

## Module 1:

### Addressing Housing Needs — Context, Roles and Issues

|     |                                                   |    |
|-----|---------------------------------------------------|----|
| 1.1 | Outline                                           | 1  |
| 1.2 | Why it's Vital to Address Housing Needs           | 1  |
| 1.3 | Defining and Measuring Affordable Housing         | 2  |
| 1.4 | Continuum of Housing Needs and Housing Supply     | 3  |
| 1.5 | Whose Role is it to Address Housing Needs?        | 4  |
| 1.6 | Addressing Needs through Local Housing Strategies | 16 |
| 1.7 | The Planning Context                              | 29 |

## 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



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## The Local Government Housing Kit

has been prepared for

The Department of Communities and Justice

by

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## 1.1 Outline

Local councils that make the best of opportunities to promote the availability and suitability of affordable housing enjoy rewards at several levels. Better housed and better balanced communities are economically advantageous, more livable, and consistent with the NSW Government's aspirations.

Module 1 identifies the challenge of maintaining an adequate supply of housing appropriate and affordable for residents with diverse needs, and the role of local housing strategies in addressing this challenge. It examines the roles of the three levels of government, and describes the authorities and agencies involved. It reviews measures being implemented by federal and state governments—which are heightening their focus on housing, and looking to local government to play an active part. It also describes community and private sector participants involved in providing affordable and appropriate housing.



Adequate and diverse housing is critical for economic prosperity and community well being

## 1.2 Why it's Vital to Address Housing Needs

Livable, sustainable and prosperous communities need a range of well designed housing, connected to transport and employment opportunities, services such as health and childcare, and open space. Safe, stable, affordable and accessible housing is critical to enabling people to live independently and improve life opportunities related to family, work, education, recreation and other pursuits. Diverse housing that meets changing needs allows communities to stay intact and social networks to grow. When housing needs aren't met, vulnerable groups are more likely to experience homelessness and overcrowding. Barriers to education and employment opportunities increase.

Meeting people's housing needs also has wider economic, social and environmental impacts. Insufficient housing and a lack of appropriate and affordable housing contribute to the cost of labour, and put economic growth and global competitiveness at risk. At regional and local levels offering more housing choices helps labour markets function, for example by improving labour mobility and ensuring sufficient workers are available to support local businesses.

Shortages of housing, a lack of diverse housing and predominance of housing that is unaffordable increase the risk of discrimination against certain groups and can reinforce patterns of exclusion and segregation. This can increase demand for government services. Left unchecked, it contributes to structural divisions in society and their consequences. Alternatively, households may be forced to relocate to outlying areas with more affordable or diverse housing, and then face difficulties obtaining employment or long commute times to work, education and other services, leading to congestion and poor environmental outcomes.



### 1.3 Defining and Measuring Affordable Housing

A lack of diverse housing and high housing costs make it difficult for many to find suitable housing. Those most affected include students and young people, people with special needs, women and children escaping domestic violence, low income single parents, some low and moderate income workers, and retirees with limited savings or superannuation.

Affordable housing means housing that is appropriate to the needs of a household and within its means. It is generally accepted to be housing that costs no more than 25–30% of the gross income of low to moderate income earners. Definitions vary depending on the policy or research focus. For a fuller discussion of housing affordability definitions and measures see the review by the National Affordable Housing Consortium (<http://bit.ly/2UR9cZo>). In this kit affordable housing means a range of housing affordable to low to moderate income households, including social and other affordable rental housing and some shared equity and assisted home purchase housing. Social housing means subsidised housing provided by public agencies and community housing providers usually at an income based rent.

The *Environmental Planning and Assessment Act 1979* defines affordable housing for very low

I used to wake up in the middle of the night in a cold sweat ... In my dream someone is demanding that I define the term ‘affordable housing’.

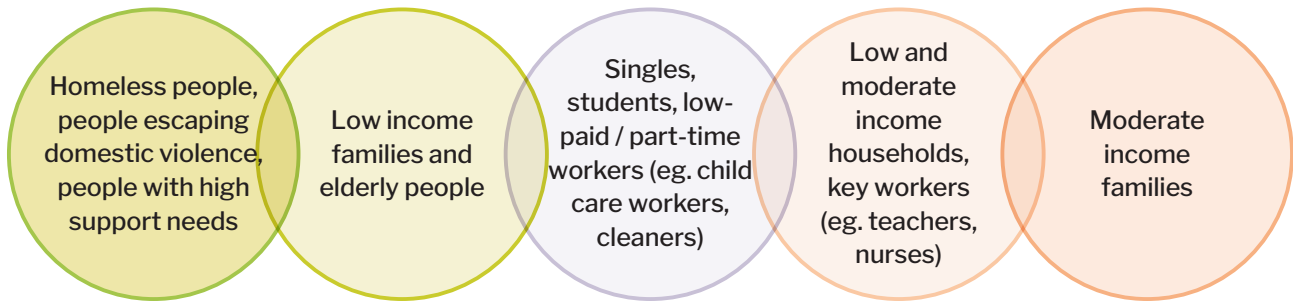
— An administrator quoted on [www.independent.co.uk](http://www.independent.co.uk)

income households, low income households and moderate income households. According to State Environmental Planning Policy (Affordable Rental Housing) 2009 (AH SEPP) these are households with a gross income of up to 20% above the median household income and their housing is affordable if they pay 30% or less of it on housing.

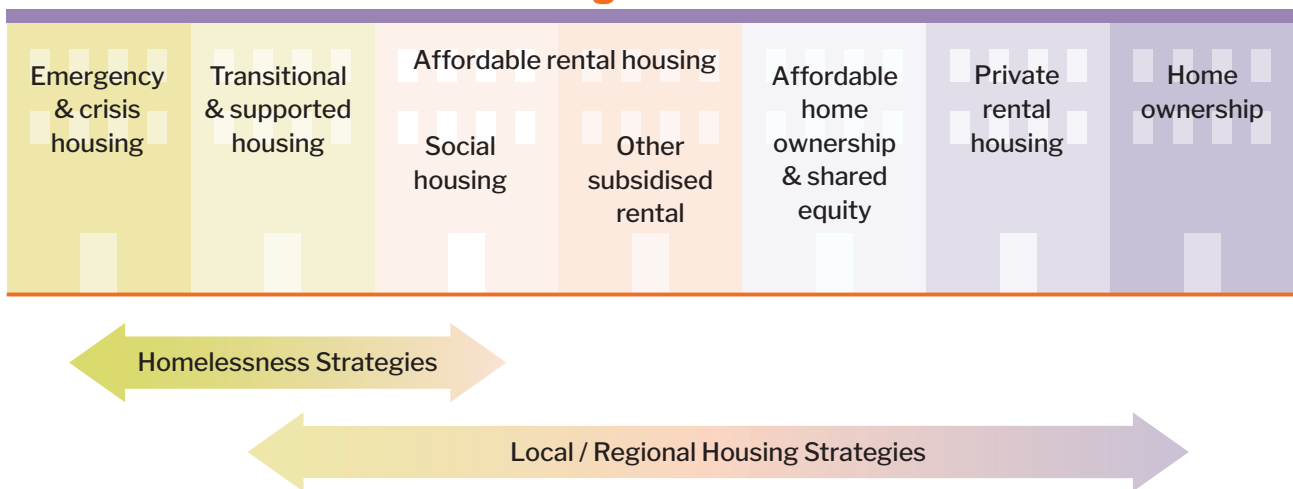
Affordability differs with income level and household size. Very low income households cannot spend as great a percentage of their income on housing as low and moderate income households if they are still to have sufficient funds on which to live. Large households such as families with children typically have higher “after housing costs”—such as health care and education. Spending 30% of their income on housing may not leave enough to meet after housing costs. Those who pay more than this are often described as being in “housing stress”.



## EXAMPLES OF HOUSING NEEDS

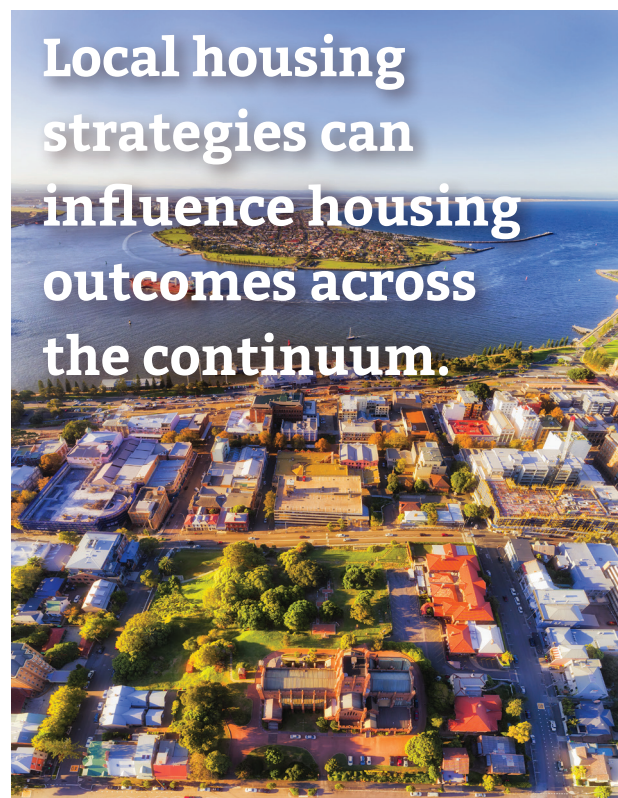


## Housing Continuum



### 1.4 Continuum of Housing Needs and Housing Supply

A continuum of housing is a useful way of understanding housing supply. The Urbanista continuum above illustrates the spectrum of principal housing options available in New South Wales. Moving across the continuum from left to right from crisis housing through to home purchase, the level of control that residents have over their housing generally increases with those dependent on crisis housing having very little control, whilst home purchasers generally have far greater control over their housing. At the same time, moving across the continuum, the levels of housing assistance generally diminishes, though it is important not to underestimate the tax relief provided to private landlords, through negative gearing, and for home ownership through exemptions from land tax and capital gains tax, for example.





