

City of Ryde Affordable Housing Policy Stage 1: Background Report



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This report has been prepared for

Ryde City Council

by

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Table of Contents

1	Executive Summary	1
1.1	What is 'affordable housing'?	1
1.2	What is the projected need for affordable housing in City of Ryde?	1
	Source: JSA calculations, using data from ABS Census of Population and Housing 2011 and New South Wales	2
1.3	Why does it matter?	2
1.4	Need for Affordable 'Key Worker' Housing	2
1.5	Housing cost and affordability in City of Ryde	3
1.5.1	Relative cost compared with Greater Sydney	3
1.5.2	Rental affordability.....	3
1.5.3	Purchase affordability.....	4
1.5.4	Housing cost to income ratios.....	4
1.6	Consultation with Service Providers.....	4
1.7	Mechanisms and Strategies to Deliver Affordable Housing.....	5
1.7.1	Overview of Mechanisms and Strategies.....	5
1.7.2	Market Delivery.....	7
1.7.3	Mandatory Intervention.....	8
1.7.4	Direct Intervention.....	8
2.	Planning, Funding & Policy Environment.....	9
2.1	Funding and policy environment.....	9
2.2	The NSW Planning Context.....	12
2.2.1	Affordable Housing Support in <i>EP&A Act</i> and related policies.....	12
2.2.2	Recent Policy and Legislation on Boarding Houses.....	18
3	Consultation with Service Providers.....	20
3.1	Overview	20
3.2	Link Housing.....	20
3.3	Evolve Housing.....	21
3.4	Hume Community Housing	22
3.5	BlueCHP	22
3.6	Bridge Housing.....	23
3.7	Community Housing Limited.....	23
3.8	Mission Australia	24
3.9	CatholicCare Diocese of Broken Bay.....	25
3.10	Other Welfare Services.....	26
3.11	FACS Housing Services – West Ryde Office	26
4	Demographic Change.....	28
4.1	Household income.....	28
4.2	Household size.....	28
4.3	Household composition	29
4.4	Age profile	29
4.5	Homelessness.....	30
5	Supply and cost of housing.....	31

5.1	Housing supply.....	31
5.2	Rental Housing Cost.....	32
5.2.1	Rental Housing Cost.....	32
5.2.2	Median rental price growth.....	32
5.2.3	Rental Snapshot.....	34
5.2.4	Social Housing.....	35
5.2.5	Boarding Houses.....	35
5.3	Housing Purchase Cost.....	36
5.3.1	Purchase prices.....	36
5.3.2	Median purchase price growth.....	36
5.3.3	Analysis of purchase price.....	39
5.4	Changing price to income ratios.....	40
6	Housing Affordability.....	42
6.1	Why is 'affordably priced housing' important?.....	42
6.2	What is affordable housing?.....	42
6.3	Housing Stress.....	44
6.3.1	Overview.....	44
6.3.2	Housing Stress among renters.....	44
6.3.3	What rental would be affordable to relevant target groups?.....	45
6.3.4	Housing Stress among purchasers.....	48
6.3.5	What would be 'affordable' to purchasers.....	48
6.4	'Key Worker' Target Group Case Study.....	51
6.4.1	Overview.....	51
6.4.2	Very Low Income Key Worker Households (<\$780 p/w).....	51
6.4.3	Low Income Key Worker Households (\$780-\$1,250 p/w).....	52
6.4.4	Moderate Income Key Worker Households (\$1,246-\$1,870).....	52
7	Projected need for Affordable Housing.....	53
7.1	Projected Need for Affordably Priced Dwellings.....	53
7.1.1	Breakdown of affordably priced dwellings by housing type and income group.....	53
8	Planning Mechanisms and Strategies.....	57
8.1	Overview of Mechanisms and Strategies.....	57
8.2	Limited Market Intervention.....	59
8.2.1	Define affordable housing, set benchmarks and assess need.....	59
8.2.2	Assess where and for whom the market is supplying genuinely affordable housing.....	59
8.2.3	Ensure adequate supply of land supply to meet projected need.....	60
8.2.4	Ensure efficient approvals process.....	60
8.2.5	Advocate to other levels of government for an increase in Affordable Housing resources or policy responses.....	60
8.2.6	Convene forums with industry, public and community sector to raise awareness and develop responses.....	61
8.2.7	Conduct staff training to improve capacity in Affordable Housing issues.....	61
8.2.8	Provide planning, building or design support to community or private sector developers.....	61
8.3	Facilitative Intervention.....	61
8.3.1	Gaps in Market Provision.....	61
8.3.2	Remove impediments in local planning schemes.....	61
8.3.3	Include affordable housing aims and objectives in local planning schemes.....	63
8.3.4	Incentive based variations.....	63
8.4	Mandatory Intervention.....	64
8.4.1	Introduction.....	64
8.4.2	Housing diversity.....	64

8.4.3	Time limited affordable rental.....	64
8.4.4	Mandated affordable housing	65
8.4.5	Mandate contribution	65
8.4.6	Protect low cost housing.....	65
8.4.7	Redevelopment Precinct Case Study	65
8.5	Direct Market Intervention	65
8.5.1	Introduction.....	65
8.5.2	Cost reduction.....	66
8.5.3	Use of public resources to develop affordable housing.....	66
8.5.4	Enter into development and management partnerships.....	67

1 Executive Summary

1.1 What is 'affordable housing'?

Housing is generally considered to be 'affordable' when very low, low and moderate income households are able to meet their housing costs and still have sufficient income to pay for other basic needs such as food, clothing, transport, medical care and education. This is generally accepted to be where such households pay less than 30% of their gross household income on housing costs.

The following table provides relevant benchmarks for 'affordable housing'. These are consistent with definitions and benchmarks in the *NSW Environmental Planning and Assessment Act 1979 (NSW)*.

Table 1.1: Relevant Affordable Housing Benchmarks for Greater Sydney (1)

	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)	<\$779 per week	\$779-\$1,246 per week	\$1,246-\$1,870 per week
Affordable Rental Benchmarks (3)	<\$234 per week	\$235-\$374 per week	\$375-\$561 per week
Affordable Purchase Benchmarks (4)	<\$225,000	\$225,001-\$360,000	\$360,001-\$540,000

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

1.2 What is the projected need for affordable housing in City of Ryde?

The forecast need for affordable housing by 2031 is around 11,000 dwellings, with around 50% very low income, 30% low income and 20% moderate income households, and around 70% renters. Key worker households are across all of these income bands.

The following shows the breakdown of projected affordable housing need by tenure, income and household type.

Table 1.2: Affordably priced housing currently required (in 2011) and additional affordably priced housing required in 2031 by housing type and income group for Ryde LGA

		Renting Households		Purchasing Households	
		Suitable for Lone Persons or Couples without Children	Suitable for Families with Children	Suitable for Lone Persons or Couples without Children	Suitable for Families with Children
Total Required in 2031 (1)	Affordable to Very Low Income Households	2,450	2,075	450	600
	Affordable to Low Income Households	950	1,050	475	600
	Affordable to Moderate Income Households	225	500	475	850

Source: JSA calculations, using data from ABS Census of Population and Housing 2011 and New South Wales

1.3 Why does it matter?

The need for affordable housing affects everyone in the local community. This includes a young person seeking to live near where they grew up, a recently separated or divorced person for whom conventional home ownership is no longer possible, households dependent on one (or even two) low-waged ('key worker' jobs), or an older person on a reduced retirement income. Other families with a special need, such as a disability, and people at risk of homelessness are also often in need of affordable housing.

Lack of affordably priced housing not only affects the quality of life of individual families housing. It can also have a serious impact on employment growth and economic development. The loss of young families and workers in lower paid essential service jobs can adversely affect local economies, and is contributing to labour shortages in some areas of metropolitan Sydney.

1.4 Need for Affordable 'Key Worker' Housing

Ryde is well-located with regard to services and key employment centres in Greater Sydney. However, it is an increasingly unaffordable area for very low, low and moderate income households. There is a high level of unmet demand for key worker housing based on high levels of housing stress among very low, low and moderate workers, and commuting and migration patterns. These workers are vital to the local economy and a primary target group for affordable housing. Some examples are provided below.

- Very low income key workers households include lower level aged care workers, cleaners, nurses' assistants, and workers in retail or hospitality and the like. They would need to pay no more than \$235 rent per week for their housing to be affordable, and pay no more than \$225,000 to affordably purchase a home.
- Low income key workers households include teachers, emergency service personnel, high-level registered nurse, landscape gardeners and the like. They would need to pay between \$235 and \$375 rent per week for their housing to be affordable, and pay no more than \$360,000 to affordably purchase a home.
- Moderate income key workers households include high-level registered nurses, higher level teachers, or two income families where one person working full-time as an aged care worker and the other as a social and community services and the like. These households would need to pay between \$375 and \$560 rent per week for their housing to be affordable, and pay no more than \$540,000 to affordably purchase a home.

1.5 Housing cost and affordability in City of Ryde

1.5.1 Relative cost compared with Greater Sydney

In general, strata dwellings are lower cost than Greater Sydney, and separate houses are significantly more expensive. Median rentals in Ryde closely track median rents for Greater Sydney and are typically slightly less than Greater Sydney rents, with rents in both areas accelerating in more recent years.

1.5.2 Rental affordability

All Rental (March Quarter 2015)

Data from Housing NSW *Rent and Sales Report* for the March Quarter 2015 indicates that recent rentals are affordable to a very narrow range of households that would be considered as eligible for affordable housing. The market is thus not supplying affordable housing for most members of key target groups.

A first quartile rental property (the cheapest property) was **not affordable to any very low income** households. **Low income** renting households renting through the private market have **virtually no option** but to live in housing stress, apart from those at the top of the band wishing to rent a one bedroom apartment.

Smaller households in the top half of the moderate income band should generally be able to affordably rent in Ryde LGA a one bedroom apartments, although their choices are more constrained with regard to two-bedroom apartments.

As such, the rental situation is problematic for virtually all very low and low income households, and most moderate income families with children needing a larger strata dwelling or separate house.

Recent snapshot

A recent snapshot of advertised rental properties found that none were affordable to very low income households, only 7% were affordable to low income households (with almost all of these one bedroom apartments), while 56% were affordable to moderate income. The cheapest areas to rent were the suburbs of West Ryde and Meadowbank, with North Ryde and Gladesville the most expensive areas.

1.5.3 Purchase affordability

No very low, low or moderate income household can affordably purchase any first quartile dwelling in Ryde. The market is thus again not supplying affordable housing for key target groups.

1.5.4 Housing cost to income ratios

Housing (rental and mortgage) cost to income ratios in Ryde have largely tracked Greater Sydney over the decade to 2011. However, there is evidence of deteriorating local affordability since this time, with median sales prices in Greater Sydney increasing by around 21% in real terms since 2011, and median sales price in Ryde increased by 30% over the same period in real terms. Rents have increased by 8% in real terms (compared to cost of living). A regression analysis carried out by Judith Stubbs and Associates provides supporting evidence of a housing boom since December 2012.

It is interesting in this regard that housing supply in City of Ryde has significantly lagged that of Greater Sydney over the past decade in all housing forms (low, medium and higher density development), with stock in Greater Sydney growing by 12% compared with 7% locally.

1.6 Consultation with Service Providers

A range of service providers were interviewed to provide a more detailed understanding of the need for affordable housing, the local service context, and to explore the potential for partnerships in affordable housing delivery and management.

Several community housing providers are active in Ryde LGA. Of these, Link Housing currently has the largest 'footprint' with respect to amount of stock, planned expansion and historical connections with the area. Evolve Housing is also active in Ryde, and hopes to expand its activities there, as do other providers that currently hold no stock in the LGA.

CatholicCare Diocese of Broken Bay provides one specialist homelessness services service package in Ryde. Mission Australia provides two specialist homelessness services service packages in Ryde.

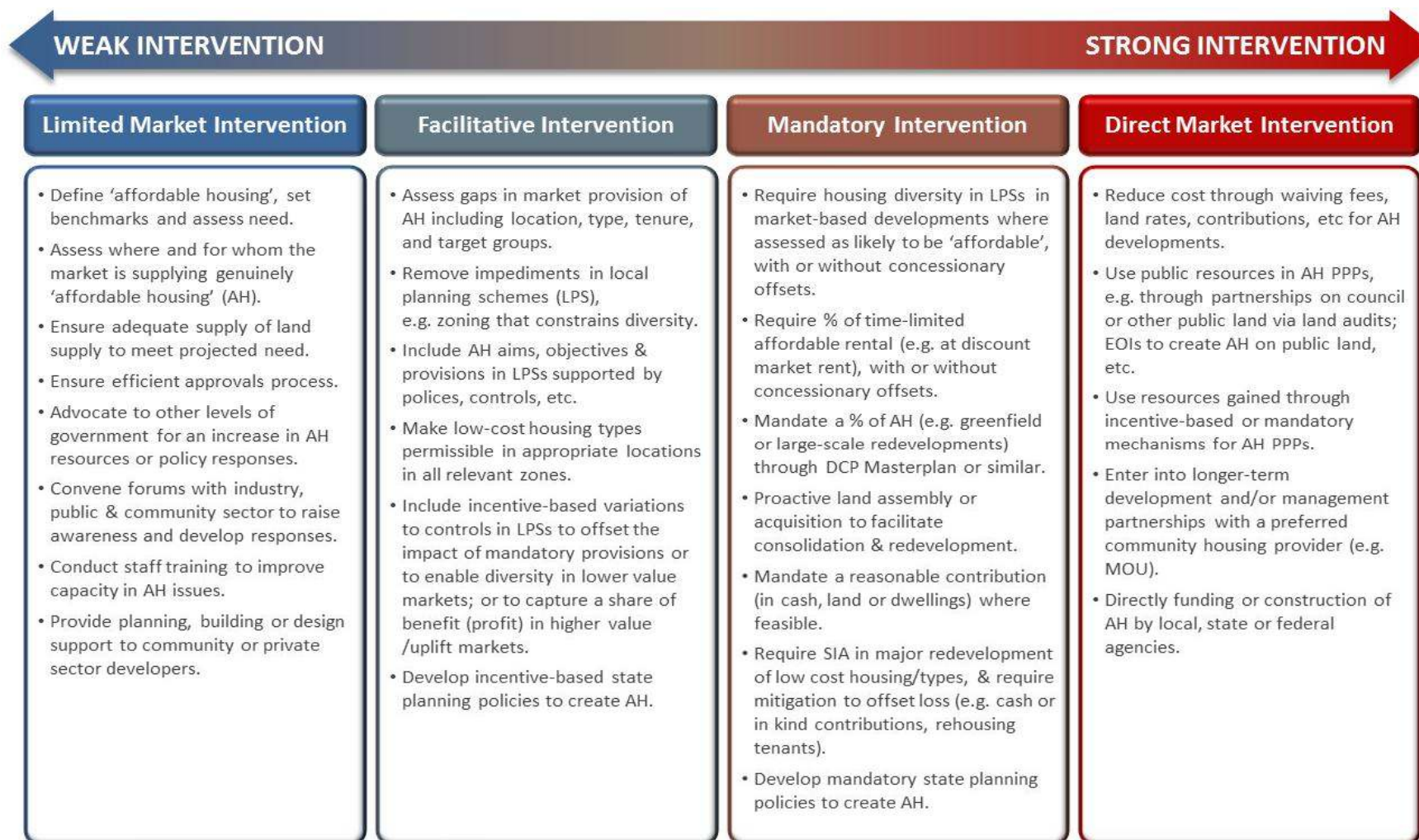
Interviews with service providers also supports the findings of Council's initiative, *Arresting Vulnerability*, with those interviewed noting the increased levels of homelessness in the LGA, as well as the increasing vulnerability of lower waged families trapped in a cycle of unaffordable housing and increasing debt and risk of homelessness.

1.7 Mechanisms and Strategies to Deliver Affordable Housing

1.7.1 Overview of Mechanisms and Strategies

There are a wide range of strategies available to Council to promote affordable housing in the Ryde LGA. These strategies range from 'light' planning intervention (Column 1) in the market to strong intervention (Column 3) or direct provision of affordable housing (Column 4), as shown in Figure 1.1 below.

Each of these mechanisms and strategies has been assessed in detail in the context of the City of Ryde housing market in Section 7 of this report. A brief summary of the most effective strategies and mechanisms is provided in summary below. The reader is referred to Section 8 for more detailed discussion.



Source: Stubbs (2003); JSA (2011)

Figure 1.1: Mechanisms and Strategies to Create Affordable Housing along a Continuum of Planning Intervention

1.7.2 Market Delivery

There is very limited scope for market delivery of affordable housing through the market, and this is mainly for the upper end of the moderate income band. On current trends, **without intervention, the market would cater to virtually none of the affordable housing needs** of very low, low and moderate households including key workers.

Removing Planning Impediments or Opening Up Development Opportunities

There is **some limited scope** to create affordable housing through market delivery with more limited planning intervention. This would mainly be through the creation of additional smaller one (and to a lesser extent) two bedroom strata units with limited parking, especially in postcode 2114.

