



Department of  
Urban Affairs and Planning

# Affordable Housing

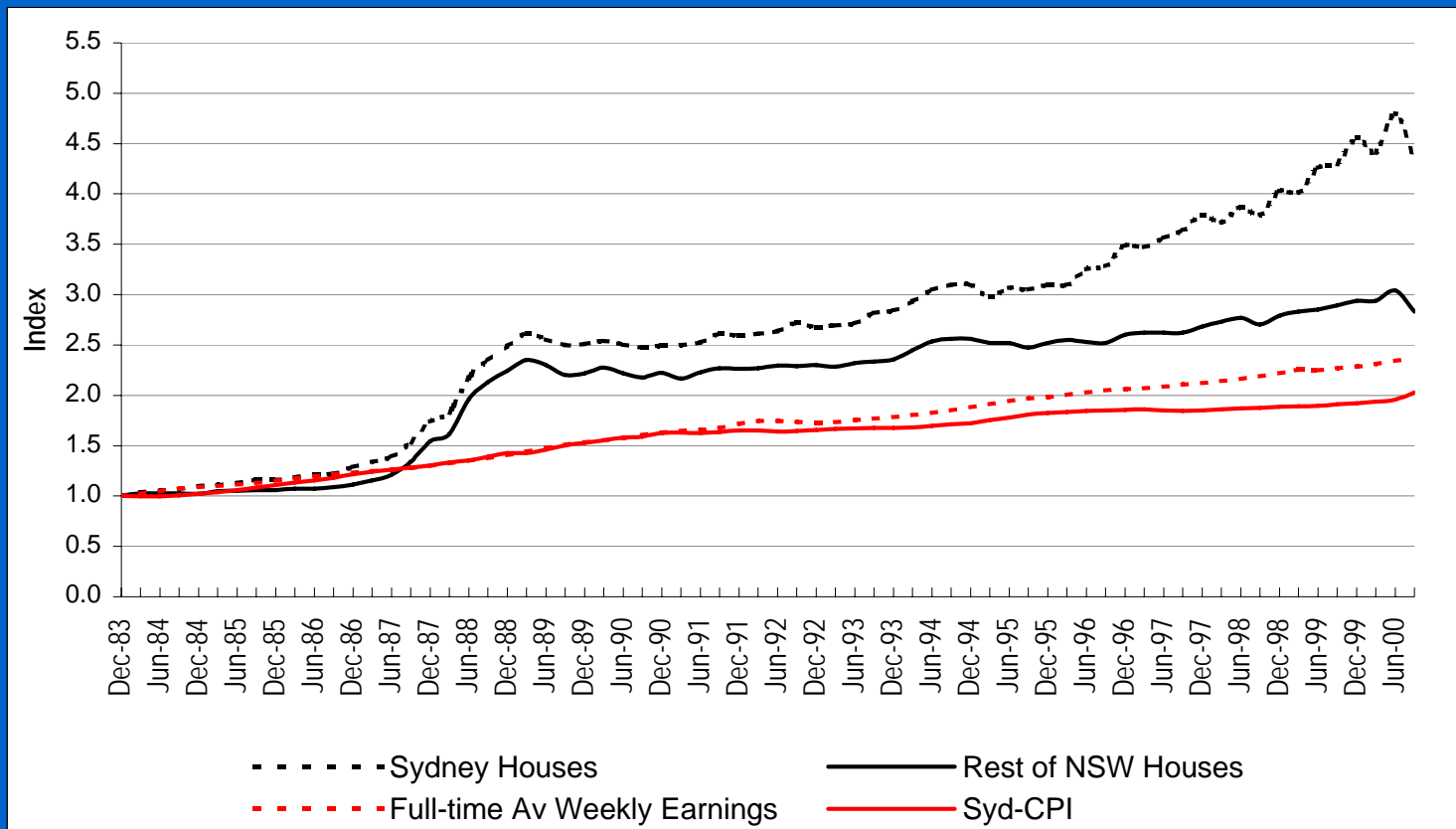


The NSW Planning System and  
Innovative Models of Affordable  
Housing Provision

