



RANDWICK CITY COUNCIL

Affordable Housing Strategy



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1 INTRODUCTION

In recent years, Council has strengthened its corporate management process to ensure strategies and other plans tie in with the Council's City Plan's key directions. One of these key directions specifies the need to promote greater housing diversity, accessibility and adaptability.

The Affordable Housing Strategy and Action Plan was identified as a key City Plan action and provides Council with an implementation framework to help realise the City Plan's vision for 'a liveable City'. Implicit in this vision is the recognition that access to affordable housing plays an influential role in a person's general well-being, including their ties to the family, community and their workplace. Being able to ensure local households on different incomes can continue to live in their preferred locality encourages local economic stability.

Since 1996, Council has been involved in implementing a range of initiatives designed to retain and encourage affordable housing in the locality. A housing report completed in 1995 led to the formulation of Council's first Housing Policy. The contents acknowledged the need for affordable housing and recognised the different ways Council can influence provision of adequate and appropriate housing. In 1999/2000, a Housing Affordability and Accessibility Study was completed and resulted in a range of strategies being adopted by Council, details of which are outlined in this plan.

In 2003, Randwick Council in a joint application with Botany Bay, Waverley, Marrickville and City of Sydney Councils received funding from the Local Government Initiatives Program (LGHIP) to prepare a Regional Housing Strategy. This strategy document entitled *Regional Housing Strategy Inner East Sydney – Housing Needs & Key Principles*

was completed in November 2005 and provided a mutual framework for encouraging affordable housing within the five participating local government areas (LGAs)¹.

The Regional Housing Strategy was subsequently adopted by Randwick City Council on 12 April 2006 and the following initiatives were implemented by Council:

- Affordable Rental Housing Program
- Affordable Housing Policy incorporating the 5 key principles
- Strategic Partnership Agreement with Department of Housing

1.1 Purpose of Council's Affordable Housing Strategy and Action Plan

The purpose of this Plan is to provide a cohesive framework for responding to affordable housing issues affecting the community. The document also:

- 1 affirms Council's support in the provision of affordable housing provision and describe the initiatives that are already in place to promote and increase supply
- 2 describes the actions Council will be implementing over the next ten years (2008 – 2018) to realise its City Plan Directions, that of, *Housing diversity, accessibility and adaptability to support our diverse community is enhanced*, and
- 3 provides a reference document for council staff, State and social housing agencies, and members of the public about affordable housing issues in Randwick City. It envisages that this information will strengthen Council's position when negotiating with potential developers.

1 The participants of the Inner East Sub-Regional Housing Strategy Project, funded through LGHIP, were Marrickville, Botany, City of Sydney, Waverley and Randwick Councils.

2 WHAT IS AFFORDABLE HOUSING

The National Housing Strategy Issues Paper 2 (1991) defines affordable housing as follows:

"Households can be said to afford their housing costs if those costs do not extract an unreasonable share of the household budget, leaving the household with sufficient income to meet other needs such as food, clothing, transport, medical care, education etc."

Accordingly, it suggests the use of the following household income to housing cost parameters:

- For low -income renters, not more than 25% of household income should be spent on rent.
- For moderate -income renters, not more than 30% of household income should be spent on rent.
- For low -income purchasers, not more than 30% of their gross household income should be spent on mortgage repayments.

For the purpose of this Affordable Housing Action Plan, households earning less than or equal to the Sydney median income and spending more than 30% of their gross weekly household income on rent or home purchase are defined to be in 'housing stress'.

2.1 Who Needs Affordable Housing?

While people living on pensions and benefits are the most susceptible, people on low to moderate incomes (the working poor) also need to be able to access affordable housing. An increasing number of children of aged parents are being priced out of their local area in search of more affordable housing further away from places of employment and established families. This has the undesirable effect of severing long term links with their support networks and ageing family members.

Other people who need 'affordable' as opposed to 'social' housing are:²

- Employees earning low to moderate incomes, who provide essential services to the local community. They are often not eligible for any government housing assistance, but in many areas may be finding it increasingly difficult to live close to their place of work.
- Families where couples are divorced or separated and there is a need to find two affordable and smaller dwellings. These may only be available outside the local area, disrupting schooling and relationships with family and support networks.
- Job seekers trying to meet mortgage repayments.
- Elderly retirees, who are asset rich but income poor and would prefer to find smaller accommodation at an affordable price within their locality.

² Local Government and Shires Association of NSW, May 2000, "Affordable Housing for your Community: A Guide to the role of Local Government".

3 POPULATION AND HOUSING PROFILE

Randwick's key population and housing features are discussed below. Data is from the 2006 Census unless otherwise stated.³

- Population growth is fairly stable, at a rate of 1.7% between 1996 and 2001, and 1.3% over the last 5 years since the 2001 Census. This population increase was significantly less than that experienced in the Sydney SD, which had increased by approximately 4 percent.
- The population is culturally diverse, with over a third of the total population being overseas born (35.7 percent). Of those born overseas, the main countries of birth were United Kingdom, China, New Zealand, Indonesia and Hong Kong.
- The population is ageing and living longer. According to the 2006 Census, almost 23 per cent of the City's population is aged 55 years or over. In 2001, this figure was 21 percent. The proportion of elderly persons (defined as aged 85 years and above) has increased from 1.5 percent (2001) to 1.74 percent (2006) of the total population. This is equivalent to an additional 241 elderly persons, which is a modest increase. However the increase in the proportion of residents aged 55 years and over is expected to continue over the next 10 years and is likely to require accessible/adaptable housing for those who prefer to remain in the family home. For elderly residents renting privately, choices may be limited because at least 33 percent of the City's total housing stock are walk up flats (no lifts).
- The trend with household size is inclined towards smaller households, with two person households being

the predominant type. There were fewer children compared to adults, suggesting that birth rates in the areas are relatively low and that many of the households are non-family.

- The number of unemployed has been decreasing at a modest rate since 1996, from 3881 to 3,260 in 2001 and then 2,765 in 2006. The number of persons in part-time employment has increased from 15,152 in 2001 to 15,969 in 2006.
- 69 percent of adults had completed year 12 in 2006, compared to 62 percent in 2001.
- Median monthly housing loan repayment was \$1,400-\$1,599 in 2001, and in 2006 it was \$2,150. Median weekly rent was \$250-\$299 in 2001 but \$301 in 2006.
- Median weekly individual income was \$400-499 in 2001. In 2006, the median individual weekly income was \$593.
- The predominant dwelling type in the area is flats (51%), with nearly a third of all housing types defined as detached dwellings.
- Home owners make up 49% of total households, compared with 35% of households renting from the private rental market. The incidence of home ownership is an indicator of community wealth, age and stability. The area contains major public housing estates at the Coral Sea Estate, Maroubra, Matraville and South Coogee, numbering 4,053 dwellings in total, or 7% of all dwellings in the City.
- Randwick has lower dwelling occupancy rates (2.4%) and vacancy rates (6.9%) compared to Sydney (2.7% and 7% respectively).
- There were 600 calls⁴ from homeless people in Randwick to the Home

³ The 2006 Census data is not available to date for this level of analysis.

⁴ Over a 12 month period in 2002/03

Purchase Information Centre⁵. Of these callers, more were female, the biggest group was aged 31-50, although a high proportion was under 18. The main characteristic of callers was a mental or psychiatric illness, followed by single parent or disability status. The main reasons for homelessness were crisis eviction and family breakdown.

- Household sizes have been decreasing due to a combination of factors such as the ageing population, changes in marital status, people having fewer children and more single persons forming separate households. The availability of smaller sized accommodation plays a significant role in the provision of more affordable housing.
- Mismatches in housing size and supply in Randwick occur as follows:

Shortage of smaller sized dwellings: one person households make up 28% of all households in the LGA, but supply of smaller sized dwellings (studio and one bedroom dwellings) represents nearly 12% of all dwellings in the area;

Shortage of larger sized dwellings (containing four or more bedrooms): four or more person households make up 20% of all households in the LGA, but supply of larger sized dwellings (4 or more bedroom dwellings) comprises 15% of total dwelling stock.

4 SOCIAL HOUSING SUPPLY CHARACTERISTICS

The social housing sector includes the following:

- Public housing, owned and managed by the NSW Department of Housing;
- Community housing, owned or leased by non-government organisations;
- Indigenous or Aboriginal housing, owned or managed by both the State Government and community organisations;
- Crisis and emergency accommodation, usually provided by non-Government organisations.

