



Leichhardt Municipal Council

AFFORDABLE HOUSING STRATEGY

Prepared by
Leichhardt Municipal Council

2011



This report has been prepared by Leichhardt Municipal Council

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Executive Summary

This report outlines Council's thinking and strategy for tackling housing affordability issues and needs within the Leichhardt Municipality. It has been prepared in response to Leichhardt 2020+ and Council's resolution of September 2006 to *'develop an affordable housing strategy for Leichhardt, which aims to protect, promote and develop affordable housing in the Municipality'*.

Housing is considered to be affordable when rent or housing repayments are less than 30% of a household's income, especially for those households in the lowest of the percentile income distribution. Households paying more than 30% of their income on rent or housing repayments are considered to be in housing stress. For the purposes of this strategy, affordable housing is differentiated from social housing. Social housing refers to public housing that is targeted towards people on very low incomes, based on eligibility guidelines and who may also require other support.

The housing affordability crisis has been developing for some years and has been well documented in recent media coverage. One of the biggest problems lower-income Australian households face today is finding affordable, secure and appropriate housing. While this has been an issue for some time, concerns that the problem has been worsening and affecting moderate as well as low-income households have made this a priority issue¹ for Government.

Gentrification across the Leichhardt Municipality over the past 20 years has progressively reduced the stock of affordable housing for lower income people, pushing prices well beyond Sydney median house prices and forcing vacancy rates to an all time low. Leichhardt was previously a destination for some people on low to moderate incomes and is at risk of pricing out key workers and depleting the Municipality's cultural and socio-economic diversity.

The challenge of maintaining residential diversity in light of such pressures requires planned involvement and intervention in the housing market. The Draft Leichhardt Affordable Housing Strategy suggests a framework to protect, promote and develop affordable housing in the Municipality, within a regional context.

The draft strategy provides a basis to begin dealing with issues surrounding the retention, promotion and development of affordable housing in the Municipality, within the current NSW planning framework and the prevailing regional context. It provides links within Council between urban planning; social planning; development assessment; compliance; property services and finance. It also establishes affordable housing an integral part of Council's integrated planning process that will inform the development of the new comprehensive Local Environmental Plan (LEP) and Development Control Plan (DCP) for the Municipality.

¹ AHURI 2006 National Research Venture 3 'Housing Affordability for Lower Income Australians'

Key issues

Affordability issues facing Leichhardt Municipality in 2007/2008 can be summarised as follows:

- Lack of affordable housing for rental for low and moderate income earners.
- Declining housing diversity particularly the stock of low cost accommodation including older residential flat buildings and boarding houses that have been providing affordable private rental housing. The loss of boarding house stock is a critical issue in Leichhardt, particularly given the high proportion of residents in the private rental market and in housing stress. Boarding house accommodation traditionally provides more affordable private rental accommodation, largely for single people.
- The need for more one bedroom, studio and boarding house-style accommodation to assist in meeting the needs of the community through different stages of the housing life cycle and particularly for young people, key workers² and elderly people on lower incomes³.
- Leichhardt's development capacity is limited. Its heritage provisions, limited land supply and few remaining major former industrial redevelopment sites restrict its ability to produce new affordable housing.
- Tighter Public Housing eligibility criteria focussing housing to those most in need.

Leichhardt Municipal Council's role

Local governments in NSW are generally not sufficiently resourced, to take over the roles traditionally played by state and federal governments as housing providers, Local governments can however, through their networks, planning policies, development control processes and building regulations, facilitate better housing outcomes. In addition, Councils are well-placed to understand local housing needs as they are aware of local shifts in population and employment and local pressures such as gentrification that place pressure on people with low incomes.

The private housing market alone is not willing to address housing affordability needs and the affordability problem is likely to get even worse. In addition, the state government has been reluctant to support affordable housing initiatives and at times, has prevented local councils from implementing housing affordability initiatives and mechanisms. Despite this environment, local government has and will continue to act in addressing housing affordability within their respective local government areas. Therefore in the face of decreasing housing affordability, a strategy is needed to help ensure that Leichhardt remains a diverse Municipality through a variety of mechanisms to overcome the effects of declining housing affordability.

The affordable housing strategy draws on the NSW Local Government Housing Kit (LGHK) released by the NSW Department of Housing in 2007 and a range of best practice solutions from Australia and overseas. The strategy identifies four key

² Low and medium waged workers who provide essential community services eg teachers, police workers, child care workers, retail, trade and service workers etc.

³ Information on Leichhardt Housing Market, 2007 (Provided by Department of Housing)

actions which underpin affordable housing policy and strategy and in doing so create a stronger, healthier and more balanced community, namely

- Ø *To resist the loss of affordable housing and encourage the retention of existing affordable housing*
- Ø *To collaborate with the State Government and/or other inner Sydney councils facing similar issues to address the declining stock of affordable housing, regionally*
- Ø *To encourage the provision of affordable, adaptable and diverse housing and raise awareness of affordable housing needs and issues to facilitate action*
- Ø *To facilitate the provision of additional affordable housing within the Municipality*

The Leichhardt Affordable Housing Strategy identifies three key affordable housing policy initiatives:

1. Protecting Existing Affordable Housing
2. Promoting the Provision of Affordable Housing
3. Developing Additional Affordable Housing Stock

Each of these policy initiatives includes a range of recommendations and actions to be implemented to best achieve stated objectives.

Protecting Existing Affordable Housing

- Action 1:** Investigate mechanisms (including financial) to assist low-cost accommodation proprietors in the area
- Action 2:** Implement a consistent and rigorous approach to the enforcement of the Affordable Rental Housing SEPP across Council
- Action 3:** Introduce specific controls and objectives within the new comprehensive LEP for the retention of affordable housing in a variety of types and tenures
- Action 4:** Require a Social Impact Assessment (SIA) for development applications and land rezonings that could threaten existing supply of affordable housing
- Action 5:** Maintain an up-to-date low cost accommodation database on all low cost accommodation within the Municipality and monitor local housing need
- Action 6:** Establish a working relationship with the Department of Housing for the planning and delivery of services to promote sustainable and socially

diverse communities living in and around public housing in Leichhardt Municipality

Promoting the Provision of Affordable Housing

- Action 1:** Council to collaborate with other inner Sydney councils facing similar issues to address declining housing affordability, regionally
- Action 2:** Council through an advocacy role, raise awareness of affordable housing issues and call on the State and Federal Governments for increased affordable housing provision and collaborative action on improving housing affordability
- Action 3:** Encourage the provision of affordable, diverse and adaptable housing to meet existing and future housing need
- Action 4:** Explore ways to assist not-for-profit housing providers to address housing affordability issues within the Municipality
- Action 5:** Investigate mechanisms such as fee waiving or other planning concessions as part of a negotiated planning agreement in exchange for affordable housing and as potential provisions within the new comprehensive LEP to encourage affordable housing development

Developing Additional Affordable Housing Stock

- Action 1:** Council to consider the provision of diverse, affordable and adaptable housing when land is rezoned and seek a minimum 10% affordable housing contribution for all new significant development projects, being: Government land, major developments (residential components) and significant rezoning (change in use to residential or an increase in residential density)
- Action 2:** Ensure the new comprehensive LEP and DCP facilitates the provision of affordable housing

Leichhardt Affordable Housing Councillor Steering Committee

The Leichhardt Affordable Housing Councillor Steering Committee was established to oversee the development of an Affordable Housing Strategy for Leichhardt, in response to Council's resolution of September 2006. The Committee has met during the development of the strategy and is made up of Councillors and Council staff from strategic planning, compliance and social planning.

The Committee's primary responsibility is to provide input and advice to the development and implementation of an affordable housing strategy. The committee will continue to play a key role in implementing and monitoring the outcomes of the strategy.

Report structure

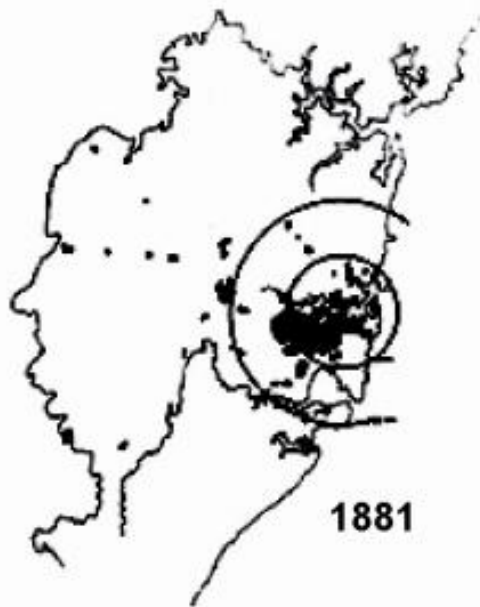
This report is structured in four parts. Part 1 provides introduction to the key concepts and background information into housing affordability. Part 2 presents the findings of a local housing market and housing needs analysis on Leichhardt. Part 3 presents Leichhardt Municipal Council's draft policies and strategies to protect, promote and develop affordable housing within the Municipality. Part 4 suggests a draft action plan to deliver Leichhardt Council's affordable housing strategy.

A glossary of key terminology used in this report is included within the Appendix.

PART 1 BACKGROUND INFORMATION

Context and Challenges

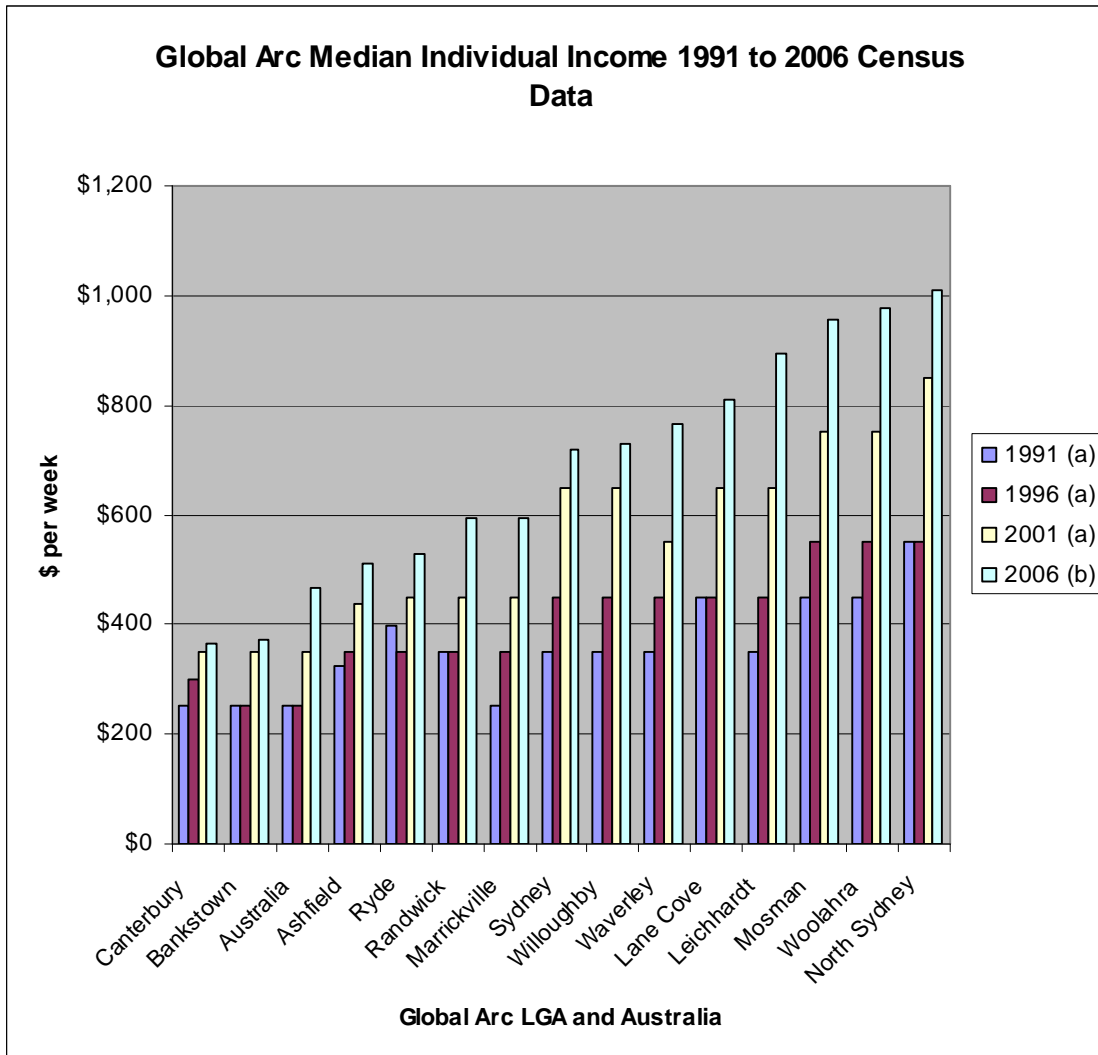
Leichhardt Municipality stands on land that traditionally belonged to the Gadigal and Wangal people, of the Eora nation. It is a unique area with a long cultural heritage and a special beauty that comes from its Sydney Harbour location and its 'old suburb' origins. First settled in 1800's Leichhardt's history has strong social community values and roots. Its working harbour history and cultural ethnic history resulting from waves of immigration have also been important in forming today's community, a diverse community with a wide range of skills, cultural backgrounds and interests that have been attracted to Leichhardt to make it their home.



