

**November 2020.**

'Aunty' Housing Project:

Prepared for Presentation to  
Ballina Shire Council Commercial Services Committee Meeting on 8th December 2020.

**Information for Ballina Shire Councillors:**

The Commercial Services Committee Meeting on 8th December will include an item relating to a Housing Project for single, older, homeless women in Ballina Shire. The idea of older women being homeless, or being vulnerable for homelessness in our Shire is not something we think of: however, it is a reality.

The information here will give background to the Meeting Item, and details about the proposal you will be considering.

**Background:**

In Australia, one of the most disadvantaged demographic profiles is to be 'old, single, poor, female and in private rental accommodation'.

Caroline Larcher, Aging on the Edge Research Library, 2019.

Women over 55 are the fastest growing group of homeless people in Australia. Homeless women in this age group increased by 31% between 2011 and 2016, with predictions of continual increase of that statistic.

(Australian Human rights Commission, April 2019.)

A number of life circumstances can contribute to homelessness, with long-term renters being particularly susceptible. Circumstances include the loss of a partner, where the surviving partner cannot afford to continue renting the property, or relationship breakdown.

Most women in such circumstances have interrupted employment histories, lower status and lower-paid jobs than men, as well as the acknowledged superannuation gap. Added is the high cost of reasonable accommodation in Ballina Shire and surrounds.

Limited services are available for older women who are renting, working and have modest savings. The moment they are unable to work and pay their rent, they are likely to be homeless.

(The Hon. Dr Kay Patterson AO, Age Discrimination Commissioner, April 2019 ).

In 2020, the NSW State average for rental vacancy rates is 2.12.  
Ballina's rental vacancy rate is 1.26 (Real Estate Institute NSW, 2020.)

## 8.2 Affordable Housing

In February this year, Mayor David Wright said he was concerned about rental costs, and was aware of families who had moved away because they could not afford the rents being asked.

Mayor Wright said this was in spite of Ballina Council offering the lowest rates of all Northern Rivers councils. Although 3000 blocks across Ballina Shire would be on the market "soon", "there's nothing in the works for affordable housing", Mayor Wright said (Ballina Advocate, 5th February 2020, p. 12).

Ballina Council belongs to Northern Region Joint Organisation, and the NRJO has identified the need for social housing in Northern Rivers:

*With the second tightest private rental market in NSW, the Northern Rivers has become the least affordable regional area for rental accommodation in the state. State and local governments need to prioritise the delivery of the housing their communities need – either through capital grants in cash or government land, and planning mechanisms that recognise housing as critical local infrastructure that will help their local communities thrive.*

NRJO Tuesday, 2 April 2019.

Last year, Therese Hall conducted in-depth interviews with 30 women in Northern NSW and Qld Sunshine Coast, " tucked away in share houses, disused motel rooms and worn-out caravans; some are house-sitting, one was living in a decrepit 1960s bus in a nudist retreat". Her qualitative research confirmed the quantitative statistics (refer above). (Single Older Women with No Place to Call Home, Macquarie Uni, October 2019, p. 9).

I expect many of us have anecdotal stories of women we know who experienced homelessness. One of my friends was married to a Barrister: comfortable home, four grown children left home, 'Jane' running a business on their local Macca farm. Suddenly all came crashing down: husband had run up \$240,000 in credit card debt, and other debts Jane was unaware of. Banks foreclosed, the farm had to be sold, every cent going to pay debts. The couple separated, Jane was left with nothing - absolutely nothing - at nearly 60. She stayed with friends until she found a room behind a shed to rent on a local property.

Social Futures records indicate 137 women over 56 years who are homeless, or are at risk of homelessness **in Ballina Shire** reported to their Connecting Home service in 2018/19, and **46 July from July to December 2019**. ( Katrina Luckie, Executive, Strategy and Engagement, Social Futures).

There, but for the grace of fortune, go I : it could be any one of us.

p.2

**The proposed 'Aunty' (or 'Nonna') Project:**

\*\* to provide accommodation for single, homeless women over 55 that ensures security of tenure, privacy and security.

\*\* to build four small cottage-style homes in Wollongbar, on one residential block zoned for medium density development.

\*\* each home will comprise one bedroom, bathroom and a living/kitchen area, with a size of approximately 30 sq mtrs.

\*\* all homes will be wheel chair and wheel-walker friendly, with wider doorways and all spaces designed to provide access for a wheel chair or walker.

\*\* a total of five car parking spaces will be provided.

\*\* residences will be securely fenced, with gate access from the parking area.

\*\* a communal area will be included: details to be finalised.

\*\* individual and communal garden spaces will be included.

\*\* successful completion of this small-scale social housing project will become a Pilot Project for Ballina Shire, and perhaps beyond.

**Ballina Council Participation:**

Council's final release of residential land in Wollongbar will see 30 medium-density residential blocks of land go on the open market.

This proposal seeks to have Ballina Council cede one block of land for social housing for single, older, homeless women.

Ballina Council is an innovative body with a track record of many 'firsts' in local government: think Ballina's Airport, and Council's Industrial developments. Council is an excellent financial manager, and is in an enviable financial situation, compared to many other NSW Councils - including many Councils larger than Ballina.

The following Extracts from Council's Long Term Financial Plan explain some of Ballina Council's income streams:

**Other Revenues - Property Management**

**The majority of Council's property assets are held to deliver on services such as:**

- **Transport infrastructure such as land for roads, footpaths etc**
- **Environmental services, such as stormwater and waste management**
- **Community facilities**
- **Operational assets, including administration buildings**
- **Utility infrastructure ...water / wastewater pumping stations ... treatment plants**
- **Commercial property to generate current and future revenues.**

**As per the last dot point, Council is somewhat unique in that we hold a major property portfolio that assists in generating non-standard revenues for Council.**

(Ballina Shire Council Long Term Financial Plan 2018/19 to 2027/28, p. 9).

Council's Financial Plan continues to elaborate on Council's Industrial land holdings, residential land holdings and commercial buildings, and says:

**In respect to the industrial and residential land holdings, funds surplus to any particular project are directed to either major community infrastructure projects or reinvested into further property development activities.**

**In respect to the commercial property holdings, sale of these properties has not been supported as the rental revenue provides recurrent funds for community infrastructure investment and the recurrent revenues help to improve our overall financial sustainability.**

(Ballina Council Long Term Financial Plan – 2018/19 to 2027/28, p.10).

This 'Aunty ' project would appear to fit with Council's use of non-standard income funds, by investing in a much-needed community infrastructure project, in the form of social housing.

**Land for the Project:**

The proposed land for the Aunty Project is within the third and final stage of Ballina Council's land release in Wollongbar. All blocks are zoned for Medium Density housing. A District Park is being developed in conjunction with these medium density blocks.

Originally, the land allocated for this District Park was 2 hectares: however, Council reduced that allocation to 1 hectare, to enable an extra 10 blocks of land to be developed (Council decision September 2014), to provide additional income to help fund the development of the Sports Fields that lie between Wollongbar and Alstonville.

The remaining one hectare for Wollongbar community is for passive recreation, but will include a substantial skate park for wider Plateau community use.

This history means that the Wollongbar community has lost passive recreational space: the Aunty Project will be giving back to the community by way of housing support for single, older homeless women.

We are seeking to have Council demonstrate concern for the welfare of older women in need of a permanent home, by giving one of Council's last 30 blocks to this social housing project.

p.4

## 8.2 Affordable Housing

### Participants in the Project to November 2020:

NAME	ROLE
David McGrath - Davcam Pty Ltd	Management of the Project - pro bono.
Byron Bay Planning : Chris Loneragan and Sumarah Ramsey	Preparation of Plans and DA documents. Submission to Ballina Council and follow through to completion, pro bono.
Marilyn Perkins	Liase with David McGrath on design / layout & with Ballina Council. Provide \$200,000 towards Project build.
Ballina Council ( if Council decision is to provide Residential block for Project)	Residential Medium Density block in Wollongbar.
Dona Graham, Care Fusion Legal, Ballina	Legal advice - pro bono.
Social Futures, Lismore/Ballina	On-going Management of the complex and resident support.

### Legal Arrangements:

A legally binding Consortium Agreement between the project partners will be finalised, with terms and conditions clearly established.

This document will reassure Ballina Council about the permanent, ongoing 'social support' nature of the Project: that is, no free-market profit-taking will eventuate.

**Ongoing Management:**

On completion, Social Futures, a local not-for-profit organisation, will run the facility. Their brief will include ongoing support for residents, including connection to other support services where required, management of finances, and ongoing building and yard maintenance.

Weekly rental will be tied to personal circumstances and level of income, ensuring rent is affordable and allowable. It should be noted that weekly rent is based on not more than 30% of Pension amount, plus Commonwealth Rental Assistance. This will yield \$199/ week for those receiving the Aged Pension.

Each older female tenant will be given security of tenure for as long as they wish to occupy the home, provided all regulations for residency are met.

**Pilot Project:**

Under Section 8 of the Local Government Act, Councils have an obligation to provide both traditional (rates, roads, rubbish) and non-traditional (social and community support) services.

**Local Government Act 1993: Chapter 3 Principles for local government**

**8A (1) Guiding principles for councils**

(g) Councils should work with others to secure appropriate services for local community needs.

**8A (2) Decision-making** The following principles apply to decision-making by councils (subject to any other applicable law)—

- (a) Councils should recognise diverse local community needs and interests.
- (b) Councils should consider social justice principles.

This concept of a partnership, where Council-provided land combines with no-profit private funds and pro-bono professional services to achieve permanent, secure housing for four homeless older women is a unique Pilot Project that demonstrates Council's commitment to equity, access and (human) rights.

Completion of the Project, by defining the process and overcoming challenges, will mean a successful template is established for others to follow. Ballina Council will be seen as exercising community leadership in this social housing field, breaking new ground to improve local community facilities.

This small scale Pilot Project provides a template for replication, or for larger such projects, and will be widely recognised for the innovation it demonstrates.

As someone who believes this is a much-needed and extremely worthwhile project, I'm asking for your support of the Aunty Project when it comes to the Commercial Services Committee meeting in December 2020.

Thank you for taking the time to read this information.  
Marilyn Perkins, Wollongbar . Mobile 0400463924.

**Attachment 1.**  
**Resume of David McGrath B.Build (UNSW).**

**Davcam Pty Limited:** ABN 88 082 315 142  
ACN 0823 15142

**Address:** 365 Tyagarah Rd, Myocum, NSW, 2481. 27  
years at this address

**Education:** St Ignatius College, Riverview  
  
University of New South Wales  
Building Degree (Project Management)

**Licences:** NSW Builders licence (lapsed)

**Certificates:** Certificate in Access Appraisal – Buildings (current)

**Marital Status:** Married in 1991  
No children

**Age:** 59

**Directorships:** Davcam Pty Limited  
City Mission (PNG)  
Northern Rivers Community Foundation

Specialises in residential developments and particularly the Community Housing and Housing for the Disabled sector.

This includes, sourcing development sites, calculating its best use, briefing consultants to prepare concept plans, analysing the local markets demands and requirements, preparing sophisticated feasibility studies, securing finance, appointing and briefing consultants, tendering for builders and briefing marketing agents, advertising companies and solicitors.

Managed projects all over Queensland, New South Wales, London, Papua New Guinea and Rwanda.

Some projects have been conducted pro-bono or at a discount rate for charities in Papua New Guinea.

Lived and worked on the North Coast of NSW since 1990.

Director of the Northern Rivers Community Foundation [www.nrcg.org.au](http://www.nrcg.org.au)

Away from work his interests are: open water swimming, indoor rowing, travelling, Papua New Guinea, photography, social justice, reading, carpentry and fun.

## 8.2 Affordable Housing

Attachment 1, p. 1.

Davcam Pty Limited

### 2020

- 30 apartment block in Lismore for social, community and NDIS.
- 9 villas in Casino for social and affordable housing
- 4 villas in Ballina for people with a disability
- 25 units in Mullumbimby
- 12 studios for community housing
- Accommodation for single elderly women – 4 cabins (pro-bono)

### 2019

- Large sub-division in Port Moresby for the World Bank
- Housing for settlement dwellers in Port Moresby – National Capital District Commission
- Indigenous Housing Project for the Bundjalung Tribal Society on 75 acres at Alstonville
- 25 homes in a village setting for abused women & children in Port Moresby (pro-bono). Suspended.
- Caravan Park and Resort near Bundaberg QLD
- Two Group Homes for people with a disability – Wardell
- Concept for using under-utilised land owned by large institutions to accommodate senior single women in danger of becoming homeless.
- Tiny Homes as affordable housing on under-utilised rural land
- Six residential units in Kempsey

### 2017 - 2018

- Duplex for intellectually disabled people – Townsville QLD
- Group Home of 5 units for physically disabled people
- Office fit out in numerous locations around NSW for the NDIS

### 2012 to March 2017

Senior Project Manager for Papua New Guinea and Rwanda with **Community Housing Limited**. One of Australia's largest private provider of Community Housing. [www.chl.org.au](http://www.chl.org.au)

#### Development Management Projects:

- Development Management of 36 apartment project in West Ryde
- Advised several PNG Government Departments on their employee affordable housing strategies.
- Advised the PNG Public Service Department on providing affordable housing.
- Advising The World Bank re Affordable Housing – Port Moresby
- Negotiating with several Land Owner Groups re developing their Custodial land
- Negotiating with the University of PNG re developing some of their un-used land into housing
- 1,000 lot house & land sub-division in Port Moresby – Defence Department
- 200 lot house & land sub-division in Port Moresby
- Women and Children's Safe House and associated housing in Port Moresby
- 375 mixed use development Kigali, Rwanda
- 1,500 lot sub-division adjacent to Kigali
- High level Rwanda Government education and negotiations re making housing affordable for the average working Kigali resident
- Negotiations and education with the United Nations and numerous multi-national housing organisations

**Private consultancy – Davcam Pty Limited**



## 8.2 Affordable Housing

- 10 villa's Ocean Shores
- 12 villa's Lismore, NSW
- Medical suites and residential accommodation development in Lismore
- Dual occupancy in Mullumbimby
- 48 serviced apartments in Port Moresby

Attachment 1, p.2.

### **Attachment 2: Social Futures.**

Social Futures is a community-based not-for-profit organisation that promotes fairness and social inclusion. Services began in the Northern Rivers and Social Futures has been creating positive social change for more than 45 years.

Our commitment to regional NSW communities has seen us expand to cover more than 50 per cent of NSW, with services being located in Lismore, Ballina, Tweed Heads, Grafton, Wyong, Gosford, Dubbo, Bathurst,

Our current programs in Ballina Shire supporting community include:

- \* NDIS Local Area Coordination,
- \* Family Referral Service,
- \* Clubhouse @ B-Space,
- \* Specialist Homelessness Services,
- \* Connecting Youth,
- \* Back-to-School Support Program for disadvantaged families, and many other outreach programs.

We are experts in tailoring programs to fit our diverse local communities. We work directly with individuals, families, communities, organisations and governments across our focus areas. These focus areas include homelessness and housing, youth and family, community inclusivity and programs that promote genuine participation for people with disability.

**Sam Henderson**  
Senior Manager - Business and  
Social Strategy  
Strategy and Engagement  
M: [0439 652 638](tel:0439652638)  
E: [sam.henderson@socialfutures.org.au](mailto:sam.henderson@socialfutures.org.au)  
A: 256 Molesworth Street Lismore NSW  
2480  
P: PO Box 5419 East Lismore, NSW 2480  
W: [socialfutures.org.au](http://socialfutures.org.au)





**Attachment 3 : Site Plan**

Draft site layout and draft internal design.



Study of resident perceptions of short-term holiday  
letting (STHL) in North Coast NSW council areas:  
***Ballina Shire***



**Southern Cross  
University**

**School of Business & Tourism**

**Research Project Team**

Dr Tania von der Heidt

[Tania.vonderheidt@scu.edu.au](mailto:Tania.vonderheidt@scu.edu.au)

Dr Sabine Muschter

[Sabine.muschter@scu.edu.au](mailto:Sabine.muschter@scu.edu.au)

Dr Rodney Caldicott

[Rod.caldicott@scu.edu.au](mailto:Rod.caldicott@scu.edu.au)

Dr Deborah Che

[Deborah.che@scu.edu.au](mailto:Deborah.che@scu.edu.au)

Peter Corlis

[Peter.corlis@scu.edu.au](mailto:Peter.corlis@scu.edu.au)

6 January 2020  
Lismore, NSW, Australia

## 1 Executive Summary

This report provides the results of research conducted to ascertain resident perceptions of short-term holiday lettings (STHLs), including Airbnb, within the Ballina Shire of New South Wales (NSW), Australia. The research project follows a systematic scoping study in 2017-18 of international peer-reviewed studies on the implications of Airbnb on local communities (Caldicott, von der Heidt, Scherrer, Muschter, & Canosa, 2019), and a study in 2018 of STHL in the Byron Shire (Che, Muschter, von der Heidt, & Caldicott, 2019). The current project was commenced following receipt of a Seed Funding Grant from the Tourism Research Cluster in Southern Cross University's School of Business and Tourism (SBAT) with joint-funding from Destination North Coast (DNC).

The objectives of this 2019 project were to extend the scope of the 2018 Byron Shire study to include the other 12 council/local government areas (LGAs) of the Mid North and North Coasts of NSW through:

1. Profiling the nature of STHL, particularly Airbnb, in the 12 communities, i.e. to determine the size, main attributes and development patterns of Airbnb in these areas.
2. Exploring, describing, and critically analysing community perspectives on the perceived impacts of Airbnb within their Shire in order to inform specific and locally appropriate policy solutions.

To address Objective 1, the SBAT research team accessed secondary data from Airbnb and BnbGuard STHL reporting services. To address Objective 2, the team conducted primary research in the form of a survey of residents, including Airbnb hosts and Approved Accommodation Providers (AAP) in each of the 12 council areas. Recognisably, every impact predominantly affects one stakeholder group over another, thereby giving rise to perceived positive, negative, or mixed effects by stakeholder grouping.

### Key findings for Ballina Shire:

1. The major positive impact of Airbnb as perceived by most respondents was increased revenues for local business. Airbnb hosts also suggested that Airbnb increased local government tax revenues, but this point was not supported by other respondents.
2. The major negative impacts perceived by over half of respondents were: (1) reduced affordable housing for residents; (2) increased traffic and parking congestion; (3) increased conflicts between residents of the neighbourhood; (4) adversely effected on neighbourhood lifestyles; and (5) increased noise levels and waste management problems. Most Airbnb hosts did not perceive any negative impacts of Airbnb on community.
3. However, near-consensus was found among respondents for three further impacts, namely that Airbnb generates: (1) increased revenues for Airbnb hosts; (2) a variety of accommodation for tourists; and (3) more visitors to the local area. Each impact, thus, has potential to garner a mixed response as illustrated through a positive or negative attribute as raised above.
4. In terms of STHL day limits, most respondents preferred a model which involved mandatory *on-site management* for any STHL. Just over half (52%) of respondents were supportive of having 'no restriction' on rentals of STHL properties *with* on-site management, which means the host could operate 365 days per year. However, for STHL rentals of *permanently non-hosted* investment properties, 38% of respondents favoured rentals capped at '0 days' (such rentals not allowed at all). For properties holiday-let while the permanent resident-owner is away, 28% of the respondents also favoured a cap of 'less than 90 days per year'.
5. Most respondents (including Airbnb hosts) felt that STHL needs to be better regulated, particularly in terms of adequate reporting avenues to lodge complaints of misconduct and enforcement of non-compliance. Furthermore, the majority of respondents agreed with the need for greater public information on Airbnb-related issues within the Ballina Shire.

