



Affordable Housing Submission to the Greater Sydney Commission

30 January 2017

Southern Sydney Regional Organisation of Councils Incorporated
(SSROC)

ABN 54 485 603 535

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1 Introduction

1.1 Purpose of Submission

This Submission has been prepared by the Southern Sydney Regional Organisation of Councils (SSROC) to assist the Greater Sydney Commission with the finalisation of District Plans for the Central and South Districts. We note the recent announcement that, in the forthcoming District Plans, affordable housing will be mandated in new housing developments on rezoned land across Sydney. SSROC strongly supports this initiative, and we look forward to further detail when the District Plans are made available for review.

This submission is made as a positive contribution to that planning process. In particular, the Submission focuses on the vital role played by affordable housing for very low, low and moderate income households in supporting a sustainable economy and diverse, vibrant and inclusive Sydney. It highlights the particular affordable housing situation in the Central and South Districts, and recommends feasible and practical mechanisms and strategies to create affordable housing in specific housing market contexts.

This submission also raises and makes recommendations in relation to several issues that are particular to the Southern Sydney region.

1.2 Evidence Base

Our Submission is informed by the best available evidence. A series of reports have been prepared by Judith Stubbs and Associates to support the preparation of the *SSROC Affordable Housing Submission to the Greater Sydney Commission*.

A supporting *Background Report* is provided in three parts:

- *Background Report Part 1: Demographic and Housing Market Trend* sets out the demographic and housing market context of the Central and South Districts in order to understand the current and future need for affordable housing, and the most effective responses to this need.
- *Background Report Part 2: Planning and Economics in Priority Precincts*, provides an analysis of the economics of redevelopment, and an overview of the types of planning and mechanisms and strategies most likely to be most effective, feasible and equitable in the context of the housing market and affordable housing need in the Central and South Districts. The Report draws on work undertaken by the authors for the NSW Federation of Housing Associations and Inner West Council, with their permission.
- *Background Report Part 3: Planning and Economics in Selected Precincts of the Sydenham-Bankstown Corridor*, which narrows the focus to particular priorities of the southern Sydney region.

A *Summary Report* provides an overview of key findings of the Background Report Parts 1 and 2 for ease of reference and reading. Together, these reports provide the evidence base for SSROC's position in this *Affordable Housing Submission to the Greater Sydney Commission*.

2 Summary and Recommendations

2.1 Recommendation 1: Affordable Housing Definition and Benchmarks

Rationale

A clear, consistent definition of ‘affordable housing is required for the purpose of planning and assessment to ensure that housing created is genuinely ‘affordable’, and that individuals and groups who most need affordable housing are the focus of government policy and strategy.

2.1.1 Recommendation 1.1: Affordable Housing Definition

1. SSROC recommends that a definition consistent with relevant NSW legislation and policy be adopted in Central and South District Plans, specifically that:

Housing is ‘affordable’ when very low, low and moderate income households¹ pay no more than 30% of gross household income on rent or mortgage costs under NSW statutory definitions.

2.1.2 Recommendation 1.2: Affordable Housing Diversity Benchmarks

2. SSROC recommends that, in accordance with the above definition, the following benchmarks for affordable housing be adopted in District Plans. Housing diversity will be an essential characteristic of the affordable housing supply in order to achieve these benchmarks. Note that these need to be updated quarterly to reflect increases in CPI.

Table 2-1: Relevant Affordable Housing Income and Cost Benchmarks

	Very low-income household	Low-income household	Moderate-income household
Income Benchmark	<50% of Gross Median H/H Income for Greater Sydney	50-80% of Gross Median H/H Income for Greater Sydney	80%-120% of Gross Median H/H Income for Greater Sydney
Income Range (2)	<\$788 per week	\$789-\$1,260 per week	\$1,261-\$1,891 per week
Affordable Rental Benchmarks (3)	<\$236 per week	\$237-\$378 per week	\$379-\$567 per week
Affordable Purchase Benchmarks (4)	<\$224,000	\$224,001-\$358,000	\$358,001-\$538,000

Source: JSA 2015, based on data from ABS (2011) Census indexed to September Quarter 2015 dollars

¹ A ‘Very Low Income Household’ is one earning <50% of Gross Median Household Income for Greater Sydney; a ‘Low Income Household’ is one earning 50-80% of Gross Median Household Income for Greater Sydney; and a ‘Moderate Income Household’ is one earning 80%-120% of Gross Median Household Income for Greater Sydney, adjusted quarterly for CPI.