Leichhardt residents and businesses live and work next to the Sydney CBD, a global city and Australia's most thriving business and cultural centre. The Leichhardt community enjoys high levels of services, employment, cultural and recreational infrastructure and opportunities that a modern city provides. However, whilst they enjoy a high level of service and standard of living as a community, the complexities and demands of modern life ensure there are many challenges ahead. Rapidly changing communities, standards and technologies contribute to a complex environment. State, national and global issues also impinge on local communities. State and national governments have been shifting services to local councils and community organisations. Their plans, policies and regulations make significant demands on our processes, policies and practices.

The Leichhardt LGA has an area of 10.03 sq km and a population of 48,779. Our population profile reflects our location next to the Sydney CBD and our high cost housing and high rental population (almost half rent). We have a very high proportion of residents in the 25-39 age group. There is a very low proportion of youth and older people over 60 years. We have slightly more females than males. We are an affluent

community with a high proportion of professionals and managers, as well as a high average income.



Almost 90% of dwellings have one car or more. Over 50% of our residents travel to work by car and around 25% travel by bus. Compared with the rest of Sydney, we are high users of buses and low users of cars for travelling to work. Leichhardt residents as a whole do not significantly move in and out of the area any more than residents from other councils. However, the 25-39 age group is significantly more mobile, with more than 50% moving in and out of the area over a five year period. The State Government projects a low growth rate with a population of 54,800 by 2031. Our population profile may gain a stronger balance of young and older people if more of the 25-39 family age group have children and stay in the area. Less rental accommodation, more owner purchasers, high enrolments in childcare and schools, and new higher birth rates already signal a trend to a more balanced profile.

As things continue to change there is an ongoing responsibility for Council to ensure that those changes are compatible with community needs and aspirations. Maintaining an adequate supply of Affordable Housing is one such responsibility.

1.1 What is Affordable housing?

Housing is considered to be affordable when rent or housing repayments are less than 30% of a household's income, especially for those households in the lowest of the percentile income distribution. Households paying more than 30% of their income on rent or housing repayments are considered to be in housing stress⁴. Affordable housing can include housing within the for-profit sector (which includes private home ownership and rental), and housing within the non-profit sector (whether provided by state government, local government, or non-government agencies)⁵.

For the purposes of this strategy, affordable housing is differentiated from social housing and focuses on the intermediate housing market to support affordable options (both rental and purchase) for low to middle income households⁶ which costs no more than 30% of the household's income. This therefore includes households in some form of employment.

Social housing refers to public housing (which is owned and administered by the NSW Department of Housing), aboriginal housing and community managed housing that is targeted to people on very low incomes, based on eligibility guidelines and who may also require other support.

1.2 Why is housing affordability a critical issue?

The socio-economic sustainability of an area is linked to the extent to which people from different backgrounds are able to live and work in that area. Declining housing affordability has and will reduce the extent to which people from different backgrounds are able to live in a particular area – thus threatening the socio-economic and cultural diversity of that area. Along with issues related to social sustainability and diversity, the relative lack of affordable housing in a particular area will make it increasingly difficult for employers in those areas to attract a full range of employees.

More specifically, the impacts on communities of declining housing affordability include:

- Ø Labour market effects: High housing costs can affect the ability to retain and attract labour, both key workers such as nurses, police and public transport drivers and other low paid workers such as waiters and cleaners.
- Ø Social polarisation: Poor levels of affordability result in lower income people concentrating in areas of disadvantage. Residential areas become increasingly homogenous in their socio-economic character, with a risk to diversity and vitality, promoting social intolerance.

⁴ NSW Department of Housing LGHK 2007

⁵ Armstrong & Shelter NSW 2007

⁶ Where a very low-income household earns less than 50% of the median household incomes for the Sydney Statistical Division according to the Australian Bureau of Statistics ABS, a low-income household earns less than 50-79% of the median household income and a moderate-income household earns 80-120% of that median.

- Ø Demand for services: Increased housing costs can dislocate people from their local support network and put a greater burden on formal support services.
- Ø Social cost: Affordability problems can create personal hardship and family stress and health problems that impose costs on the wider community⁷.
- Ø Environmental sustainability: A lack of affordable housing can push people further away from their places of work and family, which may lead to long commute times and high transport costs.

Each of these impacts has the potential to detrimentally affect the social capital and effective functioning of local communities.

1.3 What are the causes of housing affordability?

Currently, there are 265,000 NSW households in housing stress, and 148,000 of the heads of those households are in the workforce⁸. Sydney is Australia's least affordable city with mortgage repayments 40 per cent higher than the national median and rent 31 per cent more, while incomes in the city area only 12 per cent higher than the national median⁹. Housing affordability problems are predicted to increase in the first half of the 21st century¹⁰.

The reasons for declining and variable affordability are complex. One of the main factors underlying the long term trend of declining housing affordability is the disproportionate rise in house prices relative to household income over the past two decades. Put simply, the supply of housing has not kept up with demand. Underlying demand for housing, driven by population growth and the rate of household formation, has resulted in a greater share of smaller, lone person households and increased the demand for housing to match changing household need. However the single biggest driver of increased housing demand has been a surge in buying power from the 1990s via increasing wages, low interest rates and easy access to housing finance.

Regionally, across greater metropolitan Sydney, the provision of land and housing has not responded to the surge in demand. The influence of land supply and release on housing affordability is a widely debated topic. Property industry advocates call for less restrictive land supply policies and for the release of more land. However, economists and housing market analysts believe that releasing more land without enacting other policies on affordable housing will not solve the housing affordability crisis.

The shortage in supply has also meant that rental vacancy rates are at an all time low meaning that this will eventually push up rents. The private rental market is particularly important to lower income households and it is this part of the housing market where affordable housing is most undersupplied generally. Furthermore, the availability of low-rent housing for low income households is affected by the extent to

⁷ Department of Families and Communities (SA) 2006

⁸ Shelter NSW 2007

⁹ UDIA 2007

¹⁰ AHURI 2007 National Research Venture 3 'Housing affordability: a 21st century problem'

which higher income households occupy the low-rent stock, particularly in a tight rental market characterised by low vacancy rates¹¹.

Recent reforms to public housing in NSW mean that people who no longer meet the revised eligibility criteria for public housing now also compete in the private rental market. The 'Reshaping Public Housing' reform plan introduced by the NSW Government in 2005 has meant a major policy shift in how public housing is managed in NSW. The reforms introduced include an end to tenure for life, changes to eligibility for public housing, increases in rent for tenants most able to pay and passing on water usage costs to tenants. The result is a housing system targeted towards providing housing assistance for those most in need.

These reforms are in response to reduced funding over the last decade by the Commonwealth Government for the Commonwealth State Housing Agreement which has directly limited state housing authorities, such as the Department of Housing, to expand or grow their housing stock despite an increase in demand. The reforms show that a comprehensive approach to the twin issues of growing housing need and declining housing affordability have been desperately needed.

While some of the impact of macro economic factors on affordability problems cannot be addressed locally, other drivers of declining affordability can¹². At this point in time when: -

- § We have a new Commonwealth Government
- § The State Government is in the process of finalising sub regional plans for the City and the Inner West
- § All local governments are preparing new comprehensive Local Environmental Plans and Development Control Plans

we have an opportunity to work more collaboratively to facilitate better housing outcomes and help address housing need.

1.4 Strategic Planning Context – Commonwealth and State Government

Over the past decade, cutbacks in Commonwealth funds for housing, delays in the release of land for new housing on the urban fringe, backlogs in infrastructure and a shift of investors away from the property market have combined and resulted in a housing affordability crisis.

In 2009 the NSW Government released the *State Environmental Planning Policy (Affordable Rental Housing) 2009* (from hereafter referred to as the 'Affordable Rental Housing SEPP') to encourage the development of new affordable rental housing and assist the retention of existing affordable rental housing. The Affordable Rental Housing SEPP included a requirement that it be reviewed a year after its commencement. The review was conducted and provided an opportunity for Council to examine and comment on how the SEPP is working and make suggestions to

¹¹ NSW Department of Housing LGHK 2007

¹² Department of Housing LGHK 2006

improve its effectiveness. The NSW Department of Planning prepared a discussion paper that highlighted a range of issues for consideration under the review. The SEPP includes an online assessment tool that provides a mechanism for Councils to evaluate and assess impacts and mitigate for the loss of low-rental accommodation under Part 3 of the SEPP.

NSW Local Government has limited financial and regulatory capacity to actively influence the retention and growth affordable housing. As such it relies heavily on the other levels of government for: -

- § legislative authority and direction
- § financial support

Council's position is further weakened by the fact that the majority of the: -

- § development applications that Council considers relate to alterations and additions to existing dwellings
- § larger re-zoning sites have already been processed.

This leaves Council in the position of having limited development / re-zoning opportunities to negotiate affordable housing accommodation as an element of the development.

1.4.1 Commonwealth Government

Commonwealth State Housing Agreement (CSHA)

The 2003 CSHA is an agreement between the Commonwealth Government and the states and territories, which sets out the framework to provide funding for the provision of housing assistance for those whose housing cannot be met by the private market. This includes funding for public and community housing, indigenous housing, crisis accommodation, home purchase assistance and private rental assistance. The 2003 CSHA expired on the 30 June 2008, this presents a critical time for action by the federal and state governments to address housing needs and declining housing affordability.

More Recent Commonwealth Government Actions

On the 3rd March 2008, in recognition of this crisis in housing affordability, the Commonwealth Government: -

1. announced initiatives to "Streamline" planning approvals across the nation. The program is intended to reduce costs and development times, reducing the cost of new developments and individual building projects thereby reducing the costs ultimately passed on to homebuyers and ultimately improving the affordability of housing.
2. released details of its National Affordability Rental Scheme. The scheme is intended to provide tax incentives for investors to build up to 100,000 new affordable rental properties, which constitutes a doubling of the national target. In releasing the document, the Prime Minister and the Minister for Housing, the Hon Tanya Pilbersek MP also called for submissions and comments to help settle "the final administrative and legislative design features" of the National Rental Affordability Scheme.

Background

Significant structural changes are underway within our cities. For example, in the case of the inner city, workers employed in Global businesses covering areas such as the Finance and Business Services sectors have experienced an extended period of real income growth. As a consequence the average income of these workers is almost 40% higher than the average of the Sydney metropolitan workforce. These changes in real income have been followed by corresponding changes in housing costs.



Over time, the increase in inner-city housing costs is driving out key workers and other low-paid workers. They are in turn forced to live further and further away from the inner city, having to endure progressively longer commuting times resulting in increased stress on both individuals and families. Over time they withdraw their services altogether from inner city employment opportunities.

Specific Comments in respect of the National Affordability Rental Scheme

When viewed in a national context, Leichhardt Council is a relatively small Local Government Unit. Leichhardt Council’s ability to address the issue of housing affordability and the supply of affordable housing must be viewed in this context. The following table provides an insight into the resources of Local Government Units across Australia

Description	Population	Annual Budget
Brisbane - Largest Local Government Unit in Australia	989,152	\$ 2,330,000,000
Blacktown - Largest Local Government Unit in NSW	284,347	\$ 270,000,000
Sutherland - Largest Local Government Unit SSROC NSW	202,000	\$ 224,000,000
Sydney - Largest Local Government Unit in Inner City NSW	160,000	\$ 492,000,000
Marrickville - Inner City NSW	73,431	\$ 129,000,000

Canada Bay - Inner City NSW	65,742	\$	61,000,000
Waverley - Inner City NSW	60,715	\$	85,000,000
Leichhardt - Inner City NSW	51,300	\$	65,000,000
Ashfield - Inner City NSW	41,100	\$	39,000,000

Processing Times for Development Approvals

One of housing related the initiatives announced by the Federal Government relates to “freeing up” the development approval process. Over the past two years Leichhardt Council has allocated considerable additional resources towards this area. This has resulted in a significant improvement in both processing times and customer satisfaction. Further initiatives are planned in the foreseeable future which will further improve DA processing systems and customer service and Council staff will be pursuing options for obtaining Commonwealth funds to offset these initiatives.

Maximising Local Government Participation

The intention of the National Rental Affordability Scheme is to use tax-credits to attract private investors to participate in schemes that will increase the supply of affordable rental housing. The scheme also calls for greater collaboration between the various potential participants.

Section 1.1 of the discussion paper states that “The scheme is designed to pool significant resources from a range of participants including financial institutions, non-profit organisations and local government which, when combined with the incentives of the Scheme, will increase the supply of lower-rent housing.”

