



# AFFORDABLE HOUSING STATUS REPORT: FOR LOCAL GOVERNMENT IN WESTERN SYDNEY

June 2007

Affordable housing means different things to different people. Some people are most concerned that the cost of housing is affecting the ability of people on average incomes owning their own home. Others are concerned about the cost of housing contributing or causing poverty amongst people on low incomes.

This report examines the issue from both perspectives. Overall it finds that there is less that councils can directly do about the former and while local government initiatives regarding the latter can be effective, to date they have been on a small scale. However, council involvement in affordable housing is worthwhile and can be expanded, particularly in light of some of the recent developments described in this report.

## Housing Affordability in Western Sydney

The decline in housing affordability in Western Sydney between 2000 and 2006 has been commented upon in the media and outlined in the WSROC 2006 research report<sup>1</sup>. In summary, the research found that from 2000 to 2004, affordability for home purchase declined sharply as property prices increased by an average of 71%, with the highest increases in the traditionally more affordable areas of the region. After 2004 prices fell back in Greater Western Sydney (to reach an average increase of 60% in 2006), while generally dwellings in other areas of Sydney and the state retained their values, with some oscillation.

This suggests that the property price gap between eastern and Western Sydney narrows during boom times, but widens again after the bust, a pattern consistent with the operation of the market responding to supply and demand fluctuations<sup>2</sup>. Hence in GWS first home buyers face rapidly increasing prices, which for some creates an anxiety to “get into the property market” and perhaps over-commit their financial outlays to do this. When this is followed by significant property value and equity losses which may take a long time to reverse, it is not surprising that rates of mortgage defaulting increase, as recently reported in the media.

Up to 2006 rental prices only moderately increased and did not outstrip income increases. However recent data is suggesting that prices have jumped<sup>3</sup> with a corresponding decline in availability of low cost rental properties. Full details of changes in affordability are provided in the report and elsewhere<sup>4</sup>. This status report summarises current policy developments, along with strategic and local responses to housing affordability to order to inform the considerations of councils in addressing housing affordability in their LGAs.

### 1. Who is most affected?

With the possible exception of those who own their homes outright, everyone is affected by fluctuations in housing costs. For people who entered into mortgages prior to the late 1990s and 2000, increasing prices are less of an issue than for more recent home owners

(at least during periods of low interest rates) as their equity in their home has increased substantially since 2000, though it is acknowledged that for many in these groups there would still be difficulty in moving and/or otherwise realising that equity, without incurring housing stress.

This leaves three groups of most concern: low income earners and others in the private rental market; social housing tenants, who generally have multiple disadvantages and are social security beneficiaries; and first home buyers. It is these groups that this status report is concerned with.

In recent years there has been some focus on housing affordability for what are termed “key workers”, being those people in relatively lower paid, but essential service industries, such as health, education, policing, security, maintenance, etc. Overseas experience in some cities in comparable western countries is that this is a significant issue for recruitment or retention of suitable staff. However research to date has not found this to be so in Sydney, although high commuting costs are incurred by many workers in inner city workplaces<sup>5</sup>. The research does however suggest that affordable housing policies are needed if high cost labour markets are to retain a diverse range of workers and that these policies should focus on low paid occupations generally, rather than pre-defined key workers

## **2. Factors influencing the supply of affordable housing**

### **2.1. New housing development costs related to land supply and development levies**

There are opposing viewpoints on these issues, with many in the development industry urging a greater release of land and reduction of levies.<sup>6</sup> However, others argue that demand side issues are just as, if not more, important, than supply side.<sup>7</sup> Rapid population growth in Sydney, the halving of interest rates since the early 1990s and the halving of capital gains tax on investment properties (2000) are three major contributing factors to higher demand.

The argument that levies add too much to development costs would seem to be widely acknowledged, with many parties calling on the State Government to reduce levies and fund infrastructure through public debt.<sup>8</sup> Calls for reduced local government levies have less support, though there is some public attention on the time taken for planning and development approval. However, it is doubtful that new land development would provide housing for low income people, as the high demand for land on the fringes of Sydney would keep prices high and could encourage excessive profit taking by land owners.

Only a small proportion of first home buyers can afford properties in new release areas. However, new land release developments can indirectly increase the supply of more “affordable” housing, not in the new release areas themselves, but in areas where existing home owners move from in order to purchase in new release areas.