# *Housing Need - Sydney*

- More than 60% of low income households in housing stress - all LGA's Sydney GMR
- Low income households in housing stress as a proportion of all households:
  - Inner ring lgas: 12% - 32%
  - Middle ring lgas: 19% - 33%
  - Outer ring lgas: 24% - 41%
- B/t 1986 and 1996 grew from 100,000 to 250,000 HH

# Comparison of Change in Sydney/NSW House Price, Average Weekly Earnings and Sydney CPI 1983-2000



...***BUT NOT ONLY A SYDNEY  
PROBLEM***

**Housing stress** increased substantially for low income tenants over the 1986-96 period:

- Adelaide: up from 63.4% to 76.1%
- Melbourne: up from 60.5% to 74%
- Sydney: up from 67.3% to 80.7%
- Brisbane: up from 63.7% to 64.3%
- Hobart: up from 57.7% to 62.4%

## ...*BY JUNE 2000*

- low income tenants in Sydney, Melbourne and Adelaide have extremely limited affordable housing choices, both by location and dwelling type. Moreover, where a small degree of choice appears to exist – viz. renting a one bedroom unit on the fringe – this ignores the question of *appropriateness*.

AHNRC September 2001

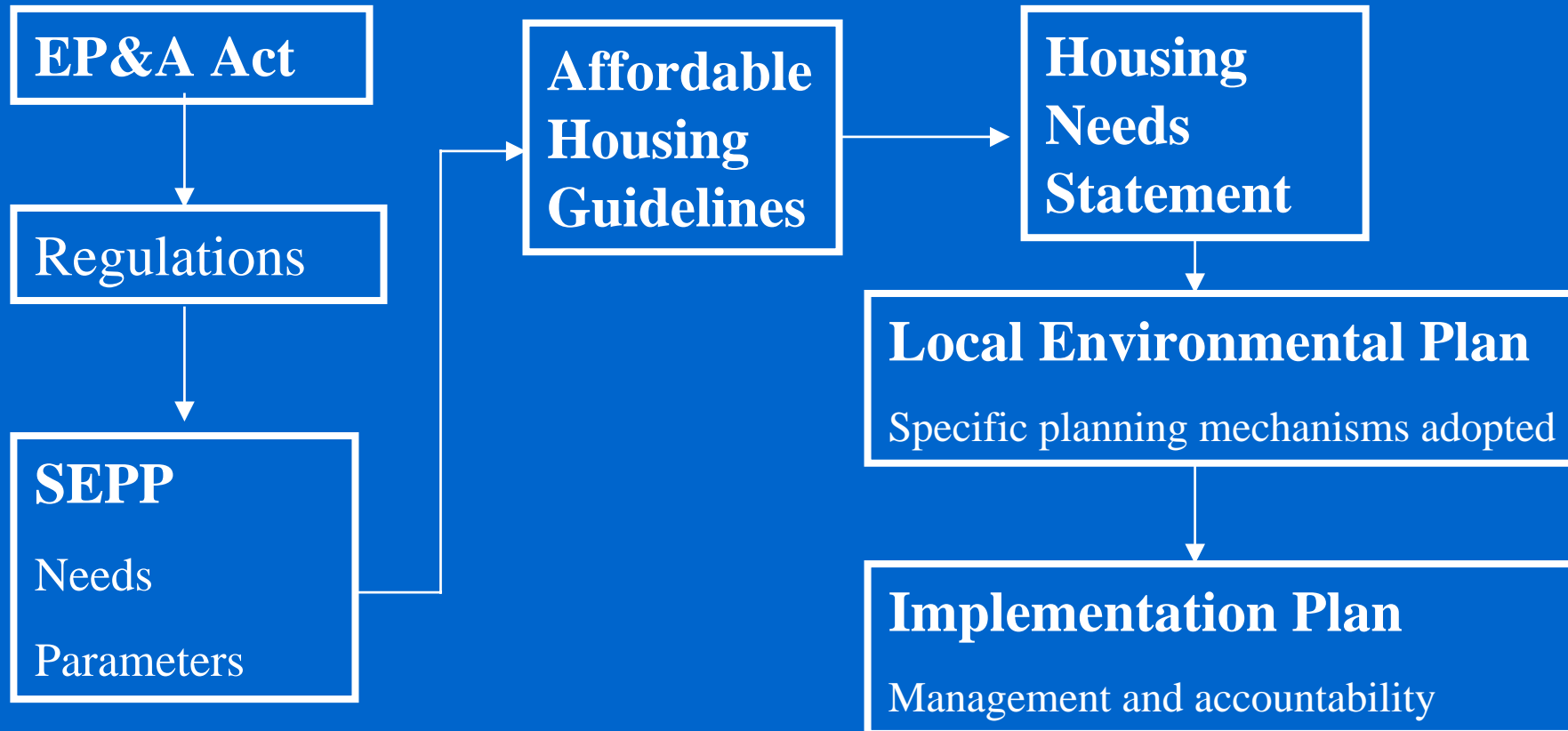
# *KEY POLICY INITIATIVES*

- NSW PLANNING SYSTEM
- AFFORDABLE HOUSING SERVICE

# *NSW PLANNING SYSTEM*

- Legislative power in EP&A Act
  - affordable housing an object of the Act
  - permits planning instruments to provide for affordable housing
  - provides for councils in certain circumstances to require the provision of affordable housing
  - provide by dedicating land or units or paying a monetary contribution