To this end the scheme documentation is generally quite clear in terms of outlining the role of the likely ‘stakeholders’ in the scheme. The federal government, state governments; developers; non-profit organisations and financiers are all addressed. However in the case of local government, whilst it is noted that it has a role to play, the exact nature of that role is still unclear.

Section 2.2.4 of the discussion paper states that local government “may be able to support projects by contributing land, providing planning expertise, expediting planning approvals or contributing infrastructure.”

However, little if any additional guidance or detail is provided to facilitate this opportunity. More information is required in relation to the legal, financial and administrative arrangements required to underpin such local government support.

Land provision

One of the resource identified as a potential Local Government contribution that could be incorporated into a development, is land.

For example, the City of Sydney recently announced its intention to assess the feasibility a scheme, in partnership with the State Government, whereby it would contribute Council land towards a housing project in Ultimo.

The contribution of land towards an affordable housing project presents challenges on a number levels, namely:-

- § In terms of raw land availability, discussions with Council's Property Manager have confirmed that Council has no land available as a potential contribution towards such a project.
- § In terms of land that is currently being used for another purpose, such a contribution would come at a cost, either in terms of lost revenue which is currently subsidising other Council activities or loss of services and benefits in other areas, for example depot or leisure/recreation services.
- § In terms of the 10 year life of the scheme. This which will allow private developers to review rents upon the expiry of this period and increase rents to full market rent or sell the dwellings as market priced accommodation. Local government is unlikely to be in a position to increase rents or dispose of properties, as anticipated by the draft program. Therefore Local Government and its ratepayers will carry a far greater financial burden than private sector participants.

Initiating collaborative arrangements

This is one of the areas where Council has the greatest potential to influence the supply of new affordable housing units within the inner city area. Such opportunities for initiating change include: -

- § Working with prospective applicants/developers to incorporate affordable housing into their up coming projects
- § Working with other inner city Councils to produce a comprehensive and consistent approach to the creation of additional affordable housing within the inner city area
- § Working with other inner city Councils and the State Government to produce a comprehensive and consistent approach to the creation of additional affordable housing within the inner city area

Eligibility Criteria

Section 2.2.4 of the discussion paper states that one of the benefits of the scheme will be "the increased prospect of attracting and retaining key workers such as teachers, apprentices and child care workers in the local area".

The income criteria proposed to determine eligibility for the scheme is low, particularly in the case of the inner city areas of metropolitan Sydney. Based on the information available, it is likely that the successful applicants will come from within groups such as low income families allocated a Commonwealth Health-Care Card or those that currently receive Commonwealth Pensions and Beneficiaries. Based on these circumstances the scheme is more likely to target those currently eligible for social housing as opposed to affordable housing for key workers.

The discussion paper identifies a single person on an income up to \$28,000 p.a. as being a potential target for the scheme. This eligibility level needs to be increased to target a range of low-to-moderate income earners such as teachers, nurses, police and public transport drivers, waiters and cleaners whose household income could be as high as \$70,000 p.a. This would make the scheme available for key workers, particularly in inner Sydney, thereby ensuring that one of the benefits mentioned in

the discussion paper - increasing the prospect of attracting key workers, would be more likely.

State Government ‘In-kind’ Contribution

There is a lack of clarity as to what constitutes an ‘in-kind’ contribution from the State Government in lieu of their \$2000 p.a. payment. There has been some speculation that State Government approval of a re-zoning could be regarded as meeting the \$2,000 p.a. obligation. Local Government can equally initiate and participate in the rezoning of land to deliver increase the supply of affordable housing. This area of uncertainty needs to be cleared up by way of transparent arrangements that ensure investor confidence and reward work where it is actually carried out.

National Affordability Rental Scheme Time Table

The scheme specifies that phase 1 proposals must provide for a minimum 30 dwellings that will be ready for occupancy by June 2010. In light of the foregoing points Council is not in a position to participate at this point in time.

Conclusion

1. There is a need for greater consideration to be given to the involvement of Local Government in the Scheme so that its role, together with the relevant administrative, legal and financial arrangements, are more clearly and transparently stated.
2. The selection criteria need to be reviewed so as to ensure that they apply to key workers in all locations across Australia. In this regard it may be appropriate to consider regional eligibility criteria to more accurately reflect local circumstances, for example inner city Sydney.
3. There is a need for greater consideration to be given to State Government ‘in-kind’ contributions so as to ensure all administrative, legal and financial arrangements are based on sound practices, are open to public scrutiny and appropriately reward initiative and effort in relation to matters such as re-zonings.

1.4.2 State Government

The State Government is yet to release the NSW Affordable Housing Strategy which was originally due mid 2006. State Government directives (through the State Plan, Sydney Metropolitan Strategy and the subregional strategy) promote ‘social mix’ and ‘sustainable communities’ through the provision of diverse housing type, tenure and housing affordability. However, in the absence of any comprehensive state strategy on housing affordability it is up to local authorities to use their best endeavours to implement the State Government housing affordability directives within the current state strategic and statutory context.

The following presents a brief overview of current NSW State Government strategy as it relates to affordable housing.

NSW State Plan

The State Plan, A New Direction for NSW, is a guide for the delivery of government services in NSW over the next 10 years. The State Plan lists housing affordability as a key priority – refer ‘Priority E6 Housing Affordability’. The plan proposes to address the issue of housing affordability by targeting land supply and housing mix. The plan also proposes ‘Expanding the Role of Community Housing’ and strengthening ‘Commonwealth-State-Local Cooperation’ as further approaches by which Housing Affordability can be addressed.¹³

Sydney Metropolitan Strategy – ‘City of Cities’

The Sydney Metropolitan Strategy *City of Cities, A plan for Sydney’s Future* is the NSW Government 25 year strategic plan to guide growth in metropolitan Sydney. Housing affordability, refer action ‘C4 Improve Housing Affordability’, is a key action within the Sydney Metropolitan Strategy. Local councils are encouraged to include affordable housing in their plans, strategies, and in specific residential development schemes.

Other Housing related actions contained within the *Sydney Metropolitan Strategy* include: -

- § Action C1 which focuses on ensuring that there is an adequate supply of land and sites for residential development. Councils will be required to identify opportunities for residential development to meet subregional dwelling targets, as set by the Department of Planning and Infrastructure.
- § Action C2 which relates to housing mix and location in relation to jobs, transport and services. Councils will need to provide a mix of housing types to meet existing and future housing need.

State Environmental Planning Policies (SEPPs)

The SEPP’s relate to matters of state significance. The following SEPP’s are of particular relevance to affordable housing:

- *State Environmental Planning Policy (Affordable Rental Housing) 2009* (from hereafter referred to as the ‘Affordable Rental Housing SEPP’)

This policy aims to retain existing sources of low-cost accommodation (boarding houses, hostels and low-cost rental dwellings), within the Greater Metropolitan region of Sydney, Newcastle and Wollongong. The policy requires the consent of the relevant council and the concurrence of the Director-General of Planning and Infrastructure for the demolition, change of use, alteration and strata subdivision of boarding houses and the alteration and strata subdivision of low-rental residential flat buildings. Where consent is granted, mitigation strategies to address the impact of the loss of low-cost housing are often required¹⁴.

¹³ NSW Government ‘State Plan’ 2006

¹⁴ Ibid.

- *State Environmental Planning Policy No. 70: Affordable Housing (Revised Schemes) (SEPP 70)*

This SEPP specifically identifies a need for affordable housing in a limited number of local government areas, including Leichhardt Council, Willoughby, and parts of the City of Sydney (Green Square, Ultimo/Pymont City West) and amends relevant local and regional environmental planning instruments to enable levying of development contributions to provide for affordable housing. If these provisions were to be extended to other areas of NSW, an amendment to the SEPP would be required¹⁵ and this would require ministerial approval.

Standard Instrument Order 2006

The Standard Instrument allows councils to include 'local provisions' in the LEP being 'provisions that reflect the outcomes of local strategic planning and consultation'¹⁶. The inclusion of a provision such as protecting a specific type of affordable housing is predicated on this matter having been identified as an issue of concern in a housing needs assessment¹⁷.

Amendments to Environmental Planning and Assessment Act 1979

Recent changes to the Environmental Planning and Assessment Act 1979 included changes to the section governing Developer Contributions including S94, Affordable Housing, Voluntary Planning Agreements and State Infrastructure. As the relevant regulations are yet to be released, it is difficult to predict specific outcomes for Leichhardt in relation to these changes.

Sydney Metropolitan Strategy – Inner West Subregional plan

Subregional planning is proposed by the Department of Planning and Infrastructure as a means by which the Metropolitan Strategy can be broken down into the next layer of detail. The strategies contain detail on a range of matters such as urban renewal, infrastructure provision and contributions, housing targets and employment capacity. There are 10 subregional strategies and Leichhardt is grouped within the Inner West subregion.

The Inner West subregional strategy was released on 1st July 2008. A limited review of the draft plan has confirmed:-

- That there is still no evidence of the State Government developing a comprehensive and integrated State Wide approach to Housing Affordability
- In relation to the inner west area, again there is no comprehensive and integrated approach to the long term provision of affordable housing for key workers required to service the inner urban area
- Whilst there are a number of references made to the overall issue of housing targets and location, only limited attention is paid to the issue of affordable housing for key workers and other low to moderate income earners. The references that are made to affordable housing are limited the following proposed actions:-

¹⁵ Department of Housing LGHK 2006

¹⁶ Department of Planning, Planning Circular PS 06-008

¹⁷ Shelter NSW 2006

Action C4 Relates specifically to Improving Housing Affordability. In doing so the document restricts its thinking to two areas only, housing for first home buyers and secondly for vulnerable households comprising the frail aged, people with disabilities etc who face poor health, education and other social outcomes due to high housing costs and overcrowding. Only passing reference is made to other aspects of housing affordability and no specific targets or actions are mentioned in the case of affordable housing for key workers.

Action IW C4.1.1 The NSW Government to develop options for improving housing affordability, with a focus on affordable housing for particular groups in the community

Action IW C4.1.2 The Department of Housing and the Department of Planning and Infrastructure to identify how affordable housing initiatives can be applied to the Inner West Subregion

NSW Government to develop options for improving housing affordability, with a focus on affordable housing for particular groups in the community

Conclusion

1. There is a need for greater collaboration between the State Government, its agencies and inner city local government to develop a comprehensive regional approach to the issues of: -
 - social housing provision and location
 - affordable housing for fist home buyers
 - affordable housing for key workers and other low to moderate income households
 - affordable housing targets supported by relevant planning, administrative, legal and financial arrangements
2. Between them, the State Government, its agencies and inner city local government could identify remaining brown filed development sites to develop additional affordable housing stock that: -
 - Addresses affordable housing targets for the inner city region
 - Links jobs to employment – for example affordable housing in the vicinity of the Leichhardt Bus Depot
 - Links affordable housing to public transport infrastructure – for example the Summer Hill flour mill and surrounds, located at the intersection of the main western rail corridor and the possible extension of the Lilyfield Light Rail network

1.5 Inner Sydney council's initiatives on affordable housing

Opportunities to directly produce new affordable housing through the planning system in NSW are currently limited, due in large part to constraints imposed by State planning legislation¹⁸. In practice, the provisions under SEPP 70 apply to the following regions: City of Sydney (Ultimo/Pyrmont and the Green Square precinct), Willoughby and Leichhardt Local Government Areas. Other initiatives that have emerged reflect a particular combination of local circumstances and opportunities¹⁹. The following provides a brief overview on other inner metropolitan Sydney council's initiatives on addressing housing affordability within the respective local government area.

- *City of Sydney Council*

There are two affordable housing programs operating in the City of Sydney, City West within the Ultimo/ Pyrmont area and Green Square. Both programs are based on inclusionary zoning, under pinned by SEPP 70, which requires contributions either in the form of dwelling unit/s or monetary contributions, towards affordable housing. The City West program is defined by Sydney Regional Environmental Plan No.26 (SREP 26) – City West and Sydney Local Environmental Plan (SLEP) 2005. The program is managed by City West Housing (CWH) a not-for-profit housing company, established by the State Government in 1994. To date, 446 affordable rental units have been provided within the Ultimo/Pyrmont area, under the City West program.

The Green Square Affordable Housing program aims to develop approximately 480 units of affordable rental housing within the Green Square redevelopment area over the next 30 years. The program is defined by the South Sydney Local Environmental Plan (SSLEP) 1998 and Green Square Affordable Housing Development Control Plan 2002. Residential development that occurs in Green Square must provide an affordable housing contribution equal to 3% of the total floor space, and all commercial development must provide 1% of total floor space to affordable housing. To date, 45 units have been provided within Green Square.

- *North Sydney Council*

Under s.94 of the EP&A Act, North Sydney Council imposes a levy for the loss of low cost rental housing. The proceeds are used by North Sydney to provide replacement low-cost housing in North Sydney for eligible families. This levy is paid on any development application approved involving the loss of low-cost rental accommodation. The contributions are combined with funds from the Office of Community Housing and other not-for-profit partners to provide for replacement stock. Community Housing Lower North Shore (CHLNS) manages Council's affordable dwellings which is made available to people who are long term residents of North Sydney eligible for public housing²⁰

¹⁸ Gurran 2007

¹⁹ Ibid.

