing, other variables |
| 4 | Identify required development profit and contingency allowance |
| 5 | Calculate based on selected approach |



Applying these steps in a simple residual land value model

| | |
|---------------|--|
| Step 1 | Site potential or yield: Determine the maximum permissible development that can be undertaken on the site under the existing planning framework and/or the nominated alternatives, expressed in terms of land use, the sizes and numbers of units, and building form. |
| Step 2 | Revenue: Estimate revenue based on the site potential, e.g. the number of units by size/type multiplied by the projected sale revenue. |
| Step 3 | Planning, Development and Sale Costs: Identify all planning and development costs excluding land. |
| Step 4 | Profit and contingencies: Add the required developer's margin, e.g. as a percentage of total costs, and an allowance for contingencies. Examine the combined figure to ensure it is realistic and not overestimated. |
| Step 5 | Calculate Residual Land Value: Subtract total costs (excluding land) from total revenue to generate residual land value. |
| Final | Review by comparing the residual land value assessed with the current land value or market price to determine if a development option is feasible. Alternative options can be compared using the resulting residual land values, with the highest value representing the option which is most attractive. |

Step 1

Determine Site Potential

Site potential, or development yield as it is often called, is the number and size of units or the square meterage of floorspace that can be provided on a given parcel of land.

Site potential may be determined with reference to:

- ◆ The existing planning framework
- ◆ Proposed changes to the planning framework
- ◆ Alternative scenarios such as variations to FSRs or height controls or land use mix being considered by Council or being put forward by a proponent under a proposed VPA or rezoning.

Often there will be benefits in comparing a number of different scenarios. When assessing alternative scenarios (such as increased FSR and/or height controls), it is desirable for comparison purposes to use same dwelling size/type configurations. Of course this will not always be possible. Indeed, the purpose of the evaluation may be to assess the relative performance of different types of development.

When determining site potential, bear in mind that:

- ◆ Projections which are based on land area, FSR and number of bedrooms alone will have a lower level of accuracy than if site planning has been fully resolved, because site constraints, environmental factors, setbacks from neighbouring development and a range of other factors may diminish actual yields.
- ◆ For apartments, an allowance of 15%–20% of gross floor area should be included for common areas and circulation.

- ◆ Application of SEPP 65 and the *Apartment Design Guide* may also limit maximum yields permissible under height and FSR controls (refer to <http://bit.ly/2SVGi8x>).
- ◆ There may be a misalignment between height and FSR limits or other controls, such as boundary setbacks, which makes it impossible to achieve the maximum permissible density for example.

Step 2

Estimate Future Revenue

Revenues can be estimated using projections about the value and timing of sales of completed projects e.g. by totalling the unit value by the number and type of units.

For long term or phased projects, the anticipated timing of sales will also be important. Where this is the case, more precise modelling will take into account the expected escalation in sales prices over the relevant period and the proportion of units to be sold before, during and after construction.

Estimating sales values realistically relies on:

- ◆ Knowledge of the market—recent and current prices, current and future supply and demand;
- ◆ Assessment of macroeconomic factors affecting the economic outlook, such as interest rates.

Thus, determining sales values requires both local knowledge and an exercise of judgement, or advice from an expert.

Sometimes developers will provide projections of anticipated sales values to support their case. It is crucial to verify such information if it will have an

... it is strongly recommended that Council arrive at its own assessment of likely revenue

impact on how Council treats a proposal. This can be done by referring to information on the local real estate market, such as:

- ◆ Rent and Sales Report published by DCJ (<http://bit.ly/2S8UoUa>)
- ◆ Digital real estate sites
- ◆ Local newspapers
- ◆ Other advertising
- ◆ Discussions with local agents.

If sales figures provided by a development proponent do not align with Council's expectations based on a review of these sources, a typical range identified by Council as applicable can be applied instead.

If feasibility modelling is being used to assist Council in fine tuning its planning framework, for example to test incentives for affordable housing, or to assess a VPA or other planning proposal, it is strongly recommended that Council arrive at its own assessment of likely revenue. Independent databases or expert advice should be used to inform such estimates and they will need to be reviewed regularly in response to changing conditions.

Step 3

Assess Planning, Development and Sale Costs

This step involves:

- Identifying all planning, design, approval and development costs
- Determining the timing of those costs
- Adopting values for other variables and assumptions that affect total costs.

There can be a great many different costs involved in a development project and a range of variables which affect those costs. It is important not to place undue emphasis on separately identifying and projecting all detailed costs. It is more important that the overall estimates are reasonable and based on good sources.

The level of resolution of a proposal will affect how precisely these costs can be estimated. At an early or a theoretical stage estimates of typical costs will usually be all that is available.

For some more standard forms of development such as a two or three bedroom detached house, a per dwelling rate can be used for feasibility assessment. However, in order to estimate costs for most development, information will be needed on costs per square metre or per unit. To determine these, information will be required on:

- ◆ General location (which affects construction costs)
- ◆ Any significant known site constraints and issues
- ◆ Proposed use e.g. the breakup of commercial, residential etc.
- ◆ Building form, number of stories and inclusion of lift access
- ◆ Quality of finishes
- ◆ Gross floor area
- ◆ Ratio of floor area of units to circulation and common areas
- ◆ Additional facilities and common areas
- ◆ Vehicular access and parking—the style and number of spaces per unit
- ◆ Provision of balconies—size and number
- ◆ Landscaped area.

With this information, the following cost items can be estimated using a construction cost guide, industry and market knowledge, and reference to government fees and charges:

- ◆ Land acquisition costs including stamp duty and legal costs
- ◆ Professional fees—planning, engineering, architectural, landscape architecture
- ◆ Project management costs
- ◆ Development application and construction certificate fees
- ◆ Holding costs including council rates and insurance
- ◆ Finance costs for land acquisition and construction
- ◆ Site preparation costs including demolition, excavation and decontamination

- ◆ Vehicular access and car parking
- ◆ Building construction
- ◆ Landscaping
- ◆ Section 7.11 and other contributions
- ◆ Marketing and selling costs.

Where a specific site has been identified, information on its configuration, grade, current improvements and subsoil conditions may be available to inform estimates of site preparation costs and required construction techniques. Similarly, where a specific proposal has been worked up, more precise information on floor areas, landscaping and parking is usually available.

Whether rough or detailed information is available, per square metre rates will usually be the basis for assessing construction costs. Standard rates are available through construction cost guides such as *Ryder Bucknall Levett Riders Digest* (<http://bit.ly/2UToRqN>) and *Rawlinsons Australian Construction Handbook* (<http://bit.ly/2UQ4quV>). These rates are the starting point. While guides such as Rawlinsons include very detailed costs for specific items, this level of detail is not generally required to assess the feasibility of planning controls or the impact of developer contributions towards affordable housing or other public benefits.

Costs of various kinds other than construction costs are commonly computed as percentages of total construction costs. This is frequently the case for professional fees, project management, and marketing and selling costs for example.

Likewise, finance costs are usually linked to both land acquisition and total development costs, after allowing for revenue from sales. Different finance cost rates may apply for land acquisition and for construction, to reflect the level of risk to the financier.

As discussed, more sophisticated models may include allowances for expected escalation in cost and sales revenues.

The following sample gives an outline of typical inputs.

Residential Feasibility Model: Sample Development Specifications

| | | | | | | |
|--|---------------------------------|--|----------------|----------------|----------------|----------------|
| Form of development | E.g. Units – 5 storey with lift | | | | | |
| Accessible dwellings | | % of units | | | | |
| Size of individual units (internal area) | | bedsit | 1 bed | 2 bed | 3 bed | etc |
| | Standard | m ² | m ² | m ² | m ² | m ² |
| | Accessible | m ² | m ² | m ² | m ² | m ² |
| Number of units | | bedsit | 1 bed | 2 bed | 3 bed | Total |
| | Standard | | | | | |
| | Accessible | | | | | |
| | Total | | | | | |
| Balconies | | m ² /balcony: 1–2 bed units | | | | |
| | | m ² /balcony: 3–4 bed units | | | | |
| Efficiency Rate | | % | | | | |
| Gross up factor | | % | | | | |
| Total built area | | m ² | | | | |
| Standard of finishes | Medium | | | | | |
| Facilities and special requirements | | | | | | |
| Specify | Common room | m ² | | | | |
| | | \$ or m ² | | | | |
| | | \$ or m ² | | | | |
| Landscaping, outdoor facilities and storage | | | | | | |
| Specify | | \$ or m ² | | | | |
| | | \$ or m ² | | | | |
| | | \$ or m ² | | | | |
| Car parking | | | | | | |
| Spaces per dwelling | | spaces | | | | |
| Location & type | Underground | select | | | | |
| Wheel chair accessible | | % of units | | | | |
| Projected Sales Revenue | | | bedsit | 1 bed | 2 bed | 3 bed |
| Including GST | Standard | \$ | \$ | \$ | \$ | \$ |
| | Accessible | \$ | \$ | \$ | \$ | \$ |
| Car space | \$ | \$ | | | | |

Residential Feasibility Model: Typical Input and Assumption Fields

PROJECT DURATION

| | | |
|--|--|--------|
| Development application preparation & approval | | months |
| Construction period | | months |

LAND ACQUISITION COSTS

| | | |
|-----------------------|--|--------------------------|
| Site area | | m ² |
| Land acquisition cost | | \$ or \$/m ² |
| Acquisition costs | | % of land purchase price |
| Stamp duty | | % of land purchase price |

DEVELOPMENT COSTS

| | | |
|---|--|-------------------------------------|
| Construction \$/m ² | | |
| Balconies \$/m ² | | |
| Landscaping \$/m ² | | |
| Parking per space | | \$/space |
| On-grade - uncovered | | \$/space |
| On-grade - car port | | \$/space |
| On-grade - garage | | \$/space |
| Underground | | \$/m ² |
| Vehicular access | | \$/m ² |
| Demolition & site preparation | | \$/m ² |
| Decontamination | | \$ |
| Site works | | \$/m ² |
| Environmentally Sustainable Development works | | \$/m ² |
| Professional fees | | |
| Design | | % of construction cost |
| Planning | | % of construction cost |
| Engineering | | % of construction cost |
| Other | | % of construction cost |
| Development Application / Construction Certificate fees | | % of construction cost |
| Project management | | % of construction, marketing & fees |

HOLDING COSTS

| | | |
|--------------------------|--|-----------------|
| Interest rate | | % |
| Council rates | | % of land value |
| Insurance | | % or \$ |
| Loan establishment costs | | \$ or % |

COST OF SALES

| | | |
|-------------------------------------|--|--------------------|
| Marketing | | % of cost or value |
| Selling costs including legal costs | | % of sales price |

DEVELOPMENT CONTRIBUTIONS

| | | |
|----------------------|--|----------------|
| | | \$ or % |
| CONTINGENCIES | | % of all costs |
| DEVELOPMENT MARGIN | | % of all costs |
| GST - effective rate | | % |



Add Required Profit and Allowance for Contingencies

This step involves applying a suitable rate for the profit margin sought by the developer and an appropriate allowance for contingencies to cover unforeseeable impacts on project costs such as delays, shortages of required materials or labour and extraordinary price fluctuations.

Required development profit is usually expressed as a percentage of total project costs. Generally developers seek a 15%–20% margin on total costs. It is relevant to note that the rate of profit they realise on invested funds will be considerably higher (upwards of 60%), as funds invested in a project are usually only a small portion of total costs.

Conservative analysis will frequently adopt a 20% developer's margin. See "Making Apartments Affordable" (Sharam, Bryant and Alves, 2015). It is prudent to assess the allowance for contingencies alongside the required developer's margin. If a high developer's margin is required in combination with a plentiful allowance for contingencies, viable projects may too readily be ruled out. The appropriate contingency allowance will depend on how advanced a project is. The usual rule is that the less resolved and certain or more distant a project is, the greater the allowance should be.

A combined allowance of 25% of total costs for developer's margin and contingencies is generally a satisfactory starting point. Care is important in arriving at rates for these items as they have a significant impact on the apparent viability of a project.



Calculate Residual Land Value

$$\begin{aligned} &\text{Projected revenue} \\ &\text{minus costs (excluding land)} \\ &\text{minus contingencies} \\ &\text{minus developer's profit} \\ &\hline &= \text{Residual Land Value} \end{aligned}$$

Once revenue and all costs are projected, the calculation of residual land value is simply a mathematical exercise based on the formula above, i.e. residual land value is assessed by deducting all costs, together with an allowance for contingencies and developer's margin, from the projected revenue.

The residual land value represents the amount that a developer would be prepared to pay for the undeveloped land. The resulting value calculated in this way can be compared with market rates and/or used to guide a purchaser in determining how much to pay for a site.

If the residual land value calculated using this method is starkly less than prevailing market prices, it is generally because the development proposal assessed is not considered the most profitable use of the land. In other words, alternative development options are likely to achieve greater revenue relative to the costs of development. On the other hand, where a residual land value is significantly higher than prevailing market rates it is usually because the market has not factored in the development option being assessed, for example because it is not currently permissible.

It is sound practice to undertake some **sensitivity testing** as well, where key factors such as the required developer's margin or financing costs are varied independently to assess their impact on feasibility.



REVIEW

What to beware of:

- ♦ Assumptions that are off the mark
- ♦ Rapid changes in market conditions
- ♦ Values that are too conservative or generous
- ♦ Calculation errors

When reviewing the results, it is important not only to look at the financial outputs of the modelling process but to scrutinise all the inputs and variables carefully. For those who are not familiar with the local market or with interpreting financial modelling, it is good practice to verify the inputs independently and/or to compare variables with accepted industry benchmarks. Whether or not expert advice is sought, always apply the common sense test. If something does not look right, explore it further or seek advice. Also, don't overlook your local knowledge—the modellers may not be as well informed as you are about local circumstances.

Small changes in values can have cumulative effects with a significant impact on the final results. This is especially the case in development modelling as many of the costs are set relative to one another e.g. as a percentage of construction costs or total costs. If values are set a little too conservatively throughout, a potentially profitable project may appear from modelling not to be feasible.

If a developer is arguing that planning requirements or specified contributions cannot be met because his or her modelling shows the project is not be feasible, it is very helpful if Council is equipped to undertake its own assessment, rather than to accept this information from a proponent.

It is better still if Council has already undertaken feasibility assessment as part of the process of developing its planning framework. If feasibility assessment is undertaken alongside the formulation of planning controls, councils will have a greater degree of confidence that the planning frameworks they adopt are capable of enabling and guiding development that is compatible with the objectives of the Council and the community.

Where feasibility is close to break even point, the appetite for development will be more subdued and the rate of development is likely to be slower than where ample return can be expected. This will especially be the case where the existing use of the site is still profitable or where the site potential is not sufficiently greater than its current use so that redevelopment will not generate sufficiently greater return to justify the costs of demolition and construction and project risk.

It is not enough that development or redevelopment of a standard site is feasible in its own right. Desired development forms need to be viable relative to other permissible purposes. Viewed in isolation, a particular proposal may be found to be feasible but it is unlikely to proceed if it may be less profitable than alternative uses. This is particularly relevant if Council is seeking to encourage particular uses such as affordable housing. Such uses must not only be feasible, they must be attractive to a developer compared with other permissible uses, unless of course the developer is a non-profit organisation with a mandate to provide benefits such as affordable housing. Even then, the level of viability will influence the selection of where a project will be undertaken and indeed whether it is undertaken at all.

... don't overlook your local knowledge—the modellers may not be as well informed as you about local circumstances

4.5

key considerations

- ◆ Small changes to variables can have a cumulative effect. Selection of overly conservative variables can render a profitable project unfeasible on paper.
- ◆ Planning controls which deliver a satisfactory developer's margin on paper may not be sufficient to stimulate new development.
- ◆ A common pitfall is to assess feasibility on the basis that the land is vacant, and not to take into account the opportunity costs associated with the current development or the costs of demolition.
- ◆ For instance, if a site is occupied by townhouses but zoned to allow three storey units, redevelopment may be slow to occur. Unless the townhouses are nearing the end of their economic life, the potential of financial rewards may not be sufficient incentive to demolish the townhouses and build units.
- ◆ Planning controls have a greater chance of enabling desired outcomes if feasibility assessment is undertaken alongside the development of the planning framework. This also avoids the need for Council to negotiate with developers about project feasibility on a case by case basis.



