

AGENDA

AFFORDABLE HOUSING STRATEGIC REFERENCE GROUP MEETING

Notice is hereby given that a meeting of the Affordable Housing Strategic Reference Group will be held in the Guringai Room, Civic Centre, Dee Why on

THURSDAY 9 FEBRUARY 2017

Beginning at 5:00pm for the purpose of considering and determining matters included in this agenda.

To Committee Members

Michael Regan (Chair)	Economic Local Representative Committee
Ian White	Environment Local Representative Committee
John Aspinall	Urbaine Pty Ltd
Des Brady	Resident – Pittwater Ward
Rachelle Elphick	Mission Australia
Peter Fuller	Resident – Narrabeen Ward
Digby Hughes	Resident – Manly Ward
Sonia Lechner	Uniting
Andrew McNulty	Link Housing
Richard Ollerhead	Resident – Frenchs Forest Ward
Michelle Povah	Resident – Pittwater Ward
Charles Scott	Resident – Curl Curl Ward
Mark Shanahan	Mark Shanahan Planning Pty Ltd
Tony Tenney	Clareville and Bilgola Plateau Residents Association
Warren Welsh	The Burderkin Association
Sandra Wilson	Resident – Frenchs Forest Ward

Council Officer Contacts

Andrew Piggot	Executive Manager Strategic and Land Use Planning
Katie Kirwan	Administration Officer Governance

Quorum

Majority of members (excluding vacant positions)

**Agenda for a meeting of the Affordable Housing
Strategic Reference Group
to be held on Thursday 9 February 2017
in the Guringai Room, Civic Centre, Dee Why
Commencing at 5:00pm**

1.0	APOLOGIES	
2.0	DECLARATION OF PECUNIARY AND CONFLICTS OF INTEREST	
3.0	REVIEW OF MEETING NOTES	
3.1	Notes of Affordable Housing Strategic Reference Group held 27 October 2016	2
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4.1	Community Strategic Plan Development Workshop	8
4.2	Draft District Plan - Affordable Rental Housing Targets	
4.3	Affordable Housing Policy Workshop	9
5.0	GENERAL BUSINESS	
	NEXT MEETING Thursday 13 April 2017	

2.0 CONFIRMATION OF NOTES OF PREVIOUS MEETINGS

2.1 NOTES OF AFFORDABLE HOUSING STRATEGIC REFERENCE GROUP HELD 27 OCTOBER 2016.....2

RECOMMENDATION

That the Notes of the Affordable Housing Strategic Reference Group held 27 October 2016, copies of which were previously circulated to all Members, be confirmed as a true and correct record of the proceedings of that meeting.

NOTES

AFFORDABLE HOUSING STRATEGIC REFERENCE GROUP

held in the Guringai Room, Civic Centre, Dee Why on

THURSDAY 27 OCTOBER 2016

Notes of the Strategic Reference Group Meeting

held on Thursday 27 October 2016

in the Guringai Room, Civic Centre, Dee Why

Commencing at 5:03pm

ATTENDANCE

Members

Michael Regan	Implementation Advisory Group
Ian White	Local Representation Committee - Environment
John Aspinall	Urbaine Pty Ltd
Des Brady	Resident – Pittwater Ward
Peter Fuller	Resident – Narrabeen Ward
Digby Hughes	Resident – Manly Ward
Sonia Lechner	Uniting
Andrew McAnulty	Link Housing
Neil McWilliam	Manly Community Centre and Services (Manly)
Richard Ollerhead	Resident – Frenchs Forest Ward
Michelle Povah	Resident – Pittwater Ward
Charles Scott	Resident – Curl Curl Ward
Mark Shanahan	Mark Shanahan Planning Pty Ltd
Tony Tenney	Clareville and Bilgola Plateau Residents Association (Pittwater)

Council Officers

Beth Lawsen (<i>joined the meeting at 6:42pm</i>)	Deputy General Manager Public Affairs
Lindsey Godfrey (<i>left the meeting at 6:31pm</i>)	Executive Manager
Andrew Pigott	Executive Manager Strategic Land Use Planning
Katie Kirwan	Governance Administration Officer (Minutes)

Visitors

Kate Lewis (<i>left the meeting at 6:15pm</i>)	Executive Manager Community Engagement
Fiona van Dort	Research Officer
Alison Kellett	Research Officer

1.0 ACKNOWLEDGEMENT OF COUNTRY

DISCUSSION

Michael Regan gave an acknowledgement of Country.

NOTE: *The order of business was changed to discuss Item 4.0 as the next Item on the Agenda.*

4.0 WELCOME AND INTRODUCTIONS

DISCUSSION

Andrew Pigott, Executive Manager Strategic Land Use Planning introduced himself and advised members of fire exits and facilities.

2.0 APOLOGIES

DISCUSSION

That the apologies from Sandra Wilson and Rachelle Elphick be noted.

3.0 DECLARATIONS OF PECUNIARY AND CONFLICTS OF INTEREST

DISCUSSION

Nil

5.0 ASPIRATIONS

5.1 OVERVIEW OF STRATEGIC REFERENCE GROUP'S ROLES – KATE LEWIS

DISCUSSION

Kate Lewis, Executive Manager Community Engagement circulated a copy of the Strategic Reference Group Guidelines (*Attachment 1*) to members and briefly commented.

NOTE: *Members are advised that if they have any comments on these Guidelines please send to katie.kirwan@northernbeaches.nsw.gov.au before the next meeting.*

5.2 PROFILE OF NORTHERN BEACHES AREA – FIONA VAN DORT

DISCUSSION

Fiona van Dort, Research Officer gave a presentation (*Attachment 2*) to members and highlighted the following points:

- Local demographic

- Context within the Greater Sydney Commission
<http://www.greatersydneycommission.nsw.gov.au/>
- LGA (Local Government Area) population
- Local housing implications

Members discussed local growth projections for the next 5 – 20 years.

Members requested the following data to be provided:

1. A breakdown of households in the Northern Beaches LGA; ie units, single dwellings etc.
2. The proportion of residents who work in Sydney CBD

Members discussed development in Brookvale, Frenchs Forest, Ingleside and in particular noted the transport difficulties affecting these areas and the impact this has on housing.

L Godfrey noted the proposed dwelling target for Metropolitan Sydney as outlined within 'A Plan for Growing Sydney' published by Planning & Environment NSW. There was discussion around local targets for the creation of dwellings and A Piggott discussed the process for Government deciding which areas will be developed for residential dwellings.

Andrew McNulty noted the link between health infrastructure and affordable housing, with key workers requiring affordable housing.

ACTIONS

1. Provide breakdown of households in the Northern Beaches LGA; ie units, single dwellings etc.
2. Provide the detail of the proportion of residents who work in Sydney CBD.

6.0 COUNCIL UPDATES

6.1 OVERVIEW OF CORPORATE STRATEGIC PLAN AND PLANNING PROCESS – FIONA VAN DORT

DISCUSSION

F van Dort discussed the Community Strategic Plan (CSP) and the priorities that have been identified, and noted the following:

- CSP will be prepared in readiness for election of the new Council
- Council will begin work on the delivery program in July 2017
- Followed by the operational plan in 2018

M Regan noted that the former Warringah Council Affordable Housing Community Committee did extensive work on this matter and a draft Affordable Housing Policy was ready to be adopted by Council to be placed on exhibition. He requested that all former council's work on this topic be made available to the SRG, and requested a summary from each former Council as to the stage of development they got to in the creation of an Affordable Housing Policy, along with any data and statistical analysis carried out. A Piggott advised that he would action this request.

Members briefly discussed applicable legislation; Residential Tenancies Act, the Boarding Houses Act and Social and Affordable Housing Fund.

A Piggott discussed what Council plans at Ingleside, with the delivery of approximately 3000 new

dwellings. He noted that there has been a push to have an inclusionary zoning target. He noted the difficulties faced by Council in trying to strike the right balance and the legal complexities to overcome. The draft Structure Plan is due to go on exhibition later this year.

NOTE: *Beth Lawsen joined the meeting at 6:42pm*

Members discussed what it was they wanted the Affordable Housing SRG to achieve, and the challenges related to it. Members agreed they wanted a resolution of the SRG that can be presented to the Administrator.

ACTIONS

1. Provide copies of any draft policies, and a summary from each former Council as to the stage of development they got to in the creation of an Affordable Housing Policy, along with any data and statistical analysis carried out.
2. Recommend to the Economic Local Representation Committee, Implementation Advisory Group and the Administrator, that priority be given to the establishment and adoption of a Northern Beaches Council Affordable Housing Policy.

DECISION

That the Affordable Housing Strategic Reference Group support the prioritisation and the adoption of a Northern Beaches Affordable Housing Policy.

7.0 STRATEGIC WORKSHOPS

7.1 REVIEW OF COMMUNITY STRATEGIC PLAN ISSUES PAPER / PRIORITIES – FIONA VAN DORT

DISCUSSION

Members participated in a workshop to identify their 10 individual priority issues that need to be addressed across the key themes: Social, Economic and Environment.

A summary of the workshop is attached (*Attachment 3*).

NOTE: *Kate Lewis left the meeting at 6:15pm*

7.2 AFFORDABLE HOUSING PRESENTATION – ANDREW PIGOTT

DISCUSSION

A Pigott presented members with 'Affordable Housing on the Northern Beaches' (*Attachment 4*) and discussed the following:

- Media interest
- What is affordable housing? Key definitions, both rental and purchase
- What is the role of government; local, state and federal
- Problems faced locally

A Pigott discussed the terms of reference for the Affordable Housing SRG, and what the group needs to be focussing on.

M Regan noted the need to change people's perception of what affordable housing is.

