



***Urbanista***

**FACILITATING AFFORDABLE HOUSING THROUGH  
PLANNING MECHANISMS:**

**PART 1: REVIEW OF PLANNING APPROACHES & MEASURES**

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**REPORT PREPARED BY REBECCA RICHARDSON FOR  
THE NSW FEDERATION OF HOUSING ASSOCIATIONS AND  
PARRAMATTA CITY COUNCIL**

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## INTRODUCTION

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Commissioned by the NSW Federation of Housing Associations and Parramatta City Council, this Study explores recent experience in the use of planning mechanisms to facilitate affordable housing and considers the potential application of available mechanisms.

**Part 1** – The first part of the Study presented in this Report examines a number of jurisdictions in New South Wales and elsewhere that have utilised planning mechanisms to encourage affordable housing. The aim of the review was to provide an overview of the approaches available to local government to acquire and manage affordable housing, drawing out their suitability for application in New South Wales.

**Part 2** – The second part of the Study evaluates four scenarios for holding and managing affordable housing delivered through the planning. The evaluation considers the financial, social and asset management implications of the approaches which involve Council or a community housing provider as asset owner and/or manager. One of the scenarios examines the potential offered by including Council owned land, together with cash contributions, in an innovative mixed tenure model. This Part is documented separately.

The **Consultancy Team** for the Study was comprised of Rebecca Richardson, Principal Consultant and Project Manager, Helen O’Loughlin, Housing Specialist, who assisted with the case studies and evaluation of planning mechanisms and Prof Peter Phibbs, Expert Advisor, who provided advice and independent validation in respect to the scenario modelling.

The Reference Group for the Study provided critical input and guidance throughout the course of the work.

The **Reference Group** comprised:

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# REVIEW OF PLANNING APPROACHES/MEASURES

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## 1.1 METHODOLOGY

### 1.1.1 APPROACH

Drawing on the Consultancy Team's knowledge and materials, together with desktop research and direct discussions, a range of experience by local councils that have been involved in acquiring and/or managing affordable housing over the last 5 years have been explored and documented.

Planning approaches employed in these jurisdictions have been considered in order to identify and explore a selection of approaches/mechanisms relevant to the study. The coverage has focused on Sydney, while also bringing in experience elsewhere in NSW and Victoria.

In addition, approaches employed in New York have also been investigated in order to draw upon the extensive experience there and to highlight the potential of key mechanisms, especially if used in combination with other kinds of facilitation and investment in affordable housing.

While the Study Brief called for a desktop research-based approach, direct contact with all the Councils involved has provided a more complete understanding of the manner in which approaches have been utilised and a deeper appreciation of the issues from a local government perspective.

### 1.1.2 SOURCES

A wide range of information sources have been utilised in this research including:

- The NSW Government Legislation website ([www.legislation.nsw.gov.au](http://www.legislation.nsw.gov.au))
- Individual Local Government websites
- NSW Local Government Housing Kit
- Urbanista library of literature on planning and affordable housing
- Special housing research - AHURI Research Centre, Shelter NSW/Australia publications, Academic institutions / research papers (eg City Futures, University of Sydney, the Centre for Housing, Urban and Regional Planning University of Adelaide)
- Internet searches
- Interviews with case study Councils and referral of draft material for Council comment and input

### 1.1.3 SELECTED CASE STUDIES

The jurisdictions covered in the research are:

- Canada Bay, Metro NSW
- Clarence Valley, Non-metro NSW
- Randwick, Metro NSW
- Sydney, Metro NSW
- Waverley, Metro NSW
- Willoughby, Metro NSW
- Port Phillip, Victoria
- New York, USA

## 1.1.4 OUTLINE

The information gained through this research has been distilled in the following sections of the report.

### 1.2 Overview of Planning Mechanisms

This section provides an overview of the principal mechanisms to facilitate affordable housing explored through the case studies. These are:

1. Mandatory Inclusionary Zoning
2. Voluntary Inclusionary Zoning
3. Voluntary Planning Agreements (VPAs)
4. Dedication/ contribution of land and/or capital
5. Facilitation and concessions

For each of these mechanisms this section outlines:

- Features
- Case studies utilising the mechanism
- Application
- Description

### 1.3 What Works Most Effectively?

Drawing upon the case studies and findings, this section outlines the mechanisms that have been found to work most effectively. It also makes some observations about which mechanisms work best in certain conditions.

### 1.4 Factors in Success

This section summarises the factors critical to the success of the various mechanisms evaluated.

### 1.5 Case Study Overview: Approaches, Outcomes and Key Elements

For each of the case study jurisdictions identified in 1.1.4, this section provides a summary of the characteristics of the area examined (population, land area, average yearly wage and median age) and an overview of the following:

- Mechanism/enabling framework
- Start date for affordable housing policy initiatives
- Total affordable housing delivered
- Average number of units delivered each year
- Asset ownership and management arrangements
- Projected future affordable housing units
- Current cash surpluses
- Key elements of the approach

## Appendix 1 Case studies

Appendix 1 provides the detailed case study for each jurisdiction identified in 1.1.4 addressing the following areas:

- Objectives of approach/measure
- Context - location, prevailing conditions and any other relevant circumstances
- Description of measures employed, project sponsors/partners and the delivery vehicle/model
- Implementation framework for planning approach
- Timeframe
- Housing outcomes and Development Mix
- Resident profile
- Requirements for implementation, including legal and market factors
- Project Support and facilitation
- Rental arrangements
- Financial arrangements
- Use of surpluses after tenancy / property management costs
- Asset Ownership
- Council governance arrangements
- Asset management including provision for sinking fund
- Management arrangements
- Any related initiatives
- Success factors
- Limitations/constraints
- Potential for wider application including any planning system reforms required for wider application
- Potential for wider application of housing delivery vehicle
- Relevant/source documents

## **1.2 OVERVIEW OF PLANNING MECHANISMS**

The Local Government Areas examined in the case studies utilise the principal mechanisms available in New South Wales to facilitate the delivery of affordable housing. They are:

1. Mandatory Inclusionary Zoning
2. Voluntary Inclusionary Zoning
3. Voluntary Planning Agreements (VPAs)
4. Dedication/ contribution of land and/or capital
5. Facilitation and concessions

This part summarises the features and attributes of these mechanisms.

## 1.2.1 MANDATORY INCLUSIONARY ZONING

### Description:

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. Currently in New South Wales, the use of mandatory inclusionary zoning is only supported by planning legislation in respect to a very limited number of local government areas covered by State Environmental Planning Policy No 70 Affordable Housing (Revised Schemes).

### Case studies utilising the mechanism:

City of Sydney, Willoughby and New York

### Application:

Provisions are available in the NSW Environmental Planning and Assessment Act 1979 (EP&A Act) at 94F and s94G enabling a Local Environmental Plan to incorporate inclusionary zoning provisions and for a consent authority to impose a condition requiring a reasonable dedication or monetary contribution for affordable housing if the consent authority is satisfied that the proposed development:

1. will or is likely to reduce the availability of affordable housing;
2. will create a need for affordable housing in the area; or
3. is allowed only because of the initial zoning or rezoning of the site.

However, these provisions only apply if a State Environmental Planning Policy identifies that there is a need for affordable housing within the area. While some local governments such as the City of Canada Bay are seeking inclusion, currently the use of mandatory inclusionary zoning is confined to a very limited number of Council areas set out in clause 9 of State Environmental Planning Policy 70 (SEPP 70) including parts of the City of Sydney (City West, Green Square and Redfern/Waterloo), Leichardt and Willoughby Local Government Areas.

Mandatory inclusionary zoning is more likely to be effective where market demand is high.<sup>1</sup> A recent Victorian research paper suggests that mandatory inclusionary zoning is most effective when used in combination with density bonuses.<sup>2</sup> Willoughby Council utilises this combination in as far as it offers bonus floor space for the on-site provision of the affordable housing required on designated sites under its mandatory inclusionary zoning requirements.

In City West, where the mechanism has been in use for some time in combination with other State and Commonwealth contributions, substantial numbers of units have been developed and/or capital contributions collected.

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<sup>1</sup> Refer <https://www.huduser.gov/portal/periodicals/em/spring13/highlight3.html>.

<sup>2</sup> Conlan, James, 'Mandatory Inclusionary Zoning And Density Bonuses At Arden-MacAulay' at <https://msd.unimelb.edu.au/sites/default/files/docs/James%20Conlan-%20Inclusionary%20Zoning.pdf>.

## Features:

Mandatory inclusionary zoning requires developers to provide contributions towards affordable housing as a condition of development consent. Mandatory inclusionary zoning ensures socially inclusive and economically integrated communities are maintained or created by requiring that affordable housing is provided as development or redevelopment occurred. The integration of affordable housing at the rezoning stage can assist in preventing the displacement of existing lower income communities as land values and housing costs rise when land is up zoned and redeveloped. Inclusionary zoning fosters diverse communities in locations with good access to facilities, jobs and other opportunities which, without such measures, may only be available to higher income groups. It also assists the effective functioning of local economies by enabling key workers who provide essential services to live close to the local communities they support.

Mandatory inclusionary zoning will typically be applied in an identified growth precinct or transport corridor or where up-zoning is creating significant additional development capacity and where substantial public investment in infrastructure may be occurring alongside. Thus, the incorporation of mandatory requirements represents a way of capturing some of the increased value flowing to land owners from infrastructure investment and planning decisions for the wider benefit of the public, and in doing so support diverse, equitable and functional communities.

Contributions towards affordable housing may be in the form of dedicated land or dwellings (on or off site); provision of dwellings for lease as affordable housing for a specified period; or a monetary contribution. Either on-site dedication or monetary contributions may be favoured depending on circumstances (such as the availability of land, the location and price of that land, and the capacity to pool contributions with other sources of funds). In Sydney, cash contributions have been predominately provided.

The amount of affordable housing to be provided is stated in a planning instrument (details may be in an accompanying Development Control Plan or policy or program document) and rates of provision may vary according to a number of variables such as:

- the development size (smaller developments may be exempt or be allowed to contribute off site);
- type of development, commercial or residential; and
- the income group being targeted with potentially a lesser amount of floor area or dwellings required if the target group is more deeply subsidised (very low or low income) or greater if a shallower subsidy for moderate incomes.

In Sydney there has tended to be a flat rate of contribution for a particular development type. Housing generated through the mechanism is generally managed by a community housing provider and targeted to specific income groups in accordance with detailed policy or program guidelines covering aspects such as income eligibility, requirements for local affiliation and rent setting.

## 1.2.2 VOLUNTARY INCLUSIONARY ZONING

### Description:

Voluntary inclusionary zoning provides a developer with the option of utilising a specific planning incentive or concession, such as a density bonus, in return for the provision of affordable housing or another public good.

### Case studies utilising the mechanism:

Waverley and New York

### Application:

While this approach is common in the United States, in New South Wales it has had more limited application.

To be effective, provisions need to be structured so that the benefits to the developer are sufficient to encourage the inclusion of affordable housing or a monetary contribution in lieu of direct provision.

Whilst there are no statutory restrictions on the use of voluntary inclusionary zoning, this mechanism cannot be utilised in such a way as to undermine the environmental or amenity considerations embodied in the relevant planning instruments pertaining to the land. To ensure that the use of voluntary inclusionary zoning does not fetter environmental and amenity considerations, an 'acceptability test' is applied to determine if there are environmental planning grounds to justify the approval of a development. Refer for example to clause 4.6 of Waverley's Local Environmental Plan.

### Features:

As the name implies, voluntary inclusionary zoning is available at the election of the proponent.

If the developer elects to utilise the available incentives or concessions, a condition of development consent will usually require the provision of a public benefit such as affordable housing in return. Voluntary Planning Agreements may also be used to implement voluntary inclusionary zoning provisions.

US studies have shown that voluntary inclusionary zoning is generally not as effective in delivering affordable housing as mandatory measures and that opt out provisions may result in the loss of opportunities to generate affordable housing<sup>3</sup>. Due to its voluntary nature, this mechanism is less predictable than mandatory measures in terms of the numbers of units likely to be produced<sup>4</sup>.

Like mandatory inclusionary zoning, voluntary mechanisms are more likely to be effective where market demand is high.<sup>5</sup>

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<sup>3</sup> Nicholas Brunick, Lauren Goldberg, and Susannah Levine. 2004. "Voluntary or Mandatory Inclusionary Housing? Production, Predictability, and Enforcement," Business and Professional People for the Public Interest, 2–9.

<sup>4</sup> Refer Brunick, Goldberg and Levine 'Voluntary or Mandatory Inclusionary Housing? Production, Predictability, and Enforcement' at [http://www.wellesleyinstitute.com/wp-content/uploads/2013/01/ResourceUS\\_BPI\\_VolMan03.pdf](http://www.wellesleyinstitute.com/wp-content/uploads/2013/01/ResourceUS_BPI_VolMan03.pdf).

<sup>5</sup> Refer <https://www.huduser.gov/portal/periodicals/em/spring13/highlight3.html>.

### **1.2.3 VOLUNTARY PLANNING AGREEMENTS (VPAs)**

#### **Description:**

A Voluntary Planning Agreement (VPA) is an agreement between a developer and a planning authority such as a local Council. Under such an agreement a developer may agree to provide or fund affordable housing or other public benefits.

#### **Case studies utilising the mechanism:**

Canada Bay, Clarence Valley, Randwick and Waverley

#### **Application:**

Voluntary Planning Agreements in respect to affordable housing are enabled under section 94F of the NSW Environmental Planning and Assessment Act, 1979. Under these provisions, a planning agreement may be voluntarily entered into between a developer and a planning authority whereby a developer may agree to:

- Dedicate land free of cost; and/or
- Pay a monetary contribution (capital or recurrent); and/or
- Provide another material public benefit to be used or applied for a public purpose.

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

A developer cannot be compelled to enter such a VPA. Similarly a Council is not bound to accept an offer by a developer, but is compelled to weigh up the merits of a proposal. As with voluntary inclusionary zoning, any available incentives and concessions provided or sought under a Voluntary Planning Agreement are subject to an 'acceptability test' and cannot fetter environmental and amenity considerations.

Given current limitations on use of mandatory inclusionary zoning to specific areas, VPAs are the most common form of delivering affordable housing in NSW. Such agreements have been used by Randwick, Canada Bay, City of Sydney, Clarence Valley, Waverley, Penrith, Leichhardt, Marrickville and Ashfield Councils.

#### **Features:**

The State Government's 2005 practice note on VPAs specifies that "Planning agreements provide a facility for planning authorities and developers to negotiate flexible outcomes in respect of development contributions. They are a means to enable the NSW planning system to deliver sustainable development, through which key economic, social and environmental objectives of the State and local government can be achieved."

The framework for the implementation of Voluntary Planning Agreements is set down in the Environmental Planning and Assessment Act and the associated practice note and circulars. The framework requires that certain requirements including public notification and safeguards be met.

Where a proposed planning agreement provides for a monetary contribution, these funds may be pooled with money paid under other planning agreements.

By their very nature voluntary agreements are negotiated on a case-by-case basis and therefore are resource intensive and will not generally deliver a predictable flow of contributions towards affordable housing.

## **1.2.4 DEDICATION OR CONTRIBUTION OF LAND OR CAPITAL**

### **Description:**

Some Councils have augmented the delivery of affordable housing by contributing land and/or capital towards affordable housing development and by participating in joint development partnerships with private or non-profit community housing providers to deliver affordable housing.

### **Case studies utilising the mechanism:**

Port Phillip, Randwick, Clarence Valley and Willoughby

### **Application:**

To maximise outcomes, this approach is most effectively implemented when Council contributions are combined with other capital and grant sources such as CHP equity or debt finance, State or Commonwealth grants such as through the former National Rental Affordability Scheme (NRAS), Housing Affordability Fund (HAF) or the current Building Better Regional Grants. Funding may also be used to facilitate the provision of infrastructure needed to develop sites or partially meet the cost of construction.

Partnerships can provide an effective means of combining Council resources with other sources of funds as a catalyst for affordable housing projects.

### **Features:**

The resources available to Councils and the partnership arrangements adopted vary from case to case. Some Councils contributing significant resources may seek partial reimbursement for their contribution or wish to retain a legal interest over property. Others will prefer for any housing delivered to be held and managed at arm's length from Council, but to be targeted to low and moderate income households. Most will be interested in any net surpluses after management and maintenance costs being directed to the provision of additional affordable housing dwellings.

When participating in such projects, Councils will frequently seek to include requirements for housing to be provided to essential workers or households with local affiliations.

## 1.2.5 FACILITATION AND CONCESSIONS

### Description:

Councils may provide incentives to developers and/or non-profit housing providers to facilitate provision of affordable dwellings. Incentives may be targeted to reducing the cost of production of housing and/or to improving the feasibility of housing development by non-profit providers.

### Case studies utilising the mechanism:

Randwick, Clarence Valley, Canada Bay and Willoughby

### Application:

Incentives may seek to provide more affordable market housing or may be tied to a requirement for the unit(s) to be sold or rented to an eligible low to moderate income household. Most commonly, the units are managed by a non-profit housing provider who will allocate dwellings to income eligible lower income households.

Incentives and concessions may be offered alone or in conjunction with VPAs or inclusionary zoning.

### Features:

Incentives may be in the form of facilitation or concessions. Examples of facilitation measures include provision of a dedicated officer for affordable housing, linking community services planning with housing provision and assisting with brokering partnerships.

Concessions may include measures to:

- reduce development costs such as waiving of fees or relaxation of development standards;
- reduce holding costs by streamlining the development approval process;
- reduce on-going operational costs such as reduction in Council rates.

Often a combination of assistance will be needed to make a project incorporating affordable housing viable and attractive to potential participants. For example incentives could include smaller unit sizes; removal of application fees for secondary dwellings of 60m<sup>2</sup> or less; car parking concessions for well located housing; and fast tracking of development applications by non-profit providers.

At present these approaches are not well utilised by local governments in New South Wales.

### 1.3 WHAT WORKS MOST EFFECTIVELY?

The types of planning mechanisms that will work most effectively will be dependent on the local housing market, land values and the type of development occurring in the area. Outcomes of all the mechanisms are most favourable where there are strong levels of development activity<sup>6</sup>.

It is difficult to make direct comparisons of the effectiveness of the mechanisms considered because of the large range of variables that come into play. This includes the way that 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 planning or financial incentives and how proactively housing outcomes have been pursued (which may be a factor of both Council commitment and community acceptance).

Nevertheless, it would appear that mandatory inclusionary zoning is potentially more efficient, particularly in higher land value locations with large sites or areas with capacity for up-zoning and redevelopment.<sup>7</sup>

**The potential benefits and efficiencies of mandatory inclusionary zoning include:**

- **Predictability and certainty up front** for both the development industry and the Council in respect to what is required and what is likely to be supplied over time.

For the development industry this allows the requirement to provide affordable housing to be factored into the price paid for the land. It makes any impact on development feasibilities, clear and transparent. If detailed market feasibilities have been undertaken to inform the setting of the affordable housing requirements, inclusionary zoning will not impede development or result in costs being passed through to consumers.<sup>8</sup>

- **'Guaranteed' Pipeline of Supply** for the growing community housing industry which is playing an increasing role in affordable housing delivery.

By delivering a pipeline of supply, inclusionary zoning can provide the certainty needed for community housing providers, and the community housing industry more generally, to make informed decisions about how to direct resources and investment in infrastructure. A pipeline of development is also important in securing the participation of the financial sector and institutional investors. If affordable housing is to be a viable option for institutional investors, it must provide sufficient scale and certainty, including certainty about Government policy settings.

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<sup>6</sup> NYU Furman Centre, Creating Affordable Housing out of thin Air: The Economics of Mandatory Inclusionary Zoning in New York City, Research Brief, March 2015, pg 4.

<sup>7</sup> *ibid*

<sup>8</sup> Lincoln Institute of Land Policy 2015, Policy Focus Report Series, Inclusionary Housing Creating and Maintaining Equitable Communities Page 4. A good discussion on the impact of inclusionary zoning on development can be found in this Report.

- **Less resource intensive** than voluntary inclusionary zoning or Voluntary Planning Agreements as mandatory inclusionary zoning does not require time and resources for the separate negotiation of each individual application.
- **More consistent and equitable outcomes** can be provided through mandatory inclusionary zoning as individual development proposals must satisfy established requirements.

In contrast, the use of Voluntary Planning Agreements can result in varying levels of contribution being made in return for the same level of incentive. Uncertainty can be reduced if Councils set out the affordable housing outcomes sought for relevant sites or areas in Planning Agreement Policies, LEPs or DCPs. This approach has been employed by **Randwick, Clarence Valley and Willoughby Councils**. However, the voluntary nature of the agreements means one proponent may negotiate to provide affordable housing, while an adjoining proponent may not contribute or contribute significantly less. Discussions with Randwick City Council officers identified adjacent sites where this had occurred.

#### **Where Voluntary Planning Agreements may be more efficient**

Voluntary Planning Agreements can provide for greater flexibility as they are negotiated specifically in response to the circumstances of the case. As a result, Council may be able to negotiate a contribution above the baseline established in a mandatory provision. VPAs also have the potential to capture unforeseen development opportunities. They may also be more effective where additional partners or subsidies are available.

In the absence of wider State Government endorsement of mandatory inclusionary zoning provisions, VPAs are currently the most effective instrument available.

## **1.4 FACTORS IN SUCCESS**

### **1.4.1 FOR ALL MECHANISMS**

- Sound evidence base and clear policy aims for provision of affordable housing;
- Clearly articulated affordable housing delivery program with strong governance and requirements about the quarantining of contributions, net surpluses; interest earned and their application for affordable housing purposes;
- Use of sophisticated development feasibilities to determine the amount of contribution reasonably sought, relevant to increases in value provided or concessions given relative to local markets;
- Use of regulated expert non-profit property and tenancy managers appointed through a competitive tender to manage stock and apply any surpluses to leverage additional affordable housing (with estimate of leverage targets to be required as part of any tender);
- Education strategy to obtain support from community;
- Dedicated specialist housing officer (part or full time depending on demand and available resources).

### **1.4.2 MANDATORY INCLUSIONARY ZONING**

- Identification of sites and areas of application early so industry has knowledge and certainty and builds the cost of delivery of affordable housing into the price paid for land;
- Widespread application across areas of urban renewal, particularly in proposed urban redevelopment or priority precincts so cost of developing in one area are not inflated in some areas over others;
- Careful consideration of options for provision on site or in lieu contributions based on local circumstances and capacity to maximise affordable housing outcomes;
- Mixed funding models such as used in City West where all stakeholders contribute (i.e. the development industry contributes through inclusionary zoning, community housing providers leverage contributions through equity or debt finance, and government contributes some equity (capital, recurrent or tax concession).

### **1.4.3 VOLUNTARY PLANNING AGREEMENTS**

- Identification in advance in planning instruments of the areas/sites and types of development where affordable housing contributions are anticipated and the form and amount of provision envisaged. As above, this provides early notification to developers allowing the price paid for land to be adjusted. It also provides a baseline to ensure consistency in the application of provisions in negotiations.
- Flexibility within an established negotiation framework.

## 1.5 CASE STUDY OVERVIEW

### 1.5.1 STATISTICAL DATA BY REGION FOR CASE STUDY AREAS

(Australian data drawn from Australian Bureau of Statistics, Data by Region, 2013)

LGA	Canada Bay	Clarence Valley	Randwick	Sydney City	Waverley	Willoughby	Port Philip	New York City
Population	83,138	50,616	142,310	191,918	70,706	73,155	102,516	8,491,079 [1]
Area (hectares)	1971.7	926,324.20	3633.1	2672.6	924.1	2242.9	2560.9	79,000
Average wage pa	\$68,017	\$39,190	\$63,535	\$56,383	\$75,616	\$80,669	\$68,049	US \$65,800 [2] (Median)
Median age (years)	37.3	46.6	34.5	32.8	34.8	36.9	35.4	35.6 [3]

1. United States Census, 2014: <http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk>.
2. 2015 HUD Income Limits Briefing Material: [https://www.huduser.gov/portal/datasets/il/il15/IncomeLimitsBriefingMaterial\\_FY15\\_Rev\\_2.pdf](https://www.huduser.gov/portal/datasets/il/il15/IncomeLimitsBriefingMaterial_FY15_Rev_2.pdf).
3. New York City Planning, 2012: <http://www1.nyc.gov/site/planning/data-maps/nyc-population/population-facts.page>.

## 1.5.2 OVERVIEW OF APPROACHES, OUTCOMES AND KEY ELEMENTS FOR CASE STUDIES

**Note:** It is difficult to make precise comparisons with respect to outcomes achieved as the sources and basis data may vary from case to case. For example, some surpluses are as at June 2015 and others at December 2015. Surpluses will also reflect how the stock is targeted to low or moderate income earners. Some data includes time program/policy first commenced and others the date the first housing was received under the program/policy. As some Councils have received more in lieu contributions than in kind, it is important to look at overall outcomes.

