

DRAFT

REDFERN WATERLOO DRAFT AFFORDABLE RENTAL HOUSING STRATEGY 2011 - 2030

1.1. Purpose

This Affordable Rental Housing Strategy provides high level strategic policy framework to facilitate the achievement of affordable housing supply in Redfern -Waterloo. It sets out the vision for the SMDA's provision of new rental Affordable Housing (AH) and the principles on which priorities and sites for affordable housing should be assessed. This Strategy will form the policy basis for a review of the Redfern Waterloo Authority Affordable Housing Contributions Plan, 2006 that will occur as part of the Redfern Waterloo Urban Renewal Study under the SEPP (Urban Renewal) 2010.

This Strategy sets out the current AH targets and contributions rates and potential AH yields based on the relevant planning provisions of Built Environment Plan (BEP) 1 (including the North Eveleigh Concept Plan) and draft BEP2. The review of the 2006 AH Contributions Plan will take into account growth planned for in BEP 1 and draft BEP 2 growth and will also incorporate any future growth proposed by the Urban Renewal Study.

1.2. What is Affordable Housing?

Affordable housing is defined under the *Environmental Planning and Assessment Act, 1979* as "housing for very low income households, low income households or moderate income households." These households are defined by the NSW Affordable Housing Guidelines 2011¹ as follows:

Household Income Bands	% of median Income	Annual Income Range (Sydney) 2011 - 2012	Annual Income Range (NSW) 2011 - 2012
Very Low	< 50%	< \$34,400	< \$30,900
Low	50% - 80%	< \$55,000	< \$49,400
moderate	80% - 120%	< \$82,500	< \$74,100

Table 1 Very Low, Low and Moderate Income Levels in Sydney and NSW

¹ Housing NSW, Department of Family and Community Services, July 2011

Affordable housing is defined as housing which is appropriate to the needs of very low to moderate income households and which does not consume more than 30% of household income (net), so that households are left without sufficient money to meet other basic living costs. In order to meet this requirement, affordable rental housing should be:

- Allocated to eligible applicants based on published guidelines;
- Let at a discount rate based on household income and capacity to pay;
- Be managed and maintained for the purpose of affordable housing in perpetuity by a registered Community Housing Provider.

The provision of affordable rental housing is the subject of this Strategy rather than any type of affordable home ownership options, because of the higher and longer duration of benefit per dollar invested. Student housing is not included in this draft Strategy's definition of affordable rental housing, as it is catered for by the market.

Social housing represents the largest portion of rental affordable housing currently available in the City of Sydney, and comprises 44% of dwellings in the Redfern-Waterloo Urban Renewal Study Area (4,300 dwellings), although only 26% of the population occupy these dwellings, due to low occupancy rates. Social housing includes all public housing, community housing, crisis accommodation and Aboriginal housing (managed by Housing NSW or by local Aboriginal organisations). In this Strategy, affordable rental housing is considered distinct from social housing which is primarily targeted to households on very low and low incomes, and where vacant housing and new dwellings are allocated to those with the greatest need.

1.3. Vision

In the context of the Redfern Waterloo Urban Renewal Study Area (refer Map below), existing affordable housing is primarily low cost rental housing such as boarding houses, and this Strategy encourages the retention of existing affordable housing.

It also encourages new development of subsidised rental housing made available only to very low to moderate income households.

The vision of this policy is to encourage development specifically for affordable rental housing managed by community housing providers to meet the needs of an existing and growing community. This will assist in retaining and attracting lower income workers and households in the area, who are essential to the productivity of the economy and needed both within the precinct and the CBD. These workers include those employed in child care, health care, aged care or other businesses and industries that support investment. Affordable rental housing developed in accordance with this Strategy will be managed by a registered Community Housing Provider (as defined by the *Housing Act 2001*), and rental levels should be set in accordance with an eligible tenant's income level, and not aligned with the market cost of the provision or maintenance of the dwelling.