**Contents**

1	Executive Summary .....	2
2	Introduction .....	4
2.1	STHL – definition and issue.....	4
2.2	The nature and growth of Airbnb.....	4
2.3	Research into Airbnb in the Byron Shire .....	5
2.4	Research into Airbnb in the Mid North and North Coasts of NSW, specifically Ballina Shire.....	5
2.4.1	Results of profiling STHL in Ballina Shire .....	5
3	Survey research design.....	6
4	Key results .....	7
4.1	Sample profile.....	7
4.1.1	Overview of 12 councils.....	7
4.1.2	Ballina sample profile .....	7
4.2	Perceived impacts of Airbnb.....	7
4.2.1	Positive impacts of Airbnb.....	8
4.2.2	Negative impacts of Airbnb .....	8
4.2.3	Mixed impacts ( <i>or consequences</i> ) of Airbnb .....	9
4.3	Perceptions on rental caps on STHL properties .....	10
4.4	Perceptions on regulating STHL in the Ballina Shire.....	11
4.5	Preferences for further information needs on Airbnb .....	11
4.6	Airbnb Hosts sample and their perceptions .....	12
4.7	Approved accommodation provider (AAP) sample.....	13
5	Acknowledgements .....	13
6	References .....	14
7	Appendix 1: All council profile, respondents and STHL listings.....	15
8	Appendix 2: Airbnb & Stayz listings in the Ballina Shire.....	16

**List of Tables**

<i>Table 1 - Respondent postcode area .....</i>	<i>7</i>
<i>Table 2 - Positive impacts for the community .....</i>	<i>8</i>
<i>Table 3 - Negative impacts for the community .....</i>	<i>9</i>
<i>Table 4 – Two-sided attributes of Airbnb identified by the community .....</i>	<i>9</i>
<i>Table 5 - Differences regarding rental caps on STHL .....</i>	<i>10</i>
<i>Table 6 - Ways to regulate STHL in the council area.....</i>	<i>11</i>
<i>Table 7 – Information needs of residents about Airbnb in the council area.....</i>	<i>12</i>
<i>Table 8 - Motivation for becoming an Airbnb host.....</i>	<i>12</i>
<i>Table 9 - Accommodation types of Airbnb hosts.....</i>	<i>13</i>

## 2 Introduction

### 2.1 STHL – definition and issue

Short-term holiday letting (STHL), also known as short-term letting (STL) or short-term rental accommodation (STRA), refers to the letting of a residential house or unit mainly for holiday purposes but does not include development application (DA) approved accommodation such as a hotel, motel or hostel. This research primarily focuses on the world's largest, fastest-growing STHL platform, [Airbnb](#).

Governments around the world are grappling with how best to regulate Airbnb, and other forms of STHL, e.g. [HomeAway/Stayz](#). Australia is experiencing rapid growth in Airbnb listings, with NSW having the highest numbers of listings, approximately 67,801 properties as of November 2019 (InsideAirbnb 2019). In some NSW areas the growth in Airbnb has contributed to high visitor-to-local ratios. For example, the Byron Shire receives more than two million visitors annually, outnumbering residents by a ratio of 70 to one. Byron Shire is also one of Australia's least affordable regional rental housing markets. The juxtapositions give cause for growing community resentment around perceived inequities and social impacts of unregulated tourism at the local government level.

Presently, no state-wide regulation for STHL, including Airbnb, exists. Acknowledging the gap, in June 2018 the NSW Government announced a policy for STRA in NSW. Through a discussion paper titled 'A new regulatory framework' released in August 2019, the NSW government (2019) invited feedback from interested parties on the proposed instruments to implement the policy. The proposed whole-of-government framework includes a mandatory code of conduct for STRA. Submissions closed on 11 September 2019. As at the time of writing this report, the results of the consultation process have not been published, and the framework has not yet been introduced. Under the [Draft State Environmental Planning Policy \(STRA\) 2019](#), the provisions of the policy are to be reviewed one year after implementation. Thus, policy amendments are still possible. For instance, there is scope, through the review process, for non-metropolitan Councils to consider a short-term letting cap of 180 days for non-hosted managed properties.

### 2.2 The nature and growth of Airbnb

Airbnb is a prominent example of an online peer-to-peer (P2P) platform embracing the sharing economy. Described as the "poster child of the broader platform economy landscape" (Dann, Teubner, & Weinhardt, 2019, p. 450), it is an 'informal tourism accommodation sector' that has significant disruptive potential. It enables individuals to become hosts and to compete with commercial accommodation operators without taking the risk of major investments or overhead costs (Guttentag, 2015). While other home-sharing concepts exist, Airbnb's platform makes it easier and more attractive to connect people who have homes, studios or rooms to rent with visitors looking for a place to stay (Guttentag, 2015).

As of November 2019 Airbnb, was active in 65,000 cities in 191 countries, had around 150 million users, over 650,000 hosts and in excess of five million listings (Airbnb, 2019; Statista, 2019).

Listings in Australia increased from 69,705 at the end of 2016 to 130,665 at the end of 2017 and reached almost 166,000 at the end of 2019 (Inside Airbnb, 2019). According to InsideAirbnb, listings in NSW increased from almost 29,700 at end of 2016 to 67,801 at the end of 2019 - an increase of 138%. As of December 2019, there were 6,459 Airbnb listings for the Northern Rivers (NSW) area alone. However other states, such as Queensland and Victoria, almost tripled their Airbnb listings between end of 2016 and end of 2019. All states continued to experience increases in Airbnb listings during 2018 and 2019.

Regional Australia is embracing the Airbnb concept, with a steady increase in Airbnb listings. Airbnb's growth is felt particularly in coastal destinations, such as the Byron Shire (Gurran, Zhang, Shrestha, & Gilbert, 2018). At the same time, according to the Australian Coastal Councils Association, North Coast areas in NSW are among Australia's least affordable rental housing markets with a high and increasing number of properties listed as STHLs (Gurran et al., 2018). The majority of these STHLs are listed on online rental platforms, notably Airbnb.

### 2.3 Research into Airbnb in the Byron Shire

In 2018 researchers from Southern Cross University's SBAT undertook a systematic scoping study of international peer-reviewed studies from 2008 to 2018 on the implications of Airbnb on local communities (Caldicott et al., 2019). The researchers found that Airbnb raises polarised opinions within communities around the world. They identified a range of positive and negative economic, social and ecological impacts of Airbnb on four main community stakeholders – traditional accommodation providers, Airbnb hosts, Other respondents (e.g. private individuals), and local government.

Also in 2018, in order to understand the main attributes and development patterns of Airbnb in the Byron Shire, the Southern Cross University (SCU) researchers undertook a two-pronged research study. This involved: (1) in-depth interviews with diverse and multiple Byron Shire stakeholders with and without an interest in Airbnb, and (2) a large-scale survey of Byron Shire residents on various aspects of Airbnb. The results of the Byron Shire research project were published through a council report (Che et al., 2019) and also, the *International Journal of Tourism Cities - special issue on Sharing Economy in a Changing Tourism Ecosystem* (von der Heidt, Muschter, Caldicott, & Che, 2019).

### 2.4 Research into Airbnb in the Mid North and North Coasts of NSW, specifically Ballina Shire

Following the positive response to the Byron Shire study, the SBAT researchers undertook another study of Airbnb and STHL in 2019 in partnership with Destination North Coast – this time to expand the scope to encompass a survey for each of the other 12 councils in the shires between Tweed and Kyogle in the north to Tea Gardens/Hawks Nest in the south. The aim was to understand the main attributes and development patterns of Airbnb in each of these 12 local government areas (LGAs). As the impact of the STHL sector is the subject of ongoing debate, it is important that policy makers for affordable housing and tourism destination marketing have comprehensive, reliable, and evidence-based information on their own locations.

To understand the main attributes and development patterns of Airbnb in the Ballina Shire (Project Aim 1), the researchers retrieved Ballina Shire Airbnb listings from [Inside Airbnb](#)<sup>1</sup> and [BnbGuard](#)<sup>2</sup> - two Airbnb/STHL data reporting services in Australia.

#### 2.4.1 Results of profiling STHL in Ballina Shire

A profile of each of the 12 councils in terms of population size and STHL listings is provided in **Appendix 1**. Notable results for Ballina Shire are as follows:

- Inside Airbnb (2019) holds records for Airbnb listings in the Ballina Shire from 2016. Airbnb listings increased 219% over the last three years - from 193 at the end of 2016 to 616 at the end of 2019.

<sup>1</sup> InsideAirbnb provides data solely on Airbnb property listings.

<sup>2</sup> BnbGuard STHL counts include STHLs advertised on both the Airbnb- and Stayz/HomeAway platforms. BnbGuard also has a wider geographical scoping of each council area than InsideAirbnb. This explains why BnbGuard STHL counts are higher than those of Inside Airbnb.

According to InsideAirbnb, 87% of the listings at the end of 2019 were for entire houses or apartments with an estimated occupancy of 19%, meaning that these houses were only rented by guests for around 70 nights of the year. Furthermore, 48% of individual Ballina Shire Airbnb hosts had multiple listings. The three top hosts were Lois with 52 listings, and two agents, fronting on behalf of property owners, with Elders Real Estate managing 28 listings and Holiday Property Manager holding 19 listings.

- BnbGuard identifies 704 unique STHL addresses, including Airbnb and Stayz (Homeway), across the Ballina Shire in November 2019. An overview of the STHL listings in the Ballina Shire area from BnbGuard are shown in **Appendix 2**.

### 3 Survey research design

The research team leveraged the survey instrument from the 2018 Byron Bay study. The following main survey questions were retained from the Byron study:

- Identification of resident status - Airbnb host and non-host (Other residents)
- Perceived positive and negative impacts of Airbnb lettings on housing and accommodation, local businesses, tax revenues, visitor numbers, infrastructure and neighbourhoods across the Shire\*
- Perceived impact of any nearby STHL properties on the respondent\*
- Perceived importance of information needs about various aspects related to Airbnb\*
- Preferences for measures to improve regulation of the STHL sector (including Airbnb\*)
- Preferences for day limits (night caps) on STHL
- For Airbnb hosts: The motivation for becoming an Airbnb host\*; the nature of the accommodation, the platforms on which the accommodation is advertised.

Further, several new questions related specifically to Approved Accommodation Provider (AAP) and Airbnb hosts were added to capture the following information:

- Identification of resident status – AAP was added
- For AAPs: The particular accommodation sector of operation, the size of the accommodation, perception on impact of Airbnb on operations\*, perceptions on effectiveness of existing STHL regulation\*.

All attitudinal responses (indicated with an asterisk \*) were measured using a five-point Likert scale (1=strongly disagree to 5=strongly agree).

Most questions were directed to all respondents with only those questions related to Airbnb hosts' and the AAPs' experiences directed to those groups respectively.

The revised baseline online survey was set-up in Qualtrics. It was reviewed and pre-tested by the research team, other academics from the School, DNC and each of the 12 councils. Pre-test feedback was accounted for in successive revisions to the survey. Once all parties were satisfied, the final baseline survey was replicated for each of the 12 LGAs.

Individual survey links were provided to each council together with instructions to help councils incorporate the survey links into their own digital (e.g. website) and print media (e.g. newsletters) to circulate and promote the survey to residents. The research team also worked with the University's media office to issue a media release (Southern Cross University, 2019), which contained the 12 survey links. The survey was launched on 2 September 2019. Response rates were tracked on a weekly basis, and regular follow-up by the research team and DNC was undertaken with council staff in order to maximise survey response rates. The survey was open until 31 October 2019.



## 4 Key results

### 4.1 Sample profile

#### 4.1.1 Overview of 12 councils

A profile of each of the 12 councils in terms of population size, survey response rate, resident types of respondents, as well as STHL listings from BnbGuard and InsideAirbnb is provided in **Appendix 1**.

For the current study, the aim was to achieve the 2.2% survey response rate (in terms of resident population) of the 2018 Byron Shire survey. However, the achieved survey response rates in the 2019 were lower than expected – ranging from 0.1% (Port Macquarie-Hastings Council) to 0.9% (Bellingen Shire Council). There are several possible explanations for the below-target response rates: (1) The early onset of the bushfire season meant that some councils reprioritised their limited resources toward assisting the community rather than promoting the survey, and many residents were pre-occupied with the threat of bush fires; (2) the low number of STHL listings relative to Byron Shire, meaning that fewer residents may be concerned about STHL issues; (3) late or sub-optimal action on the part of some councils in executing their strategies to promote the survey.

#### 4.1.2 Ballina sample profile

For Ballina Shire an initial sample of 244 resident responses was obtained. Of these, 83 respondents indicated a Byron Shire post code, and these responses were removed from the data set, leaving 161 valid responses. Of the 161 respondents, 18% (29) were Airbnb hosts, and 9% (14) stated that they were either owners or managers of an accommodation with Development Application (DA) approval. Table 1 shows the breakdown of Ballina Shire respondents by postcode area.

**Table 1 - Respondent postcode area**

Postcode	In %	Postcode areas
2477	12.4	Alstonville & surrounding areas (e.g. Alstonville, Rous Mill, Uralba & Wollongbar)
2478	79.5	Ballina & surrounding areas (e.g. Lennox Head, Skennars Head, Teven & Tintenbar)
2479	5.0	Newrybar & surrounding areas (e.g. Brooklet, Fernleigh & Knockrow)
2480	3.1	McLeans Ridges
	100.0	

The average length of respondent residency within the Ballina Shire was 15 years. Of all respondents, 49% reported residing in the Ballina Shire for less than 10 years; 24% between 11 and 20 years, and almost 27% reported residing in the Shire for over 20 years.

Of the 161 respondents, 86% (139) lived in their own properties, whereas almost 12% (19) rented, and three people selected the 'Other' option. Furthermore, 75% (120) of all respondents said that they were aware of STHLs near their residence, with 68% (109) indicating that these STHLs were Airbnb listings. Overall, only six respondents acknowledged that they have been asked to leave a rental property due to its change to STHL, but almost all found another rental property within the same town.

### 4.2 Perceived impacts of Airbnb

The perceived impacts of Airbnb can be grouped into three categories: (1) Impacts that are positive for the local community of residents; (2) those that are negative for the local community and (3) those that are

positive for *specific* community stakeholders, but may have no/negligible or even a negative impact on *other* community members. The latter category is referred to as ‘mixed’ impacts. For example, Airbnb leading to more visitors in a council area is generally good for STHL hosts and business/tourism operators. However, it most likely has little impact on those people living outside the tourist hotspot areas and may even be unfavourable for some locals, who may be concerned about the loss of amenity, change in culture of their home town, etc.

**4.2.1 Positive impacts of Airbnb**

Respondent perceptions of the following **four positive impacts** of Airbnb on the community - ranked by mean – are presented in Table 2. The majority of all respondents (63%) believed that Airbnb increases revenues for local businesses. Airbnb hosts tended to perceive all positive impacts more favourably than AAPs and the Other respondents. The views between Airbnb hosts and the other two resident types diverged most strongly for the impact ‘leads to increased employment opportunities for locals’: Airbnb hosts tended to strongly agree (mean 4.24), whereas AAPs (mean 3.00) and Other respondents (mean 2.91) tended to be neutral (neither agree nor disagree). Just under half (44%) of respondents disagreed that Airbnb ‘increased local government tax revenues’, whereas AAPs were most sceptical (mean 2.35), followed by Other respondents (mean 2.59), compared with Airbnb hosts (mean 3.14).

**Table 2 - Positive impacts for the community**

Airbnb leads to ...	Mean				Overall agreement (%)		
	Overall (n=161)	Airbnb hosts (n=29)	AAPs (n=14)	Other residents (n=118)	Disagree	Neither	Agree
1. Increases revenues for local businesses	3.73	4.66	3.57	3.51	11	26	63
2. Leads to greater variety of retail services (e.g. restaurants, leisure services)	3.24	4.14	3.00	3.05	27	29	44
3. Increased employment opportunities for locals	3.16	4.24	3.00	2.91	32	26	42
4. Increased local government tax revenues	2.67	3.14	2.35	2.59	44	36	19

\* Disagree = includes groups Strongly Disagree and Disagree; Neither = neither Agree nor Disagree; Agree = includes groups Agree and Strongly Agree

**4.2.2 Negative impacts of Airbnb**

Respondent perceptions of the following **nine negative impacts** of Airbnb on community – ranked by mean – are presented in Table 3. Just under two-thirds of respondents agreed on the top three negative impacts of Airbnb: reduced affordable housing for residents, increased traffic and parking congestion, and increased conflicts between residents of the neighbourhood. Over half of respondents agreed on the next three main negative impacts of Airbnb on the community: adversely affected resident neighbourhood lifestyles, leads to increased noise levels, and to increased waste management problems. Airbnb hosts tended to perceive all negative impacts less negatively than Other respondents and AAPs. The views diverged most strongly for the impact ‘leads to anti-social behaviour’. Airbnb hosts tended to disagree (mean 1.97) with this statement, while Other respondents agreed (mean 3.59).

**Table 3 - Negative impacts for the community**

Airbnb ...	Mean				Overall agreement (%)		
	Overall (n=161)	Airbnb hosts (n=29)	AAPs (n=14)	Other respondents (n=118)	Disagree	Neither	Agree
1. Reduces the availability of affordable housing for residents	3.70	2.83	2.93	4.00	23	16	60
2. Increases traffic and parking congestion	3.66	2.62	2.86	4.01	23	14	63
3. Increases conflicts between residents of the neighbourhood	3.55	2.34	3.57	3.85	25	17	58
4. Adversely affects lifestyle of neighbourhood residents	3.58	2.38	3.00	3.94	25	18	57
5. Leads to increased noise levels	3.54	2.31	2.79	3.94	22	21	56
6. Leads to increased waste management problems	3.48	2.66	3.00	3.74	23	22	55
7. Leads to extra costs to ratepayers to provide infrastructure	3.37	2.38	2.86	3.68	29	22	49
8. Leads to increased anti-social behaviour	3.22	1.97	2.71	3.59	32	23	45
9. Leads to overuse of public facilities	3.04	2.00	2.29	3.38	38	26	36

\* Disagree = includes groups Strongly Disagree and Disagree; Neither = neither Agree nor Disagree; Agree = includes groups Agree and Strongly Agree

#### 4.2.3 Mixed impacts (or consequences) of Airbnb

The following seven impacts of Airbnb (ranked by mean) are predominantly positive for specific stakeholders but have little to no significant impact for other community members (see Table 4). There was near consensus among respondents (94%) that Airbnb provides income for Airbnb hosts. Most respondents (85%) agreed on this point that Airbnb brings more visitors into the Ballina Shire, although Airbnb hosts registered more strongly (mean 4.24 vs 4.10 for the Other respondents and 3.79 AAPs). Furthermore, 89% of respondents felt Airbnb provides tourists/visitors with a greater variety of accommodation choices. Most respondents felt that as a result of Airbnb there were more property investors in the Shire, but Airbnb hosts were less emphatic in their views (mean 3.31 vs 3.77 for Other respondents).

**Table 4 – Two-sided attributes of Airbnb identified by the community**

Airbnb...	Mean				Overall agreement (%)		
	Overall (n=161)	Airbnb hosts (n=29)	AAPs (n=14)	Other respondents (n=118)	Disagree	Neither	Agree
1. Provides income for Airbnb hosts	4.31	4.45	4.43	4.26	1	5	94
2. Leads to increased number of visitors into the Ballina Shire	4.10	4.24	3.79	4.10	3	12	85
3. Offers more variety in accommodation for tourists	4.07	4.55	4.29	3.92	5	6	89
4. Leads to increased number of property investors	3.69	3.31	3.86	3.77	8	34	58
5. Enables Airbnb hosts to stay in their homes	3.46	4.31	3.57	3.24	14	34	52
6. Makes Ballina Shire a more affordable tourist destination	3.29	4.03	3.43	3.59	24	30	46
7. Increases the property prices	3.12	3.07	3.21	3.13	29	34	37

\* Disagree = includes groups Strongly Disagree and Disagree; Neither = neither Agree nor Disagree; Agree = includes groups Agree and Strongly agree

### 4.3 Perceptions on rental caps on STHL properties

The survey captured views of AAPs, Airbnb hosts and Other residents on the duration of their preferred rental cap for three types of STHL properties: (a) primary residence with host present; (b) primary resident temporarily without host present, and (c) permanently hosted investment properties (see Table 5).

**(a) For primary residence properties with host present (*with on-site* management)**

Among all Ballina Shire postcode groups, 52% of all respondents felt that there should be no restrictions at all for properties *with on-site* management, meaning that these properties could be rented 365 days per year. Notably, 100% of all Airbnb hosts wanted no restrictions on properties *with on-site management*, compared to only 40% of the Other respondents, and 57% of the AAPs. For *on-site* managed properties, 29% of Other residents and 22% of the AAPs favoured a cap of less than 90-days.

**(b) For primary residence properties temporarily without a host (e.g. the property is holiday-let while the resident is away, therefore temporarily *without on-site* management)**

Among all Ballina Shire postcode groups, 28% of all respondents favoured a maximum cap of less than 90 days on such STHL rentals whereas 26% felt that there should be no restrictions at all, meaning that these properties could be rented 365 days per year. Notably, 67% of all Airbnb hosts wanted no restrictions on properties, compared to only 17% of the Other respondents, and 28% of AAPs. Of all respondents, 24% AAPs wanted 0-days rental for primary residence properties which are temporarily rented out without a host on site. None of the Airbnb hosts nominated 0-days restriction.