## 1.5 Whose Role is it to Address Housing Needs?

### 1.5.1 Key players

The housing market is influenced by a complex mix of players and is affected by demographic changes, economic patterns and the legislative framework at federal, state and local levels. Amongst key players are government agencies, the not-for-profit sector including community housing providers, financial institutions, property investors and private sector developers. Knowledge of the role of key players and how they interact at a local level can help councils understand and influence outcomes.

All can play a role in addressing housing needs. As the Commonwealth Government's *Smart Cities Plan* notes:

All governments in Australia, and the private sector, have a role in increasing housing supply in the right locations. The Australian Government makes contributions to infrastructure investment. We also provide settings for taxation, finance, welfare, superannuation and foreign investment policy. States and territories control stamp duty and land tax, which affect the cost of owning a home and the willingness of homeowners to move. State and local governments are responsible for zoning and development

approvals including developer charges, affecting the location, extent of supply and type of housing constructed. Coordinating these policy, planning and regulatory levers can better support the supply of affordable and diverse housing (<http://bit.ly/2yiCuGC>).

### 1.5.2 Federal and State Government

#### ROLES AND RESPONSIBILITIES FOR HOUSING ASSISTANCE

Federal and state government intervention has included facilitating housing supply and diversity, supporting affordable access to home purchase and private rental and programs designed to meet the housing needs of lower income and vulnerable households.

Historically the most prominent form of housing assistance is social housing jointly funded by the Commonwealth and states. In NSW there are approximately 135,000 social housing properties in the portfolio owned by the Land and Housing Corporation and managed by DCJ and community housing providers. There are also around 5,793 properties owned by the Aboriginal Housing Office, the majority of which are managed by DCJ.

These properties are made available to eligible low income households for crisis housing and for longer term housing. The federal government





provides Commonwealth Rent Assistance (CRA)—an income supplement paid to eligible renters who are recipients of Centrelink or Austudy or undertaking an apprenticeship.

In 2008 the federal government worked with the states to introduce the National Rental Affordability Scheme (NRAS), aimed at increasing the supply of affordable rental housing. It offered a financial incentive to housing providers to offer properties at a reduced rent for ten years. The government announced in 2014 that it was discontinuing future rounds of the program, though grants continue for the term of projects funded. These projects expire around 2026.

A heightened policy focus on housing affordability has brought an expansion of policies and measures at state and federal level, including reform of housing assistance and recognition of the impacts of other policy levers such as taxation. These measures will facilitate community housing providers and the private sector to deliver affordable housing.

In 2016, the NSW government introduced a major reform, *Future Directions for Social Housing*. This will see around \$22 billion worth of social housing assets redeveloped into a mix of social, affordable and private housing. It includes the transfer of management of 14,000 social housing properties to community housing providers in nine locations.

In 2017 a new housing affordability package aimed at first home buyers was released.

New housing affordability measures were announced by the Commonwealth in its 2017/18 budget. These include a new National Housing and Homelessness Agreement, replacing the current National Affordable Housing Agreement from 1 July 2018, and a new National Finance and Investment Corporation, an affordable housing bond aggregator to raise money at lower interest rates from the wholesale bond market for not-for-profit community housing providers.

An outline of some of these affordable housing initiatives is included in the **Housing Initiatives Overview** in Module 5.



**FEDERAL  
GOVERNMENT  
2017/18  
BUDGET**

## **Housing affordability initiatives include:**

- National Housing and Homelessness Agreement (NHHA)
- National Finance and Investment Corporation (NHFIC)
- National Housing Infrastructure Facility (NHIF)
- First Home Super Saver Scheme (FHSS)
- Foreign investment restrictions
- Managed investment trusts (MIT)
- Capital Gains Tax (CGT) discounts
- Downsizing incentives

**NSW  
GOVERNMENT  
2017/18  
BUDGET**

## **Housing affordability package**

### **A Fair Go for First Home Buyers includes:**

- Removal of stamp duty for first home buyers for homes up to \$650,000 and stamp duty reductions for homes up to \$800,000
- Grants of \$10,000 for first home buyers purchasing new homes up to \$600,000
- Abolition of insurance duty on mortgage insurance
- Higher duties and taxes for foreign investors
- An end to the option investors had to defer payment of stamp duty for off-the-plan purchases
- Infrastructure funding
- Measures to boost housing supply

## **FEDERAL INVOLVEMENT IN URBAN AND REGIONAL PLANNING FOR HOUSING**

From time to time the federal government intervenes in urban and regional planning. An example is the Building Better Cities Program initiated in 1991. This program saw the introduction of one of the first affordable housing schemes in NSW with establishment of the City West Housing Scheme in Ultimo and Pyrmont. More recently the Commonwealth has implemented the Housing Affordability Fund and Building Better Regional Cities Program. There is a renewed focus on cities at federal level with the establishment of a Cities Division within the Department of Prime Minister and Cabinet and the introduction of the Smart Cities Plan in 2016.

The Smart Cities Plan (<http://bit.ly/2S3Rpw8>) sets out the federal government's vision for cities—metropolitan and regional—and commitments to investment, policy and technology. The Plan includes City Deals which bring together the three levels of government, the community and private enterprise in place-based partnerships. They are intended to align the planning, investment and governance necessary to accelerate growth and job creation, stimulate urban renewal and drive economic reforms. The plan recognises housing and the housing affordability as key factors in shaping cities. Western Sydney is the subject of one of the first three City Deals and the only one in NSW.



## STATE GOVERNMENT AGENCIES AND THEIR ROLES

|                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Department of Planning, Industry and Environment (DPIE)</b> | <ul style="list-style-type: none"><li>• The primary planning agency in the NSW Government</li><li>• Develops policies, conducts assessments and makes plans at metropolitan and regional level</li><li>• Responsible for plans and policies for delivering accessible, affordable and well designed housing.</li></ul>                                                                                                                                                                                                                     |
| <b>Greater Sydney Commission</b>                               | <ul style="list-style-type: none"><li>• An independent organisation funded by the NSW Government</li><li>• Has a leadership role in coordinating and aligning regional and local planning in Greater Sydney</li><li>• Produces Regional and District Plans</li><li>• Its Regional Plan sets directions, metrics and objectives on housing diversity and affordability</li><li>• District Plans include targets for affordable housing, plus actions for improving choice, diversity and affordability of housing.</li></ul>                |
| <b>UrbanGrowth NSW Development Corporation</b>                 | <ul style="list-style-type: none"><li>• The NSW Government agency in charge of coordination and delivery of major urban renewal projects in metropolitan Sydney</li><li>• Works with government, and private sector and community partners</li><li>• Responsible for implementation of NSW Government housing priorities.</li></ul>                                                                                                                                                                                                        |
| <b>Landcom</b>                                                 | <ul style="list-style-type: none"><li>• A state owned land and property development corporation</li><li>• Works with the private sector to establish new residential communities</li><li>• Recently directed to focus on the affordable rental housing market. Responsible for improving the supply, diversity and affordability of new housing.</li></ul>                                                                                                                                                                                 |
| <b>Hunter Development Corporation</b>                          | <ul style="list-style-type: none"><li>• A NSW Government agency in charge of facilitating developments and urban renewal projects in the Hunter Region</li><li>• Works with the private sector</li><li>• Responsible for delivery of housing goals set out in the Hunter Regional Plan 2036 and specific housing goals of individual projects.</li></ul>                                                                                                                                                                                   |
| <b>Department of Communities and Justice (DCJ)</b>             | <ul style="list-style-type: none"><li>• The NSW Government department in charge of delivering services, including social housing, to disadvantaged individuals, families and communities. It includes the Land and Housing Corporation and Aboriginal Housing Office.</li><li>• The Land and Housing Corporation works with DCJ to manage the NSW Government's social housing portfolio.</li><li>• The Aboriginal Housing Office is responsible for delivery of housing choices to Aboriginal and Torres Strait Islander people.</li></ul> |

## NSW DEPARTMENT OF COMMUNITIES AND JUSTICE (DCJ)

DCJ has the key state government role in delivery of affordable rental housing through:

- ◆ The Social and Affordable Housing Fund (SAHF). SAHF round 1 will produce 2,200 affordable dwellings, round 2, 1,200 social and affordable homes (70% social, 30% affordable). These are restricted to affordable rents for 25 years.
- ◆ Communities Plus (managed by Land and Housing Corporation (LAHC))—500 affordable housing dwellings to be delivered over ten years.
- ◆ The National Rental Affordability Scheme (NRAS) will deliver 6,549 affordable housing dwellings for ten years.
- ◆ Smaller programs and projects totalling over 870 affordable dwellings.
- ◆ Tendering to community housing providers, calculating leveraging targets, developing and monitoring contracts, performance monitoring and reporting.

DCJ works with the private sector, local government, community housing providers and other government agencies. It manages funding programs and projects delivering affordable housing.

### ***Commissioning Community Housing Providers (CHPs)***

DCJ's role of commissioning services from the community housing sector includes making new social and affordable dwellings available through grant funding, and transfer of management and title of government-owned land and housing assets. Attached to these transfers of both funds and properties are leveraging targets that are resulting in new supply at no cost to government through CHPs' contribution of debt and equity and their access to other resources not available to government such as tax exemptions, philanthropic donations, Commonwealth Rent Assistance etc.

DCJ regularly seeks tenders from CHPs for delivery of both social and affordable housing. DCJ has standard tender guidelines, application forms and evaluation processes. DCJ sets standard criteria to assist it to

assess CHP experience and capacity in property and tenancy management, leveraging outcomes, delivery of affordable housing projects within timeframes etc. Its oversight and understanding of individual CHP capacity enable it to make informed resource allocations.

DCJ contracts with CHPs specify the Government's interest and requirements, e.g. leveraging targets for additional supply, ensuring the right clients get housed, and in the event that the provider winds up that the assets go to another provider. The registering of government's interest on title ensures that all future dealings in the properties require DCJ consent.