²⁰ North Sydney Council Affordable Housing Factsheet

- *Willoughby City Council*

Willoughby Council's Local Housing program applies to land that is proposed to be re-zoned for residential purposes. The housing program aims to address: -

- the housing requirements of special needs groups
- the impact of the rezoning on the existing and likely future mix of housing stock in Willoughby.

Where a need to offset any housing need is identified, the council seeks 4% of the residential floor space achievable under the zone for the purpose of affordable housing. The program is outlined in Willoughby LEP 1995 and DCP 1999 and is underpinned by SEPP 70. To date, Willoughby Council has procured 10 dwellings through the program.

- *Waverley Council*

Since 1999, Waverley Council under its Affordable Housing Program has offered a floor space bonus for residential developments that include an affordable housing component on-site or by way of a financial contribution. This scheme is completely voluntary and is defined through Waverley LEP 1996 with the detailed controls contained in Waverley Development Control Plan. The density bonus is restricted to 15 per cent above the base standard FSR²¹. The projected profit associated with the additional floor space benefit is shared between the developer and community i.e. as social benefit, determined by the Waverley Affordable Housing Program Calculator. To date, Waverley Council has generated 32 units (tenure includes in perpetuity and rent-cap) through the scheme. In addition to developing affordable housing for the LGA, Waverley Council also reinforces the provisions of SEPP 10 in the LEP, to protect existing low cost housing stock.

- *Randwick City Council*

Randwick City Council by way of their LEP 1998, have made affordable housing a consideration for master plan development sites (in excess of 0.4 Ha. The master planning process must include affordable housing and a mix of dwelling types. To date, Randwick has procured 15 units through the master plan provision. In addition to developing affordable housing Randwick also reinforces the provisions of SEPP 10 in the LEP, to protect existing low cost housing stock.

- *City of Canada Bay Council*

Since the introduction of voluntary planning agreements, s93F of the EP&A Act, the City of Canada Bay Council has successfully negotiated 15 units (transferred to Council at nil cost) to be dedicated as affordable housing from a mixed use development comprising of 237 units. Six of the dedicated units are to be provided to local key workers of Concord Hospital. In exchange, Canada Bay Council provided a density bonus to the development, as part of the negotiations.

²¹ Gurran 2007

Conclusion

1. There are currently an ad hoc range of affordable housing schemes in place throughout the inner city region – refer Table following. There is a need for greater collaboration between inner city local government to develop a comprehensive regional approach to the issues of affordable housing for key workers and other low to moderate income households.
2. By working together, inner city local government could: -
 - o develop a consistent approaches to the creation of additional affordable housing stock, supported by a common set of planning, administrative, legal and financial arrangements
 - o identify remaining brown filed development sites to develop additional affordable housing stock to support social, economic and environmental outcomes in respect of the inner city region.

Table 1.1

✓	City of Sydney	North Sydney	Willoughby	Waverley	Randwick	Canada Bay
SEPP 70	✓		✓			
S 94		✓				
Bonus FSR				✓		
Masterplan					✓	
VPA						✓
SEPP 10	✓	✓		✓	✓	

1.6 Leichhardt Council and affordable housing

Since 1994 Leichhardt Council has demonstrated concern towards diminishing low cost housing and the pricing out of low income persons in a number of ways. Council commissioned a study in 1994 titled 'Putting Back The Plank', under funding from the 'Triple R' Program (a joint Commonwealth-State government initiative) to review Council's local planning controls and procedures to increase housing choice, cost and accessibility, particularly for people on low to moderate incomes. The report noted the '*dramatic change in the social fabric and environmental character..... from a largely working class area with poor amenity to one highly sought after by upwardly mobile income groups*'. Further, '*That the cornerstone of Leichhardt's 'character' is its social mix, and part of the answer to preserving that social mix is to be found in the extent and way in which the Council and the local community actively seek to protect and provide a diverse range of secure and affordable low income housing*'. The report also suggested that '*even major concessions in residential development standards will only act to increase availability and choice of housing for upper income groups, and may actually accelerate the dispossession of lower income groups*', particularly in the absence of a national and state government co-ordinated effort on housing affordability.

However, the report adds that Council does have a key role to play in working to alleviate housing affordability problems. It states that '*through the reprioritising of*

Council policies and community objectives, Council through its planning powers and resources can have a fundamental influence on the provision and protection of secure and affordable housing for its low income people.'

In 2000, Council incorporated diverse and adaptable housing clauses within the preparation of the current Leichhardt Town Plan 2000, which has been promoted as an effective planning mechanism towards meeting diverse housing needs. These provisions enforce mandatory requirements for diverse multi-unit configurations (setting minimum and maximums for smaller and larger dwellings) and for the provision of adaptable housing.

Further, at the Ordinary Council meeting of December 2005 Council resolved to prioritise maintaining and increasing the stock of available affordable housing within Leichhardt by: *'Ensuring that there are no further net losses of affordable housing' and 'Prioritising the provision of affordable housing and mix of dwelling sizes within all Council's Master plans.'*

Subsequently, a report providing a broad overview of how Council can strengthen its commitment to affordable housing through its planning guidelines and community services program was presented to Council at the February 2006 Ordinary meeting. The outcomes of this report led to a more detailed report on planning mechanisms for affordable housing and subsequently to a Council resolution at the September 2006 Ordinary meeting to *'develop an affordable housing strategy for Leichhardt, which aims to protect, promote and develop affordable housing in the Municipality'*. This strategy is the result of this resolution.

Statutory Planning Context

A review of all Development Applications lodged over the last 9 years in respect of the Leichhardt Local Government Area (as it existed from time to time) has revealed the following: -

- A total of 7,495 Applications were submitted
- 4,872 (65.0%) of the total number of applications related to Alterations and Additions to existing Dwellings
- 5,016 (66.92%) of the total number of applications related to Alterations and Additions to existing Dwellings, New Single Dwellings or New Second Occupancies
- 360 (4.8%) of the total number of applications related to New Multi Unit Residential Buildings comprising less than 20 units per application
- 12 (0.16%) of the total number of applications related to New Multi Unit Residential Buildings comprising 20 or more units per application.
- The 12 applications for Buildings comprising 20 or more units per application, accounted for a total of 875 of the new dwellings created over the past 9 years

The optimum time for Council to pursue additions to the stock of affordable dwelling units are on those occasions when major redevelopments are under consideration, such as the 12 applications referred to above or the other larger mixed use developments.

Pursuing affordable additional affordable housing units in the case of smaller developments has the potential to place an unreasonable financial burden on the smaller developments.

To address this issue Council will encourage the provision of affordable, diverse and adaptable housing through land use plans, policies and assist and where possible through not-for-profit housing providers and other like organisations. By establishing working relationships with key not-for-profit housing providers in the area, Council may have the ability to assist (through resources or services) in the provision of affordable housing and in addressing existing and future housing need.

PART 2 HOUSING NEEDS AND LOCAL HOUSING MARKET ANALYSIS

The demand for housing is influenced by a number of factors all of which have an affect on the affordability of housing within a local market. These factors include demographic, especially the rate at which new households are formed; prices in the local and surrounding housing markets; the economic circumstances of households and of the local housing market; the perceived advantages of the local area in terms of its access to a range of goods and services; and the particular tastes or preferences of the consumers²². As the boundaries of a local housing market do not regularly align with local government boundaries²³, comparison analysis is needed with adjoining local government areas to provide both a context and understanding of the Leichhardt's local housing market.

The findings of the housing needs and local housing market analysis provide the context for the formulation of a set of housing goals and objectives and the development of some potential delivery mechanisms for the affordable housing strategy.

Methodology

The basis for this analysis is the 'NSW Local Government Housing Kit' released by the NSW Department of Housing in April 2007. The kit provides assessment methods, an online database, strategies and other guidance to developing a local housing strategy. Upon the release of the kit, a housing needs and local housing market analysis was conducted, to provide context for the drafting of the strategy. The following analysis has been updated with the recent release of the 2006 Australian Bureau of Statistics (ABS) Census data, the Department of Housing Rents and Sales report (Issue 82 – December report) and the Department of Planning, Transport and Population Data Centre (TPDC) estimates and projections.

The main sources of data were the Census of Population and Housing from the ABS, Rental Bond Board data, Valuer General's data and the Department of Housing's asset data base. Additional data is sourced from Council's existing local research and discussions with key stakeholders and Council staff.

Comparative analysis includes adjoining councils such as Marrickville and Canada Bay. On a sub-regional basis, statistical subdivisions (SSD) of Inner Western Sydney (Ashfield, Burwood, Canada Bay and Strathfield) and Inner Sydney (Sydney City, Botany Bay including Leichhardt) and regionally, the Sydney statistical division (SD) (which covers the greater metropolitan Sydney), as defined by the ABS.

However, it should be noted that there are some discrepancies in the data presented (and previously reported on) due to changes in the boundary of the local government areas in 2003 and adjustments of base data forecasts from the TPDC.

²² NSW Department of Housing LGHK 2007

²³ Ibid.

2.1 Analysis of housing need

Demographic overview

The estimated resident population of Leichhardt at the 2006 census was 51,127. The Department of Planning (DoP) Transport and Population Data Centre (TPDC) estimates Leichhardt's population will increase to 55,676 by 2031, with an average annual growth rate of 0.33%.

At the 2006 census, 14.3% of Leichhardt's population comprised children aged between 0-14 years. People aged 65 years and above, accounted for 9.6% of the population. In terms of greatest overall growth of age group since the 2001 census, Leichhardt has experienced an increase of over 20% in numbers of children under 5²⁴, which is above the Sydney average. This is indicative of the recent mini baby boom experienced in Leichhardt. There has also been a significant increase in the 35-44 years age group.

Further significant changes in demography are forecast for Leichhardt between now and 2031. The DoP project that the 0-14 age group for Leichhardt will decline to 10.8%, while the over 65 group will increase to 15.8% of the population.

Age group	2006 Current	2031 Projected	Percent change
0-14 years	14.3%	10.8%	-23.1%
15-24 years	9.2%	9.7%	-2.2 %
25-54 years	56.2%	53.0%	-5.7%
55-64 years	10.7%	10.5%	2.8%
65 years +	9.6%	15.8%	66.7%

Source: ABS Census Time Series Profile and TPDC Department of Planning (2005 Release Ver.1)

An ageing population will impact on the future demands of residential development types and the services and facilities required to cater to their needs. It also demonstrates the importance of 'lifecycle' and adaptable housing - housing that can be modified to meet changing needs so that people do not have to relocate as their needs change and can age in place.

Household type

Family households²⁵ are still the most dominant household type representing 55.7% of total households in Leichhardt²⁶. Since the 2001 census, Leichhardt has experienced significant increases in couple households with dependent children, indicative of regional trends seen in inner city locations²⁷. Couples without children also increased during this period, while the proportion of single parent households and lone person households declined.

²⁴ Randolph 2007

²⁵ According to the ABS family households are identified to include couple relationship with children, couple relationship without children, lone parent-child relationship or other blood relationship.

²⁶ ABS Census 2006

²⁷ Randolph 2007

Housing Occupancy

Leichhardt's average occupancy rate of 2.2 persons per dwelling is significantly lower than both the Sydney Statistical Division (Sydney SD) of 2.7 persons per dwelling, the Inner Western Sydney (SSD) of 2.6 persons per dwelling. Leichhardt's average occupancy rate is comparable with some neighbouring Local Government Areas (LGA) – for example 2.3 in Marrickville. Only the City of Sydney recorded a lower rate of 1.9 persons per dwelling²⁸

A declining trend in the occupancy rates of dwellings in Leichhardt since 1991 means that despite a stable population, additional dwellings will be required. This means demand for housing stock may increase despite there being no overall population growth in an area.

Dwelling type

The dominant housing types within the Leichhardt LGA are semi-detached, row or terrace housing, which account for 37.2% of all dwellings²⁹. The proportion of detached separate houses in Leichhardt (35.4%) is substantially less than for the Inner Western Sydney SSD (50%) and for Sydney SD (63.6%), and has continued to decline since the 2001 census.

Almost 95% of dwellings in Sydney City are medium and higher density dwellings.

The percentage of dwellings with two or fewer bedrooms by major dwelling type (separate house, semi-detached, townhouse and flats) is significantly higher than for Sydney SD for each dwelling type. This most likely reflects both the older stock within the Municipality and recent developments responding to urban consolidation policies.

Dwelling supply

Since 2001 census, Leichhardt experienced a marginal increase (2.2%) in the total stock of residential properties. Over the corresponding period Marrickville has increased by 3.0%, Canada Bay by 12.1% and the City of Sydney has experienced a significant increase of 21.7%. Whilst dwelling supply in Leichhardt is forecast to increase in coming years the majority of the increase will consist of multi-unit housing in response to the development constraints of the Municipality, land values and urban consolidation policy.