### **2.2. Landcom land development and “moderately affordable housing”**

For a number of years Landcom has been pursuing a “moderately affordable housing” policy. This policy is aimed to deliver 7.5% of its total housing development at a price affordable for families with an annual income in the range \$47,000 to \$71,000. According to its 2005/2006 Annual Report, Landcom has not been able to reach this target in three of the four years of the policy, citing high land prices in Sydney as a major reason<sup>9</sup>. It is worth noting that Landcom considers that land prices that would be affordable for this moderate income family are in the order of \$100,000 to \$140,000<sup>10</sup>. This is at least \$150,000 less

than the price of land in Western Sydney, and puts in perspective the argument that simply a reduction in development levies could reduce Sydney land prices to an affordable level.

In response to this inability to meet moderately affordable goals, Landcom is investigating shared equity financing models for moderate income households, in partnership with a major bank.

### 2.3. Financial support for first home purchase

Since the collapse in the early 1990s of HomeFund (a low-start loan scheme targeting low-income households), governments in New South Wales have been wary of providing significant direct support to home purchasers.

In NSW, Commonwealth State Housing Agreement funded home purchase assistance schemes comprise an advisory and counselling service and mortgage relief.<sup>11</sup> The NSW Government operates a Mortgage Assistance Scheme that provides financial help of up to \$12,000 to eligible home homeowners who are experiencing temporary difficulties with their home loan repayments. The loan is repayable by the client once the crisis is over. During 2005-06 the Mortgage Assistance Scheme approved assistance totalling \$850,000 to 145 new households.<sup>12</sup>

The NSW Department of Housing has a number of small initiatives to assist people to achieve home ownership, including:

**Perfect Start Loans:** A NSW Government Guaranteed Loan Scheme has been operating in NSW through co-operative housing societies for many years. The NSW Government sought to increase the availability of home loans through this scheme to low and moderate income earners by issuing guarantees to private sector funds providers for loans. In March 2003 the Government provided guarantees to back \$75 million in private sector funds for new loans. However, lending under this tranche of funds was virtually exhausted by the end of the 2004-05 financial year.<sup>13</sup>

**Exemptions and concessions on property taxes:** The First Home Plus scheme provides exemptions or concessions on transfer duty and mortgage duty for people who are buying or building their first home in NSW, for homes valued up to \$500,000. First home buyers purchasing a vacant block of residential land to build their home on pay no duties on land valued up to \$300,000, and receive concessions on duties for vacant land valued between \$300,000 and \$450,000.<sup>14</sup> Between 1 July 2000 and 31 December 2006, nearly \$2.1 billion in duties and taxes were forgone in support of First Home Plus, assisting nearly 234,000 first home buyers.<sup>15</sup>

In February 2007, the NSW Treasurer announced that from 1 May 2007 the above scheme would be extended to cover stamp duty concessions to first home buyers using shared equity arrangements. Under the scheme, which is being called First Home Plus One, first home buyers who enter into a shared equity arrangement with an approved financial institution or an immediate family member will be eligible for a proportion of transfer duty and mortgage duty exemptions, pro-rated to their stake in the property.<sup>16</sup> Legislation to affect this was introduced into the Legislative Assembly in June.

There is also an exemption from transfer duty and mortgage duty for public housing tenants who buy at least 25% interest in a dwelling in New South Wales (whether it is a public housing dwelling or a dwelling on the private market).<sup>17</sup>

**A Self-Build Grant Program:** three grants of \$50,000 were provided to sponsor organisations in rural NSW in 2003-04 and 2004-05 for group self-build projects.<sup>18</sup> Under this program the value of each person's labour gives them 'sweat equity' which acts as a deposit to assist them to secure financing to buy their own homes. The grants are made to sponsor organisations that raise bridging finance for the purchase of land and/or materials.

The First Home Owners Grant scheme (FHOG) is funded jointly by the NSW and Federal Governments, provides a grant of up to \$7,000 to first home buyers (up to \$14,000 for homes purchased between March 2001 and 30 June 2002). Data from the Office of State Revenue shows that suburbs in 8 of the 14 GWS LGAs are in the top 20 areas receiving FHOG funds, so the scheme appears to be delivering for Western Sydney.<sup>19</sup>

However, during times of housing boom-and-bust, and if it is accepted that increased demand is playing a major role in driving up prices, the wisdom of these direct mortgage subsidy strategies is questionable. The value of these contributions actually goes to *sellers* of properties (in high prices), while being lost to the first home buyer if their equity is reduced or lost in property devaluation after a boom, which usually occurs, particularly in Western Sydney. Prices will probably recover, but in some areas this can take many years, while for Eastern Sydney the average fall in prices is less, if at all, and recovery is quicker.