**(c) For permanently non-hosted investment properties (*without on-site* management)**

Among all Ballina Shire postcode groups, 38% of respondents wanted 0 rental days (*full restrictions = no SHTL rentals*) for investment properties *without on-site management*. Notably, even 18% of Airbnb hosts wanted full restrictions (0 days) for such properties (compared to 36% of the AAPs and 43% of Other respondents). Clearly, most respondents preferred a model which involves on-site management of SHTL.

**Table 5 - Differences regarding rental caps on STHL**

	365 days per year (No restriction)	Max. 180 days per year	Less than 90 days per year	0 days (Not allowed at all)	Total
<b>A. For primary residence properties with host present (%)</b>					
Airbnb hosts	100	0	0	0	100
AAPs	57	21	22	0	100
Other respondents	40	17	29	14	100
Total of all respondents	52	14	23	10	100
<b>B. For primary residence properties temporarily without host (%)</b>					
Airbnb hosts	67	18	15	0	100
AAPs	28	29	29	14	100
Other respondents	17	22	30	31	100
Total of all respondents	26	22	28	24	100
<b>C. For permanently non-hosted investment properties (%)</b>					
Airbnb hosts	60	7	15	18	100
AAPs	22	21	21	36	100
Other respondents	20	9	28	43	100
Total of all respondents	27	10	25	38	100

\* N=161 (all respondents), including 14 AAPs, 29 Airbnb hosts, 118 Other residents

#### 4.4 Perceptions on regulating STHL in the Ballina Shire

A majority of respondents supported five of the proposed ways to regulate STHL as set out in Table 6. The majority (84%) of respondents asked for more adequate reporting avenues to lodge complaints of misconduct, and 78% request appropriate enforcement of non-compliance. The introduction of a bed-tax was perceived by all three groups as the least important regulation matter. Overall, the Airbnb hosts appeared to want much less regulation of their operations, including no zoning restrictions in residential areas and no registration system. By contrast, Other respondents were most concerned about the need to better regulate STHL across the board. The views of AAPs seem to be somewhat closer to those of the Other respondents than to the Airbnb hosts.

**Table 6 - Ways to regulate STHL in the council area**

STHL needs to be regulated in the following ways ...	Overall (n=158)	Mean			Overall agreement (%)		
		Airbnb hosts (n=27)	AAPs (n=14)	Other respondents (n=117)	Disagree	Neither	Agree
1. Adequate reporting avenues to lodge complaints of misconduct	4.20	3.81	4.00	4.31	7	9	84
2. Adequate enforcement of non-compliance	4.11	3.37	4.00	4.30	9	13	78
3. Compulsory public liability insurance to cover STHL guests and third parties for injury or damage (including Airbnb)	3.92	2.74	4.36	4.15	18	11	71
4. Implementation of a registration/permit system for STHL	3.72	2.22	3.64	4.07	24	12	64
5. Adequate provision of fair trade (i.e. it is a level playing field) within the accommodation-provider sector	3.69	2.56	3.71	3.95	19	18	63
6. Restrictions on Airbnb properties without on-site management	3.57	2.41	3.57	3.84	27	18	56
7. Council-supported community advisory panel regarding STHL	3.57	2.74	3.29	3.79	21	21	58
8. Zoning restrictions for STHL in residential areas	3.30	1.70	3.14	3.69	35	17	48
9. A bed tax or levy for any tourist accommodation (irrespective of the accommodation type)	3.12	2.00	2.14	3.50	35	20	44

\* Disagree = includes groups Strongly Disagree and Disagree; Neither = neither Agree nor Disagree; Agree = includes groups Agree and Strongly agree

#### 4.5 Preferences for further information needs on Airbnb

The majority of respondents agreed with the need for greater public information on Airbnb-related issues within the Ballina Shire (see Table 7). More information particularly regarding impacts of Airbnb on long-term residential rental accommodation, on the community, and on the extent of compliance with existing STHL regulations, is highly sought after. Respondents also wanted to be informed about regulations regarding Airbnb rentals and about impacts on infrastructure. Again, Airbnb hosts tended to have much lower information needs than AAPs and Other respondents.

**Table 7 – Information needs of residents about Airbnb in the council area**

Important to have information about ...	Overall (n=159)	Mean			Of importance (%)		
		Airbnb hosts (n=27)	AAPs (n=14)	Other residents (n=118)	Not important	Average important	Very important
1. Impacts on long-term residential rental accommodation	4.00	3.25	3.50	4.31	10	17	73
2. Extent of compliance with existing STHL regulations	3.87	3.36	3.79	4.15	11	18	71
3. Regulations regarding Airbnb rentals (e.g. hosts' responsibilities, guests' rights)	3.86	3.39	3.79	4.07	10	23	67
4. Impacts of Airbnb on the community	3.84	3.29	3.50	3.95	11	18	71
5. Impacts on infrastructure (i.e. roads, waste management facilities)	3.79	3.29	3.36	3.84	11	23	66
6. Impacts on approved accommodation providers (e.g. B&Bs, Hotels)	3.72	2.79	3.50	3.79	16	22	62
7. Impacts on businesses in town	3.68	3.57	3.57	3.72	9	29	62
8. The location and type of Airbnb properties	3.38	2.50	3.00	3.69	24	25	51

\* Not important = includes groups Not important at all and Of little importance; Of average importance; Very important = includes groups Very important and Absolutely essential

#### 4.6 Airbnb Hosts sample and their perceptions

The sample size of the Airbnb hosts who responded to the specific Airbnb host questions was 59, or 34% of all respondents. Of Airbnb hosts, 66% agreed with the statement that their main motivation to become a host was the additional income that enables them to afford living in the Ballina Shire. As can be seen in Table 8 below, other motivations for being a host included the enjoyment of assisting their Airbnb guests with their travel needs and the social engagement with their guests.

**Table 8 - Motivation for becoming an Airbnb host**

Motivation to become an Airbnb host	Mean (n=27)	Overall agreement (%)		
	Overall Mean	Disagree	Neither	Agree
1. The additional income enables me to afford living in the BS	4.26	7	4	89
2. It gives me pleasure to assist Airbnb guests with their travel needs/inquiries	4.22	0	19	81
3. I enjoy the social engagement with Airbnb guests	3.89	19	7	74
4. I feel more secure with Airbnb guests in my residence	3.33	44	19	37

\* Disagree = includes groups Strongly Disagree and Disagree; Neither = neither Agree nor Disagree; Agree = includes groups Agree and Strongly agree

The majority of Airbnb hosts lived on-site of their Airbnb property. Given that there were 35 accommodation type listings among the 27 Airbnb hosts, some hosts appeared to have multiple listings. This suggests that their primary motivation to be an Airbnb host is commercial, rather than social in nature. Those with multiple properties are more likely to run their operations as a business, in contrast to hosts living in their single-listed property and merely enjoying the supplemental income and intrinsic reward of host/guest interactions.

**Table 9 - Accommodation types of Airbnb hosts**

	<b>On-site management</b>	<b>Without on-site management (at a primary residential property)</b>	<b>Without on-site management (at an investment property)</b>
<b>Accommodation types*</b>			
Individual bedroom(s)	6	1	0
An attached studio	6	0	1
A detached studio/cottage	5	0	0
A whole house	4	7	3
Other	2	0	0
<b>Total number of accommodation type</b>	<b>23</b>	<b>8</b>	<b>4</b>
<b>% of all Airbnb's (n=35)</b>	<b>85%</b>	<b>30%</b>	<b>15%</b>

\* Multiple listings possible

Besides advertising their STHL property on Airbnb, the majority of hosts stated that they also advertised on other platforms, particular Stayz (HomeAway) and Booking.com.

#### 4.7 Approved accommodation provider (AAP) sample

The sample size of the AAPs who responded to the specific AAP questions was 15, or 9% of all respondents. Questions on the AAP experience were directed only to those who were running a DA approved accommodation business. The majority (53%) stated that they were the owners and managers of the accommodation businesses while 33% were the owners. The accommodation type varied from B & B (27%), Rural Tourism Facility (20%), Guesthouse (13%), Motel/Motor Inn (13%), Holiday Park (7%), Resort (7%) or Serviced Apartment (7%). The majority (60%) of accommodation businesses provide one to five rooms and 27% provide 6-15 rooms.

Of note, while almost half of the AAPs (47%) stated that they advertise their business on the Airbnb website, another 47% of AAPs were concerned about the growth of Airbnb listings in their area, and the negative impact this has had on their property's performance over the last three years. Furthermore, 33% of the AAPs indicated that they do not feel supported by the NSW government regarding STHL legislation.

## 5 Acknowledgements

The authors gratefully acknowledge the funding assistance received for this research from the Tourism Research Cluster, School of Business and Tourism, Southern Cross University and support from Destination North Coast, in particularly Michael Thurston.

The team would also like to thank the Ballina Shire Council who helped to circulate the survey throughout the Ballina Shire, as well as every survey respondent for taking the time to provide valued input.

## 6 References

- Caldicott, R., von der Heide, T., Scherrer, P., Muschter, S., & Canosa, A. (2019). Airbnb – exploring its triple bottom line impacts. *International Journal of Culture, Tourism and Hospitality Research, Forthcoming*.
- Che, D., Muschter, S., von der Heide, T., & Caldicott, R. (2019, March). Community report: Airbnb in the Byron Shire (BS) – Bane or blessing? an investigation into the nature and range of impacts of airbnb on a local community. Retrieved from scu.edu.au/airbnb-impacts
- Dann, D., Teubner, T., & Weinhardt, C. (2019). Poster child and guinea pig – insights from a structured literature review on Airbnb. *International Journal of Contemporary Hospitality Management, 31*(1), 427-473. doi:doi:10.1108/IJCHM-03-2018-0186
- Gurran, N., Zhang, Y., Shrestha, P., & Gilbert, C. (2018, September). Planning responses to online short-term holiday rental platforms. Retrieved from <http://apo.org.au/system/files/194081/apo-nid194081-1011586.pdf>
- Guttentag, D. (2015). Airbnb: disruptive innovation and the rise of an informal tourism accommodation sector. *Current Issues in Tourism, 18*(12), 1192-1217. doi:10.1080/13683500.2013.827159
- Inside Airbnb. (2019, 10 December). Airbnb Northern Rivers. Retrieved from <http://insideairbnb.com/northern-rivers/>
- NSW Government. (2019, August). Short-term rental accommodation - a new regulatory framework. Retrieved from <https://www.planningportal.nsw.gov.au/exhibition/proposed-short-term-rental-accommodation-reforms>
- Southern Cross University. (2019). Bane or blessing? Speak up now about short-term holiday letting in your community [Press release]. Retrieved from <https://www.scu.edu.au/engage/news/latest-news/2019/bane-or-blessing-speak-up-now-about-short-term-holiday-letting-in-your-community.php>
- von der Heide, T., Muschter, S., Caldicott, R., & Che, D. (2019). Airbnb in Byron Bay, Australia – bane or blessing? Positive and negative impacts according to key informants in the community. *International Journal of Tourism Cities - special issue on Sharing Economy in a Changing Tourism Ecosystem, ID: IJTC-04-2019-0056*.

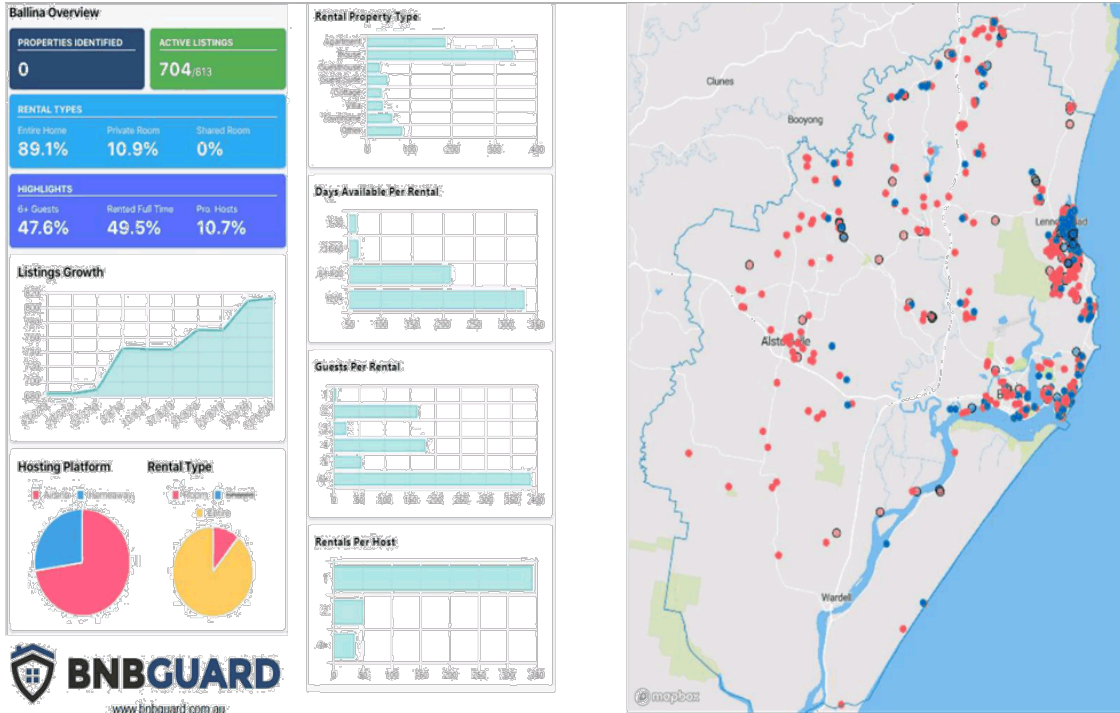




7 Appendix 1: All council profile, respondents and STHL listings

Council	Popu- lation	Respon- ses	% of Popu- lation	Resident Type						Airbnb & Stayz listings Nov 2019: BnbGuard	Airbnb only listings: Inside Airbnb				
				AAP	% AAP hosts	AirBnB Host	% Airbnb hosts	Other	% Other		Dec 2016	Dec 2017	Dec 2018	Dec 2019	% increase 2016- 2019
Ballina Shire Council	44,208	161	0.4%	14	9%	29	18%	118	73%	704	193	439	563	616	219%
Bellingen Shire Council	12,963	116	0.9%	18	16%	15	13%	83	72%	299	78	169	218	214	174%
Coffs Harbour City Council	76,551	158	0.2%	22	14%	61	39%	75	47%	1,288	179	589	751	880	392%
Clarence Valley Council	51,647	99	0.2%	18	18%	29	29%	52	53%	973	108	275	474	644	496%
Kempsey Shire Council	29,665	76	0.3%	11	14%	12	16%	53	70%	935	54	143	389	420	678%
Kyogle Council	8,870	39	0.4%	6	15%	3	8%	30	77%	60	14	34	56	47	236%
Lismore City Council	43,843	100	0.2%	4	4%	15	15%	81	81%	205	77	165	210	222	188%
MidCoast Council*	90,504	152	0.2%	18	12%	27	18%	107	70%	2,186	177	813	990	1222	590%
Nambucca Shire Council	19,773	110	0.6%	15	14%	24	22%	71	65%	281	50	154	193	202	304%
Port Macquarie-Hastings Council	83,131	122	0.1%	15	12%	38	31%	69	57%	918	148	397	632	620	319%
Richmond Valley Council	23,399	41	0.2%	5	12%	6	15%	30	73%	127	5	16	21	32	540%
Tweed Shire Council	96,108	458	0.5%	23	5%	61	13%	374	82%	1,500	289	878	1,202	1337	363%
Byron Bay Council (2018)	34,574	766	2.2%	N/A	N/A	151	18%	615	72%	3,684	1,172	2740	3,037	3452	195%
<b>Total</b>	<b>615,236</b>	<b>2,451</b>	<b>0.4%</b>	<b>169</b>	<b>7%</b>	<b>471</b>	<b>19%</b>	<b>1,758</b>	<b>74%</b>	<b>13,160</b>	<b>2,544</b>	<b>6812</b>	<b>8,736</b>	<b>9908</b>	<b>289%</b>

8 Appendix 2: Airbnb & Stayz listings in the Ballina Shire<sup>3</sup>



3. (BnbGuard, 27 Nov 2019): [BnbGuard.com.au](https://bnbguard.com.au) provides short-term letting address identification and data reporting services for councils across Australia. A sample dashboard is available here: <https://bnbguardv2.herokuapp.com/nsw/sydney/suburbs/summary>

Delivering  
affordable housing  
with Local Government



Creating more affordable  
and sustainable communities

We believe everyone deserves  
a place to call home.

A place that is safe and  
affordable, where individuals,  
families and communities  
can thrive, seek comfort  
and enjoy.

We want to share what we  
know and learn from others  
so more people in NSW can  
choose to live not just reside.

We seek new opportunities,  
choose to embrace resilience  
and create pathways through  
this new landscape.

**Landcom will be there with  
you as partners, we are on  
this journey together.**

JULY 2020

[landcom.com.au](http://landcom.com.au)

## 8.2 Affordable Housing

### Introduction

We understand that your community feels strongly about the need for greater housing affordability. At Landcom we share this sentiment and are keen to work with you to explore opportunities to increase access to affordable housing for your local area. It has been increasingly difficult to achieve the provision of affordable housing through Business as Usual. Landcom believes a new approach, through partnerships, offers the best opportunity to make meaningful changes to increase the supply of affordable housing.

### Alignment

No one understands the needs of their communities better than Local Government.

At Landcom we share with Local Government values of equity, empathy, openness, transparency, efficiency and collaboration. The Integrated Planning and Reporting Frameworks that direct the work of Local Government are strongly embedded with a commitment to community engagement.

Landcom's work is also guided by principles of community engagement, a desire for innovation and the need for accountability in delivering to our communities. We understand and acknowledge the demands of Local Government balancing the delivery of strategies developed to meet the aspirations and expectations of your communities.

*"We recognise and value the enormous contribution Local Government make to their local communities across the state. Landcom has delivered over 95,000 homes across NSW over the past 40 years. Together with Local Government we see the opportunity for partnerships that can achieve even greater outcomes for the community, by delivering more affordable housing."*

John Brogden  
Chief Executive Officer  
Landcom



### Partnerships

The task of delivering more affordable housing is complex and requires a collaborative approach. This is why at Landcom, we have been increasingly focused on partnership delivery models.

The relationships we've built with Community Housing Providers (CHPs) and the National Housing Finance and Investment Corporation (NHIFIC) are already advanced. We see Local Government as a significant stakeholder and key partner in delivering greater housing affordability.



### Delivering affordable housing

Landcom represents an attractive proposition to Local Councils who want to develop affordable housing on their land.

Our approach, driven by innovation and partnerships, provides a comprehensive and workable range of development options and models to deliver housing affordability for people on low to moderate incomes, including "key workers".

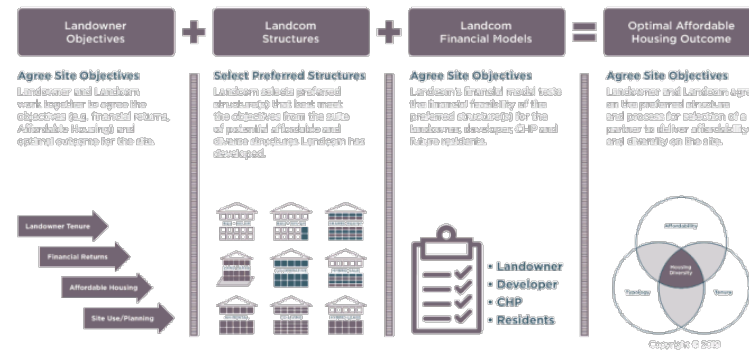
We have developed financial models and structures along with the preferred dwelling type and planning pathway, to optimise the outcomes for your community's needs and resources.

Our affordable housing models focus on low to moderate income households. These households can include "key workers" such as nurses, childcare workers, police, paramedics, teachers and retail workers. Communities with a greater diversity in its people and housing, are more flexible and adaptable. The participation of a diversity of people such as "key workers", enriches both the social fabric and economic capability of local communities.

### Opportunity

Landcom can align Council's financial drivers with local targeted housing need and work with you to optimise the outcome for each site. In line with your community's housing need and the expectations identified in your Local Strategic Planning Statement, Landcom will assist Council find the necessary balance between financial outcomes and community benefits in delivering affordable housing.

Councils have differing circumstances and communities have a range of needs and priorities. Our work with Local Government will be guided by each of these unique sites and situations, delivering bespoke affordable housing solutions.