A smaller one bedroom strata dwelling with no parking in postcode 2114 (the cheapest area) would be affordable to around 75% of moderate income households, but no low or very low income households. A smaller two bedroom unit with no parking would be affordable to only the top 10% of moderate income households. As such, it would meet the following amount of projected affordable housing need:

- Around 14% of purchasers in housing stress (most small moderate income households);
- Around 10% of renters in housing stress (most small moderate income households, although these are not generally in housing stress).

Strategies that would create this type of stock include:

- Reviewing controls that result in an 'undue cost impost' on strata dwelling (especially providing for a strategic reduction in parking requirements);
- Removing impediments to the development of smaller strata dwellings in appropriate areas;
- Rezoning of appropriate land within 400-800 metres of centres and public transport ('accessible areas') from R2 to B4 and R4 following a finer-grained precinct analysis, noting that the greatest contribution to affordable housing is likely to come from rezoning land within lower value precincts, as this is likely to remain more affordable in the longer-term.

However, this means that **around 90% of the likely future demand for affordable housing will not be met** through the market or through 'light' planning intervention.

Providing Planning Incentives

The main planning incentives for the development of such dwellings are:

- Providing additional height and FSR tied to delivery of a % of affordable housing, or to a contribution to affordable housing. This is likely to be quite effective in the local market context as there is considerable profit associated with uplift in key redevelopment precincts.
- Using a profit sharing model under a VPA, JSA calculates that contributions could range from **5-11% of total strata area (or equivalent cash contribution)**, depending on the specifics of the lot and the incentive offered (Refer Section 8.4.7).

1.7.3 Mandatory Intervention

A number of mandatory interventions are possible under the economics of the local housing market:

- Mandating a % of minimise size dwellings in strata developments, in particular, in lower value areas such as West Ryde;
- There is also clear evidence of significant uplift associated with rezoning. If 50% of uplift were captured in excess of normal profit, a contribution of 14-21% of floor area would be defensible on preliminary economic modelling.

1.7.4 Direct Intervention

There are a wide range of public sites available for development partnerships in Ryde LGA. These are shown at Appendix B.

Preliminary modelling suggests that the Argyle site could yield at least 47 affordable rental apartments as part of a mixed use development, as well as providing revenue to Council.

The development of this site, in partnership with a community housing provider is likely to meet both social and economic objectives, given the experience of such providers in developing and managing affordable housing as well as maximising potential dwelling yield given they have access to funding, their own resources and capacity to borrow against capital they hold. Council may choose to engage with one provider on a favoured provider (MOU) basis, or may choose to go to an EOI process to ensure that benefit is maximised through competition.

2. Planning, Funding & Policy Environment

2.1 Funding and policy environment

It is widely acknowledged that there is major shortfall in affordable housing in most cities and many regional and rural communities across Australia.¹ The most severe and lasting impacts are experienced by very low and low income households in unaffordable private rental, who do not gain the benefits that accrue to home purchasers, including long-term capital gains and a decreasing debt to household income ratio over time,² and for whom social rental is increasingly inaccessible.

Some people achieve 'affordable' purchase or rental through moving to an increasingly remote urban fringe or regional areas, but such locations can increase costs to households, socially or economically, through increased travel time, transport costs,³ and decreased access to services and employment.⁴ However, even these areas are increasingly unaffordable, particularly with regard to rent for key target groups.⁵

The NSW State Plan, *NSW 2021*, has as one of its targets to improve housing affordability and availability.⁶ Priority actions under that target are based on increasing the supply of available land for housing to help reduce the costs of home ownership and include:

- Accelerated land release;
- Dwelling targets for local Councils; and
- Provision of supporting infrastructure.

Under the State Plan, dwelling targets will be set out in sub-regional strategies. Ryde is part of the North Sub-region, however at the date of writing no sub-regional strategy is available.

The *Sydney Growth Plan* also sets out some strategies and targets for delivery of affordable housing.⁷ These include under Goal 2 to "deliver more opportunities for affordable housing".

¹ Darcy, M. and Stubbs, J. 2005. 'Housing and Contemporary Social Work Practice', in Alston, M. & McKinnon, J. (eds) *Social Work Fields of Practice*, Oxford University Press, UK.

² Burke, T. and Hulse, K. 2010. 'The Institutional Structure of Housing and the Sub-prime Crisis: An Australian Case Study', in *Housing Studies*, Vol. 2. No. 6, 821-838, November 2010

³ Kellett, J. Morrissey, J. and Karuppannan, S. 2012. 'The Impact of Location on Housing Affordability', *Presentation to 6th Australasian Housing Researchers Conference*, 8-10 February 2012, Adelaide, South Australia.

⁴ Burnley, I. and Murphy, P. 2004. *Sea Change: Movement from Metropolitan to Arcadian Australia*, UNSW Press, Sydney; Burke, T. and Hulse, K. 2010. 'The Institutional Structure of Housing and the Sub-prime Crisis: An Australian Case Study', in *Housing Studies*, Vol. 2. No. 6, 821-838, November 2010.

⁵ See for example, JSA (2013) *Background Paper: Housing Affordability*, Wyong Shire Council.

⁶ NSW Government (2011) *NSW 2021 – A plan to make NSW number one*, page 13.

- Action 2.3.1 states that each Council will be required to prepare a local housing strategy that considers (amongst other things) local affordable housing needs and strategies to provide affordable housing.
- Action 2.3.2 notes that barriers to subdivision of existing lots of a suitable size will be removed.
- Action 2.3.3 states that more opportunities for affordable housing will be delivered through a comprehensive approach involving all stakeholders, provision of affordable housing on government led urban renewal projects and government owned sites, and requiring local Councils to include affordable housing in their local housing strategies, to respond to local demand.

In addition the *Sydney Growth Plan* identifies two priority precincts in Ryde LGA, one at North Ryde Station and one at Herring Road, Macquarie Park.

There have been a range of more recent **NSW State Government** initiatives to support maintenance and growth of social and affordable housing. Most recently these include The Premiers Innovation Fund calling for innovative ideas to increase the supply of social housing assets (with short listed applicants to be contacted in June 2015),⁸ and promised funding of \$1 billion for social and affordable housing announced in the lead up to the recent state election.⁹

Family and Community Services currently offers grants of \$10,000 per room to encourage the construction of new boarding houses or the addition of new rooms to existing premises under the Boarding House Financial Assistance Program.¹⁰

Previous initiatives focused more generally on growing affordable housing through increased community housing sector capacity to deliver and manage such housing. These include increased funding for Community Housing Providers (CHPs), transfer of social housing stock to CHPs, including some with title, and regulatory support to increase their professionalism and capacity.¹¹

There has also been an increased emphasis on partnerships that can make the most efficient use of Federal and State Government funding and resources, including between State and local government, the private sector and CHPs. The rationale for such partnerships is to increase affordable housing constructed through leveraging State and Federal funding including through

⁷ NSW Planning and Environment (2014) *A Plan for Growing Sydney*.

⁸ <http://www.nsw.gov.au/innovate/social-housing-assets> accessed 10 June 2015.

⁹ Sydney Morning Herald, 13 March 2015.

¹⁰ <http://www.housing.nsw.gov.au/Centre+For+Affordable+Housing/Boarding+House+Financial+Assistance+Program/Funding+for+New+Projects/> accessed 10 June 2015.

¹¹

access to Council or other publicly-owned land, access to resources created through the planning system, or through the accumulated funds or the borrowing capacity against equity of larger CHPs.

There are some key differences between the community housing sector and state housing authorities that provide potential financial and resource advantages, and make them attractive affordable housing partners. Whereas the Department of Housing is not eligible to receive Commonwealth Rental Assistance payment,¹² CHPs are able to receive 100% of CRA paid to tenants as part of rent calculation which often enables CHPs to operate at or above breakeven point and potentially generate an operating surplus. Their ability to enter into debt against equity financing arrangements, from which State Government is generally precluded, is also an advantage in entering into development partnerships. As noted, there is also an expectation that CHPs will leverage (raise finance against) stock transferred from State Government to them.

A number of such providers are active in Ryde LGA, with one of the largest being LINK Housing. Housing NSW has a wide range of funding programs to facilitate affordable rental and purchase housing, and remains the largest provider of community housing in the LGA. Other smaller not-for-profit providers are also active in the LGA, particularly for special needs groups. This is discussed further below.

A significant slowdown in the economy in 2009 prompted a range of Federal Government actions to stimulate growth. The social housing system was a major beneficiary of government expenditure under Nation Building (economic stimulus), which provided some growth in absolute terms in a sector in NSW as a whole that has been declining relative to need for some decades. However, post-stimulus, the supply of such housing still falls far short of the current and projected need for affordable housing across Australia. Further, many low and moderate income households currently in housing stress would not be eligible for social housing, and those very low income households that *are* eligible generally face a waiting time of many years.

Very low and low income renting households remain problematic groups for whom to achieve affordable housing outcomes, especially in the absence of direct funding and significant subsidies for such groups. A strong majority of those in housing stress or affordable housing need are very low and low income renting households, and many of these are in the income ranges of low to moderate income key workers, as discussed later.

Given the extent of unmet affordable housing need in the LGA and the policy and funding environment described above, the retention and creation of affordable housing for very low and

¹² Rental supplements to low income tenants

low income households through the planning system becomes crucial,¹³ though a significant challenge. Direct creation of such housing through Federal-State government funding, revenue raising measures such as planning incentives and affordable housing contributions to capture benefit created through the planning and development process, and affordable housing development and management partnerships on public land, is generally more effective for the lower end of the spectrum that require deep subsidies.

2.2 The NSW Planning Context

2.2.1 Affordable Housing Support in *EP&A Act* and related policies

Overview

The retention and creation of affordable housing for very low, low and moderate income households through the planning system becomes more important in the context of constraints to federal policy and funding.¹⁴ There are significant opportunities for local government to support the creation and maintenance of affordable housing through core planning legislation and policies in NSW compared to most Australian states, with an increasing interest in this policy area by NSW State Government evident. However, there are also significant constraints to action by local government, principally arising from its subordinate relationship to state government in Australia, its lack of planning autonomy, the prescriptive nature of the land use zoning system compared with other international jurisdictions like the UK,¹⁵ and its constrained economic position and constraints to raising capital through debt financing.¹⁶

¹³ Gurran, N. and Whitehead, C. 2011. 'Planning and Affordable Housing in Australia and the UK: A Comparative Perspective', in *Housing Studies*, Vol. 26, Nos. 7-8, 1193-1214

¹⁴ Gurran, N. and Whitehead, C. 2011. 'Planning and Affordable Housing in Australia and the UK: A Comparative Perspective', in *Housing Studies*, Vol. 26, Nos. 7-8, 1193-1214

¹⁵ See for example Gurran, N., Milligan, V., Baker, D. Bugg, L. B., Christensen, S. 2008. *New directions in planning for affordable housing: Australian and international evidence and implications*, AHURI Sydney Research Centre, who note that early 20th century Australian planning legislation drew heavily upon UK planning law, with its strong reliance on a prescriptive land use zoning system under the *Town and Country Planning Act 1932*. However, the UK shifted away from this system from 1947, introducing the discretionary system and nationalised development rights, whereas Australia went further down a path of implied development entitlements fixed by zoning. As noted by Gurran and Whitehead, this underlying zoning system of assumed development rights has two main consequences for affordable housing requirements. 'First, the ability to negotiate for a community outcome, such as affordable housing provision, is eroded in advance by establishing development potential ahead of specific planning proposals'. A second consequence is that, when public authorities seek to acquire land not already set aside for public purposes for affordable housing, 'they must do so at a market rate which reflects these opportunities.' This significantly constrains the ability to capture benefit through the approvals process using mandatory mechanisms compared with the UK, and means that the most significant opportunities in the Australian planning context generally rely upon the rezoning of land, imposing effective constraints on development arising from more restrictive zoning that can be varied through incentive-based mechanisms where a share of additional profit is provided for affordable housing, capturing a share of benefit in areas of high land value or major gentrification (new release areas,

Nonetheless, local government has an implicit role in affordable housing and an impact on affordability through land use zoning, controls, the timing of land release, location of services and facilities, and the levying of rates and development contributions. It can also choose to play a more proactive role in the creation and retention of affordable housing through active intervention in the market through the development of appropriate planning mechanisms and strategies, as discussed below.¹⁷

Opportunities and Constraints of Principal Legislation and Related Policies

Unlike jurisdictions like Western Australia, where the principal planning legislation is silent on the matter of affordable housing,¹⁸ the Environmental Planning and Assessment Act 1979 (NSW) has express provisions related to the creation and protection of affordable and low cost housing, and others which may be used to support such housing through the planning and approvals process. NSW local government accordingly has roles and responsibilities relating to affordable housing under planning legislation including state environmental planning policies (SEPPs).

In NSW, objects and a range of related provisions have been progressively included in the Environmental Planning and Assessment Act since 1999, including section 5(a)(viii) which provides that an objective of the Act is the ‘maintenance and provision of affordable housing’.¹⁹ There are likewise definitions and benchmarks related to ‘affordable housing’ in core legislation

centres or high amenity precincts), and the mandated protection of low cost dwellings or dwellings types. There is thus more ‘finessing’ of affordable housing under the regulatory context in NSW compared with for example the UK (see also Stubbs (2003) op cit).

¹⁶ Gurran et al (2008) op cit; Stubbs, J. and Storer, T. 2006, ‘Planning at the Margins? The Role of the NSW Planning System in Protecting Affordable Housing’ in *Proceedings of the 23rd Australasian Law and Society Conference in Wollongong*, 13-15 December 2006; Stubbs, J. 2003. *Battle for the Right to the City: Opportunities for an emancipatory social practice in a polarising urban landscape*, RMIT (unpublished PhD thesis)

¹⁷ Stubbs, J. and Storer, T. 2006, ‘Planning at the Margins? The Role of the NSW Planning System in Protecting Affordable Housing’ in *Proceedings of the 23rd Australasian Law and Society Conference in Wollongong*, 13-15 December 2006.

¹⁸ For example, the *Planning and Development Act 2005 (WA)* is silent on the matter of affordable housing. There are no objectives or definitions regarding affordable housing, and no mandatory requirement for a consent authority to take into account the social and economic impacts of development or redevelopment under the Act, which could otherwise be used to mitigate the loss of low cost or affordable housing, as there is in NSW and Victoria. There are also no specific State Planning Policies (SPPs) related to preservation of existing stocks of affordable housing in core planning legislation as there are in NSW, nor to provide for incentives to create affordable housing through, for example, express relaxation of zone controls and development standards where a proportion of stock created is dedicated to affordable rental housing, which is again provided for in NSW under *SEPP (Affordable Rental Housing) 2009*.

¹⁹ In December 1999, the Act was amended to make the provision of affordable housing a specific objective of the Act; add a definition of affordable housing; make explicit that environmental planning instruments could include provisions to provide for, maintain and regulate matters relating to affordable housing.

and related policy, though there are practical differences in affordable housing outcomes due to differences in affordable housing definitions in different instruments.²⁰

Importantly, it is a requirement of the Act that a consent authority take into account the ***social and economic impacts*** of a development application as part of a merits assessment under s79C(1)(b). This has obvious applicability to development applications that may result in the loss of affordable or low cost housing, such as low cost flats, boarding houses and caravan parks, as well as the assessment of the benefits of an application involving the creation of affordable housing, particularly where this is balanced against other factors as part of the merits assessment. The ability to seek mitigation for loss of affordable housing as part of conditions of consent is also possible under this head of consideration. A growing body of case law in the NSW Land and Environment Court related to social impacts is also relevant.

Likewise, a consent authority is required to consider whether a proposed development is in the ***public interest*** under s 79C(1)(e), and a growing body of case law has likewise determined that it is in the public interest to give effect to the objectives of relevant legislation. It is relevant in this regard that the Act has as an objective '*the maintenance and provision of affordable housing*' (s5(a)(viii)).

As such, on the face of it, local government has a role and indeed a statutory responsibility to seek to preserve and create affordable housing through the planning and assessment process. However, there are also limitations to local government's power under the Act, particularly in relation to the levying of mandatory contributions for affordable housing, though arguably its constraints are not as great as some would perceive.