Module 5: Case Studies and Resources

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Module 1

Addressing Housing Needs:
Context, Roles and Issues

Why it's Vital

Defining and Measuring Affordable Housing

Agency Roles and Key Players

Purpose, Key Challenges and Issues

Planning Context

Module 2

Preparing and Implementing a Local
Housing Strategy

Community and Stakeholder Engagement

Developing an Evidence Base

Setting the Scope

Developing Actions and Strategies

Implementation, Monitoring, Review and
Evaluation

Module 3

Building an
Evidence
Base

Module 4

Financial
Feasibility
Assessment

Module 5 Case Studies and Resources

5.1 Outline

This module draws together resources to build understanding of the concepts discussed in the Kit and helps inform housing responses by providing examples of housing initiatives being pursued in various jurisdictions and information on relevant State and National housing programs.

It comprises:

- ◆ Some of the pitfalls and traps in commissioning housing studies and strategies;
- ◆ Case studies of housing initiatives undertaken in New South Wales and elsewhere, focusing particularly on local approaches;
- ◆ Summaries of further examples with links to detailed information;
- ◆ Summaries of relevant state and national government housing programs and initiatives;
- ◆ An outline of the NSW Planning Context for Local Housing Strategies;
- ◆ A glossary of terms used in the Kit.

A data dictionary defining terminology relevant to the statistical analysis covered in Module 3 is provided as an appendix.

5.2 Considerations for Study Briefs

Councils often choose to engage consultancy firms to help develop their local housing strategy. This will typically involve preparing a project brief to engage a consultant, reviewing proposals (including methodologies) to determine which firm will be engaged, providing feedback to consultants during the engagement and reviewing draft reports and the final strategy.

All modules in the Kit can help with these tasks. The questions set out below are provided to alert users of the Kit to some of the factors to consider and problems that can occur so they can be taken into account when strategies are scoped and proposals are reviewed.

Community and Stakeholder Engagement

- ◆ Has the form of engagement been appropriate for different stakeholders? *Workshops and meetings may be effective for some groups but not others so a broader range of approaches may be needed.*
- ◆ Have any stakeholder views been submerged or hidden? *Don't just talk to the people who want to talk to you.*
- ◆ Has the engagement provided sufficient opportunities for stakeholders to understand and discuss divergent views? *Bringing together these groups builds understanding of different perspectives and may help to generate new solutions that are mutually acceptable.*
- ◆ Have stakeholders been given sufficient time to review the evidence base so that it is well understood and agreed? *People need to understand and agree to the goals the strategy is seeking to address.*
- ◆ Have elected councillors been given sufficient time to understand and have input to the strategy at key stages? *If councillors do not understand or have confidence in the strategy they are unlikely to endorse it or support specific actions being implemented at a later stage.*

Evidence Base

- ◆ Does the analysis interpret what is happening in the housing market? Is data presented and analysed in a way that draws out issues and unmet needs and identifies gaps in supply? *Be cautious of analysis that provides lots of tabulated data without sufficiently explaining the story it tells. Equally listings of unsatisfied needs that are not accompanied by indications of the housing response needed to meet those needs, are difficult to translate into effective strategies.*
- ◆ Does the evidence base enable you to understand how housing demand and supply issues might vary across the LGA? *Sometimes data may only be presented at an LGA level. In some larger LGAs there will be significant differences within the LGA that will influence the responses required.*
- ◆ Is it clear how the demand for and supply of housing is influenced by the broader region or housing market? *Some LGAs may border larger*

or high-growth areas which has flow-on impacts that need to be accounted for when analysing data.

- ◆ Does the breakdown of data capture all housing needs or are some needs hidden? *Could more detailed cross-tabulations or alternative data sources such as information held by local community housing providers and other organisations illuminate issues and factors?*
- ◆ How up to date is the data and what qualifications might be needed when drawing conclusions? *For example a small proportion of households in stress may not be an indication that housing is affordable but that lower-income households have been forced out of the area because of a lack of affordably priced housing.*

Opportunities and Constraints

- ◆ How can changes to planning controls required to deliver the form and amount of housing needed be optimised? *While not the only response to housing issues, changes to planning controls are usually key actions. As they often take time to put in place (through Local Environmental Plan amendments) additional testing or review to ensure they will deliver the outcomes sought may be needed.*
- ◆ What investment decisions (both public and private) are planned and what impact will they have? *Where known the impacts of these decisions, for example, large infrastructure projects can be built into the strategy, however they may not always be known. Building in capacity (such as through periodic reviews) to respond to changes will make the strategy more resilient.*
- ◆ What other policies or plans (other than land use planning) could help deliver better housing outcomes, for example open space strategy, economic development initiatives. *The lack of sufficient open space is often identified as an issue when planning for additional housing so innovative responses to open space (including designing into developments and multi-use facilities) may also be required.*
- ◆ How can the plans and resources of other housing agencies and organisations support your housing objectives? *Other jurisdictions often run grant programs or initiatives which councils can access to help build infrastructure that supports housing. Organisations such as community housing providers may have funds to build housing for specific needs groups.*

Actions and Strategies

- ◆ Are the actions and strategies proposed feasible and viable for the local area? *This can include planning controls to achieve housing diversity but which are not economically viable, or relying on the expansion of social and affordable housing through state and national governments without clear commitments or proposals.*
- ◆ Does the strategy also consider links between housing, community services and infrastructure? *Councils provision of additional childcare places can be linked to supporting housing affordability for key workers (by supporting their ability to work and meet rent or mortgage payments).*
- ◆ Is there internal alignment between individual strategies and actions? *Sometimes one action or strategy may undermine another, for example new development to promote housing diversity which replaces existing low cost housing.*
- ◆ Are there particular winners or losers from the strategy? *Outcomes can have different impacts across generations, income groups, household types and tenure groups.*

Implementation, Monitoring and Evaluation

- ◆ Are the risks to successful implementation of the strategy clear and is there a strategy to mitigate them? *Risk management protects the considerable effort and resources invested by both the local community and council in the development of the strategy.*
- ◆ Are there other changes or policies that council should advocate for to support the strategy? *This could include changes to State Environmental Planning Policies that have impacts on housing or programs that provide funding or resources for housing such as social housing initiatives or reforms to the way housing is taxed.*
- ◆ How will stakeholders be informed of progress against the strategy? *Keeping stakeholders informed helps maintain commitment and support and to manage change.*
- ◆ How will the success of the strategy be measured and defined? *Strategies need to be agile. Quantifying the impact provides evidence that the strategy is relevant or highlight areas where changes are required.*

5.3 Index of Case Studies and Examples

| Case Study/ Example | No. | Approach | Focus |
|--|--------------|--|--|
| ACT Government: Land Rent Scheme | C.S.1 | Land rented on favourable terms for new housing | Reducing the cost of entering home ownership and all ongoing mortgage repayments |
| AnglicareSA: Turning Point Program | C.S.2 | Partnership with mutual bank, Beyond Bank Australia, to provide furniture packages | Short term accommodation for single-parent families with young children |
| Berlin, Germany | E.1 | Collaborative design | Design – reducing cost of production Housing co-operatives |
| Build to Rent | E.2 | Facilitation and partnerships | Supporting institutional investment in rental housing |
| BuyAssist | C.S.3 | Shared financing home ownership – investor funding recouped on a pro rata basis | Low to moderate income households unable to access home purchase |
| Byron Shire | E.3 | Facilitation | Sale of Council land to CHPs |
| Canada Bay | C.S.4 | Planning mechanisms – voluntary planning agreements | Achieving social inclusion by expanding provision for key worker housing |
| Central Coast (Gosford) | E.4 | Planning – Retention of affordable housing | Protection of caravan parks and manufactured home estates |
| Clarence Valley | C.S.5 | Planning mechanisms – Affordable housing requirements implemented by VPAs | Encourage housing diversity and inclusive communities |
| Cockburn, W.A. | E.5 | Facilitation – Housing diversity | Requirements and incentives |
| Darebin, Victoria | E.6 | Facilitation – Retention of low cost private rental | Rooming houses |
| Denver, Colorado – Highlands Garden Village | C.S.6 | Compact, sustainable mixed use urban renewal | Sustainable, inclusive community well-connected to jobs and services |
| Design Council, UK | E.7 | Good, sustainable design | Better housing |
| Hobart City, Tasmania | E.8 | Corporate planning | Inclusive communities |
| Hobsons Bay, Victoria | E.9 | Establishing evidence base | Background to Housing Strategy |
| Home Care Heroes, Australia | E.10 | Community care | Supporting residents in existing housing |
| Homes for Homes | C.S.7 | Voluntary mechanism for community contributions when selling a home | Affordable housing delivered through CHPs |

| Case Study/ Example | No. | Approach | Focus |
|---|---------------|---|---|
| Inner West: Planning Provisions | E.11 | Incentives (density bonus) and housing mix requirements | Encouraging new and diverse affordable housing |
| Inner West: Targets | E.12 | Planning – Targets and Inclusionary Zoning | Affordable housing needs |
| Kingston, Victoria | E.13 | Comprehensive policy | Encouraging affordable housing through a range of facilitation |
| Meanwhile Use Housing | E.14 | Pop-up housing | Temporary use of underutilised land and buildings |
| Melbourne, Victoria | E.15 | Policy settings, design, development bonuses | Housing needs across the community |
| New York City | C.S.8 | Planning mechanisms – voluntary and mandatory Inclusionary zoning | Inclusive communities |
| Oran Park | E.16 | State and local government collaboration/infrastructure | Coordination of infrastructure and housing |
| Parramatta City | C.S.9 | Policy development and Planning mechanisms | Address housing stress and promote economic development and sustainable, vital communities |
| Penrith City | E.17 | Planning mechanisms – voluntary planning agreements | Contributions to additional affordable housing |
| Port Macquarie – Hastings | E.18 | Social impact assessment | Potential impact on existing affordable housing stock and displacement of residents |
| Port Phillip, Victoria: Strategy | C.S.10 | Comprehensive strategy including facilitation, partnerships and planning agreements | Affordable housing, social diversity and a coordinated response to homelessness |
| Port Phillip, Victoria: Parking | E.19 | Planning – reducing cost of production (parking) | Affordable housing tenants with low car ownership |
| Port Phillip, Victoria: Facilitation | E.20 | Community engagement; Research and policy development | Community concern about affordable housing |
| Port Stephens | E.21 | Social impact assessment | Impacts of Council activities and development proposals |
| PossAbilities, United Kingdom | E.22 | Facilitation – Homes share scheme | Householders receiving support in return for offering accommodation at reduced/no charge |
| Randwick City | C.S.11 | Planning mechanisms – to gain access to SEPP 70 | Utilisation of planning mechanisms available under the EP&A Act to address affordable housing needs |

| Case Study/ Example | No. | Approach | Focus |
|--|--------|--|---|
| Shoalhaven Council | C.S.12 | Affordable Housing Strategy; Facilitation and advocacy | Encouraging affordable housing supply |
| South Australia | E.23 | Planning mechanisms – mandatory inclusionary zoning | Increasing housing for low to moderate income households |
| City of Sydney: City West | C.S.13 | Planning mechanisms – mandatory inclusionary zoning | Inclusive communities Reduce social dislocation as a result of urban renewal and public investment in infrastructure |
| City of Sydney: Sustainable Sydney 2030 | C.S.14 | Targets for housing supply, facilitation and planning requirements | Housing opportunities for lower income households, including key workers |
| Tasmanian Government: Hopkins Street Affordable Housing | C.S.15 | Subsidised environmentally sustainable affordable housing design and development | Reducing environmental impact and financial stress through sustainable housing design |
| Tiny Homes Foundation/ Central Coast Council | E.24 | Planning/development standards Facilitation – Land | Tiny homes with common amenity spaces to address homelessness |
| Waverley | C.S.16 | Planning mechanisms – voluntary planning agreements combined with density incentive | Social diversity including low to moderate income households, older people and people with disability on low income |
| Westminster City | C.S.17 | Intermediate housing in accessible locations | Moderate income households unable to access private rental or home purchase |
| Willoughby City | C.S.18 | Planning mechanisms – mandatory inclusionary zoning | Diverse residential and working population representative of all income groups |



5.4 Case Studies

C.S. 1 ACT GOVERNMENT: LAND RENT SCHEME

| | |
|---|---|
| Approach/ Mechanism | Provision of land for rental instead of purchase to build a home |
| Context | Metropolitan or regional |
| Objectives | To increase affordable home ownership by minimising entry costs and mortgage repayments (essentially, removing the significant costs of purchasing land), and enabling households to save for future land purchase while paying rent. |
| Strategies | <p>New blocks of land released by the ACT Suburban Land Agency can be leased for 2% per annum of the unimproved value of the land. Annual rent increases are capped by wages growth. The lessee is given two years to construct a home. Lessees have the option of eventually purchasing the land, although the Scheme is not a rent-to-buy scheme.</p> <p>Eligibility requirements include not exceeding the gross household income threshold; not owning any other property in Australia; and that at least one of the lessees reside in the property. Lessees are required to demonstrate ongoing eligibility. Participants who no longer meet eligibility requirements will have to transition out of the Scheme within two years, by purchasing the land, or transferring the lease to another eligible applicant.</p> |
| Implementation Framework | Only identified or selected blocks of land are available under the scheme. Participants attend a training session at Canberra Institute of Technology prior to entering the scheme. |
| Outcomes | <p>An independent review found in 2012 that the Scheme offered “an innovative purchase option that is suited to an array of buyers including first home buyers, moderate income households, builders seeking to reduce their costs (and hence sale prices) and, potentially, older households trading down to release equity. It is a flexible, open market product that can be converted to conventional house/land purchase or on-sold at any time without additional fees. Financial analysis indicates that the scheme significantly reduces the cost of entering homeownership.” (Epic dot com 2012)</p> <p>Initially, the Land Rent Scheme was available at a standard rate of 4% of unimproved land value as well as a discounted rate of 2%. As of October 2013, only the discounted rate of 2% is available on new land releases and is offered to low to moderate income households that meet eligibility requirements. Since 2010 the discounted rate has also been available to CHPs that can provide land rent lots and other assistance to eligible households.</p> <p>By 2012, approximately 1,200 blocks had been exchanged or settled through the Land Rent Scheme. In four years to June 2016, approximately 430 households per annum participated in the scheme.</p> |
| Success Factors/ Limitations | <p>The first of its kind in Australia, the ACT's Land Rent Scheme was slow to gain momentum after its introduction in 2008 due to unfamiliarity of financial institutions (lenders) and the general public (purchasers) with the scheme, as well as the global economic downturn. Early support from one mutual bank was essential to the successful launch. Participation has gained momentum. Reviews resulted in a number of administrative changes.</p> <p>The success of the scheme relies on the availability of suitable government owned land.</p> |
| Further information | http://bit.ly/2Qhetuw http://bit.ly/2zLKeS7 |



C.S. 2 ANGLICARESA: TURNING POINT PROGRAM **ANGLICARESA**

| | |
|---|--|
| Approach/ Mechanism | Partnership with a mutual bank, Beyond Bank Australia |
| Context | Metropolitan and potentially statewide |
| Objectives | To provide individualised support for single parent families affected by domestic violence and help them to move on to a secure future. |
| Strategies | <p>AnglicareSA's Turning Point program provides stable short term accommodation for homeless single parent families with young children.</p> <p>A Turning Point family receives:</p> <ul style="list-style-type: none"> ♦ A fully furnished home for three months ♦ Financial education and counselling ♦ A pathway to finding a job ♦ Support in locating a new home. <p>Over the three months of stable accommodation provided under the program, families are connected to support programs and assisted in finding more permanent housing options.</p> |
| Implementation Framework | <p>AnglicareSA, a Tier 1 Housing Provider under the National Regulatory System, provides the emergency housing, as well as case management and support services to aid in the transition to stable, long term housing.</p> <p>AnglicareSA relies on a range of donations and funding sources. Beyond Bank Australia has provided three years of funding for furniture packages, providing families with necessities including beds, tables, desks and whitegoods. When families leave emergency housing, they can take the furniture packages to give them a start as they rebuild their lives.</p> <p>Beyond Bank customers can also apply bonus interest earned on their Community Reward Accounts to support AnglicareSA (and other community organisations) and bank staff have the opportunity to volunteer with AnglicareSA, and other community organisations.</p> <p>In the belief that stronger communities benefit all, Beyond Bank has embraced an approach to creating “shared value” where it works with community organisations to achieve environmentally and socially sustainable outcomes. These organisations in turn become partners.</p> |
| Outcomes | From December 2016 to August 2017, Turning Point provided crisis housing for ten single parent families, comprising 11 adults and 20 children. Over 85% of participants went on to secure long term housing. |
| Success Factors/ Limitations | The success of this partnership lies in the ability to raise awareness and attract corporate support. Councils, with their close connections within the local community, can encourage and publicise these kinds of initiatives and help bring parties together. |
| Further information | http://bit.ly/2ARFj1K https://www.beyondbank.com.au/your-community/support/housing-affordability/anglicare-sa.html |



C.S. 3 BUYASSIST



Approach/ Mechanism

Shared financing home ownership program

Context

Metropolitan and regional, predominantly in Victoria

Objectives

To support low to moderate income earners who would otherwise be excluded from the housing market to purchase a home by helping to meet the deposit gap and reducing mortgage servicing costs.

