



AFFORDABLE HOUSING FORUM

An initiative of SSROC, Planning Institute of Australia & Community Housing Providers

Joint Communique | 24 July 2017, held at University of Technology Sydney

The Affordable Housing Forum organised by the Southern Sydney Regional Organisation of Councils (SSROC) and the Planning Institute Australia in collaboration with the NSW Federation of Housing Associations was held on Monday, 24 July, 2017.

Following the Forum, attended by presenters and participants from the State and Local Government sectors, the development industry, community housing providers, non-government organisations, research and planning, housing and urban development professionals and consultants, the Communique below was issued.

NEED FOR AFFORDABLE HOUSING

Quantum gap and market failure

- Housing is a key issue for Sydney. In the next two decades, 725,000 new homes will be needed in Sydney metropolitan area (36,250 new homes each year).
- More than 5,000 per year of social and affordable housing dwellings are required and currently only 10,000 are planned for the next 20 years. A volume solution is needed to turn this around.
- Well aligned housing policy, land use strategy and planning mechanisms supported by clear targets, funding and leadership at all levels of government and industry is needed to support quantum increase in social and affordable housing.
- The market is not delivering sufficient affordable housing stock for low and moderate income households across much of Sydney – notwithstanding record approvals and completions.

Essential Infrastructure

- Recognise and approach affordable housing as essential infrastructure for a sustainable, inclusive and productive city.

A multipronged approach is needed to address housing affordability

- Housing affordability is a serious issue facing greater Sydney. Enabling the provision of affordable rental housing to low and moderate income earners and measures to improve housing affordability are critical to the overall solution to the housing crisis.

Affordable housing and economic competitiveness

- Affordable housing is vital for the economic functions and competitiveness of Sydney.
- Essential workers on low to moderate incomes cannot afford to live in Sydney. This is undermining Sydney's status as a global city.
- Affordable housing makes it possible for key workers to live and work in the city and near their employment areas, which otherwise would be unaffordable

PROUDLY SPONSORED BY



HOSTED BY



AFFORDABLE HOUSING POLICY AND STRATEGY

The following policy and strategy measures are crucial to sustainable affordable housing in NSW:

- The Federal, NSW and local governments need to identify unused and underutilised land that may be suitable for affordable housing.
- A NSW housing policy that identifies the planning, funding and delivery of affordable housing, alongside measures to improve housing affordability.
- A NSW housing policy that defines affordable housing and uses the accepted 'very low to moderate income' definition universally.
- Scope the quantity and nature of housing needed and require affordable housing targets to be addressed in metropolitan, district and regional plans.
- District, Precinct and Local Council's Community Strategic Plans should state affordable housing targets and housing mix for a diverse community.
- State-Council collaborative approach is needed for guidance on achieving the right balance between State Infrastructure Contributions / Affordable Housing Contributions / s94 Local Infrastructure Contributions.
- Establish a single statutory planning policy framework (Model Code) for the application of inclusionary zoning measures, density bonuses and compensatory measures for affordable housing, including consolidating relevant SEPP70 and ARHSEPP provisions.

PLANNING MECHANISMS AND AFFORDABLE HOUSING

State and planning mechanisms

- Enable more councils to embed inclusionary zoning schemes within local planning frameworks, particularly in growth areas or areas undergoing renewal.
- Councils require transparent criteria to apply (opt-in) inclusionary zoning model code.
- Investigate options for flexible development standards for affordable housing.
- Need to ensure affordable housing remains as a higher order objective of the EP&A Act.
- Enable councils to insert affordable housing contributions ratios or parameters into their LEPs based on a local housing needs study and policy
- Enable councils to include a mandatory requirement for affordable housing in their LEPs where there is land value uplift to support its application, including in government land.
- The Greater Sydney Commission or the Department of Planning and Environment should monitor and report on development approved under the Affordable Rental Housing SEPP.

Councils and planning mechanisms

- Provide enabling mechanisms and require all Councils to adopt, monitor and report against need based strategies and Affordable Housing Target as part of their annual reporting requirements.
- Facilitate planning agreement process that is streamlined to provide guidance on land value uplift capture and on the use of planning agreement for affordable housing.
- Faster approvals for DAs that include affordable housing, supported by improved assessment resources and officers.

Role for the Community Housing Providers sector

- ensure that the affordable rental accommodation created in accordance with affordable housing targets are dedicated as affordable rental housing in perpetuity, and managed by a Registered Community Housing Provider.
- use state land to create affordable housing as part of mixed tenure developments, developed and managed in partnerships with Registered Community Housing Providers.