Dealing first with **mandatory contributions**, in June 2000, further amendments were made to the Act in relation to affordable housing to provide consent authorities with the specific power to require, as a condition of consent, the dedication of land free of charge or the payment of a monetary contribution for affordable housing in certain circumstances. *Sections 94F and 94G*

²⁰ *State Environmental Planning Policy No 70 (Affordable Housing)* and *State Environmental Planning Policy (Affordable Rental Housing) 2009* each have different benchmarks and definitions which lead to quite different practical outcomes for 'affordable housing'. *SEPP 70* defines 'very low-income' households as those on less than 50% of median household income; 'low-income' households as those on 50-80% of median household income, and 'moderate-income' households as those on 80-120% of median household income for Sydney SD. Under *SEPP ARH*, affordable housing is defined as housing that is rented to very low, low and moderate income households for no more than 30% of their gross income; or as housing that complies with rents and eligibility criteria under the National Rental Affordability Scheme (NRAS), with the latter based on discount market rents and income eligibility limits. In some markets, the second criterion can result in households paying more than 30% of gross household income in rent (and sometimes substantially more) so that, while the housing must be rented to relevant target groups, it will not be 'affordable'.

were introduced²¹ to provide consent authorities with the express power to impose such conditions ‘if a State Environmental Planning Policy (SEPP) identifies that there is a need for affordable housing within an area’ and certain other conditions are met.²²

The relevant SEPP for this purpose is *SEPP 70 Affordable Housing (Revised Schemes) (SEPP 70)*, which amends relevant local and regional environmental planning instruments to enable the levying of development contributions to provide for affordable housing. *SEPP 70* provides guidance regarding the requirements for assessing housing need, setting contribution levels, apportionment, administration and accountability, and specifies relevant income and rental criteria.²³ On the face of it, this gives effect to what a number of Councils had been doing for some time under the pre-2000 provisions of s94 (development contributions including for community facilities). However, the provisions of s94F and s94G are operationalised and limited in practice by *SEPP 70*, which applies to a very limited number of housing schemes including Ultimo-Pyrmont, Willoughby and Green Square, and to only three Council areas – Sydney, Leichhardt and Willoughby Councils. This would appear to preclude other Councils from imposing a mandatory levy, at least under s94F and s94G, although some Councils have done so

²¹ The 2000 amendment to the EP&A Act was gazetted in direct response to the effective invalidation of Amendment 6 of South Sydney Council’s LEP (on Green Square). Significantly, this had resulted from a successful challenge to Council’s affordable housing provisions by Meriton Apartments in the NSW Land and Environment Court. The action was taken in relation to Green Square, a ‘brownfields’ redevelopment site on the old ACI Glass Factory site at Waterloo-Zetland. Green Square lies within the boundaries of South Sydney Council (SSC), and is affected by the SSC Local Environmental Plan 1998 (Amendment No. 2) – Green Square. The subject site was also affected by the Green Square Affordable Housing Development Control Plan (DCP), under which SSC aimed to include a component of housing affordable for low and very low incomes earners, who had traditionally lived in SSC area and were being rapidly displaced by gentrification. Despite the fact that the DCP provided for only 3% of residential and 1% of commercial floor space (equivalent) to be dedicated to affordable housing as defined in the DCP. Meriton mounted and was successful in having upheld, a Land and Environment Court (LEC) challenge that rendered the provision of the DCP invalid (*Meriton Apartments v Minister for Urban Affairs and Planning* (2000) NSW LEC 20 – Decision 18 February 2000). The decision of Justice Cowdry in this matter (*Meriton Apartments v Minister for Urban Affairs and Planning* (2000), NSW LEC 2000) relied partly on an inconsistency between South Sydney Council’s Local Environmental Plan (LEP) and DCP, and partly because it represented a ‘fundamental interference with property rights’ at common law (p.383). The NSW LEC decision on Green Square referred to had the effect of potentially invalidating all local government Development Control Plans (DCPs) that provided for the inclusion of affordable housing, including those who were attempting to deal with increasing gentrification through capturing some public benefit from the rezoning and redevelopment of existing sites, and had far reaching effects for other local planning schemes.

²² Councils may only use these provisions if a SEPP identifies that there is a need for affordable housing within its area, and a Regional Environmental Plan (REP) or a local environmental plan (LEP) has been made in accordance with the relevant requirements for affordable housing provision set out in the SEPP, and if the Council has a developer contributions scheme set out or adopted in such a plan. The consent authority must be satisfied that that the development in respect of which the contribution is required will result in a reduction of affordable housing, will increase the need for affordable housing, or is in accordance with relevant regulations or zoning.

²³ *SEPP 70* defines ‘very low-income’ households as those on less than 50% of median household income; ‘low-income’ households’ as those on 50-80% of median household income, and ‘moderate-income’ households as those on 80-120% of median household income for Sydney SD.

unchallenged.²⁴ Despite lobbying from Councils throughout NSW where affordable housing is increasingly a serious issue, ²⁵ the State Government has to date maintained the limited application of *s94F* and *94G* of the Act.

Other express provisions are also contained within the Act to further the affordable housing objectives.

S93F of the Act provides for the making of a **voluntary planning** agreement in relation to a proposed amendment to a planning instrument or development application. Under such a planning agreement, the developer is required to dedicate land free of cost, pay a monetary contribution, or provide any other material public benefit, or any combination of them, to be used for or applied towards a public purpose. 'Affordable housing' as defined in the Act is one of the listed 'public purposes'.

A planning agreement is generally advertised in conjunction with the development or rezoning application to which it relates, and forms part of the conditions of consent. A planning agreement is registered and runs with the title to the land, and is binding on, and enforceable against, the owner of the land from time to time as if each owner for the time being had entered into the agreement. The provisions also provide for administrative, reporting, review and other accountability requirements like other forms of development contributions, and may be used in place of or as well as levies with respect to other infrastructure under normal development contributions provisions of the EPAA. Importantly, a planning agreement does not have to demonstrate nexus between the development and the public purpose for which it was made.

More flexibility or discretion for NSW State Government is apparently provided for in more recent amendments to the Act in relation to **'Special Infrastructure Contributions'**, which expressly include 'affordable housing' as defined. This includes the provision, extension and augmentation of (or the recoupment of the cost of providing, extending or augmenting) public amenities or public services, **affordable housing** and transport or other infrastructure relating to land [emphasis added]; and the funding of recurrent expenditure in relation to the above, or any studies or other support required (*s94ED*). Such contributions are not limited to land within a 'special contributions area', although such contributions are not to be required unless the

²⁴ For example, Wollongong and North Sydney Councils levied for a contribution to affordable housing to offset the loss of low cost flats, units and boarding houses from around 1987 under s94 of the Act on a per bedspace basis as well as using the provisions of the then SEPP 10 - Retention of Low Cost Rental. Wollongong discontinued its policy from around 1992, although North Sydney Council has continued to use s94 to levy for the loss of low cost accommodation until recently. The lack of LEC challenge was likely due to the relatively low levy per bedspace lost compared with the profit from strata subdivision or redevelopment.

²⁵ Thorpe, D., Miers, S., Stubbs, J., Richardson, R. and Berryman, C. 2004, *Enhancing the Role of Local Government in Affordable Housing: Options for Improving Our Planning System*, Affordable Housing Network, Shelter NSW.

provision of infrastructure ‘arises as a result of the development or class of development of which the development forms part’ (*s94EE(2)(c)*).

Reasonable discretion also appears to be provided for in *s94EE(3)*, which states that, despite the limitations of other provisions, ‘the Minister may...determine the level and nature of development contributions in the form of a levy of a percentage of the proposed cost of carrying out development or any class of development’. Further, the Minister will determine what part (if any) a development contribution will be ‘for the provision of infrastructure by a Council’ (*s94EE(3A)*). It is noted that, in determining the level and nature of contributions, the Minister will, as far as practicable make the contribution ‘reasonable with regard to the cost’ of infrastructure in relation to the development (*s94EE(2)(a)*).

There appears to be scope under these provisions to propose the levying of contributions for affordable housing where nexus between the development or class of development and increased demand for affordable housing (as a form of special infrastructure) is demonstrated, and there is reasonableness in the assessment of the level of contribution levied.

Finally, it is noted that Councils often assume greater limitations to their powers than necessary since the gazettal of the 2000 amendments.²⁶ However, *s94F(5)* makes it clear that ‘nothing in this section prevents the imposition on a development consent of other conditions relating to the provision, maintenance or retention of affordable housing’. This, and *s5(a)(viii)* and other relevant provisions discussed above, appear to provide sufficient latitude for Councils to engage in, for example, negotiating agreements with developers, identifying circumstances in which it is appropriate to provide for planning incentives through relevant EPIs, mandating diversity or affordability through developing performance criteria or targets in relevant plans (e.g. Masterplan DCPs), requiring social impact assessments to mitigate the loss of affordable housing, or other planning or procedural mechanisms apparent available to further the objects of the Act. A range of more active Councils are engaged in some or all of these activities at present, and these types of activities appear to be legal.

More recent amendments to the Act would also appear to open the door to mandatory contributions as a form of special contributions where nexus can be established and ministerial approval can be obtained, though clarification of the legality of such a position should be obtained from the Department of Planning and Environment. Rationale for the provision of affordable housing as a form of infrastructure and the economic feasibility and reasonableness

²⁶ See for example, Stubbs, J. 2003. *Battle for the Right to the City*, Faculty of the Constructed Environment, RMIT (PhD thesis).

of mandatory mechanisms (including requiring the provision of or a contribution) towards affordable housing are key matters addressed in the research for the current study.

The gazettal of *State Environmental Planning Policy (Affordable Rental Housing) 2009 (SEPPARH)* aimed to provide a consistent planning regime to encourage and enable the provision of different types of affordable housing to various target groups. In particular, the SEPP aims to facilitate the provision of affordable housing through zone liberalisation, the provision of incentives for delivery of new affordable rental housing including close to places of work, facilitating the retention and mitigation of the loss of existing affordable rental housing, and the development of housing for special needs groups including social housing, boarding houses and supportive accommodation.

2.2.2 Recent Policy and Legislation on Boarding Houses

In recent years, the NSW government has initiated policy changes to increase the supply of quality boarding houses to meet the needs of a variety of residents including key workers, those who need more flexible housing options and those with special needs,²⁷ and to provide a more appropriate regulatory framework to deliver boarding house services that promote and protect the wellbeing of residents.²⁸

“New Generation” Boarding Houses

The NSW Government Affordable Rental Housing State Environmental Planning Policy 2009 (AHSEPP) encourages the creation of new boarding houses that provide low cost and flexible rental housing to suit a range of different tenant groups such as single retirees, working singles, homeless, students and young couples.²⁹ The SEPP includes standards for proposed boarding houses that must be satisfied prior to development consent.

The Government provides various incentives for proprietors of boarding houses, such as land tax exemption or reduction in land value, and grants for essential fire-safety works. In order to receive these incentives, certain requirements or conditions must be met. For example, an

²⁷ Affordable Rental Housing State Environmental Planning Policy 2009, Reg 30, Standards for Boarding Houses.

²⁸ Boarding Houses Bill 2012, Part 1, Clause 3, Object of this Act

²⁹ NSW Government, Supporting Affordable Rental Housing – New Generation Boarding Houses fact sheet, accessed 10 June 2015 at http://www.planning.nsw.gov.au/plansforaction/pdf/Affordable%20Housing_Fact_NewGenerationBoardingHouses.pdf

exemption for the 2012 tax year is available where at least 80% of the accommodation is available for boarding house residents and maximum tariffs per room must not be exceeded.³⁰

There are clearly positive aspects of this increased support for boarding houses, particularly within an expensive inner-urban environment such as Ryde, where the most serious unmet housing need is for very low and low income renters. However, in such a market, boarding house accommodation may not constitute genuinely 'affordable housing' in accordance with relevant benchmarks, and the SEPP is silent on the question of affordability for such accommodation. Council may wish to consider stronger policy and assessment criteria to attempt to gain appropriate affordable housing outcomes when dealing with applications, including in relation to location, design and maximum rental costs.

Recent legislation and regulatory support for boarding houses, including the *Boarding Housing Act 2012 (NSW)* has also provided a more robust framework for such development, improved management requirements, design standards and amenity, and increased the attractiveness of this form of development as a legitimate tenure form.

³⁰ NSW Office of State Revenue, Revenue Ruling No. LT 93, Exemption – Land Use and Occupied Primarily for a Boarding House – 2014 Tax Year, accessed online 10 June 2015 at <http://www.osr.nsw.gov.au/info/legislation/rulings/land/lt093>

3 Consultation with Service Providers

3.1 Overview

A range of service providers were interviewed to provide a more detailed understanding of the need for affordable housing, the local service context, and to explore the potential for partnerships in affordable housing delivery and management.

Several community housing providers are active in Ryde LGA. Of these, Link Housing currently has the largest 'footprint' with respect to amount of stock, planned expansion and historical connections with the area. Evolve Housing is also active in Ryde, and hopes to expand its activities there, as do other providers that currently hold no stock in the LGA.

CatholicCare Diocese of Broken Bay provides one specialist homelessness services service package in Ryde. Mission Australia provides two specialist homelessness services service packages in Ryde.

Interviews with service providers also supports the findings of Council's initiative, *Arresting Vulnerability*, with those interviewed noting the increased levels of homelessness in the LGA, as well as the increasing vulnerability of lower waged families trapped in a cycle of unaffordable housing and increasing debt and risk of homelessness.

3.2 Link Housing

Link Housing is a community housing provider based in Chatswood. It manages 1,227 properties across 21 local government areas, three quarters of which are one or two bedrooms, and with most of the housing in the Northern Sydney area. Their portfolio includes 340 homes (28%) within Ryde LGA.

Their portfolio in Ryde includes a nation building transfer of one and two bedroom units, a number of newer capital properties which are typically walk-ups containing six dwellings, some free standing house and some leasehold properties.

Link actively plans to expand stock within Ryde, and sees Ryde as a key location. They have a focus on priority precincts, noting that one of these includes a public housing estate. They have a threefold approach to expansion: working with Council to redevelop Council sites, entering into partnerships with the private sector (linked to VPAs and any opportunities for inclusionary zoning), and the management and redevelopment of public housing.

Link is currently consulting with City of Ryde Council regarding some redevelopment sites identified by Council and under consideration for development as affordable housing. Link would like to see Council go through an "Expression of Interest" process to identify a preferred community housing provider to partner with in the long term. They believe this would be in Council's interests, as the relationship would ensure buy in by the provider, and provide opportunities for the provider to provide strategic input to Council. In this regard, Link sees an opportunity for the introduction of inclusionary zoning in priority precincts.

Generally with regard to demand, Link is concerned with the overall lack of affordable housing in City of Ryde, and believes an increased supply of both affordable and social housing is required. A cross subsidy model is favoured, where both social and affordable housing would be provided, including some market sales to offset development costs.

3.3 Evolve Housing³¹

Evolve Housing is a community housing provider based in Parramatta, with a total of 4,300 properties across Australia. These include around 3,100 properties in the Sydney Region including 54 properties in Ryde, with the majority of the Ryde properties being social housing. In addition Evolve has recently completed 15 cluster homes in Ryde providing accommodation for people with disabilities.

Evolve sees Ryde as an important area because of access to the CBDs of Sydney and Parramatta. They have a keen focus to expand in Ryde, using their mixed tenure model, providing housing to social, affordable and private markets. This is important for mixed tenure but also forms part of the financial model, where private sales may provide profit to partially subsidise social and affordable housing.

Evolve's preferred model is to develop community based programs. Evolve tries to develop wrap around services for clients to progress them along the continuum to private rental/ownership. The house is not the destination, it is the pathway.

The quantum of affordable housing (in perpetuity) in Ryde needs to increase because Ryde has a high degree of key workers, and it is important to maintain and grow the existing community.

Their existing stock is a combination of three bedroom social and three bedroom leasehold properties. This doesn't match need. In general terms the need for affordable housing is two bedroom stock; while social housing needs to be flexible, for example being able to be used as two bedroom or one bedroom depending on need. Social housing stock should be adaptable, with Evolve's developments incorporating 20% adaptable housing.

Evolve identified four opportunities for delivery.

In the first model they would work with a land owner such as Council to develop Council owned land through a partnership model, for example providing units to Council to the value of the land.

In the second they could negotiate for example a VPA with Council with regard to zoning enabling the redevelopment of existing social housing, particularly where there is a cluster of such housing.

In the third Council could lower costs by remitting s94 contribution in recognition of a contribution to affordable housing.

Lastly the negotiation of VPAs or development contributions with private developers is likely to be important in City of Ryde as a mechanism for delivering social and affordable housing.

³¹ Interview with Andrea Galloway 20 July 2015.

Finally Evolve noted the requirement under SEPP *Affordable Rental Housing* for affordable housing to be managed by a community housing provider and believe that Councils need to ensure this requirement is enforced. Evolve also said that the SEPP needs to be flexible with salary caps and rentals, as in their experience when a police officer or nurse works overtime they will exceed the salary cap for affordable housing.

3.4 Hume Community Housing³²

Hume Community Housing is a community housing provider based in Fairfield with an office in Parramatta. Hume has 1,717 properties across Sydney and does not currently have any properties in City of Ryde. Their housing includes affordable housing (276 properties) and homelessness services properties (251 properties).

They are currently constructing 60 properties in Fairfield, 21 in Guilford, 18 in Macquarie Fields, 14 in Warwick Farm and 16 in Bankstown. This is being funded by existing surpluses and borrowings against the asset base.

They are currently waiting for the outcomes of expressions of interest under the Premiers Innovation Fund, with this likely to result in further transfer of properties to community housing providers.

They are also considering opportunities available under the NDIS and under SEPP Affordable Rental Housing.