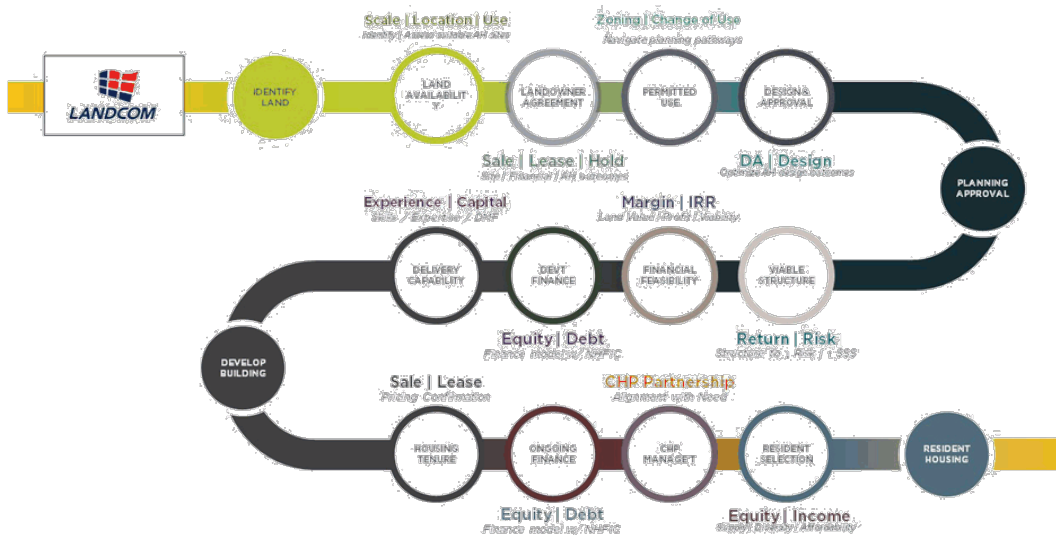


**Proposal**

Landcom has a suite of structures and models available to determine the optimal structure and affordable housing mix that best meets Council's objectives, finding the necessary balance of financial outcomes with community benefit.

Using a 12-step process, Landcom partners with Council to select a CHP delivery partner and work collaboratively to optimise the planning, design, financing and housing delivery outcomes for all stakeholders.

**Affordable Housing: 12 steps to delivery**



**Agreement**

Our flexibility enables us to work collaboratively with you, from advisor, partner, facilitator to development and construction manager. We are able to quantify financial measures, provide options on financial return and offer degrees of involvement and control on individual projects.

**Contact**

Landcom welcomes the opportunity to meet and discuss these opportunities in detail and to learn more about developing bespoke affordable housing projects on land owned by your Council.

**Matt Beggs**  
Executive General Manager  
Partnerships & Business Development  
E mbeggs@landcom.nsw.gov.au

**Nicole Woodrow**  
Development Director  
E nwoodrow@landcom.nsw.gov.au

**Sharyn Lindtner**  
Senior Manager Business Development  
E slindtner@landcom.nsw.gov.au

**Liz Collyer**  
Communications and Engagement Program Manager  
E lcollyer@landcom.nsw.gov.au  
Mobile 0439 076 665

Landcom reasonably believes this document, including the map, is correct at the date of publication, but gives no warranty or representation as to its accuracy or completeness. To the extent permitted by law, Landcom (including its agents and employees) disclaims any liability whatsoever in connection with, reliance upon, or use of this document by any person.



# DELIVERING MORE AFFORDABLE HOUSING: AN INNOVATIVE SOLUTION

May 2021

### KEY FINDINGS

- The growth in the community housing sector has been constrained by low rental returns despite a growing need for its services.
- The demand for social housing will continue to increase, with recent research suggesting over 700,000 new social dwellings will be required over the next 20 years.
- New financial modelling shows that contributions of government-owned land, mixed-tenure developments, lower-cost NHFIC finance and additional private sector finance can help address the challenge of low rental returns for community housing projects.
- This new collaborative approach reduces the amount of additional state government funding support needed to deliver more social housing.
- For example, NHFIC modelling shows that the upfront cost of social housing to state government could be cut by up to 80 per cent, from \$15 million to \$3 million for a 100-dwelling social housing project. Per dwelling, the upfront cost could reduce from \$375,000 to \$75,000 per dwelling for social housing.

### OVERVIEW

This paper provides an update on some aspects of community housing<sup>1</sup> financing in Australia and complementary measures needed to close the funding gap that exists for community housing. This gap is the difference between the costs of delivering and operating new community housing developments (including construction and ongoing management costs) and the rental returns.

The paper draws on new financial modelling that shows how different combinations of federal, state and private sector support – and tenure mix and geographic location – can narrow the funding gap for community housing. It demonstrates that existing government resources such as underutilised land can be used more effectively to build more community housing across Australia.

### DEVELOPMENTS IN FINANCING COMMUNITY HOUSING

Growth in the stock of subsidised rental housing has not kept pace with growth in the number of households overall in Australia.<sup>2</sup> Historically, governments built and owned social housing. In recent times, governments have turned to community housing providers (CHPs) to manage and grow the supply of affordable rental accommodation.<sup>3</sup> The demand for community housing is likely to increase as a result of the economic and social impacts of the COVID-19 pandemic.

Australia's CHP sector is still relatively nascent (with around 93,000 dwellings)<sup>4</sup>, and the funding gap is one of the widely acknowledged constraints on its growth. The funding gap for a community housing development project will depend on a range of factors, particularly geographic location and tenancy mix. For example, the funding gap for social housing will be larger than that for affordable housing as social housing brings lower rental returns.

---

<sup>1</sup> Community housing can be broadly defined as including social and affordable housing provided to people on low to moderate incomes. Social housing rent is generally set at up to 30 per cent of a tenant's income, and affordable housing rent is generally set at no more than 75 per cent of the local market rent.

<sup>2</sup> Australian Institute of Health and Welfare, *Housing assistance in Australia 2019*. Available at <https://www.aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia-2019/contents/social-housing-dwellings>

<sup>3</sup> Tenants in social housing managed by CHPs are eligible for Commonwealth Rent Assistance, while tenants in social housing operated by state governments are not.

<sup>4</sup> The number of community housing dwellings includes dwellings that are owned by state housing authorities and managed by CHPs – Productivity Commission, *Report on Government Services 2020*, Table 18A.3.



### RESEARCH ON ADDRESSING THE FUNDING GAP

The Council on Federal Financial Relations established the Affordable Housing Working Group (AHWG) in 2016 to investigate innovative financing options to attract greater private and institutional investment in the affordable housing sector.

The AHWG's 2016 report, *Innovative Financing Models to Improve the Supply of Affordable Housing*, recommended the establishment of a national bond aggregator. By aggregating CHP borrowing requirements and periodically issuing bonds to large-scale investors, the bond aggregator would be able to provide cheaper and longer-tenor finance to CHPs compared to existing sources of finance. This would in turn reduce operating costs for CHPs and free up some of their existing capital for new construction. However, the AHWG's report indicated that a bond aggregator by itself would not be able to entirely close the funding gap, which was estimated to be around 60 per cent for social housing and 35 per cent for affordable housing.<sup>5</sup> The report noted that "... a key question for further work is the nature and extent of the gap relative to the desired policy outcomes and how it can be funded most efficiently".<sup>6</sup>

In 2017, the AHWG reported on complementary reforms that could enhance the ability of the bond aggregator to drive growth in the CHP sector. This included better use of existing public housing assets; government subsidies; and developments with a mix of social, affordable and private housing. The 2017 report highlighted that because housing policy levers are shared across all levels of government, improving housing outcomes would require a collaborative approach between governments, CHPs and the private sector.<sup>7</sup>

In 2018, the Australian Housing and Urban Research Institute (AHURI) released a paper outlining a new model it had developed to assess various scenarios to close the funding gap – the Affordable Housing Assessment Tool. This tool is designed to calculate the impact of different policy levers and funding sources on the feasibility of projects, based on housing needs in a given local context.

Using the same modelling tool, research by the City Futures Research Centre in 2019 showed that removing the upfront cost of land and providing cheaper NHFIC finance to

---

<sup>5</sup> Affordable Housing Working Group report to the Council on Federal Financial Relations, *Innovative Financing Models to Improve the Supply of Affordable Housing*, October 2016, page 14.

<sup>6</sup> Affordable Housing Working Group report to the Council on Federal Financial Relations, *Innovative Financing Models to Improve the Supply of Affordable Housing*, October 2016, page 2.

<sup>7</sup> Affordable Housing Working Group report to the Council on Federal Financial Relations, *Supporting the implementation of an affordable housing bond aggregator*, September 2017, page 31.

CHPs through the bond aggregator could significantly improve the financial feasibility and cost-effectiveness of new community housing developments.<sup>8</sup>

### ESTABLISHING THE AFFORDABLE HOUSING BOND AGGREGATOR

The Australian Government established NHFIC in June 2018 with a legislated government guarantee to provide additional support for institutional investment in NHFIC bonds and lower borrowing costs for CHPs.

NHFIC has issued three bonds under its Affordable Housing Bond Aggregator function, which have provided an indication of its pricing relative to other equivalent benchmarks such as federal and state government securities. NHFIC's credit practices have evolved to include both project and corporate-style financing.

Since NHFIC was established, there has also been a general reduction in interest rates, including more recent falls caused by COVID-19 concerns. It is therefore timely for some new analysis of the mix of funding options for delivering more community housing.

---

<sup>8</sup> Professor Bill Randolph, UNSW City Futures Research Centre, *Dollars to Dwellings Financing Affordable Housing*, presentation to the National Housing Conference, Darwin, 2019; Dr Laurence Troy and Professor Bill Randolph, UNSW City Futures Research Centre, *Estimating need and costs of social and affordable housing delivery*, March 2019. Assuming CHPs are able to access NHFIC finance at a 1.5 percentage point discount, based on a commercial interest rate of 5 per cent.

### NHFIC MODELLING

NHFIC has commissioned new modelling from Paxon Group to assess the financial feasibility of new community housing projects. The modelling is based on two main scenarios. Scenario 1 involves a state government contributing land on a concessional 49-year lease to a CHP to redevelop an existing social housing site (the reference project model – see box below). Scenario 2 involves using private land (that is, no government land contribution) for the new housing project.

The modelling estimates the key funding requirements needed to make the new community housing project viable. If the required level of equity contribution is not sustainable for the CHP, the project is assessed as being unviable without additional support. The modelling then identifies and quantifies the ability of various support mechanisms to increase the viability of new projects.

The modelling is based on a community housing reference project with particular characteristics, developed based on a range of benchmark projects, to demonstrate the potential impact of recent developments in financing for the sector. As it is inevitable that the characteristics of different community housing projects will vary due to a range of factors, the modelling also includes sensitivity analysis based on different underlying assumptions.

## SCENARIO 1: DEVELOPMENT WITH A GOVERNMENT LAND CONTRIBUTION

The modelling for Scenario 1 is based on a reference project of delivering 100 medium-to-high-density dwellings in a large metropolitan area, with a total project cost of \$50 million including land. The land would be provided to a CHP at a 'peppercorn' lease rate for a 49-year term, allowing the CHPs to develop housing and manage the project for its economic life, before ownership of the land and assets reverts to the state government.

Key assumptions used in the modelling for the illustrative reference project scenario are outlined in Table 1.

**Table 1: Valuation and revenue assumptions**

Assumption	Value	Basis of assumption
Construction cost (including land)	\$500,000/dwelling	Assumed value, based on precedent CHP projects
Market rental value	\$500/week average per dwelling	Median two-bedroom rent for Greater Metropolitan Sydney region
Rental – social housing	\$180/week per dwelling	Benchmark figure from various CHPs
Operating costs (% of revenue)	43% for social housing 25% for affordable	NHFIC and CHP assumptions from precedent projects

The geographic location of each site is important in determining the level of private market rents that could be realised in a mixed-development project.

### HOW THE MODELLING WORKS

The modelling starts with a base case of all 100 dwellings being provided as social housing, with rents set at the level shown in Table 1. The 'No support' column in Figure 1 indicates the level of debt a CHP could access from a commercial lender based on the cash flow generated by the social housing rents, without any additional support mechanisms. In this scenario, a commercial lender would provide 23 per cent of the total project funding.

The remaining 77 per cent of the funding requirement – the funding gap – would need to come from the CHP's own equity contribution, which would make the project unviable without additional support.

The modelling then identifies the incremental contributions of additional support mechanisms that progressively help close the funding gap and ensure the project can proceed.<sup>9</sup>

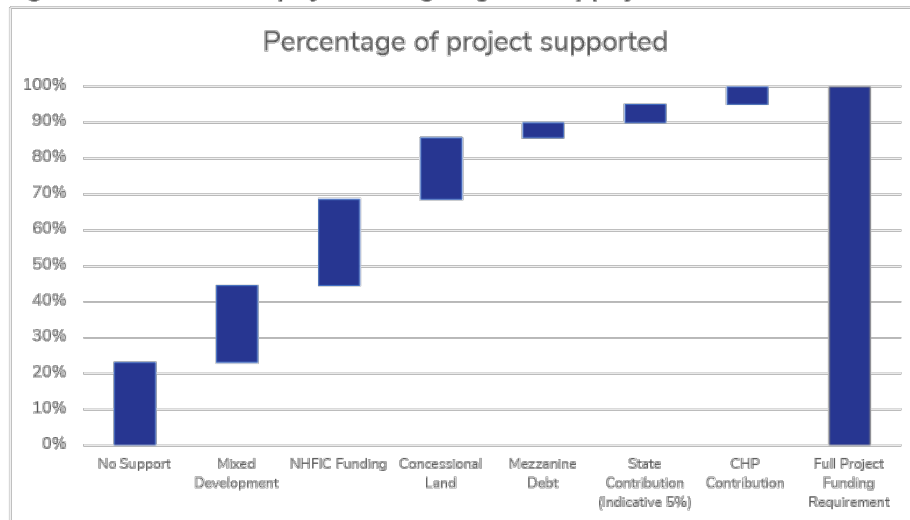
## MODELLING RESULTS

### 1. MIXED DEVELOPMENTS

The viability of new projects can be improved by delivering a mix of social, affordable and private housing on a particular site. The higher revenues generated from the private and affordable rental properties can be used to support the lower rents from social housing. Mixed developments can also potentially improve broader social outcomes, depending on the appropriateness of the design and effective ongoing management of the development.

In this scenario, altering the dwelling composition from 100 per cent social housing to a mix of 35 per cent social housing and 65 per cent private rental accommodation significantly improves the overall cash flow for the project. The higher private market rents reduce the funding gap by around 21 percentage points. As a result, a commercial bank lender would finance around 45 per cent of the total project costs.

**Figure 1: Contributions to project funding – high-density project with concessional land**



<sup>9</sup> The funding gap is the difference between the 'No support' column and the 'Full project funding requirement' column in Figure 1.

## EXAMPLE OF A MIXED DEVELOPMENT

The Brisbane Housing Corporation (BHC) successfully completed a mixed development at Lutwyche (located 5.5 kilometres from Brisbane's CBD) in late 2016. The development was on a site made available to BHC by the Queensland Government.

The three-storey development (Spectrum Apartments) includes a total of 60 studio, one and two-bedroom apartments. These apartments are a mix of specialist disability accommodation (4), community housing (7), affordable rental for key workers (19) and private market rental (30), all with balconies and modern fixtures. The ground floor has five commercial spaces. The development is near public transport and services.



Spectrum Apartments (pictured above) won the 2017 Urban Development Institute of Australia Queensland Award for Excellence in Affordable Housing.

## 2. NHFIC DEBT FINANCING

The creation of NHFIC's bond aggregator function has provided the opportunity for CHPs to access lower-cost longer-term debt compared with other sources of finance. NHFIC has been able to provide CHPs with fixed interest rates of around 2 per cent for more than 10 years, which is at a substantial discount and involves longer tenor than is available under conventional bank financing.

NHFIC's ability to offer cash-flow loans rather than more traditional asset-backed loans also enables CHPs to undertake higher gearing levels and maximise the portion of project financing that can be provided at a low fixed interest rate. In the reference project scenario, the amount of senior debt now available to finance the project increases by 24 percentage points. That is, NHFIC would finance up to 69 per cent of the total project costs with a cash-flow loan, compared to around 45 per cent that would be available under conventional bank finance (see Table 2).

**Table 2: Increase in project viability – NHFIC financing**

	High density	Percentage of project value
Debt supported – bank debt	\$22.3 million	44.6%
NHFIC debt – asset-backed lend	\$28.0 million	56%
NHFIC debt – cash-flow lend	\$34.3 million	68.6%

## 3. CONCESSIONAL LAND

Governments often own older social housing sites or vacant land that is suitable for new community housing projects. Given the cost of land is often a significant proportion of the overall cost of new housing projects, the provision of government-owned land to CHPs on a concessional basis can greatly assist in closing the funding gap.

#### 4. ADDITIONAL JUNIOR DEBT

While existing NHFIC financing can provide CHPs with a significant proportion of low-cost funding for new projects, the remaining funding requirement may be too high for CHPs to meet using their own equity.

An additional layer of junior debt funding can enable CHPs to meet a proportion of their remaining funding gap. The modelling assumes that this junior debt – which is subordinated to NHFIC's existing senior debt – is provided at a rate of 4 per cent by a third party, such as a superannuation fund that is looking to support further investment in community housing.<sup>10</sup>

The combination of NHFIC debt and a layer of junior debt increases the viability of new community housing projects by increasing the level of affordable debt funding and reducing the amount of equity funding needed to close the funding gap.

While modelling has assumed a rate of 4 per cent on the additional layer of junior debt, the reference project could support a higher rate of approximately 5.5 per cent while still meeting loan covenants for senior and junior debt finance. However, this would reduce the return a CHP could achieve on its investment in the project.

#### 5. ADDITIONAL GOVERNMENT CONTRIBUTIONS

The modelling is based on the assumption that a CHP would need to provide at least a 10 per cent equity contribution towards a project, as it is unlikely that a junior debt provider would support a total debt or gearing level above 90 per cent of the project value.

If it was not feasible for a CHP to provide this level of equity from its own sources, it is assumed that additional finance (up to 5 per cent) could be provided by a state or territory government. This may be in the form of an upfront cash contribution, or through service-type payments for housing, a top-up of social housing rents or another mechanism that best meets the need of an individual project.

---

<sup>10</sup> For the recently announced NSW Land and Housing Corporation pilot project, Cbus Super has indicated it is willing to offer CHPs junior debt finance at 3.1 percentage points above the bank bill swap rate, which at current market rates is around 4 per cent. *Australian Financial Review*, (Michael Bleby), 20 August 2020, page 37.



## NSW PILOT PROJECT

NHFIC has partnered with the NSW Land and Housing Corporation (LAHC) and Cbus Super on a pilot project to more efficiently deliver new mixed social and private rental housing.

The first tranche of the project involves redeveloping six existing social housing sites in south-west Sydney on land owned by LAHC. CHPs will be able to develop and operate a mix of 96 new social, affordable and/or private rental dwellings under a 49-year 'peppercorn' or concessional lease from LAHC, through an expression of interest process.

The estimated cost of the development is \$40 million. CHPs will have the option to fund the project with financial support from the NHFIC bond aggregator and up to \$10 million in additional junior debt from Cbus. The CHP will use the surplus rental cash flow from the new dwellings to repay the NHFIC and Cbus loans. At the end of the lease, the land and buildings will be handed back to the NSW Government.

It is expected that this collaborative funding model will be used to support a second tranche of 300 dwellings being built in NSW under the LAHC Community Housing Renewal Program.