8.0 NEXT MEETING

The next meeting will be held in February 2017. Details will be circulated shortly.

SUMMARY OF ACTIONS

ITEM NO.	ACTION	RESPONSIBLE OFFICER
5.2	Provide a breakdown of households = ie units, single dwellings.	Research Officer
5.2	Provide details of the proportion of residents who work in the CBD.	Research Officer
6.1	Provide a summary from each former Council as to the stage of development they got to in the creation of an Affordable Housing Policy, along with any data and statistical analysis carried out.	Andrew Pigott
6.1	Recommend to the Economic Local Representation Committee, Implementation Advisory Group and the Administrator, that priority be given to the establishment and adoption of a Northern Beaches Council Affordable Housing Policy.	Kate Lewis

The meeting concluded at 7:00PM

*This is the final page of the Notes comprising 6 pages
numbered 1 to 6 of the Affordable Housing Strategic Reference Group
meeting held on 27 October 2016*

4.0 AGENDA ITEMS

ITEM 4.1	COMMUNITY STRATEGIC PLAN DEVELOPMENT WORKSHOP
REPORTING OFFICER	EXECUTIVE MANAGER CORPORATE STRATEGY & PLANNING
TRIM FILE REF	2017/030262
ATTACHMENTS	NIL

EXECUTIVE SUMMARY

PURPOSE

That the Affordable Housing Strategic Reference Group participate in a workshop to assist in the development of the Community Strategic Plan.

BACKGROUND

Council at its meeting on 13 December 2016 considered the results of Stage 1 of community engagement for the Community Strategic Plan and approved for exhibition a draft vision statement, aspirations and priorities. Links to the Council report and Engagement Report are attached for your information:

[View Council Report](#)

[View Engagement Report](#)

The workshop will focus on the development of the framework (outcomes and goals) in the Discussion Paper.

RECOMMENDATION OF EXECUTIVE MANAGER CORPORATE STRATEGY & PLANNING

That the Affordable Housing Strategic Reference Group participate in a workshop assist in the development of the Community Strategic Plan.

ITEM 4.3	AFFORDABLE HOUSING POLICY WORKSHOP
REPORTING OFFICER	STRATEGIC PLANNER
TRIM FILE REF	2017/029745
ATTACHMENTS	1 ↓ Draft Affordable Housing Discussion Paper 2 ↓ Questions for Consideration 3 ↓ Summary of Strategic Directions 4 ↓ Administrator's Minute

ISSUE

Council is preparing an Affordable Housing policy for consideration by Council at the 28 March 2017 Council meeting. A workshop on affordable housing will be conducted with the SRG at its meeting on 9 February 2017 to assist with development of the policy.

BACKGROUND

At the 13 December 2016 Council meeting, Administrator Minute No 13/2016 resolved:

'That Council:

- A. Work with the Affordable Housing Strategic Reference Group to develop an Affordable Housing policy for consideration by Council within 3 months.*
- B. Consult with relevant State Government departments and other stakeholders regarding the development of an Affordable Housing Policy.'*

DISCUSSION

The topics for discussion at the SRG meeting are:

- Draft District Plan
- Administrator's Minute
- Draft Discussion Paper
- Affordable rental housing

Members are asked to familiarise themselves with the project in advance of the meeting by reading the attached documents and information via this link -

<http://yoursay.northernbeaches.nsw.gov.au/HousingAffordability>.

RECOMMENDATION

That the Affordable Housing Strategic Reference Group participate in a workshop to assist in the development of a Northern Beaches Council Affordable Housing Policy.

**Draft Affordable Housing
Discussion Paper & Strategic Directions**

HPE ref: 2017/018818

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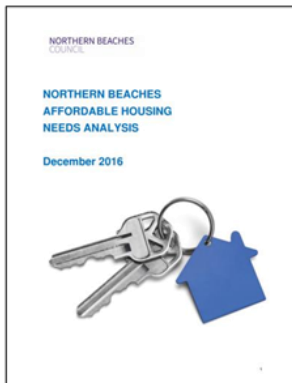
Introduction

The Northern Beaches has a diversity of residents, brought together by a love of the local environment, lifestyle and community. However, as house prices and rents continue to rise, it is increasingly clear that many residents can no longer afford to live in the area they love. In particular, young people and 'key workers' who provide essential services to local economies and communities are being forced to relocate.

With a growing and ageing population, and significant investment in health facilities, demand for key workers to live and work in the area is likely to grow. Planning for affordable housing is necessary to ensure that a variety of housing is delivered to meet the needs of our socio-economically diverse community now and into the future.

The purpose of the discussion paper and strategic directions are to:

- Build on the findings of the previous Manly, Warringah and Pittwater Councils on housing affordability to inform discussion on housing affordability in the Northern Beaches
- Consider the findings in the 'Northern Beaches Affordable Housing Needs Analysis'
- Discuss the roles and responsibilities of all levels of government and current policy approaches
- Identify opportunities for Northern Beaches Council to assist with reform on affordable housing.



Insert cover page of
discussion paper and
action plan

Insert cover page of
draft Policy

Defining housing affordability and affordable housing

Housing affordability and affordable housing are complex issues, particularly in growing developed cities across the world. These terms are often used interchangeably and it is important to note the difference between these terminologies.

'Housing affordability' generally refers to the state of the overall housing market. On the other hand, 'affordable housing' broadly describes reasonable housing cost in relation to income. A common benchmark is housing that does not absorb more than 30% of the gross income of very low, low or moderate income households. There is a common misconception that affordable housing refers only to social or public housing.

Affordable housing can be achieved through various mechanisms including government/supportive housing, non-market housing/community sector housing and/or policy incentives to influence the cost and diversity of market housing (see Figure 1).

<i>Level of Subsidy</i>							
Emergency shelters	Transitional housing	Social housing	Affordable rental housing	Affordable home/shared ownership	Private market affordable rental (boarding houses, student accommodation)	Market rental	Home ownership
Government/supportive housing			Non-Market housing/community sector housing		Market housing		

Figure 1: Housing supply continuum

The supply of housing sits on a continuum that moves from shelter accommodation and social housing through to private rental housing and home ownership. This mix of housing is necessary to meet the needs of all our residents, ensuring an economically sustainable, vibrant and liveable community.

Currently there is shortage in supply across the mix of housing identified, significantly impacting those on lower and moderate incomes, and posing particular challenges for young people, older retirees and key workers. Correcting this market failure is the responsibility of all levels of government.

The issue

Housing affordability is a real and growing issue for many parts of the local community and has implications for local businesses and economic growth. Figure 2 summarises the key factors which contribute to the housing affordability problem in the Northern Beaches.



Figure 2: Factors contributing to housing affordability problem in the Northern Beaches

Disparities in household incomes

Disparities in household income create difficulties for those wishing to enter the housing market. In Sydney, there is a growing gap between those who own property and those who do not. Whilst the Northern Beaches generally comprises a higher amount of disposable income compared to New South Wales (NSW), there are areas of low to very low income households. Across the Northern Beaches, 40,000 households had a combined income of less than \$2,000 per week (or \$100,000 per annum). Nearly 17,000 households (22%) earned less than \$800 per week (\$41,000 per annum).

Low to very low income households are more prevalent in the suburbs of Narrabeena (22% of all households), Narrabeen (19%), Forestville (17%), Allambie Heights (17%), Cromer (16%), Brookvale (16%), Mona Vale (13%), Newport (13%) and Manly, Pittwater Road (12%).

Housing stress

Low to moderate income households are more at risk of experiencing 'housing stress' from escalating housing costs (mortgage repayments and rental costs) as a share of income, particularly if housing supply is constrained. On one hand, a decrease in housing affordability is indicative of the success of an area, but on the other, it is also a threat to future levels of productivity.

In 2011, 12,525 very low, low or moderate income households were experiencing housing stress across the Northern Beaches. Of these, 6,847 were renting and 5,678 were purchasing a home, representing 69% of all very low to moderate income households.

Housing stress was higher for renters within the Northern Beaches (79%), compared to 60% of those purchasing a home. Rental stress was especially high for very low income households with 96% demonstrating housing stress. This is consistent with the Sydney average at 95%. However

rental stress was significantly higher in the Northern Beaches than the Sydney average for low income (88% compared to 69%) and for moderate income households (65% compared to 43%). It is likely that many more households are experiencing housing stress as purchasing and rental values have increased significantly in the last 6 years since this data was collected.

Key workers

The issue of housing affordability in the Northern Beaches is likely to become more prominent as the local economy and demographics change over time. There is likely to be continued increased demand locally for generally lower paid occupations such as nurses and carers, childcare, teachers, hospitality and emergency services workers, due to:

- A growing and ageing population
- Major investment in health infrastructure (i.e. Northern Beaches Hospital)
- Continued increase in female participation in the workforce
- Increasing affluence and demand for recreation and lifestyle services

In 2011 around 11,500 jobs within the Northern Beaches were classified as 'key worker' occupations, accounting for 15 per cent of all jobs. School teachers constituted the highest number of key worker jobs followed by hospitality workers and personal carers. Between 2006 and 2011 jobs in these occupations grew by over 1,500 jobs.

Currently, over 14,000 Northern Beaches residents are employed in 'key worker' occupations. This represents 12% of all resident workers and an increase of 750 resident workers between 2006 and 2011. It is likely that many of these residents desire to work locally. Midwifery and nursing was the second largest resident key worker occupation (2,275 resident workers) and with the opening of the Northern Beaches Hospital in 2018, demand for local workers in these occupations is expected to grow.