2.2 Recommendation 2: Affordable Housing Targets

Rationale

The supply of sufficient, well located and affordable housing is crucial to a sustainable, growing economy and a diverse, vibrant and inclusive Sydney. Like health, education, open space and community facilities, affordable housing is essential social infrastructure for a growing, thriving city. Affordable housing, and housing diversity, is a key part of Sydney's economic productivity and competitive advantage, as the Central and South Districts increasingly compete with regional, inter-state and international centres for talented workers and skilled labour.

One of the most critical issues facing the Central and South Districts is the lack of affordable rental accommodation for very low and low income households, many of whom are key workers in retail, community and emergency services, and construction. Many are commuting long distances. Like asset-poor older and younger people, they are increasingly displaced from areas where they have historically lived, or living in severe housing stress in rapidly gentrifying areas.

SSROC appreciates and welcomes initiatives by State and Commonwealth Governments that aim to address affordability issues by increasing supply to the private market of housing that is affordable to low income earners. The target would be intended to acknowledge up-front that in some areas the market is very unlikely to deliver affordable housing to target income groups, and thus would highlight the need for alternative solutions for these groups, including affordable rental housing.

Affordable Housing targets could be set, within the target range, by LGA and District, and within Priority Precincts of the Bays Precinct, Arncliffe-Banksia Urban Renewal Corridor, Parramatta Rd Urban Transformation Area, Central to Eveleigh Urban Transformation Area and the Sydenham-Bankstown Urban Renewal Corridor. This would facilitate monitoring the supply of affordable housing, and the adjustment of the enabling mechanisms in response to actual supply over time.

SSROC would urge the Commission to consider an affordable housing target of between 5% and 15% of new properties, which could be adjusted between LGAs, Districts and Priority Precincts, based on a range of factors. These factors could include for example: the nature of the development, the level of housing stress in that particular area, government ownership of the land, and the targets of neighbouring areas – as long as the overall target is met in a way that enables the target groups to make a meaningful contribution to the economy and productivity of the area, as well as alleviating their housing stress.

Based on demonstrated need, noting that 60% of all households in Greater Sydney are on very low, low and moderate incomes², and that 33% of such households are in housing stress in Greater Sydney³, an Affordable Housing Target of 30% for all new housing would be indicated. However, such a target is considered to be too high to be viable, particularly given that other infrastructure is also needed that would be funded through the same mechanisms, such as streets, parks and open space.

² A 'moderate income household' earns up to 120% of median gross h/hold income for Greater Sydney.

³ Derived from ABS (2011) Census - Tablebuilder.

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The target should include market and non-market (subsidised) housing, diverse housing types, and both purchase and rental, recognising the efforts of all levels of Government using a range of different policy levers to achieve it. That could include funded social housing, mandatory affordable housing levies, well-designed boarding houses, secondary dwellings, studios and one-bedroom apartments (in *some* areas and for *some* groups), time-limited rental (through *SEPP (Affordable Rental Housing) 2009*), shared equity purchase arrangements, and opportunities for innovation by industry and the community housing sector. However, as noted later, the market is unlikely to provide very much of the required affordable housing in many areas without significant innovation.