Public housing is targeted to those with the greatest need, with tenants paying 25% to 30% of their income towards weekly rent. Randwick has a significant stock of public housing dwellings, with most dwellings consisting of flats and apartments. There are some 4,000 public housing dwellings, equivalent to 7% of total housing stock in Randwick City. Two bedroom dwellings make up the largest proportion in terms of dwelling size (40% of total), followed by bedsit and one bedroom dwellings (34% of total), and three bedroom dwellings (25% of total). Bedsit and one bedroom accommodation were mainly built for aged and disabled clients, and most of this stock is situated in walk up apartment blocks within larger and older style public housing neighbourhoods. Demand for public housing continues to be high.

The community housing sector is an alternate social housing sector, with housing funded by State government and managed by community housing organisations or associations. Housing is available for rent to local residents who are on low incomes and/or who are waiting for public housing. At July 2004, there were 215 properties in Randwick managed by community housing organisations, although this number is expected to increase when

⁵ A service provided by the City of Sydney Council.

rental management responsibilities of a proportion of public housing stock is transferred to the community housing sector. However, this process does not result in an increase of new households being accommodated but represents an alternative management style for public housing tenants.

The Aboriginal Housing Office (AHO), a separate statutory authority, owns and operates long term rental housing for Aboriginal and Torres Strait Islanders. The AHO also oversees the provision of long term housing managed by Aboriginal community housing providers. Housing assessment, allocation and rents are subject to similar criteria applicable to public housing tenants in general. In 2004, there were 100 properties in Randwick that were owned and managed by the Aboriginal Housing Office, or by Aboriginal community housing organisations.

Crisis and emergency accommodation provides short to medium term accommodation in refuges and other dwellings for homeless persons and people in housing crisis. Accommodation for overnight shelters is provided through community organisations such as the Salvation Army and St Vincent de Paul.

5 HOUSING AFFORDABILITY AND COST

'Housing stress' is used to describe a condition where a household earning less than or equal to the Sydney median income spends more than 30% of its gross weekly household income on housing costs. While this was initially used to describe a group of people who were on very low incomes, more recently it is also affecting the 'working poor' (low-middle income households).

5.1 Housing costs

Rental housing

The proportion of private renters in Randwick has been growing, despite declining affordability in rental levels. In the absence of cheaper housing alternatives, this trend is likely to continue.

Renting a unit is generally cheaper than renting a house. In June 2007, the median weekly rent for a two bedroom dwelling in Randwick was \$365 whereas it was \$450 for a two bedroom house. For a family earning a median weekly household income of \$1,185 (gross), the weekly housing cost of \$365-\$440 exceeds the point at which housing stress occurs, even before factoring in other household expenses.

Home purchase

It has been estimated that a person or family earning Sydney's average income of **\$50,000** per year will qualify for a \$200,000 bank loan, but will have to give up about 40% of weekly income on repayments. Since the median price of two bedroom apartments in Randwick LGA is about \$365,000, the average income earner will need at least \$140,000, equivalent to about 3 year's income, to bridge the deposit gap.

Putting it a different way, families in capital cities need an annual income of \$115,777 to service a mortgage on a median-priced home, which is more than double the required income level of \$46,693 in 1996 (source: Daily Telegraph 7 July 2007). Sydney was recently reported to be Australia's most expensive housing market, with a median house price of \$515,800, as at April 2006.

In the mid-1980s the median Australian house price was four times average annual earnings. Today, it is seven times⁶, which is why first home ownership in Sydney has become virtually unaffordable to low and middle income households. A study commissioned by the NSW Department of Housing estimated that only 5 percent of Randwick's total rental dwelling stock fell within the affordable range.⁷

Housing in the LGA of Randwick continues to be consistently unaffordable for households earning low to moderate incomes, a situation which is unlikely to improve without substantial state or federal government intervention.

5.2 Housing need indicators

Commonwealth Rental Assistance Program

The Commonwealth provides rent assistance to people who rent in the private rental market, in community housing and in other renting situations. The number of residents who rent privately and who receive rent assistance under the Commonwealth Rent Assistance Program is a benchmark for estimating the number of households requiring affordable rental housing. The average rent assistance subsidy is approximately \$63 a fortnight.

In 2004, there were 3,596 households in the LGA receiving rent assistance

⁶ *Housing crisis: we did it ourselves* by Ross Gittins, The Sydney Morning Herald, July 25, 2007
⁷ Unpublished study based on the 1996 and 2006 Census data.

(approximately 3% of Randwick's total population). They were predominantly single persons with no children. Subsidies are not sensitive to regional variations in rent levels and the amount paid to recipients living in the Randwick LGA would not be sufficient to alleviate the high costs of renting in the private sector.

Housing Stress

According to figures supplied by the NSW Department of Housing an estimated 5,015 or 83% of low to moderate income earners renting privately in the Randwick LGA were in housing stress. These households comprised largely of single persons (2,978), with the next largest affected group being individuals (922) living in group households.

In 2001, it was estimated that 738 or 60.8% of low to moderate income home purchasers were in housing stress⁸. These households were dominated by single persons (271) and couples with children (236).

⁸ Housing stress estimates based on 2006 Census were not available at time of writing.

6.0 CHARACTERISTICS OF THE HOUSING MARKET

6.1 Key Drivers and Market Dynamics

The Sydney property market is influenced by economic and financial policies, local and international labour and social trends that affect Australia as part of the global economy. Micro-factors such as the supply of housing stock and the characteristics of investment activity within the property market also affects the characteristics of Sydney's housing market. Understanding some of the key drivers and dynamics of the housing market will help explain why prices have behaved in a particular way.

The heightened interest level in the Sydney property market is in part due to a strong (and cultural) desire by Sydneysiders to own and invest in residential properties.

The Reserve Bank of Australia in its submission to the Productivity Commission Inquiry on First Home Ownership 2001-2004, provided a well considered explanation as to why house prices have risen substantially over the last decade or so, to the point that the market has become unaffordable to many more families (and particularly younger people) living in capital cities such as Sydney.

According to the Reserve Bank, the major reason for the significant rise in house prices relative to incomes in the last twenty years was the substantial fall in interest rates on mortgages. The low interest rates have enabled purchasers (including first-time home buyers) to maximise their loans and buy more expensive properties.

Investor demand for rental properties also played an important role in driving up property prices. The evidence for this was seen in the proportion of dollars lent by banks to investors and to home buyers. Owner-occupiers moving to more expensive and better houses was also seen by the Reserve Bank as an important but lesser influence on prices when compared with investor activity.

Investing in rental property became popular for the following reasons:

- The desire of investors to earn capital gains from investing in rental property.
- The ease of obtaining finance to enter this activity.
- The taxation treatment of investments in residential property.
- Distrust in alternative investment sectors, such as industrial shares.

The Reserve Bank remarked on the unshakeable (and intrinsically Australian) investor faith in the property market. In spite of the fact that house prices had fallen in some developed countries, and at times had fallen in real terms in Australia, investors still failed to shake off this belief. And although high property prices resulted in yield rates of around the 3.5 percent mark, an extremely low rate of return when compared with yields from other sectors, property investors remained undaunted.

In relation to the second point, competition in the banking and finance sectors has made borrowing from financial institutions very accessible. In previous decades, investment in rental property was only affordable to the wealthy and the well connected due to the difficulty in obtaining finance. However, investors are now able to secure loans from financial institutions for investment purposes by offering their own homes as collateral, and do not have to pay up-front cash if they have a reasonable amount of equity in their homes.

In relation to the third point, because the top marginal tax rate cuts in early at a relatively low income (\$62,501, 2003 figure), there is a very large pool of taxpayers keen to lighten their tax burden. As a result of the way investments in rental property are taxed (including negative gearing arrangements), it is still considered worthwhile by many to hold on to a low-yielding property. In relation to the final point, it is generally acknowledged that investing in stock market shares is not as popular

amongst Sydneysiders as owning 'bricks and mortar'. Owning real estate is considered by many to be a more 'tangible' form of investment.

Changes in the social demographic profile and aspirations are also important factors influencing local market dynamics. For example, improved access to education and employment opportunities after marriage and childbirth had meant that men and women, or both (in the case of two income families) could afford to buy better and well located housing. Demand for more dwellings has increased due to the growing number of people living alone for a range of reasons including family break-ups, and women marrying later, or not at all.

For example in Randwick LGA, the total number of private dwellings was increased by 1,620 units in the six years between 2001 and 2006 however, over the same period, the total population grew by only 800 persons. This situation would suggest either smaller households have formed, or an increasing number of people are living alone, or a combination of the two.