Strategies

BuyAssist supports the purchase of approved properties by eligible households by providing funds towards the deposit, typically 25%. This alleviates some of the need for lower income households to amass a deposit and reduces the servicing costs of a mortgage. The balance of the purchase price may be funded with a traditional home loan from a bank that understands the BuyAssist program.

The program is similar to shared equity schemes but investors do not hold title to the property. The home purchaser is the sole legal owner of the property and is responsible for all the regular costs of home ownership.

BuyAssist investors have an equitable interest in a property's future value and hold a second mortgage securing this interest. In exchange for the support, the BuyAssist investors are entitled to a share of the property's future value equivalent to the share of the initial contribution. For example, an investor who provided 25% of the property's purchase price will receive 25% of the property's agreed value when the property is sold or the agreement terminated. So investors share in the capital gain (or loss) from the property on a pro rata basis.

Investors can contribute by providing funds or land as part of a development.

The program provides finance and real estate professionals to advise home buyers.

Implementation Framework

BuyAssist is a subsidiary of the National Affordable Housing Consortium which aims to facilitate affordable housing as a socially responsible enterprise.

A website allows households to register interest and view available properties. If a household is eligible, BuyAssist will determine the funds available for a deposit on a property from the BuyAssist approved list. The program is linked to a panel of eligible lenders. The program regularly adds properties for sale through its real estate site (buyassistrealestate.com.au).

Outcomes

The BuyAssist Program has facilitated home ownership for singles, couples and families in metropolitan and regional areas.

Success Factors/ Limitations

Despite approved BuyAssist properties being partially subsidised by investors, home buyers must still meet bank loan repayments and have good credit history. Purchases are responsible for all standard costs of home ownership and home maintenance. The financial responsibility related to home ownership may exclude some low to medium income earners.

BuyAssist provides valuable advice to those unfamiliar with the housing market and facilitates partnerships between financial institutions and first home buyers. Saving for a deposit whilst meeting rental payments is a key factor in declining home ownership. By assisting with funds for deposits, the program offers a "leg up" for first home buyers.

Further information

<http://bit.ly/2UmiL1Q>

C.S. 4 CANADA BAY COUNCIL: AFFORDABLE HOUSING POLICY

| | |
|---|---|
| Approach/ Mechanism | Voluntary Planning Agreement |
| Context | Inner metropolitan |
| Objectives | <ul style="list-style-type: none"> ♦ To maintain diversity, to ensure a socially, economically and environmentally vibrant and healthy community; ♦ To promote affordable housing provision by private, government and non-government sectors, as well as the production of diverse housing types and sizes; ♦ To improve affordable housing policy at all levels of government. |
| Strategies | <p>Prior to inclusion in SEPP 70 affordable housing has been negotiated on a case-by-case basis through VPAs with developers.</p> <p>Council was included in SEPP 70 in April 2018 and proposes to collect future contributions for affordable housing through inclusionary zoning. Council's target is for all urban renewal sites to deliver 5% affordable housing.</p> <p>A draft Affordable Housing Program for East Rhodes seeks to deliver on the 5% affordable rental housing target, for key workers within the priority precinct. The scheme is supported by an Evidence Report for the precinct prepared to assist in calculating and justifying the affordable housing contribution rates and the delivery mechanisms available to Council and developers.</p> |
| Implementation Framework | <p>Affordable housing provided through VPAs would be retained in Council's ownership and managed under a contract with by a CHP, Bridge Housing.</p> <p>After allowing for housing renewal and maintenance of housing and other Council community service facilities, remaining surplus revenue in the housing reserve are applied for acquisition of additional housing.</p> |
| Outcomes | 27 affordable housing units had been delivered through VPAs by August 2018. Now that Council has been included in SEPP 70, VPAs are not expected to be the primary source of affordable housing going forward. |
| Success Factors/ Limitations | Affordable housing development has benefitted from supportive councillors and executives and good working relationships between Community Services and Planning Departments. |
| Further information | <p>http://bit.ly/2QBKWei</p> <p>http://bit.ly/2PlCuek</p> <p>* "Facilitating Affordable Housing Through Planning Mechanisms: Part 1: Review of Planning Approaches & Measures" Report by Urbanista for the NSW Federation of Housing Associations and Parramatta City Council, 2016 https://bit.ly/2svDwLS</p> |



C.S. 5 CLARENCE VALLEY COUNCIL: VOLUNTARY APPROACH

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|---|---|
| Approach/ Mechanism | Voluntary Planning Agreements. Provision of land and facilitation of partnerships with a community housing provider to develop affordable housing. |
| Context | Non-metropolitan |
| Objectives | To develop affordable housing requirements which are supplemented by Voluntary Planning Agreements to provide affordable smaller units and land lots. |
| Strategies | <p>A two limbed approach:</p> <p>Affordable housing requirements for an equivalent of one in ten lots and dwellings to be affordable;</p> <p>VPAs for the provision of affordable housing.</p> <p>The policy identifies what is meant by affordable housing, specifying modest unit sizes and smaller land lot sizes than current development, that if provided at the specified rate are deemed to comply. Council provides land and facilitates partnerships with a community housing provider to develop affordable housing.</p> |
| Implementation Framework | Council owns one dwelling which is managed by a CHP. The other 13 are owned and managed by a CHP.* |
| Outcomes | By April 2016, Council had supported the delivery of 14 targetted affordable housing dwellings on three sites, brokering partnerships with Housing NSW and a CHP, Community Housing Limited, to leverage resources and secure grant funding.* Provision of affordable housing through VPAs has been sought, but resulting housing has been limited. |
| Success Factors/ Limitations | <p>Affordable housing development has benefitted from:</p> <ul style="list-style-type: none"> ♦ Evidence-based research and a comprehensive set of policies and strategies; ♦ A funded dedicated housing officer position as a resource to build understanding, broker partnerships and identify opportunities; ♦ Strong local stakeholder relationships and good partnerships with local CHPs and other non-government providers; ♦ Strong regional alliances through the Northern Rivers Council for Social Development and the Northern Region Organisation of Councils; ♦ The initial provision of council and Housing NSW land; ♦ Captured federal and state funding, and ♦ The provision of diverse and affordable housing types for purchase through implementation of affordable housing requirements on greenfield sites. <p>Progress has been limited by the slow rate of development in regional areas with low land values and market demand, the loss of funding for a dedicated housing officer, limited council land and competition for the use of council resources. It does not appear the VPAs framework has been strong enough to deliver the outcomes sought.</p> |
| Further information | <p>http://bit.ly/2FZnPX5</p> <p>* “Facilitating Affordable Housing Through Planning Mechanisms: Part 1: Review of Planning Approaches & Measures” Report by Urbanista for the NSW Federation of Housing Associations and Parramatta City Council, 2016 https://bit.ly/2svDwLS</p> |

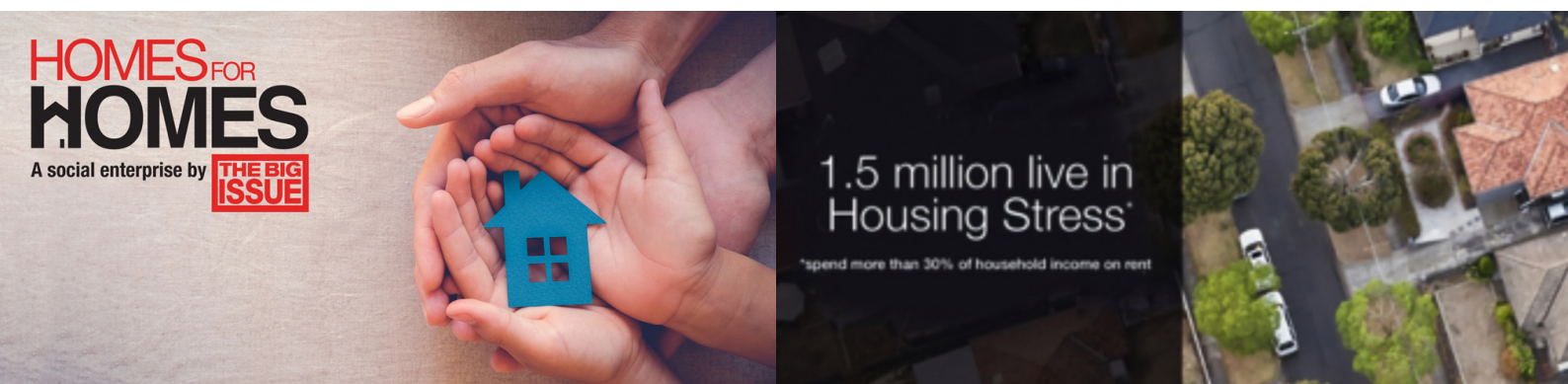


C.S. 6 DENVER, COLORADO — HIGHLANDS GARDEN VILLAGE

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|---------------------------------|---|
| Approach/ Mechanism | Mixed use development |
| Context | Metropolitan |
| Objectives | <ul style="list-style-type: none"> ♦ To demonstrate successful re-use of small, vacated urban sites, revitalising deteriorating urban arterials and spurring economic development in surrounding communities; ♦ To utilise green building techniques; ♦ To provide a model for socially responsible mixed use, mixed income development, that includes quality affordable housing; ♦ To provide a healthy community in which people of all ages and from all socio-economic groups benefit from a sense of community. <p>The Highlands Garden Village is designed as a compact, environmentally responsible integrated infill development of underutilised sites, planned in consultation with the adjoining community.</p> <p>The development incorporates Smart Growth principles including sustainability, transit oriented design and compact, mixed use development (see https://bit.ly/2e3tI3Z).</p> |
| Strategies | <p>As a mixed use precinct of over 11 hectares, Highlands Garden Village combines land uses, providing access to housing, employment, services, retail and recreation in one place. Highlands Garden Village provides a number of housing types, promoting socio-economic integration.</p> <p>The development offers a range of rental and for sale housing choices (including detached dwellings, apartments and senior living) catering to a mix of incomes and family structures, along with commercial space and amenities giving residents good access to jobs and services. Pedestrian activity is encouraged through the design of walkways and roadways.</p> <p>Throughout the development process, emphasis was placed on providing permeable pedestrian environments and preserving open space and public amenities.</p> |
| Implementation Framework | <p>The Denver Urban Renewal Authority partnered with private developers to construct the village.</p> <p>Over two years of negotiation, the site was rezoned to facilitate mixed use development. The team negotiated modified planning controls to allow narrower streets, smaller lots and a wider variety of home choices.</p> <p>Senior and affordable housing was encouraged through density bonuses.</p> |
| Outcomes | The development, completed between 2002 and 2007, has received numerous awards related to design, sustainability and transport, “increased socio-economic integration and yielding a realistic balance of housing types for the balance of nearby jobs”. |
| Success Factors/ Limitations | <p>Challenges included the need to renegotiate zonings to allow mixed land uses, responding to community concerns and securing funding for the development.</p> <p>Strong driving principles, early and continuing community engagement and an effective development partnership were factors in success.</p> |
| Further information | http://bit.ly/2RCpcMu https://bit.ly/2RA7zNp https://bit.ly/2zLJnAT |

C.S. 7 HOMES FOR HOMES

| | |
|---|---|
| Approach/ Mechanism | Voluntary mechanism for gathering community contributions towards affordable housing upon the sale of property assets by participants |
| Context | All areas |
| Objectives | To involve property owners in addressing housing needs by contributing a very small portion of the return on the sale of their properties towards the provision of additional affordable housing to be supplied through CHPs. |
| Strategies | <p>This recent initiative generates funding for affordable housing through donations by participants who have elected to make a tax deductible donation to the program upon the sale of their property. A standard donation is set at the equivalent of 0.1% of the property's sale price and forms part of the settlement disbursements process.</p> <p>When sufficient donations have been raised in a state or territory, registered organisations will be invited to submit funding applications for projects that increase the supply of affordable housing in that state or territory.</p> |
| Implementation Framework | <p>For the wholesale residential market, developers can register units with Homes for Homes before selling to homeowners or other property stakeholders. The offer to donate to Homes for Homes is registered on the title of a participating property by way of a simple legal mechanism. This mechanism acts as a reminder for the donation to be made at settlement. Homes for Homes can apply to residential and commercial properties.</p> <p>The property remains registered with Homes for Homes indefinitely encouraging all future property owners to make a donation when they sell their property. The property owner can choose to withdraw their property from Homes for Homes at any time.</p> <p>The Homes for Homes Board is responsible for authorising funding allocations to affordable housing providers. To make funding decisions, the Board leverages the knowledge and expertise of an industry-based Investment Advisory Group and state-specific Housing Advisory Groups.</p> |
| Outcomes | Homes for Homes opened its first funding round in early 2018. By August 2018, the initial funding round had generated \$300,000 for use in Victoria and \$200,000 for the ACT. |
| Success Factors/ Limitations | <p>Homes for Homes offers a way for the community to contribute to addressing housing needs and has been supported by a range of stakeholders. The federal and three state governments, together with a number of philanthropic organisations, have committed seed funding to its establishment.</p> <p>The scheme provides a vehicle by which developers and builders can generate contributions to affordable housing.</p> <p>Local councils could play a key role in raising awareness of the initiative amongst local developers by promoting council support for the program.</p> |
| Further information | https://bit.ly/1RgSIBt |



C.S. 8 NEW YORK CITY: INCLUSIONARY ZONING



Approach/ Mechanism

Voluntary Inclusionary Housing with density bonus; tax rebates and incentives; Mandatory Inclusionary Housing

Context

Inner city—high density, high housing costs

Objectives

To maintain and deliver new affordable housing supply.

Strategies

There are two principal strategies:

- ♦ Voluntary Inclusionary Housing, operating since 1987, that provides for density bonuses in exchange for the creation or preservation of affordable housing for low and moderate income households. Density bonuses and subsidies (tax credits, exemptions, access to lower cost financing) may be made available depending on the location (land value and permissible density), percentage of units dedicated for affordable housing (20%–30%) and their affordability to eligible low to middle income households.
- ♦ Mandatory Inclusionary Housing, operating since 2016, that ensures permanent affordable housing is created or preserved during rezonings or residential developments above a certain threshold. Proposed as part of Housing New York: A Five-Borough, Ten Year Plan (2014) which aimed to preserve or create 200,000 affordable dwellings over the following decade. Approximately 40% or 80,000 new dwellings were anticipated from new development under the scheme. Mandatory Inclusionary Housing will be applied to neighbourhood rezonings and private applications that significantly increase residential capacity.

Implementation Framework

Under the Voluntary Inclusionary Housing programs, delivery partners include the not-for-profit and private sectors and state and federal governments which provide housing subsidies. The Department of Housing Preservation and Development, in addition to the City Planning Department, improves the availability, affordability and quality of housing in New York City.

The Department of Housing Preservation and Development collaborates with the New York City Housing Authority, provider of public housing, to rehabilitate its stock and to construct low and moderate income housing on vacant Authority property. Asset ownership and management is a mix of not-for-profit and private entities, but each development must have permanent affordable housing.



Outcomes

Voluntary Inclusionary Housing, including both R10 and designated area programs, had helped create or preserve almost 11,000 affordable dwellings as of February 2017. (<https://on.nyc.gov/2t6UOlj>)

Success Factors/ Limitations

The success of the Voluntary Inclusionary Housing programs can be attributed to:

- ♦ Strong community support for the affordable housing programs;
- ♦ Preservation of existing affordable housing stock at scale as well as generation of new affordable housing;
- ♦ Affordable housing requirements tailored to reflect local market circumstances;
- ♦ Detailed development feasibility analysis;
- ♦ Comprehensive approach;
- ♦ Requirement for provision of affordable housing prior to rezoning;
- ♦ Flexible options for affordable housing contributions that reflect local circumstances and economic cycles;
- ♦ Federal legislation and funding;
- ♦ Access to sophisticated financing through tax exemptions, credits, and issuing of bonds;
- ♦ Early implementation to capture opportunities;
- ♦ Large scale of affordable housing provision.

The effectiveness of the programs is limited by the uncertainty of affordable outcomes with voluntary measures, which rely on a buoyant market and housing development, and are less effective in periods of downturn. The voluntary inclusionary zoning measures are most effective in high cost, high value markets and additional subsidies and/or planning concessions are likely to be required to achieve affordable outcomes in lower value locations.