Council/ Responsible Authority	Mechanism/ Enabling Framework	Policy start date	Total AH delivered	Ave no of units per year <sup>9</sup>	Asset ownership and management	Projected future AH units/ current cash surplus	Key Elements
<b>Canada Bay</b>  Population*: 84,906  Area (ha): 1,989.3  Average yrly wage: \$67,581  Median age: 36.9 years	Voluntary Planning Agreements	2007	24	3	Council owned CHP managed	Housing reserve at end of June 2015 \$1.776m generated from 24 units since 2009 <sup>10</sup>  After allowing for housing renewal and maintenance of housing and other Council community service facilities, remaining rental surpluses in the housing reserve are applied for acquisition of additional housing.	The Canada Bay Affordable Housing Policy is closely linked to local needs for affordable housing amongst key workers, particularly those in the health industry.  The LGA has significant redevelopment potential however, to date, opportunities for affordable housing have had to be negotiated on a case-by-case basis through VPAs and have only succeeded where benefits are sufficient to induce a developer to contribute affordable housing.  Council is seeking to further improve the effectiveness of Its Affordable Housing Policy and has resolved to seek authority under SEPP 70 to collect s94F contributions for affordable housing. Council's target is for all urban renewal sites to deliver 5% affordable housing.  Council is currently working with State Government to deliver affordable housing at East Rhodes. Council's preference is for an inclusionary zoning approach and a minimum of 5% affordable housing. As plans are not yet approved the final dwellings numbers are unknown but if successful could give rise to more than 100 affordable housing dwellings.  Supportive Councillors and Director of Planning have contributed to the program's success, as have good relations between the community services and planning departments.

\* ABS Data by Region 2013, <http://stat.abs.gov.au/itt/r.jsp?databyregion>.

VIZ =Voluntary Inclusionary Zoning VPA =Voluntary Planning Agreement MIZ = Mandatory inclusionary Zoning AH = Affordable Housing CHP =Community Housing Provider

<sup>10</sup> Email Correspondence Director of Planning, Canada Bay Council December 2015- Note: Includes NRAS funding.

Council/ Responsible Authority	Mechanism/ Enabling Framework	Policy start date	Total AH delivered	Ave no of units per year <sup>9</sup>	Asset ownership and management	Projected future AH units/ current cash surplus	Key Elements
<b>Clarence Valley</b>  Population*: 51,043  Area (ha): 1,042,880  Average yrly wage: \$39,155  Median age: 46.5 years	Voluntary Planning Agreements/ Housing Requirement to induce provision of affordable lots/housing for purchase   Provision of land and facilitation of partnerships with CHP to develop affordable housing	2010	14 units delivered with CHP partner on Council/ HNSW land	2.8 <sup>11</sup>	1 dwelling Council owned and CHP managed  Remaining 13 dwellings CHP owned and managed	Rental surpluses are retained by the CHP and applied for further affordable housing	<p>The planning mechanism involves a two limbed approach:</p> <ol style="list-style-type: none"> <li>1. Affordable housing requirements for an equivalent of 1 in 10 lots/dwellings to be affordable;</li> <li>2. Voluntary Planning Agreements for the provision of affordable housing.</li> </ol> <p>The Policy identifies what is meant by affordable housing by specifying modest unit sizes and land lot sizes (smaller than current development) that, if provided at the specified rate, are 'deemed to comply' as provision of affordable housing. In addition alternate provision may be negotiated.</p> <p>No affordable housing has been achieved to date through VPAs. However development is pending in three green-field sites where developers have indicated they will provide affordable lots in response to Council's 1:10 requirement. Two of these are at concept plan stage and one is at subdivision stage. Conditions are applied at Subdivision stage.</p> <p>These sites will potentially yield more than 100 lots which will be smaller in size to standard lots and available at a more affordable price than would normally come to market. However, the rate and timing of development may be over a long period of time.</p> <p>Council has recently determined that it will not participate as a direct provider of affordable housing and for this reason does not negotiate with developers for direct contributions.</p> <p>In addition, previously Council has provided extensive project support including fee relief, brokering of partnerships, dedication of land/discount to market land sales and (formally) a dedicated housing officer.</p>

<sup>11</sup> Units delivered to date from provision of land and partnerships not VPA.

Council/ Responsible Authority	Mechanism/ Enabling Framework	Policy start date	Total AH delivered	Ave no of units per year <sup>9</sup>	Asset ownership and management	Projected future AH units/ current cash surplus	Key Elements
<b>Randwick City Council</b>  Population*: 142,310  Area (ha): 3633.1  Average yrly wage: \$63,535  Median age: 34.5 years	Voluntary Planning Agreements combined with utilisation of Council resources.	2006	23	2.5	Assets owned by Council managed by CHP	\$430,000 from rental surplus (These surpluses have been accrued at an average of \$70,000-\$80,000 per annum over the last 6 years)	<p>Council has an established history in offering facilitation and support for affordable housing. As a result, Council has good knowledge/ access to affordable housing initiatives/networks and connections with community housing providers.</p> <p>Councillors and Council staff are well informed about the role of affordable housing, with a supportive Head of Planning and General Manager.</p> <p>Council recognises that there is a greater opportunity to negotiate favourable housing outcomes through VPAs early in the process on larger sites, with VPAs having less applicability in more built up urban areas.</p> <p>The Affordable Housing Strategy notes that in view of the limited opportunities available on larger sites in the LGA that “Council’s ability to implement new affordable housing initiatives is at near capacity under current legislative arrangements.”</p> <p>Council is actively pursuing other opportunities to purchase land for development for affordable housing from the affordable housing reserve fund and contributions for loss of low cost stock.</p>
<b>Sydney City - City West</b>  Population*: 191,918 (LGA)  Area (ha): 2,672.6 (LGA)	Mandatory Inclusionary Zoning,  State and Commonwealth Government contributions	1994	470  (A further 202 units in Green Square)	21.3* as at Jun 2014 for City West	Assets owned and managed CHP	Funds collected from developer contributions \$25.5m for the 12 months ended June 2015 <sup>12</sup> .	<p>A unique tripartite arrangement whereby the Commonwealth provided subsidies under 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.</p>

<sup>12</sup> This includes Green Square and Ultimo/Pymont area.

Council/ Responsible Authority	Mechanism/ Enabling Framework	Policy start date	Total AH delivered	Ave no of units per year <sup>9</sup>	Asset ownership and management	Projected future AH units/ current cash surplus	Key Elements
Average yrly wage: \$56,383(LGA)  Median age: 32.8yrs (LGA)	Funds transferred directly to City West Housing Company					There are a further 417 units in the pipeline due for delivery by 2017.	<p>The company also provides affordable housing in Green Square.</p> <p>The program provides for a roughly equal mix of very low, low and moderate income households, with rental set at a sliding scale reflective of their capacity to pay. Applicants with links to the Pyrmont Ultimo area have priority.</p> <p>Council is actively pursuing a strong LGA wide housing framework.</p>
Waverley Council  Population*: 70,706  Area (ha): 924.1  Average yrly wage: \$75,616  Median age: 34.8 years	Initially Voluntary Inclusionary Zoning  Currently Voluntary Planning Agreements  15% FSR incentive	1985	43 units under the Affordable Housing Program (AHP)  54 under the Social Housing Program (SHP)	2.0	21 of the 43 AHP units are Council owned, remaining 22 properties leased to the program for a specified term.  All SHP assets are owned by Council or in partnership with Housing NSW.  All units managed by CHP.	As at Dec 2015 the current Affordable Housing Reserve is \$4.7m.  The average annual surplus to the program over the last 5 years to June 2015 has been \$117,000. The anticipated income from developer contributions is \$300,000 pa.	<p>A two limb approach aiming to:</p> <ul style="list-style-type: none"> <li>▪ Maintain diversity in the Waverley LGA targeting low to moderate income earners (Affordable Housing Program - AHP);</li> <li>▪ Maintain diversity in the LGA targeting older people and people with a disability who have very low income (Social Housing Program - SHP).</li> </ul> <p>Council has a well-established history of supporting affordable housing including the consistent support of the elected body of Council over a period of 30 years, as well as the support of Senior Management.</p> <p>A factor in success has been Council's ability to vary its approach to respond to different opportunities as they emerge.</p> <p>Council acted early on in the gentrification process, and was able to secure properties to make perpetually affordable for very low income earners at an 'affordable' price.</p>

Council/ Responsible Authority	Mechanism/ Enabling Framework	Policy start date	Total AH delivered	Ave no of units per year <sup>9</sup>	Asset ownership and management	Projected future AH units/ current cash surplus	Key Elements
<p>Willoughby Council</p> <p>Population*: 73,155</p> <p>Area (ha): 2242.9</p> <p>Average yrly wage: \$80,669</p> <p>Median age: 36.9 years</p>	Mandatory Inclusionary Zoning	1999	12	1.4  (incl dwellings in pipeline)	Assets owned by Council managed by CHP.	<p>An additional 11 units are in the pipeline</p> <p>Cash \$7m</p> <p>Contributions in lieu</p> <p>Council is proposing to develop Council land for affordable housing utilising the monetary contributions collected under the LEP.</p>	<p>Inclusion within SEPP 70 enables Council to implement a mandatory inclusionary zoning framework as sites are rezoned for more intensive development requiring a contribution equivalent to 4% of the gross floor area of the residential component of the development.</p> <p>However opportunities to require affordable housing contributions have been lost where applications have been assessed by the State Government as major projects.</p> <p>As the inclusionary zoning provisions are introduced incrementally when sites are rezoned and developed, the generation of affordable housing is closely linked to market activity.</p> <p>Currently, the contribution only applies to residential rezoning (refer clause 6.8(7) of the LEP) and not commercial sites thus limiting its reach.</p> <p>Where affordable housing is provided on site, the additional floor space is not included in density calculations i.e. the affordable housing floor space is over and above the permissible maximum floor space under the new zoning. This makes the provision of housing more attractive than the payment of a contribution.</p> <p>Care is taken in negotiating housing contributions to ensure that any affordable housing provided is not likely to incur high strata fees.</p> <p>Progressive culture within both the elected and administrative arms of Council has helped to maintain a focus for affordable housing, as has having a designated staff member with responsibility for housing from 1995 up until 2014.</p>

Council/ Responsible Authority	Mechanism/ Enabling Framework	Policy start date	Total AH delivered	Ave no of units per year <sup>9</sup>	Asset ownership and management	Projected future AH units/ current cash surplus	Key Elements
Port Phillip  Population*: 102,516  Area (ha): 2560.9  Average yrly wage: \$68,049  Median age: 35.4 years	Development of affordable housing through partnerships contributing land &/or cash & partnering with private sector, State Government and CHPs.	1986	311 <sup>13</sup>	15.0	Initially Council with CHP managing  Since 2007 most assets transferred to Port Phillip Housing Trust with Port Phillip Housing Association (PPHA) as trustee responsible for ownership and management & development of new affordable housing.	Surplus is held and reinvested by PPHA for provision of more affordable housing	<p>Port Phillip Council negotiates the provision of affordable housing on private sites and provides Council land and capital to the Port Phillip Housing Association to increase their capacity to leverage funds and deliver affordable housing</p> <p>In 1986, the former St Kilda Council helped establish St Kilda Housing Association Inc. (later to become Port Phillip Housing Association Ltd (PPHA) to manage Council developed housing.</p> <p>Over the period from 1986 to 2006, Council became the largest local government developer of housing in Australia providing 286 units in 12 residential development projects.<sup>14</sup> The housing projects were largely funded through joint ventures with the Victorian Department of Human Services. Two projects involving partnerships with private developers were also undertaken.</p> <p>Between 2004 and 2007, Council restructured the housing program, establishing the Port Phillip Housing Trust (PPHT) to hold the assets and transferring Council's role as developer to Port Phillip Housing Association as Trustee of the PPHT in 2005/06.</p> <p>Port Phillip Council committed to a \$4m (\$400,000 annually) contribution from 2006-2014/15 along with \$2.45m land contribution for affordable housing. These funds have been leveraged by the PPHA.</p> <p>Council is currently considering a partnership strategy for the next 10 years and its role in providing cash and property contributions in a programmatic manner to assist local community housing organisations increase community housing under trust mechanisms.</p>

<sup>13</sup> Note a further 78 units have been developed by PPHA using their own resources.

<sup>14</sup> <http://www.ppha.org.au/partners/200-local-government>.

Council/ Responsible Authority	Mechanism/ Enabling Framework	Policy start date	Total AH delivered	Ave no of units per year <sup>9</sup>	Asset ownership and management	Projected future AH units/ current cash surplus	Key Elements
							Planning agreements are able to be made for any matter intended to achieve or advance the objectives of planning in Victoria or the objectives of a planning scheme (s173-174 Victorian Planning and Environment Act 1987). However, unlike the NSW EP&A Act 1979, there are no specific objectives included in the Victorian Planning Act in respect to affordable housing. As a result Council has not used s173 agreements for this purpose.
New York City	Voluntary Inclusionary Zoning (VIZ) with density bonus  Mandatory Planning Agreement proposed  Tax rebates and incentives	1.1987 R10 VIZ Housin g Progra m with DB  2.2005 Design ated areas VIZ	7,000 <sup>15</sup>	250	Mixed not for profit and private but all recent schemes require permanent affordable housing	Inclusionary zoning is estimated to give rise to 80,000 units over next 10 years CK	<p>Unlike Sydney, the New York City Council has a long and extensive history in using the planning system to deliver affordable housing and in investing significant capital subsidies and tax concessions to maintain and deliver new affordable housing supply.</p> <p>The New York City Council is vastly different in scale and in the scope of its powers to typical NSW Councils and even Sydney and Brisbane City Councils.</p> <p>New York City Council's Department of Finance has the capacity to collect revenue from a variety of local taxes and user charges as well as property tax and collects over \$30 billion in revenue for the city and has more than a million properties worth a total of \$ 8 billion. It has its own Department of Housing Preservation and Development (HPD) to improve the availability, affordability and quality of Housing in New York City in addition to a City Planning Department. The HPD collaborates with the New York City Housing Authority (NYCHA), provider of public housing, to rehabilitate their stock and to construct low and moderate income housing on vacant NYCHA property.</p> <p>Currently a combination of planning and financing incentives are used.</p>

<sup>15</sup> NYU Furman Centre, Research Brief, March 2015, Creating Affordable Housing Out of Thin Air: The Economics of Mandatory Inclusionary Zoning in New York City.pg 2.

Council/ Responsible Authority	Mechanism/ Enabling Framework	Policy start date	Total AH delivered	Ave no of units per year <sup>9</sup>	Asset ownership and management	Projected future AH units/ current cash surplus	Key Elements
							<p>Together with other measures, New York City Council currently seeks to secure affordable housing through voluntary inclusionary housing programs that provide for density bonuses in exchange for the creation or preservation of affordable housing for low and moderate income households.</p> <p>In Sept 2015 a mandatory inclusionary affordable housing (MIH) scheme was proposed as part of the New York City Ten Year Housing Plan to preserve or create 200,000 affordable dwellings over the next decade. At the date of writing the scheme was yet to be confirmed. Approximately 40% or 80,000 new dwellings are anticipated from new development under the scheme.</p> <p>Density bonuses and associated financial 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 (sliding scale 20 -30%) and their affordability (rents/prices affordable to eligible low to middle income households).</p> <p>Delivery partners include both the not for profit and private sectors and State and Federal Governments who provide housing subsidies. Projects often package up the range of incentives available to secure construction finance.</p> <p>Success factors include:</p> <ul style="list-style-type: none"> <li>▪ Good messaging of the issue and engagement with communities has led to a well understood need for affordable housing and its importance to neighbourhood and economic vitality;</li> <li>▪ Tailored affordable housing requirements to reflect local housing market circumstances;</li> <li>▪ Importance of commissioning detailed development feasibilities to test various forms of development and</li> </ul>

Council/ Responsible Authority	Mechanism/ Enabling Framework	Policy start date	Total AH delivered	Ave no of units per year <sup>9</sup>	Asset ownership and management	Projected future AH units/ current cash surplus	Key Elements
							<p>levels of affordability;</p> <ul style="list-style-type: none"> <li>▪ Planning concessions and subsidies are targeted to maximise their efficiency in delivering affordable housing outcomes;</li> <li>▪ A comprehensive approach to the delivery of affordable housing that will require both planning and financing mechanisms;</li> <li>▪ Requirement for provision of affordable housing prior to rezoning;</li> <li>▪ Flexible options for affordable housing contributions that reflect local circumstances or economic cycles and that might make on site or offsite provision of housing, or payments in lieu more or less effective;</li> <li>▪ Strong Federal legislation and funding to support affordable housing delivery;</li> <li>▪ Access to sophisticated financing through taxation exemptions, credits, and issuing of bonds to raise investment to finance (and bond guarantees to lower the cost of finance) for affordable housing delivery;</li> <li>▪ Early implementation to capture opportunities;</li> <li>▪ Scale of affordable housing provision has supported the development of infrastructure needed to continue to effectively manage and leverage more affordable housing.</li> </ul>

## APPENDIX 1

## CASE STUDIES

LOCAL GOVERNMENT AREA	CANADA BAY (Metro NSW)								
<p><b>1. Objectives</b> of approach/measure</p>	<p>“By providing affordable rental housing, Council aims to assist people earning low to moderate incomes to live and work in the City of Canada Bay, provide them with improved rental housing security and enable them to establish savings for the private rental market or home ownership” (Council’s website<sup>16</sup>)</p> <p>The objectives of Council’s Affordable Housing Policy are to assist local residents and employees on low to moderate incomes by:</p> <p>“Improving access to rental housing that is affordable for low to moderate income households and by doing so, helping to alleviate housing stress;</p> <p>Ensuring that the affordable rental housing mix is appropriate to the changing needs of households with regard to size and type, location, sustainability and community connectedness; and</p> <p>Efficiently managing revenue provided through the affordable rental housing program to procure, manage, maintain and grow the affordable rental housing portfolio in the Canada Bay Local Government Area (Affordable Housing Policy).” (page 3)</p>								
<p><b>2. Context</b> - location, prevailing conditions and any other relevant circumstances</p>	<p>Middle ring LGA in Sydney’s Inner West. Includes waterfront land along the Parramatta River.</p> <table border="0" data-bbox="644 1122 1366 1279"> <tr> <td>Median rent - 2 bed unit Dec quarter 2015</td> <td>\$620/w</td> </tr> <tr> <td>Greater Sydney</td> <td>\$520/w</td> </tr> <tr> <td>Median sales price - strata dwl Sept 2015</td> <td>\$875 000</td> </tr> <tr> <td>Greater Sydney</td> <td>\$680 000<sup>17</sup></td> </tr> </table> <p>Relatively low levels of social housing - 856 dwellings or 2.9% compared to 5% in greater Sydney 2011 Census</p>	Median rent - 2 bed unit Dec quarter 2015	\$620/w	Greater Sydney	\$520/w	Median sales price - strata dwl Sept 2015	\$875 000	Greater Sydney	\$680 000 <sup>17</sup>
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<p><b>3. Description</b> of measures employed, project sponsors/partners and the delivery vehicle/model</p>	<p>The City of Canada Bay seeks to secure contributions for affordable housing through Voluntary Planning Agreements (VPAs) entered into at the rezoning or development application stage.</p>								
<p><b>4. Implementation framework</b> for planning approach</p>	<p>Council utilises section 93F of the Environmental Planning and Assessment Act to obtain, through negotiation, contributions towards affordable housing and other purposes from developers.</p> <p>Section 93F provides that a VPA may be entered into at the rezoning stage, or at the development application stage.</p> <p>Council “Affordable Housing Policy Background Information 2007” identifies that it is considered more straightforward to enter a planning agreement at the rezoning stage when the</p>								

<sup>16</sup> <http://www.canadabay.nsw.gov.au/cs-affordable-housing-program---main-page.html>.

<sup>17</sup> Housing NSW Rental and Sales Report Issue 114 and associated tables at <http://www.housing.nsw.gov.au/about-us/reports-plans-and-papers/rent-and-sales-reports/latest-issue>.

LOCAL GOVERNMENT AREA	CANADA BAY (Metro NSW)
	<p>planning outcome may be resolved concurrently with the terms of any s93F agreement. It is considered to be more unlikely that a developer would wish to enter a planning agreement at the development application stage at which point the capacity to influence site potential is more limited.</p> <p>Nevertheless although it may be generally easier to negotiate at the rezoning stage, Council has had some success at the DA stage. The Background Paper emphasises that provision of affordable housing alone is not sufficient to secure a bonus, noting that "... Council would need to assess the application on well founded planning principles associated with the FSR and could not guarantee a positive outcome from that assessment."<sup>18</sup></p>
<p><b>5. Timeframe</b></p>	<p>Council's "Affordable Housing Policy" was introduced on 7 August 2007 and updated on 12 August 2009 and 7 February 2012 (refer Council's website).</p> <p>The first properties were secured through a VPA in Feb 2007 and transferred to Council ownership in 2009 following construction.</p>
<p><b>6. Housing outcomes and Development Mix</b></p>	<p>Included as part of mixed private/affordable housing developments.</p> <p>The affordable housing is provided as part of a private development. Usually only a small number of affordable housing dwellings are provided in each complex.</p> <p>24 dwellings located within the North Strathfield, Strathfield Triangle and Mortlake. 5 x 1 BR, 9 x 2 BR and 10 x 3 BR</p>
<p><b>7. Resident profile</b></p>	<p>As well is being required to satisfy eligibility criteria (based on an annual income and assets test), applicants must be permanently employed with priority given to applicants working in specified industry sectors including health, education, transport, local government and hospitality.</p> <p>Priority for six of the 24 affordable housing dwellings is given to Concord General Repatriation Hospital staff (Affordable Housing Policy)</p>
<p><b>8. Requirements for implementation, including legal and market factors</b></p>	<p>Development proposal is acceptable on its own merits in terms of environmental impacts. Developments are subject to independent assessment, i.e. independent of Council.</p> <p>Developers would need to realise a sufficient benefit to be enticed into entering a VPA.</p>
<p><b>9. Project Support and facilitation</b></p>	<p>NIL</p>

<sup>18</sup> Canada Bay Affordable Housing Background Information 2007 page 6.

