



Housing Sydneysiders

Submission to the
NSW Department of Infrastructure,
Planning and Natural Resources
on the Sydney Metropolitan Strategy

Shelter NSW
November 2004

About Shelter NSW

Shelter NSW is a community-based, state-wide, peak body, which promotes the housing interests of low-income and disadvantaged people in New South Wales.

Shelter's mission is to work for a just and equitable housing system. We

- promote a coordinated response within the community sector to housing issues impacting on access to housing by low-income and disadvantaged people;
- work with and influence government and relevant community sector organizations to develop housing policies and programs that meet the needs of low-income and disadvantaged people and offer appropriate housing solutions;
- increase public awareness of housing issues and support for adequate and sustainable responses;
- research and develop responses to housing issues;
- provide quality information, assistance and support to the community sector, members and other stakeholders.

Contact:

Mary Perkins

Ph. 9267 5733

mary@shelternsw.org.au

Shelter NSW

www.shelternsw.org.au

Suite 2, Level 4, 377 Sussex Street, Sydney 2000

Headlines

Sydney has a housing (un)affordability problem.

We can see the effects of this problem now. There is a strong clustering and ‘locking in’ of lower-income people in the rental tenures. In some cases this socio-tenorial marginalization is reinforced by the location of low-income Sydneysiders’ dwellings in older suburbs characterized by poor-quality housing condition, and by concentrations of people from non-English speaking backgrounds.

Ignoring the problem and its effects will not create a city that is economically competitive or socially just.

The problem is not something that is likely to be ‘corrected’ by market action. Rather, we need to have ‘countervailing’ actions.

The actions should be ‘joined-up’, government sector interventions, across a range of portfolios (including the state government’s tax policies and expenditure programs).

The primary responsibility for provision of affordable housing rests with the state government through the Department of Housing. Local governments should not be expected to take over that role.

The planning system can, however, play a value-adding role in addressing housing unaffordability and promoting affordable housing, as acknowledged by the objects of the Environmental Planning and Assessment Act.

It would do this more effectively if the planning ministers were to allow local governments to levy developers for affordable housing where there is densification or loss of affordable housing stock in existing areas, and where there are value-capture opportunities in greenfield sites.

It would do this more effectively if the planning ministers were to allow local governments to include provisions in their local environmental plans to consider loss of affordable housing when assessing development applications, and to require affordable housing to be considered in masterplans.

Contents

1. Introduction	1
2. Two key challenges	2
2.1 Housing (un)affordability	2
2.2 Strengthening communities	9
3. Three planning directions	10
3.1 Building new towns (direction no.4)	10
3.1.1 Land releases	11
3.1.2 The north-west and south-west sectors.....	13
3.1.3 Affordable housing.....	14
3.2 Renewing existing areas (direction no.5)	20
3.2.1 Densification.....	20
3.2.2 Run-down housing stock	21
3.2.3 Affordable housing.....	22
3.2.4 Affordable housing – state and local government roles	24
3.3 Use appropriate funding and governance arrangements (direction no.9).....	28
3.3.1 Infrastructure financing	28
3.3.2 Regeneration models	30
4. One implementation concern.....	32
List of recommendations	33
Endnotes	35

‘Cities and towns should bring into proximity a broad spectrum of public and private uses to support a regional economy that benefits people of all incomes. Affordable housing should be distributed throughout the region to match job opportunities and to avoid concentrations of poverty.’
– Charter of the New Urbanism (USA), 1996

1. Introduction

The Minister for Infrastructure and Planning, Craig Knowles MP, has invited the NSW public to comment on a discussion paper he released on 30 September about a new town planning strategy for greater Sydney.

That *Metropolitan Strategy discussion paper* (Department of Infrastructure, Planning and Natural Resources, September 2004) followed an earlier *Metropolitan Strategy ministerial directions paper* (Department of Infrastructure, Planning and Natural Resources, May 2004).

The papers covered a range of environmental, economic and social issues as they relate to land use. It is clear, though, that housing issues are central. Houses are what the people of Sydney live in. And the greater Sydney conurbation houses 25% of Australia’s people.

Various documents associated with the Sydney Metropolitan Strategy preparation process, and the debate around it in the mass media, point to:

- continued growth of the population of the city;
- a net immigration rate of some 800 people a week;
- a need for 450,000 new dwellings in Sydney to house anticipated population growth over the next 30 years;
- the changing nature of Sydneysiders’ households (particularly the formation of smaller-sized households), adding exponentially to the total number of households;
- the failure of past land release programs to accommodate the growth in population to the extent planners anticipated they would;
- high consumer demand for large houses on the fringe;
- pressure by the development industry for removal of barriers (such as restrictions on land use and various development-related taxes) to unfettered capital accumulation.

It is not strictly possible to discuss the housing circumstances of people without mentioning the other facets of their life that constitute *standards of living*, or the extra facets of their life that constitute *quality of life*, or the interrelationships that contribute to *economic and social sustainability*, or the interrelationships with the *natural* world in which we live – the land, air, sea and rivers, and the other living entities (fauna and flora) with which we co-habit those places. However, that is what this submission will do. We expect other nongovernment organizations like the NSW Council of Social Service, Total Environment Centre, Nature Conservation Council of NSW, and Unions NSW will submit on a wider range of issues. For reasons of economy and expertise, this submission focuses on housing provision and community-strengthening.

This submission focuses on two key challenges for Sydney:

- housing unaffordability
- sustainable communities

Our submission focuses on three directions proposed in the *Discussion paper*:

- ‘building liveable new communities’ (proposed direction no.4)
- renewing existing areas (proposed direction no.5)
- using appropriate funding and governance arrangements (proposed direction no.9)

2. Two key challenges

This section focuses on two key challenges for Sydney:

- housing unaffordability
- social mix

2.1 Housing (un)affordability

There was a curious slip between the *Metropolitan Strategy ministerial directions paper* released in May 2004 and the *Metropolitan Strategy discussion paper* released in September.

The *Directions paper* acknowledged a relative decrease in housing affordability for homebuyers between 1996 and 2003 (p.17). It also stated that a diversity of housing types and social mix were important in creating and maintaining balanced communities, and that the availability of housing for a range of income groups helped to generate social mix. It also stated that the availability of reasonably priced housing would minimize travel times for ‘lower income and key workers delivering essential services’ (p.19). It identified this challenge: ‘To ensure a suitable supply of affordable housing to rent or purchase for those on low to moderate incomes.’ (p.20) And it asked these questions: ‘Should SEPP 70 – Affordable Housing (Revised Schemes) be extended to provide Local Government with the flexibility to increase the supply of affordable housing? ... Is there a need for affordable rental accommodation and homes for purchase for key workers such as nurses, police and train and bus drivers who deliver essential services to the community?’ (p.21)

Yet these observations, challenges and questions failed to have an impact on the September *Discussion paper*. All there is is a statement, under proposed direction no.5, ‘Renewing existing areas’, that: ‘Renewing existing areas creates opportunities to improve run-down housing stock and plan for a greater mix of housing, to buy or rent at a range of prices.’

How might we interpret this statement? Does it give us a roadmap for gentrification of the inner and middle-ring suburbs and for construction of the high-rise apartment buildings for middle-income earners at key commercial centers that we already see at Bondi Junction and Hurstville? Does it address the challenge raised in the *Directions paper*?

The silence of the *Discussion paper* on housing affordability and affordable housing is all the more remarkable because comparable consultative documents on metropolitan planning for the Brisbane and Perth regions, on exhibition in the same time period, do so.¹

The draft regional plan for south-east Queensland proposes a principle for urban form (principle 2.6): ‘Housing mix and affordability – provide for a variety and mix of dwelling type, size and tenure to meet diverse community needs and achieve housing choice and affordability throughout the region.’² As part of the implementation process for the plan, local governments would prepare local growth management strategies that will, among other things, ‘investigate the projected housing needs, and the diversity and affordability of housing types required for the future community’.³ The draft plan repeats a commitment to affordable housing as a principle for strong communities (principle 3.4): ‘Affordable housing – all communities will have access to appropriate and affordable housing; well located in relation to services, open space and employment; and responsive to the needs of existing and future residents.’⁴

These proposals by the Queensland government follow on from similar commitments in the *South east Queensland regional framework for growth management*. The objective for residential development includes a principle (7.6): ‘Affordable housing and land should be distributed throughout the region to match community needs and be well located in relation to open space, recreation, services and employment’.⁵ The principle is repeated under the plan’s objective for social justice and human services. That plan included finalization of a Queensland affordable housing strategy, which was in fact done.⁶

The draft planning strategy for Perth and Peel identifies eight headline statements or key themes, one of which is: ‘Provide for affordable housing’.⁷ One of the priority actions for the priority strategy, ‘planning for a livable city’, is:

Report on housing affordability impacts, in the context of other sustainability factors, when setting housing targets, infrastructure charges, reviewing approval processes and determining the location and staging of urban growth.

The draft strategy acknowledged the limitations on the extent to which land use and development-based systems can be used to redress social inequities but it proposes that: ‘At the very least, the planning system should not exacerbate existing differences and should be used wherever possible to optimise people’s lifestyle opportunities and choices. In doing so, it is important to recognise that Perth residents consider all areas of the city – both existing and new – should have a share of affordable housing.’⁸

It proposes these key actions (among others) to implement affordable housing initiatives:

- ensuring an adequate proportion of affordable housing is maintained throughout the metropolitan area, with possible approaches including requiring major residential developments to include a proportion of affordable housing;
- ensuring that public and community housing is maintained throughout the metropolitan area;
- requiring local planning provisions to reflect consideration of housing affordability; and

- preparing a Statement of Planning Policy for affordable private, public and community housing.

These high-level commitments in the draft south-east Queensland and Perth planning strategies reflect a similar commitment made in the Melbourne planning strategy, *Melbourne 2030*.⁹ Policy 6.1 commits the state government to increase the supply of well-located affordable housing. Implementation initiatives include:

- increasing the supply of affordable housing through joint venture programs with the Urban and Regional Land Corporation, the Office of Housing, local councils and the not-for-profit sector; and
- working with all stakeholders, including the Office of Housing and the private sector, to identify opportunities and develop techniques and solutions to facilitate a mix of private, affordable and social housing in Transit City projects.¹⁰

Why does it matter that the NSW government, through its Department of Infrastructure, Planning and Natural Resources, is apparently to be indifferent to Sydney's housing (un)affordability problem?

It matters because ignoring the problem and its effects will not create a city that is economically competitive or socially just.

We can see the effect of this problem now. There are Sydneysiders in housing stress.

