CITY PLANNING

Kensington and Kingsford Town Centres

Affordable Housing Plan

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Randwick City Council
a sense of community

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Kensington and Kingsford Town Centres – Affordable Housing Plan

1. Introduction

The Kensington and Kingsford Town Centres affordable housing plan aims to ensure that lower income households continue to live and work locally within Randwick LGA, to facilitate a socially diverse and inclusive community; and to support the economic functions of the Randwick Education and Health Strategic Centre.

The Randwick City Affordable Housing Needs Analysis (attached as Appendix A) demonstrates the need to increase the supply of affordable rental housing in Randwick Local Government Area (LGA). Without provision of more affordable forms of housing, the market can be expected to continue to produce more expensive housing in the area, so that housing will only be affordable to households on relatively high incomes. The flow on effect is that existing lower income groups would need to move out of the area, and new lower income households may be prevented from finding housing in the local area, close to employment and education opportunities within the Randwick Education and Health Strategic Centre.

The Kensington and Kingsford town centres is undergoing change from the introduction of light rail, projected population growth, and redevelopment pressures. These changes combined with the town centres proximity to the Sydney CBD, the Randwick Education and Health Precinct, eastern beaches and Centennial Parklands have resulted in the area becoming increasingly attractive as a place to live and work. This will continue to place upward pressures on property values beyond the means of lower income households to purchase or rent in the area.

The Kensington and Kingsford Town Centres Planning Strategy supports a new planning framework for these town centres to guide growth and change over the next 15 years. This new planning framework (via proposed amendments to Randwick LEP 2012 and DCP 2013) will allow for higher intensity of development at the right places and scale whilst also providing for community benefits including more than 200 affordable housing dwellings for essential key workers. This plan outlines the operational details to deliver affordable housing in the town centres.

1.1. Purpose of this Plan

The Kensington and Kingsford Affordable Housing Plan (the Plan) applies to the Kensington and Kingsford town centres, shown in figure 1.

The purpose of this plan is to:

- Provide the background requirements and operational detail for the Kensington and Kingsford affordable housing contributions scheme
- Ensure that affordable housing is provided in the Kensington and Kingsford town centres, and
- Provide certainty and facilitate a coordinated approach towards the provision of affordable housing within the town centres.

1.2. How to use this plan

The Affordable Housing Plan (the Plan) should be read in conjunction with the *Planning Proposal: Kensington and Kingsford town centres* and Kensington and Kingsford Town Centres Planning Strategy. The Affordable Housing Plan is for public exhibition with the *Planning Proposal: Kensington and Kingsford town centres.* Following public exhibition, submissions on the Plan will be considered by the Council and, where supported, changes made. A final Plan will then be reported to Council for consideration for adoption.

1.3. Objectives of this Plan

The objectives of this Plan are to:

- Identify the need for affordable housing which will only be increased by renewal and redevelopment
- Recognise affordable housing as essential infrastructure necessary to support a socially diverse community and the economic functions of Randwick City, and

- Ensure there are opportunities for low to moderate income households who work or have family connections in Randwick City to live in Randwick City.

1.4. Land to which this Plan applies

This plan applies to land within the Kensington and Kingsford town centres as identified in the map below.

Figure 1.Kensington and Kingsford town centres affordable rental housing contributions scheme application map

1.5. The Randwick City Affordable Housing principles

The Randwick City affordable housing principles are:

- affordable housing must be provided and managed in Randwick City so that a socially diverse residential population representative of all income groups is available in Randwick City
- affordable housing must be rented to tenants whose gross household incomes fall within the following ranges of percentages of the median household income for the time being for the Sydney Statistical Division 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%
  - and at rents that do not exceed a benchmark of 30% of their actual household income, and
- dwellings provided for affordable housing must be managed so as to maintain their continued use for affordable housing
- rental from affordable housing received by or on behalf of the Council, after deduction of normal landlord's expenses (including management and maintenance costs and all rates and taxes payable in connection with the dwellings), must be used for the purpose of improving or replacing affordable housing or for providing additional affordable housing in Randwick City or for research and policy development for housing and affordable housing purposes
- affordable housing must consist of dwellings constructed to a standard that, in the opinion of the consent authority, is consistent with other dwellings within the development, especially in terms of internal fittings and finishes, solar access and privacy.

1.6. The Randwick City Affordable Housing Program

Clause 6.18 of Randwick LEP 2012 allows for landowners and developers to satisfy an affordable housing contribution requirement by making:

- An in-kind contribution of finished affordable housing dwellings, or
- An equivalent monetary contribution payment.

The proposed operational detail for the collection and distribution of affordable housing contributions within the Kensington and Kingsford town centres are contained within this guideline.

It builds on Council's existing Affordable Rental Housing Policy, Program and Procedures adopted in 2006/07.

2. Kensington and Kingsford Town Centres Affordable Housing Scheme

2.1. About the Scheme

The Kensington and Kingsford Town Centres Affordable Housing Scheme (the Scheme) applies to development within the Kensington and Kingsford town centres as shown in figure 1.

2.2. Aim of the Scheme

The aim of the Scheme is to deliver affordable housing resulting from contributions in the Kensington and Kingsford town centres. The scheme aims to contribute more than 200 affordable housing dwellings of the estimated total dwelling capacity for the town centres, essential to support a socially diverse community and the economic functions of the City.

2.3. Legislative basis for the Scheme

Section 7.32 of the Environmental Planning and Assessment Act 1979 (the Act) allows for the collection of contributions for affordable housing where a need for affordable housing is identified in a planning instrument and where:

a) The consent authority is satisfied that the proposed development will or is likely to reduce the availability of affordable housing within the area, or

b) The consent authority is satisfied that the proposed development will create a need for affordable housing within the area, or

c) The proposed development is allowed only because of the initial zoning of a site, or the rezoning of a site, or

d) The regulations so provide[1].

State Environmental Planning Policy 70 – Affordable Housing (Revised Schemes) (SEPP 70) identifies Randwick City as an area in need for affordable housing.

The Kensington and Kingsford town centres planning proposal provision on affordable housing contains controls for the calculation, levying and management of affordable housing in the Kensington and Kingsford town centres. The planning proposal also identifies development that is excluded from making a contribution under the scheme.

All development for the purposes of residential accommodation within the Kensington and Kingsford town centres contribution area (that is not explicitly excluded from the provisions under the affordable housing clause as outlined in the planning proposal) is subject to the collection of contributions for affordable housing under Section 94F of the Act because:

- redevelopment within the town centres will reduce the availability of affordable housing by increasing demand for affordable housing while also increasing the cost of housing in the local government area
- SEPP 70 is to establish a need for affordable housing in the LGA. Demand for affordable housing will only be increased by renewal and redevelopment. Appendix A provides additional analysis of the need for affordable housing in the LGA.

[1] Development must only satisfy one of these conditions for Council to be able to require a contribution

2.4. Affordable housing contributions

The following contribution rates are specified in the planning proposal:

Date of DA lodgement	Percentage of total floor area used for residential purposes to which the development application relates
From 13 August 2020 up to and including 13 August 2022	3%
After 13 August 2022	5%

A contribution is to be calculated based on the total floor area used for residential purposes of the residential component of the development to which the development application relates, as defined by clause 6.18 of Randwick LEP 2012 and under 2.5 of this Plan. There are to be no 'savings' or 'credit' for floor space that already exists on the site, even if the building is being adapted and reused.

There are two possible ways to make the contribution:

1. Dedication of affordable housing units on site or 'In-kind' contribution – build and dedicate free of charge the required affordable housing dwellings, or
2. Monetary contribution 'in-lieu' of affordable housing units – a monetary contribution that is equivalent to the required 'in-kind' affordable housing.

The preferred contribution is via an in-kind contribution – build and dedicate free of charge to the Council, the required affordable housing dwellings in order to achieve the objectives of this plan. Each dwelling is to have a gross floor area of not less than 50 square metres and be incorporated within the proposed development.

However, if the percentage of total floor area to be dedicated as affordable housing results in an area which equates to less than 50 square metres, then payment of an in lieu monetary contribution must be made (to the Council by the applicant). In some cases, a contribution may comprise a combination of an in-kind and monetary contribution.

For development which cannot be subdivided such as boarding houses under the Affordable Rental Housing SEPP or Purpose Built Student Accommodation, this plan outlines that a monetary contribution will apply.

The (in lieu) monetary contribution to be paid, is the rate detailed in this plan (under 2.6 'making a monetary or in lieu contribution).

The requirement for an affordable housing contribution will be a condition of development consent. In all instances, the Council will require evidence, via a legal agreement, that the condition of development consent relating to affordable housing has been satisfied prior to the granting of any construction certificate.

2.5. Defining total floor area

The clause 6.18 of Randwick LEP 2012 requires the dedication of affordable housing units at rates based on the **total floor area**, which is defined as:

The total of the areas of each floor of a building within the outer face of the external enclosing walls and including balconies, but excluding the following:

(a) columns, fins, sun control devices, awnings and other elements, projections or works outside the general lines of the outer face of the external walls

(b) any area of a balcony that is more than the minimum area required by the consent authority in respect of the balcony

(c) the maximum ancillary car parking permitted by the consent authority and any associated internal vehicular and pedestrian access to that car parking

(d) space for the loading and unloading of goods.

2.6. Making an in-kind contribution – conditions of consent

Complete affordable dwellings are to be dedicated in favour of the Council. The development application to Council must identify the affordable dwellings to be dedicated.

The condition of consent for an in-kind contribution is to contain, but not limited to:

- The total floor area of the dwellings to be dedicated as affordable housing;
- The total floor area of the development used for residential purposes that was used to calculate the contribution;
- The affordable housing dwellings to be dedicated must be shown on the approved plans, and referenced in the affordable housing condition;
- A requirement that an affordable housing covenant be placed on the title of the land; and
- A requirement that prior to the granting of a construction certificate, evidence be provided by way of a written legal agreement to transfer title of the affordable dwelling(s) to the Council.