LOCAL GOVERNMENT AREA	CANADA BAY (Metro NSW)
<p><b>10. Rental arrangements</b></p>	<p>Fixed term 1 year lease reviewed annually.</p> <p>Maximum term of lease is 5 years.</p> <p>Rental is based on a discount to market rent. Rentals cannot exceed 75% of weekly market rent for a comparable dwelling or 30% of National Rental Affordability Scheme eligible income amount.</p> <p>To support the financial sustainability of the affordable housing program, a mix of rentals based on 75% market rent and 30% National Rental Affordability Scheme eligible income is sought.</p>
<p><b>11. Financial arrangements</b></p>	<p>Council’s “Affordable Housing Policy” specifies that rental income will be directed to investment fund holdings to earn interest to benefit future purchase of affordable housing stock and will be re-invested in existing affordable housing stock in the form of dwelling replacement and property maintenance and renewal.</p> <p>Council has specified that “50% of the net rental income received from affordable housing stock will be directed to Council Investment Fund for investment and reinvestment purposes to inflation proof the fund and provide it with an ongoing income stream. The remaining 50% of net rental income will be used to fund maintenance of the affordable housing stock and Council’s community building and facility projects including affordable housing projects.”<sup>19</sup></p>
<p><b>12. Use of surpluses after tenancy / property management costs</b></p>	<p>Currently the surpluses generated through the affordable housing program are applied in roughly equal parts to:</p> <ul style="list-style-type: none"> <li>- affordable housing maintenance</li> <li>- maintenance of other Council facilities</li> <li>- purchasing further affordable housing</li> </ul>
<p><b>13. Asset Ownership</b></p>	<p>Council has retained ownership of the dwellings which are classified as operational land. Properties can be bought and sold but it is assumed that affordable housing funds are held under an implied trust and cannot be applied for purposes other than affordable housing.</p>
<p><b>14. Council governance arrangements</b></p>	<p>Under Council’s “Affordable Housing Policy”, an interdepartmental project group overseeing the ongoing management of the Affordable Housing Program and management agreement.</p> <p>The management agreement delineates the responsibilities of both Council and the housing manager.<sup>20</sup></p>

<sup>19</sup> Canada Bay Affordable Housing Background Information 2007 page 7

<sup>20</sup> Canada Bay Affordable Housing Policy 2007 as amended

LOCAL GOVERNMENT AREA	CANADA BAY (Metro NSW)
<p><b>15. Asset management including provision for sinking fund</b></p>	<p>The affordable rental housing dwellings owned by Council are classified as 'operational' to enable Council to efficiently manage its affordable housing stock.</p> <p>Under the Affordable Housing Policy, the portfolio is required to be reviewed every 5 years to determine whether dwellings should be disposed of and replaced or, alternately, if they should be retained and further funds provided for their maintenance or renewal.</p> <p>The five year review takes into account:</p> <ul style="list-style-type: none"> <li>- Timeframes for asset renewals such as painting and replacing floor coverings</li> <li>- Tenancy terms</li> <li>- Changes in market trends and values</li> </ul> <p>Consideration is also required to be given to the type and size of dwelling considered most suitable to deliver the objectives of the program and to the outcomes of the program to date.</p> <p>This approach is intended to minimise Council's ongoing maintenance and renewal obligations and costs.</p>
<p><b>16. Management arrangements</b></p>	<p>Properties are managed by St George Community Housing.</p> <p>The selection of a suitable housing manager is required to be conducted in accordance with Council's Procurement Policy and the requirements of the Local Government Act.</p>
<p><b>17. Any related initiatives</b></p>	<p>Canada Bay Council is seeking further improvements to increase the effectiveness of its "Affordable Housing Policy" and has been examining international experience as well as being involved in housing policy initiatives e.g. with the City Futures Collaborative, University of Sydney.</p> <p>On 7 April 2015, Council passed a resolution to seek authorisation under SEPP 70 to collect section 94F contributions for Affordable Housing. While the Environmental Planning and Assessment Act 1979 (the EP&amp;A Act) provides for Local Government to collect section 94F contributions for affordable housing purposes, the only councils currently enabled under SEPP 70 to utilise these provisions are Leichhardt, Willoughby City and the City of Sydney.</p> <p>Canada Bay Council is seeking to ensure that all areas undergoing urban renewal will have a minimum of 5% affordable housing.</p> <p>Presently, Council is working with the State Government on the redevelopment of Rhodes East which will include an affordable housing component.</p>

LOCAL GOVERNMENT AREA	CANADA BAY (Metro NSW)
<b>18. Success factors</b>	Supportive Councillors and Director of Planning & Environment Good working relationship between Community Services and Planning Departments
<b>19. Limitations/constraints</b>	Councillor Neil Kenzler identifies the following limitations: <ul style="list-style-type: none"> <li>- Lack of State Government support for use of value capture and section 94 mechanisms.</li> <li>- Limited community understanding of how Council’s affordable housing program differs from public housing</li> <li>- The use of planning agreements can lead to an ad-hoc approach to the delivery of affordable housing.</li> </ul>
<b>20. Potential for wider application including any planning system reforms required for wider application</b>	The Canada Bay approach has potential for wider application, however, as Council notes its effectiveness would be improved with reforms to better empower councils to pursue affordable housing initiatives.  Council has advocated: <ul style="list-style-type: none"> <li>- A NSW Affordable Housing Policy which enables inclusionary zoning to support the delivery of affordable housing.</li> <li>- Implementation of value capture at land rezoning stage</li> <li>- Change to the taxation system (long term)</li> </ul>
<b>21. Potential for wider application of housing delivery vehicle</b>	Yes
<b>22. Relevant/source documents</b>	City of Canada Bay “Affordable Housing Policy” Adopted: 7 August 2007; Revised: 12 August 2009 and 7 February 2012  City of Canada Bay “Planning Agreements Policy” 2006  City of Canada Bay website: <a href="http://www.canadabay.nsw.gov.au/cs-affordable-housing-program---main-page.html">http://www.canadabay.nsw.gov.au/cs-affordable-housing-program---main-page.html</a>  Kenzler, Neil “Delivering Affordable Housing Through Planning – City of Canada Bay Experience” 6 May 2015, Presentation to the 2015 New South Wales Community Housing Conference

LOCAL GOVERNMENT AREA	CLARENCE VALLEY (Non-metro NSW)										
<p><b>1. Objectives</b> of approach/measure</p>	<p>The stated purpose of Council’s Affordable Housing Policy is: “To require, through planning mechanisms, that new large scale development provides appropriate housing stock that is more likely to be affordable and appropriate to the future demographic needs of Clarence Valley Local Government Area.”<sup>21</sup></p> <p>To address declining affordability that has been identified as “affecting the sustainability of its community, including the ability to attract and retain younger people and key workers, and enable longer-term, asset poor residents to remain in their local communities.”<sup>22</sup></p>										
<p><b>2. Context</b> - location, prevailing conditions and any other relevant circumstances</p>	<table border="0"> <tr> <td>Median rent - 2 bed unit Dec 15</td> <td>\$240/w</td> </tr> <tr> <td>Non-metro NSW</td> <td>\$240/w</td> </tr> <tr> <td colspan="2">Median sales price –Sept 2015</td> </tr> <tr> <td>Clarence Valley - all dwl</td> <td>\$305 000</td> </tr> <tr> <td>Non-metro NSW - all dwl</td> <td>\$350 000<sup>23</sup></td> </tr> </table> <p>Low levels of social housing – 3.5% compared to a NSW average of 5.3% in 2006.<sup>24</sup></p>	Median rent - 2 bed unit Dec 15	\$240/w	Non-metro NSW	\$240/w	Median sales price –Sept 2015		Clarence Valley - all dwl	\$305 000	Non-metro NSW - all dwl	\$350 000 <sup>23</sup>
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Non-metro NSW - all dwl	\$350 000 <sup>23</sup>										
<p><b>3. Description</b> of measures employed, project sponsors/partners and the delivery vehicle/model</p>	<p>There are 2 limbs to the approach:</p> <p>1) <b>Affordable housing requirements</b> - A requirement that certain types of development incorporate a proportion of affordable housing equivalent to 1 in 10. The provisions apply to:</p> <ul style="list-style-type: none"> <li>• Development applications or planning proposals under Part 3 of the EP&amp;A Act</li> <li>• Urban release areas under the Clarence Valley Local Environmental Plan (LEP) 2011</li> <li>• Growth areas under the Mid North Coast Regional Strategy</li> <li>• Residential subdivision of 10 or more lots or subdivision of land that has a capacity to be subdivided into 10 or more lots</li> <li>• Residential flat buildings and other developments of 10 or more dwellings</li> </ul> <p>The Policy identifies what is meant by affordable housing by specifying modest unit sizes and land lot sizes (smaller than current development) that, if provided at the specified rate, are ‘deemed to comply’ as provision of affordable housing. The Policy notes that alternative ways of meeting the aims of the Policy will also be considered if prepared by “an appropriately</p>										

<sup>21</sup> Clarence Valley Affordable Housing Policy 2013 Page 2

<sup>22</sup> Ibid page 3

<sup>23</sup> Housing NSW Rental and Sales Report Issue 114 and associated tables at

<http://www.housing.nsw.gov.au/about-us/reports-plans-and-papers/rent-and-sales-reports/latest-issue>

<sup>24</sup> Ob sit page 3

LOCAL GOVERNMENT AREA	CLARENCE VALLEY (Non-metro NSW)														
	<p>qualified person(s)”and officers advise this can be negotiated.</p> <p>In addition, to ensure housing diversity, developments providing more than 100 units of housing are to provide a range of the following housing units.</p> <table border="0" data-bbox="694 436 1276 716"> <thead> <tr> <th data-bbox="694 436 861 470"><b>Housing Type</b></th> <th data-bbox="1125 436 1220 470"><b>Criteria</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="694 481 861 515">1 bedroom flat</td> <td data-bbox="1125 481 1244 515">50-55 m2</td> </tr> <tr> <td data-bbox="694 526 861 560">2 bedroom flat</td> <td data-bbox="1125 526 1244 560">75-80 m2</td> </tr> <tr> <td data-bbox="694 571 861 604">3 bedroom flat</td> <td data-bbox="1125 571 1260 604">95-100 m2</td> </tr> <tr> <td data-bbox="694 616 1053 649">2 bedroom detached dwelling</td> <td data-bbox="1125 616 1260 649">95-100 m2</td> </tr> <tr> <td data-bbox="694 660 1053 694">3 bedroom detached dwelling</td> <td data-bbox="1125 660 1276 694">120-125 m2</td> </tr> <tr> <td data-bbox="694 705 1053 739">Contribution of land to Council</td> <td data-bbox="1125 705 1220 739">400 m2</td> </tr> </tbody> </table> <p>2) <b>Planning Agreements</b> –A VPA may be negotiated to provide the affordable housing. VPAs may be entered into at the rezoning stage, or at the development application stage to require the developer to provide land, cash or any other material benefit for a public purpose including affordable housing.</p> <p>The planning agreement may include <i>incentives</i> as set out in Council’s draft planning agreement policy such as variations to floor space ratios, height controls, parking, setbacks and landscaping subject to the merits of the development.</p> <p>Affordable housing contributions obtained may be in kind dedication (land or dwellings) or, cash contributions with the most appropriate form determined in negotiations between Council and the applicant in response to the specific circumstances. The Policy notes that, in some circumstances, cash contributions may be more appropriate if this approach would enable a greater number of dwellings to be provided on available Council land<sup>25</sup>.</p> <p><b>Delivery Vehicle and Partners</b></p> <p>The Affordable Housing Policy states that in the event of dedication of land or cash, Council will enter into development and management partnerships with Government, the private and not-for-profit sectors to ensure the most effective and efficient use of resources received for the provision of affordable housing, including any opportunities for Council to deploy its own resources (land).</p> <p>To ensure the appropriate management of affordable housing resources, Council will enter into a management agreement with community housing provider to manage the housing<sup>26</sup>.</p> <p><b>NOTE Council staff have recently advised that while Council’s Policy does provide for an avenue for direct provision to Council of land or payment of an equivalent monetary contribution,</b></p>	<b>Housing Type</b>	<b>Criteria</b>	1 bedroom flat	50-55 m2	2 bedroom flat	75-80 m2	3 bedroom flat	95-100 m2	2 bedroom detached dwelling	95-100 m2	3 bedroom detached dwelling	120-125 m2	Contribution of land to Council	400 m2
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<sup>25</sup> Ibid page 9  
<sup>26</sup> Ibid page 10

LOCAL GOVERNMENT AREA	CLARENCE VALLEY (Non-metro NSW)
	<p>subsequent to adopting the Policy, Council has opted out of being a direct provider of affordable housing and does not negotiate for direct contributions. Provision of housing is generally required/offered as part of development design stage and secured as a condition of consent to subdivision development applications. Land is then sold on the open market at a cheaper price.<sup>27</sup></p>
<p><b>4. Implementation framework</b> for planning approach</p>	<p>Clarence Valley Local Environmental Plan 2011 includes the aim of providing affordable housing.</p> <p>The specific requirements for affordable housing contributions are identified in Council’s Affordable Housing Policy 2013, together with advice on incentives for affordable housing which are further detailed in Council’s Draft Planning Agreement Policy and Template.</p> <p><b><i>Affordable housing requirements -applied at Development Consent stage</i></b></p> <p>The affordable housing requirements rely on s79C of the Environmental Planning and Assessment (EP&amp;A) Act -matters to be taken into consideration in determining a development application of relevance to the development including any Environmental Planning Instruments (LEP 2011) or DCPs and the social and economic impacts of the development S79C (b). Substantial evidence has been provided in a number of studies and contained in policies for the need for affordable housing in Clarence Valley.<sup>28</sup></p> <p><b><i>Planning Agreements</i></b></p> <p>Council utilises s93F of the Environmental Planning and Assessment Act, 1979 to obtain, through negotiation, contributions towards affordable housing and other purposes from developers. Section 93F provides that a VPA may be entered into at the rezoning stage, or at the development application stage to require the developer to provide land, cash or any other material benefit for a public purpose including affordable housing.</p> <p>Council’s Draft Planning Agreement’s Policy 2009 provides a framework to guide the preparation of Planning Agreements and specifically refers to Planning Agreements made for affordable housing at Clause 6.</p> <p>Negotiated outcomes for affordable Housing are envisaged in two broad circumstances:</p> <ol style="list-style-type: none"> <li>1. A developer may offer to enter into a planning agreement eg in association with a planning proposal; or</li> </ol>

<sup>27</sup> Discussion and email Exchange David Morrison Senior Strategic Planner Clarence Valley Council

<sup>28</sup> ibid

LOCAL GOVERNMENT AREA	CLARENCE VALLEY (Non-metro NSW)
	<p>2. Council identifies large sites and develops a master plan/DCP or similar (or requires these to be developed) where affordable housing is identified as infrastructure required on the site. Planning agreements applying to the site can include reasonable provision of affordable housing or a cash contribution.</p> <p>The Council's "Affordable Housing Policy 2013" also identifies the provisions (incorporating incentives and concessions) to encourage affordable housing identified in State Environmental Planning Policy (Affordable Rental Housing) (AHSEPP), the Seniors Living State Environmental Planning Policy, State Environmental Planning Policy No 36 - Manufactured Home Estates and State Environmental Planning Policy No 21 - Caravan Parks.</p>
<p><b>5. Timeframe</b></p>	<p>Clarence Valley's first Affordable Housing Strategy was introduced in 2007, following a Housing Needs Assessment the same year. It has been subsequently supplemented by a draft Planning Agreement Policy and Template, a Background Paper on Planning Mechanisms for the Creation of Affordable Housing and a draft Affordable Housing Assessment paper (2010). These documents culminated in the development of an Affordable Housing Policy which was adopted by Council in late 2010 and updated in April 2013.</p>
<p><b>6. Housing outcomes and development mix</b> (dwelling size and tenure including social/other affordable/private housing, and mixed use development )</p>	<p><b>Outcomes</b></p> <p>To date Clarence Valley Council has supported the delivery of 14 targeted affordable housing dwellings on 3 separate sites, brokering partnerships with Housing NSW (HNSW) and a community housing provider (Community Housing Limited (CHL)) to leverage resources and secure State and Federal grant funding.</p> <p>The housing is managed by CHL, a registered Tier I provider under the National Regulatory system for community housing providers.</p> <p><b>Site 1 Pullen Close -6 units 3x1 bdrm and 3x2 bdrm</b></p> <p>In 2008/09, HNSW made available land at Pullen Close, Grafton transferring title to 2 lots to CHL. CHL brought equity and debt finance of \$1.95m and secured Social Housing Growth Fund (SHGF) and National Rental Affordability Scheme (NRAS) funding allowing six dwellings to be built- 3 per site. Four of the dwellings are available for households eligible for public housing.</p> <p><b>Site 2-29-31 Bacon Street 2 dwellings 2 x 3 bdrm</b></p> <p>In 2008/09 Clarence Valley Council partnered with CHL to develop affordable housing and made available two lots of Council owned residential land at 29 -31 Bacon Street Grafton valued at \$205,000 and \$50,000 in capital funding. CHL provided</p>

LOCAL GOVERNMENT AREA	CLARENCE VALLEY (Non-metro NSW)
	<p>equity and debt finance of \$650K for construction of the two dwellings on the site including securing SHGF and NRAS funding<sup>29</sup>. Council has retained title to one dwelling, while CHL owns the other. Both units are managed by CHL. Council requires their unit to be allocated to an income eligible household who has lived or worked in the Clarence Valley area for at least 6 months.</p> <p><b>Site 3 -Junction Hill 6 townhouses 6 x 3 bdrm</b></p> <p>In June 2010 CHL purchased 3 blocks of land developed by Council at Junction Hill (using Federal Housing Affordability funding see more detail at section 9 overleaf) at a \$10,000 discount per block. Construction was undertaken with CHL equity and debt finance of \$1.95m, together with SGHF and NRAS funds. These units are available to low and moderate income earners in accordance with NRAS eligibility and NSW Affordable Housing Guidelines.<sup>30</sup></p> <p><b>There have been no affordable housing dwellings secured through VPAs to date although Council has a detailed Planning Agreement Policy which identifies potential planning incentives at the Council’s discretion.</b></p> <p>Council has applied its affordable housing requirements to 3 Greenfield developments for 10 or more lots to date. One for 160 units at West Yamba has agreed to provide 16 smaller lots (400 m2) as part of its subdivision plan (but has not yet proceeded to subdivision due to a separate Land and Environment Court matter). Two others at Clarenza (300 lots) and Junction Hill (700-1000 Lots) have indicated provision as part of concept plans but are staged development applications and have yet to proceed to subdivision applications.</p>
<p><b>7. Resident profile</b></p>	<p>Clarence Valley Affordable Housing Policy identifies target groups for its affordable housing policies as: older people; people with a disability; young people; young people leaving a juvenile justice centre; adults leaving a correctional Centre; Aboriginal people, low income singles and families, key workers and people living in caravan parks.<sup>31</sup></p>
<p><b>8. Requirements for implementation, including</b></p>	<p><b>Affordable housing requirements</b></p> <p>Council relies upon the identification of a clear framework within</p>

<sup>29</sup> The National Rental Affordability Scheme (NRAS) is a joint Federal and State funded program to stimulate new supply of affordable housing. Under the Program either a tax offset or grant (for non profits)is provided per dwelling, per year for new dwellings rented at least 20 % below market rent to low and moderate income eligible households. NRAS Incentives were secured for eligible projects via a national competitive process. As at 2015/16 the NRAS payment which is indexed was \$10,917. In NSW the NRAS could be provided as an upfront one off capital payment (NRAS A) or as a recurrent payment over 10 years once the dwelling is completed. (NRAS B). The program has now ceased.

<sup>30</sup> Discussion and Email Exchange A/CEO CHL Frank Birkefeld

<sup>31</sup> Ibid page 5

LOCAL GOVERNMENT AREA	CLARENCE VALLEY (Non-metro NSW)
<p>legal and market factors</p>	<p>its planning instruments as the basis for requiring affordable housing contribution.</p> <p>This includes recognition of affordable housing in the aims, zone objects and mechanisms in its environmental planning instruments, as well as research to establish and document the need for affordable housing.</p> <p><b>Affordable housing incentives</b> are implemented pursuant to section 93F of the Environmental Planning and Assessment Act 1979.</p> <p>Council’s Planning Agreement Policy 2009 specifies that the Policy, together with the draft Planning Agreement Template, “provides the framework for Council to legally capture a reasonable proportion of private benefit created through its planning instruments and development assessment processes for the purpose of affordable housing as an identified ‘public benefit’ under section 93F of the Environmental Planning and Assessment Act 1979”.<sup>32</sup></p>
<p><b>9. Project support and facilitation</b>  eg financial assistance, land/other contributions, reduced fees and/or transaction costs, cross subsidisation, fast track planning pathways, graduated development standards, brokering of partnerships.</p>	<p><b>Fee Relief</b> -Relief from Section 94 for affordable housing development, seniors housing development (other than self contained dwellings forming part of a seniors housing development)and secondary dwellings if 60 m2 or less.</p> <p><b>Discount to market land sales to increase affordability of supply</b></p> <p>In 2008/09 Council received approximately \$800,000 in Federal Government funding from the Housing Affordability Fund (HAF). The HAF provided capital funding to help meet the cost of infrastructure works necessary to allow green-field land to be made available for residential development (e.g. sewer, water, subdivision costs) to help address supply shortages impacting on affordability. As part of the HAF funding terms, upfront funding needed to ‘passed through’ at the time of land sales as discount to market prices. This funding enabled Council to make some 32 blocks of green -field land available for residential development. These lots were then passed on to the private market at a \$10,000 discount to market price. Creating a more affordable entry point for low and moderate income purchasers. Three sites were also purchased by a community housing provider for development for affordable housing.</p> <p><b>Brokering of Partnerships</b></p> <p><b>Provision of a funded dedicated senior officer</b> position to broker partnerships (state or Federally funded or capitalised into HAF) – now no longer available.</p> <p><b>Provision of land</b></p>

<sup>32</sup> Draft Planning Agreement Policy 2009 page 21

LOCAL GOVERNMENT AREA	CLARENCE VALLEY (Non-metro NSW)
<b>10. Rental arrangements</b>	Rents are set at a discount to market rent between 75-to 80% of market rent, but no greater than 30% of a tenant's income. Where tenants are eligible for social housing, rents are set at 25% of income <sup>33</sup> .
<b>11. Financial arrangements</b>	<p>Contributions may be provided as housing/land or in kind as negotiated between Council and the applicant. Council's Affordable Housing Policy 2013 suggests that in high land value areas, cash contributions may be more appropriate as this could allow Council to secure more dwellings in a lower cost area or on its own land. The Policy also suggests that cash contributions could be more desirable in green-field locations where lower income households will not have as good access to shops and facilities.</p> <p>The Affordable Housing Policy notes a trust fund will be established to provide transparent and accountable management for public benefits captured for affordable. However the trust fund has not been established as Council has more recently resolved not to be involved in direct provision of affordable housing (see further under 3. above)</p>
<b>12. Use of surpluses after tenancy / property management costs</b>	All surpluses after property and management costs are required to be reinvested in the provision of affordable housing. Annual reports are required to Council.
<b>13. Asset Ownership</b>	Council retains asset ownership of one dwelling. Remaining properties brokered under the program are owned by Community Housing Limited.
<b>14. Governance arrangements</b>	<p>Governance is provided by Council.</p> <p>Council's original Affordable Housing Strategy was developed with wide-ranging input including from local Real Estate Agents, landlords and community members.</p> <p>The development of the Strategy was guided by the Clarence Valley Affordable Housing Advisory Committee which included representatives from Council, business, housing and welfare sectors.</p> <p>Responsibility for the program now sits with Council's Manager Cultural and Social Services. Implementation of planning requirements is the responsibility of Manager, Development and Regulated Services.</p>
<b>15. Asset management including provision for sinking fund</b>	The community housing provider is responsible for ongoing property and tenancy management for all affordable housing properties including contributions to a sinking fund.

<sup>33</sup> Discussion with A/ CEO CHL 7 Dec 2015

LOCAL GOVERNMENT AREA	CLARENCE VALLEY (Non-metro NSW)
<p><b>16. Management arrangements</b></p>	<p>The affordable housing is required to be managed by a Tier One registered provider under the National Regulatory System and to adopt best practice procedures and policies to manage housing in accordance with National Regulatory Requirements and the NSW Affordable Housing Guidelines.</p>
<p><b>17. Any related initiatives</b></p>	<p>Council is currently participating in the Northern Rivers Council for Social Development Housing Stewardship Group along with other Councils and non-government organisations to develop a proposal to seek funding in 2016 under the NSW State Government's \$1b Housing Fund to pursue additional affordable housing options.</p>
<p><b>18. Success factors</b></p>	<p><b>Evidence based research and comprehensive set of affordable housing policies and strategies</b> including specific analysis of local markets to determine where affordable housing could be delivered, development feasibilities, a proposed methodology for calculating benefit capture and identification of dwelling sizes and types of units most affordable for identified target groups to inform use of affordable housing resources obtained.</p> <p><b>Funded dedicated housing officer position</b> as a resource to build understanding, broker partnerships and identify opportunities.</p> <p><b>Strong local stakeholder relationships</b> and good partnerships with local community housing providers and other non-government providers</p> <p><b>Strong regional alliances</b> through the Northern Rivers Council for Social Development (NRCSD) and Northern Region Organisation of Councils. The NOROC provided a senior level committee to guide and coordinate research ,enable the sharing of information, education, development of consistent and compatible planning mechanisms and recommend further policy development for the 7 participating councils.</p> <p><b>Initial provision of Council and HNSW land</b></p> <p><b>Captured Federal and State Funding</b> - Federal under HAF and State and Federal funding under NRAS to increase feasibility of affordable housing provision.</p> <p><b>Provision of more diverse and affordable housing types for purchase</b> through implementation of Affordable Housing Requirements on green-field sites appears likely to be achieved.</p>
<p><b>19. Limitations/constraints</b></p>	<p><b>A slower rate of development</b> in regional areas with lower land values and market demand constrained by lower household incomes can result in intermittent development making it difficult to build momentum.</p> <p><b>Loss of funding for dedicated housing officer.</b></p> <p><b>Limited Council Land</b> -Council does not have any remaining land that can be developed or considered for contribution for</p>

LOCAL GOVERNMENT AREA	CLARENCE VALLEY (Non-metro NSW)
	<p>affordable housing. A few developed lots available for sale through the HAF program remain.</p> <p><b>Competition for use of limited Council resources</b> means any capital contributions towards housing compete with other community uses.</p>
<p><b>20. Potential for wider application including any planning system reforms required</b></p>	<p>The provisions in relation to VPAs have support under section 94F of the Environmental Planning and Assessment Act 1979.</p> <p>Council's affordable housing requirements rely on s79C and are not embedded in State Environmental Planning Policy No 70 - Affordable Housing (Revised Schemes), and therefore may only be able to be applied at development application stage.</p>
<p><b>21. Potential for wider application of housing delivery vehicle</b></p>	<p>May be possible if land delivered through affordable housing requirements can be more readily developed for affordable housing in the absence of capital funding either through negotiation that seeks a lesser number of lots in exchange for land provided at a lower cost to a community Housing provider or dedicated to a provider to develop. Capital funding sources may still be required.</p>
<p><b>22. Relevant documents</b></p>	<p>Affordable Housing Policy 2013  Draft Affordable Housing Assessment April 2010  Draft Background Paper: Planning Mechanisms for Creation of Affordable Housing June 2009  Draft Affordable Housing Policy June 2009  Draft Planning Agreement Policy 2009  Draft Planning Agreement Template  Clarence Valley Affordable Housing Strategy 2007  Clarence Valley Housing Needs Analysis 2007</p>

LOCAL GOVERNMENT AREA	RANDWICK (Metro NSW)
<p><b>1. Objectives of approach/measure</b></p>	<p>Council 's Affordable Housing Program has been developed in recognition that affordable housing has a vital role to play in developing sustainable local communities and providing a strong labour force to sustain the local economy.</p> <p>Justification for the Program notes that:</p> <p>-If households on lower or moderate incomes with established ties to the community experience housing stress or are driven away from the sub region to seek more affordable housing there is a tendency to “weaken the connection, sense and strength of the community fabric.”</p> <p>-“Employers are experiencing the problem of retaining low paid workers. The costs of recruiting and training new employees and from failures to meet service standards or production deadlines affect the financial viability of local businesses”.<sup>34</sup></p> <p>The aims of Council’s Affordable Housing Rental Program are to:</p> <ul style="list-style-type: none"> <li>• Encourage the supply of housing that is affordable to households earning a moderate weekly income or less;</li> <li>• Assist local residents or employees whose incomes exceed the eligibility criteria for public housing but are unable to rent locally without succumbing to rental stress<sup>35</sup>; and</li> <li>• Assist employed people on low to moderate incomes for a period for up to 5 years to give them a greater level of housing certainty, as well as an opportunity to enhance their capacity to enter the private rental market or home ownership at the end of that period.</li> </ul> <p>It is also the intention of the Program to:</p> <ul style="list-style-type: none"> <li>• Allocate more than half of all Council’s housing portfolio to households on low incomes , the preferred mix (over time);</li> <li>• Ensure the full cost of the Program, including day to day property and cyclical maintenance, tenancy management, administration fees and major upgrading works are fully covered by rent revenue collected by the housing manager; and</li> <li>• Return any surplus income generated by the program to Council’s affordable housing account for future upgrading, new capital works or related purposes.</li> </ul>

<sup>34</sup> Randwick City Council Affordable Housing Rental Program + Procedures, page 3

<sup>35</sup> The Council’s housing program is about complementing not duplicating the role of the public housing authority whose priority is to assist households with the greatest need (Pg 4, Randwick City Council, Affordable Housing Program +Procedures.)