URBAN RENEWAL AND AFFORDABLE HOUSING

Affordable housing targets

- Affordable housing targets for a local government area should be justified by an adopted local housing strategy, including housing needs assessment.
- Common demand modelling / feasibility testing methodologies should be used for justifying targets
- Evidence based affordable housing targets should be set for urban renewal precincts / LGAs and higher targets on government owned land, especially where there is a Growth Infrastructure Compact or relevant City Deal.
- Set affordable housing targets of 5-15% in new large developments and precincts and higher targets for state owned lands (up to 20%).
- The target could also be applicable across the board in jurisdictions where there is identified severe affordable housing need.
- Transparent modelling and methodologies should be the basis for housing targets.

Growth Infrastructure Compacts

- There is need for State-Council collaborative 'Growth Infrastructure Compact' for large redevelopment and urban renewal precincts, including affordable housing targets and community engagement protocols.
- Identify urban renewal precincts where VPAs can better deliver affordable housing, especially through dedication of land or dwellings.

Sydenham-Bankstown Corridor

- Recognise Sydenham-Bankstown Corridor as priority target for affordable housing in the Central and South Districts and should be subject to Growth Infrastructure Compact agreement.

FINANCING AND FUNDING

Affordable housing as part of infrastructure funding mix

- Recognise affordable housing as a component of essential infrastructure. Mechanism needed to ensure affordable housing funding should be part of the infrastructure mix identified in growth infrastructure plans.
- Open and transparent affordable housing contribution costs and embedded in land price.

Bond aggregator

- Bond aggregator is supported to enable access to lower cost finance at scale.

Value capture

- Jurisdictions should adopt consistent value capture policy.
- Recognise that there is a legitimate basis for value capture mechanisms as 'development licencing fees'.
- Adopt consensus position capturing 50% of value uplift as 'development licence fee' disbursed according to a growth area 'compact' agreement.
- Value capture framework for jurisdictions, example, a district, could be tailored to local parameters.
- The details of value capture scheme should be available early or phased-in to reduce impact on feasibility.
- Feasibility testing for value capture should be completed upfront at the strategic study stage to determine an appropriate value capture rate. This approach ensures that a value capture policy and approach is transparent and that developers do not build a case at the assessment stage of unviability because they have already paid too much for the land.

Contributions

- Contributions obligation need to be made known at the very time growth area structure plans are released.
- Contributions should be preferably land or dwellings – rather than cash in lieu due to high cost of land for affordable housing.

Affordable housing models

- Promote “Build to rent” options.
- Promote small dwelling affordable housing and with measures to maintain design quality.
- Promote multi-family housing options.
- The Federal Government should support an affordable housing growth fund (tax credits, grants) matched by states to replace the National Rental Affordability Scheme.
- Affordable housing rents are insufficient to fully cover operating costs or fund new supply and ongoing subsidy is needed for funding gap.
- Support for building standards that minimise energy and ongoing maintenance needs.

The Missing Middle

- New approach needed for the “missing middle” - the vast parts of Sydney zoned for low density housing with good access to public transport and existing social infrastructure, particularly the established middle ring suburbs.
- Intergenerational housing forms needs to be considered. This could be in form of a new zone category for “un-subdividable build to rent multi family home”. Alternatively, the “Manor house” approach could be adopted.
- A Manor house could be defined as a permissible use in the development control table for R2 zones and could contain up to four separate dwellings. No changes to the development standards, FSR, height, setbacks and landscape requirements are required. This form of housing will promote the idea of small dwellings, maximise use of existing underutilised infrastructure, provide intergenerational housing, increase the potential for affordable housing rental options and allow for greater housing diversity.

Funding and delivery approaches

- Consistent inclusionary zoning (density bonus) model code – enabled by District Plan and the parameters set in a local housing strategy.
- Incentivise occupancy for rental investment properties.
- Support for programs to transition from affordable housing to rental market or purchase.
- Increase promotion of affordable housing and of eligibility requirements - community education about affordable housing.
- Endorse the key role for Community Housing Providers to manage affordable housing in perpetuity
- Increased State and Commonwealth Government investment in social housing - alongside affordable housing delivery.

For more information or to discuss the Communique in further detail, please contact:

Enquiries: **SSROC: Dr Vincent Ogu**
vincent.ogu@ssroc.nsw.gov.au
02 8396 3800

PIA: John Brockhoff
john.brockhoff@planning.org.au
0400 953 025



AFFORDABLE HOUSING FORUM

An initiative of SSROC, Planning Institute of Australia & Community Housing Providers

FACT SHEET ON AFFORDABLE HOUSING

The Affordable Housing Forum organised by the Southern Sydney Regional Organisation of Councils (SSROC) and the Planning Institute Australia in collaboration with the NSW Federation of Housing Associations was held on Monday, 24 July, 2017.

