Queanbeyan Palerang Affordable Housing Strategy

November 2022

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This strategy has been prepared for

Queanbeyan Palerang Regional Council

by

JUDITH STUBBS & ASSOCIATES

The Old Post Office
231 Princes Hwy, Bulli NSW 2516

Ph: 02 4283 7300

Fax: 02 4283 7399

info@judithstubbs.com.au

www.judithstubbs.com.au

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1 Rationale for the Strategy

1.1 Overview

Queanbeyan Palerang Regional Council's *Affordable Housing Background Report* and related documents[1] set out the evidence that supports the *Queanbeyan Palerang Affordable Housing Strategy,* and should be read in conjunction with this *Strategy.* This draft *Strategy* will be provided to Council and publicly exhibited, with a final Strategy then revised to reflect feedback received during the exhibition period.

This section provides a summary of relevant findings on housing demand, supply, need and affordability, and the legislative underpinning of Council's engagement with affordable housing, as a context for the priority strategies set out in Section 2 below.

1.2 What is 'Affordable Housing'?

1.2.1 Benchmarks

Housing is 'affordable' when very low, low and moderate income households are able to meet their housing costs and still have sufficient income to pay for other basic needs such as food, clothing, transport, medical care and education. This is generally accepted to be where such households pay less than 30% of their gross household income on housing costs.

The following table provides benchmarks for 'affordable housing' for the purpose of this Strategy as at March 2022. These are consistent with statutory definitions under the *Environmental Planning and Assessment Act 1979 (NSW)*, and should be updated at least annually to reflect changes in CPI.

It can be seen from the table below that, for rental to be 'affordable' under statutory definitions, rental costs would need to be less than $223 per week for a very low income household, between $224 and $356 for a low income household, and between $357 and $534 for a moderate income household as per the **Rest of NSW benchmarks**.

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[1] Judith Stubbs & Assoc. (2022) *Queanbeyan Palerang Affordable Housing Background Report,* Queanbeyan Palerang Regional Council; related appendices, and *Affordable Housing Case Study Booklet*.

Table 1-1: Affordable Housing Income, Rental and Purchase Benchmarks – Rest of NSW[2]

	Very Low Income Household	Low Income Household	Moderate Income Household
Income Benchmark	<50% of Gross Median Household Income for Rest of NSW	50%-80% of Gross Median Household Income for Rest of NSW	80%-120% of Gross Median Household Income for Rest of NSW
Income Range (2)	<$742 per week	$743-$1,187 per week	$1,188-$1,781 per week
Affordable Rental Benchmarks (3)	<$223 per week	$224-$356 per week	$357-$534 per week
Affordable Purchase Benchmarks (4)	<$255,000	$255,001-$406,000	$406,001-$610,000

Source: JSA 2022, based on data from ABS (2021) Census of Population and Housing, ABS (2022) Consumer Price Index, indexed to Mar Quarter 2022 dollars, ANZ Home Loan Repayment Calculator https://www.anz.com.au/personal/home-loans/calculators-tools/calculate-repayments/

'Affordable housing' includes a **wide range of housing products, tenures and price points**. This includes, but is not limited to, special needs accommodation, social (public and community) housing, 'key worker' (discount market rent) housing, and assisted purchase (such as shared equity or community land trusts). It also includes 'lower cost' housing provided through the market (such as smaller flats and units, New Generation Boarding Houses), as long as affordable housing cost benchmarks in the table above are met.

1.3 Why is Affordable Housing Important?

Anyone in the community could need affordable housing. This includes a young person seeking to live near where they grew up, a recently separated or divorced person with children for whom conventional home ownership may no longer be economically viable, households dependent on one (or even two) low or median waged, key worker jobs, or an older person on a reduced retirement income, including after divorce or the death of a spouse.

Lack of affordably priced housing not only affects the quality of life of individual families, who may be sacrificing basic necessities to pay for their housing, it also has a serious impact on employment growth and economic development. The loss of young families and workers in lower paid essential service jobs can adversely affect local economies, and is contributing to labour shortages in some regions of NSW. The displacement of long-term residents reduces social cohesion, engagement with community activities (such as volunteering), and extended family support.

As well as impacting on the health and wellbeing of low income families, and older and younger people, this can contribute to a lack of labour supply among 'key workers' who are essential to

[2] (1) All values reported are in March Quarter 2022 dollars; (2) Total weekly household income; (3) Calculated as 30% of total weekly household income; (4) Calculated using ANZ Loan Repayment Calculator, using 05 July 2022 interest rate (3.94% pa) and assuming a 20% deposit for a 30 year ANZ Standard Variable Home Loan and 30% of total household income as repayments.

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various services including childcare, aged services, health care, tourism, hospitality and emergency services, but whose wage increasingly does not allow them to access rental or purchase housing close to where they work. Affordably priced housing is thus an important form of community infrastructure that supports community wellbeing and social and economic sustainability, including a diverse labour market and economy, and strong and inclusive communities.

It is also important that affordable housing is well-located to reduce car dependency, improve access to services and facilities for lower income and more vulnerable people, and reduce costs to very low, low and moderate income households. As such, the research is focused on areas around the major centres of **Queanbeyan and surrounds, Bungendore and Braidwood**.

1.4 Key Findings from *Background Paper*

1.4.1 Overview

It is widely acknowledged that there is major shortfall in affordable housing in most cities and many regional communities across Australia. The most severe and lasting impacts are experienced by **very low and low income households in unaffordable private rental accommodation** who do not gain the benefits that accrue to home purchasers, including long-term capital gains and a decreasing debt to household income ratio over time, and for whom social rental and home ownership is increasingly inaccessible.

A 'perfect storm' of housing, funding and economic factors has resulted in an affordable housing crisis in areas like Queanbeyan Palerang LGA, and in increasing homelessness amongst even those who would once have been able to access private rental, including lower income working people and moderate income families; and intensifying impacts for more vulnerable people.

These factors include inadequate long-term supply of private rental accommodation, increasing demand from contract workers, cyclical employment in the public sector and expansion in industries such as mining, defence and construction, as well as from those born overseas on visas that require them to live in a regional area while accessing work in the ACT. The effects of the COVID 19 pandemic are also apparent in the local housing market, including the movement of people on higher incomes from cities to regions like Queanbeyan Palerang LGA, and the loss of private rental properties through sale or return to owner occupancy, with both short-term and structural changes in patterns of living and working likely.

This has resulted in a near 0% vacancy rate currently, and 'one of the worst housing markets ever seen' by many services and real estate agents interviewed in the LGA. It has also resulted in growth in the real cost of purchase of around 20% per annum for strata dwellings and 15% for vacant land over the past two years, controlling for other factors.

A much lower than average rate of increase in housing diversity in the LGA over the past 15 years is also contributing to constrained supply. This includes small lot housing, and smaller (studio and one bedroom) apartments, boarding houses and the like which are major contributors to the supply of private rental accommodation. This lack of diversity is due to apparent planning impediments and economic factors. The increase in permanent and long-term private renters, including those who would have traditionally been home purchasers, is also driving up demand for private rental.