LOCAL GOVERNMENT AREA	RANDWICK (Metro NSW)								
<p><b>2. Context</b> - location, prevailing conditions and any other relevant circumstances</p>	<p>Inner ring LGA in located in Sydney’s Eastern Suburbs, which forms the south eastern part of the “Global Economic Arc”.</p> <p>Includes major Education and Health precincts generating service jobs including University of NSW, Randwick Prince of Wales Hospital and is close to the employment hubs of CBD, Kingsford Smith Airport, Port Botany and associated industrial lands.</p> <p>Incorporates major regional recreational facilities (Royal Randwick Racecourse, Centennial Park and Coogee, Clovelly and Maroubra beaches and regional coastal headland parks).</p> <p>It is well serviced by buses and a new light rail is under development from the CBD to the UNSW.</p> <p>Location is highly desirable due to proximity to city and services and it experiences competition for affordable housing stock from a large student population.</p> <table border="0" data-bbox="643 831 1362 987"> <tr> <td>Median rent - 2 bed unit Dec 2015</td> <td>\$620/wk</td> </tr> <tr> <td>Greater Sydney</td> <td>\$520/wk</td> </tr> <tr> <td>Median sales price – strata dwl Sept 2015</td> <td>\$817 /wk</td> </tr> <tr> <td>Greater Sydney</td> <td>\$680 000 <sup>36</sup></td> </tr> </table> <p>LGA encompasses 3 major public housing estates. Public housing makes up 7% of all housing.</p>	Median rent - 2 bed unit Dec 2015	\$620/wk	Greater Sydney	\$520/wk	Median sales price – strata dwl Sept 2015	\$817 /wk	Greater Sydney	\$680 000 <sup>36</sup>
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<p><b>3. Description</b> of measures employed, project sponsors/partners and the delivery vehicle/model</p>	<p>Randwick City Council seeks to secure contributions for affordable housing through Voluntary Planning Agreements (VPAs) entered into at the rezoning or development application stage.</p> <p>It has worked in partnership with a community housing provider to undertake a joint development project.</p>								
<p><b>4. Implementation framework</b> for planning approach</p>	<p>Council utilises s93F of the Environmental Planning and Assessment Act, 1979 to obtain, through negotiation, contributions through VPAs towards affordable housing and other purposes from developers at the rezoning stage, or at the development application stage.</p> <p>Council’s <b>Planning Agreement’s Policy 2007</b> provides a framework to guide the preparation of Planning Agreements in a manner that is effective, fair, transparent and accountable. The Planning Agreement Policy sets out the specific purposes where it may consider entering into a planning agreement including for the purpose of providing affordable housing (2.3(g)). Agreements may seek capital or recurrent funding, dedication of land or provision of a material public benefit.</p> <p><b>Randwick Council’s LEP 2012</b> aims include:</p> <ul style="list-style-type: none"> <li>- Clause (2) (b) to support a diverse local economy and business and employment opportunities for the community;</li> </ul>								

<sup>36</sup> Housing NSW Rental and Sales Report Issue 114 and associated tables at <http://www.housing.nsw.gov.au/about-us/reports-plans-and-papers/rent-and-sales-reports/latest-issue>

LOCAL GOVERNMENT AREA	RANDWICK (Metro NSW)
	<ul style="list-style-type: none"> <li>- Clause (2) (g) to encourage the provision of housing mix and tenure choice, including affordable housing and adaptable housing that meets the needs of people of different ages and abilities in the Randwick;</li> <li>- Clause (2)(g) to promote and equitable and inclusive social environment.</li> </ul> <p>The LEP also requires sites identified on a key sites map and those of 10,000 m<sup>2</sup> or more to prepare a DCP. Among other requirements, these sites must provide for housing mixes and tenure choices including affordable and adaptable housing (Cl 6.12).</p> <p>Council has negotiated VPAs predominately on these larger sites. For example, the DCP developed for the Prince Henry Site includes a clause following negotiation between Council and Urban Growth (formerly Landcom) for at least 1% of all dwellings (not including dwellings for aged) to be made available for affordable housing.</p> <p>A similar provision existed in Council’s former LEP (1998) requiring sites over 4,000 m<sup>2</sup> to prepare master plans which addressed housing choice and affordability.<sup>37</sup></p> <p>Council’s Affordable Housing Strategy 2007 notes that it is easier to negotiate VPA outcomes early in the process on larger sites, with VPAs having less applicability in more built up urban areas. Council’s Strategy notes that in view of the limited opportunities available on larger sites that “Council’s ability to implement new affordable housing initiatives is at near capacity under current legislative arrangements”.<sup>38</sup></p> <p>Council officers advise that negotiations may involve a relaxation in planning controls such as reduced car parking for affordable housing in locations well serviced by public transport.<sup>39</sup></p>
<p><b>5. Timeframe</b></p>	<p>Council’s “Affordable Housing Policy” was adopted on 26 June 2006.</p> <p>Council’s Affordable Housing Rental Program and Procedures (AHRP) were adopted in June 2006.</p> <p>Council’s Affordable Housing Strategy was adopted in Dec 2007.</p> <p>Council Planning Agreement Policy was adopted in September 2007.</p> <p>In 1998 the Randwick LEP was amended to require master plans to be prepared for sites exceeding 4,000 m<sup>2</sup> and for those master plans to address housing diversity. This has given rise to 1% of dwellings generally being dedicated to Council’s AHRP.<sup>40</sup></p>

<sup>37</sup> Randwick City Council , Affordable Housing Strategy Dec 2007 pg 21

<sup>38</sup> Ibid pgs 14 & 22

<sup>39</sup> Notes from discussion with Randwick City Council Manager Community Development

<sup>40</sup> Randwick City Council Affordable Housing Strategy

LOCAL GOVERNMENT AREA	RANDWICK (Metro NSW)
	<p>The first properties secured through a VPA were in 2003. Note this pre dated planning legislation which formalised the use of VPAs for affordable housing. Staff negotiated affordable housing outcomes based on objectives in planning instruments and utilised a deed of agreement with developers for their delivery.</p> <p>Between 2003 and 2012 negotiations resulted in 16 affordable housing dwellings being identified for dedication to Council.</p>
<p><b>6. Housing outcomes and development mix</b> (dwelling size and tenure including social/other affordable/ private housing, and mixed use development )</p>	<p>A total of 20 affordable housing dwellings including:</p> <ul style="list-style-type: none"> <li>• 16 dwellings owned by Council<sup>41</sup> and managed by St George Community Housing achieved through VPAs across 4 separate sites as part of mixed private /affordable developments. <ul style="list-style-type: none"> <li>Prince Henry Hospital Redevelopment 7 x 2 BR and 1 x 3 BR</li> <li>Pacific Square 5 x 1 BR</li> <li>Bunnerong Road 1 x 1 BR</li> <li>King Street 1 x 1 BR</li> <li>Rockpool at Prince Henry at Little Bay 1 x 1 BR</li> </ul> </li> <li>• A further 8 affordable housing units – 4 x 2 BR and 4 x 1 BR - were developed on a Council owned parcel of land as part of a joint venture with Community Housing Limited (CHL) a community housing provider who contributed to the building cost. Council owns 4 of the 8 units.</li> </ul>
<p><b>7. Resident profile</b></p>	<p>As well as being required to satisfy eligibility criteria (eg income and assets test on an on-going basis via annual review), applicants must:</p> <ul style="list-style-type: none"> <li>- be a permanent resident or Australian Citizen;</li> <li>- be permanently employed;</li> <li>- have a local connection to the area (e.g. family living in the area or be an employee working in the LGA;</li> <li>- not already be living in subsidised housing (Department of Housing or Community housing managed accommodation);</li> <li>-not be a former tenant of Council’s ARHP;</li> <li>-not be an employee of Randwick Council.</li> </ul> <p>The Program has defined two major income<sup>42</sup> groups with a need for accommodation for below market rents:</p>

<sup>41</sup> Note the Prince Henry site is to provide a total of 9 units 6 have been transferred to Council. A further 3 are to be formally transferred.

<sup>42</sup> 2012 incomes figures indexed annually to Sydney Region Median incomes.

LOCAL GOVERNMENT AREA	RANDWICK (Metro NSW)
	<p>Group 1 – Low income (\$661 - \$1,057* /week, gross household income)  Group 2 – Moderate income (\$1,057- \$1,586/week, gross household income)  (2012 incomes figures indexed annually to Sydney Region Median incomes.)</p> <p>Note: As is common, the original Affordable Housing Program and Procedures document specified rents be set at 75% of the weekly market rent for comparable properties. A review of Program and Procedures document in 2012 identified a concern that this was resulting in rents set that were unaffordable to many lower income groups and the document was amended to specify that the rent for each policy will not exceed 75% of the Randwick LGA’s weekly median rents for dwellings of comparable size.</p> <p>The intention over time is to achieve a mix of low and moderate income households so that allocation of more than half of Council’s portfolio is available to households on low incomes acknowledging that this can only occur when Council has sufficient affordable housing stock and/or surplus rental income to guarantee the financial viability of the Program<sup>43</sup>.</p>
<p><b>8. Requirements for implementation, including legal and market factors</b></p>	<p>Development proposal is acceptable on its own merits.</p> <p>Developer would need to see a benefit in entering a VPA.</p> <p>Some major development sites where Randwick Council is not the consent authority for rezoning applications require the support of the State Government to incorporate affordable housing provisions.</p>
<p><b>9. Project support and facilitation</b>  eg financial assistance, land/other contributions, reduced fees and/or transaction costs, cross subsidisation, fast track planning pathways, graduated development standards, brokering of partnerships.</p>	<p>Since 1996 Council has implemented a range of actions and measures to encourage the retention and grow the supply of affordable housing. These have included:</p> <p><i>Flexible or relaxation of Planning standards to facilitate affordable housing</i></p> <ul style="list-style-type: none"> <li>-Under Council’s former Multi Unit Housing DCP Studio/bedsit dwellings were permissible in all residential zones (except 2a)and for units smaller than 40 m<sup>2</sup> a car space was not required;<sup>44</sup></li> <li>-In VPA negotiations, Council has been prepared to relax development standards for example car parking requirements for affordable housing dwellings in locations well serviced by public transport.</li> </ul> <p><i>Financial Contributions</i></p> <ul style="list-style-type: none"> <li>-Prior to the introduction of SEPP 70 Council collected s94</li> </ul>

<sup>43</sup> Randwick City Council Affordable Rental Housing Program- Program and Procedures Document 2007 amended 2014

<sup>44</sup> Randwick City Council Affordable Housing Strategy adopted Dec 2007 Pg 15

LOCAL GOVERNMENT AREA	RANDWICK (Metro NSW)
	<p>contributions for affordable housing. Some \$500,000 was available to contribute to the AHRP.</p> <p>-Funds collected under the former SEPP 10 for loss of boarding houses and low cost housing in the Randwick LGA were also able to be made available to the AHRP.</p> <p><i>Provision of Land and participation in partnerships to leverage funds</i></p> <p>In 2008 Council undertook a development of affordable housing in partnership with a Community Housing Provider, Community Housing Limited. Council provided land to the value of \$1.4 m and capital of \$500,000. The CHP brought equity of \$1.175m and NRAS A funding (State and Federal Government subsidy) enabling a development of 8 dwellings. Four dwellings are owned by Council and 4 by CHL, with CHL contracted to undertake property and tenancy management for 10 years.</p>
<p><b>10. Rental arrangements</b></p>	<p>Under Council's AHRP maximum term of lease is 5 years.</p> <p>Rents are set at a discount to the median LGA market rent for a comparable dwelling, up to a maximum of 75% of market rent.</p> <p>Market rent formulas are considered to provide greater certainty for the sustainability of Council's program.</p>
<p><b>11. Financial arrangements</b></p>	<p>Council's Affordable Housing Program specifies that the full cost of the Program including day to day and cyclical maintenance, tenancy management, administration fees and major upgrading must be covered from rent revenue collected by the housing manager.</p> <p>Housing associations are engaged following a competitive expression of interest (EOI) process to manage the housing on a fee for service basis as established in the EOI and detailed in a Management Deed. The Deed of Management sets out responsibilities of both signatories. A discount to market rent of up to 75% of market rent is able to be charged.</p> <p>Council's Affordable Housing Program + Procedures document states any surplus income after tenancy and property management costs is to be returned to the Council's affordable housing account to meet future upgrading, new capital works or related purposes.</p> <p>To inform the commencement of the Program a financial feasibility modelling exercise was undertaken that estimated there would be a cash surplus at the end of the first year.</p> <p>An internal audit in 2015 identified surplus funds of \$430,000. Surpluses have averaged \$70,000-80,000 per an over the last 6 years. These funds and funds collected through the former SEPP 10 for loss of low cost stock are proposed to be used to contribute to the development of additional affordable housing.</p>

LOCAL GOVERNMENT AREA	RANDWICK (Metro NSW)
<p><b>12. Use of surpluses after tenancy / property management costs</b></p>	<p>Any surplus after management and operating costs including contributions to Body Corporate sinking funds are transferred on an annual basis to the Council's Affordable Housing Rental Scheme Reserve Account. Funds within the Reserve Account may be used for the purposes of affordable housing including any major repairs not covered by insurance, out of pocket expenses, and the development of additional affordable housing.</p>
<p><b>13. Asset Ownership</b></p>	<p>Council has retained ownership of the affordable housing dwellings, other than 8 dwellings developed in partnership with CHL where CHL retain ownership of 4 dwellings.</p>
<p><b>14. Council governance arrangements</b></p>	<p>Council provides the governance.</p> <p>Council requires management of the affordable housing to be a registered community housing provider and to adopt all of the policies and procedures as set out by the Registrar of Community Housing, and the National Regulatory System.</p> <p>Selection panels including representatives from Council and the State Government Department responsible for housing (currently FACS NSW -incorporating the former Office of Community Housing and the Centre for Affordable Housing) are used to evaluate responses to expressions of interest (EOIs) to manage affordable housing stock and recommend appropriate community housing providers to the Council for endorsement.</p> <p>In 2012 Randwick Council's Audit Committee reviewed the governance procedures of the Affordable Rental Housing Program, in particular processes for ensuring the proper assessment of applications and allocation of tenants to affordable dwellings and were satisfied that Council and the community housing manager, St George Community Housing Limited (SGCH) had in place established governance procedures to satisfy requirements and meet probity conditions.<sup>45</sup></p> <p>A review of the Affordable Housing Program in 2012 found the Council's Affordable Rental Housing Program has been operating well since its commencement and continues to meet its stated objectives.</p>
<p><b>15. Asset management including provision for sinking fund</b></p>	<p>The affordable rental housing dwellings owned by Council are classified as 'operational' to enable Council to make asset disposal and replacement decisions to minimise maintenance liabilities, improve its portfolio and ensure the portfolio continues to match tenants needs .</p> <p>Under the Affordable Housing Program at the end of the 5 year lease, Council undertakes a condition assessment of the property. A comprehensive review of the entire portfolio is also</p>

<sup>45</sup> Randwick City Council, Director City Planning Report No CP54/12, Review of Affordable Rental Housing Program, 2012.

LOCAL GOVERNMENT AREA	RANDWICK (Metro NSW)
	<p>required to be undertaken every 5 years to determine whether dwellings should be disposed of and replaced or retained and further funds provided for their maintenance or renewal.</p> <p>For all affordable housing units contained in larger unit blocks current strata laws require mandatory contribution to a sinking fund. This is paid by the managing CHP and deducted from rent revenue before transferring surpluses to Council's Trust Fund.</p>
<p><b>16. Management arrangements</b></p>	<p>Properties are managed by registered community housing providers selected through a competitive expression of interest (EOI) process in accordance with Council's Affordable Housing Program procurement requirements.</p> <p>A Deed of Management (management agreement) sets out the roles and responsibilities of both the Council and the housing manager, and is reviewed after 5 years.</p> <p>A review of the Management Agreement was undertaken in 2012 and concluded that the community housing providers' property and tenancy management over the last 5 years had been exemplary and should be renewed for a further 5 years<sup>46</sup>.</p> <p>Currently St George Community Housing Limited (CHL) manages approximately 13 properties (Council is waiting for 3 more to be transferred, bringing it up to 16) properties and CHL manages a further 8 following co development of a parcel of land by Council and CHL.</p> <p>Note: Due to NRAS requirements CHL will manage the 8 AH properties for 10 years before a review is undertaken.</p>
<p><b>17. Any related initiatives</b></p>	<p>Council is actively seeking potential opportunities to make capital acquisition from rental surpluses to add to the current rental dwelling stock.</p> <p>Council has recently exhibited an amendment to Chapter E5 of its DCP 2013 applying to a key site under LEP 112 – Newmarket Green where it is seeking provision of 5% affordable housing through a VPA.</p> <p>The approximately 5 hectare Newmarket Green site is strategically located close to the Randwick Royal Racecourse, Hospitals Campus and the UNSW with good access to employment and public transport. Previously zoned R2 (a low residential density zoning), the site is predominately used for stabling and equestrian uses however these activities are due to be relocated to another property at Warwick Farm. The site has recently been rezoned to R1- General allowing residential development at higher densities (1.3:1 across the site) and increasing permissible heights. Some Business I development is</p>

<sup>46</sup> Randwick City Council, Director City Planning Report No CP54/12, Review of Affordable Rental Housing Program, 2012.

LOCAL GOVERNMENT AREA	RANDWICK (Metro NSW)
	<p>also permitted on the site. The proposal will permit development of some 700 residential units.</p> <p>The approving authority for the spot rezoning (LEP) was the Minister for Planning advised by the independent Joint Regional Planning Panel (JRPP) which was appointed following Council's refusal of the development proposal.</p> <p>Although Council had been negotiating an agreement with the proponent for provision of 5% of all dwellings for affordable housing this requirement was not finalised at the time of the rezoning and a specific provision requiring affordable housing was not included in the approved LEP or in any accompanying planning agreement which up-zoned the site.</p> <p>The accompanying DCP for the site (approved by the Secretary for the Department of Planning and Environment), which provides specific development guidance for the site, noted that the objectives of the DCP were to provide for housing types that meet the needs of key workers and students including affordable housing.</p> <p>Once the DCP is made any future amendments to the DCP are the responsibility of Randwick City Council. Randwick City Council subsequently drafted amendments the DCP to further clarify and strengthen the affordable housing requirements noting the strategic location of the site, need for housing diversity to meet affordable housing need in the community including for low income key workers. Clause 4.7 of the proposed amendments to the DCP requires a minimum of 5% of all residential dwellings to be rented for affordable housing to low and moderate income households in accordance with the Randwick City Council Affordable Rental Housing Program and Procedures.</p> <p>The amended DCP has recently come off public exhibition. Submissions are currently under consideration. The final amended DCP will form the basis for any negotiated planning agreement on this site at development application stage.</p> <p>It is noted that the approved density under the rezoning is less than the density anticipated by the proponent when it was first negotiating affordable housing provision with Randwick City Council.</p>
<p><b>18. Success factors</b></p>	<ul style="list-style-type: none"> <li>▪ Supportive Councillors and Head of Planning and General Manager.</li> <li>▪ Critical mass of senior planning staff with exposure and experience in affordable housing.</li> <li>▪ Recipient of early LGHIP funding to undertake Sub Regional Affordable Housing Strategy with Botany, City of Sydney and Waverley Councils helped to increase knowledge and awareness.</li> </ul>

LOCAL GOVERNMENT AREA	RANDWICK (Metro NSW)
	<ul style="list-style-type: none"> <li>▪ A City Plan which included as one of its 6 Outcomes- A Liveable City and as one of its directions/priorities –Housing diversity, accessibility.</li> <li>▪ Preparation of an Affordable Housing Strategy meant: <ul style="list-style-type: none"> <li>- Councillors had an understanding of issues (demonstrated housing cost increases and loss of affordable housing) and potential AH sites were identified.</li> <li>- Actions in the Affordable Housing Strategy Action Plan (outlining how Councils will deliver on their strategic directions and priorities), such as identifying sites to be rezoned where affordable housing should be sought and committing a Council owned site for development for affordable Housing, could be readily used to populate the 1 and 4 year delivery programs required by the Council’s integrated planning and reporting framework.</li> </ul> </li> <li>▪ Good working relationship between Council’s Community Services and Planning Departments.</li> <li>▪ Technical and advisory support from the Centre for Affordable Housing.</li> <li>▪ Good working relations with community housing providers.</li> </ul>
<p><b>19. Limitations/constraints</b></p>	<ul style="list-style-type: none"> <li>▪ Lack of State Government support for use of value capture and section 94 mechanisms.</li> <li>▪ VPAs are more easily negotiated at the rezoning stage where the benefit to the proponent is likely to be greatest. If these opportunities are missed it is much more difficult to negotiate at the DA stage.</li> <li>▪ While DCPs applying to key sites can establish matters for consideration that subsequent development must have regard to, they do not establish a hard development standard upon which a DA could be refused.</li> <li>▪ VPAs as are most effective on large redevelopment sites which require rezoning. In established areas availability of larger redevelopment sites is limited.<sup>47</sup></li> <li>▪ Lack of consistency, transparency and equitable outcomes from the VPA process. Some large sites gaining the benefit of rezoning and impacting on land values and house prices contribute to affordable housing outcomes while similar sites adjacent or nearby do not contribute through a voluntary process.</li> <li>▪ Access to the State Government’s Urban Feasibility Model’s Site assessment tool or similar would provide for an evidence based and consistent methodology for Councils and</li> </ul>

<sup>47</sup>Discussion Sima Truuvert Director City Planning, Alan Bright Manager of Strategic Planning Randwick Council

LOCAL GOVERNMENT AREA	RANDWICK (Metro NSW)
	<p>developers to understand and negotiate the benefits provided through rezoning.</p> <ul style="list-style-type: none"> <li>▪ Limited community understanding of how Council's Affordable Housing Program differs from public housing.</li> </ul>
<p><b>20. Potential for wider application</b> including any <b>planning system reforms</b> required</p>	<p>Yes</p>
<p><b>21. Potential for wider application of housing delivery vehicle</b></p>	<p>Yes</p>
<p><b>22. Relevant/source documents</b></p>	<p>Randwick City Council Affordable Housing Rental Program and Procedures adopted May 2006 Revised 2012</p> <p>Randwick Affordable Housing Policy" adopted: 27 June 2006</p> <p>Randwick Affordable Housing Strategy adopted Dec 2007</p> <p><a href="https://www.randwick.nsw.gov.au/assets">https://www.randwick.nsw.gov.au/assets</a></p> <p>Randwick City Council Planning Agreements Policy adopted September 2007</p> <p>Randwick City Council LEP 2012</p> <p>Newmarket Green (Inglis site) Development Control Plan amendments</p> <p><a href="http://yoursayrandwick.com.au/inglis">http://yoursayrandwick.com.au/inglis</a></p>