A fifth of the households in eastern Australia in housing unaffordability are in Sydney.¹¹ Nine of the top twenty ABS statistical local areas with the highest estimated number of households in unaffordable housing are in Sydney. See Table 1. All statistical local areas in Sydney have a very high number of households in unaffordable housing, compared to other statistical local areas in eastern Australia. An estimated 7% of Sydney households are in housing unaffordability.¹²

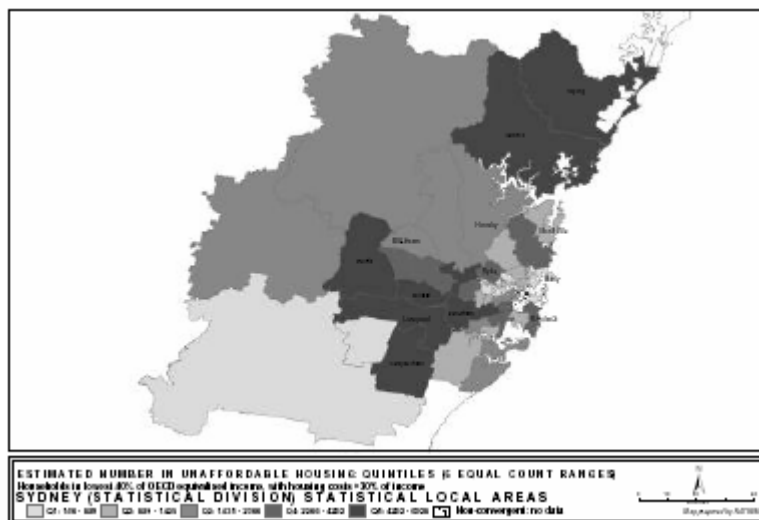
There is an east–west and north–south division in Sydney in relation to housing unaffordability, determined by income distributions. Housing unaffordability is spatially skewed to the south-west and west, and to Gosford and Wyong.¹³ See Figure 1.

TABLE 1: TWENTY LOCAL AREAS WITH HIGHEST ESTIMATED NUMBER IN UNAFFORDABLE HOUSING

ABS statistical local area	Estimated number in unaffordable housing
Fairfield (C)	6,928
Wollongong (C)	6,763
Newcastle (C) – remainder	6,434
Canterbury (C)	5,878
Lake Macquarie (C)	5,809
Wyong (A)	5,266
Gosford (C)	5,047
Liverpool (C)	5,008
Bankstown (C)	5,005
Parramatta (C)	5,000
Penrith (C)	4,465
Campbelltown (C)	4,381
Randwick (C)	4,262
Blacktown (C) – south-west	3,176
Port Phillip (C) – St Kilda	3,086
Glen Eira (C) – Caulfield	3,083
Frankston (C) – west	3,037
Maribyrnong (C)	2,990
Darebin (C) – Preston	2,860
Greater Dandenong (C) – bal	2,832

Source: Elizabeth Taylor, Ann Harding, Rachel Lloyd and Marcus Blake, 'Housing unaffordability at the statistical local area level: new estimates using spatial microsimulation', paper to the 2004 ANZRSAI conference, Wollongong, National Centre for Social and Economic Modelling, University of Canberra, Canberra, September 2004, p.22.

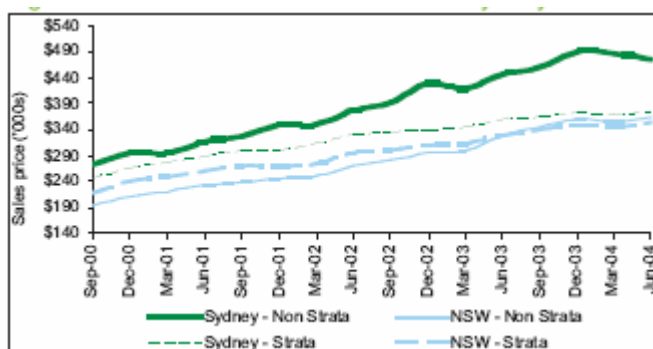
FIGURE 1: ESTIMATED NUMBER OF SYDNEY HOUSEHOLDS IN UNAFFORDABLE HOUSING (QUINTILES)



Source: Elizabeth Taylor, Ann Harding, Rachel Lloyd and Marcus Blake, 'Housing unaffordability at the statistical local area level: new estimates using spatial microsimulation', paper to the 2004 ANZRSAI conference, Wollongong, National Centre for Social and Economic Modelling, University of Canberra, Canberra, September 2004, Figure 9, p.40.

Median selling prices for houses have been rapidly increasing since a price slump in September 2000. See *Figure 2: Trends in median sales price for all dwellings, Sydney*. Prices are noticeably higher in inner-ring suburbs of Sydney than in middle- and outer-ring suburbs or in the rest of the greater metropolitan area (Wollongong, Central Coast, Lake Macquarie and Newcastle).

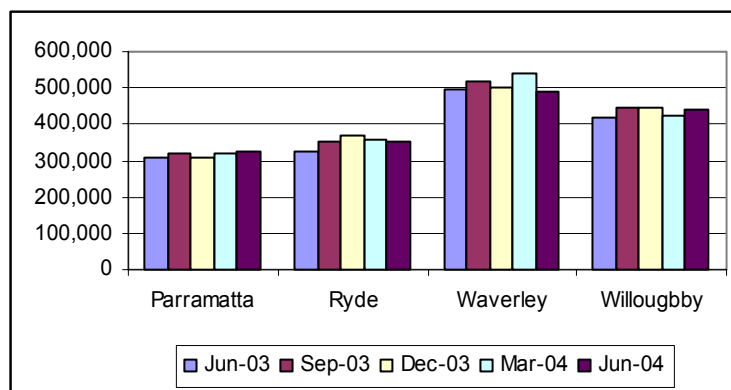
FIGURE 2: TRENDS IN MEDIAN SALES PRICE FOR ALL DWELLINGS, SYDNEY



Source: Department of Housing, *Rent and Sales Report*, no.69, 2004.

Figure 3 indicates the median sale prices for strata dwellings in four local government areas over the last year.

FIGURE 3: SALE PRICES FOR STRATA DWELLINGS IN FOUR AREAS (\$)



Source: Department of Housing, *Rent and Sales Report*, no.65, 2003; no.66, 2003; no.67, 2004; no.68, 2004; no.69, 2004.

The price barrier to initial market entry (first home purchase) is having a generational impact and is evident even in western Sydney, the subregion 'traditionally' seen to be accessible to lower-income and younger homebuyers. Data prepared by WESTIR for the Western Sydney Regional Organization of Councils indicate it takes 11 years for a 25-34 year-old on an average income to meet the average house purchase price in western Sydney. See Table 2.

TABLE 2: COMPARISON OF ESTIMATED INCOME OF 25-34 YEAR-OLDS AND AVERAGE SALES PRICE OF ALL DWELLINGS IN GREATER WESTERN SYDNEY, 2000-04

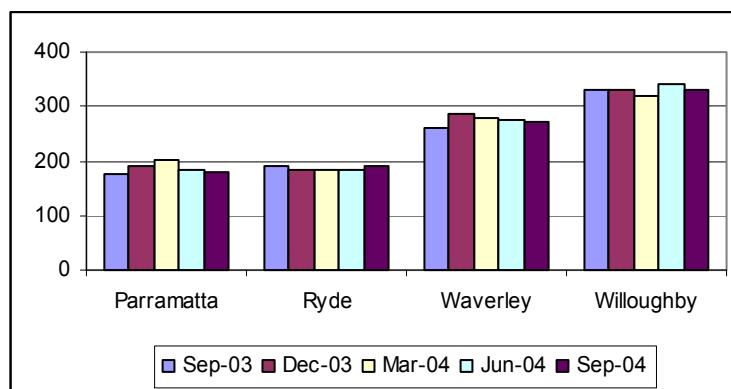
Year	Estimated average income (\$)	Average sale price (\$)	Number of years salary equal to sale price
2000	27,262	218,357	8.0
2001	28,643	244,071	8.5
2002	30,095	298,214	9.9
2003	31,621	349,429	11.1
2004	33,225	369,786	11.1
% increase 2000-04	21.9 %	69.3 %	39.0 %

Source: Colin Berryman with WESTIR, 'Housing affordability in greater western Sydney: sale price, median rent and income changes from 2000 to 2004', unpublished paper, Western Sydney Regional Organization of Councils, August 2004. Data prepared by WESTIR.

Private renters – or least middle- and higher-income private renters – have been beneficiaries to an extent of the explosion of private investment in housing in higher priced upproperties, in that greater supply has been associated with higher vacancy rates and slower rates of rent increases. Nevertheless rents have been increasing, with an average of \$5 for the 12-month period to the end of September 2004.¹⁴

Figure 4 indicates the median weekly rent for new tenancies in 1-bedroom flats and units in four local government areas over the last year.

FIGURE 4: RENTS FOR NEW PRIVATE TENANCIES FOR 1-BEDROOM FLATS IN FOUR AREAS (\$)



Source: Department of Housing, *Rent and Sales Report*, no.65, 2003; no.66, 2003; no.67, 2004; no.68, 2004; no.69, 2004.

The housing unaffordability problem for new home purchasers has been matched with a lack of supply of affordable rental housing for people who cannot afford to enter the private homeownership market. Increases in supply in rental have been at the upper segments of the market. So, at the same time as the costs of first home purchase have risen, we also see:

- a decline in the supply of low-rent private rental housing; and
- an atrophy in the supply of subsidized-rent public rental housing.

There is a strong clustering and ‘locking in’ of lower-income people in the rental tenures.¹⁵ In some cases this socio-tenurial marginalization is reinforced by the location of low-income Sydneysiders’ dwellings in older suburbs characterized by poor-quality housing condition, and by concentrations of people from non-English speaking backgrounds. The ‘new communities’ being built by the private sector on the fringe have ‘glass gates’ against low-income people, welfare recipients, and the more stigmatized ethnic minorities.¹⁶

In 2002, households with low-moderate incomes of up to \$447 a week (the lowest 22% of household incomes) who were renting privately experienced shortages in the supply of private rental dwellings. There was a shortage of 36,000 such dwellings in Sydney: see Table 3. This shortage was greater than the shortages in the other state capitals.¹⁷

TABLE 3: SHORTAGE OF AFFORDABLE PRIVATE RENTAL HOUSING IN SYDNEY

	Weekly income \$2001	Sydney	Rest of New South Wales
Low	< \$ 223	-14,000	-9,000
Low	< \$ 335	-24,000	-3,000
Low-moderate	< \$ 447	-36,000	9,000
Low-moderate	< \$ 558	-27,000	36,000
Moderate	< \$ 670	13,000	51,000
Moderate	< \$ 782	31,000	44,000
Moderate	< \$ 893	49,000	38,000
Moderate-high	< \$ 1,117	68,000	24,000
Moderate-high	< \$ 1,340	68,000	14,000
High	< \$ 1,675	52,000	7,000
High	< \$ 2,234	10,000	0
High	\$ 2,234+	0	0

Source: Judith Yates, Maryann Wulff and Margaret Reynolds, *Changes in the supply of and need for low rent dwellings in the private rental market*, Australasian Housing and Urban Research Institute, Melbourne, June 2004, p.51.

Social rental housing cannot play a role of a ‘waiting room’ for people saving to enter private homeownership because it has become *welfare housing*, with a residualized customer catchment and a low fiscal priority for state and federal governments. New South Wales has a public housing stock of 125,216 with a 98% occupancy rate.¹⁸ Of the 123,088 public housing tenant households, 91% are assisted with rebated rents (i.e. they pay less than market rent). Fifty-two percent of new tenancies are allocated to households with special needs (e.g. Aboriginality, disability, youth, old age). There are 84,954 applicants on the waiting list for a new tenancy. Most of the stock is in greater Sydney, and this is where the greatest demand is (with coastal areas experiencing similar pressures).