Specifying the breakdown of targets by price point and household type or dwelling size is also important if housing diversity is to be achieved. An adjusted housing stress forecast is preferred based on need, with the Greater Sydney averages preferred due to local market skewing.⁴

2.2.1 Recommendation 2.1: Affordable Housing Targets

SSROC recommends that:

3. an Affordable Housing Target of 5% to 15% of all new dwellings created – whether private or non-profit, purchase or rental, and including a diversity of housing types – be adopted in District Plans for Central and South Districts, constituent LGAs, and Priority Urban Renewal Precincts, in accordance with benchmarks set out in Table 2.1 above.
4. the affordable rental accommodation created in accordance with the above targets be dedicated or otherwise secured as affordable rental housing in perpetuity, and managed by a Community Housing Provider.
5. in setting the target, the stakeholders should work together to set the level within a District, taking as the starting point the level of housing stress for each of the target groups.
6. the Commission consider further targeting housing diversity (e.g. split between single-person and family housing).⁵
7. subject to enabling mechanisms being in place (see recommendation 3 below), all Councils be required to adopt, monitor and report against the Affordable Housing Target as part of their annual reporting requirements, and to develop needs based strategies to achieve this.

⁴ Noting that some groups are relatively low in some local areas due, for example, to ongoing displacement and the nature of stock being created.

⁵ The current breakdown of those in housing stress in Greater Sydney is roughly 50% smaller households, and 50% family households with children. However, ageing of the population, and changes in household formation patterns indicates the need for a higher target for smaller households.

2.3 Recommendation 3: Planning Mechanisms & Strategies

Rationale

The reality is that the market is not creating affordable housing for most very low, low and moderate income households in the Central and South District. Virtually all purchase products, and most rental housing, is unaffordable to all very low and low income households, and most moderate income families with children.

The evidence supporting this Submission shows that affordability will worsen in the future as redevelopment puts upward pressure on prices, and older, lower amenity stock is lost. Strata dwellings are likely to remain unaffordable to most very low and low income purchasers and renters.

The ongoing loss of social housing across the two Districts is also a serious issue in this context, given that the most serious affordability challenges are faced by people in receipt of Centrelink payments. Even the cheapest studio or one-bedroom apartment (\$270 per week in Auburn) would cost an aged pensioner double what they could affordably pay in rent. Most of the income of an unemployed person would go toward their rent.

A wide range of mechanisms and strategies are available to State and local governments in order to create affordable housing. SSROC modelling shows that strong intervention through the planning system and the direct creation of affordable housing will be needed if virtually *any* affordable housing is to be created in the Central and South Districts in the future.

2.3.1 Recommendation 3.1: Need for Strong Action

SSROC recommends that the Greater Sydney Commission focus principally on four main mechanisms for creating genuinely affordable housing in the Central and South District Plans:

8. **Setting Affordable Housing Targets** for all new housing created in Priority Urban Renewal Precincts, large redevelopment sites and government land. The target to include affordable (subsidised) and market-provided dwellings.
9. **Mandatory Affordable Housing Contributions** – facilitate local government including a mandatory requirement for affordable housing in their LEPs where there is land value uplift and sufficient justification to support its application in Priority Urban Renewal Precincts, large redevelopment sites and government land. Rates should be set at reasonable, feasible and equitable rates in response to the characteristics of the particular area.
10. **Use of government land to create affordable housing** as part of mixed use and/or mixed tenure developments, in development and management partnerships with Registered Community Housing Providers.
11. **Strengthening the capacity of local government** by streamlining the planning agreement process:
 - Provide guidance on how to value that planning gain that results from a change in planning contracts i.e. a planning gain calculator.

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- provide clearer guidance on the use of planning agreement for affordable housing, including a template planning agreement.

12. **Supporting the transparency of development incentive schemes** – supporting development of FSR schemes for use in LEPs where increased development potential is achieved through the planning framework.

2.3.2 Recommendation 3.2: Affordable Housing Targets in Relevant Precincts/Sites

Rationale

Ensuring that Affordable Housing Targets can be met in relevant renewal precincts and sites will require a mechanism to enable very low, low and moderate income households to be accommodated in the Central and South Districts in the future. Given the desirable location and opportunities associated with Priority Precincts, large brown field redevelopment sites and government land, these should be a priority focus for Affordable Housing Targets. The mechanism/s used to implement the Target will require benchmarks, targets and other specifications to be clearly set out.

