



# **Housing Affordability and Diversity Policy**

**12 September 2017**

## Purpose

This Policy sets out the requirements to deliver Affordable Housing and achieve more diverse housing through innovation across Landcom projects.

## Policy Objectives

**Landcom acknowledges that housing affordability and diversity are core outcomes in delivering project benefits.**

Our ambition is to deliver housing affordability and diversity to support our program in a manner which:

- 1 shows corporate and Government leadership and stimulates important industry innovation
- 2 provides a consistent corporate approach to the delivery of housing affordability, and housing diversity through innovation across the project portfolio
- 3 contributes to a city of housing choice, with homes that sustainably meet our needs and lifestyles
- 4 optimises housing supply
- 5 contributes to meeting the breadth of housing needs across a range of incomes and circumstances relevant to Sydney and NSW including delivering housing that bridges the gap between household incomes and market priced housing
- 6 focuses on the delivery of Affordable Housing for rent on all projects proximate to jobs and transport
- 7 enables the provision of diverse and innovative housing on all projects responding to the needs in each location and suiting and supporting a diverse population where inequalities are minimised
- 8 encourages financial innovation in procurement, delivery processes and products to deliver housing affordability and diversity in a commercially astute manner, and
- 9 involves productive partnerships with Community Housing Providers and other stakeholders to maximise affordability and diversity outcomes.

# Corporate Commitments

The policy is implemented by each Landcom Project responding to the four Corporate Commitments. These are to be adopted whenever opportunity arises noting that some projects will be progressed past the best point for incorporating this new policy or some aspects of it. Projects will set out to meet and where possible exceed targets.

## Corporate Commitment 1

### **Target 5-10 per cent of new homes as Affordable Housing across each project.**

- At a corporate level, Landcom commits to a target of 5-10 per cent Affordable Housing for rent as a proportion of all new housing provided.
- Delivery techniques for Affordable Housing will vary across the portfolio, where possible Landcom will work to provide land to meet its Affordable Housing commitment.
- Individual projects will determine the appropriate target for Affordable Housing based on the opportunity and characteristics of the project, anything below 5 per cent would be by exception and require justification.
- Affordable Housing is to meet the definition in the Environmental Planning & Assessment Act included in Appendix A and be provided by a registered Community Housing Provider.
- Affordable Housing provision is to be located in appropriate locations on site. For practicality small projects will have some flexibility to combine delivery at adjacent sites.
- Landcom is to encourage respondents to Expression of Interest/Request for Quotations EOI/RFQs to form partnerships with Community Housing Providers prior to bidding to demonstrate their ability to deliver on this action. Alternatively a number of sites can be allocated within a precinct/super lot for separate bidding by Community Housing Providers to deliver this housing separately.
- There is flexibility as to the way in which the Affordable Housing is provided in terms or whether it is in a separate dedicated building or mixed with other types of housing.
- There should be no discernible lessening of quality between market housing, Affordable Housing or Housing Diversity.
- Landcom supports the development of the Community Housing sector and therefore project teams may provide practical reasonable assistance to support delivery of this housing – including investigating opportunities under Corporate Commitment 4.

## Corporate Commitment 2

**Include Housing Diversity Pilot Projects to demonstrate new models where appropriate.**

### Housing Diversity - Definition

For Landcom purposes, Housing Diversity is defined as housing that falls into any individual or combination of the following categories:

- lower cost market housing in suitable locations for rent or purchase such as compact apartments of various bedroom configurations with high quality design merit and shared spaces - aiming for less than current typical market prices
- new generation boarding houses with high quality shared spaces
- moderately priced housing that is affordable to purchase for households earning up to \$150,000 or 190% of the median income
- rental properties with long term tenures and optional extensions in place
- housing that uses other design innovation resulting in products which include decoupled/optional car parking and are suited to essential service workers, young 'city makers' early in their careers looking for 'starter homes', families with children and downsizers /seniors
- student housing
- retirement housing, and
- housing that promotes innovation in other ways across type, tenure, construction methodology or other mechanisms that make it more attainable to a diversity of income groups.

Trial potential delivery of Housing Diversity by use of competitive/qualitative tender process within projects such as Central to Eveleigh and The Bays.

A review of this commitment will be undertaken once it has been trialled with a view to transition to all Urban Transformation Projects.