This public housing stock is supplemented by 10,004 tenantable dwellings in the community housing sector and 3,967 tenantable dwellings in the aboriginal housing sector.¹⁹

The problem of housing unaffordability, and its mirror, a lack of affordable housing in the rental tenures, is not something that is likely to be ‘corrected’ by market action. Rather, we need to have ‘countervailing’ actions that will mitigate, or compensate for, the negative impacts.

The actions should be ‘joined-up’, government sector interventions, across a range of portfolios (including the state government’s tax policies and expenditure programs).

2.2 Strengthening communities

Good housing outcomes cannot be achieved without consideration of livability, employment opportunities, access to mass transit, and social capital. Shelter engages in these matters through our engagement with other community organizations, but we will not discuss them in this submission. We do, however, point to draft benchmarks for social outcomes from urban development being considered by the NCOSS Forum of Nongovernment Organizations (to which we belong) – see Box 1. These indicate the range of interventions that are necessary to ensure social sustainability in the city.

BOX 1: FONGA BENCHMARKS FOR SOCIAL OUTCOMES FROM URBAN DEVELOPMENT

- Social mix – diversity of income types, household types and cultural backgrounds;
- Affordable housing – 15 % of total housing units delivering public and social housing, low cost private rental and lower income home ownership;
- Adaptable housing – 20 % of total housing units delivering positive designs for people with disabilities, older people and other people with mobility needs;
- Adequate levels of properly resourced services and facilities – at least equivalent to State per capita average (services include children’s, youth, community care, primary and community health, education and training, neighbourhood centres and family support, community and cultural development);
- Implement SEPP 66 Transport Guidelines;
- Adequate resident access through public and community transport to services, employment, shopping, sport and recreation;
- Adequate service sector businesses spread across the development and appropriate resident access to job opportunities across the region;
- Public open space which ensures community life and enhances community safety;
- Genuine participation of all sections of the community and stakeholders in all facets of the land use decision making process (from concept to design to approval to implementation); and
- Best practice communication strategies implemented by developers and the responsible Government agencies so as to genuinely involve local communities.

Source: Forum of Nongovernment Organizations, December 2003.

3. Three planning directions

This section focuses on three directions proposed in the *Discussion paper*:

- ‘building liveable new communities’ (proposed direction no.4)
- renewing existing areas (proposed direction no.5)
- using appropriate funding and governance arrangements (proposed direction no.9)

3.1 Building new towns (direction no.4)

The major component of Sydney’s growth is in the form of continuing suburbanization and an extension of urbanized area into peri-urban regions. While population growth rates in the city core (focused on the Sydney CBD) increased in the 1990s, rates of population growth in the inner- and middle-ring suburbs are still below those in the outer suburbs. See Table 4.

TABLE 4: ANNUAL AVERAGE RATES OF POPULATION GROWTH (%) IN SYDNEY, 1994–1995

Core	Inner	Middle	Outer	Fringe	All zones
1.9	1.0	1.0	1.6	0.9	1.4

Source: Peter W Newton and others, *Australia state of the environment report 2001 (theme report): human settlements*, CSIRO Publishing/Department of Environment and Heritage, 2001, online at <www.deh.gov.au/soe/2001/settlements/settlements02-2a.html>, viewed 19 November 2004.

The urban development of Sydney is a highly sensitive matter because of the negative impact on the natural environment and also on previous human-made environments like farmland. This environmental sensitivity is not reflected in the *Discussion paper*: proposed direction 1 and proposed direction 4 signal an intensification of urban sprawl for Sydney, and they sit beside growth strategies for the neighboring regions of the Central Coast, lower Hunter and the Illawarra.

The NSW government seems to want to reinforce a path of continued population growth and urban footprint through proposed direction no.4, ‘Build liveable new communities’, which is a coded way of supporting urban sprawl in the north-west and south-west sectors.

The intensification of urban development in the metropolitan areas, which already accommodate the vast majority of the people of the state, also sits alongside other characteristics of urban development in New South Wales – similar over-development of the coastal strip, and decay of smaller, inland towns (offset by growth of a few regional sponge cities). Changing economies and demographics of smaller inland towns means they cannot service the economic and social purposes for which they were founded and built, and many are becoming warehouses for older people as the young leave for the larger, coastal zones. This lopsided nature of urban development around the state has adverse implications for natural environments and for communities.

The government does not have an integrated, whole-of-state population and human settlements policy in which the processes of demographic change, economic restructuring, environmental degradation, community development and urban growth, can be managed.

RECOMMENDATION 1: THAT THE GOVERNMENT DEVELOP AN INTEGRATED, WHOLE-OF-STATE POPULATION AND HUMAN SETTLEMENTS POLICY TO MANAGE THE PROCESSES OF DEMOGRAPHIC CHANGE, ECONOMIC RESTRUCTURING, ENVIRONMENTAL DEGRADATION, COMMUNITY DEVELOPMENT, AND URBAN GROWTH.

Other OECD countries have a contrasting approach to the effectively unrestrained growth of cities in Australia. Germany, with a population of 83 million, has only 5 cities with more than 1 million people. Of those, only one is maxi-city – a city with a population more than 5 million – and it is a conglomeration of historically different cities (the Ruhrgebiet). See Box 2. In all of Europe there will be only five cities with populations of 5 million or more by 2020 (the Ruhrgebiet, Paris, Moscow, London, St Petersburg).

BOX 2: POPULATION OF THE LARGEST CITIES IN GERMANY

Ruhrgebiet 5,400,000	Frankfurt-am-Main 650,000
Berlin 3,400,000	Stuttgart 590,000
Hamburg 1,700,000	Düsseldorf 570,000
Munich 1,200,000	Bremen 550,000
Cologne 1,020,000	

3.1.1 Land releases

Part, or perhaps most, of the push for more urban sprawl is coming from the housing construction and property development industry, for reasons of capital accumulation. Those interests have turned concern about costs of first home purchase into advocacy for their sectoral expansion, focusing on land supply and on (state and local) government taxes (charges and fees).

There are a number of reasons for the high cost of home purchase in Sydney, and the supply of raw land is *one* of them – the city has some ‘natural’ limits because of geography and topography, and is desirable for a number of social and economic reasons. Typical market laws of demand and supply suggest a direct causality between land availability and price inflation, because of the scarcity premium on the value of land.

Raw (undeveloped) land can contribute between about 10% and 22% of production cost. (See Table 5 and Table 6.)

TABLE 5: INDICATIVE COSTS OF PRODUCTION AT THE SYDNEY URBAN FRINGE

	Detached dwelling, 500 square meters, 12 dph gross	Detached/attached dwelling, small lot, 15 dph gross	Multi-story unit, 25 dph gross
Land:			
Raw land	37,500	30,000	18,000
Professional fees	2,000	2,000	2,000
Development	37,000	31,000	18,000
Finance	4,500	5,000	7,000
Project management	2,000	2,000	2,000
Building:			
First 100 m ²	60,000	60,000	80,000
Finance	1,400	1,600	4,000
Sales and marketing	14,000	12,000	15,000
Profit	15,000	14,000	18,000
Total	173,400	157,600	164,000

Source: Adapted from Richard Cardew, Andrew Parnell and Bill Randolph, *Sydney housing affordability review*, Urban Frontiers Program issues paper 3, University of Western Sydney, Campbelltown, 2000, p.19.²⁰

TABLE 6: RESIDENTIAL LAND COSTS (\$ PER LOT): AN ILLUSTRATION FROM BLACKTOWN, 2002

	Amount (\$)	Percentage of land cost (%)
Acquisition (raw land)	73,700	46
Direct servicing	25,250	16
External and indirect authority requirements	2,000	1
Government taxes and charges	31,750	20
Financial and management	18,800	12
Selling costs	7,880	5
Total development costs	159,380	100
Net selling price	191,256	
GST	11,795	
		Percentage of package (%)
Gross land price	203,051	60
House price	135,000	40
House and land package	338,051	100

Source: ACIL Consulting, 'Landcost: the impact of land costs on housing affordability', report to the Urban Development Institute of Australia, Canberra, 2002, p.8. Note: The authors use what they describe as a 'typical home' for this table. It is the 'Owen' built by New Harvest Homes, which has a total area of 177.8m², 4 bedrooms, 2 bathrooms, a family room and an integrated double garage.

The land development industry uses an aggregate concept of 'land' when complaining about the cost of land, i.e. the cost of developed land with relevant government charges; so, in the example in Table 6, the cost of raw land is only 46% of total land cost.

Cardew, Parnell and Randolph refer to a 1999 study done by Spiller Gibbins Swan for the then Department of Urban Affairs and Planning, which found *no fault* with

the conventional hypothesis that a greater supply of land would lead to lower prices, but found *insufficient empirical evidence to base a policy conclusion*.²¹ Land prices could be affected by diverse factors such as whether developers amass land banks, whether the land has been planned and serviced, the rate of return expected by volume land developers, the mix of developer types, the sizes of land parcels, the extent of competition in the market and barriers to market entry, and the stage of the property cycle. Cardew, Parnell and Randolph concluded that there did not appear to be an immediate problem of land supply *overall*, because there were still quantities of surplus government land and obsolescent industrial land awaiting release within the urban area, and the middle suburbs had yet to be explored comprehensively for development opportunities.

We should question whether development on the urban fringe represents an efficient use of the available land. Research done for the Commonwealth government in the early 1990s suggested it was important to consider these matters:²²

- *specific user costs*, i.e. the cost of developing and providing resources to such land causing undue increases in the purchase price of dwellings, especially detached dwellings on large blocks;
- *social opportunity costs*, i.e. the loss of alternative benefits to society arising from the use of the land for non-residential purposes, such as parks, nature reserves, industrial estates, market gardens or farmland²³;
- *infrastructure costs*, i.e. the pressures on scarce public funds of having to provide billions of dollars worth of infrastructure to such residential land, including the diseconomies of scale arising from low-density development;
- *environmental costs*, in particular, air pollution arising from excessive private motor vehicle use in travelling across the urban sprawl, and water pollution caused by run-off into rivers and water-supply catchment areas.

In view of these factors, a proposal by environmental groups for an *urban growth boundary* beyond which there would be no more land releases for urban purposes²⁴, is more compatible with a sustainability vision, than are the massive land releases planned by the government for the north-west and south-west of the city. Where this concept has been applied, in Melbourne and some US cities such as Portland, critics have alleged it has decreased housing affordability, but the allegation has not been sustained with credible evidence.²⁵

3.1.2 The north-west and south-west sectors

The north-west and south-west sectors are both problematic from an environmental and urban governance perspective.

A key problem for the government in the north-west sector is that the major predecessor development in the area, the Rouse Hill development, is a planning failure, despite the efforts of the state planning department in the early 1990s and the (re)presentation of Rouse Hill as best practice in town planning. There was no public transport infrastructure, and car ownership is high and Old Windsor Road is badly congested. More over-development will exacerbate existing problems.

The government says it will have rail infrastructure in place before the new areas – these could cater for a population of up to 150,000 – are released. However, staging of urban infrastructure with land releases is a perennial challenge for the planning department.