Dwelling tenure

Since the 2001 census, the proportion of fully-owned dwellings (22.7%) has also decreased³⁰ while the proportion of dwellings being purchased (29.4%) has increased. Despite the loss in private rental stock, homeowners still make up the majority (52.1%) of total households in Leichhardt. Leichhardt still contains a higher proportion of rented stock (38.5%) compared to the rest of Sydney (29.7%) and the Inner Western Sydney SSD region (34%). While other comparable inner metropolitan councils contain a higher proportion of rented stock, Marrickville, (40.2%) and the City of Sydney (47.6%)³¹.

²⁸ NSW Department of Housing LGHK 2007 database (ABS Census 2006)

²⁹ NSW Department of Housing LGHK 2007 database (ABS Census 2006)

³⁰ Randolph 2007

³¹ NSW Department of Housing LGHK 2007 database (ABS Census 2006)

Income and Occupation trends

Findings from Leichhardt's employment analysis conducted in 2007 indicate that occupations in Leichhardt are becoming less diversified and the proportion of lower-skilled, lower-waged residents is declining. The number of managers, professionals and administrators and high income groups residing in Leichhardt has significantly increased by almost 20% from 1991 to 2001³². Recent census data indicates an increasing proportion of Leichhardt's population are high income earners. In fact, the median household income rose by 26% in the five years to 2006, from \$1,281 to \$1,728³³.

This is indicative of Yates' et al (2006) research into an 'Inner City Housing Affordability Problem' which suggests that the young, those who prefer to rent, the affluent and those without children will populate the high-cost inner regions of the city, reducing housing options for lower income earners.

Unemployment

The unemployment rate for an LGA is an indicator of its economic health of the LGA³⁴. The continued low unemployment rate for Leichhardt (2.8 per cent) is significantly below the Inner Western Sydney SSD (7.4 per cent), Sydney SD value (4.5 per cent) and other comparable inner city LGA's such as the City of Sydney (5.1 per cent) and Marrickville (5.0 per cent)³⁵.

Social Housing

The Department of Housing (DoH) has advised that there are 1,125 public housing properties³⁶ in Leichhardt or around 4% of the total residential stock. Most of the stock is a mix of units, cottages and townhouses.

Table 1.2: Public Housing Stock

Area	Public Housing Stock June 2007	Proportion of residential stock %
Ashfield	205	1.3
Canada Bay	769	2.5
Leichhardt	1,125	4.1
Marrickville	890	2.7
Sydney (C)	8,774	8.1
Sydney SD	82,750	4.5

Source: NSW Department of Housing LGHK June 2007

Despite Leichhardt containing a significant proportion of public housing stock in the Inner West region, the production of additional public housing has been negligible, with most of the existing stock is between 15 – 40 years old. However, the DoH is currently redeveloping a public housing estate in Lilyfield with the intention of increasing public housing stock on-site and reconfiguring its stock to better meet

³² NSW Department of Housing LGHK database 2007 (ABS census 2001)

³³ Randolph 2007

³⁴ NSW Department of Housing LGHK 2007

³⁵ NSW Department of Housing LGHK database 2007 (Labour Market Structure Branch, DEWR, (June Quarter 2007) Table 4)

³⁶ The number of public housing properties includes only residential properties of both the Department of Housing and Aboriginal Housing Office.

current housing need. This will be subject to a development application and determination of Council.

Discussions with South West Inner Sydney Housing Cooperative Limited (SWISH) covering inner Sydney including the Leichhardt area, noted at the time that 406 applicants were on the waiting list for public housing placement with an average of 8-15 applications received per week. The break down of dwelling type required is as follows:

Table 1.2: Dwelling type breakdown in demand by SWISH

Dwelling type	No. of applicants	% break down
1 Bedroom	169	41.6%
2 Bedroom	142	34.9%
3 Bedroom	78	19.2%
4 + Bedroom	17	4.2%
Total	406	100%

Source – SWISH February 2007

To be eligible for housing assistance from social housing providers applicants must first meet the DoH income eligibility criteria and be registered with the Department. The general practice is that those who do not strictly meet the DoH income eligibility criteria contact social housing providers for housing assistance. This is usually a group often comprising low to moderate income working households such as child care workers, sales assistants, hairdressers and nurses, whose housing needs are not being met. Households that do not meet DoH income eligibility criteria, can be housed through SWISH's Social Housing Subsidy Program. However, with only 27 units, the waiting list for this program is very long. In addition, SWISH also manages 19 dwellings for Waverley Council, through Waverley Affordable Housing Program. Eligibility is limited to applicants who have a residential or employment connection with Waverley LGA and are capable of paying a discounted rent, being 75% of the median rent in the Waverley LGA.

Aged care

Camperdown's Aged Care Assessment Team (responsible for Leichhardt) stated that currently bed availability within an Aged Care Facility (ACF) in Leichhardt LGA is good, particularly within the older style accommodation facilities. However, there is growing concern that due to the 'age' and 'older style' of some of the Municipality's Aged Care Facilities, these are in threat of becoming unprofitable for the owners. Rebuilding or major renovation and the lack of suitable sites coupled with the high cost of land within Leichhardt may force the relocation of these providers and subsequent bed numbers to move outside the Municipality. It was suggested that more adaptable housing options and models to enable people to age in place is needed and will place a higher demand in the future.

Boarding houses, hostels and other low cost accommodation

During 2006/2007 Council's Compliance department undertook an audit of all boarding house stock in the area. The last audit of this kind was conducted in 2002, prior to the boundary changes. In 2002, 48 boarding houses were listed on Council's register. The findings of this audit indicated that 38 boarding houses were still operating in 2007. The audit also found that the majority of boarding house tenants

were often local workers (plumbers, builders etc) with a rental range of approximately \$80 pw to \$200 pw.

State Environmental Planning Policy 10 (SEPP 10) – Retention of Low Cost Rental Accommodation was one of the main State Government statutory controls. In 2000, the State Government concurrence function was transferred from the Department of Housing to the Department of Planning. Over the intervening years there has been a significant turnover of staff in this area.

The DoP have advised (as at February 2007) that approximately 600 development applications (DA's) in Leichhardt, have been determined pursuant to State Environmental Planning Policy 10 (SEPP 10). Of this 600, approximately 75% have been residential flat buildings, over 20% boarding houses and only 1-2% hostels.

Information obtained from Council's Development Assessment department indicates that the loss of low cost accommodation had significantly outweighed any replacement in supply.

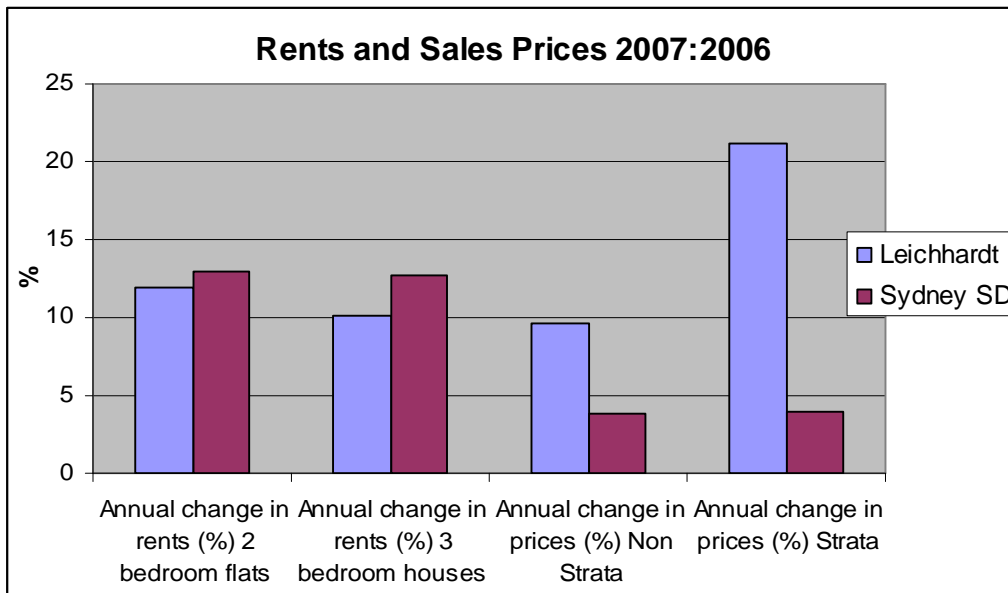


150 people queue to inspect a 1 bedroom apartment (under SEPP10) in Annandale - Sydney Morning Herald Weekend Edition 29-30th September 2007

2.2 Analysis of the local housing market

Change in rents and prices

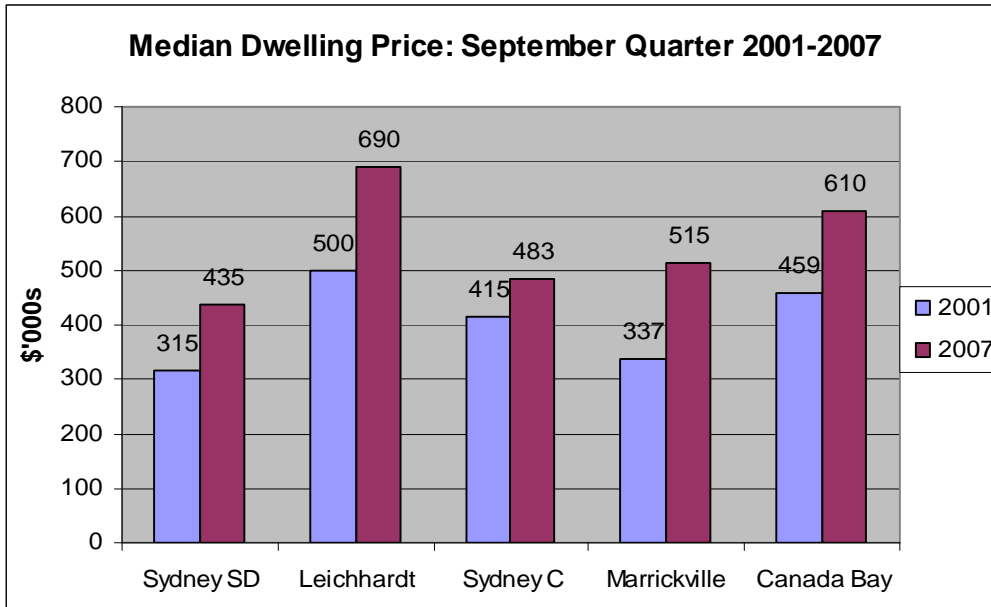
The annual increase in rents for 2 bedroom flats and 3 bedroom houses in Leichhardt was marginally less than Sydney SD for 2007/2006. However, sales prices in Leichhardt for non-strata and strata stock significantly increased. Overall, the annual change in rents and sales prices indicate strong demand in both the rental and purchase markets.



Source: NSW Department of Housing, Rent and Sales Report December 2007 (Sales Data for September 07 Qtr and Rent Data for December 07 Quarter)

Private Purchase

The release of the Rent and Sales December report (Issue 82) by the Department of Housing indicates that the median dwelling price for Leichhardt LGA rose by 38% in the six years from 2001 to 2007. The findings demonstrate strong demand in the area and show how unaffordable the residential property market has become, especially in Leichhardt.

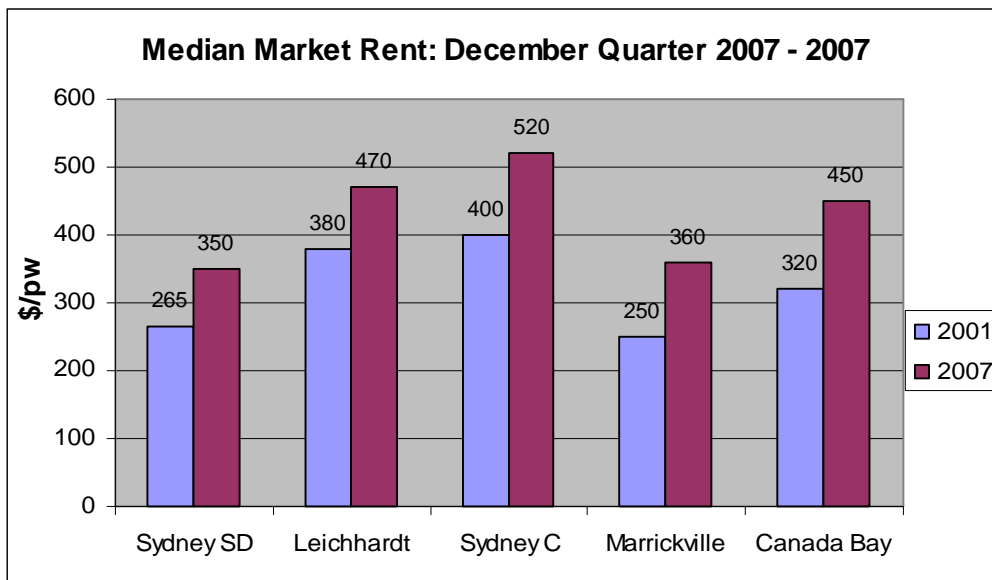


Source: RBB (Rental Bond Board) & VG (Valuers General) Data, NSW Department of Housing Rent and Sales Report, September Sales Quarter 2001: 2007

Note: Median Dwelling Price (All dwellings)

Private Rental Market

Median market rents for Leichhardt increased by 12% since 2006, or around 24% since 2001. This is a significant increase over the year compared to the previously relatively low rental increases. BIS Shrapnel (provider of industry research and forecasting services) forecast apartment rents in Sydney are to rise 42 per cent in the five years to June 2011 – equating to an average of 7.3 per cent every year³⁷. These rental increases will clearly impact on rental housing affordability, pushing Leichhardt further towards ‘un-affordability’.