State Government employment forecasts that over the next 20 years 'health and social assistance' will be the fastest growing job sector across the Northern Beaches (+62% or 6,800 new jobs), followed by 'retail' (+38% or 4,750 new jobs) and 'education and training' (+45% or 3,500 jobs). These industries are characterised by key worker occupations and are likely to generate further demand for more affordable housing forms to enable these workers to live locally.

Changing household structures

An ageing population and social change is likely to increase demand for greater housing choice and affordability. The Department of Planning & Environment household projections for the period 2011 to 2031 predicts the creation of an additional 20,300 households within the Northern Beaches. Of these, 'non-family households' (i.e. lone persons and groups) are expected to increase by 8,700 households (+34%) while single parent households are expected to grow by 2,000 households (26%). Catering for these different household structures will require a greater range of housing forms and affordability.

Key Definitions

Housing stress

Those households in the bottom 40 per cent of the household income range, paying more than 30 per cent of their gross income on housing costs. These households are often defined as 'very low, low or moderate income' households. The State Environmental Planning Policy (Affordable Rental Housing) 2009 (ARH SEPP) defines low to moderate household incomes as those which are less than \$80,500 per annum.

Affordable rental housing

Rental housing delivered by the not-for-profit sector for very low, low or moderate income households. Eligibility for this form of housing is not limited to any one occupation but often includes: essential service workers (e.g. nurses, teachers, police officers), hospitality and retail workers, and creative and cultural sector workers

Market housing

As shown in the housing supply continuum, market housing includes a mix of housing types that meets the needs of a diverse community. This can include higher density housing and specialty accommodation such as boarding houses and seniors housing.

Escalating Housing Costs

The Northern Beaches has seen very strong growth in house values over the last few years which are likely to have exacerbated housing stress. The median house price in the Northern Beaches at June 2016 was \$1.51 million. This was significantly higher than the Sydney average of \$949,000. Of particular concern for housing affordability is the relatively high house values at the lower end of the housing market ('first quartile'). This quartile, at \$1.34 million was double that of the Greater Sydney average (\$670,000).

This segment of the housing market increased in value by 58% (nearly \$500,000) within the Northern Beaches between 2012 and 2016. Unit prices in the first quartile increased by 47% in the Northern Beaches than the Greater Sydney average (\$695,000 compared to \$548,000).

According to recent property sales data from CoreLogic, there are currently no suburbs within the Northern Beaches where the median house price is less than \$1 million (see Figure 3). There are also areas where the median unit price in the Northern Beaches is more than \$1 million. Suburbs previously considered more affordable (i.e. Narrabeena, Manly Vale, Brookvale and Cromer) have seen strong growth over the last few years.

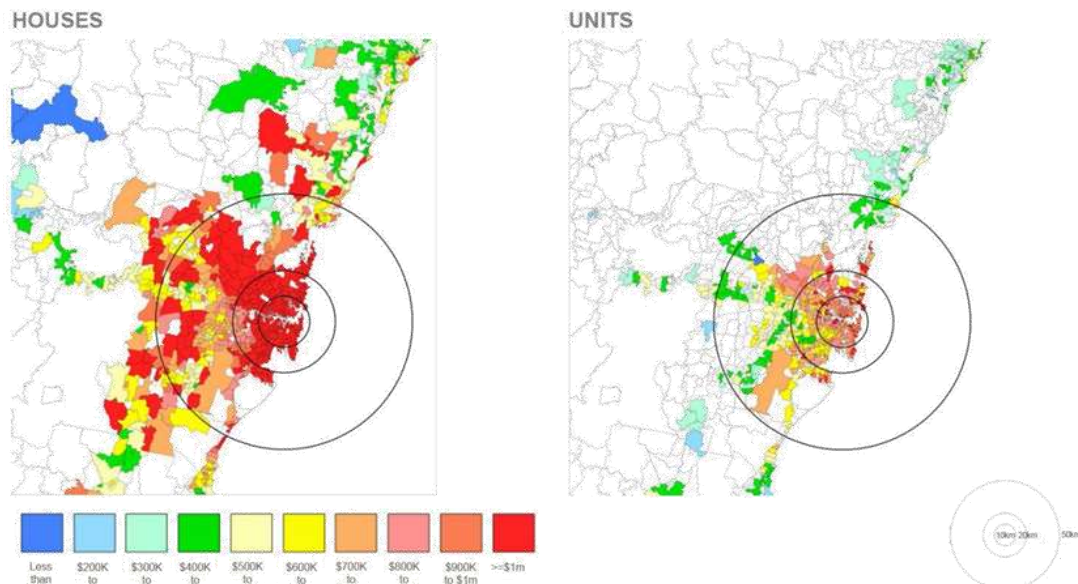


Figure 3: Sydney house values by suburb¹

Rising rental costs further impact the ability of low to moderate households to reside in the local area. The Northern Beaches median weekly rental for homes is nearly double the Sydney average (\$895 per week compared to \$520). This is also the case for lower value rental properties in the first quartile, which are also double the NSW average (\$695 per week compared to \$420). The weekly rental values of units, while still high, are less distinct from the Sydney average (\$595 per week for the Northern Beaches compared to \$500 for the median bracket for Sydney).

¹ CoreLogic 2016, CoreLogic market trends, plotting the median value of CoreLogic automated valuations at the suburb level, CoreLogic, accessed 13 January 2017, < <http://www.corelogic.com.au/resources/pdf/reports/Mapping+the+Market.pdf>>.

Costs to business and wider community

Escalating housing prices within the Northern Beaches has the potential to push low to moderate income households out of the local area, resulting in the following costs to business and the wider community:

- Local industry will face additional costs with consequent impacts on competitiveness (e.g. job retention, recruitment costs, etc.)
- Workers will face additional costs in the form of transport or housing, resulting in a fall of disposable income
- Workers may change their place of work to be closer to home, further reducing the labour force pool available to support the local economy and community.

The 2015 Warringah Council Business Survey identified the ability to attract and retain staff as a significant challenge to businesses operating in the local area. The issue of housing costs for workers was raised, especially in precincts such as Brookvale and Frenchs Forest, which have a diverse workforce (ranked top 3 challenge for Brookvale and top 4 for French Forest businesses). This issue is exacerbated by relatively poor public transport connections for workers into the Northern Beaches from lower housing cost areas outside the local area.

Objectives of an affordable housing policy

Taking into consideration the issues surrounding housing affordability for the Northern Beaches, the following objectives are proposed:

1. To promote community and economic wellbeing through better provision of housing to meet evolving community needs.
2. To promote a range of housing that is affordable to households of varying financial capacity, including an adequate supply of housing that is affordable for very low, low and moderate income households.
3. To ensure that the location of housing offers residents adequate access to transport, employment services, and to social and support networks.

Government roles and responsibilities

Australia has three levels of Government that work together to make law (see Figure 4).

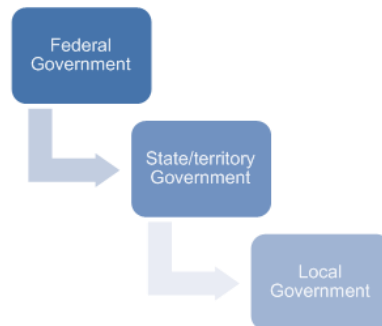


Figure 4: Levels of Government in Australia

The federal (also known as national or Commonwealth) government provides leadership in national housing and policy. Although not primarily responsible for the delivery of affordable housing, the federal government influences housing distribution through macro-economic policy, taxation and income support, assistance to home owners, industry policy, data collection and the National Affordable Housing Agreement (NAHA). The NAHA commenced in 2009 and is an agreement by the Council of Australian Governments. The agreement specifies, amongst other things, roles and responsibilities for each level of government, in order to provide a whole-of-government approach to improve housing affordability in Australia.

In regards to state government, each state and territory adopt different approaches to affordable housing. In NSW, the State Government (NSW Government) has a key role in the provision and administration of affordable housing. This includes providing financial support and the provision of social housing through the Department of Family and Community Services (FACS). Additionally, the NSW Government is responsible for planning laws, as well as land use and supply through the Department of Planning & Environment. The NSW Government also has the ability to review stamp duty, provide leadership in setting affordable housing targets, and invest in shared ownership arrangements.

For local government, the development approval process provides the greatest opportunity to deliver important affordable housing initiatives. Councils can also advocate for a consistent and clear policy approach at both the federal and state level to enable an effective framework for delivering housing supply diversity.

Federal Government

Leadership and policy initiatives

Housing affordability has been intermittently reconceptualised by incoming federal governments over the past three decades (see Figure 5).

The 'Building, Better Cities' program by the Hawke Government in the late 1980's placed substantial emphasis on creating affordable housing by setting affordable housing targets in predetermined urban renewal areas such as Ultimo and Pyrmont.

In the 2007 Rudd Government, after over a decade of neglect, housing affordability was again part of the national agenda with the introduction of a Minister of Housing and the creation of the NAHA, National Rental Affordability Scheme (NRAS) and the Nation Building Economic Stimulus Plan.

Collectively, these reforms anticipated to stimulate supply of more than 80,000 affordable housing rental homes².

Although these programs delivered significant investment in affordable rental housing and new social housing dwellings, they were rolled back in 2014 with the new Abbott Government. This is characteristic of federal involvement in the affordable housing agenda; irregular policy development and sporadic financial contribution. In order to meaningfully contribute to the housing affordability 'crisis', a consistent policy approach and funding commitment is required.