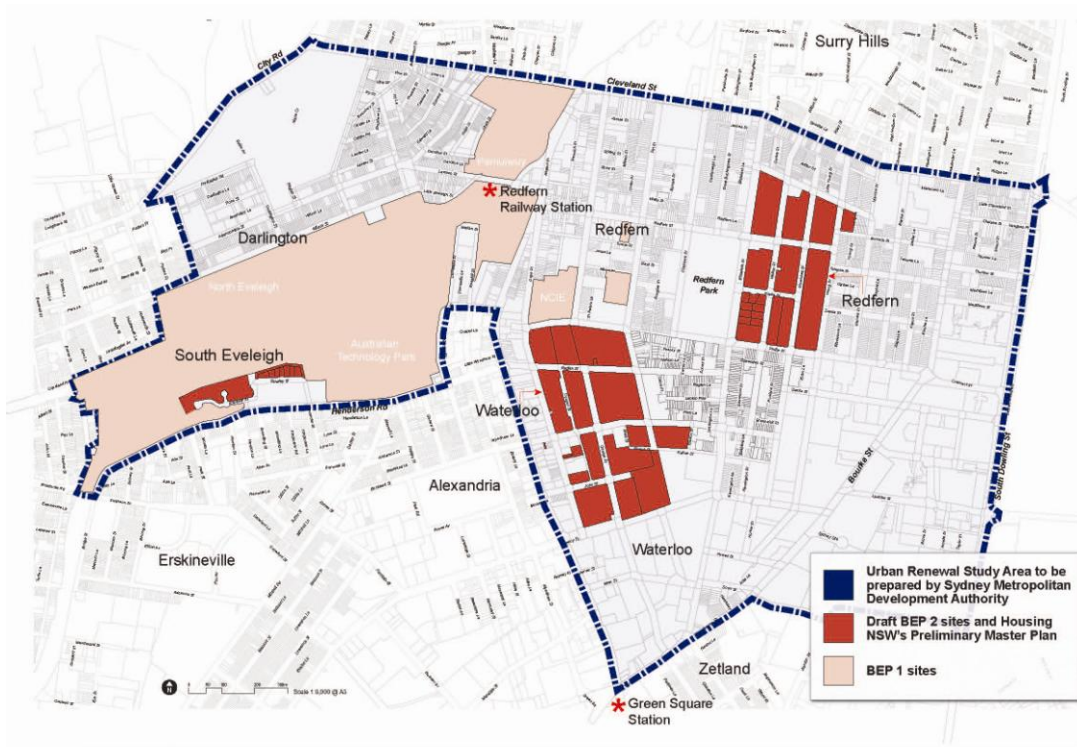


Figure 1 Redfern-Waterloo Urban Renewal Study Area

1.4. Objectives

This Strategy adopts the aims outlined in the NSW Affordable Housing Guidelines that seek to provide affordable housing supply in order to:

- *“Create access to affordable housing for households in housing stress who do not meet the social housing eligibility criteria; or who would be unlikely to be allocated social housing in the short to medium term;*
- *Support households with income growth potential and/or prospective home ownership in the medium term by offering affordable rental housing; and*
- *Give Public housing applicants and tenants, including those exiting public housing, another choice of housing which may be more suited to their needs”.*

1.5. Where does this Strategy apply?

The Affordable Rental Housing Strategy is applicable within the Redfern-Waterloo Urban Renewal Study Area, which is described in Figure 1.

2. Affordable Housing Principles

1. Affordable housing is to be made available to a mix of very low, low and moderate income households. This mix should be determined on a case by case basis, taking into account the need to create social mix by through the allocation of dwellings across a range of income bands, in consideration of the demand and waiting lists existing within the precinct in which the housing is situated.

2. Within this very low to moderate income target group there are some groups that may be disproportionately affected by decreasing housing affordability. The provision and maintenance of affordable housing for the following groups is this priority of the draft Strategy:
 - Lower income workers or households;
 - Indigenous households;
 - People who are homeless or at risk of homelessness; and
 - Young family households and workers on low incomes (but specifically not student housing).
3. The provision and ongoing management of affordable housing should contribute to the creation of mixed and balanced communities with a socially diverse residential population representative of all income groups in a locality. The location of AH within the precinct should not be concentrated in one place, but should facilitate the creation of diverse and sustainable communities.
4. Affordable housing is to be rented to appropriately qualified tenants at an appropriate rate of gross household income.
5. Land provided for affordable housing is to be used for the purpose of the provision of affordable housing as defined in this Strategy.
6. Buildings provided for affordable housing are to be managed so as to maintain their continued use for affordable housing as defined in this Strategy.
7. Rental from affordable housing, after deduction of normal landlord's expenses (including management and maintenance costs and all rates and taxes payable in connection with the dwellings), is generally to be used for the purpose of improving or replacing affordable housing or for providing additional affordable housing.
8. Affordable housing is to consist of dwellings constructed to a standard that, in the opinion of the consent authority, is consistent with other dwellings in the vicinity, and has regard to maintenance and longevity.
9. Affordable housing should adopt high quality sustainability and resource minimisation measures considering life cycle costs and benefits and the need to balance long term maintenance costs with capital costs.

These principles are to be used to assess current and future AH priorities.

2.1. Need for Affordable Housing in Redfern Waterloo

Affordable rental housing and social housing are a shrinking proportion of total dwelling stock in the City. The City of Sydney *Affordable Housing Research Paper* (2008) identifies the fall in social and affordable housing as a proportion of total housing is likely to have a significant impact on the City's economy and community, including:

1. **Loss of lower income workers and households from the City** – Over the last decade the City has experienced a sustained loss of low to moderate income households. These households are typically baristas, cleaners, clerical workers, nurse’s aides, shop assistants, and their loss represents a direct risk to the City’s economy.
2. **Loss of housing diversity in the City** - The typical dwelling type in Australian suburbs is a separate dwelling with 3+ bedrooms. Over the last decade, new dwelling stock was overwhelmingly one and two bedroom dwellings. The small number of new 3+ bedroom dwellings limits the supply of housing that may be appropriate for households with children or for group households formed in order to achieve housing that is affordable.
3. **Loss of low cost rental accommodation such as boarding houses** - Boarding houses are a vital stop-gap between homelessness and other forms of low-cost accommodation. Once a person becomes homeless it is increasingly difficult for the person to retain links to the community, to gain employment and to obtain appropriate housing². Alternative affordable housing options are required to address the loss of boarding houses.

2.2. Current demand for Affordable Housing in Redfern Waterloo

Housing costs of not more than 30% of income are generally considered affordable. Thus, in December 2008, a household earning the median income in the City of Sydney (\$1204 per week or \$62,208) can afford to purchase a \$237,000 home or pay \$346 per week in rent³.