In the south-west, Bringelly also presents environmental and social problems to urban development. The environmental risks are particularly grave. The South Creek valley is subject to higher than average levels of air pollution as a result of sea breezes pushing smog from central Sydney: the valley is a sinkhole for pollution from the Sydney basin. The government's plan for development allows for a new town comprised of the estate-style development that appeals to a certain submarket of moderate-income earners (the '4 bedrooms, 2 bathrooms, a family room and an integrated double garage'). Prices for houses in outer-ring suburbs in south-western Sydney can be higher than house prices in middle-ring suburbs.

3.1.3 Affordable housing

The development industry is pushing for the creation of new suburbs on the fringe that are and will be (*glass*) *gated communities*. Gates are formally erected against low-income people through pricing. Gates are informally erected against ethnic minorities and Aboriginals through deployment of a distinct cultural esthetic and lifestyle. It is not too much of an exaggeration to suggest that the new fringe suburbs promoted by the development industry and state government represent a 'white flight' from the established suburbs, especially from the middle-ring suburbs in central-western Sydney.²⁶

For this reason a vision of social mix for the city suggests that initiatives to promote affordable housing are not something that need be restricted to the inner and northern suburbs. The *Discussion paper* says nothing about housing affordability or affordable housing in the release areas. In contrast, the draft regional plan for south-east Queensland proposes that the following criteria must be satisfied before any urban development takes place in an area being investigated for urban development:²⁷

- New developments will be structure planned to create balanced communities with a *guaranteed range and mix of housing types and prices*.
- Affordable housing will be included as an *integral component* of the development.

NSW planning schemes have not, on the whole, caught up with the changing demographic of western Sydney. They implicitly assume the population is still defined by low-income first home purchasers.

Sydney Regional Environmental Plan no.19 – Rouse Hill Development Area, gazetted in September 1989, did aim to have a variety of housing types, tenures and prices provided.

However, the regional environmental plan for the former ADI site at St Marys (Sydney Regional Environmental Plan no.30 – St Marys) gazetted in January 2001 has as performance objectives for housing on the site:

(1) Residential development on the land to which this plan applies will provide for a choice of housing and allotment types and sizes, including multi-unit housing, attached housing and detached housing.

(2) The residential buildings in each precinct are to contain a range of housing styles and densities

The precinct plans prepared under Part 3 of the Regional Environmental Plan do not have to consider provision of affordable housing (though the planning minister may require them to). A variety of housing types and sizes does not of itself ensure a supply of affordable housing.

The provisions of the Penrith Local Environmental Plan for the important north Penrith precinct also do not contain consideration of affordable housing (see section 35, Penrith Local Environmental Plan 1998 (Urban Land)). In the same local government area, the Penrith Lakes scheme which has a 3,700 lot housing component does not include a commitment to affordable housing.

Some developers may develop affordable housing products of their own accord. These market-based approaches nevertheless rely on government assistance through action such as relaxation of regulatory controls. A Landcom 'smart housing' demonstration project at Forest Glade in Parklea, in 2002-2003, included a component (20%) of 'moderate-income housing' at Forest Glade in Parklea, in 2002-2003. A masterplanning exercise for the site led to Blacktown local government council adopting a site-specific development control plan. This allowed for reduced minimum lot sizes, efficient lot design (zipper and zero setbacks), and efficient house design.²⁸ These concessions, combined with other factors, made it possible for Landcom to produce more housing than would normally have been feasible from the site, at a reduced cost. The extra value generated from the site was transferred to the moderate-income dwellings to make them cheaper for consumers/purchasers to buy. The provision and maintenance of affordable housing was a condition imposed by the council when agreeing to flexibility of development controls. In granting design flexibility, the council required guarantees for acceptable quality and amenity in housing, lots and estate design.²⁹

This case highlights two points:

- Provision for affordable housing is appropriate for greenfield sites in outer suburbs.
- Government action through the planning and assessment system can facilitate such provision.

The planning system can play a value-adding role in addressing housing unaffordability and promoting affordable housing, as acknowledged by the Environmental Planning and Assessment Act object 5(a)(xviii).³⁰

The Forest Glade settlement basically took the form of a planning agreement. Planning agreements as a vehicle for affordable housing present major challenges. There are risks in transparency, accountability, and potential corruption. They can produce ad hoc decisions and uncertainty for developers and councillors. The Environmental Planning and Assessment Amendment (Planning Agreements) Bill 2003 introduced into the Legislative Council in 2003 but withdrawn on 29 June this year would have gone some way to satisfying concerns about (post hoc)

transparency and accountability, but not about potential corruption, uncertainty, and ad-hockery. Experience in England has shown that the negotiation process can be long and contribute to lengthening the assessment process by as much as three years; moreover, local governments there have often settled for relatively small contributions.³¹

We suggest that there would be greater certainty if three changes were made to the planning system in the areas of:

- state environmental planning policy
- regional environmental planning policy
- local environmental plans

The key action the government should take as a **state environmental planning policy** is to solve the impasse provided by the wording of section 94F of the Act that prevents councils from levying developers for affordable housing using inclusionary zoning. The section was written by the legislators to enable councils to use the development assessment process to collect developer contributions for affordable housing. However, the capacity of local governments to use this section is being thwarted by the state government. That is because a council may not impose development conditions unless the planning minister approves certain matters: those matters are an authorization by provisions in a relevant state environmental planning policy as required by sections 94F (1) and (3)(a) of the Act. No planning minister has yet introduced or approved a state environmental planning policy to satisfy those two sections of the Act for all councils who might wish to use them, even though the Act was amended to allow for such development conditions in 2000 (four years ago).

The government needs to solve this absurd situation by either:

- introducing a comprehensive state environmental planning policy on affordable housing to satisfy sections 94F(1) and (3)(a) of the Act and which would readily include or cover all councils, at least in the Greater Metropolitan Region (though there is a case for including the entire coastal zone, too);
- expanding the coverage of State Environmental Planning Policy 70 – Affordable Housing (Revised Schemes) to a council’s planning instruments on request – such a request was made to the government by Parramatta council a year ago and has not been agreed to by the government; or
- seeking Parliament’s support for amendments to section 94F so that a state environmental planning policy is not required before councils may use the other provisions of the section to levy developers for affordable housing.

Until very recently the government’s support for inclusionary zoning approaches to affordable housing has only been the validation of schemes in Willoughby and the City of Sydney through the introduction of SEPP 70 (more than two years ago).

However, the government has recently proposed the use of s94F for ‘State significant development’ in Redfern-Waterloo and the former Carlton United Brewery site at Broadway, Sydney, under its Redfern-Waterloo Authority Bill 2004 introduced into Parliament on 11 November. The affordable housing contributions would be paid into a Redfern-Waterloo Fund under the control of the proposed Redfern-Waterloo Authority.

Protection and promotion of affordable housing is an important matter for inner-ring suburbs. And those matters are not unimportant for middle- and outer-ring suburbs. Indeed new private housing estates on greenfield sites are likely to yield windfall gains for developers from the development process itself, as government drives ahead with land releases and rezonings of non-urban land, so it is appropriate that there be some value capture for government in the form of developer dedications of affordable housing.

RECOMMENDATION 2: THAT THE GOVERNMENT SOLVE THE PROBLEM OF MOST COUNCILS NOT BEING ABLE TO USE SECTION 94F OF THE ENVIRONMENTAL PLANNING AND ASSESSMENT ACT TO COLLECT DEVELOPER CONTRIBUTIONS FOR AFFORDABLE HOUSING BY EITHER:
(A) INTRODUCING A COMPREHENSIVE STATE ENVIRONMENTAL PLANNING POLICY ON AFFORDABLE HOUSING TO SATISFY SECTIONS 94F(1) AND (3)(A) OF THE ACT AND WHICH WOULD READILY INCLUDE OR COVER ALL COUNCILS IN THE GREATER METROPOLITAN REGION;
(B) EXPANDING THE COVERAGE OF STATE ENVIRONMENTAL PLANNING POLICY 70 – AFFORDABLE HOUSING (REVISED SCHEMES) TO A COUNCIL’S PLANNING INSTRUMENTS ON REQUEST; OR
(C) SEEKING PARLIAMENT’S SUPPORT FOR AMENDMENTS TO SECTION 94F SO THAT A STATE ENVIRONMENTAL PLANNING POLICY IS NOT REQUIRED BEFORE COUNCILS MAY USE THE OTHER PROVISIONS OF THE SECTION TO LEVY DEVELOPERS FOR AFFORDABLE HOUSING.

In relation to **regional environmental plans**, if they are to continue to be used – and there might not be a strong argument for them in the more simplified planning regime foreshadowed by the government in its announcements of 30 September – then the housing performance indicators (see page 14, above) need to include reference to affordable housing.

RECOMMENDATION 3: THAT ANY REGIONAL ENVIRONMENTAL PLAN PREPARED FOR THE NORTH-WEST AND SOUTH-WEST SECTORS INCLUDE PROMOTION AND PROVISION OF AFFORDABLE HOUSING AS A PLANNING OBJECTIVE.

In relation to **local environmental plans**, there are two matters that the government should encourage through the standard template for local environmental plans being prepared by the Department of Infrastructure, Planning and Natural Resources.

- Inclusion of these two aims in the general aims of each general (local government area-wide) local government plan:³²
 - Encourage the provision of a housing mix and choice including affordable housing in the area.
 - Encourage the retention of affordable housing in the area in a variety of types and tenures.
- Inclusion of this objective in the objectives of residential zones:
 - Enable a mix of housing types to encourage housing affordability.
- Inclusion of model clauses for schemes for dedications or contributions for affordable housing (‘affordable housing schemes’) that would satisfy s.94F (3)(b) of the Act.³³

- Inclusion of this matter as a matter for masterplans for sites larger than 4,000 square meters to address proposals:
 - provision of housing mix and tenure choice including affordable housing

RECOMMENDATION 4: THAT THE GOVERNMENT IMPLEMENT STANDARD PROVISIONS FOR LOCAL ENVIRONMENTAL PLANS TO:

(A) PROVIDE, AS AIMS, THE ENCOURAGEMENT OF THE PROVISION OF A HOUSING MIX AND CHOICE INCLUDING AFFORDABLE HOUSING IN THE AREA, AND THE ENCOURAGEMENT OF THE RETENTION OF AFFORDABLE HOUSING IN THE AREA IN A VARIETY OF TYPES AND TENURES;

(B) PROVIDE, AS AN OBJECTIVE OF RESIDENTIAL ZONES, THE ENABLING OF A MIX OF HOUSING TYPES TO ENCOURAGE HOUSING AFFORDABILITY;

(C) PROVIDE CLAUSES FOR SCHEMES FOR DEDICATIONS OR CONTRIBUTIONS FOR AFFORDABLE HOUSING ('AFFORDABLE HOUSING SCHEMES') THAT WOULD SATISFY S.94F (3)(B) OF THE ACT; AND

(D) PROVIDE FOR MASTERPLANS FOR SITES LARGER THAN 4,000 SQUARE METERS TO ADDRESS PROPOSALS FOR PROVISION OF HOUSING MIX AND TENURE CHOICE INCLUDING AFFORDABLE HOUSING.

Inclusionary zoning provisions (and, even in the case of England, planning agreement regimes for affordable housing) typically set a proportion of the new housing to be set aside for the affordable housing.