Falls in average prices are more widespread and amount to a greater proportion of property value in GWS, as indicated by data on sale prices for 2006<sup>20</sup>. For the 2006 calendar year, LGAs in the inner ring of Sydney experienced net house price *increases* of 0.9%, while the middle and outer rings of Sydney experiencing *declines* of 1.5% and 2.1% in house prices, with large falls (greater than 4.8%) in the GWS LGAs of Auburn, Bankstown, Campbelltown, Fairfield and Penrith. Also, assistance in raising a deposit increases demand by bringing more people into the market.

This issue highlights that the housing "boom and bust" cycle is bad news for low income people in Western Sydney particularly, and possibly for everyone except the short-term investor, and raises the question of whether government assistance and taxing policies could be aimed at ameliorating the tendency for boom and bust, and definitely not exacerbating it. The distortion of the investment market by the halving of capital gains tax for property investment is seen as a major contributor to the 2000 - 2006 boom.

#### **2.4. NSW State Housing Affordability SEPP and policy framework.**

An Affordable Housing SEPP has been under consideration by the NSW State Government for some years, to assist in implementing section 94A of the Environmental Planning and Assessment Act, and the Sydney metropolitan strategy, *City of cities*, indicated the government would allow inclusionary zoning. However no firm commitment has been made to introduce such a planning instrument<sup>21</sup>. The Sydney Metropolitan Strategy, *City of Cities*, also stated there would also be an interim, Affordable Housing Strategy released by June 2006.<sup>22</sup> This document has not yet been released. The Strategy also indicated the government would allow inclusionary zoning, seen as a key requirement for local government to become involved in developing Affordable Housing.

#### **2.5. Public rental supply of affordable housing**

Public housing is typically less than 10% of rental housing in GWS LGAs. Supply of public housing in NSW has not grown over the past decade and the housing stock is correspondingly dominated by older dwellings, maintenance of which is a focus of forward

financial planning. Currently approximately 90% of public housing is occupied by people with high support needs and/or multiple disadvantages and who receive social security benefits. This group, accordingly, provide a relatively low income stream, which exacerbates the financial management of public housing. Waiting lists vary but are commonly of the order of eight to ten years. Public housing is no longer seen as an option for low income working families.

Planned investment by the NSW Government in public housing is largely focussed on renewal of existing housing and local environment improvement, rather than additional new housing. To this end \$656 million has been committed over four years to renewing 18 social housing estates in different parts of the state, including those estates in the GWS suburbs of Mt Druitt, Claymore and Macquarie Fields<sup>23</sup>.

Public Private Partnerships (PPPs) are also envisioned to expand as a mechanism for housing estate renewal and housing stock dispersal<sup>24</sup>. The redevelopment of Bonnyrigg Housing Estate in South Western Sydney is the second example in NSW of a PPP approach. This PPP is demonstrating improvements in process and less community disruption and anxiety than occurred during the previous program (Minto). The PPP involves a partnership between community housing providers, property maintenance contractors, developers, the Department of Housing and financial institutions. However, there will be no net increase in public housing supply, and so the use of PPPs is not a strategy to address public housing waiting lists. PPPs are being considered as a mechanism to improve living conditions, address social concerns and relieve pressure on Department of Housing funds that would otherwise be required for maintenance.

## 2.6. Community Housing rental supply for affordable housing

The supply of affordable rental housing through Community Housing and housing co-operatives amount to just 13,000 dwellings for NSW. At present the majority of community housing properties are allocated using the needs criteria for public housing, and housing stock managed by Community Housing Providers (CHPs), is largely publicly owned properties leased to these providers. Also, some private rental is managed by CHPs, supported by a subsidy from the Department of Housing.

However, the NSW Government is proposing that the Community Housing sector more than double in size of over the next 10 years, from 13,000 to 30,000 homes<sup>25</sup>. To this end the Government has allocated \$49.8 million in an Affordable Housing Innovations Fund (AHIF) and \$70 million for direct funding to CHPs and piloting 35 year headleases with a small number of housing associations. The AHIF is made up of \$10.4m for 70 houses in ADI site development in Western Sydney. This will cover the cost of construction of half of the 3% affordable housing negotiated for this development, with the remainder of the funds to be raised at a later date. \$39.8 million is for Debt Equity<sup>26</sup> projects in NSW over the next 4 years.