Hume would be interested in any partnering opportunities with Ryde.

3.5 BlueCHP³³

BlueCHP was launched in 2008 to be the development arm of five community housing member organisations. These are Southern Cross Community Housing, Hume Community Housing, Argyle Community Housing, Wentworth Community Housing and Women's Housing Company. In that time BlueCHP has delivered 1,617 properties, of which 689 have been retained.

Current development projects by BlueCHP include working with Lendlease and FACS to deliver 3% of lots in Ropes Crossing near Penrith as affordable housing, delivery of 101 units in Campbelltown and delivery of 2,600 dwellings in Logan, Queensland.

BlueCHP sees their major advantage as delivering affordable housing in perpetuity, unlike development under SEPP *Affordable Rental Housing* or NRAS where dwellings only remain affordable housing for ten years.

They have a particular interest in City of Ryde as it is a huge growth area with railway lines. There is significant potential to deliver affordable housing through capturing some of the uplift in values in the area. Delivery methods include development of land owned by others, or the sale of some units to offset the development of affordable housing.

³² Interview with Peter Malone 20 July 2015.

³³ Interview with Charles Northcote 21 July 2015.

3.6 Bridge Housing³⁴

Bridge Housing is a community housing provider based in Redfern with a portfolio of 1,650 capital, leasehold and fee-for-service properties across 18 Sydney LGAs, generally in the eastern and inner western and south western suburbs. It does not currently have any properties in Ryde LGA but would be interested in providing an expression of interest to Council with regard to any opportunities for development partnerships.

Bridge Housing is currently developing 65 affordable housing dwellings in Blacktown with some to be sold and 34 retained, and converting four unit apartments in Ashfield into nine studios as a new generation boarding house. Other developments include converting three fibro houses in Parramatta to 38 affordable and social dwellings and a redevelopment in Glebe delivering 153 units for older people.

3.7 Community Housing Limited³⁵

Community Housing Limited (CHL) is a community housing provider based in Melbourne with a portfolio of more than 5,700 properties under management in Australia across six States including Victoria, New South Wales, Western Australia, South Australia, Queensland and Tasmania. CHL currently has 150 properties in Sydney Metro area but none in Ryde LGA. CHL had previously been party to a large scale high rise redevelopment of FACS land in West Ryde however the proposal did not progress following the change of government.

CHL is currently developing 14 properties in Port Macquarie and nationwide have developed around 1,000 properties through the NRAS program, the Nation Building Program and the Stimulus Package. They are currently partnering with Randwick Council and Clarence Valley Council in the delivery of affordable housing. Ryde is seen as an important as it is undergoing redevelopment and there are significant transport links.

CHL sees the main unmet need for social housing as the quantum, with 60,000 people on the waiting list for public housing. There is also a growing range of people in the moderate income band who are unable to afford housing and a growing number of people in the country who will not have access to sustainable affordable housing.

Two major concerns include a whole generation of people who will be long term renters with no opportunity to enter the purchase market; and retiring single women as they often lack super and so won't have the retirement income to pay for housing when they stop working.

³⁴ Interview with John Nicolades 22 July 2015.

³⁵ Interview with Frank Birkenfeld 21 July 2015.

3.8 Mission Australia³⁶

Mission Australia provides two specialist homelessness services service packages in Ryde. These are the Northern Sydney West Youth Homelessness Solutions providing intervention, supported crisis accommodation, transitional accommodation and assistance for rapid rehousing to young people in the LGAs of Ryde, Hunters Hill, Ku-ring-gai and Hornsby; and the Northern Sydney District Homelessness Early Intervention and Prevention Service providing intervention to support tenants at risk of homelessness and those in unsustainable and unsafe accommodation to find suitable long term accommodation.

The Youth Homelessness Solutions package is delivered by Mission Australia in partnership with Talumande Youth Services. Mission Australia, with Mission Australia delivering the early intervention program and Talumande managing youth housing.

Mission Australia is currently establishing themselves in Ryde and are currently getting 2-3 referrals in a month. Generally clients are disengaging from school due to family breakdown, drug involvement and general mental issues, particularly high anxiety.

Talumande has nine crisis beds in Ryde, however these service a wider area and referrals typically come from further west, rather than from Ryde. Clients tend to be from Juvenile Justice (50%), with others including couch surfers and rough sleepers. Support services are generally available but clients need networking and collaborative support. There is a need for more housing in the Ryde area and probably further west so that clients can maintain their relationships and contacts.

There is a shortage of crisis accommodation generally across Sydney and Mission Australia could currently place 4-5 people in accommodation but nothing is available. The use of crisis accommodation is restricted in age and time frame, and there is also a difficulty in housing clients when they move on.

It is difficult to place clients in transitional housing or private rental because a shared house arrangement is required to address affordability and many clients have behavioural, trauma and mental health issues; noting that these also affect access to full time employment and provide another barrier to obtaining housing. Clients tend to exit to families or friends or another service however these are not permanent housing solutions.

The Early Intervention and Prevention Service is delivered in the southern part of the district (including Ryde LGA) by Ryde Family Services based in West Ryde. The service has operated in the area since 1982 delivering family support services, but now provides a broader range of early intervention support services including homelessness.

While difficult to quantify, the service is seeing an increase in the visibility of homelessness, with more rough sleepers on the streets. They are currently getting up to ten referrals each week for people who are homeless or at risk of homelessness. Of these 54% of clients are born outside

³⁶ Interview with Julie Action (Mission Australia) 22 July 2015, Nicky Thompson (Talumande) 22 July 2015 and Helen Silvia (Ryde Family Services).

Australia, and in the last quarter 7% were couch surfers, 10% homeless and the balance (83%) at risk of homelessness. The latter are typically people who are in private rent and can't afford it; where their lease has not been renewed; or people who are living with other family members.

It is difficult to find affordable accommodation as the area is very unaffordable and there is little or no security in private rental. There is no transitional housing in the area for adults and families. Social housing is impossible with limited stock for families and there is a lack of alternative housing such as good boarding houses.

Circumstances change (such as job loss or family breakdown) or else rents go up and people get pushed out. People try to stay locally as they have often lived here a long time. Often people move outside the area (interstate, Western Sydney, Central Coast) or sublet rooms to cover costs.

The respondent felt that Ryde Council is proactive in many areas and hoped that there is an appetite to engage actively in the supply of affordable housing particularly with regard to innovative models.

3.9 CatholicCare Diocese of Broken Bay³⁷

CatholicCare Diocese of Broken Bay provides one specialist homelessness services service package in Ryde. This is the Northern Sydney Homelessness Support Service – Ryde and Upper North Shore. The service provides supported crisis and transitional accommodation and supports homeless people to secure long term accommodation in the LGAs of Ryde, Hunters Hill, Ku-ring-gai and Hornsby.

The service has limited stock for transitional housing, with this consisting of four two bedroom and two one bedroom units owned by CatholicCare, and there is no stock in Ryde LGA. In addition the service manages a women's and children's refuge in Marsfield in the Ryde LGA. The service also works with community housing providers so they get some access to transitional stock managed by the providers.

In the last week the service received 35 referrals, and of these around 20 were housing and homelessness. The clients include single men, single women and families. The service employs a person full time to liaise with real estate agents to obtain accommodation.

Traditionally most of the homeless people the service sees (70%) are women fleeing domestic violence but they are tending to see more older single women as well. Other significant groups are those who become homeless through changing circumstances such as loss of their job or retirement and are no longer able to afford rental and people with chronic mental health, physical health and drug and alcohol problems. The service also does outreach to rough sleepers.

Demand is very high and the service currently has waiting lists as all resources are allocated although they do have some capacity for emergencies. Typically clients would be staying with

³⁷ Interview with Jan DeVos, 21 July 2015.

friends or perhaps receiving Temporary Accommodation; or they would be couch surfing with relatives or in danger of eviction due to changing circumstances and inability to pay rent.

There was no transitional housing provided with the SHS package, and it is very difficult to get people into permanent housing in the area because affordability is so poor. Once people are settled through transitional housing, people are not generally able to be rehoused in the area so they relocate to mid north coast, central coast and south-west Sydney. It is almost impossible to obtain priority housing through FACS and the women's refuge in Hornsby is constantly full.

With the changes to homelessness services, services have been reduced so that there are no longer 24/7 staff; however more importantly there are insufficient beds to meet the demand across all groups. There are support services for those homeless or in risk of homelessness and the service assists them to link them into a range of services.

3.10 Other Welfare Services

City of Ryde is currently conducting a project *Arresting Vulnerability*. The project involved research and consultation with 15 service providers and one community group. The draft report concluded that:

There is emerging evidence coming through from Community Aid organisations within the City of Ryde that adult homelessness is on the rise in the local area. This issue is often combined with social and economic disadvantage and food insecurity, leading to an increased vulnerability in communities. As such, addressing homelessness is a key priority for the Community and Culture Unit over the next three years...

All evidence suggests that there are increasing numbers of people falling victim to low wages, unemployment, unaffordable rent, limited rental stock and increasing cost of living and this is creating an unending cycle of financial disadvantage and vulnerability...

As soon as an unexpected event occurs that affects someone's income or ability to work, it is a very quick progression to homelessness.

3.11 FACS Housing Services – West Ryde Office³⁸

The West Ryde Office of FACS Housing Services was contacted but declined to be interviewed. They advised by email that:

“NSW Land and Housing Corporation own all properties and are responsible for maintaining, redeveloping or selling stock and also decide what type of housing is being built in the area.

Here at the local office we manage tenancies and the waiting list for social housing so would not be able to assist with your enquiry unfortunately.”

³⁸ Email from Sheridan McGuinness, 17 July 2015.

4 Demographic Change

4.1 Household income

Household income has been relatively stable over the past decade, and is comparable to Greater Sydney. Median household income relatively constant in relation to median household income for Greater Sydney. In 2001 median household income for Ryde was slightly greater than that for Greater Sydney (104%), decreasing to 101% in 2006 and 2011.³⁹

In 2011, the distribution of household income in Ryde LGA closely resembled that for Greater Sydney, with some over representation in higher income groups.

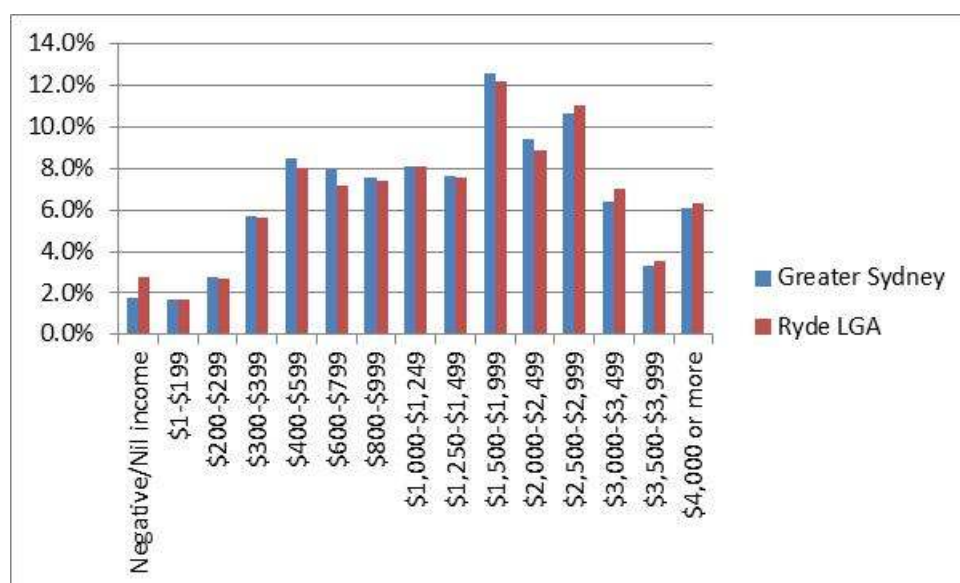


Figure 4.1: Household income by bands for Ryde LGA and Greater Sydney

Source: JSA 2015, using data from ABS census 2011.

4.2 Household size

Average household size in Ryde LGA increased from 2.5 in 2001 to 2.6 in 2011. By comparison, average household size for Greater Sydney was constant over the period at 2.7. The smaller average household size is from a greater proportion of one person households in Ryde LGA and a reduced proportion of households of five or more people as shown in the graph below.

³⁹ ABS census 2011 Time series data; JSA calculation

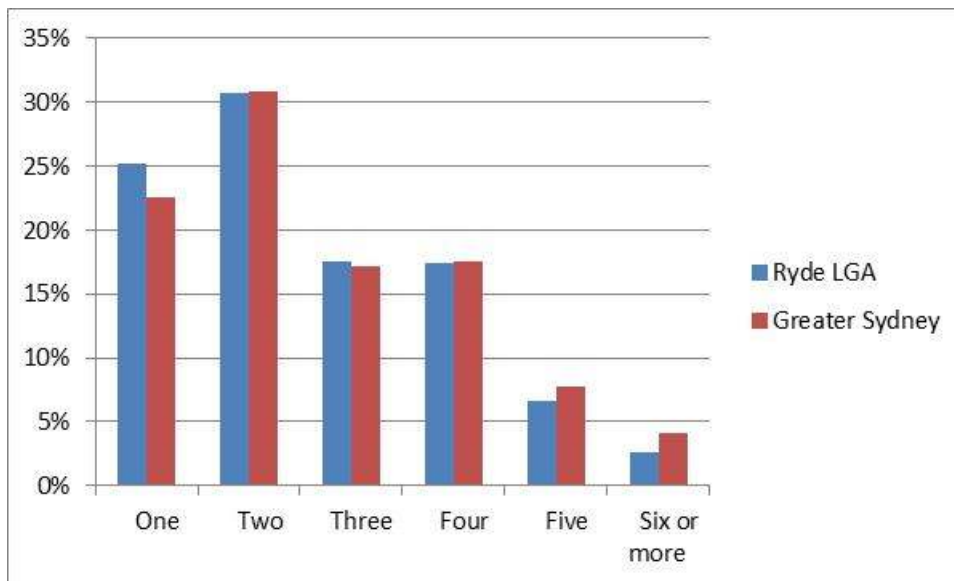


Figure 4.2: Number of residents per household for Ryde LGA and Greater Sydney

Source: JSA 2015, using data from ABS census 2011.

4.3 Household composition

By comparison with Greater Sydney, households in Ryde LGA are somewhat more likely to be made up of lone person households, and somewhat less likely to be made up of households with children.

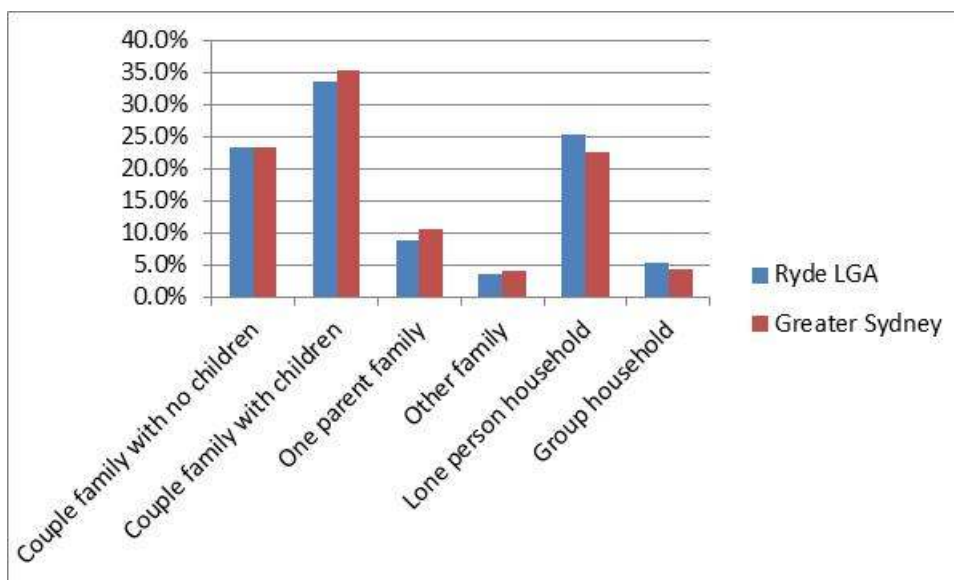


Figure 4.3: Household type for Ryde LGA and Greater Sydney

Source: JSA 2015, using data from ABS census 2011.

4.4 Age profile

By comparison with Greater Sydney, there is a higher proportion of residents in Ryde LGA aged over 75 and in the 20-24 years age group, with less residents aged under 19 years. This is likely

due to the large number of young adults attending Macquarie University, the lower rate of families with children, and data from the Census data that shows 22 non-private dwellings as nursing homes and aged accommodation, suggesting the preponderance of aged people is because of the availability of aged care accommodation.