In 2015, the Turnbull Government appointed a new Minister for Cities and Built Environment. This new role signalled a shift in focus by the Federal Government on urban policy, including housing affordability. A cabinet reshuffle in 2016 resulted in the loss of this position and creation of the new Assistant Minister to the Prime Minister for Cities and Digital Transformation. As a result of this change, the portfolio transferred from the Department of the Environment to the Department of the Prime Minister and Cabinet. More recently, the announcement of a new Assistant Minister to the Treasurer in January 2017 to assist specifically with housing affordability, highlights that this issue is a key issue for the Prime Minister.

The release of the 'Smart Cities Plan' in 2016 by the Department of the Prime Minister and Cabinet, strengthens the Turnbull Government's commitment to urban policy, including housing affordability. The Smart Cities Plan specifically refers to prioritising the provision of affordable housing to support Australia's growing population. This position provides a good basis for reform from all levels of government on housing affordability.

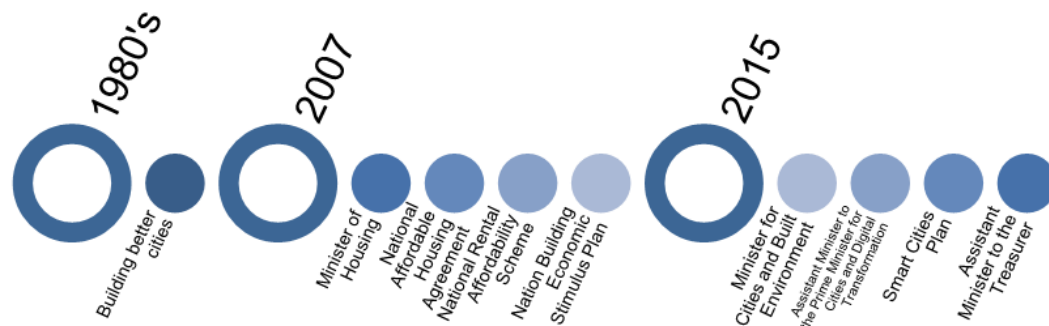


Figure 5: Federal Government initiatives to address housing affordability

Tax reform

The impact of taxation on the housing affordability crisis is well documented³. Tax concessions that favour non-institutional property investment drive demand through market speculation. This

² Australian Government 2016, Council on Federal Financial Relations, *Innovative financing models to improve the supply of affordable housing*, October, ACT, p.20.

³ Australia's Future Tax System Review 2009, 'Australia's future tax system: report to the Treasurer', report, ACT.

forces would-be home buyers of modest means into unequal competition with wealthy investors for whom higher prices mean greater tax benefits.

Reforms to these tax arrangements would help reduce investor demand, thereby easing pressure on house prices and making it easier for households on the margins of ownership to buy a home.

The 'Henry' (Australia's Future Tax System) Review advocated major reforms to the tax system to improve the consistency of tax treatment of housing relative to other kinds of investment⁴. The Federal Government should reconsider these recommendations which include:

- Reforming capital gains tax
- Removing land tax-related disincentives to institutional investment in rental housing schemes
- Phasing out transfer taxes on property (stamp duty) and introducing an equitable land tax that would operate similarly to the rating system
- Quarantining negative gearing in property, by only allowing expenses and losses to be offset against income from the same class of investment and not personal income

In addition to the Henry review, on 30 March 2015, the Treasury released the Tax Discussion Paper, 'Re:think, better tax, better Australia'. This was the first step in tax reform proposed, leading to a green paper on options and white paper on government policy. At this stage, the release of both documents is deferred.

It is clear through the discussion paper and public statements by the Treasurer, that a compelling argument is required to alter the Turnbull Government's current view on reform of negative gearing and capital gains tax. Northern Beaches should advocate for the adoption of tax reforms outlined in the Henry Review.

Government inquiries

On 13 May 2015, the House of Representatives Economics Committee announced a new inquiry into home ownership. The aim of the inquiry was to report on current rates of home ownership, demand and supply drivers in the housing market, the proportion of investment housing relative to owner-occupied housing, the impact of current tax policy at all levels and opportunities for reform⁵.

The inquiry lapsed following the dissolution of the Senate and House of Representatives on 9 May 2016. It is unlikely that the inquiry will recommence, given the completion of the Senate Economics Reference Committee inquiry in May 2015, 'Out of reach? The Australian housing affordability challenge'.

The Senate inquiry produced 40 recommendations. Key recommendations included the preparation of a further study on the influence of negative gearing and the capital gains tax on housing affordability and the rental market; Australian tax reform; the importance of the Australian Government in providing leadership on housing affordability; and ensuring land supply, urban planning, and zoning processes have a positive effect on housing affordability⁶. It is important that the recommendations of this inquiry are implemented at the Federal and State levels.

Funding

Along with leadership and influence on national policy, the Federal Government provides a significant amount of housing assistance to Australians on low and moderate incomes through

⁴ Gurrin, N, Milligan, V, Baker, D, Beth Bugg, L & Christensen, S 2008, *New directions in planning for affordable housing: Australian and international evidence and implications*, AHURI final report no. 120, Australian housing and urban research institute limited, Melbourne, accessed 13 January 2017, < <https://www.ahuri.edu.au/research/final-reports/120>>.

⁵ House of Representatives Standing Committee on Economics 2015, 'Inquiry on home ownership', media release, 13 May 2015.

⁶ Senate Economics References Committee 2015, 'Out of reach? The Australian housing affordability challenge', May, pp.xvii.

funding to states and territories for housing, as well as the provision of Commonwealth Rent Assistance (CRA). The CRA provides additional non-taxable income to help offset the cost of private rent⁷. In 2016-17, the Commonwealth will spend approximately \$4.5 billion in CRA to support more than 1.3 million individuals and families renting in the private and community housing markets⁸.

Along with the CRA, other financing vehicles and government incentives to attract private and institutional investment is required⁹. These are significantly underdeveloped parts of Australia's response to housing affordability and the substantial leverage created by these instruments is emphasised by their international success⁹.

The Federal government previously incentivised affordable housing through the NRAS. The NRAS offered tax credits against new homes provided they were offered to eligible low and moderate households at 20% below market rents. The tax incentives were offered annually for a 10 year period. The scheme offered a strong incentive for small scale investors to increase the affordable rental stock, resulting in a substantial number of affordable rental dwellings. However, there were insufficient incentives to attract institutional investors to participate in the scheme¹⁰. Due to 'administrative problems' the scheme was rolled back in 2014.

Notwithstanding previous setbacks, sufficient federal investment and government incentives continue to be required to ensure developers, community housing providers and institutional investors have adequate capital to physically produce the affordable rental dwellings we need. It is therefore important that Northern Beaches advocates for subsidy structures at both the federal and state government level in conjunction with any planning or policy changes it implements at the local level.

Strategic directions:

It is recommended that Council:

1. Acknowledge the impact of taxation on housing affordability and formalise this position in writing if further submissions are sought as part of ongoing tax reform.
 2. Advocate for the reintroduction of a national funding scheme for affordable rental housing developments.
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⁷ NSW Parliamentary Research Service 2015, 'Affordable rental housing: current policies and options', discussion paper, NSW, p.15.

⁸ Australian Government 2016, Council on Federal Financial Relations, *Innovative financing models to improve the supply of affordable housing*, October, ACT, p.20.

⁹ Gurran, N, Milligan, V, Baker, D, Beth Bugg, L & Christensen, S 2008, *New directions in planning for affordable housing: Australian and international evidence and implications*, AHURI final report no. 120, Australian housing and urban research institute limited, Melbourne, accessed 13 January 2017, < <https://www.ahuri.edu.au/research/final-reports/120>>.

¹⁰ Ge, J & Susilawati, C 2013, 'Success or failure: the NRAS', in Kajewski, S, Manley, K & Hampson, K (eds.), proceedings of the 19th CIB world building congress, Queensland University of Technology, Brisbane, pp. 1-12.

NSW Government

Strategic policy initiatives

Since 2011, NSW government priorities have been expressed through the state plan, 'NSW 2021'. This policy framework sets out actions and targets for the state government and all subsidiary agencies and councils. NSW 2021 does not address affordable housing specifically but does identify the rising costs of living as a priority for action, citing housing affordability as a contributing factor¹¹.

On 14 September 2015, former Premier Mike Baird released the new state plan, 'NSW: Making it happen'. This plan supersedes NSW 2021 and outlines 12 key priorities for the NSW Government, including 'faster housing approvals' – with a specific target of 90% of housing development to be determined within 40 days¹². Although not specifically identifying housing affordability as an issue, this target focuses on increasing housing supply as one measure to address housing affordability.

On the other hand, policy directions for urban planning in Sydney are currently set through 'A Plan for Growing Sydney', which recognises a specific need for a targeted approach to affordable housing supply. The following actions are outlined within the Plan:

- Local housing strategies are to be prepared in order to plan for a range of housing types
- Enable the subdivision of existing homes and lots in areas suited to medium density housing
- Deliver more opportunities for affordable housing

The draft District Plans, released in November 2016, specifies housing supply targets for each district as well as an affordable rental housing target. For the Northern Beaches, 3,400 new dwellings are required by 2021¹³. In addition, affordable rental housing targets of 5% to 10% of the floor space (subject to viability) in land release and urban renewal areas applies¹³. This includes the Ingleside and Northern Beaches Hospital precincts.

Statutory policies

At a state level, spatial planning for affordable housing is guided by State Environmental Planning Policies (SEPPs), which are statutory planning policies enforced by law. SEPPs deal with matters of state or regional environmental planning significance and can specify particular housing related provisions in a council's local plans.