- Housing Diversity is market housing but could be owned by a Community Housing Provider or other provider.
- The exact mix/choice of housing adopted for a particular project will be part of the assessment of suitability for that location and part of the competitive tender assessment process that considers both financial and technical aspects including how submissions meet this policy. The exact weighting should be determined by project teams to meet project conditions and needs. The successful approach is then included in the contract for sale.

## Corporate Commitment 3

### **Optimise housing in appropriate locations with design excellence to help meet overall supply needs.**

In appropriate locations and where residential uses are permitted, seek to maximise the quantum of housing to mitigate upward pressure on the cost of housing and help meet District Plan housing supply targets.

Landcom also encourages provision of a mix of bedroom configurations to meet the expected future needs of the area and the widespread (at least 20 per cent) adoption of silver performance level Livable Housing principles in all new housing, see definition in Appendix A have regard to adaptability and build-in good design as a fundamental element.

## Corporate commitment 4

### **Support housing innovation by pursuing partnerships, tools and opportunities which relate to housing diversity and affordability**

To drive delivery of Affordable Housing and housing diversity, a multi-pronged approach by project teams is needed.

Landcom will continually strive to improve delivery through things like the University roundtable and relevant research. Landcom also supports the use of short and longer term innovations for delivery including partnership with Community Housing Providers, industry and others and a range of tools that will vary from project to project but could include:

#### **Design levers**

- Compact apartments, that demonstrate design quality and affordability outcomes
- Reduced car parking
- Encouraging market design innovation to produce lower cost products and diverse housing to suit varying household circumstances
- Cross-subsidised housing mix of market and subsidised housing to support Community Housing provision.

#### **Planning levers**

- Housing SEPPs
- Targeted density bonus for inclusion at rezoning stage.

#### **Finance innovation**

- Work with other parts of Government and the private sector to maximise project finance opportunities

- Pursue institutional investment in rental housing and a portfolio of developed, operated and managed full rental housing
- Homes for Homes – more information about this charitable initiative to secure funding for low cost housing is available at <http://www.homesforhomes.com.au/>
- Pursue opportunities to utilise relevant funds/initiatives e.g. the Social and Affordable Housing Fund, Clean Energy Finance Corporation and the new affordable housing fund outlined in District Plans.

This is a live list of opportunities which will be refined, added to, prioritised and updated from time-to-time as a rolling program to streamline and improve delivery of Affordable and diverse housing. Landcom will continue to provide leadership by working with other areas of Government toward regulatory reform to assist in removing barriers to innovation.

## Application

### This Policy applies to all Landcom Projects from 1 January 2017 other than:

- projects where legally binding arrangements are already in place as at 1 January 2017 or where negotiations for those arrangements are substantially concluded as at 1 January 2017
- procurement processes that have been released to market prior to 1 January 2017
- projects with third party landowners where Landcom's role is to perform project delivery or similar services and Landcom is unsuccessful in negotiating the application of this policy to those commercial arrangements, and
- rezoned projects as at 1 January 2017, if the adoption of the policy is prohibitive.

## Implementation

### Responsibility of Project Teams

Each project will review the project-specific opportunity to achieve or exceed the corporate targets set out in the Policy, based on the characteristics and opportunities of the project.

#### Key responsibilities

- set out expectations as part of the EOI/RFQ information
- assess submissions and weight the level of achievement of desired affordability and diversity outcomes
- be guided by local housing strategies as to future housing types/mix needed in the Local Government Area and immediately adjacent areas based on evidence and analysis of existing housing stock and demographic projections.

### **Responsibility of Corporate Affairs**

- Review and support project teams
- Ensure corporate targets are met, including review of all exception requests in relation to compliance with this Policy.

## **Definitions**

Please refer to Appendix A which includes definitions and resident and delivery details of important terms: Social Housing, Affordable Housing (rental), Community Housing Provider and Livable Housing Design.

## **Review and approval of this Policy**

Note that this policy represents an initial commitment by Landcom which may be expanded over time, subject to further financial analysis and in line with broader Government Policy.

Landcom will review this Policy every year in consultation with relevant stakeholders.

This Policy is endorsed by the Corporate Management Team and approved by the Board.

