

Randwick City Council: using planning agreements for affordable housing

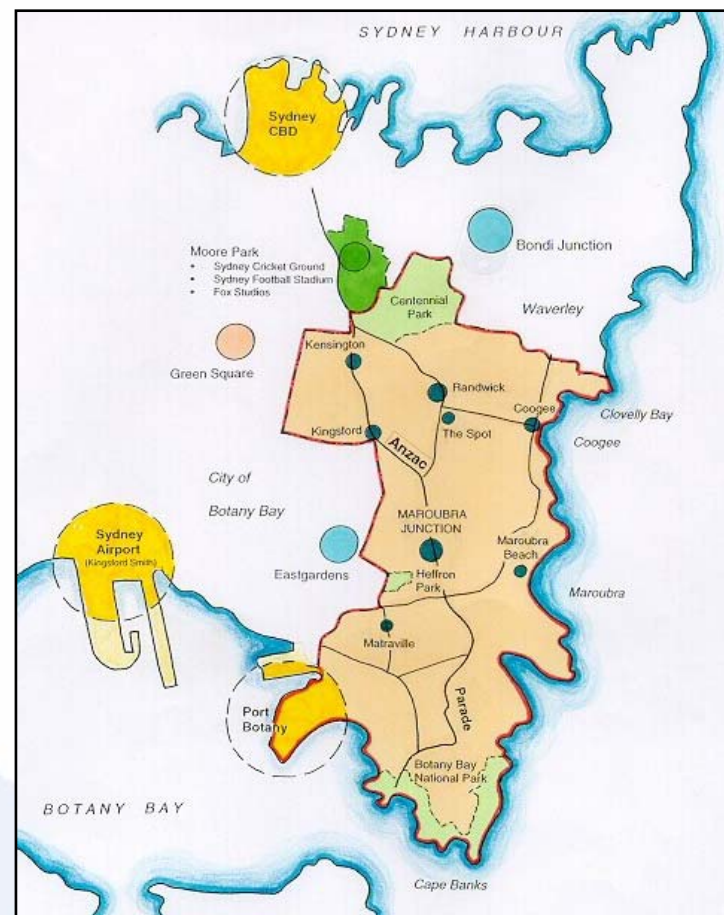
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CONTEXT

- Highly urban and densely populated
- Population of 123,200 (2001)
- Area 36 sq. km
- Median weekly rents for 2 bed (2001)
 - house - \$340
 - unit - \$320
- Major employment node
 - 4 hospitals, UNSW, TAFE, Port Botany



Population characteristics

- 18-24 years: 14% of population (10% SSD)
- 25-39 years: 28% of population (24% SSD)



BACKGROUND

- Housing affordability declined 1990s
- Housing Needs Study 1999 recommended:
 - s94 contribution (pre-SEPP 70)
 - Joint venture with OCH (current)
 - Affordable housing provisions in LEP
 - Facilitate variety of types/forms
 - Voluntary Negotiation Process



Voluntary Negotiation Process

- Master Planning provisions of LEP
- Introduced in 2000
- Total of 15 dwellings negotiated
- 5 units about to be transferred to Council



Two Examples

- Pacific Square, Maroubra Junction
 - Mixed use zone
 - Residential development above shopping centre
 - 500+ dwellings
 - 5 affordable dwellings



2 Examples

- Prince Henry Hospital Site, Little Bay
 - Redevelopment zone
 - 820 dwellings
 - 34 hectares
 - “Brown” site
 - 8 affordable dwellings
 - Approx 200 aged care facilities (self care & high care)



Pre-requisites

- Redevelopment sites requiring master plans:
 - >4,000sq m
 - >100 or more dwellings
- Underpinned by LEP clause 40A (5)(k)
- 1% of total dwellings proposed to be transferred to Council
- Each party bears own costs

Pre-requisites cont.

- Outcomes reflected in adopted master plan or development consent.
- Deferred commencement condition
 - Consent inoperable until Deed of Agreement signed

Pacific Square, Maroubra Junction

- Early discussion during master planning
- Planning concession provided
 - Reduced car parking requirements
 - Justification: proximity to services & transport



Prince Henry Site – Little Bay

- Negotiation with Landcom during master planning
- Council document to assist preparation of master plan “Preliminary Guidelines + Principles for Developing a Master Plan”.
 - Site specific guidelines prepared by Council - requirements for affordable housing

Critical success factors

- Proactive and persistent
- Allocate time to facilitate process
- Raise affordable housing requirements at start
- Justify planning incentives/concessions
- Political support

Deed of Agreement Clause

Formal agreement for dedication of 1% of dwellings, integrated within Master Plan area.

The mix will comprise:

- 1 x 1 bedroom apartment,
- 5 x 2 bedroom apartment, and
- 2 x 3 bedroom apartment,

The internal and external finishes of the affordable housing dwellings will be in accordance with site design guidelines for dwellings as a whole in the precinct.

Post-Planning Agreement

What happens to the affordable dwellings?

Affordable Housing Rental Program :

- Employees and/or residents
- Low-moderate income
- Maximum tenancy period 5 years, 12 monthly lease
- Looking at a discounted market rent policy(<75%)

Post-Planning Agreement

What happens to the affordable dwellings?

- Establishment of Affordable Housing Rental Program.
 - Cost neutral
 - At “arms’ length”
- Randwick considered 3 possible management framework or system:

Post-Planning Agreement Management Framework Options

1. Transfer ownership of negotiated housing stock to a preferred housing association
 - Restrictive covenant placed on title for use as affordable housing
 - Local employees or residents to have preference.

Post-Planning Agreement Management Framework Options

2. Council ownership and employs a HA to undertake day to day and cyclical property and tenancy management functions.
 - Partnership approached – shared responsibility, with tasks clearly defined.
 - Deed of Management Agreement sets out the responsibilities of both parties
 - Council responsible for major upgrades and overall rental housing policy and program
 - HA selected via a EOI
 - Property portfolio head-leased to HA

Post-Planning Agreement Management Framework Options

3. Council owns properties and head leases entire portfolio to HA on a long term basis at peppercorn rent.
 - HA paid management fee
 - Deed of Agreement, setting out program requirements
 - HA responsible for the management of affordable rental housing program in its entirety, including property management.
 - At end of lease, property to be returned in a condition commensurate with the age and likely life-span of the building.
 - HA is allowed to utilise any accrued surplus funds for affordable housing purposes.
 - Limited responsibility on Council's part, once every 5 years, or on a needs basis.

Be Alert, not Alarmed

- GST Implications – on new properties
 - Seeking assistance from Centre for Affordable Housing to secure a ruling from Tax Office on this issue.
 - Uncertainty for affordable dwellings negotiated under new provisions of EP&A Act
 - Planning Notes recommended a process to circumvent GST liability but suggest legal advice be sought.

Be Alert, not Alarmed

- Classification of property - Community Vs operational
- All assets must be classified.
 - Operational gives Council the flexibility to make prompt commercial decisions within a competitive environment.
 - E.g. Selling to minimise maintenance liability, modify stock to better suit needs profile.