2.7. Monetary contributions in lieu of affordable housing units

The current rates for the period of December 2018, for providing monetary contributions in lieu of providing units on site are:

i **$324.38 per square metre** of total floor area used for residential purposes (up to 13 August 2022); and

ii **$540.62 per square metre** of total floor area used for residential purposes (after 13 August 2022)

The rate is to be updated in line with the Department of Family and Community Services, Rent and Sales, quarterly reports and as set out under section 2.8 below.

Council's website will contain the current rates for this Scheme, as indexed from time to time.

Calculating the contribution in Kensington and Kingsford town centres

For example, estimating a contribution towards affordable housing for a new 2,400 square metre mixed use development comprising of 720 square metres of commercial floor space and 1,680 square metres of residential floor space, it would be calculated as shown below.

Scenario 1

This scenario assumes that the total contribution be dedicated as complete dwellings to be dedicated as affordable housing units.

Floor space breakdown of development	Applicable contribution rates towards affordable housing	Amount to be dedicated
720 sqm of commercial	No affordable housing contribution required for commercial floor space	
1,680 sqm of residential	3% applicable	50.4sqm to be dedicated as one whole unit

Scenario 2

The second scenario provides an example of a monetary contribution to be paid out as an equivalent monetary contribution in accordance with the rates as specified in 2.7 of this Plan, where the minimum in kind provision is not practical given the size of development. Required minimum unit size is 50sqm.

For example, a mixed-use development comprising of 300 sqm of commercial floor space and 700sqm of residential floor space, it would be calculated as shown below.

Floor space breakdown of development	Applicable contribution rates towards affordable housing	Amount to be dedicated
300 sqm of commercial	No affordable housing contribution required for commercial floor space	
700 sqm of residential	3% applicable	21 sqm
Scenario 2: Contribution towards affordable housing as a monetary contribution		
		700 sqm to be paid as an equivalent monetary contribution (@ $324.38 per square metre) of $227,066

2.8. Indexing contributions

The contribution rate to be paid is to be indexed twice a year, being the first days of January and July, with reference to the most recently published median strata dwelling price in Randwick City LGA, as detailed in the NSW Government Rent and Sales Report, Table: Sales Price – Greater Metropolitan Region – Strata.

2.9. Monetary or in lieu contribution – conditions of consent

Where the total floor area to be dedicated as affordable housing is less than the amount equivalent to that percentage or where the proposed dwellings are considered not appropriate for the purpose of affordable housing (subject to Council approval), an equivalent monetary contribution that would otherwise be required will be sought in accordance with the rate, outlined in section 2.7.

Where an in-lieu contribution is being made the condition of consent is to contain but not limited to, the following information:

- The monetary contribution required in accordance with the rates as specified under 2.7 of this plan;
- The total floor area of the development used for residential purposes that was used in the calculations;
- The contribution period at the time of determination (i.e for a consent dated in July 2019, the contribution period is 1 July 2019 – 31 December 2019);
- The method of adjustment to contribution rates (as outlined in 2.8); and
- A requirement that the condition be satisfied (to Council's approval) prior to the issue of a construction certificate.

2.10. Adjustment of a monetary contribution amount on a development consent

Where a condition requiring a monetary contribution has been imposed, the contribution amount must be adjusted over time. By way of an example, if a consent is issued in July 2019 and the applicant does not wish to pay the contribution and develop the site until February 2021, the contribution amount will need to be adjusted to the period in which it is paid.

Monetary contributions are adjusted by the Council and confirmed with the applicant prior to payment being made.

The formula for adjusting a contribution amount in a condition of consent is:

Monetary Contribution = Base Contribution Amount x (MDP2/ MDP1)

Where:

Base Contribution Amount is the amount obtained from the Notice of Determination and based on the monetary contribution amounts at the time of determination of the development application

MDP1 is the median strata dwelling price that applied at the time of consent

MDP2 is the median strata dwelling price that applies at the time of payment.

2.11. How to make a payment

Payment of contributions will be by unendorsed bank cheque to the Council prior to issue of any construction certificate. In circumstances where no construction certificate is required, payment is required prior to commencement of use/occupation.

2.12. What development is not required to make an affordable housing contribution?

The planning proposal excludes the following development from a requirement to make an affordable housing contribution:

- Development for the purposes of residential accommodation that is used and/or owned to provide community housing, public housing or group homes
- Development for the purposes of accommodation that will result in the creation of a residential total floor area of less than 100 square metres. To clarify, where additional floor space is in conjunction with a change of use of existing floor space, existing floor space is not excluded and the contribution is calculated on the entirety of floor space in the development (existing and new floor space).

2.13. Management of affordable housing contributions

Contributions resulting from in-kind or monetary contributions are to be provided in accordance with the Randwick City Council Affordable Rental Housing Program, Procedures and Guidelines (2006) and as outlined below:

- Affordable housing is to be dedicated to the Council
- Contributions are to be pooled and managed by the Council until such time as there is sufficient funding available to develop and/or acquire new affordable housing
- Affordable housing units is owned by the Council and managed by an eligible community housing provider
- Affordable housing is rented to low and moderate income households at 30 per cent of gross household income
- All rent received after deduction of management and maintenance costs will be reinvested back into Council's Affordable Rental Housing Program to be used for the purpose of improving, replacing or providing additional affordable rental housing in Randwick City, and
- Affordable housing are designed and constructed to a standard which, in the opinion of Council, is consistent with other dwellings within the same development, that is, they are not differentiated (internally and externally) as affordable housing compared with the design of other housing.

3. How Council will manage the affordable housing program

A Community Housing Provider (CHP) with relevant experience and expertise will be engaged by the Council to manage its rental program. The CHP will be sought via a competitive expression of interest process. Only members of the Registrar of Community Housing will be considered for selection. The CHP will demonstrate how their organisation will provide the required services to Council.

Council's affordable housing stock is to be head-leased to the appointed CHP at nominal rent. The Housing Manager assumes the responsibility of landlord, property and tenancy manager. The Housing Manager is paid a management fee negotiated as part of the selection process. Income generated from the rental properties is intended to cover the cost of maintaining the properties and program administration.

3.1. Deed of agreement

Council, as property owner, will enter into a contract with the successful CHP for an initial five year period, to manage its properties and affordable rental housing program via a Deed of Management. The Deed of Management will set out the rights and responsibilities of both parties. It provides for both tenant management and property management procedures, and any other requirements a housing manager is required to implement as part of Council's Program, such as rent setting details, tenant selection and dwelling allocation procedures.

It also sets out entitlements for costs and management fees, financial reporting requirements and allocation of funds, performance review processes, dispute resolution and other such detailed contractual matters. Council will undertake a comprehensive evaluation of the affordable housing program procedures, including the financial viability of the program in general and the performance of the Housing Association, on the program's fifth year.

3.2. Eligibility Criteria

It is the intention of the Program to assist tenants on low to moderate incomes for a maximum period of five years, to give them a greater level of housing certainty and opportunities to enter the private rental market by the end of that period.

Council's Affordable Housing Program, is about complementing, not duplicating the role of the public housing authority whose priority it is to assist households with the greatest needs.

A mix of low and moderate income households will be allocated dwellings. The allocation will be dependent on ensuring the overall financial viability of Council's affordable rental housing operations. Financial viability in this context means the full cost of its affordable rental housing program is covered without the Council incurring out of pocket expenses/debts.

A successful applicant will need to satisfy the following criteria:

- Must be permanently employed and earning a gross weekly household income, within the defined household income bands for Low and Moderate household income bands
- Has a local connection (e.g. lives and/or works in Randwick City)
- Does not own assets or property which could reasonably be used to solve their housing needs,
- is an Australian citizen or permanent resident
- must not already be living in subsidised housing (Department of Family and Community Services or Community Housing managed accommodation), and
- is not a former tenant of Council's Affordable Rental Housing Program.

3.3. How tenants are assessed and allocated homes

The Housing Manager engaged to manage the dwellings will advertise for tenants. Applicants who fulfil the eligibility criteria can lodge an application.

Because demand exceeds supply, dwellings will be offered to applicants having the greatest need for rental accommodation (relative to other applicants). Allocation decisions will be made by the Housing Manager after an assessment and interview process.

3.4. Rent Policy

The rent for each property will generally be set at a maximum of up to 30% of their gross household weekly incomes, including any rental housing subsidies received from Centrelink.

All other leasing arrangements including will be undertaken by the appointed Housing Manager.

3.5. Monitoring and review of the scheme

Council will review and report on the affordable housing contributions scheme at least once a year. Key performance indicators that will be reported on include: amount of funds in waiting; allocation of funding in that year; and number of delivered affordable housing dwellings.

Terms used in this Plan

Affordable housing is defined by the *Environmental Planning and Assessment Act 1979* as: "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".

Affordable housing covenant ensures that benefits of affordable housing are secured in accordance with this Plan in the long term.

The affordable housing covenant will be required to be registered, before the date of the issue of the occupation certificate, against the title of the property, in accordance with section 88E of the *Conveyancing Act 1919*. The covenant will:

- require affordable rental housing to be retained as affordable rental housing in perpetuity;
- require affordable rental housing to be managed in accordance with the Kensington and Kingsford Affordable Housing Plan and in accordance with Randwick City Council's Affordable Rental Housing Program and Procedures Policy (2006);
- allow for the removal of the covenant to facilitate the sale of affordable rental housing in accordance with Randwick City Council's Affordable Rental Housing Program and Procedures Policy (2006) asset management.

Council refers to Randwick City Council.

Residential accommodation as defined under Randwick LEP 2012 dictionary of terms, as a building or place used predominantly as a place of residence, and includes any of the following:

a) attached dwellings,
b) boarding houses,
c) dual occupancies,
d) dwelling houses,
e) group homes,
f) hostels,
g) multi dwelling housing,
h) residential flat buildings,
i) rural workers' dwellings,
j) secondary dwellings,
k) semi-detached dwellings,
l) seniors housing,
m) shop top housing,

but does not include tourist and visitor accommodation or caravan parks.

Residential purposes means the total floor area being used for residential accommodation.

Total floor area means the total of the areas of each floor of a building within the outer face of the external enclosing walls and including balconies, but excluding the following:

a) columns, fins, sun control devices, awnings and other elements, projections or works outside the general lines of the outer face of the external walls,
b)any area of a balcony that is more than the minimum area required by the consent authority in respect of the balcony,
c)the maximum ancillary car parking permitted by the consent authority and any associated internal vehicular and pedestrian access to that car parking,
d) space for the loading and unloading of goods.