# *Legislative Framework*



## *EP&A Act Amendment*

- Applies where a State Environmental Planning Policy identifies that there is a need for affordable housing in an area

*EP&A Act Amendment cont...*

- Specifies circumstances where affordable housing may be required:
  - provided in return for an incentive or concession
  - where development is removing existing affordable housing
  - where development is permitted due to a rezoning or zoning
  - where development creates a need

*EP&A Act Amendment cont...*

- Enables conditions to be imposed requiring
  - dedication of land/unit
  - or
  - payment of a monetary contribution

*EP&A Act Amendment cont...*

- Conditions must require a reasonable dedication or contribution having regard to:
  - extent of need in the area
  - scale of the proposed development
  - any other dedication or contribution made.

# *Draft Affordable Housing SEPP*

- There is housing need in all areas in Sydney  
GMR
- Detailed implementation in Guidelines

## *Draft Guidelines*

- LGA's ranked according to housing need
- Weighting factor applied according to need and availability of affordable housing
  - very limited
  - limited
  - moderate



*Draft Guidelines cont...*

- Housing Needs Statement
  - housing need in the LGA
  - housing market analysis
  - consider measures to address need  
ie. Changes to existing policy,  
affordable housing mechanisms

*Draft Guidelines cont...*

- Local Environmental Plans
  - Councils choose whether to implement
  - Must be in accordance with Guidelines, or if varying need to justify
  - Implementation Plan to outline proposed housing delivery and management

