



600-660 ELIZABETH STREET REDFERN HOUSING DIVERSITY AND AFFORDABILITY

FEBRUARY 2020

Prepared for
Land and Housing Corporation

Executive summary

The 600-660 Elizabeth Street site is located in Redfern and is bounded by Elizabeth Street, Kettle Street, Walker Street and Phillip Street. The 1.1 hectare site will be the location of a new mixed-tenure housing development under a build-to-rent model. The Land and Housing Corporation is developing a rezoning proposal for the redevelopment of the site. The 600-660 Elizabeth Street site is highly accessible to jobs, services and recreation, making the site suitable for residential redevelopment. There is an opportunity to deliver social, affordable and market housing on the site. This report considers the appropriate mix and affordability of housing to be provided on the site.

In 2017 the site was been determined by the Minister for Planning to be a State Significant Precinct as it includes government owned land that is of state importance in achieving key government policies relating to the delivery of new homes including the delivery of social housing. As of November 2019, the redevelopment is to progress as a planning proposal led by LaHC where City of Sydney Council is the relevant planning authority. The Minister for Planning required that an application to amend the planning controls on the site be accompanied by a Housing Diversity and Affordability report to address the following study requirements:

19.1 Justify the amount of social, affordable and market housing to be provided in the short to long term in the context of the actions in Future Directions in Social Housing in NSW and the renewal of Waterloo Estate. This should include consideration of mixed tenure options and lessons from recent social housing in renewal projects.

19.2 Demonstrate how the proposal is consistent with the NSW Government's commitment to delivering more Affordable Housing in "A Plan for Growing Sydney" and the affordable rental housing target of 5% to 10 % of new floor space highlighted in the revised draft Eastern City District Plan particularly for Government led urban renewal projects.

This study seeks to fill that requirement by assessing the new planning framework proposed to inform the Elizabeth Street Redfern State Significant Precinct Study. The new planning framework is to be implemented through amendments to Sydney Local Environmental Plan 2012 and a new development control plan for the site.

The proposal

600-600 Elizabeth Street, Redfern will be transformed into a market leading build-to-rent redevelopment featuring contemporary urban and architectural design and creating a high-quality integrated community of social, affordable and private housing. A proposed planning framework will guide future development applications for the site which are anticipated to achieve the following:

- Approximately 327 dwellings, with a maximum FSR of 2.75:1 with up to 10% bonus for design excellence
- Buildings with a predominant height of 6-7 storeys with a single tower up to 14 storeys
- Some supporting retail and communal floor space to support the incoming population
- New public spaces on Kettle and Phillip Streets activated by shops, cafes, community space and other services.

The final tenure mix will be subject to detailed design, but the target for the Site is up to 30% social housing, 5-10% affordable housing and balance as private housing.

Capacity to deliver state objectives

The proposed development is consistent with current government policy. *Future Directions for Social Housing* indicates the Government's commitment to increasing the supply of social and affordable housing to provide a better experience for residents. The *Future Directions* mandate that 'large redevelopments target a 70:30 ratio

of private to social housing to enable more integrated communities (generally with an increased number of social housing where practicable)'.

The proposed development will increase the supply of both social and affordable housing. The proposed provision of up to 30% of dwellings as social housing on the site will provide good housing options. The proposal includes provision of 5% to 10% of dwellings as affordable housing which is consistent with the Greater Sydney Commission's target. The proposed Reference Scheme offers a strong design vision and layout that will deliver a high-quality integrated community of social, affordable and private housing. The redevelopment also has the potential to support the staging of the Waterloo social housing estate through relocation.

HillPDA considered mixed-tenure options and lessons from recent social housing renewal projects. This report informs the State Significant Precinct Study about preferred delivery mechanisms for social and affordable housing, bedroom mix, design considerations and management considerations. Overall, the proposed planning framework offers an innovative housing development which is consistent with government policy aimed at increasing social and affordable housing supply.

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Quality Assurance

Report Contacts

William Tzaikos

Consultant

BEnv, BDesArch(Hons)

William.Tzaikos@hillpda.com

Supervisor

Elizabeth Griffin

Principal

Bachelor of Arts (Geography) Master of Urban Planning MPIA

Elizabeth.Griffin@hillpda.com

Quality Control

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INTRODUCTION

1.0 INTRODUCTION

This Housing Diversity and Affordability Study has been prepared on behalf of NSW Land and Housing Corporation (LaHC) to accompany a Planning Proposal to be lodged with the City of Sydney (CoS).

This Planning Proposal relates to land at 600-660 Elizabeth Street, Redfern (the Site). The Planning Proposal seeks to rezone the Site to allow redevelopment for a mix of social, affordable and private housing in an integrated residential community. The aims of the Planning Proposal are to rezone the Site to R1 General Residential.

This report addresses the Planning Proposal Requirements set by City of Sydney Council which include the Minister's study requirements for the site, as they relate to housing diversity and affordability.

1.1 Study requirements

The Minister for Planning issued study requirements for the site in January 2018 entitled *Study Requirements for Elizabeth Street Redfern Nominated State Significant precinct, January 2018*. The requirements addressed in the study are as follows:

19.1 Justify the amount of social, affordable and market housing to be provided in the short to long term in the context of the actions in Future Directions in Social Housing in NSW and the renewal of Waterloo Estate. This should include consideration of mixed tenure options and lessons from recent social housing in renewal projects.

19.2 Demonstrate how the proposal is consistent with the NSW Government's commitment to delivering more Affordable Housing in "A Plan for Growing Sydney" and the affordable rental housing target of 5% to 10 % of new floor space highlighted in the revised draft Eastern City District Plan particularly for Government led urban renewal projects.

19.3 Assess the feasibility of the proposal to contribute to Affordable Housing and the preferred mechanisms for delivery.

This report addresses study requirements 19.1 and 19.2 above. Item 19.3 is being addressed under a separate cover. Item 19.2 refers to *A Plan for Growing Sydney* which has since been superseded by the *Greater Sydney Regional Plan*.

The Study Requirements also indicate that a new planning framework for the site is to be formulated to:

- Allow for the mix of new social, affordable and private housing and other uses
- Facilitate the renewal and expansion of community and recreational facilities on site including the PCYC and
- Support the revitalisation of Waterloo Social Housing estate over the next 15 to 20 years.¹

The new planning framework is to be implemented through amendments to Sydney Local Environmental Plan 2012 and a new development control plan for the site.

¹ Department of Planning and Environment (2018), *Study Requirements for Elizabeth Street, Redfern, Nominated State Significant Precinct*, January 2018.

1.2 Planning Proposal Lodgement Checklist

The Planning Proposal must respond to the checklist set out by the City of Sydney dated 11 December 2019. A housing diversity and affordability study is not a required document however this study complements the planning proposal. Of the items outlined in the lodgement checklist, those that are addressed in this study include:

- Explanation and justification of proposed planning outcomes and draft planning controls
- Assessment of consistency with City of Sydney and NSW Government strategies and policies, including but not limited to:
 - Greater Sydney Region Plan
 - Eastern City District Plan
 - City of Sydney City Plan 2036: draft Local Strategic Planning Statement
 - City of Sydney Draft Local Housing Strategy
 - A City for All – Social Sustainability Policy and Action Plan
- Justification of land use and housing tenure mix (including assessment against relevant strategic directions under the City’s draft Local Strategic Planning Statement and Local Housing Strategy)
- Assessment against Section 9.1 directions
- Summary and implementation of technical study recommendations
- Assessment against relevant Study Requirements (issued by Department of Planning, Industry and Environment)
- Provide an indicative staging plan, particularly in relation to:
 - Tender process for development partner and delivery of the project under the build-to-rent model
- Development outcome data:
 - Existing condition:
 - › Floor space by square metres and use
 - › Existing dwellings and community and recreational uses
 - Proposed outcome
 - › Floor space by square metres and use (including building envelope efficiencies by use – commercial, retail, community, residential, etc.)
 - › Total number and mix of residential apartments (GFA per dwelling used)

This report responds to these requirements by undertaking an evidence-based study into housing affordability and diversity in the City of Sydney and providing strategic justification for the Planning Proposal.

1.3 Site

The site is a 1.1 hectare parcel owned by LAHC. The site is located to the east of Redfern Oval and comprises a street block, with a 146-metre frontage to Elizabeth and Walker Streets and a 70-metre frontage to Kettle and Phillip Streets (Figure 1).

The site is predominantly vacant with several mature trees. South Sydney Police Citizen Youth Club (PCYC) currently lease a single storey building and an external play space on the southern portion of the site.

Figure 1: The subject site



Source: Land and Housing Corporation (2018)

1.4 The proposal

The site at 600-660 Elizabeth Street, Redfern will be transformed into a market leading build-to-rent redevelopment featuring contemporary urban and architectural design and creating a high-quality integrated community of social, affordable and private housing.

Communities Plus Build to Rent

Communities Plus is a key program under NSW Government's *Future Directions for Social Housing in NSW*, delivering integrated social, affordable and private housing by partnering with the private and not for profit sectors including registered Tier 1 or Tier 2 Community Housing Providers (CHPs).

The Redfern project aligns with Future Directions, by providing innovative options for private sector investment in social housing under a long term lease. The project presents an opportunity to renew and increase social housing in a well-located integrated community with good access to education, training, local employment, and close to community facilities such as shopping, health services and transport.

On 6 July 2018, the NSW Government announced the Site as the pilot for Communities Plus build-to-rent. The Project provides an opportunity for the private sector, in partnership with the not-for-profit sector, to fund, design, develop and manage the buildings as rental accommodation under a long-term lease.

Build-to-rent is a new residential housing delivery framework that is capable of providing access to broader housing choices. Established in overseas markets such as the UK and the USA, locally, build-to-rent has significant scope to provide increased rental housing supply and the opportunity for investment in residential housing in NSW.

Vision, Reference Scheme and Planning Framework

The planning proposal has been prepared to formulate and assess a suitable suite of planning controls to guide the redevelopment of the Site. A design, technical analysis and consultation process was undertaken to prepare a Reference Scheme which indicates how the future public domain, building form and connections could be delivered. The Reference Scheme (shown in Figure 2 and Figure 3) balances the challenges and opportunities of the Site, particularly the desire to deliver high quality urban design while providing new and modern social housing in an integrated mixed tenure environment.

The Reference Scheme was prepared to indicate how the Site could, rather than will, be redeveloped and has been used as a basis to prepare draft amendments to the Sydney Local Environmental Plan 2012 (including zoning, height, floor space ratio and car parking controls) and the development of a new site specific Development Control Plan which will guide the detailed design of the Site.

Figure 2: Reference scheme plan



Source: Land and Housing Corporation, 2020

The proposed planning framework has regard to:

- Accessibility and connectivity of the Site to public transport, employment, shops, education and other services
- The site and local area's rich history and cultural significance
- The surrounding urban form and context
- The environmental and servicing considerations, including flooding, stormwater, traffic, utilities, noise, air quality and wind.