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Importantly, social housing supply has failed to keep pace with growing need over many years, and has actually seen a decrease proportionally and in absolute terms over the past decade or so, including through sale of public housing stock, lack of funding for growth, and lack of priority for public housing estate renewal programs that have the potential to grow supply and diversify stock. This is leading to significant increases in waiting times for even high need/priority applicants, with these waiting times reported to be increasing from 4 weeks to around 12-18 months in the past few years.

At the lower end of the market, very low income renters and those with special needs have been most seriously affected by the lack of affordable (or indeed almost any) private rental and the severely inadequate supply of social housing, with very low and low income renters making up the majority of those in housing stress, and unable to affordably rent even a one bedroom apartment in the LGA currently.

The severe shortage of dedicated crisis, short-term and transitional accommodation for the increasing number of people at risk of homelessness is affecting those most vulnerable in the housing market, including older single people, sole parent families, those leaving family violence, and people with a disability. Single homeless men remain the largest and possibly the most difficult to accommodate, with only one crisis refuge in the whole of the South East Region (in Wollongong). As well, the severely inadequate supply of private and social rental is leading to increased homelessness among new cohorts, including older women with limited capital, and lower income workers and families, leading one service to comment, 'Finding housing is no longer about having a job – it's about having housing to move into at all'. This is exacerbated by 'exit blocks' from crisis and short-term housing due to the severely inadequate supply of social and private rental, and the loss of accommodation formerly used as temporary accommodation, such as motels and caravan parks, due to increased demand from workers and domestic tourists.

Services, government and industry interviewed for in the preparation of this draft Strategy described an 'unprecedented situation' in the local rental market, and the need for accommodation for very low and low income renters and those most vulnerable in the housing market, as a priority. As well as medium to longer-term strategies, there is also a need to develop short-term strategies as a matter of urgency to house the growing number of people described by services as living in unsuitable, overcrowded and unsafe conditions, staying temporarily with others, couch-surfing, sleeping in cars, old caravans or sheds, or sleeping rough.

1.4.2 Need for Affordable Housing

Based on levels of housing stress in Queanbeyan-Palerang Regional Council area in 2016 (the most recent period for which data is available at the time of writing), around 2,200 very low, low and moderate income households were in housing stress. By 2041, this is projected to grow by 1,575 households to a **total of 3,775 households** in housing stress.

By far the most serious affordable housing need is among **very low and low income renters**, who face critical and growing affordability problems, and make up a majority of those in housing stress. Of those projected to be in housing stress by 2041, at least **75% are likely to be renters, with 55% of these on very low incomes,** 25% low incomes and 20% on moderate incomes. Around one-

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quarter of those in housing stress are likely to be purchasers, with a majority on moderate incomes, and a substantial proportion on low incomes.

This breakdown is shown in summary in the following table, and in more detail in **Section 5 of the *Background Paper*.**

Table 1.2: Need for Affordable Housing to 2041 (Current and Additional/Projected 2016-41)

	Renting Households			Purchasing Households		
	Suitable for Lone Persons or Couples w/o Children	**Suitable for Families with Children**	**TOTAL**	**Suitable for Lone Persons or Couples w/o Children**	**Suitable for Families with Children**	**TOTAL**
Affordable to Very Low Income Households	798	311	**1109**	107	36	**143**
Affordable to Low Income Households	387	330	**717**	140	110	**249**
Affordable to Moderate Income Households	240	333	**573**	303	204	**507**
TOTAL	**1,712**	**1,165**	**2,877**	**549**	**350**	**899**

Source: JSA calculations, using data from ABS Census of Population and Housing 2016 and .id Consulting Population Forecasts

1.4.3 Ability of Market to Provide Housing Affordability

There is a very limited opportunity for the private market to provide housing that is affordable to meet most current and projected affordable housing need, meaning that **deep subsidies, strong planning intervention and direct funding is likely to be required** to meet the affordable housing need of most of the target groups in the local housing market context.

With regard to **renters**, no very low and low income renters can affordably rent even a median priced one bedroom unit on the private market. This situation is likely to deteriorate significantly in the future, considering both the substantial real increase in rent in recent years, and that newly constructed dwellings are likely to reflect at least median and likely third quartile rents. The situation is somewhat better for the upper 50% of moderate income households, who could

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affordably rent a smaller strata dwelling, but those needing accommodation suited to families are generally unable to rent affordably through the private market.

This means that around 95% of very low, low and moderate income renters in housing need are excluded from renting affordably through the private market, although the provision of **studio and one bedroom apartments** would be highly beneficial in terms of increasing the supply of lower and diverse housing types, and **boarding housing and co-living housing accommodation** would be affordable to some low income renters if they were available. It is also noted that around 75% of flats and units and 50% of medium density housing types in the local housing market are in private rental compared with only around 15% of houses. However, the supply of such accommodation is very constrained, particularly outside of Queanbeyan and Queanbeyan East.

Lower cost **caravan parks and MHEs**, where these were Council or community housing managed and/or where people could bring their own lower cost home to a site, would also be affordable to some of the target group.

In terms of **purchasers**, it is positive that smaller (likely one and two bedroom) strata dwellings provided through the market are affordable to around 25% of low income purchasers and to all moderate income purchasers, with these more likely to be suitable for smaller households. However, in general, non-strata dwellings (houses) were not affordable to any very low, low or moderate income purchasing families with children, although some smaller families may be suitably housed in larger strata dwellings.

This means that around 55% of very low, low and moderate income purchasers are likely to be excluded from affordable purchase in the future, although it is positive that an increase in the supply of **smaller strata dwellings** would provide affordable purchase for around 45% of the relevant target groups, and lower cost (if not affordable) accommodation for others, as well as the benefits of increased housing diversity around key centres. Again, **caravan parks** where people could bring their own dwelling (rather than one subject to exorbitant mark ups from exclusive supply arrangements), as well as **smaller entry level project homes on small lots**, would also likely be beneficial in terms of lower cost (and sometimes affordable) accommodation.

As noted, in JSA's regression analysis, the real cost of purchase has increased by around 20% per annum over the past two years, and house purchase has increased by 11% per annum, controlling for amenity, dwellings and lot size. Economic modelling indicates that lower cost product could be achieved though reduction of minimum lot sizes in areas like Bungendore, reducing standards such as parking and open space requirements for ground floor dwellings in Residential flat buildings, and reducing parking and DCP density requirements in Braidwood and Bungendore. This would be expected to flow on to lower cost rental as well with increased rental supply, noting that around 75% of apartments and 50% of Multi dwelling housing enters the private rental market.