The Forum of Nongovernment Organizations (FONGA) has proposed a social outcomes benchmark from new urban development for affordable housing as 15% of total housing units delivering public and social housing, low cost private rental, and lower income home ownership. (See Box 1.) This target figure for affordable housing is comprised of contributions from various sources including the government-financed public and community housing program, market-based initiatives, purchasers of private housing who do so for investment purposes not owner-occupation, and other sources.

The planning instruments currently in existence that do stipulate a set-aside proportion of affordable housing financed by developer levies have different quotas. The Sydney REP no.26 – City West provisions apply at a value equivalent of 0.8% of the floor space area of residential development and at 1.1% of the floor space area of development that is not exclusively residential. The Green Square provisions apply to residential development in the relevant zones at a value equivalent of 3% of the floor space area of the development, and at 4% of the floor space area for non-residential development. The Willoughby LEP provisions apply at a value equivalent of 4% of the floor space area of residential development.

These set-aside quotas do not give much of a guide to what proportion of the affordable housing target promoted by bodies like the FONGA should be financed from developer levies through the planning system. The City West and Green Square precincts are in inner-city brownfield sites with particular economic opportunities where the set-aside quota is possibly not capturing enough of the value being gained by developers. The current maximum target of 4% at Willoughby is in an established, middle-class area.

The leading local authority to use inclusionary zoning in the USA is Montgomery County, Maryland, which has required developers of more than 50 residential units to set aside 12.5% to 15% 'moderately priced dwelling units', dispersed throughout their subdivisions, since 1973; the developers get a 22% density bonus in return. Cambridge, Massachusetts, requires the inclusion of 15% of units in any new residential development of 10 or more units (or 10,000 square feet or larger) to be dedicated to low- and moderate-income housing; in return, the city offers a density bonus of a 30% increase in the allowable floor space ratio and allows the developer to build two additional units for each required affordable unit. In Boston, Massachusetts, a private project that includes 10 or more units of housing and requires zoning relief is required to make no less than 10% of the total number of units affordable to moderate-income households; if they choose to provide such units off-site, they must provide a number of affordable units equal to 15% of the total number of market-rate units. In San Francisco, California, the inclusionary zoning rules require 12% affordably-priced units as part of market-rate developments; if the developer opts to provide the affordable units off-site they must provide a number of units equal to 17% of the total number of market-rate units. In addition to local programs in California, that state's Community Redevelopment Law and the Coast Act mandate inclusionary zoning within redevelopment areas and the coastal zone respectively, with 15% of units developed by the private sector to be affordable. Vancouver, Canada, requires that 20% of the base density of new residential units be designated for affordable housing in new neighborhoods, triggered by rezoning.

A different approach to that taken by those north American cities is one used in by local governments in greater London. Unlike those north American examples, the London boroughs negotiate developer dedications of affordable housing as part of the process of considering and approving development applications. The agreements have to relate to the proposed development, take account of the commercial viability of each housing project, and strike a balance between obtaining a reasonable level of community benefit and not undermining the commercial rationale for the development.³⁴ The legal basis to the agreements is a weak provision in a law of the Westminster parliament, the Town and Country Planning Act 1990 (section 106).³⁵ The government has issued a policy guidance (2000) and a circular (1998) to guide council's implementation of the law, and in London the Greater London Authority has released a strategic plan (2004) that includes affordable housing aims and a supplementary planning guidance (2004).³⁶

This regime does not require borough councils to seek any specific target of affordable housing within new private sector developments. Rather, it requires them to '... seek the maximum reasonable amount of affordable housing, when negotiating on individual private residential and mixed use sites, taking into account individual site costs, the availability of public subsidy and other scheme requirements.'³⁷ There is an overall London-wide target of 50% of all additional housing to be affordable, but this target includes 'affordable housing from all sources and not just that secured through planning obligations'.³⁸

The *London plan* explicitly sees developer-contributed affordable housing through agreements as one of a number of initiatives, the most important of which is a social housing subsidy program. Indeed, some 70% of sites where section 106

contributions have been collected rely on the government's social housing grant subsidy, and only 8% of affordable units come from planning agreements without any government subsidy.³⁹

The plan does not require each council to set the same affordable housing target for their area, in recognition that the conurbation does not have a homogenous housing market. However the *draft supplementary planning guidance – affordable housing* advises boroughs to seek to apply affordable housing requirements to all sites where there is a capacity to provide 15 or more units, and encourages them to seek a lower threshold through their local environmental planning process 'where this can be justified'.⁴⁰

The main result of the section 106 system after a decade of operation has not been to increase the supply of affordable housing, but to change the location of where new social housing is provided.⁴¹

The concept of '**maximum reasonable amount**' is a useful one. If it is a fair social goal to aim for 15% of new housing in greenfield areas to be affordable, as the FONGA has proposed, then what is the 'maximum reasonable amount' that should or could be levied from developers? The answer will depend on the commitments by social housing providers to build or acquire social housing in the area and the business decisions of developers (including but not only Landcom) to construct 'moderate income housing'. If the commitments by those agencies are limited, then there could be higher expectations on private developers to contribute a higher proportion of the desired affordable housing. This might not be unreasonable where developers are reaping benefits from rezonings and upzonings.

Note that in London the preference is for the affordable housing units to be provided as part of a development, not off-site or through a financial contribution instead. The exceptions are sites where there are existing concentrations of particular types of social housing and there are demonstrable benefits to be gained by providing the new units in a different location, such as to create more socially balanced communities, or to provide a particular type of housing, such as family housing. The London council thinks it might be more reasonable to consider a financial contribution from a small site rather than seeking on-site provision.⁴² In release areas where large estates are developed, the circumstances envisaged by those exceptions are probably not going to be present, and a social mix perspective suggests affordable housing should be provided within the development.

3.2 Renewing existing areas (direction no.5)

3.2.1 Densification

The government has a policy of seeking to have 70% of new dwellings within the existing boundaries of Sydney and 30% of new dwellings built on the fringe. It also seeks to have 65% of new homes built in multiple-unit dwellings; the proportion was 54% in 1998 and 27% in 1978. While the number of higher density dwellings has increased at a higher rate than separate houses, separate dwellings remain more than 75% of stock. Nevertheless Sydney has the highest proportion of higher

density housing than any other capital city in Australia (36% of all dwellings in the city, followed by Darwin with 30%).⁴³

Policies of densification, or ‘urban consolidation’, in middle- and inner-ring suburbs have met resistance from many existing residents, and arguments around this seem to be a mix of the ‘good’ (objections to unesthetic projects and to ‘overdevelopment’) and the ‘bad’ (nimbyism, snobbery). A study of urban consolidation in Campbelltown, Hurstville and Sutherland by researchers from the University of Western Sydney found a crude association between urban consolidation and housing affordability, in as much as strata-title dwellings are generally or often cheaper than other dwellings.⁴⁴ While medium-density sale prices for strata-title dwellings fell relative to non-strata dwellings, this did not happen for rents. Medium-density housing seems to have particular significance for access to private rental housing by people on lower incomes. The University of Western Sydney researchers concluded:⁴⁵

Sustainable ends must include the provision of affordable housing stock: a key aim of consolidation policy. Ways must be found to meet this aim which guarantee the quality, diversity and sustainability of affordable higher density housing stock in the longer term. To ensure a better social mix in the long term there would be advantage in preventing major concentrations of multi-unit developments at either end of the market. Consolidation seeks to increase urban diversity, in choice and outcomes, not homogeneity.

3.2.2 Run-down housing stock

The *Discussion paper* features the situation of run-down stock as a concern under this Direction.

There is a growing concentration of disadvantage in some older, middle-ring suburbs.⁴⁶ The dwellings in these suburbs were typically built between 1950 and 1970 and do not meet contemporary standards and tastes; the populations are bifurcated between aging Anglo-Celtic Australians and younger families from diverse cultural and linguistic backgrounds. These suburbs also have high proportions of private renters, important pockets of public housing (e.g. South Granville, Telopea, Dundas, Ermington, Wentworthville), and large number of sole-parent households.

The stressed middle-ring suburbs are important for low-income Sydneysiders. While attention to the condition of dwellings is something that needs to be given, the situation in those suburbs cannot be reduced to consideration of run-down stock, and by implication from the *Discussion paper*, demolitions and construction of high rise around railway stations and along transport corridors.

Asset-based regeneration strategies do not succeed on their own, as the Department of Housing has found with its estate renewal efforts. The Department began a neighborhood improvement program in 1995 – following pilots in Airs, Macquarie Fields, and Waterloo in 1994. It had a high focus on physical improvements of precinct design and to dwellings; though it also incorporated tenancy management

and social inclusion strategies. An evaluation of the program in Airds found that physical development of the suburb alone would be unlikely to achieve a significant reduction in social problems, since the major social problems there were not primarily caused by poor design; but that expenditures on physical redevelopment were justified by a likely increase in resident satisfaction and lower tenancy turnover.⁴⁷

Redevelopment of these stressed areas where the redevelopment focuses on upzonings and medium-density housing forms will not improve housing affordability or quality of life for those Sydneysiders who live there; to the contrary. It is more likely to result in their displacement and further loss of stock that is affordable.

The challenge is how to improve the stock while keeping these suburbs accessible to low-income earners, especially private renters.

3.2.3 Affordable housing

Affordable housing has a role in stabilizing the churning of population in the stressed middle-ring suburbs.

The ways in which the planning system can facilitate affordable housing in greenfield areas (see page 16) are also relevant to established areas. We repeat our recommendation for government action to:

- resolve the problem with section 94F of the Act (see page 16); and
- introduce template provisions for affordable housing in local environmental plans (see page 17).

We indicated that the set-aside quotas in the affordable housing schemes for the City West and Green Square precincts might be too low (see page 18). In key brownfield sites it is possible to see a high set-aside quota as viable. In the Kelvin Grove Urban Village project in inner Brisbane, a public-private partnership between the Queensland Department of Housing and the Queensland University Technology, 135 of the 800 dwellings (16%) will be affordable housing units managed by the Brisbane Housing Company.⁴⁸

This suggests that it would be reasonable to achieve an affordable housing set-aside of 20% on the former Carlton United Brewery site in Chippendale. A high set-aside would be justified by the site's size, immediate proximity to the state's major railway node, and proximity to the central business district and to key state-significant institutions like two universities and convention and mass tourism facilities.

The key instrument for councils to use to intervene in market-based changes to the supply of affordable housing in the private rental housing market is State Environmental Planning Policy no 10 – Retention of Low-cost Rental Accommodation. An intervention of this nature can only have a limited impact, by slowing down the process of such stock in prime real estate areas. It is not an alternative to supply and demand side assistance to renters through the social housing and social security systems. There is some skepticism in local government

milieus about the efficacy of the instrument, but we think it should be retained at least to send a signal to the market that negative social impacts such as loss of affordable housing are appropriate matters for consideration.

The Department of Infrastructure, Planning and Natural Resources commissioned consultant John Nicolades to do a substantial review of SEPP 10, the report from which was finished in July 2004. We suspect this report might be a useful contribution to discussion on options to improve the effectiveness of the SEPP, but since it has not been released (yet) we have not seen it.

In the interim, and until there is a wider and public debate about the efficacy of the SEPP, we propose two sets of amendments to the SEPP.