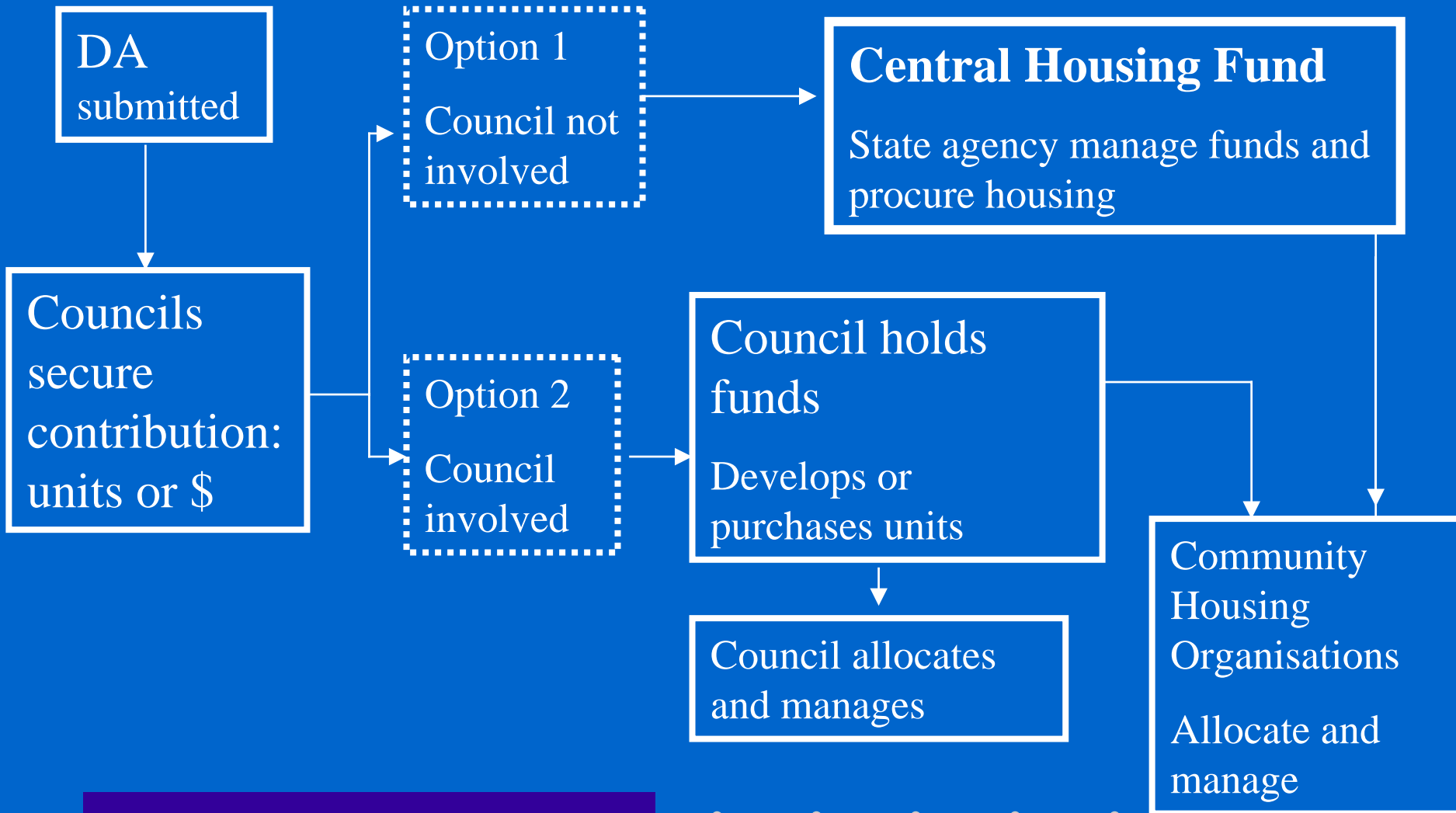


*Draft Guidelines cont...*

Model approaches to implement can include:

- Density bonus or concession
- Inclusionary zoning
- Loss of low cost stock
- Developer agreements

# *DELIVERY AND MANAGEMENT*



# *ACCOUNTABILITY*

- COUNCILS
  - Contributions Register
  - Business Plans (if procuring stock)
  - Annual report

*Accountability cont...*

- Central Housing Fund & Advisory Board
  - Three year rolling business plan
  - Annual report to Minister
  
- Affordable Housing Managers
  - Annual report to either Council or Central Housing Fund

# What is the AHS ?

DUAP service funded by the Rental Bond Board for three years 1999-2001

- **Three Staff Director, Senior Project Officer, Administrative Officer**
- Works with Housing Markets Team, DUAP and Affordable Housing Advisory Group (AHAG)

# What Does AHS Do ?

Facilitate long term affordable rental accommodation for households earning up to median income (\$45K )or less

← **Demonstration Projects**

← **Resourcing**

← **Information**

← **Policy**

# Demonstration Projects

Demonstrate new ways to develop and manage private market housing to promote affordability

Demonstration Projects are to:

**Provide long term affordable rental housing**

**Bring together resources from across sectors**

**Include component of private financing**

**Loans used to fund additional housing**

**Replicable**

# Two Sources of Funding

- **Loans**

- ← Zero-interest loans to assist with costs of building works. Loan repayable at project completion.