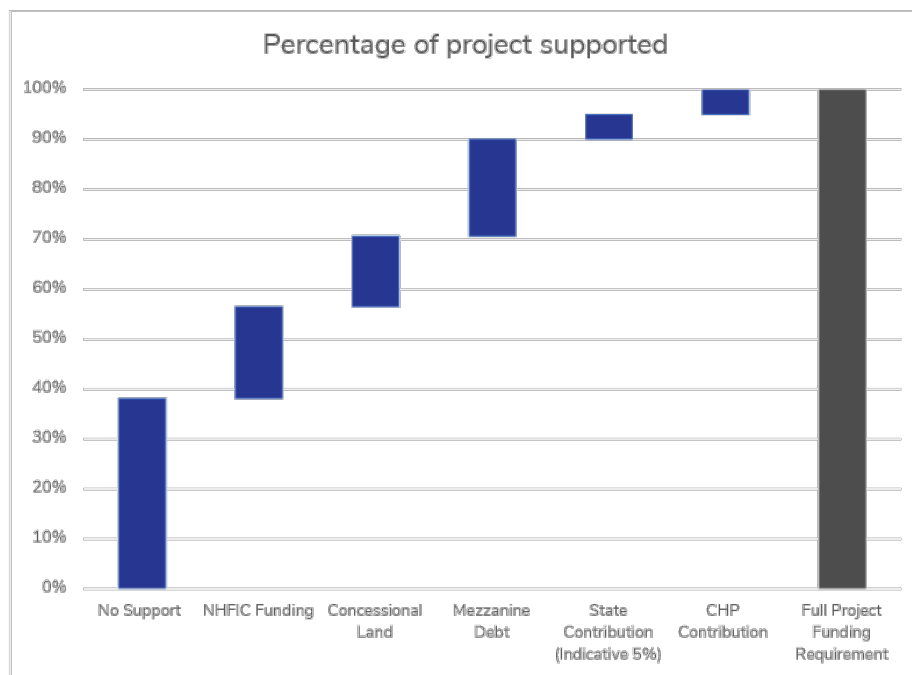
### SCENARIO 1A: SOCIAL AND AFFORDABLE MIXED DEVELOPMENT

NHFIC has also modelled an alternative scenario using the same reference project assumptions, where the dwelling mix is 35 per cent social and 65 per cent affordable housing, rather than 65 per cent private rental.

As the cash flow from the affordable housing component of the mixed development is lower than that from private market rents, the gap between what the project can fund without additional support and the total project funding requirement is larger. However, the lower occupancy risk level for discounted affordable rental compared to private market rental increases the amount of debt finance potentially available for the project.

Figure 2 shows the percentage the additional measures of support contribute to closing the funding gap for this social and affordable mixed development.

**Figure 2: Contribution to project funding – social and affordable housing project**



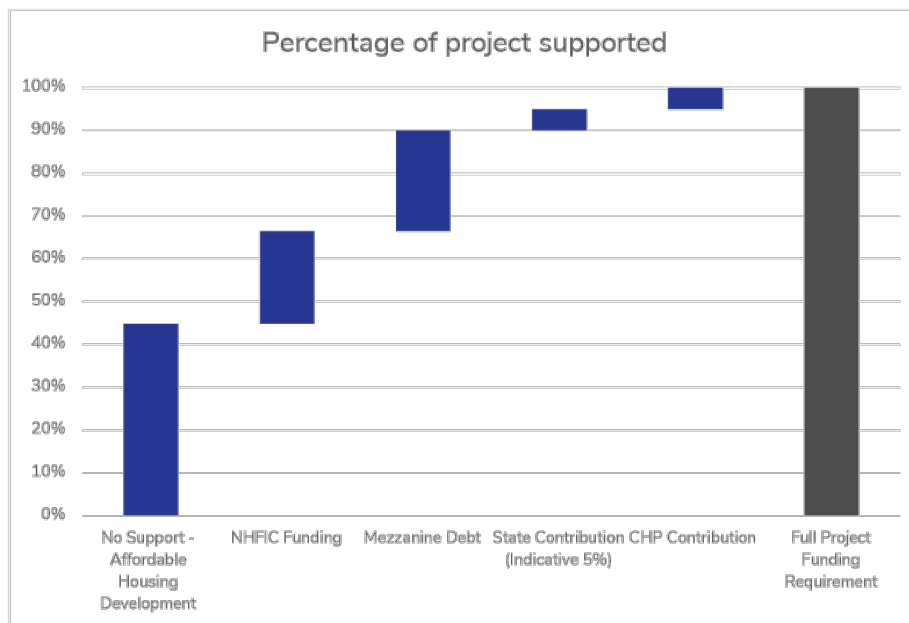
### SCENARIO 2: 100 PER CENT AFFORDABLE RENTAL HOUSING WITH NO GOVERNMENT LAND CONTRIBUTION

NHFIC modelling shows that there are some scenarios where new affordable housing projects are viable without a concessional land contribution from a state government.

Using the same parameters as the project reference model in Scenario 1, a new development on private land for 100 per cent affordable rental housing (such as for key workers in essential service sectors) could generate sufficient cash flow to service a combination of NHFIC senior funding debt and a layer of junior debt (see Figure 3).

The level of junior debt needed to support the project would be higher than if there was a concessional land contribution (such as in Scenario 1).

**Figure 3: Contributions to project funding – high-density, 100 per cent affordable housing on private land**



## SENSITIVITY ANALYSIS

As the characteristics of different community housing projects will inevitably vary, NHFIC has conducted a sensitivity analysis based on a different set of assumptions. This includes a reduction in social housing rent; a lower market rent, which affects the affordable rental rate as this is set at 74.9 per cent of market rent; and higher operational costs (outlined in Table 3). The sensitivity analysis is also based on an assumption of a mix of 30 per cent social and 70 per cent private market rental, as this is likely to be a more standard approach in mixed developments.

**Table 3: Sensitivity analysis assumptions**

Assumption	Value	Basis of assumption
Market rental value	\$450/week average per dwelling	Reduced 10% from \$500 per week for the reference project
Rental – social housing	\$150/week per dwelling	Reduced from \$180 per week for the reference project, reflecting a lower portion of houses with dual income or supplementary eligibility
Operating costs (percentage of revenue)	50% for social housing 35% for affordable and market	Assumed values reflecting a scenario with higher operating costs (compared to 43% for social housing and 25% for affordable housing in the reference project)

Applying these different assumptions, the project would have a lower cash flow and therefore would only support lower levels of NHFIC senior debt and junior debt. Where the requirement for the CHP equity contribution is constrained to 5 per cent of the project's value, the government contribution would need to be larger.

Table 4 shows the government funding requirement as a percentage of total project funding that would be needed due to varying assumptions.

**Table 4: Additional government funding requirement**

	Scenario 1: 30% social, 70% market	Scenario 1A: 30% social, 70% affordable	Scenario 2: 100% affordable
Reduced social housing rent	1.2%	1.2%	–
Increased operating costs – social housing	0.7%	0.8%	–
Increased operating costs – affordable housing	–	6.4%	8.8%
Increased operating costs – market housing	7.9%	–	–
Reduced market rent	5.1%	4.1%	5.7%
<b>Total</b>	<b>14.8%</b>	<b>12.5%</b>	<b>14.5%</b>

The percentages shown in Table 4 are in addition to the base funding requirement of a 5 per cent government contribution, indicating that the total contribution required varies between 17.5 per cent and 19.8 per cent if all downside assumptions are applied. The analysis demonstrates that the greatest impact on project economics, and hence the required government support, is an increase in assumed operating costs. Where operating costs for affordable and market housing can be contained, this limits the required increase in government funding support.

## VALUE FOR MONEY

Translating the financial structuring into potential costs and benefits, NHFIC has undertaken a comparative analysis to determine the value that can be achieved under the innovative financing approach outlined above, in which various forms of support are incorporated. This compares to the relative cost of governments fully funding social housing under a conventional public housing approach.

The analysis was conducted on a pilot portion of the reference project used in Scenario 1, delivering 40 social housing properties from a 100-property project across multiple sites.

Under the traditional delivery approach, the state government would need to pay the full cost of construction of the social housing upfront (excluding the value of government land). This would require the state government to contribute \$375,000 per property, or a total of \$15 million. Where the state government chooses to use a CHP as the delivery agent, the CHP can access a combination of NHFIC finance and junior debt to finance a substantial proportion of the upfront construction costs. In this case, the state government would only need to contribute \$75,000 per social housing property, or a total of \$3 million.

For affordable housing, a government contribution of 5 per cent for the project equates to a contribution of \$25,000 per dwelling. The required government contribution is significantly less, as a higher volume of affordable housing within the development generates higher rental revenues than social housing.

A recent submission by the Grattan Institute to a parliamentary committee into homelessness in Australia indicated that government equity injections to CHPs combined with government-guaranteed finance from NHFIC was a cost-effective way to fund the construction of more social housing.<sup>11</sup>

While state governments can benefit from the more cost-effective delivery of new social housing dwellings by using CHPs as delivery agents and innovative financing mechanisms, CHPs can also obtain benefits from involvement in public housing regeneration projects with 49-year leases.

The scenarios in this paper also include an upfront 5 per cent contribution from the CHP towards the total project capital costs (around \$6 million for the reference project). The modelling indicates that a CHP could achieve a return of 6–8 per cent on a \$6 million capital contribution over the life of a project. This return would support the CHP to invest in an additional 15 new properties.

The CHP involved would also expand its ability to provide affordable rental accommodation and services to people on low and moderate incomes over the life of the project.

CHPs would need to assess these potential benefits against the risks involved with mixed development projects, including the likely level of private market returns that could be sustained by a particular project.

---

<sup>11</sup> Grattan Institute, *Tackling Homelessness in Australia*, submission to the Standing Committee on Social Policy and Legal Affairs Inquiry into Homelessness in Australia, B. Coates, J. Nolan and T. Chen, page 12.

## EMPLOYMENT BENEFITS

The NHFIC also commissioned Paxon Group to analyse the potential new construction and employment benefits from the additional 5 per cent government contribution towards community housing projects used in the modelling scenarios. These estimates are based on metrics used by the NSW LAHC for two direct construction jobs and three indirect jobs being supported, per \$1 million of residential construction activity.

**Table 5: New construction and employment benefits**

Scenario	Development value per \$m (\$m)	Direct construction jobs per \$m	Indirect jobs per \$m
Social housing – high-density	15.9	31.9	47.8
Social housing – low-density	10.5	21.0	31.4
Affordable housing – government land	20.0	40.0	60.0
Affordable housing – private land	15.9	31.9	47.8

NHFIC's previous analysis in its research paper *Building jobs: How residential construction drives the economy* confirms that, relative to other industries, residential construction has strong economic spill-overs in terms of economic output and jobs, particularly when there is spare capacity. Multipliers can overstate industry effects when the economy has limited spare capacity, but the current economic outlook means that this is unlikely to occur over the next few years.<sup>12</sup>

<sup>12</sup> NHFIC, *Building jobs: How residential construction drives the economy*, June 2020, page 3.

### FINAL OBSERVATIONS

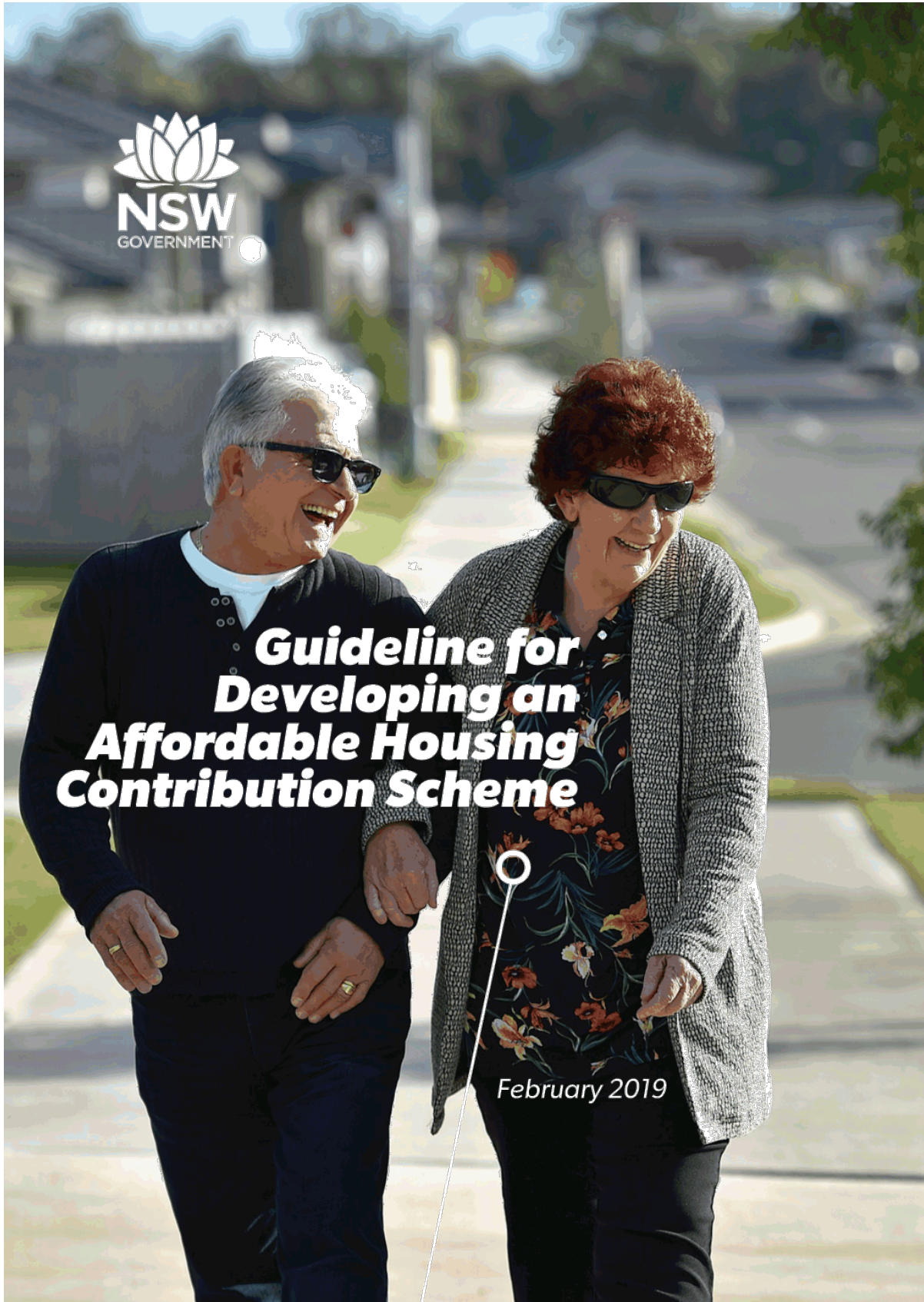
There has been a long-standing shortage of social and affordable rental housing in Australia. Previous work by AHURI shows that in addition to current waiting lists, an estimated 727,300 additional social dwellings will be required over the next 20 years.<sup>13</sup> The ongoing challenges with increasing the supply of community housing are the low level of rental returns and closing the funding gap.

The modelling in this report illustrates that the ability of CHPs to access new sources of cheaper finance can make a substantial contribution to closing the funding gap in this low market interest rate environment. Relatively small government contributions and better use of government-owned land can enable CHPs to deliver new cost-effective and affordable rental housing for people on low incomes and key workers providing essential services for the community.

---

<sup>13</sup> AHURI, *Social housing as infrastructure: an investment pathway*, 2018.  
National Housing Finance and Investment Corporation





## 8.2 Affordable Housing

February 2019

© Crown Copyright, State of NSW through its Department of Planning and Environment 2019

### Disclaimer

While every reasonable effort has been made to ensure this document is correct at time of printing, the State of NSW, its agents and employees, disclaim any and all liability to any person in respect of anything or the consequences of anything done or omitted to be done in reliance or upon the whole or any part of this document.

### Copyright notice

In keeping with the NSW Government's commitment to encourage the availability of information, you are welcome to reproduce the material that appears in Guideline for Developing an Affordable Housing Contribution Scheme. This material is licensed under the Creative Commons Attribution 4.0 International (CC BY 4.0). You are required to comply with the terms of CC BY 4.0 and the requirements of the Department of Planning and Environment. More information can be found at: [planning.nsw.gov.au/Copyright-and-Disclaimer](http://planning.nsw.gov.au/Copyright-and-Disclaimer).

**Guideline for Developing an Affordable Housing Contribution Scheme** | FEBRUARY 2019

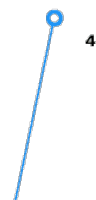


# Contents

<b>1. Introduction</b>	<b>5</b>
How does SEPP 70 work?	6
<b>2. How to prepare an affordable housing contribution scheme</b>	<b>12</b>
2.1 How to prepare an affordable housing contribution scheme	13
2.2 Key concepts in the development of an affordable housing contribution scheme	20
<b>3. Process for including or referring to an affordable housing contribution scheme through an amendment to a local environmental plan</b>	<b>25</b>
3.1 The process for requiring affordable housing contributions	25
<b>4. Monitoring and review of development contributions collected under affordable housing contribution schemes</b>	<b>29</b>
<b>Appendix 1 – Definitions</b>	<b>30</b>
<b>Appendix 2 – How to determine a viable affordable housing contribution rate</b>	<b>33</b>
<b>Appendix 3 – Template for affordable housing contributions schemes</b>	<b>36</b>
Section 1 – Strategic context and background	36
Section 2 – Affordable housing contributions	38
Section 3 – Administration and implementation	40
Appendix A – Local housing needs assessment	41
Appendix B – Viability assessment	41
Appendix C – Information Sources	41
<b>Appendix 4 – Information Sources</b>	<b>43</b>



8.2 Affordable Housing



## 1. Introduction

This document is a guideline for councils to help them prepare affordable housing contribution schemes and thereby fulfil the requirements of Section 7.32(3)b of the *Environmental Planning and Assessment Act, 1979* (the Act).

Affordable housing contribution schemes are council-led documents which set out how, where, and at what rate development contributions can be collected by councils for affordable housing.

They also give local communities greater clarity about the affordable rental housing planned for in their areas, and affordable housing contribution schemes provide developers certainty and transparency about how affordable rental housing contributions will be determined, and the contribution rate that will be applied in a condition of consent.

This document guides councils on what they should include in an affordable housing contribution scheme to satisfy the legislative requirements, and how to develop an affordable housing contribution scheme under Section 7.32(1)(c) of the Act.

### RELATIONSHIP BETWEEN SEPP 70, THE EP&A ACT, AND LEPS

Section 7.32 permits the levying of contributions for affordable housing, if a SEPP identifies a need for affordable housing in the Local Government Area (LGA)

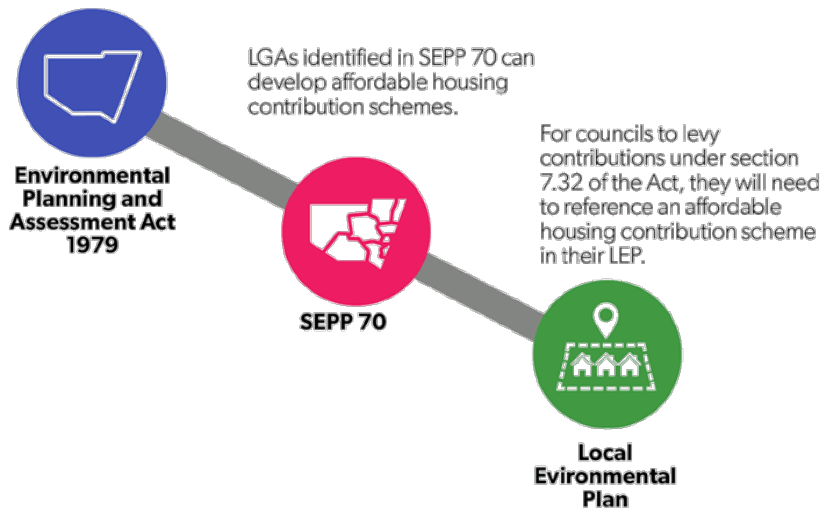


Figure 1 outlines the relationships between SEPP 70, the Act and LEPS.

**How does SEPP 70 work?**

One of the objectives of the Act (Section 1.3(d)) is to promote the delivery and maintenance of affordable housing. Under Section 7.32 of the Act, councils may place consent conditions on developments which require contributions for affordable housing in that local government area (LGA). To do this, LGAs must be identified as having a need for affordable housing in a state environmental planning policy.

State Environmental Planning Policy No 70 – Affordable Housing (Revised Schemes) (SEPP 70) identifies those LGAs. It also provides the mechanism for councils to develop schemes and levy developer contributions for affordable housing.

SEPP 70 commenced on 1 June 2002 and applied to City of South Sydney, City of Sydney, City of Willoughby and Leichhardt LGAs. An amendment to SEPP 70, notified on 20 April 2018, included five additional LGAs, City of Randwick, Inner West, Northern Beaches, City of Ryde, and City of Canada Bay, into the SEPP. The operation of SEPP 70 has now been expanded to include all LGAs across the State.

While SEPP 70 includes all LGAs, it does not mean councils can automatically impose consent conditions for affordable housing. Under Section 7.32(3)(b) of the Act, any condition imposed on a development consent must be authorised by an LEP and must be in accordance with an affordable housing contribution scheme

for dedications or contributions set out in, or adopted by, the LEP.