The first set would expand the factors that councils should consider when assessing developing applications for demolition, alteration and strata-titling of low-rent residential buildings. We propose that the SEPP should be amended by adding these two subsections to section 7 (4):⁴⁹

- the availability of other buildings suitable for use as affordable housing, having regard to location, type, size, rent levels and available services; and
- any adverse social and economic effects caused by the development on affordable housing stocks and the needs of individuals and groups on low, very low and moderate incomes and who are in housing stress in the local community.

RECOMMENDATION 5: THAT STATE ENVIRONMENTAL PLANNING POLICY 10 BE AMENDED BY ADDING THESE TWO SUBSECTIONS TO SECTION 7 (4): 'THE AVAILABILITY OF OTHER BUILDINGS SUITABLE FOR USE AS AFFORDABLE HOUSING, HAVING REGARD TO LOCATION, TYPE, SIZE, RENT LEVELS AND AVAILABLE SERVICES'; AND, 'ANY ADVERSE SOCIAL AND ECONOMIC EFFECTS CAUSED BY THE DEVELOPMENT ON AFFORDABLE HOUSING STOCKS AND THE NEEDS OF INDIVIDUALS AND GROUPS ON LOW, VERY LOW AND MODERATE INCOMES AND WHO ARE IN HOUSING STRESS IN THE LOCAL COMMUNITY.'

The second set would expand the coverage of the SEPP to caravan parks and manufactured home estates. The SEPPs that cover development assessment of such housing estates, SEPP 21 – Caravan Parks and SEPP 36 – Manufactured Home Estates, focus on new development and do not deal with change of use or loss of supply. When considering loss of supply, councils only have the very general section 79C(1)(b) of the Act available for use. While there are not a great many caravan parks and manufactured home estates in greater Sydney, their loss would exacerbate the strains on homelessness services and the current affordable housing options. We propose that section 6(1) of SEPP 10 be amended by adding the words 'caravan parks and manufactured home estates' after the words 'low-rental residential buildings'.

RECOMMENDATION 6: THAT STATE ENVIRONMENTAL PLANNING POLICY 10 BE AMENDED BY ADDING THE WORDS 'CARAVAN PARKS AND MANUFACTURED HOME ESTATES' AFTER THE WORDS 'LOW-RENTAL RESIDENTIAL BUILDINGS' IN SECTION 6(1).

3.2.4 Affordable housing – state and local government roles

The state government has the primary role in planning for and providing affordable rental housing. It does this directly through its social housing program provided and overseen by the Department of Housing and indirectly through supporting initiatives outside those social housing sector such as those being developed by that Department's Centre for Affordable Housing.

The key responsibility to provide affordable housing in greater Sydney rests with the Department of Housing. However, it is currently restricted to targeting its own housing to people on very low incomes and with high levels of need.

If the Department was to match the shortfall in low-rent housing in the private rental sector in Sydney with an equivalent increase in supply, that would be a massive task. The shortfall of affordable private rental housing units for low income earners was 36,000 in 2001 (see Table 3). If the Department was to aim to supply social housing to meet two-thirds of that need by halfway through the period of the Metropolitan Strategy, that would involve an acquisition program of 25,000 new social housing units by 2015. It would require a (gross) annual acquisition/commencement program at the level it was in 1993. That is not an unreasonable target.

Local governments do not have the resources to fill in the gap left by neglected social housing programs, and would rightly resent devolution of major responsibility for affordable housing to them as cost-shifting. However, local governments are in a position to directly contribute to increased supply of affordable housing, however, and that is through their capacity to seek developer contributions. Local governments' role in facilitating the provision of affordable housing through developer levies is best suited to situations where they can:

- maintain an association between residence and residents, to maintain local character and community-connectedness, effected through eligibility criteria for tenancies; for example, the Willoughby Local Environmental Plan stipulates that 'Willoughby local housing' is to be rented to residents of the City of Willoughby; likewise, eligibility criteria for tenancy applications to City West Housing include a residential or work association with Ultimo or Pyrmont;
- cater to local workforces through eligibility criteria; for example, tenancies in Adelaide City council's first affordable housing project will be allocated to young workers and students in the city (see Box 3);
- give attention to specific housing types that are not addressed by the social housing system; for example, North Sydney council's affordable housing program allows for spot purchase of boarding houses;
- promote innovations in design; for example, Adelaide City council is planning an affordable housing project in Whitmore Square that incorporates eco-design principles (see Box 4), and Port Phillip council in Melbourne has won awards for design and planning of its community housing stock;
- promote innovations in service management and delivery models, e.g. the Brisbane Housing Company;
- mix affordability concerns with other social agenda such as aging in place (a match that is not reflected in the aims of State Environmental Planning Policy (Seniors Living) 2004); or

- dampen overheated property markets (to the extent that developer levies are a disincentive to investment in housing, evidence for which cannot be established from experiences in the local government areas where affordable housings schemes operate now, since those schemes are very few in number and operate in local government areas that are 'prime' real estate with diverse inflationary pressures).

BOX 3: ADELAIDE CITY AFFORDABLE RENTAL HOUSING INITIATIVE

The first Adelaide City Council owned affordable rental accommodation is nearing completion.

Adelaide City Council set aside \$2.35 million in its latest year's budget to build 12 two bedroom apartments in the inner City to house young City workers and students.

The four storey apartment block, at 10-14 Sydney Place off Halifax Street, is currently being built with the installation of the roof today effectively the end of the construction phase.

The project now moves into its fit-out phase which is expected to be completed in December.

This pilot scheme is the first under the Affordable Rental Housing initiative developed by the Council last year.

"The Council is committed to growing the population of City workers and students and recognises that to achieve this Council needs to participate in the provision of affordable rental accommodation," the Lord Mayor, Mr Michael Harbison said

This project is following a trend around Australia, led by the Brisbane City Council, for Capital City Councils to take the lead in filling the gap between welfare housing and more expensive owner occupied and investor owned dwellings. Without this intervention capital cities are finding that a polarised population is developing in inner cities with tensions between well-off "empty nesters" and traditional welfare housing tenants.

"The filling of the gap by providing affordable rental housing to young workers made our city communities harmonious and safe. A combination of low land prices and low interest rates has made this financially feasible for the City of Adelaide particularly," the Lord Mayor said.

"Our circumstances of strong economic growth prospects and access to capital have made population the key issue in the future of Adelaide.

"Many students and City workers, such as young shop assistants or junior office workers in the lower income bracket, do not qualify for existing public housing programs. With market rents in the City of around \$260 a week it is extremely hard, if not impossible, for young City workers and students to find housing in the CBD.

"It is important the Council ensures that young people are not priced out of the City housing market and lifestyle they want and enjoy, with housing oriented towards high wealth from unearned income. Over inflated capital growth will only stifle many of the drivers of diversity, population growth and creativity which drive city prosperity. To prevent this City needs to provide affordable rental housing stock."

The Council is to make the Sydney Place apartments available at significantly discounted rates to young people earning between \$20,000 and \$30,000 a year.

"The Council will provide the apartments at 75 per cent of market rental value, or around \$195 a week, which is affordable, particularly on a shared basis. This scheme thus offers a significant solution to housing affordability issues being faced across Australia," Mr Harbison said.

The apartments when completed will be managed through a professional third party housing manager or real estate agency.

Source: Adelaide City Council, 'First council owned affordable rental housing in city nears completion', media release, News ID ACCN1090, 3 November 2004.

BOX 4: AFFORDABLE GREEN HOUSING IN ADELAIDE

SA based, Troppo Architects has won the first national Eco Housing Competition - a \$35,000 competition to design affordable “green” housing in the City initiated by the Adelaide City Council and State Government.

The Lord Mayor, Mr Michael Harbison, who has long been a keen supporter of affordable and “green” housing development in the City said that will now engage Troppo Architects to carry out construction of the winning design in Whitmore Square, in the south west precinct of the City.

In summarising Troppo’s winning design, Mr Gregory Burgess, Jury Chair and 2004 RAIAGold Medallist said that it was exemplarily in achieving a “balance” given the competing demands of building cost to produce an affordable product and a high level of environmental performance and quality.

Troppo Architects’ submission uses a number of economic and ‘green’ principles, including:

A 90 per cent energy saving by using solar power and portable evaporative coolers

A 63 per cent water saving by installing grey water storage tanks and common rainwater tanks for flushing the toilet, landscape watering and washing the car.

Affordability is achieved by using simple materials and building methods such as light-weight timber framing, corrugated steel and earth walling.

Mr Harbison said the winning plan is aesthetically impressive, epitomising quality design and ecological principles, which will become a prototype for other designers to base future work on both here and in other states.

“Indeed, this competition was truly national, with 45 entries from virtually every State in Australia, and the fact that the winning design was locally based is a coup for Adelaide,” he said.

A striking design from CR Architecture and Sense Architecture (Vic) was awarded second prize being described by the jury as achieving good permeability between the internal public spaces and the adjacent street and square and demonstrates extensive thinking in environmental impact consideration and clarity in its environmental initiative.

With the competition yielding such quality designs, the jury decided to award two, equal third prizes to Quattro Design Pty Ltd (NSW) and Gresley Abas Architects (WA), both entries being heralded as “stand outs”. Commendations were also awarded to Jackman Parken Evans Pty Ltd (SA) and Third Ecology Pty Ltd (Vic).

Source: Adelaide City Council, ‘SA designer wins national eco housing competition’, media release, News ID ACCN1085, 28 October 2004.

3.3 Use appropriate funding and governance arrangements (direction no.9)

3.3.1 Infrastructure financing

Governments' taxes on land- and housing-related transactions can be imposed to ensure that beneficiaries from those transactions contribute to general public demand for goods and services or to cover specific government-sector costs associated with land- and estate development.

Where the costs of providing economic and social infrastructure are passed on to developers (and in turn, the housing consumer), the cost of housing in new areas is not cheap as otherwise it might be. Yet, the ultimate beneficiaries of (government) giving up tax revenue would be the people selling house and land packages, not the consumers buying them. This is because any initial fall in price would be followed by higher demand, which would push the prices up again.

Kirwan argued that if the price of serviced land was lower than it would be if full-cost recovery were in force, more land would be converted to urban use; that, is, urban sprawl would be encouraged.⁵⁰ Using Kirwan's argument, the National Housing Strategy suggested that the efficiency of land-use practices and the process of residential land supply would be enhanced by *not* giving subsidies (to developers) for infrastructure provision.⁵¹

The Ministerial inquiry into sustainable transport in New South Wales (the Parry Inquiry) in 2003 considered the scope for additional levies to be introduced with the revenue directly or indirectly obtained by the state government and specifically dedicated to *public transport funding*. Partly at issue was the model provided by the interim development contribution of \$15,000 per lot on four new land releases in south-western Sydney, to raise money for public transport. The Inquiry's report concluded that funding under a property-based value capture model is likely to be best suited to areas that are undeveloped or underdeveloped in a strong property market, where it is possible to improve public transport accessibility, and that this might apply to a possible future rail link between Glenfield and Bringelly.⁵²

From its inquiry into first home ownership the Productivity Commission concluded that a system of users pays for infrastructure costs attributable to a development promoted efficient locational choices for housing development, and that upfront charging should not in principle reduce affordability (relative to equivalent payments over time).⁵³

Fensham and Gleeson suggested that taxation on land in the form of 'betterment' ('value capture') should be a key means to fund demands on urban management, but that two different betterment tax regimes should apply – one to address infrastructure related to the development, collected by local governments, and one that addressed broader urban infrastructure, collected by the state government.⁵⁴

They supported local government taxes that directly relate to private beneficiaries of the provision of infrastructure for a development, because those are a part of the

price signal in the development process and so contribute to urban economic efficiency (compare Kirwan's argument).