Further information

<https://on.nyc.gov/2t6UOlj>

“Facilitating Affordable Housing Through Planning Mechanisms: Part 1: Review of Planning Approaches & Measures” Report by Urbanista for the NSW Federation of Housing Associations and Parramatta City Council, 2016 <https://bit.ly/2svDwLS>

C.S. 9 PARRAMATTA CITY COUNCIL: POLICY INITIATIVES

Approach/ Mechanism

Voluntary Planning Agreements. Mandatory Inclusionary Zoning – SEPP 70. Advocacy.
Direct provision of council land

Context

Metropolitan area—large-scale growth, urban renewal

Objectives

To reduce housing stress and support creation of vibrant neighbourhoods, social sustainability, economic development, diversity and social mix.

Strategies

Under its Draft Affordable Housing Policy (2017) Council will utilise VPAs in the shorter term, moving to SEPP 70 in the longer term. 10% of gross floor area of uplift value is proposed to be allocated to affordable housing.

Council's draft policy also includes:

- ♦ An advocacy role for Council targetting state and federal tax reform and increased provision of social housing;
- ♦ Development of council owned land for affordable housing;
- ♦ Exploring developer owned affordable housing models.

Implementation Framework

- ♦ Affordable housing ownership is to be transferred to CHPs
- ♦ Affordable housing must be proportionate to dwelling sizes in the overall development;
- ♦ Affordable housing dwellings will be subject to the same design requirements and controls as other dwellings;
- ♦ Eligibility for affordable housing is to be based on a shortlist agreed by Council of applicants who demonstrate a connection with the City of Parramatta;
- ♦ Provision of affordable housing is monitored and reported on annually.

Outcomes

Council's target is 9,500 affordable housing rental dwellings by 2036.

Council has seven affordable housing dwellings generated through VPAs under previous Affordable Housing Policy 2009.

Success Factors

Long term executive level interest in responding to housing issues.

Limitations

Targetted background studies have positioned Council to respond.

Considerable opportunities for densification make use of planning mechanisms more viable.

Further information

<https://bit.ly/2NehmLy>

C.S. 10 PORT PHILLIP COUNCIL: AFFORDABLE HOUSING STRATEGY

| | |
|--------------------------------|---|
| Approach/ Mechanism | <p>Contributions of land and/or cash for the development of community housing on council land</p> <p>Facilitation of social (public and community) housing</p> <p>Dedicated housing officer/other support for housing projects</p> <p>Partnerships/joint ventures with private sector, state government and community housing providers, and philanthropic foundations and ethical investors</p> <p>Planning agreements</p> |
| Context | Inner metropolitan Melbourne |
| Objectives | <p><i>In Our Backyard – Growing Affordable Housing in Port Phillip 2015–2025</i> includes objectives to:</p> <ul style="list-style-type: none"> ♦ Expand the supply, distribution and type of social (public and community) housing available for current and future residents; ♦ Facilitate diverse partnerships to deliver social and affordable housing; ♦ Promote a range of housing models, mechanisms, approaches and projects that address the housing needs of low to moderate income residents and contribute to social diversity. <p>The objectives of Council's homelessness strategy, <i>Think and Act – Homelessness Action Strategy 2015-2020</i> include to:</p> <ul style="list-style-type: none"> ♦ Promote a co-ordinated response to the needs of people experiencing homelessness, including the relocation of residents of private rooming houses being closed; ♦ Provide a direct outreach service to help older persons and persons experiencing homelessness find affordable secure housing; ♦ Manage nomination rights for Port Phillip residents in 437 units in five public housing estates that were developed in the 1960s/70s with council contributions. |
| Strategies | <ul style="list-style-type: none"> ♦ Contribution of council land and money; ♦ Ensuring community housing is delivered as a component of development on divested council land; ♦ Facilitation of public housing renewal and redevelopment; ♦ Facilitation of HousingFirst to leverage Port Phillip Housing Trust assets; ♦ Application of affordable housing planning mechanisms; ♦ Facilitation of the delivery of affordable housing by other organisations; ♦ Fostering innovative housing models to achieve a broader spectrum and diversity of housing. <p>Council provides land/air space (and supporting funds) for the development of community housing by community housing organisations on council land.</p> <p>After being a direct developer of community housing between 1985 and 2006, Council established the Port Phillip Housing Trust (PPHT) and transferred the ownership of its housing properties and the role of developer to HousingFirst as Trustee of the PPHT.</p> <p>Housing projects were largely funded through joint ventures with the Victorian Department of Health and Human Services (DHHS) and debt finance leveraged by HousingFirst under the PPHT. Partnerships with private developers have also been undertaken by Council.</p> <p>Council and the DHHS are committed to a formal partnership that will facilitate redevelopment of some public housing estates to increase their yield, diversity and housing quality.</p> <p>Council is investigating mechanisms to increase private-sector take-up of VPAs. It is implementing a 6% affordable housing target in Fishermans Bend Urban Renewal Area, combined with floor space incentives for inclusion of community housing at a rate of one for every 8 private dwellings.</p> |

C.S. 10 PORT PHILLIP COUNCIL ...cont

Strategiescont Council further facilitates affordable housing through:

- ♦ Providing housing needs information
- ♦ Property identification
- ♦ Providing assistance in the statutory planning process
- ♦ Providing support for funding applications with the DHHS
- ♦ Brokering philanthropic and ethical investor support
- ♦ Research to identify and establish new housing models.

Implementation Framework Council supports affordable and accessible housing through:

- ♦ Direct contributions of land and cash
- ♦ Leadership, advocacy and research
- ♦ Project facilitation
- ♦ Negotiated planning agreements
- ♦ Information, referral and outreach relocation assistance to older persons and persons experiencing or at risk of homelessness.

Council contributed \$4m (\$400,000 annually) from 2006 to 2014/15 along with \$2.45m in land contribution to the PPHT and has committed up to 5,000m² of land/air space (valued at \$25 million in 2016) and \$5 million (\$500,000 annually) in cash for the delivery of community/affordable housing under partnership between 2015/16 and 2024/25.

Outcomes The partnership between Council and HousingFirst has delivered 568 units of community housing since 1985. The *In Our Backyard* strategy sets a target of 920 affordable and social housing units by 2025 including 170 units on Council land.

Completed initiatives include three air space development projects over Council car parks and community facilities using a model pioneered by Council.

Success Factors/ Limitations Successful partnerships between state government, a community housing organisation and private developers.

The long term focus on affordable and community housing allowed for a well evidenced policy framework which enabled the commitment of Council resources. It was promoted by supportive senior management and council commitment over a sustained period through recurrent capital contributions, land contributions, staffing resources, and research.

A dedicated housing officer provided consistency and retained corporate knowledge.

The transfer of assets to HousingFirst has enabled it to leverage debt finance.

The release of the Victorian Government's *Homes for Victorians* policy (March 2017) provided a comprehensive set of funding programs aligned with the strategy.

Inability under Victorian legislation to provide for mandatory contributions of affordable housing under planning mechanisms limits a broad-based solution to housing need.

Further information

<https://bit.ly/2KYPXIt> <http://bit.ly/2rCSkrL>

"Facilitating Affordable Housing through Planning Mechanisms: Part 1: Review of Planning Approaches and Measures", report by Urbanista for the NSW Federation of Housing Associations and Parramatta City Council, 2016 <https://bit.ly/2svDwLS>



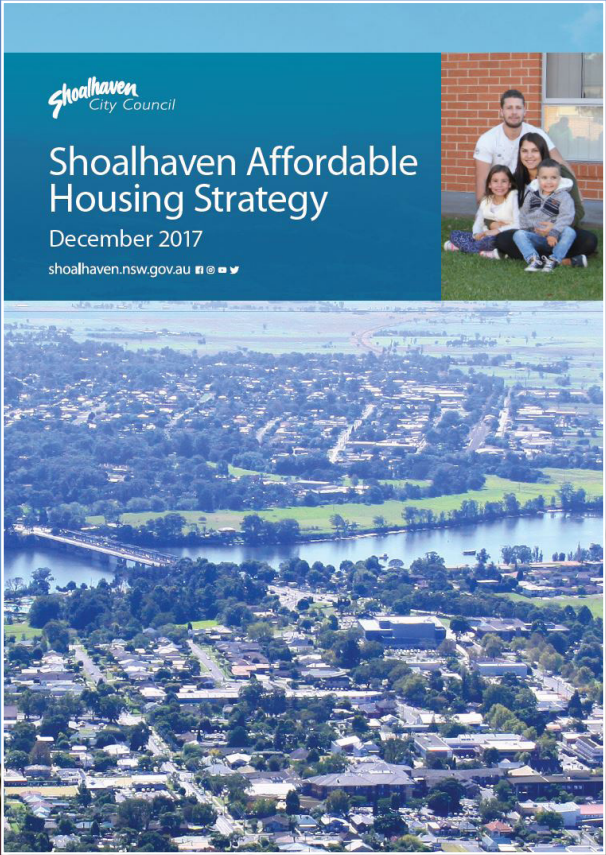
C.S. 11 RANDWICK CITY COUNCIL: KENSINGTON AND KINGSFORD TOWN CENTRE AFFORDABLE HOUSING PLAN

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|---|--|
| Approach/ Mechanism | Mandatory Inclusionary Zoning (SEPP 70) |
| Context | Inner metropolitan—growth, urban renewal |
| Objectives | <ul style="list-style-type: none"> ♦ To identify the need for affordable housing which will be increased by renewal and redevelopment; ♦ To recognise affordable housing as infrastructure necessary to support a socially diverse community and the economic functions of Randwick LGA (in particular the Randwick Education and Health Strategic Centre); ♦ Ensure there are opportunities for very low to moderate income households who work in Randwick City to live in Randwick City. |
| Strategies | <p>Council's inclusion in SEPP 70 in April 2018 enables it to implement the Plan. Inclusion in SEPP 70 was supported by:</p> <ul style="list-style-type: none"> ♦ Completing a planning review of the Kensington and Kingsford town centres; ♦ Establishing new building heights and development controls; ♦ Identifying the need for and benefits of affordable housing; ♦ Developing an affordable housing contributions scheme; ♦ Demonstrating the viability of an affordable housing contribution by undertaking financial feasibility assessment. |
| Implementation Framework | <p>Contributions levied in two stages are planned:</p> <ul style="list-style-type: none"> ♦ A contribution rate of 3% of total floor space for development applications lodged prior to June 2019; ♦ A contribution rate of 5% of total floor space to development applications lodged from July 2019 onwards. <p>Contributions may be through construction and dedication of the required affordable housing dwellings.</p> <p>Council proposes to retain ownership and contract property tenancy management to a CHP.</p> |
| Outcomes | <p>More than 200 affordable dwellings can potentially be delivered under the Plan.</p> <p>Council has generated 20 affordable dwellings—16 owned by Council—and a further 8 affordable units (four owned by Council) have been developed on a Council-owned parcel of land as part of a joint venture with Community Housing Limited—generated through VPAs under its Affordable Rental Housing Program (2007).</p> |
| Success Factors/ Limitations | <p>Factors supporting development of the Plan include:</p> <ul style="list-style-type: none"> ♦ Increasing media coverage and interest in housing affordability; ♦ Support from the local state member and councillors; ♦ Recognition of affordable housing as an issue in the state government's Draft Eastern City District Plan; ♦ Recognition of affordable housing in the Randwick Collaboration Area Place Strategy. |
| Further information | https://bit.ly/2hCQ2mj |



C.S. 12 SHOALHAVEN COUNCIL: AFFORDABLE HOUSING STRATEGY

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|---|--|
| Approach/ Mechanism | Affordable housing projects on Council land. Shared equity model. Advocacy. Removing planning impediments to affordable housing, facilitation through planning incentives |
| Context | Regional coastal—growth, tourism pressures |
| Objectives | To facilitate additional affordable housing across the Shoalhaven LGA. |
| Strategies | <p>The Strategy comprises 28 strategies. They include:</p> <ul style="list-style-type: none">♦ Using council and other public authority land to develop affordable housing in partnership with CHPs;♦ Development of a shared equity model in conjunction with a community housing provider;♦ Developing a VPA policy to facilitate affordable housing;♦ Reviewing and adjusting council planning controls to facilitate an increase in supply of smaller dwellings;♦ Developing guidelines to encourage a greater proportion of permanent sites in caravan parks; and♦ Advocating for inclusion of Shoalhaven in the Affordable Rental Housing SEPP and SEPP 70. |
| Implementation Framework | <p>The Strategy comprises short term (within three years), medium term (three to five years) and long term (five to ten years) components.</p> <p>Council will work with CHPs, other levels of government and the private sector.</p> |
| Outcomes | <p>One short term strategy is the development of Council land for affordable housing. A 2400m² Council owned site near Bomaderry railway station has been identified for a mixed tenure affordable housing project in partnership with a registered CHP.</p> <p>An innovative “co design” workshop was held with stakeholders and a concept design produced for the site comprising 18 boarding house rooms, six one bedroom units, 12 two bedroom units, one commercial tenancy and 25% undercroft parking.</p> |
| Success Factors/ Limitations | <p>Lessons learnt to date:</p> <ul style="list-style-type: none">♦ Find local champions;♦ Research the problem;♦ Explain what affordable housing is;♦ Create partnerships and work with others;♦ Provide practical examples of the issue;♦ Identify what might work locally, not what is in vogue. |
| Further information | https://bit.ly/2SPMZJD |



C.S. 13 CITY OF SYDNEY: CITY WEST

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| Approach/ Mechanism | Mandatory Inclusionary Zoning. State and Commonwealth government contributions. Development funds collected by Council transferred to City West Housing Company to build and manage affordable housing. |
| Context | Inner metropolitan—urban renewal, gentrification |
| Objectives | To ensure ongoing opportunities for very low, low and moderate income households to live in the City West area. Applicants were originally required to have links to the Ultimo Pyrmont area but the scheme has since expanded to include households living or working in the City of Sydney |
| Strategies | <p>Under this unique tripartite arrangement, the Commonwealth provided subsidies through the Building Better Cities Program, the state government contributed a portion of proceeds from the sale of state government land and the private sector contributed under an inclusionary zoning scheme.</p> <p>City West Housing Company was established to develop and manage the new housing stock independently of government. The company also manages housing elsewhere in the City of Sydney.</p> <p>Council has approved the expansion of the schemes across the Council area, subject to state government approval.</p> |



CITY WEST
HOUSING



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| Implementation Framework | <p>The assets are owned and managed by the City West Housing Company.</p> <p>Tenants pay rent based on a sliding scale which reflects their capacity to pay (25% to 30% of income).</p> |
| Outcomes | <p>In 2018 City West owned and managed 685 affordable housing units. 405 of these are in Ultimo and Pyrmont, with the balance in Green Square and North Eveleigh. Further developments are underway or planned in Glebe, Alexandria and Waterloo. It is anticipated that the expanded levy scheme will deliver up to 1900 affordable housing dwellings.</p> |
| Success Factors/ Limitations | <p>The success of the program can be attributed to the fact that it was developed and introduced at the time of rezoning when significant uplift was occurring. It benefitted from a large injection of upfront capital, strong funding streams, a special purpose housing company with development capacity and tenancy management functions, in-house development capability and good relationships between Council and the CHP.</p> <p>Failure to take up opportunities to purchase vacant land early on in City West, combined with constraints on using debt financing may have limited the overall housing yield. The preference for provision of monetary contributions at Green Square along with the pattern of land holding in very large parcels made procuring sites for affordable housing difficult. The boundary in which funds could be spent was extended to help address this problem.</p> |
| Further information | <p>https://bit.ly/2UfOuSu</p> <p>“Facilitating Affordable Housing Through Planning Mechanisms: Part 1: Review of Planning Approaches & Measures” report by Urbanista for the NSW Federation of Housing Associations and Parramatta City Council, 2016 https://bit.ly/2svDwLS</p> |





C.S. 14 CITY OF SYDNEY: SUSTAINABLE SYDNEY 2030

Approach/ Mechanism

Targets. Mandatory Inclusionary Zoning. Voluntary Planning Agreements. Sale of council land at subsidised rates to community housing providers.

Context

Inner metropolitan—increasingly unaffordable

Objectives

To have 7.5% of all housing in the LGA as dedicated affordable housing, along with 7.5% social housing, by 2030. The overall aim is to enable key workers to live close to employment.

Strategies

Mandatory Inclusionary Zoning for affordable housing applies to three areas where new floor space is created, or rezoning creates a new residential development. The developer is required to make contributions in the form of finished affordable housing or as an equivalent monetary contribution.

Council is able to negotiate VPAs with developers on major projects to secure contributions towards affordable housing.

Land owned by Council, whether surplus to need, underutilised, or acquired through developer contribution schemes (including VPAs) is sold to CHPs at a discounted rate under an agreement that the land be used to develop affordable housing.