Very low to moderate income households

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

Very low to moderate income households are those households whose gross incomes fall within the following ranges of percentages of the median household income for the time being for the Sydney Statistical Division 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 to 120%

Appendix A - Randwick City Affordable Rental Housing Needs Analysis

This section establishes the need for affordable housing in Randwick City Local Government Area (LGA) as outlined in the Randwick City Affordable Rental Housing Needs Analysis (Dec 2016)

Randwick City Affordable Rental Housing Needs Analysis 2016

Prepared by Randwick City Council

(Dec 2016)

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1. Introduction

The purpose of the Randwick City Council Affordable Rental Housing Needs Analysis is to demonstrate the need to increase the supply of affordable rental housing in Randwick Local Government Area (LGA). This document provides validation for Randwick City Council's request to seek inclusion in SEPP 70 to facilitate affordable rental housing on key development sites and urban renewal areas in the City.

The limited ability of the private rental market to respond to the housing needs of very low, low, and moderate-income families at affordable levels is a concern for Randwick City. Issues such as gentrification, the lack of affordable housing for key workers, and the consequential displacement of lower income households have significant socio and economic implications for the growth, future investment opportunities and the effective functioning of the City. Take the Randwick Education and Health Strategic Centre as a point in case.

The Randwick Education and Health Strategic Centre is Randwick's largest employment centre that substantially contributes to Sydney's status as a Global City. Comprising of several large and internationally recognised educational and hospital institutions, this service sector provides more than 15,000 jobs whose effective functioning relies on the availability of the workforce. Employment within this Education and Health Strategic Centre is projected to increase by 26% to 2031. Workers will create demand for services that are generally staffed by lower income earners, such as childcare workers, kitchen staff, hospital cleaners and shop assistants. Without market/ planning intervention, the residential housing market will continue to produce housing at price points well above the income ranges of key workers. In order for the Strategic Centre to maintain its international standing as research and teaching excellence centres, it must have the ability to retain a stable workforce to help run it. The availability of affordable housing as well as convenient access to the work place is an important consideration for job applicants and existing employees.

This needs analysis is divided into several sections. The first section introduces the concept of affordable housing, when is housing affordable and why the provision of affordable housing is important. The second section outlines the population and housing characteristics of Randwick City including a local housing market analysis which also looks at changes in the supply of affordable and social housing. The third section looks at population, household and employment projections to 2031. The need to increase the supply of affordable housing stock in the LGA is demonstrated. Based on this need, this section also sets an affordable rental housing target to ensure housing is available for essential key workers to support the economic function of the City and in particular the Randwick Education and Health Strategic Centre. A brief description of Council's 2016 affordable rental housing program including implementation is also provided.

1.1. What is affordable housing?

The Centre for Affordable Housing[2] defines affordable housing as 'housing that is appropriate for the needs of a range of very low, low and moderate income households and priced so that these households are also able to meet other basic living costs such as food, clothing, transport, medical care and education.

It is generally accepted that if housing costs exceed 30% of a low income household's (lowest 40% of households) gross income, the household is experiencing housing stress (30/40 rule). That is, housing is significantly unaffordable and housing costs consume disproportionately high amount of household income[i].

Households paying 30% or more of their income on housing costs (mainly rent) are defined as being in housing stress. Under those circumstances the cost of housing is affecting a household's ability to pay for other primary needs including (but not limited to):

- Food
- Power and water
- Health services and medication
- Travel and transport
- Education
- Household goods (such as cars, washing machines, fridges, stoves, computers)
- Debt repayments

A particular segment of community that is commonly referenced in affordable housing discussions is key worker. The term key worker includes people who are employed in essential sectors such as health, police, education, emergency and public transport services. It can also include low-paid private sector workers in the tourism and hospitality industries such as wait staff, cleaners, shop assistants, nannies and cooks[ii]. The incomes of key workers typically fall within the low to moderate income range and are therefore vulnerable to Sydney's high housing costs.

[2] a division of the NSW Department of Family and Community Services

1.2. When is housing affordable?

The following table outlines indicative rental and purchase benchmarks to be classified as affordable for the very low to moderate income households in 2015/16.

	Very low-income household	Low-income household	Moderate-income household
Income Benchmark	<50% of Gross Median H/H Income for Greater Sydney	50-80% of Gross Median H/H Income for Greater Sydney	80%-120% of Gross Median H/H Income for Greater Sydney
Income Range	<$783 per week	$784-$1,253 per week	$1,254-$1,879 per week
Affordable Rental Benchmarks	<$235 per week	$236-$376 per week	$377-$564 per week
Affordable Rental Benchmarks	<$228,000	$228,001 $364,000	$364,001 $545,000

Source: Judith Stubbs & Associates 2016[iii]

In comparison, social housing[3] is targeted to those with the greatest need, with tenants paying 25% to 30% of their income towards weekly rent.

1.3. Randwick City Council's commitment to affordable housing

Randwick City Council has a long-standing commitment to affordable housing in the local area; and has actively been involved in implementing a range of initiatives designed to retain and encourage affordable housing in the locality. Randwick City Council is one of only a few metropolitan councils in Sydney with an established Affordable Rental Housing Program.

Randwick City Council's Affordable Housing Strategy (adopted 2008), and action plan identifies the need to facilitate affordable housing especially for lower income households who live and/or work in Randwick. The overall objectives of this strategy are to maintain a socially inclusive City; and to support a healthy local economy. Encouraging affordable housing is also a key direction of the Council's 20 year Community Strategic Plan 'the Randwick City Plan'; and to help realise the Council's overarching vision for a 'liveable city'.

To date, the Council has acquired 20 dwellings in its affordable rental housing program achieved via a voluntary negotiated planning agreement approach on large redevelopment sites. The Council has also successfully entered into and constructed an eight unit affordable rental housing project with Community Housing Limited, on land dedicated by the Council. The Council's affordable rental housing portfolio is managed by a registered community housing provider and the program is generally consistent with the NSW Affordable Housing Ministerial Guidelines.

While these measures demonstrate the Council's commitment and actions towards facilitating affordable housing for the community, the delivery of affordable rental housing has been adhoc and limited due to the voluntary nature of this negotiated planning agreement approach mandated by the NSW planning legislation. Academic research and best practice outline that the only reliable way for local councils to secure affordable housing supply is through mandatory provisions embedded within a legislative framework.

[3] The social housing sector includes Public Housing, owned and managed by the NSW Department of Housing; Community housing, owned or leased by non-government organisations; Indigenous or Aboriginal housing, owned or

1.4. Why is affordable housing important?

Socio-economic impacts

The rental and purchase price surge witnessed in Sydney's residential property market over the past decade has now made Sydney the 3rd most expensive city in the world in which to buy or rent[iv].

Gabriel et al (2005) [v] noted that households who rent in the private rental sector bore the brunt of Sydney's declining housing affordability. This finding was reinforced in a more recent study by Atkinson et al (2011)[vi] which found that renters in the private market are most vulnerable to being priced out of their neighbourhoods due to high housing costs.

According to Yates (2005)[vii], "The implications of a lack of appropriate affordable housing are that many workers either pay a high proportion of their incomes in meeting their housing costs and/or travel long distances in order to work in their chosen location. Neither of these options is likely to be particularly sustainable … high commuting costs, particularly if they are not compensated for are likely to lead to a search for new employment closer to place of residence." This is pushing the poorest residents to the urban fringe which undermines the effective functioning of our metropolitan city.

Local businesses and service providers have reported that they are finding it increasingly difficult to attract and retain staff particularly those earning lower wages in the service industries[viii]. Employers in another study reported that they feared the day when older staff members in lower paid occupations and living close to work, have to retire[ix]. The City of Sydney Council in its Housing Issues Paper[x] expressed concerns that the failure to address affordable housing issues for keyworkers "is undermining Sydney's global city status" and the undersupply of keyworker housing can jeopardise Australia's economic prosperity[xi].

In relation to Randwick City, an analysis by the Sydney Morning Herald (SMH) (in 2015) titled '*Where Sydney's essential workers can afford to live'* shows a nurse would need a pay rise in the order of 86% to have a chance to buy a median house in Randwick; and that most of the suburbs that a nurse could afford is some 50km west of the CBD. In an another analysis (also by the SMH in 2015) a person on a minimum wage would need to work a minimum 91 hours a week to afford to rent a one bedroom unit in Randwick[xii]. These findings demonstrate the level of (un)affordability for key workers in Randwick City.

As the supply of affordable housing stock continues to shrink in Sydney, many more people will not be able to buy or rent in suburbs they grew up in[xiii]. The children of ageing parents are finding it increasingly difficult to afford weekly rents or purchase their own homes nearby so that they can spend more time maintaining contact with and helping their elderly parents with the general upkeep of the family home.

In addition, the loss of population diversity, vibrancy of the street life and social authenticity of places are discussed in many social displacement and gentrification literature. Such concerns are of interest to local governments that are committed to creating diverse and vibrant communities.

These issues represent a significant risk to Randwick's economic productivity and success as a major contributor to Greater Sydney as a global city.

2. Characteristics of Randwick City's Population

The Census population of Randwick City in 2011 was 128,989, living in 55,557 dwellings with an average household size of 2.41. While this household size is still smaller than the greater Sydney average household size of 2.69 at 2011, it has increased from 2.35 in 2006.