In Sydney the 2011 median income was \$68,750 and the median sale price of a dwelling in March 2011 was \$600,000. No household earning less than 120% of median income can afford to purchase a dwelling in the City of Sydney and must therefore rely on rental housing.

In Sydney the average rental price of a 2 bedroom unit was \$650 per week at June 2011. As the rental price of housing in the City also causes most of these households to be in housing stress, there is a clear need to increase the stock of affordable rental housing in the LGA.

2.3. Demographic Context

2.3.1. Population

Redfern Waterloo Built Environment Plan 2 (BEP 2) includes the following community profile sourced from the most recent census in 2006. The population of the Redfern-Waterloo Urban Renewal Study Area in 2006 was 22,796, an increase of 22% between 2001 and 2006 (ABS Census). The proportion of the population who are social housing residents in the Redfern-Waterloo Urban Renewal Study Area was 26% (5,957 people) in 2006 (ABS 2006 Census). This is significantly less than the 44% social housing stock, which reflects the low occupancy rates of social housing dwellings. On current figures the occupancy rate for social housing is about 1.4 persons per dwelling.

² *City of Sydney Affordable Housing Research Paper 2008*

³ *Ibid.*

2.3.2. Diverse cultural community

The area is represented by people from a diverse number of ethnic backgrounds. According to the 2006 census, 46.1% of persons in the Redfern-Waterloo Urban Renewal Study Area were born overseas and this includes small proportions of people from a large number of countries of origin including 4.3% in the United Kingdom, 3.8% in China, and 3.2% from New Zealand. There are 46.9% of residents who speak a language other than English at home compared to 29.0% across the SSD, with the main languages spoken being Chinese languages (Mandarin and Cantonese), 6.7%, Russian, (4.0%), Greek (1.7%), Arabic (1.6%), Indonesian (1.4%), and Korean (1.1%).

2.3.3. Significant social housing dwellings

Data from the 2006 Census indicates that social housing dwellings account for some 44% of total dwellings in The Redfern-Waterloo Urban Renewal Study Area. The number of social housing dwellings as a proportion of the total dwellings has declined since the 2001 Census, due to an increase in the number of private apartments redeveloped on former industrial lands in Waterloo. The percentage of social housing tenants (26%) is significantly lower than the percentage of social housing dwellings (44%) reflecting a significantly lower household size for each social housing dwelling.

There are around 3,500 social housing dwellings in the draft BEP 2 sites, which includes 4,391 social housing residents. Residents living in social housing in the Redfern Waterloo area are significantly more disadvantaged than other residents in the area. About 35% receive the Age Pension (compared to 8.2% across NSW), about 30% (or 1,317 people) receive the Disability Support Pension. There are also significantly higher levels of unemployment with only 8% of social housing tenants reporting wages as their source of income.

Generally, the demographics of social housing compared to private housing are much more similar in Waterloo than in Redfern, although the differences are still significant:

- On average, people are 17-22 years older in the social housing, compared to their privately owned neighbours (average age 54-59);
- There are 3.5-4 times as many indigenous people in social housing, as a percentage of total residents;
- There are 2-3 times more 65+ year olds in social housing, as a percentage of total residents, and 2-3 times more overseas born residents;
- In private homes household income is 4-5 times higher and 2-3 times as many people have an internet connection;
- About 2.5 times as many people own a car in private homes; and
- Both social housing and private residents do about the same amount of voluntary work.

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2.3.4. High proportion of older persons

The Redfern-Waterloo Urban Renewal Study Area has a significantly greater proportion of persons over 65 years of age compared to the Sydney local government area. This is attributed to the large proportion of older persons residing in social housing dwellings. In the suburbs of Redfern and Waterloo over 60% of social housing tenants are over the age of 55 years.

2.3.5. Small household size

In 2006 there were 9,687 households in the Redfern-Waterloo Urban Renewal Study Area. A high proportion of the population comprise one person households (44%) which reflects a smaller household size in the Sydney local government area, compared with the wider metropolitan area. Single person households also make up approximately 68% of the total number of households living in social housing in the Redfern-Waterloo Urban Renewal Study Area.

2.3.6. High unemployment

ABS Labour Force statistics indicate that 29% of people aged between 16 and 65 years living in the Redfern-Waterloo Urban Renewal Study Area were not in the labour force or actively seeking employment. The area has higher unemployment than the Sydney local government area and the Sydney Statistical District. Housing NSW data indicates that of the social housing residents in Redfern and Waterloo only about 8% of tenants work. In addition, 52% of the indigenous population (684 people) of working age are not in the labour force (not actively seeking employment) while only 8% are registered as unemployed (2006 Census).

2.3.7. Low household income

The median income of households in the Redfern-Waterloo Urban Renewal Study Area in 2006 was \$909 per week, which is lower than that in the Sydney local government area (\$1,204 per week) and Sydney Statistical Division (\$1,350 per week). This lower income is representative of the high proportion of residents unemployed and/or receiving income support. In the suburbs of Redfern and Waterloo about 35% of social housing tenants receive the Age Pension whilst about 30% receive the Disability Support Pension.

2.4. Population forecasts to 2036

Population projections are based on a number of assumptions and provide an indicative figure only. As part of the Redfern Waterloo Urban Renewal Study, population projections will be reviewed in detail.