LOCAL GOVERNMENT AREA	SYDNEY – CITY WEST (Metro NSW)												
1. <b>Objectives</b> of approach/measure	To ensure that very low, low and moderate income residents could continue to live in the Ultimo Pyrmont area following government led urban renewal.												
2. <b>Context</b> - location, prevailing conditions and any other relevant circumstances	<p>Inner city area of Sydney considered likely to experience significant growth in land values as a result of government renewal/infrastructure activities in Ultimo and Pyrmont commencing in the 1990s. At the time, it was identified that there was funding potentially available under the Commonwealth’s Building Better Cities Program, as well as revenue from the sale of large parcels of state government land located in the redevelopment area. The development industry was also seen as benefiting from the significant development opportunities created under the new and denser planning framework and therefore it was accepted as reasonable that a share of the benefits arising from this uplift should be applied towards affordable housing.</p> <p>Median rent 2 bed unit Dec 15:</p> <table data-bbox="837 913 1225 1016"> <tr> <td>Ultimo</td> <td>\$800/w</td> </tr> <tr> <td>Pyrmont</td> <td>\$775/w</td> </tr> <tr> <td>Greater Sydney</td> <td>\$520/w</td> </tr> </table> <p>Median sales price – strata dwl Sept 2015:</p> <table data-bbox="837 1070 1268 1173"> <tr> <td>Ultimo</td> <td>\$810,000</td> </tr> <tr> <td>Pyrmont</td> <td>\$850,000</td> </tr> <tr> <td>Greater Sydney</td> <td>\$680 000 <sup>48</sup></td> </tr> </table>	Ultimo	\$800/w	Pyrmont	\$775/w	Greater Sydney	\$520/w	Ultimo	\$810,000	Pyrmont	\$850,000	Greater Sydney	\$680 000 <sup>48</sup>
Ultimo	\$800/w												
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3. <b>Description</b> of measures employed, project sponsors/partners and the delivery vehicle/model	A tripartite arrangement whereby the Commonwealth provided subsidies under the Building Better Cities Program, the State Government contributed a portion of proceeds from the sale of state government land and developers were required to contribute under an inclusionary zoning scheme.												
4. <b>Implementation framework</b> for planning approach	<p>A Regional Environmental Plan was introduced in 1992 to put into effect to the developer contribution component of the funding framework. The framework was later revised following legal challenges to the validity of inclusionary zoning provisions and is now enabled through State Environmental Planning Policy No 70 (Revised Schemes) and Sydney Local Environmental Plan (LEP) 2012.</p> <p>Under the plan, contributions are required based on total floor area, with differential rates for residential development (0.8% of total floor area) and non-residential development (1.1% of total floor area).</p> <p>An independent affordable housing company was established to develop and manage the new housing stock – City West Hsg Co.</p>												

<sup>48</sup> Housing NSW Rental and Sales Report Issue 114 and associated tables at <http://www.housing.nsw.gov.au/about-us/reports-plans-and-papers/rent-and-sales-reports/latest-issue>

LOCAL GOVERNMENT AREA	SYDNEY – CITY WEST (Metro NSW)
<p><b>5. Timeframe</b></p>	<p>The need for an affordable housing program to counter pressures on the escalating cost of housing in the City West area as a result of the government’s plans was identified in 1990 and followed with studies by the NSW Department of Housing and later through interdepartmental work under the auspices of the City West Cabinet Subcommittee.</p> <p>Initial planning provisions were introduced in 1992 through Sydney Regional Environmental Plan No 26 and the City West Housing Company was established in 1994 to develop housing utilising the three funding streams.</p>
<p><b>6. Housing outcomes and development mix (dwelling size and tenure including social/other affordable/ private housing, and mixed use development )</b></p>	<p>A target was set of a minimum of 600 affordable housing dwellings in Pyrmont and Ultimo. As at June 2014 around 470 dwellings had been provided in these precincts.</p> <p>The 600 unit target represents approximately 6-7% of total anticipated yield under the current planning framework. Together with an additional 100 units of public housing In summary, this will be equivalent approximately 8-10% of total housing.<sup>49</sup></p> <p>All dwellings are provided as affordable rental accommodation.</p> <p>The City West 2015 Annual Report pg 10 states there are currently 635 affordable housing units and that, with recent land acquisitions, it is anticipated by the end of 2017 there will be 1052. Some 470 of those dwellings have been delivered in Ultimo and Pyrmont to date and a further 202 in Green Square.</p>
<p><b>7. Resident profile</b></p>	<p>The program provides for a roughly equal mix of very low, low and moderate income households, with rental set at a sliding scale reflective of their capacity to pay.</p> <p>Applicants with links to the Pyrmont Ultimo area have priority.</p> <p>No special-purpose housing provider for people with complex needs or who require care.</p>
<p><b>8. Requirements for implementation, including legal and market factors</b></p>	<p>An inclusionary zoning scheme under the relevant planning instrument - currently in the scheme must be enabled through State Environmental Planning Policy No 70 (Revised Schemes).</p>
<p><b>9. Project support and facilitation</b></p>	<p>Commonwealth funding of \$50m under the Building Better Cities Program for affordable housing.</p> <p>Commonwealth, State and Local Government support. Building Better Cities Program funding of public infrastructure including light rail and open space.</p> <p>A portion of proceeds from State Government land sales - 4%.</p> <p>The housing program was introduced simultaneously with a new planning framework which included higher permissible</p>

<sup>49</sup> Revised City West Affordable Housing Program (June 2010) page 4.

LOCAL GOVERNMENT AREA	SYDNEY – CITY WEST (Metro NSW)
	densities and limits on private car parking.
<b>10. Rental arrangements</b>	Rentals based on a sliding scale of 25%, 27.5% or 30% of household income for very low, low and moderate income households respectively.
<b>11. Financial arrangements</b>	<p>Properties are managed and maintained in a self-sustaining basis from rental income.</p> <p>Property development is fully funded i.e. the company has not used debt finance to expand its housing stock. This approach has been criticised, as it has not maximised housing provision. The Company’s constitution currently prevents it from borrowing without approval from the ordinary shareholders. This is currently under review as part of a wider review of the Company structure.</p> <p>City West Housing Company’s Annual Report June 2015 Financial Statements show revenue received from residential and commercial developer contributions in City of Sydney for the 12 months ended June 2015 at \$25.5m.</p> <p>Note this will include contributions both from the City West and Green Square affordable housing schemes. In addition, a further \$4.1m is shown as income received by the Urban Growth Development Corporation for Affordable housing.<sup>50</sup> (See 17 for description of additional inclusionary zoning areas).</p>
<b>12. Use of surpluses after tenancy / property management costs</b>	All surpluses are reinvested into housing provision.
<b>13. Asset Ownership</b>	Properties are held by the City West Housing Company - with State Government Ministers as the ultimate shareholders.
<b>14. Management arrangements</b>	Properties held and managed by a non-profit housing company created to manage the properties independently of government, and housing a broader income group than social housing.
<b>15. Governance arrangements</b>	<p>Not for profit housing company limited by shares independent from government on a day-to-day basis.</p> <p>Skills-based board.</p> <p>The Minister for Housing and the Treasurer are the ordinary shareholders and are responsible for approving the business plan and for high level oversight of performance.</p>
<b>16. Asset management including provision for sinking fund</b>	Assets are fully owned by the City West Housing Company with financial model including provision for long term maintenance.

<sup>50</sup> City West Annual Report June 2015, Note 2a Financial Statements pg 51

LOCAL GOVERNMENT AREA	SYDNEY – CITY WEST (Metro NSW)
<p><b>17. Any related initiatives</b></p>	<p>A similar inclusionary zoning scheme was implemented to the South of the CBD known as <b>Green Square in 1998</b> and measures introduced in the then South Sydney LEP 1998. The South Sydney Council merged with City of Sydney in 2004 and the area is now covered by provisions in Sydney LEP 2012. Urban renewal and substantial infrastructure investment in Green Square was anticipated to lead to a rise in land values preventing low and moderate income earners from accessing housing. An accompanying <b>Green Square Affordable Housing Program</b> was adopted in 1999. It provided for contributions from residential (3% of floor area) and commercial development (1% of floor area) to be provided for affordable housing. The Scheme aims to generate some 330 units over the 15-20 year redevelopment. City West Housing Company is currently the recommended CHP to receive contributions and has/is developing affordable housing there.</p> <p>Inclusionary zoning provisions were also applied to <b>the Carlton United Brewery site within the City of Sydney in 2004</b>. This site came under the control of the Redfern Waterloo Authority in 2004 and subsequently Urban Growth NSW in 2011. The Redfern Waterloo Authority Act enabled the Authority to seek contributions for affordable housing on land in Waterloo, Eveleigh, and Darlington incorporating the CUB site. On the CUB site contributions were based on a sliding scale of 2.7-3.1% of total project costs estimated to give rise to \$32m. Some of the funds collected to date have been combined with State government land at Eveleigh Goods Yard and a Commonwealth Housing Affordability Fund (HAF) grant of approx \$8m<sup>51</sup> to develop 88 affordable housing units on the site. City West Housing Company was the successful tenderer appointed to develop and manage the housing which was completed in April 2015.</p> <p>More recently in 2015 an amendment was made to City of Sydney LEP 2012 to enable contributions to be required in the Southern Employment Lands abutting Green Square which, as a result of rezoning, will develop more intensive land uses. The provisions are designed to ensure housing is provided for low income workers.</p>
<p><b>18. Success factors</b></p>	<p>Housing program developed and introduced at the time of rezoning when significant uplift was occurring.</p> <p>Large injection of upfront capital.</p> <p>Strong funding streams.</p>

<sup>51</sup> \$8m HAF was to assist with infrastructure costs necessary to prepare land incorporating the site for development.

LOCAL GOVERNMENT AREA	SYDNEY – CITY WEST (Metro NSW)
	<p>Special-purpose housing company with development capacity and tenancy management functions</p> <p>In-house development capability contributes to cost-effective production of housing.</p> <p>Early capacity in undertaking large scale developments successfully has given confidence to Council in the capacity of the CHP to manage development/ construction risk.</p> <p>Good relationships between Council and CHP.</p>
<b>19. Limitations/constraints</b>	<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 land holding patterns with much of the land held 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. More recently provision has increased. There are currently 104 units under construction and two new sites have been acquired with a capacity for 70 and 72 units respectively. They are anticipated to be complete by 2017.</p>
<b>20. Potential for wider application of planning approach including any planning system reforms required for wider application</b>	<p>Yes - Inclusionary zoning has since been used in other parts of the LGA –Green Square, Redfern Waterloo, and the Southern Employment Lands (see 17).</p> <p>Any future inclusionary schemes outside of the LGA of Sydney will require approval under a State Environmental Planning Instrument.</p>
<b>21. Potential for wider application of housing delivery vehicle</b>	<p>A similar, but less constrained, company model has been used for the Brisbane Housing Company and the Gold Coast Housing Company.</p> <p>Whilst there are no legal constraints to the establishment of such a structure, the size of the program would need to be sufficient to warrant the costs of establishment.</p>
<b>22. Relevant sources/ documents</b>	<p>Revised City West Affordable Housing Program (June 2010)</p> <p>Sydney Regional Environmental Plan No 26</p> <p>Sydney Local Environmental Plan 2012</p> <p>City West Housing Company website- <a href="http://citywesthousing.com.au/">http://citywesthousing.com.au/</a></p> <p>City West Housing Company 2014 &amp; 2015 Annual Reports</p>

LOCAL GOVERNMENT AREA	WAVERLEY (Metro NSW)									
1. <b>Objectives</b> of approach/measure	<p>A two limb approach aiming to:</p> <ul style="list-style-type: none"> <li>▪ Maintain diversity in the Waverley LGA targeting low to moderate income earners (Affordable Housing Program);</li> <li>▪ Maintain diversity in the LGA targeting older people and people with a disability who have very low income (Social Housing Program).</li> </ul>									
2. <b>Context</b> - location, prevailing conditions and any other relevant circumstances	<p>From the 1980s:</p> <ul style="list-style-type: none"> <li>▪ Gentrification</li> <li>▪ Loss of affordable rental housing</li> <li>▪ Increasing instances of housing stress</li> <li>▪ Low proportion of social housing</li> <li>▪ Older long term renters being forced out of the area</li> </ul> <p>Now: High value inner ring LGA in Sydney's East. Includes most of the commercial centre of Bondi Junction, as well as several beach-side suburbs. Generally well served by public transport. Limited supply of land for redevelopment.</p> <table border="0" data-bbox="644 969 1366 1106"> <tr> <td>Median rent 2 bed unit Dec 15</td> <td style="text-align: right;">\$730/w</td> </tr> <tr> <td style="padding-left: 100px;">Greater Sydney</td> <td style="text-align: right;">\$520/w</td> </tr> <tr> <td>Median sales price – strata dwl Sept 2015</td> <td style="text-align: right;">\$935 000</td> </tr> <tr> <td style="padding-left: 100px;">Greater Sydney</td> <td style="text-align: right;">\$680 000<sup>52</sup></td> </tr> </table>		Median rent 2 bed unit Dec 15	\$730/w	Greater Sydney	\$520/w	Median sales price – strata dwl Sept 2015	\$935 000	Greater Sydney	\$680 000 <sup>52</sup>
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	<b>Affordable Housing Program</b>	<b>Social Housing Program</b>								
3. <b>Description</b> of measures employed, project sponsors/partners and the delivery vehicle/model	<p>VPA's are used with a planning incentive of up to an additional 15% in permissible floor space available for public purposes including affordable housing (subject to an acceptability test). The value of the additional density is shared equally between Council and the developer with ten percent of the Council's share of the additional value applied for the provision of affordable housing in accordance with the Waverley Affordable Housing Program (WAHP).</p>	<p>Partnerships with Housing NSW</p>								
4. <b>Implementation framework</b> for planning approach	<p><b>Previous Mechanisms:</b> In accordance with the Standard Instrument (Local</p>									

<sup>52</sup> Housing NSW Rental and Sales Report Issue 114 and associated tables at <http://www.housing.nsw.gov.au/about-us/reports-plans-and-papers/rent-and-sales-reports/latest-issue>

LOCAL GOVERNMENT AREA	WAVERLEY	(Metro NSW)
	<p>Environmental Plans) Order 2006, the Bondi Junction LEP 2012 and the Waverley LEP 2012 were adopted with floor space ratio standards.</p> <p>Prior to the adoption of these LEPs, floor space ratio (FSR) standards were contained in the Waverley DCP 2006. Therefore, Council was able to exercise a degree of flexibility in assessing development applications seeking a variation to FSR standards.</p> <p>As outlined in the WDCP 2006, additional floor space in multi-unit residential development could be permitted, conditional on an applicant's voluntary participation in the WAHP.</p> <p>In accordance with the WAHP Policy, the value of additional floor space granted was shared equally between public (Council) and private (developer) interests, capturing 50% of the value uplift for affordable housing.</p> <p>Contributions could be made in a number of ways, including through the transfer of completed dwellings to Council as affordable housing in perpetuity; by providing dwellings for a set lease term to be managed by Council's Community Housing Provider for the purposes of affordable rental housing; or, through a monetary contribution to Council's affordable housing fund.</p> <p>An excel based WAHP Calculator was developed to determine the value of additional floor space, and to support negotiation and</p>	

LOCAL GOVERNMENT AREA	WAVERLEY (Metro NSW)	
	<p>determination processes. The former WAHP contributions were secured through a VPA under the now superseded Waverley Voluntary Planning Agreement Policy 2007.</p> <p>The WDCP 2006 was superseded with the adoption of the Waverley LEP 2012. However, the WAHP has been integrated within the new policy framework.</p> <p><b>Current Mechanisms:</b></p> <p>Council's current Planning Agreement Policy 2014, allows for 15% variation to FSR standards, subject to the acceptability test under Clause 4.6 of the WLEP.</p> <p>The marginal gross profit of the additional FSR is split equally between the applicant and Council. The additional FSR is subject to a valuation and costing process by both the applicant and Council, and a VPA negotiation meeting is conducted to determine the agreed value and the associated public benefit.</p> <p>Council's current policy is that 10% of all planning agreement contributions be allocated as a monetary contribution to Waverley's Affordable Housing Program fund. The allocation of 10% of all monetary contributions to the WAHP is considered appropriate, given the value of the WAHP and its performance over the past 8 years.</p>	
<p><b>5. Timeframe</b></p>	<p>VPA mechanism developed in the late 1990s. First properties came into the program in 2000.</p>	<p>Properties under management from the early 1990s. Joint development continued through the 1990s and early 2000s.</p>

LOCAL GOVERNMENT AREA	WAVERLEY (Metro NSW)	
<p>6. <b>Housing outcomes and Development mix</b> achieved (size, tenure including social/other affordable housing, residential/other uses, private/non-profit components etc)</p>	<p>Over 15 years the provisions have achieved a total of 43 units of affordable housing. Of these, 21 are held in perpetuity and 22 have been leased to the program for various periods.</p> <p>At June 2015, the portfolio consisted of:  14 x 1 bed + 7 x 2 bed = 21  4 x 1 bed = 3 x 2 bed = 7  <b>Total: 28 units</b></p> <p>All units are in private strata blocks.</p>	<p>Portfolio targeting older people:  Bedsit x 7  1 bed x 29  2 bed x 15  Total: 51</p> <p>Portfolio targeting people with an intellectual disability:  2 bed x 3 = 3  <b>Total: 54 units</b></p> <p>All units are in 6 residential only buildings owned wholly by Council or owned in partnership between Council and Housing NSW.</p>
<p>7. <b>Resident profile</b></p>	<p><b>Waverley Affordable Housing Program (WAHP)</b> - for working people on low to moderate incomes \$54,404 - \$97,400 per year (\$1,046 - \$1,873 per week).</p> <p>Applicants must be able to demonstrate that they have lived in the Waverley LGA for at least the past three years, or have lived or worked in Waverley for five of the last ten years.</p> <p>At 30 June, housing 34 adults and 5 children in 27 households (1 vacancy).</p> <p>The average income of tenants in the Program was \$1,555 per week (\$60,060 per annum).</p>	<p><b>Waverley Housing for Older People (WHOP)</b> - for people over 55 years old on very low incomes. Applicants must demonstrate that they have lived in Waverley for at least the last 5 years, or at least 10 of the last 15 years, are on a very low income and are on the waiting list for NSW public housing.</p> <p>At 30 June 2015, housing 55 individuals in 49 households. 82 % reliant on Age Pension for their income.</p> <p><b>Waverley Community Living Program (WCLP)</b> - for people with a mild intellectual disability on low incomes. Access to this accommodation is conditional on a successful application for independent living and 'transition' support.</p> <p>At 30 June housing 6 individuals in 3 shared households. All relied on disability support pensions.</p>
<p>8. <b>Requirements</b> for implementation, including legal and market factors</p>	<p>50% of the uplift must provide the developer with sufficient profit to make the commitment worthwhile</p>	<p>Willing partners.  Availability of stock at an affordable price.</p>

LOCAL GOVERNMENT AREA	WAVERLEY (Metro NSW)	
9. <b>Project Support and facilitation</b> including financial assistance, incentives, land/other contributions, reduced fees and/or transaction costs, cross subsidisation etc	Nil	Partnerships with Housing NSW.
10. <b>Rental arrangements</b>	25-35% off median market rental for a unit of the same size (1 or 2 bed) in the Waverley LGA.	25% of income + rent assistance.
11. <b>Financial arrangements</b>	<p>Funds collected for the purpose of affordable housing from development negotiation and rental surpluses are held in an Affordable Housing Reserve fund.</p> <p>As at Dec 2015 the current Affordable Housing Reserve is \$4.7m. Of this \$4m is committed to purchase of additional stock for the Program. The remainder will be utilised for planned maintenance. The average annual surplus to the program over the last 5 years to June 2015 has been \$117,000. The anticipated annual income from developer contributions is \$300,000 pa.<sup>53</sup></p>	Various – case by case.
12. <b>Use of surpluses after tenancy / property management costs</b>	Returned to affordable housing reserve.	Returned to social housing reserve.
13. <b>Asset Ownership</b>	<p>21 of the 43 units are owned by Council, the remaining 22 properties are leased to the program for a specified term.</p> <p>Council owned properties held in perpetuity.</p>	All units are in buildings wholly owned by Council or owned in partnership with Housing NSW.
14. <b>Governance arrangements</b>	Waverley Council provides governance.	Waverley Council provides governance.

<sup>53</sup> Email correspondence Leisa Simmons Manger Housing programs and Community Support Waverley Council 10.12.2015

LOCAL GOVERNMENT AREA	WAVERLEY (Metro NSW)	
<p><b>15. Asset management including provision for sinking fund for long term maintenance</b></p>	<p>All units are in strata blocks. The Bodies Corporate is responsible for sinking funds with CHP contributing from rental revenue. Council undertakes an annual review of provisions made by bodies corporate.</p>	<p>Council's Social Housing Reserve provides the sinking fund that enables provision for maintenance and long term renewal. Council prepares a plan in consultation with the Community Housing Manager.</p>
<p><b>16. Management arrangements</b></p>	<p>Bridge Housing Ltd Category 1 Community Housing Provider selected by competitive tender</p>	<p>Bridge Housing Ltd Category 1 Community Housing Provider selected by competitive tender.</p>
<p><b>17. Any related initiatives</b></p>	<p>Council is actively seeking opportunities to make capital acquisitions from accrued rental surpluses and VPA contributions in its Affordable Housing Fund to add to its stock of affordable housing.</p>	<p>Council provides support including community grants and other support for a network of community based organisations providing support for people who are homeless, tenancy advocacy, domestic violence victim support, youth, and aged and disability services.</p>
<p><b>18. Success factors</b></p>	<p>Consistent support of the elected body of Council.  Support of Senior Management.  Strong partnership between community services team and planning teams within Council sharing their expertise, and learning together along the way.  Planning team willing to undertake the work required to achieve the outcome.</p>	<p>Consistent support of the elected body of Council over a period of 30 years.  Support of Senior Management.  Clear objectives and targeting identified needs of a particular target group.  Timing – different opportunities exist at different times. Need flexibility to pursue these.  The partnerships with Housing NSW that were possible in the 1980s, 1990s &amp; early 2000s.  Housing stock that was affordable for the purposes of social housing in the 1980s and 1990s would not be 'affordable' for this purpose in 2015. Council acted early on in the gentrification process, and was able to secure</p>

LOCAL GOVERNMENT AREA	WAVERLEY (Metro NSW)	
		properties to make perpetually affordable for very low income earners at an 'affordable' price.
<b>19. Limitations/constraints</b>	<p>Labour intensive – lot of work required to achieve units of housing on a 'case by case' basis.</p> <p>Significant state and federal planning reform is required to provide clearer direction to further enable local Councils to implement affordable housing.</p>	
<b>20. Potential for wider application including any planning system reforms required for wider application</b>	Waverley Council continues to contribute to the delivery of affordable housing through available mechanisms in the current legislative framework but capacity to do so is limited as above.	
<b>21. Potential for wider application of housing delivery vehicle</b>	Yes - as above.	
<b>22. Relevant documents and sources</b>	<p>Waverley Affordable Housing Program 2007 Amendment 1.</p> <p>Waverley Development Control Plan 2010.</p> <p>Waverly Council Planning Agreement policy 2014.</p>	

LOCAL GOVERNMENT AREA	WILLOUGHBY (Metro NSW)								
<p>1. <b>Objectives</b> of approach/measure</p>	<p>The purpose of Willoughby's Affordable Housing Program is to maintain the diversity and social mix of the community and to retain a workforce that can undertake service industries that are essential to the Chatswood and St Leonards Business Districts and industrial areas.<sup>54</sup></p> <p>Willoughby's Local Environmental Plan (LEP) 2012 provides the main apparatus to implement Willoughby's Affordable Housing Program. In relation to housing, clause 1.2(f) of the LEP identifies the Plan's aims as:</p> <p>'to provide opportunities for a range of housing choice in Willoughby to cater for changing population needs in accessible locations.'</p> <p>Council's Development Control Plan (DCP) elaborates on the principal aims and objectives in relation to affordable housing as:</p> <ul style="list-style-type: none"> <li>• to encourage the development of new housing in the City for a diverse residential and working population representative of all income groups;</li> <li>• to provide clear guidance to the community and the development industry regarding the provision of Affordable Housing; and</li> <li>• to outline the obligations relating to the ongoing management of Affordable Housing.<sup>55</sup></li> </ul>								
<p>2. <b>Context</b> - location, prevailing conditions and any other relevant circumstances</p>	<p>Middle ring LGA in Sydney's north. Includes commercial centre of Chatswood and St Leonards.</p> <p>Well served by public transport.</p> <table border="0" data-bbox="646 1310 1364 1467"> <tr> <td>Median rent 2 bed unit Dec 15</td> <td>\$620/w</td> </tr> <tr> <td>Greater Sydney</td> <td>\$520/w</td> </tr> <tr> <td>Median sales price – strata dwl March 2015</td> <td>\$851 000</td> </tr> <tr> <td>Greater Sydney</td> <td>\$680 000<sup>56</sup></td> </tr> </table> <p>Relatively low levels of social housing.</p>	Median rent 2 bed unit Dec 15	\$620/w	Greater Sydney	\$520/w	Median sales price – strata dwl March 2015	\$851 000	Greater Sydney	\$680 000 <sup>56</sup>
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<p>3. <b>Description</b> of measures employed, project sponsors/partners and the delivery vehicle/model</p>	<p>Mandatory inclusionary zoning - introduced when land is rezoned for higher density development.</p> <p>Willoughby LEP 2012 identifies a number of sites which have been rezoned for more intensive use and are now subject to requirements for the provision of affordable housing when a site is developed or redeveloped. These sites are indicated on the 'Special Provisions Area Map' accompanying the LEP as 'Area 3'.</p> <p>Clause 6.8 of the LEP requires that in the locations identified on the Special Provisions Area Map, an affordable housing</p>								