When renters and purchasers are combined, this means that around 85% of current and projected affordable housing need is unlikely to be met by the private housing market in the future, and that strong planning intervention and direct funding is likely to be required to meet most of this need. It may be possible to meet somewhat more need through the market if impediments such as those outlined above are reduced, but still means that the needs of most

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low income purchasers and renters will not be met through the market, even under more optimistic scenarios.

This has strategic implications, including with regard to the current planning and development controls and zoning, the nature and location of future supply, and the nature of market intervention that is likely to be effective, as outlined below and in more detail in **Section 7**.

1.4.4 Who are the Target Groups?

Very low, low and moderate income households in the local context, are made up largely of working households including lower income 'key' or essential service workers, as well as those on pensions and benefits, such as the Aged or Disability Pension, Parenting Payment and JobSeeker Allowance.

Some examples of **very low income key worker households** include a lone person working part-time as an aged care worker on $700; or a couple with a young child, with one working a typical 30 hour week as an Assistant in Nursing (AIN). These households would need to pay less than $210 for their housing, and could not afford to rent even a one bedroom unit in the LGA.

Examples of **low income key workers** include a full time process worker earning $835 per week; a person earning $865 as a cleaner; or a couple with two small children, with one working full time as a more experienced AIN on $941 per week. These households would need to pay between $250 and $295 per week for their housing to be affordable, and would also be unable rent even a one bedroom unit in the LGA.

Moderate income key worker households include a lone person working full-time as an ambulance officer, entry level teacher or registered nurse earning around $1,115 per week; or a couple with one person working part-time as a cleaner and the other as an Enrolled Nurse, on a combined income of around $1,660 per week. None of these moderate income households could afford to rent a separate house in the LGA. At the lower end of the income range, they could afford to rent a one bedroom apartment, and could afford a two bedroom apartment at the upper end of the income range.

Some examples of very low income households that are dependent on **Centrelink payments** include a single aged pensioner with no superannuation on a pension of $494 per week including relevant supplements, who could afford to pay $220 in rent including Commonwealth Rental Assistance;[3] and a single person on JobSeeker Allowance, who would have an income of $321 per week, and could afford to pay $169 in rent including Commonwealth Rental Assistance. These households could not afford to rent anything in the LGA, even a one bedroom or studio apartment, even if such stock were available.

1.5 Council's Role and Statutory Responsibilities

The creation of affordable housing for very low, low and moderate income households through the planning system becomes more important in the context described above. **The inability of the**

[3] Around $60 per week for eligible households.

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market to provide for virtually all very low and low income renters, moderate income renters needing family accommodation, and for most low income purchasers, is noted.

As such, **very low and low income renters**, and moderate income renting families, are particular focus of this *Strategy*. As well as working people and those on pensions and benefits, this includes the growing number of homeless and marginally housed people in the LGA. Most of this need will require **deep subsidies and strong planning intervention**, and will not be met through the market. However, increased opportunities for delivery of smaller strata dwellings and special housing products such as boarding houses, co-living housing and affordable manufactured homes **through the market** will also be important in meeting the needs of some people, including the upper end of low income purchasers, and smaller moderate income renting and purchasing households.

There are significant opportunities for local government to support the creation and maintenance of affordable housing through core planning legislation and policies in NSW, and a statutory requirement to consider this issue. Local government has an implicit role in affordable housing and an impact on affordability through land use zoning, controls, the timing of land release, location of services and facilities, and the levying of rates and development contributions.

Local government can also choose to play a more proactive role in the creation and retention of affordable housing through active intervention in the market through the development of appropriate planning mechanisms and strategies, and through investment of funds and/or land for the purpose of affordable rental housing.

In NSW, objects and a range of related provisions have been progressively included in the *Environmental Planning and Assessment Act 1979*, including section 1.3(d), which provides that an objective of the Act is the **'maintenance and provision of affordable housing'**. There are likewise definitions and benchmarks related to 'affordable housing' in core legislation and related policies which have been adopted in this *Strategy*.

It is also a requirement of the Act that a consent authority take into account the **social impacts** of a development application as part of a merits assessment under section 4.15(1)(b). This is relevant to development applications that may result in the loss of affordable or low cost housing, as well as the assessment of community benefits involving the creation of affordable housing.

Section 7.4 of the *Act* provides for the making of a **voluntary planning agreement** in relation to a proposed amendment to a planning instrument or development application. Under such an agreement, a developer is required to dedicate land free of cost, pay a monetary contribution, or provide any other material public benefit, or combination of them, to be used for or applied towards a public purpose. 'Affordable housing' as defined in the Act is one of the listed 'public purposes'.

The Act also enables councils to levy mandatory contributions for affordable housing in accordance with **State Environmental Planning Policy (Housing).** In February 2019, SEPP 70 was expanded to include all NSW councils, including Queanbeyan Palerang Regional Council, provided a council can demonstrate affordable housing need and the economic viability of an Affordable Housing Contributions Scheme (AHCS) under the DPIE Guideline and its Viability Tool, and these provisions have now been transferred to SEPP (Housing). The next step in the process is for a council to prepare an AHCS, and to amend their LEP to reference the schemes.

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As such, local government has a role and indeed a statutory responsibility to seek to preserve and create affordable housing through the planning and assessment process.

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2 Strategies and Mechanisms to Deliver Affordable Housing

2.1 Overview of Mechanisms and Strategies

There are a wide range of potential strategies available to Queanbeyan Palerang Regional Council, and others with a role in affordable housing, to increase affordable housing in the LGA, as shown in **Table 2.1 below**.

These strategies range from 'light' planning intervention in the market (Column 1 in the table), and facilitative intervention through the planning system (Column 2), to 'strong' intervention (Column 3), or 'direct provision' of affordable housing (Column 4).

As noted in the *Queanbeyan Palerang Affordable Housing Background Report*[4], some of these strategies are more or less likely to be effective in the local housing market context. Those likely to be most effective, and that are most favoured from consultations, are the focus of this *Strategy*.[5]

A **Case Study Booklet** has also been prepared by JSA which showcases a number of ways in which local government has engaged with affordable housing issues in their local communities (provided as Attachment A to the *Background Report*).

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[4] JSA *op cit*.
[5] Refer JSA (2022) *Queanbeyan Pallerang Affordable Housing Background Report* and related appendices for a more complete discussion of the effectiveness of different mechanisms in the local context.