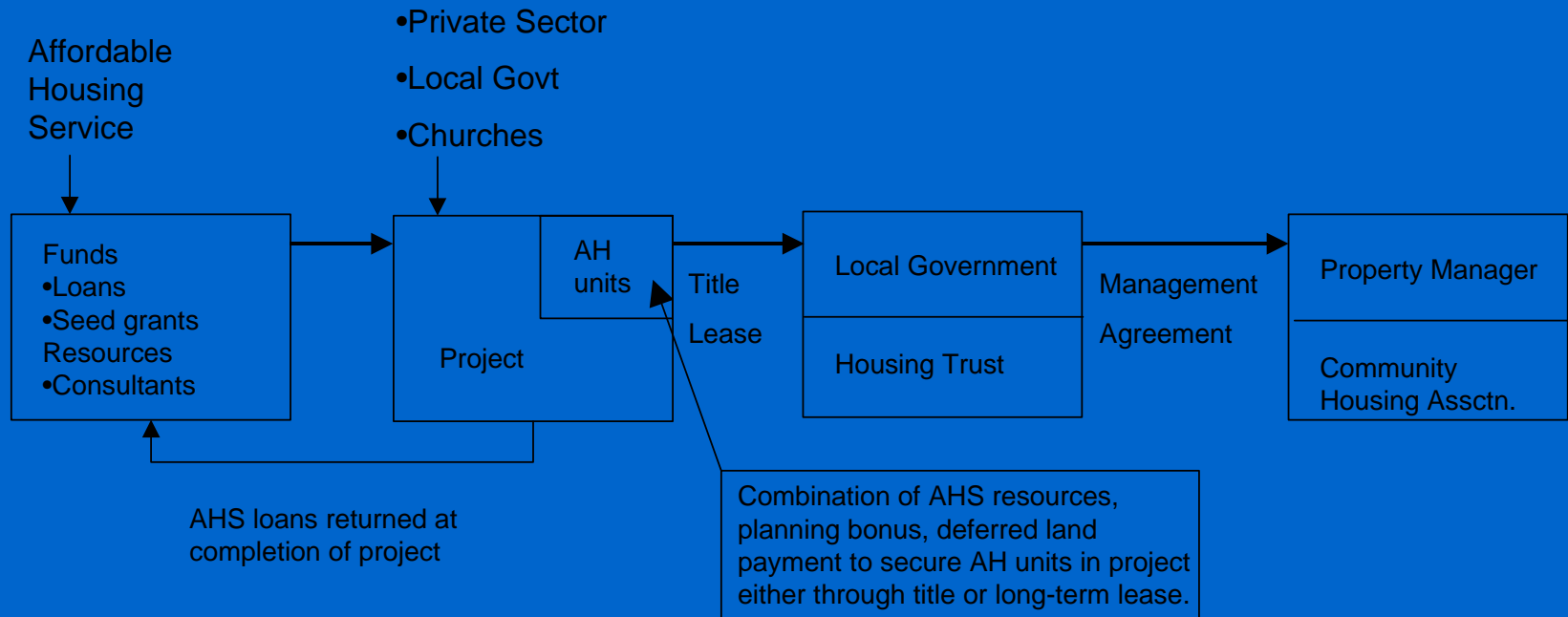
- ← \$6.4 M is available

- **Grants**

- ← Grants to assess the feasibility of a new project or model.

- ← \$800,000 is available

# Project Development



# Grant for Feasibility Study

Assess financial viability and the capacity to provide affordable housing through

- **Density bonus**
- **Deferred payment on land**
- **AHS Loan**

# Feasibility Study

- ← Land Valuation
- ← Schematic Design
- ← Economic Analysis
- ← Market Analysis
- ← Sensitivity and Risk Assessment
- ← Rent revenue Operating cost and analysis

# AHS Loan Eligibility

Land owners - private developers, local government, church - can apply for an AHS loan if they can demonstrate their project is:

- **Financially viable and**
- **Can deliver a component of affordable housing**
- **Must be able to meet due diligence and risk assesment requirements-tests similar to Those imposed by private lenders**

# Retaining Affordable Housing

- Affordable housing retained through:
  - ← transfer of title outright for in perpetuity units
  - ← caveat on title for long-term lease
- Affordable housing managed by either:
  - ← community housing organisation or
  - ← real estate agent

# Take-Up

Seven councils testing the feasibility of affordable housing on council or privately owned sites.

- **Byron Shire**
- **Newcastle**
  - **North Sydney**
- **Ashfield**
- **Parramatta**
- **Coffs Harbour**
- **Willoughby**
- **Waverley**

# Challenges

- Long Lead Time.
- Low Private Sector Takeup
- Market Cycle
- Labelling the Target Group
- Urban Consolidation Anxiety

# Overcoming the Barriers

- Providing Vision of Urban Future
- Focussing on People-not Statistics
- Demonstrating Success