Along with these funds, the NSW Government will provide long term leases for 600 properties to three CHPs, to enable them to raise private investment guaranteed by these leases. These new arrangements and funding are designed to give the community housing sector capacity to provide subsidised rental units to *low to moderate income* earning households, rather than just those in most need, according to the criteria of the Department of Housing. This represents a change in DOH policy, but only to the extent that the sector brings capital or borrowings to the new housing itself: housing will need to be allocated to tenants eligible for public housing, in proportion to the DOH subsidy (the 'proportionality' principle).

How the \$70 million promised is to be used is not entirely clear at this stage, but it appears that funds for acquisition of new property will be channeled through CHPs, thereby taking advantage of their GST exempt status, while providing them with portfolio management fee and perhaps property management fees also, though not property ownership<sup>27</sup>.

While this growth in the Community Housing sector is not greatly significant of itself in addressing the scale of need for affordable housing, the increased role of CHPs is expected to enable them to develop new housing projects in partnership with the private sector, through a PPP or other model. CHPs are expected to earn income leveraged from equity in property owned or leased by them and in some cases, fee-for-service in tenant management of major new housing projects that involve a rental component. The tax exempt status of CHPs also assists in negotiating these partnerships. However, the scale and speed of development is considered to be likely to be small and slow<sup>28</sup>.

**2.7. Private rental supply of affordable housing.** Private rental currently provides the major portion of low cost rental housing in Sydney. However, more than half of low-income households in the private rental market are found to be experiencing “housing stress”<sup>29</sup> and hence private rental is providing affordability for only a minority of renters. It has also been argued that Rent Assistance<sup>30</sup> from the Commonwealth does not achieve housing affordability for a significant minority of private renters who access these funds.<sup>31</sup>

In recent years, there has been an increase in supply of private rental along with low levels of rent increase. This has been attributed to greater speculative investment in residential property, supported by favourable Commonwealth taxation treatment for investment properties introduced in 1999<sup>32</sup>. However, the increase in private rental stock has been largely at the top end of the market and at the same time there has been a loss of stock at the bottom end of the market.<sup>33</sup> In the context of affordable housing supply, reduced capital gains tax for property investment and negative gearing represent government revenue foregone and do not target supply of low-rent private rental housing.<sup>34</sup>

Investors in low-priced rental housing tend to be individuals and have lower incomes. They tend not to get the full benefits of Commonwealth tax breaks and therefore disinvest.<sup>35</sup> Australia overall does not have a tradition of institutional investment in private rental. This raises the question of how institutional investors, such as superannuation funds, can be enticed into the low-priced end of the private rental market. AHURI (Australian Housing and Urban Research Institute: a multiple university coalition) and the National Community Housing Forum (a coalition of development interests, community housing providers, peak community agencies, academics and others) developed a national affordable housing policy, which included models for leveraging finance for affordable housing, and necessitating a subsidy from government<sup>36</sup>. The NSW Government supports the national affordable housing framework, but the Commonwealth does not. However, the State could do some things, such as reform land tax, which at present does not encourage multiple investments in low-priced rental housing<sup>37</sup>. The NSW Government has recently abolished mortgage transfer tax which will help rental property investment.

Overall, there is need for reform of taxation arrangements at both the State and Federal levels to encourage rather than discourage investment in low-priced housing.<sup>38</sup> Recent changes to superannuation taxation arrangements, favouring superannuation over property investment appear to have resulted in some shifting of housing equity wealth to superannuation, demonstrating the significance of taxation policy to the investment of property owners<sup>39</sup>. However, at a local level, experience of negative community attitudes

to low cost housing, or social/public housing suggests caution. Measures to increase investment in low cost housing could be developed within a framework of encouraging mixed use developments and a diverse housing mix, rather than encouraging large scale low cost housing developments.