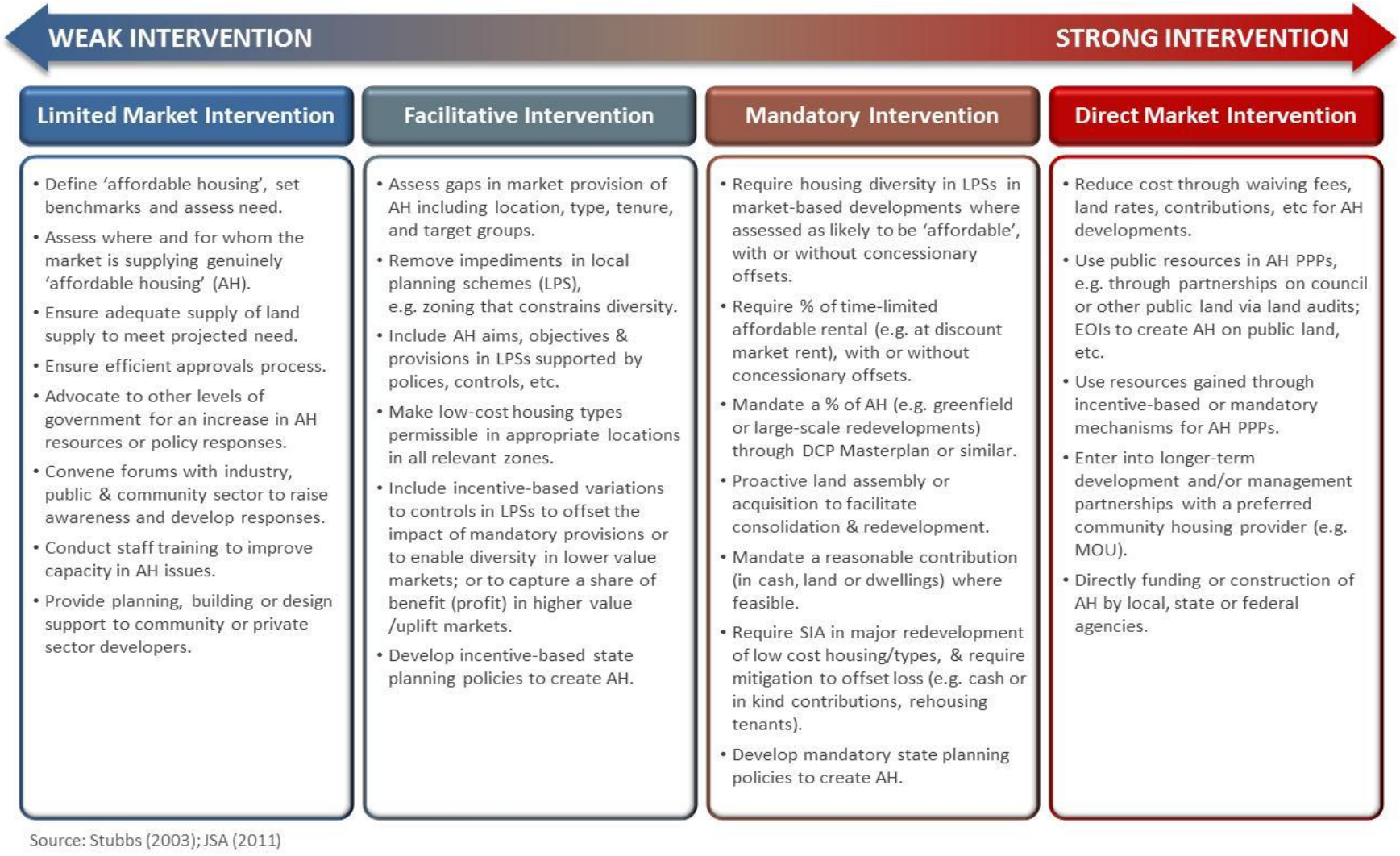


Figure 2.1: Mechanisms and Strategies to Create Affordable Housing along a Continuum of Planning Intervention

2.2 Adopt the Affordable Housing Strategy

Rationale

It is important that Council is clear regarding the definition and benchmarks for 'affordable housing' so that it ensures that what is created meets the statutory definition, and so that it can properly evaluate applications or proposals that come before it.

It is also important that Council has mechanisms for monitoring the progress of the *Strategy*, including Key Performance Indicators and indicative targets based on local housing need.

Although all statutory income and tenure groups are considered, the priority for the Strategy is very low and low renting income households, noting that by far, the greatest current and projected need is for smaller strata dwellings for very low income renters.

Strategies

Strategy 1

Council adopt and adequately resource implementation of this Strategy, including:

a. Allocation of a dedicated staff resource for at least the first three years of implementation (for example, a part-time strategic planner);

b. Seek funding to support strategies related to the development of Council land for the purpose of affordable housing in partnership with a Tier 1 Community Housing Provider, including the development of pilot or demonstration projects (see also Strategies 6 and 7);

c. Convene and resource an Affordable Housing Advisory Group or similar to implement and monitor progress of the *Strategy;*

d. Adopting the definitions and benchmarks for 'affordable housing' as set out in the following table, and ensuring that these are updated at least annually in accordance with CPI.

Table 2-1: Relevant Affordable Housing Income and Cost Benchmarks (June Qtr 2022)

	Very Low Income Household	Low Income Household	Moderate Income Household
Income Benchmark	<50% of Gross Median Household Income for Rest of NSW	50%-80% of Gross Median Household Income for Rest of NSW	80%-120% of Gross Median Household Income for Rest of NSW
Income Range	<$742 per week	$743-$1,187 per week	$1,188-$1,781 per week
Affordable Rental Benchmarks	<$223 per week	$224-$356 per week	$357-$534 per week
Affordable Purchase Benchmarks	<$255,000	$255,001-$406,000	$406,001-$610,000

Source: JSA 2022, based on data from ABS (2021) Census of Population and Housing, ABS (2022) Consumer Price Index, indexed to Mar Quarter 2022 dollars, ANZ Home Loan Repayment Calculator https://www.anz.com.au/personal/home-loans/calculators-tools/calculate-repayments/

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Strategy 2

a. For the purpose of this *Strategy,* Council adopts an indicative target of **3,775 additional affordable (including social) housing dwellings by 2041**.

b. Indicative targets are set out in Table 2.2 below, and include:

- A tenure breakdown of 75% renters and 25% purchasers;
- A dwelling type breakdown of at least 60% smaller dwelling, with the balance family dwellings;
- At least 500 new social housing dwellings, and 170 crisis, temporary and transitional places dwellings/places with appropriate support for people with special housing needs including those at risk of long-term homelessness;

Table 2.2: Indicative Targets for Affordable Housing to 2041

	Renting Households			**Purchasing Households**		
	Suitable for Lone Persons or Couples w/o Children	**Suitable for Families with Children**	**TOTAL**	**Suitable for Lone Persons or Couples w/o Children**	**Suitable for Families with Children**	**TOTAL**
Affordable to Very Low Income Households	798	311	**1,109**	107	36	**143**
Affordable to Low Income Households	387	330	**717**	140	110	**249**
Affordable to Moderate Income Households	240	333	**573**	303	204	**507**
TOTAL	**1,712**	**1,165**	**2,877**	**549**	**350**	**899**

Source: JSA calculations, using data from ABS Census of Population and Housing 2016 and .id Consulting Population Forecasts