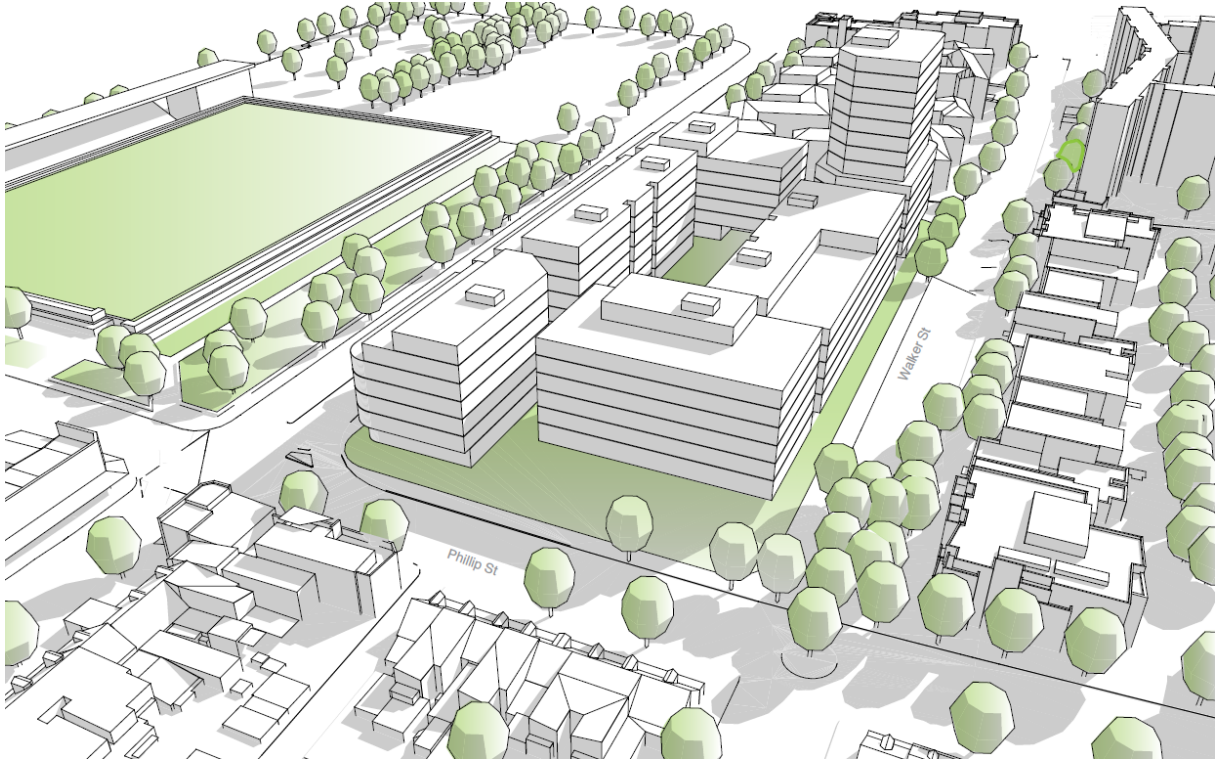
The proposed planning framework will guide future development applications for the Site which are anticipated to achieve the following:

- Approximately 327 dwellings, with a maximum FSR of 2.75:1 with potential for 10% bonus for demonstrating design excellence
- Buildings with a predominant height of 6-7 storeys with a single tower up to 14 storeys
- Some supporting retail and communal floor space to support the incoming population

- New public spaces on Kettle and Phillip Streets activated by shops, cafes, community space and other services.

It is expected the Site will be developed over a period of three years, once the site has been rezoned.

Figure 3: Reference scheme aerial render



Source: Land and Housing Corporation, 2020

Potential dwellings and tenure mix

The overall dwelling potential of the site is approximately 327 dwellings with a potential dwelling mix. The assumed tenure mix is up to 30% social housing, 5-10% affordable housing and 65% private rental housing. The final tenure mix will be subject to detailed design, but the target for the Site is up to 30% social housing, 5-10% affordable housing and balance as private housing.

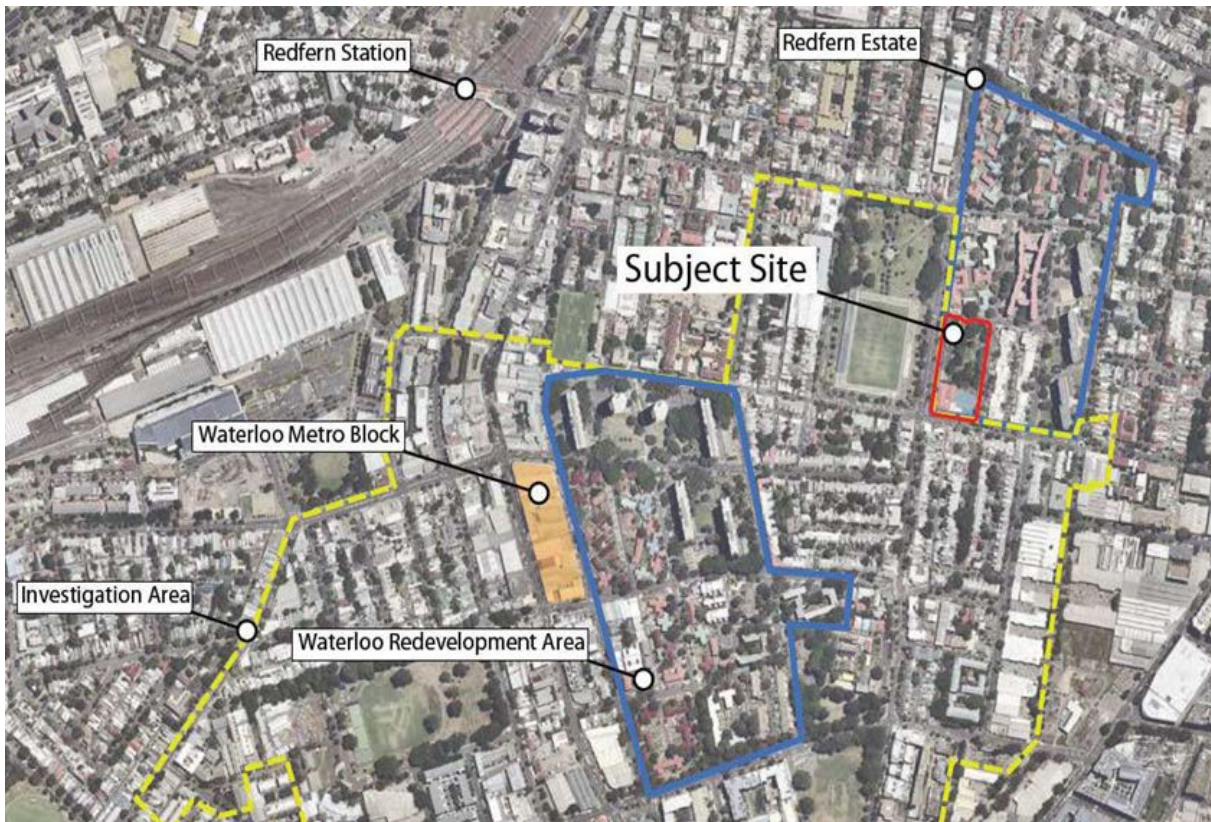
1.5 Local context

The site is located in an area which is set to undergo considerable change. The nature of the surrounds is discussed below.

1.5.1 The surrounds

The site is well situated for future residents being within the 10 minute walking catchment of both the existing Redfern Station and the proposed Waterloo Metro station (Figure 2). The site has good access to a range of activities including employment, education and support services, recreation facilities and retail outlets. The location of the site alone suggests that opportunities to maximise the potential of the site for housing could be explored, within the context of environmental and design considerations.

Figure 4: Site and surrounds



Source: Land and Housing Corporation (2018)

1.5.2 Approved Metro Rail Infrastructure

The Waterloo Metro station will be constructed around 1.1 kilometres to the west of the site as part of the Sydney Metro City and Southwest - Chatswood to Sydenham. This section of the Sydney Metro project received planning approval in January 2017 (SSI 15_7400), with construction being led by Sydney Metro. Demolition of existing buildings has been completed and excavation of the Waterloo Metro Station is underway.

1.5.3 Metro Quarter

The Metro Quarter is part of the Waterloo State Significant Precinct and encompasses over station development on the Metro station site. The proposed development includes the new Waterloo Station with integrated over-station development including new homes, shops, community health services, a plaza and a new community facility.

The concept plan allows for approximately 700 apartments, including social and affordable housing; a new community facility; ground-level retail space, which could include a small supermarket, pharmacy, cafes and other specialty shops; and space for health services, commercial or shared office uses that provide jobs and services closer to home.

The provision of 5% to 10% affordable housing on the site and up to 30% social housing dwellings, along with private housing will contribute to the changing housing mix of the local area, forming part of the context for the proposal for the site.

1.5.4 Waterloo Estate

The Elizabeth Street, Redfern Study Requirements indicate that a proposal to develop the site should have regard for the renewal of the Waterloo Estate.

The Waterloo Estate is located around 350 metres to the south west of the site. The Waterloo Estate is a large social housing estate, consisting of 2,012 dwellings. The Estate has been identified for urban renewal through the Communities Plus Program where new social housing is to be integrated with a mix of affordable and private housing. Urban renewal of the Estate will also deliver new local businesses, community facilities and parks.

Following extensive community consultation with residents and other stakeholders on three redevelopment options, a preferred Masterplan for the future of the Waterloo Estate has been prepared. The Waterloo preferred Masterplan will provide new and modern social and affordable housing, mixed with private housing in a well-located community close to the new Waterloo Station and Metro Quarter.

Over the next 15-20 years, the Masterplan will guide the development of about 6,800 new homes with 55% of new buildings being 7 storeys or lower. Of the total dwellings, up to 40% will be social and affordable housing and the affordable housing will be owned in perpetuity.

Residents will have better access to shops and services and local employment opportunities. There will be new multi-purpose community facilities providing space for cultural events, community learning, childcare and health services. There will also be 3 hectares of safe open spaces, including new public parks and landscaped boulevards. The parks will provide residents and visitors with a place to celebrate events and enjoy outdoor activities. George Street will be transformed into a 20-25m wide tree-lined pedestrian boulevard with water features and good lighting, providing a safe and enjoyable walking experience.

LAHC has made the following commitments to the existing tenants to ensure the least disruption as possible, and give certainty around returning to Waterloo:

- All temporarily relocated residents hold a 'right of return' to the new development.
- The intention is for the majority of residents to move from their current homes straight into the new social housing as buildings are completed.
- Will be given a minimum 6-months' notice of when they will need to relocate.
- Will be assigned a dedicated FACS Relocation Officer to help them through the process.
- Will have the costs associated with relocating covered by FACS.
- If relocated, current lease terms will stay the same in the relocated premises (applies to both continuous and time-limited leases).
- Are assured that the Waterloo estate will continue to be maintained during the redevelopment.

The proposed development of the Elizabeth Street, Redfern site could assist Family and Community Services to manage the relocation of tenants in Waterloo.

POLICY CONTEXT

2.0 POLICY CONTEXT

2.1 Housing Policy

The high cost of housing is an important economic and social issue in the Sydney LGA.² A tight rental market and rising house prices have led to a broad range of government policies that have implications for development of the site.

This Chapter summarises the planning and policy context relevant to achieving a suitable mix of social affordable and private housing on the site. It considered how the proposal is consistent with current policy. This section addresses Part item 19.1 of the Study Requirements which seeks confirmation that the proposal is consistent with Future Directions and Social housing and item 19.2 which seeks confirmation that the proposal is consistent with the NSW Government’s metropolitan plans.

2.1.1 Future Directions for Social Housing in NSW

Future Directions for Social Housing in NSW outlines the NSW Government’s vision for social and affordable housing. The strategy aims to drive better outcomes for tenants including helping those who are able to transition out of social housing. It looks at the whole continuum of housing – from homelessness to the private market. It provides focused support to help people avoid long term social housing tenancies, while also recognising the role stable housing plays in the lives of people who are not able to live elsewhere.

The strategy is underpinned by three strategic priorities:

- More social housing
- More opportunities, support and incentives to avoid and/or leave social housing
- A better social housing experience.