We think that the development use charge should be retained as a discrete financing instrument because it can act as an appropriate price 'signal'. In its absence there is a greater prospect that the broader community will effectively subsidise 'leapfrog' development (with the potential for 'dead running', or the under-utilisation of infrastructure capacity), or of development in environmentally sensitive areas with high servicing costs, or of infrastructure that is 'over-designed'. Internalising the cost of development infrastructure guards against over-development whose costs are borne by existing residents.⁵⁵

In addition, they proposed a new land tax that would apply to a proportion (less than 100%) of 'unearned increment' of increases in land value and be payable on the *realised* value increment.⁵⁶ It would be different from local infrastructure charges because it would not be linked to an individual's anticipated or apparent use of infrastructure. Its rationale would be to recover the value that regulation and major public investment confer on private land assets. It would apply across the city (that is, not just to fringe areas where local government betterment charges have been focussed). It would be used to finance district- and regional urban infrastructure (e.g. arterial roads, public transport, public hospitals) on a hypothecated basis.

They suggested that their proposal for a betterment tax that complements local infrastructure charges would discourage land price inflation, since the tax would be levied on the landowner, who would not be able to pass it on to home purchasers.

Stilwell and English have argued that stamp duties on property transactions be reduced simultaneously with changes to the land tax regime.⁵⁷ Their model removes the exemption of owner-occupied property from this tax, while retaining the current \$261,000 threshold for land value under which the tax does not apply. Setting a land tax rate at 0.47%, on this basis, would enable stamp duty revenue to be cut by half (for a revenue-neutral result). Keeping the current 1.7% land tax rate, on this basis (i.e. applicable to all owner-occupied properties valued over \$261,000), would enable removal of land-related stamp duty altogether. They argue an enhanced tax is more efficient and effective than land-related stamp duty, on which the state government is currently so dependent for revenue, because it has no disincentive effect on mobility, it does not discriminate against movers, it is not lumpy, and it does not impact at times of particular financial stress (such as when moving house).

The suggestion by Fensham and Gleeson that two different betterment tax regimes should apply – one to address infrastructure related to the development, collected by local governments, and one that addressed broader urban infrastructure, collected by the state government, is a useful one. A comprehensive statewide property tax regime, which includes principal places of residence, could capture betterment across the greater metropolitan region. It could also enable removal of stamp duty on home purchase and vendor duty on house sales, both of which have anti-mobility effects. It would be rash to remove any of the existing levies, such as the interim development contribution in south-western Sydney and section 94 contributions generally, in the absence of a comprehensive statewide property tax regime.

RECOMMENDATION 7: THAT THE GOVERNMENT CONSIDER INTRODUCTION OF A COMPREHENSIVE STATEWIDE PROPERTY TAX, WHICH INCLUDES PRINCIPAL PLACES OF RESIDENCE, AS THE PRIMARY MEANS OF CAPTURING BETTERMENT ACROSS THE REGION AND OF FINANCING METROPOLITAN URBAN INFRASTRUCTURE, AND RETAIN SECTION 94 CONTRIBUTIONS AS A FINANCING MECHANISM FOR ECONOMIC AND SOCIAL INFRASTRUCTURE GENERATED BY SPECIFIC DEVELOPMENT.

3.3.2 Regeneration models

The *Discussion paper* says: ‘A Development Corporation could be an option to oversee the quality of development in the new communities.’ (p.17) The ‘new communities’ referred to being the proposed new suburban sprawl in the north-west and south-west sectors. Since that paper was released the government has proposed a Redfern-Waterloo Authority to oversee development in Redfern and Waterloo (Redfern-Waterloo Authority Bill 2004). The model is that provided by the Growth Centres (Development Corporations) Act 1974, established to promote a particular type of top-down economic development promoted by the then Whitlam Commonwealth government, and in use in other parts of the city (e.g. South Sydney Development Corporation).

Consideration of this model of regeneration vehicle raises questions about:

- whether such a top-down model is warranted by the circumstances on the ground, in terms of extent of economic and social stress and failure of existing governmental mechanisms;
- whether existing institutions of urban governance, such as local governments and cross-tier and inter-agency partnerships are indeed unable to meet the challenges, especially if they were to acquire additional capacity;
- how such a top-down model can deliver social inclusion outcomes when its authority consists of concentrated state power not local knowledge;
- how such a top-down model can facilitate public/resident participation to ensure ‘ownership’ of projects and outcomes long after the technocrats have moved on; and
- whether the costs and benefits of the model really make it superior or preferable to other potential models that are ‘inside out’.

There are models of regeneration agencies in comparable societies that take a different approach to the ‘top down’ model favored by Farrer Place.

In England, *local strategic partnerships* are non-statutory bodies that bring together at a local level a range of local agencies – from the public, private, voluntary and community sectors – and take many of the major decisions about priorities and funding for their local area. In Scotland, a similar approach is taken through *social inclusion partnerships*.

In the USA, *community development corporations* are nonprofit organizations established by local stakeholders to revitalize a targeted low- or moderate-income neighborhood. They undertake moderate-scale real estate developments such as shopping centers, and provide affordable housing and various welfare services.

There is no principle reason that the NSW state government itself needs to be the principle deliverer of regeneration programs in stressed suburbs. Indeed, the subsidiarity principle suggests that role is best devolved to the affected areas.

New models of regeneration agencies might be warranted in stressed suburbs, but seem less relevant in not-yet-existing suburbs where there are no or few residents to involve. In those areas, local governments as the existing urban governance authority, are probably best positioned to meet the challenge. Indeed, the councils in the western Sydney and Macarthur regions have already taken leadership on planning for their areas through the Greater Western Sydney Regional Planning and Management Framework.⁵⁸ It would be wasteful and ineffective for the state government to deny the local governments that cover the outer suburbs the role they are clearly capable of performing.

4. One implementation concern

The metropolitan planning strategies that we referred to in Section 2 address housing affordability and affordable housing at a high level. That is useful to signal that these issues are important ones for urban governance. It is clear we are disappointed that the *Discussion paper* does not indicate that those issues will be given the same degree of prominence as they have been or are being given in Melbourne, Brisbane and Perth. However, even were the government to relent, and include commitments to affordable housing in the new metropolitan strategy, that would not be enough.

Implementation matters. The Melbourne plan and the draft south-east Queensland and Perth plans fall down in not dealing with the real challenge of financing affordable housing through the development assessment system. For all the good words in *Melbourne 2030*, housing unaffordability remains an issue for Melbourne and the plan is being increasingly criticized for letting the city and its people down on this matter.

Brisbane had a go at addressing affordable housing through developer levies, but stumbled. The Queensland Department of Housing's 2001 *Sustainable housing in sustainable communities: strategic action plan* indicated the government would develop a state planning policy on affordable housing and residential development under the state's planning law. The Department held consultations, based on a discussion paper.⁵⁹ Those consultations revealed opposition from property, developer and commercial interest groups to a proposal for a development contribution system.⁶⁰ The state planning policy has not materialized. And Brisbane City Council was left in the position of having a regime of voluntary planning agreements and a desire to continue to work to develop a clear legislative base for a (proper) developer contribution system.⁶¹

Affordable housing schemes need teeth.

List of recommendations

- Recommendation 1: That the government develop an integrated, whole-of-state population and human settlements policy to manage the processes of demographic change, economic restructuring, environmental degradation, community development, and urban growth.
- Recommendation 2: That the government solve the problem of most councils not being able to use section 94F of the Environmental Planning and Assessment Act to collect developer contributions for affordable housing by either: (a) introducing a comprehensive state environmental planning policy on affordable housing to satisfy sections 94F(1) and (3)(a) of the Act and which would readily include or cover all councils in the Greater Metropolitan Region; (b) expanding the coverage of State Environmental Planning Policy 70 – Affordable Housing (Revised Schemes) to a council’s planning instruments on request; or (c) seeking Parliament’s support for amendments to section 94F so that a state environmental planning policy is not required before councils may use the other provisions of the section to levy developers for affordable housing.
- Recommendation 3: That any regional environmental plan prepared for the north-west and south-west sectors include promotion and provision of affordable housing as a planning objective.
- Recommendation 4: That the government implement standard provisions for local environmental plans to: (a) provide, as aims, the encouragement of the provision of a housing mix and choice including affordable housing in the area, and the encouragement of the retention of affordable housing in the area in a variety of types and tenures; (b) provide, as an objective of residential zones, the enabling of a mix of housing types to encourage housing affordability; (c) provide clauses for schemes for dedications or contributions for affordable housing (‘affordable housing schemes’) that would satisfy s.94F (3)(b) of the Act; and (d) provide for masterplans for sites larger than 4,000 square meters to address proposals for provision of housing mix and tenure choice including affordable housing.
- Recommendation 5: That State Environmental Planning Policy 10 be amended by adding these two subsections to section 7 (4): ‘the availability of other buildings suitable for use as affordable housing, having regard to location, type, size, rent levels and available services’; and, ‘any adverse social and economic effects caused by the development on affordable housing stocks and the needs of individuals and groups on low, very low and moderate incomes and who are in housing stress in the local community.’
- Recommendation 6: That State Environmental Planning Policy 10 be amended by adding the words ‘caravan parks and manufactured home estates’ after the words ‘low-rental residential buildings’ in section 6(1).

Recommendation 7: That the government consider introduction of a comprehensive statewide property tax, which includes principal places of residence, as the primary means of capturing betterment across the region and of financing metropolitan urban infrastructure, and retain section 94 contributions as a financing mechanism for economic and social infrastructure generated by specific development.

Endnotes

¹ In this submission we use the term affordable housing in the broad sense it has in NSW planning law: ‘affordable housing means housing for very low income households, low income households or moderate income households’ (Environmental Planning and Assessment Act 1979 (s.4)) – not to refer to ‘intermediate housing’ targeted to low-moderate income households or to innovative service models provided by nonprofit enterprises branded as ‘affordable housing companies’, which are subsets of affordable housing. The broad meaning given by the Act encompasses social housing.

² Queensland Government, *Draft south east Queensland regional plan*, Office of Urban Management, Department of Local Government, Planning, Sport and Recreation, Brisbane, October 2004, p.31.

³ Queensland Government, *Draft south east Queensland regional plan*, p.39.

⁴ Queensland Government, p.43.

⁵ Queensland Government, *South east Queensland regional framework for growth management*, Department of Communication and Information, Local Government, Planning and Sport, Brisbane, 2000, p.51.

⁶ Queensland Government, *Sustainable housing in sustainable communities: strategic action plan*, Department of Housing, 2001.

⁷ Western Australian Planning Commission, *Network city: community planning strategy for Perth and Peel*, Western Australian Planning Commission, Perth, September 2004, p.5.

⁸ Western Australian Planning Commission, pp.42-43.

⁹ Department of Infrastructure, *Melbourne 2030: planning for sustainable growth*, October 2002.