However, the vast majority of affordable housing, particularly for very low and low income households, and moderate income families will not be met through the market. Affordable purchase to all low income households, and to most moderate income households across the Central and South Districts, will need to be through a special product, such as shared equity. To date, such schemes are not well developed in NSW. Industry innovation (private and community sector) to meet the challenge of affordable housing is also likely to be required.

SSROC recommends that:

13. at least half of all new affordable housing created be affordable rental housing in perpetuity for very low and low income households.
14. the State Government further investigate and develop appropriate mechanisms to ensure that an Affordable Housing Target is achieved across all Priority Urban Renewal Precincts, large redevelopment sites and government land.
15. a shared equity program be developed in conjunction with the NSW Federation of Housing Associations, and supported by State Government, to provide genuinely affordable purchase housing accessible to low income households, and moderate income families with children.
16. State (and Federal) Government recognise the increasing importance of social housing for those on very low incomes, and the loss of such housing, through increased funding for the sector.

2.3.3 Recommendation 3.3: Mandatory Contributions for Affordable Rental Housing

Rationale

SSROC research indicates that there will be significant land value uplift associated with rezoning across most LGAs, and in relation to all Priority Precincts. Capturing a share of this land value uplift *before* rezoning occurs is reasonable and feasible. This is a legal mechanism for capturing a reasonable share of the *unearned increment* in land value uplift created through the planning actions of government. The research strongly demonstrates affordable housing need, and projects a worsening situation in the future, across all LGAs in the Central and South Districts: this mechanism is a necessary and a fair way to address this situation.

The *Background Report Part 3: Planning and Economics in Selected Precincts in the Sydenham-Bankstown Corridor* reviews the affordable housing context in the Canterbury, Campsie and Bankstown precincts, using the suburbs as a proxy. It finds that affordability is a critical issue across the three suburbs, and will become much worse in the future without strong intervention through the planning system. For example, in Canterbury, Campsie and Bankstown, no strata products are affordable for market purchase by very low and low income households, and the vast majority are also excluded from rental through the market.

Furthermore, affordability will worsen in the future as redevelopment puts upward pressure on prices, and older, lower amenity stock is lost. Unaffordability is unlikely to change without strong intervention, such as Mandatory Affordable Housing Contributions.

The economic analysis indicates that sharing a reasonable proportion of uplift through affordable housing levies is financially viable, reasonable and equitable in Canterbury and Campsie, although less viable in Bankstown Precinct under current zoning controls and with the high level of development.

Preliminary calculations and modelling indicate that mandatory affordable housing contributions of between 10% and 30% would be reasonable and economically feasible, noting that these rates are much higher than current contributions schemes in NSW (typically between 1% and 4%), but comparable with other developed cities, and even low compared with some. An overall rate by Precinct or site would be desirable, with differential rates between different Precincts reflecting differences in uplift. This modelling is preliminary using best-available data. Preliminary architectural drawings and a site-by-site assessment of any major constraints would be needed to determine precise contribution rates.

Whilst it is recognised that there will be other priorities for expenditure, including open space and other infrastructure, the creation of affordable housing as essential infrastructure is lagging, is at crisis point, and is negatively affecting the economy and productivity of our area. Current contributions schemes in NSW (typically between 1% and 4%) are clearly not sufficient: something in the order of 10-15% would be justified in Canterbury and Campsie precincts. There is also evidence for significant value uplift associated with Voluntary Planning Agreements resulting in additional floor area, with mandatory contribution rates of between 15% and 20% of saleable area feasible and reasonable.

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Two planning mechanisms could be used to enable State and/or local governments to legally levy affordable housing contributions:

- an **extension of State Environmental Planning Policy No 70 (Affordable Housing)** to all councils in the Central and South Districts. This would involve amendments to LEPs to include a mandatory requirement for affordable housing where there is demonstrated need and quantified uplift.
- the creation of **special legislation** to enable contribution plans, for example, across Priority Precincts (for example, s30 of the (former) *Redfern Waterloo Authority Act 2004*).

Either mechanism, or both working together, would be supported by SSROC.