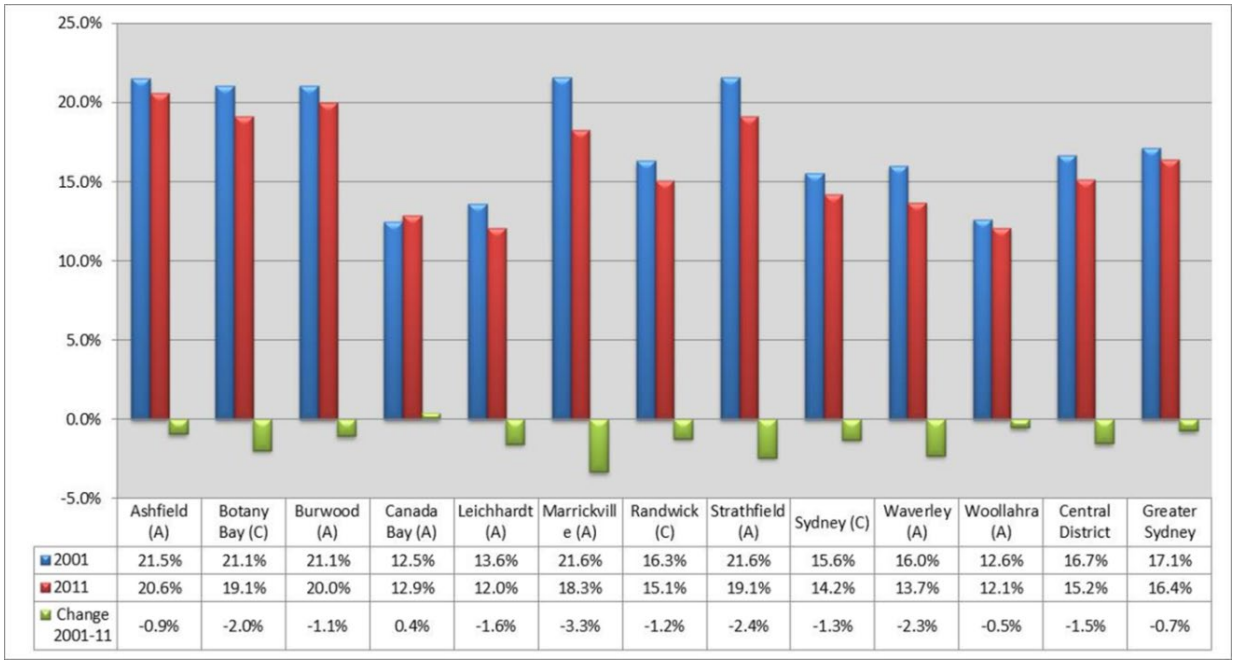
By comparison with Greater Sydney, Randwick City is characterised by higher proportion of couples with children households at 26%, a trend which has increased from 24.5% in 2006. Similarly, the number of households with young children has increased from 13.3% in 2006 to just over 15% in 2011. This demonstrates the attractiveness of the area to young families.

Randwick City's lone person household groups has remained steady at around 25% of the population. Group households in Randwick City are considerably greater at 9.1% of the population when compared to the Greater Sydney proportion at 4.1% and 41.4% of Randwick City's population had a tertiary qualification in 2011. This is significantly higher than the greater Sydney proportion of population who had a tertiary qualification at 33.1%. In addition, more than 30% of residents in Randwick speak another language.

Individual and household incomes in Randwick are high. In 2011, 26.5% of Randwick City's total households were classed as high income compared to 22.6% in Greater Sydney. The areas with the highest percentages were Clovelly (43.1%); Coogee (35%), Randwick (29.8%), and Little Bay (27.1%). In 2011, 48.0% of Randwick City's employed population worked as managers or professionals compared to 38.7% in Greater Sydney. The presence of managers and professionals in the workforce generally indicates a more affluent, "white collar" area with a higher socio-economic status.

Comparable with other inner metro areas of Sydney, Randwick City has lost low income households in the area. This is shown in the graph below. The combination of a high proportion of the highest income quartile groups and the loss of lower income households indicates a 'gentrified' population and area.

2.1. Change in proportion of low income households

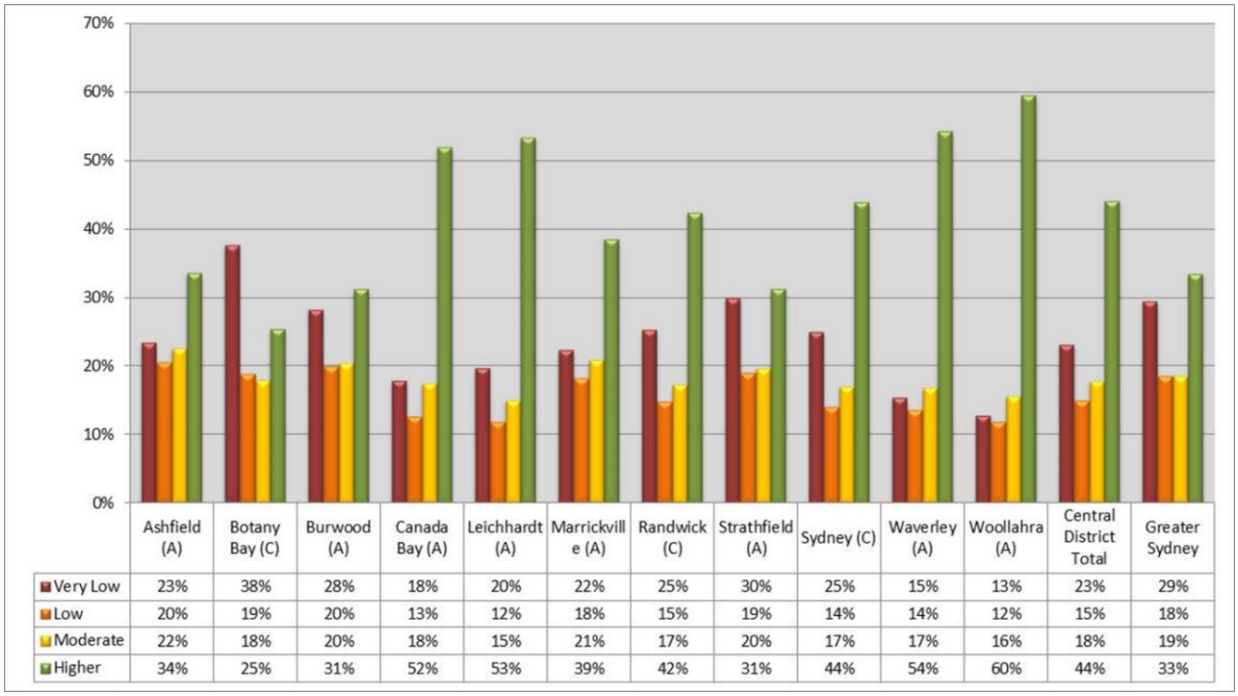


	Ashfield (A)	Botany Bay (C)	Burwood (A)	Canada Bay (A)	Leichhardt (A)	Marrickville (A)	Randwick (C)	Strathfield (A)	Sydney (C)	Waverley (A)	Woollahra (A)	Central District	Greater Sydney
2001	21.5%	21.1%	21.1%	12.5%	13.6%	21.6%	16.3%	21.6%	15.6%	16.0%	12.6%	16.7%	17.1%
2011	20.6%	19.1%	20.0%	12.9%	12.0%	18.3%	15.1%	19.1%	14.2%	13.7%	12.1%	15.2%	16.4%
Change 2001-11	-0.9%	-2.0%	-1.1%	0.4%	-1.6%	-3.3%	-1.2%	-2.4%	-1.3%	-2.3%	-0.5%	-1.5%	-0.7%

Figure 1: Change in % of low income households 2001-2011
Source: Judith Stubbs & Associates 2016[xiv]

While Randwick City has a high proportion of highest income quartile groups, there are still pockets of disadvantage in the LGA. These areas are mainly found in the southern areas of the LGA in the suburbs of

La Perouse, Malabar, Matraville and South Coogee, reflecting the presence of major social housing estates in the area.



	Ashfield (A)	Botany Bay (C)	Burwood (A)	Canada Bay (A)	Leichhardt (A)	Marrickville (A)	Randwick (C)	Strathfield (A)	Sydney (C)	Waverley (A)	Woollahra (A)	Central District Total	Greater Sydney
Very Low	23%	38%	28%	18%	20%	22%	25%	30%	25%	15%	13%	23%	29%
Low	20%	19%	20%	13%	12%	18%	15%	19%	14%	14%	12%	15%	18%
Moderate	22%	18%	20%	18%	15%	21%	17%	20%	17%	17%	16%	18%	19%
Higher	34%	25%	31%	52%	53%	39%	42%	31%	44%	54%	60%	44%	33%

Figure 2: Proportion of Income Groups across the Central District region
Source: Judith Stubbs & Associates 2016[xv]

2.2. Housing profile

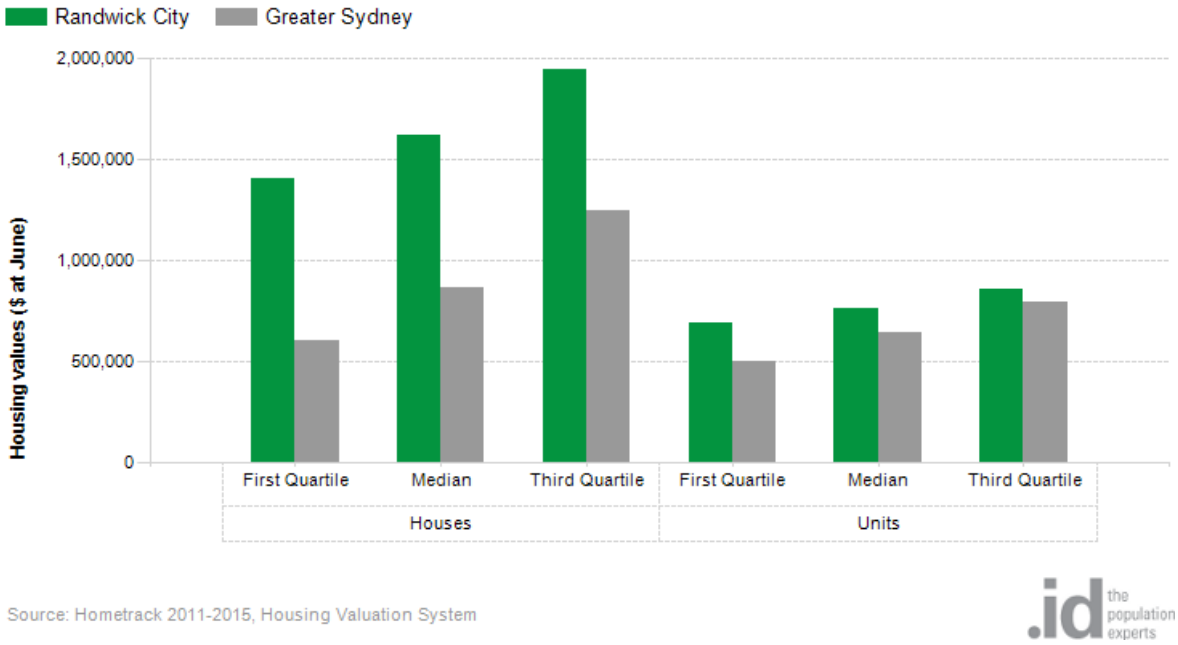
In Randwick City, 49% of households were purchasing or fully owned their home, 35.2% were renting privately, and 6.7% were in social housing in 2011. Compared to Greater Sydney (at 30.4%), Randwick has a significantly higher share of its population in rental households (at 35.2%). In 2011, the dominant tenure type in Randwick City was 'Renting - Private'. This was different to the dominant tenure for Greater Sydney, which was 'Being purchased'.