Investor demand for rental property together with the growth in the number of single person households requiring housing, provides a convincing argument that housing supply in this desirable locality has failed to keep up with the underlying demand. Home purchasers will continue to seek new homes located in more desirable and better serviced areas, such as the Eastern Suburbs and Inner City, where supply is fixed. In other words, investors and owner-occupiers competing for the best available properties serve to push house and unit prices up to unaffordable levels.

This situation appears to be particularly relevant for Randwick LGA because the supply of well located land on which housing can be built is finite. Sites that become available command premium prices, causing the sale price of newly constructed dwellings to be inaccessible for low and medium income households. Home prices in Randwick are unlikely to fall, in the way home prices have been falling in Metropolitan Sydney's middle and outer suburbs in recent

months. And the reason for this is that most households aspire to better located homes, particularly those located closer to the centre of the city, the beach or the harbour.

The housing market, if left to its own devices will continue to perform poorly in catering to the needs of a broader market base, unless of course, measures such as taxation policies aimed at curbing demand are introduced. It is not just the favourable taxation treatment on investment properties, together with the growth in real household incomes in a buoyant economy, which have been the key drivers of house price inflation. Our aspirations to own more expensive housing in the most desirable residential locations and outbidding each other in securing it have played a major part in inflating dwelling prices.⁹

6.2 Impacts on Private Rental Market

Housing affordability is not only confined to the home purchaser market. Although a significant proportion of dwellings in the LGA are private rental housing stock, the cost of renting is considerably higher than elsewhere in NSW. Market rents in the private sector are determined by similar pricing considerations such as location and property size, so it goes without saying that higher priced dwellings command higher weekly rents.

It is not conclusive whether increasing the market supply of rental accommodation will in fact result in a decrease in rent levels. There is evidence to suggest that the high growth rate in apartment buildings in recent years, particularly in the City of Sydney LGA, has somewhat stabilised rental costs, even though the purchase price of property and rent levels remained comparatively high in the metropolitan context¹⁰.

Such an uncertainty will always exist in the rental market situation for private renters, which is why there

⁹ *Housing Crisis: we did it ourselves*, The Sydney Morning Herald 25/7/07, Ross Gitten.

¹⁰ Information provided by Department of Housing on Housing Markets – Schematic of Analysis (internal document) for Inner South East Sydney.

is considerable merit in taking the affordable rental housing sector out of the private market context, along similar lines to the public housing system.

A housing affordability study conducted by Yates et al¹¹ estimated from the 2001 Census that some 3,490 private rental dwellings in Randwick LGA were considered to be affordable (defined as less than \$250 per week rental).

The same study had also found not all 3,490 rental dwellings were occupied by households on lower incomes. In fact, about one third (34%) had been occupied by families earning incomes greater than \$1,000 per week.

This suggests that the private rental sector cannot exclusively be relied upon to meet the housing needs of individuals and families on lower incomes. This may have been possible more than twenty years ago when housing costs were considerably lower in relation to household incomes. Now however, high housing costs, particularly in Randwick LGA, are affecting an increasing number of families and even those on moderate incomes.

The failure of the housing market to provide for this particular group of people has broader implications for the sustainability of Randwick's town centres, including the quality of their social and cultural environments.

As shown in Yates' recent research paper¹², the issue of key workers or service workers on basic wages travelling long distances into the inner city area for employment, is a growing concern, particularly as Sydney continues to experience rising transportation costs and an unreliable and ageing suburban train network.

The worst possible repercussion is that employers are unable to retain a reliable pool of staff and factory workers, particularly, those working night shifts, weekends or other non-standard hours.

Yates acknowledges that this is part of a broader problem "...of general income and spatial polarisation", involving the rapid growth and concentration of high income workers driving real estate market prices in centrally located and high amenity locations.

Table 1 Number of private rental dwellings leased for less than \$250 per week

LGA	Percentage of private dwellings renting for less than \$250/week and occupied by higher income households (\$1,000/week and over)	Total no. of private rental dwellings renting for less than \$250/week
Botany Bay	33%	2,000
Marrickville	29%	6,127
Randwick	34%	3,490
City of Sydney (south)	27%	5,095
City of Sydney (core)	32%	402
Waverley	30%	1,993

Figures calculated from ABS Census data, 2001.

¹¹ Judith Yates, Maryann Wolf, and Margaret Reynolds, 2004. "Changes in the supply of and need for low rent dwellings in the private rental market", AHURI, p. 36.

¹² Judith Yates, "Are occupational choices affecting housing choices?" A (draft) Paper prepared for the Australian Social Policy Conference 2005, UNSW 20-22 July 2005, p.18 & 2.

In Sydney's case, these dynamic urban processes have widened the price gaps between central and outer residential locations. Yates also found that for Sydney as a whole, the supply of low rent housing has decreased and the bulk of that which remains is located well away from the city centre. According to Yates, "The implications of a lack of appropriate affordable housing are that many workers either pay a high proportion of their incomes in meeting their housing costs and/or travel long distances in order to work in their chosen location. Neither of these options is likely to be particularly sustainable...high commuting costs, particularly if they are not compensated for are likely to lead to a search for new employment closer to place of residence."

The market's failure to meet the housing needs of low to middle income earners underscores the need to introduce market intervention measures, an example of such is a targeted and affordable rental housing supply program. To date, both the state and federal governments have few programs to address the issue of rental housing affordability. And this gap needs to be addressed to better support Council's efforts to improve the economic, social and cultural environment.

7

KEY HOUSING ISSUES, INITIATIVES AND ACTIONS

This section summarises the key issues relating to housing affordability and accessibility in Randwick LGA. It also describes Council's response to the issues raised, and where applicable, affordable housing initiatives that have been implemented in recent years to address identified issues. In addition, further actions to strengthen Council's commitment in promoting, encouraging and increasing the supply of affordable housing will also be expressed under this section.

7.1

Continuing Loss of Boarding Houses

Boarding houses traditionally provide lower cost and accessible housing for many people who cannot afford more conventional forms of private rental accommodation. They may be 'last resort housing' for people on very low incomes, including some marginalised groups.

Boarding house accommodation has declined as a result of non-commercial viability, amongst other reasons. This has been particularly the case with smaller boarding houses, where returns have been insufficient to sustain continued interest in this form of housing. The loss of boarding houses has been linked to increased levels of homelessness and a demand for night shelter in the inner ring suburbs of Sydney.

The future of existing boarding house stock as an affordable housing option remains uncertain. Their numbers continue to decline. Council estimated in 1989 that there were 81 licensed boarding houses. The current list of licensed boarding house maintained by Council shows, as of November 2006, 75 properties.

All development proposals affecting boarding houses are referred to

Department of Planning for the concurrence of the Director-General of the Department, under the provisions of State Environmental Planning Policy (SEPP) No. 10 – Low Cost Rental Housing. Where proposals meet the criteria of this Policy, concurrence may be granted as well as the consent of Council. As a consequence of the granting of concurrence, the Department negotiates, with developers, compensation for accommodation that will be lost.

The rate of contribution is about \$572 per bedroom space lost in Randwick LGA. Prior to the establishment of Council's Affordable Rental Housing Program, the monetary contribution was distributed to local community housing organisations to boost dwelling supply. From time to time, Council accepts monetary contributions through this process, with the funds being directed to its Affordable Rental Housing Program established in 2006. The funds will go towards the joint venture affordable housing project being negotiated between Council and the Office of Community Housing on land owned by Council at Minneapolis Crescent, Maroubra.

Proposed Actions:

While SEPP 10 has had some effect in stemming the loss of affordable housing stock, it is unable to promote the growth of new boarding houses.

In an attempt to counter the loss of affordable housing stock, Council introduced planning provisions in its Local Environmental Plan (LEP) to reinforce its affordable housing provisions. The LEP contains provisions requiring developments to provide a mix of dwelling sizes and types to encourage housing affordability, and particularly on sites greater than 4,000m². The LEP already contained provisions permitting new boarding houses to be developed in all residential and mixed business zones.

Between 2005 and 2007, Council received less than three applications

for new boarding house developments, with a large proportion of units end up accommodating students. Although this outcome has not been the main intention of the boarding house provisions contained within Randwick LEP 1998, an increase in student accommodation in the LGA will serve to take some pressure off the private rental market as a major accommodation source during the academic year. In this respect, new boarding houses is consistent with Council's aim of ensuring that a range of housing types and sizes meet the diverse needs of the local community. Council's intention therefore is to develop a development control plan aimed at guiding and encouraging new boarding house uses, to be distinguished from backpackers, motel or serviced apartment establishments.