Local governments must operate within the state planning framework, thus requiring guidance and leadership from the NSW Government. Current SEPPs that encourage the development of new affordable housing and the maintenance of existing affordable housing include:

SEPP	Application	Purpose	Review	Opportunities for improvement
State Environmental Planning Policy (Affordable Rental Housing) 2009 (ARH SEPP)	Developments by the Department of Family and Community Services (FACS) and the private sector with the assistance of community housing providers (CHPs).	To deliver more affordable housing by targeting a range of housing types.	<p>The ARH SEPP encourages a diversity of housing choice whilst also attempting to provide specifically for affordable rental housing.</p> <p>The ARH SEPP specifies incentives to encourage infill residential development (townhouses, villas and low rise flats) to be built in areas where those forms of development would not be approved under council's local planning controls.</p>	<p>A review of the ARH SEPP planning controls are required as developments from the ARH SEPP often lack compatibility with local planning instruments and policy, producing development outcomes out of character with local neighbourhoods.</p> <p>There is the potential to review built examples of infill projects which used the ARH SEPP to</p>

¹¹ NSW Government 2011, *NSW 2021: A plan to make NSW number one*.

¹² NSW Parliamentary Research Service 2015, 'Affordable rental housing: current policies and options', briefing paper, October, p.3.

¹³ Greater Sydney Commission 2016, 'Draft north district plan', draft report, November.

			<p>Private developments are required to allocate a proportion of the new dwellings to a CHP for a minimum of 10 years.</p> <p>Other controls allow secondary dwellings and group homes to be approved as complying development.</p> <p>Boarding houses are also permitted under the ARH SEPP, subject to meeting certain development standards.</p> <p>The ARH SEPP was amended in 2011 to only allow dual occupancies, multi dwelling housing and residential flat buildings where they are already permitted in the zone. It provides development standard concessions, such as reduced parking, to make affordable housing more viable where it is already permitted.</p> <p>In the Northern Beaches, the ARH SEPP has been used extensively to deliver large numbers of secondary dwellings and small number of boarding houses.</p>	<p>determine lessons learnt and the potential for returning to the original 2009 provisions which allowed medium density affordable housing in low density residential areas.</p> <p>The ARH SEPP gives too few genuine opportunities for affordable housing, particularly in areas with high land value, impeding the feasibility of an affordable housing project.</p> <p>The ARH SEPP lacks clearly articulated targets and sufficient stakeholder support for large scale implementation.</p> <p>State government ARH SEPP targets should be aligned with regional and local planning strategies and integrated into a state-wide Affordable Housing Policy.</p>
State Environmental Planning Policy (Housing for Seniors or People with a Disability) 2004 (HSPD SEPP)	Developments zoned for urban purposes or land which adjoins land zoned primarily for urban purposes, but only if the following is permitted on the land: dwelling houses, residential flat buildings, hospitals, special uses; or land being used as a registered club.	To ensure sufficient supply of accommodation for older people and people with a disability.	The HSPD SEPP relaxes local residential development controls, subject to strict location and design criteria to ensure such housing is of a high standard, well located, and consistent with the character and feel of local neighbourhoods.	This policy provides housing diversity for a specific segment of the market.
State Environmental Planning Policy No. 70 Affordable Housing (Revised Schemes) (SEPP 70)	Certain local government areas authorised under SEPP 70.	To legalise local affordable housing schemes that require contributions from developers through 'inclusionary zoning'.	<p>The process of collecting contributions for affordable housing under SEPP 70 is often referred to as 'inclusionary zoning'. Inclusionary zoning is a planning provision which sets aside a share of affordable housing in new construction projects – for example 5,10 or 20% of all dwellings to be affordable housing for purchase or rental.</p> <p>Local planning controls cannot statutorily implement these schemes without this SEPP, and it exists only to ensure they have effect. To date, only three Councils have been authorised under SEPP 70 to make such collections – City of Sydney, Willoughby and Leichhardt.</p>	SEPP 70 is an important and effective tool for the delivery of mandatory affordable housing targets and the NSW Government should consider a much broader application of this SEPP.

Other initiatives

As well as policy initiatives, the NSW Government can address the housing affordability issue through other mechanisms including:

- Affordable housing targets

The draft District Plans set an affordable housing target of 5% to 10% of all land release and urban renewal areas (subject to viability). This target is a welcome start. Affordable housing targets should be expanded to complement general housing supply targets at a state, regional and district (subregional) level that would provide a consistent framework for setting local targets. This would provide a level of certainty for developers where inconsistency and lack of clarity has previously characterised the NSW position.

Encouraging private involvement in affordable housing requires certainty, consistency and expedience, all of which are facilitated by a state wide affordable housing target. As noted by the NSW Federation of Housing¹⁴, high level targets should be complemented by more specific project targets and this is particularly true on development of government land.

Targets can be set for both affordable rental and affordable homes for purchase. In South Australia all significant new developments must provide 15% of dwellings as affordable homes for purchase to either eligible home buyers at a maximum price point, and/or to an affordable rental provider at a negotiated price. This ensures a diversity of affordable housing for both purchase and rental, which is integrated into all new developments within the state.

South Australia's policy and legislative framework provide the basis for the implementation of the 15% affordable housing requirement. Innovative models such as these should be further investigated by the NSW government.

- Maximising the use of state owned land

Action on affordable housing should always involve government leading by example. The provision of affordable housing on government-owned land and in government-led urban renewal projects is an action outlined in 'A Plan for Growing Sydney' and can play a significant role in delivering substantial volumes of affordable housing.

Identifying state owned land with any potential for development as affordable housing should be a priority for the NSW Government, and can include public land holdings which are currently underutilised and which could be repurposed for affordable housing. For example, redevelopment of existing social housing estates can contribute to affordable housing supply, particularly those that are well located, currently support relatively low housing densities, contain older housing stock, or stock that no longer suits the needs of social housing tenants.

Where intensification is feasible, there is an opportunity to deliver a mix of social, affordable and market housing. This has the twofold benefit of creating diverse, integrated neighbourhoods whilst also unlocking the land for productive purposes.

Introducing inclusionary zoning and affordable housing targets on land sold by the government for development is a key opportunity. Given the land is in public ownership, it may be feasible to adopt a mandated percentage of affordable housing higher than that which could reasonably be demanded on private land, for example, in the order of 30 per cent.

Affordable housing projects are often considered unfeasible due to the high value of land in Sydney. This can be mitigated by maximising the use of state-owned land either through sale for the purposes of affordable housing, or partnering with private and not for profit sectors to provide affordable housing in conjunction with the government on identified land.

- Shared Ownership/Equity Models

¹⁴ NSW Federation of Housing Association Inc & Urbanista 2015, *Affordable housing through the planning system: industry strategy paper*, NSW Federation of Housing Association, 29 September.

Shared ownership or equity refers to a range of products, schemes and initiatives that enable the division of value of a dwelling between more than one legal entity¹⁵. This often means purchasing a home in partnership with a dedicated CHP or another equity partner, such as the state. Most shared equity schemes have household income limits, targeting households on moderate incomes.

The objective of these arrangements is to minimise the overall costs for a buyer. For example, the state or community housing provider may purchase 20 per cent of the property, which means the home buyer is only responsible for total repayments on 80 per cent of the property. Shared equity schemes currently operate in Western Australia, South Australia and Northern Territory however one has yet to be implemented in New South Wales.

- Removing stamp duty

Stamp duty is a transaction tax, and a significant one in real estate transactions in Sydney. Transaction taxes affect all trading behaviour, but the impact is magnified in housing markets. This is due to the sheer size of a potential stamp duty bill, which could be over \$40,000 based on the latest median house price figures. This tax limits opportunities for people to move home, and often hits hardest those in most need of relocation.

More transactions equates to a better matching of people to housing, which in turn means a given housing stock can effectively house more people. By adding to the cost of moving to a larger house, stamp duty encourages people to renovate rather than re-locate. This means that more investment is channelled into making existing housing larger than into more affordable and newer housing¹⁶.

Removing stamp duty would improve the supply of housing, as well as reducing a range of other adverse impacts on the housing market. As recommended in the Henry Review, replacing stamp duty with a comprehensive land tax will encourage more efficient use of land. A broad-based land tax would discourage land banking and make greater mobility possible. It is an equitable tax because the cost of government services is borne by society as a whole rather than just those who move house or business. It also makes it easier for people to downsize and for workers to move closer to employment.

- Increase development of social housing

In addition to affordable rental housing, the provision of social housing is a key responsibility of the State government. FACS is the responsible agency for the management of social housing.

The 2016-17 NSW budget proposed a record \$6.3 billion to the FACS budget. Of this, \$76 million is set to be allocated to CHPs to fund leasing subsidies for vulnerable individuals and families in the private rental market and \$592 million in capital expenditure to the NSW Land and Housing Corporation to develop new social housing and upgrade existing social housing stock¹⁷. This increased funding highlights the NSW Government's commitment to deliver more social housing for the most vulnerable in the community.

¹⁵ Whitehead, C & Yates, J 2007, 'Increasing affordability problems – a role for shared equity products? Experience in Australian and the UK', *Housing finance international*, vol. 21, no. 5, pp. 16-20.

¹⁶ Australia's Future Tax System Review 2009, 'Australia's future tax system: report to the Treasurer', December, ACT.

¹⁷ NSW Department of Family and Community Services 2016, 'Reforms key to record \$6.3 billion FACS budget', media release, 21 June.

Strategic directions:

It is recommended that Council:

3. Advocate the NSW Government to set clearly articulated affordable rental housing targets and align these with regional and local planning strategies.
 4. Work with the Greater Sydney Commission as they review and refine the affordable rental housing target.
 5. Acknowledge the impact of taxation on housing affordability and formalise this position in writing if there is reform on stamp duty.
 6. Advocate the NSW Government to investigate shared home ownership and equity arrangements.
 7. Work with the NSW Government to identify and prioritise the suitability of state owned land for affordable housing within the Northern Beaches.
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Local Government

The Environmental Planning and Assessment Act 1979 (EP&A Act) provides the overarching legislation for land use planning in NSW. One of the objectives of this legislation is the delivery and maintenance of affordable housing. Council has an obligation to consider this objective when exercising its planning functions.