As part of the plan to provide additional social and affordable housing, Government has indicated it will partner with both the private and not-for-profit housing sectors to increase the financing, ownership and management away from the public sector. The intent is to develop a dynamic and diverse social housing system characterised by:

- Greater involvement of private and non-government partners in financing, owning and managing a significantly expanded stock of social and affordable housing assets
- Expanded support in the private rental market, reducing demand on social housing and the social housing wait list
- More competition and diversity in the provision of tenancy management services through the expanded capacity and capability of community housing providers
- Housing assistance being seen as a pathway to independence and an enabler of improved social and economic participation for tenants living in vibrant and socioeconomically diverse communities.
- Ensuring large redevelopments target a 70:30 ratio of private to social housing to enable more integrated communities (generally with an increased number of social housing where practicable).



² City of Sydney (2018) Planning Proposal – Affordable Housing Review cited at https://www.cityofsydney.nsw.gov.au/__data/assets/pdf_file/0004/304825/Planning_Proposal__pre-exhibition_-_FINAL_-_accessible.pdf

The strategy envisions social housing being just one part of an individualised and holistic approach to breaking disadvantage – including health, education, and employment support:

- There will be more social housing better designed to meet tenants’ needs, more effective alternatives to social housing, and more pathways out of social housing, especially for children, young people and their families
- There will be shorter average tenancies and more people ‘graduating’ from social housing as a result of skills and employment we have helped them acquire
- More clients will use private rental assistance to get them through difficult periods, rather than going on the waiting list
- Children of social housing tenants’ school performance will improve
- Young people who have grown up in social housing will increasingly move into independent housing, using the education, skills and employment we have helped them acquire
- Those in our community who are most disadvantaged are assisted to live in a safe and stable home environment
- There will be more community, private sector, and Commonwealth involvement in the system and we will all work together to support disadvantaged people
- More people in social housing feeling safer and participating in their local community.

The proposal adopts the target ensuring large redevelopments target a 70:30 ratio of private to social housing to enable more integrated communities (generally with an increased number of social housing where practicable).

The proposal is consistent with *Future Directions for Social Housing in NSW* because it will:

- Increase the provision of social housing in an area with high demand for social housing (the waiting list for social housing in NSW has reached 60,000 households)
- Increase the provision of affordable housing
- Provide better quality social housing through modern building and dwelling design, when compared to both Waterloo and Redfern social housing estates
- Create an opportunity to target transitional housing to assist households out of social housing, with the proposed build to rent scheme having unprecedented potential in this regard
- Facilitate public private sector partnership in the delivery of housing for all tenures.

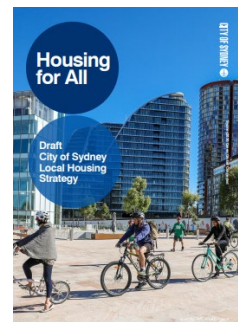
2.1.2 City of Sydney Draft Housing Strategy

The City of Sydney Draft Housing Strategy responds to the NSW Department of Planning, Industry and Environment’s Local Housing Strategy Guideline. The strategy outlines how the City will meet the housing related priorities in the Greater Sydney Commission’s Eastern City District Plan. It establishes the City’s priorities, objectives and actions for future housing delivery, guiding the design and development of all forms of housing in the area to 2036. The City of Sydney’s affordable housing target is as follows:

Of all housing, 7.5 per cent will be affordable housing and 7.5 per cent will be social housing.

This equates to an anticipated provision seen in Table 1 below.

Table 1: Housing provision to 2036



Housing	Total 2016	2016-2021 (0-5 year) target	2022-2026 (6-10 year) target	2027-2036 (11-20 year target) contribution	Total 2036
Total private dwellings	110,138	+18,300	+14,000	+17,700	160,138
Private Market	99,587	+14,933	+10,633	+10,965	136,118
Affordable	835	+2,794	+2,794	+5,588	12,010
Social	9,716	+574	+574	+1,147	12,010
Non private dwellings	15,682	+2,575	+3,033	+392	21,672
Total dwellings	125,820	+20,875	+17,033	+18,092	181,820

Source: Draft City of Sydney Local Housing Strategy, p. 13

The affordable housing and social housing generated by the proposal would contribute to the affordable housing stock in the 2022-2026 target.

Council indicate that they will continue to work with the NSW Government and advocate for the improvement of existing policies, and also new and innovative approaches in the planning framework to deliver more affordable rental housing for lower income earners. The Elizabeth Street Redfern Planning Proposal is consistent with this position insofar as LAHC is working with stakeholders, including the City of Sydney and the NSW Government, to deliver affordable rental housing and an innovative build-to-rent scheme.

The planning proposal would provide housing supply, choice and affordability with good access to jobs, services and public transport in line with priority H1 of the Housing Strategy. The planning proposal addresses the undersupply of affordable housing and is located close to facilities, services, open space and public transport, in line with action 1.2 of the Housing Strategy. The build to rent model is an innovative approach to housing delivery which could help promote housing diversity and affordability (action 3.2). A mix of studios, one, two and three bedroom dwellings are proposed in line with action 3.3. The planning proposal coincides with the development of the Waterloo Metro Station 800 metres to the west, aligning planned housing growth with state infrastructure provision, as described in action 2.1.

Action 3.9 outlines that Council will work with Aboriginal and Torres Strait Islander communities, housing providers, the NSW Government and others to ensure development in Redfern and Waterloo provides affordable and social housing for Aboriginal and Torres Strait Islander peoples to prevent their ongoing displacement from the area. The planning proposal provides a future opportunity for Council to collaborate with Aboriginal Community Housing Providers and Aboriginal and Torres Strait Islander communities in Redfern.

Priority H6 of the Housing Strategy focuses on improving NSW Government controlled site outcomes. The City of Sydney outlines key principles for the redevelopment of such sites which include more community engagement, walkability, quality design and delivery of District Plan targets for social housing and affordable rental housing. The planning proposal aligns with these outcomes.

Action 4.4 of the Draft Local Housing Strategy states that Council will advocate to the NSW Government to deliver a minimum 25 per cent of floor space as affordable rental housing in perpetuity on all NSW Government controlled sites, including on social housing sites. Under Clause 6 (2) of the Affordable Housing SEPP, residential development is taken to be for the purposes of affordable housing if the development is on land owned by the Land and Housing Corporation. As such, the proposal contributes to the 25 per cent affordable housing target set out by the City of Sydney.

2.1.3 City of Sydney, Housing Issues Paper, 2015

The City of Sydney prepared a Housing Issues paper in 2015 to highlight the housing crisis in this local government area, identifying five key issues that need to be addressed:

- Policy reforms are needed to address declining housing affordability and rental security
- Affordable rental housing supply needs to grow significantly to ensure Sydney's social and economic sustainability
- A sustainable model needs to be developed for social housing supply as a vital form of social infrastructure
- Investment to expand innovative housing models is critical to ending homelessness
- Housing and infrastructure delivery need to be integrated through Sydney metropolitan planning for sustainable growth.



The paper paints a picture of housing demand outstripping supply. Even allowing for the significant estimated pipeline of 18,500 dwellings³, housing supply and diversity are not meeting demand. Sydney status as a global city is contributing to rising housing costs. The paper indicates that Inner Sydney rents are outstripping income increases and most very low to moderate income households are experiencing housing stress, including two thirds of renters in the moderate income bracket. Evidence is also emerging of people living in overcrowded and poor quality housing.

The City of Sydney's Issues paper puts into context, the importance of maximising and social and affordable housing benefits from the development of site. It also demonstrates a need for market housing that is more affordable and suited to smaller households.

The proposal for the Elizabeth Street Redfern site responds to the issues raised by the City of Sydney by:

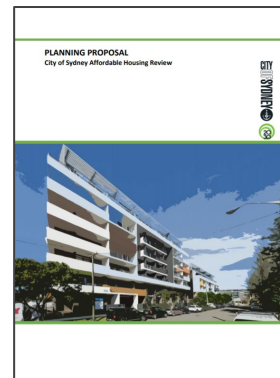
- Proposing around 45% of dwellings on site being studios or one bedroom apartments to increase the smaller housing types that provide affordable options
- Delivering housing types without 'added extras' such as car parking spaces, to provide affordable options
- Delivering rental housing models designed to meet the needs of markets through the build to rent scheme.

³ City of Sydney estimate which includes around 6,500 dwellings under construction.

https://www.cityofsydney.nsw.gov.au/data/assets/pdf_file/0017/251153/City-of-Sydney-Housing-Issues-Paper-April-2015.pdf cited 15 October 2018

2.1.4 Planning proposal – City of Sydney Affordable Housing Review

The City of Sydney has prepared a Planning Proposal that proposes a number of changes to the current affordable housing provisions in the Sydney Local Environmental Plan 2012 (Sydney LEP 2012). The Planning Proposal follows a review of affordable housing needs and supply. A key objective of this Planning Proposal is to increase the amount of affordable housing in the city to achieve the City’s Sustainable Sydney 2030 affordable housing targets. It provides a framework for the application of affordable housing contributions when land is being developed. The proposed amendments are supported by a draft affordable rental housing program.



The Planning Proposal seeks to amend Sydney LEP 2012 to:

- Expand the operation of affordable housing contribution schemes to areas known as ‘Central Sydney’ and are ‘residual land,’ such that the affordable housing scheme will apply to the vast majority of the LGA
- Provide a framework to identify ‘Schedule 7 land’, being land that will benefit from increased development capacity through a site-specific planning proposal to change the planning controls, and require a supplementary affordable housing contribution
- Reduce the minimum size of any affordable housing dwelling to be dedicated to Council to 35 square metres in line with the Apartment Design Guideline dwelling size minimums. In addition, it proposes to introduce a maximum dwelling size of 90 square metres to ensure affordable housing floor area resulting from contribution schemes is used efficiently and to the benefit of as many people as possible

The site is included the “residual lands” such that if the proposed amendments to Sydney LEP 2012 are made, the site would be subject to an affordable rental housing scheme. Clause 7.13 of the Sydney LEP 2012 allows for landowners and developers to satisfy an affordable housing contribution requirement by making:

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

The Affordable Housing Program includes ‘affordable housing principles’ that provide overarching guidance to the operation of the contribution scheme. It also proposes between 12% and 24% of additional floor space as affordable housing. The site, being located in the “East Precinct” as defined in the City’s Development Contributions Plan 2015, would be subject to 24% of additional floorspace as affordable housing if the planning proposal proceeds.

The Planning Proposal has been publicly exhibited and submissions are now being reviewed.

The Planning proposal indicates that the City of Sydney considers the site to be in an area with significant affordable housing needs. Further, the site is in suitable location to make a significant contribution towards affordable housing.

2.2 Metropolitan planning

2.2.1 Greater Sydney Region Plan

The Greater Sydney Commission’s *Greater Sydney Region Plan* contains objectives that are particularly relevant to housing diversity and affordability for the proposed redevelopment of the site. This is summarised in Table 2.

Table 2: Greater Sydney Region Plan Directions

Direction: Housing the city	Implications
Objective 10: Greater housing supply	<ul style="list-style-type: none"> As part of the current unprecedented level of supply, a range of housing types, tenures and price points will be needed to meet demand A range of housing types provides for the needs of the community at different stages of life and caters for diverse household types Planning can link the delivery of new homes in the right locations with local infrastructure Planning and designing for better places respects and enhances local character
Objective 11: Housing is more diverse and affordable	<ul style="list-style-type: none"> There is a strong need for a more diverse housing supply in Greater Sydney Housing choices, including affordable rental housing, reduces the need for people to go into social housing and supports a pathway for people to move out of social housing A diversity of housing types, sizes and price points can help improve affordability Increasing the supply of housing that is of universal design and adaptable to people’s changing needs as they age is also increasingly important across Greater Sydney Social housing is a form of affordable housing that caters to households experiencing the highest housing stress and social disadvantage Social housing delivery needs to be accelerated to cope with the growing waiting list. More affordable rental dwellings are needed as a stepping stone for people in social housing who are capable of entering the private rental market, thereby freeing up housing for those most in need Rental accommodation needs to be delivered close to public transport and centres, and offer the opportunity to include Affordable Rental Housing Schemes if viable Foreshadows potential future innovative models to achieve more affordable homes through having smaller homes, shared facilities and having apartments and car spaces sold separately.