The forecast population for the Redfern Waterloo Urban Renewal Study Area is based on the dwelling targets set in the Metropolitan Plan of an additional 61,000 across the City of Sydney Local Government Area. The Redfern Waterloo area includes approximately 13% of all dwellings located within the City of Sydney. Applying this proportion indicates that there will be an additional 7,930 dwellings

within the area by 2036 or 15,385 people (using 1.94 persons per household⁴). This would give a conservative population forecast to 2036 of 38,181 residents.

2.5. Trends in Housing Affordability

The 2006 ABS Census data indicates that in the postcode areas 2008 (Darlington, Chippendale), 2016 (Redfern) and 2017 (Waterloo), 1,450 households earning very low, low and moderate incomes are in housing stress (expending more than 30% of household income on private rental accommodation). This represents over 32% of the total number of private rental households in the area.

Housing prices are increasing in the Sydney region putting affordability further out of reach of low to moderate income earners. In the year to March 2010, the median sales prices for non-strata dwellings and strata dwellings in the Sydney Statistical Division (SD) recorded annual increases of 26% and 15% respectively.

In the year to June 2010, annual increases for the median weekly rents for each one bedroom flats/units (5.4%), two bedroom flats/units (5.0%), two bedroom separate houses (6.5%) and three bedroom separate houses (8.6%) were recorded in the Sydney Statistical Division (SD)⁵.

The provision of affordable rental dwellings in the Redfern Waterloo area will therefore have a beneficial impact for people on low to moderate incomes, making a contribution towards reducing housing stress for these income earners.

3. Affordable Housing Policy Context - Metropolitan Plan 2036

The Sydney Metropolitan Plan 2036 is the NSW Government's long-term plan to manage Sydney's continuing economic growth while balancing social and environmental impacts.

The Strategy identifies a number of initiatives to improve the affordability of housing, to facilitate the development of affordable housing and to redevelop and regenerate Housing NSW stock. Specific initiatives include:

- C4.1 Improve the affordability of housing;
- C4.2 Redevelop and regenerate Department of Housing stock;
- C4.3 Use planning mechanisms to provide affordable housing.

The Metropolitan Plan anticipates that the population will increase by 1.7 million people to almost 6 million people by 2036. At the same time average household size is expected to fall from 2.6 to 2.5 people, creating demand for smaller and more affordable homes. To 2036, the Metropolitan Plan identifies the need for an additional 770,000 dwellings to meet demand. Of these, 61,000 dwellings are to be provided in the City of Sydney. Action D3.2 allows targets for affordable housing in urban renewal areas to be set on a case by case basis.

⁴ 1.94 persons per household is estimated by City of Sydney for 2031.

⁵ Housing NSW, Rent and Sales Report Issue 97

The Sydney City Subregional Strategy has an employment capacity target of 58,000 additional jobs to 2031, representing an increase of 14 per cent over 2001 employment levels. These additional workers will increase demand on existing dwellings.

3.1. State Environmental Planning Policy (Affordable Housing)

In July 2009 the NSW Government introduced the *State Environmental Planning Policy (Affordable Rental Housing) 2009* (the SEPP). The SEPP seeks to increase the supply of new forms of affordable housing and to protect the existing supply of low cost rental accommodation. The SEPP:

- a) Repeals State Environmental Planning Policy 10 – Retention of Low Cost Rental accommodation;
- b) Sets out development standards and planning controls associated with the modification of existing, or the creation of new, low cost rental accommodation;
- c) Encourages partnerships between private and not-for-profit housing providers;
- d) Assists in the provision of housing closer to major employment areas; and
- e) Supports innovative affordable housing styles, including granny flats and new style boarding houses.

Amendments were made to the SEPP in May 2011 that include:

- a) Villas, townhouses and residential flat developments by the private sector are no longer allowed in low density residential areas;
- b) Where villas, townhouses or residential flat buildings are permissible, proposals under the AHSEPP will need to be compatible with the design character of the area and provide at least 20 per cent of the total floor space (rather than a specified number of units) as affordable rental housing for 10 years;
- c) A more extensive public transport test and higher parking standards.

However, the AH SEPP encourages development of high density housing by private developers, with a proportion of dwellings identified as affordable housing. The AH SEPP does not require that AH provision be maintained in perpetuity, but only for 10 years.

3.2. Council of the City of Sydney

The *City of Sydney Affordable Rental Housing Strategy 2009 – 2014* has identified a range of mechanisms to protect existing low cost rental accommodation and facilitate the provision of new affordable housing, including:

1. Planning tools – there are a number of planning mechanisms that may be used to protect existing affordable housing and facilitate additional affordable housing in the LGA, such as:

- a. An affordable housing levy – Council may act to introduce an affordable housing levy to be used for the development of affordable housing;
 - b. Bonus schemes – Council may adopt planning mechanisms that allow the collection of contributions in return for development bonuses, such as extra Floor Space Ratio (FSR); and
 - c. Impact mitigation – Council may take a more rigorous approach to protecting existing affordable housing through its planning controls.
2. Strategic partnerships – Council may develop partnerships with other councils, other levels of government, the not for profit sector and the private sector to facilitate or develop affordable housing. An example of such a partnership is the Glebe Affordable Housing Demonstration Project.
 3. Financial incentives – Council may allocate funds to facilitate additional affordable housing either directly or by offering incentives to encourage development of affordable housing.
 4. Leadership and advocacy – Council may advocate to other levels of government for improved housing outcomes in the LGA and in the inner Sydney region.