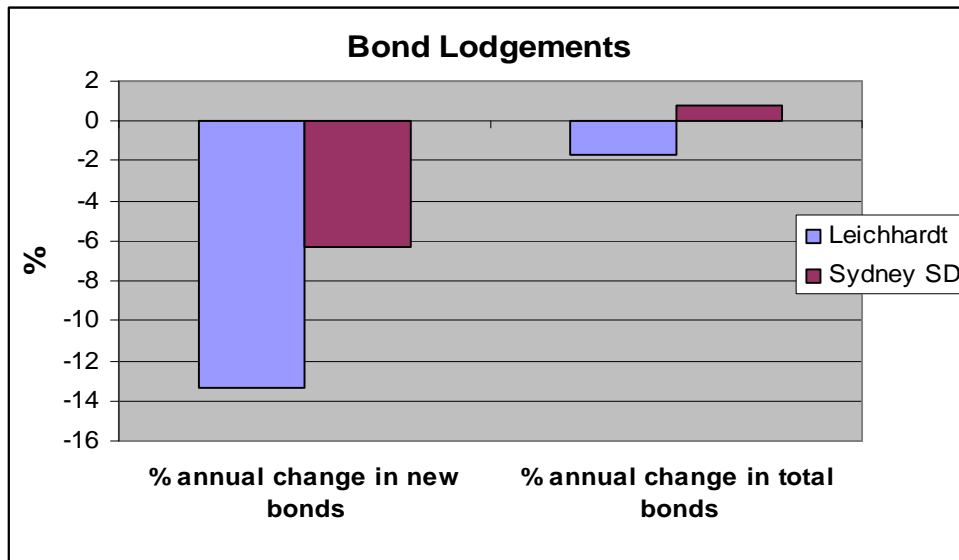
Source: NSW Department of Housing Rent and Sales Report, December Rental Quarter 2001 and 2007

Note: Median Market Rents (all 2 bedroom dwellings)

³⁷ BIS Shrapnel 2007

Bond lodgements

Leichhardt experienced a significant decline in new rental properties to the market from 2006/2007, while there had been a marginal decline in total rental property turnover in Leichhardt. Leichhardt's trend in bond lodgements indicates a very tight rental market.



Source: NSW Department of Housing Rent and Sales Report, December Quarters 2007 & 2006

Note: % Annual Change is the % change over the corresponding quarter in the previous year. % annual change only reported where bonds lodged ≥ 30 in both quarters.

Vacancy rates

The tight rental market reflects the 0.8 per cent vacancy rate recorded at October 2007³⁸ for dwellings in the private housing market for Inner Sydney which covers Leichhardt. This is considerably lower than the 1.3 per cent vacancy rate recorded in February 2007³⁹. Generally, a 3 per cent vacancy rate represents a balance between supply and demand for rental housing⁴⁰. A low vacancy rate creates greater competition for those rental dwellings that do become vacant and leads to upward pressure on rents.

³⁸ Real Estate Institute of NSW Nov 2007

³⁹ Real Estate Institute of NSW March 2007

⁴⁰ NSW Department of Housing LGHK 2007

2.3 Measuring affordability

There are several approaches in measuring affordability. The most common method is to look at the proportion of people who pay more than a certain threshold of income on housing costs. Housing is considered to be affordable when rent or housing repayments are less than 30% of a household's income, especially for those households in the lowest 40% of income distribution.

Indicative affordable rents and purchase prices for lower income target groups are outlined below. The Sydney SD median household income is applied (instead of Leichhardt median household income) to the following definition of target groups and price points. Leichhardt's median household income has increased at a significant rate over the census periods and is considerably higher (\$1,728) than for the rest of Sydney (\$1,158). As outlined previously, Leichhardt's process of gentrification means that the number of higher income groups residing in Leichhardt has effectively pushed out the number of lower income groups.

Table 1.3: Indicative Affordable Rents and Purchase Prices for Lower Income Household Target Groups

Target group	Definition of target group	Gross annual household income (2007 values)	Affordable weekly rent	Affordable house price assuming 5% deposit; 7% interest rate; 30 year loan term
Very low	< 50% median household income (MHI)	<\$30,807	<\$178	<\$122,000
Low	50-80% (MHI)	\$30,807-\$49,291	\$178 - 284	\$122,000 - \$195,000
Moderate	>80% and <120% MHI	\$49,291 - \$73,937	\$284-427	\$195,000 - \$293,000

Source: NSW Department of Housing LGHK 2007

Lower income target groups include a majority of essential key worker groups. For example, a bus driver's average annual salary is approximately \$55,000, childcare worker \$46,084, teacher (start out) \$50,522, police officer \$56,734, general nurse \$66,016, butcher and baker approximately \$53,380 p.a.⁴¹. Therefore, looking at average income levels of key workers to Leichhardt's median weekly rent for a two bedroom flat of \$470 per week and median dwelling price of strata \$540,000 and non-strata \$752,000⁴², shows just how 'unaffordable' Leichhardt is.

⁴¹ Average salary levels taken from MyCareer Salary Centre, April 2008

⁴² Rent and Sales report issue no.82

Households paying more than 30% of their income on rent or housing repayments are considered to be in housing stress⁴³. Applying this definition to Leichhardt, a high proportion of lower income households in Leichhardt are in housing stress. A higher proportion of low and moderate income households are in rental stress in Leichhardt, than for the rest of the Sydney SD. Of those at risk, lower-income renters have more intense and widespread problems than do lower-income purchasers⁴⁴.

Table 1.4: Number of Lower Income Households in Housing Stress

Area	Very Low Income Households in Housing Stress		Low Income Households in Housing Stress		Moderate Income Households in Housing Stress	
	% Rent	%Purchase	% Rent	%Purchase	% Rent	% Purchase
Leichhardt	96	81	68	64	40	58
Inner Sydney SSD	97	89	70	73	37	59
Inner Western Sydney SSD	98	89	75	74	26	61
Sydney SD	97	86	66	72	22	55

Source: NSW Department of Housing LGHK database 2007, ABS Census 2006

Note: Housing stress is defined as low to moderate income households incurring housing cost above 30% of their household income. Below 120% of median income considered as low to moderate income. Sydney SD median income for all households was applied to LGAs in Greater Metropolitan Sydney.

However, as Yates et al (2004) have suggested measuring housing stress for small LGA's such as Leichhardt might be reasonably low, simply because the prices have risen by so much that it has forced previous residents from the area.

Another method of measuring affordability involves assessing income levels required to access housing markets in particular areas without putting households under housing stress⁴⁵. Based on this principle, the following table 1.4 outlines the proportion of properties for rent and purchase in Leichhardt that were considered affordable⁴⁶, as of June 2007.

⁴³ Yates et al 2007

⁴⁴ Ibid.

⁴⁵ Richardson, Phibbs & Gurrans 2005

⁴⁶ A rental property is regarded affordable if the rent is less than 30% of the 40th percentile census household income.

Table 1.5: Percentage of affordable properties for rent and purchase

Area	Proportion of Affordable Housing Stock for Very Low Incomes		Proportion of Affordable Housing Stock for Low Incomes		Proportion of Affordable Housing Stock for Moderate Incomes	
	% Rent	%Purchase	% Rent	%Purchase	% Rent	% Purchase
Leichhardt	7	0	18	0	47	2
Inner Sydney SSD	7	0	19	0	51	8
Inner Western Sydney SSD	6	0	24	0	68	4
Sydney SD	11	0	35	2	69	13

Source: VG&RBB, NSW Department of Housing LGHK database 2007

Note: Rental affordability indices have been calculated for Very Low Incomes - less than 50% of Census household income, Low Incomes - 50% - 80% of Census household income and Moderate Incomes - 80% - 120% of the Census household Incomes. Average Weekly Earnings (AWE) are used to index the household incomes. A dwelling is counted as affordable if the rent charged is no more than 30% of the household income. % of affordable rent is reported only where 30 or more bonds are lodged. Affordable purchase: Based on sales transferred in the last 2 quarters. A property is regarded affordable if the loan repayment is less than 30% of the household incomes. A 30-year loan period and 10% deposit are assumed. The most recent interest rate during the last two quarters of each period is used. The % of affordable purchase is reported only where 30 or more properties are sold. Please note that transfer date is used instead of contract date.

As the table illustrates, Leichhardt's proportion of affordable housing stock for rent and purchase is significantly less than for the rest of the Sydney SD. While the proportion of affordable housing stock for purchase in Leichhardt is alarming, of most concern is the declining proportion of affordable housing stock for rent. The private rental sector is the main source of tenure for low income households, as the ability to purchase is unreachable and revised eligibility criteria and long waiting lists for social housing make it hard to access housing assistance.

PART 3 – AFFORDABLE HOUSING POLICY FRAMEWORK

FRAMEWORK HIERACHY

3.1. AFFORDABLE HOUSING GOAL

3.2 AFFORDABLE HOUSING POLICY STATEMENT

3.3 KEY AFFORDABLE HOUSING POLICY INITIATIVES

3.3.1 Protecting Existing Affordable Housing

3.3.1.1 Actions to support the protection of existing affordable housing

3.3.2 Promoting the Provision of Affordable Housing

3.3.2.1 Actions to support the provision of affordable housing

3.3.3 Developing Additional Affordable Housing Stock

3.3.3.1 Actions to support the development of additional affordable housing

3.4 AFFORDABLE HOUSING POLICY REVIEW AND EVALUATION

3.1. AFFORDABLE HOUSING GOAL

Leichhardt Municipal Council will seek to retain and facilitate a socio economic diverse and sustainable community through the retention, promotion and development of affordable housing within the municipality to create stronger and healthier balanced communities

3.2 AFFORDABLE HOUSING POLICY STATEMENT

The gentrification of Leichhardt has meant that it is increasingly difficult to cater for those low to moderate income households for whom Leichhardt was previously a destination. Council recognises the significant impact of the loss of affordable housing on the Municipality, particularly at a time of declining housing affordability. Moreover, Council recognises the importance of maintaining a socio-economically and culturally diverse community through the provision of affordable housing. Affordable housing ensures that all persons within the community including nurses, school teachers, hospitality workers etc remain within the community and contribute toward a socially, environmentally and economically sustainable and vibrant municipality.

Council recognises through the Affordable Housing Statement that its role to support affordable housing is influenced by the responsibilities of other levels of government. Council is limited in its capacity to take over the roles traditionally played by state and federal governments as housing providers.

However, Council acknowledges that it has a role to play within the local housing market, and more specifically that Council:

- Ø Recognises the important role boarding houses and other forms of low cost accommodation play within the Municipality and that there is a need to maintain and encourage the retention of existing affordable housing within the Municipality
- Ø Supports working collaboratively with the State Government and/or other inner Sydney councils facing similar issues to address the declining stock of affordable housing, regionally
- Ø Recognises there is a need for the provision of affordable, adaptable and diverse housing within the Municipality
- Ø Recognises the need to advocate on behalf of the local community to lobby the State and Federal governments for collaborative action to address housing need and declining housing affordability
- Ø Believes that affordable housing is a necessary component of social mix and sustainable development, and that a contribution towards affordable housing makes a vital and appropriate contribution to the social capital of the community, to foster community well-being.

3.3 AFFORDABLE HOUSING POLICY INITIATIVES

3.3.1 Protecting affordable housing policy

Rationale

The loss of low cost accommodation providing affordable housing including boarding houses and residential flat buildings has had a significant impact on the level of available affordable housing in the Municipality. Leichhardt LGA contains a substantial number of boarding houses. They are a very important form of low cost housing within Leichhardt and provide accommodation for all types of persons within the community including the elderly, key workers, transient workers, students and others who are in need of flexible accommodation. Boarding houses also provide important informal social networks and referral services, for those in need⁴⁷.

Therefore it is important to assess the social impact of all relevant development proposals, redevelopments or refurbishment works that could threaten or have an impact on the existing supply of affordable housing, via a Social Impact Assessment (SIA). A SIA provides a basis for mitigating the impacts in line with the scale of the proposed development. Protecting the remaining low cost accommodation stock within the Municipality is a significant measure towards achieving Council's affordable housing goal.

