

Affordable Housing Policy

Date of Adoption: 7 August 2007

Background Information



City of Canada Bay Council

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1 Context

On 16 August 2005 Council resolved to enter into a Voluntary Planning Agreement under S93F of the Environmental Planning and Assessment Act, 1979 (the Act) which resulted in the dedication of fifteen (15) affordable rental housing dwellings. The dwellings are to be located within an approved medium density development at 27 George Street, North Strathfield which is owned by Holdmark Developers Pty Ltd.

The affordable housing dwellings will be owned by Council, with management of the dwellings contracted out to an appropriate housing management body with experience in the management of affordable housing and related tenancy issues. Six (6) of the fifteen (15) dwellings will be accessible to Concord Hospital staff who meet the eligibility criteria for affordable housing, as resolved by Council on the 16 August 2005.

It is necessary for Council to develop a coherent policy for the administration of these dwellings and any additional affordable housing stock to be owned by Council. Such a policy will include but not necessarily be limited to the following:

- Aims and objectives
- Resourcing options and strategies at Council's disposal to address affordable housing issues;
- Management/monitoring options; and
- Review and evaluation procedures.

2 The City of Canada Bay as a Housing Provider

The policy position of the City of Canada Bay Council is that the provision of public housing is primarily the responsibility of State and Commonwealth Government. Local Government is able to be a provider of housing via Chapter 6 of the Local Government Act; however the responsibility rests primarily with other levels of government.

Information from the NSW Department of Housing has indicated that for a number of reasons there has been a serious deterioration of the stock of affordable housing in metropolitan NSW and in many regional areas over the last 10 years. The result is a shortage of suitable accommodation for local communities in most areas.

While the contribution of local government to the provision of affordable housing is constrained by its power and resources, councils are being encouraged to fill the gap left by other levels of government particularly through its role in planning, development and construction.

There are a few ways that councils have been able to procure affordable housing stock (which will be discussed further in this overview) however, as a result of recent changes to the Environmental Planning and Assessment Act (the Act) known as S93F, Council is now afforded the opportunity to enter into voluntary agreements with a developer. S93F offers an opportunity for Council to obtain, through negotiation, affordable housing from developers.

S93F provides that a voluntary agreement may be entered into at the rezoning stage, or at the development application stage. Relevantly such agreements may be for the provision of a contribution to a public purpose which can include affordable housing.

3 What is Affordable Housing?

Affordable housing is housing which is priced below private market rental, in order that low and moderate income earners are able to pay for housing and also meet other essential basic living costs such as food, clothing, transport, medical care and education without paying more than 30% of gross household income for housing. Households paying more than 30% of gross household income for housing are considered to be in 'housing stress'.

Affordable housing is targeted to income earners whose gross household income is between \$549.75 - \$1,319.40 per week¹. Affordable housing can be provided by councils, housing cooperatives and through partnerships with government eg. NSW Department of Housing. Advice from the Centre of Affordable Housing is the rental for affordable housing is usually set at no more than 75% of the weekly market rental for a comparable dwelling.

It is hoped that accessing affordable rental housing enables low to moderate income earners to establish savings for the private rental market or home ownership.

The Centre for Affordable Housing gives four reasons why local government should be concerned about affordable housing:

- Most councils plan for the functionality of the communities that they support – particularly in economic terms. Including affordable housing in the range of housing provides results in a mix of people needed to make all aspects of the community work.
- Most communities have a concern, to which councils respond, about making their community vibrant and liveable. Particular concerns are around how their children can remain in the area. Making provision for people at all stages of life and on different incomes contributes to vibrant living communities.
- Councils are well placed to shape the built form in their community and to capture benefits from the development process. In certain circumstances, the Environmental Planning & Assessment Act can be used by councils to require provision of affordable housing in a residential development.
- Local government has a track record in delivery. In NSW, North Sydney, Randwick, Willoughby and Waverley councils have been active players in affordable housing development and delivery.

4 How is Affordable Housing Different to Public/Social Housing?

Public/social housing is owned and administered by the NSW Department of Housing. It assists low income or Commonwealth Government benefit recipients by providing long term rental housing subject to income limits and other criteria being met. The current upper income limit for a single adult seeking public housing is \$410.00 gross per week. Priority public housing is available for people requiring long term rental accommodation who are deemed to be at risk of domestic violence, sexual assault or abuse and neglect, suffer a disability, are living in overcrowded accommodation or are homeless.