### **3. Local Government involvement in affordable housing supply in NSW**

#### **3.1. Affordable housing needs and strategies.**

In past years many councils have conducted housing research and needs analyses. These projects did set some precedents in local area housing planning, including for affordable housing, but this work has been generally seen to be of limited usefulness in light of the inability of local level policy to effect change, and the piecemeal approach that each council “doing its own thing” represents. The State Government’s grant program, the Local Government Housing Initiatives Program, has been discontinued and funding diverted to the Affordable Housing Innovations Fund, discussed above. With the loss of support for housing needs analysis and strategy development, the Centre for Affordable Housing has developed an online Affordable Housing Kit designed to assist councils in developing housing policy and strategy.<sup>40</sup> The Kit outlines a consistent approach that includes options in developing effective housing policy, provides case studies and access to a database of housing information that can be tailored for any LGA. This information provides a good basis for assessing affordable housing needs and market trends around which to develop local policy. Needless to say, the councils in NSW which have developed affordable housing projects have detailed housing market analyses and affordable housing policies. The State Government also indicated that the standard LEP template would include provision for affordable housing (strategy C4.3), but the LEP standard instrument order issued in October 2006 did not include this<sup>41</sup>.

#### **3.2. Planning agreements with housing developers.**

As part of the recent amendments to the EP&A Act, affordable housing was identified as a legitimate purpose for voluntary contributions from developers to be made through Planning Agreements<sup>42</sup>. There has been uncertainty amongst councils as to the value of this approach given their lack of capacity to ensure housing affordability goals. However, where there is goodwill from the developer, it may be possible to negotiate an affordable housing outcome. There are currently encouraging negotiations being conducted by Penrith Council with respect to the Glenmore Park Stage 2 development. Through a Planning Agreement, Penrith Council is negotiating a significant sum from the developer for affordable housing and also job creation.<sup>43</sup> This has been facilitated by considerable research and support from the Centre for Affordable Housing and highlights the potential value there is in councils conducting detailed affordable housing analyses in the current regulatory environment and the climate of greater public awareness of housing affordability issues.

#### **3.3. SEPP 70**

SEPP 70 is an instrument enabled by a provision in the EP&A Act that allows identified councils to require contributions towards affordable housing through various mechanisms, particularly inclusionary zoning with or without development incentives. Only three councils are identified in the SEPP as being eligible to use this planning policy, despite a broad intention in the Act, at Section 94A. Parramatta Council’s application for amendment of its LEP inclusion in this SEPP has not been acted upon and currently there are no plans for extension of this SEPP to other councils in the State.

### 3.4. Existing partnerships with Community Housing Providers (CHPs)

Local government partnerships with Community Housing Providers are very few, with only 10 out of 152 NSW councils currently having affordable housing (or some stake in affordable housing) managed in partnership with a CHP<sup>44</sup>. More than two-thirds (i.e. 87 of the 120) of dwellings managed through these partnerships are “social housing” programs in that they have eligibility criteria and an income-based rent-setting formula that are essentially equivalent to those of public housing. Three Councils are operating “Intermediate housing” programs, being those targeted at low to moderate income earners. These programs use a rent-setting formula that includes factors other than income, typically a proportion (less than 75%) of market rents in the area.

New initiatives being developed through debt equity schemes (mentioned above) will come on line in the near future, which may involve Councils as either an “honest broker”, or providing land or other resources. For example, Willoughby Council is part of negotiations with the RTA over re-zoning and use of surplus land adjacent to the Gore Hill Freeway that involves 28 units (nine of which will be owned by council) of affordable housing being financed through a debt equity scheme developed by a CHP and supported by the Centre for Affordable Housing. Penrith Council’s negotiation of an affordable housing contribution via a Planning Agreement to the Glenmore Park Stage 2 (discussed above) will likely also involve consideration of a partnership with the Community Housing sector.

## 4. Options for a strategic response by Councils in Western Sydney

Overall it can be seen that there is some, though limited, opportunity for councils to address housing affordability. While this may apply less to home purchase for moderate income households, particularly with respect to greenfield sites, there is potential for councils to support smaller, low cost rental housing developments in partnership with a CHP and the Centre for Affordable Housing. There is also potential for councils to influence larger scale housing developments to include a component of low cost housing, as a part of a diverse housing mix. In order for the low cost housing provided in a larger development to remain “low-cost”, it would be necessary for the housing to be managed as long term rental housing, also requiring involvement of a management agency.

In order to pursue these options, the following suggestions are made for consideration by WSROC member councils. They do not represent an exhaustive list of actions that could be taken by local government, but rather some basic first steps that it is hoped would have the least imposition on staff and resources.