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Strategy 3

For the purpose of monitoring the progress of this *Strategy*, Council will:

a. Update data and information at least every two years in the *Background Report* that forms the evidence based for this *Strategy*, and make this publicly available including to support the advocacy efforts of relevant networks and agencies.

b. Adopt the following Key Performance Indicators:

   i. Number of affordable rental dwellings for very low and low income households created as a result of partnerships between Council and Community Housing Providers and/or the private sector. Data can be collected by Council;

   ii. Net change (loss/gain) in Social (Public and Community) Housing. Data can be obtained from DCJ – Housing and local Community Housing Providers;

   iii. Number of affordable rental dwellings for very low and low income households created through other agencies or mechanisms, including DCJ – Housing and local Community Housing Providers. Data can be collected by Council;

   iv. Number of affordable housing dwellings for very low and low income renters and low income purchasers provided through the market. Data can be obtained from DCJ – Housing Rent and Sales Reports;

   v. Increase in supply of lower cost housing types/products created through the market. Data can be obtained from DCJ – Housing Rent and Sales Reports;

   vi. Reduction in local homelessness, including appropriate accommodation of people living temporarily with others, or living in inappropriate, unsafe or severely over-crowded accommodation. Data can be provided by agencies such as Specialist Homelessness Services;

   vii. Reduction in the proportion of very low and low income households in housing stress. Data can be obtained from the Census every five years;[6]

   viii. Retention of diverse income, age and employment groups in the LGA. Data can be obtained from the Census every five years.

c. Report progress against relevant strategies and KPIs annually to Council and the community.

[6] Note that levels of housing stress on very low and low income households can be reduced if increasing housing costs cause these people to be displaced. Consequently, this KPI must be considered in the context of changing demography as set out in the next KPI.

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2.3 Increase the Supply of Crisis, Short-Term, Temporary & Transitional Accommodation

Rationale

A 'perfect storm' of housing, funding and economic factors has resulted in an affordable housing crisis in Queanbeyan Palerang LGA, and increasing homelessness amongst even those who would once have been able to access private rental, including lower income working people and moderate income families, and is seriously intensifying impacts for more vulnerable people.

As well as the major undersupply and loss of social housing, the severe shortage of dedicated crisis, short-term and transitional accommodation for the increasing number and types of people at risk of homelessness is affecting those most vulnerable in the housing market, including older single people, sole parent families, those leaving family violence, and people with a disability; and is leading to increased homelessness. Single men are a particularly difficult cohort to accommodate, and homelessness is also increasing significantly among new cohorts, including older women with limited capital, and lower income workers and families.

This is exacerbated by 'exit blocks' from crisis and short-term housing due to the severely inadequate supply of social and private rental, and the loss of accommodation formerly used as temporary accommodation such as motels and caravan parks due to increased demand from workers and domestic tourists.

There is therefore a need to develop **short-term strategies** to house the growing number of people described by services as living in unsuitable, overcrowded and unsafe conditions, staying temporarily with others, couch-surfing, sleeping in cars, old caravans or sheds, or sleeping rough, as a matter of urgency.

Strategies

Strategy 4

Council will advocate for and actively support the provision of crisis, short-term, temporary and transitional accommodation for the growing number of homeless people in the LGA, including:

a. Identifying vacant or underutilised Council, public, community and/or private buildings and regulatory support and flexibility for their 'meantime use' as crisis, short-term, transitional and/or flexible key worker accommodation;

b. Seeking to obtain State Government agreement and funding to renovate existing public building and/or social housing dwellings that are currently vacant or in poor repair for 'meantime' use or short to medium-term accommodation, to be managed by a community housing provider (CHP) or other not-for-profit (NFP) service provider;

c. Investigating and implementing 'pop up' models of crisis or short-term accommodation, for example, a 'Winter Sleep-In' pilot in community or church halls, with appropriate regulatory flexibility;

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d. Identify Council or other publicly owned land in close proximity to the town centre suited to older people with some support needs, to be used for accommodation based on the Abbeyfield model or tiny home/MHE model of self-contained independent living units with some common areas and facilities to foster community and social support;

e. Identify Council and other publicly owned land for projects developed by local CHPs, NFPs or local services networks that can use this land as part of funding applications;

f. Investigating and advocating for the use of vacant publicly or privately owned land where caravan parks are permitted for the development of an affordable manufactured home estate, including urgent approval and placement of smaller manufactured or 'tiny' homes, managed by a local CHP or NFP;

g. Providing proactive planning and resourcing support NFPs or CHPs seeking to engage in adaptive reuse of existing facilities and/or place smaller manufactured or 'tiny' homes on Council or other publicly owned or philanthropic vacant land, including fast tracking applications, potential advice or flexibility with regard to standards, et;

h. Reviewing Council's internal referrals/protocols between the planning and community services teams to explore ways to improve efficiency and reduce costs associated with the DA process for services/community organisations with affordable and supported housing development projects to fast-track outcomes where appropriate;

i. Reducing on-going costs for affordable housing developments and supported accommodation through rate reductions, or other financial support;

j. Develop an awareness campaign on the nature and extent of growing homelessness in the LGA in conjunction with community services and networks so as to remove discrimination and increase public awareness of the issues, including among developers, real estate agents and the wider community;

k. Promoting the return of properties used for Short Term Rental Association to the long-term private rental market, and for headlease by social housing providers (including promoting the benefits of such arrangements) (e.g. per Eurobodalla Council, which sent an 'SOS' through rate notices to ask for a return of such properties to long-term private rental);

l. Facilitating a pilot brokerage scheme in partnership with a local CHP or NFP that matches owner occupiers in large underoccupied homes with people who are at risk of homelessness, including young/single key workers, older women, etc, including:

    - Screening and matching of prospective shared housing participants;
    - Development of appropriate rents, cost sharing agreements, and other administrative arrangements; and
    - Provision for support, conflict resolution, etc as required.

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2.4 Advocacy to Increase Social Housing Supply

Rationale

There has been a significant decline in social housing over at least the past 15 years, declining from 4.4% to 3.3% of dwellings in the LGA, as well as a loss of social housing stock in absolute terms. This is particularly serious given the fact that need for social housing is increasing, with long waiting times for all dwelling types, and that the main groups facing housing stress are very low and low income renters, with more than 1,800 very low and low income renting households projected to be in need of affordable (including social) rental housing by 2041.

It is also occurring in the context of a State-wide loss of social housing dwellings through sale and deterioration/vacancy of more than 3,500 dwellings over the past 15 years.

At least 500 new social housing dwellings will be needed by 2041 to maintain average rates of social housing. However, the very high rates of housing stress among very low income renters and the aging of the population indicate that this would need to be far greater to meet future need.

Local services also note that homelessness is at crisis point in the LGA, with virtually no private rental opportunities for these most vulnerable people, and 'exit blocks' from crisis, short-term and transitional accommodation due to long waiting times for social housing. There is therefore also an urgent need to increase the stock of social housing.