The City of Sydney⁶ has documented the global recognition of the need for proactive response to the demand for affordable housing:

1. The City of Melbourne sets a target that at least 20% of new housing is affordable or social housing.
2. The City of London has set a goal that 50% of all new housing should be affordable housing.
3. Since 1998 the City of Vancouver has required that 20% of the units in major residential projects be social/affordable housing.
4. The City of San Francisco sets a target that at least 40% of new housing construction should be affordable to low and very low income households, and 32% affordable to households of moderate means.
5. The City of Seattle has a policy that at least 20% of expected housing growth to be affordable to households earning up to 50% of median income, 17% affordable to households earning between 51%-80% of median income and 27% affordable to households earning between 81%-120% of median income.

3.3. Sustainable Sydney 2030

Sustainable Sydney 2030 is a 25 year strategic plan that will deliver an overarching framework for the development of the LGA over the next two decades. *Sustainable Sydney 2030* proposes an agenda beyond the immediate and looks to the City's long term goals.

Its effective implementation relies on partnerships being established with the NSW Government, the Commonwealth Government, other local councils, business and

⁶ City of Sydney Affordable Housing Research Paper (2008)

the community. *Sustainable Sydney 2030* has included 'Housing for a Diverse Population' as a key strategic direction for the City of Sydney.

Sustainable Sydney 2030 establishes ambitious targets, that by 2030:

- 7.5% of all housing in the City will be social housing; and
- 7.5% will be affordable housing delivered by 'not-for-profit' or other providers.

3.4. City of Sydney Affordable Housing Strategy 2009 -2014

The *City of Sydney Affordable Housing Strategy 2009 -2014* seeks to contribute to the long term economic, social, cultural and environmental sustainability of the City by increasing housing options for very low, low and moderate income households. The key considerations of the policy are that:

1. Social, cultural and environmental impacts of decreasing housing affordability on the individual and the larger community;
2. Economic impacts of decreasing housing affordability impact on the LGA's economy.

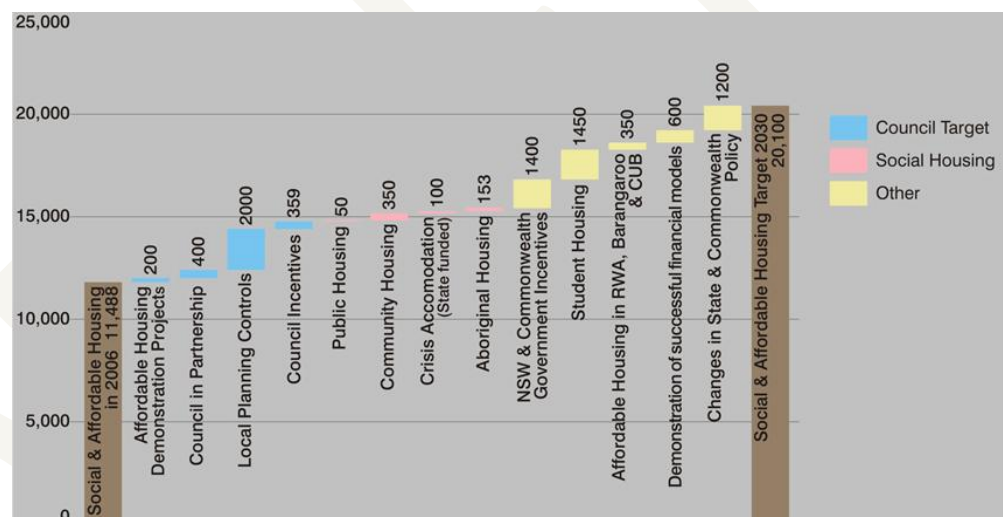


Figure 2 - Mechanisms for achievement of AH targets (City of Sydney 2009)

Using the mechanisms described in Figure 1, the City of Sydney Affordable Housing Strategy aims to facilitate the achievement affordable housing dwelling targets (Table 1).

	2006	2030	Growth to 2030	AH Target
Total Dwellings	90,000	134,000	44,000	
Social Housing	9,397	10,050	653 (1% of growth)	7.5% all residential
Affordable Housing	2,091	10,050	7,959 (18% of growth)	7.5% all residential

Table 2 – City of Sydney LGA wide Affordable Rental Housing Strategy 2009-2014

Target (source City of Sydney 2009).

Under existing planning provisions, the City of Sydney levies development in the urban renewal areas of Ultimo-Pyrmont and Green Square for affordable housing contributions. As a result the City has planning instruments incorporating specific AH targets for these urban renewal areas.

Location	2030 Potential Dwellings	AH Target	Equivalent AH dwellings
Green Square Affordable Housing Program January 2011	19,500	1% non residential and 3% residential development	330
Revised City West Affordable Housing Program June 2010 (Ultimo Pyrmont)	7,500-9,000	6-7% all housing	600

Table 3 – Current AH Dwelling Targets in Ultimo Pyrmont and Green Square

3.5. Draft Redfern Waterloo Authority Built Environment Plan 2

The SMDA has prepared draft BEP 2 which is a proposed planning framework for the renewal of Housing NSW sites in the Redfern and Waterloo area, including South Eveleigh, over a 20-25 year timeframe. This renewal will provide better residential amenity, public spaces and a more sustainable mix of social, private and affordable housing within the sites to bring long-term benefits for the entire community.