In 2011, 6.7% of Randwick City's households were renting their dwelling from a government authority (also known as Housing Commission or social housing) compared to 5.0% in Greater Sydney. Randwick City has a significant stock of social housing dwellings when compared to other LGAs, with most dwellings consisting of flats and apartments. The five areas with the highest percentages were: South Coogee (32.7%), Malabar (23.5%), La Perouse - Phillip Bay (17.4%), Chifley (15.5%) and Little Bay (14.0%).

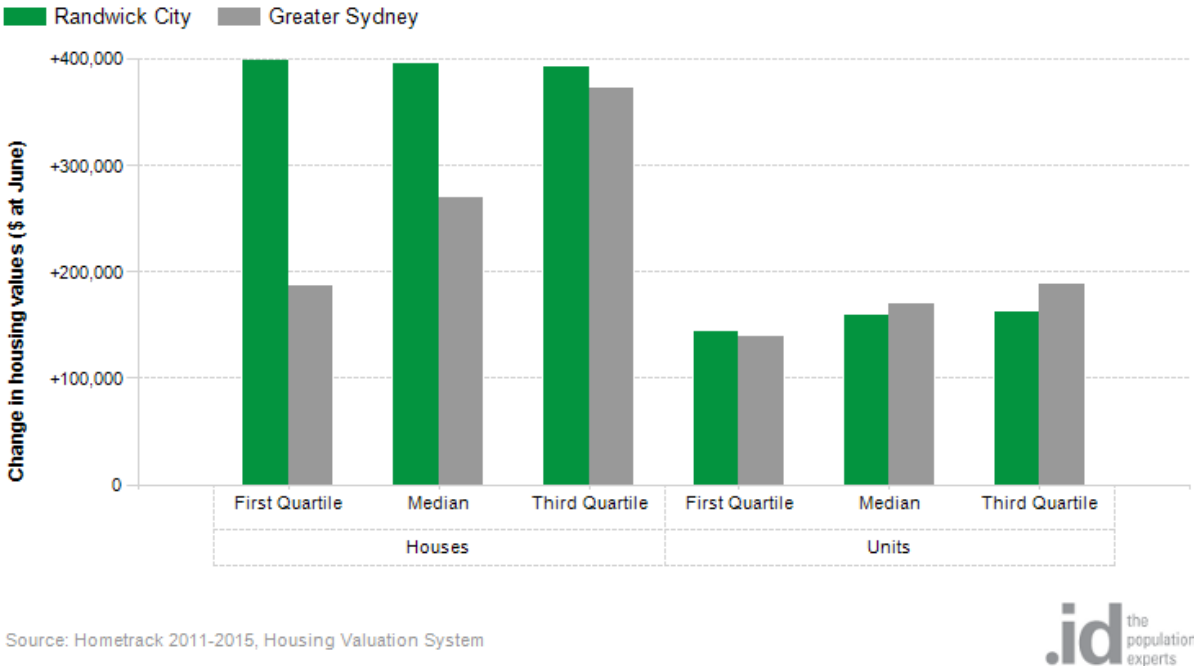
2.3. High housing costs

As at June 2015, Randwick City had a median house valuation of $1,621,718, which is $756,578 ***higher*** than the median house valuation for Greater Sydney. Access to a significant share of Sydney's employment and high amenity values (proximity to the beach, services and shops) underpins these high land and house values in Randwick. In the past four years (2011-2015) the biggest house price change occurred in the first quartile of house values. Similarly, this was also true for rental listings.

Housing values, 2015

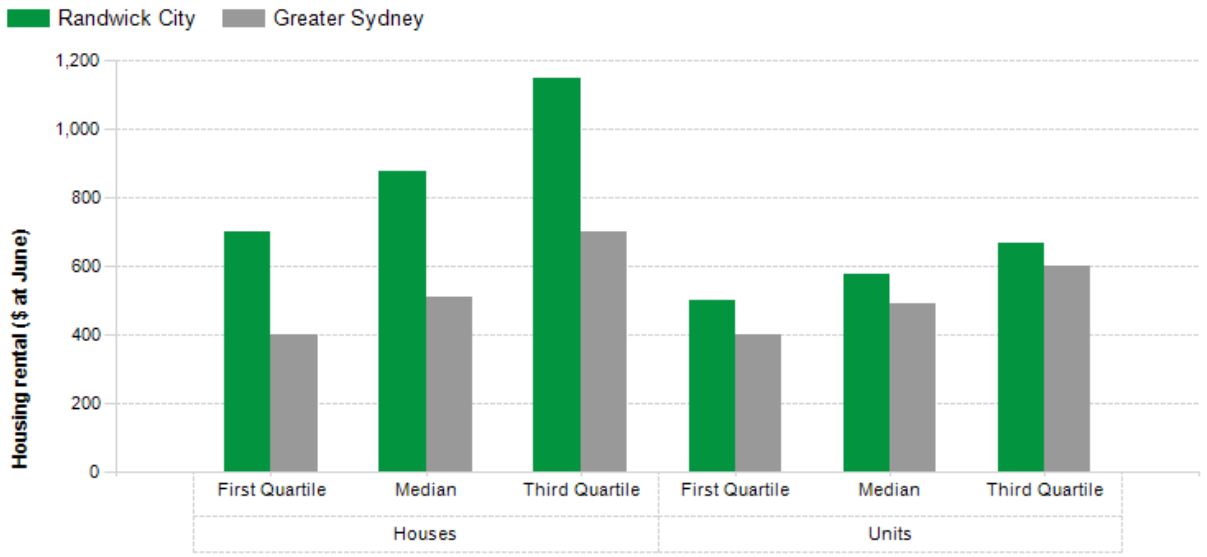


Change in housing values, 2011 to 2015



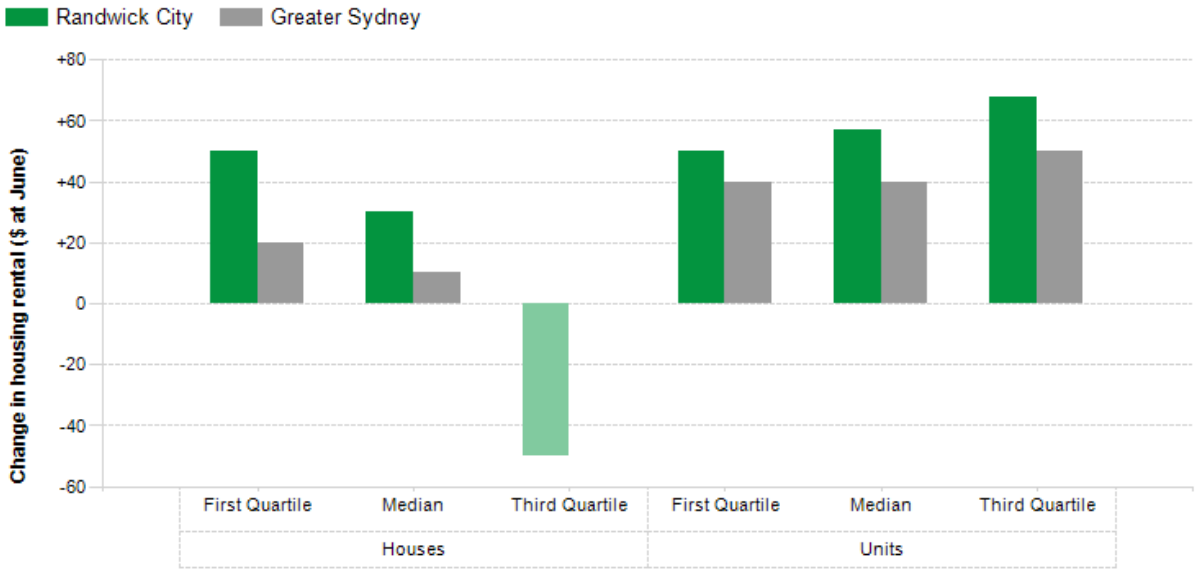
As at June 2015, Randwick City had a median house rental of $875, *$365* ***higher*** than the median house rental for Greater Sydney. High and increasing rents are an indication of a strong economy and a desirable area, with access to jobs and services.

Rental listings, 2015



Source: Hometrack 2011-2015, Automated Valuation System

Change in rental listings, 2011 to 2015



Source: Hometrack 2011-2015, Automated Valuation System

The inner Sydney (including Randwick) residential rental vacancy rate has remained steady at 1.3 per cent. This is significantly less than the 3 per cent considered to be equilibrium and as such indicates a very tight rental market.

2.4. Housing supply

The State Government's focus for future housing supply, as outlined in *A Plan for Growing Sydney*, is to be targeted in strategic centres, transport corridors, (surplus) government land and areas identified for urban renewal.

In 2011, 49.6% of Randwick City's total dwellings were classed as two bedrooms or less compared to 31.2% in Greater Sydney. This is significantly larger than Greater Sydney and it reflects the older housing stock to the north of the LGA. The five areas with the highest percentages were to the north of the LGA i.e. Coogee (61.9%), Randwick (61.0%), Kensington (56.0%), Kingsford (47.7%) and Clovelly (47.0%).