SSROC recommends that:

17. District Plans support Mandatory Affordable Housing Contributions within Priority Urban Renewal Precincts, large redevelopment sites and government land (State and local) to create affordable rental housing in perpetuity.
18. Mandatory Affordable Housing Contributions should be set at rates that are reasonable and feasible, in accordance with a transparent and consistent methodology based on best practice (for example, residual land value calculations).
19. Contribution rates be consistent across a single Precinct or site, but allow for differences in average land value uplift between Precincts through the setting of differential rates as required.
20. NSW State Government include all councils within the Central and South Districts under State Environmental Planning Policy No 70 (Affordable Housing), and allow the inclusion of a mandatory requirement for affordable housing in their LEPs, in consideration of need and uplift assessments contained in Background Reports Part 1 and 2 that accompany this Submission.
21. NSW State Government consider the development of special legislation to provide a legal framework for the collection of Mandatory Affordable Housing Contributions across Priority Precincts, including the way in which local and State Government mechanisms will work together to maximise public benefit.
22. Greater Sydney Commission note the findings of the preliminary economic analysis reported in the Background Report Part 2: Planning and Economics in Priority Precincts, in particular the preliminary findings on mandatory affordable housing contribution rates for specific precincts.

2.3.4 Recommendation 3.4: Use of Government Land for Affordable Housing

Rationale

The research strongly indicates that the use of local and State Government land for affordable housing development and management partnerships is the other main strategy that will have any meaningful impact on affordable housing within the Central and South Districts in the future. It is one of the best opportunities to create

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affordable rental housing in perpetuity. It also likely provides an opportunity for the inclusion of a higher proportion of social (public and community) housing than privately owned land.

There are many good examples of such developments in Australia and overseas. Such developments can be structured so that they are cost neutral, or provide a return on investment to government. Increased efficiencies are generally provided through development partnerships with registered Community Housing Providers (CHPs) with demonstrated capacity in this area. Such providers generally have access to their own capital resources, government funding and can maximise Commonwealth rental subsidies. Such CHPs have expertise in the management of affordable rental stock on completion, and can use this stock to leverage further development where they hold or share title.

SSROC recommends that:

23. the Central and South District Plans support the use of a significant quantum of government land for affordable housing partnerships.
24. government land includes a higher proportion of social housing as part of the mix of Affordable Housing;
25. the Commission supports the following actions by State and local government as part of practical implementation:
 - a. An audit of government land holdings, and the identification of sufficient suitable sites to include affordable rental housing for diverse income and occupational groups to support local and District targets;
 - b. Decisions regarding desired future land uses on the site, including affordable housing component, with preferred uses being mixed tenure (social, key worker and market housing), and/or mixed use (on sites where these are appropriately zoned);
 - c. Conducting modelling on potential affordable housing yield, taking into account desired rates of return, contributions that could be made by a CHP or other partner;
 - d. Select preferred partnership arrangement and development and management partner/s, noting that the preferred option would be an expression of interest process, or formal long-term relationship, with a registered CHP with demonstrated capacity in the development and management of multi-tenure developments.

2.3.5 Recommendation 3.5: Strengthening Local Government's Capacity

Rationale: Voluntary Planning Agreements

Voluntary Planning Agreements are a key mechanism being used to create affordable housing by some councils in the Central and South Districts. These are being used to capture a reasonable proportion of land value uplift associated with proposed rezoning or variation to controls under planning proposals and applications for clause 4.6 variations.

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However, the quantum of reasonable voluntary contributions can be difficult to determine and agree upon. Stronger support by State Government, including guidance on a transparent method of calculation, would enhance local government's capacity and confidence in relation to such agreements, and result in more equitable affordable housing outcomes as a matter in the public interest.

The same residual land value method used in relation to Priority Precincts could reasonably be applied in relation to large sites across LGAs in the districts. This would probably provide for reasonable contributions in such sites, although this would need to be calculated on a case-by-case basis.

In relation to Voluntary Planning Agreements SSROC recommends that

26. State Government support the development of a consistent and transparent method of calculating a reasonable share of land value uplift by local government for the development of consistent, equitable and transparent agreements (for example, a planning gain calculator), and develop this in consultation with SSROC.
27. State Government provide clearer guidance on the use of planning agreements such as methods of calculation in a strengthened planning agreement template, and develop this in consultation with SSROC.