Local government has the ability to play a major role in facilitating the provision of affordable housing, not only through the planning system but by way of direct intervention through advocacy and leadership. Notwithstanding, it must also be acknowledged that local government has limited capacity on its own to minimise housing stress, and a partnership approach with federal and state government and non-government sectors is required. Tackling affordable housing requires a whole-of-government approach.

The following actions, partnerships and incentives can be implemented at a local government level for the purpose of increasing the supply of affordable housing. It is strongly recommended that these options are not considered in isolation but as a suite of measures that work together to achieve meaningful outcomes.

The NSW planning system – action and advocacy

- Local needs analysis and setting targets

As noted by the NSW Federation of Housing Associations Inc¹⁸, targets are of tremendous practical and symbolic significance in focusing attention on achieving desired outcomes. In the context of affordable housing, setting targets has a two-fold benefit. First, targets can place a self-regulating pressure to articulate and deliver Council's affordable housing objectives and provide a level of accountability for such articulation and delivery.

Secondly, the publication of targets indicates to private industry a Council's commitment to affordable housing, allowing developers and CHPs to plan future projects with more certainty and confidence.

In setting its affordable housing target, Parramatta City Council calculated the percentage of rental dwellings already considered to be affordable within their local government area and applied that percentage to overall housing targets for 2025¹⁹. This resulted in an aspirational target of 1,379 additional affordable rental dwellings required by 2025, or 8% of total dwellings. Similarly, Inner West Council has set an affordable housing target of 15% for developments with a gross floor area of 1,700m² or more²⁰.

The target recognises the limited ability of Council to influence private market affordable housing and therefore focuses on housing that is subsidised below market rents (see Figure 6). This includes housing managed by not-for-profit providers and social housing.

¹⁸ NSW Federation of Housing Association Inc & Urbanista 2015, *Affordable housing through the planning system: industry strategy paper*, NSW Federation of Housing Association, 29 September.

¹⁹ Parramatta City Council 2009, 'Affordable housing policy', May, accessed 17 January 2017, <http://parramatta.nsw.gov.au/__data/assets/pdf_file/0018/103563/AffordableHousingPolicy-POLICY298.pdf>.

²⁰ Inner West Council 2016, 'Draft affordable housing policy and best practice in value capture', report to Council meeting, 6 December.

Level of Subsidy							
Emergency shelters	Transitional housing	Social housing	Affordable rental housing	Affordable home/shared ownership	Private market affordable rental (boarding houses, student accommodation)	Market rental	Home ownership
Government/supportive housing			Non-Market housing/community sector housing		Market housing		

Figure 6: Focus on social housing and affordable rental housing

The methodologies adopted by Parramatta aims to maintain the existing proportion of affordable rental housing in the council area. It does not take into consideration whether the existing supply of affordable rental housing in the area is sufficient to meet the current demand or whether there will be an increase in demand for affordable rental housing in the future. It is considered that an affordable rental housing target of 8% is unlikely to be sufficient to meet the future demand for such housing. On the other hand, the targets proposed by Inner West are proposed to be achieved by capturing the increased value from areas proposed for rezoning or urban renewal, such as older industrial areas and areas of low quality commercial development.

Further research is required into the existing levels of affordable rental housing in the Northern Beaches to assist in developing appropriate policy targets. The Northern Beaches can show leadership and demonstrate a commitment to affordable housing by setting a target, which at the very least, should seek to maintain the current levels of affordable rental housing in the area. This should be done in conjunction with the foreshadowed local housing strategy (as proposed in the draft District Plans) with consultation from the community.

Advocating for inclusionary zoning

Inclusionary zoning is the process whereby legally enforceable planning controls require a set proportion of specified new development within a defined area to be dedicated for affordable housing. This could allow Council to mandate that all new development in a pre-determined area, such as the Ingleside and Northern Beaches Hospital precincts, dedicate a percentage of all new dwellings as affordable rental housing. These dwellings could be held in perpetuity by Council or be passed on to a CHP and made available for low to middle income earners as affordable rental accommodation. There are currently two mechanisms to achieve inclusionary zoning:

- SEPP 70 gives statutory legitimacy to this process but currently only applies to three local government areas in NSW (City of Sydney, Willoughby and the former Leichhardt area). It has been successfully utilised in areas such as Chatswood, Green Square and Ultimo where a percentage of all new development is required to be affordable housing.
- Special infrastructure contribution (SIC) levies are financial contributions paid during the development process to help fund regional infrastructure required to support development in specified areas (usually identified growth areas).

To permit inclusionary zoning in Northern Beaches, council must lobby State government to be included in SEPP 70 or request to apply a SIC levy to the Ingleside and Northern Beaches Hospital precincts. This is seen as a priority action for Council, particularly in relation to the Ingleside and Northern Beaches Hospital precincts, where a significant opportunity could be lost if swift action is not taken.

Dedicating monies from planning agreements to affordable housing

Council is able to secure affordable housing through negotiated site-by-site planning agreements (also known as voluntary planning agreements (VPAs)). A VPA is an agreement entered into by Council and a proponent in conjunction with a planning proposal or development application. The agreement will see the developer provide or fund public infrastructure, affordable housing or other contributions for public benefit.

Council should seek to enter into a VPA with a proponent for any planning proposal involving an alteration to planning controls for a site that would result in a significant increase in the development potential of the land. VPAs are considered an appropriate means of securing public benefit by capturing some of the uplift in value as a consequence of altered planning controls. Council should recognise affordable housing as essential social and economic infrastructure and as such, dedicate a minimum proportion of all contributions collected from VPAs to affordable housing.

This could be contributed either in-kind, with the dedication of affordable rental housing to Council (or Council's CHP if a partnership is secured) in perpetuity, or a monetary contribution that is equivalent to the required percentage of 'in-kind' affordable rental housing. By recognising affordable housing as a key public benefit, Council is acknowledging the role it plays in contributing to an economically and socially sustainable community.

Whilst VPAs can be an effective mechanism for producing affordable housing, they may have limited application in the Northern Beaches. This is because negotiations with developers are more achievable on larger scale residential developments, such as the redevelopment of the Dee Why Town Centre. This means VPAs can be rare or infrequent, and therefore unreliable, as the main means of producing affordable housing.

As well as implementing an affordable housing standard through the VPA process, a key priority for Council should be to lobby State Government for Northern Beaches' inclusion in SEPP 70 or any future equivalent state planning policy.

Community, councillor and staff education

Affordable housing is a concept that is often misunderstood, as many don't understand the different forms of affordable housing and the people that require it. Education for council staff, councillors and members of the community is needed in order to emphasise that a variety of people live in affordable housing and that vibrant, economically sustainable communities require that variety.

Another key message is the number of people in housing need at a local level. This discussion paper highlights an increasing demand for affordable housing in the area, and a positive message about these requirements should be promoted by Council.

As emphasised by previous media attention²¹, there is an overwhelming focus on the various issues of contention from community members rather than on the benefits of, and need for, affordable housing. Affordable housing has been associated with undesirable and dysfunctional residents exhibiting antisocial and criminal behaviours. These negative perceptions are outdated and unfair, but cannot be shifted overnight and must be tackled from both the top-down and bottom-up.

Promoting the positive experiences of people living near affordable housing projects will assist in influencing perceptions. This is where the community housing sector can play a crucial role in the Northern Beaches, by providing positive examples of best practice on the ground, shifting negative

²¹ Howden, S 2015, 'Cromer boarding house plan approved despite community opposition', *Sydney Morning Herald*, October 22, accessed 17 January 2017, < <http://www.smh.com.au/nsw/cromer-boarding-house-plan-approved-despite-community-opposition-20151022-gkfpjt.html>>.

perceptions of affordable housing, one area at a time²². For example, many in the community would be unaware that Link Housing, a Commonwealth accredited CHP, currently manages 233 affordable housing units in the Northern Beaches²³.

Increase diversity of housing products

Housing stock must be suited to the needs and the means of purchasers. Given the diversity of the Northern Beaches population and household make-up, it is appropriate to have a range of housing options offering a choice of dwelling size, tenure type and price points.

One method of ensuring housing diversity is the uncoupling of car parking requirements for new developments. The City of Sydney removed minimum parking requirements for new apartment blocks from its planning controls in 2012. Reduced car parking requirements for sites in close proximity to centres and public transport promotes choice and variety in price. This is due to the fact that a car space can add up to \$50,000²⁴ to the cost of a new apartment.

Providing more flexibility around car parking requirements could lead to these savings being passed to potential purchasers. However it is important to acknowledge that construction savings will not necessarily be passed to the consumer, as the developer and the market will dictate the price differential between an apartment with a car space and an apartment without a car space. A review of Council's car parking requirements for developments close to the B-Line stops could, to some degree, improve housing affordability in these areas.