There is also a need to consider reviewing the compensation value of boarding house bed spaces lost as part of the Department of Planning's SEPP No.10 concurrence procedures, as facilitated under S93F (voluntary agreements) of the Environmental Planning and Assessment Act, 1979. This rate has not kept pace with rising housing costs in the Eastern Suburbs. A more accurate reflection of the bed space cost will allow recipients of monetary contributions, such as Council and community based housing associations, to increase their affordable housing supply building capacity. From Council's perspective, it will continue to accumulate such funding towards its affordable rental housing program to increase its affordable housing rental portfolio.

It is proposed that Council, in the following order of priority:

- Examine the feasibility of introducing a Development Control Plan aimed at guiding and encouraging genuine boarding house uses.
- Explore incentives to allow developers to retain and increase the stock of boarding house accommodation.

- Review the value of boarding house bed spaces and low cost residential units that will be lost under SEPP No.10 and provide a fair compensatory value per bed space and dwelling units, respectively, in order to mitigate against the net loss of affordable housing within the LGA.

7.2

Issue: The Loss of Affordable Rental Housing Stock

A critical housing issue facing Council is the loss of affordable housing stock due to a combination of labour market and urban property dynamics resulting in lower income earners being priced out of the property market. This process is commonly referred to as gentrification.

Over the past decade or so, Sydney has experienced a gradual decline in the number of low cost residential flat buildings. Many walk up flats located in the eastern suburbs have been gentrified, particularly along the coastline. Three storey walk up flats built in the 1960's and 1970's by developers on speculation for short term gains were a source of low cost rental accommodation for students and workers.

As the pool of affordable rental housing stock continues to shrink, the effect will force more residents on low to moderate incomes to move away from established family and social networks and places of employment. It will also prevent some people from returning to the LGA to be closer to ageing family members. The shortage of affordable housing for rental or for home purchase will, in turn, impact on services that rely on a ready supply of workers e.g. shop assistants, cleaners, health and community care workers, teachers, childcare workers, bus drivers, police etc.

An acute shortage of affordable rental housing stock has been identified in the Randwick LGA (see Section 6.2 and Table1). This situation is impacting

on households whose incomes render them ineligible for public housing, but not enough to secure a home (purchase or rent) near the workplace or family networks.

The issue of people employed in essential services earning basic wages and travelling longer distances into the inner city is a growing concern, particularly as Sydney continues to experience rising transport costs. The failure of the local housing market to provide for this particular group of people has broader implications for the sustainability of town centres, and employment areas. It also affects the quality of our social and cultural environments. The consequence of high housing costs will over the longer term cause labour shortages for essential services and if left unabated, may undermine the sustainability of communities in general.

7.3

Council's Affordable Housing Strategies and Initiatives

Since 1996, Council has introduced and implemented a range of actions and initiatives aimed at encouraging retention and growth of affordable housing in the LGA. These initiatives are listed below.

7.3.1 Introduction of statutory provisions and related policies

- Studio dwellings (bed-sit units), which fall within the definition of Council's DCP Multi-Unit Housing, are permissible in all residential zones except 2(a) zones, and all business zones (if attached to or involved with other uses which are permissible in the zone), with consent. For units smaller than 40 square metres in size, a car space is not required.
- Provision for a clear distinction between 'backpackers' accommodation' and 'boarding houses'. Boarding houses are

permissible with consent in all residential and business zones and Special Uses 5 zone. Backpacker accommodation is permissible in the 3A (general) business zone with consent.

- The inclusion of specific clauses in the LEP (Amendment No.22) to strengthen Council's grounds for refusing applications which would result in a loss of boarding house stock. For example, provisions requiring Council to assess the cumulative impact of losses, and the need to retain boarding houses within the local area.
- The introduction of affordable housing provisions into Randwick LEP 1998 (via Amendment No.22) aimed to encourage the provision of affordable housing within the LGA.
- LEP 1998 contains provisions requiring master plans for redevelopment sites exceeding 4,000 square metres to consider housing diversity and/or large sites, generally 1% of dwellings, have been dedicated to Council's affordable rental housing program portfolio.
- As part of the reviews undertaken by Council of Town Centres and major redevelopment sites, specific clauses were incorporated into Development Control Plans requiring new residential developments to include a diversity of housing types and residential unit sizes. These planning provisions are applicable to the Kensington, Matraville and Maroubra Town Centres, and the redevelopment Master Plans approved for the Bundock Street Department of Defence surplus site at Randwick, and the Prince Henry at Little Bay residential site.
- Mixed Use provisions were introduced into the LEP to encourage housing diversity and affordability such as shop top housing in Town Centre business zones.

7.3.2 Implementation of an Affordable Rental Housing Program

The introduction of master plan provisions for development sites exceeding 4,000 square metres in the Randwick Local Environmental Plan 1998 have resulted in the provision of dwellings for affordable housing purposes.

Council is one of only three local councils in the State with its own affordable rental housing program. There are two aspects to this major initiative. The first relates to the development of a negotiated agreement framework and the second relates to the development of a rental management framework.

a. Negotiated Agreement Framework (Supply)

This aspect of the work involves a negotiation process between Council's senior management staff and developers at the commencement of site master planning stage for large multi-unit housing proposals. The negotiation process only applies to large redevelopment sites equivalent to or more than 4,000 square metres. At this stage when environmental issues detailed in Clause 40A of the LEP are being discussed with developers, affordable housing forms part of this consideration.

All negotiated outcomes, typically the dedication of 1% of total dwelling yield of the development site to affordable housing, are enshrined in an Agreement between the Council and the developer. The development consent refers to the existence of an Agreement and the number of dwellings to be transferred to Council's ownership in fee simple on completion of construction.

To date a total of fifteen affordable housing units have been successfully negotiated with developers. Certificate of titles for four dwellings have been transferred to Council's ownership and leased in accordance with its Affordable

Rental Housing Program and Procedures – see Appendix A. The transfer of two further dwellings is currently underway.

b. Rental Management Framework (Operational)

This operational framework describes how the affordable housing dwellings transferred to Council's ownership by developers will be utilised for their intended purpose. *The Affordable Rental Housing Program* (see Appendix A), adopted by Council on 13 June 2006, was designed to be cost neutral and self-sustaining. The Council retains ownership of the rental dwellings and appoints an approved housing association to undertake all tenancy allocation and property management functions. Under this arrangement, Council head leases the entire rental property portfolio to the housing association at a nominal rate. The housing association assumes the role of landlord and leases the housing in accordance with Council's Program + Procedures requirements. The housing association enters into a standard residential tenancy lease arrangement with tenants. Under this arrangement, Council is not responsible for either the day to day contact with tenants or the administration of the rental housing program.

The major elements of the rental program are summarised thus:

- Designed to assist local residents or employees whose incomes exceed the eligibility criteria for public housing, but unable to rent locally without succumbing to housing stress.
- Designed to assist employed people on low to moderate incomes (\$549.75 - \$1,319.40) for a period of up to five years to give them a greater level of housing certainty and opportunities to enter the private rental market or home ownership by the end of that period.
- Designed to ensure the full cost of the Program, including day to day property and cyclical maintenance, tenancy management, administration fees and major upgrading works are fully covered by rent revenue collected by the Housing Manager; and
- Surplus income generated by the program will be returned to Council's affordable housing account for future upgrading, new capital works or related purposes.

Proposed Actions:

- Council staff will continue to initiate discussions with developers with projects to build larger scale multi unit residential developments, to consider a contribution towards affordable housing units.
- Council staff will continue to monitor the progress of its Affordable Rental Housing Program in consultation with its housing manager in order to ensure on-going viability of rental operations.
- Council staff will continue to implement the title transfer process on completion of dedicated affordable housing dwellings from the developer to Council's rental property portfolio in a timely manner.
- When transferring master plan provisions into the new LEP template, work with State Government to ensure that the integrity of the provisions is retained or strengthened despite the current lack of a similar provision in the given template.
- Promoting Council's Affordable Housing Strategy locally and publicise progress in achieving outcomes.