Source: Greater Sydney Region Plan (March 2018)

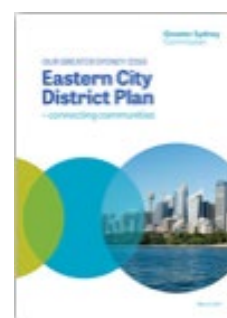
The proposal is consistent with the above objectives as follows:

- It will increase the supply of a range of housing types, tenures and price points which will cater diverse household types and for the needs of the community at different stages of life
- It will deliver new homes in an area with access to infrastructure
- The proposed provision for 5%-10% affordable rental housing will reduce the need for people to go into social housing and provide a pathway for people to move out of social housing, while maintaining community ties
- Rental accommodation will be delivered close to public transport.
- The build to rent model is an innovative housing model to deliver affordable housing.

2.2.2 Eastern City District Plan

The site is located within the Greater Sydney Commission’s Eastern City District Plan. The Eastern City District Plan is a 20-year plan to manage growth in the context of economic, social and environmental matters to achieve the 40-year vision for Greater Sydney. It contains the planning priorities and actions for implementing the Greater Sydney Region Plan, A Metropolis of Three Cities at a district level.

Planning priority E5 relates to “providing housing supply, choice and affordability, with access to jobs, services and public transport.”



The Eastern City District Plan sets a housing target of 46,550 additional dwellings in the District by 2021 of which 18,300 are to be in the City of Sydney. The site, when combined with the Metro Quarter and Waterloo Estate, is able to make a significant contribution to these targets.

The Plan identifies the need for further work by the Greater Sydney Commission to support the implementation of the Affordable Rental Housing Targets including consideration of allocation, ownership, management and delivery models. The plan commits the NSW Department of Planning and Environment and the Greater Sydney Commission to jointly investigating ways to facilitate housing diversity through innovative purchase and rental models.

The Plan indicates that affordable rental housing targets generally in the range of 5-10% of new residential floor space are appropriate subject to viability⁴.

The District Plan encourages planning to support housing affordability and diversity measures include:

- More compact housing, either on smaller land lots or through a proportion of smaller apartments of innovative design to support moderate-income households and particularly key workers and skilled workers in targeted employment areas such as health and education precincts
- New owner-developer apartment models that support lower cost and more flexible delivery of apartments for like-minded owner groups.

The site presents an opportunity to contribute to the delivery of these policy commitments and is consistent with the Greater Sydney Commission’s target for 5% to 10% of floorspace as Affordable Housing.

2.2.3 City Plan 2036: draft Local Strategic Planning Statement

The City of Sydney’s draft Local Strategic Planning Statement (LSPS) explains how the city is expected to change and how the planning system will manage that change to achieve the desired outcomes. Priority seven of the LSPS relates to providing new homes for a diverse community. The priority is:

To implement Housing for All, the City’s draft Housing Strategy, and contribute to housing Sydney’s growing population with a range of housing types and tenures to support a diverse community including working with others for more affordable and social housing.



The actions to deliver the priority reflect those outlined in the Housing Strategy (see section 2.1.2). The planning proposal supports an innovative approach to housing delivery which supports diverse and affordable housing close to services, jobs and public transport, in line with action L3.3 of the LSPS.

2.2.4 A City for All – Social Sustainability Policy & Action Plan 2018-2028

The City of Sydney’s social sustainability policy sets out the goals and actions to provide a roadmap for a socially just and resilient Sydney. This plan has been developed in collaboration with stakeholders across the government, private and not-for profit sectors and the wider community – beginning with large scale consultation on a discussion paper in 2016. The policy and action plan provides guidance on how housing, transport, education, employment, health, safety and governance can influence social justice and inclusion.

Outcomes for social sustainability that are relevant to the planning proposal include:

- Increase supply of subsidised social, affordable rental and supported housing
- Increase supply of housing universally designed for people of all ages and abilities
- Improve housing choices for renters
- Increase the positive social impact of urban development and renewal

The proposal is consistent with the outcomes envisioned given its commitments to growing the supply of social and affordable housing, plus more rental housing located close to jobs, transport and services. The proposal

⁴ Greater Sydney Commission (2018) Eastern District Plan

includes urban design initiatives aimed at enhancing the social aspects of the residential development, and offers the opportunity to provide universally designed dwellings.

2.3 Implications

The review of policy documents indicated that:

- Planning policy and legislation demonstrate a requirement for the site to increase the supply of social and affordable housing
- All levels of Government are seeking to address the need for more affordable housing across a range of housing types and sizes
- All strategic plans reviewed identify a need for delivery of affordable rental housing and for housing choice, including increasing the supply of social housing through urban renewal
- The City of Sydney has an established affordable rental program and is seeking to expand the number of social and affordable dwellings delivered
- The proposal is consistent with vision outlined in the City of Sydney's *Draft Housing Strategy* and *City Plan 2036: Draft Local Strategic Planning Statement*.
- The proposal is consistent with *Future Directions for Social Housing* and the *Greater Sydney Region Plan*
The proposal is consistent with Greater Sydney Commission's goals of increasing housing supply generally in a highly accessible area.

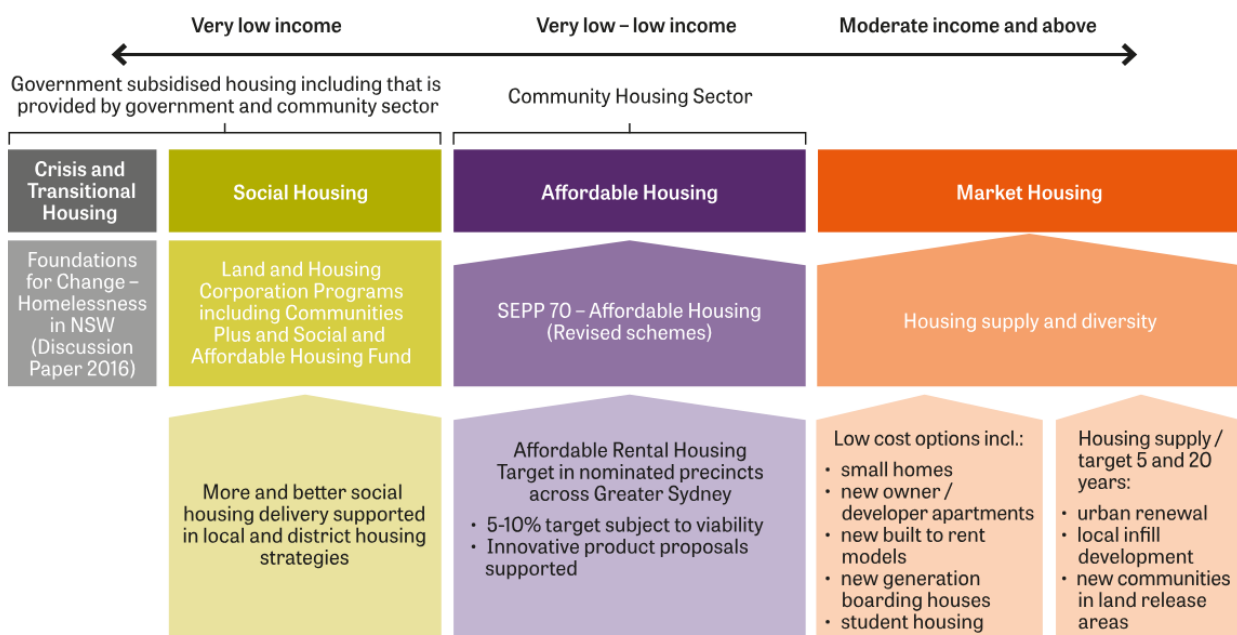
Within this context, the proposal presents a significant opportunity to contribute to the delivery of social and affordable housing, in line with current housing policy.

HOUSING NEED

3.0 HOUSING NEED

The Study Requirements indicate that this report is to justify the amount of social, affordable and market housing to be provided in the short to long term on the site. This section examines the relative housing needs of different income groups and household types in order to identify a suitable mix of tenure groups on the basis of need. The range of housing types under consideration and their target income groups is indicated in Figure 5. The proposed housing mix needs to be considered in the context of the current housing market conditions and housing needs.

Figure 5: The housing supply continuum



Source: Greater Sydney Commission, Greater Sydney Region Plan (Figure 19), p69

3.1 Overview of the South Sydney Housing Market

The analysis in this section utilises data for an area referred to as the South Sydney Housing Market Study Area (the study area). The study area has been determined having regard for:

- Major boundaries imposed by Cleveland Street to the north, Railway lines to the west and South Dowling Street to the east
- Housing market definition with Redfern, Alexandria and Waterloo being areas that have similar housing market conditions and similar demography
- The geographic boundaries of statistical areas defined by the Australian Bureau of Statistics.

The study area encompasses the Redfern-Chippendale, Erskineville – Alexandria and Waterloo-Beaconsfield SA2 areas⁵, as indicated in Figure 6.

Data for the study area has been benchmarked against the Sydney local government area and Greater Sydney where possible.

Figure 6: Study area



Source: HillPDA

3.2 Demographic snapshot

The study area contained around 71,790 persons in 2016, which was 34.5% of City of Sydney’s resident population. Table 3 details the breakdown of population by age group, comparing the study area with the City of Sydney.

Key demographic indicators relating to the study area obtained from Census 2016 is summarised in Table 3.

⁵ The study area has been defined as an amalgam of Statistical Area Level 2 (SA2). An SA2 is one of the spatial units defined under the Australian Statistical Geography Standard (ASGS) and generally has a population range between 3,000 to 25,000 persons, and an average population of about 10,000 persons.

Table 3: Demographic snapshot – Study Area compared with City of Sydney

Indicator	Snapshot
Age profile	<ul style="list-style-type: none"> The age profile of the study area was reflective of a young workforce and families. In 2016, 67.2% of the population were within the ages of 15-44 years, this was comparable to that recorded for the City of Sydney (67.1%). The study area contained a higher proportion of persons aged 0-14 years (8.1%) when compared to the wider City of Sydney (6.7%). The slightly younger population contained in the study area was also reflected in the lower median age recorded (31 years) which was around a year lower than that recorded for the City of Sydney.
Place of birth	<ul style="list-style-type: none"> The study area has increasingly become more multicultural, evident 54% of residents being born overseas in 2016, a significant increase from 2011, when 44% were born overseas. <p>This growth in multiculturalism has become more in line with that recorded for the City of Sydney at 55% in 2016.</p>
Number of dwellings	<ul style="list-style-type: none"> The study area contained around 36,900 occupied dwellings (including social housing) as of 2016, which was 35% of the City of Sydney's dwelling stock.
Household size	<ul style="list-style-type: none"> Households in the study area were on average larger (2.1 persons per household) when compared to the wider City of Sydney (2.0 per household)
Dwelling type	<ul style="list-style-type: none"> The majority of the dwellings within the study area were apartments (77.0%), which is consistent with the City of Sydney (78%). The proportion of townhouses in the study area is also consistent with the City of Sydney (19%). The study area contained a slightly higher proportion of detached dwellings than City of Sydney (3% and 2% respectively).
Number of bedrooms	<ul style="list-style-type: none"> The majority of dwellings within the study area contained two bedrooms (47%), with the next most common bedroom number being one bedroom dwellings (28%).
Household composition vs dwelling type	<ul style="list-style-type: none"> In detached dwellings, the largest group (36%) were couple families with children. The largest group occupying townhouses contained couples (25%). 28% of apartments within the study area contained lone person households while the City of Sydney had a higher proportion of lone person households (35%). More couples (32%) and families (8%) live in apartments in the study area compared to the City of Sydney.
Tenure	<ul style="list-style-type: none"> The majority of dwellings within the study area were being rented (63%) as of 2016. This proportion was slightly lower than that recorded for the City of Sydney (65%). Of the 6,532 dwellings being rented from a State housing authority within the City of Sydney, 3,275 dwellings or 50% were located within the study area. Of renters within the study area, 32% were lone person households 30 % were couples without children, and 22% were group households. In the City of Sydney, rental dwellings were 36% lone person households, 29 % couples without children and 20% group households. The study area had a greater number of renter households with total weekly incomes below \$500 (15%) compared to City of Sydney (12%). Household income levels varied significantly across the study area. There was a high proportion of renters with \$2,000-\$3,000 weekly household incomes, and also a high proportion of nil and low income renters. Those who owned their houses had higher weekly incomes, with 60% of these households earning above \$2,000 per week.
Income	<ul style="list-style-type: none"> The number of residents within the low income bands (\$1-\$499/week) decreased from 29% in 2006 to 24% in 2016. Higher income groups, \$4,000+/week have raised substantially over the period from around 2% in 2006 to around 10% in 2016.