<sup>54</sup> <http://www.willoughby.nsw.gov.au/Development/Legislation---Guidelines/affordable-housing/>

<sup>55</sup> Willoughby Development Control Plan G.4

<sup>56</sup> Housing NSW Rental and Sales Report Issue 114 and associated tables at

<http://www.housing.nsw.gov.au/about-us/reports-plans-and-papers/rent-and-sales-reports/latest-issue>

LOCAL GOVERNMENT AREA	WILLOUGHBY (Metro NSW)
	<p>contribution must be provided equivalent to 4% of the gross floor area of the <u>residential</u> component of the development.</p> <p>If the 4% contribution is not enough to achieve a full unit, a monetary contribution is required and based on the equivalent <u>market value</u> of the floor space.</p> <p><u>Significantly</u>, where affordable housing is provided on site the floor space is not included in density calculations i.e. the affordable housing floor space is over and above the permissible maximum floor space under the new zoning. This makes the provision of housing more attractive than the payment of a contribution.</p> <p>In circumstances where a Planning Proposal involving uplift in residential densities was to proceed without a rezoning, Council would seek for the 4% contribution to be applied through a VPA or application of Clause 6.8 to the Planning Proposal in the amending provisions as part of WLEP 2012.</p>
<p><b>4. Implementation framework</b> for planning approach</p>	<p>Clause 9 of SEPP 70 names the City of Willoughby as one of the three existing local government areas where it identifies there is a need for affordable housing. Inclusion within SEPP 70 enables Willoughby Council to impose a condition through its LEP requiring a contribution towards affordable housing in accordance with s94F of the Environmental Planning and Assessment Act (EP&amp;A Act) 1979.</p> <p>Clause 6.8 of the LEP identifies the principles for the provision of affordable housing and the circumstances where an affordable housing condition can be attached to a development approval. It specifies that when assessing an application in respect to land identified in 'Area 3', the affordable housing principles set out in the clause must be taken into consideration, as well as the impact of a development proposal on the mix of housing in the LGA and whether an affordable housing condition should be attached to a development consent. These provisions reflect the requirements that must be met if s94F of the EP&amp;A Act is to be invoked.</p> <p>The implementation of Council's Affordable Housing Policy is consistent with the Willoughby City Strategy outcome to "plan for housing choice" and the strategy to "facilitate, advocate and provide for affordable housing".</p> <p>Willoughby Development Control Plan further details the basis and requirements of Council's Affordable Housing Policy.<sup>57</sup></p>
<p><b>5. Timeframe</b></p>	<p>The Affordable Housing Program was initiated in 1999 after approximately 4 years of developmental work which was initially funded through the State government's Local Government Housing Initiatives Program.</p>

<sup>57</sup> Willoughby Development Control Plan G.4.2.

LOCAL GOVERNMENT AREA	WILLOUGHBY (Metro NSW)
	<p>When the affordable housing provisions were initially introduced in 1999, the areas being rezoned for higher intensity use were fairly limited. For this reason, up until the introduction of the new LEP in 2012, the capacity to generate affordable housing under the framework was restricted.</p> <p>However with the introduction of the new LEP in 2012 significantly more opportunities were identified for higher density development. Combined with a recent increase in market activity, it is expected that the Program will begin to gain momentum.<sup>58</sup></p>
<p>6. <b>Housing outcomes and development mix</b></p>	<ul style="list-style-type: none"> <li>- To date the mechanism has delivered a total of 12 dwellings, with a further 11 dwellings in the pipeline and cash contributions held in trust pending commencement of an affordable housing project.</li> </ul> <p>The dwellings include a range of studio apartments and one-to two-bedroom dwellings.</p> <ul style="list-style-type: none"> <li>- Where accommodation is being provided as part of a luxury development, care is taken to ensure that any dwellings provided are suitable for management as affordable housing and will not be subject to excessive strata management fees.</li> </ul> <p>In the heart of Chatswood, the affordable housing dwellings have excellent access to transport and a range of recreation facilities and services in the CBD. Car parking with the units is not required.</p> <ul style="list-style-type: none"> <li>- Despite the incentives to provide affordable housing on site mentioned above, a monetary contribution was provided in lieu of direct provision of housing in the 'Willoughby Paddocks' development in Eastern Valley Way, Willoughby, even though the 3 hectare site was government owned and its Master plan was prepared by Landcom, now Urban Growth.</li> </ul>
<p>7. <b>Resident profile</b></p>	<p>The LEP provides that affordable housing provided under the inclusionary zoning mechanism must be rented to people on low to moderate incomes (with incomes up to 120% of median income).</p> <p>Eligibility is not merely based on income but is also intended to capture key workers who are experiencing difficulty locating in the LGA.<sup>59</sup></p>
<p>8. <b>Requirements for implementation, including legal and market factors</b></p>	<p><b>Legal</b></p> <p>Inclusion within State Environmental Planning Policy No 70-- Affordable Housing (Revised Schemes).</p> <p>Section 94F(1) of the Environmental Planning and Assessment</p>

<sup>58</sup> Interview with Noni de Carvalho, Willoughby Council, 24 November 2015.

<sup>59</sup> Interview with Noni de Carvalho, Willoughby Council, 24 November 2015.

LOCAL GOVERNMENT AREA	WILLOUGHBY (Metro NSW)
	<p>Act 1979 (EP&amp;A Act) requires that a need for affordable housing is identified in a State Environmental Planning Policy before a condition can be attached to a development approval requiring contributions to affordable housing.</p> <p>SEPP 70 is the instrument used to enable conditions to be attached pursuant to s94F. Currently, its application is restricted to a few very limited geographic areas – Willoughby, Leichardt and certain parts of the City of Sydney LGAs.</p> <p>In respect to this matter, it should be noted that the NSW Local Government Housing Kit states that “Although this [Willoughby’s approach] is prefaced by an inclusionary zoning scheme underpinned by SEPP 70, in principle it could still be used by another council to signal their attitude to rezoning – and perhaps their intention to seek a developer agreement.”<sup>60</sup></p> <p>However, s94F(1) of the EP&amp;A Act continues to require that a need for is identified in an SEPP before an affordable housing condition can be attached to a development approval.</p> <p><b>Market</b></p> <p>As sites are only subject to the LEP’s affordable housing requirements when they are up-zoned and developed for residential purposes, the generation of affordable housing is dependent on market activity which in turn is related to demand.</p>
<p><b>9. Project support and facilitation</b></p>	<p>Council is proposing to develop Council land for affordable housing utilising the monetary contributions collected under the LEP (see further under 11. Financial Arrangements below).</p>
<p><b>10. Rental arrangements</b></p>	<p>Clause 6.8 of the Willoughby LEP requires that affordable housing is rented to low to moderate incomes at rents that do not exceed 30% of their income.</p>
<p><b>11. Financial arrangements</b></p>	<p>Council’s 2014/2015 Annual Financial Statements indicate an externally restricted Affordable Housing Cash Reserve of \$7.279 million of which \$5.848 million in affordable housing contributions was received during the financial year.</p> <p>\$6.62 million of these funds will be used for the development of Council land in Artarmon for a planned affordable housing project.</p> <p>The balance of the funds is intended to be used to develop another affordable housing opportunities for other Council owned land in Artarmon.<sup>61</sup></p>
<p><b>12. Use of surpluses after tenancy / property</b></p>	<p>Clause 6.8(1)(d) of the Willoughby LEP specifies that: ‘Rental from affordable housing received by or on behalf of the</p>

<sup>60</sup> <http://www.housing.nsw.gov.au/Centre+For+Affordable+Housing/NSW+Local+Government+Housing+Kit/Planning+Mechanisms+for+Affordable+Housing/>

<sup>61</sup> Ordinary Council Meeting Papers 26 October 2015 Response to Question on Notice from Councillor L Saville - Affordable Housing.

LOCAL GOVERNMENT AREA	WILLOUGHBY (Metro NSW)
<b>management costs</b>	<p>Council, after deduction of normal landlord's expenses (including management and maintenance costs and all rates and taxes payable in connection with the dwellings), must be used for the purpose of improving or replacing affordable housing or for providing additional affordable housing in Willoughby.'</p> <p>Generally surpluses have been modest largely because of high strata fees. As a result, Council is expected to be reluctant for future affordable housing to be partially funded through debt.<sup>62</sup></p>
<b>13. Asset Ownership</b>	<p>Affordable housing may be provided through either the provision of dwellings on site or a monetary contribution in lieu. Council's DCP identifies that the provision of affordable dwellings on site is the preferred option.</p> <p>The construction, fittings and finishes must be to the satisfaction of Council and properties transferred to Council at no cost.</p> <p>The housing assets retained in Council's ownership.</p>
<b>14. Governance arrangements</b>	<p>The administration of the Affordable Housing Program is the responsibility of the Community Culture and Leisure Directorate of Council.</p>
<b>15. Asset management</b>	<p>Responsibility of the housing manager (currently Link Housing see point 16 below).</p>
<b>16. Management arrangements</b>	<p>Managed by a local community housing provider (Link Housing). Link Housing was selected through a public tender process.</p> <p>In accordance with requirements for local government administration, Council is about to issue a new public tender for the provision of tenancy and property management services.</p>
<b>17. Any related initiatives</b>	<p>An affordable housing project for Council land in Artarmon is in the design development stage.</p>
<b>18. Success factors</b>	<p>Progressive culture within both the elected and administrative arms of Council.</p> <p>From 1995 up until 2014, Council had a designated staff member with responsibility for housing. The position is currently vacant and has not been filled pending progress on Council restructuring/amalgamations.</p>
<b>19. Limitations/constraints</b>	<p>- Opportunities to require affordable housing contributions 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 Willoughby LEP. One exception to this was a major project in Chatswood located on Council land where Council was able to</p>

<sup>62</sup> Interview with Noni de Carvalho, Willoughby Council, 24 November 2015.

LOCAL GOVERNMENT AREA	WILLOUGHBY (Metro NSW)
	<p>require contribution to affordable housing as part of its conditions of sale.</p> <ul style="list-style-type: none"> <li>- Council amalgamations may place at risk the Willoughby's Affordable Housing Program.</li> <li>- The contribution only applies to residential rezoning (refer clause 6.8(7) of the LEP) or mixed use land. It does not apply to B3 Commercial Core sites where residential is not permitted.</li> <li>- As the inclusionary zoning provisions are introduced incrementally at the time of rezoning, the requirements will be gradually introduced and closely linked to market activity.</li> <li>- The Affordable Housing State Environmental Planning Policy has been found to act at cross purposes with Council's Affordable Housing Program. In particular, lack of requirements for non-profit management, does not ensure that affordable housing is provided to those who need it or that the cost of housing in private developments is affordable (particularly given the high prevailing rentals in the area).<sup>63</sup></li> </ul>
<p><b>20. Potential for wider application</b> including any <b>planning system reforms</b> required for wider application</p>	<p>Yes - but requires inclusion within State Environmental Planning Policy No 70--Affordable Housing (Revised Schemes).</p> <p>In respect to this, the NSW Local Government Housing you Kit states that "Although this[Willoughby's approach] is prefaced by an inclusionary zoning scheme underpinned by SEPP 70, in principle it could still be used by another council to signal their attitude to rezoning – and perhaps their intention to seek a developer agreement."<sup>64</sup></p>
<p><b>21. Potential for wider application of housing delivery vehicle</b></p>	<p>Yes</p>
<p><b>22. Relevant documents and sources</b></p>	<p>Willoughby Council website –  <a href="http://www.willoughby.nsw.gov.au/">http://www.willoughby.nsw.gov.au/</a>  <a href="http://www.willoughby.nsw.gov.au/Development/Legislation---Guidelines/affordable-housing/">http://www.willoughby.nsw.gov.au/Development/Legislation---Guidelines/affordable-housing/</a></p> <p>Ordinary Council Meeting Papers 26 October 2015  Question On Notice From Councillor L Saville - Affordable Housing</p> <p>Willoughby Local Environmental Plan 2012</p> <p>Willoughby Development Control Plan</p> <p>Communications with Stacey Miers, former officer with Willoughby City Council</p> <p>Interview with Noni de Carvalho, Willoughby Council, 24/11/15</p>

<sup>63</sup> Interview with Noni de Carvalho, Willoughby Council, 24 November 2015.

<sup>64</sup> <http://www.housing.nsw.gov.au/Centre+For+Affordable+Housing/NSW+Local+Government+Housing+Kit/Planning+Mechanisms+for+Affordable+Housing/>

LOCAL GOVERNMENT AREA	PORT PHILLIP Metro Victoria)
<p>1. <b>Objectives</b> of approach/measure</p>	<p>Council’s vision for housing in the municipality is:</p> <p>“To direct residential growth to locations which offer the greatest access to shops, public transport and other services, and provide housing diversity by facilitating the development of affordable, accessible and suitable housing which meets the needs of all current and future residents, including the disadvantaged and those who are unable to adequately access the private housing market.” (City of Port Phillip Housing Strategy 2007 to 2017)</p> <p>The objectives of the City of Port Phillip Housing Strategy 2007 to 2017 include to:</p> <ul style="list-style-type: none"> <li>- Promote a range of affordable housing models and projects applicable to public, community and private housing that address the housing needs of low to moderate income residents and contribute to social diversity;</li> <li>- Expand the supply, distribution and type of social (public and community) housing available for the benefit of current and future residents of Port Phillip; and</li> <li>- Promote a co-ordinated response that addresses the needs of people experiencing homelessness.</li> </ul>
<p>2. <b>Context</b> - location, prevailing conditions and any other relevant circumstances</p>	<p>The City of Port Phillip is located in Melbourne’s inner region, between 2 and 8 kilometres from the Melbourne GPO. The City of Port Phillip has an 11 km foreshore on the northern edge of Port Phillip Bay and south of the Melbourne central business district. It includes entertainment and leisure precincts.</p> <p>Based on ABS 2011 population census data, 25.3% of households in Port Phillip were spending 30% or more of gross household income on rent or mortgage payments, compared to 22.7% in the Southern Metro Region and the Victorian State average of 20.4%.</p> <p>Port Phillip has the second highest number of public housing tenants in metropolitan Melbourne at 3,815, second after Yarra with 5,049. (Summary of Housing Assistance Programs 2009–10, Victorian Department of Human Services.)</p> <p>The municipality comprises a broad range of dwelling types as well as crisis, emergency and rooming house accommodation to meet the needs of all potential residents, including people who are marginalised and disadvantaged. Port Phillip also contains a number of state-wide and after hours crisis support service</p> <p>Planning policy directs growth in areas well serviced areas with good access to transport, services and facilities. While there is more limited opportunity for growth in established residential areas (neighbourhood character and/or heritage constraints) significant opportunities remain in mixed use zones. Between 2004 and 2011 64% of new dwellings were constructed in mixed</p>

LOCAL GOVERNMENT AREA	PORT PHILLIP Metro Victoria)
	<p>use or commercial zones.</p> <p>Median rent 2 bed unit June 15: \$430/w Melbourne metropolitan area \$370/w<sup>65</sup></p> <p>Median sales price – strata dwl Port Phillip \$520,000<sup>66</sup> Melbourne Inner region \$515,000<sup>67</sup></p>
<p>3. <b>Description</b> of measures employed, project sponsors/partners and the delivery vehicle/model</p>	<p>Port Phillip Council negotiates the provision of affordable housing on private sites and provides Council land and capital to the Port Phillip Housing Association to increase their capacity to leverage funds and deliver affordable housing</p> <p>In 1986, the former St Kilda Council helped establish St Kilda Housing Association Inc. (later to become Port Phillip Housing Association Ltd (PPHA) to manage Council developed housing.</p> <p>Over the period from 1986 to 2006, Council became the largest local government developer of housing in Australia providing 286 units in 12 residential development projects.<sup>68</sup> The housing projects were largely funded through joint ventures with the Victorian Department of Human Services. Two projects involving partnerships with private developers were also undertaken.</p> <p>Between 2004 and 2007, Council restructured the Port Phillip Housing Program, established the Port Phillip Housing Trust (PPHT) to hold the assets and transferred Council’s roles as developer and owner of community housing to Port Phillip Housing Association as Trustee of the PPHT in 2005/06 (see Governance for further detail).</p> <p>Since transferring the assets, Council has focused its role on supporting the growth of community housing through facilitation and cash and property contributions and no longer has direct involvement in project development.</p>
<p>4. <b>Implementation framework</b> for planning approach</p>	<p>Council has a strong planning framework and Housing Strategy which provides justification for the provision of affordable housing and the contribution of Council capital and recurrent resources.</p> <p>The objectives of the Housing Strategy are reflected in the planning scheme in the Municipal Strategic Statement (planning policy). The Planning Scheme Council supports the retention and provision of affordable housing, however, there are no specific planning mechanisms which enable Council to deliver affordable housing (see limitations at section 19 below).</p> <p>Council highlights the need to ensure access to affordable land opportunities to deliver affordable housing on Government and</p>

<sup>65</sup> Victorian DHHS Rent Report June 2015

<sup>66</sup> [www.housinginVictoria.com.au](http://www.housinginVictoria.com.au) Interactive Housing site note data only available for sales at 2013

<sup>67</sup> Ibid

<sup>68</sup> <http://www.ppha.org.au/partners/200-local-government>

LOCAL GOVERNMENT AREA	PORT PHILLIP Metro Victoria)
	<p>Council land through renewal of existing social housing sites where densities can be increased and through inclusion of affordable and social housing dwellings in private developments.</p> <p>Although planning agreements are provided for in the Victorian Planning Act (S173), Port Phillip City Council does not currently use these for affordable housing (see Limitations and constraints section).<sup>69</sup></p>
<p><b>5. Timeframe</b></p>	<p>A long-established housing program beginning with the establishment of the St Kilda (now Port Phillip) Housing Association by the former City of St Kilda in 1985 in response to concerns about the loss of low-cost housing through gentrification.</p> <p>This role continued after the local government amalgamation process in 1994. In 1986 the St. Kilda Housing Association Inc., now Port Phillip Housing Association Ltd. (PPHA), was established to manage Council’s community housing. After 1998 PPHA also became a developer through the use of net operating surpluses from the Program and undertaking joint ventures directly with the Office of Housing with two projects completed in 2001 and 2004.</p> <p>PPHA now operates across 6 local government areas. 61% of its stock of over 1000 dwellings located within the City of Port Phillip.</p>
<p><b>6. Housing outcomes and development mix (dwelling size and tenure including social/other affordable/private housing, and mixed use development )</b></p>	<p><b>A mix of rooming houses, bedsit units, one-bedroom and larger dwelling.</b></p> <p>“The Port Phillip Housing Program has achieved the following over a 21 year period to 2006:</p> <ul style="list-style-type: none"> <li>• Developed 311 units in 14 projects housing 491 residents. A further two PPHA projects delivered an additional 78 units. Housing is for older persons, families, singles, youth and disabled households.</li> <li>• Development of Council properties, including two air space developments over existing uses; purchase of private, State and Commonwealth land; and refurbishment or conversion of existing buildings or new construction of medium density housing.</li> <li>• Most projects comprised joint ventures with the OoH under various joint venture programs, with one project comprising a joint venture with a private developer (Inkerman Oasis) and another being part of a partnership with a private developer (The Regal).</li> <li>• The average development output was 15 units per year.</li> <li>• Total funds leveraged were \$43.82 million comprising: \$13.76</li> </ul>

<sup>69</sup> Advice email exchange Strategic Planner Port Phillip Council Leonie Kirkwood Dec 2015

LOCAL GOVERNMENT AREA	PORT PHILLIP Metro Victoria)
	<p>million from Council (31.4%), \$3.22 million from PPHA (7.4%), \$2.07 million from the Commonwealth Government (former LGCHP and CHP programs) (4.72%) and \$24.80 million from the OoH (56.6%)". (page 57)</p> <p>In 2004 Council ceased its role as a direct provider of community housing, having transferred the ownership and developer role to the PPHA under the Port Phillip Housing Trust, with PPHA being the Trustee company under the Trust.</p> <p>The City of Port Phillip Housing Strategy 2007 to 2017 reports that subsequently :</p> <p>"Council has committed to a \$4 million contribution (\$400,000 per year for 10 years) from 2005/06 – 2014/15, along with a \$2m property contribution. These processes have supported the PPHA to move to a debt finance arrangement for growing community housing that is leveraged against the transferred assets. PPHA is now a regional developer operating across the Inner South Metropolitan Region.</p> <p>Despite relinquishing the developer role for community housing, Council remains committed to providing ongoing support to the PPHA as its designated provider under the Port Phillip Housing Trust. Council will also continue to facilitate the provision of community housing by other community housing organisations through provision of information on housing need and acquisition and feasibility, general support and advocacy for community housing backed by a comprehensive and supportive policy framework, and 'in principle' statutory planning support for new projects.</p> <p>In addition, Council will increasingly undertake the development of housing policy and apply research aimed at supporting the municipality's public and community housing sectors, private sector affordable housing provision and social housing service agencies. Examples include research into: car parking ownership in social housing to justify reduced requirement rates; housing delivery models; Community Land Trusts and strategies for engaging with residents that are often opposed to new social housing development in their areas (pages 61-62).</p>
<p><b>7. Resident profile</b></p>	<p>50% plus single men</p> <p>90% plus on statutory or fixed-income</p>
<p><b>8. Requirements for implementation, including legal and market factors</b></p>	<p>Council is proactive in pursuing affordable housing opportunities but has identified a range of planning scheme reforms which would assist and is advocating the need for reform to the State Government including:</p> <ul style="list-style-type: none"> <li>•Targets and benchmarks for affordable housing. Targets and benchmarks for affordable housing at the local, sub-regional and metropolitan levels are required; including specific targets for major urban renewal areas.</li> </ul>

LOCAL GOVERNMENT AREA	PORT PHILLIP Metro Victoria)
	<ul style="list-style-type: none"> <li>•Development and application of a planning mechanism/s that can deliver social housing and other perpetually affordable housing as a component of private development.</li> <li>•Development of planning scheme provisions that incentivise the delivery of social and affordable housing without compromising design quality or amenity (eg. floor space ratios in association with development bonuses).</li> <li>•Priority application of planning mechanisms at the Fishermans Bend Urban Renewal Area to meet Council’s FBURA affordable housing target.</li> <li>•Identification of planning scheme requirements that can be waived or reduced, including: <ul style="list-style-type: none"> <li>-Reduced car parking rates for new social housing developments. Council has undertaken research which provides empirical evidence of the reduced level of car ownership by social housing residents.</li> <li>-An exemption from the density requirements in the Neighbourhood Residential Zone for social housing developments to ensure that existing social housing sites can be redeveloped and new housing facilitated at higher densities than envisaged in the NRZ.</li> </ul> </li> </ul>
<p>9. <b>Project support and facilitation</b> eg financial assistance, land/other contributions, reduced fees and/or transaction costs, cross subsidisation, fast track planning pathways, graduated development standards, brokering of partnerships.</p>	<p><b>Facilitation role</b> Council facilitates the provision of affordable housing through identifying suitable properties, providing information on housing models, standards and project examples, property information and housing needs information.</p> <p><b>Contribution of land and capital resources by Council</b> The value in 2007 of the 12 community housing property assets transferred to the PPHT was \$49.155 m (including the value of Council and state housing authority equities from joint venture projects over the last 30 years since Council became a developer in 1985).</p> <p>Over the last 10 years, Council has made cash and property contributions to the PPHT:</p> <ul style="list-style-type: none"> <li>- Cash contributions of \$400,000/year for the last 10 years (2005/06 – 2014/15) or \$4 m in total</li> <li>-Transferred the air space over the Kyme Place car park (\$2.45 m value) to the PPHT for PPHA to develop (27 unit development completed in 2012).</li> </ul>
<p>10. <b>Rental arrangements</b></p>	<p>Properties leased on income base rent through Port Philip Housing.</p>