Parking requirements per bedroom	ARH SEPP	Warringah LEP 2011	Manly LEP 2013	Pittwater LEP 2014
1 bedroom	0.5 spaces	General: 1 space Within proposed Dee Why Town Centre: 0.6 spaces	Within residential zones, all other zones, business zones (except in Manly Town Centre business zone): 1 space Within Manly Town Centre business zone: 0.6 space	General: 1 space
2 bedroom	1 spaces	General: 1.2 spaces Within proposed Dee Why Town Centre: 0.9 spaces	Within residential zones and all other zones (except business zones): 1.2 spaces Within business zones and Manly Town Centre business zone: 1 space	General: 2 spaces
3 bedroom	1.5 spaces	General: 1.5 spaces Within proposed Dee Why Town Centre: 1.4 spaces	1.5 spaces in residential zone 1 space in business zone (except Manly Town Centre business zone) 2 spaces in Manly Town Centre	General: 2 spaces
Visitor	nil	General: 1 space per 5 units or part of dwellings Within proposed Dee Why Town Centre:	Within residential zones and all other zones (except business zones): 0.25 spaces Within business zones and	General: 1 space per 3 dwellings

²² Davison, G, Legacy, C, Liu, E, Han, H, Phibbs, P, van den Douwelant, R, Darcy, M & Piracha, A 2013, *Understanding and addressing community opposition to affordable housing development*, AHURI final report, no. 211, Australian Housing and Urban Research Institute Limited, Melbourne, accessed 17 January 2017, < <https://www.ahuri.edu.au/research/final-reports/211>>.

²³ Link Housing 2016, *Our homes*, Link Housing, accessed 12 January 2017, <<http://www.linkhousing.org.au/our-homes.html>>.

²⁴ McKenny, L & Johnstone, T 2014, 'Parking requirements to be cut back under new design standards proposed for apartments', *Sydney Morning Herald*, 23 September, accessed 17 January 2017, < <http://www.smh.com.au/nsw/parking-requirements-to-be-cut-back-under-new-design-standards-proposed-for-apartments-20140923-10kw9f.html>>.

1 space per 5 units or part of dwellings and 1 car spare space for developments with 50 or more dwellings	Manly Town Centre business zone: 0.16 spaces
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Diversity of housing stock could also be improved by introducing housing diversity requirements within any new master planned or key precinct development area. This should closely align with a future Northern Beaches local housing strategy and would require a mix of dwelling sizes, types or tenures to be provided.

Partnerships

Housing affordability is an issue so large and so capital intensive it will not be solved by a single sector alone. Northern Beaches must consider partnerships with key stakeholders such as the Federal and State governments, and the private sector; both non-profit and for-profit organisations.

- Utilise Council owned land

Underutilised assets owned by Northern Beaches could be considered for affordable housing developments. Northern Beaches owns land for car parking, libraries, depots, community centres and passive recreation. Where these assets are redundant or due for renewal, there is opportunity to leverage affordable housing outcomes.

Council could identify appropriate land holdings for affordable housing as part of the local housing strategy and make that land available for development as affordable housing. Maximising the use of Council owned land can be enhanced by working with Federal and NSW government to include all combined land holdings in the Northern Beaches. This approach recognises affordable housing as essential infrastructure and that all tiers of government have a role to play in its development.

- Partner with Community Housing Providers

Partnerships between key stakeholders are essential to tackle complex policy problems such as affordable housing. Northern Beaches should investigate new models for partnering with the private and not for profit sectors.

In part, this can be achieved by providing policy certainty, removing regulatory obstacles, and disseminating useful information on strategic intent for affordable housing. Council can also pilot innovative partnerships with the not-for-profit sector in order to share expectations, risks and learnings. This could be in the form of a housing trust, where Northern Beaches and selected community housing providers pool resources from development contributions, donations, and philanthropic investment for the provision of affordable housing²⁵.

- Regional partnerships

Housing affordability is not an issue specific to Northern Beaches. Similar constraints and opportunities are present across the North district and Sydney metropolitan area and as such, it is logical to adopt a wider regional approach to planning for affordable housing.

Northern Beaches should work with neighbouring councils and peak bodies, not only to plan for the provision of affordable housing but to strengthen Council's position in negotiations with the Department of Planning & Environment and with developers.

²⁵ NSW Federation of Housing Association Inc & Urbanista 2015, *Affordable housing through the planning system: industry strategy paper*, NSW Federation of Housing Association, 29 September.

Maintain existing boarding houses

Boarding houses provide a form of low-cost rental housing for a wide range of tenants including singles, retirees, students and young couples. This form of housing is particularly suited to people who have a preference for structured living environments close to urban amenities, who are transient, or those who require short term living arrangements²⁶.

The term 'boarding house' as used in the ARH SEPP relates to a building that:

- Is wholly or partly let in lodgings
- Provides lodgers with a principal place of residence for three months or more
- May have shared facilities, such as a communal living room, bathroom, kitchen, or laundry
- Has rooms, some or all of which may have private kitchens and bathroom facilities, that accommodate one or more lodgers

But does not include backpackers' accommodation, group homes, serviced apartments, seniors housing or hotel or motel accommodation.

New generation boarding house developments are typically self-contained rooms with kitchenette and ensuite, similar to 'micro-apartments'²⁷. The take up of boarding houses has generally been quite small in the former Warringah and Pittwater local government areas compared to Manly. It is important that Council continue to regulate the operation of boarding houses to encourage the appeal of this form of low-cost rental housing to the community.

Incentives

Council can encourage the construction of affordable housing by offering a package of incentives on affordable housing developments. As mentioned previously, mechanisms such as inclusionary zoning which mandate the provision of affordable housing generally work best when paired with incentives as a way to gain support from private and not-for-profit sector sectors such as developers and CHPs.

- Exemptions for section 94A contributions

Waiving developer contributions levied under section 94A of the EP&A Act for the provision of facilities and infrastructure necessary to meet the increased demand created by a new development, is one method of incentivising affordable housing projects in the Northern Beaches.

For an affordable housing development with a project cost of \$10,000,000, section 94a contributions would amount to \$100,000 adjusted for the consumer price index (CPI)²⁸. By waiving this fee, Northern Beaches is recognising affordable housing as essential social infrastructure for the public purpose by increasing the viability of affordable housing projects.

Council should undertake a cost benefit analysis to determine if this is a feasible mechanism, and before offering any incentive, strict criteria for qualification must be prepared and made publicly available.

²⁶ NSW Interdepartmental Committee 2010, 'Reform on shared private residence services', discussion paper, December, accessed 23 January 2017, < <http://www.pwd.org.au/documents/project/1012-ADHC-BoardingHouseReformDiscussion.pdf>>.

²⁷ Liu, E & van den Nouwelant, R 2015, 'Don't fear boarding houses: they're probably not what you think', *The Conversation*, October 23, accessed 23 January 2017, < <https://theconversation.com/dont-fear-boarding-houses-theyre-probably-not-what-you-think-49596>>.

²⁸ Northern Beaches Council 2016, 'Section 94A Plan', Northern Beaches Council, accessed 17 January 2017, <<http://www.warringah.nsw.gov.au/sites/default/files/documents/general-information/development-contributions/northern-beaches-council-section-94a-plan-2016-final.pdf>>.

- Prioritise development approval

Fast-tracking the approval process for affordable housing projects can significantly reduce processing time and holding costs for an applicant. Northern Beaches could elect to train a number of staff in affordable housing development assessment to expedite the assessment process or alternatively allocate any affordable housing applications directly to management. Again, Council should investigate any probity risks, and determine strict criteria for qualification before implementing such an incentive.

- Reduction in development fees

Reducing or waiving development application fees for affordable housing projects would also provide incentive for developers to provide affordable housing. An affordable housing development with project costs of \$10,000,000 would require a development application fee of approximately \$15,875. Council should undertake a cost - benefit analysis to determine if this is a feasible mechanism.

- Rates exemptions

Another possible method of incentivising affordable housing is to allow CHPs to be exempt from rates under section 556(1)(h) of the Local Government Act 1993 by virtue of their status as 'public benevolent institutions'.

This is likely to be a contentious mechanism, as demonstrated by a court case in the NSW Land and Environment Court²⁹. Further investigation would be required to determine the legal validity of such exemptions and a cost-benefit analysis should also be undertaken.

- Floor space bonuses for affordable housing

Many Councils have established floor space 'bonuses' for developments which provide certain public amenities or which preserve items of heritage significance. In simple terms this means that developers can get more development (floor space) on a site where a proportion of that development is set aside for affordable housing.

The ARH SEPP provides floor space bonuses for developments containing more than 20 per cent of affordable housing in certain circumstances. Council could consider revising the local planning controls to provide floor space bonuses where affordable housing is provided. It could also provide a height bonus as an alternative to a floor space bonus, where no floor space provisions apply (as is the case with Warringah Local Environmental Plan 2011).

²⁹ Community Housing Limited v Clarence Valley Council [2014] NSWLEC 193.

Strategic directions:

It is recommended that Council:

8. Formally recognise affordable housing as essential social and economic infrastructure for the Council area.
 9. Establish a local affordable rental housing target following more detailed housing needs analysis and incorporate that target in all relevant Council plans, policies and strategies.
 10. Work with the NSW Department of Planning & Environment to include the Ingleside and Northern Beaches Hospital precincts as part of State Environmental Planning Policy No. 70 Affordable Housing (Revised Schemes) or apply a Special Infrastructure Contribution (SIC) levy.
 11. Set aside a proportion (to be determined) of all monies/benefits obtained through planning agreements to be allocated to an affordable housing fund for the development of affordable housing in the Northern Beaches.
 12. Promote the benefits of, and need for, affordable housing in the Northern Beaches.
 13. Further investigate planning mechanisms, including floor space bonuses and alternative development standards, as a means to maintain existing and new affordable housing.
 14. Review Council's car parking requirements and housing diversity as part of a future local housing strategy.
 15. Undertake a strategic review of all Council owned or controlled land to identify suitable sites for the provision of affordable housing.
 16. Investigate establishing a panel of community housing providers, for the management and delivery of affordable housing in the Northern Beaches.
 17. Work closely with neighbouring Council's to form a regional affordable housing partnership.
 18. Undertake a cost benefit analysis to determine which incentives are the most feasible for Council to assist in the maintenance and delivery of affordable housing developments.
-

Towards a Northern Beaches affordable housing policy

Northern Beaches is committed to delivering an effective Affordable Housing Policy.