Implementation Framework

Under the Mandatory Inclusionary Zoning schemes, developer contributions are applied once a proposed development reaches a certain threshold. On-site contributions are calculated as a percentage of the development's total floor area, while monetary contributions follow a schedule of applicable rates, indexed annually, for each area where the levy operates (see C.S. 13 above).

VPAs may be accompanied by implementation agreements to address matters concerning the works undertaken, access to land during development and the terms of land transfer upon completion.

In subsidised land sales, an agreement between Council and the CHP stipulates the requirements for the development of affordable housing on the land.



Outcomes

As of 2017 750 affordable units have been delivered through Mandatory Inclusionary Zoning, and Council expects a further 800 affordable dwellings to be delivered by 2030.

VPA's have been used by Council to negotiate the supply of affordable dwellings on site, monetary contributions and contributions of land. For example, a negotiated agreement between Council and a developer at the Harold Park urban renewal project resulted in 80 affordable units and Council was able to secure a portion of land as well.

Land sales at Green Square include sales to City West Housing in 2017 for 200 affordable units, and in 2018 to St George Community Housing which will deliver an additional 80 affordable homes. These sales combined represent a \$5 million discount on market value. Council has also sold land in Redfern to St George Community Housing in order to develop 130–150 social and affordable housing units. Land at Harold Park, secured by Council through a planning agreement, was sold at a discounted rate to City West Housing in order to provide a further 76 affordable dwellings.

Success Factors/ Limitations

The supply of affordable housing has been limited by restrictions on the application of Council's mechanisms. Council has suggested that up to 3,600 additional affordable homes could be built by 2030 if its affordable housing levy is extended to all land within the LGA. This and other amendments to its affordable housing framework were on public exhibition in 2018.

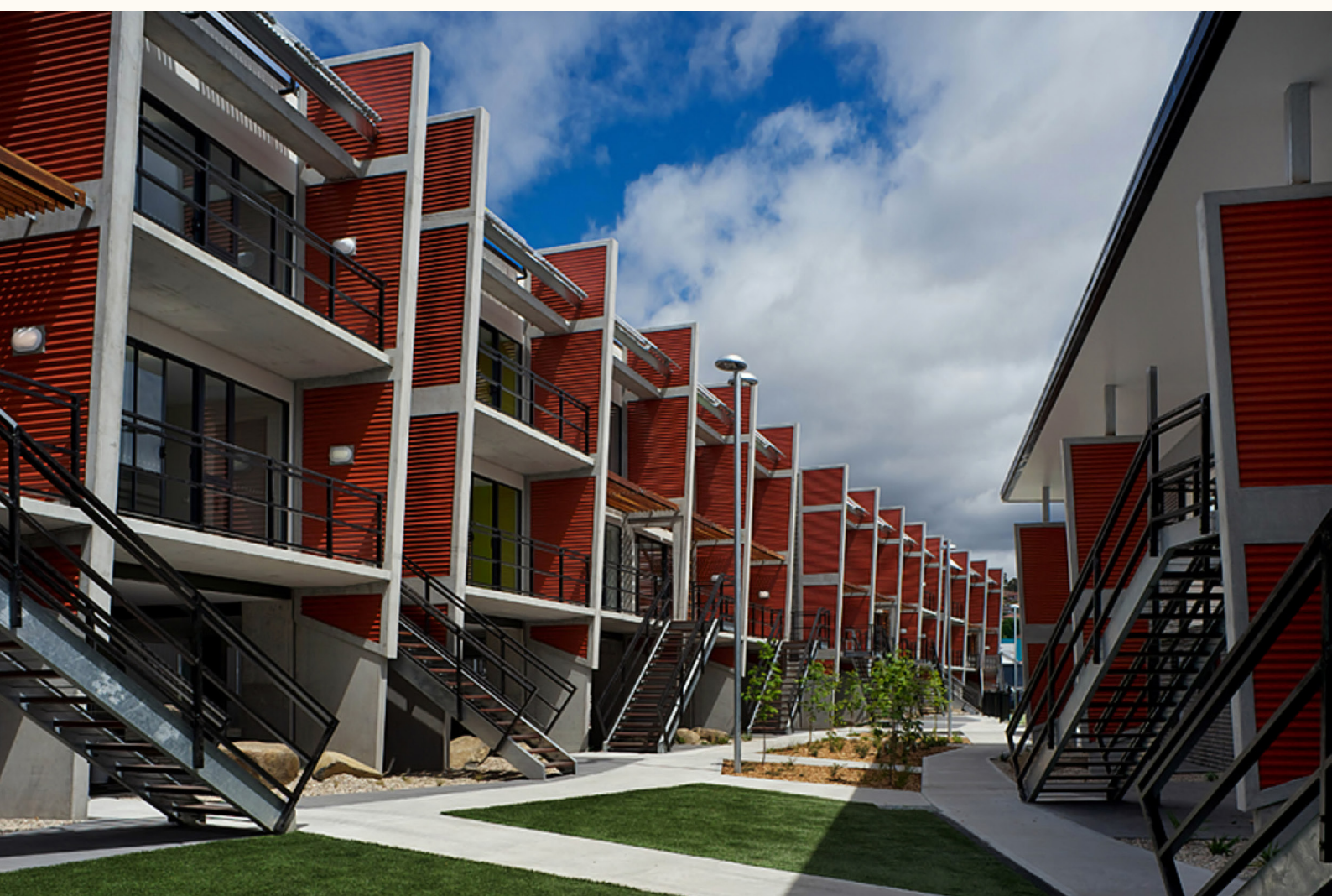
Further information

<http://bit.ly/2rAKleS>

<http://bit.ly/2PHKLti>

C.S. 15 TASMANIAN GOVERNMENT: HOPKINS STREET AFFORDABLE HOUSING

| | |
|--------------------------------|--|
| Approach/ Mechanism | Environmentally sustainable design and development for affordable living. |
| Context | Metropolitan |
| Objectives | <p>To deliver “a model of energy efficient housing that reduces the strain on our environment and the financial stress on household income, through significantly reduced energy bills for occupants”</p> <p>(see https://bit.ly/2QyKfTc).</p> |
| Strategies | <p>The 30 one and two bedroom units are occupied by tenants drawn from the public housing list, providing high quality housing to those with limited housing choice. The project has been recognised as a case study of excellence in “design innovation” by Monash University research. Rent is set at 25% of income plus Commonwealth Rent Assistance.</p> <p>Design maximises natural daylight, cross flow ventilation and visual amenity. The development utilises solar hot water, photovoltaic electricity panels, insulation and underground rainwater tanks to reduce the cost of living and environmental strain. A playground, communal gardens, landscaped courtyard, clotheslines and a reused goods exchange contribute to a socially enriched housing community.</p> |



| | |
|-------------------------------------|---|
| Implementation Framework | The development was funded by the Tasmanian Government, including funds from Nation Building funding and the Social Housing National Partnership. |
| Outcomes | <p>Hopkins Street Affordable Housing Development achieved a Five Star Green Star Multi Unit Residential Design rating. The development is recognised by Monash University as one of Australia’s most innovative social housing projects.</p> <p>“The biggest achievement has been the sense of community achieved,” according to the project’s associate architect, Alex Newman, “with flourishing community gardens, a popular children’s playground, Hopkins Street is a safe place that people call home.”</p> |
| Success Factors/ Limitations | <p>Hopkins Street is recognised for redefining the quality, environmental sustainability, social sustainability, livability, performance and ambitions of social and affordable housing in Australia. The development upholds high design standards whilst providing appropriate amenity for community housing.</p> <p>Whilst the project was highly cost effective in its development and subsequent running costs, funding may impose limitations on future projects.</p> |
| Further information | https://bit.ly/2QyKfTc https://bit.ly/2QAYeaR |



C.S. 16 WAVERLEY COUNCIL: AFFORDABLE AND SOCIAL HOUSING PROGRAMS

| | |
|---|---|
| Approach/ Mechanism | Voluntary Planning Agreements combined with up to 15% floor space ratio incentive facilitated property acquisition between 1996 and 2012. Since 2012 Voluntary Planning Agreements have provided ongoing contributions to the program. Partnerships. |
| Context | Inner metropolitan—gentrification, loss of affordable rental housing |
| Objectives | To maintain diversity, especially low to moderate income earners, older people and people with a disability who have very low income. |
| Strategies | The Affordable Housing Program was implemented between 1996 and 2012 through VPAs with a planning incentive of up to 15% in permissible floor space with the value uplift shared between the developer and Council for affordable housing. Contributions could be made by transferring completed dwellings to Council as affordable housing in perpetuity, providing dwellings for a set lease term to be managed by Council's CHP, or monetary contribution. Since 2012, VPAs have continued to secure 10% of all contributions towards affordable housing. Social Housing Program: Partnerships with Housing NSW. |
| Implementation Framework | Units are managed by a CHP. Social Housing Program assets are owned by Council or in partnership with Housing NSW. 21 of the 43 Affordable Housing Program units are council owned with the remaining 22 leased to the program for a specified term. |
| Outcomes | Over 15 years the provisions have achieved 43 units of affordable housing. 21 are held in perpetuity and 22 have been leased to the program for various periods. All are in private strata blocks. |
| Success Factors/ Limitations | The programs have benefitted from the consistent support of the councillors and senior management over 30 years ensuring long term goals were achieved. The strong partnership between the community services team and planning teams within Council has facilitated sharing of expertise. Success was limited by the high labour intensity of the case by case work and the lack of significant state and federal planning reform required to provide clear direction to enable local councils to implement further affordable housing. Clear objectives and targetting identified the needs of target groups. The long time frame has allowed pursuit of opportunities that have arisen at different times. |
| Further information | https://bit.ly/2roBOvg “Facilitating Affordable Housing Through Planning Mechanisms: Part 1: Review of Planning Approaches & Measures” report by Urbanista for the NSW Federation of Housing Associations and Parramatta City Council, 2016 https://bit.ly/2svDwLS |



C.S. 17 WESTMINSTER CITY & DOLPHIN LIVING: INTERMEDIATE LIVING

| | |
|--------------------------------|---|
| Approach/ Mechanism | Intermediate Housing |
| Context | Inner Metropolitan |
| Objectives | To improve housing opportunities for moderate income individuals and families unable to access private rental or home ownership, and to promote socio-economic diversity in inner-metropolitan and metropolitan regions. |
| Strategies | <p>Trenchard House development is located in London close to restaurants, bars, theatres and shops. Of the 78 homes, 65 are on intermediate rents with three year tenancies, with the option of a further three years for eligible households. Dwellings are equipped with fridges, stoves and built in wardrobes. There is a ground floor retail space and a basement restaurant.</p> <p>The site, formerly owned by the public sector, had lain dormant for years. The properties are rented at discounts of up to 75% of the market rate.</p> <p>The properties cater to those who do not qualify for social housing, but cannot access London's strained property market including traditional key workers, such as nurses, firemen and police officers, chefs, actors, social workers and those employed in tourism. Residents are required to demonstrate they can afford to live in the housing without requiring a housing benefit.</p> |



City of Westminster



Implementation Framework

The housing is administered by Dolphin Living. Applications for the properties are directed through Homeownership Westminster. Homeownership Westminster is a service aimed at those who live or work in the Westminster area and want to get on to or move up the property ladder through purchasing or renting a property. The service was launched in April 2009 and it has helped over 1,000 households to home ownership or rental property in Westminster.

Priority is given to families with children who are Westminster residents and then to Westminster workers. Maximum household incomes apply to eligibility.

Residents are open to applying for the Westminster Homeownership Accelerator through which 50 households have the opportunity to receive an enhanced, gifted deposit after three years of renting, towards a home purchase in Greater London, after initially renting a property through intermediate rent.

Outcomes

The development was opened and occupied in 2016. It achieved Code 4 of the Code for Sustainable Homes.

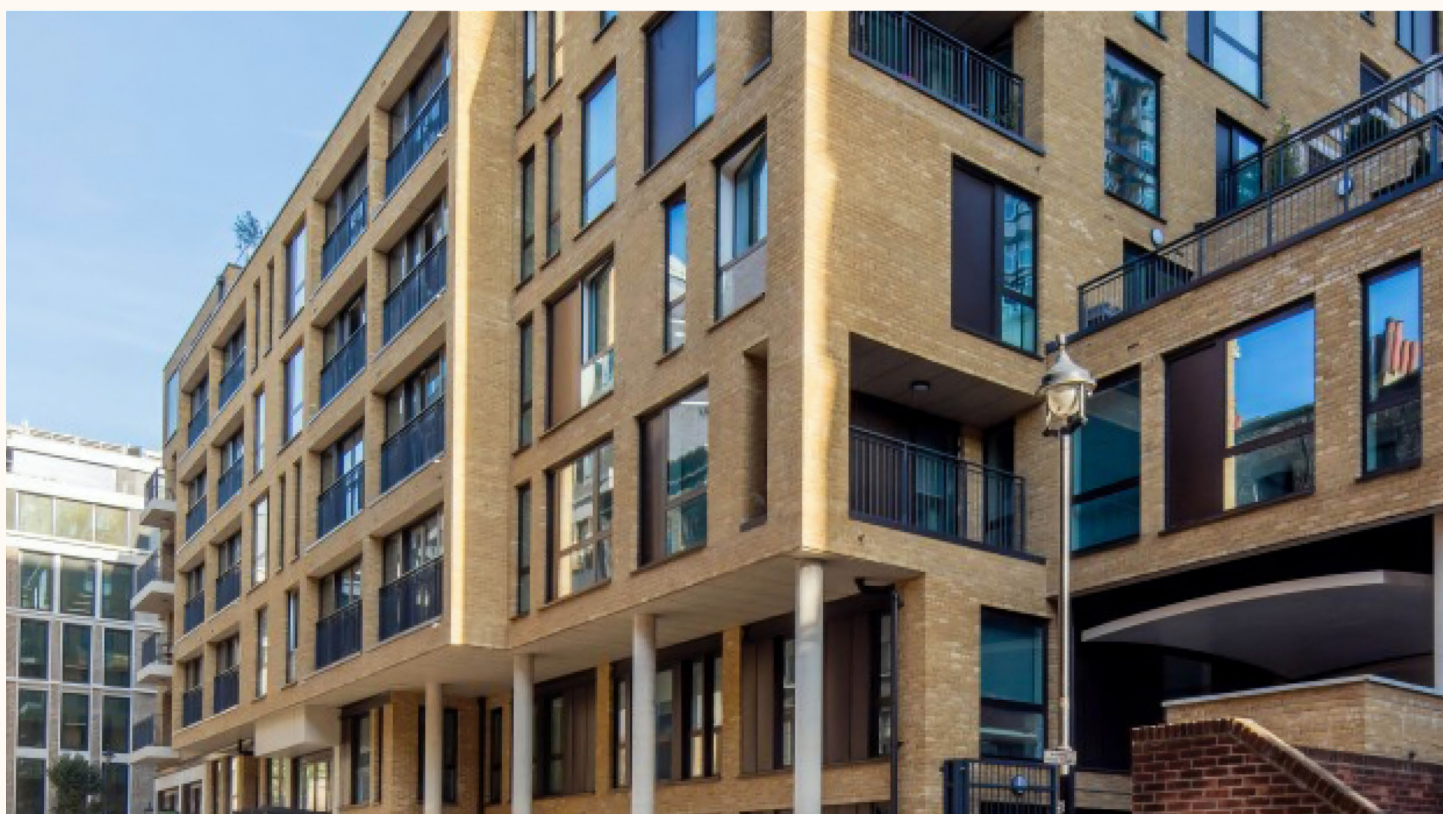
Success Factors/ Limitations

The development is a successful example of environmentally and socially sustainable housing catering for a sector of the housing market that often falls between existing housing options.

It also exemplifies the functional relationship between affordable housing providers and council bodies.