Building approvals have continued to increase over the past five years. The overwhelming majority of building approvals and newly completed dwellings are in multi-unit form. While Randwick City has a range of housing forms i.e. low density residential to the south, master planned sites and higher density housing to the north, it is expected that medium to high density housing forms will be the primary form of new housing supply in the future. Furthermore, in light of the future local council amalgamations of Randwick City, Waverley and Woollahra councils, the LGA of Randwick City has the largest potential for future housing growth and in particular for affordable rental housing.

2.5. Characteristics of Existing Affordable Rental Housing Stock

The following information describes the nature of the Council's Affordable Rental Housing Program. Program Procedures & Guidelines are contained in Council's Affordable Housing Strategy (adopted in 2007), implemented within the Integrated Planning and Reporting Framework established by the Office of Local Government. Note that the Council's affordable rental housing portfolio is managed by two registered community housing providers, namely SGCH and Community Housing Limited (CHL) using the State Government's Affordable Housing household income benchmarks.

Community housing providers SGCH, Bridge and CHL confirmed that they do not own any affordable housing stock in Randwick LGA.

Randwick City Council owns a total of 20 units in perpetuity, located within private strata apartment blocks. The following outlines key characteristics of the property portfolio.

Portfolio as at July 2016	10 x 1br 9 x 2 br 1 x 3 br Total: 20 units
Constructed in	2010-2015 (0-5 years old): 10 units 2006-2009: (6-10 years old): 10 units
Located in the following suburbs	Randwick = 1 unit Little Bay = 9 units Matraville = 1 unit Maroubra = 9 units
Tenant profile	• Working people on low to moderate incomes as per Housing NSW Guidelines • Applicants demonstrated a connection to Randwick • live or work in Randwick or have family in Randwick. Randwick Council employees not eligible to apply • Essential services/key workers • Ineligible for public/social housing.
Rent Policy	• 25% or more off weekly median rent for Randwick LGA (not market rent), as long as the weekly rent doesn't exceed 75% of median rent for LGA • Current rent for new tenant, given examples below are based on Randwick LGA's median rent figures (Housing NSW Rent and Sales Report No.116, Rent June quarter 2016; p. 5); • 1 bed: $500 pw median rent - $375 pw maximum weekly rent paid by tenant or not exceeding 30% of a tenant's gross household weekly income (If the tenant earns $60,000 per year or $1,153 per week then the rent paid would be $346 per week instead of $375 for a 1 bedroom unit within Randwick LGA) • 2 bed: $620 pw median rent - $465 pw maximum weekly rent paid by tenant or not exceeding 30% of gross household weekly income. Tenancy manager advertises for applicants when vacancy is available and assesses housing applications. Council staff are not involved in tenant selection but are kept informed before each new letting is confirmed • Surplus income from Program are returned to an affordable housing account and reserved for affordable housing purposes.
Governance arrangements	• Category 1 Community Housing Provider selected by competitive EOI process • A Deed of Management Agreement is established with community housing provider. All day to day operations are contracted to them in return for an agreed fee structure. As part of the contract, the community housing manager implements the Program in accordance with stipulated program and procedures adopted by Randwick City Council. • Contract period is for a max 10 year period after which an EOI process will commence to recruit a community housing provider for another 10 year cycle. • Property management arrangements: 16 x St George Community Housing • 4 x Community Housing Limited (4 units secured through a partnership construction project).

No further affordable housing units have been negotiated through VPA provisions, to date, due to limited opportunities.

Note only one unit is located in the northern half of Randwick City.

2.5 Changes in the supply of affordable and social housing

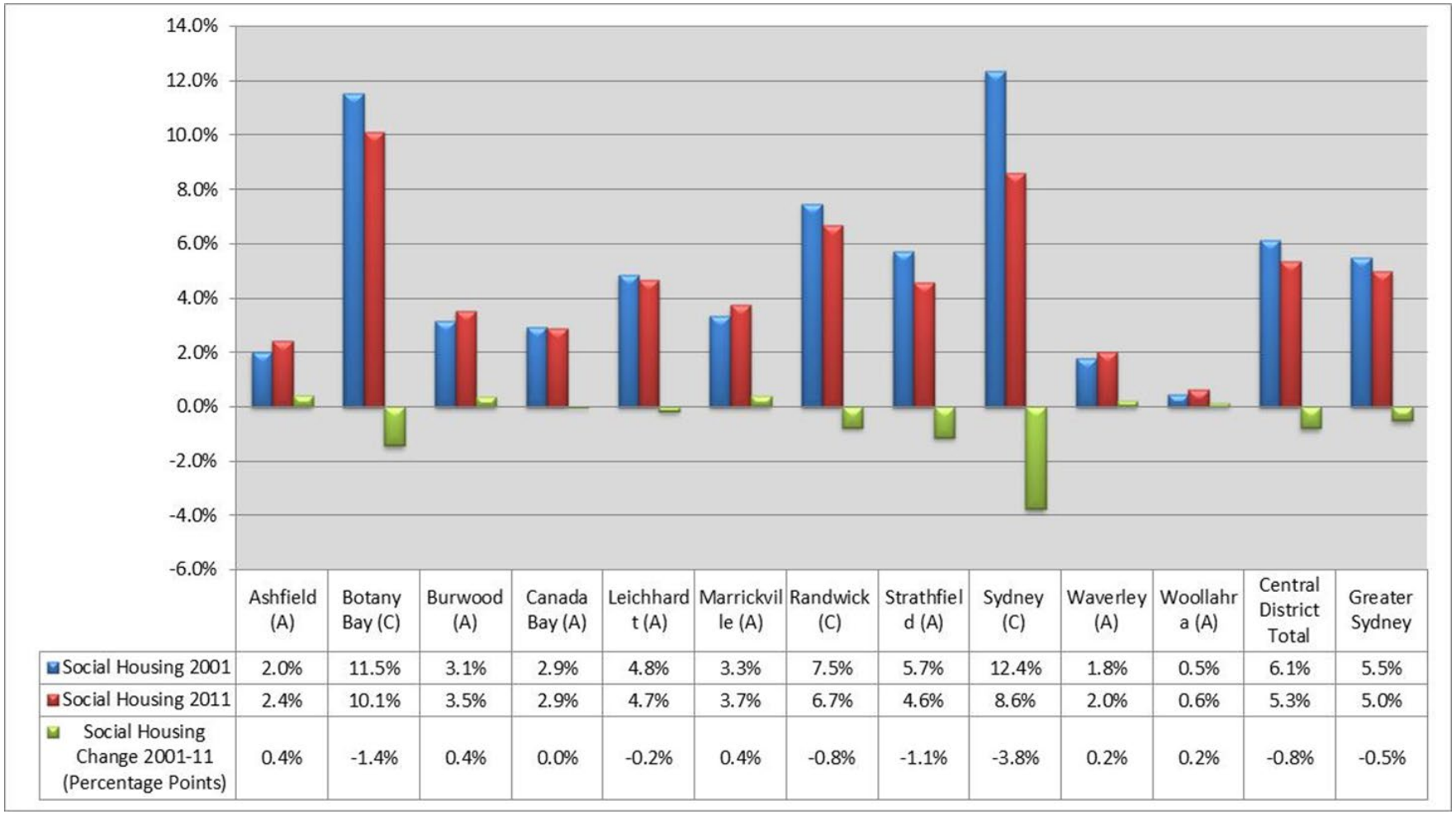
Despite an increase in building approvals across the City, Randwick City has continued to lose affordable housing stock. This is mainly due to increasing land/property values, increasing rents and the resultant loss of rental stock at the lower end of the market. As the table below illustrates, the proportion of affordable rental stock in Randwick has declined significantly for very low to low income households from December 2011 to December 2014, by more than 77% and 58% respectively.

Table 1: Change in affordable rental housing stock in Randwick City from 2011-2014

Area	% of affordable Rental stock for Very Low Incomes Dec 11	% of affordable Rental stock for Low Incomes Dec 11	% of affordable Rental stock for Moderate Incomes Dec 11	% of affordable Rental stock for Very Low Incomes Dec 14	% of affordable Rental stock for Low Incomes Dec 14	% of affordable Rental stock for Moderate Incomes Dec 14	% change Dec 11-14 for very low incomes	% change Dec 11-14 for low incomes	% change Dec 11-14 for moderate incomes
Randwick	4	6.8	30.5	0.9	2.8	27.1	**-77.5**	**-58.8**	**-11.1**

Source: Rental Bond Board (RBB) Data; Local Government Housing Kit, Centre for Affordable Housing

Similarly, social housing stock has also decreased from 7.5% in 2001 to 6.7% in 2011, despite population growth. This trend can be seen across most of the inner city local government areas, as shown in the graph below.



	Ashfield (A)	Botany Bay (C)	Burwood (A)	Canada Bay (A)	Leichhardt (A)	Marrickville (A)	Randwick (C)	Strathfield (A)	Sydney (C)	Waverley (A)	Woollahra (A)	Central District Total	Greater Sydney
Social Housing 2001	2.0%	11.5%	3.1%	2.9%	4.8%	3.3%	7.5%	5.7%	12.4%	1.8%	0.5%	6.1%	5.5%
Social Housing 2011	2.4%	10.1%	3.5%	2.9%	4.7%	3.7%	6.7%	4.6%	8.6%	2.0%	0.6%	5.3%	5.0%
Social Housing Change 2001-11 (Percentage Points)	0.4%	-1.4%	0.4%	0.0%	-0.2%	0.4%	-0.8%	-1.1%	-3.8%	0.2%	0.2%	-0.8%	-0.5%

Figure 3. Change in social housing across the Central District region
Source: Judith Stubbs & Associates 2016[xvi]

In 2009, the State Government introduced a State Environmental Planning Policy for Affordable Rental Housing (AHSEPP). The policy's intent is to increase the supply and diversity of affordable rental and social housing in the state. The AHSEPP covers housing types including infill affordable rental housing (villas, townhouses and apartments) that contain an affordable rental housing component, along with secondary dwellings (granny flats), new generation boarding houses, group homes, social housing and supportive accommodation.