Rationale: Incentive-Based Mechanisms

Some incentive-based mechanisms (such as density bonuses) can also be effective, and are already used effectively by a number of councils. However, dwelling yield is likely to be much lower than other mechanisms outlined above as uptake is voluntary, and redevelopment likely to be slower and more piecemeal compared, for example, with major rezoning of brownfield sites in Priority Precincts.

Nonetheless, SSROC supports the use of this mechanism, which would need to be enabled by State Government to amend LEPs to provide consistent and transparent implementation (e.g. through FRS and/or Height variation maps under *clause 4.3 Height of Buildings* and/or *Clause 4.4 FSR*). It is noted that financial assessments on a range of sites generally support a contribution of 20-25% of additional floor space created for affordable rental housing in perpetuity.

In relation to Incentive-Based Mechanisms SSROC recommends that:

28. the State Government enable transparent and consistent implementation of incentive-based schemes such as density bonuses, by allowing councils in the Central and South District to show variations in maps under *clause 4.3 Height of Buildings* and/or *Clause 4.4 FSR*.

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Attachments:

- Background Report Part 1: Demographic and Housing Market Trend
- Background Report Part 2: Planning and Economics in Priority Precincts
- Background Report Part 3: Planning and Economics in Selected Precincts of the Sydenham-Bankstown Corridor

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List of Recommendations

1. SSROC recommends that a definition consistent with relevant NSW legislation and policy be adopted in Central and South District Plans, specifically that:

Housing is 'affordable' when very low, low and moderate income households⁶ pay no more than 30% of gross household income on rent or mortgage costs under NSW statutory definitions.

2. SSROC recommends that, in accordance with the above definition, the following benchmarks for affordable housing be adopted in District Plans. Housing diversity will be an essential characteristic of the affordable housing supply in order to achieve these benchmarks. Note that these need to be updated quarterly to reflect increases in CPI.

Table 2.1: Relevant Affordable Housing Income and Cost Benchmarks

	Very low-income household	Low-income household	Moderate-income household
Income Benchmark	<50% of Gross Median H/H Income for Greater Sydney	50-80% of Gross Median H/H Income for Greater Sydney	80%-120% of Gross Median H/H Income for Greater Sydney
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3. an Affordable Housing Target of 5% to 15% of all new dwellings created – whether private or non-profit, purchase or rental, and including a diversity of housing types – be adopted in District Plans for Central and South Districts, constituent LGAs, and Priority Urban Renewal Precincts, in accordance with benchmarks set out in Table 2.1 above.

⁶ A 'Very Low Income Household' is one earning <50% of Gross Median Household Income for Greater Sydney; a 'Low Income Household' is one earning 50-80% of Gross Median Household Income for Greater Sydney; and a 'Moderate Income Household' is one earning 80%-120% of Gross Median Household Income for Greater Sydney, adjusted quarterly for CPI.

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4. the affordable rental accommodation created in accordance with the above targets be dedicated or otherwise secured as affordable rental housing in perpetuity, and managed by a Community Housing Provider.
5. in setting the target, the stakeholders should work together to set the level within a District, taking as the starting point the level of housing stress for each of the target groups.
6. the Commission consider further targeting housing diversity (e.g. split between single-person and family housing).⁷
7. subject to enabling mechanisms being in place (see recommendation 3 below), all Councils be required to adopt, monitor and report against the Affordable Housing Target as part of their annual reporting requirements, and to develop needs based strategies to achieve this.
8. Setting Affordable Housing Targets for all new housing created in Priority Urban Renewal Precincts, large redevelopment sites and government land. The target to include affordable (subsidised) and market-provided dwellings.
9. Mandatory Affordable Housing Contributions – facilitate local government including a mandatory requirement for affordable housing in their LEPs where there is land value uplift and sufficient justification to support its application in Priority Urban Renewal Precincts, large redevelopment sites and government land. Rates should be set at reasonable, feasible and equitable rates in response to the characteristics of the particular area.
10. Use of government land to create affordable housing as part of mixed use and/or mixed tenure developments, in development and management partnerships with Registered Community Housing Providers.
11. Strengthening the capacity of local government by streamlining the planning agreement process:
 - Provide guidance on how to value that planning gain that results from a change in planning contracts i.e. a planning gain calculator.
 - provide clearer guidance on the use of planning agreement for affordable housing, including a template planning agreement.
12. Supporting the transparency of development incentive schemes – supporting development of FSR schemes for use in LEPs where increased development potential is achieved through the planning framework.
13. at least half of all new affordable housing created be affordable rental housing in perpetuity for very low and low income households.