7.3.3 Updating of Council Housing Policy to reinforce commitment to encourage and promote affordable housing in the LGA

A regional housing strategy¹³, developed in collaboration with five Inner East Sydney Councils, entitled *Regional Housing Strategy Inner East Sydney – Housing Needs & Key Principles*, was completed in November 2005. This study was jointly funded by the five participating Councils, the Department of Housing and the Department of Planning, under the Local Government Housing Initiatives Program. In April 2006, Randwick City Council endorsed the Strategy and in particular the five key principles (developed by the project's steering committee), to provide a regional framework in the development of the participating councils' own affordable housing strategies or associated planning instruments.

In recognition of the value of the regional housing strategy document, Council included these five key principles below in its Affordable Housing Policy (Appendix B –Housing Policy No. 6.01.26).

Five Key Principles

- 1. Working to retain the supply, and where possible, create and target new supply of affordable housing for people on low to moderate incomes. House prices and private sector rents are increasingly out of reach for many families, and homelessness levels are increasing.*
- 2. Working to help employees who are important to our local economies to afford a place to live close to their workplace and families. These workers include low to moderate paid essential*

¹³ The five LGAs were Marrickville, Botany Bay, Randwick, Waverley and South Sydney Council (now part of City of Sydney Council) applied for and secured funding under the Department of Planning's Local Government Housing Initiatives Program to prepare a Regional Housing Strategy.

workers in the public, private and voluntary sectors who make a vital contribution to our local economies.

- 3. Ensuring that new housing developments are appropriate to the needs of the future population, and that we recognise the importance of creating sustainable mixed neighbourhoods, well served by adequate transport and social and community housing infrastructure.*
- 4. Participating in local community renewal programs, recognising the intricate connections between housing affordability, people experiencing disadvantage, quality of tenancy and property management, and the impact these factors have on the neighbourhood environment, and thus quality of life for local residents.*
- 5. Working more co-operatively with other councils within the Region, and government agencies to pool resources (including financial and staff expertise) to become more coordinated in the development of regional and local housing policies, as well as in the sharing of information about housing needs.*

These key principles provided the parameters for the development of Council's Affordable Rental Housing Program and Procedures, implemented in June 2006, and the development of Council's Local Affordable Housing Strategy in June 2007.

Proposed Actions:

- Council staff will continue to adopt these principles, where applicable, in the drafting of planning instruments, strategies or policies.
- Council staff will continue to identify and maximise any new initiatives aimed at increasing or strengthening affordable housing supply.

- Assist local not-for-profit or community based agencies to increase service funding levels aimed at disadvantaged and vulnerable community members as well as better targeting of services.

7.3.4 Education, promotion and advocacy

Within Randwick City Council there is a strong corporate culture of supporting the growth of affordable housing supply in the LGA and of encouraging staff to attend seminars and conferences on housing issues as a means of improving skills and knowledge. Council officers have also been sharing their knowledge and experience with other interested council officers at public seminars, workshops and discussion panels. The completion of this Affordable Housing Strategy document will help clarify, for stakeholders and residents, the actions that Council will be implementing to safeguard a supply of diverse and affordable housing types to meet identified needs (a City Plan objective). It is hoped that Council's Affordable Housing Strategy and Action Plan will assist in building local interest and support.

Proposed Action:

Council's ongoing role will focus on the following areas:

- Reflect Council's commitment to affordable housing objectives by including them in corporate planning documents and processes across all departments
- Promote the Local Affordable Housing Strategy locally, and taking active steps to build local interest and support for housing objectives, and publicising progress in achieving such outcomes
- Review Council brochures, public documents and its website to ensure

that opportunities to promote affordable housing are appropriately captured.

- Support and encourage staff to share and expand their affordable housing knowledge by attending housing related seminars, courses and events.
- Develop a communication strategy on the value of housing diversity and social sustainability for residents, visitors and workers.

7.3.5 Work strategically with key social and affordable housing stakeholders to safeguard the future supply and amenity of affordable rental housing dwellings

In August 2005, Council and the Department of Housing signed a Strategic Partnership Agreement aimed at:

- Improving planning and co-ordination of service provision to address gaps and deliver improved services for the benefit of social housing communities living in Randwick LGA;
- Undertaking early liaison with either party on work programs to minimise duplication; and
- Council supporting sustainable community renewal improvements initiated by the Department.

This Agreement was accompanied by a Service Plan describing the actions to be implemented by both parties. A major strength of the Strategic Agreement is the Advisory Group comprising senior officers from the two organisations. The Advisory Group meets on a quarterly basis to discuss and consult over joint activities, service delivery issues, and planning issues relating to the Department of Housing's major upgrading and asset improvement works. The Department houses approximately

4,000 households in the LGA, many of whom are established members of the local community, having lived in the area for more than 20 years. Council recognises the valuable role of public housing in ensuring secure low cost rental housing for eligible households. The Department recognises the need to improve its ageing housing portfolio and to make cost effective decisions about the future of its assets.

This is a critical time for the Department, and from Council's perspective, it would be desirable to maintain the current number of public housing dwellings in Randwick City as a result of the Department's asset management review. Council will also seek to ensure that an adequate level of services required by public housing residents will be available to support their tenancies. Another strategy that Council has employed through working in partnership with key housing providers relates to the use of accumulated affordable housing funds.

Council staff is currently in the process of negotiating a joint venture affordable housing project with a community housing organisation. Council's contribution to the project includes the land (estimated value \$1.4 million) located in Minneapolis Crescent, and the Section 94 affordable housing contribution of \$500,000. The joint venture partner will meet the remaining development costs. The proportion of Council's capital contribution towards the completed development will be reflected in the title deed arrangements.

A joint venture partnership arrangement, particularly with an agency skilled in the development and management of affordable housing, is a cost effective and efficient way for Council to increase its affordable rental housing stock.

In relation to SEPP No. 10 contribution, the funds collected have so far been modest in amount. Nonetheless, contributions from SEPP 10 negotiated on Council's behalf will be accumulated along with surplus income received from Council's affordable housing rental program) and voluntary planning agreement contributions, to fund capital joint venture developments and other affordable housing projects.

The three sources of accumulated funds for affordable housing purposes are derived from:

1. SEPP No. 10 monetary contributions from developers, negotiated on Council's behalf by the Department of Planning pursuant to S93D of the EP&A Act, to mitigate against the loss of affordable housing stock in the LGA.
2. Section 94 contributions for affordable housing previously collected from developers prior to the introduction of SEPP 70.¹⁴ Council has approximately \$500,000.
3. Surplus income (if any, from Council's affordable housing rental program) and future monetary contributions for affordable housing purposes received through the voluntary Planning Agreement mechanism.

Proposed Action:

- Continue to work with staff from the NSW Department of Housing in the development of asset management plans to maintain existing supply of social housing stock while reducing the level of concentration within a given area.
- Continue to liaise with DOH staff through the Strategic Partnership Advisory Group quarterly meetings to

¹⁴ Prior to 2001, Randwick Council had the power to levy for the loss of affordable housing under Section 94 of the EP&A Act. When SEPP 70 was introduced in 2001, it had the effect of excluding most Councils including Randwick Council, from imposing Section 94 contributions for this purpose.

discuss issues relating to planning and support services provision between the two levels of government.

- Continue to facilitate the joint venture affordable housing project with a skilled not-for-profit agency to develop 6-8 units on Council's land at Minneapolis Crescent, Maroubra.
- Support the Community Housing Sector Growth Strategy developed by the Office of Community Housing. Participate in consultation meetings, to encourage the sector's presence and expansion into Randwick LGA.
- Continue to accumulate surplus income received from Council's affordable rental housing program, and any planning agreement cash contribution, to fund capital joint venture development and related affordable housing projects.
- Any redevelopment projects being considered on Council owned land should be investigated for affordable housing opportunities for home purchasers and renters

7.3.6 Improve Access to Housing for People with Physical Disabilities or Mobility Issues

People with a physical disability find it increasingly difficult to secure affordable accommodation with level access. Included in this category are elderly people who have become frail and are experiencing difficulties using stairs leading to their houses or apartments.

It is understood that the Homeless Person Information Centre received approximately 5,400 first time callers from the Eastern Suburbs between 1998-2003 claiming difficulties in securing appropriate accommodation because of a physical disability. A likely explanation is that the more affordable rental housing tends to be walk-up apartments, and unless accommodation is on the

ground floor, these dwellings are not easily accessible for those with physical disabilities.

This is not yet a critical issue for Randwick LGA. However, given that some 34% of Randwick's occupied dwellings are in the form of walk-up flats, and an ageing population profile, there is a need for Council to consider introducing specific strategies aimed at either influencing the housing/development market or increasing community awareness to this issue.