This fact sheet has been developed to provide some basic definitions and explanations of the key concepts.

Affordable housing means housing for very low income households, low income households or moderate income households charged at no more than **30 per cent of gross household income in rent**. These are households that have a gross income that is less than 120 per cent of the median household income for Greater Sydney (*less than \$2,100 per week as at 2017: source ABS*). (Source: EP&A Act)

Inclusionary zoning (IZ), refers to planning schemes that require a share of new development to include provision of affordable housing or to pay a cash-in-lieu contribution. (Source: PIA)

Value Capture is a process where land value is increased by significant infrastructure around it or due to rezoning, and a proportion of the increase in value or 'uplift' is captured by local or state governments for community infrastructure or affordable housing provision. (source: [the Conversation](#))

Fast Facts

- Sydney is the second most unaffordable city in the world (source: Demographia)
- **36% of renters** in the Central District of Sydney are in rental stress and it is even more severe in the South District at **46% of renters** (source: Judith Stubbs & Associates)
- As of 2017, 373,000 households in NSW cannot get into housing at market rates or are under rental stress. This could increase to 670,000 by 2025 (source AHURI)
- Affordably priced housing is crucial social infrastructure that supports Sydney's community wellbeing and economic sustainability. This improves and leads to a strong and diverse labour market and economy, and to vibrant inclusive communities. (source: SSROC)

About Affordable Housing Introductory VIDEO: <https://youtu.be/vYZc500h3g>

SSROC Affordable Housing Submission: <http://ssroc.nsw.gov.au/?p=1631>

PROUDLY SPONSORED BY



HOSTED BY



Common acronyms and definitions:

ACRONYM	DEFINITION
AHURI	Australian Housing and Urban Research Institute (AHURI) – a national independent research network
ARHSEPP	<u>State Environmental Planning Policy (Affordable Rental Housing) 2009 (AHSEPP)</u> One of the EP&A Act policies which encourage the development of new affordable housing and the maintenance of existing affordable housing.
CFS	<u>Committee for Sydney</u> – an independent think tank and champion for the whole of Sydney, providing thought leadership beyond the electoral cycle.
CHP	Community Housing Provider – not-for-profit providers that provide housing assistance to eligible people on low incomes or who are unable to access appropriate housing in the private market. This includes social housing, affordable housing and supported housing.
DA	Development Application - non-exempt and non-complying building works or renovations are required to submit a development application through their local Council.
DCP	Development Control Plan (DCP) supports the LEP in providing detailed development controls such as landscaped area, car spaces and building scale.
EP&A ACT	<u>Environmental Planning & Assessment Act (1979)</u> The EP&A Act sets out the laws under which planning in NSW takes place.
GSC	<u>Greater Sydney Commission</u> – their role is to coordinate and align planning for Greater Sydney. The Commission takes a collaborative "one government" approach, so they can lead and guide the planning for development, transport and housing.
IZ	<u>Inclusionary zoning</u> (defined overleaf).
FSR	Floor space ratio (FSR) is the ratio of the floor area of a building to its site area.
LEP	Local Environmental Plan (LEP) provides the legislative context for development controls within the Local Government Area and is supported by the DCP.
LGA	Local Government Area – third tier of government in Australia, also referred to as councils, LGA refers to the designated geographical boundaries governed by the local government authority.
PIA	<u>Planning Institute of Australia</u> (PIA) is the national body representing planning and the planning profession.
NRAS	<u>National Rental Affordability Scheme</u> NRAS aims to encourage medium to large-scale investment in affordable housing (usually 100 or more houses), there have been five rounds and there are no current rounds open.
R2	R2 Low Density Residential: is a zone for land comprised mainly of low density housing with a planning objective to protect the locality's single dwelling character and landscape.
S94	Section 94 of the EP&A Act is a monetary contribution levied on developers at the development application stage to help pay for community facilities and/or infrastructure
SEPP 70	<u>State Environmental Planning Policy No. 70 Affordable Housing (Revised Schemes)</u> is a policy which offers a mechanism allowing specified councils to assign an affordable housing contribution to certain developments within its local government area.
SSROC	<u>Southern Sydney Regional Organisation of Councils</u> SSROC is an association of 11 councils, south of Sydney harbour covering a third of Sydney's population.
VPA	A <u>voluntary planning agreement (VPA)</u> is an agreement entered into by a planning authority (such as the Department of Planning and Environment) and a developer.

For more information or to discuss the Fact Sheet in further detail, please contact:

SSROC: Dr Vincent Ogu
vincent.ogu@ssroc.nsw.gov.au
 02 8396 3800

PIA: John Brockhoff
john.brockhoff@planning.org.au
 0400 953 025

