Module 3:
Building an Evidence Base

Module 1

Addressing Housing Needs:
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Building an
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and
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by

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*

SEARMS

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 subsided rental housing targetted 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

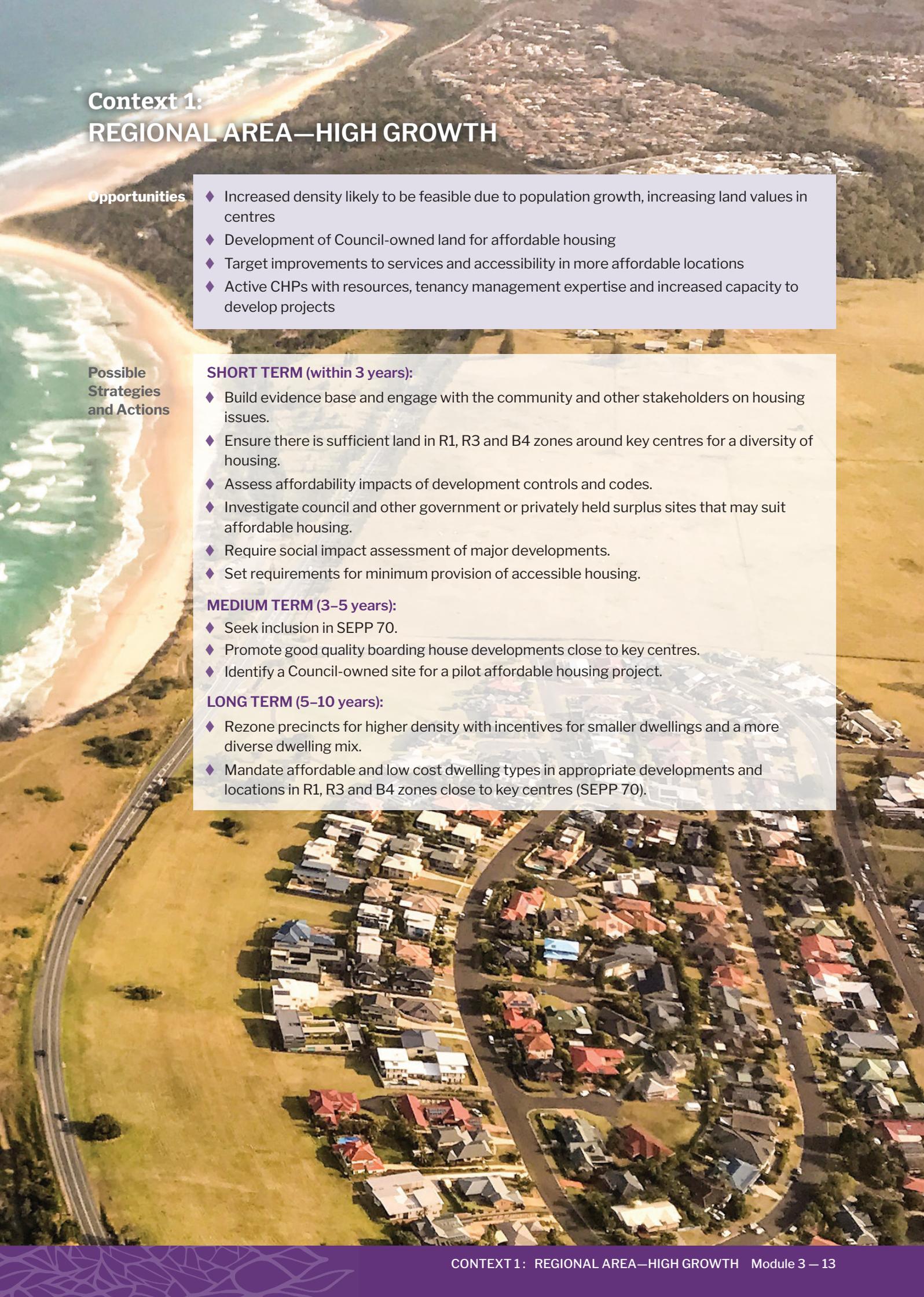## 1: REGIONAL AREA—HIGH GROWTH

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 empolyment 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.

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.

Guiding *questions*

- Is there a mismatch between need and supply?
- How much development capacity is there across the area?
- What types of housing are being produced?
- Is the housing being provided affordable and appropriate?
- Who is missing out?
- What are the gaps and where are they?
- Do areas with affordable housing have access to jobs and services?
- Are there short-term issues and priorities?
- How are other players responding to housing needs in the area?
- Can other resources and partnership opportunities be leveraged?
- What might be the emerging trends?

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.