Strategies

Strategy 5

Council will urgently advocate with the NSW Land and Housing Corporation (LAHC) for the following:

a. A commitment to at least maintain the existing quantum of social housing in the LGA;

b. A commitment to a publicly accessible strategic asset management plan by the NSW Land and Housing Corporation that provides for appropriate maintenance and repair of existing stock, including an accelerated repairs and maintenance program;

c. A strategic approach to selective redevelopment of existing stock, and the funding of new social housing stock, to better meet current and projected need (see also Strategies 6 and 8 below).

Strategy 6

Based on the evidence that supports this Strategy, Council will seek to ensure the funding of at least 500 new social housing dwellings progressively to 2041, and at least 170 places as crisis, short-term, transitional and/or supported accommodation for the growing cohort of people at risk of long-term homelessness, as a matter of urgency, under existing and emerging State and Federal Government funding programs.

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2.5 Direct Creation of Affordable Housing

2.5.1 Use of Council Land for Partnership Developments

Rationale

Most current and future affordable housing need (around 85%) is unlikely to be met through the market in the local housing market context, with the greatest need for affordable rental accommodation for very low and low income renters, including key workers, retired people with limited capital and people on pensions and benefits, who require deep subsidies for their housing to be affordable.

The main way that most very low income and low income renting households can be affordably accommodated is through the **direct creation of affordable rental housing** through government funding; the use of Council and other public or community owned land in affordable housing developments and partnerships; and the more efficient use of existing social housing including selective redevelopment of older houses on large lots to provide increased diversity and address underoccupancy and long waiting times for smaller dwellings.

The development of affordable housing partnerships on Council- and other publicly-owned land is discussed in detail in **Section 7.5.3** and **Appendix B**. of the *Background Report.* In consultation with Council, JSA has identified 12 potential partnership sites, some of which would require amended controls and/or a planning proposal to change the zoning. JSA conducted preliminary modelling on a number of potential development scenarios including for the development of Residential flat buildings and Boarding houses on car park sites zoned B3 in Queanbeyan town centre (including replacement of car parking); a caravan park development under various tenure scenarios of RE2 zoned land in Bungendore, Braidwood and Queanbeyan; and a development on SP1 zoned land in Braidwood that could be developed as affordable seniors housing, affordable rental housing and/or social housing (or a combination of these), and noting that affordable seniors housing would not require a planning proposal as it is permissible with consent in the Housing SEPP.

Preliminary modelling indicates that a range of scenarios are likely to be economically viable, and warrant further investigation. It is also noted that this generic modelling could also apply to other relevant sites in these localities.

Strategies

Strategy 7

Council will:

a. Allocate, in principle, at least five Council-owned sites in Queanbeyan, Bungendore and Braidwood for the development of affordable housing in partnership with a Tier 1 CHP and/or NFP housing provider, and undertake more detailed modelling, opportunities to amend controls, and preferred partner arrangements, etc (see **Section 7.5.3 of the *Background Report***, and **Appendix B of the *Background Report*** for an analysis of potential Council-owned partnership sites);

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b. Seek to develop these sites in the short-term, medium and longer-term for a range of uses including:
    - Affordable caravan parks with smaller manufactured/tiny homes on sites in Braidwood, Bungendore and Queanbeyan;
    - Residential flat buildings and/or boarding houses/co-living housing on sites in Queanbeyan town centre as part of multi-tenure developments for very low and low income renters, and low and moderate income purchasers, potentially including a shared-equity pilot;
    - Affordable seniors' development on a site in Braidwood.

c. Develop the sites through a competitive tendering process (EOI) or a preferred partnering arrangement with a registered Tier 1 CHP or relevant NFP that clearly specifies requirements for the site including maximisation of affordable rental housing yield, indicative dwelling type and tenure mix, risk apportionment, and long-term management and maintenance arrangements;

d. Seek to secure the dedication of at least three sites owned by other public authorities, and undertake required modelling, analysis and negotiations on dedication and partnering arrangements, etc, and including:
    - An affordable multi-tenure development;
    - An affordable caravan parks with smaller manufactured/tiny homes.

2.5.2 Use of Other Public Land for Partnership Developments

Rationale

There are also opportunities for the identification and use of other public land for the purpose of affordable housing partnerships. This includes underutilised or redundant Crown land, railway reserves, and other land, noting that a number of State Government departments are currently undertaking strategic land audits, including to identify surplus land for residential uses, including for affordable housing.

Strategies

Strategy 8

Council advocate with relevant State Government authorities to developing a **register of public land** that can be made available for additional affordable housing partnership developments, such as those outlined in **Strategy 7** above, including:

a. An assessment of the suitability and ranking of public land on this Register with regard to locational criteria and constraints, and identification of at least **three suitable sites for affordable housing developments**;

b. Zoning and controls required to facilitate development;

c. Preliminary assessment of economic feasibility and anticipated yield;

d. Development of an appropriate mechanism for development and/or dedication of land or dwellings, which may include:

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i. Partnership development with a Community Housing Provider, with land dedicated free of charge or with value recouped through sale of some dwellings; and/or
ii. Development of a Planning Agreement to provide for dedication of a reasonable proportion of dwellings as affordable rental housing; and/or
iii. an Affordable Housing Contribution Scheme if preferred and/or to accompany the lodgement of a Planning Proposal for rezoning of the land.

e. Of these three developments on other publicly-owned land, Council will seek to give priority to the development of:
   i. An affordable MHE with mixture of owner-renters and renter-renters;
   ii. A well-located multi-tenure development; and affordable seniors' development.

2.5.3 Redevelopment of Public Housing to Increase Diversity & Yield

Rationale

There are also significant opportunities for the **redevelopment of public housing** where this is older, separate dwellings on large lots in areas around Queanbeyan and Karabar to provide a mix of smaller strata dwellings, more efficient land use and increased yield/supply. This could be provided as multi tenure development, but it is important that there is a **net gain of social housing in the process**, and no loss of stock. Importantly, data from common social housing waiting list indicates that more than 60% of the 438 households on the waiting list require one-bedroom dwellings and a further 30% require two-bedroom dwellings (at least 90% therefore needing smaller strata dwellings).

Strategies

Strategy 9

Council will seek to ensure that there is an increase in appropriate social housing dwellings to meet existing and projected needs, and to ensure the long-term viability of such housing stock, including through:

a. Exploring opportunities with NSW Land and Housing Corporation (L&HC) and Tier 1 CHPs for the selective redevelopment of older concentrations of social housing in Queanbeyan, Crestwood and Karabar, including for smaller, more diverse housing types and multi-tenure development including social, affordable, shared equity and affordable purchase to meet changing needs (see **Section 7.5.4 of the *Background Report*** for preliminary analysis and **Appendix B** for list of L&HC sites);

b. Seeking to ensure that senior Council staff are included in any planning, round-table discussions and/or negotiations with relevant government departments on decisions affecting the supply of affordable (including social) housing;

c. Ensuring that there is not net loss of social housing dwellings as a result of any regeneration activities;

d. Advocating to State Government on behalf of local Community Housing Providers (CHPs) for a transfer of title and/or long-term (50-year lease) on existing public housing on contiguous

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sites in appropriate areas to facilitate the redevelopment of selected stock through increased economic viability for CHPs;

e. Reviewing zoning and controls in precincts targeted for estate regeneration or selective redevelopment to support density.