Proposed Actions:

- Identify an appropriate initiative for encouraging the residential development industry to design and build housing that are accessible to people with physical or mobility difficulties.
- Include adaptable or universal design principles as part of Council's LEP and DCP review processes.

7.3.7 Continue to identify sustainable ways to add to Council's affordable rental housing property portfolio.

Randwick City Council is one of the state's more active council contributors of affordable housing. Its commitment to provide for and support affordable housing growth in its LGA is reflected in its existing planning programs and statutory instruments. Council has achieved what it can in terms of being involved in the direct supply of affordable housing, as outlined earlier.

Since 2003, a total of 15 affordable housing units have been successfully negotiated and all the necessary governance structures, including tenancy and asset management requirements are now in place and working well. This is a commendable achievement given the constraints placed upon Council in delivering affordable housing.

The Environmental Planning and Assessment Act, 1979 (EP&A Act), which was amended in August, 2005 now allows councils to enter into planning agreements with developers on a voluntary basis to dedicate or make a monetary contribution as part of the development process.

While a voluntary planning agreement is an effective mechanism for many local Councils, these new provisions may have limited applications in built-up urban areas such as the Randwick LGA. This is because negotiations with developers tended to be more successfully accomplished on larger scale residential developments sites. Unfortunately, due to the paucity of redevelopment land within the City's boundaries, such proposals are rare and infrequent.

Therefore the planning agreement mechanism provided by the EP&A Act, as a means of securing a funding source to increase the number of dwellings owned by Council's affordable rental housing program, is unreliable. Given the large number of initiatives it has introduced to date, Council's ability to implement new affordable housing initiatives is at near capacity under current legislative arrangements. Council will therefore need to focus on refining and strengthening its existing program of affordable housing initiatives over the next five years.

A key action will be to seek legislative support from State Government to allow Council, for example, to include LEP requirements to increase Council's and local community housing association's supply of affordable rental housing stock.

Proposed Actions:

- Lobby State Government for Randwick Council's inclusion in SEPP 70 – Affordable Housing (Revised Schemes), or equivalent agreement for a separate affordable housing levy. This SEPP only provides for levies to be raised in Green Square, City West

(Ultimo/Pymont) and Willoughby LGAs.

- Liaise with State Government to ensure that the opportunities to implement inclusionary zoning provisions (within the new LEP template) to increase affordable housing

A detailed table with recommended actions aimed at addressing and promoting affordable housing issues in 2008 to 2018 are summarised in table format under **Section 8**.

8 ACTION PLAN (2008-2018)

Strategy	Specific Actions for 2008-2018	Performance Indicator
Implement Randwick Council's Affordable Rental Housing Program	1. When transferring master plan provisions into the new LEP template, work with State Government to ensure that the integrity of the provisions is retained or strengthened despite the current lack of a similar provision in the template. (<i>Strategic Planning</i>) 2. Liaise with State Government to ensure that the opportunities to implement inclusionary zoning provisions (within the new LEP template) to increase affordable housing dwellings in the LGA, is maximised. (<i>Strategic Planning</i>) 3. Continue to liaise on a regular basis with staff from St George Community Housing Association, employed as Council's tenancy and housing manager. (<i>Community Planning</i>) 4. Review property portfolio regularly to ensure best value for money and on-going viability of rental operations. 5. Continue to implement the title transfer process on completion of dedicated affordable housing dwellings from the developer to Council's rental property portfolio in a timely manner. 6. Promote Council's Affordable Housing Strategy locally and publicise progress in achieving outcomes.	Provisions are retained in the new LEP template. Liaison held with DOP representative prior to finalisation of new template. Review undertaken once every 5 years Affordable Rental Housing Program continues to be viable and cost neutral Timely achievement of transfer. Housing information about the Council's Affordable Rental Housing Program is updated on Council's website

Strategy	Specific Actions for 2008-2018	Performance Indicator
Increase supply of affordable housing stock through legislative framework	7. Continue to discuss with developers to secure additional affordable housing stock via voluntary planning agreement provisions, when the opportunity arises at the rezoning and DA stages. In relation to Boarding Houses: 8. Examine the feasibility of introducing a Development Control Plan aimed at guiding and encouraging new boarding house developments. <i>(Strategic Planning)</i> 9. As part of the above feasibility study, explore incentives to allow developers to retain and increase the stock of boarding house accommodation. <i>(Community Planning)</i> 10. Review the value of boarding house bed spaces and low cost residential units that will be lost under SEPP No.10 and provide a fair compensatory value per bed space and dwelling units, respectively, in order to mitigate against the net loss of affordable housing within the LGA. <i>(Community Planning)</i> 11. Reflect Council's commitment to affordable housing objectives by including them in corporate planning documents and processes across all departments. <i>(All units)</i>	An increase in the affordable rental housing property portfolio. Prepare for inclusion in the comprehensive DCP due March 2011 At least one incentive is in place by 2018. Review completed by November 2008 Ongoing

Strategy	Specific Actions for 2008-2018	Performance Indicator
Facilitate specific affordable housing projects	12. Continue to facilitate the joint venture affordable housing project with a skilled not-for-profit organisation to construct 6-8 units on Council's vacant land at Minneapolis Crescent, Maroubra. <i>(Community Planning)</i> 13. When sufficient funds are accumulated in Council's affordable housing account (eg \$1.5 m), identify and prepare report to Council regarding project options. <i>(Community Planning)</i> 14. Any redevelopment projects being considered on Council owned land should be investigated for affordable housing opportunities for home purchasers and renters. <i>(Community Planning & Property Management)</i>	Construction completed by June 2009 Accumulated funds are monitored on a yearly basis. As the opportunity arises for investigation.
Work strategically with key social and affordable housing providers to safeguard the future supply and amenity of low cost and affordable rental housing dwellings	15. Continue to work with DOH staff in the development of asset management plans to maintain existing supply of social housing stock within the LGA while reducing the level of concentration of public housing tenants within a given area. <i>(Community Planning)</i> 16. Continue to liaise with DOH staff through the Strategic Partnership Advisory Group meeting to develop and implement ways of ensuring adequate support services are provided/available to meet the identified needs of public housing residents. <i>(Community Planning)</i> 17. Support the Community Housing Sector Growth Strategy currently being developed by the Office of Community Housing (OCH). Participate in formal consultation sessions, to encourage the presence of community housing and their expansion into Randwick LGA. <i>(Community Planning)</i>	Adopted strategies are consistent with Council's objectives for improved social mix and amenity Regular attendance of meetings and achievement of service plan priorities (reported on quarterly basis to senior management) Number of OCH projects supported within the Randwick LGA by 2018

Strategy	Specific Actions for 2008-2018	Performance Indicator
Community Development/ Service Promotion	18. Assist local not for profit or community based agencies to increase service funding levels aimed at disadvantaged and vulnerable community members as well as better targeting of services. (Community Programs and Partnerships) 19. Identify and implement an initiative for encouraging the residential development industry to design and build housing that are accessible to people with physical or mobility difficulties (Community Planning). 20. Include adaptable or universal design principles as part of Council's LEP and DCP review processes. (Strategic Planning)	Number of agencies' projects supported by Council. Project achieved and implemented by 2015 Project achieved and implemented by 2011.
Education, promotion and advocacy	21. Lobby State Government for Randwick Council's inclusion in SEPP 70 – Affordable Housing (Revised Schemes), or equivalent agreement for a separate affordable housing levy. This SEPP only provides for levies to be raised in Green Square, City West (Ultimo/Pymont) and Willoughby LGAs. (Community Planning and Strategic Planning) 22. Council to continue to support councillors and staff in expanding their affordable housing knowledge by attending housing related seminars, courses and events to gather and contribute information on housing issues. (Community Planning) 23. Promoting Council's Affordable Housing Strategy locally by: ▪ Publicising progress in achieving such outcomes; ▪ Reviewing Council brochures, public documents and its website to ensure that opportunities to promote affordable housing are appropriately captured. ▪ Develop a communication strategy on the value of housing diversity and social sustainability for residents, visitors and workers. (Community Planning and Communications)	Prepare submission to Department of Planning by mid 2008 On-going action. Community planning staff and councillors attend at least one seminar or conference on housing issues per year. On-going action. Achievements are reported in Annual reporting requirements.

APPENDIX A

Affordable Rental Housing Program + Procedures

July 2006



Affordable Rental Housing Program + Procedures

July 2006

1. Aims of the Affordable Rental Housing Program

This Program is one of a number of initiatives being implemented by Council to encourage the supply of housing that is affordable to households earning a moderate weekly incomes or less.