This means that councils must:

- investigate the affordable housing need in their LGAs
- identify the areas to which an affordable housing contribution scheme will apply
- determine a viable affordable housing contribution rate
- prepare affordable housing contribution schemes
- amend their LEPs through the planning proposal process to reference their affordable housing contribution schemes.

Councils can then apply consent conditions that require contributions for affordable housing.

Section 7.32(3) of the Act sets out requirements that must be met to impose a condition to levy developer contributions for affordable housing. This guideline will help councils develop affordable housing contribution schemes which meet these legislative requirements.

**Developing a viable affordable housing contribution rate in an affordable housing**

As part of developing an affordable housing contribution scheme and preparing a planning proposal to amend an LEP to levy developer contributions, councils will need to prepare and provide evidence that affordable housing contribution rates are viable.

Councils will need to provide the Department with the evidence and

assumptions used to determine the affordable housing contribution rate, to enable the assessment and review of the proposed affordable housing contribution rates to ensure that the rates are viable and would not impact on development feasibility and overall housing supply. The evidence and assumptions will be exhibited as part of the public consultation on the LEP amendment.

**Greater Sydney Commission’s Objectives**

The Greater Sydney Commission’s Greater Sydney Region Plan and District Plans (the Plans) for the Sydney Metropolitan region, support the development of affordable housing contribution schemes as a mechanism to implement the Commission’s housing related objectives.

The Plans include Affordable Rental Housing Targets as a mechanism to deliver an additional supply for very low to low-income households in Greater Sydney and include Affordable Rental Housing Targets of 5-10% of new residential floor space, subject to being viable.

Affordable Rental Housing Targets are to be applied in areas where an uplift of land value is created. The contribution rate

needs to be viable when taking into consideration local and state infrastructure charges, and the ability for developers to achieve a reasonable profit margin.

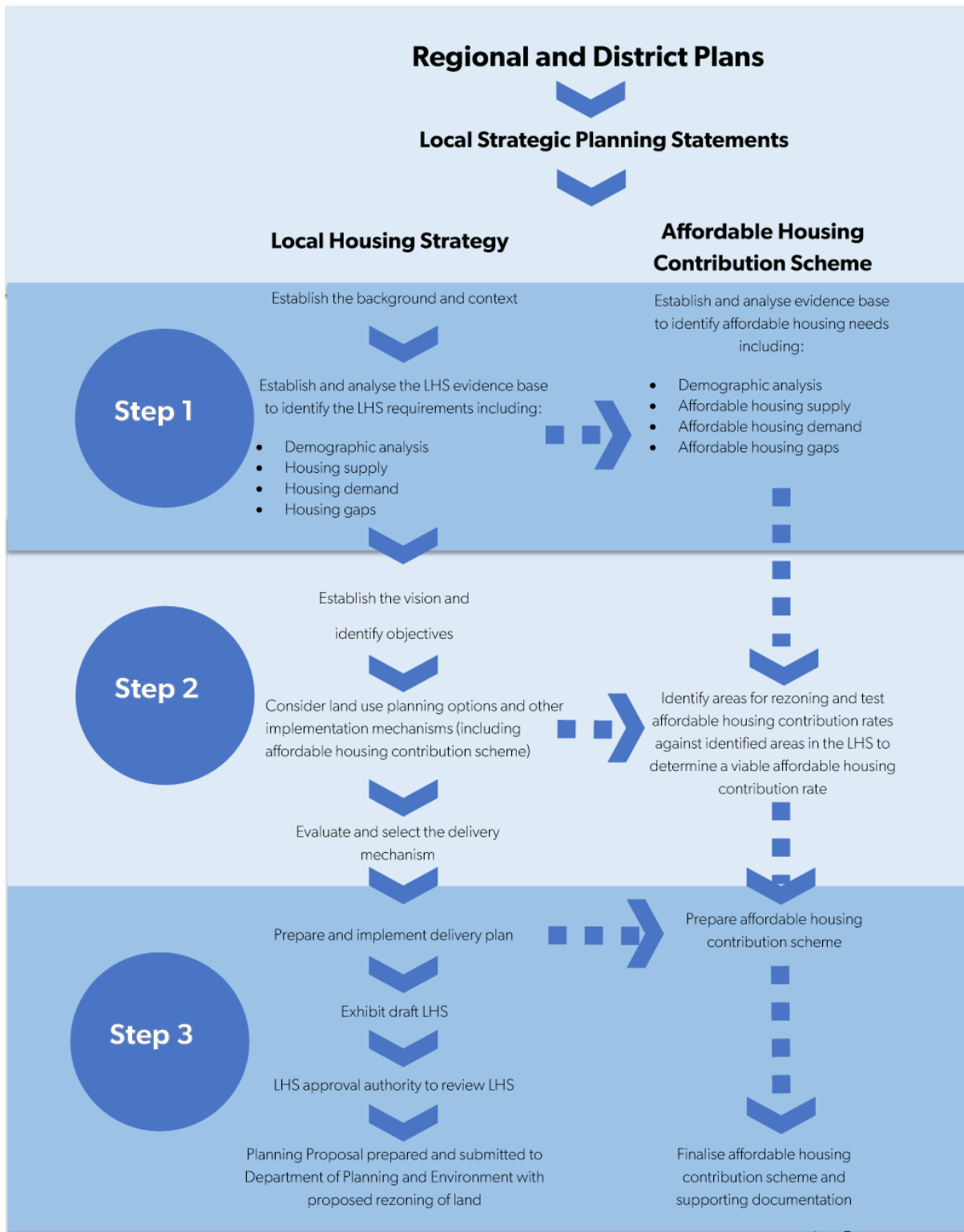
**Relationship to legislative changes in the Act – Strategic Planning and Local Strategic Planning Statements**

In March 2018, a number the legislative changes came into force through the updates to the *Environmental Planning and Assessment Act 1979* (the Act). One of the significant changes to the Act was an emphasis on strategic planning and the critical role and importance of councils in strategic planning in their local government area.

As outlined in Figure 2 below, the work by councils to develop their Local Strategic Planning Statements and Local Housing Strategies will also inform the development of an affordable housing contribution scheme.

The background information and evidence base required in an affordable housing contribution scheme is also required in a Local Housing Strategy. Councils may duplicate the information from its work in preparing a Local Housing Strategy.





**Figure 2: Steps in the development of strategic planning framework and Local Housing Strategy and how it should inform the development of an affordable housing contribution scheme.**

Guideline for Developing an Affordable Housing Contribution Scheme | FEBRUARY 2019



**Local Strategic Planning Statements**

All councils are required to prepare Local Strategic Planning Statements (LSPS). The LSPS will implement actions in the Regional and District Plans and set out the 20-year vision for land use in the local area, the special character and values that are to be preserved and how change will be managed into the future.

These statements will be a succinct and easy to understand document that will allow community members to contribute to and understand the future direction of land use in the area.

LSPSs must identify planning priorities for an area and explain how these are to be delivered. The LSPS will inform the housing vision, and a council's Local Housing Strategy will provide a comprehensive evidence base to inform the development of affordable housing contribution schemes and the areas they will be applied.

In Greater Sydney, the LSPS must be in place by 1 December 2019, and in regional areas, the LSPS must be in place by 1 July 2020.

**Local Housing Strategy**

A Local Housing Strategy is a strategic plan for housing in local government areas. Local Housing Strategies are produced by councils, with input from the community, and set out the framework for new housing in a local government area. In Greater Sydney, a Local Housing Strategy must form part of the strategic planning framework.

A council must prepare a Local Housing Strategy if required by a Regional or District Plan, and can also choose to prepare one, even if it is not required to. In developing a Local Housing Strategy, councils must consider demographics, housing supply and demand, local land use opportunities and constraints, along with other relevant evidence.

As part of the broader consideration of housing supply and demand in their LGAs, councils must also consider the supply and demand for affordable housing and how this is likely to change over time. Local Housing Strategies, including any affordable housing components, are to be consistent with the relevant Regional and District Plans.

The data gathering, and analysis undertaken by a council to inform its Local Housing Strategy, including affordable housing data, demographic analysis and needs analysis, can be used to inform the development of an affordable housing contribution scheme.

The process for preparing a Local Housing Strategy is outlined in the Local Housing Strategy Guideline (<https://www.planning.nsw.gov.au/Policy-and-Legislation/Housing/Local-Housing-Strategy-Guideline-and-Template>).

Councils may wish to review the Local Housing Strategy Guideline which is complementary to this document.

**Other affordable housing contribution mechanisms**

Special Infrastructure Contributions

A Special Infrastructure Contribution is a levy paid by developers to share the cost of delivering key pieces of State and regional infrastructure, including affordable housing, within a defined boundary. The Special Infrastructure Contribution, and area to which it applies is determined by the Minister.

Under the provisions of the Act, if a Special Infrastructure Contribution area lists affordable housing under the schedule of infrastructure works, contributions for affordable housing cannot also be collected under an affordable housing contribution scheme.

However, if the schedule for infrastructure works for a special contributions area does not include affordable housing, an affordable housing contribution scheme under SEPP 70 may apply. This is to ensure that contributions for the provision of affordable housing can only be required under either SEPP 70 or as a Special Infrastructure Contribution.

Voluntary Planning Agreements

The Act enables a voluntary planning agreement (VPA) to be undertaken. A VPA is a planning tool that allows planning authorities and developers to work together to deliver innovative infrastructure outcomes alongside development proposals. A VPA can include the provision of or monetary contributions for affordable housing.

The Minister has issued the *Environmental Planning and Assessment (Planning Agreements) Direction 2019*. The Direction requires councils to consider a series of matters when negotiating a planning agreement with a developer for the purposes of affordable housing in connection with a development application.

Councils that want to negotiate a planning agreement for provision affordable housing, after considering the requirements of the Ministerial Direction, will need to prepare and publish a policy that sets out the circumstances in which it may seek out a planning agreement. This policy will need to be made publicly available.

**Alternative options to support the delivery of affordable housing**

This guideline explains the provisions of SEPP 70 and the process to develop an affordable housing contribution scheme. However, it is recognised that there are alternative mechanisms that councils can utilise to support the delivery of affordable housing. These include State Environmental Planning Policy (Affordable Rental Housing) 2009 (ARH SEPP) and Local Environmental Plans.

The ARHSEPP provides incentives for the development of new affordable rental housing; facilitates the retention and mitigates the loss of existing affordable rental housing; and facilitates an expanded role for not-for-profit-providers of affordable rental housing. Under the

## 8.2 Affordable Housing

ARHSEPP, additional affordable housing options including boarding houses, in fill development and secondary dwellings provide alternative affordable housing options.

Councils can also utilise the provisions of its local environmental plan to support housing diversity, informed by its strategic planning work. This strategic work occurs

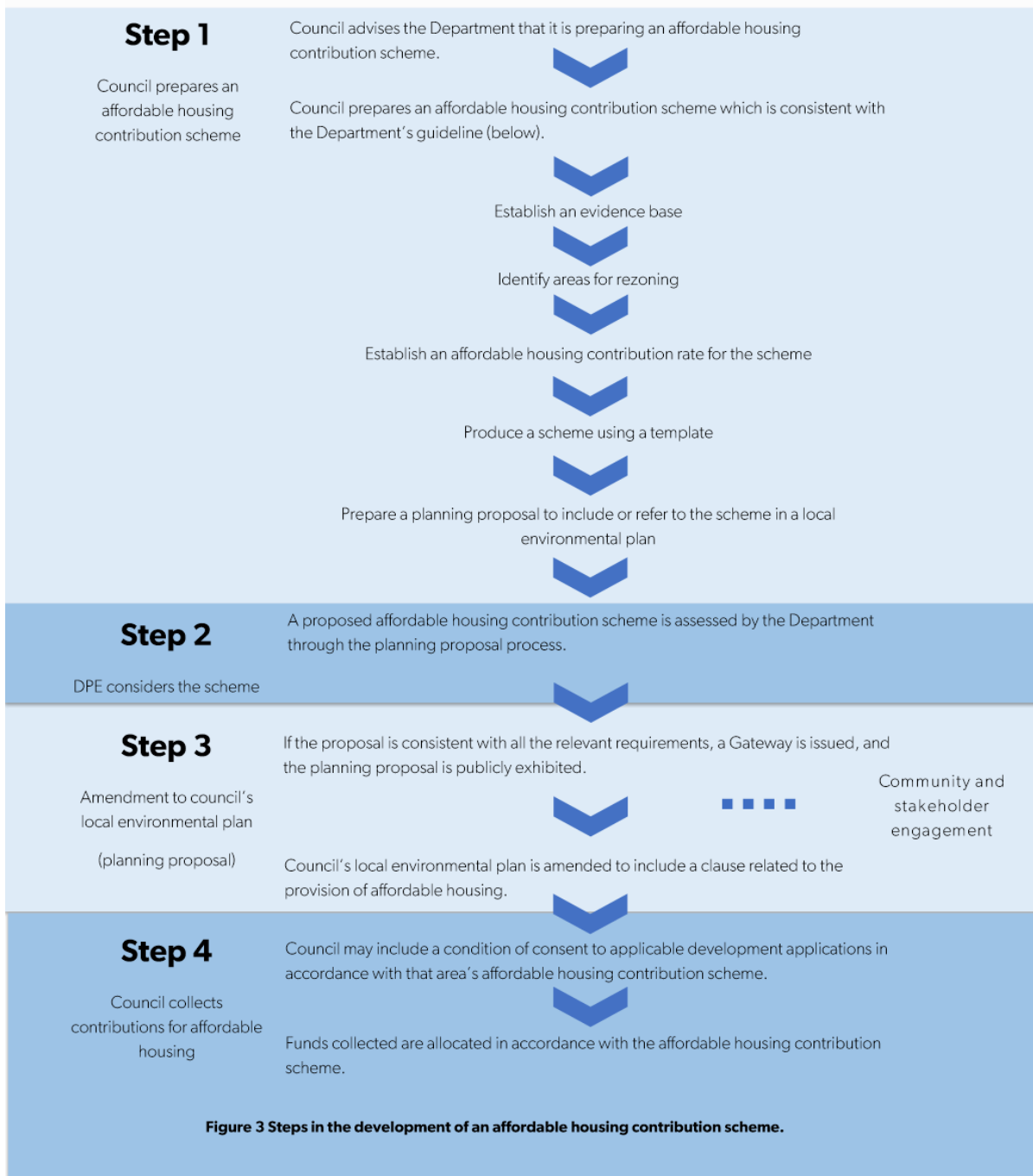
in the preparation of Local Strategic Planning Statements and Local Housing Strategies.

A Council, in consultation with its community, and in alignment with its Local Strategic Planning Statement and Local Housing Strategy, may use alternative options to support the delivery of affordable housing.



## 2. How to prepare an affordable housing contribution scheme

Figure 3 (below) outlines the steps in the development of an affordable housing contribution scheme. Section 2.1 outlines step 1 in this process.



**2.1 How to prepare an affordable housing contribution scheme**

Figure 4 outlines the key steps for how councils can prepare an affordable housing scheme contribution scheme, as part of Step 1 in Figure 3.



**Figure 4 Process for preparing an affordable housing contribution scheme**

**A. Establish evidence base**

As outlined in Figure 2, a council that is preparing a Local Housing Strategy will establish an evidence base to determine long term planning decisions in its local government area. When establishing the evidence-base for an affordable housing contribution scheme, the evidence base may be informed by the work already undertaken by a council. Councils that have already a Local Housing Strategy in place may want to update existing work already undertaken to ensure the evidence base and affordable housing needs analysis is robust and up to date.

When establishing the evidence base, the following should be included, but not be limited to:

- Demographic analysis
- Affordable housing supply
- Affordable housing demand
- Affordable housing gaps.

In establishing the evidence base, it may also be appropriate to consider factors

beyond the LGA, such as work travel and migration.

Demographic analysis

Collection and analysis of demographic indicators and projections provides insights into the current and future housing needs of the LGA’s population.

Councils should consider:

- Population change, and the drivers of population change
- Population age: population by age groupings and the projected change over time
- Dwelling requirements – the projected dwelling requirements
- Number of households and household types over time – the total number of households and how this has changed and is projected to change over time
- Types of dwellings in the LGA – the types and composition of dwellings in the LGA, low density detached residential, residential flat

## 8.2 Affordable Housing

buildings, shop top housing, low rise medium density

- Tenure and landlord types – composition of dwellings that are owned, rented or mortgage
- Household income (including very low, low and moderate-income households)
- Rental and mortgage stress.

The demographic evidence should assist councils in determining what percentage of households are on a very low, low, or moderate incomes.

- Employment profiles, identifying:
  - the main employment sectors
  - an income and wages profile
  - whether employed people can afford housing close to work; public transport access to employment centres
  - potential changes in the community's employment structure
  - potential fluctuations in the area's residential real estate market.

This demographic analysis should be considered at the smallest geographical scale.

Sources of Information which may be useful for councils:

- the Department's Local Housing Strategy Guideline

- the 'NSW Population and Projections Data and the NSW Household and Dwelling Projections data'
- the Australian Bureau of Statistics (ABS) Community profiles and census data
- the Department of Family and Community Services (FACs) 'NSW Local Government Housing Kit'. FACs' database includes time series data and provides data on a range of housing topics
- The rent and sales report produced by FACs, includes timeseries data and is the sole authoritative source of data on NSW rent movements.

Links to sources of information which may be useful to councils are available in Appendix 4.

### Affordable housing supply

In developing an affordable housing contribution scheme, establishing the evidence base for housing supply should analyse the area's existing affordable rental housing stock. This should identify how many affordable housing dwellings are in an area and compare this to supply and demand for affordable housing.

In determining affordable housing supply, councils should consider:

- The amount and type of current and planned housing stock (including proportion of stock available for very low, low and moderate-income earners), including:
  - the existing housing diversity and include housing owned and/or operated by community housing providers
  - properties sold or rented on the private market that would be affordable for very low, low and moderate income earners.
- Rental vacancies (where possible) and vacancy rates
- Price and type of dwellings for sale
- Where possible, a council should provide sale prices and rental data which is cross-referenced with employment and income data
- Capacity within the existing land use controls for additional housing – comparing the number of

existing dwellings and the number of dwellings that would be delivered if the land use controls were fully developed

- Potential displacement of existing houses due to redevelopment – including considering the loss of affordable housing in existing developments or change of housing affordability in area through redevelopment

### Sources of information which may be useful for councils

- Data and data sources collected in the development of a council's Local Housing Strategy
- the Department of Planning and Environment's Sydney Housing Supply Forecast (for councils in Greater Sydney).

### **Affordable housing demand**

Housing demand requires the analysis of:

- Underlying demand: the need or number of new homes required based on a projected level of households, primarily driven by demographic and migration factors
- Effective demand: the size, type and location of dwellings that people are willing to buy and rent.

In determining affordable housing demand, Councils should consider:

- existing affordable housing stock
- incomes
- rent and sales prices
- housing stress
- employment
- homelessness
- affordable rental housing and social housing wait times.

Additionally, councils should consider demand from local workers – sources of employment for very low, low and moderate-income workers who perform an important service within the area but are unable to live nearby due to price constraints. Important services are generally front-line services, and for the local area may include medical professionals, teachers, police, child care workers and aged care workers. The industries in which these local workers are employed will vary by location.

The collection of an evidence base and analysis of housing demand should include consideration of market preferences including where people want to live in the LGA and in which type of homes.

### Sources of information which may be useful for councils

- Data and data sources collected in the development of a council's Local Housing Strategy
- FACs releases information on the expected social housing waiting times by geographic regions
- Councils in Sydney can refer to the housing market areas set out in research by UNSW (City Futures Research Centre).

### Affordable housing gaps

Following consideration of supply and demand for affordable housing, councils should identify any gaps between existing housing stock and future residents' affordable housing needs – the analysis of demographic, housing and affordability data may also reveal the need for specific housing for key groups.

Councils which identify a gap between the current needs and supply of rental accommodation for very low, low, and moderate income households, may decide to develop an affordable housing contribution scheme, if an affordable housing contribution scheme and rate is viable.



**B. Identify area(s) for future rezoning**

Affordable housing contribution schemes apply to developments that are facilitated by upzoning. For the purpose of this guideline, an upzoning is a change of zone to enable residential development or a change of planning controls (such as floor space ratio) which enables greater residential density in site.

This ensures contributions are drawn from the increase in land value generated by the rezoning and are consistent with the affordable housing targets established in the Greater Sydney Commission’s District Plans.

A Local Housing Strategy will identify areas suitable for growth, and the land use planning mechanism to achieve the growth required in the local government area. To identify areas for growth, councils should analyse the multiple opportunities and constraints factors across the LGA and

identify different areas with capacity for development.