Draft BEP 2 provides a planning regime to enable Redfern and Waterloo to be redeveloped to provide approximately 7,000 social, affordable and private housing dwellings. The aim is to achieve a mix of 60% private and affordable housing dwellings and 40% social housing.

Draft BEP2 is being reviewed having regard to community feedback, and in the context of a range of studies in accordance with State Environmental Planning Policy (Urban Renewal) 2010.

4. Current Affordable Housing Targets and Contribution Rates in Redfern Waterloo

Table 3 describes AH dwelling targets under the current Redfern Waterloo planning controls. In accordance with the Redfern-Waterloo AH Contributions Plan a target for construction of 75 additional rental AH dwellings is identified.

Targets	2030 Potential Dwellings	AH Target	Equivalent AH dwellings
Redfern-Waterloo Affordable Housing Contributions Plan 2006 (BEP1 including North Eveleigh)	2000 new	3.75% additional housing (2006)	75 AH dwellings (2006 at 100m ² each)
BEP 2	7000 (including 3500 new dwellings)	20% additional housing	700

Table 4 – Current AH Dwelling Targets in the Redfern-Waterloo Urban Renewal Study Area (this does not include AH dwelling yields as a result of contributions from Frasers).

Dwelling yields published in the 2006 AH Contributions Plan were based on an average unit sizes assumption of 100 m². More recent estimates assume an average gross floor area for an AH unit as 80 m² and 85 m² for a unit on the open market (Hill PDA, 2011). At these more recent dwelling size estimates the collection of AH contributions over the life of the Contributions Plan (detailed below) would allow the completion of 94 AH dwellings (which equates to 4.7% additional housing). The delivery of these units is also dependent on land price, funding subsidies from the Federal Government Housing Affordability Fund (HAF) and the National Rental Affordability Scheme (NRAS).

5. Current AH Contributions

Developer contributions from two sources must be applied to the provision or refurbishment of affordable housing in the Redfern-Waterloo Urban Renewal Study Area; the Frasers VPA and the Redfern-Waterloo AH Contribution Plan.

The Voluntary Planning Agreement (VPA) with Frasers Broadway Pty Limited (Frasers) related to the redevelopment of the Carlton United Brewery will achieve a contribution of approximately \$32 million. This is to be provided in instalments by June 2014. SMDA currently holds over \$19 million related to this VPA (\$18 million plus interest).

The Redfern-Waterloo Affordable Housing Contribution Plan 2006 levies development at 1.25% of GFA, and has accumulated over \$901,000 in contributions to 2011. The published Redfern-Waterloo contribution rate is \$59 per square metre (this contribution rate is used as the basis for yield calculations in this Strategy). However the contribution is indexed annually in accordance with the consumer price index, so that in June 2011 the contribution rate was \$68.34 per square metre. This is equivalent to a 2.5% levy on capital investment value assuming a \$2,500 per square metre build cost.

Separately the SMDA also levies 2% of construction cost for public domain improvements, which although not relevant to AH, the quantum of levies is considered holistically by developers.

As part of the Redfern Waterloo Urban Renewal Study under the SEPP (Urban Renewal) 2010, a review of the 2006 Affordable Housing Contributions Plan will take into account planned growth as a result of Built Environment Plan (BEP) 1 and BEP 2, and incorporate any future growth proposed by the Urban Renewal Study.

Timeframe	Contributions Source	Contributions Amount	Equivalent AH dwellings	% of Redfern-Waterloo new residential growth (5,382 dwellings) % of CoS 2030 AH target (7,959 AH dwellings)	
2036	BEP1	\$35,400,000	75	1.39%	0.94%
	Frasers	\$32,000,000	68	1.26%	0.85%
	BEP2	\$18,555,500	39	0.73%	0.49%
total		\$85,955,500	182	3.38%	2.29%

Table 5 – Estimated long term Contributions and AH dwelling yield calculated as the total contribution amount divided by the per unit cost of \$472,000⁷ (these AH dwelling yields exclude the planned Pemulwuy (62) and draft BEP2 (700) developments).

However a total GFA of 903,900 m² is currently projected, and over the life of the Contributions Plan this could achieve total contributions in the order of \$86,000,000 (Table 4), which would allow the construction of 182 AH dwellings.

The cost per unit of AH has been recently estimated for various development options at North Eveleigh as between \$178,225 – \$212,365 per AH unit including land, based on assumptions relating to access to federal government HAF and NRAS funding.

Formal review of the average cost per AH unit will occur as part of the current detailed planning for Affordable Housing at North Eveleigh, and will be included in the revised AH Contributions Plan to be prepared as part of the Redfern Waterloo Urban Renewal Study.

⁷ The 2006 AH Contributions Plan estimated the cost per dwelling to be \$472,000, this cost will be reviewed as part of the detailed planning for North Eveleigh.

If the cost per unit of AH is reduced from the currently budgeted \$472,000 to a per unit cost in the order of \$200,000, then a greater number of units can be provided. This price will be affected by the market and any further funding/subsidies. The equivalent AH dwelling yield of 182 described in Table 4 is thus a conservative estimate of AH dwellings achievable, but is also dependent on the development of State Significant Sites occurring.