The aims of the Program are to assist local residents or employees whose incomes exceed the eligibility criteria for public housing but unable to rent locally without succumbing to housing stress.

It is designed to assist employed people on low to moderate incomes for a period of up to five years to give them a greater level of housing certainty and opportunities to enter the private rental market or home ownership by the end of that period.

It is also the intention of the Program to:

- assist tenants on low to moderate incomes for a maximum period of five years;
- allocate more than half of Council's housing portfolio to households on low incomes, as the preferred mix;
- ensure the full cost of the Program, including day to day property and cyclical maintenance, tenancy management, administration fees and major upgrading works are fully covered by rent revenue collected by the Housing Manager; and
- return any surplus income generated by the program to Councils' affordable housing account for future upgrading, new capital works or related purposes.

The five year maximum assistance period will give households a greater level of housing certainty, as well as an opportunity to enhance their capacity to enter the private rental market or home ownership by the end of that period.

A standard residential tenancy lease will be renewed on a twelve monthly basis. This gives housing managers the opportunity to ensure that tenants continue to meet Council's affordable housing eligibility criteria.

2. Why Have An Affordable Rental Housing Program?

Housing has a vital role to play in developing sustainable local communities. Providing housing that is affordable and appropriate to the needs of the local communities will also ensure a strong labour force and sustain local businesses.

The lack of affordable housing for households on low and middle incomes is a critical and recurring theme in Randwick City: housing costs in the LGA are among the highest in NSW.

Many households on moderate or lower incomes cannot afford to rent in the inner city and the eastern suburbs without experiencing housing stress or being forced into sub-standard housing in order to secure affordable rents.

The consequences of poor rental and home purchase affordability are substantial with obvious examples being:

- Local residents with established ties being driven further away from the sub-region in search of more affordable housing. This has a tendency to weaken the connection, sense and strength of the community fabric.
- Employers are experiencing the problem of retaining low paid workers. The costs of recruiting and training new employees, and from failures to meet service standards or production deadlines affect the financial viability of local businesses.¹

In recognition of the important role affordable housing plays in our local community, the Council has developed an affordable rental housing program.

This, along with a range of other affordable housing initiatives adopted by

¹ Judith Yates, 2005. Are occupational choices affecting housing choice? Paper prepared for the Australian Social Policy Conference 2005: A quarter of a century of social change, UNSW. 20-22 July, 2005, page 18.

Council will help support and encourage local supply.

3. How does Council get its rental dwelling stock

Council obtains its rental housing stock from developers who have participated in a voluntary planning agreement process to transfer a proportion of built dwellings to Council's ownership, for affordable housing purposes. Upon registration of the strata plan, the developer transfers the dwellings to Council's ownership.

Council may also receive cash contributions for affordable housing purposes from developers as part of the negotiated planning agreement process. Funds accumulated in a separate account through this process are used to add to the supply of Council's rental housing portfolio.

Contact details of the housing manager (Housing Association) will be posted on Council's website, should the local community wish to find out more about the rental housing program.

4. Eligibility Criteria

The Program has defined two major income groups with a need for accommodation below market rent prices, as follows.

Group 1 - Low (\$549.75 - \$879.60 gross/week)

Group 2 - Moderate (\$879.60 - \$1,319.40 gross/week)²

Initially a mix of low and moderate income households will be allocated dwellings. Allocation of more than half of Council's housing portfolio to households on low incomes as the preferred mix can only happen over time: when Council has sufficient housing stock and/or surplus rental income to guarantee the financial viability³ of its rental housing operations.

² May 2005 figures. These figures are adjusted on a yearly basis, obtained from the Centre for Affordable Housing (DOH).
³ Financial viability in this context means that the full cost of its affordable rental housing program is covered without the Council incurring out of pocket expenses/debts. The cost of replacing housing assets and other related building life cycle components have to be accounted and planned for. In time, there may be an opportunity to provide a bigger discount on the market rent in some circumstances, funded by surplus income from properties generating higher rental incomes.

A successful applicant will need to satisfy the following criteria:

- must be permanently employed and earning a gross weekly household income of between \$549.75 - \$1,319.40,
- has a local connection (e.g. family living in the area and/or is an employee in Randwick City),
- does not own assets or property which could reasonably be used to solve their housing needs,
- is an Australian citizen or permanent resident,
- must not already be living in subsidised housing (Department of Housing or Community Housing managed accommodation),
- is not a former tenant of Council's ARHP, and
- is not an employee of Randwick City Council.

The Council's Housing Program is about complementing, not duplicating the role of the public housing authority whose priority it is to assist households with the greatest needs.

5. How Tenants are Assessed and Allocated Homes

The Housing Manager engaged to manage the dwellings will advertise for tenants in local newspapers at the commencement of the program. Applicants who fulfil the eligibility criteria can lodge an application.

Because demand exceeds supply, dwellings will be offered to applicants having the greatest need for rental accommodation (relative to other applicants). Allocation decisions will be made by the Housing Manager after an assessment and interview process.

The Housing Manager, who has the experience and expertise to make the decisions, will also take into account other factors such as appropriate match of properties suited to tenants' needs

and income level⁴ (percentage of weekly household income spent on rent, and other social housing considerations). In addition to submitting an application form, short listed applicants will be required to attend an interview with the Housing Manager as part of the assessment process.

In accordance with the provisions of the NSW Residential Tenancies Act 1987, a standard residential tenancy lease will be entered into between the Housing Association and the tenant.

6. Housing Register for Council's Affordable Rental Housing Program

Applicants previously assessed as being eligible for affordable housing but not offered rental accommodation under this Program will be placed on a Housing Register. When a dwelling becomes vacant for letting within 12 months from the date of their application, they will be contacted again. Provided that they meet the eligibility criteria, and are still interested in pursuing a vacancy, their circumstances will be considered again along with fresh applications received. Tenants who have previously been housed under the Program will not be eligible for re-application.

7. Rent Policy

The rent for each property will be set at a maximum of 75% of weekly market rent for comparable dwellings. This means that if the weekly market rent is estimated at \$280 per week, then the tenant will pay \$210 per week.

A bond equivalent to four (4) weeks rent shall be payable by the tenant upon lease commencement or otherwise as agreed between the tenant and the Housing Manager. From time to time, the rents charged for affordable housing properties will be readjusted to bring them more in line with current weekly market values. However, rent adjustments and all other leasing arrangements between the

⁴ Ideally, and where possible, the rent paid by tenants should fall within the percentage range of 25% and 30% of their gross household weekly incomes, including any rental housing subsidies received from Centrelink.

Housing Association and tenants will be undertaken in accordance with the NSW Residential Tenancies Act, 1987.

A market-based rent formula instead of an income-based method (as used for public housing tenants) provides greater certainty for Council's program to sustain itself at no additional costs to rate payers (cost neutral).

8. Exit Strategy: planning for beyond the 5th year

The Housing Manager, at their discretion, may offer appropriate training or counselling services to tenants before the end of their third year of occupancy. This may be in the form of development of a budgeting or savings plan towards a home deposit, or any other appropriate training programs considered relevant to help a tenant plan effectively for their exit from Council's Affordable Rental Housing Program at the end of the 5 year period.

As part of the annual lease renewal process, the Housing Manager may enquire about the progress of the tenant's exit plan, as a reminder of the finite tenancy period.

9. How Council will Manage the Affordable Housing Program

A Housing Association (HA) with relevant experience and expertise will be engaged by the Council to manage its rental program. The HA will be sought via a competitive expression of interest process. Only members of the Office of Community Housing's Registration System will be considered for selection. Under this system the performance of a HA is assessed on an annual basis. The HA will submit a Curriculum Vitae of their organisation, and a statement of how they will provide the required services to Council.

Council will convene a selection panel, to include, appropriate representatives from Council, the Centre for Affordable Housing and/or the Office of Community Housing (both divisions of the NSW Department of Housing). The panel will interview

and recommend an appropriate Housing Association for the General Manager's endorsement.

Council's affordable housing stock is to be head-leased to the appointed Housing Association at nominal rent. The Housing Manager assumes the responsibility of landlord, property and tenancy manager. The Housing Manager is paid a management fee negotiated as part of the selection process. Income generated from the rental properties is intended to cover the cost of maintaining the properties and program administration.