DCJ has a Contract Compliance and Performance Management Framework with quarterly reporting and monitoring and annual performance reviews. For construction and development projects such as the Vested Assets Program, it tracks delivery against individual construction and acquisition projects.

The independent Registrar of Community Housing oversees compliance by CHPs receiving contributions from the state government.

DCJ also sets the policy parameters and provides operational guidance on how to manage affordable housing. The NSW Affordable Housing Guidelines are ministerial guidelines that specify the operational requirements for affordable housing properties funded through the DCJ capital grants programs and vested assets. The Guidelines set income eligibility limits for clients seeking and residing in affordable housing rental properties and are published each year to notify community housing providers.

### ***Grant Funding***

DCJ manages and allocates grant funds for affordable housing projects from a variety of sources:

- ◆ Funds levied under the Affordable Rental Housing State Environmental Planning Policy (AHSEPP) for the loss of affordable housing are required to be forwarded by councils to DCJ for affordable housing projects. These must be spent within a reasonable time in the area where the funds were levied and are allocated to CHPs for affordable housing projects.





DCJ has experience,  
expertise and  
infrastructure to  
assist councils

- ◆ Funds from the Rental Bond Board (RBB) for affordable housing programs and projects.
- ◆ Funds from some Councils that have agreements with DCJ to manage funds and assist with tendering and procurement of CHPs.

These funds accrue interest, are audited and reported on, and distributed for affordable housing projects with CHPs as required under the separate funding agreements.

### ***DCJ Role in Future Delivery***

DCJ is interested in the expansion of CHP-managed and owned affordable housing for the following reasons:

- ◆ To create more supply—additional leverage is possible through debt or equity contributions if CHPs are provided with grant funds or vested assets;
- ◆ To facilitate exits from social housing and prevent the need for tenants to enter social housing by providing affordable rental;
- ◆ To promote diversification and viability of CHPs. Affordable housing rents improve CHPs' revenue base, providing more capacity to cross-subsidise their social housing operations and leverage additional affordable housing supply.

DCJ has experience, expertise and infrastructure to assist councils in the delivery of affordable rental housing targets. DCJ can:

- ◆ Provide end-to-end services including procurement and tendering, contracting, regular performance monitoring and reporting. DCJ management of the end-to-end process means a consistent and transparent process for allocating resources and leveraging additional supply, as well as ensuring client outcomes. DCJ can partner with councils to ensure that council requirements are met. This relieves councils of the need to allocate significant resources to processes that are core business for DCJ;
- ◆ Lead or input into the tendering and contracting process for councils with CHPs;
- ◆ Provide advice and assistance to councils.

Where DCJ provides end-to-end services, in relation to monitoring and reporting on affordable housing supply owned or managed by CHPs, DCJ can require CHPs to report. This assists DCJ and councils to monitor progress and performance of CHPs and to provide consolidated annual reports on affordable housing supply.



### 1.5.3

# Local Government

There are 128 councils in NSW following amalgamations in 2017. While traditionally state and federal governments have had primary responsibility for addressing housing affordability through the provision of housing assistance, and local government is not equipped nor expected to take that over, local government has a significant influence over housing and there is considerable scope for councils acting individually or in collaborations with others to use their powers to achieve better housing outcomes.

Local government traditionally influences housing outcomes through strategic land use planning, regulation of housing supply and form, infrastructure planning, and pricing policies. Responsibilities in these areas, combined with rate setting and community service delivery, can guide the form of housing in response to needs, influence the cost of housing production and the availability of services, and create opportunities for housing.

Despite the impact of these traditional council roles, housing supply and diversity are sometimes viewed as a responsibility for other levels of government and not of local government. This view risks poor outcomes for communities and underestimates the contribution of local government. As the Urban Research Centre puts it “Local Government’s dual responsibility for the planning of the built and social environment has made it a natural partner in the search for means to address the community’s right to adequate, safe and secure housing” (University of Western Sydney, Urban Research Centre (2008) *Models of Sustainable and Affordable Housing for Local Government*, Final Report).

Councils are central to effective policy making and implementation because they know their areas and communities, they know where development is happening, where jobs are and can be created and where infrastructure is proposed. They understand the impact of big picture issues at the local level.

Industry groups and service providers often seek the support of councils to progress economic and community development initiatives. They are ideally positioned to identify desired outcomes, to develop focussed strategies and to foster partnerships.

The capacity of councils to undertake non-regulatory and ancillary activities alongside their regulatory functions provides opportunities for innovative responses. Councils are not expected to respond to need on their own. In the Greater Sydney Region for example, local councils are working with the state government to develop local responses to meet the Greater Sydney Regional Plan’s (<http://bit.ly/2SUJ8uz>) five and ten year housing supply target (725,000 additional homes by 2036) and affordable rental housing targets “generally in the range of 5 to 10 percent of new residential floor space”. Councils in other parts of the state are working with the state government to implement housing supply targets and objectives for more affordable housing.

Many of the activities currently undertaken by local government, particularly urban planning and community services functions, *already* have a significant impact on housing outcomes. By proposing and reviewing zoning, preparing development standards, setting fees and contributions plans and through development assessment, local government shapes the supply, mix and location of housing, its cost and amenity. Local government also provides or plans for local infrastructure and delivers community services which foster social inclusion and community wellbeing.

Councils increasingly find ways to use their powers to address housing affordability. These include specific planning mechanisms which stipulate delivery of affordable housing, such as inclusionary zoning, flexible application of planning standards, and rate relief for providers of affordable housing.



#### 1.5.4 Community Housing Providers (CHPs)

CHPs are non-profit managers and developers of affordable rental housing for lower income households and those with specific housing needs. CHPs deliver support for tenants linking them to disability, education, health and employment opportunities and services. At 30 June 2017 there were 3,333 affordable housing properties owned by CHPs. Additionally, under the Vested Assets Program, title to 6,276 social housing properties was transferred to CHPs. Under the Vested Assets Program, 17 community housing providers are contracted to deliver a total of 1,304 additional social and affordable housing properties by 30 June 2021. In 2018 CHPs managed over 35,000 properties and provided housing for 60,000 in NSW.



CHPs are businesses driven by social missions and values. They work with partners, investors and government to improve capability, capacity and funding. CHPs are regulated by the National Regulatory System for Community Housing. In NSW there are three tiers of registration based on the level of risk associated with the CHP's scale and scope of community housing activities. The tier of registration determines the performance requirements and the intensity of regulatory engagement applicable to each provider, as follows:

**Tier 1:** The highest level of performance requirements and regulatory engagement reflecting that these providers are involved in activities that necessitate management of a higher level of risk.

**Tier 2:** An intermediate level of performance requirements and regulatory engagement reflecting that these providers are involved in activities that

necessitate management of a level of risk lower than Tier 1 but greater than Tier 3.

**Tier 3:** A lower level of performance requirements and engagement reflecting that these providers are involved in activities that necessitate management of a lower level of risk.

In the past decade community housing has grown and developed more diverse products and partnerships as new providers enter the market. CHPs have been successful at leveraging additional supply for both social and affordable housing. Under targets for vested assets CHPs have generally leveraged around 20% additional supply. Where CHPs own the affordable housing, it is likely that they would be able to leverage more, given the likely higher rental income.

The Community Housing Industry Association (<http://bit.ly/2BqtY9j>) (CHIA) is the peak industry body for CHPs in NSW. Since 1993, it has provided leadership, support and resources, and represented the industry to government, partners, business and the community.