6. Redfern Waterloo Urban Renewal Study Area Development Potential

The draft Affordable Housing Strategy takes into account planned growth as part of draft BEP2. The development potential under BEP1 and draft BEP2 is currently estimated at an additional GFA of 903,900m², which includes additional residential GFA of 457,500m², (approximately equivalent to 5,382 dwellings @ 85m² each). At this stage, the capacity of the whole redevelopment area is not yet fully known, but is estimated to be approximately 9,000 additional dwellings.

All new GFA developed by private industry on State Significant Sites will be levied in accordance with the Redfern-Waterloo AH Contributions Plan, 2006, including private development in the BEP2 sites.

Any future growth opportunities identified by the Urban Renewal Study, will be incorporated into the Strategy and taken into account in the revised AH Contributions plan to be exhibited as part of the Urban renewal Study.

There are a number of planning mechanisms that may be used to protect existing affordable housing and facilitate additional affordable housing in the LGA. These have been specified in the City of Sydney Affordable Housing Strategy and include additional planning mechanisms:

- a. Bonus schemes – Council may adopt planning mechanisms that allow the collection of contributions in return for development bonuses, such as extra Floor Space Ratio (FSR); and
- b. Impact mitigation – Council may take a more rigorous approach to protecting existing affordable housing through its planning controls.
- c. Strategic partnerships – Council may develop partnerships with other councils, other levels of government, the not for profit sector and the private sector to facilitate or develop affordable housing. An example of such a partnership is the Glebe Affordable Housing Demonstration Project.
- d. Financial incentives – Council may allocate funds to facilitate additional affordable housing either directly or by offering incentives to encourage development of affordable housing.

7. Current AH priorities

Affordable Housing priorities are described in the Program at Appendix Two.

7.1. Immediate Priority

The North Eveleigh Concept Plan approved in December 2008 identified a target of 12% affordable housing for the North Eveleigh site. In accordance with the Concept Plan and the Redfern-Waterloo Affordable Housing Strategy Framework and Program the North Eveleigh site is the current priority for development of affordable housing in the Redfern-Waterloo area. The North Eveleigh affordable housing project may be ready for occupancy in 2014.

7.2. Medium Term Priorities

The second priority for location of AH in Redfern Waterloo is to progress options for development of AH in conjunction with Housing NSW. Possible locations in Redfern and Waterloo are yet to be identified and further investigation to identify the most appropriate sites for Housing NSW AH projects will be investigated as part of the Urban Renewal Study.

Two options which involve construction of AH unit as part of a mix of residential dwellings are currently being considered in relation to the BEP 2 sites. Option 1 includes a 25% AH component that would deliver around 62 units and the second option includes a 40% AH component that would deliver around 99 units.

The Aboriginal Housing Company Pemulwuy development proposes 62 units of AH in Redfern-Waterloo. The Aboriginal Housing Company has recently received funding as part of Round 4 of the Commonwealth National Rental Affordable Housing grants towards 62 units of affordable Aboriginal housing proposed as part of the Pemulwuy development.

Finally, this draft Strategy also recommends that strategic planning for AH in Redfern Waterloo should focus on the identification of additional feasible locations for Aboriginal Affordable Housing, in the medium to long term, in collaboration with the NSW Aboriginal Housing Office and the *Build and Grow Aboriginal Community Housing Strategy*. Any additional specific target groups, appropriate to the Redfern Waterloo area will be identified through the Social Impact Assessment process of the Urban Renewal Study.

7.3. Funding Allocation and Management of Affordable Rental Housing

Funds provided in accordance with the Redfern Waterloo Contributions Plan 2006 for affordable rental housing shall be provided to a registered community housing provider via an open request for proposals process. As part of that process community housing providers should provide:

1. Annual audited financial statements;
2. Business plan;
3. A statement of social and financial objectives which specify the broad policies on targeting of housing resources, allocation and rental policies (including evidence of the method of determining eligibility to rent the affordable rental housing), tenancy management, expenditure of income, financial reporting and sale of assets. This statement should include a provision that in the event of failure by the organisation to meet its objectives and performance

requirements, leading to the organisation being wound up, the organisation's assets will be transferred either to another registered community housing provider;

4. Evidence that affordable rental housing unit(s) will fulfil the vision and principles of this Strategy and that the proposed unit mix and style of accommodation and its design will meet the needs of the Redfern Waterloo community and that the ongoing operation and management of the affordable rental housing will be in accordance with the NSW Affordable Housing guidelines and achieve a high level of sustainability.

DRAFT

APPENDIX ONE - HOW WERE REDFERN-WATERLOO CONTRIBUTIONS DETERMINED FOR THE 2006 PLAN?

Affordable housing may be provided in kind within each development. Alternatively, an in lieu monetary contribution may be provided so that affordable housing can be provided elsewhere within Redfern Waterloo.

The 1.25 % affordable housing levy was determined having regard to achieving sufficient funds for the relief of housing stress to some extent while at the same time not presenting a disincentive for future potential investment. The AH Contributions Plan was prepared in tandem with the Redfern-Waterloo Contributions Plan, that also imposed a levy of 2% of development cost. The equivalent cost per square metre of developed land was comparable, at the time with the levies imposed in association with the Carlton United Brewery site, and less than levies applied in areas including Willoughby, Green Square and Olympic Park.