The areas identified for growth may be investigated to implement an affordable housing contribution scheme at the same time as a rezoning or change of density or permissible building typologies in a local environmental plan amendment.

The areas identified for growth in a council’s Local Housing Strategy may also provide an early indicator where an affordable housing contribution scheme may be investigated as part of a future rezoning. This allows for a detailed viability assessment specific to the development conditions applicable to the area being rezoned.

This in turn provides greater certainty that the affordable housing contributions rate is viable. It also ensures development will be feasible in those areas.



**C. Develop an affordable housing contributions rate**

Once a council has selected an area, it must develop an appropriate affordable housing contribution rate.

An affordable housing contribution scheme must establish an affordable housing contribution rate as either a percentage of floor space that can equate to a completed affordable rental unit, which can be dedicated, or a monetary contribution rate, or any combination of the two.

This flexibility will allow councils to determine when it is appropriate and efficient to receive completed dwellings and when it would be appropriate to receive monetary contributions. The affordable housing contribution scheme must provide supporting evidence for how the proposed rate was determined. Councils may need to consider both a percentage of floor space and a monetary contribution, if a percentage of floor space contribution does not meet the minimum size requirements of an affordable rental housing unit.

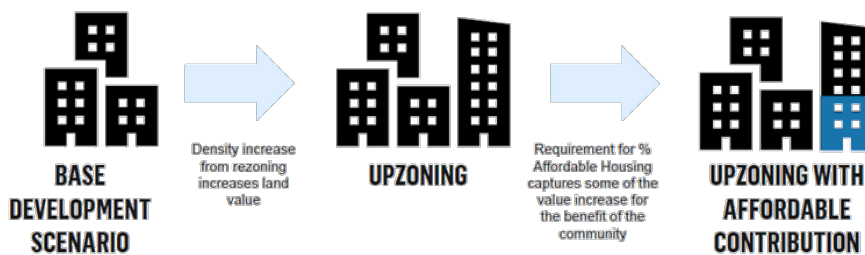
Once councils have identified the affordable housing needs and have identified areas suitable for the development of an affordable housing contribution scheme, councils will need to

test affordable housing contribution rates to ensure the proposed rate is viable and will not impact development feasibility and overall housing supply. A developer’s ability to achieve an investment return is key to maintaining a sustainable development market and continued housing supply.

In determining where to apply an affordable housing contribution scheme, not all development factors are the same. As such, a council may have different affordable housing contribution rates applying in different areas.

The preferred method for determining a viable affordable housing contribution rate is using the residual land value method (RLV). The RLV is calculated by estimating the anticipated revenue from a development, then deducting all the development costs and allowance for a reasonable developer profit. The RLV is the remaining (residual) amount from this calculation and identifies how much can be paid for a site to enable its development.

**Appendix 2** outlines the process for determining the residual land value of a site to determine a viable affordable housing contribution rate.



**Figure 5** Outlines the steps to testing a viable affordable housing contribution rate under a residual land value method.

Guideline for Developing an Affordable Housing Contribution Scheme | FEBRUARY 2019

**Evidence that an affordable housing contribution rate is viable**

As part of developing an affordable housing contribution scheme and preparing a planning proposal to amend an LEP to levy developer contributions, councils will need to prepare and provide evidence that affordable housing contribution rates are viable.

These worked examples, provided with the assumptions used to determine the affordable housing contribution rate, will allow the assessment and review of the proposed affordable housing contribution rates to ensure that the rates are viable and will not impact on development feasibility and overall housing supply.

The evidence must include the data sources for determining the contribution rate, including comparable sales, building finishes, site preparations and construction costs. How the affordable housing contribution rate was determined must be consistently and transparently applied and be made publicly available to be assessed and examined.

The proposed affordable housing contribution rate will also need to take into

account any local infrastructure contribution and Special Infrastructure Contribution that will be applied on the site, when determining if the contribution rate is viable.

The Department will test the worked examples in the assessment of the LEP amendment. The Department may seek an independent peer review of any affordable housing contribution scheme to ensure the proposed affordable housing contribution scheme is viable.

Councils may want to organise preliminary discussions with the Department when starting to consider contribution rates to help identify the most appropriate way of addressing the viability analysis. Agreeing on an affordable housing contribution scheme's key features at this stage will help ensure the process progresses smoothly and viability issues are addressed early.

The Minister has also made a Ministerial direction providing guidance for planning agreements which include the provision of affordable housing (as outlined on page 10).

**D. Produce scheme using the template**

Once a council identifies proposed areas and establishes viable affordable housing contribution rates, it must produce a draft scheme using the template in Appendix 3.

Section 2.2 and the template (in Appendix 3) outlines the key concepts and matters that need to be addressed in an affordable housing contribution scheme.

**2. 2 Key concepts in the development of an affordable housing contribution scheme**

Section 7.32(3) of the Act sets out requirements that must be met to impose a condition to levy developer contributions for affordable housing.

Section 7.32(3)(a) of the Act enables a condition to be imposed if it complies with all relevant requirements set out in a State Environmental Planning Policy. SEPP 70 includes a provision that refers to requirements under section 7.32 conditions. A condition will need to comply with this section of SEPP 70.

Under Section 7.32(3)(b) of the Act, a condition can only be imposed by a council to levy a developer contribution for affordable housing if the developer contribution for affordable housing is in an LEP and the condition is in accordance with an affordable housing contribution scheme. The affordable housing contribution scheme is either set out in the LEP or referred to in an LEP. If the affordable housing contribution scheme is included in or referred to in an LEP it cannot be changed without seeking an amendment to the LEP.

Section 7.32(3)(c) of the Act helps councils to design the scope of these schemes, based on:

- (i) the extent of the need in the area for affordable housing
- (ii) the scale of the proposed development
- (iii) any other dedication or contribution required to be made by the applicant under this section or section 7.11.

An affordable housing contribution scheme will also provide detail and clarity on:

**Application of the scheme**

Where does the affordable housing contribution scheme apply?

This section must show the proposed areas within the LGA that the affordable housing contribution scheme covers. It must also provide maps with sufficient detail to identify specific lots to which the affordable housing contribution scheme applies.

A single scheme may apply to multiple areas within an LGA, as long as the viability analysis supporting each area specifically addresses each one.

The affordable housing contribution scheme boundaries will generally be identified in broader strategic planning processes and informed by Regional Plans, District Plans, and Local Housing Strategies.

Councils must also consider individual sites and locations with unique characteristics that could justify exclusion from the affordable housing contribution scheme. This may be appropriate when the viability of the location is not consistent with that of the broader area. It may also be appropriate when a viability assessment has demonstrated that affordable housing is unviable in a location.

### What types of development does the affordable housing contribution scheme apply to?

An affordable housing contribution scheme must clearly state what types of development will be subject to affordable housing contributions. It may differentiate between residential and non-residential land uses or provide for others.

In line with the viability assessment, it may be appropriate for each development type to have its own affordable housing contributions rate.

An affordable housing contribution scheme may identify development types excluded from affordable housing contributions. Councils must clearly justify why an area should be excluded from an affordable housing contribution scheme, to provide transparency and certainty.

### Overview – Affordable Housing Need

This section provides the context for the affordable housing contribution scheme in relation to the broader planning framework, and in relation to land use and development within the area and LGA. It must also draw on a Local Housing Strategy, if one is available.

The overview must provide an overview of the housing affordability issues that the affordable housing contribution scheme aims to address. This must include information from the analysis of the evidence base which informed the scheme. The supporting evidence base must be included in Appendix A.

### Definitions

This section must define all relevant terms. This may include, but is not limited to:

- the definition of affordable housing
- definition of median household incomes provided for in an affordable housing contribution scheme
- definition of total floor area
- definition of registered community housing providers.

**Affordable housing contributions rates – dedication of land and/or payment of equivalent monetary contributions**

Contribution rates

The affordable housing contribution scheme's contributions rates must be provided in this section.

Rates may differ between residential and commercial floorspace, between areas, or between development types.

They must be tested for viability and councils must provide justification when rates differ. The affordable housing contribution scheme must include worked examples of the affordable housing contribution rates. Section 2.1C and Appendix 2 provide more details on what needs to be included in the justification and worked examples, and one method to determine an affordable housing contribution rate.



### Dedication of dwellings

This section outlines how the contribution rate can be fulfilled by dedicating completed affordable rental dwellings. This includes any requirements for dwellings and their provision, such as whether:

- dwellings will be owned by government or a recommended community housing provider
- dwellings will be provided in perpetuity
- dwellings will align with the affordable housing principles in Schedule 2 of SEPP 70
- there are any design or construction requirements, including minimum total floor space areas
- there are any ongoing requirements for rental arrangements or use of rent.

Councils must provide worked examples of how contribution rates for each development type were calculated.

### Equivalent monetary contribution

This section provides detail on an equivalent monetary contribution to be provided instead of a floor space (dwelling) contribution, if an affordable housing contribution scheme includes this option. This section must outline how the contributions rate can be fulfilled by a monetary contribution. This will be an

equivalent monetary contribution and be expressed as an amount in dollars per square metre.

Councils must provide worked examples of how they calculate contribution rates for each development type.

### Indexing of payments

How payments are indexed, including how often this must happen, the formula for indexing payments, and where the data for this calculation has been sourced, are outlined in this section.

All monetary contributions must be indexed at the time of payment to ensure funds received will cover the full costs of delivering the required affordable housing contributions.

### **Administration and Implementation of the Scheme**

#### Registered community housing provider and delivery program

This section identifies the process to nominate a registered community housing provider that can manage and operate the affordable rental housing and monetary contributions in line with the affordable housing contribution scheme. An affordable housing contribution scheme may have more than one registered community housing provider, or each scheme may have a different community housing provider. However, in the instance an affordable housing contribution scheme identifies more than

23

## 8.2 Affordable Housing

one community housing provider it must identify how funds will be split between providers.

It is recommended that councils ensure that the community housing provider is registered in the National Regulatory System for Community Housing (NRSCH). The NRSCH can be accessed here - <http://www.nrsch.gov.au/>.

Councils may also want to access the Affordable Housing Provider Prequalification Scheme (ProcurePoint). Procurement is managed by Landcom and facilitates procurement of registered community housing providers in a transparent and competitive way. Procurepoint can be accessed at: - <https://www.procurepoint.nsw.gov.au/s/cm4421>. ProcurePoint also lists registered community housing providers interested in developing and/or managing affordable housing in particular local government areas.

Family & Community Services has released NSW Affordable Housing Ministerial Guidelines for 2018-2019. These

guidelines set out the policy framework for delivering affordable housing that has been developed with financial assistance from the NSW Government and is owned or managed by community housing providers. These guidelines provide some useful advice in the implementation and delivery of an affordable housing contribution scheme and can be accessed at:

<https://www.facs.nsw.gov.au/download?file=576199>

Councils must provide registered community housing providers with a delivery program that outlines how funds raised or dwellings dedicated under the program will be used to provide affordable housing. The program must refer to the costs of providing affordable housing in the area.

This section must also establish what registered community housing providers are required to do in relation to using the funds, which may include reporting or transparency requirements.

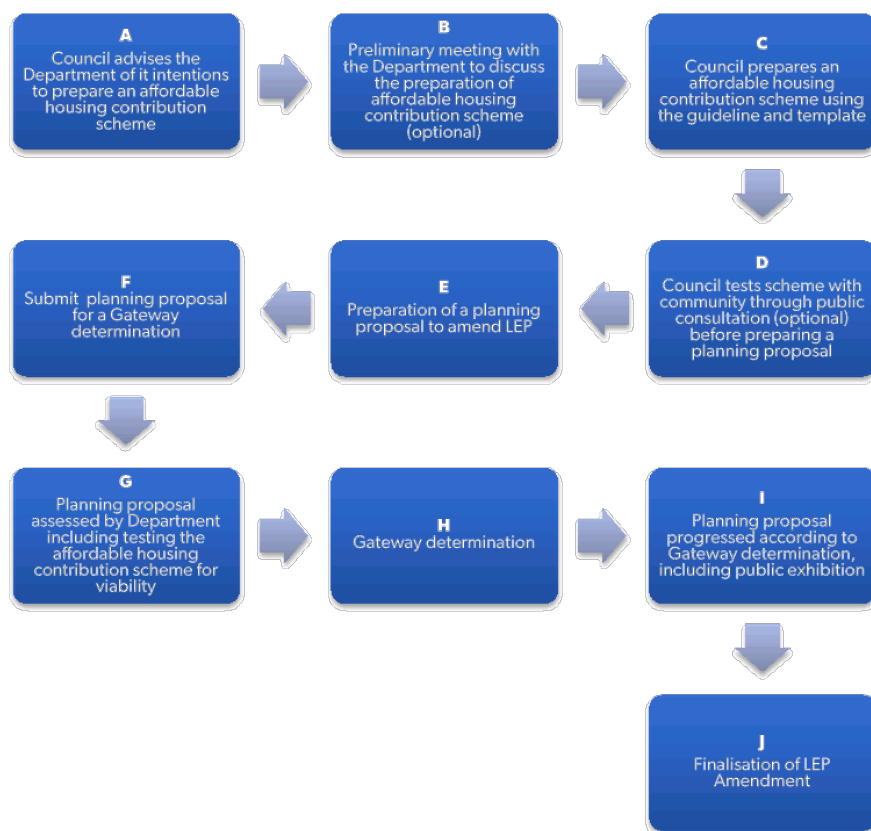


### 3. Process for including or referring to an affordable housing contribution scheme through an amendment to a local environmental plan

#### 3.1 The process for requiring affordable housing contributions

Figure 6 outlines how councils can implement an affordable housing contribution scheme through a planning proposal. This section outlines the process of Step 3 in Figure 3.

Councils may consult the Department for advice at any stage in this process.



**Figure 6 Process to implement an affordable housing contributions scheme**

**A. Council advises the Department of its intention to prepare an affordable housing contribution scheme**

Councils should write to the Secretary to advise of its intention to prepare an affordable housing contribution scheme. This will enable the Department to keep a record of which councils are preparing an affordable housing contribution scheme and ensure there are resources available to assist councils, if required.

**B. Council has a preliminary meeting with the Department to discuss preparation of an affordable housing contribution scheme (optional)**

Councils are encouraged to hold early meetings with the Department’s relevant Regional team to address key issues that might affect the delivery of affordable housing in their LGA.

Preliminary meetings also help identify the most appropriate way of addressing the viability analysis of an affordable housing contribution scheme’s contribution rate(s). Agreeing on an affordable housing contribution scheme’s key features at this stage will help ensure the process progresses smoothly and viability issues are addressed early.

**C. Council prepares an affordable housing contribution scheme**

Councils can begin preparing an affordable housing contribution scheme at

their discretion. This may be an amendment to a council’s existing affordable housing policy, or a new initiative resulting from a Local Housing Strategy as outlined in section 2.1 of this guideline.

Councils must initiate planning proposals to introduce schemes. The affordable housing contribution schemes must be developed according to this guideline.

**D. Council tests its proposed scheme through public consultation (optional)**

Once a council has prepared an affordable housing contribution scheme using the guideline, it may undertake public consultation before preparing a planning proposal.

While this is not mandatory, it is a good opportunity for a council to test its scheme and lead the local community through the process. It will also give the development industry an early signal that an affordable housing contribution scheme is being prepared, giving it time to make informed business decisions.

Once a council submits a planning proposal for an affordable housing scheme, it must be publicly exhibited in accordance with the Gateway determination for the planning proposal.

**E. Preparing a planning proposal**

Once a council has prepared an affordable housing contribution scheme, it must prepare a planning proposal to amend its LEP to refer to the affordable housing

contribution scheme. The Department's *Guide to Preparing Planning Proposals*, available at [planning.nsw.gov.au](http://planning.nsw.gov.au), explains this process in detail. Councils may progress a stand-alone amendment for an affordable housing contribution scheme and the proposed rezoning of the land where the affordable housing contribution scheme applies, or include an affordable housing contribution scheme and proposed rezoning of land with other proposed LEP changes.

In some instances, affordable housing contributions schemes may apply in State-led planned precincts. In these instances, councils will work with the Department to determine the appropriate affordable housing contribution rate.

**F. Council submits its planning proposal to the Department for Gateway determination**

A council must submit its draft scheme to the Department to be assessed as part of a planning proposal. It must submit all required information and ensure this is presented clearly and concisely and is supported by robust and up-to-date evidence. The Department will contact the council if it needs more information or clarification.

Councils must ensure all the information in its planning proposal is as up to date as possible. It is recognised that housing and construction markets change rapidly, and councils may be asked to provide revised inputs when there have been significant changes or time periods between the

preparation, submission, and assessment stages of a proposed scheme.

The supporting information included with the planning proposal will include, but is not limited to: an affordable housing needs analysis; council's strategic planning work, for example the Local Housing Strategy or affordable housing policy; and worked examples of the proposed affordable housing contribution rate; as well as any other requirements outlined in the Department's *Guide to Preparing Planning Proposals*.

Once planning proposals are lodged, progress can be tracked online at: [leptracking.planning.nsw.gov.au](http://leptracking.planning.nsw.gov.au).

**G. The Department assesses the planning proposal and tests the proposed scheme's viability**

The Department will assess whether all required information has been submitted and whether the council has used the correct methodology to prepare the affordable housing contribution scheme. This includes examining the evidence provided as well as assessing viability, data inputs and assumptions, and the proposed contribution rate.

These items will be assessed against this guideline and relevant strategic plans.

The Department may also engage an independent consultant to complete an assessment of an affordable housing contribution scheme. The Greater Sydney Commission will be consulted on planning proposals in Greater Sydney.

**H. Gateway determination**

The Gateway determination will outline what is required to progress a proposed LEP amendment. This may include: additional studies or information; changes to the proposed scheme; or changes to ensure the amendment is consistent with strategic planning documents. The Gateway determination may require a council to revise its planning proposal and resubmit it to the Department before it is exhibited.

**I. Planning proposal progressed according to Gateway determination, including public exhibition**

A council must progress its planning proposal in line with the Gateway determination conditions, including publicly exhibiting the proposed scheme. Exhibition of a planning proposal ensures

the public, including the development industry, communities and other relevant stakeholders, can comment on a proposed scheme before it is implemented. Consultation should generally run for 28 days.

**J. The Department finalises LEP amendment**

Once the LEP has been notified and an affordable housing contribution scheme is referred to in a LEP, a council may apply consent conditions in line with the approved scheme. Consent conditions must be consistent with the affordable housing contribution scheme. If a council wishes to modify an affordable housing contribution scheme or impose conditions which are inconsistent with the affordable housing contribution scheme, it must lodge a LEP amendment.



## **4. Monitoring and review of development contributions collected under affordable housing contribution schemes**

Councils must review their schemes regularly to consider the impacts of the schemes and whether they have been effective. Each council must establish a program for reviewing and monitoring affordable housing programs to ensure all contributions are being used to deliver affordable housing outcomes in a timely manner.

A program's outcomes must be made publicly available and updated annually. These outcomes could include how much has been collected to fund the affordable housing contribution scheme, how much money has been allocated to affordable housing projects, or how many affordable housing dwellings have been developed.

This could be included in council's annual reports.



## Appendix 1 – Definitions

In this guideline, affordable housing is defined as follows:

**affordable housing** means housing for very low income households, low income households or moderate income households, being such households as are prescribed by the regulations or as are provided for in an environmental planning instrument

(as per section 1.4(1) of the Act).

### Definition of 'affordable housing' households:

For the purposes of the definition of **affordable housing** in section 1.4 (1) of the Act, very low income households, low income households and moderate income households are those whose gross incomes fall within the following ranges of percentages of the median household income, for the time being for the Greater Sydney (Greater Capital City Statistical Area) or the Rest of NSW (Greater Capital City Statistical Area) according to the Australian Bureau of Statistics:

Very low income household	less than 50%
Low income household	50 or more but less than 80%
Moderate income household	80–120%

The definition of affordable housing has been amended in SEPP 70 to reflect two geographical areas. For LGAs within the Greater Sydney (Greater Capital Sydney City Statistical Area) as defined by the ABS, the median household income for Greater Sydney (Greater Capital City Statistical Area) will apply to the definition of affordable housing. For LGAs outside Greater Sydney (Greater Capital City Statistical Area), the median household income for the 'Rest of NSW' (according to the Australian Bureau of Statistics) will apply to the definition of affordable housing.

Figure 7, below, outlines the 'Greater Sydney' (Greater Capital City Statistical Area) Area.