Objective

To resist the loss of affordable housing and encourage the retention of existing affordable housing to maintain the socio-economic diversity within Leichhardt Municipality

Policy

- Ø Council is to resist the loss of low cost accommodation unless the existing floorspace is satisfactorily re-provided to an equivalent or greater standard elsewhere within the Municipality.
- Ø Council requires an applicant, including the Department of Housing, to submit a Social Impact Assessment (SIA) where the development application could threaten or have an impact on the existing supply of affordable housing and outline mitigation strategies, where the following circumstances apply:
 - rezoning proposals
 - redevelopment proposals including Department of Housing estates
 - refurbishment works
 - strata subdivision, demolition or change of use of boarding houses and residential flat buildings
- Ø Council to work towards retaining the supply, and where possible facilitate the development of additional new supply of affordable housing for key workers and other people on low-to-moderate incomes.

⁴⁷ HillPDA 2007

3.3.1.1 Protecting affordable housing Strategies

Action 1: Investigate mechanisms (including financial) to assist low-cost accommodation proprietors in the area.

Rationale: The viability of many low-cost accommodation providers is under significant pressure from high running costs, high insurance costs, ageing property and owners. Currently, Land Tax exemptions and Fire upgrade grants by the Department of Housing Financial Assistance program (to undertake essential fire safety works) assist owners and operators of boarding houses. In addition to these state-funded mechanisms, many Councils provide rate concessions for affordable housing providers, which reduce operating costs for providers within the Council area. The Local Government Act 1993 (LGA) makes provision for Boarding House operators to be deemed as 'residential' as opposed to 'commercial' for the purposes of annual Council rates. This enables Boarding Houses the benefit of reduced rates, which normally would have been applicable to business premises⁴⁹. These rebates and/or concessions have the potential to help owners remain viable and provide an incentive for the provision of boarding houses in the area and other forms of low cost accommodation.

Action 2: Implement a consistent and rigorous approach to the enforcement of the Affordable Rental Housing SEPP across Council

Rationale: Regulating processes of change by monitoring the demolition and/or change of use of particular housing types such as boarding houses, is essential in controlling the loss of affordable housing in the area. This requires collaboration between departments within Council including development assessment, compliance and strategic planning to verify conditions relating to Affordable Rental Housing SEPP have been satisfied. Developing best practice procedures for the assessment of applications subject to the Affordable Rental Housing SEPP and the use of mitigation strategies will ensure a thorough and consistent approach towards the retention of low cost rental accommodation in the area.

Action 3: Introduce specific controls and objectives within the new comprehensive LEP for the retention of affordable housing in a variety of types and tenures

Rationale: Past research has shown that a key factor in retaining boarding houses and other affordable accommodation is the inclusion of specific planning controls within a local environmental plan (LEP). Both Waverley and Randwick Councils have previously reinforced the provisions of SEPP 10 within their LEPs. In addition, objectives relating to the retention of affordable housing will send a clear signal to the community that loss of affordable housing is a matter of concern to Council.

Action 4: Require a Social Impact Assessment (SIA) for development applications and land rezonings that could threaten existing supply of affordable housing.

⁴⁹ City of Sydney 2004 Boarding House DCP

Rationale: It is important to assess the social impact of significant development proposals or redevelopments to provide a basis for mitigating the impacts in line with the scale of the proposed development. Impacts on the local housing market can include displacement of low cost accommodation, a change in housing choice, refurbishment works that lead to increased rents and an increased demand for housing assistance. Mitigating mechanisms may include requiring developers to contribute to the costs of re-housing tenants, providing for subsidized or capped rents or by donating money to a local affordable housing fund. This is in addition to taking into consideration the social impact of development outlined by Clause 79C of the Environmental Planning and Assessment Act 1979 in the determination of a development application⁵⁰.

Action 5: Maintain an up-to-date low cost accommodation database on all low cost accommodation within the Municipality and monitor local housing need

Rationale: An up-to-date low cost accommodation database containing information on all low cost accommodation in the area (including Affordable Rental Housing SEPP properties, hostels, pub accommodation, not-for-profit housing and Department of Housing properties) is essential to identify development applications that may threaten low - cost accommodation in the area. Annual fire inspections of boarding houses and other forms of low cost accommodation conducted by Council's compliance department are an excellent means of updating the database. The database can also be used as a management tool in monitoring and reporting on the level of affordable housing in the area. Furthermore, conducting an annual housing needs analysis provides the opportunity to monitor change within the local community and local housing market and identify appropriate responses to address housing need.

Action 6: Establish a working relationship with the Department of Housing for the planning and delivery of services to promote sustainable and socially diverse communities living in and around public housing in Leichhardt Municipality

Rationale: Establishing a working relationship between the Department of Housing and Council would provide the opportunity for better integration of services and coordination towards addressing the housing needs of social housing communities in Leichhardt. For example, redevelopment of Department of Housing estates within the Municipality presents an opportunity for both parties to work together to develop innovative solutions to address housing need in the area.

⁵⁰ NSW Department of Housing LGHK 2007

3.3.2 Promoting affordable housing policy

Rationale

Promoting new sources of affordable housing means encouraging provision through the private market of housing options that are more likely to meet the needs of low-to-moderate income households now and in the future. Opportunities to promote new sources of affordable housing exist through the planning system by ensuring that planning instruments contain overall planning objectives to promote affordable housing. Such objectives are legally useful and provide a basis for councils to encourage applications that contribute to affordable housing or housing choice within an area⁵¹. Other opportunities exist in assisting not-for-profit housing providers and other like organisations to facilitate affordable housing developments within the Municipality.

In addition Council, through an advocacy role, can raise awareness on affordable housing issues and needs to facilitate action by all levels of government and key stakeholders to achieve better housing outcomes for the community. Collaboration between all stakeholders (other inner metropolitan councils, Shelter NSW, Tenants Union and other like organisations) is essential to secure positive outcomes for affordable housing. This should include lobbying the State and Federal governments for increased provision of social and affordable housing in a coordinated manner and establishing working partnerships with other inner Sydney councils to undertake research and action towards addressing housing affordability cross local government area borders.

Objective

To encourage the provision of affordable, adaptable and diverse housing and raise awareness of affordable housing needs and issues to facilitate action

Policy

- Ø Council will encourage the provision of affordable, diverse and adaptable housing through land use plans, policies and assist where possible not-for-profit housing providers and other like organisations to meet existing and future housing needs.
- Ø Council will raise awareness of affordable housing needs of the community and the value of diversity for a healthy and balanced community, to facilitate action from all levels of government and key stakeholders to meet housing needs.
- Ø Council will collaborate with other inner Sydney councils facing similar issues to address declining housing affordability, regionally.

⁵¹ Department of Housing LGHK 2007

3.3.2.1 Promoting affordable housing Strategies

Action 1: Council to collaborate with other inner Sydney councils facing similar issues to address declining housing affordability, regionally.

Housing affordability issues are not confined by local government area borders. Adjoining councils often share similar housing market characteristics, as part of local and regional housing sub-markets. Therefore, a regional approach is needed in addressing housing affordability issues. Collaboration with adjoining councils and other councils facing similar issues allows for a comprehensive approach towards addressing declining housing affordability. This includes partnerships with other councils in pooling of resources to undertake research and training, to enter into joint venture projects for affordable housing development, to develop regional affordable housing strategies and action plans and lobby state and federal governments to address housing affordability issues, in a unified manner.

Action 2: Council through an advocacy role, raise awareness of affordable housing issues and call on the State and Federal Governments for increased affordable housing provision and collaborative action on improving housing affordability

Rationale: It is important that the local community and key stakeholders understand the issues surrounding housing affordability and the value of diversity for a healthy and balanced community. Information pertaining to local housing affordability needs and issues can be communicated through Council's media resources. This can include key demographic data, housing trends and the impacts of declining affordability on a community. By raising awareness on the importance of housing affordability, support for stronger actions to be taken by all levels of the government and key stakeholders on housing affordability can be achieved. Furthermore, Council through an advocacy role can collaborate with stakeholders (other inner metropolitan councils, Shelter NSW, Tenants Union and other like organisations) and lobby the State and Federal Governments for increased funding, support, planning and delivery services to increase the supply and access to affordable housing for all.

Action 3: Encourage the provision of affordable, diverse and adaptable housing to meet existing and future housing need

Rationale: Incorporating affordable housing provisions and objectives within the new comprehensive LEP (particularly within the higher-level aims of the LEP), will provide a surer basis for using the development assessment process for promoting, providing and/or protecting affordable housing within the area. Objectives and provisions within the new LEP will provide a clear policy signal to developers and the public for Council to facilitate affordable housing for the area⁵². Additionally, it ensures that zoning promotes housing choice and encourages the inclusion of a range of affordable and adaptable housing in term of size, style and density⁵³ including boarding houses and shop - top housing.

⁵² Shelter NSW 2006

⁵³ NSW Department of Housing LGHK 2007

Action 4: Explore ways to assist not-for-profit housing providers to address housing affordability issues within the Municipality

Rationale: By establishing working relationships with key not-for-profit housing providers in the area, Council may have the ability to assist (through resources or services) in the provision of affordable housing and in addressing housing need. This may include Council contributing land, property assets or funds (such as financial contributions collected through the Affordable Rental Housing SEPP and via negotiated planning agreements) towards affordable housing projects or establishing a housing trust fund to enable pooling resources with adjoining councils and not-for-profit organisations to enable a project of a viable size to be undertaken. There are numerous successful case studies across Australia, of local government partnerships with not-for-profit housing providers to develop affordable housing in the respective local government area.

Action 5: Investigate mechanisms such as fee waiving or other planning concessions as part of a negotiated planning agreement in exchange for affordable housing and as potential provisions within the new comprehensive LEP to encourage affordable housing development

Rationale: Introducing planning incentives for affordable housing through a variation of planning controls and/or development standards may encourage developers to incorporate affordable housing in new residential or mixed use developments. In general, this relates to situations where development standards are modified to reduce the cost of the development or housing and may result in variations to the provision of parking, height, setbacks, density and the amount of the required section 94 contributions. This could be investigated as part of a negotiated planning agreement or in developing affordable housing provisions within the new comprehensive LEP, to encourage development applications that contribute to affordable housing.

3.3.3 Developing Affordable Housing Policy

Rationale

Council seeks to encourage the provision of affordable housing within the Municipality, particularly given the limited development potential within Leichhardt. Capturing opportunities for additional dwelling supply and for a proportion of that to be affordable is essential. Council believes that affordable housing is a necessary component of the social mix and sustainable development. A contribution towards affordable housing makes a vital and appropriate contribution to the social, economic and environmental infrastructure of the community, and should be an integral part of any qualifying housing development.

Council will signal an intention to seek affordable housing contributions when land is to be rezoned. Specifically, Council will consider the need for land that is proposed to be re-zoned to provide diverse, affordable and adaptable housing and the impact of the rezoning on the existing and likely future mix of housing stock in the Municipality. In addition, Council will seek either a percentage of the total number of residential dwellings to be provided on site to be set aside as affordable housing or alternatively an equivalent monetary contribution, for all new qualifying development projects, on private or government owned land.

An affordable housing benchmark needs to be determined to provide a basis for negotiating a contribution. Development viability, site constraints, proximity of local services, access to public transport and Council planning controls and other planning objectives will all be taken into consideration when determining an affordable housing contribution.

Objective

To facilitate the provision of additional affordable housing within the Municipality

Policy

- Ø Before resolving to rezone land within Leichhardt Municipality, Council will take into consideration the following:
 - The need for the proposed rezoning to provide diverse housing that meets diverse housing need;
 - The need for the proposed rezoning to provide adaptable and affordable housing; and
 - The social impact of the proposed rezoning on the existing housing mix including affordability of the area.

- Ø Council will seek either a percentage of the total number of residential dwellings to be provided on site to be set aside as affordable housing or alternatively an equivalent monetary contribution, in respect of all new qualifying development projects, on private or government owned land.

3.3.3.1 Developing Affordable Housing Strategies

Action 1: Council to consider the provision of diverse, affordable and adaptable housing when land is rezoned and seek a minimum 10% affordable housing contribution for all new significant development projects, being: Government land, major developments (residential components) and significant rezoning (change in use to residential or an increase in residential density)

Rationale: Given Leichhardt's limited development potential and declining housing affordability, it is essential that where practical, Council facilitates the provision of additional affordable housing. Proponents of land rezonings and significant development applications stand to derive a significant financial benefit from the approval of a planning instrument change and/or development application consent, considering the high-land value, high-demand area of Leichhardt. Therefore, it is only reasonable that the proponent contributes a proportion of the expected land value gain and/or development profit towards a community benefit including affordable housing.

Council will signal an intention to seek affordable housing contributions when land is rezoned and/ or for significant development projects, with a focus on: Government land, major developments and significant rezoning. Specifically, Council will consider the need for land that is proposed to be rezoned to provide affordable housing and the impact of the rezoning on the existing and likely future mix of housing stock in the Municipality. In addition, Council will seek a component of the development to be set aside as affordable housing, in the order of 10% of the total number of residential dwellings. To achieve this, Council may enter into planning agreements in accordance with s93F of the EP&A Act.