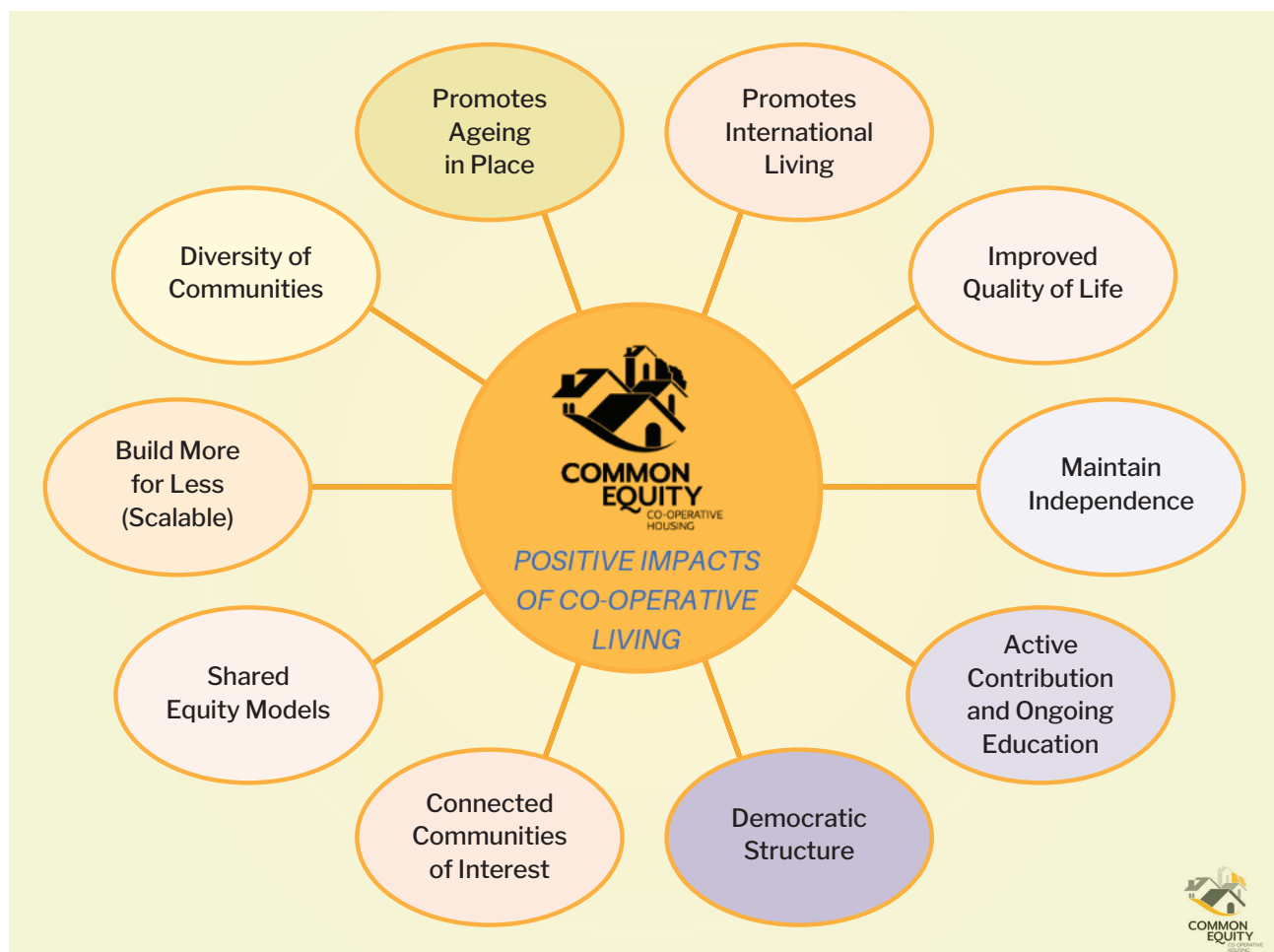
### 1.5.5 Housing Cooperatives

Housing cooperatives provide about 10% of community housing nationally. Uniquely in cooperative housing, tenants have a stake in the value created by the cooperative and its management, governance and strategic direction. Cooperative housing can be provided through a range of tenure models including rental and privately owned co-ops, co-housing, eco villages, shared houses and tiny house parks. They can be companies limited by guarantee or registered under legislation.

Many of the models involve some sharing of resources such as community living and service areas like a laundry or produce garden, enabling a smaller overall building footprint and lower on-going costs. Residents will often be closely involved in housing design which improves satisfaction and helps to reduce costs by omitting unwanted features

and allowing conscious trade-offs to contain costs and environmental impacts. Cooperative housing can be tailored to the needs of specific groups such as people with disability and older people whose housing requirements are not well serviced by mainstream options. Drawing on their self-help approach, housing cooperatives can offer residents opportunities to develop skills and earn income by contributing to the management, maintenance and even construction of their housing.

Common Equity is the peak body for housing co-operatives in NSW. It is a nationally registered Tier 2 Community Housing Provider and a registered Specialist Disability Accommodation Provider under the NDIS, managing over 500 properties across 25 Local Government Areas (LGAs). It represents many of the cooperatives involved in housing for lower income households and residents with special needs.

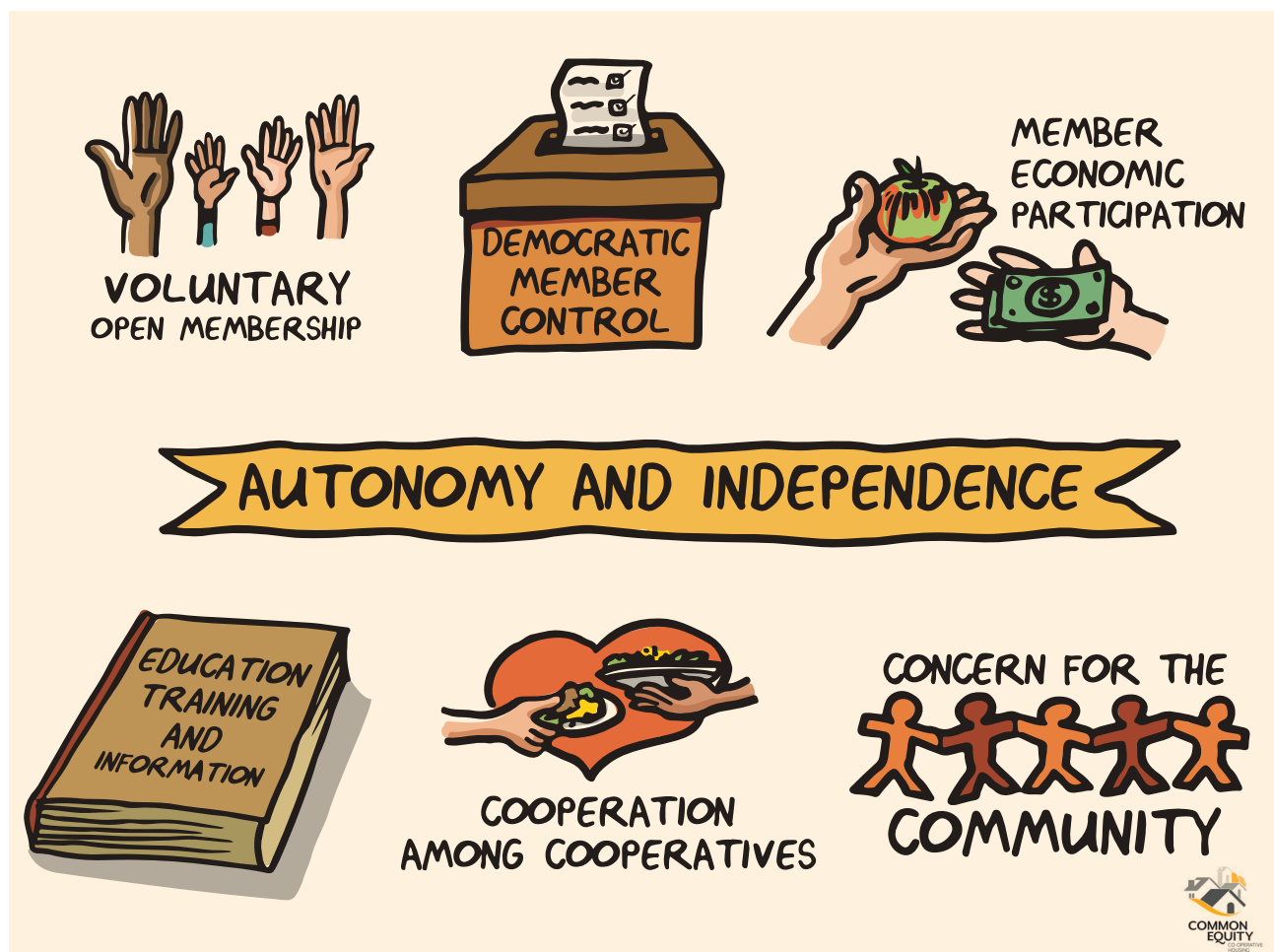




Whilst there are successful housing cooperatives operating at scale in many parts of the world including in Sweden and other European countries, it is the German Baugruppen or 'building group' model and Nightingale Housing initiated in Victoria that are gaining most recognition in Australia as viable customised alternatives to mainstream housing, albeit on a very small scale so far. The Baugruppen concept is based around a group of interested purchasers coming together and pooling resources to fund multi-unit housing designed to meet their needs. The approach bypasses developers and investors. Residents are often guided through the process by architects and designs usually have a focus on quality, sustainability and shared community facilities. For instance, on-site resident car parking may be replaced by bicycle racks and a space for a shared car.

Nightingale Housing (<http://bit.ly/2EA31Uy>) follows the Baugruppen model, focussing on multi-unit housing with the following features:

- ◆ By giving future homeowners the ability to invest their funds in the development of their own homes, the project requires less capital from investors. This means less interest paid to investors. Any savings are returned to members as reductions in the price of their units.
- ◆ Members engage Nightingale to manage the development for them. Nightingale does not sell them an apartment, just manages the process. With no sale involved Nightingale does not have to pay GST on sales revenue, another saving that reduces the cost of units.
- ◆ Because there is no sale there is no Stamp Duty to be paid on any of the properties regardless of first/second home owner status and/or price.



Councils can play a lead role in encouraging mutuals, clubs and associations to be engaged in local housing initiatives.



### 1.5.6 Mutuals and Local Associations

Member based companies and associations often have a close interest in their local communities. Many larger organisations will have community programs through which they offer grants or other assistance to address local issues and promote better local outcomes.

For instance, many mutual banks and credit unions are responsive to the housing affordability challenges facing members and their communities, alongside their more traditional roles in providing banking services for non-profit organisations and finance for affordable housing projects. Examples include supporting housing research (such as the 2018 study of Key Worker Housing Affordability in Sydney (<http://bit.ly/2zYVvi4>) sponsored by Teachers Mutual Bank, Police Bank, Firefighters Mutual Bank and My Credit Union Limited), participating in the ACT Government's Land Rent Scheme (see C.S.1 in Module 5), contributing to housing advocacy (such as Bank Australia's Gold sponsorship and volunteering for *The Big Issue* (<http://bit.ly/2Em2zIF>)) and direct support for housing initiatives.

One example of direct support is Beyond Bank's involvement the Turning Point program (<http://bit.ly/2BT4HWx>) offered by AnglicareSA. In 2018, the Bank provided grant funding for three years for short term accommodation for homeless single-parent families with young children. It helps them to address barriers, re-build capacity and access permanent housing. The grant provided by Beyond Bank will provide furniture packages for families that frequently arrive with nothing, which they can take on to their permanent home.

Other approaches involve customers in supporting local community initiatives. For example, BDCU Alliance Bank based in the Southern Highlands offers a My Community Account (<http://bit.ly/2EB3pSw>) which allows members to nominate a local community organisation to receive the interest from the account. Beyond Bank offers a Community Reward Account (<http://bit.ly/2rGPsKm>) which provides bonus interest payable to a nominated non-profit group.



Some local clubs, especially major sporting and RSL clubs, have been directly involved in developments incorporating affordable housing. ClubGRANTS is a state-wide initiative in which registered clubs with annual gaming machine revenue exceeding \$1 million apply 1.5% of gaming machine revenue to the community development funding program administered by councils. See for example, a \$10,000 grant to Housing Plus towards the establishment of a crisis centre in Orange for women and children who are experiencing domestic violence was funded from this source <http://bit.ly/2PG91fx>.