The following observations are relevant:

- The population is highly diverse indicating the study area requires a diversity of housing types to meet a broad range of housing needs including housing suited to families, couple and lone person households

as well as housing suited to older people. The proposal responds to this need by providing a mix of dwelling sizes and types on site.

- There is a miss-match between the dwelling stock and household size with most dwellings being two bedrooms while lone person and couple household make up a higher proportion of households. This is considered further below.
- Lower income households are being pushed out of the study area by increasing housing costs, indicating that opportunities to increase the supply of more affordable housing options should be maximised as far as possible.
- The recent growth in higher income earners is likely indicative of the higher earners attracted to new housing recently constructed in the area and may be representative of the likely future population in the private market housing proposed for the Site.

3.3 Households

3.3.1 Household composition

Table 4 summarises household composition. Household composition of the study area is comparable to the wider City of Sydney. Couple families without children made up 11% the study area and 9% across the City of Sydney.

Couple families with children made up 27% of the study area, slightly higher than the 26% across the City of Sydney.

The study area had notably lower proportion of lone person households compared with the City of Sydney, 29% versus 33%. The study area also had a lower proportion of group households (11%) which was higher than Sydney LGA (15%) and Greater Sydney (5%).

Table 4: Dwelling composition by household type – Study Area, City of Sydney

	Study Area	City of Sydney
Couple family without children	11%	9%
Couple family with children	27%	26%
One parent family	5%	4%
Other family	2%	2%
Lone person households	29%	33%
Group households	11%	13%

Source: ABS time series data (2016)

Forty per cent of households in the study area have one or two persons compared to yet only 28% of dwellings having one bedroom. This finding is consistent with the policy documents reviewed in section 2 and indicates an ongoing need to increase the stock of smaller dwellings in the study area. The lack of smaller dwellings will be forcing households to rent or purchase dwellings that are larger than needed which unnecessarily contributing to higher housing costs.

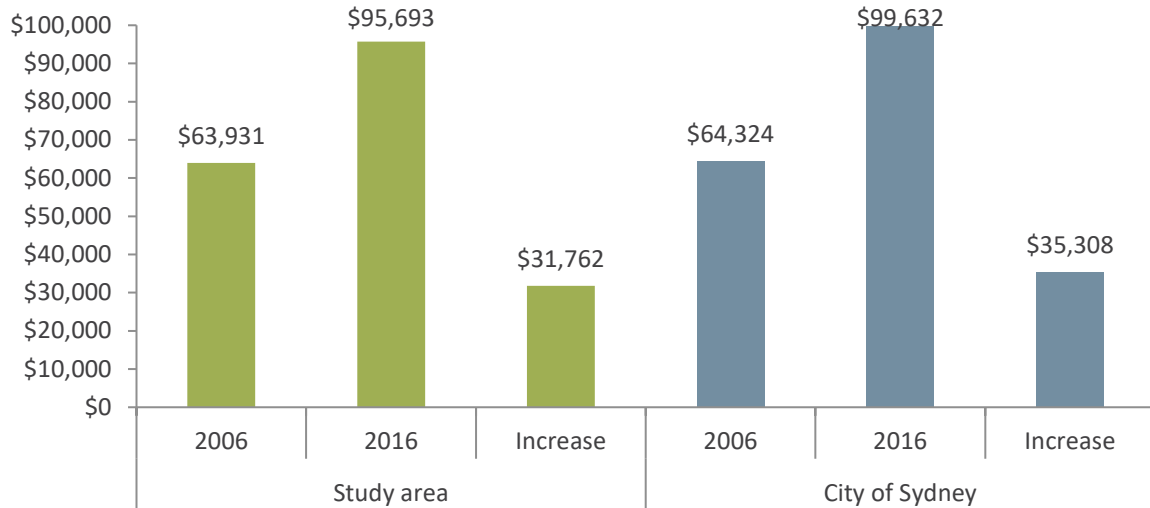
3.3.1 Average household income

In 2006, average household incomes in the study area were reflective of that in the wider City of Sydney. However, over the next ten years incomes increase at a slower rate in the study area, compared to the City of Sydney.

From 2006 to 2016 average household incomes in the study area increased by just under \$32,000 or 50%, reaching just under \$95,700 per annum in 2016. This is compared to the City of Sydney which increased by just over \$35,300 or 55% over the period, reaching an average of \$99,635 per annum in 2016. This is significant

because the converse has occurred with house prices and rents with housing cost increases being greater in the study area than in Sydney LGA (Section 3.5). These increased housing costs represent higher prices people are paying for new developments (since 2006) which are a significant proportion of all development.

Figure 7: Average household incomes



Source: ABS time series data 2016, HillPDA

The recent growth in higher income earners is likely indicative of the higher earners attracted to new housing recently constructed in the area and may be representative of the likely future population in the private market housing proposed for the Site.

3.4 Existing housing supply

Trends in housing typology, bedroom mix and incomes in the study area and City of Sydney have been examined here and previous work undertaken by HillPDA on housing diversity⁶. This section describes how the housing market is changing and what factors are driving the change.

3.4.1 Housing diversity

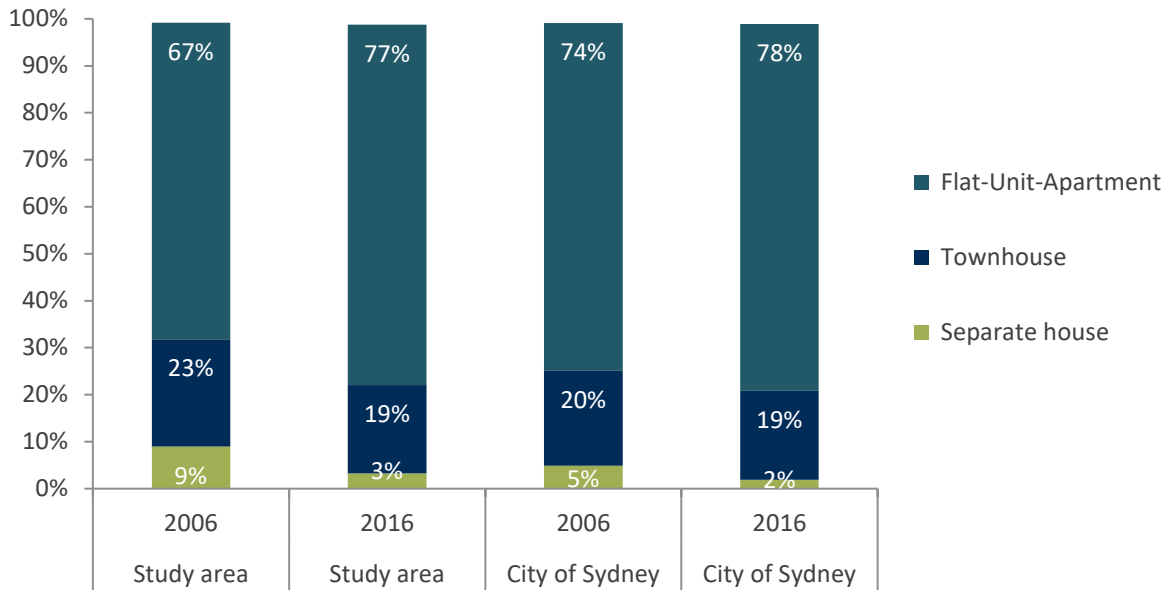
Over the last 10 years the number of privately occupied dwellings within the study area has increased by just over 11,900 dwelling, reaching a total of just over 33,900 dwellings in 2016. This net growth represented around 62% of the 19,200 additional dwellings that were developed across the City of Sydney over the period.

Over this period, the trend within the study area and wider City of Sydney is similar, that is, an increase in the number and proportion of apartment dwellings while a decrease in the number and proportion of detached dwellings.

Over the period, the study area and City of Sydney have seen a proportional decrease in townhouses, however the category has experienced positive net growth over the period (+1,364 dwellings and +2,422 dwellings respectively).

⁶ HillPDA, A Study of Housing Diversity 2015 prepared for UrbanGrowth NSW and the City of Sydney

Figure 8: Proportion of dwelling by type (2006-2016)



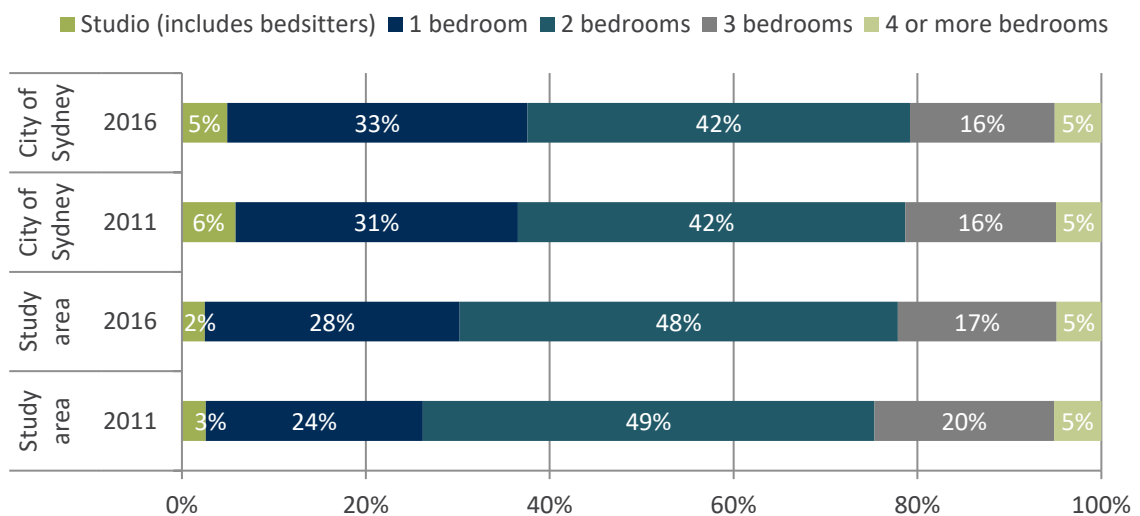
Source: ABS time series, excludes not stated (2016)

3.4.2 Bedroom mix

Figure 9 illustrates the change in bedroom mix between 2011 and 2016. Although all bedroom sizes experienced positive growth over the period (with the exception of studios in the City of Sydney), the most common bedroom mix within occupied dwellings remained two bedrooms across the study area and City of Sydney.