*Comment on the usefulness of these suggestions is sought from member councils. This is particularly the case with regard to 4.2, where a sub-regional housing analysis is proposed. While this could potentially be conducted by WSROC, it would require the support and cooperation of member councils.*

- 4.1. Research into housing needs and local policy development.** The value of local councils having good housing market information, a housing needs analysis and an affordable housing policy has been demonstrated by experience in other Sydney councils, most recently with Penrith. The availability of the Local Government Affordable Housing Kit presents a relatively easy opportunity to develop these resources. Use of the Kit, or adopting a similar format and database, also has the advantage of consistency between council areas. Of course, some WSROC member Councils already have affordable housing policies and an information base, particularly those who have recently amended their Residential Strategies. If a number of WSROC councils have an interest in



developing these resources, WSROC could coordinate a process to consider consistency between councils.

- 4.2. **Sub-regional level housing analysis.** It would be of particular value for a housing analysis to be conducted at a sub-regional level, as the housing market in GWS generally operates at a larger than LGA level, and the data secured and the policies developed would assist WSROC member Councils to respond to sub-regional planning being conducted by the NSW Government.
- 4.3. **Affordable Housing as part of a diverse housing mix.** Policies at a local level could consider how to encourage the integration of low cost housing within major new housing developments, as part of a framework of encouraging “mixed use development” and a diverse housing mix. Community attitudes towards “affordable housing” often involve preconceptions of the form of housing this entails and or prejudices towards people housed in affordable accommodation. Councils can better inform their residents of high quality contemporary housing design, and promote the value of a social mix in a community that includes varying ages, cultural backgrounds, family sizes, and economic capacities.
- 4.4. **Liaise with local housing stakeholders.** Councils routinely liaise with development interests, with regard to potential, and proceeding, commercial housing developments. Councils generally less often liaise with other housing stakeholders, particularly the Department of Housing and Community Housing Providers<sup>45</sup>. While any project partnerships ultimately developed will necessarily comply with competition policy, this need not preclude councils working with local community housing agencies to identify local housing opportunities and the potential roles of various stakeholders in such opportunities. This liaison would also assist councils in integrating diverse perspectives on the housing market and housing needs.
- 4.5. **Advocate for change in State and Federal policies and Taxation arrangements.** Supported by detailed local knowledge of the nature of the housing market and the impact of the cost of housing on local residents, councils and their communities would be in a better position to advocate for change in State and Federal policies and taxation arrangements as these affect housing affordability.

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<sup>1</sup> See *Housing Affordability in Greater Western Sydney: Sale Price, Median Rent, Mortgage Payments and Income Changes from 200 – 2006*: WSROC March 2007

<sup>2</sup> This may be a phenomenon of price rather than simply East/West geography – the new elite suburbs in the West may not be experiencing as severe fluctuations - CHECK

<sup>3</sup> NSW Department of Housing, Rent and Sales reports, Rent GMR Trend 011 07q1 - GMR time series of median weekly rents Sept Qtr 01 to Mar Qtr 07.

[www.housing.nsw.gov.au/Rent+and+Sales+Reports](http://www.housing.nsw.gov.au/Rent+and+Sales+Reports)

<sup>4</sup> NSW See Judith Yates, Bill Randolph and Darren Holloway *Housing Affordability, Occupation and Location in Australian Cities and Regions, AHURI 2006* . A good summary of issue and options is provided by NSW Shelter, see Craig Johnston *Housing directions 2007 an options paper*, Nov 2006.

<sup>5</sup> See *Housing Affordability, Occupation and Location In Australian Cities and Regions*, Judith Yates, Bill Randolph and Darren Holloway; AHURI Feb 2006 pp.x – xi  
[www.ahuri.edu.au/publications/projects/p60279](http://www.ahuri.edu.au/publications/projects/p60279)