The most common development types being built in Randwick City under this policy are new generation boarding houses and secondary dwellings. In relation to new generation boarding houses, since the policy was introduced there has been more than 500 boarding house rooms approved (under the SEPP) mostly to the north of Randwick City, around the UNSW. However, there is no requirement for these development types to provide subsidised rent to ensure they are delivering an affordable housing product to those households in need.

Anecdotal evidence suggests that the new generation boarding houses are meeting a demand for student accommodation being located close to the University. Newly constructed boarding houses with their own kitchenettes and bathrooms range from $390-$450 per week. Even these rents are not considered affordable for those households in the very low and low income bands ($234-$378 /week respectively). While these development types are providing a form of diverse housing type, they are in reality not 'affordable housing'.

Developments for infill affordable rental housing under the SEPP has had negligible take up due to high land values. As such, the ability of the Affordable Rental Housing SEPP to increase the supply of genuine affordable rental housing stock has limited applications in Randwick and similarly, for Woollahra and Waverley Councils.

2.6. Housing stress

In 2011, Kingsford had the highest proportion of people experiencing rental stress in Randwick City. Housing affordability has become a significant social and economic problem in recent years, and between 2006 and 2011 rents across Australia increased by close to 50%. In 2011, 20.5% of Randwick City's renting households were experiencing rental stress. The five areas with the highest percentages of households experiencing rental stress were: Kingsford (36.9%); Kensington (26.0%); Chifley (24.7%); Matraville (23.9%); and Malabar (22.9%).

2.7. Affordability trends

The impact of pressures on house prices (rent and purchase) over the past decade are widely illustrated with Sydney now classified as being one of the least affordable housing markets internationally. Indications are that the private housing and rental markets have yet to make the necessary adjustments so that households on low to moderate incomes can afford to pay for their housing costs without having to commute long distances to their workplace.

Affordability of 2 bedroom units (rent) was reviewed across the Sydney region. It was identified that these rents were only affordable to higher income households in most of all suburbs within 20km of the CBD, as shown in the map below.

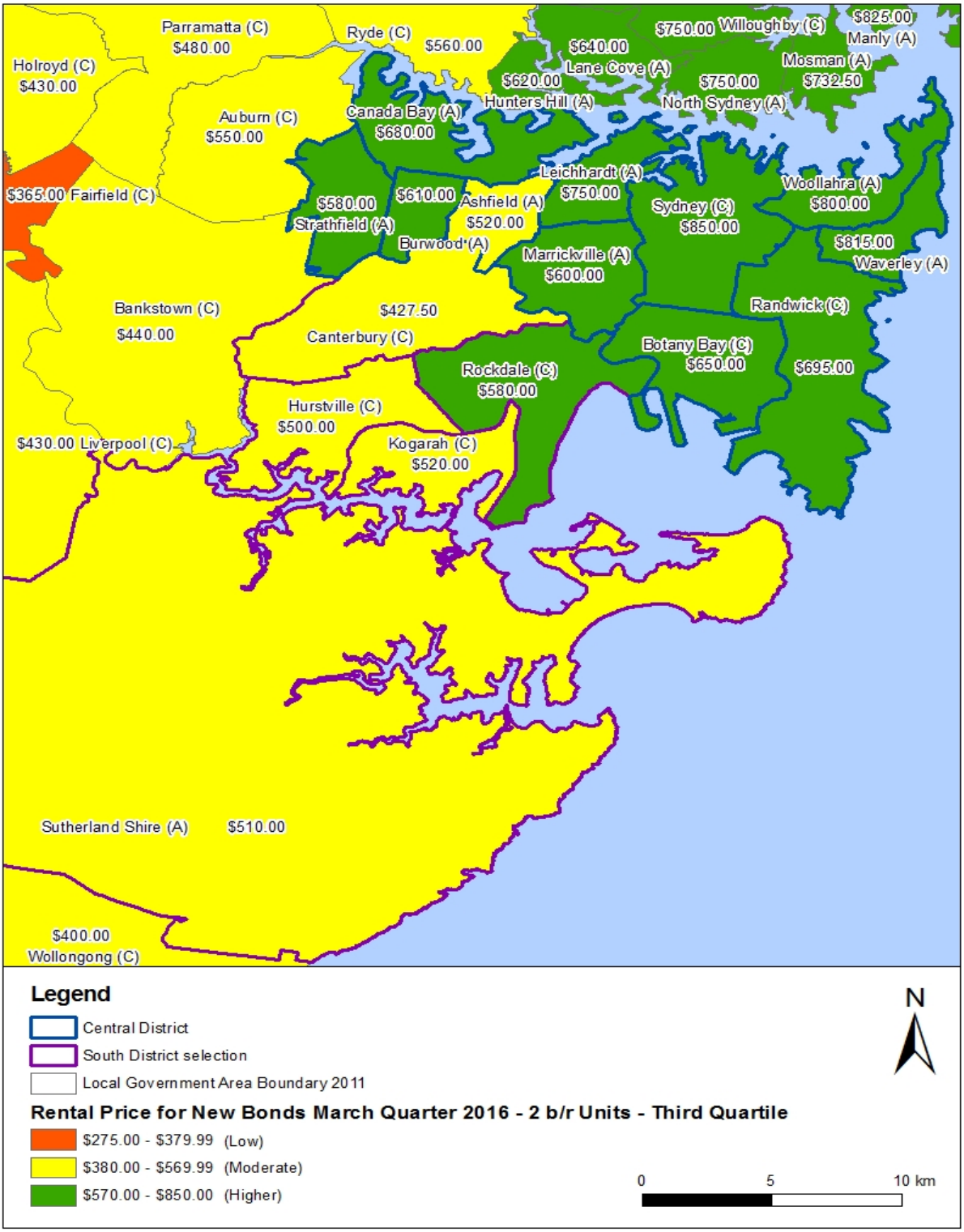


Figure 4: Affordability of 2 b/d units across the Sydney region
Source: Judith Stubbs & Associates 2016

Similarly, affordability of 3 bedroom houses (rent) was also reviewed across the Sydney region and it was identified that an even larger area across Sydney extending to the Sutherland Shire and Ryde were only affordable to these same higher income households.

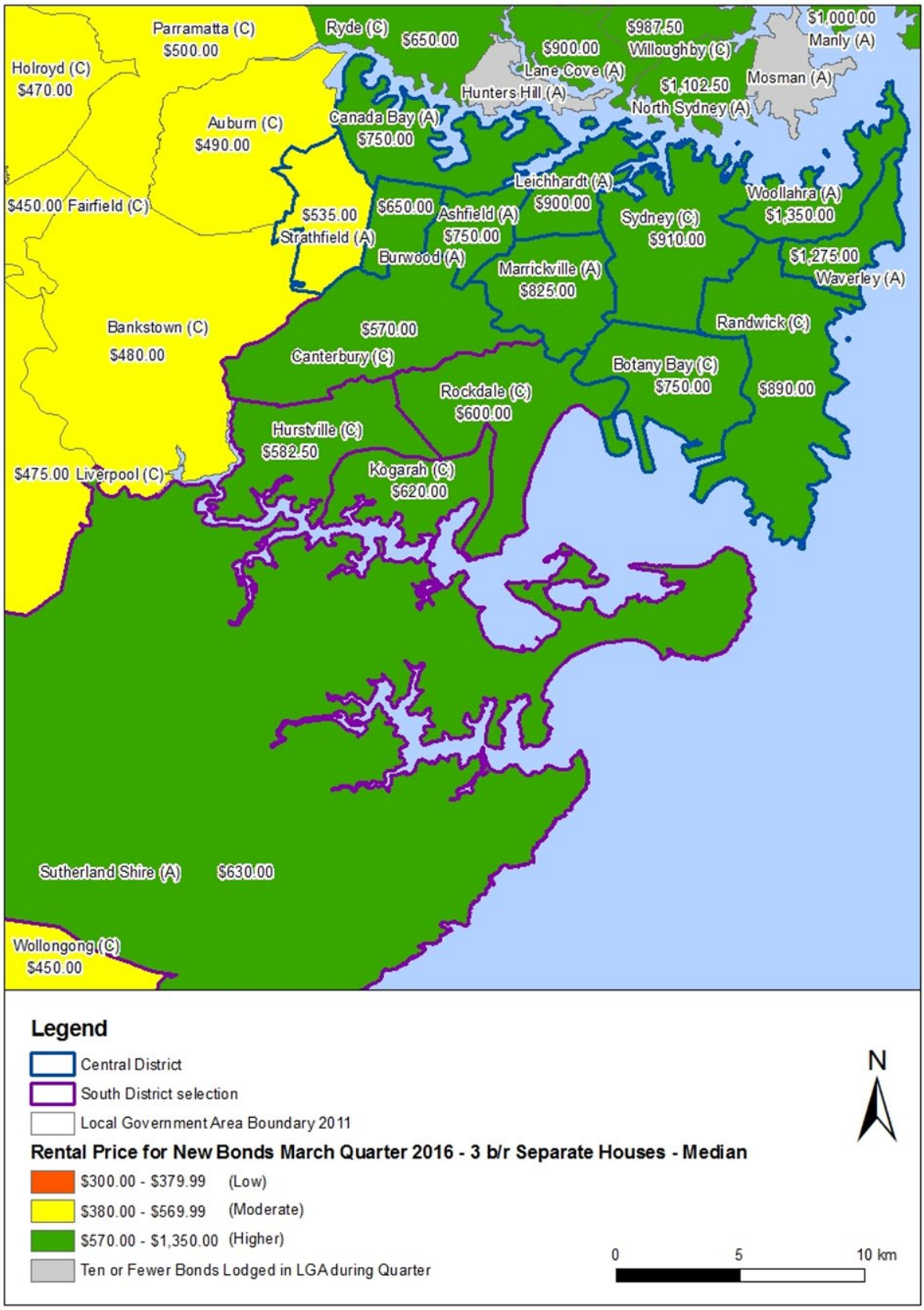


Figure 5: Affordability of 3 b/r separate houses across the Sydney region
Source: Judith Stubbs & Associates 2016

This demonstrates the extent of the (un)affordability trend which goes beyond Randwick City. Declining housing affordability decreases the number of affordable rental properties available and as mentioned above, this affects households on very low and low incomes the hardest.