Despite this, the number and proportion of one-bedroom dwellings significantly increased over the period both in real terms and proportionally in the study area and City of Sydney, demonstrating a response to the policy positions outlined in Section 2.

Figure 9: Proportion of dwellings by bedroom mix



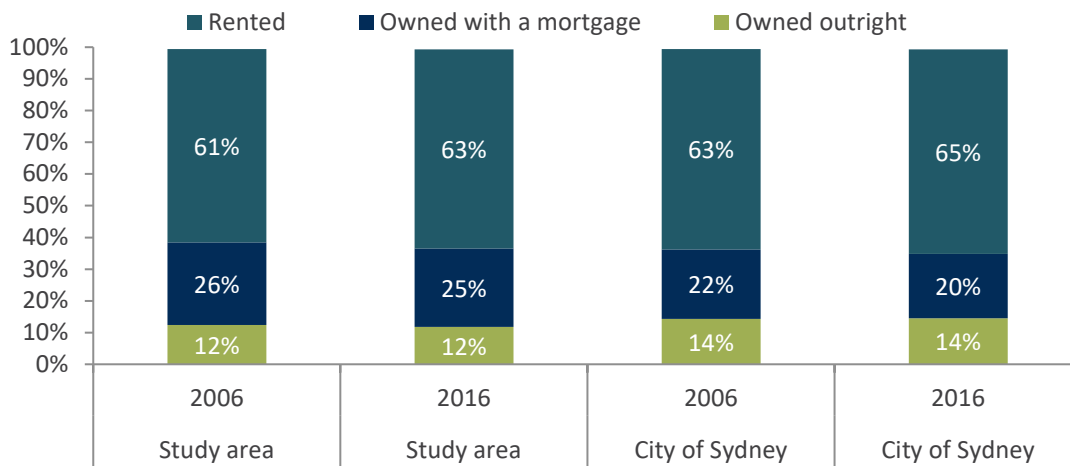
Source: ABS quick stats (2016)

3.4.3 Tenure

Over the last ten years the dominant tenure type within the study area and wider City of Sydney has been renting, with this tenure type proportionally increasing over the period.

Although all tenure types recorded positive growth over the period, in the study area and City of Sydney, proportionally dwellings being owned outright have remained stable while dwellings with mortgages have decreased.

Figure 10: Change in dwelling tenure



Source: ABS time series (2016) – excludes not stated from totals and proportions

Based on the above trend, demand for rental dwellings in the study area is likely to remain strong. The potential for the proposed development to deliver under a build to rent scheme will go some way to addressing this need.

3.4.4 Social housing

Social housing provides secure, affordable housing for people with a housing need on low incomes. Social housing encompasses properties owned or managed by the Department of Family and Community Services (FACS), community housing providers and the Aboriginal Housing Office.

Social housing provides a safety net for people on low incomes (mostly those receiving income support) who face barriers to sustaining a tenancy in the private rental market, but it is just one form of housing in the housing continuum. Access to a social housing property can play an important role in increasing tenants’ quality of life.⁷ While income is a primary eligibility factor, the circumstances of people seeking social housing vary significantly and the reason for seeking social housing can reflect a combination of factors:

- Some households facing rental stress in the private market seek access to social housing properties to reduce the cost of housing to a more affordable level.
- Some access social housing properties because they face difficulties accessing housing in the private rental market. Landlords can, for example, be reluctant to rent to some people, including those with poor rental history and those with complex needs.
- Some people seek the substantially greater tenure security provided in social housing properties compared with the private market. This stability can be highly valued and provide a foundation for tenants to improve their economic participation, settle into and engage with the community, and support their health. For people in a precarious employment situation, the knowledge that they have somewhere to live should they be unable to keep their job provides some peace of mind (Wiesel et al.

⁷ Productivity Commission *Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services Social housing: Chapters 5 to 7*

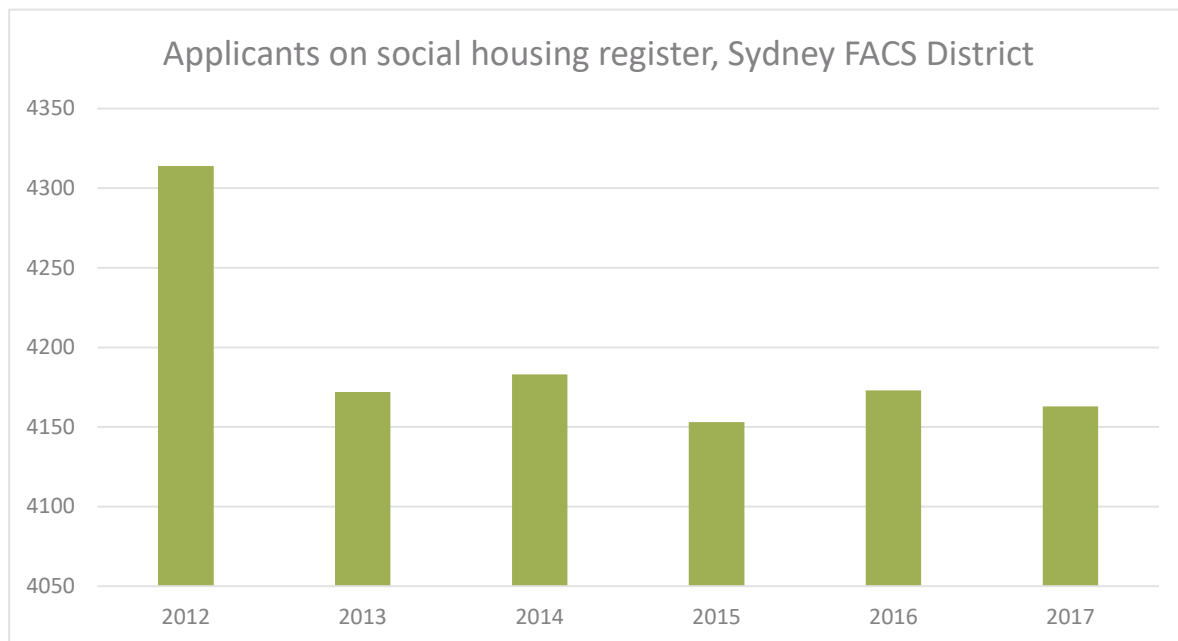
2014). National Seniors Australia (sub. PFR360) stated that undesirable and unplanned relocations can have a negative effect on an older person’s health and wellbeing.

- Access to support services can play a valuable role in assisting people to access and maintain a tenancy, although access to these services may not be a key driver for tenants seeking social housing properties⁸.

There is substantial unmet demand for social housing in Sydney, despite the area having one of the highest concentrations of social housing in NSW.

The waiting list for social housing is at 4 June 2019 for the Inner City Zone was 980 general applications and 437 priority applications, with a waiting time of 5-10 years for all dwelling types⁹. Figure 11 indicates that in the Sydney District there were 4,163 applicants on the social housing register, representing a significant unmet need. The proposed provision of social housing dwellings on the site will go some way to addressing this need by replacing the previous social housing on the site and delivering an overall increase social housing.

Figure 11: Waiting list for social housing, Sydney district



Data at 30 June 2017. Family and Community Services cited at <https://www.facs.nsw.gov.au/download?file=428165>

3.4.5 Affordable housing

Affordable Housing is appropriate for a range of very low to moderate income households and priced so that these households are also able to meet other basic living costs such as food, clothing, transport, medical care and education. Family and community services report that housing is usually considered affordable if it costs less than 30% of gross household income.

Although Affordable Housing is sometimes available for purchase, it is most commonly available for rent. Affordable rental housing may be owned by private developers or investors, local governments, charitable organisations or community housing providers. It is usually managed by not for profit community housing providers.

The City of Sydney Council reports that at October 2018, there were:

⁸ *Ibid.*

⁹ Family and Community Services, cited 28 October 2018 <<https://www.facs.nsw.gov.au/housing/help/applying-assistance/expected-waiting-times>>

- 854 affordable housing dwellings, of which 685 are owned and managed by City West Housing
- 423 affordable rental housing dwellings in the pipeline: developments where a DA has been lodged, a DA has been approved or the development is under construction
- 533 mooted affordable rental housing dwellings: developments of which the City is aware, but have not yet reached development application stage
- 1925 affordable rental housing dwellings projected under planning controls currently under consideration by the NSW Government
- 42 diverse housing dwellings: those dwellings built with a contribution from the City's Affordable and Diverse Housing Fund.

Current development proposals which are yet to be finalised and approved in the Redfern Waterloo area include:

- Metro Quarter site which is expected to include 5-10% of new dwellings yielding up to around 70 affordable housing dwellings
- Waterloo Estate redevelopment project which is expected to include 5%-10% Affordable Housing dwellings.

The above data suggests that the supply of Affordable Housing has been steadily increasing. FACS data on people living in community housing indicates that in the Sydney FACS District, there were 5,550 people living in "community housing" at 30 June 2017. This was an increase from 4,800 in 2012 but a decrease from 6,000 in 2016. The proposed development will contribute to the growing supply of Affordable Housing in Sydney LGA, noting that the amount of Affordable Housing that can be delivered on the site will be determined by development feasibility studies.

3.4.6 Housing affordability

NSW Family and Community Services outline the eligibility criteria for affordable housing in their 2016/17 NSW Affordable Housing Ministerial Guidelines. In this document household income is the defining criteria for affordable housing eligibility, with the median income for Greater Sydney used as a bench mark.

The 2016/17 Guidelines define affordable housing for very low, low, and moderate income households. These categories have been applied to this analysis and are as follows:

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

Table 5 identifies the 2016 median household income in Greater Sydney, according to the ABS. Based on this estimated household income the affordable housing thresholds have been calculated below.

Table 5: Household income and affordability Greater Sydney (2016)

Category	Upper threshold of category	Household income	
		Weekly	Yearly
Median income in Greater Sydney		\$1,926	\$100,345
Very low household income in Greater Sydney	\$963	\$963	\$50,172
Low household income in Greater Sydney	\$1,541	\$1,541	\$80,276
Moderate income household in Greater Sydney	\$2,311	\$2,311	\$120,414

Source: ABS, Cate6401.0 Consumer Price Index, Australia, HillPDA

Very low income household affordability

A very low income household within Sydney LGA, that is, a household that earns 50% of the Greater Sydney median could afford to pay \$289/week on rental repayments in 2016.

This was only 52% of the median market rent for a one bedroom apartment in Sydney LGA and 39% of market rent for a two bedroom apartment.

For a very low income household to pay market rent for a one bedroom apartment they would need to apportion 58% of their income towards rent. Ninety-four per cent of their household income would be needed to pay market rent for a two bedroom apartment.

Very low household income in Greater Sydney

- Median household income (year) - \$100,345
- Very low household income at 50% - \$50,172
- Rental affordability at 30% of median household income - \$289
- 1 bedroom apartment market rent (Sydney LGA) - \$560
- Rental affordability as proportion of market rent - 52%
- 2 bedroom apartment market rent (Sydney LGA) - \$750
- Rental affordability as proportion of market rent - 39%.

Low income household affordability against Greater Sydney median

A low income household within Sydney LGA, that is, a household that earns 80% of the Greater Sydney median could afford to pay \$463/week on rental repayments in 2016.

This was 83% of the median market rent for a one bedroom apartment in Sydney LGA and 62% of market rent for a two bedroom apartment.

For a low income household to pay market rent for a one bedroom apartment they would need to proportion 39% of their income towards rent. While 49% of their household income would be needed to pay market rent for a two bedroom apartment.

- Median household income (year) - \$100,345

- Very low household income at 50% - \$80,276
- Rental affordability at 30% of median household income - \$463
- 1 bedroom apartment market rent (Sydney LGA) - \$560
- Rental affordability as proportion of market rent - 83%
- 2 bedroom apartment market rent (Sydney LGA) - \$750
- Rental affordability as proportion of market rent - 62%.