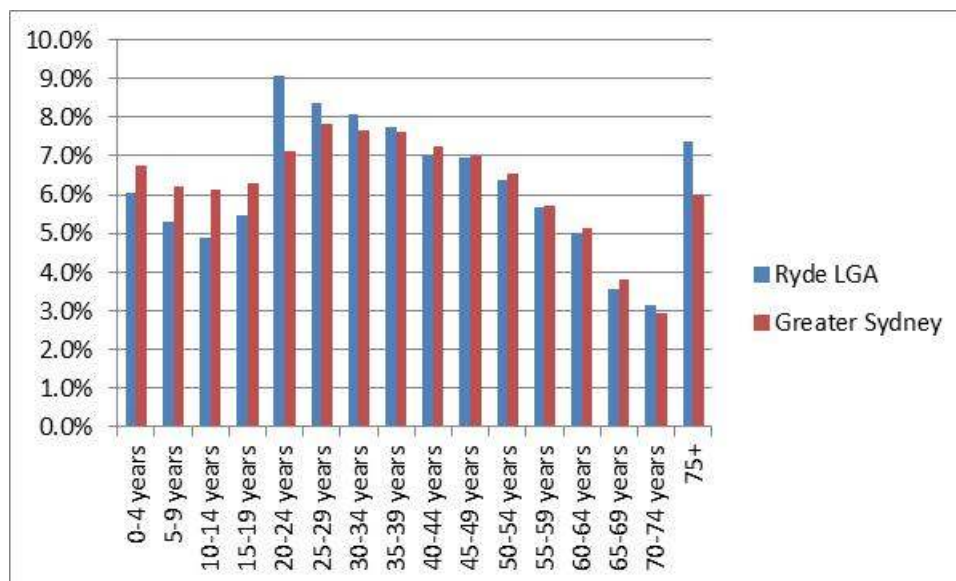


Figure 4.4: Age profile for Ryde LGA and Greater Sydney

Source: JSA 2015, using data from ABS census 2011.

4.5 Homelessness

The ABS estimated there were 240 homeless people in Ryde-Hunters Hill in 2011.⁴⁰ This count includes persons in improvised dwellings, tents or sleeping out, persons in supported accommodation for the homeless, persons staying temporarily with other households, persons in boarding houses, persons in other temporary lodgings, and persons living in severely crowded dwellings.

No rough sleepers were counted in Ryde LGA in 2011, and there were no homeless shelters or boarding houses counted, suggesting the people counted came from other categories.

There is reported to be an increase in homelessness and risk of homelessness by service providers. However, this is difficult to detect from Census data.

⁴⁰ ABS 2049.0 Census of Population and Housing: Estimating homelessness, 2011

5 Supply and cost of housing

5.1 Housing supply

The number of dwellings in Ryde LGA increased from 36,500 counted in the 2001 census to 39,100 in the 2011 census, an increase of 7.1%. Over the same period the number of dwellings in Greater Sydney increased by 12.2%.

The number of separate houses in Ryde fell by 1.5%, while the number of attached houses increased by 22.4% and the number of flats, units and apartments increased by 17.5%. By comparison, in Greater Sydney the number of separate houses increased by 5.2%, the number of attached houses by 25.9% and the number of flats, units and apartments by 25.6%.

The majority of dwelling creation in Ryde appears to be from redevelopment of existing sites, perhaps with some infill from subdivision of existing lots.

The changing structure of housing in Ryde is shown graphically below.

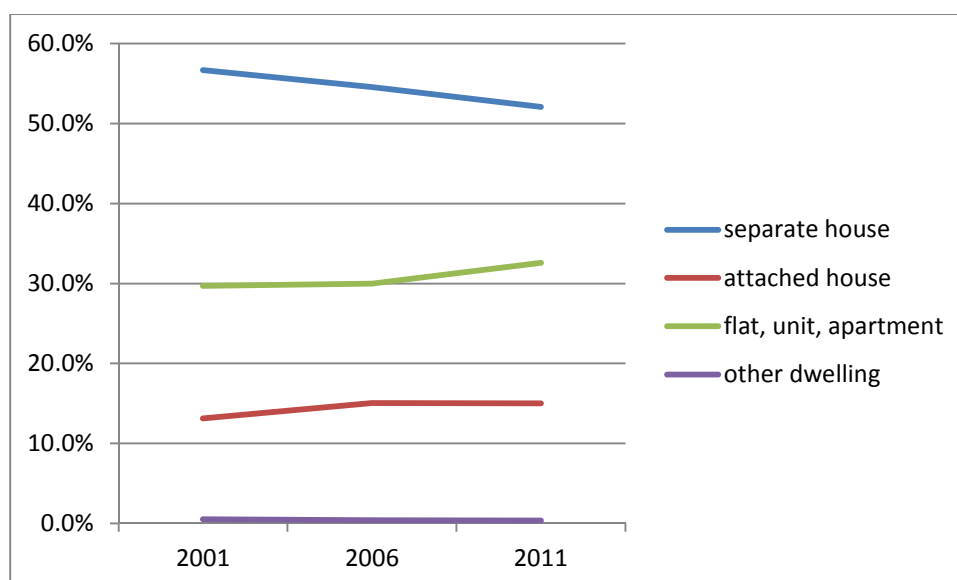


Figure 5.1: Housing structure for Ryde LGA, 2001-2011

Source: JSA 2015, using data from ABS census 2011.

In 2011, 16% of separate houses were available as rental dwellings, compared to 43% for attached dwellings and 64% for flats, units and apartments.

5.2 Rental Housing Cost

5.2.1 Rental Housing Cost

The table below shows rental prices for Ryde LGA by comparison with Greater Sydney. In general, strata dwellings are lower cost than Greater Sydney, and separate houses are significantly more expensive.

Table 5.1: Rental Prices (per week) for March Quarter 2015

Dwelling Type	Area	First Quartile	Second Quartile	Third Quartile
One bedroom flat/unit	Ryde LGA	\$360	\$470	\$515
	Greater Sydney	\$400	\$479	\$540
Two bedroom flat/unit	Ryde LGA	\$410	\$450	\$545
	Greater Sydney	\$415	\$520	\$640
Two bedroom separate house	Ryde LGA	\$480	\$500	\$550
	Greater Sydney	\$350	\$420	\$560
Three bedroom separate house	Ryde LGA	\$575	\$650	\$700
	Greater Sydney	\$400	\$450	\$580

Source: JSA 2015, based on data from Housing NSW Rent and Sales Report Issue 111 (March Quarter 2015)

5.2.2 Median rental price growth

Median rentals in Ryde closely track median rents for Greater Sydney and are typically slightly less than Greater Sydney rents.

The rental market in Greater Sydney was relatively flat in real (adjusted) terms for quite long periods until 2007, when a significant increase in the real cost of rental was evident (a real rental cost increase of 25% from 1990 to 2007, and 14% from 2007 to 2014, or approximately 50% growth across the total period).

The acceleration in rental costs in more recent years is likely due to the effects of constraints on rental supply due to reduced investment and construction following post-'housing bubble' corrections from 2006, as well as the increased reliance on rental yield to provide a return in a low capital growth market, described below.

The following figure shows these trends graphically.

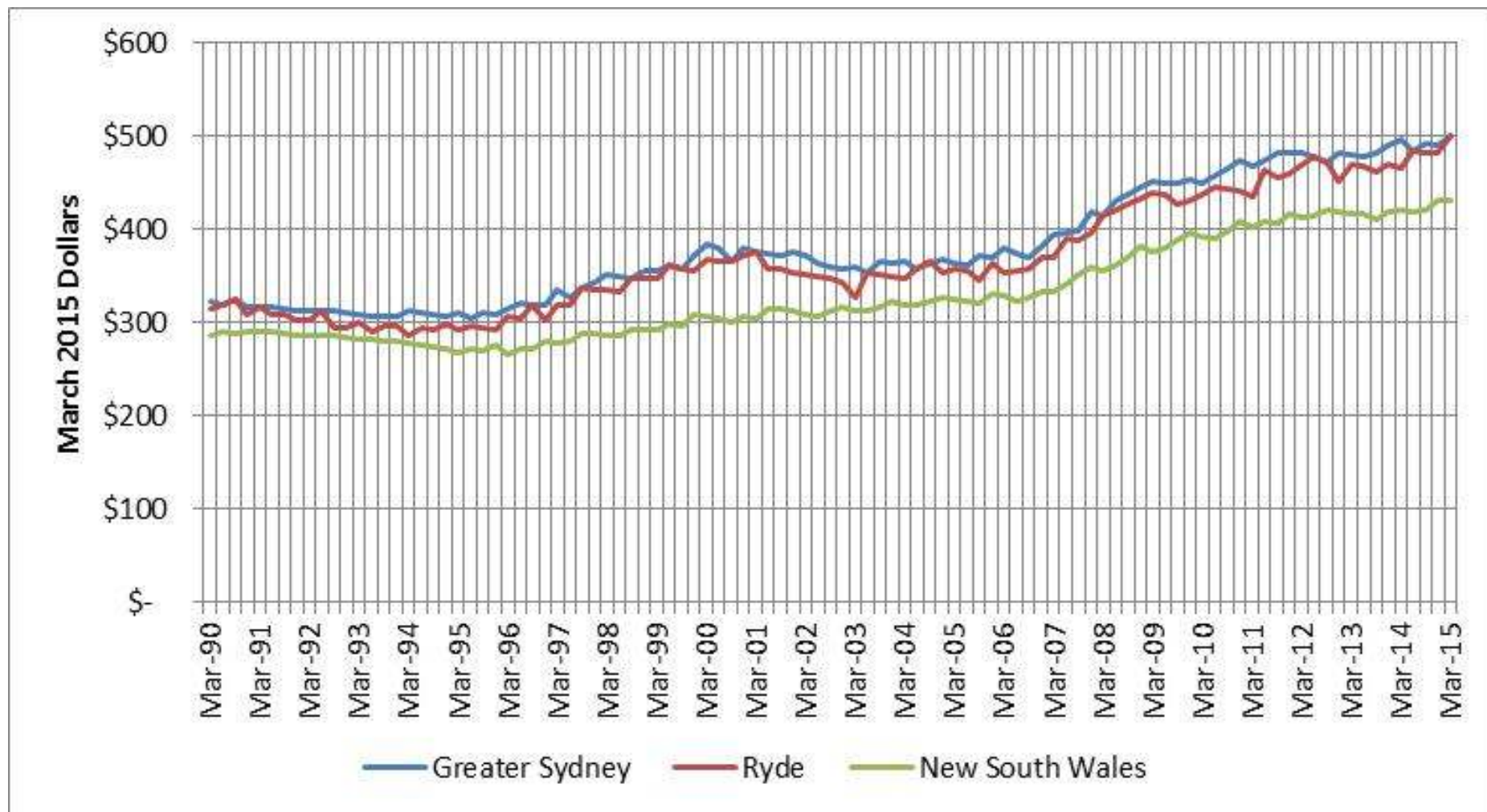


Figure 5.2: Median Rental Price, All Dwellings, Selected Areas, March Quarter 1990 to March Quarter 2015, Adjusted for Inflation (to March Quarter 2015 Dollars)

Source: JSA 2015, using data from Housing NSW Rent and Sales Report Issue 111 (Rental Trend) and ABS Consumer Price Index, All Groups, Australia

5.2.3 Rental Snapshot

A snapshot of rental advertisements was carried out on 3 June 2015.⁴¹ There were 350 properties for rent. Of these, none were affordable to very low income households. Twenty three (7%) were affordable to low income households, and of these, 19 were one bedroom apartments. One hundred and ninety seven (56%) were affordable to moderate income households, including nine three bedroom dwellings.

The lowest medians were in the suburbs of West Ryde and Meadowbank with North Ryde and Gladesville the most expensive areas.

A recent snapshot of advertised rental properties found that

Data is summarised in the tables below.

Table 5.2: Rental snapshot by suburb for Ryde LGA

Suburb	No.	1st quartile	Median	3rd quartile
Chatswood	1	-	-	-
Denistone	5	-	-	-
East Ryde	2	-	-	-
Eastwood	45	430	500	680
Gladesville	64	430	565	650
Macquarie Park	19	440	530	565 s
Marsfield	26	480	540	727.5 s
Meadowbank	47	420	470	600
Melrose Park	3	-	-	-
North Ryde	11	550	670	800 s
Putney	5	-	-	-
Ryde	82	438.75	547.5	642.5
West Ryde	40	398.75	455	593.75
s=small sample (10-30)				

Source: JSA 2015, based on data from www.realestate.com.au 3 June 2015

⁴¹ Using realestate.com.au

Table 5.3: Rental snapshot by number of bedrooms for Ryde LGA

No. of bedrooms	No. of properties	1st quartile	Median	3rd quartile
1	56	352.5	450	521.5
2	185	420	480	592.5
3	78	600	665	757.5
4	21	715	795	890 s
5+	10	750	975	1250 s

s = small sample (10-30)

Source: JSA 2015, based on data from www.realestate.com.au 3 June 2015

5.2.4 Social Housing

‘Social rental housing’ is housing provided to very low income households, and managed by a State authority (Housing NSW) or a community housing provider (CHP). Given long waiting lists for such housing in Ryde LGA as reported by local services interviewed, to be allocated social housing, residents will generally have some other special need/s in addition to being on a very low income.

Ryde LGA has similar levels of state housing (4.0%) compared with NSW (4.2%), and slightly higher levels of community housing (1.0% compared with 0.7% for NSW).

Overall, Ryde LGA has 5.0% social housing (public and community housing), compared to 4.9% for NSW.

The supply of social housing in Ryde increased from 1,497 dwellings in 2001 to 1,836 dwellings in 2011, a 23% increase. Over the same period the number of dwellings in Ryde increased by 6%, showing real proportional growth in social housing.⁴² This is likely related to stimulus spending as part of Nation Building initiative, which resulted in a net increased in social housing stock for in a number of areas for the first time in decades.

In addition to social housing, there is a range of emergency and transitional housing available under Specialist Homelessness Services funding (see Section 3 above for details on various housing providers).

5.2.5 Boarding Houses

No boarding houses were recorded in Ryde LGA in the 2011 census. As of 29 June 2015, there were seven registered boarding houses in Ryde LGA. We were able to contact the proprietor of one of these boarding houses, who advised that his boarding house had five rooms and the rent was \$400 per week. By comparison, a median one bedroom apartment rent for Ryde suburb was \$500,⁴³ suggesting that boarding house rentals are likely to be around 80% of median one bedroom rentals, and typically \$360 per week for Ryde LGA. Although unreliable because of the

⁴² ABS census 2011, time series data

⁴³ From rental snapshot data

very small sample size, a boarding house room in Ryde LGA may be affordable to the upper 10% of low income households.

5.3 Housing Purchase Cost

5.3.1 Purchase prices

Non strata purchase prices in Ryde LGA are greater than those for Greater Sydney while strata dwellings are similarly priced, with median price for all dwellings 34% greater, median price for strata dwellings 3% greater and median price for separate housing 60% greater.

Table 5.4: Purchase Prices for December Quarter 2014

Dwelling Type	Area	First Quartile	Second Quartile	Third Quartile
All dwellings	Ryde LGA	\$613,000	\$939,000	\$1,300,000
	Greater Sydney	\$520,000	\$700,000	\$1,000,000
Strata dwellings	Ryde LGA	\$545,000	\$623,000	\$750,000
	Greater Sydney	\$480,000	\$621,000	\$780,000
Non Strata	Ryde LGA	\$1,163,000	\$1,300,000	\$1,500,000
	Greater Sydney	\$550,000	\$801,000	\$1,200,000

Source: JSA 2015, based on data from Housing NSW Rent and Sales Report Issue 111 (December Quarter 2014)

5.3.2 Median purchase price growth

Median purchase prices in Ryde closely track those for Greater Sydney and are typically 20% above Greater Sydney prices.

In real terms, house prices in Ryde effectively doubled between 1996 and 2004, and have been rising again since 2010 following a real decrease in prices from 2004 to 2009.⁴⁴

The following figure shows these trends graphically.

⁴⁴ The apparent greater volatility of dwelling prices in Ryde compared to Greater Sydney is an artefact of the smaller number dwellings sold in Ryde.