Further information

<https://bit.ly/2AQ8mmi> <https://bit.ly/2mHpSx> <http://bit.ly/2ABUTza>



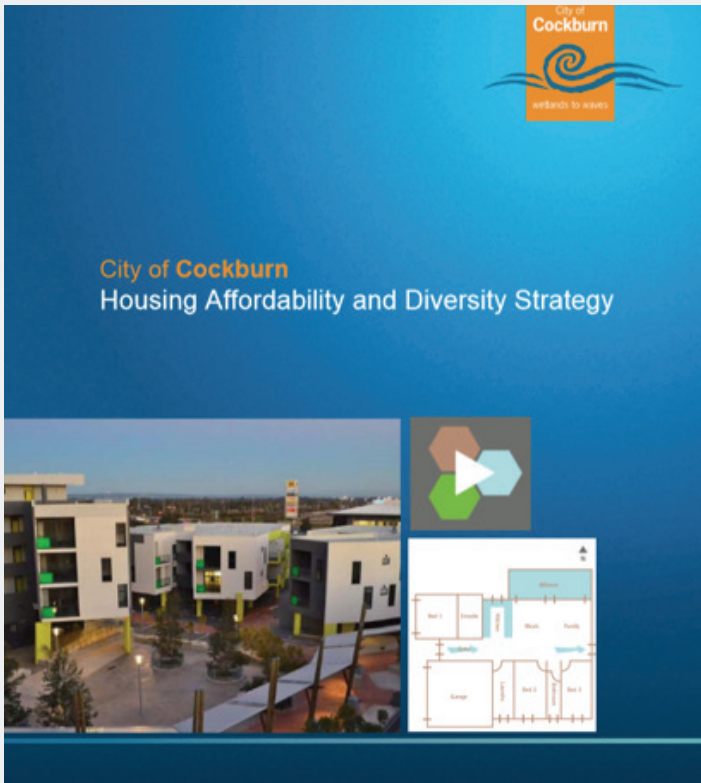
C.S. 18 WILLOUGHBY CITY COUNCIL: SEPP 70

| | |
|---|---|
| Approach/ Mechanism | Mandatory Inclusionary Zoning (SEPP 70) |
| Context | Metropolitan—growth, urban renewal |
| Objectives | <p>Willoughby's Local Environmental Plan 2012, the main apparatus to implement Willoughby's Affordable Housing Program, aims to “provide opportunities for a range of housing choice in Willoughby to cater for changing population needs in accessible locations”.</p> <p>The Willoughby Development Control Plan specifies housing aims:</p> <ul style="list-style-type: none"> ▪ To encourage the development of new housing for a diverse residential and working population representative of all income groups; ▪ To guide the community and the development industry in the provision of affordable housing; ▪ To outline the obligations relating to ongoing management of affordable housing. |
| Strategies | <p>Mandatory Inclusionary Zoning – SEPP 70 and Willoughby Local Environmental Plan 2012. 10% of gross floor area of uplift value is allocated to affordable housing.</p> <p>Investigation of use of Council land for an affordable housing project.</p> |
| Implementation Framework | <p>As sites are rezoned for more intensive development a contribution equivalent to 4% of the gross floor area of the residential component of development is made. If the 4% contribution is not enough to achieve a full unit, a monetary contribution is required based on the equivalent market value of the floor space.</p> <p>Council retains ownership of affordable housing dwellings. Asset and tenancy management is the responsibility of a CHP, Evolve Housing. Care is taken in negotiating housing contributions to ensure that affordable housing is not likely to incur high strata fees.</p> |
| Outcomes | 12 dwellings have been delivered. A further 11 are in the pipeline and cash contributions are held in trust. Housing is rented to households on low to moderate incomes at rents that do not exceed 30% of their income. |
| Success Factors/ Limitations | <p>Progressive culture within both the elected and administrative arms of Council has assisted. From 1995 until 2014 Council had a designated staff member for housing. The vacant position has not been filled pending council restructuring.</p> <p>The contribution applies to residential rezoning (clause 6.8(7) of the LEP) and mixed-use land, not to B3 commercial core sites where residential use is not permitted.</p> <p>Opportunities to require affordable housing have been lost where applications have been assessed by the state government as major projects. In such cases, development has not included provision for affordable housing even though those projects, such as the Chatswood Station redevelopment, have tended to result in significantly more intensive development than permissible under the LEP. One exception was a major project in Chatswood on Council land where Council was able to require contribution to affordable housing as part of its conditions of sale.</p> |
| Further information | <p>https://bit.ly/2QA7Fri</p> <p>“Facilitating Affordable Housing Through Planning Mechanisms: Part 1: Review of Planning Approaches & Measures” report by Urbanista for the NSW Federation of Housing Associations and Parramatta City Council, 2016 https://bit.ly/2svDwLS</p> |





5.5 EXAMPLES OF Housing Initiatives

| Authority | Focus | Description / Further Information |
|------------------------|---|--|
| E.1 Berlin, Germany | Design: – Reducing cost of production – Housing co-operatives | <p>In Berlin, building cooperatives deliver more affordable housing by enabling home buyers to refine their requirements through input to the design. They can choose to remove components they do not want to use and pay for, such as parking and luxury features.</p> <p>Alves, T. and London, G., 2012, <i>New Housing for a Shifting Urban Paradigm: Housing Cooperatives as a More Affordable and Sustainable Alternative for Housing Provision in Australian Cities</i>.</p> <p>https://bit.ly/2PI4hfe</p> |
| E.2 Build to Rent | Purpose built rental housing Facilitation Partnerships: Use of government land | <p>Build to rent is a term used to describe a model that aims to provide good quality rental housing suited to low to moderate income people priced out of ownership, whose needs are not met through the private rental market. Accommodation, usually in the form of residential flat buildings in accessible locations, is developed for rental rather than sale of individual units to home purchasers or investors. While the particular model, intended to attract institutional investors, is yet to be established in Australia, with proponents advocating for tax incentives and other facilitation, the National Affordable Rental Incentive has provided incentives for purpose built rental housing targetted to low income households.</p> <p>Concerns have been raised that the model may be not be sufficiently targetted to those in housing need and may simply enhance developer profit, rather than improving affordable housing options. The provision of incentives and other facilitation only to projects which deliver required affordable housing outcomes can assist in addressing this.</p> <p>Amenity concerns for residents and neighbours have also been raised if concessions in development standards are not carefully applied.</p> <p>The NSW Government included a build-to-rent project at Redfern Park in its Communities Plus program in July 2018. The project will comprise around 400–500 dwellings, 70% for renters at market prices and 30% for social and affordable rental housing developed in partnership with the development industry and investors.</p> <p>https://bit.ly/2SxVloM https://bit.ly/2CmpEYW</p> |
| E.3 Byron Shire | Facilitation: Sale of council land | <p>Byron's Affordable Housing on Council Owned Land Policy requires that as a first option consideration is given to affordable housing in the form of:</p> <p>medium density low cost residential housing, villas and seniors' living opportunities;</p> <p>caravan park type housing in appropriate areas.</p> <p>An example is the sale of vacant Council land in Mullumbimby to North Coast Community Housing to deliver a mix of housing options.</p> |


| Authority | Focus | Description / Further Information |
|--------------------------------|--|--|
| E.3 Byron Shire ... cont | Facilitation: Sale of council land | <p>The 3200m² property will be developed for 25 one bedroom units, with a mix of affordable housing and market value housing. Six units will be managed by North Coast Community Housing and set aside for affordable community housing. The remainder will fill a “a niche housing gap”. The initiative will return market value to Council.</p> <p>https://bit.ly/2rm9jhK https://bit.ly/2E3WYX3 https://bit.ly/2E3WYX3</p> |
| E.4 Central Coast (Gosford) | Planning: Retaining affordable housing | <p>Gosford LEP 2012 includes measures to retain residential parks and low cost accommodation. The objectives of Clause 7.5 “Caravan parks and manufactured home estates” seek to ensure the social and economic wellbeing of residents at risk of displacement due to redevelopment.</p> <p>https://bit.ly/2StAgM1</p> |
| E.5 Cockburn, WA | Facilitation: Housing diversity – development incentives | <p>The City of Cockburn Housing Affordability and Diversity Strategy 2018 includes:</p> <p>Actions to amend local planning controls to facilitate a more diverse range of housing, specifically smaller dwellings and adaptable dwellings (needing the support of changes to state policies);</p> <p>Investigating use of planning incentives for affordable housing;</p> <p>Use of Council land for affordable housing projects;</p> <p>Research and stakeholder engagement to inform policy development.</p> <p>https://bit.ly/2AQ85zM</p>  |

EXAMPLES OF HOUSING INITIATIVES ... cont

| Authority | Focus | Description / Further Information |
|---|---|--|
| E.6 Darebin, Victoria | Facilitation: Retention of low cost private rental | <p>The City of Darebin Housing Stress Action Plan 2013–2017 includes the following actions to increase the number of rooming houses in the city:</p> <p>Actively work with the Registered Accommodation Association of Victoria (umbrella group representing owners and operators) to increase the number of safe registered rooming houses;</p> <p>Maintain an up-to-date list of all registered rooming houses that is available to the public;</p> <p>Develop and formalise a “Rooming House Closure protocol” with North East Housing in the event that a private rooming house is closed and the tenants are made homeless;</p> <p>Contribute to the development and maintenance of a Rooming House website in conjunction with the Metropolitan Melbourne Rooming House Group and the Victorian Local Governance Association.</p> <p>http://www.darebin.vic.gov.au/</p> |
|  <p>City of Darebin RESPONDING TO HOUSING STRESS</p> <p>A local action plan 2013–2017</p> | | |
| E.7 Design Council, UK | Design: Better living through good, sustainable design | <p>Building for Life 12 is a government-endorsed industry standard for well designed homes and neighbourhoods. Local communities, local authorities and developers are encouraged to use it to guide discussions about creating good places to live.</p> <p>https://bit.ly/2EgATWj</p> |
|  <p>BUILDING FOR LIFE 12 The sign of a good place to live www.builtforlifehomes.org</p> <p>By David Birchbeck and Stefan Krackowski Edited by Paul Collins and Brian Quinn</p> | | |
| E.8 Hobart City, Tasmania | Corporate Planning: Inclusive communities | <p>The development of the Hobart 2025 Strategic Vision plan has allowed both the people and the Council of the City of Hobart to identify goals to be achieved as Hobart develops. These have been outlined in the Hobart City Council Social Inclusion Strategy.</p> <p>https://bit.ly/2rloiJ3</p> |

| Authority | Focus | Description / Further Information |
|---|--|---|
| E.9 Hobsons Bay, Victoria | Establishing evidence base | Hobsons Bay City Council has prepared a background report (December 2017) that establishes the evidence base for a forthcoming Housing Strategy. The evidence base includes a detailed outline of contextual data and issues, including current and future housing needs, and identifies key policy focus areas around which housing objectives and actions are to be developed. https://bit.ly/2TJXKgG |
| E.10 Home Care Heroes, Australia | Community care: Supporting residents in existing housing/ communities | Home Care Heroes offers affordable care and companionship to community members who are ill, injured, elderly or living with a disability. It aims to reduce social isolation and build more inclusive communities. https://bit.ly/2LYaCAe |
|  | | |
| E.11 Inner West (includes former Ashfield, Leichhardt and Marrickville LGAs) | Planning: Development incentives and dwelling mix requirements | Ashfield LEP 2013 aims to facilitate new affordable rental housing by providing height incentives to developers. Under clause 4.3A, residential flat buildings or shop top housing in mixed use developments on identified land can exceed building heights by up to 7m, provided that at least one dwelling is used for affordable rental housing and 25% of the additional incentivised floor space be used for affordable rental housing. https://bit.ly/2FYMYRC Leichhardt Local Environmental Plan 2013, Clause 6.13 “Diverse housing” sets mandatory requirements for multi-unit housing configuration. At least 25% of dwellings must be studio units and one bedroom dwellings and no more than 30% can be three bedroom dwellings. https://bit.ly/2GaCpv4 |
| E.12 Inner West | Planning: Targets and inclusionary zoning | The Inner West Council developed an Affordable Housing Policy in 2017 setting a target of 15% affordable housing on large developments and 30% on government-owned urban renewal sites. Inner West Council has been included in SEPP 70. https://bit.ly/2FszSes |
|  | | |

EXAMPLES OF HOUSING INITIATIVES ... cont

| Authority | Focus | Description / Further Information |
|--|--|--|
| E.13 City of Kingston, Victoria | Comprehensive affordable housing policy | <p>The City of Kingston's Affordable Housing Policy illustrates an expansive approach to exploring possible housing strategies including investigation of fast track planning approvals for applications lodged by registered housing associations, upfront consideration of affordable housing at early rezoning stage, potential for density bonuses, opportunities for "meanwhile housing" and use of vacant (or underutilised) council land including innovative use of airspace.</p> <p>http://bit.ly/2riCVNc</p> |
| E.14 Meanwhile Use Housing | Temporary use of underutilised land and buildings | <p>Meanwhile Use Housing takes advantage of points in the development cycle of land where land and/or buildings may sit underutilised to provide short to medium term housing. Examples include:</p> <p>TOGA partnership with My Foundations Youth Housing – Addison Hotel; pop-up accommodation for vulnerable youth;</p> <p>Pathways Home – PAYCE, Bridge, WCS; Temporary housing for women and children exiting crisis accommodation;</p> <p>Launch Housing – various projects including pop-up homelessness accommodation and "meanwhile use" delivering 57 prefabricated units across nine parcels of land in Melbourne's inner west (with VicRoads and the DHHS);</p> <p>CasPA care project for women over 55 years;</p> <p>Commercial leases program – Government properties managed by CHPs 'meanwhile use' while development plans are finalised.</p> <p>Source: Simone Parsons, Women's Community Shelters, presentation to the 2018 CHIA Affordable Housing Conference at http://www.ahc2018.com.au/presentations/</p> <p>Refer also to CHIA NSW Housing Matters March 2018.</p> |
|  | | |
| E.15 Melbourne City, Victoria | Policy settings, design, development bonuses | <p>Council's <i>Homes for People</i> is a comprehensive housing strategy designed to meet the needs of all in the community.</p> <p>One strategy action is to consider including up to 15% of dwellings that are constructed in the redevelopment of council land being made available as affordable housing to a registered affordable housing provider.</p> <p>https://bit.ly/2zJbgJZ</p> |
| E.16 Oran Park DPIE and Camden Council | Collaboration: <ul style="list-style-type: none"> – State and local government; facilitation – Infrastructure to support new developments | <p>As part of the South West Priority Land Release Area, the greenfield development of Oran Park required extensive infrastructure, such as water, electricity, sewerage and telecommunication, to support high population growth. The Department worked closely with Camden Council, stakeholders and the community to take a coordinated approach to planning for new homes and infrastructure. The State Environmental Planning Policy (Sydney Region Growth Centres) 2006 included new planning controls to enable urban development at Oran Park.</p> <p>http://bit.ly/2StRx7R</p> |


| Authority | Focus | Description / Further Information |
|--|---|--|
| E.17 Penrith City Council  | Facilitation: VPAs | <p>Penrith City Council uses VPAs to negotiate contributions from developers towards affordable housing. For example, the agreement for Sydney Science Park (2016) requires a monetary contribution towards affordable housing (\$159 per person, subject to indexation), as well as providing affordable housing dwellings as a proportion of total dwelling stock (three out of 3,400).</p> <p>https://bit.ly/2Gmcbna</p> |
| E.18 Port Macquarie – Hastings | Social impact assessment | <p>Hastings Social Impact Assessment Policy 2009 requires a social impact assessment to be undertaken for rezonings, draft LEPs, environmental studies and any other development proposals which may cause positive or negative social impacts such as removal of the existing stock of affordable housing and displacement of disadvantaged groups.</p> <p>http://bit.ly/2KANYha</p> |
| E.19 Port Phillip City, Victoria  | Planning: Reducing cost of production (parking) | <p>Council commissioned GTA Traffic Consultants to produce a report to identify the amount of parking required for affordable housing developments. This work recognised that tenants of affordable housing projects have a low car ownership rate, and that projects are generally well located with good access to public transport.</p> <p>This report has been widely adopted by the affordable housing development sector and by other councils to substantiate the requirement for lower levels of car parking for affordable housing developments.</p> <p>https://bit.ly/1pwNa9J</p> |
| E.20 Port Phillip City, Victoria | Facilitation: Community education and engagement | <p>Council commissioned research to identify community education and engagement strategies for proposed affordable housing developments due to incidents of local opposition. The report, <i>Community Engagement and Community Housing</i>, documents several affordable housing developments and evaluates the processes associated with each development to identify best practice, and to recommend strategies for the future.</p> <p>https://bit.ly/2zGVr6f</p> |

Community Engagement and Community Housing

Lessons and practical strategies for Local Government for responding to contested community housing proposals