5 Housing Market

Recent research conducted by the Australian Housing and Urban Research Institute reveals that over 250,000 low income private renters are in housing stress and that over 50% of these households are working households.² Moreover, the Real Estate Institute of NSW has forecast a worsening of the rental

¹ Centre for Affordable Housing – NSW Dept of Housing figures May 2005

² AHURI, National Research Venture 3 “Housing Affordability for Low Income Australians”

housing crisis early in 2007. They state that the overall vacancy rate for Sydney is now 1.5% and falling, with the vacancy rates for inner Sydney being 1.3% and trending lower.³

Recent research provided to the City of Canada Bay Council on the Canada Bay housing market⁴ indicates that the City of Canada Bay has a growing population with high levels of housing stress in the private rental market. Between September 2004 and June 2006 median weekly rents in the private rental market in Canada Bay increased as indicated in the table below:

Type of Property	Median Weekly Rent Sept 04	Median Weekly Rent June 06
1 bedroom dwelling	\$270	\$308
2 bedroom dwelling	\$330	\$375
3 bedroom dwelling	\$420	\$460
4+ bedroom dwelling	\$490	\$560

The private rental market accounts for 24.2% of all occupied private dwellings in Canada Bay. Some lower income earners as well as individuals on pensions or benefits qualify for Commonwealth Rent Assistance (CRA) and of those receiving CRA in Canada Bay; a significant 59.9% are in housing stress.

The people most at risk in the community in housing terms are those people who are in the private rental market, have very low incomes and are paying too much of their income on housing. Examples of workers on low incomes include child care workers, sales assistants, carers, cleaners, administration clerks, nurses and other essential service workers. Quite apart from the obvious difficulties for individuals and families, the consequences of housing stress at the community level are multi-faceted. Residents with family, employment or community ties to a given area may be forced out due to a lack of affordable housing, thereby weakening their connection and sense of belonging to a community. Employers may experience difficulty obtaining and retaining lower paid workers due to a lack of affordable housing, causing increased turnover in staff due to high commuting costs. The local economy may experience the effects of housing stress via a downturn in spending and support of local businesses resulting from high rentals and low levels of disposable income.

Overall the Inner West housing market is characterised as high growth, high need and high demand for social and affordable housing. The access to the rental market is constrained and there are many Commonwealth Rent Assisted recipients remaining in housing stress. Opportunity to purchase is very limited. By December 2005, Canada Bay had experienced low to moderate long-term capital growth, very high median rents, very high rent growth, very high house prices and high market movement relative to the rest of NSW.⁵

6 City of Canada Bay Council and Affordable Housing Provision

This section provides a brief discussion of the methods available to local government in the provision of affordable housing:

6.1 Inclusionary Zoning

This is a statutory requirement that a certain proportion of affordable housing is included in new development. This has been used in the Environmental Plans for City West (Ultimo Pymont 1%) and Green Square (Zetland South Sydney 3%). Landcom the government land and property developer has set 7% affordable housing as a target. In comparison with overseas, the London Plan 2004 sets affordable housing provision at between 10% - 20% depending on related key worker demand for each London borough. In the State of California 20% affordable housing is provided.

³ Real Estate Institute of NSW Media Release 13 November 2006

⁴ Information on the Canada Bay Housing Market, 20 October 2006 (Provided by Department of Housing)

⁵ Department of Housing 2006

Inclusionary zoning is not recommended for small-scale development where development costs may be increased. It is best suited for large development sites.

6.2 Planning incentives/Density bonuses

The allowable development floor space or building density increased in return for the inclusion of “public benefits, such as affordable housing. Planning instruments generally set the standard density permitted on site with a set bonus for the provision of affordable housing. Waverley Council has implemented this process over a number of years. Thirty dwellings have been obtained in this way although not all are held in perpetuity by the Council; a proportion is rented for a number of years and then reverts to the developer.

6.3 Voluntary planning agreements (Section 93F of the Environmental Planning & Assessment Act 1979)

As a result of recent changes to the Act (S93F) Council is now afforded the opportunity to enter into voluntary agreements with a developer. S93F offers an opportunity for Council to obtain, through negotiation, affordable housing from developers.

S93F provides that a voluntary agreement may be entered into at the rezoning stage, or at the development application stage. Relevantly, such agreements may be for the provision of a contribution to a public purpose which can include affordable housing.

Any planning agreement reached under S93F must be advertised for 28 days either with the public notice advertising the draft LEP, or concurrently with the public notification of the DA which it is associated with. Further, a planning agreement under this clause must be voluntary. Council cannot require a developer to enter into an agreement as a special provision, of the LEP or as a condition of development consent without the prior offer of the developer

It is more straightforward to enter into any agreement at the rezoning or LEP stage. In this way the planning outcome of the rezoning may be resolved concurrently with any S93F agreement negotiated between the parties. It becomes more difficult to negotiate agreements with developers during the development application (DA) stage as the agreement cannot affect the outcome of the planning assessment, and the consent cannot compel the developer to enter into an agreement contrary to the wishes of the applicant.

Under such circumstances it would seem unlikely that a developer would enter into a voluntary agreement at the DA stage unless they were of the view that they could obtain a benefit or a bonus from the consent. Where a development application is made seeking ‘bonus’ floor space under SEPP 1, and the applicant also offers a portion of that floor space to council as a contribution to affordable housing in the form of a voluntary agreement, Council would need to assess the application on well founded planning principles associated with the FSR and could not guarantee a positive outcome from that assessment.