Figure 5.3: Median Purchase Price, All Dwellings, Selected Areas, March Quarter 1991 to December Quarter 2014, Adjusted for Inflation (to March Quarter 2015 Dollars)

Source: JSA 2015, using data from Housing NSW Rent and Sales Report Issue 111 (Sales Price Trend) and ABS Consumer Price Index, All Groups, Australia

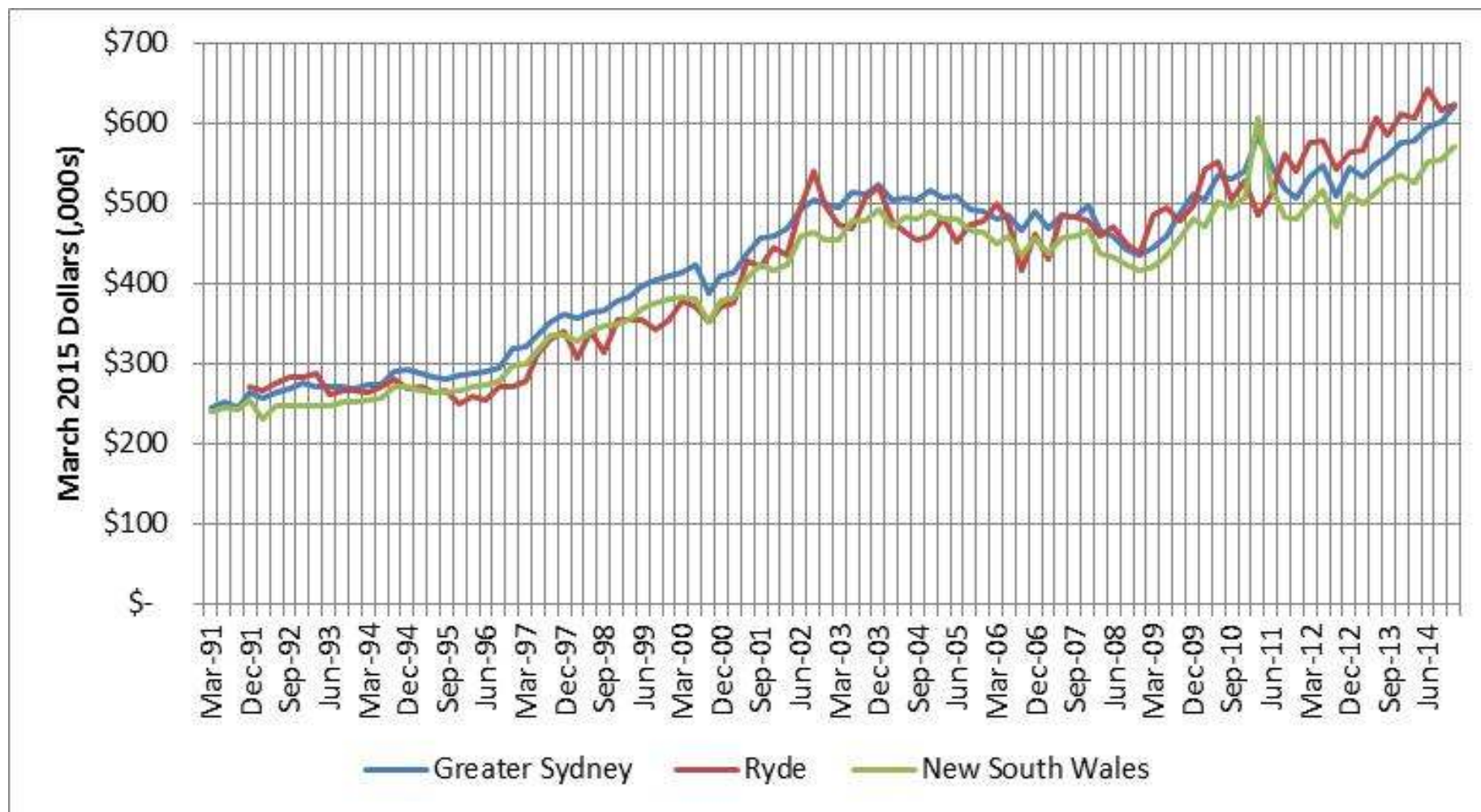


Figure 5.4: Median Purchase Price, Strata Dwellings, Selected Areas, March Quarter 1991 to December Quarter 2014, Adjusted for Inflation (to March Quarter 2015 Dollars)

Source: JSA 2015, using data from Housing NSW Rent and Sales Report Issue 111 (Sales Price Trend) and ABS Consumer Price Index, All Groups, Australia

5.3.3 Analysis of purchase price

Strata purchase prices for the period 1 June 2014 to 30 June 2015 have been analysed to understand important variables affecting housing affordability.

The first model considered the effect of price increase with time, post code, parking and number of bedrooms and bathrooms. Results are shown below.

Based on this analysis, a one bedroom apartment with no car parking and in Postcode 2114 would be expected to sell (on average) for \$406,000. This apartment would be affordable to 74% of moderate income households. A two bedroom apartment without car park in Postcode 2114 would be expected to sell (on average) for \$544,000 and would just be unaffordable for those at the top of the moderate income band.

Table 5.5: Linear Regression Analysis of strata prices for Ryde

Parameter	Value	Comments
R ²	0.62	The model predicts 62% of the variability in price
Days	\$301	Strata prices are increasing by \$301 per day or 17% per year
Bedrooms	\$137,320	Increase in price for each additional bedroom
Bathroom	\$112,610	Increase in price for each additional bedroom
Parking	\$69,958	Increase in price for each car space
Post Code 2112	-\$39,437	Decrease in price for postcode
Post Code 2114	-\$47,153	Decrease in price for postcode
Constant	\$203,760	

Source: JSA 2015, based on data from EAC Redsquare database

A separate analysis was carried out using strata area⁴⁵ and gave a better model, with a higher degree of fit (73%) and using only two variables. Using this analysis, a 35m² apartment⁴⁶ generally in Ryde would be expected to sell for \$542,000, and so not affordable to any moderate income household. A similar apartment in Postcode 2114 would be expected to sell for \$396,000 and would be affordable to the upper 80% of moderate income households.

⁴⁵ Strata areas above 120 square metres were excluded so as to exclude villas and town houses.

⁴⁶ A minimum sized bedsit under the Apartment Design Guide, noting that the strata area (and hence price) will likely be increased by balconies, storage space and any parking space requirements.

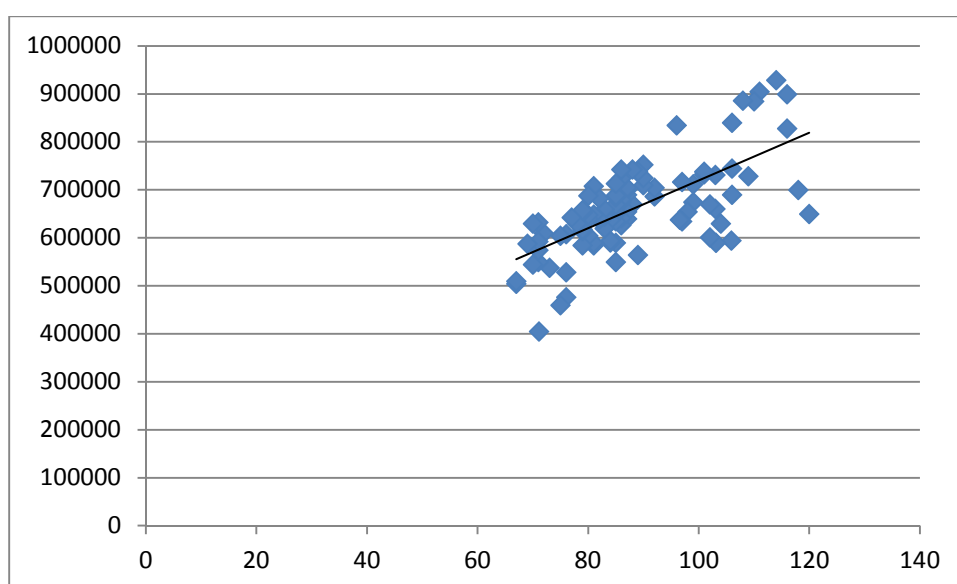


Figure 5.5: Linear Regression analysis of strata prices and strata area for Ryde LGA

Source: JSA 2015, using data from EAC Redsquare data base.

Table 5.6: Linear Regression Analysis of strata prices for Ryde

Parameter	Value	Comments
R^2	0.73	Area and postcode predicts 73% of the variability in price
Area	\$2,464.5	Increase in price for each additional square metre of strata area
Post Code 2114	-\$145,650	Decrease in price for postcode
Constant	\$455,380	

Source: JSA 2015, based on data from EAC Redsquare database

5.4 Changing price to income ratios

In 2001, a median renting household in Ryde LGA paid 22% of median household income on rent, compared to 21% for Greater Sydney. In 2011 the household paid 25% of median household income on rent, the same rate as for Greater Sydney.

In 2001, a median purchasing household in Ryde LGA paid 16% of median household income on mortgage payments, compared to 17% for Greater Sydney. In 2011 the household paid 16% of median household income on mortgage payments, the same rate as for Greater Sydney.

Housing affordability is likely to have decreased significantly since 2011, with median sales prices in Greater Sydney increasing by around 21% in real terms since then (refer to the following graphs). Using the most recent data, median sales price in Ryde increased by 30% over the same period, however there was a very large increase in the December quarter of 2014. Additional data is required to determine whether this is a trend, or whether it is because of greater volatility in reported medians due to smaller sample sizes for Ryde LGA. Rents have increased by around 8% in real terms over the same period.

Further insight is obtained from a regression analysis carried out by Judith Stubbs and Associates of real median sales prices for Greater Sydney for 1991-2012 with interest rates and real household income. Interest rates and real household income predict 90% of the variation in real median sales prices, suggesting that price is largely determined by supply factors and that supply of housing is relatively insensitive to price. Using the results of this analysis, Greater Sydney median housing prices were 2% less than predicted by the analysis in 2012, and are currently 11% greater than predicted by the trend providing supporting evidence of a housing boom since December 2012.

6 Housing Affordability

6.1 Why is 'affordably priced housing' important?

There is a common misconception that 'affordably priced housing' refers only to social (public or community) housing. However, many current and future residents facing affordability problems in Ryde LGA are likely to fall outside the eligibility criteria for such housing.

This includes a young person seeking to live near where they grew up, a recently separated or divorced person with children for whom conventional home ownership may no longer be economically viable, households dependent on one (or even two) low or median waged, key worker jobs, or an older person on a reduced retirement income.

Lack of affordably priced housing not only affects the quality of life of individual families, who may be sacrificing basic necessities to pay for their housing. It also has a serious impact on employment growth and economic development. The loss of young families and workers in lower paid essential service jobs can adversely affect local economies, and is contributing to labour shortages in some areas of metropolitan Sydney.

This can contribute to a lack of labour supply among 'key workers' who are essential to various services including childcare, aged services, health care, tourism, hospitality and emergency services, but whose wage increasingly does not allow them to access rental or purchase housing close to where they work. Affordably priced housing is thus an important form of community infrastructure that supports community wellbeing and social and economic sustainability, including a diverse labour market and economy, and strong and inclusive communities.

Finally, the location of affordably priced housing is a key issue in terms of social equity and sustainability. Providing for a mix of affordably priced housing for different target groups in well-located areas provides for social mix and reduces the potential stigma that can be associated with such accommodation. Locating such housing close to transport and services also provides for the needs of key groups including those with a disability and the frail aged, reduces car dependency and the cost of transport, which can be a significant impost on low and moderate income households⁴⁷ and on the environment.

6.2 What is affordable housing?

Housing is generally considered to be 'affordable' when households that are renting or purchasing are able to meet their housing costs and still have sufficient income to pay for other basic needs such as food, clothing, transport, medical care and education.

⁴⁷ See for example Gleeson, B. and Randolph, B. (2002) 'Social disadvantage and planning in the Sydney Context', in *Urban Policy and Research Vol. 20(1) pp101-107*; and Kellett, J. Morrissey, J. and Karuppannan, S. 2012. 'The Impact of Location on Housing Affordability', *Presentation to 6th Australasian Housing Researchers Conference*, 8-10 February 2012, Adelaide, South Australia.

‘Affordable housing’ also has a statutory definition under the *NSW Environmental Planning and Assessment Act 1979 (NSW)*, being housing for very low, low or moderate income households. *SEPP 70* defines ‘very low-income’ households as those on less than 50% of median household income; ‘low-income’ households as those on 50-80% of median household income, and ‘moderate-income’ households as those on 80-120% of median household income for Sydney SD.

As a commonly used rule of thumb, affordable housing is taken to be housing where households pay less than 30% of their gross household income on housing costs. This is often regarded as the point at which such households are at risk of having insufficient income to meet other living costs, and deemed to be in ‘housing stress’. Those paying more than 50% of gross income are regarded as being in ‘severe housing stress’. Very low, low and moderate income households are defined in

‘Low cost’ housing is often, though not always, ‘affordable’. For example, in a premium location, even a small, lower amenity strata dwelling may be ‘unaffordable’ to a very low-, low- or moderate-income household.

The following table provides relevant benchmarks that are used in this study when referring to ‘affordable housing’. These are provided in 2014 dollars, and are consistent with relevant NSW legislation.

Table 6.1: Relevant Affordable Housing Benchmarks for Greater Sydney (1)

	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)	<\$779 per week	\$779-\$1,246 per week	\$1,246-\$1,870 per week
Affordable Rental Benchmarks (3)	<\$234 per week	\$235-\$374 per week	\$375-\$561 per week
Affordable Purchase Benchmarks (4)	<\$225,000	\$225,001-\$360,000	\$360,001-\$540,000

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

- (1) All values reported are in March Quarter 2015 dollars
- (2) Total weekly household income
- (3) Calculated as 30% of total household income
- (4) Calculated using ANZ Loan Repayment Calculator, using 11 June 2015 interest rate (5.38%) and assuming a 20% deposit for a 30 year ANZ Standard Variable Home Loan and 30% of total household income

6.3 Housing Stress

6.3.1 Overview

A commonly used measure of underlying need for affordably priced housing is the number of households in 'housing stress', or at risk of after-housing poverty.⁴⁸ A broad 'rule of thumb' for 'housing stress' is when a very low, low or moderate income household is paying more than 30% of its gross income on its housing costs, and 'severe housing stress' when such a household is paying more than 50% of its income on rental or mortgage repayments.

Other factors will clearly affect the financial and social wellbeing of a family, including the adequacy and appropriateness of their housing, and costs that are unequally borne by some households, for example, high health care or transport costs.⁴⁹

6.3.2 Housing Stress among renters

Ryde LGA has a **similar rate of housing stress to NSW and Greater Sydney**. In Ryde LGA, 39% of renting households were in housing stress in 2011 compared with 40% for NSW and 39% for Greater Sydney.

In 2011, there were around 5,050 renting households in housing stress in Ryde LGA, made up of 3,150 very low income households (62% of those in housing stress), 1,400 low income households (28% of those in housing stress) and 500 moderate income households (10% of those in housing stress).

Sixty eight per cent of very low income renting households were in rental stress, as were 56% of low income renting households and 16% of moderate income renting households. In terms of household type, rates of rental stress were higher for family and other households (44%) compared to smaller households (lone persons and couples without children) (35%).

⁴⁸ See for example Yates, J. 2007. *Housing Affordability and Financial Stress*, AHURI Sydney University, who notes that, often 'housing stress' is defined by the 30-40 rule, that is, that a low income household (in the lowest 40% of household income) will pay no more than 30% of its gross income on housing costs. This broad rule of thumb is often extended to the low to moderate income groups as defined under SEPP 70.

⁴⁹ See for example Gleeson, B. and Randolph, B. (2002) 'Social disadvantage and planning in the Sydney Context', *Urban Policy and Research* Vol 20(1) pp101-107.

Table 6.2: Households in rental stress for Ryde LGA

	All Households	Lone persons and couple families without children Households	Family and Group Households
Very Low Income Households	3,150	1,675	1,475
Low Income Households	1,400	650	750
Moderate Income Households	500	150	350
Total	5,050	2,475	2,575

Source: JSA 2015, based on data from ABS Census of Population and Housing 2011 (Table Builder)

6.3.3 What rental would be affordable to relevant target groups?

Data from Housing NSW *Rent and Sales Report* for the March Quarter 2015 has been analysed to understand the income groups and household types for whom various housing products would be affordably priced according to accepted benchmarks.

The biggest gaps in the market are for all very low income households (earning up to \$40,000 per annum), most low income households (earning up to \$64,000 per annum), and larger moderate income families with children (earning up to \$97,000 per annum and requiring more than two bedrooms).

Moreover, **low income** renting households renting through the private market have virtually no option but to live in housing stress, apart from those at the top of the band wishing to rent a one bedroom apartment.

Households in the top half of the moderate income band consisting of one person and couples without children households and smaller households with children should generally be able to privately rent in Ryde without falling into rental stress in one or two bedroom apartments, although their choices are more constrained with regard to two-bedroom apartments.

The affordably priced rental situation for most **low income families with children** is problematic in Ryde LGA, in particular, those seeking to rent a three-bedroom dwelling.

The following table shows this in more detail.