LOCAL GOVERNMENT AREA	PORT PHILLIP Metro Victoria)
<b>11. Financial arrangements</b>	All rental income is retained for the purpose of the Trust - managing, maintaining and procuring new affordable housing in Port Phillip. In addition Council has provided an ongoing annual capital injection from 2005/06 to 20014/15 of \$400,000.
<b>12. Use of surpluses after tenancy / property management costs</b>	Rental surpluses must be retained in the Trust and are applied to property maintenance and further development of new affordable housing. Reporting on surpluses occurs through the PPHA Annual Report.
<b>13. Asset Ownership</b>	All Community housing assets were transferred to the Port Phillip Housing Trust in 2007 except two assets where the state housing authority owned them due to having majority equity under original joint ventures. Some of this state owned housing is managed by PPHA. Council no longer owns any community housing.
<b>14. Governance arrangements</b>	<p>Council restructured the Port Phillip Housing Program between 2004 and 2007, established the Port Phillip Housing Trust and transferred Council's roles as developer and owner of community housing to PPHA as Trustee of the PPHT. Reasons for the restructure included:</p> <ul style="list-style-type: none"> <li>-to separate Council roles of developer of affordable housing and Responsible Authority for statutory planning approval</li> <li>-build capacity of the Port Phillip Housing Trust (PPHT) to become more financially sustainable and less reliant on government contributions</li> <li>- in recognition that PPHA over time could achieve a greater development capacity than could be achieved by Council</li> <li>- and subsequently in response to a State government restructure of the Victorian community housing sector which would only provide JV funding to registered Housing Associations and Housing Providers, which would have excluded local government.</li> </ul> <p>Council continues to support affordable housing through its policy and planning framework.<sup>70</sup></p>
<b>15. Asset management including provision for sinking fund</b>	All Council assets have been transferred to Port Phillip Housing Trust (PPHT). PPHA is responsible for the tenancy and property management including provision for a sinking fund. PPHA also develops properties outside the Trust. These are included in PPHA's company balance sheet.
<b>16. Management arrangements</b>	<p>The PPHA is responsible for tenancy and property management including tenant selection.</p> <p>Partnerships with local support agency</p>

<sup>70</sup> <http://www.ppha.org.au/partners/200-local-government>

LOCAL GOVERNMENT AREA	PORT PHILLIP Metro Victoria)
<p><b>17. Related initiatives</b></p>	<p>Council supports the maintenance of private rooming houses and the provision of publicly owned-community managed self contained rooming houses. This support is through strategies such as:</p> <ul style="list-style-type: none"> <li>Encouraging the retention of existing private rooming houses</li> <li>Encouraging the provision of new, private rooming houses</li> <li>Facilitating new community managed rooming houses<sup>71</sup></li> </ul> <p><b>Prioritising affordable housing at Fishermans' Bend Urban Renewal Area (FBURA).</b></p> <p>Fisherman's Bend is a major urban renewal area which over the next 40 years is expected to be home to 80,000 residents and 40,000 jobs. Development will be undertaken by the private sector and it is projected that without any specific intervention only 1.3% of new housing will be developed will be affordable to low income households.</p> <p>To address this in October 2015 Council endorsed the following strategic outcomes and principles for the delivery of affordable housing at FBURA:</p> <ol style="list-style-type: none"> <li>1. A diverse mix of housing types including town houses and apartments which encourage families, independent living for seniors, accessible housing and affordable and social housing opportunities.</li> <li>2. At least 20% of housing is affordable and that no less than 30% of these dwellings are provided as community housing owned and managed by registered housing associations.</li> </ol> <p>To achieve this target by 2031, FBURA will require an additional 3,700 new affordable housing dwellings including 1,100 social dwellings. Accordingly Council is advocating to:</p> <ul style="list-style-type: none"> <li>▪ mandate affordable housing targets within the FBURA Strategic Framework Plan; and</li> <li>▪ introduce new inclusionary zoning to provide a percentage of affordable housing in each development.</li> </ul>
<p><b>18. Success factors</b></p>	<ul style="list-style-type: none"> <li>▪ Proactive approach by Council.</li> <li>▪ Partnerships with state government and private developers.</li> <li>▪ Long-term continuing focus on affordable housing.</li> <li>▪ Long term well evidenced policy framework to enable commitment of council resources to the provision of affordable housing.</li> <li>▪ Supportive senior management</li> <li>▪ Strong and significant Council commitment over a sustained period of time through recurrent capital contributions</li> </ul>

<sup>71</sup> Port Phillip Housing Strategy 2007-17

LOCAL GOVERNMENT AREA	PORT PHILLIP Metro Victoria)
	<p>(\$400,000 per yr for 10 years), land contributions and staffing resources, and research.</p> <ul style="list-style-type: none"> <li>▪ Dedicated housing officer position over long period of time same incumbent has provided consistency retained corporate knowledge</li> <li>▪ Transfer of assets to PPHA has enabled them to more effectively leverage finance than if leased from Council. PPHA are able to raise finance against whole portfolio.</li> <li>▪ Preparedness for innovation - undertaken 2 air space developments over Council properties giving rise to almost 64 units in 3 projects (2 by Council, 1 by PPHA).</li> </ul>
<p><b>19. Limitations/constraints</b></p>	<p><b><i>Application of new residential zones</i></b></p> <p>The State Government has implemented a new suite of residential zones. As part of its work in implementing the new residential zones, Council recognised that requirements in the Neighbourhood Residential zone would result in a lower residential density than currently achieved on most social housing sites impacting on the renewal potential of existing sites and would limit scope for development on new sites. Port Phillip has sought an exemption in this zone from the limitation on dwellings numbers.</p> <p><b><i>Use of planning agreements</i></b></p> <p>Planning Agreements are provided for under Section 173 of the Victorian Planning Act.</p> <p>There are two ways Councils can use s173 agreements:</p> <ul style="list-style-type: none"> <li>▪ As a requirement on a planning permit, or</li> <li>▪ As a negotiated outcome with a developer (upfront eg when Council or Government land is sold).</li> </ul> <p><b>1. Requirement on a planning permit</b></p> <p>Planning agreements are able to be made for any matter intended to achieve or advance the objectives of planning in Victoria or the objectives of a planning scheme (s173-174 Victorian Planning and Environment Act 1987). Unlike the NSW EP&amp;A Act 1997, there are no specific objectives included in the Victorian Planning Act in respect to affordable housing.</p> <p>At the moment Port Phillip Council does not have sufficient planning controls to support the use of s173 agreements to set requirements for a planning permit and as a result Council cannot 'require' a certain proportion of affordable housing. There is no head of power which enables Port Phillip to use s173 in this way, as having a housing policy alone is not sufficient.</p> <p>Some Councils have tried to use a s173 to require affordable housing and make it a condition of a planning permit. This has not been supported by VCAT.</p>

LOCAL GOVERNMENT AREA	PORT PHILLIP Metro Victoria)
	<p>Council is required to show the nexus between the contribution and the development. This is difficult to justify on a development by development basis.</p> <p><b>2. Negotiated outcome</b></p> <p>Council could use s173 agreements if it was to sell land to a private developer to ensure that affordable housing is protected in perpetuity.</p> <p><b><i>Finite Supply of Council Land</i></b></p> <p>There is a finite supply of Council owned sites that can be made available.</p>
<p><b>20. Potential for wider application including any planning system reforms required for wider application</b></p>	<p>Yes But would be more effective if supported by planning reforms identified at 8 above.</p> <p>See also related initiatives at 17 above where Council is seeking application of inclusionary zoning provisions on a major renewal site.</p>
<p><b>21. Potential for wider application of housing delivery vehicle</b></p>	<p>Yes. Council is currently considering a partnership strategy for the next 10 years (2015/16 - 2024/25) and its role in providing cash and property contributions in a programmatic manner to assist local community housing organisations increase community housing under Trust mechanisms.</p>
<p><b>22. Relevant documents</b></p>	<p>City of Port Phillip Housing Strategy 2007 to 2017</p> <p>Port Phillip Housing Association Strategic Plan 2012 to 2015</p> <p>Port Phillip Housing Association - <a href="http://www.ppha.org.au/">http://www.ppha.org.au/</a></p>

LOCAL GOVERNMENT AREA	NEW YORK CITY (Metro USA)
<p><b>1. Objectives of approach/measure</b></p>	<p>New York City Inclusionary Housing Program operates to increase the supply of affordable housing dwellings for low and moderate income households in order to ensure balanced growth, fair housing opportunity, diverse neighbourhoods and promote economic diversity.</p> <p>The current voluntary inclusionary and proposed mandatory inclusionary zoning programs seek to provide permanent affordable rental or owner occupied housing for low to moderate income households through the creation of new supply or the preservation of existing affordable housing.</p> <p>The new draft Ten Year Housing Plan for New York City which proposes to introduce a mandatory inclusionary zoning scheme specifically seeks to promote long term community revitalisation and economic diversity<sup>72</sup>. It recognises that diverse communities drive New York’s vitality and economic success, and that mixed income communities ensure a range of households have access to good schools, community infrastructure and employment opportunities facilitating individual social and economic participation and underpinning the City’s economic success.<sup>73</sup></p> <p>The Housing New York Ten Year Plan states its goal is to build or preserve 200,000 units of high quality affordable housing to meet the needs of more than 500,000 people by:</p> <ul style="list-style-type: none"> <li>• Fostering diverse and liveable neighbourhoods;</li> <li>• Preserving the affordability and quality of the existing housing;</li> <li>• Building new affordable housing for all New Yorkers;</li> <li>• Promoting homeless, senior , supportive, and accessible housing;</li> <li>• Refining City Financing tools and expanding funding sources for affordable housing.</li> </ul> <p>Approximately 40% of the 200,000 dwellings are anticipated to be new affordable dwellings.</p>
<p><b>2. Context - location, prevailing conditions and any other relevant circumstances</b></p>	<p><b><i>Affordable housing supply and demand</i></b></p> <p>New York City (NYC) has many similar housing supply and affordability issues to Sydney. It is the most expensive housing market within the state and country.</p> <p>Housing demand exceeds supply due to strong population growth and in migration. Construction has not kept pace with demand. The GFC dramatically reduced the construction of new dwellings which fell from 2009 and only began to recover in 2011. The number increased substantially to 18,000 dwellings in 2013 (compared to 35,000 dwelling approvals in</p>

<sup>72</sup> City of New York (2015) Housing New York: A Five Borough, Ten Year Plan

<sup>73</sup> Ibid pg 26

LOCAL GOVERNMENT AREA	NEW YORK CITY (Metro USA)
	<p>2008) but is still far below the number of units necessary to meet demand<sup>74</sup>.</p> <p>In NYC over the last 20 years, wages have stagnated increasing by just 11% after adjusting for inflation while average monthly rents for an apartment have increased 40% over the same period. Utility costs have also increased dramatically impacting particularly on low income households<sup>75</sup>. In 2012 almost 55% of all rental households were in housing stress an increase of more than 11% since 2000 with some 500,000 extremely or very low income households paying more rent for housing than they can afford. The homeless population has more than doubled since 2000.<sup>76</sup></p> <p>Since 1994 NYC has experienced a net loss of 150,000 units of affordable rental housing. Unlike Sydney many of the dwellings lost have been dwellings which received public subsidies for the provision of affordable housing in the 1970s and 1980s whose rent regulation periods have come to an end. This represents 16% of previously rent regulated dwellings.<sup>77</sup> High housing costs are displacing low and moderate income households.</p> <p><b><i>Approach to rezoning and urban regeneration</i></b></p> <p>The City has identified a number of key districts and transport corridors for urban redevelopment not unlike Sydney's Urban Activation and Priority Precincts where rezoning will increase development capacity. Its new Ten- Year Housing Plan aims to ensure social diversity is maintained, with mixed income developments providing for a range of housing choices encompassing private and affordable housing options. This is proposed to be achieved in part through introduction of mandatory inclusionary zoning which is being signalled upfront in the Plan in advance of the rezoning and following economic feasibility testing.</p> <p><b><i>Planning and Financing mechanisms and funding subsidies</i></b></p> <p>Unlike Sydney, the New York City Council has a long and extensive history in using the planning system to deliver affordable housing and in investing significant capital subsidies and tax concessions to maintain and deliver new affordable housing supply.</p> <p>Starting in the 1970s, when the emphasis was on preventing neighbourhood decline, the Council seized 100,000 vacant abandoned or poorly maintained buildings in the City from owners owing property taxes and invested funds to upgrade</p>

<sup>74</sup> City of New York (2015) Housing New York: A Five Borough, Ten Year Plan ,pg 22

<sup>75</sup> Ibid pg 16

<sup>76</sup> Ibid pg 20

<sup>77</sup> Ibid pg 22

LOCAL GOVERNMENT AREA	NEW YORK CITY (Metro USA)
	<p>and transfer them to private owners as affordable housing. Programs to encourage investment and rehabilitate these properties continued into the 1980s and early 1990s with voluntary inclusionary zoning programs introduced in 1987 for both the preservation of existing and development of new affordable housing and expanded in 2005 to create additional supply.</p> <p>In the 2000s a booming economy meant housing was becoming unaffordable to increasing numbers of New Yorkers. In 2003 a multi- billion initiative the National Housing Market Place Plan (NHMP) was developed to finance the creation or preservation of \$165,000 units of affordable housing (to be built between 2003 and 2014) and implemented with public, private and not profit partners. During the 2008/09 GFC this scheme changed to address the threat of large scale disinvestment and foreclosures.<sup>78</sup></p> <p>This has meant that in addition to inclusionary zoning measures, there are a myriad of funding and financing mechanisms available that are devoted to subsidizing the preservation or delivery of new affordable housing including: property tax exemptions, State Low Income Tax Credits (SLIHC), tax exempt bonds, Housing Development Corporation Bonds, subsidies under the Housing Preservation and Development's (HPD) Mixed Income Program and a New York City Housing Trust Fund in addition to subsidies available through State and Federal government.<sup>79</sup> Some of these are briefly described in Section 7 -Project Support and Facilitation with further detail provided in end notes. The ability to combine their use these in combination with inclusionary zoning measures varies with some complexity in the permissible combination of incentives.</p> <p><b>Scale</b></p> <p>The New York City Council is of course of a vastly different scale to typical NSW Councils and even Sydney and Brisbane City Councils to which it is more akin. It services a population of 8.4 million (2014). Its Department of Finance has the capacity to collect revenue from a variety of local taxes and user charges as well as property tax and collects over \$30 billion in revenue for the city and has more than a million properties worth a total of \$ 8 billion. It has its own Department of Housing Preservation and Development (HPD) to improve the availability, affordability and quality of</p>

<sup>78</sup> Ibid pgs 15,16

<sup>79</sup> A good summary of the various financing and funding mechanisms is provided in City Of New York, (2014) Housing New York- A Five Borough, Ten - Year Plan, Chapter 5pg 88 and Notes section pgs 104-116.

LOCAL GOVERNMENT AREA	NEW YORK CITY (Metro USA)
	<p>Housing in New York City in addition to a City Planning Department.<sup>80</sup> The HPD collaborates with the New York City Housing Authority (NYCHA), provider of public housing, to rehabilitate their stock and to construct low and moderate income housing on vacant NYCHA property.</p> <p><b>Delivery partners</b></p> <p>New York City is also home to a large number of capable and experienced not for profit and for profit developers with a history in the provision and management of affordable Housing and works with intermediary organisations such as the Neighbourhood Reinvestment Corporation to assist not for profit providers to access land, development opportunities and finance.</p>
<p><b>3. Description</b> of measures employed, project sponsors/partners and the delivery vehicle/model</p>	<p>New York City Council currently seeks to secure affordable housing through voluntary inclusionary housing programs that provide for density bonuses in exchange for the creation or preservation of affordable housing for low and moderate income households.</p> <p>More recently it has proposed the adoption of a mandatory inclusionary zoning scheme to help meet the 200,000 affordable units envisaged as part of the Mayor’s Ten –Year Housing Plan to meet the needs of 500,000 residents. Forty percent or some 80,000 units of this target are estimated to be from new construction.</p> <p>Various incentives and requirements are used to facilitate or require (under the proposed mandatory scheme) setting aside of affordable housing dwellings targeted at differing eligible income groups within this range.</p> <p>Density bonuses and associated financial 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 (sliding scale 20 -30%) and their affordability (rents/prices affordable to eligible low to middle income households).</p> <p>Delivery partners include both the not for profit and private sectors and State and Federal Governments who provide housing subsidies. Projects often package up the range of incentives available to secure construction finance.</p> <p>The new Ten Year Plan also looks at improving leveraging through more effective use of available resources and the provision of additional capital funding.</p>

<sup>80</sup> This is separate to the New York City Housing Authority which provides public housing to 400,000 New Yorkers in 334 public housing developments in addition to providing rent assistance in the private market to a further 235,000 households.

LOCAL GOVERNMENT AREA	NEW YORK CITY (Metro USA)
<p><b>4. Implementation framework</b> for planning approach</p>	<p>The New York City Planning Department has jurisdiction to regulate land use. Permissible uses are set out in Zoning Resolutions. Inclusionary zoning provisions are an accepted part of a jurisdictions' power to regulate land use. Proposed changes to zoning are required go through a Uniform Land Use Review Procedure (ULURP) involving public hearings and consideration by the City Planning Commission before their adoption.</p> <p><b>Current Inclusionary Housing Programs (Voluntary)</b></p> <p>The current Inclusionary Housing Program (IHP) promotes economic integration in areas of the City undergoing substantial new residential development by offering an optional floor area bonus in exchange for the creation or preservation of affordable housing, on-site or off-site, principally for low-income households (earning 60% of the AMI), but may extend to moderate income households (earning 120% of the AMI in certain circumstances.<sup>81</sup></p> <p>“The IHP requires a percentage of the dwelling units within a building to be set aside, or new or rehabilitated affordable units be provided off-site within the same community district or within one-half mile of the bonused development. All affordable residential units created through the Inclusionary Housing Program must remain permanently affordable. Affordable apartments may be rental units or, under modifications made to the program in 2009, available in an ownership plan” (Department of Planning, City Of New York Zoning tools: Inclusionary Housing <a href="http://www.nyc.gov/html/dcp/zone/zh_inclu_housing.shtml">http://www.nyc.gov/html/dcp/zone/zh_inclu_housing.shtml</a>).</p> <p>The current Inclusionary Housing Program (IHP) provides two optional floor area incentives in exchange for the creation or preservation of affordable housing, on or off-site:</p> <ol style="list-style-type: none"> <li>1. The <i>original R10 Program</i> commenced in 1987 applies in high density R10 residential and commercial zones largely confined to Manhattan. It provides a floor area bonus of up to 20 percent, for providing affordable housing for residents earning less than 80% of the AMI<sup>82</sup>.</li> <li>2. <b>Inclusionary Housing in designated areas -(IHP)</b> Commenced in 2005 it built on the success of the R10 expanding application throughout the city in inclusionary</li> </ol>

<sup>81</sup> In special districts and designated areas a percentage of units may be set aside for moderate- or middle-income households if a greater percentage of affordable units is provided. All bonus floor area must be accommodated within the height and setback provisions of the underlying zoning district.

<sup>82</sup> For each square foot of floor area dedicated to affordable housing, the development can receive between 1.25 and 3.5 square feet of bonus floor area, depending on whether the affordable housing is provided on-site or off-site, through new construction, rehabilitation or preservation of existing affordable housing and whether public funding is used for financing.

LOCAL GOVERNMENT AREA	NEW YORK CITY (Metro USA)
	<p>designated areas in medium and high density residential neighbourhoods and commercial districts with equivalent density<sup>1</sup>. In these areas, a bonus of 33 percent of floor area can be obtained for providing 20 percent of residential floor area as affordable housing.</p> <p><b>Proposed Mandatory Inclusionary Zoning Program (MIH)</b><sup>83</sup></p> <p>Affordable housing would be mandatory with production of affordable housing a condition of residential development proceeding in an MIH zoned area. Affordable housing provided would be permanent. Under the proposal, the City Council would apply one or both of the following two requirements to each MIH area.</p> <ul style="list-style-type: none"> <li>- 25% of residential floor area must be for affordable housing units for residents with incomes <u>averaging</u> 60% AMI or</li> <li>- 30% of residential floor area must be for affordable housing units for residents with incomes <u>averaging</u> 80% AMI )</li> </ul> <p>In addition to one or both of the options above, an additional, limited workforce option could be applied which required 30% of the total residential floor area to be for housing units for residents with incomes averaging 120% AMI. It would apply in markets where moderate or middle-income development is marginally financially feasible.</p>
<p><b>5. Timeframe</b></p>	<p>The first Inclusionary Zoning Scheme- <b>R10 program</b> was implemented in <b>1987</b> The <b>IHP Designated areas program</b> was created in <b>2005</b>. Amendments were made in <b>2009</b> so that affordable apartments may be rental units or available in an ownership plan.<sup>84</sup></p> <p>In <b>Sept 2015</b> a <b>proposed mandatory Inclusionary affordable housing (MIH)</b> was announced as part of the new York City Ten Year Housing Plan to preserve or create 200,000 affordable dwellings over the next decade . The Plan is undergoing consideration and is estimated to be determined by early 2016.<sup>85</sup></p>
<p><b>6. Resident profile</b></p>	<p>The resident profile varies according to the specific project, location, inclusionary zoning requirements and specific financial subsidies taken up which determine targeting.</p> <p>The Housing New York Ten Year Plan sets a target for the households served by affordable housing to be made up of approximately 80 % low income (8% extremely low income,</p>

<sup>83</sup> City Of New York, Sept 21 update Housing New York Mandatory Inclusionary Housing from <http://www.nyc.gov/html/dcp/html/housing/mandatory-inclusionary-housing-summary.shtml>

<sup>84</sup> Ibid pg 1

<sup>85</sup> City Of New York, Sept 21 update Housing New York Mandatory Inclusionary Housing from <http://www.nyc.gov/html/dcp/html/housing/mandatory-inclusionary-housing-summary.shtml>

LOCAL GOVERNMENT AREA	NEW YORK CITY (Metro USA)
	<p>12% very low income, 58% low income), and 20% moderate and middle income (11% for both moderate and middle income households which are currently defined as earning from 81% up to 165% of the area median<sup>ii</sup>). With 60% of the affordable housing being delivered through preservation of existing stock and 40% through new construction.<sup>86</sup></p> <p>Low income households are currently defined as households earning up to 80% of the area median income (AMI) and moderate/middle income households as 81-120% of AMI.</p> <p>Housing is provided for seniors and families, with some affordable housing predominately occupied by specific ethnic groups. The Ten Year Plan acknowledges the need for affordable housing to meet the needs of the City's changing demographic profile with growing populations of small households and seniors as well as those of larger families and to ensure the needs of both the very lowest income earners and the middle income workers who increasingly cannot afford to stay in the city are catered for.<sup>87</sup></p>
<p><b>7. Housing outcomes and development mix</b></p>	<p>The Voluntary Inclusionary Zoning Programs have helped create almost 7,000<sup>88</sup> affordable housing dwellings since the adoption of the first program in 1987.</p>
<p><b>8. Requirements for implementation, including legal and market factors</b></p>	<p><b><i>Voluntary Inclusionary Zoning</i></b></p> <p>For <i>voluntary schemes</i>, the Developer needs to see a net economic benefit in the density incentives offered under the Voluntary Inclusionary Housing Program and associated financing incentives or subsidies, as well as to have the ability to package and secure development finance and funding under the various programs.</p> <p><b><i>Mandatory Inclusionary Housing (MIH)</i></b></p> <p>For the <i>mandatory rezoning</i> proposal, enabling legislation is still required to amend the text of zoning regulations to enable the mandatory changes to be applied as the identified sites or neighbourhoods are progressively rezoned throughout the city<sup>89</sup>. The New York City Charter requires any proposed changes to zoning maps or resolutions to first go through a Uniform Land Use Review procedure (ULURP). The process includes the review and public hearings held by the affected Community Board, Borough President and the City Planning Commission as well as the City Council.<sup>90</sup>. The</p>

<sup>86</sup> City Of New York, (2014) Housing New York- A Five Borough, Ten – Year Plan Pg 11

<sup>87</sup> Ibid pg 7

<sup>88</sup> NYU Furman Centre, Research Brief, March 2015, Creating Affordable Housing Out of Thin Air: The Economics of Mandatory Inclusionary Zoning in New York City pg 2

<sup>89</sup> City of New York, City Planning Department Sept 21 2015 Press release –City Planning public review for Two Major Zoning Text Changes relating to Housing New York

<sup>90</sup> City of New York, Sept 21 Update Housing New York Mandatory Inclusionary Housing from <http://www.nyc.gov/html/dcp/html/housing/mandatory-inclusionary-housing-summary.shtml>