10. Deed of Management

Council, as property owner, will enter into a contract with the successful HA, for an initial five year period, to manage its properties and affordable rental housing program via a Deed of Management (Annexure A). The Deed of Management will set out the rights and responsibilities of both parties. It provides for both tenant management and property management procedures, and any other requirements a housing manager is required to implement as part of Council's Program, such as rent setting details, tenant selection and dwelling allocation procedures.

It also sets out entitlements for costs and management fees, financial reporting requirements and allocation of funds, performance review processes, dispute resolution and other such detailed contractual matters. Council will undertake a comprehensive evaluation of the ARHP procedures, including the financial viability of the program in general and the performance of the Housing Association, on the program's fifth year, 2011.

It is envisaged that a comprehensive review of the rental program will occur at least once every five years or sooner, if considered to be necessary.

11. Asset Management

All affordable housing units or dwellings transferred to Council's ownership will be

classified as 'operational'. An operational classification will allow Council to make prudent decisions aimed at minimising maintenance liabilities and improving its affordable housing portfolio in a timely manner. Examples of asset improvement decisions include asset disposal-replacement decisions to ensure that the Council's property portfolio continues to match tenant needs, and to pick an optimal time to make these decisions given the unpredictable nature of the local property market.

Towards the end of the five year leasing period, or when a unit becomes vacant, Council will undertake a conditions assessment and make any necessary internal repairs, prior to re-letting.



APPENDIX B

Affordable Housing Policy

Minute No: 162/2006

Meeting Date: 27 June, 2006

AFFORDABLE HOUSING POLICY

OBJECTIVES

To assist in the provision of affordable and appropriate housing for residents and employees living in the Randwick Local Government Area.

To address the impacts housing affordability has on residents and employees defined as being in housing stress.

POLICY STATEMENT

1. Council recognises that it has a role to play within the local housing market to ensure that its residents and employees are adequately housed within the City, and more specifically:
 - a. Council recognises that there is a particular need for the provision of adequate, affordable, and appropriate housing for lower income earners and special needs groups within the City.
 - b. Council recognises that there is a need for the provision and retention of affordable rental housing and the encouragement of affordable housing for owner occupiers.
 - c. Council recognises that there is a need to provide for a mix of housing types in accordance with the current needs of the City.
 - d. Council will use its planning powers under the Environmental Planning and Assessment Act to assist in the provision of affordable housing.
2. Council will apply the following key principles as a basis for developing its Affordable Housing Strategy, and any other strategic plans or planning instruments it prepares addressing affordable housing issues.
 - a. Council will work towards retaining the supply, and where possible, encourage and procure new supply of affordable housing for people on very low (social housing), and low to moderate incomes.
 - b. Council will assist all employees within our LGA who are important to our local economies to afford a place to live closer to their workplace and families. These workers include low to moderate paid essential workers in the public, private and voluntary sectors who make a vital contribution to our local economies.
3. Council will use its Affordable Housing Strategy, to be completed by the end of 2007, as the principle document for carrying out the objectives of Council's Affordable Housing Policy.
 - c. Council will ensure as far as possible that new housing developments are appropriate to the needs of the future population, and that we recognise the importance of creating sustainable mixed neighbourhoods, well served by adequate transport and social and community housing infrastructure.
 - d. Council will participate in local community renewal programs, recognising the intricate connections between housing affordability, people experiencing disadvantage, quality of tenancy and property management, and the impact these factors have on the neighbourhood environment, and the quality of life for local residents in general.
 - e. Council will enhance its resource capability to encourage affordable housing supply, and to achieve better cooperation with other inner east Sydney councils and state agencies in the development of regional and local housing strategies. Where possible, strategies involving resource pooling (including financial and staff expertise), joint venture capital partnerships, and information sharing about housing needs will be pursued.

Affordable housing means housing that requires not more than a reasonable outlay of costs in relation to income so that households have sufficient income to meet the costs of other basic needs such as food, clothing, transport, medical care and education.

Housing stress describes households earning less than or equal to the Sydney median income and spending more than 30% of their gross weekly household income on rent or home purchase.



APPENDIX C

Procedures for staff: Randwick affordable rental housing units Transfer of ownership to Council

**Procedures for staff:
Randwick affordable rental housing units
Transfer of ownership to Council**

	Procedure	When	Who is responsible?
Development	File to TRIM: - development consent details (address and number of units). - Register signed Deed of Agreement as a legal document. - Advise the Community Planning Coordinator of above 2 steps.	- Upon issue of development consent - Upon receipt of signed Deed of Agreement - When completed.	- Manager Development Assessments - Management Information Services - Manager Development Assessments
Transfer title	- Update Council's database. - Notify Council's Property Coordinator, and Community Planning Coordinator. - Register head lease with housing association as an interest in the land.	- Upon receipt from the applicant/ solicitor (via NSW Land and Property Information) of certificates title to the units. - As soon as possible after above step. - Upon transfer.	- Coordinator Rating and Revenue - Coordinator Rating and Revenue - Property Coordinator

Classification	• Give public notice of a proposed resolution to classify or reclassify. • Report to Council. • Or, initiate LEP process.	• Classify by resolution before or, within 3 months after acquisition. • If beyond 3 month time limit.	• Manager Strategic Planning/ Community Planning Coordinator • Manager Strategic Planning/ Community Planning Coordinator • Manager Strategic Planning/ Community Planning Coordinator
Initial property inspection	• Inspect property. • Record & photograph its condition. • Notify Community Planning Coordinator of any property deficiencies, e.g. damaged/missing fixtures; noisy pump rooms, etc. • Advise the applicant/ transferor via Council's solicitor of the required repairs/ rectification.	• Upon notification of transfer of title (see <i>Transfer Title</i> above). • As soon as possible after inspection. • As soon as possible after inspection.	• Property Coordinator • Property Coordinator • Property Coordinator • Community Planning Coordinator
Key register	• Update register. • Give original keys to Property Coordinator. • Secure keys.	Upon receipt of keys.	• Property Coordinator • Applicant/their solicitor • Property Coordinator

Land & Property register	• Update register. • Give original certificates of title (CT) and other relevant property documents to Council's Property Coordinator. • Notify Community Planning Coordinator, Risk Manager & Manager Financial Operations. • Incorporate above documents into legal documents.	Upon receipt of original documents from applicant/their solicitor.	• Coordinator Rating and Revenue • Coordinator Rating and Revenue • Coordinator Rating and Revenue • Property Coordinator
Insurance register	• Give property details to Risk Manager • Update register. • Insure fixtures and fittings.	Upon receipt of CT & other legal documents.	• Coordinator Rating and Revenue • Risk Manager • Risk Manager
Asset register	• Give property details to Manager Financial Operations. • Record asset values for budgetary purposes. • Record assets in section 94 budgets (as 'in-kind benefit').	Upon receipt of CT & other legal documents.	• Coordinator Rating and Revenue • Manager Financial Operations

Matman system	- Advise Supervisors North & South Team Open Spaces of property details. - Include property details in Matman system.	Upon receipt of CT & other legal documents.	- Property Coordinator - Supervisors North & South Team Open Spaces
Asset management	- Undertake a conditions assessment. - Arrange necessary internal repairs. - Make asset improvement decisions including asset disposal/ replacement decisions.	- Towards the end of the five year lease or when a unit becomes vacant. - Prior to reletting - As required.	- Property Coordinator - Property Coordinator - Property Coordinator
Additional properties	- Notify the housing association of additional properties transferred to Council. - Amend head lease to incorporate additional properties.	- Immediately upon transfer of title (give prior notice where possible). - Upon transfer of title.	- Community Planning Coordinator - Community Planning Coordinator
Budgetary procedures	- Monitor the program's fund to ensure it is sufficient to finance Council's share of major expenditure. - Oversight expenditure on upgrading works in accordance with the sinking fund plan.¹ - Track the fund.²		- Manager Financial Operations and Community Planning Coordinator - Manager Financial Operations and Community Planning Coordinator - Property Coordinator
Filing	File to TRIM folder F2004/06324 *		All

1. Council's proportional responsibility for major expenditure will be identified in the sinking fund plan prepared by the owners' corporations of the respective units.

The program is designed to be cost neutral and any surplus funds will be returned to Council on a ½ yearly basis, and accumulated in a trust account. The surplus will fund cyclical and major upgrade works, and will be generally used to support the provision of affordable housing (either by Council or the housing association).

2. As per the Deed of Management Agreement between Council and the housing association (to report Council on a six monthly basis).

* 'Council Properties – Acquisition and Disposal – Dedications of Land'.





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Hours of operation:
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