Table 6.3: Rental Affordability Analysis – Ryde LGA and Post Codes

Rental Property Affordability	Ryde	LGA	Rental Property Affordability	2111 (Gladesville)	2112 (Ryde)	2113 (North Ryde)	2114 (West Ryde)	2122 (Eastwood)
One Bedroom Units	Affordability		One Bedroom (All dwellings)	Affordability	Affordability	Affordability	Affordability	Affordability
First Quartile	Top of low income band							
Second Quartile (Median)	Top 1/2 of moderate income band			Top of low income band	Top 1/2 of moderate income band	Top 1/4 of moderate income band	Top 1/4 of low income band	Most of moderate income band
Third Quartile	Top 1/4 of moderate income band							
Two Bedroom Units			Two Bedroom (All dwellings)					
First Quartile	Top 3/4 of moderate income band							
Second Quartile (Median)	Top 1/2 of moderate income band			Top 3/4 of moderate income band	Top 1/4 of moderate income band	Top 1/2 of moderate income band	Top 3/4 of moderate income band	Top 1/2 of moderate income band

Third Quartile	Top of moderate income band						
Two Bedroom Separate Houses		Three Bedroom (All dwellings)					
First Quartile	Top 1/2 of moderate income band						
Second Quartile (Median)	Top 1/4 of moderate income band		Not affordable	Not affordable	Not affordable	Not affordable	Not affordable
Third Quartile	Top of moderate income band						
Three Bedroom Separate Houses		Four + Bedroom (All dwellings)					
First Quartile	Not affordable						
Second Quartile (Median)	Not affordable		No data	Not affordable	No data	Not affordable	Not affordable
Third Quartile	Not affordable						

Source: JSA 2015, income bands based on data from ABS Census of Population and Housing 2011, rental price medians from Housing NSW Rent and Sales Report Issue 111 (March Quarter 2015)

6.3.4 Housing Stress among purchasers

Ryde LGA has a **slightly lower rate of housing stress compared to NSW and Greater Sydney**. In Ryde LGA, 21% of purchasing households were in housing stress in 2011 compared with 23% for NSW and 22% for Greater Sydney.

In 2011, there were around 2,400 purchasing households in housing stress in Ryde LGA, made up of 725 very low income households (30% of those in housing stress), 750 low income households (31% of those in housing stress) and 925 moderate income households (39% of those in housing stress).

Seventy six per cent of very low income purchasing households were in housing stress, as were 66% of low income purchasing households and 41% of moderate income purchasing households. In terms of household type, purchase stress is lower for family and larger households (19%) compared to smaller households (lone persons and couples without children) (25%).

Table 6.4: Households in purchasing stress for Ryde LGA

	All Households	Lone persons and couple families without children Households	Family and Group Households
Very Low Income Households	725	300	425
Low Income Households	750	325	425
Moderate Income Households	925	325	600
Total	2,400	950	1,450

Source: JSA 2015, based on data from ABS Census of Population and Housing 2011 (Table Builder)

6.3.5 What would be 'affordable' to purchasers

No very low, low or moderate income household can affordably purchase any first quartile dwelling in Ryde.

Table 6.5: Purchase Affordability Analysis – Ryde LGA and Post Codes

Rental Property Affordability	Ryde LGA	2111 (Gladesville)		2112 (Ryde)	2113 (North Ryde)	2114 (West Ryde)	2122 (Eastwood)
Strata	Affordability	Affordability		Affordability	Affordability	Affordability	Affordability
First Quartile	Not affordable						
Second Quartile (Median)	Not affordable	Not affordable		Not affordable	Not affordable	Not affordable	Not affordable
Third Quartile	Not affordable						
Non Strata							
First Quartile	Not affordable						
Second Quartile (Median)	Not affordable	Not affordable		Not affordable	Not affordable	Not affordable	Not affordable
Third Quartile	Not affordable						
All Dwellings							

Rental Property Affordability	Ryde LGA	2111 (Gladesville)		2112 (Ryde)	2113 (North Ryde)	2114 (West Ryde)	2122 (Eastwood)
First Quartile	Not affordable						
Second Quartile (Median)	Not affordable	Not affordable		Not affordable	Not affordable	Not affordable	Not affordable
Third Quartile	Not affordable						

Source: JSA 2015, income bands based on data from ABS Census of Population and Housing 2011, rental price medians from Housing NSW Rent and Sales Report Issue 111 (December Quarter 2014)

6.4 'Key Worker' Target Group Case Study

6.4.1 Overview

We have analysed the indicative incomes for different types of 'key workers' likely to be on very low, low and moderate income households given these are likely to be a primary target groups for affordable housing in Ryde LGA.

Award rates for key workers have been taken from the Fair Work Ombudsman website,⁵⁰ with key worker industries including aged care, health, building and construction, education, retail and hospitality. Household income bands have been calculated based on median gross household income for Greater Sydney as per the ABS Census of Population and Housing 2011,⁵¹ and adjusted for inflation using the ABS Consumer Price Index Inflation Calculator.⁵²

Examples of some of these very low, low and moderate income 'key worker' households (according the maximum income benchmarks set out in Section 6.2) are given below.

6.4.2 Very Low Income Key Worker Households (<\$780 p/w)

Some examples of very low income key worker households are as follows:

- A lone person working full-time as a lower-level aged care worker. This person would earn around \$700-\$760 per week.
- A lone person working full-time as a cleaner. This person would earn around \$700-\$760 per week.
- A couple with a young child, with one person caring for the child and the other working full-time as a nursing assistant. This couple would be on an income of around \$720-\$760 per week.
- A couple with both persons working part-time, one in retail and the other as a waitperson. This couple would be on a gross weekly income of around \$700-\$760 per week.

As noted in Section 7.2, these households would need to pay a maximum of \$235 rent per week for their housing to be affordable under relevant definitions. There would be virtually nothing available for such a family to rent affordably in Ryde LGA, perhaps a very small, older strata unit. They would be unable to affordably purchase any home in City of Ryde.

⁵⁰ <http://www.fairwork.gov.au/awards-and-agreements/awards/list-of-awards>
Accessed 22 July 2015

⁵¹ Based on a median gross weekly household income for Greater Sydney on \$1,447 in 2011 and applying the rate of <50% of median for very low income households, 50%-80% for low income households and 80%-120% for moderate income households.

⁵² <http://www.abs.gov.au/websitedbs/d3310114.nsf/home/Consumer+Price+Index+Inflation+Calculator>
Accessed 22 July 2015, converted dollars from September Quarter 2011 to June Quarter 2015

6.4.3 Low Income Key Worker Households (\$780-\$1,250 p/w)

Some examples of low income key worker households are as follows:

- A lone person working full-time as an ambulance officer. This person would earn around \$900 per week before tax.
- A lone person working as a teacher. This person would earn around \$900-\$1,200 per week.
- A single parent working part-time as a high-level enrolled nurse. This persons would earn around \$900 per week.
- A couple with two young children, with one person caring for the children and the other employed as a full-time firefighter. This couple would need to live on around \$1,000 per week before tax.
- A couple with one person employed full-time as an enrolled nurse and the other working part-time as a landscaper. This couple would receive a gross weekly income of around \$1,000-\$1,200.

As noted in Section 6.2, these households would need to pay between \$235 and \$375 rent per week for their housing to be affordable under relevant definitions. They would also be unable to affordably purchase any home in City of Ryde.

6.4.4 Moderate Income Key Worker Households (\$1,246-\$1,870)

Some examples of moderate income key worker households are as follows:

- A lone person working as a high level registered nurse. This person would receive a gross weekly income of around \$1,300-\$1,800 per week.
- A couple with one person working full-time as an aged care worker and the other as a social and community services officer. This couple would receive an income of around \$1,800 per week.
- A couple with three children who are at school. One works full-time as a teacher and the other works part-time as a cleaner. This couple receives a gross weekly household income of around \$1,800 per week.

As noted in Section 6.2, these households would need to pay between \$375 and \$560 rent per week for their housing to be affordable under relevant definitions. Only the upper end of this income band would be unable to affordably purchase any home in City of Ryde, and this would need to be a one bedroom strata dwelling.

7 Projected need for Affordable Housing

7.1 Projected Need for Affordably Priced Dwellings

7.1.1 Breakdown of affordably priced dwellings by housing type and income group

In 2011, there were approximately 7,450 households in Ryde LGA in need of affordably priced housing (5,050 (68%) renters and 2,400 (32%) home purchasers) based on current housing stress trends.

Department of Planning and Environment projections⁵³ and JSA calculations indicate that between 2011 and 2031, there will be **an additional 3,250 households in housing stress if current trends continue – 2,200 in rental stress and 1,050 in home purchase stress**. This will give a total of 10,700 households in need of affordably priced housing in Ryde LGA in 2031, 7,250 in rental stress and 3,450 in home purchase stress.

For 2021 there are predicted to be 8,925 households in need of affordably priced housing in Ryde LGA, 6,050 in rental stress and 2,875 in home purchase stress and for 2026 there are predicted to be 9,750 households in need, 6,625 in rental stress and 3,125 in home purchase stress.

The following tables provides a breakdown of the quantity of each type of affordably priced dwelling required now, and projected to 2021 (five years' time), 2026 (ten years' time) and 2031, and the income bands to which this housing should be affordable to address need.

For renters, the vast majority are very low and low income households, with a relatively even split between smaller strata dwellings and family accommodation needed. For purchasers, the balance is tipped more toward moderate and to a lesser extent low income households, with a greater proportion needing family accommodation. Very low income households are likely to be excluded from servicing a housing loan and those shown to be in housing stress are likely to be in that position as a result of changing circumstances such as unemployment.

⁵³ New South Wales Government Planning and Environment *New South Wales State and Local Government Area Household and Implied Dwelling Projections: 2014 Final*.

Table 7.1: Affordably priced housing currently required (in 2011) and additional affordably priced housing required in 2031 by housing type and income group for Ryde LGA

		Renting Households		Purchasing Households	
		Suitable for Lone Persons or Couples without Children	Suitable for Families	Suitable for Lone Persons or Couples without Children	Suitable for Families
Total Currently Required (2011)	Affordable to Very Low Income Households	1,675	1,475	300	425
	Affordable to Low Income Households	650	750	325	425
	Affordable to Moderate Income Households	150	350	325	600
Additional Required 2011-2031 (1)	Affordable to Very Low Income Households	775	600	150	175
	Affordable to Low Income Households	300	300	150	175
	Affordable to Moderate Income Households	75	150	150	250
Total Required in 2031 (1)	Affordable to Very Low Income Households	2,450	2,075	450	600
	Affordable to Low Income Households	950	1,050	475	600
	Affordable to Moderate Income Households	225	500	475	850

Source: JSA calculations, using data from ABS Census of Population and Housing 2011 and New South Wales Government Planning and Environment *New South Wales State and Local Government Area Household and Implied Dwelling Projections: 2014 Final*.

(1) Calculated using pro-rata household growth from population projections.

Table 7.2: Affordably priced housing currently required (in 2011) and additional affordably priced housing required in 2021 by housing type and income group for Ryde LGA

		Renting Households		Purchasing Households	
		Suitable for Lone Persons or Couples without Children	Suitable for Families	Suitable for Lone Persons or Couples without Children	Suitable for Families
Total Currently Required (2011)	Affordable to Very Low Income Households	1,675	1,475	300	425
	Affordable to Low Income Households	650	750	325	425
	Affordable to Moderate Income Households	150	350	325	600
Additional Required 2011-2021 (1)	Affordable to Very Low Income Households	350	275	50	75
	Affordable to Low Income Households	125	150	75	75
	Affordable to Moderate Income Households	25	75	75	125
Total Required in 2021 (1)	Affordable to Very Low Income Households	2,025	1,750	350	500
	Affordable to Low Income Households	775	900	400	500
	Affordable to Moderate Income Households	175	425	400	725

Source: JSA calculations, using data from ABS Census of Population and Housing 2011 and New South Wales Government Planning and Environment *New South Wales State and Local Government Area Household and Implied Dwelling Projections: 2014 Final*.

(1) Calculated using pro-rata household growth from population projections.

Table 7.3: Affordably priced housing currently required (in 2011) and additional affordably priced housing required in 2026 by housing type and income group for Ryde LGA

		Renting Households		Purchasing Households	
		Suitable for Lone Persons or Couples without Children	Suitable for Families	Suitable for Lone Persons or Couples without Children	Suitable for Families
Total Currently Required (2011)	Affordable to Very Low Income Households	1,675	1,475	300	425
	Affordable to Low Income Households	650	750	325	425
	Affordable to Moderate Income Households	150	350	325	600
Additional Required 2011-2026 (1)	Affordable to Very Low Income Households	550	425	100	125
	Affordable to Low Income Households	225	225	100	125
	Affordable to Moderate Income Households	50	100	100	175
Total Required in 2026 (1)	Affordable to Very Low Income Households	2,225	1,900	400	550
	Affordable to Low Income Households	875	975	425	550
	Affordable to Moderate Income Households	200	450	425	775

Source: JSA calculations, using data from ABS Census of Population and Housing 2011 and New South Wales Government Planning and Environment *New South Wales State and Local Government Area Household and Implied Dwelling Projections: 2014 Final*.

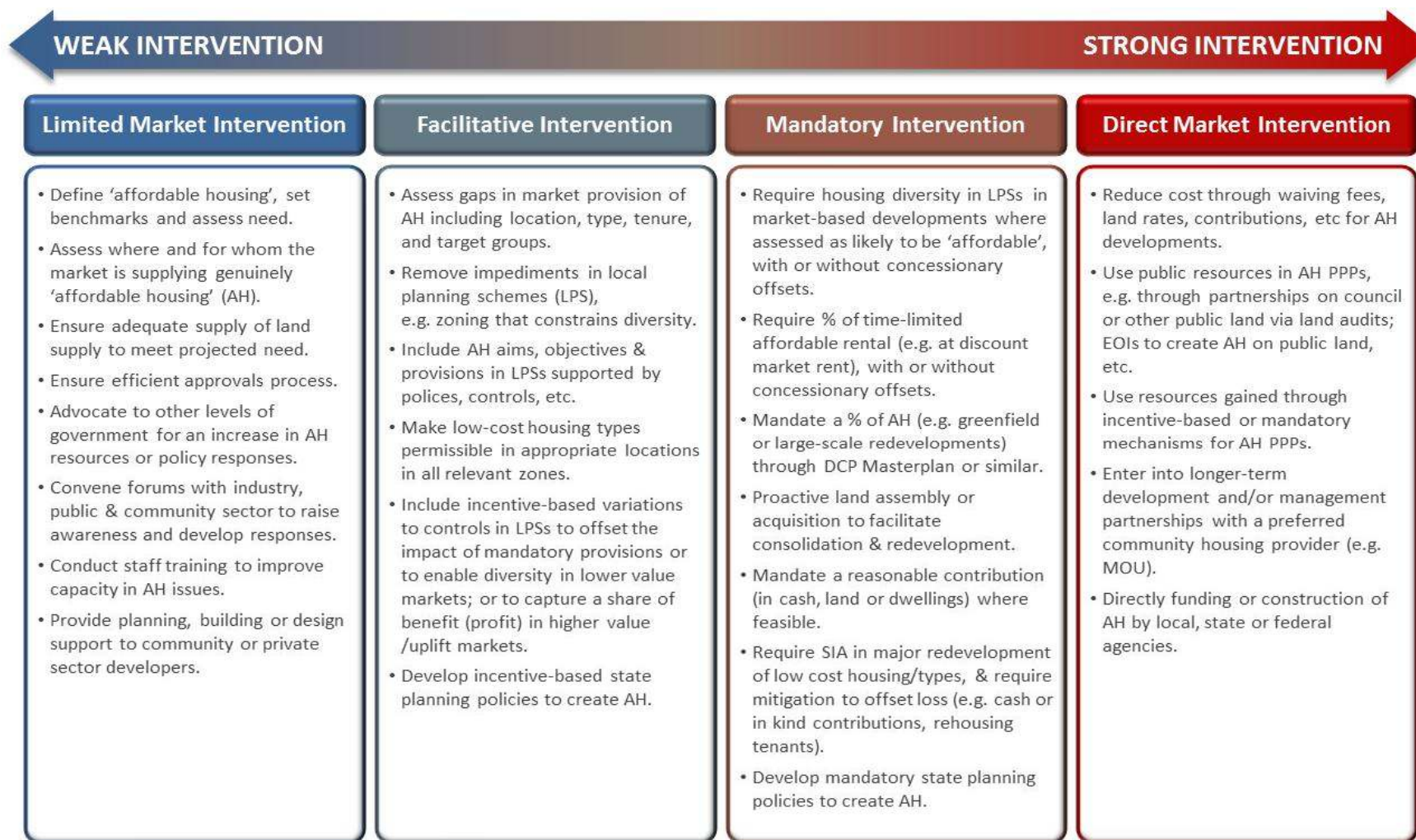
(1) Calculated using pro-rata household growth from population projections.

8 Planning Mechanisms and Strategies

8.1 Overview of Mechanisms and Strategies

There are a wide range of strategies available to Council to promote affordable housing in the Ryde LGA. These strategies range from light planning intervention in the market to strong intervention or direct provision of affordable housing, as shown in Figure 8.1 below.

This is followed by a detailed assessment of the main mechanisms and strategies in the city of Ryde context.



Source: Stubbs (2003); JSA (2011)

Figure 8.1: Mechanisms and Strategies to Create Affordable Housing along a Continuum of Planning Intervention

8.2 Limited Market Intervention

8.2.1 Define affordable housing, set benchmarks and assess need

This report provides definitions of affordable housing, sets benchmarks and assesses need for affordable housing. Definitions, benchmarks and delivery targets (against need) can be incorporated in an affordable housing policy. The following are recommended in accordance with statutory definitions and accepted benchmarks.

