

Introduction to the Kit

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Module 1

Addressing Housing Needs: Context, Roles and Issues

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

Module 2

Preparing and Implementing a Local Housing Strategy

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

Module 3

Building an Evidence Base

Module 4

Financial Feasibility Assessment

Module 5

Case Studies and Resources

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

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

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

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

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

Relationship to the Local Housing Strategy Guideline



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

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

Why the Focus on Adequate and Affordable Housing?



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

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

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

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

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

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

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

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

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

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



What is the Purpose of the Kit?



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

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

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

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

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

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

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

What Does it Cover?

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

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

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

Module 2 – Preparing and Implementing a Local Housing Strategy

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

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

Module 3 – Building an Evidence Base

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

Module 4 – Financial Feasibility Assessment

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

Module 5 – Case Studies and Resources

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