2.6 Facilitative Strategies

2.6.1 Increase Supply of Affordable and 'Lower Cost' Housing through the Market

Rationale

Given the likelihood that at least 60% of affordable housing need will be from smaller (lone person and couple) households by 2041, and that there is a very high need for affordable studio, one and two bedroom strata dwellings in the context of a seriously constrained supply of such dwellings, there is significant benefit in actively **increasing the supply of smaller studio, one and two bedroom apartments near major centres of Queanbeyan (including Googong and Jerrabomberra), Bungendore and Braidwood** as well as developing a supply of well-located **New Generation Boarding Houses and Co-living Housing** through the Housing SEPP.

It is also noted that 73% of apartments and 50% of Multi dwelling housing is likely to enter the private rental market in the local context, so that there would be benefit in increasing supply of this lower cost (if not always 'affordable') form of rental housing through the market. This increased diversity is also likely to have other flow-ons, including freeing up larger dwellings and older stock, and reduced pressure on rental stock.

JSA's regression analysis also indicates that there are likely to be affordability benefits from increasing the supply of small lot housing, and Multi dwelling housing in current and future release areas, noting that developers interviewed for the Background Paper report a high demand for this form of development in release areas as well as infill areas.

It is therefore important that there are no impediments to the delivery of such accommodation through local planning instruments, with implications for zoning and planning controls, particularly in certain locations and/or precincts. This is so that there can be an increase in the delivery of more affordable and lower cost housing products through the market, focusing on the major centres of **Queanbeyan (including Googong and Jerrabomberra), Bungendore and Braidwood**.

Section 7.3 of the *Background Report* investigates planning and economic constraints to the development of Residential flat buildings including Build to Rent, Multi dwelling housing and New Generation Boarding Houses/Co Living Housing within and around the three major urban centres of Queanbeyan, Bungendore and Braidwood within B2, B3, B4, R1, R3 and R4 zones within and around these urban centres (see Appendix C of the *Background Report* for detailed analysis).

The assessment identifies a number of areas where planning controls act as a constraint to development. In summary, impediments to affordable and diverse housing in the LEP and/or

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relevant Development Control Plans include those related to parking requirements above actual ownership rates; requirements for ground floor commercial in Shop top housing in B3 and B2 zones, and extensive use of B3 zoning that precludes Residential flat buildings in Queanbeyan, and also restricts the operations of the Housing SEPP; height constraints in the R4 zone; ground floor open space requirements in Residential flat buildings; site area per dwelling constraints in Multi dwelling housing and minimum lot size in the former Palerang areas.

It would therefore be beneficial that the LEP and DCP be amended to ensure that there are no unintended impediments to the development of affordable and lower cost housing types, and that these housing types are actively facilitated, particularly in well-located areas of Queanbeyan (including Googong and Jerrabomberra), Bungendore and Braidwood, and on infill sites and to current and future Greenfield areas.

These impediments could be further investigated by Council, such as by commissioning preliminary architectural design and quantity surveyor costings for some case study sites in Queanbeyan, and using this to better understand the impacts of variations to controls.

Strategies

Strategy 10

Council will seek to make amendments to planning controls as set out in detail in **Sections 7.3.2 and 7.3.3.** and **Appendix C** of the *Background Report*, including:

a. Amending parking controls to reflect actual owner rates for vehicles, with a further discount for well-located areas within B3 and B4 zones to facilitate Residential flat buildings, and for smaller houses and Multi dwelling housing, to facilitate this form of development in redevelopment, infill and new release areas (see Table 7.3 and 7.4 of the *Background Report*);

b. Amending controls to allow non-commercial uses such as parking at the ground floor of Shop top housing developments combined with a requirement for an active street frontage, noting the increasing non-viability of commercial development in B2 and B3 zones, and the high cost of underground parking that is affecting the viability of the apartment component of mixed use development;

c. Providing additional FSR in the Queanbeyan B3 zone in return for the development of Boarding Houses and Co-living Housing, and studio and one-bedroom apartments, secured through a section 7.4 Planning Agreement and/or conditions of consent;

d. Removing all DCP controls related to apartment development that are above the Apartment Design Guide requirements, including related to minimum dwelling size (e.g. minimum of 50m^2 that precludes studio apartments), and minimum balcony size, and private outdoor space for ground level apartments, noting that these (combined with excessive parking requirements and low returns on commercial uses) are likely preventing development of apartments in Queanbeyan;

e. Allowing Residential flat buildings and parking with consent in the B3 zone where it can be demonstrated that the ground floor is not used for habitable purposes, an active street frontage (or a street frontage adaptable to commercial uses) is maintained, and that flood risk can be subsequently accommodated;

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f. Rezoning some B3 zoned areas in Queanbeyan to B4 to allow for the construction of Residential flat buildings, and to open up opportunities provided by the Housing SEPP (for example, opportunities for affordable rental and lower cost housing types in areas close to B2 and B4 zoning) including allowing construction of parking on lower floors in response to flood planning levels in Queanbeyan;

g. Allowing height of at least 14 metres within B4 and R4 zones, noting that currently height controls further constrain the development of Residential flat buildings, and that development of two storeys is unlikely to be economically viable;

h. Removing DCP controls on Residential flat buildings related to setbacks, minimum site area per dwelling, etc and rely instead upon the provisions of the Apartment Design Guide to control density;

i. Remove minimum lot area per dwelling controls for Multi dwelling housing in Bungendore and Braidwood, and instead rely upon footprint and setback controls, or an FSR of 0.5, to increase viability of this form of development and provide greater incentives for smaller dwellings;

j. Providing opportunities for smaller dwellings on smaller lots through measures such as substantially reducing minimum lot size in new release areas, particularly in Braidwood and Bungendore; zoning Greenfield sites as R1 rather than R2 to allow Multi dwelling housing; and/or making Multi dwelling housing permissible within R2 zones, subject to minimum site frontage.

Strategy 11

Council will consider implementing mechanisms that facilitate the more effective operation of the Housing SEPP in the LGA set out in **Section 7.3.3** of the *Background Report*, including:

a. Introduction of FSR controls in residential areas within 400 metres of B1, B2 and B4 zones to facilitate infill affordable housing;
b. Rezoning areas on the periphery of B3 zones to B4 to maximise opportunities for Boarding House development in R2 zones within 400 metres of B4, which would otherwise be prohibited;
c. Facilitating information sessions with developers and social housing providers to promote opportunities provided by the Housing SEPP, including in relation to Build to Rent opportunities in B3 and B4 zones, and Residential flat building in B3 zone, with concessions related to specified requirements.