Rental affordability

Of households in the study area that were renting, 6,379 households or 43% were experiencing housing stress (Table 6). That is, 43% of households were paying 30% or over of their household income on their rental repayment. This proportion was 1% less than that experienced across Sydney LGA and the same as that recorded for Greater Sydney.

Table 6: Number of households experiencing rental stress

Households	Study area	Sydney LGA	Greater Sydney
Total households	36,780 ¹⁰	110,005	1,858,529
Total households not applicable*	22,051	65,823	1,388,180
Total households applicable	14,729	44,182	470,349
Total households in stress (Proportion that spend 30% and over of income on a mortgage repayment)	6,379 43%	19,249 44%	173,083 42%

Source: ABS, HillPDA - *household income stated as Partial income stated, all incomes not stated, not applicable and repayments stated as Not stated and Not applicable

3.5 Implications

The housing affordability analysis indicates that:

- Retaining and/or improving housing choice within the study area and the City of Sydney is a real and growing challenge
- Whilst historically a range of factors have enabled a diversity of dwelling and household types to reside within the Sydney LGA (such as social housing, lower entry costs etc.), its growing attraction as a place to live is positively influencing property prices which in turn increases barriers to affordability and therefore diversity
- Of the households within the study area that were renting, 36% were experiencing rental stress. That is, 36% of household were paying 30% or over of their household income on their rental repayment
- The housing affordability challenge in Sydney is affecting more than just the socially disadvantaged or low income earners
- People on very low or low incomes cannot afford to rent a 1 or 2 bedroom apartment in the Sydney LGA. People on a moderate income could afford a 1 bedroom but not a 2 bedroom apartment
- Owing to a combination of demographic changes, affordability issues and the characteristics of existing housing stock, the most significant actual forecast demand will be for studio and one bedroom dwellings

¹⁰ HillPDA notes that dwelling numbers vary due to inconsistency in census data

- The household types that will be able to afford 2 or 3 bedroom dwellings will be more affluent increasing the proportion of residents in the higher income bands at the expense of those in the lower. As a result, these new residents are also more likely to be middle aged and higher income earning residents at the expense of a younger population - a demographic that is already well represented in the Sydney LGA
- If left unabated the housing affordability gap will continue to widen. This will lead to less social and economically diverse communities and in turn have the knock-on effect to Sydney's productivity and appeal as a global city.

The present housing market is not providing a diverse range of affordable housing for households on very low, low or moderate incomes. Having regard for the above:

- The proposed provision of up to 30% social housing on the site will make a meaningful contribution to the supply of social housing to continue to support a diverse community
- The proposed provision of 5%-10% of Affordable Housing on the site is an appropriate response given the housing affordability crisis in the Sydney LGA
- The proposal could provide a high proportion of studios and one bedroom dwellings to match with the high proportion of lone person households and couple households in the study area, and the relative affordability of the smaller housing products would encourage greater population diversity
- The proposal should target housing delivery that permits the transition people from social housing to market housing, providing an intermediate step in terms of rents while maintaining social ties.

MIXED TENURE OPTIONS

4.0 MIXED TENURE OPTIONS

Delivering a successfully integrated community on the site will require different tenures to be seamlessly integrated. This can minimise neighbourhood effects of concentrations of low-income households and avoid prejudice against low-income households. The way in which integration occurs has implications for the ongoing management and maintenance of the development also.

This section outlines a number of possible approaches to mixed tenure development having been informed by case study analysis summarised at Appendix A. The aim of this section is to meet Study Requirement Item 19.1 which seeks justification for the tenure mix proposed within the Site.

4.1 Social mix

The NSW government's *Future Directions for Social Housing in NSW* includes directions for the redevelopment of Land and Housing Corporation properties in Action 1.1. This action mandates that 'large redevelopments target a 70:30 ratio of private to social housing to enable more integrated communities (generally with an increased number of social housing where practicable)'. This social mix is chosen to encourage integration among communities and enhance economic opportunity for social housing residents. The 70:30 ratio of 70% private housing and 30% social housing is referenced from other government policies, industry standards, international benchmarking and development feasibility.

The policy for increased social mix in urban areas is based on the understanding that concentration of disadvantaged people in urban areas compounds inequality. Across Australia, social mix is included in government policy because links have been found between heterogeneity of residents of different tenure type and income levels, and an increased sense of community.¹¹

Mixing tenure and tenant profiles also enables affordable housing providers to cross-subsidise developments to enhance project feasibility.¹² A mixed tenure development may use the money from selling 70% of the land to fund the construction and ongoing costs of 30% of the GFA as social housing.

The ratio of social to private housing varies across developments and municipalities. The success of a mixed tenure community depends on factors such as design, participation and building management.

4.2 Approaches to mixing tenures

Four approaches to achieving a mix of tenures are set out below:

¹¹ Kathy Arthurson, (2012), *Social Mix and the City: Challenging the Mixed Communities Consensus in Housing and Urban Planning Policies*, CSIRO Publishing, p. 97.

¹² Bill Randolph, Laurence Troy, Vivienne Milligan, Ryan van den Nouweland, (2018) *Paying for affordable housing in different market contexts, AHURI Final Report No. 293*, Australian Housing and Urban Research Institute Limited

Common approaches to achieving tenure mix


	<p>A salt and pepper approach – unit by unit</p> <ul style="list-style-type: none"> • Salt and peppering of private affordable and social housing within building (also referred to as a ‘Pepper Pot’ approach)
	<p>Groupings within buildings – stacked floor by floor</p> <ul style="list-style-type: none"> • Residents are grouped within a building by tenure type
	<p>Groupings by buildings – building by building</p> <ul style="list-style-type: none"> • Salt and peppering of private affordable and social housing within separate buildings across on site
	<p>Banding of tenures across a site – block by block</p> <ul style="list-style-type: none"> • Salt and peppering of private affordable and social housing within separate buildings across on site

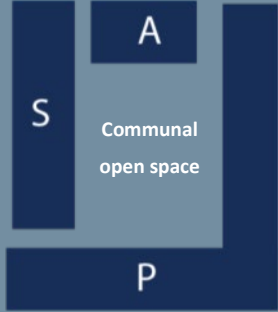
Source: Adapted from Rudolf and van der Nouwelant (2016)

The following table shows how tenures could be located across the site and the various advantages and disadvantages of each approach. Ultimately, the location of social and affordable rental dwellings on the site will be dependent on a range of factors including how they are to be delivered and the ongoing management arrangements.

Table 7: Potential approaches to tenure mix within the site

Social Mix Approach	Benefits	Challenges	Implications
<p>OPTION A</p> <p>Salt & peppering of private, affordable and social (within the one building)</p> 	<ul style="list-style-type: none"> • Locates social and affordable housing with market rental dwellings within the same building • Considered by some academics as the 'optimum' social mix where properties are indistinguishable from each other in terms of appearance and residents live side by side and share communal property • High degree of integration and social advantage • Reduced concentration of social and affordable housing 	<ul style="list-style-type: none"> • Developers may find this approach difficult to finance • Marketability of private rental dwellings may be difficult due to the presence of social housing tenants and to a lesser extent affordable housing tenants • LAHC may have less control over design and standards of social housing dwellings • Increased management costs due to dispersal of dwellings and to maintenance and repairs of common property (which may include pools, highly landscaped areas etc) • Social housing tenants may be separated from their friends/family/community <p>*Note: CHPs may manage the social dwellings for LAHC</p>	<ul style="list-style-type: none"> • Reluctance of developers and market to support this approach • Feasibility of overall development may be impacted • Design of buildings critical to ensure a 'tenure blind' approach (this applies to all options) • Potential for increased development/ongoing management/maintenance costs for LAHC (social) and CHPs (affordable) • Change in approach may lead to loss of credibility for the Communities Plus Program e.g. the renewal of the public housing estate in Carlton, Melbourne was intended to have social housing salt and peppered throughout the private buildings. This has not eventuated where social housing tenants have been housed in their own buildings with no access to 'private' communal open space

Social Mix Approach	Benefits	Challenges	Implications
<p>OPTION B Different tenures 'stacked' within a building</p> 	<ul style="list-style-type: none"> Residents of the same tenure live together on determined floors within the same building LAHC may be able to control the design and standard of their dwellings Social mix achieved although not as integrated as A above 	<ul style="list-style-type: none"> Marketability of private apartments may still be an issue due to the presence of social housing tenants Potential for increased construction costs—additional, separate lift cores, separate entrances etc Managing communal open space – who should have access? Concentration of social housing tenants in comparison to A above 	<ul style="list-style-type: none"> Reluctance of developers to support this approach Feasibility of overall development may be impacted If private communal space and facilities are provided for private residents only and fenced off, this may lead to an increase in perceived social disadvantage Social housing tenants located on lower floors – this may lead to increase in perceived social disadvantage Design of buildings critical to ensure a 'tenure blind' approach Higher degree of management and maintenance may be required for LAHC and CHPs

Social Mix Approach	Benefits	Challenges	Implications
<p>OPTION C Salt and peppering of social, affordable and private buildings (within a block)</p> 	<ul style="list-style-type: none"> • Social mix still achieved (e.g. three tenures within a block) • Developers more likely to support this approach • Increased marketing opportunities for private dwellings • Financing may be easier to achieve • LAHC could work with the developer to design (size of apartments) and set the standard for their dwellings and buildings • Lower management costs for both the social and affordable housing buildings in comparison to A and B above 	<ul style="list-style-type: none"> • Social mix still achieved although less integration than A and B above • Managing communal open space – who should have access? • Location of public open space where all residents can integrate is important 	<ul style="list-style-type: none"> • Potential increased management costs if LAHC/CHP have to contribute to management/maintenance of open space • Design of buildings critical to ensure a 'tenure blind' approach • Careful design for communal open space required to avoid perceived social disadvantage, if social housing tenants denied access to communal facilities (refer to Carlton redevelopment Melbourne where large gates were erected). See picture below

4.3 Previous lessons learned

A review of experiences in a cross section of mixed tenure developments has identified a number of lessons learned, in relation to tenant and provider experiences as summarised below.

Managing the mix of dwellings on the site

- A mix of tenure types and income levels is associated with stronger community cohesion.
- Mixing tenure and tenant profiles also enables affordable housing providers to cross-subsidise developments to enhance project feasibility.
- Timeframes of development projects and the nature of changing property markets mean that actual delivery can differ from initial plans, with the social or affordable components being reduced. Statutory mechanisms to “lock in” social and Affordable Housing are necessary to avoid a reduction from planned provision.
- Developments that have sought to implement the salt and pepper approach have generally undergone a change in approach prior to completion, in response to marketability concerns. In some instances, the project has been brought into increased public scrutiny and controversy through the change in approach. Settling on an achievable approach to tenure mix at the outset is advisable.
- Separation of tenures provides increased efficiencies in building maintenance and service delivery to social housing residents.
- The development should aim to ensure external building quality is indistinguishable between tenures. Where observable differences between tenures have occurred, there has often been a public outcry against the inequality.
- While the building will be in Government ownership, the day to day running of the building will affect various interest groups (tenures). Building management structures will need to be in place that meet the needs of all tenure groups.
- Transparent governance and decision-making processes can assist in assuring the community that decisions regarding social and affordable dwellings are appropriate.

Determining an appropriate mix

There is no clear approach to determining the appropriate mix of tenure type on a specific site. The review of previous experiences suggests that the optimum mix will be a balance of market considerations, operational considerations and the desire to achieve positive social outcomes. Ultimately, LAHC will need to balance all of these considerations to determine the appropriate tenure balance.