Report prepared by Mandy Press for the City of Port Phillip - July 2009

| Authority | Focus | Description / Further Information |
|--|--|--|
| E.21 Port Stephens  | Social impact assessment | <p>Port Stephens Social Impact Policy was adopted in 2014 by Council to “provide a consistent, transparent and equitable framework for analysing and managing social impacts of Council activities and development proposals”.</p> <p>https://bit.ly/2E3PcfV see under ‘Social Impact Policy and Guidelines’</p> |
| E.22 PossAbilities, UK  | Facilitation: Homeshare scheme | <p>PossAbilities operates a homeshare scheme to those seeking housing or social support. The “householder” offers a living space to a “homesharer” in return for ten hours of social support. Social support is for example gardening, cleaning, shopping and companionship. The room is occupied at no charge, except 50% of gas, electricity and power bills. The scheme charges a one off registration fee as well as a monthly service fee.</p> <p>https://bit.ly/2li5uVo</p> |
| E.23 South Australia  | Planning mechanisms: Mandatory inclusionary zoning | <p>South Australia became the first state to set a target for the inclusion of affordable housing in all significant new housing developments when it introduced its Housing Plan in 2005. The Plan, which requires 15% affordable dwellings, has delivered over 2,040 dwellings for low to moderate income households to a value of almost \$480 million.</p> <p>Around half of the housing delivered through this framework has been for affordable housing purchase. The affordable housing inclusionary zoning policy has been applied in over 85% of the state’s Greater Metro Development Plans.</p> <p>https://bit.ly/2rkKIPM https://bit.ly/2G1wbNI</p> |
| E.24 Tiny Homes Foundation/ Central Coast (Gosford City)  | Planning: Development standards Facilitation: Design, provision of land | <p>The Tiny Homes Pilot Program seeks to address Australia’s affordable housing crisis through the development of Tiny Home villages in partnership with state and local government. The Pilot Program will comprise four to six tiny homes, and a common space offering amenities and meeting facilities for the provision of welfare and education services. The project aims to work within a collaborative supported-service model to address the needs of people experiencing and at risk of homelessness.</p> <p>Gosford Council (now Central Coast Council) has leased two sites to the Tiny Homes Foundation to develop pilot Tiny Homes projects. One project was completed in early 2018.</p> <p>https://bit.ly/2Ei2l6f</p> |

5.6 National and State Housing Programs and Initiatives

| Initiative/Program | National Housing and Homelessness Agreement (NHHA) |
|---------------------|--|
| Description | <p>The NHHA replaced the National Affordable Housing Agreement (NAHA) from 1 July 2018 and combines funding currently allocated under the National Affordable Housing Specific Purpose Payment (NAHSPP) and the National Partnership Agreement on Homelessness (NPAH).</p> <p>State and Territory governments are required to meet a number of conditions, including development of housing and homelessness strategies and provision of data as well as matching Commonwealth funding for designated homelessness services.</p> <p>Funding: \$1.3 billion a year, plus additional \$375.3 million over 3 years from 2018/19</p> |
| Target | Crisis, social and affordable housing |
| Location | All areas |
| Benefit | Funding for housing (including social and affordable housing) and homelessness services |
| Timing | From 1 July 2018 |
| Further information | https://nhfic.gov.au/ |

| Initiative/Program | National Housing Finance and Investment Corporation (NHFIC) |
|---------------------|---|
| Description | <p>The NHFIC is being established as an affordable housing bond aggregator to raise money at lower rates from the wholesale bond market for not-for-profit community housing providers. The Government will provide \$63.1 million over four years from 2017-18 (including \$4.8 million in capital) to establish and run the NHFIC.</p> <p>This will allow CHPs to borrow at cost effective rates to reinvest and expand supply of affordable housing.</p> <p>Funding: \$63.1 million over 4 years from 2017-18.</p> |
| Target | Social and affordable housing |
| Location | All areas |
| Benefit | More social and affordable housing |
| Timing | From 1 July 2018 |
| Further information | http://bit.ly/2Db8aA5 |

| Initiative/Program | National Housing Infrastructure Facility (NHIF) |
|--------------------|---|
| Description | <p>NHIF will provide funds to support local government to finance critical infrastructure such as transport links, site remediation works and power and water infrastructure to speed up the supply of new housing. Payments of \$600 million in concessional loans, \$225 million in equity investments and \$175 million in grants will be made to local governments through state and territory governments.</p> <p>Funding: \$1 billion over 5 years.</p> |
| Target | Social, affordable, private rental, assisted home ownership, home ownership |
| Location | Areas with supply potential |

| Initiative/Program | National Housing Infrastructure Facility (NHIF) ... cont |
|----------------------------|--|
| Benefit | Increased housing supply |
| Timing | From 1 July 2018 the NHIF will assess applications for financial assistance from local governments |
| Further information | http://bit.ly/2P3qwYB |

| Initiative/Program | First Home Super Saver (FHSS) Scheme |
|----------------------------|---|
| Description | The First Home Super Saver Scheme will allow voluntary superannuation contributions of \$15,000 per annum and cumulative maximum of \$30,000 in total (per person if in a couple) for first home buyers. Individuals can invest in and then access superannuation funds. These savings can be withdrawn and used for a deposit, and will be taxed at 30% below the marginal rate. |
| Target | Home ownership |
| Location | All areas |
| Benefit | More households become home purchasers |
| Timing | From 1 July 2018 |
| Further information | http://bit.ly/2UOb0VQ |

| Initiative/Program | Downsizing |
|----------------------------|--|
| Description | Individuals aged 65 and older will be able to contribute up to \$300,000 of the proceeds from the sale of a principal residence that they held for at least 10 years into their superannuation and take advantage of the tax incentives. |
| Target | Home ownership |
| Location | All areas |
| Benefit | Will reduce the cost of downsizing for older people, enable more older people in appropriate housing, and increase availability of larger homes for families. |
| Timing | From 1 July 2018 |
| Further information | https://bit.ly/2ZN7xFC |

| Initiative/Program | Investment tax incentives: Managed Investment Trusts (MIT) |
|--------------------|--|
| Description | MITs will be allowed to invest in affordable housing. The housing must be available for rent to low and moderate income tenants for at least 10 years, with rent charged at a discount below the private rental market rate. Resident and non-resident individual investors can invest in affordable housing through MITs. |
| Target | Affordable housing |
| Location | All areas |
| Benefit | More affordable housing for people who need it, may provide pathways out of social housing. |

Initiative/Program Investment tax incentives: Managed Investment Trusts (MIT) ... cont

Timing For income years starting on or after 1 July 2017

Further information <https://bit.ly/2KClenl>

Initiative/Program Investment tax incentives: Capital Gains Tax (CGT) discount

Description The CGT discount will be increased to 60% for investments in managed affordable rental housing through approved community housing providers. Investments must be held for a minimum of three years. Resident individuals investing in qualifying affordable housing will be eligible to receive the additional CGT discount.

Target Affordable housing

Location All areas

Benefit Increased supply of affordable housing

Timing From 1 July 2018

Further information <https://bit.ly/2X87aIN>

Initiative/Program Foreign Investment Restrictions

Description A 50% cap on foreign ownership in new developments is being introduced, as well as a charge on vacant homes that are foreign-owned, and a reduction in capital gains tax exemption from 10 to 12.5%

Target Home ownership, availability of rental properties

Location All areas

Benefit Limits on foreign ownership of new developments may increase the pool of homes available to Australians in the local market

Timing From 1 July 2018

Further information <https://bit.ly/2LenCQR>

Initiative/Program Release of government land

Description The Commonwealth Govt is releasing underutilised land to facilitate the provision of new housing, beginning with former defence housing at Maribyrnong. An online register of Government owned land is publicly available. Other levels of government, private businesses and community groups can bring forward proposals to put the land to better use.

Target Home ownership, affordable

Location Federal Government landholdings around Australia

Benefit Additional land zoned for residential development

Timing Australian Government Property Register published 1 December 2017

Further information <http://bit.ly/2Gi5LW0>

New South Wales

| Initiative/Program Future Directions – Communities Plus | |
|---|--|
| Description | Communities Plus will deliver both major site and neighbourhood-level developments that focus on blending social housing with affordable and market-rate housing, as well as designing new community areas and improved access to public transport. 40,000 new private dwellings will be incorporated with 500 affordable housing units and 23,000 new and replacement social housing dwellings. |
| Target | Home ownership, affordable rental housing and social housing |
| Location | Major sites include Waterloo, Macquarie Park, Arncliffe and more, while neighbourhood precincts are widespread across Sydney and NSW |
| Benefit | New market-rate, designated affordable rental and social housing stock to meet housing needs in NSW |
| Timing | Work commenced 2016, timeline varies across projects. |
| Further information | http://bit.ly/2M4PKUJ http://bit.ly/2KVLDK9 |

| Initiative/Program NSW Homelessness Strategy | |
|--|---|
| Description | A five year plan for a comprehensive approach to improve the way the state government responds to homelessness, with an emphasis on prevention. The strategy has three areas of focus: identifying people who are vulnerable early; providing better support and services; making the system more integrated and person-centred. \$1b including \$61m in new funding over four years will be provided under the strategy. |
| Target | Crisis housing, social housing |
| Location | Metropolitan and regional NSW |
| Benefit | Prevention for vulnerable people and better outcomes for people experiencing homelessness |
| Timing | Five years from 2018 to 2023 |
| Further information | http://bit.ly/2LoKB9J |

| Initiative/Program Social and Affordable Housing Fund (SAHF) | |
|--|--|
| Description | Aimed at delivering social and affordable housing in NSW. First phase includes 2,200 new affordable and social homes to be delivered in partnership with approved community housing providers. Second phase targeting an additional 1,200 social and affordable homes. Subsidies are for provision of affordable and social housing for up to 25 years. \$1.1 billion seed capital from the state government, with further capital for second phase as required. |
| Target Cohort | Affordable rental housing, social housing |
| Location | Metropolitan and regional NSW |
| Benefit | Additional social and affordable homes, as well as tailored support services with tenancy |
| Timing | Tenants began moving in May 2017. All SAHF Phase 1 services are due for completion by March 2020 |
| Further information | http://bit.ly/2VCLaB6 |

Initiative/Program **Social Housing Management Transfers Program**

| | |
|----------------------------|---|
| Description | The state government (DCJ) will transfer the management of 14,000 social housing tenancies to CHPs to better manage these locally and to take advantage of different sources of funding. The state government will retain ownership of all properties and lease them to CHPs for a 20 year period |
| Target | Social housing |
| Location | Metropolitan and Regional NSW locations including Shoalhaven, mid-North Coast, Hunter New England and Northern Sydney |
| Benefit | Support for the community housing sector, as well as access to different sources of funding to provide quality and secure housing for vulnerable groups |
| Timing | All properties in the service packages expected to be transferred by 2019 |
| Further information | http://bit.ly/2FozbBS |

Initiative/Program **Social Housing Community Improvement Fund**

| | |
|----------------------------|--|
| Description | One-off grants of up to \$50,000 for physical improvements in and around social housing communities will be provided to improve amenity. Fourth round grants (2018) featuring \$1.2 million for 30 community infrastructure projects |
| Target | Social housing |
| Location | Social housing communities around NSW |
| Benefit | Improved amenity in social housing communities |
| Timing | Fourth round projects are required to be completed by 31 March 2019 |
| Further information | http://bit.ly/2X40GWY |

Initiative/Program **2017 Budget Housing Affordability Package**

| | |
|----------------------------|--|
| Description | A <i>fair go for first home buyers</i> package includes removal of stamp duty for first-home buyers for homes up to \$650,000, and stamp duty reductions for homes up to \$800,000; first-home buyers purchasing new homes will receive grants of \$10,000 up to \$600,000; abolished insurance duty on mortgage insurance; higher duties and taxes for foreign investors; investors cannot defer payment of stamp duty for off-the-plan purchases; infrastructure funding and other measures to boost housing supply. |
| Target | Home ownership particularly for first home buyers |
| Location | NSW statewide |
| Benefit | Support for first home buyers entering the market |
| Timing | (Announced) 1 July 2017 |
| Further information | http://bit.ly/2POBYWy |

5.7 NSW Local Planning Framework for Housing

This section provides a brief overview of the NSW planning system as it provides the legislative framework for councils to plan for housing and infrastructure in their communities. Since the Kit was first developed, changes to the statutory planning framework in NSW have expanded the capacity for councils to act.

Key Planning Legislation

The NSW planning system is made up of legislation, regulations, environmental planning instruments (EPs) and other planning documents. Government agencies including local councils are responsible for implementing different components of the planning system. NSW planning legislation and EPs can be accessed through the NSW Legislation (<http://bit.ly/2SU1o9R>) website.

Environmental Planning & Assessment Act and Regulations

Land use and planning is primarily governed by the *Environmental Planning and Assessment Act 1979* (EP&A Act) and *Environmental Planning and Assessment Regulation 2000*. This legislation is administered by the Department of Planning, Industry and Environment (DPIE).

Environmental Planning Instruments (EPs)

The EP&A Act provides for the issue of certain documents that support the regulation of planning and development, known as environmental planning instruments (EPs). Although EPs are not legislation, they are statutory documents and are legally binding. The two most commonly used are:

- ◆ Local Environmental Plans (LEPs)
- ◆ State Environmental Planning Policies (SEPPs)

LEPs determine what types of development are permitted or prohibited within a local government area through zoning. They also impose development standards that control the form of certain development.

SEPPs are environmental planning instruments that apply to matters of state or regional significance. SEPPs can make provisions for development similar to LEPs, except these provisions apply to major projects such as state significant development or state significant infrastructure. SEPPs can also cover broader planning policy matters relevant to all of NSW. For example, the State Environmental Planning Policy (Affordable Rental Housing) 2009 applies to the whole of NSW and aims to facilitate the provision of affordable housing.

Inconsistency between SEPPs and LEPs

In the event of an inconsistency between a SEPP and LEP, the SEPP will override the provisions of the LEP.

Development Control Plan (DCP)

A DCP is a document prepared by a council that contains detailed planning, development and design guidelines. A DCP is prepared to support the provisions of an EP (such as an LEP) and includes additional development controls and standards for local development. DCPs are not EPs and are not legally binding documents. They are a guide for local development. DCPs can be accessed through visiting a local council website.

Other Commonwealth and NSW legislation also operates within the planning system in certain contexts, including heritage protection, environmental protection and biodiversity conservation, water management and land contamination.

5.8 Glossary

| Glossary Term | Definition | Source |
|-------------------------------------|---|---------------------------------|
| Aboriginal Person | Term used to describe a person who identifies as being of Aboriginal or Torres Strait Islander origin. (See Indigenous Australian, Torres Strait Islander) | Common Ground |
| Accessible Housing | Housing designed to meet the needs of people requiring higher level access and mobility, and able to accommodate wheelchair users in all areas of the dwelling. | Your Home Australian Government |
| Adaptable Housing | Housing designed in such a way that it can be easily and affordably modified in the future to become accessible to residents with disabilities. | Vista Access Architects |
| Affordability Gap | The difference between the market price or rent and the capacity of a household to pay for housing. Usually determined as a percentage of household income in the range of 25%–30% for lower income earners. For households receiving housing assistance, this gap may be met through direct or indirect, subsidies e.g. discounted rent. (See: Subsidy Gap) | Urbanista |
| Affordable Housing | Housing offered at a price or rent that is within the means of lower income households, and is appropriate to their needs. Affordable housing may be produced in the market or through the non-profit sector, and is usually subsidised in some way. | LGHK |
| Affordable Rents | Rents that meet defined standards of affordability for specified target households. | LGHK |
| Betterment Fees | Levies on the increased value of land created through public investment in infrastructure and/or a rezoning or a variation in planning rules. Also known as Betterment Tax or Betterment Charge. | Urbanista |
| Boarding House | Residential building comprising individually let rooms primarily for single people, usually with some shared facilities but excluding backpackers' accommodation or group homes. Individual rooms may or may not have kitchenette and bathroom facilities. Those with separate facilities are known as New Generation Boarding Houses . Sometimes referred to as a Rooming House , particularly in Victoria. | Urbanista |
| Build to Rent | Residential accommodation, usually in the form residual flat buildings in accessible locations, is developed for the institutional investment market for lease to rental tenants rather than for sale to home purchasers or investors. | Urbanista |
| Cash Flow Modelling | Provides projections of the revenue and costs arising from a project over a given time period. | Urbanista |
| Co-housing | Housing that includes provision for shared living spaces, such as cooking and eating areas, as well as private living spaces. | LGHK |
| Commonwealth Rent Assistance | An Australian Government payment, received fortnightly by eligible residents on low or moderate incomes who are renting in the private housing market, to assist with the cost of housing. CRA is paid at 75 cents for every dollar above a minimum rental threshold until a maximum rate (or ceiling) is reached. The minimum threshold and maximum rates vary according to the household or family situation, including the number of children. | AIHW |