Councils can play a lead role in encouraging mutuals, clubs and associations to be engaged in local housing initiatives by highlighting needs and opportunities and in bringing together potential partners, who in turn can bring resources and other support for housing projects.

### 1.5.7 Private Sector Developers and Investors

The private sector has an important role to play in shaping cities and communities. Private sector developers design and build new housing as well as retail, industrial and other facilities communities need. The private sector is also increasingly involved in constructing infrastructure.

A number of peak bodies representing the private sector, with an interest in urban planning and housing supply, contribute to policy development through research and advocacy. They include the Housing Industry Association (<http://bit.ly/2EoZs2u>), the Urban Development Institute of Australia (<http://bit.ly/2Lljexf>), the Property Council of Australia (<http://bit.ly/2SRw7l8>) and Urban Taskforce (<http://bit.ly/2ExRXaj>).

Investors range from small scale individual landlord investors, who own one or two residential properties, to large institutions such as superannuation funds. Small scale investors dominate the market, owning around 83% of all investment properties.



### 1.5.8 The Wider Business Community

The business community has become conscious of the lack of key worker housing in reasonable commuting time of business centres, the mismatch between housing opportunities and housing supply in the regions in which businesses operate and the broad economic impacts of declining housing affordability.

A March 2018 speech by the Business Council of Australia CEO, Jennifer Westacott, acknowledged that:

The cost and location of housing directly influences workforce participation, productivity, and of course, the wellbeing of households. . . High housing costs limit housing choices for consumers. This has a flow on impact for the wider economy. It makes it harder for workers to live close to jobs, it can limit turnover and it can exacerbate intergenerational inequality. Continuing with a “business as usual” approach will not produce the changes that are needed — we must adopt a new economic narrative on housing policies. We need to focus on making the market work better — not ad hoc, one-off initiatives. (<https://bit.ly/2Yey6Dc>)

As well as being part of the public dialogue on housing affordability, some businesses and business councils are taking part in promoting affordable housing by offering contributions or facilitation. Contributions are varied in nature and scope. For example, planning and economic firm SGS partners with National Shelter, Community Sector Banking and the Brotherhood of St Laurence to provide a Rental Affordability Index (RAI) which is an indicator of rental affordability across Australia (see <http://bit.ly/2GdOvQM>).

At a local level, there is a lot to gain from councils working with their local business council or Chamber of Commerce and the business community to respond to common concerns. For example in July 2018, Griffith City Council held a “Griffith Residential Land and Future of Housing Forum” which brought together 60 industry representatives with real estate agents, developers, bankers and the business chamber in attendance, and which met with favourable media coverage (see “Successful Forum In Griffith Identifies Housing Concerns” at <https://bit.ly/2RA3VE6>). The Committee for Sydney (<http://bit.ly/ZQxyJi>) is an independent think tank with membership from business, academia, government and others (<https://www.sydney.org.au/>).

### 1.5.9 Individuals

Finally, individuals and households as occupants of housing and as consumers of goods and services and as employees and citizens interact with government

and businesses to influence housing markets and how our cities and towns are planned and operate.

Peak bodies representing the interests of individuals include Shelter NSW and the Tenants Union of NSW. Operating since 1975, Shelter NSW is the state’s peak housing policy and advocacy body. Its vision, *A Secure Home for All*, is pursued through systemic advocacy and advice on NSW housing policy and legislation to resolve housing inequality. The Tenants Union of NSW represents the interests of individual tenants in NSW, particularly tenants who are economically and socially disadvantaged. It is the main resourcing body for Tenants Advice and Advocacy services.

## 1.6 Addressing Needs through Local Housing Strategies

### 1.6.1 Purpose of a Local Housing Strategy

A focus of this Kit is to provide information, guidance and resources to assist local councils to address housing needs now and into the future by preparing local housing strategies and other means. Effective strategies will promote a range of housing of the type, size, cost, location and availability that enable residents from different socioeconomic positions to find housing that suits their needs, preferences, aspirations and financial means.

Local housing strategies provide a framework for:

- ◆ Responding to population growth and demographic and housing market changes
- ◆ Coordinating services and employment with housing
- ◆ Protecting urban and environmental amenity
- ◆ Enabling efficient land use
- ◆ Encouraging economic and community development.

### 1.6.2 Department of Planning, Industry and Environment (DPIE) Local Housing Strategy Guidelines

The NSW Government encourages councils to prepare local housing strategies. The District Plans for Greater Sydney and some Regional Plans require certain councils to do so. The DPIE has developed a





Guideline and Template for councils to develop local housing strategies (see <https://bit.ly/2TWJy46>).

A local housing strategy will enable the council and the community to influence growth and development in a way that is compatible with local character and community aspirations. The DPIE also sees the strategies as the way councils translate planning objectives set out in Regional and District Plans into plans that can be implemented at local level.

This Kit can be used alongside the DPIE Guideline to provide the practical tools to help councils assess housing need and develop strategies and actions. In particular, the Kit will assist councils to respond to the housing needs of lower income households and those with special needs not well serviced by the market.

### 1.6.3 What are the Key Challenges?

Councils are tasked with implementing housing supply targets under state government metropolitan and regional strategies and to provide through their local environmental plans a framework for the private sector and others to deliver housing in their local areas. Under the *Local Government Act 1993* they are also responsible for recognising “diverse local community needs and interests” and “social justice principles” in their decision making.

Providing a diverse range of dwellings to meet the needs of households at different stages of their lifecycle in areas with good access to transport, services and employment opportunities is critical. Often the housing market will meet mainstream needs efficiently but fail to provide for less affluent households and those requiring special features.



Variation in the size, type, price and tenure of dwellings helps more people find appropriate housing. Small one or two bedroom units, studio apartments, boarding houses and student accommodation are often suitable options for young people and students, and for single people and couples who do not have the time, resources or capacity to maintain larger dwellings and gardens. They are often more affordable than houses.

Large families and those with more than one generation living together need bigger dwellings, usually with more bedrooms than traditional three bedroom houses, to avoid health risks and other problems associated with overcrowding. Larger households are characteristically formed by people of Aboriginal and certain other cultural identifications.

Dwellings incorporating accessible design features and group homes enable older people and people with disabilities to stay in their local community or to find housing close to relatives and support networks.

Barriers to and gaps in provision of appropriate and affordable housing for the whole community vary with location.

### Changing housing needs may be experienced by:

- ◆ Older residents who are retiring and seeking smaller, affordable housing
- ◆ Residents who separate or lose a spouse or partner and can no longer afford the rent on their home
- ◆ Adult children in a family who require independent housing but want to remain in the area
- ◆ Working couples that want to start a family but will lose some of their earning potential and capacity to pay for housing
- ◆ Families afflicted with long term illness or disability that impairs their ability to pay for housing
- ◆ Low income workers who find work in an area where they cannot afford housing or commuting costs.

# Common *themes* and issues

- ◆ A mismatch between the current and future need for housing and the amount and type available at affordable rents and prices
- ◆ Environmental constraints on residential land release
- ◆ Pressure on house prices from investors
- ◆ Barriers, such as discrimination, to disadvantaged households seeking to rent or buy
- ◆ Shortages of appropriate affordable housing, for example housing suitable for older people or people with disabilities
- ◆ Concentrations of disadvantage in outlying areas and in public housing estates with poor access to jobs and services
- ◆ Diversion of private rental housing to seasonal workers and/or holiday makers on platforms such as Airbnb
- ◆ Land banking by private owners and developers that ties up housing opportunities
- ◆ Limited industry interest in developing diverse housing
- ◆ Community resistance to increased density (which may be required for developing compact dwelling forms in a feasible way)
- ◆ Planning controls which discourage housing diversity
- ◆ Gaps in infrastructure required to support more housing.





#### 1.6.4 Housing in Regional Areas

Regional areas share a number of the housing issues confronting metropolitan areas such as shortages of suitable, affordable housing for lower income households. Some housing markets in regional NSW have been found to be among the least affordable internationally, as the 13th Demographia International Housing Affordability Survey (<http://bit.ly/2BnjF5S>) points out. Away from Sydney, whilst housing prices may be lower, household incomes are too. Lack of housing diversity is commonplace, with shortages of small dwellings and housing suitable for those with special needs the greatest problem.

Lack of diversity or appropriateness of rental housing stock manifests differently depending on context. For example, in some regional areas there is a lack of small dwellings suitable for singles or couples. A single person or couple may have to rent or purchase a large dwelling, more expensive and less suitable than needed. Older people may have difficulty maintaining large dwellings.

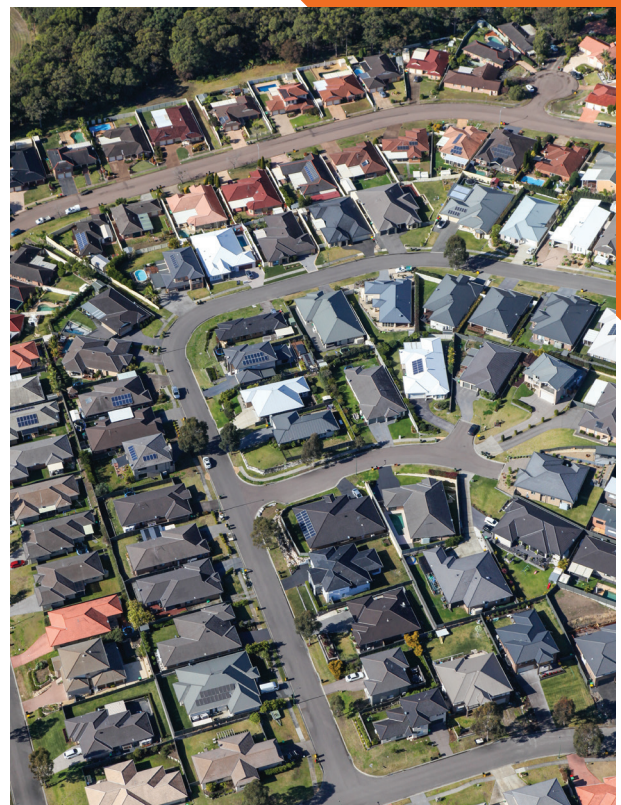
Regional areas with fast population growth are likely to share many of the housing issues experienced in metropolitan areas. Such areas face the challenge of keeping pace with population growth and meeting demand for housing, services and employment opportunities. Rising land and housing costs threaten displacement and gentrification. Investor interest is also drawn to growing regions.