⁷ The current breakdown of those in housing stress in Greater Sydney is roughly 50% smaller households, and 50% family households with children. However, ageing of the population, and changes in household formation patterns indicates the need for a higher target for smaller households.

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14. the State Government further investigate and develop appropriate mechanisms to ensure that an Affordable Housing Target is achieved across all Priority Urban Renewal Precincts, large redevelopment sites and government land.
15. a shared equity program be developed in conjunction with the NSW Federation of Housing Associations, and supported by State Government, to provide genuinely affordable purchase housing accessible to low income households, and moderate income families with children.
16. State (and Federal) Government recognise the increasing importance of social housing for those on very low incomes, and the loss of such housing, through increased funding for the sector.
17. District Plans support Mandatory Affordable Housing Contributions within Priority Urban Renewal Precincts, large redevelopment sites and government land (State and local) to create affordable rental housing in perpetuity.
18. Mandatory Affordable Housing Contributions should be set at rates that are reasonable and feasible, in accordance with a transparent and consistent methodology based on best practice (for example, residual land value calculations).
19. Contribution rates be consistent across a single Precinct or site, but allow for differences in average land value uplift between Precincts through the setting of differential rates as required.
20. NSW State Government include all councils within the Central and South Districts under State Environmental Planning Policy No 70 (Affordable Housing), and allow the inclusion of a mandatory requirement for affordable housing in their LEPS, in consideration of need and uplift assessments contained in Background Reports Part 1 and 2 that accompany this Submission.
21. NSW State Government consider the development of special legislation to provide a legal framework for the collection of Mandatory Affordable Housing Contributions across Priority Precincts, including the way in which local and State Government mechanisms will work together to maximise public benefit.
22. Greater Sydney Commission note the findings of the preliminary economic analysis reported in the Background Report Part 2: Planning and Economics in Priority Precincts, in particular the preliminary findings on mandatory affordable housing contribution rates for specific precincts.
23. the Central and South District Plans support the use of a significant quantum of government land for affordable housing partnerships.
24. government land includes a higher proportion of social housing as part of the mix of Affordable Housing;

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25. the Commission supports the following actions by State and local government as part of practical implementation:
- e. An audit of government land holdings, and the identification of sufficient suitable sites to include affordable rental housing for diverse income and occupational groups to support local and District targets;
 - f. Decisions regarding desired future land uses on the site, including affordable housing component, with preferred uses being mixed tenure (social, key worker and market housing), and/or mixed use (on sites where these are appropriately zoned);
 - g. Conducting modelling on potential affordable housing yield, taking into account desired rates of return, contributions that could be made by a CHP or other partner;
 - h. Select preferred partnership arrangement and development and management partner/s, noting that the preferred option would be an expression of interest process, or formal long-term relationship, with a registered CHP with demonstrated capacity in the development and management of multi-tenure developments.
26. State Government support the development of a consistent and transparent method of calculating a reasonable share of land value uplift by local government for the development of consistent, equitable and transparent agreements (for example, a planning gain calculator), and develop this in consultation with SSROC.
27. State Government provide clearer guidance on the use of planning agreements such as methods of calculation in a strengthened planning agreement template, and develop this in consultation with SSROC.
28. the State Government enable transparent and consistent implementation of incentive-based schemes such as density bonuses, by allowing councils in the Central and South District to show variations in maps under clause 4.3 Height of Buildings and/or Clause 4.4 FSR.