- 6 See *Boulevard of Broken Dreams: The future of housing affordability in Australia*: The Property  
Council of Australia, Jan 2007
- 7 See *Housing directions 2007: an options paper*, Craig Johnston, NSW Shelter December 2006 and  
Rory Robertson (Macquarie Bank), as quoted by Matt Wade, 'PM told he's wrong on house prices',  
8 *Sydney Morning Herald*, 9 -10 September 2006, p.3
- 9 See the Property Council, Jan 2007
- 10 *Landcom Annual Report*, year ended 30 June 2006. [www.landcom.com.au/mini-  
sites/2006/pr\\_social.html#PROVISION OF MODERATE INCOME HOUSING](http://www.landcom.com.au/mini-sites/2006/pr_social.html#PROVISION_OF_MODERATE_INCOME_HOUSING) accessed on June 14,  
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- 11 ibid
- 12 Australian Institute of Health and Welfare, *Commonwealth-State Housing Agreement national data  
reports 2004-05: home purchase assistance*, AIHW cat. no. HOU 146, Canberra, March 2006, pp.10-  
11.
- 13 NSW Department of Housing, *Annual Report 2005-06*, p. 39.
- 14 NSW Department of Housing, *Annual Report 2004-05*, p. 30.
- 15 Office of State Revenue, NSW Treasury, 'First Home Benefits', Factsheet, November 2005 Viewed on  
9 February on < [http://www.osr.nsw.gov.au/pls/portal/docs/page/downloads/other/fhb\\_factsheet.pdf](http://www.osr.nsw.gov.au/pls/portal/docs/page/downloads/other/fhb_factsheet.pdf)>  
From table published by NSW Office of State Revenue at  
[www.osr.nsw.gov.au/pls/portal/docs/page/downloads/other/top20.pdf](http://www.osr.nsw.gov.au/pls/portal/docs/page/downloads/other/top20.pdf) accessed on 8 March 2007.
- 16 Anne Davies, 'First-home buyer aid not enough: industry', *The Sydney Morning Herald*, 24-25  
February 2007, p5.
- 17 See Department of Housing, 'Sale of Homes to Tenants and Disposal of Public Housing – EST0007A'  
policy, viewed on 9 March 2007 at:  
[www.housing.nsw.gov.au/Policies+and+Fact+Sheets/Policies/Sale+of+Homes+to+Tenants+and+Dis-  
posal+of+Public+Housing+EST0007A.htm](http://www.housing.nsw.gov.au/Policies+and+Fact+Sheets/Policies/Sale+of+Homes+to+Tenants+and+Disposal+of+Public+Housing+EST0007A.htm). accessed on June 14, 2007
- 18 NSW Department of Housing, *Annual Report 2003-04*, p. 27; *Annual Report 2004-05*, p. 28.
- 19 See First Home Owners Grant online information - <http://www.firsthome.gov.au> and the NSW Office  
of State Revenue website – First Home Benefits Factsheet April 2007, and suburb listing at  
<http://www.osr.nsw.gov.au/>
- 20 See NSW Department of Housing, Rent and Sales reports, Table 8. Sale Prices — Greater  
Metropolitan Region — All Dwellings — December Quarter 2006.  
[www.housing.nsw.gov.au/Rent+and+Sales+Reports](http://www.housing.nsw.gov.au/Rent+and+Sales+Reports) accessed on June 14, 2007
- 21 See Sydney Metropolitan Strategy City of Cities Report Section C4.3.3  
[www.metrostrategy.nsw.gov.au/dev/uploads/paper/housing/ACTION-4.3.3.html](http://www.metrostrategy.nsw.gov.au/dev/uploads/paper/housing/ACTION-4.3.3.html) accessed on June 14,  
2007. Inclusionary zoning would allow Councils to zone land with a condition which requires an  
affordable housing levy from development where a value increment is sufficient as a result of a  
zoning, rezoning or an increase in density. Mechanisms which allow inclusionary zoning for  
affordable housing operate in Willoughby, Ultimo-Pyrmont and Green Square. The Metropolitan  
Strategy states that "an affordable housing contribution could apply in urban renewal centres and  
corridors and major sites zoned to residential and mixed use. It would need to be evaluated against  
other calls to capture value by contributions for example to improve state infrastructure".
- 22 See Sydney Metropolitan Strategy City of Cities Report Section C4.1.2  
[www.metrostrategy.nsw.gov.au/dev/uploads/paper/housing/ACTION-4.1.2.html](http://www.metrostrategy.nsw.gov.au/dev/uploads/paper/housing/ACTION-4.1.2.html) accessed on June 14,  
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- 23 See *A New Direction in Building Stronger Communities 2007–2010*, NSW Department of Housing,  
2006. [www.housing.nsw.gov.au/](http://www.housing.nsw.gov.au/)
- 24 Dispersal of public housing properties is nowadays considered preferable to concentration of public  
housing in "estates" for a range of reasons, principally to avoid social stigmatisation of suburbs / areas  
as impoverished and/or welfare dependent, with all their negative connotations for the residents.
- 25 *NSW Planning for the Future Community Housing, Five-year strategy for growth and sustainability  
2007-2012*, NSW Department of Housing 2007  
[www.housing.nsw.gov.au/Office+of+Community+Housing](http://www.housing.nsw.gov.au/Office+of+Community+Housing)
- 26 Debt Equity projects involve equity funds being provided by the Centre for Affordable Housing, along  
with the Community Housing Provider, with the provider also securing debt finance from a private  
financial institution. At least 40% of development costs are contributed by the Provider. CAH Funds  
come from the Rental Bond Board and are not tied to welfare criteria, and so can be used for  
"intermediate housing" and for existing buildings.  
[www.housing.nsw.gov.au/Centre+for+Affordable+Housing](http://www.housing.nsw.gov.au/Centre+for+Affordable+Housing)
- 27 Personal communication
- 28 See Bobbie Townsend, (check TITLE) CEO Women's Housing Company Ltd, 2006