In regional areas incomes and housing costs are generally lower than in large cities. Economies tend to be less diverse with fewer employment opportunities, and there is often less choice or variety in housing, especially in private rental markets. Environmental sensitivities may restrict development, and exposure to severe weather and environmental hazards such as flooding present some regions with challenges.

Tourism may have a greater impact outside larger urban centres. Seasonal demand can cause strain, especially on the rental market. In coastal holiday destinations particularly, those in the private rental market may see available housing stock become scarce as owners capitalise on the seasonal influx.

Temporary employment spikes, such as those associated with infrastructure works or resources projects, may put pressure on rental housing stock due to the arrival of workers from outside the region. Regional university towns are susceptible to demand pressures for student accommodation.

Growth in regional areas is usually slower than in metropolitan areas. Indeed some are gradually depopulating. Regions experiencing slow growth or population decline have quite distinct issues to address, including decline in housing stock, lack of







Away from Sydney, ... shortages of small dwellings and housing suitable for those with special needs are commonplace

suitable options for older people and less choice particularly for those with special needs.

The need to deal with housing issues in regional areas is addressed in NSW Regional Plans. Some examples of housing objectives in regional plans are set out below.

The **Central West and Orana Regional Plan 2036** encourages collaboration between the NSW Government and local councils on housing issues. Objectives nominated for the state government in the Plan are to:

- ◆ Work with councils to plan for future social and affordable housing needs
- ◆ Work with councils to investigate the demand for seniors housing and to identify barriers to providing low-care and independent senior's accommodation options
- ◆ Produce guidelines to help councils plan for and manage seasonal and itinerant worker accommodation.

The **North Coast Regional Plan 2036** notes that an additional 46,000 new homes will be required in that region in the next 20 years, and that 'Housing that meets the needs of residents on a range of incomes will also be important in addressing affordable and social housing to help reduce social disadvantage

and provide shelter.' The Plan seeks to increase opportunities for affordable housing and the supply and diversity of housing.

The **Far West Regional Plan** prescribes actions for addressing cultural requirements of Aboriginal housing, as well as catering for an ageing population. Actions include:

- ◆ Producing guidelines to help councils plan for and manage seasonal and itinerant worker accommodation
- ◆ Preparing planning guidelines for the short term accommodation of mining employees to support workforce needs during mining construction, operation and shutdown
- ◆ Providing additional development incentives and reduced contributions, or using other mechanisms under the State Environmental Planning Policy (Affordable Rental Housing) 2009 that may boost construction of secondary dwellings as alternative affordable housing
- ◆ Promoting caravan parks and manufactured housing estates on unconstrained land in existing settlements and new land release areas. Councils can identify appropriate sites that meet the needs of residents and tourists through their local planning strategies.





*Big Ideas Homelessness Network Newcastle, NSW*

### 1.6.5 Understanding Homelessness

People who are homeless or at risk of being homeless are the most vulnerable. Homelessness is a complex problem arising from a number of causes including domestic violence, financial hardship, health issues and limited access to affordable housing options. Effective responses are dependent on the availability of suitable support services and appropriate affordable housing.

The Commonwealth funds state and territory governments to address homelessness under a Council of Australian Governments (COAG) agreement, the National Affordable Housing Agreement (NAHA). In the 2017/18 federal budget it was announced that the NAHA and the former National Partnership Agreement on Homelessness (NPAH) are to be reformed into a new National Housing and Homelessness Agreement (NHHA) intended to increase housing supply, improve housing outcomes and alleviate homelessness.

The NSW Department of Communities and Justice (DCJ) is the lead NSW Government department that supports people experiencing or at risk of homelessness. It funds non-government organisations, offers connections to services, and prepares homelessness strategies.

An effective response to homelessness must go well beyond the physical provision of housing and services to address issues and is outside the scope of this Kit. For this reason, it is important that strategies for provision of suitable housing work together with measures directed against social causes of homelessness.

Some local councils already have strategies and initiatives to address homelessness. The City of Sydney has a Homelessness Unit, partly funded by DCJ, which assists affected people, gathers



information, and aims to reduce homelessness. Tweed Shire Council has a range of policies and strategies to prevent people becoming homeless and to help those already in need, including a Homelessness Policy.

### 1.6.6 Housing Issues Confronting Indigenous People

Indigenous people and Indigenous communities typically experience much greater challenges in accessing suitable and secure housing than the rest of the community. Rates of homelessness and overcrowding are substantially greater for Indigenous Australians, along with a raft of other negative indicators.

The provision of culturally appropriate housing in the right locations must be a top priority across the state. Sally Kubiak, Director, Aboriginal Housing Office (AHO), points out that responses “need to be locally tailored and flexible, and co-designed with the community” (Aboriginal Housing: What Does the Future Hold? (<http://bit.ly/2S5HPsz>)).

A range of culturally appropriate tenure options is needed in urban and regional areas that recognise the close connection between Aboriginal people and the



... responses ‘need to be locally tailored and flexible, and co-designed with the community’  
Sally Kubiak, AHO

land, the obstacles to mainstream home ownership and the difficulties experienced by Aboriginal people in accessing secure private rental housing.

To achieve this, better information and better data are required on needs and opportunities. Better communication is needed with communities and individuals to help tailor effective responses, and more resources are required to meet pressing needs.

Some important steps are being put in place to improve responses to the housing issues confronting Indigenous people. Four pillars have been developed and endorsed by the NSW Aboriginal Housing Office and Aboriginal stakeholders to inform the development of a new ten year strategy:

1. Deliver housing solutions for Aboriginal people informed by evidence based demand for social and affordable housing
2. Achieve better outcomes for Aboriginal tenants by facilitating partnerships with human services agencies and Aboriginal organisations and through creating opportunities for economic participation
3. Strengthen and grow Aboriginal Community Housing Providers through capacity building, change in regulation and transfer of housing and asset management
4. Enhance data collection, evaluation and analysis functions to ensure planning is robust and resources are targetted where they are needed most.

Sally Kubiak, “Aboriginal Housing: What does the Future Hold?”, Presentation to the 2018 Affordable Housing Conference at <http://bit.ly/2S5HPsz>

An Aboriginal Community Housing Industry Association NSW (ACHIA) is being formed to represent the Aboriginal community housing sector which comprises 100 organisations in New South Wales. ACHIA is founded on the principle of self determination and aims to ensure that the Aboriginal housing sector is well represented as the NSW Government establishes and implements social housing and homelessness strategies and plans for affordable housing (see <http://bit.ly/2Bmcivj>).

The NSW Aboriginal Land Council (NSWALC) has identified five goals under its Strategic Plan 2018 to 2022 including pursuing economic independence and prosperity for Aboriginal people. As part of this NSWALC has identified that it will establish an Aboriginal Housing capability. Adequate and appropriate housing is also inexplicably linked with the other goals of the Strategic Plan (see <https://bit.ly/2Ge3nyr>).

As highlighted in Module 3, when building an evidence base, it is important to examine the specific needs of Aboriginal and Torres Strait Islander households and to identify the kinds of housing challenges experienced by these households.

### 1.6.7 Environmental Sustainability and Housing Affordability

Upfront purchase costs and rent are not the only components of affordability. Energy efficient and environmentally responsible housing design and construction can have important affordability benefits. Affordability and environmental sustainability are sometimes considered to be competing objectives. This is not necessarily so, particularly when long-term affordability is taken into account. Many of the approaches that represent environmentally





... if housing is of a standard that is appropriate to needs, rather than exceeding needs, it can be affordable and can also contain the use of resources

sustainable design, such as careful site planning and building orientation, do not in themselves add to housing costs. Other measures, whilst contributing to upfront costs, can result in long-term costs savings — for example, in heating and water consumption. Further, if housing is of a standard that is appropriate to needs, rather than exceeding needs, it can be affordable *and* can also contain the use of resources. Homes without multiple bathrooms are one example.

A helpful examination of housing features that contribute to sustainability and the affordability implications is provided in the Commonwealth Government's *Your Home: Australia's guide to environmentally sustainable homes* (<http://bit.ly/2PFRaoX>). The writers observed that “well-designed, climate appropriate sustainable improvements make a home more affordable over its life span”. The analysis notes the frequently overlooked problem of adverse sustainability and affordability outcomes resulting from increasing dwelling sizes:

Increasing house size is a substantial contributor to housing unaffordability in Australia. House size affects initial purchase cost, materials consumption and ongoing heating, cooling and maintenance costs, and environmental impact. The number of people in each Australian household is shrinking but house size is growing — we are building much larger houses than we need.

(<http://bit.ly/2PFRaoX>)

As well as saving land and materials, minimising the physical footprint of a building by efficient use of small spaces and passive design strategies that conserve heat or facilitate cooling can be very effective in reducing energy and running costs, and make an important contribution to overall affordability.

Regulatory frameworks that encourage innovation and efficiencies in the housing supply chain—such as small ‘smart’ dwellings tailored to residents’ needs, modular and/or prefabricated construction and simple features such as awnings over west facing windows, have flow-on impacts on housing costs.

Minimising consumption of energy and water, recycling waste and reducing the need for maintenance have environmental benefits and minimise costs for households and the community.

As the Commonwealth Government's *Your Home* analysis found:

well-designed, climate appropriate sustainable improvements make a home more affordable over its life span. . . . Some sustainable features that add to the initial capital cost of a home are cost positive from day one when savings from reduced energy bills offset additional mortgage payments. Other energy and water saving features with higher initial cost deliver significant returns within the life span of the home or appliance.