Action 2: Ensure the new comprehensive LEP and DCP facilitates the provision of affordable housing

Rationale: Including affordable housing objectives and provisions within the new comprehensive LEP provides a clear basis for the facilitation of affordable housing within the Municipality. This can be done by requiring the proponent to demonstrate to Council how the development and/or rezoning will meet Councils affordable housing objectives 'to promote, protect and develop' affordable housing within the Municipality. This is particularly critical when developers stand to gain a significant increase in land value and/or development profit when land is rezoned.

Key mechanisms to ensure the comprehensive LEP facilitates the provision of affordable housing include incorporating affordable housing objectives within the higher - order aims of the comprehensive LEP and specific provisions on affordable housing relating to development and rezoning. Examples of affordable housing provisions include seeking a component of affordable housing when land is rezoned and/or for developments comprising of 10 or more residential dwellings or making affordable housing a consideration for master plan development. For example Randwick City Council has used their LEP 1998 to make affordable housing a consideration for master plan development applications eg. *'provision of housing mix and tenure choice, including affordable housing'*.

Furthermore, considering Leichhardt is listed as a local government area in need of affordable housing under SEPP 70, Council should consult with the Department of Planning and Infrastructure for the provisions of SEPP 70 to be extended to allow for inclusionary zoning mechanisms to be incorporated within Leichhardt's new comprehensive LEP.

3.4 Policy Review and Evaluation

The scope of this policy and strategy is to document Council's action to protect, promote and develop affordable housing within the Municipality. The affordable housing policy and strategy will be reviewed annually by Council's strategic planning department, reported back to Council, and amended where necessary to ensure the strategy and policy is kept relevant and up to date.

The review and evaluation will assess whether:

- The housing situation has improved or changed;
- Further action is necessary;
- Data analysis is up to date;
- Changes are required to the policy and strategy to achieve better outcomes.

PART 4 - LEICHHARDT AFFORDABLE HOUSING STRATEGY ACTION PLAN 2008

PROTECTING AFFORDABLE HOUSING POLICY OBJECTIVE				
<i>To resist the loss of affordable housing and encourage the retention of existing affordable housing to maintain the socio-economic diversity within Leichhardt Municipality</i>				
Strategy	Priority	Action	Responsibility	Suggested time frame
Require a Social Impact Assessment (SIA) for development applications and land rezonings that could threaten existing supply of affordable housing.	High	<ul style="list-style-type: none"> • Council implement a social impact assessment (SIA) policy and develop guidelines for when a SIA is required and how to prepare one. 	Social Planning/ Strategic Planning	Short
Investigate mechanisms (including financial) to assist low - cost accommodation proprietors in the area.	High	<ul style="list-style-type: none"> • Research and evaluate the feasibility of providing rate rebates for low-cost accommodation proprietors in the area and report back to Council. • Collate and disseminate information on mechanisms available to low - cost accommodation proprietors to encourage the retention of low cost accommodation in the area. 	Compliance/ Strategic Planning/ Finance	Short
Implement a consistent and rigorous approach to the enforcement of Affordable Rental Housing SEPP applications across Council.	Medium	<ul style="list-style-type: none"> • Establish a procedure for the assessment of Affordable Rental Housing SEPP applications and compliance to ensure a thorough and consistent approach towards the handling of Affordable Rental Housing SEPP applications and the retention of low-cost accommodation in the area 	Compliance/ Strategic Planning/ Development Assessment	Short
Introduce specific controls and objectives within the new comprehensive LEP for the retention of affordable housing in the area in a variety of types and tenures.	Medium	<ul style="list-style-type: none"> • Incorporate specific objectives relating to the retention of affordable housing within the new LEP. • Develop specific controls for the retention of low cost rental accommodation for inclusion into the new comprehensive LEP and DCP. 	Strategic Planning	Medium
Establish a working relationship with the DoH for the planning and delivery of services to promote sustainable and	Medium	<ul style="list-style-type: none"> • Engage with the DoH to discuss local housing needs, issues and future projects in the area to achieve better housing outcomes for the area. 	Social Planning/ Strategic Planning	On-going

socially diverse communities living in and around public housing in Leichhardt municipality.				
Maintain an up – to - date low cost accommodation database and monitor housing needs within the area.	Low	<ul style="list-style-type: none"> • Update Council's information on low cost accommodation in the area and maintain a single database on all low - cost accommodation in the area including DoH properties. • Regularly maintain the database through annual compliance audits and development applications. • Undertake regular monitoring of local housing need and market trends and respond accordingly. 	Compliance/Strategic Planning/ Development Assessment/ GIS/ Rates	On-going

KEY

PRIORITY

High – to be actioned within 12 months
 Medium – to be actioned within 2 years
 Low – to be actioned when practical

SUGGESTED TIMEFRAME

Short – 0 - 12 months
 Medium – 1 – 2 years
 Long - 2 – 3 years
 On-going – no specific timeframe

PROMOTING AFFORDABLE HOUSING POLICY OBJECTIVE

To encourage the provision of affordable, adaptable and diverse housing and raise awareness of affordable housing needs and issues to facilitate action

Strategy	Priority	Action	Responsibility	Suggested time Frame
Council through an advocacy role, raise awareness on affordable housing issues and call on the State and Federal governments for increased affordable housing provision and collaborative action on improving housing affordability.	High	<ul style="list-style-type: none"> • Council to collaborate with stakeholders (other inner metropolitan Councils, Shelter NSW, Tenants Union and other like organisations) to advocate on behalf of the local community and call on the State and Federal governments for additional affordable and social housing. • Disseminate information on affordable housing issues within the municipality including local housing needs and housing market analysis, the value of diversity and the impacts of declining housing affordability on the local community, using Council's media resources. 	Social planning and strategic planning	On-going
Council to collaborate with other inner Sydney councils facing similar issues to address declining housing affordability, regionally	High	<ul style="list-style-type: none"> • Establish working partnerships with other inner metropolitan councils to undertake research, explore opportunities and actions to facilitate the provision of affordable housing and lobby the state and federal government for increased provision of social and affordable housing, in a unified manner. • Council officers to attend and participate in key housing seminars and networks such as Shelter NSW affordable housing network. 	Social planning and strategic planning	On-going
Encourage the provision of affordable, diverse and adaptable housing to meet existing and future housing needs, as part of the new	Medium	<ul style="list-style-type: none"> • Ensure the new comprehensive LEP includes objectives to encourage the provision of housing mix and choice including affordable 	Strategic Planning	Medium

comprehensive LEP		<p>and adaptable housing</p> <ul style="list-style-type: none"> • Ensure that zoning within the new comprehensive LEP, promotes housing choice and encourages the inclusion of a range of affordable and adaptable housing in terms of size, style and density • Transfer Council's existing Cl.19 of LLEP 2000 diverse dwelling types and adaptable housing clause to the new comprehensive LEP 		
Explore mechanisms to assist not-for-profit housing providers to address housing affordability issues within the Municipality	Low	<ul style="list-style-type: none"> • Initiate discussions with not-for-profit housing providers to identify mechanisms in which Council can assist these organisations to address housing affordability issues within the Municipality. • Undertake an audit of Council's and other state government land and property holdings to identify potential sites for development of affordable housing within the Municipality. 	Strategic Planning/ Social Planning/ Property services	On-going
Investigate mechanisms such as fee waiving or other planning concessions as part of a negotiated planning agreement and/or as potential provisions within the new comprehensive LEP to encourage the development of affordable housing.	Low	<ul style="list-style-type: none"> • Investigate the feasibility of providing mechanisms such as fee waiving or other planning concessions on development standards as part of a negotiated planning agreement and/or as provisions within the new comprehensive LEP to encourage the development of affordable housing. 	Development Assessment/Strategic Planning	Medium

DEVELOPING AFFORDABLE HOUSING POLICY OBJECTIVE

To facilitate the provision of affordable housing within the Municipality

Strategy	Priority	Action	Responsibility	Suggested time Frame
Council to consider the provision of diverse, affordable and adaptable housing when land is developed and seek a % contribution for all new significant developments being: Government land, major developments and significant rezonings	High	<ul style="list-style-type: none"> • Upon release of any new Regulations in respect of the recently amended EP&A Act, Council consider : <ul style="list-style-type: none"> • adopting an Affordable Housing Policy, and/or • amending its Planning Agreement policy which sets out Council's policy, principles and procedures relating to planning agreements. • Council consult with the Centre for Affordable Housing to ensure proposals including affordable housing provisions are secure. 	Strategic Planning, Development Assessment and Social Planning	Short - medium
Ensure the new comprehensive LEP and DCP facilitates the provision of affordable housing	Medium	<ul style="list-style-type: none"> • Ensure affordable housing objectives are included within the higher order aim of the new comprehensive LEP 'to facilitate the provision of affordable housing' • Investigate affordable housing provisions such as the requirement of affordable housing contributions when land is rezoned and/or for new development projects, within the new comprehensive LEP. • Council consult with the Department of Planning and Infrastructure for the provisions of Affordable Rental Housing SEPP to apply to Leichhardt, for inclusionary zoning mechanisms within the new comprehensive LEP. 	Strategic Planning	Medium

Glossary

Adaptable housing: refers to the means of designing a house/unit that enables easy and relatively cheap adaptation to make it fully comply with access standards (AS 4299 Adaptable Housing – Class C). This housing is designed in such a way that it can be easily modified in the future to meet changing needs of occupants.

Affordable housing: refers to housing offered at a price or rent that is within the means of lower income households, and is appropriate to their needs. Affordable housing may be produced in the market or through the non profit sector, and is usually subsidised in some way.

Community housing: see social housing

Housing affordability: The rent or purchase price of housing that is appropriate to the needs of a household compared to the capacity of that household to pay, which is usually measured by the level of household income.

Housing assistance: diversity of ways that governments assist households who cannot access suitable housing in the market.

Housing provider: A public, private or not for profit agency that provides housing services.

Housing stress: Refers to lower income households with high housing costs, specifically those households whose gross income falls in the bottom 40% of the income distribution

Inclusionary zoning: The incorporation of provisions within a planning instrument requiring the inclusion of certain uses or facilities as a mandatory requirement for development approval - can be used to require that a development include a component of affordable housing or a monetary contribution towards the provision of such housing.

Income definitions: very low, low and moderate income households

- A very low income household is defined as having 50% or less of median household income.
- Low income households are those with between 50% and 80% of median household income.
- Moderate income households have income between 80% and 120% of median household income.

Key workers: Low and medium waged workers who provide essential community services eg teachers, police workers, child care workers, retail, trade and service workers.

Median household income: Median income is a widely used measure of typical or average income. It represents the income level at which 50% of the population (or households) have lower incomes and 50% have higher incomes.

Planning agreements: A voluntary agreement between a planning authority (or authorities) and a developer under which the developer agrees that as part of a development proposal or rezoning that a monetary, land or other contribution will be made towards an agreed public purpose. The Environmental Planning and Assessment Amendment (Developer Contributions) Act 2005, sets out certain provisions regulating the making and implementation of certain planning agreements. May also be referred to as Developer Agreements.

Public housing: see social housing

Social capital: Our social networks – how we relate to each other – and the social norms (rules) and trust that underpin these – the ‘glue’ that holds our networks together. Policies and programmes addressing this concept are designed to promote well developed social networks and higher levels of trust and reciprocity in communities.

Social housing: forms of subsidised housing, usually rental, for designated households. In Australia includes: -

- Public housing: Social housing owned and operated by public agencies.
- Community housing: Social housing managed (and sometime owned) by a not for profit community based organisation.
- Indigenous community housing: Social housing owned and (usually) managed by indigenous community organisations.

Statistical division: A Statistical Division (SD) is an Australian Standard Geographical Classification (ASGC) defined area which represents a large, general purpose, regional type geographic area. SDs represent relatively homogeneous regions characterised by identifiable social and economic links between the inhabitants and between the economic units within the region, under the unifying influence of one or more major towns or cities. They consist of one or more Statistical Subdivisions (SSDs)⁵⁴.

Statistical Subdivision (SSD): consists of one or more adjoining statistical local areas that are socially and economically alike, as defined by Australian Standard Geographical Classification (ASGC). People in an SSD usually associate with each other in areas such as employment, health, education, tourism and industry, or share transport and communication networks eg Inner Sydney Statistical Subdivision⁵⁵.

Sustainable development: Activity that achieves mutually reinforcing economic, social and environmental benefits without compromising the needs of future generations.

Source: Definitions of terms have been taken from the NSW Local Government Housing Kit, unless otherwise stated:
<http://www.housing.nsw.gov.au/NR/rdonlyres/7DA7E8A7-93F1-442E-A5B9-FA9B9A398FA8/0/GlossaryReferencesandAdditionalResources.pdf>

⁵⁴ www.abs.gov.au
⁵⁵ www.abs.gov.au

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