Table 8.1: Relevant Affordable Housing Benchmarks for Greater Sydney (1)

	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)	<\$779 per week	\$779-\$1,246 per week	\$1,246-\$1,870 per week
Affordable Rental Benchmarks (3)	<\$234 per week	\$235-\$374 per week	\$375-\$561 per week
Affordable Purchase Benchmarks (4)	<\$225,000	\$225,001-\$360,000	\$360,001-\$540,000

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

- (1) All values reported are in March Quarter 2015 dollars
- (2) Total weekly household income
- (3) Calculated as 30% of total household income
- (4) Calculated using ANZ Loan Repayment Calculator, using 11 June 2015 interest rate (5.38%) and assuming a 20% deposit for a 30 year ANZ Standard Variable Home Loan and 30% of total household income

8.2.2 Assess where and for whom the market is supplying genuinely affordable housing.

Private Rental

As noted, data from Housing NSW *Rent and Sales Report* for the March Quarter 2015 indicates that recent rentals are affordable to a very narrow range of households that would be considered as eligible for affordable housing. The market is thus not supplying affordable housing for most members of key target groups.

A first quartile rental property (the cheapest property) was **not affordable to any very low income** households. **Low income** renting households renting through the private market have

virtually no option but to live in housing stress, apart from those at the top of the band wishing to rent a one bedroom apartment.

Smaller households in the top half of the moderate income band should generally be able to affordably rent in Ryde LGA in a one bedroom apartments, although their choices are more constrained with regard to two-bedroom apartments.

As such, the rental situation is problematic for virtually all very low and low income households, and most moderate income families with children needing a larger strata dwelling or separate house.

Housing Purchase

An important finding of the study reported above is that **no very low, low or moderate income household** can affordably purchase any first quartile dwelling in Ryde. The market is thus again not supplying affordable housing for key target groups.

8.2.3 Ensure adequate supply of land supply to meet projected need

The major source of land to meet projected need in Ryde LGA will be from redevelopment of previously zoned R2 land. This will require ongoing identification and zoning of suitable land for R4 zoning, particularly as population projections show the number of dwellings in Ryde increasing by 18,900 between 2011 and 2031, a 43% increase. As noted above, the proportional increase in dwellings in the LGA was much lower than that for Greater Sydney over the past decade.

The ongoing upward pressure on housing prices in Ryde would suggest an inadequate supply of developable land, however this would need to be considered in the wider metropolitan context, with lack of land likely to be a Sydney wide problem rather than a Ryde problem. This would require a separate housing study as part of the LEP planning process.

8.2.4 Ensure efficient approvals process

This is a matter for consideration by Council and may be relevant to the extent that any delays in approvals are increasing the cost of development, for example, through deferrals or increased holding charges.

8.2.5 Advocate to other levels of government for an increase in Affordable Housing resources or policy responses.

The NSW government appears to favour investment in social housing in Ryde, based on real proportional growth of social housing in Ryde LGA between 2001 and 2011. Based on policy commitments by the State Government, Ryde Council should consider lobbying with regard to increasing the supply of social and affordable housing within Ryde LGA, including boarding houses. Such growth is likely to be predicated on a supply of suitable government owned land, such as older low density social housing development.

8.2.6 Convene forums with industry, public and community sector to raise awareness and develop responses.

We understand that Council has recently held an affordability summit (6 November 2014). Council could consider a regular commitment to such a forum. We also note that a Councillor briefing has been held with regard to affordable housing (17 March 2014).

8.2.7 Conduct staff training to improve capacity in Affordable Housing issues.

This is a matter for Council to give consideration to. It is understood that Council is convening a regular policy development working group, which is a positive initiative.

8.2.8 Provide planning, building or design support to community or private sector developers

Planning support for affordable housing is likely to come from both a commitment by Council and staff training within the planning department so that Council planners are aware of opportunities for the incorporation of affordable housing within developments.

Council could also consider developing guidelines on the construction and design of affordable housing to provide assistance to developers in delivering affordable housing.

8.3 Facilitative Intervention

8.3.1 Gaps in Market Provision

This report identifies gaps in market provision of affordable housing, noting that purchase housing is not affordable to very low, low and moderate income households; and that rental accommodation is not affordable for low and very low income households, and for larger moderate income family households.

8.3.2 Remove impediments in local planning schemes

General

Market provision of affordable housing in Ryde LGA is through provision of flats, units and apartments. Currently, new strata dwellings are not generally affordable due to size, amenity and parking requirements.

As noted, if smaller one bedroom strata dwellings without parking could be provided through the market, this would address around 14% of demand for affordable purchase accommodation, 10% of demand for affordable rental accommodation and 11% of overall demand for affordable accommodation required to meet projected need to 2031. However, this would only meet the needs of the upper 50% of moderate income households, and these would be smaller (lone person and couples rather than family households), and would not meet the needs of any very low or low income households, that make up the majority of households in housing stress in

Ryde LGA. A further constraint is that this would mainly be in the 2114 (West Ryde) postcode area.

The development of flats, units and apartments is likely to lead to an increase in rental stock, with 64% of such dwellings rented in 2011. Smaller units (one and two bedroom) are more likely to be affordable. Smaller purchase stock will be lower cost, and may be affordable in particular circumstances. Consequently, zoning which reduces opportunities for development of flats, units and apartments is likely to be an impediment to the supply of affordable housing.

The purchase price of strata dwellings in Ryde LGA is strongly predicted by the strata area of the dwelling. Consequently, any requirement that increases the strata area of dwellings will reduce purchase affordability; and, if rent is considered as a return on investment, will further reduce rental affordability.

Flats, units and apartments in the west of the LGA are also likely to be more affordable, suggesting that this is a lower amenity area where affordable housing created through the market is more likely to remain affordable in the medium to longer term.

Height and density restrictions may also reduce the market provision of affordable housing, although in our experience, increased profit from more liberal controls is more likely to be passed onto the landowner through uplift in property values, rather than being passed to the purchaser through reduced prices.

Zoning

Generally throughout Ryde LGA, opportunities for flats units and apartments are found in R4 and B4 zoning. The rezoning of R2 land to R4 or B4 zoning will provide additional opportunities for the market delivery of strata units that are more likely to be affordable, or at least, lower cost. The greatest contribution to affordable housing will come from rezoning well-located, lower value precincts, as they are more likely to remain affordable in the longer-term.

Council should consider developing appropriate criteria for rezoning appropriate parcels of land, such as those used in SEPP Affordable Rental Housing. These include within 800 metres of a railway station or 400 metres of a bus stop and would encompass much of the area either side of the railway line. In terms of providing development opportunities, rezoning should target older areas with lower quality housing and larger blocks. Other areas for consideration would be those near to town centres.

FSR and Height

Generally in Ryde R4 zoning is associated with FSR 1.0 and height 11.5 metres. Greater FSR and height is available in B4 zoning. Assuming land prices remain constant, offering greater FSR and height will lead to an increase in profit where residential flat building construction is supported by land economics. It is not clear, however, that greater FSR and height will lead to increased lower cost or affordable accommodation as, in our experience, the additional profit is passed onto the land owner through an uplift in property values.

Floor area

As discussed above, any requirement which increases the strata area of a flat, apartment or unit will increase the price of the dwelling. *Ryde DCP 2014* does not contain specific controls related to residential flat buildings and so would appear to adopt Residential Flat Design Code. That code does not set out minimum apartment sizes and so there does not appear to be any restriction on the construction of smaller, and hence likely lower priced, dwellings in Ryde.

Minimum dwelling sizes can also be determined indirectly by prescribing a minimum site area for each dwelling. *Ryde LEP 2014* does not appear to have any such restrictions.

Ryde DCP 2014: Part 9.3 Parking prescribes minimum parking provisions for residential flat buildings. Council could consider removing parking requirements for smaller apartments (for example apartments in accordance with the minimum sizes in *SEPP Affordable Rental Housing 2009*) where those apartments are close to town centres or to public transport.

Boarding houses

Increasingly, boarding houses, particularly “new generation” boarding houses under *SEPP Affordable Rental Housing 2009* are providing affordable accommodation to low income households. Based on the limited data available, boarding house accommodation is likely to be affordable to 10% of low income households and all moderate income households.

Ryde DCP 2014 Part 3.5 Boarding Houses sets out a range of design criteria pertaining to boarding houses, generally reflecting those in *SEPP Affordable Rental Housing 2009*. The SEPP will generally apply across Ryde LGA as most of the LGA is in an “accessible area”. Importantly, the *DCP* sets out criteria with respect to the character test under the SEPP, in particular, character is defined in terms of building form rather than in terms of land use. This approach is likely to be supportive of the development of Boarding Houses.

‘New Generation’ Boarding Houses are likely to meet the need of key workers who would otherwise be unable to affordably rent in Ryde LGA, and in the experience of the authors, such Boarding Houses are principally accommodating such single person working households.

8.3.3 Include affordable housing aims and objectives in local planning schemes

The provision and maintenance of affordable housing is one of the objectives of the Environmental Planning and Assessment Act 1979 and so could be considered to be an objective of instruments under the Act.

The provision of affordable housing could be included, for example, as one of the objectives of the R4 zone and other zones where considered applicable.

8.3.4 Incentive based variations

Based on the likely uplift and/or profit associated with additional height and FSR in areas zoned R4, Council could consider mechanisms for entering into voluntary planning agreements (VPAs)

with developers to provide additional height and FSR in return for an affordable housing contribution to Council, either in the form of dwellings or as cash.

Council could consider, for example, a scheme whereby R4 zoning was typically FSR 1.0 with height of 11.5 metres, but where an addition FSR of 0.5 and height of 3.0 metres was agreed through a voluntary planning agreement in return for a 50% share of additional profit above arising from voluntarily taking up the incentive.

There is likely to be significant profit associated with rezoning of land from R2 to R4, and this profit would be sufficient to offset any costs associated with mandatory provisions, such as prescriptions on the proportion and size of smaller dwellings. For example, a DCP amendment could be developed requiring a proportion of dwellings to conform to minimum sizes in *SEPP Affordable Rental Housing 2009* e.g. 25% of dwellings shall be single bedroom of maximum floor area 50 square metres.

8.4 Mandatory Intervention

8.4.1 Introduction

Mandating of housing diversity is likely to be an effective mechanism for creation of affordable housing. As discussed above, market provision in a best case scenario whether smaller strata dwelling without parking is developed could address around 11% of the total projected demand for affordable accommodation for relevant target groups.

8.4.2 Housing diversity

A studio apartment of 35 m² with no parking space would be expected to sell for \$544,000 generally in Ryde LGA and so would not be affordable purchase housing. However, such dwellings in the 2114 postcode area would likely be affordable to a majority of moderate income households. More importantly, given the high level of rental of apartment stock in Ryde LGA, construction of such dwellings will add to the stock of rental accommodation affordable to moderate income households and perhaps to some low income households in postcode 2114. While probably not 'affordable' in the strict definition, rental stock will be low cost to low income households, and increases in supply would be expected to provide some downward pressure on rents.

Based on our analysis of need for affordable rental housing in Ryde LGA, appropriate targets might be 10% studio apartments of 35 m² with no parking, 10% one bedroom apartments of 50 m² with no parking space and 10% two bedroom apartments of 70 m² with one parking space.

8.4.3 Time limited affordable rental

Based on our assessment of a number of proposals under the National Rental Affordability Scheme (NRAS), such approaches are not particularly efficient in delivering affordable housing. There is a considerable financing cost to developers if they retain the housing rather than selling it, and any concession does not result in affordable housing in perpetuity. This could of course be pursued opportunistically as available.

8.4.4 Mandated affordable housing

For larger developments, particularly areas where a structure plan or master plan approach is taken, Council could mandate a proportion of affordable housing. The definition would need to be precise as often, such objectives are met by providing housing affordable to those at the top of the moderate income band, and these people are a small proportion of those experiencing housing stress.

8.4.5 Mandate contribution

This could be used as an alternative to the VPA approach suggested above based on assessment of likely uplift from rezoning from R2 to R4. For example, the likely additional profit associated with R4 zoning, FSR 1.0 and appropriate height would be around \$1.6 million based on our preliminary model above. Using a 50% profit split, a mandatory contribution of 25% of floor space would be defensible.

8.4.6 Protect low cost housing

SEPP Affordable Rental Housing provides a mechanism for the protection of low rental residential buildings. Council should ensure that planners are aware of this mechanism and that development applications are routinely assessed with regard to low of low rental accommodation and that appropriate conditions are put in place.

8.4.7 Redevelopment Precinct Case Study

A number of precincts with the potential for future redevelopment have been identified in the course of the study. Further consideration would need to be given to Council's strategic policy intent before any firm direction can be made on precinct-based redevelopment.

8.5 Direct Market Intervention

8.5.1 Introduction

As discussed above, the market can only address a small amount of projected demand for 14% of demand for affordable purchase accommodation.

There is limited data available on boarding houses, however boarding houses might be expected to address around 4% of the demand for affordable rental accommodation, including 9% of the demand for smaller affordable accommodation, and providing affordable accommodation for 10% of low income households who would otherwise be excluded from affordable accommodation.

The remainder of the demand can only be addressed through some appropriate system of transfers. The majority of demand for affordable rental (62%) is from very low income households, and provision of housing to this group will require deep subsidies, either through a voucher system such as Commonwealth Rental Assistance or through subsidised housing such as public or social housing, in the form of apartments or boarding houses.

8.5.2 Cost reduction

Council could consider opportunities to waive fees for AH developments for example by providing rate rebates to community housing providers, or reducing development application and construction certificate costs associated with affordable housing developments.

8.5.3 Use of public resources to develop affordable housing

Overview

Given the limitations of market delivery of affordable housing in Ryde LGA without significant planning intervention, an effective way of delivering affordable housing is through development of such housing on publicly owned land. This land may be owned by Council, or by another public authority, and have the potential for development or redevelopment due to being vacant, having a redundant use or being underutilised. It can be developed as a standalone affordable housing development, or as part of a mixed use and/or mixed tenure development.

Such land can be developed under a variety of contractual arrangements, by Council acting alone or in conjunction with a partnering agency or agencies, such as a registered Community Housing Provider. The desired outcomes for Council and the community can be specified by Council (for example, under a competitive EOI process).

Financially, the arrangement may involve an effective contribution from Council (e.g. in the form of part of the capital cost of the land), can be cost neutral or even revenue raising (for example, where some units are sold to fund the cost of development, income generating uses such as residential, commercial or retail are provided in the development). The site can also be a 'recipient' site for income generated through contributions to affordable housing generated off site through the planning system.

As such, these can be developed so as to be cost-neutral or even revenue generating for Council as part of mixed use and/or mixed tenure developments, for example, in partnership with a community housing provider with both development and management capacity. As discussed above, there are several such providers active in Ryde LGA.

Council has more direct control of the future redevelopment of sites which it owns, manages and/or otherwise controls. However, there are also opportunities to make the redevelopment of other publicly owned sites more attractive to government authorities through the planning system and proactive approaches to such authorities.

Each of these considerations related to the development of publicly owned land is explored below.

Potential Sites

As part of this study, a number of **publicly owned sites** that are redundant, underutilised or have the potential for future redevelopment have been identified. These are shown in maps at **Appendix B** based on data provided by Council officers. In Ryde LGA Council officers have identified 899 parcels of land owned by Council, including 80 car park locations, 109 parcels of land owned by religious institutions, 21 parcels of health land and 179 parcels of crown land.

8.5.4 Enter into development and management partnerships

Council may consider entering into a long term development partnership with a community housing provider, where it has a 'preferred partner' status, or may decide to enter into a development partnership on a case by case basis, subject to a competitive tendering or EOI process. Different councils have taken different approaches.

For example, City of Perth recently undertook the redevelopment of an inner city carpark owned by Council to construct 48 units of affordable housing for key workers at discount market rent (around 70% of market rent).⁵⁴ In this case, Council used its own resources to construct the housing in anticipation of short-term cash flow and longer-term return on capital. Rental and targeting criteria applies to the development, and there is a time limit on occupancy so as to provide a 'stepping stone' for workers.

Access Housing Australia was successful in a competitive EOI process as the housing/tenancy manager, and looks after all maintenance and tenancy issues on a fee-for-service basis.



Figure 2.1: Key Worker Housing Owned by City of Perth and Managed by Access Housing

Other options pursued by Councils include:

- Development/management partnerships on Council owned land, where Council puts out an EOI with performance criteria (e.g. uses to be included in development, number of anticipated units, rate of return on capital, cost/income/asset sharing arrangements between Council and the Community Housing Provider, tenant criteria, etc), and selects a preferred partner;

⁵⁴ See for example, <http://www.watoday.com.au/wa-news/perth-builds-affordable-housing-for-city-workers-20120516-1yqj0.html>

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- Preferred partner approaches, where Council pre-qualifies the preferred Community Housing Provider based on demonstrated capacity, cultural alignment and the like, and negotiates all aspects of development, management, cost/income sharing, etc.