Affordability of features that improve sustainable performance should therefore be considered across the life span of the home. This life cycle costing (LCC) typically focuses only on economic cost, though increased comfort, health and amenity are clearly significant benefits from sustainable improvements.

(<http://bit.ly/2PFRaoX>)

These observations are reinforced in findings by the RMIT's Centre for Urban Research which concluded that "the evidence increasingly shows that sustainability and good design can improve affordability when fuller cost-benefit analyses are undertaken and non-monetised social, health and wellbeing benefits are considered." (See <https://bit.ly/2gUNHar>).

Sustainability measures were introduced into the planning system in NSW in 2004 through the BASIX scheme (<https://bit.ly/2X4kkXs>). The scheme sets targets for reducing water and energy consumption and minimum performance levels for thermal comfort in residential buildings. These targets have been increased since the scheme commenced. Despite these initiatives there is ongoing concern that regulation alone is not delivering environmentally sustainable affordable housing. This was the impetus for the Green Building Council of Australia's Innovation Challenge which aims to "increase the availability of affordable, sustainable housing and to increase living affordability" by identifying projects which encourage the provision of low-cost, sustainable housing within broader multi-unit developments. The Innovation Challenge utilises Legacy Green Star Rating Tools to assess the affordable and sustainable design, build and performance of developments (see the Green Building Council's website at <http://bit.ly/2CgJCpb>).

There is always a risk that environmentally sustainable approaches can add to the cost of housing and planners need to bear this in mind when developing and applying sustainability requirements. Nevertheless, as noted by the Urban Research Centre of the University of Western Sydney "Balancing social, economic and ecological imperatives is the routine work of planners and designers, although clearly with regard to affordable housing, affordability must remain paramount, at least for the end user. Councils are well oriented to questions of sustainability and have policy processes to support their planning staff determine the balance on a case by case basis" (University of Western Sydney, Urban Research Centre (2008) Models of Sustainable and Affordable Housing for Local Government, Final Report (p27 <https://bit.ly/2xdRiVT>)).

### 1.6.8 Adaptable, Accessible and Livable Housing

With an ever-changing and ageing population, and older people and people with disabilities increasingly living independent lives, it is vital to promote housing options that can accommodate the evolving needs of different occupants and that are, or could be, made suitable for people with reduced mobility or disability. Housing that is designed with this in mind can be more successfully and more cost-effectively adapted over time.

A livable and adaptable house is one that is able to respond effectively to these needs without requiring costly and energy intensive alterations.

Most people can expect temporary or permanent variations in their physical capabilities in their life due to injury, illness or age. The Australian Bureau of Statistics reports that the percentage of individuals with a disability increases significantly with age, rising to more than 50% of people aged over 60. Longer life spans and higher proportions of older people in our society make it more likely that every home will be required to respond to the needs of a person with a physical limitation whether they are the primary resident or a visitor.

(<http://bit.ly/2GIWu1u>)

Most councils have provisions in their local environment plans (LEPs), DCPs and other policies for accessible and/or adaptable housing, including some which apply mandatory quotas in certain circumstances or for certain types of dwellings. Vista Access Architects provide a listing of local government provisions in the Sydney basin (see <http://bit.ly/2ErEsIF>).

Although requirements of this type have been in place in New South Wales for some time, there is a lack of awareness in some quarters about requirements and confusion about terminology used and what adaptable, accessible and livable housing mean. The terms have specific meanings and should not be used interchangeably.





## Adaptable housing

is “designed in such a way that it can be modified easily when required in the future to become accessible to the resident with disabilities without requiring costly and intensive alterations”. (<http://bit.ly/2A3sDFz>)

## Accessible housing

is designed “to meet the needs of people requiring higher level access from the outset, and usually designed and built with a specific person’s needs in mind. An accessible house meets Australian Standard AS 1428.1-2001: Design for access and mobility, and is able to accommodate wheelchair users in all areas of the dwelling”. (<http://bit.ly/2GIWu1u>)

## Livable housing

is designed to specific standards contained in the Livable Housing Design Guidelines (<http://bit.ly/2PHx2CP>) for the purpose of promoting housing that “is easier to access, navigate and live in, as well more cost effective to adapt when life’s circumstances change” (<http://bit.ly/2PFPb48>). A livable home is based on principles of “universal design” in order to be usable to the greatest extent possible. Livable Housing Australia has guidelines for Silver, Gold and Platinum levels to assist those seeking to incorporate livable design principles into home design (see <http://bit.ly/2SR2mRO>).

The Adaptable Housing Guidelines and brochures outlining design principles to consider in promoting adaptable and flexible housing prepared by Clarence Valley Council provide good examples of how local government can promote these principles within an affordable housing framework (see <https://bit.ly/2Z9OLZI>) under “Adaptable Housing Guidelines”.

### 1.6.9 People with Disability and the NDIS

The introduction of the National Disability Insurance Scheme (NDIS) has brought about a shift in responses to the needs of people with disability based on the principle of enabling people with disability to have choice and control over their lives.

To assist participants to live independently, the NDIS provides:

- ◆ Supports that build people’s capacity to live independently in the community, supports to improve living skills, household and money management, social and communication skills and behavioural management
- ◆ Home modifications to the participant’s own home or a private rental property and on a case-by-case basis in social housing
- ◆ Support with personal care, such as showering and dressing
- ◆ Help around the home, such as assistance with cleaning and laundry.

In general, the National Disability Insurance Agency (NDIA) which administers the scheme does not invest directly in housing or borrow or use its balance sheet to procure housing. However in limited circumstances where a participant may be subject to higher costs as a result of their disability, the NDIA has indicated an intention to contribute towards capital costs of certain specialist disability housing. Specifically the NDIS will only contribute towards the cost of housing where it represents “Specialist Disability Accommodation” that is “a reasonable and necessary support for a participant due to extreme functional impairment or very high support needs, in accordance with the SDA Rules (2016)”.





It is envisaged that over 90% of NDIS participants “will continue to access housing in the private market — rental or home ownership — or through social housing” (<http://bit.ly/2rFyrjJ>), and that costs of housing will “remain the responsibility of other housing systems, such as social housing and Commonwealth rent assistance. The NDIS will complement, but not replace, the efforts of the housing sector, the Commonwealth, state and local governments, and families.” (Report of the Joint Standing Committee on the National Disability Insurance Scheme on Accommodation for people with disabilities and the NDIS, 5 May 2016, Chapter 2 (<http://bit.ly/2zW1G6z>).

Thus, in relation to housing, there are ongoing challenges in meeting the central tenet of enabling people with disability to exercise choice and control. As acknowledged in the report of the Joint Standing Committee on the National Disability Insurance Scheme:

At present, Australians with disability are not assured of access to housing suitable for their needs. This has long been an issue of local, state and national concern. As noted in the committee’s 2015 report, the lack of adequate housing can significantly limit people’s ability to fully exercise choice and control. Ultimately it restricts their ability to participate in society and live an ordinary life.

Report of the Joint Standing Committee, Chapter 2 (<http://bit.ly/2zW1G6z>)

Constraints on the ability of people with disability to access suitable housing include “cost, disadvantage or discrimination in competition for private rental properties, and a limited supply of ‘accessible’ housing”.

The Standing Committee also reported that:

People with disability are over-represented in housing assistance programs. The committee received numerous submissions that detailed the multiple barriers people with disability face in accessing suitable housing, including barriers in the housing system and the disability support system.



The National Housing Consortium Disability Housing Futures Working Group 2017 report highlights “the rising incidence of inadequate housing for people with disability in recent years, as well as the negative workforce participation and health outcomes associated with such inadequate housing”, commenting that while “associations between inadequate housing and health are similar for people with and without disability, people with disability are over-represented in each of these groups” and that failure “to meet the gap in affordable housing will see increased financial stress, reduced workforce participation and negative physical and mental health outcomes for people with disability” (p2).

According to the Australian Housing and Urban Research Institute, people with disabilities are disadvantaged “by usually only having access to substandard housing with a limiting effect on their choice and control. In practice this means that people with disability are frequently separated from their families and informal support networks, as well as being segregated from the wider community.” The Joint Standing Committee on the NDIS identified four overarching requirements of housing for people with disabilities:

- ◆ It must be small scale and dispersed in the general community. . .
- ◆ It must be adaptable or universally designed. Poor outcomes are compounded by poor housing design that inhibits peoples’ movement in their own home. Accessible design is a fundamental aspect of increasing independence, and, consequently, reducing reliance and costs of support. The most effective means of achieving this would be through a legislative requirement for non-discriminatory access standards in new housing.
- ◆ It must be secure. Security in this context relates to security of occupancy and the stability of existing housing arrangements. Research demonstrates security of housing is associated with important aspects of human functioning: family functioning, social participation and health. Given the high underlying risk of homelessness, as well as often limited social networks, security of



housing is of vital importance to people with disability. Brightwater Care Group called on the government to ensure that, if not all, then at least a percentage of affordable, adaptable housing is included in new housing developments.

- ◆ It must be well-located. Living in places with limited access to employment, services and public transport can compound social disadvantage significantly.

(See <http://bit.ly/2BpwwEA> Chapter 3)

The National Housing Consortium Disability Housing Futures Working Group observes that “increasing the supply of affordable housing, designed to meet the needs of people with disability, will require a coordinated effort by Commonwealth, state and local governments, Disabled People’s Organisations, community organisations and church groups, developers and builders.” (2017, p3)

When planning for future housing suitable for people with disabilities it is important to bear in mind that not all are eligible for the NDIS and that people with disabilities are not a homogeneous group, they have a full range of requirements and needs reflective of that in the broader community. In keeping with this, housing choices should be diverse and include the option for a person to live with his or her family.