| Glossary Term | Definition | Source |
|---|--|---------------------------|
| Community Housing | Social and other forms of affordable housing that are managed (and sometimes owned) by not-for-profit community-based organisations. Products of Community Housing include Crisis Accommodation, Transitional Housing, Social Housing, Affordable Housing and Co-operative Housing. | DCJ |
| Community Housing Provider (CHP) | Not-for-profit managers and developers of affordable rental housing for lower income households and those with specific housing needs. Whilst some short-term and emergency services are offered by CHPs, generally community housing offers affordable, long-term term rental housing for people on very low to moderate incomes with a housing need. CHPs are regulated by and registered with the National Regulatory System (NRS) for Community Housing. | CHIA NSW |
| Community Land Trust | Organisation established to hold land in perpetuity for housing. | Urbanista |
| Complying Development | Development considered to have relatively minor impacts which can be carried out in NSW without requiring development approval from a consent authority, provided they comply with designated building or environmental standards. | Urbanista/ NSW Government |
| Contingency Allowance | An allowance for unforeseen costs including those resulting from delays or changes in the operating environment or which may have been overlooked. | Urbanista |
| Debt Finance | Money provided by an external lender. Examples of this are mortgage instruments provided by banks, building societies or credit unions. | Australian Government |
| Density Bonuses | Opportunities for development at a density greater than is usually permitted in return for a public benefit such as an affordable housing contribution. | AHURI |
| Developer Agreement | Alternative term for Planning Agreement . | LGHK |
| Developer's Margin | The profit required by a developer expressed as a percentage of total project costs | Urbanista |
| Development Application | An application for approval from a council, a Regional Panel, a Sydney planning panel or the Minister for Planning for infrastructure and other developments as required under the relevant planning instrument. Other activities that don't need planning approval may still need approval from a government agency before they can be undertaken. | Urbanista |
| Development Control Plan (DCP) | Detailed planning and design guide prepared and adopted by councils to support the planning controls in the Local Environmental Plan (LEP) . It identifies additional controls and standards for addressing development issues at a local level and can be applied more flexibly than a LEP. | Urbanista |
| Development Levy | Method of collecting contributions as part of the planning process. For instance, developers may choose to provide a portion of a development as inclusionary zoning or pay a monetary contribution which can be applied towards provisions such as affordable housing. | Urbanista |
| Discount Rate | Applied in financial modelling to reduce future cash flows to their expected value in today's dollars | Urbanista |

| Glossary Term | Definition | Source |
|--|--|------------------------|
| Efficiency Ratio | Proportion of Gross Floor Area that is dwelling space compared to common areas. | Urbanista |
| Environmental Planning and Assessment Act 1979 (EP&A Act) | The principal state government legislation governing environmental planning and development in NSW. | NSW Government |
| Equity Finance | Money sourced from within a business. This can involve public or private capital investment in a project. | Australian Government |
| Escalation Rate | Used in financial modelling to take into account anticipated changes (usually upward) in costs or revenue over the period being modelled. | Urbanista |
| Exempt development | Development not requiring planning approval under the Environmental Planning and Assessment Act . | Urbanista |
| Fast-tracked Development Approval | Planning measures that cut red tape and streamline approval processes for desirable developments, thus reducing processing time and the applicant's holding costs. For example, a council or other consent authority may dedicate staff to fast-track affordable housing applications. | Urbanista |
| Floor Space Ratio (FSR) | In NSW under the standard LEP template, this is calculated by dividing the Gross Floor Area by the site area. | Urbanista |
| Graduated Planning Standards | Planning measure that alters development standards to encourage certain types of development, or in recognition that the requirement is not appropriate for the development in question. For example, standard requirements for car parking may not be appropriate for an affordable housing project where car ownership is typically low. | Urbanista |
| Greenfield | Undeveloped site or location | Urbanista |
| Greyfield | Ageing but occupied tract of inner and middle ring suburbia that is physically, technologically and environmentally failing and which represents an under-capitalised asset that has not seen significant or effective intensification. | Murray, S et al (2016) |
| Gross Floor Area (GFA) | The area of all units and common areas within (but not including) the external walls of any buildings with the exclusion of common vertical circulation (i.e. lifts and stairs), basements, plant rooms, parking spaces, loading zones, terraces and balconies with outer walls less than 1.4m in height and any voids above a floor at the level of a storey or storey above. | NSW Government |
| Homelessness | The condition of having no fixed suitable accommodation. The ABS further clarifies that a person is homeless if their current living arrangement is in a dwelling that is inadequate, has limited or no tenure, or denies them space for social relations. | ABS |
| Housing Affordability | Cost of rent or purchase price of housing that is appropriate to the needs of a household compared to the capacity of that household to pay. | LGHK |

| Glossary Term | Definition | Source |
|--------------------------------------|--|------------|
| Housing Assistance | May come in the form of private rental assistance products or subsidies, temporary accommodation, supported and crisis accommodation, or the provision of affordable and social housing. | DCJ |
| Housing Diversity Requirement | Requirement that a certain mix of dwelling sizes, types or tenures be provided within a development or an area. | Urbanista |
| Housing Stress | Common measure of housing stress is where a household's housing costs, primarily mortgage repayments or rents, exceed 30% of their gross income. Both purchasers and renters can be in housing stress. As households on higher incomes may choose to spend a higher proportion of their income on housing, and have more disposable income left over after housing costs, the 30% measure is a better indicator of affordability for low-income households (the bottom 40%), who are more likely to be struggling with housing costs that exceed this benchmark. | Centrelink |
| Housing Subsidies | Capital, recurrent grants or other in-kind assistance (e.g. land transfer) provided to the consumer or producer of designated housing. | LGHK |
| Impact Fees | Monetary contributions to offset the impacts of development where a proposal increases the need for, or reduces the supply of, affordable housing. | Urbanista |
| Inclusionary Zoning (IZ) | Requirements within a planning instrument for a development to incorporate certain features or types of development, such as a specified component of affordable housing. Commonly a monetary contribution may be sort in lieu of actual provision. Inclusionary Zoning may also be referred to as Mandatory Quotas . | Urbanista |
| Income Definitions | Parameters used to segment individuals or households by income level. A common definition of very low income is less than 50% of the NSW or Sydney median income, while low income is defined as 50%–80% and moderate income as 80-120%. | Urbanista |
| | The ARHSEPP defines very low income household, low income household or moderate income household as having gross income that is less than 120 per cent of the median household income for the time being for the Greater Sydney (Greater Capital City Statistical Area according to the Australian Bureau of Statistics). | ARHSEPP |
| Income Related Rents | Rents set as a percentage of tenant's household income. A practice widely used in social housing in Australia. | LGHK |
| Indigenous Australian | Person of Australian Aboriginal and/or Torres Strait Islander descent and for some, but not all, a cultural identity. (See Aboriginal Person, Torres Strait Islander) | ABS |
| Indigenous Community Housing | Social housing created for Indigenous tenants and usually operated by the Aboriginal Housing Office or an Aboriginal Housing Provider. | LGHK |

| Glossary Term | Definition | Source |
|---------------------------------------|---|---------------------------|
| Intermediate housing | Housing that offers a bridge from rental housing to home ownership, such as shared equity or through a community land trust. Allows residents to accumulate a financial asset which can provide greater financial stability, contributes to more stable communities and avoids the future need for social housing. | Urbanista |
| Internal Rate of Return (IRR) | The minimum discount rate at which a project is viable. It is the rate of return at which the Net Present Value is zero. | Urbanista |
| Key Workers | People employed in occupations that provide essential services necessary for economic growth and the vitality of an area. Many key workers find it difficult to access appropriate accommodation in areas close to their workplaces, leading to potential labour shortages in areas with high property prices. | MRA Western Australia |
| Livable Housing | Housing that is designed to be easier to access, navigate and live in, as well as more cost effective to adapt when life's circumstances change. A "livable" home is based on principles of "universal design" in order to be usable to the greatest extent possible. Livable Housing Australia has guidelines for Silver, Gold and Platinum levels to assist those seeking to incorporate "livable design principles" into home design. | Livable Housing Australia |
| Local Environmental Plan (LEP) | The main planning tool to shape the future of communities and also ensure local development is done appropriately. It provides a framework for the way land can be used, through zoning and development controls. LEPs are prepared by councils and approved by the Minister for Planning. | Urbanista |
| Local Housing Strategy | Plan of action to encourage housing to meet the existing and future housing needs of the local community. | LGHK |
| Major Projects | Projects considered to be of state significance, due to size, financial investment and/or regional importance. These are assessed by the DPIE and usually involve a public exhibition and submission process. Major projects generally fall under three categories: (1) Infrastructure, (2) state significant developments and (3) identified state significant sites, such as sites in proximity to an environmental conservation area. Examples of major projects include Sydney Metro, Central Park and the Northern Beaches Hospital. | Urbanista |
| Mandatory Quotas | Specific measure required for a development proposal to proceed. For example, it may identify a proportion of affordable housing to be included in developments. (See Inclusionary Zoning) | Urbanista |
| Market Failure | Where a market, such as a local housing market, does not function in an effective or efficient way to meet local demand because of barriers and distortions. | Urbanista |
| Market Rents | In the context of affordable housing, these are rents that equivalent properties in the private market would be let at. | LGHK |
| Mean Household Income | The sum of the income values in a dataset divided by the number of values in that dataset. Median Household Income is a more accurate measure for income levels in an area. | NAHA 2010-2011 Report |

| Glossary Term | Definition | Source |
|--------------------------------------|---|-----------------------|
| Meanwhile Use Housing | Housing temporarily located on unused land or the short term use of existing buildings to provide housing. Also known as “pop-up housing”. | CHIA |
| Median Household Income | The middle point of a set of income data. Lining up the values in a set of income data from largest to smallest, the one in the centre is the median income value. Median value is a more accurate measure for income than mean as Mean Household Income values are more influenced by extreme income values. | NAHA 2010-2011 Report |
| Negotiated Agreements | Instances “where affordable housing contributions are negotiated on a case-by-case basis (although a policy framework to inform these negotiations may still apply)” | AHURI |
| Net Present Value (NPV) | The difference between the discounted revenue stream and the corresponding discounted costs including developer’s profit. If the NPV is positive, a project is considered viable. | Urbanista |
| New Generation Boarding House | Boarding house which provides individually let rooms that are self-contained and meets the requirements of State Environmental Planning Policy (Affordable Rental Housing) 2009 (ARHSEPP). | |
| Partnerships | Relationships that bring together representatives from different sectors and communities of interest to agree and work towards common goals. | LGHK |
| Planning Agreement | Voluntary agreement between planning authorities and developers under which the developer agrees that as part of a proposal or rezoning that a monetary, land or other contribution will be made towards an agreed public purpose. The Environmental Planning and Assessment Amendment (Development Contributions) Act 2005 sets out certain provisions regulating the making and implementation of certain planning agreements. Also referred to as Developer Agreement . | LGHK |
| Planning Concessions | Adjustments that allow planning rules to be “varied for affordable housing development or to enable low-cost market housing”. | AHURI |
| Planning Incentives | Incentive or bonus offered under local or state planning provisions to stimulate certain types of development. For example, a Density Bonus and Fast-tracked Development Approval could be provided to encourage Affordable Housing projects. | Urbanista |
| Planning Mechanisms | Ways of applying planning powers specifically to promote affordability and accessibility. Measures identified as planning mechanisms generally fall into three groups: (1) Voluntary mechanisms which offer some kind of incentive to include or maintain affordable housing, (2) Mandatory requirements that make inclusion of affordable housing a prerequisite for development, and (3) Impact fees to offset the loss of existing affordable housing. | Urbanista |
| Public Housing | Social housing that is owned and operated by public agencies. In New South Wales the Land and Housing Corporation or the Aboriginal Housing Office hold title to public housing stock (some of which is managed by Community Housing Providers). (See Community Housing) | Urbanista |

| Glossary Term | Definition | Source |
|---|---|--|
| Residual Land Value | The assessed value of land calculated by deducting all costs associated with developing the land (except the land component) from the projected revenue from sales of completed development. | Urbanista |
| Rooming house | Comprises individually let rooms primarily for single people, usually with some shared facilities. Individual rooms may or may not have kitchenette and bathroom facilities. Also referred to as a Boarding House . | Urbanista |
| Shared Equity | Arrangements in which the resident and another (public, community or private) investor share ownership of the property. Also known as Shared Ownership. | LGHK |
| Social Capital | Policies and programs designed to promote well-developed social networks and higher levels of trust and reciprocity in communities. | LGHK |
| Social Housing | Forms of subsidised housing, usually rental, for designated households. (See Public Housing , Community Housing , Indigenous Community Housing) | |
| Socioeconomic Disadvantage | <p>Typically relates to limitations in family wealth, social resources, education, geographic location and income. The ABS defines socioeconomic disadvantage in terms of “people’s access to material and social resources, as well as their ability to participate in society”, with the most disadvantaged having the poorest access.</p> <p>Measurement is complex as the concept relates to the characteristics of individuals and their families, but indicators are generally at a societal/ regional levels.</p> <p>Socio-Economic Indexes for Areas (SEIFA) is a product developed by the ABS that ranks areas in Australia according to relative socio-economic advantage and disadvantage.</p> | Urbanista ABS |
| Special Infrastructure Contribution (SIC) | Scheme administered by the Dept. of Planning, Industry and Environment to help fund regional infrastructure through the development process. For example, a scheme to partially fund roads and land required for social infrastructure such as schools, health care and emergency services. They may also fund some of the costs of planning and of offsetting biodiversity impacts. SICs are imposed by Ministerial Determination. | Urbanista |
| Special Needs Households | Households with personal characteristics that need to be taken into account in designing and/or providing housing, such as different forms of disabilities or cultural needs. | LGHK |
| State Environmental Planning Policy (Affordable Rental Housing) 2009 (ARHSEPP) | Policy intended to facilitate the supply and diversity of affordable rental and social housing. It contains a range of provisions to encourage and protect housing types including villas, townhouses and apartments that contain a component of affordable rental housing, along with secondary dwellings, new generation boarding houses, group homes, social housing and supportive accommodation. | NSW Government |

| Glossary Term | Definition | Source |
|--|--|---------------------------------|
| State Environmental Planning Policy 70 – Affordable Housing (Revised Schemes) (SEPP 70) | SEPP 70 is the instrument through which nominated councils in the Greater Metropolitan Region are empowered to utilise the provisions of Division 7.2 of the <i>Environment Planning and Assessment Act</i> entitled “Affordable housing contributions”. Section 7.32 of that Division allows land or monetary contributions to be required for affordable housing under conditions of development consent “if a State environmental planning policy identifies that there is a need for affordable housing within the area”. | Urbanista/ NSW Government |
| State Significant Precincts | Areas with state or regional planning significance because of their social, economic or environmental characteristics. Typically large sites with government-owned land, they are important for the delivery of housing, jobs, and in some cases preservation of environmental or heritage characteristics. Amendments to the zones and planning controls for State Significant Precincts can be made through a State Environmental Planning Policy , and will usually amend the Local Environmental Plan . This can be approved by the Minister for Planning for any matter that the Minister considers to be of state or regional planning significance. | Urbanista |
| Subsidy Gap | The subsidy gap for affordable housing is calculated by subtracting rent paid by a household receiving subsidised housing from the cost of providing that housing. (See Affordability Gap) | Urbanista |
| Supportive Accommodation | “Permanent, secure accommodation in self-contained apartments, together with on-site support services (such as counselling and life skills development) for people making the transition from supported living or homelessness to fully independent living. It is generally operated by non-for-profit organisations and charities for those requiring support.” | DPIE |
| Sustainable Development | Development that meets the needs of current and future generations through an integration of environmental protection, social advancement and economic prosperity. | WA Government |
| Sweat Equity Schemes | Housing projects where residents assist in construction and related development, in return for a reduced purchase price. | LGHK |
| Target Group | Specific group for which a housing program or project is intended. | LGHK |
| Torres Strait Islander | People who identify as being of Torres Strait Islander origin. “Torres Strait Islanders are the descendants of the Indigenous people of the Torres Strait, between the tip of Cape York and Papua New Guinea.” (See Indigenous Australian) | ABS |
| Upzoning | Change in planning controls that enables an intensification of development, for example through an increase in permissible Floor Space Ratio . | Urbanista |
| Value Capture | Capturing the increased value of property created by government policies and investment (e.g. through upzoning and transport augmentation) and diverting some or all of this to offset costs (both direct and indirect) and optimise the benefits of those policies and investment. | Urbanista |

| Glossary Term | Definition | Source |
|---|--|-----------|
| Value Sharing | Where an increase in the value and/or potential of land arising from a rezoning or relaxation of other planning requirements or public investment in infrastructure, the value of the increase is shared by the land owner/developer and the community, e.g. through a contribution to affordable housing. In practice, value sharing is similar to Inclusionary Zoning . | Urbanista |
| Voluntary Planning Agreement (VPA) | Agreements between consent authorities and developers intended to deliver infrastructure outcomes alongside development proposals. They typically require the provision of a public benefit, such as public open space, affordable housing or community facilities, in return for a development benefit, such as increased density on a given site. | Urbanista |



Download your copy of the **Local Government Housing Kit** from the Department of Communities and Justice website:

<https://www.facs.nsw.gov.au/resources/nsw-local-government-housing-kit>