¹⁰ Department of Infrastructure, p.17. A Transit City project is one that clusters a greater mixture of land uses around a high quality transport service. The plan identifies nine metropolitan and four regional centers as transit cities.

¹¹ Elizabeth Taylor, Ann Harding, Rachel Lloyd and Marcus Blake, ‘Housing unaffordability at the statistical local area level: new estimates using spatial microsimulation’, paper to the 2004 ANZRSI conference, Wollongong, National Centre for Social and Economic Modelling, University of Canberra, Canberra, September 2004, p.21. They define housing unaffordability as the incidence of low to moderate households are not affordable and who are in ‘housing stress’, on the basis that the households pay 30% or more of their income on recurrent housing costs.

¹² Taylor, Harding, Lloyd and Blake, p.28.

¹³ Taylor, Harding, Lloyd and Blake, p.34.

¹⁴ Department of Housing, *Rent and Sales Report*, no. 69, 2004.

¹⁵ Ian Winter and Wendy Stone, *Social polarisation and housing careers: exploring the interrelationship of housing and labour markets in Australia*, AIFS working paper 13, Australian Institute of Family Studies, Melbourne, 1998.

¹⁶ Brendan Gleeson and Bill Randolph, *Social planning and disadvantage in the Sydney context*, Urban Frontiers Program issues paper 9, University of Western Sydney, Penrith South, 2001; Brendan Gleeson and Bill Randolph, *A new vision for western Sydney: options for 21st century governance*, Urban Frontiers Program issues paper 11, University of Western Sydney, Penrith South, 2002; Bill Randolph, ‘Third city suburbs’: *options for housing policy in ageing middle ring suburbs*, Urban Frontiers Program issues paper 10, University of Western Sydney, Penrith South, 2002; Bill Randolph and Darren Holloway, *Shifting suburbs: population structure and change in greater western Sydney*, Western Sydney Regional Organization of Councils, May 2003; Ernest Healy and Bob Birrell, ‘Metropolis divided: the political dynamic of spatial inequality and migrant settlement in Sydney’, *People and Place*, vol. 11, no. 2, 2003.

¹⁷ Judith Yates, Maryann Wulff and Margaret Reynolds, *Changes in the supply of and need for low rent dwellings in the private rental market*, Australasian Housing and Urban Research Institute, Melbourne, June 2004, p.48. The shortage of 36,000 affordable rental dwellings for low-moderate income households in Sydney compared with 9,000 dwellings in Melbourne and 4,000 dwellings in Brisbane.

¹⁸ Data in this paragraph are as at 30 June 2003 and are from the Department of Family and Community Services, *Housing Assistance Act 1996 annual report 2002-2003*, Canberra, 2004.

¹⁹ The community housing sector had 20,013 applicants on its waiting list (applicants might appear on waiting lists of more than one community housing provider), and the Aboriginal housing sector had 2,749 applicants on its waiting list, as at June 2003.

²⁰ The authors of this table advise that comparison is indicative only as costs vary between developers, land parcels, and differences in costs structures between land developers and builders operating separately, and a builder also undertaking land development (p.18).

²¹ Richard Cardew, Andrew Parnell and Bill Randolph, *Sydney housing affordability review*, Urban Frontiers Program issues paper 3, University of Western Sydney, Campbelltown, 2000.

²² National Housing Strategy, *The efficient supply of affordable land and housing: the urban challenge*, National Housing strategy issues paper 4, Australian Government Publishing Service, Canberra, 1991, pp.19-20.

²³ The threatened loss of market gardens and farmland is a particular social and economic blow to the sustainability of Sydney. According to the Greater Western Sydney Economic Development Board, the farm gate value of the food, landscape and floral agricultural industries in the Sydney Basin (greater western Sydney plus the Hornsby shire) was \$1069+ million p.a. in 2002. This represents 14% of the state's agricultural production. The economic activity in the Sydney Basin generated from those industries is \$4.4+ billion p.a. The number of on-farm jobs associated with the industries is 11, 490+ consisting of 7,295+ people from non-English speaking backgrounds and 2,580+ others. The great majority of the fresh food, landscape and floral products produced in the Basin is consumed by Sydneysiders. This represents a significant contribution to the 'food security' value, which is fundamental to the 'sustainable city' concept (*Powerhouse News*, 12 March 2002).

²⁴ Darren Goodsir, 'Green groups call for city plan detail', *Sydney Morning Herald*, 23 November 2004.

²⁵ John Fregonese and Lyn Peterson with Chris Nelson, 'Correcting the record: comparing development policy in Portland, Oregon and Atlanta, Georgia', Congress for the New Urbanism, San Francisco, 2001.

²⁶ See the data in Randolph and Holloway, *Shifting suburbs*.

²⁷ Queensland Government, *Draft south east Queensland regional plan*, p.14; emphasis added.

²⁸ Stewart Crawford, 'Scoping the affordable housing task', presentation to WSROC and WESTHIRN 'Affordability, financing and fairness' seminar, Blacktown, 30 January 2004.

²⁹ The approach allowed for 64 detached dwellings on Torrens title lots on a 3 ha site, compared with a conventional design that would have allowed for 40 dwellings. See <www.landcom.nsw.gov.au/landcom/nsw/me.get?site.home>.

³⁰ And see Vivienne Milligan, Peter Phibbs, Kate Fagan and Nicole Gurrin, *A practical framework for expanding affordable housing services in Australia: learning from experience*, Australian Housing and Urban Research Institute, Melbourne, July 2004, pp.17-18.

³¹ Joseph Rowntree Foundation, 'Planning gain and affordable housing', *Findings*, October 2002.

³² These two clauses are those of Randwick Local Environmental Plan 1998 draft amendment no.22, adopted by Randwick council on September 2004.7

³³ See, for example, amendments to the Parramatta Local Environmental Plan 2001 adopted by Parramatta council on 15 December 2003, online at <www.parracity.nsw.gov.au/publications/housingStrategy/proposedAmend.html>.

³⁴ Greater London Authority, *The London plan: spatial development strategy for greater London*, London, February 2004, p.A52.

³⁵ Section 106 of the Act provides: '(1) A local planning authority may enter into an agreement with any person interested in land in their area for the purpose of restricting or regulating the development or use of the land, either permanently or during such period as may be prescribed by the agreement. (2) Any such agreement may contain such incidental and consequential provisions (including financial ones) as appear to the local planning authority to be necessary or expedient for the purposes of the agreement. (3) An agreement made under this section with any person interested in land may be enforced by the local planning authority against persons deriving title under that person in respect of that land as if the local planning authority were possessed of adjacent land and as if the agreement had been expressed to be made for the benefit of such land ...' The law applies to Scotland as well as to England, Wales and Northern Ireland.

³⁶ Department for Transport, Local Government and the Regions, 'Planning policy guidance 3: housing', March 2000; DETR Circular 6/98 Planning and Affordable Housing, 1998; Greater London Authority, *The London plan*; Greater London Authority, *The London Plan (spatial*

development strategy for greater London): draft supplementary planning guidance – affordable housing, July 2004.

³⁷ Greater London Authority, *The London plan (spatial development strategy for greater London): draft supplementary planning guidance – affordable housing*, July 2004, p.4.

³⁸ Greater London Authority, *The London plan*, p.63.

³⁹ Tony Crook, Jennie Currie, Alastair Jackson, Sarah Monk, Steven Rowley, Kerry Smith and Christine Whitehead, *Planning gain and affordable housing: making it count*, Joseph Rowntree Foundation, York, 2002.

⁴⁰ Anecdotal evidence suggests that the 15 unit threshold has become a standard and there has been a boom in housing developments comprised of 14 units.

⁴¹ Crook and others, p.35.

⁴² Greater London Authority, *The London plan*, p.66.

⁴³ Peter W Newton and others (*Australia state of the environment report 2001 (theme report): human settlements*, CSIRO Publishing/Department of Environment and Heritage, 2001) note that Australian cities have developed at low population densities. Sydney, with an average metropolitan density of 690 persons per square kilometer, is well below Asian cities such as Shanghai (6,600), Tokyo (12,900), Jakarta (14,000) and Seoul (17,500), and western cities such as Copenhagen (5,300), Montreal (5,800), Amsterdam (4,300), London (4,300) and New York (9,300).

⁴⁴ Urban Frontiers Program of the University of Western Sydney, *The local impacts of urban consolidation policy: the experiences of three councils*, University of Western Sydney, Penrith South, 2001. Over-representation of low-income people in flats and semi-detached dwellings was particularly noticeable in Hurstville and Sutherland, among those three local government areas.

⁴⁵ Urban Frontiers Program, p.20.

⁴⁶ Bill Randolph, *Renewing the middle city: planning for stressed suburbs*, Urban Frontiers Program issues paper 15, University of Western Sydney, February 2004.

⁴⁷ Judith Stubbs with John Storer, 'Social cost benefit analysis of NSW Department of Housing's Neighbourhood Improvement Program – case study area: Airds', Department of Housing South West Sydney region, Liverpool NSW, 1996.

⁴⁸ 'Kelvin Grove Urban Village', 2004, online at <www.kgurbanvillage.com.au>, viewed 24 November 2004.

⁴⁹ These two provisions are matters that Randwick seeks to have inserted into the Randwick LEP in circumstances of a change of use or demolition of boarding houses (Randwick Local Environmental Plan 1998 – Draft Amendment no.22).

⁵⁰ Richard Kirwan, *Financial urban infrastructure: equity and efficiency considerations*, National Housing Strategy background paper 4, Australian Government Publishing Service, Canberra, 1991, p.121.

⁵¹ National Housing Strategy, *The efficient supply of affordable land and housing: the urban challenge*, National Housing Strategy issues paper 4, Australian Government Publishing Service, Canberra, 1991, p.66.

⁵² Ministerial Inquiry into Sustainable Transport in New South Wales: a framework for the future, final report (Thomas G Parry, chair), December 2003, p.35.

⁵³ Productivity Commission, *First home ownership*, Inquiry report 28, Melbourne, 31 March 2004.

⁵⁴ Patrick Fensham and Brendan Gleeson, 'Capturing value for urban management: a new agenda for betterment', *Urban Policy and Research*, vol. 21, no. 1, 2003, pp.93-112.

⁵⁵ Fensham and Gleeson, p.98.

⁵⁶ Fensham and Gleeson, p.108.

⁵⁷ Frank Stilwell and Jennifer English, 'Housing affordability, stamp duty and land tax', School of Economics and Political Science working paper ECOP20004-2, University of Sydney, April 2004.

⁵⁸ Western Sydney Regional Organization of Councils, 'Greater western Sydney regional planning and management framework', consultation draft, 2004, online at <www.wsroc.com.au/regionalfutures/3-0.asp>, viewed 29 September 2004.

⁵⁹ Queensland Government, 'Affordable housing, residential development and community well being: proposed legislative framework and state planning policy', discussion paper, Department of Housing, April 2002.

⁶⁰ Queensland Government, 'Report on consultation for the preparation of a state planning policy and legislative framework for affordable housing and residential development', Department of Housing, November 2002, p.18.

⁶¹ Brisbane City Council, 'Affordable housing strategy 2003-05', p.15. The strategy indicated a desire to have legislative change commencing in/by June 2004. That milestone was not 'reached'.