People with disability have a full range of requirements and needs, reflective of that in the broader community

## Examples of responses

The challenges in providing successful housing for people with disability are considerable. Recent examples of purpose-built housing achieving worthwhile outcomes include:

**Abbotsford Housing Project** — six fully accessible self-contained one-bedroom apartments peppered throughout a 59 unit mixed private and social housing development. The multi-storey development is located in a prime inner city suburb within 500 metres of a railway station, shops and community facilities. <http://bit.ly/2Bnt7pG>

**Five Dock mixed use development** — a 2004 redevelopment of a supermarket and car park to produce a range of apartment types catering for a diverse mix of residents. It provides a range of living options as part of a development connected by pedestrian paths linking private and open spaces. “By negotiating with the developer, the council was able to deliver an excellent outcome for the broader community and provide a new public library and upgraded public spaces at a significantly reduced cost, that may not have otherwise occurred. Easy access to a wide range of shops, services and amenities, promotes a sense of independence and creates opportunities for

engagement with the local and wider community. The library, supermarket and cafe bring people into the development and increase opportunities for interactions.” (Young People in Nursing Homes National Alliance in collaboration with the Department of Architecture, Monash University, *Shaping the Future Today: Transforming Housing Policy for Australians with Disability* p.58-61.)

**The Haven Foundation** was established in 2006 by a small number of mothers whose adult children had long-term mental illness, and subsequently registered as a housing provider in Melbourne. The Haven Foundation leased land from St Joseph’s Catholic Church to provide 14 one bedroom units by refurbishing a disused convent as well as constructing a two level apartment block on the rear portion of the land. To be eligible tenants must:

- ◆ be able to live independently
- ◆ be within public housing asset and income limitations
- ◆ have ongoing clinical support where required
- ◆ have linkages/connections to the area in which they seek housing.

<http://bit.ly/2SOI2QW>



## 1.7 The Planning Context

### 1.7.1 Planning System Requirements

In the Greater Sydney metropolitan area, the Greater Sydney Region Plan provides the strategic planning framework for council responses to housing needs as the population grows and changes. It requires each council to prepare a local housing strategy aligned with the relevant District Plan. Specific requirements and guidance are provided for the preparation of strategies where these are mandatory.

Planning requirements for councils outside the Greater Sydney Region are set through regional plans and other policy guidance. While in most cases, it is not mandatory for regional councils to prepare a local housing strategy, councils are encouraged to address housing as part of their strategic framework.

An overview of the NSW legislative framework is provided in Module 5 at 5.7 for councils planning for housing in their communities.

### 1.7.2 Planning Provisions for Affordable Housing

Since this Kit was launched in 2006, changes to the statutory planning framework have expanded the capacity of councils to address housing needs. They include state planning policies that aim to ensure there is adequate diverse and affordable housing.

#### **STATE ENVIRONMENTAL PLANNING POLICY No 70 (SEPP 70)—Affordable Housing (Revised Schemes) and Division 7.2 of the *Environment Planning and Assessment Act***

SEPP 70 is the instrument through which nominated Councils are empowered to utilise the provisions of Division 7.2 of the *Environment Planning and Assessment Act* entitled “Affordable housing contributions”.

The rules in Division 7.2 are the principal mechanism for implementing Mandatory Inclusionary Zoning. Section 7.32 enables land or monetary contributions to be required for affordable housing under conditions of development consent “if a State



environmental planning policy identifies that there is a need for affordable housing within the area”.

To meet the provisions in the Act, Councils are required to prepare a planning proposal to support changes to their LEPs and to prepare a contribution scheme associated with rezoning proposals. The intention is to provide clarity for landowners and developers, while helping to ensure households on very low, low and moderate incomes retain access to housing in areas undergoing urban renewal.

The SEPP was amended in 2018 to expand its application from a limited number of metropolitan councils to all local government areas in NSW. The NSW Government has also developed the Affordable Housing Contribution Guideline to help councils prepare affordable housing contributions schemes.

#### **STATE ENVIRONMENTAL PLANNING POLICY (HOUSING FOR SENIORS OR PEOPLE WITH A DISABILITY) (HSPD SEPP)**

The HSPD SEPP aims to ensure sufficient housing for older people and people with disabilities. It includes a provision for allowing increased density in vertical villages if 10% of dwellings are dedicated to affordable rental housing. The HSPD SEPP can override local planning controls that may inhibit the provision of suitable housing. It also specifies design principles and requires the provision of support services to seniors and people with disabilities in developments subject to the policy.

## **VOLUNTARY PLANNING AGREEMENT (VPA)** **Provisions in the *Environmental Planning and Assessment Act***

A VPA is an agreement entered into by a planning authority (such as the Minister for Planning or a council) and a developer. VPAs are typically negotiated at the time of a proposed rezoning, where a planning authority seeks to ensure a positive outcome through the development. A developer agrees to provide or fund public amenities and public services, affordable housing, or transport or other infrastructure.

Contributions can be made as:

- ◆ dedication of land
- ◆ monetary contributions
- ◆ construction of infrastructure
- ◆ provision of materials for public benefit or use.

## **STATE ENVIRONMENTAL PLANNING POLICY** **(Affordable Rental Housing) 2009 (AHSEPP)**

This SEPP is intended to facilitate supply and diversity of affordable rental housing by encouraging the delivery of infill affordable rental housing, secondary dwellings/granny flats, boarding houses, supportive accommodation, social housing and group homes and mitigating the loss of existing affordable rental housing.

The SEPP defines affordable rental housing as housing for very low, low and moderate income earning households with a gross income that is less than 120% of the median household income for the ABS Sydney Statistical Area) and pays no more than 30% of that gross income in rent (see <https://bit.ly/2Ixz1K7>).

Specifically the AHSEPP (<http://bit.ly/2EBSkAC>) encourages:



### **Infill affordable rental housing**

by providing floor space incentives for dual occupancy, multi-dwelling housing or residential flat building development projects in accessible locations where these uses are already permitted,

if the projects include at least 20% affordable rental housing:



**Secondary dwellings/granny flats** by enabling dwellings in zones R1, R2, R3 or R4 satisfying the development standards set out in the relevant schedule to be assessed as complying development or, in circumstances

where the complying development requirements are not met, by permitting development with consent for secondary dwellings up to 60 square metres in floor area in

- ◆ Zone R1 General Residential,
- ◆ Zone R2 Low Density Residential,
- ◆ Zone R3 Medium Density Residential,
- ◆ Zone R4 High Density Residential,
- ◆ Zone R5 Large Lot Residential.

The SEPP limits the grounds for refusal of secondary dwellings on the basis of site area or car parking.



**Boarding houses** by providing floor space incentives to encourage investment in new boarding houses comprising both the traditional form of boarding houses with shared facilities and new generation boarding houses

with self contained rooms, and making those boarding houses permissible throughout the following zones or the equivalent zones for the local council area:

- ◆ R1 General Residential
- ◆ R2 Low Density Residential zones in locations close to public transport services
- ◆ R3 Medium Density Residential
- ◆ R4 High Density Residential
- ◆ B1 Neighbourhood Centre
- ◆ B2 Local Centre
- ◆ B4 Mixed Use.

In 2018, the NSW Government revised the parking provisions for boarding houses to increase that minimum at which consent cannot be refused on the basis of car parking to 0.5 spaces per boarding room (up from 0.2 parking spaces per boarding room in an accessible area and 0.4 parking spaces per boarding room otherwise). The provisions remain unchanged at 0.2 to 1 and 0.4 to 1 for development



undertaken by or on behalf of a "social housing provider". That term is defined to include a local government authority that provides affordable housing, a not for profit organisation that is a direct provider of rental housing to tenants and a registered community housing provider within the meaning of the Commonwealth *Australian Charities and Not-for-profits Commission Act 2012* (<http://bit.ly/2LmdJ1h>) (see clauses 4 and 29). In February 2019 the policy was amended to limit boarding houses in the R2 Low Density Residential Zone to 12 boarding rooms.



**Supportive accommodation** by increasing housing opportunities for people making the transition from supported living or homelessness to independent living by allowing supportive accommodation to be provided

in existing residential flat buildings or boarding houses without the need for development consent, if the development does not involve erection of, alteration of, or addition to a building where supportive accommodation (<http://bit.ly/2rIMRQe>) is defined as involving permanent, secure accommodation in self contained apartments, together with on-site support services (such as counselling and life skills development) for people (such as former homeless persons) who need support services.



**Social housing** and partnerships with private developers by enabling development consent to be sought for residential flat buildings on sites where residential flats are not normally permitted where those sites are

close to public transport in the Sydney Region or close to the business district of 32 nominated major regional centres and development is undertaken by or on behalf of *social housing providers* (<http://bit.ly/2rIMRQe>), including any of the following:

- ◆ the Department of Human Services
- ◆ the Land and Housing Corporation
- ◆ a registered community housing provider
- ◆ the Aboriginal Housing Office
- ◆ a registered Aboriginal housing organisation

- ◆ a local government authority that provides affordable housing
- ◆ a not-for-profit organisation that is a direct provider of rental housing.

(See <http://bit.ly/2rIMRQe> Divisions 5 and 6)



**Group homes** for vulnerable people by allowing group homes to be approved as complying development when they meet certain provisions and by increasing the number of areas where group homes can be built to include the following:

- ◆ R1 General Residential
- ◆ R2 Low Density Residential
- ◆ R3 Medium Density Residential
- ◆ R4 High Density Residential
- ◆ B4 Mixed Use
- ◆ SP1 Special Activities
- ◆ SP2 Infrastructure

Any equivalent zones for the local council area under the Standard LEP, in circumstances where a council has not yet made an LEP in accordance with the Standard Instrument (<http://bit.ly/2QE4eka>).



**Mitigation of the loss of existing affordable rental dwellings**

by establishing an assessment process for proposals in the Greater Metropolitan Region (including the Illawarra and Hunter regions) that impact on

existing boarding houses and low rental residential flat buildings that have not been subdivided and providing options to mitigate the loss of housing stock via compensatory payments. Specifically, a formula is provided for determining contributions to help offset the loss of low rental residential buildings and arrangements are required to be made to assist those existing residents who are likely to be displaced as a result of the development proposal as set out in the accompanying Guidelines for Retention of Existing Affordable Rental Housing (<http://bit.ly/2PJTEtS>).