29 Housing Stress is commonly defined as households in the lowest 40% of income levels paying more  
30 than 30% of their income for accommodation.  
31 Rent Assistance is a payment made by Centrelink to renters who can show need and qualify through  
32 a means test.  
33 See *Private rental: can it deliver affordable housing to low-income tenants?* Robert Mowbray Issues  
34 paper June 2006  
35 Specifically, the Federal government decision to halve the tax rate on capital gains earned from  
36 residential property.  
37 Ibid.  
38 See *Housing directions 2007: an options paper*, Craig Johnston, NSW Shelter December 2006  
39 See Mowbray, 2006  
40 See AHURI *Affordable housing in Australia: pressing need, effective solution – Policy options for  
41 stimulating private sector investment in affordable housing across Australia*, (Report Stages 1 – 4), for  
42 the Affordable Housing National Research Consortium, 2001. [www.ahuri.edu.au](http://www.ahuri.edu.au) For an overview of  
43 the strategies developed in these research documents see Craig Johnston, *Financing affordable  
44 housing: a third way for housing assistance*, Shelter NSW, December 2001. See also “A Framework  
45 for National Action on Affordable Housing” 2006 National Community Housing Forum  
[www.nchf.org.au](http://www.nchf.org.au).  
See Mowbray, 2006  
Ibid. Also it can be argued the taxation concessions to *owner-occupied* housing also act to limit the  
supply of low cost housing as they encourage owner occupiers to invest more of their wealth in their  
houses, and so increase demand on housing supply and finance and directly increase average house  
values and prices. This argument has been made by housing researchers for many years and  
recently the Commonwealth Productivity Commission, in its report on first home ownership, concurred  
with this view: see Productivity Commission (PC) (2004) *First Home Ownership*, Report no. 28,  
Melbourne: Productivity Commission, [www.pc.gov.au](http://www.pc.gov.au).  
The superannuation taxation changes entail waiving of tax on personal contributions of up to \$1  
million to superannuation made before July 1, 2007. Media reports suggest that this has encouraged  
the liquidation of property equity by some high income people to transfer to superannuation, but the  
extent of this activity is not known at the time of writing.  
See the Centre for Affordable Housing’s Local Government Affordable Housing Kit at  
[www.housing.nsw.gov.au/Centre+for+Affordable+Housing](http://www.housing.nsw.gov.au/Centre+for+Affordable+Housing)  
See Sydney Metropolitan Strategy City of Cities Report Section C4.3.4  
[www.metrostrategy.nsw.gov.au/dev/uploads/paper/housing/index.html](http://www.metrostrategy.nsw.gov.au/dev/uploads/paper/housing/index.html) accessed on June 14, 2007  
See the ENVIRONMENTAL PLANNING AND ASSESSMENT ACT 1979 (As amended in 2006) -  
SECT 93F [www.austlii.edu.au/au/legis/nsw/consol\\_act](http://www.austlii.edu.au/au/legis/nsw/consol_act) accessed on June 14, 2007  
Personal communication  
See Sean Armstrong, *Local government housing and community housing associations: project report*  
February 2007, Shelter NSW  
Some of WSROC member Councils do have ongoing partnerships and liaison with the Department of  
Housing, but this is often on the basis of the Department as developer rather than the context of  
affordable housing opportunities, though of course public housing is by definition affordable.  
Partnerships or liaison with community housing providers is less common.