3. Forecasting demand for affordable housing

3.1. Population, household and dwelling projections

The State Government projects that Randwick City's population will grow to 174,300 or an additional 36,500 people by 2031. Housing this population growth will require an estimated 15,150 additional new dwellings for an additional 14,000 new households across the LGA. Population growth will drive demand for additional housing, and particularly affordable housing close to employment areas[xvii]. Without provision of more affordable forms of housing, the market can be expected to continue to produce more expensive housing in the area, so that housing will only be affordable to households on relatively high incomes. Lower income households would need to move out of the area or may be prevented from finding housing in the area close to new employment opportunities[xviii].

Table 2: Local Government Area Population, Household and Dwelling Projections

TOTALS:	2011	2016	2021	2026	2031	Change +	% Change 2011-2031
Total Population	137,800	147,100	156,800	165,400	174,300	36,500	**+26%**
Total Households	55,000	58,600	62,200	65,650	69,050	14,050	**+ 26%**
Average Household Size	2.39	2.40	2.41	2.41	2.41		
Implied Dwellings	59,450	63,300	67,200	70,900	74,600	15,150	**+ 25%**

Source: New South Wales State and Local Government Area Population, Household and Dwelling Projections: 2014 Final

3.2 Employment projections

Randwick City's Gross Regional Product was $8.01 billion in the year ending June 2015, the largest contribution being made from the education and training industry, producing an estimated $1,324 million in 2014/15 and generating 11,784 local jobs. While the health care and social assistance industry produced an estimated $1,116.2 million in 2014/15, it is Randwick City's largest employer, generating 12,719 local jobs in 2014/15[xix].

Of the 39,098 people who work in Randwick City, 15,682 or 40.1% also live in the area; and more than 23,000 persons travel into Randwick City for employment. The Randwick Education and Health Precinct is Randwick's largest employment destination. The precinct has a high concentration of retail, health and education employment and this is reflected by high levels of self-containment within these industries which is discussed in more detail below.

3.3 The Randwick Education and Health Strategic Centre

The Randwick Education and Health precinct is also identified as a strategic centre in the NSW Government's 'A Plan for Growing Sydney'. It is characterised by a concentration of education and health-related institutions, businesses and research presence including the University of NSW and Prince of Wales Hospital, Royal Hospital for Women and the Children's Hospital, Neuroscience Research Australia and the Lowy Cancer Centre. The University of New South Wales has more than 50,000 enrolled students and some 6,000 staff alone[xx].

Employment growth is expected to continue, especially in the health fields as demands rise with an ageing population and with advances in health research and treatment. Employment forecasts for the Randwick Education and Health precinct are projected to increase by 26% or an additional 3,920 jobs by 2031. Both

the Children's hospital and the Royal Hospital for Women have noted the difficulty in filling job vacancies for specialist nurses (such as paediatric and neonatology nurses) who are highly desirable in terms of international competition for their skills and being priced out of living in the area. A projection in employment for this centre will not only generate demand for these specialist nurses, it will generate demand for services typically staffed by lower income earners, such as childcare workers and shop assistants.

Table 3: Employment forecasts for the Randwick Education and Health centre

	2011	2016	2021	2026	2031	% Change 2016-31
Randwick Education and Health	14,371	15,033	16,387	17,674	18,953	**+ 3,920** **+ 26%**

Source: September 2014 Release BTS Employment Forecasts

Research in 2013[xxi] noted that the Randwick Education and Health precinct is an example of a current cluster of health and education related businesses and institutions within the Eastern Suburbs and this provides a platform for further growth of businesses and hence jobs within this industry sector. Advantages of clustering and colocation mean that Randwick continues to become more attractive as a location for health-related businesses[xxii].

Strategic planning is important for identifying the key elements needed to support an industry cluster. In recognition of the importance for future planning of the centre, Randwick City Council prepared (in 2011) a precinct plan with input and feedback from key stakeholders in the Centre, state government agencies, and the community. The precinct plan provides strategic directions and detailed actions for the future growth of the Centre. One of the key directions in the precinct plan, is the need to facilitate affordable housing for key workers through the planning framework to support the economic function of this unique strategic centre.

3.4 Setting an affordable housing target for Randwick City

Taking into consideration the State Government's projections for Randwick City, an affordable housing target is needed to ensure the delivery of affordable rental housing as part of any future supply of housing growth.

Current social and affordable housing rates in Randwick City have been estimated at approximately 7% of the total households or equivalent occupied dwellings. This takes into account the 2011 census estimate of 6.7% of the total households renting from the government in addition to the 20 affordable rental units in Council's affordable rental housing program dwellings (which equates to roughly 0.4% of total household stock). Note this rate does not take into account lower cost housing in the private market such as older residential flat buildings, boarding houses or secondary dwellings.

Therefore looking to 2031, the following table provides an indication of the number of new affordable rental and social housing dwellings that would be needed to achieve a target of 15% of the total proportion of households in Randwick to be dedicated to very low to moderate income households.

Some notes on a 15% target are as follows: a 15% target is consistent to that of the City of Sydney and would also align with the 2011 census estimate for Randwick City, in that 15.2% of total households were classified as low income compared to 16.0% in Greater Sydney. While Randwick City has a relatively higher proportion of social housing dwellings (6.7% when compared to greater Sydney at 5%), there is a distinct lack of affordable rental housing for the low to moderate income in the area. As such, a higher target of 8% is applied to this group to help facilitate a housing product to meet this identified need.

Table 4: Setting an affordable and social housing target for Randwick

	Current rate	No.of households	Total no. of households (Census 2011)	Projected households to 2031	Additional no. of new social housing dwellings to achieve a minimum target of 7% by 2031	Additional no. of new affordable rental housing dwellings to achieve a minimum target of 8% affordable housing
Social housing	6.70%	3,433	51,292	69,050	1,400.5	
Dedicated affordable rental housing (RCC AH program)	0.04%	20				5,504
Total	6.74%	3,453	**Additional no. of new social and affordable housing**		**1,400**	**5,504**

Assumptions

1. **One household equates to one occupied dwelling**
2. **Current social and affordable housing rate at approx. 7% rounded up**
3. **Social housing rate should remain at least 7%**
4. **Affordable housing rate should be at 8%**
5. **Therefore new affordable and social housing target to 2031 should be 15%**

While the overall target of 15% of total households/occupied dwellings by 2031 is modest (especially compared to international affordable housing targets which is in the range of up to 50%) it would at the very minimum, a useful baseline to against further loss of low income households in Randwick; and importantly help provide the evidence base to mandate and advocate a proportion of all new dwellings to be provided as affordable housing; particularly in the absence of any state government targets which may or may not be set as part of the district planning process. Applying affordable housing targets are also pertinent in urban areas undergoing change which may be subject to resulting in a loss of existing affordable housing.

3.5 Urban areas undergoing change

Parts of Randwick City are undergoing change, as a result of infrastructure investment such as the CBD to South East Light Rail, gentrification and/or have been identified by the State Government for urban renewal opportunities[4].These areas include the Randwick Education and Health Strategic Centre and the Anzac Parade corridor. Such measures can increase land value which gives the landowner a 'value uplift'.

[4] in the State Government's (2014) *A Plan for Growing Sydney*

Requiring contributions for affordable housing, where there has been a value uplift arising from infrastructure investment or government action, will help contribute to the provision of affordable rental housing[xxiii], particularly in high value areas like Randwick.

The strategic location of these areas to key employment centres (ie Central Business District), makes the need to provide for affordable housing an essential consideration in the future planning of these areas; and without planning intervention the stock of affordable rental housing will continue to decline.

4. The Randwick City Council 2016 Affordable Rental Housing Program

The intent of the Randwick City Council Affordable Rental Housing Program 2016 is to build and expand on Council's existing affordable rental housing program; and importantly to ensure the provision of affordable rental housing is provided in key strategic sites and urban renewal areas undergoing change, where the need for affordable housing is critically needed to ensure an economically viable Randwick City.

It is clear from this analysis that the demand for affordable rental housing in Randwick City outstrips any supply of new affordable rental housing. And while the Council has (since 2006) successfully acquired 20 affordable rental housing units for the community, it demonstrates that the current voluntary planning agreement approach is not delivering the scale of affordable rental housing that is needed for the community.

It is on this basis, that the Council requests the state government to enable a mandatory approach, via inclusionary zoning, to be applied in Randwick City to help deliver affordable housing for our residents to support the growth projections of our business communities.

4.1. About the program

As key sites and/or urban areas are identified for renewal or seeks a rezoning it is the intention of this program to map and list these sites in the LEP under Part 6 Additional Local Provisions in the LEP as 'Special Provisions - Contribution for the purpose of affordable housing'. Strategic justification and financial feasibility assessment is needed to provide the evidence base for the listing of these sites and the contribution requirement to provide for affordable rental housing. This would be provided as part of any future planning proposal which seeks to include additional sites and/or areas within the program.

It is proposed that a contribution towards affordable rental housing would be imposed as a condition of consent, subject to planning legislation allowing this imposition. The preferred mechanism for an affordable rental housing contribution is to be provided on-site, as actual affordable rental dwellings to be dedicated to the Council and managed by a registered community housing provider in accordance with Council's Affordable Rental Housing Programs and Procedures (2006) manual.

4.2. Characteristics of Future Affordable Rental Housing Stock

Newmarket Green

- The Council has negotiated via a voluntary planning agreement for 10 units to be dedicated as affordable housing.
- The estimated total number of dwellings proposed to be delivered on site is 750.
- Tenancy, rental and governance arrangements to be in accordance with Council's adopted Affordable Housing Program Procedures & Guidelines.

The Kensington and Kingsford town centres

- Estimated dwelling capacity for the town centres is 5,000. A two staged affordable housing levy is proposed for the centres commencing at 3% increasing to 5% to apply on all development applications for residential accommodation.
- It is estimated that the levy or contributions scheme has the potential to deliver more than 200 affordable dwellings for essential key workers in the area.
- The affordable dwellings would consist of mainly one and two bedroom units. However, the proposed scheme is contingent on Ministerial approval.

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