Strategy 12

Council will develop a Planning Agreement Policy to ensure that:

a. Agreements made with regard to any mechanisms that involve concessions or relaxation of controls are transparent and guaranteed;
b. That an appropriate share of benefit is captured from any rezoning or up-zoning that is assessed as resulting in sufficient land value uplift, with contribution in the form of dwellings, land or cash used in perpetuity by Council as affordable rental housing, and noting that this may

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provide an alternative value capture mechanism in the absence of an approved Affordable Housing Contributions Scheme (see also below).

2.6.2 Encouraging and Prioritising Affordable Housing Developments

Rationale

There is a need to give priority to development proposals that are able to demonstrate they can provide a reasonable proportion of genuinely affordable housing in accordance with benchmarks in Table 2.1 of this Strategy, including by private and community sector proponents.

It would also be beneficial to provide education, guidance and support to private developers, CHPs and NFPs, and to local philanthropists in relation to affordable housing benchmarks, models, planning and development opportunities.

Strategies

Strategy 13

Council will seek to encourage and prioritise development of 'affordable housing' development in accordance with benchmarks in Table 2.1 through:

a. Developing internal processes that can fast track or prioritise 'affordable housing' developments by private, public and/or community sector/NFP proponents;
b. Ensuring that this process is applied to those providing genuinely 'affordable housing' in accordance with this Strategy, and that will be undertaken and/or managed by social (community or public) housing providers, NFPs including Aboriginal organisations, and/or private developers who have entered into an MOU or similar to provide a reasonable proportion of a development as 'affordable rental housing' to be managed by a social housing provider or other NFP for not less than 15 years;
c. Providing advice and support on relevant aspects of affordable housing policy, models, planning and development, including on its website and through dedicated/trained Council staff;
d. Actively linking potential private sector developers, CHPs/NFPs and philanthropists, for example, in the development of Boarding House development/management partnerships and demonstration projects.

2.7 Mandatory Intervention

2.7.1 Development of an Affordable Housing Contribution Scheme

Rationale

Two forms of mandatory mechanisms were found to be effective in the *Background Report*.

The **first mandatory mechanism** relates to opportunities to develop an Affordable Housing Contributions Scheme under section 7.32 of the Act, which now covers all of the State, and allows mandatory contributions toward affordable housing to be levied where contributions do not affect

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the viability of development, and a need for affordable housing in accordance with DPE Guidelines can be demonstrated.

JSA has undertaken preliminary economic modelling using the DPE Viability Tool to model potential uplift in indicative redevelopment sites, and has applied the same methodology to understand the likely uplift from rezoning of rural to residential land.

The modelling at **Section 7.4.3** of the *Background Report* indicates that substantial land value uplift from rezoning of rural to residential land in areas around Googong, South Jerrabomberra and Bungendore is likely. An affordable housing contribution of 15% of developable land area, or the equivalent in cash or dwellings, would not be unreasonable on the preliminary analysis, and it would be worth developing an Affordable Housing Contributions Scheme **in advance of any rezonings**.

However, JSA's modelling indicates that it is unlikely that an affordable housing contribution would be viable for up-zoning (for example, from R2 to R3 or R4) in existing urban areas, even with amendments to controls proposed earlier, as these amendments are likely to be required just to facilitate development without the additional impost of an affordable housing contribution.

Strategies

Strategy 14

Council will:

a. Conduct more detailed economic modelling to determine the viability of an Affordable Housing Contributions Scheme in relation to specific precincts prior to rezoning from rural to residential, and noting JSA's preliminary findings in relation to need and viability;
b. Develop an Affordable Housing Contributions Scheme in relation to those precincts where such a contribution is likely to be viable to generate resources for affordable rental housing in perpetuity.

2.7.2 Mandating Housing Diversity

Rationale

The **second mandatory mechanism** considered is mandating smaller strata dwellings as part of Residential flat buildings and Shop top housing, particularly studio, one and two bedroom apartments to facilitate the development of lower cost housing and increase the supply of private rental. It is likely that this would not be an impost on development, particularly if amendments to controls that currently provide the main impediments to such development are amended, as recommended above.

It is also important to ensure that there is housing diversity that will reduce cost and contribute to affordability for some target groups.

Strategies

Strategy 15

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Council will seek to implement the following mechanisms:

a. In existing areas, as well as amending the DCP to ensure that there are no impediments to studio apartments:
    - Mandate a proportion of studio apartments of no more than 40 m^2, and of one bedroom dwellings with a maximum floor area of 55 m^2 in Multi dwelling housing developments, Shop top housing developments and Residential flat developments in areas within 400 metres of major town centres (for example, one dwelling in five or 20% of dwellings);
    - Mandate a proportion of two bedroom, one bathroom dwellings with a maximum floor area of 75 m^2 in Multi dwelling housing developments and Residential flat developments in areas within 400 metres of major town centres (for example, two in five or 40% of dwellings).

b. In Greenfield sites, **adopt a masterplan approach to Greenfield developments** and include the following types of requirements:
    - A proportion of lots to be allocated to Multi dwelling housing (for example, 10% of lots by area), with mandatory provisions for smaller one and two bedroom dwellings (i.e. with one bathroom and a maximum floor area of 55 m^2 and 75 m^2 respectively.
    - A proportion of houses on small lots (for example, 20%).

2.8 Administration and Management

2.8.1 Administration

Rationale

There is a need for transparent reporting and accountability with regard to administration of Council's affordable housing program, and to ensure that the *Strategy* is effective in achieving its objectives. Adequate responsive, recurrent and planned maintenance is also vital to ensure the amenity of the properties and locality, and the longevity of stock.

Strategies

Strategy 16

Council will establish required administrative mechanisms to ensure proper monitoring, management and administration related to the *Strategy*, and any Affordable Housing Program resulting from this, including:

- Annual reporting against KPIs;
- Transparent processes for the selection of affordable housing partners, whether on the basis of competitive tendering on individual projects, or a preferred partner basis;
- The establishment of a separately accounted and reported Affordable Housing Trust Fund to hold any resources generated through the *Strategy* (for example, land, money or affordable housing units, created in perpetuity).

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2.8.2 Asset Management & Maintenance

Rationale

Adequate provision for responsive, recurrent and planned maintenance is also vital to ensure the amenity of the properties and locality, and the longevity of stock.

Strategies

Strategy 17

Council will ensure that partnering and management arrangements with a registered community housing provider include adequate budgetary provision and planning for maintenance and facilities management including:

- Responsive maintenance within the required timeframe;
- Recurrent maintenance, such as minor works, gardening, etc to ensure high quality amenity; and
- Planned maintenance, such as external painting, roof and fence replacement, including a planned maintenance schedule and regular asset condition audits.

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