LOCAL GOVERNMENT AREA	NEW YORK CITY (Metro USA)
	<p>Housing New York Ten Year Plan is currently under public consideration and has commenced the ULURP with a final decision expected in early 2016.<sup>91</sup></p> <p><b>Market Factors</b></p> <p>For the proposed mandatory zoning if a developer wishes to proceed they must include set asides for affordable housing or not develop at all. While feasibility modelling has been undertaken for the various development types and markets there is still some concern that the tailoring of requirements to specific area land economics will need to be carefully undertaken. Particularly given the statement that in some markets this will be required without the provision of direct public subsidies.<sup>92</sup> Tax exemptions have been identified as strongly impacting on the ability of market rate rental units to support the creation of affordable rents supporting inclusionary zoning programs.<sup>93</sup></p> <p>In high value, high rent locations the additional density that up-zoning adds to an area can be extremely valuable to developers, if as a result, they are able to build more market rate apartments that offset the cost of providing the affordable housing units. In many cases this value can offset that cost without the need for direct subsidy<sup>94</sup>. Understanding the value of density increases in the various housing markets is seen as critical.</p> <p>To help address this issue the Plan proposes to provide flexibility in the form of a number of options for delivery of affordable housing as described at section 4 of this report above.<sup>iii</sup></p> <p><b>Additional Capital investment for infrastructure and Housing programs for successful implementation</b></p> <p>Importantly the Housing New York Ten Year Plan also recognises the resources required to deliver an additional 200,000 units of affordable housing over 10 years and identifies the intention to:</p> <ul style="list-style-type: none"> <li>- more than double the annual capital budget in the 5 year plan;</li> <li>- provide additional funding for infrastructure investment needed to make land available for significant new housing opportunities;</li> </ul>

<sup>91</sup> NYU Furman Centre, Research Brief, March 2015, Creating Affordable Housing Out of Thin Air: The Economics of Mandatory Inclusionary Zoning in New York City pg 4

<sup>92</sup> City Of New York, Sept 21 update Housing New York Mandatory Inclusionary Housing from <http://www.nyc.gov/html/dcp/html/housing/mandatory-inclusionary-housing-summary.shtml>

<sup>93</sup> NYU Furman Centre, Research Brief, March 2015, Creating Affordable Housing Out of Thin Air: The Economics of Mandatory Inclusionary Zoning in New York City pg 4

<sup>94</sup> Ibid pg 4

LOCAL GOVERNMENT AREA	NEW YORK CITY (Metro USA)
	<p>-through a series of new loan securitisations maximise available finance for affordable housing;</p> <p>-increase staffing;</p> <p>-establish a taskforce (City, State and Federal representation) to streamline tax incentives to better leverage private capital and more closely align them with affordable housing objectives to encourage affordable housing preservation;</p> <p>-work with State and Federal partners to identify new resources to leverage private capital on a greater than 3:1 basis.</p> <p><b>Reliance on Development activity</b></p> <p>All inclusionary zoning measures rely on a buoyant market and housing development taking place to generate affordable housing provision. As can be seen from the history of New York City’s housing and planning interventions, different approaches are required in times of economic prosperity and construction booms compared to periods of recession where inclusionary zoning measures may not be as effective.</p> <p>The Ten Year Plan in its guiding principles recognises this and states “that the City must derive maximum value from today’s low interest rates and strong real estate market, while maintaining flexibility to respond to market downturns”.<sup>95</sup></p>
<p>9. Project support and facilitation</p>	<p><b>Use of intermediaries to amalgamate land and reduce development costs</b></p> <p>Establishment of a neighbourhood construction program is proposed to aggregate sites in order to achieve economies of scale in the remediation, development, financing and development of scattered infill lots for affordable rental housing focussing on developing capacity within local not for profit developers and CDCS.</p> <p><b>Planning concessions in addition to density bonuses provided through Inclusionary Zoning schemes</b></p> <p>Car parking concessions.</p> <p>Under the Ten Year Plan amendments will be made to reduce unnecessarily high costs of building transit-accessible affordable housing by making off-street parking spaces optional, rather than required, for new affordable and affordable senior housing developments near transit.</p> <p><b>Flexible development standards to encouraging a greater variety in unit sizes</b></p> <p>A number of restrictions either contained in housing policy documents, zoning regulations or in some of financial incentive programs( S 421 a) either prevent the delivery of smaller studio/compact dwellings and/ or promote 2</p>

<sup>95</sup> City of New York (2014) Housing New York: A Five –Borough, Ten Year Plan, Guiding Principles pg 7

LOCAL GOVERNMENT AREA	NEW YORK CITY (Metro USA)
	<p>bedroom dwellings at the expense of studio, 1 and 3 bedroom dwellings.</p> <p>Compact unit development includes a kitchen and bathroom but is smaller than allowed under some current regulations. NYC is currently reviewing pilot compact developments to look at their liveability and contribution to housing options for the increasing number of smaller households. It will consider zoning changes to allow the construction of both compact units and a greater number of smaller buildings per unit and amendments to regulations and policies that might unnecessarily restrict 1 and 3 bedroom construction.</p> <p><b>Partnerships</b></p> <p>The City Council has strong partnerships with a large community of capable and experienced not for profit and for profit developers and specialist financial intermediaries which assist not for profits to access finance and form partnerships with each other and other public or private parties to foster support for non-profit housing development.</p> <p>There are strong partnerships at a State and Federal Government level (with emphasis on aligning and leveraging subsidies) and with financial institutions and banks. The latter are encouraged by the Community Reinvestment Act<sup>96</sup> and Government's commitment to leverage their subsidies with private finance.</p> <p><b>Financial Assistance</b></p> <p>A wide range of financial assistance is available to support planning mechanisms. This section only provides a sample of some of the financing assistance available. There are a myriad of tax credit and tax exemptions schemes, use of bond financing programs and City, State and Federal subsidies for the preservation and development of affordable housing. A good summary of the range of mechanisms can be found in the City Of New York; Housing New York a Five Borough, Ten Year Plan, 2014 Chapter 5 pgs 88-96 and in the Glossary pg 106.</p> <p><b>S 421 a Property Tax exemptions</b></p> <p>The current inclusionary zoning schemes have been assisted through the provision of property tax exemptions for developers of affordable housing known as a 421-a exemption. Originally introduced in the 1970s to encourage residential investment the exemptions are provided as an incentive to deliver residential development in specific areas</p>

<sup>96</sup> "The Community Reinvestment Act is intended to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low- and moderate-income neighborhoods, consistent with safe and sound operations. The CRA requires that each depository institution's record in helping meet the credit needs of its entire community be evaluated by the appropriate Federal financial supervisory agency periodically (see [http://www.federalreserve.gov/communitydev/cra\\_about.htm](http://www.federalreserve.gov/communitydev/cra_about.htm)).

LOCAL GOVERNMENT AREA	NEW YORK CITY (Metro USA)
	<p>of NYC and are available to owners of rental and condominium buildings in the city, with more generous exemptions provided for the provision of affordable housing. The 421-a exemption offers significant savings.<sup>iv</sup></p> <p><b><i>S 420- C Tax exemption for Charitable organisations providing low income housing</i></b></p> <p>The 420 -C program provides a tax exemption for low income housing development financed through tax credits and controlled by charitable organisations. Under this program the property owner must adhere to a regulatory agreement to limit rents in 70% of units to levels affordable to households earning up to 60% of AMI. In return the city grants a full or partial tax exemption for the land and building for the duration of the regulatory agreement up to 60 years.<sup>v</sup></p> <p><b><i>New Affordable housing investment fund</i></b></p> <p>In July 2014 NYC Mayor and the community preservation Corporation announced a partnership to establish a \$350 million fund to support affordable housing throughout New York City, marking a major investment in the administration’s Ten Year Housing Plan.<sup>vi</sup></p> <p><b><i>Proposed provision by NYC of bonds to finance moderate and middle income housing and of city owned land for development by for not for profit housing providers</i></b></p> <p>Generation of capital funds are proposed to be created through the issue of 501(c) (3) low interest, tax exempt bonds to provide financing to federally eligible not for profit organisations to develop affordable housing<sup>97</sup>. The bonds are proposed to be issued by the HDC with a credit enhancement proposed to be provided by pension funds or insurance companies. These would be more affordable and flexible than private bonds. Proposal assumes that the moderate and middle income housing would be developed on City owned land in areas that can support moderate income rents.</p> <p><b><i>Use of Federal and NY State Low Income Tax Credits (SLIHTC) including advocacy for more flexible use of Federal LIHTC.</i></b></p> <p>Federal tax credits are awarded by the City Housing Preservation and Development Department to qualified low income housing projects in NYC. To be eligible the projects must be substantial rehabilitation or new construction with at least 20% of apartments reserved for low- income households earning up to 60% of the AMI. The credits are sold to investors to generate equity for the rehabilitation or new construction work. Credits are used to offset investors’ tax payments providing a dollar for dollar reduction to investors in qualified low income housing projects. New York State</p>

<sup>97</sup> City Of New York (2014) Housing New York: A Five-Borough, Ten –Year Plan, pgs 64 ,65 and 106

LOCAL GOVERNMENT AREA	NEW YORK CITY (Metro USA)
	LIHTC is modelled on the Federal LIHTC but may serve households earning at or below 90% of the AMI. <sup>98 vii</sup>
<b>10. Rental arrangements</b>	<p>Rental arrangements vary depending on the specific location and program under which affordable housing is developed.</p> <p>Rents for subsidised units are set to be affordable to various affordable housing income eligible target groups adjusted for household types/sizes up to 165% of the area median income. With rents set no more than 30% of the gross annual household income for the target income group.</p> <p>Duration may be permanent or under some of the older schemes for a specified period.</p>
<b>11. Financial arrangements</b>	<p>Vary depending upon the particular circumstances of the project and Affordable housing Program/ subsidy funding requirements.</p> <p>Generally the costs of owning and operating housing are borne by the Not for profit and/or for profit owner although they may qualify for a range of exemptions or subsidies. The rental revenues accrue to the owner and should cover the cost of maintaining the stock. NFP operators are likely to reinvest any surpluses in replacing or leveraging additional affordable housing.</p> <p>Note that some of the early rehabilitation programs and the tax credit funded programs have duration limitations on how long stock has to be retained for affordable housing. After this, housing may be sold or rents increased to market rental.</p>
<b>12. Use of surpluses after tenancy / property management costs</b>	<p>As above. Operating costs are likely to be reduced through property tax exemptions and or lower cost loans. Surpluses will depend on the income derived. In Mixed models rental revenues for moderate or middle income earners may cross subsidise operating costs for low income units. A number of programs also exist to subsidise major replacement and upgrading costs for rent regulated buildings.</p>
<b>13. Asset Ownership</b>	<p>Affordable housing units may be owned by a not for profit or for profit developer qualifying under various affordable development and preservation programs. The new programs require affordability to be permanently preserved.</p>
<b>14. Governance arrangements</b>	<p>There is no national regulation of the not-for-profit managed housing in the USA<sup>99</sup>. Governance will depend on the type of organisation and obligations (set out in articles, trust deeds, company law) or where specific partnerships are formed for</p>

<sup>98</sup> City of New York (2014) Housing New York: A Five –Borough, Ten Year Plan ,pgs 110, 114

<sup>99</sup> AHURI 2010, Regulatory frameworks and their utility for the not-for-profit housing sector. authored by Max Travers, Rhonda Phillips, Vivienne Milligan and Tony Gilmour

LOCAL GOVERNMENT AREA	NEW YORK CITY (Metro USA)
	<p>developments the obligations and liabilities under those partnerships and obligations arising from agreements in response to the receipt of any funding.</p> <p>Organisations receiving LIHTC that support equity investments in affordable rental housing are required to submit annual tax compliance returns in order for investors to continue to receive tax benefits, and these returns certify that their tenants meet the eligibility requirements set by national legislation.</p> <p>As well, not-for-profit affordable housing providers complete annual national charitable status returns in the same way as other charitable organisations. (Gilmour 2009)<sup>100</sup></p> <p>New York City Council provides oversight of outcomes through administration of a range of program requirements. Department of Finance administers the City’s Tax exemption and abatement programs. Council’s Housing Development Corporation is responsible for a variety of financial programs including those raised through issuing of different types of bonds. Housing Preservation and Development Department is responsible for administration of LIHTC both State and Federal in accordance with program specifications.</p> <p>A number of not for profit financial intermediaries may also administer capital funding to housing developers for affordable preservation or rehabilitation or construction projects such as the Community Preservation Corporation.</p>
<p><b>15. Asset management including provision for sinking fund</b></p>	<p>Asset management is the responsibility of the property owner and needs to be met from rental revenue and other revenue sources and undertaken in accordance with building safety and residential tenancy laws.</p> <p>The City’s Housing Preservation and Development Department (HPD) asset managers’ monitor HPD financed buildings from selected programs; they assess capital needs, financial stability and regulatory compliance. They may intervene if necessary to return buildings to physical and financial soundness through payment plans, loan programs, refinancing and other tools.<sup>101</sup></p> <p>There have been historic issues in New York with private owners not undertaking adequate maintenance or capital investment. A number of incentive programs exist for qualifying low income housing including not for profit and privately owned dwellings to assist with maintenance or rehabilitation through capital upgrades to retain affordable housing properties.</p>

<sup>100</sup> Ibid

<sup>101</sup> City of New York (2014) Housing New York: A Five-Borough, Ten Year Plan, Asset Management of HPD Financed Buildings pg 106

LOCAL GOVERNMENT AREA	NEW YORK CITY (Metro USA)
<p><b>16. Management arrangements</b></p>	<p>Varies depending on type of program and subsidy used. Tenancy and property management is undertaken by the for-profit or not-for-profit owner of the affordable housing.</p>
<p><b>17. Success factors</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Strong community support</b> for affordable housing programs. Good messaging of the issue and engagement with communities has led to a well understood need for affordable housing and its importance to neighbourhood and economic vitality.</li> <li>▪ <b>Preservation of existing affordable housing stock</b> at scale through a variety of programs as well as generation of new affordable housing</li> <li>▪ <b>Tailored affordable housing requirements to reflect local housing market circumstances</b></li> <li>▪ <b>Importance of commissioning detailed development feasibilities</b> to test various forms of development and levels of affordability so that: <ul style="list-style-type: none"> <li>▪ Planning concessions and subsidies are targeted to maximise their efficiency in delivering affordable housing outcomes; <ul style="list-style-type: none"> <li>- -negotiated voluntary inclusionary agreements are well informed by evidence; and</li> <li>- -required/ mandatory affordable housing contributions are evidenced as feasible without preventing development.</li> </ul> </li> </ul> </li> <li>▪ <b>A comprehensive approach to the delivery of affordable housing</b> that will require both planning and financing mechanisms. For example when MIH was proposed as part of the Housing New York Ten Year Plan, there was also recognition of the need for a concurrent increase in capital funds for: <ul style="list-style-type: none"> <li>▪ Infrastructure to support new housing development; and</li> <li>▪ The programs that finance and subsidise the cost of affordable housing delivery.</li> </ul> </li> <li>▪ <b>Requirement for provision of affordable housing prior to rezoning.</b> The announcement and identification of areas where MIH will apply before their rezoning (which will progressively occur over the next ten years) and adoption of MIH base line provisions/ expectations. This sends a transparent and clear message for those who purchase land for development in those areas allowing this requirement to be factored into the prices paid for the land.</li> <li>▪ <b>Flexible options for affordable housing contributions</b> that reflect local circumstances or economic cycles and that might make on site or offsite provision of housing, or</li> </ul>

LOCAL GOVERNMENT AREA	NEW YORK CITY (Metro USA)
	<p>payments in lieu more or less effective.</p> <ul style="list-style-type: none"> <li>▪ Strong Federal legislation and funding to support affordable housing delivery, Federal LIHTC, Community Reinvestment Act- to stimulate the availability of credit for investment in low and moderate income neighbourhoods.</li> <li>▪ <b>Access to sophisticated financing</b> through taxation exemptions, credits, and issuing of bonds to raise investment to finance (and bond guarantees to lower the cost of finance) for affordable housing delivery.</li> <li>▪ <b>Early implementation to capture opportunities</b> - NYC's long history in utilising inclusionary zoning practices from the 1980s has given the opportunity to capture and to continue to capture value from public investment as redevelopment opportunities occur through rezoning and urban revitalisation including the economic boom of the mid eighties and early 2000s. This has meant there have not been missed opportunities to create inclusive communities when major rezonings and redevelopments have occurred and to develop affordable housing at scale.</li> <li>▪ <b>Importance of scale</b> - the scale of affordable housing provision has in turn supported the development of infrastructure needed to continue to effectively manage and leverage more affordable housing such as: growth of sophisticated NFP housing providers; development of financial instruments to raise investment in affordable housing; and the development of intermediaries to package up sites and finance for affordable housing.</li> </ul>
<p><b>18. Limitations/constraints</b></p>	<ul style="list-style-type: none"> <li>▪ All <b>inclusionary zoning measures rely on a buoyant market</b> and housing development taking place to generate affordable housing provision and are less effective in periods of downturn.</li> <li>▪ <b>Inclusionary zoning measures are most effective in high cost high value markets</b> and additional financial subsidies and/or planning concessions are likely to be required to achieve affordable outcomes in lower value locations.</li> <li>▪ <b>Less certainty of affordable outcomes with voluntary measures</b> - While the planning incentives provided through the voluntary inclusionary zoning program have created affordable housing dwellings, the voluntary program does not provide the same certainty or predictability about supply and may not have targeted subsidies most effectively.</li> <li>▪ Proposed mandatory inclusionary zoning still to be adopted and the efficacy of the MIH provisions are still to be tested as they are adopted through the ULURP.</li> </ul>

LOCAL GOVERNMENT AREA	NEW YORK CITY (Metro USA)
	<ul style="list-style-type: none"> <li>▪ The preparation of the Ten Year Plan has allowed for a review of the effectiveness of planning and financing measures employed and has identified.</li> <li>▪ <b>Need for simplification and alignment</b> - the vast array of financing programs and subsidies have become very complex and may not always compliment or may even contradict each other and that there needs to be simplification and alignment.</li> <li>▪ <b>Subsidies have not always been the most effectively targeted</b> and that there may have been over subsidisation in some areas and that funds could be more effectively used to deepen the level of subsidy required in others.</li> <li>▪ The property tax system despite its range of programs to encourage investment in affordable housing still discourages rental at the expense of condominium development (for purchase/owner occupier housing) and program settings need to be re calibrated.</li> <li>▪ Need for program and policy settings to be adjusted, to broaden the range of income groups assisted - There is evidence that predominant programs including the voluntary Inclusionary zoning, LIHTCs and some preservation programs have assisted households with incomes up to 60% of AMI but have not provided for lower income tenants or moderate income tenants.</li> <li>▪ There is a need for cross subsidy from higher earning moderate and middle income workers to broaden the range of income groups that can be assisted.</li> <li>▪ Current affordable housing program and policy settings could be reformed to facilitate greater numbers of mixed income models for delivery of affordable housing.</li> <li>▪ Program settings and zoning controls need to be amended to permit and facilitate greater diversity in housing sizes to meet need.</li> </ul>
<p><b>19. Potential for wider application</b></p>	<p>Yes</p> <p>Proposed mandatory inclusionary zoning still needs to be adopted.</p>
<p><b>20. Potential for wider application of housing delivery vehicle</b></p>	<p>Yes</p>
<p><b>21. Relevant/source documents</b></p>	<p>Department of City Planning New York , Zoning Tools, Inclusionary Housing  <a href="http://www.nyc.gov/html/DCP/html/zone/zh_incl_housing.shtml">http://www.nyc.gov/html/DCP/html/zone/zh_incl_housing.shtml</a>  City of New York (2014) Housing New York: A Five–Borough, Ten Year Plan  City of New York, Sept 21 Update Housing New York</p>

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	<p>Mandatory Inclusionary Housing, from <a href="http://www.nyc.gov/html/dcp/html/housing/mandatory-inclusionary-housing-summary.shtml">http://www.nyc.gov/html/dcp/html/housing/mandatory-inclusionary-housing-summary.shtml</a></p> <p>NYU Furman Centre, Research Brief, March 2015, Creating Affordable Housing Out of Thin Air: The Economics of Mandatory Inclusionary Zoning in New York City</p>

## NEW YORK CITY COUNCIL CASE STUDY: BACKGROUND INFORMATION

**Important Note:** On March 22, 2016 after the analysis was undertaken for this report, the New York City Council approved the Mandatory Inclusionary Housing. See <http://www1.nyc.gov/site/planning/plans/mih/mandatory-inclusionary-housing.page>.

<sup>i</sup> Includes Bronx, Queens, Brooklyn, Manhattan. The base FAR in designated areas is, in most cases, lower than the maximum FAR allowed in the same zoning district located outside a designated area.

<sup>ii</sup> MIH Requirements would apply to developments, enlargements and residential conversions of more than 10 units. Developments between the size of 11 and 25 units would have the optional alternative of making a payment into an affordable housing fund to be used to support affordable housing within that community District. This provision is excluded from certain areas in Manhattan.

Target Income groups low – moderate % of Area Median Income (AMI)	Gross annual income range (\$USA) as at Sept 2015. *Example for a 4 person household
Extremely Low 0-30%	<\$25,1508*
Very Low 31-50%	\$25,151-\$41,950*
Low 51-80%	\$41,951 - \$67,120*
Mod 81 -120%	\$67,121 -\$100,680*
Middle 121- \$165 %	\$100,681 - \$138,43*

Source: City Of New York (2015) Housing New York. A Five- Borough Ten- Year Plan, pg 10

<sup>iii</sup> The press release issued with the ten year plan states MIH is one of several tools to create new affordable housing under housing New York and can be combined with subsidies to achieve broader and deeper affordability acknowledging that some neighbourhoods will have greater need than can be met by MIH alone. MIH would work together with City Housing subsidies, other zoning changes and 421-a tax exemptions.

The limitation for the use of direct subsidies appears to only apply to the additional MIH “limited workforce option” which requires 30% of the total residential floor area for affordable housing units for moderate to middle income earners averaging 120% of the AMI in areas where moderate income housing development is considered marginally feasible prior to the upzoning.

<sup>iv</sup> In certain areas of the city known as the Geographical Exclusion Area (GEA) (incorporating the strongest markets of Manhattan and portions of the other 4 Boroughs) the s421-a exemption is only

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available where a development provides 20 % of its dwellings as on site affordable housing, affordable at 60% of the area median income (AMI).

During the exemption period, a building's property tax burden is based only on the pre development value of the property. For example, for developers who do not include AH the exemption lasts for 15 years including a phase out period and the value of the exemption is capped. For developers providing affordable units the exemption lasts either 20 or 25 years depending on the location and there is no cap on the exemptions value.

Reforms have been made over time to the exemptions including removal of the benefit for market rate units in the GEA and of a 'certificate program which allowed off site provision of affordable units to generate a s421-a benefit for market units.

Further reforms are underway to increase the efficiency of the exemptions. For example, many developers frequently layer a s421-a benefit on top of other public programs designed to subsidise affordable housing development using the same affordable housing units to qualify for multiple forms of subsidy. Going forward, where this occurs in strong markets the City will seek to either increase the number of affordable units required or require the developer to provide a deeper subsidy (depending on the exact combination of subsidy programs).

The aim of the reform is to more effectively target subsidisation to respond to local market conditions reducing over-subsidisation and increasing it where incentives are most needed to make projects viable. Legislative authority has also been pursued to expand the s421-a Geographical Exclusion Area's to match the all the areas designated for MIH under the Ten Year Housing Plan and to simplify and harmonise the two programs requirements for unit size, distribution and income targets so they work well together.

<sup>v</sup> As part of the ten year plan the city is pursuing reforms to better focus the program on the provision of affordable housing by removing unnecessary eligibility requirements, and will expedite application processing times and increase predictability for owners regarding the value of the exemption and timing of its implementation.

<sup>vi</sup> Financing was provided from New York City Retirement Systems (consisting of NY teachers, police, fire employee and education board retirement funds), the NYC Housing Development Corporation (HDC issues bonds to provide finance for affordable housing), major banks - Citi, Wells Fargo, Morgan Stanley and NYC's leading financial institutions.

This new funding will allow the Community Preservation Corporation (CPC), a leading not-for-profit affordable housing and neighbourhood revitalization lender, to provide lending capital to housing developers for the acquisition, construction, rehabilitation and preservation of affordable housing across New York City and State.

Leveraging more private financing to increase the supply of affordable housing is a pillar of the administration's Housing New York Plan, and it is estimated the investment will foster the creation and preservation of 7,500 units of affordable housing state wide.

<sup>vii</sup> Under the Federal LIHTC rules rents above 60% AMI do not generate tax credits. Rents set at deeper affordability levels generate tax credits but are not economically feasible without additional HPD or HDC subsidy. New York City and a number of other State and City Housing agencies have proposed legislation to expand the flexibility of the LIHTC to allow income averaging. LIHTC income averaging would allow low income developments to serve a mix of low-income households (as high as 80% of AMI and as Low as 30%) as long as the mix averages 60%. Income averaging would allow households in a greater income range to be serviced without increasing the public subsidy necessary.