The amount of the contribution is calculated as equivalent to the total floor area that would otherwise be required for affordable housing.

Total new floor area Redfern Waterloo (BEP1)

- Estimated total floor area residential (existing & future): approx 160,000m²
- Estimated total floor area business (existing & future): approx. 440,000m²

Total GFA and cost of Affordable Housing

Contributions Plan Assumptions:

- 1.25% GFA AH target = 75 units to be provided by developers
- Average size of one unit of AH = 100m²
- Average cost of one unit of AH = \$470,000

Total floor area of 75units x 100m² = 7,500m²
Total cost of 75 units x \$470,000 = \$35,250,000

On site contribution

1.25% GFA on site contribution = 75 000
= 1.25% total floor area of 6,000,000m²

In lieu contribution

In lieu contribution = Cost of 75 units of affordable housing/ Total GFA
= \$35,250,000/6,000,000m²
= \$59

Based on the above formulae, 1.25% of additional residential and business floor space within the Redfern Waterloo area or equivalent \$59 per square metre in lieu contribution was required for affordable housing. The contribution is indexed annually in accordance with the consumer price index.

AFFORDABLE HOUSING PROGRAM

NOVEMBER 2011

In accordance with the Redfern-Waterloo Affordable Housing Contributions Plan 2006, this program outlines the preferred sites for the immediate and medium term delivery (to 2014) of affordable housing funded by developer contributions from two sources:

- a) The Voluntary Planning Agreement (VPA) with Frasers Broadway Pty Limited (Frasers) related to the redevelopment of the Carlton United Brewery which will achieve a contribution of approximately \$32 million by July 2013. In December 2011, the SMDA holds over \$19 million related to this VPA (\$18 million plus interest).
- b) The Redfern-Waterloo Affordable Housing Contributions Plan 2006 levies development at 1.25% of GFA. Contributions of \$53,955,500 are projected over the life of the plan and \$901,000 in contributions are held at present (November 2011).

Given the SMDA will hold over \$33 million by 2013 and the importance of delivering AH, the SMDA needs to prioritise expenditure and plan for delivery. The table below includes the priority, size, cost and delivery date of AH priorities.

Priority	Location	Number Of Deliverable AH Units	Approximate Cost [#]	Delivery Date
1	North Eveleigh*	61	\$28,670,000	December 2014
2	BEP 2**	62-99	\$29,140,000 - \$46,530,000	December 2016

* In accordance with the North Eveleigh Concept Plan.

[#] Estimated cost per unit is based on the published 2006 Contributions Plan per unit cost of \$470,000.

** Subject to availability of funding.

Longer Term Priorities

The SMDA supports the provision and development of affordable rental housing units at Pemulwuy and acknowledges the need to identify additional location(s) for development of Aboriginal Affordable Housing to address existing demand.

APPENDIX THREE - DEFINITIONS

Affordable housing is housing which is appropriate to the needs of low to moderate income households and does not consume such a high proportion of household income that it leaves households with insufficient money to meet other basic costs. Reasonable housing costs in relation to these households are defined as totalling approximately 30% of gross household income. Given the cost of purchasing housing in the LGA, 'affordable' housing for very low to moderate income groups generally means rental housing and in most cases rental housing that is subsidised below the market rate. Therefore, where the term 'affordable housing' is used in the draft strategy, it refers to housing that is subsidised below the market rate (such as City West Housing, housing managed by not-for-profit providers and rented to very low to moderate income households at a subsidised rate. It does not refer to private rental affordable housing dwellings such as boarding houses or studio apartments nor does it include housing that is made available for purchasers below market cost (such as housing resulting from the Housing Affordability Fund) or by alternative purchase arrangements that promote affordability (such as co-operative housing or debt equity schemes).

Community Housing is defined by the *Housing Act 2001* means housing (other than public housing) for people on a very low, low or moderate income or people with additional needs.

Community Housing Provider is defined by the *Housing Act 2001* as means a body corporate that provides community housing.

Housing affordability is a measure of the cost of housing relative to median income. As the cost of housing increases at a faster rate than an average income, housing affordability decreases.

Social Housing comprises public housing, community housing, crisis housing and Aboriginal housing managed by the Aboriginal Housing Office.

Key-workers are lower income workers and households that may include workers from a broad range of industries such as child care, health care, aged care hospitality and clerical workers and many others who contribute the efficient functioning of the City's economy.

N.B. Households in Sydney receiving less than \$31,600 are said to be in receipt of very low incomes. Those receiving less than \$50,600 are categorised as low income earners. Households on incomes less than \$75,900 are considered moderate income earners. Source: Housing NSW – Centre for Affordable Housing.

Housing stress occurs when households who have very low, low and moderate incomes are paying more than 30% of their household income to meet their mortgage repayments or rent.

Low cost rental accommodation, for the purposes of this report and the draft Strategy, refers to private rental accommodation that is appropriate for and available to very low to moderate income households, without such households being in rental housing stress. In the City such housing is typically found in boarding houses.

Affordable housing levy is a levy applied through planning instruments to development for the purpose of providing affordable housing. An affordable housing levy is also frequently referred to as 'inclusionary zoning'.