6.4 Joint projects with other organisations

Council can initiate or be part of a specific project run as joint project with say the Department of Housing, a community or private developer. For example, Willoughby Council has entered into a partnership with the Department of Housing and a Community Housing Provider. Council is providing the land at Artarmon, the Department of Housing is providing a grant and the Housing Provider is borrowing money to build an affordable housing development. It is anticipated that the project will result in the development of 40, one, two, and three bedroom units. Twelve of these will be sold on the private market with the remaining 28 being retained for affordable housing. All of the 28 dwellings will be managed by the Community Housing Provider, but the ownership will be split between Council and the Housing provider to reflect Council’s contribution to the project.

In the short term it is recommended that Council pursue the dedication of affordable housing stock where opportunities arise through the S93F process.

A Local Housing Strategy is to be undertaken as part of the preparation of the City of Canada Bay Comprehensive Local Environmental Plan. This work may result in the establishment of housing goals for the City of Canada Bay.

7 Management of the Affordable Housing Stock

Whilst Council retains ownership of the affordable housing stock, it will appoint an approved and registered Community Housing Association for the purpose of selecting tenants and other associated management tasks, such as ongoing eligibility of tenants and maintenance of property.

Council's affordable housing stock will be head-leased to an appointed A Grade Housing Association. The Housing Association will enter into a Deed of Management with Council whereby Council and the Housing Association sets criteria for eligibility, determine length of tenure, advertise for tenants, enters into a standard residential tenancy lease with the tenant and provides other additional support services to tenants as agreed upon between Council and the Housing Association. Income derived from the rental properties will cover the cost of maintaining the properties, administering the program and may contribute to the acquisition of additional affordable housing stock by Council.

It is intended that 6 of the 15 affordable housing dwellings in the 27 George Street North Strathfield development will be set aside for employees of Concord Hospital. Telephone interviews with Concord Hospital and a number of aged care facilities in the Canada Bay local government area indicate that some of their employees on low to moderate incomes do experience difficulty in the private rental market in Canada Bay. Both the hospital and two aged care facilities stated that they had lost staff due to staff being unable to find local affordable accommodation and that many of their current employees on low to moderate incomes travel considerable distances to work in Canada Bay. It may be feasible therefore to consider the employment needs of the local aged care sector when considering eligibility criteria for affordable housing in Canada Bay.

8 Fund Management

50% of the net rental income received from affordable housing stock will be directed to Council Investment Fund for investment and reinvestment purposes to inflation-proof the fund and provide it with an ongoing income stream. The remaining 50% of net rental income will be used to fund maintenance of the affordable housing stock and Council's community building and facility projects including affordable housing projects.

9 In Summary

The following points have been identified:

- Private rental costs in the City of Canada Bay continue to increase, coupled with a declining vacancy rate. The Real Estate Institute of NSW has forecast that this trend will worsen during 2007.
- Affordable rental housing provides low to moderate income earners with an opportunity to access affordable rental and avoids 'housing stress'.
- Affordable housing is not public housing – it differs in that tenants are employed, have to meet and maintain certain employment and other criteria with rental tenure being on average 3 years with an option to renew.
- There are potentially a number of ways in which Canada Bay Council may acquire affordable housing dwellings, with the current focus being voluntary planning agreements (Section 93F).
- Six (6) of the fifteen (15) affordable rental housing dwellings at George Street North Strathfield have been set aside for Concord Hospital employees however, discussions with local service providers in aged care and child care indicate that some employees in these sectors may also require assistance with affordable rental housing.
- Council's affordable housing stock should be managed by a Community Housing Association.

10 Consultation

The following people were contacted during the preparation of the Affordable Housing Policy:

Will Roden, Centre for Affordable Housing, NSW Department of Housing

Rhyall Gordon, Project Officer Affordable Housing, Wyong City Council

Jane Flanagan, Strategic Planner, Randwick City Council

Dr Ian Winter, Research Director, Australian Housing & Urban Research Institute (AHURI)

Stacey Miers, Project Officer, Association to Resource Cooperative Housing (ARCH)

Mohamed Ibrahim, Manager, Cumberland Housing Association

Liza Sloan, Project Officer, St George Cooperative Housing Association

Millie Sidhu, Human Resources, Concord Hospital

Nelly Banag, Director of Nursing, St Mary's Villa Nursing Home, Concord

Peter Widders, Principal, Abbotsford Public School

Anna Mirek, Director of Nursing, Redleaf Manor Aged Care, Concord

Michelle Sidoti, Director, Abbotsford Long Day Care Centre

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“Local Government and Affordable Housing”, NSW Department of Housing July 2005
“Report on Affordable Housing Network workshop on using planning agreements for affordable housing”, Craig Johnston, Shelter NSW December 2005

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