The following steps are proposed to move towards this policy.



Questions for consideration

Affordable rental housing target

- Council will require a feasibility study to seek approval from the government under SEPP 70 to implement an affordable rental housing target in the Northern Beaches Hospital precinct.
- Should Council undertake a Council-wide feasibility study for affordable rental housing to assist in setting targets for respective precincts?
- Should such a feasibility study be undertaken now or in conjunction with the development of a Northern Beaches Housing Strategy (North District Plan)?
- Should Council establish an interim affordable housing target for land release and urban renewal areas and if so what should the target be (e.g. 10%)?
- If Council establishes an interim target, should it be subject to variation based on individual feasibility submissions by the applicant?

Council's relationship with community housing providers

- What services are we seeking from community housing providers e.g. management of rental housing, joint developments, etc.?
- Should there be a single community housing provider or a panel for the provision of those services?
- What eligibility criteria should Council apply when selecting a community housing provider?
- Should Council seek to transfer ownership of Council-owned affordable rental housing to a community housing provider or instead contract the CHP to manage that housing?
- What eligibility criteria should apply to tenants of affordable rental housing?

The development of affordable housing by Council

- What role should Council play, if any, in the direct provision of affordable housing?
- Should Council undertake a review of land it owns to determine the suitability of land for development as affordable housing?
- Should Council, as a possible alternative, undertake an assessment of the suitability of land for the development of affordable housing on each occasion Council proposes to sell, lease, re-zone or redevelop its land?

Best alternative mechanisms to achieve affordable housing

- 'Spot' rezonings – should Council prioritise the provision of affordable rental housing as a public benefit via planning agreements?
- Should Council express a preference for affordable rental housing in its Voluntary Planning Agreements Policy, or require a proportion of all planning agreements to include a contribution to affordable housing provision?
- Should Council develop 'bonus' development controls, allowing for example additional height or floor space, if affordable rental housing is provided?
- Should Council exempt certain fees for developments containing affordable housing? E.g. Section 94A contributions, development application fees?
- Should Council reduce development standards for development's containing affordable **rental** housing e.g. car parking, landscaping, setback controls (noting that some controls are contained in the Department of Planning's "Apartment Design Guide", which cannot be varied)
- Should Council reduce development standards to encourage more affordable **market** housing e.g. require a mix of unit size in all new developments, reduced car parking requirements, allowing subdivision of land into smaller lots, increasing the range of permissible uses in certain land-use zones e.g. industrial zones
- Should Council consult local developers and developer organisations e.g. the Urban Taskforce, to identify key barriers to the provision of, and best incentives for, affordable rental and market housing?

Summary of Strategic Directions

1. Acknowledge the impact of taxation on housing affordability and formalise this position in writing if further submissions are sought as part of ongoing tax reform.
2. Advocate for the reintroduction of a national funding scheme for affordable rental housing developments.
3. Advocate the NSW Government to set clearly articulated affordable rental housing targets and align these with regional and local planning strategies.
4. Work with the Greater Sydney Commission as they review and refine the affordable rental housing target.
5. Acknowledge the impact of taxation on housing affordability and formalise this position in writing if there is reform on stamp duty.
6. Advocate the NSW Government to investigate shared home ownership and equity arrangements.
7. Work with the NSW Government to identify and prioritise the suitability of state owned land for affordable housing within the Northern Beaches.
8. Formally recognise affordable housing as essential social and economic infrastructure for the Council area.
9. Establish a local affordable rental housing target for inclusion in all relevant Council plans, policies and strategies.
10. Work with the NSW Department of Planning & Environment to include the Ingleside and Northern Beaches Hospital precincts as part of State Environmental Planning Policy No. 70 Affordable Housing (Revised Schemes) or apply a Special Infrastructure Contribution (SIC) levy.
11. Set aside a proportion (to be determined) of all monies/benefits obtained through planning agreements to be allocated to an affordable housing fund for the development of affordable housing in the Northern Beaches.
12. Promote the benefits of, and need for, affordable housing in the Northern Beaches.
13. Further investigate planning mechanisms, including floor space bonuses and alternative development standards, as a means to maintain existing and new affordable housing.
14. Review Council's car parking requirements and housing diversity as part of a future local housing strategy.
15. Undertake a strategic review of all Council owned or controlled land to identify suitable sites for the provision of affordable housing.
16. Investigate establishing a panel of community housing providers, for the management and delivery of affordable housing in the Northern Beaches.
17. Work closely with neighbouring Council's to form a regional affordable housing partnership.
18. Undertake a cost benefit analysis to determine which incentives are the most feasible for Council to assist in the delivery of affordable housing developments.

ITEM 5.2	ADMINISTRATOR'S MINUTE NO 13/2016 - AFFORDABLE HOUSING POLICY
TRIM FILE REF	2016/384894
ATTACHMENTS	NIL

BACKGROUND

There has been growing media coverage about the importance of affordable housing in Sydney. For many residents in our community home ownership is currently out of reach. In addition, an increasing proportion of households who are purchasing or renting in the Council area are suffering housing stress (i.e. spending more than 30% of their weekly income on housing costs).

In speaking with residents and business owners, the financial challenges faced by many people who wish to live and work on the Northern Beaches are clear. In particular the challenges facing young people, and key workers such as nurses and carers, police officers, teachers and emergency workers, who provide some of the most important services to our community, but are often the lowest paid. Local employers have also told me about the difficulty in attracting and retaining employees due to the cost of housing in the area and the difficulties faced by workers commuting long distances from outside the Council area.

I acknowledge the work undertaken by the former Manly, Pittwater and Warringah Council's in the development of approaches to address the housing affordability issue. Northern Beaches Council is determined to include affordable housing in the development of the Ingleside release area and the Northern Beaches Hospital precinct. These projects have been, and remain, the focus of negotiations with the Department of Planning and Environment as they provide the best opportunity for a quantum increase in the provision of affordable housing on the Northern Beaches in the short term.

On a broader scale, the reluctance of the Department of Planning and Environment to consider the inclusion of the Northern Beaches Council in State Environmental Planning Policy 70 - Affordable Housing, thereby enabling the mandating of requirements for affordable housing within a Local Environmental Plan, has been a disappointment and a significant barrier to the creation of additional affordable housing in the area.

However, the recent release of draft District Plans by the Greater Sydney Commission (GSC), and public statements by Minister Stokes on affordable housing, are encouraging signs that a whole-of-government approach to affordable housing is now being considered. The draft District Plans specify an affordable housing target of up to 10% in land release and urban renewal areas, and there is a clear indication that the GSC intends to play a greater role in developing more detailed targets for individual councils.

This is a welcome development. More work must be done to test the feasibility of even higher affordable housing targets given the scale of the issue and the growing needs of our community.

PROPOSAL

An affordable housing policy for the Northern Beaches is a high priority for this Council. I propose that Council staff work with the Affordable Housing Strategic Reference Group, to develop a new policy for the Northern Beaches.

The policy should, amongst other things, address the following matters:

- Targets for the provision of affordable housing in the Northern Beaches.
- Possible amendments to Council's land use planning strategies, plans and policies to promote affordable housing and a mix of dwelling types, including bonus provisions, car parking requirements, and fees and charges.

NORTHERN BEACHES
COUNCIL

REPORT TO ORDINARY COUNCIL MEETING

ITEM NO. 5.2 - 13 DECEMBER 2016

- The role of Council as an exemplar for affordable housing.
- Partnership opportunities with State Government and Community Housing Providers to deliver and manage affordable rental housing on Council's behalf.
- The delivery of affordable housing through Voluntary Planning Agreements.
- Council's advocacy role.
- Organisational and financial systems required to manage affordable housing delivered to Council through new planning requirements.

RECOMMENDATION

That Council:

- A. Work with the Affordable Housing Strategic Reference Group to develop an Affordable Housing policy for endorsement by Council.
 - B. Consult with relevant State Government departments and other stakeholders regarding the development of an Affordable Housing policy.
 - C. Prepare a report within three (3) months outlining the progress of this matter.
-



Dick Persson
ADMINISTRATOR

5.2 ADMINISTRATOR'S MINUTE NO 13/2016 - AFFORDABLE HOUSING POLICY

171/16 **RESOLVED**

D Persson

That Council:

- A. Work with the Affordable Housing Strategic Reference Group to develop an Affordable Housing policy for consideration by Council within 3 months.
- B. Consult with relevant State Government departments and other stakeholders regarding the development of an Affordable Housing policy.

5.3 ADMINISTRATOR'S MINUTE NO 14/2016 MANLY SWIMMING CLUBS - FEES FOR 2016/17 SEASON

172/16 **RESOLVED**

D Persson

That Council waive the Fees for lane hire for the three Manly Swimming Clubs for the 2016/17 financial year and review the matter in the development of the 2017/18 Budget.

5.4 ADMINISTRATOR'S MINUTE NO 15/2016 - GENERAL MANAGER'S PERFORMANCE REVIEW 12 MAY - 22 SEPTEMBER 2016

NOTE: M Ferguson left the chamber at 7:01pm due to a declared pecuniary interest.

173/16 **RESOLVED**

D Persson

That:

- 1) This report on the General Manager's performance be noted.
- 2) The salary range as specified in the confidential report be adopted.

NOTE: M Ferguson, returned to the Chamber at 7:05pm.

6.0 GENERAL MANAGER'S REPORTS

Nil