**Effective Date: 28 October 2016**

## Appendix A

### Definitions

Housing Type	Definition	Resident and Delivery Details
Social Housing	For very low and low income households (those earning less than 50 per cent, or between 50 and 80 per cent of the Sydney Statistical Division median income).	This is Government subsidised rental housing for low income earners and people experiencing disadvantage, accessed through the State housing application system. It is generally owned and/or managed by the Land and Housing Corporation, registered community housing providers or the Aboriginal Housing office. Also includes Public Housing.
Affordable Housing Summary	<p>Housing for very low, low and moderate income households where rent or mortgage payments are below 30 per cent of gross household income.</p> <p>As per the definition in the EP&amp;A Act see below for further description.</p>	
<p>Affordable Housing (rental)</p> <p><i>(FACS website Feb 2016)</i></p>	<p>Affordable housing is appropriate for the needs of a range of very low to moderate income households and priced so that these households are also able to meet other basic living costs. As a rule of thumb, housing is usually considered affordable if it costs less than 30 percent of gross household income.</p> <p>It may include a range of housing types and sizes, including single or multi-bedroom units or houses, as well as studio apartments. Eligibility criteria apply.</p> <p>Landcom have also added the additional condition that Affordable Housing be managed by a registered Community Housing Provider. This distinguishes it from</p>	<p>Although affordable housing is sometimes available for purchase, it is most commonly available for rent.</p> <p>Affordable rental housing may be owned by private developers or investors, local governments, charitable organisations or community housing providers. It is usually managed by not for profit community housing providers, and sometimes by private organisations.</p> <p>Affordable housing in NSW has been developed in a range of ways and funded through a mix of sources including government (local/state/Commonwealth) grant or land contributions, planning incentives, philanthropic sources, community housing provider equity contributions and from finance secured against</p>

	<p>low cost housing in the private market and the issue of housing affordability in the private market (and so would not 'count' Landcom dwellings that happen to be within the price range)</p> <p>Landcom include provision for NDIS housing (National Disability Insurance Scheme) within the definition of Affordable Housing.</p>	<p>assets owned by community housing providers.</p> <p><b>Who are very low to moderate income earners?</b></p> <p>People described as being on a very low income are those earning less than 50 percent of the NSW or Sydney median income. They include workers in a range of lower paid occupations, particularly in areas such as retail or manufacturing, as well as people earning the minimum wage or who are on an aged or other government benefit.</p> <p>People earning more than 50 percent but less than 80 percent of the median income are described as earning a low income. They include many people working in jobs such as a child care worker, secretary or cleaner.</p> <p>People described as being on a moderate income are those earning between 80 - 120 percent of the median income. They may include people working in occupations such as teaching, policing or nursing, particularly if they are in earlier stages of their careers.</p>
<p>Community Housing Provider</p>	<p>The community housing sector in NSW is regulated by the <a href="#">Registrar of Community Housing</a>.</p> <p>Registration is open to any provider that meets the requirements including demonstrated capacity to meet and achieve ongoing</p>	<p>Community Housing Providers are not-for-profit organisations that provide housing assistance to eligible people on low incomes or who are unable to access appropriate housing in the private market.</p> <p>This includes social housing, affordable housing and supported housing.</p>

	<p>compliance with the National Regulatory Code.</p>	<p>Community housing providers work with a range of partners, including the Department of Family and Community Services (FACS), other non-government organisations, local councils, and private sector partners to develop, deliver and manage these housing products.</p> <p>Some larger providers are developing their own housing stock and have fee-for-service arrangements with private entities to manage properties and tenancies.</p> <p>For a full list of all community housing providers, go to <a href="#">Community Housing Providers by Local Government Area</a>.</p> <p>For registration status of a community housing provider, go to the <a href="#">National Regulatory System for Community Housing website</a>. This register details all nationally-registered Community Housing Providers.</p>
<p>Livable Housing Design</p>	<p>Silver performance level Livable Housing principles include eight measures such as hobless showers and reinforced bathroom walls to support future grabrails, that reduce costs associated with retrofitting a home to improve access in future should it be required.</p>	<p>The Livable Housing Design guidelines were prepared jointly with the development industry and Silver performance level, presents minimal cost according to a Department of Planning study.</p> <p>The Livable Housing Guidelines website has the guidelines at <a href="http://www.livablehousingaustralia.org.au/">www.livablehousingaustralia.org.au/</a>.</p>