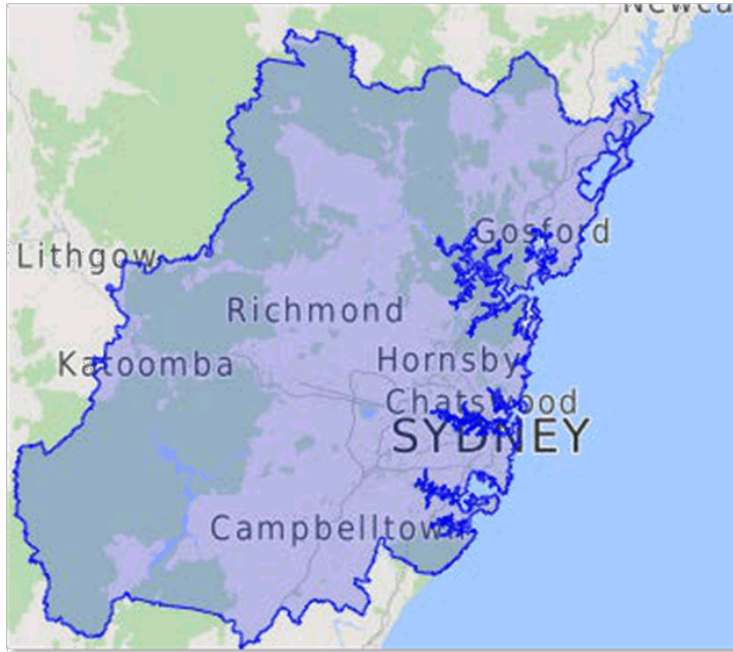


Figure 7: Map of Greater Sydney (Greater Capital City Statistical Area)  
([http://quickstats.censusdata.abs.gov.au/census\\_services/getproduct/census/2016/quickstat/1GSYD?opendocument](http://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/1GSYD?opendocument))

The 'Greater Sydney' area includes the following local government areas:

Bayside, Blacktown City, Blue Mountains City, Burwood, Camden, Campbelltown City, City of Canada Bay, Canterbury-Bankstown, Central Coast, City of Sydney, Cumberland, Fairfield, Georges River, Hawkesbury City, Hornsby, Hunters Hill, Inner West, Ku-ring-gai, Lane Cove, Liverpool City, Mosman, North Sydney, Northern Beaches, City of Parramatta, Penrith City, Randwick City, City of Ryde, Strathfield, Sutherland Shire, The Hills Shire, Waverley, Willoughby City, Wollondilly Shire, Woollahra local government areas.

Figure 8, below, outlines the 'Rest of NSW' (Greater Capital City Statistical Area) area.



Figure 8- Map of 'Rest of NSW (Greater Capital City Statistical Area)'  
([http://quickstats.censusdata.abs.gov.au/census\\_services/getproduct/census/2016/quickstat/1RNSW?opendocument](http://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/1RNSW?opendocument))

The 'Rest of NSW' includes the following local government areas:

Albury City, Armidale Regional, Ballina Shire, Balranald Shire, Bathurst Regional, Bega Valley Shire, Bellingen Shire, Berrigan Shire, Bland Shire, Blayney Shire, Bogan Shire, Bourke Shire, Brewarrina Shire, Broken Hill City, Byron Shire, Cabonne, Carrathool Shire, Central Darling Shire, Cessnock City, Clarence Valley, Cobar Shire, Coffs Harbour City, Coolamon Shire, Coonamble Shire, Cootamundra-Gundagai Regional, Cowra Shire, Dubbo Regional, Dungog Shire, Edward River, Eurobodalla Shire, Federation, Forbes Shire, Gilgandra Shire, Glen Innes Severn, Goulburn Mulwaree, Greater Hume Shire, Griffith City, Gunnedah Shire, Gwydir Shire, Hay Shire, Hilltops, Inverell Shire, Junee Shire, Kempsey Shire, Kiama, Kyogle, Lachlan Shire, Lake Macquarie, Leeton Shire, Lismore City, Lithgow City, Liverpool Plains Shire, Lockhart Shire, Maitland City, Mid-Coast, Mid-Western Regional, Moree Plains Shire, Murray River, Murrumbidgee, Muswellbrook, Nambucca Shire, Narrabri Shire, Narrandera Shire, Narromine Shire, Newcastle City, Oberon, Orange City, Parkes Shire, Port Macquarie-Hastings, Port Stephens, Queanbeyan-Palerang Regional, Richmond Valley, Shellharbour City, Shoalhaven City, Singleton, Snowy Monaro Regional, Snowy Valleys, Tamworth Regional, Temora Shire, Tenterfield Shire, Tweed Shire, Upper Hunter Shire, Upper Lachlan Shire, Uralla Shire, Wagga Wagga City, Walcha, Walgett Shire, Warren Shire, Warrumbungle Shire, Weddin Shire, Wentworth Shire, Wingecarribee Shire, Wollongong City and Yass Valley.



## Appendix 2 – How to determine a viable affordable housing contribution rate

As discussed in Section 2.1C, once a council has selected an area and identified its housing conditions, it must develop an appropriate affordable housing contribution rate.

The residual land value approach to valuing land for redevelopment is the preferred method to determine a viable affordable housing contribution rate.

The residual land value (RLV) is calculated by estimating the anticipated revenue from a development, then deducting all the development costs and allowance for a reasonable developer profit. The RLV is the remaining (residual) amount from this

calculation and identifies how much can be paid for a site to enable its development.

The residual land value test must be tested over a range of sites within an identified area, where there is a noted difference in planning controls – for example, where there is a mix of zoning (residential and business zoned land) or a mix of land use controls (variation in maximum floor space ratio control).

The testing of a viable affordable housing contribution rate is considered in three parts.

Figure 9 outlines the steps to testing a viable affordable housing contribution rate



Figure 9: Steps to testing a viable affordable housing contribution rate

### 1. Base development value

In the first part a council collects data and assumptions that create a base development value. The residual land value of a site if it were developed to its full potential is considered.

This includes information on existing development controls, highest and best

use development type, and development considerations including development costs, project length, built form considerations including average unit size and mix, and the quality of the finishes.

In collating assumptions, a council must also source sales data from comparable new constructions projects; and associated developer considerations

including selling commissions, marketing costs and legal fees; typical developer margins for profit and risk; site preparation and construction costs; professional fees, contingency, financing costs, land finance costs, and land tax.

With the above data collated, council can make an informed assumption regarding the base development value, if the site was developed to its full potential.

Alternatively, the base development value could be determined with the existing use of the site, regardless of maximum development potential, with the collation of comparable land sales. For example, comparable sales data of dwelling houses of a similar age and lot size. Determining the base site value through comparable sales data is especially relevant on sites which do not allow for residential development. Sales data can be obtained by a real estate agent or property value, or property sales data and site area measurements can be found within the free NSW Globe Google Earth data set.

**2. Site value with upzoning**

Once a council has determined the base site value, council can calculate the residual land value of the site with an upzoning. This is to determine if there is the potential for it to be viable to redevelop the site.

In this assessment, council can amend the proposed built form and previous assumptions if the proposed upzoning changes these inputs, for example originally the site could be developed for apartment under three storeys and the

proposed upzoning will enable apartment over three storeys. Council must also include local infrastructure contributions and Special Infrastructure Contributions which will be applied to the development.

Once these inputs have been finalised, council can make an informed assessment on whether the proposed upzoning results in the potential for it to be viable to redevelop the site.

**3. Testing a viable affordable housing contribution rate**

If it is determined that there is potential for it to be viable to redevelop the site, councils can then test an affordable housing contribution rate that can be applied to the site in a development consent, without losing the potential for it to be viable to redevelop the site. The affordable housing contribution rate will be tested as a percentage of gross floor area that the developer of the site would be required to contribute to affordable housing units. The percentage of floor space could then be equivalised as a monetary contribution, if a council choose to levy affordable housing contributions as a monetary contribution or in part as a monetary contribution.

In testing a viable affordable housing contribution rate, there are key inputs or important variables that could be tested to understand and optimize the project outcomes. These are the affordable housing contribution rate, the local infrastructure contribution, Special Infrastructure Contribution and maximum floor space ratio.

## 8.2 Affordable Housing

The above variables will enable councils to consider that if additional density was permissible on the site, would it be possible to increase the affordable housing contribution rate? Alternatively, if a local infrastructure or Special Infrastructure Contribution rate is increased, would this require a smaller contribution for

affordable housing? It is important that any testing of increased density with a greater maximum floor space ratio control is in line with council's strategic work; and is feasible with the surrounding development and market conditions.

For example, is there a demand for the proposed housing type in the area?



## **Appendix 3 – Template for affordable housing contributions schemes**

### **Section 1 – Strategic context and background**

#### **1.1 Objectives of the affordable housing contribution scheme**

This section must outline the objectives of the affordable housing contribution scheme.

#### **1.2 Where does the affordable housing contribution scheme apply?**

This section must show the proposed areas within the LGA that the affordable housing contribution scheme covers. It must also provide maps with sufficient detail to identify specific lots to which the affordable housing contribution scheme applies.

#### **1.3 What types of development does the scheme apply to?**

This section outlines the types of development that are subject to the proposed affordable housing contributions. Detailed explanations of the types of developments that are exempt from an affordable housing contribution scheme, along with justification and examples, must be provided in section 2.4.

#### **1.4 Overview - Affordable housing need**

An overview of the housing affordability issues that the affordable housing contribution scheme aims to address, is outlined in this section. More detailed analyses of demographics and housing needs must be provided at Appendix A.

This must include an overview of evidence base which informed the development of the affordable housing contribution scheme, including the affordable housing needs analysis in the LGA. It must also draw on a Local Housing Strategy, if one is available, as outlined in section 2.1 of the document.

#### **1.5 Legislative basis for affordable housing contributions**

This section must explain the legislative framework for affordable housing contributions, including the relevant references to the LEP, the State Environmental Planning Policy No. 70 – Affordable Housing (Revised Schemes), and powers under the Act.

#### **1.6 Relationship to other affordable housing provisions in the LGA**

This explains the relationship between the affordable housing contribution scheme

36

## 8.2 Affordable Housing

and any other affordable housing mechanisms in the LGA, and how the affordable housing contribution scheme could impact future voluntary planning agreements.

### **1.7 Affordable housing principles**

This outlines the principles which inform the affordable housing contribution

scheme. These must be consistent with the principles for affordable housing in Schedule 2 of the SEPP.

### **1.8 Definitions**

This section must define all relevant terms.

## **Section 2 – Affordable housing contributions**

### **2.1 Contribution rates**

This section must provide the affordable housing contribution scheme’s contributions rates.

Rates may differ between residential and commercial floorspace, between areas, or between development types. They must be tested for viability and councils must provide justification when rates differ. More detailed justification and viability testing must be provided in Appendix B.

### **2.2 Dedication of dwellings**

how the contribution rate can be fulfilled by dedicating completed affordable rental dwellings, is outlined in this section. This includes any requirements for dwellings and their provision, such as whether:

- dwellings will be owned by government or a recommended community housing provider
- dwellings will be provided in perpetuity
- dwellings will align with the affordable housing principles in 1.7
- there are any design or construction requirements
- there are any ongoing requirements for rental arrangements or use of rent.

Councils must provide worked examples of how they calculate contribution rates for each development type were calculated.

### **2.3 Equivalent monetary contribution**

How the contributions rate can be fulfilled by a monetary contribution, is outlined in this section. This will be an equivalent monetary contribution and be expressed as an amount in dollars per square metre.

Councils must provide worked examples of how they calculate contribution rates for each development type.

### **2.4 Development that is exempt from the affordable housing contribution scheme**

This section must clearly state which types of development are exempt from affordable housing contributions.

Exemption of any development must be justified to provide transparency and certainty. Examples may provide clarity to the community and development industry.

### **2.5 Conditions of consent for affordable housing**

This section outlines how council will impose conditions of consent for affordable housing contributions, and what the conditions will include. This section must cover conditions of consent for the dedication of dwellings as well as conditions of consent for monetary contributions.

## 8.2 Affordable Housing

The conditions of consent must detail:

- the total floor area of dwellings to be dedicated, or the monetary contribution required
- the different floor areas that can contribute to the total contribution amount (this only applies in instances where rates differ between development types or between commercial and residential floor space)
- the relevant contribution rates
- the indexation period at time of determination
- a requirement to demonstrate that the title of any dwellings will be transferred to a community housing provider or council
- a requirement to make any monetary payment at a specified time or stage in the development application process
- a requirement that any dwellings that will be dedicated are shown on approved plans in the same development application.

**Section 3 – Administration and implementation**

**3.1 How to make a contribution**

This must outline how to make a contribution, including the process for the dedication of units, and the payment process for monetary contributions.

To ensure contributions are received promptly, it may be appropriate to place a condition of consent requiring that any affordable housing contribution payments are paid before the relevant construction certificate or occupation certificate is issued.

**3.2 Indexing of payments**

How payments are indexed, including how often this must happen, the formula for indexing payments, and where the data for this calculation will be sourced from, is outlined in this section.

All monetary contributions must be indexed at the time of payment to ensure funds received will cover the full costs of delivering the required affordable housing contributions.

**3.3 Processes for the distribution and management of funds**

How councils and other agencies will manage funds in waiting (funds which are yet to be transferred to the nominated community housing provider), and how they must transfer the funds to registered community housing providers, is outlined in this section.

**3.4 Registered community housing providers and delivery program**

This section must identify a process to nominate a registered community housing provider that can manage and operate the affordable rental housing and monetary contributions in line with the affordable housing contribution scheme. An affordable housing contribution scheme may have more than one registered community housing provider. However, in that instance the affordable housing contribution scheme must identify how funds will be split between providers.

Council must provide registered community housing providers with a delivery program that outlines how funds raised or dwellings dedicated under the program will be used to provide affordable housing. The program must refer to the costs of providing affordable housing in the area.

This section must also establish what registered community housing providers are required to do in relation to using the funds, which may include reporting or transparency requirements.

**3.5 Monitoring and review of scheme**

This section must establish the monitoring and review program for the affordable housing contribution scheme.

Under this program, councils must review evidence related to the affordable housing



contribution scheme at least once a year. Evidence must be reviewed more regularly when monitoring identifies issues or considerable changes in market conditions.

Under the program, councils must also review the project's outcomes. This will

**Appendix A – Local housing needs assessment**

See Section 2.1A of the guideline. This must be included as an appendix to an affordable housing contribution scheme.

The local housing needs assessment will provide the evidence base and the analysis of the evidence base used to determine the affordable housing needs in the local government area. Data sources, analysis and recommendations will be included in the assessment.

An overview of the affordable housing issues will be provided in the affordable housing contribution scheme, as shown in section 1.4 of the template. The appendix will provide more detail and the supporting data and analysis.

**Appendix B – Viability assessment**

See Section 2.1C and Appendix 2 of the guideline. This must be included as an Appendix to an affordable housing contribution scheme.

The viability assessment must include worked examples, as well as providing spreadsheets of the assumptions and data used to determine the affordable housing

help ensure the contributions collected are being used to deliver affordable housing in line with the affordable housing contribution scheme. A council's monitoring and review of its affordable housing contributions schemes must be made publicly available on its website.

contribution rate. This will enable the assessment and review of the proposed affordable housing contribution rates to ensure that the rates are viable and would not impact on development feasibility and overall housing supply.

The evidence must include the data sources for determining the contribution rate, including comparable sales, building finishes, site preparations and construction costs. As well as data on any local infrastructure contributions and Special Infrastructure Contributions, which are in place or will be in place. This information is necessary to determine if proposed affordable housing contribution rate is viable.

The determination of an affordable housing contribution rate must be consistently and transparently applied and be made publicly available to be assessed and examined.

**Appendix C - Information Sources**

This must provide references for all information cited in the affordable housing contribution scheme. This must be included as an appendix to an affordable housing contribution scheme.



## **Appendix 4 – Information Sources**

### **Establishing an evidence base**

City Futures Research Centre, 2013. Implementing metropolitan strategies: taking into account housing local demand, Technical Report, UNSW

Department of Planning and Environment's Local Housing Strategy and Template - <https://www.planning.nsw.gov.au/Policy-and-Legislation/Housing/Local-Housing-Strategy-Guideline-and-Template>

Department of Planning and Environment's Strategic Planning Toolkit - <https://www.planning.nsw.gov.au/Plans-for-your-area/Local-Planning-and-Zoning/Strategic-Planning-Toolkit>

Department of Planning and Environment's population projections - <https://www.planning.nsw.gov.au/Research-and-Demography/Demography/Population-projections>

Family and Community Services (FACs) NSW Local Government Housing Toolkit - <https://www.facs.nsw.gov.au/resources/nsw-local-government-housing-kit>

Family and Community Services (FACs) Future Directions for Social Housing <https://www.facs.nsw.gov.au/about/reforms/future-directions>

Family and Community Services (FACs) Rent and Sales Report - <https://www.facs.nsw.gov.au/resources/statistics/rent-and-sales/dashboard>

Sydney Housing Supply Forecast - <https://www.planning.nsw.gov.au/Research-and-Demography/Sydney-housing-supply-forecast/Forecast-data>

### **Administration and implementation – community housing providers**

Family and Community Services (FACs), Community housing providers - <https://www.facs.nsw.gov.au/providers/housing/community>

National Regulatory System Community Housing - <http://www.nrsch.gov.au/>

ProcurePoint - <https://www.procurepoint.nsw.gov.au/scm4421>

### **Preparing a local environmental plan amendment**

Department of Planning and Environment's Guide to preparing local environmental plans – <https://www.planning.nsw.gov.au/-/media/Files/DPE/Other/guide-to-preparing-local-environmental-plans-2019-02-05.pdf?la=en>

Department of Planning and Environment's Guide to preparing a planning proposal – <https://www.planning.nsw.gov.au/-/media/Files/DPE/Guidelines/guide-to-preparing-planning-proposals-2019-02-05.pdf?la=en>

**Guideline for Developing an Affordable Housing Contribution Scheme** | FEBRUARY 2019

43



## Housing supply boost for NSW

---

 [nsw.gov.au/media-releases/housing-supply-boost-for-nsw](https://nsw.gov.au/media-releases/housing-supply-boost-for-nsw)

Published: 18 Jun 2021

Released by: Deputy Premier, Minister for Planning and Public Spaces

---

A regional housing taskforce will be set up to combat supply shortage across NSW, while more than 18,000 new homes have been earmarked for immediate rezoning in Sydney's south-west as the NSW Government takes charge to boost much-needed housing supply.

Deputy Premier John Barilaro said a new approach was needed to help support those in the regions with new housing and make regional towns a magnet for people coming from the city centres.

"From Byron to Bega and Coffs Harbour to Dubbo, regional towns are booming, but in many parts of the state, planning has not kept pace with growing demand," Mr Barilaro said.

"Regional housing markets are complex and unique, and there could be a whole range of factors driving housing constraints and we need to unpack those so we can deliver new housing opportunities for our regional communities."

Minister for Planning and Public Spaces Rob Stokes made the announcement at an Urban Development Industry Association (UDIA) luncheon yesterday and said the Government's focus was now on creating new 'greenfield' housing supply.

"It's clear that as a result of the pandemic, demand for greenfield housing has increased even more than anticipated so we are responding with new housing in some of Sydney's best growth areas, the south-west and the Macarthur," Mr Stokes said.

"Housing supply is not just important in Sydney but across our regions, which are experiencing strong growth as we bounce back from drought and as more people are working flexibly and remotely.

"This is why I am setting up a regional housing taskforce to report back by September on how we can better use the planning system and other levers to boost supply."

Sydney's south-west housing :

### **Glenfield Precinct**

## 8.2 Affordable Housing

- Approximately 7,000 dwellings
- Up to six new playing fields,
- 30ha of additional accessible open space
- Approx. 50ha of land retained for Hurlstone Agricultural High School's agricultural needs

### **Lowes Creek Maryland**

- Approximately 7,000 new dwellings;
- 60ha of open space, including 21 parks and public open spaces and six new playing fields;
- A combined primary and high school; and

### **Leppington 2 and 5**

- Up to 2,400 new dwellings including:
  - 1,900 dwellings in Stage 2; and
  - 500 dwellings in Stage 5.
- 8.32ha of local open space;
- 2.96ha identified for a school site;
- 23.18ha land zoned for other infrastructure purposes;
- A 7.6ha, \$4m park

### **Wilton Town Centre Precinct**

- 1600 dwellings;
- 17 hectares of employment land that could support approximately 4,700 jobs;
- 39 hectares of environmental conservation land.