The review of mixed tenure projects at Appendix A found the following observations which are relevant:

- Since the Community Plus program began, projects have generally adopted a 30% social and affordable dwellings and 70% market dwellings split. This seems to be in response to the stated policy position in *Future Directions in Social Housing*. The concept proposal is consistent with the stated policy position.
- Of the case studies examine in Appendix A, most project opted for a social mix where by 25 -30 percent of dwellings were social or affordable dwellings, suggesting a high degree of comfort from an operational perspective with this range of social mix.
- Some previous mixed tenure projects that have attempted to implement a higher proportion for a high mix (e.g. 50:50) have been successful in circumstances where considerable effort has been placed on selecting social and affordable housing tenants which will be comfortable in the setting and “fit in” with other residents on site. While residents have reported a high degree of satisfaction with this approach, operators have found the approach to be time consuming with reduced long term flexibility in allocating social housing tenants in need of housing.

- In some cases where a higher proportion of social and affordable housing tenants were planned for at the commencement of the project, this was revised downwards prior to construction in order for the development to remain feasible in changing market conditions.

On balance, the proposed tenure mix is consistent with current NSW Government policy and offers a degree of a high degree of comfort in terms of deliverability certainty, based on past examples of similar projects.

ASSESSMENT

5.0 ASSESSMENT

The Reference Scheme provided by LAHC has been assessed in the context of the items 19.1 and 19.2.

5.1 The amount of social, affordable and market housing

The City of Sydney Planning Proposal Lodgement Checklist requires the justification of land use and housing tenure mix (including assessment against relevant strategic directions under the City's draft Local Strategic Planning Statement and Local Housing Strategy). Item 19.1 of the study requirements seeks justification in relation to the proposed tenure mix.

The Reference Scheme anticipates a dwelling yield of approximately 327 dwellings comprising a tenure mix of up to 30% social housing, 5%-10% affordable housing and 60%-65% private rental housing with the final tenure mix subject to detailed design.

The development yield and indicative tenure mix has been assessed in the context of the *Future Directions for Social Housing in NSW*, the renewal of Waterloo Estate and the housing needs analysis undertaken in Section 3 of this report. The assessment has found that:

- The proposed mixed tenure approach to developing the Site, which includes the provision of social, affordable and market housing, is consistent with the actions and policy directions in *Future Directions for Social Housing in NSW*.
- The proposed tenure mix in the Reference Scheme is generally consistent with that expressed in *Future Directions for Social Housing in NSW* which proposes up to 30% social and affordable housing and 70% private housing.
- The proposed delivery of 5-10% of dwellings as affordable dwellings is consistent with the need for more affordable dwellings in the study area to address housing stress and meet the housing needs of key workers, as established in section 3 of this report.
- The commitment to provision of up to 30% of dwellings as social housing on the Site could result in up to 98 new social housing dwellings which:
 - Is generally consistent with the intent of *Future Directions for Social Housing in NSW*
 - Will make a significant contribution to the social housing stock in Inner Sydney, an area with an established long term shortage of social housing
 - Will support the staging of the Waterloo social housing estate through relocation.
- The remaining balance of private dwellings is likely to go some way towards meeting the housing needs of the study area as outlined in Section 3, noting that the Reference Scheme provides capacity for housing to be delivered at a variety of price points and sizes.

Consequently, the Reference Scheme and proposed tenure mix is consistent with current government policy, would support the delivery of positive outcomes on the site, and would make a significant contribution towards meeting the housing needs of the study area.

The review of experiences in other locations suggests that the proposed tenure mix is suitable for supporting an integrated community. However, the successful execution of a mixed tenure community relies on implementation that responds to past lessons learnt. For example, case studies outlined in Appendix A indicate that mixed tenure developments are most successful when all residents have equal access to communal spaces such as courtyards, lobbies, gardens or BBQ areas. Holistic management protocol can be established to support the residents' wellbeing during operation. These implementation and operation processes will help support integration across the tenure mixed outlined in the following section (5.2).

While the proposed development will make a positive contribution to increasing housing diversity through increasing the supply of social, affordable and private dwellings, the need for affordable housing in the City of Sydney LGA is high and is expected to remain high for the foreseeable future.

5.2 Mixed tenure options

Item 19.1 of the study requirements states that this report should “include consideration of mixed tenure options and lessons from recent social housing in renewal projects.” The review of mixed tenure options in section 4 found that each approach to tenure mix has advantages and disadvantages.

At this stage, a building by building tenure mix is considered most likely to allow efficient management and maximise marketability for developers. However, the body of research on mixed tenure developments is growing with each new development that is delivered. It is suggested that LAHC’s experiences in other mixed tenure development sites, that are currently progressing through the planning and construction phases, will provide a useful basis for further consideration of the most appropriate approach to tenure mix on the Site. This supports a delayed commitment to the approach to achieving tenure mix on the Site.

The Reference Scheme is able to accommodate any of the three tenure mix options described in Section 4.0:

- Based on the case studies reviewed, a building by building approach to tenure mix appears to offer some advantages in terms of maintenance, management and ease of strata subdivision. The separated buildings in the Reference Scheme will allow for tenure separation on a building-by-building model
- A salt-and-peppering approach to tenure mix, where tenure types are mixed across the site and throughout buildings, could be implemented under the Reference Scheme. This approach would achieve a high degree of social integration but would most likely resulting in increased maintenance costs and management issues.
- The Reference Scheme is capable of a stacked or floor by floor approach to tenure being mixed within a building. This approach may provide more opportunities for residents of the same tenure to live together. However, this approach would require a strata agreement across all buildings on the site.

A critical outcome in tenure mix approaches relates to all tenure groups having equal access to communal facilities including open space. The Reference scheme shows that all buildings have the ability to access the central communal area and the external open plaza areas which will help encourage interaction with the new and surrounding residents. Developing a clear strategy for the management of communal space and access to communal space by social housing residents at an early stage can avoid conflict and cost efficiencies.

Similarly, it will be important that development results in tenure-blind housing, where by social housing dwellings and affordable dwelling are indiscernible from market dwellings. The Reference Scheme is capable of permitting a tenure-blind development. Design elements to support a tenure blind development will need to be considered at the detailed design stage.

If social and affordable housing is to be provided on a building-by-building model, the social housing should be located on the site so as to contain dwellings of design and price-point unnoticeably different from those that are private dwellings. That is, dwellings in the social housing building should receive as many sunlight hours as private and affordable dwellings, and should have equally convenient access to communal space, noting that some communal space in the Reference Scheme receive less sunlight than others. The northern communal area on Kettle Street, is identified as a public space and due to its northern aspect will receive the most solar access compared to other ground level communal areas. It will therefore provide equal access across tenure types.

5.3 Consistency with NSW Government Commitments

Item 19.2 of the study requirement requires this study to demonstrate “how the proposal is consistent with the NSW Government’s commitment to delivering more Affordable Housing in “A Plan for Growing Sydney” and the

affordable rental housing target of 5% to 10 % of new floor space highlighted in the revised draft Eastern City District Plan particularly for Government led urban renewal projects.”

As noted earlier, *A Plan for Growing Sydney* has been superseded by *A metropolis of three cities - Greater Sydney Region Plan* which establishes a target for affordable housing as follows:

Within Greater Sydney, targets generally in the range of 5–10 per cent of new residential floor space are viable, including the parameters set out above, noting that these parameters will be tailored to each nominated area.

The assessment of the Reference Scheme has found that:

- The proposed tenure mix has been derived on the basis of a dwelling mix, rather than mix of gross floor area. Consequently, at this stage a direct comparison between the Reference Scheme and the NSW Government’s suggested target of 5%-10% of new residential floorspace, is not possible. A direct comparison will be possible once more detailed planning has been completed.
- While a direct comparison is not possible, the proposal for 10% of dwellings as affordable dwellings appears to be broadly consistent with the affordable housing target set by Greater Sydney in the *Greater Sydney Region Plan*.

6.0 CONCLUSIONS

LAHC are proposing to redevelop 600-660 Elizabeth Street Redfern for a mix of social, affordable and private housing in a build to rent scheme. The Reference Scheme for the proposed development has been assessed having regard for current government policy, previous lessons learned in mixed tenure developments, and the housing needs of the study area.

The proposed rezoning is consistent with current state and local government policy. *Future Directions for Social Housing* indicates the Government's commitment to increasing the supply of social and affordable housing to provide a better experience for residents. The Reference Scheme is consistent with that policy position and will increase the supply of social, affordable and market housing in an area where there is a strong need for additional housing to meet a range of needs. The Reference Scheme seeks to maximise the housing delivery from the site. The provision of up to 30% of dwellings as social housing on the site will make an important contribution to social housing in an LGA with high need. It will also assist LAHC to implement the redevelopment of Waterloo Estate. The tentative proposal for 5-10% of dwellings as affordable housing is broadly consistent with the Greater Sydney Commission's target. Overall, the tentative tenure mix is considered to be reasonable, noting that further refinement will occur when more detailed planning and development feasibility is available.

The analysis of housing needs indicates that the study area and Sydney LGA have a high need for more affordable housing options. The proposed scheme can contribute to a supply of smaller, more affordable private rental dwellings that are suited to one or two person households. This will make an important contribution to refocussing the housing stock to current demography.

APPENDIX A CASE STUDIES

This appendix reviews previous approaches to implementing a mixed tenure development. It identifies lessons learned and matters that warrant further consideration.

A.1 Kensington Melbourne-building by building approach

In the late 1990s, the Victorian Government announced an intent to demolish Kensington’s public housing estate which comprised 18 four storey walk-up buildings and three 20-storey towers. Over time the project evolved into a proposal to develop a model for inner-city social housing estates with the redevelopment of the site on a 50:50 social /-private mix basis¹³. All the walk-up buildings were demolished but only one of the three towers was demolished and replaced with a combination of new social and private housing. The redevelopment was a pilot project for a public private partnership funding model in which the government sold the land allocated for the private housing to the developer, which was then sold on without constraint.

There were 694 public units on the estate prior to the redevelopment, of which 486 (all the walk-ups) were demolished. These were replaced by 205 new public units and 16 additions to the two remaining towers. There are now 224 units in the towers, resulting in a total of 429 public units on the estate – a reduction of 265 public units. The new build at Kensington is 30:70 public to private. There were 512 private units built (57 more than in the original plan, with the approval for the increase given in 2008). The finished project therefore has 497 private units, 15 community units and 429 public units – a total of 941 dwellings. Counting the community housing as public the total public to private mix is 47:53. However, overall there was a one third reduction in public housing dwellings. Also, the new dwellings were smaller on average than those replaced, meaning the density increase in floor space is lower.¹⁴

Change in dwelling mix in Kensington

No. of bedrooms	1998	Post redevelopment (2012)			
		Public	Community	Private	Total
Studio and 1 br units	142	231	-	133	364
2 br family units	256	122	15	323	460
3 br family units	296	68	-	41	109
4 br family units	-	8	-	-	8
Total units	694	429	15	497	941
Per cent	100				100

Source: Adapted from Jama and Shaw (2017) “Why do we need social Mix?”

The new estate continues to be a mix of dwelling types, incorporating walk ups, terraced housing, two of the original towers, and several other medium density apartment blocks. The redeveloped estate also has extensive landscaping, new roads, pathways and infrastructure, and is reasonably well-integrated physically with the surrounding area.

¹³ Jarma A and Shaw K (2017) Why do we need social mix? Analysis of an Australian Inner City Public Housing estate development, University of Melbourne.

¹⁴ Ryan van den Nouweland & Bill Randolph (2016) Mixed-tenure development: Literature review on the impact of differing degrees of integration, Report to Frasers Property Australia

Upon completion, the arrangement of tenures between dwellings within Kensington was predominately block by block with four of the 21 buildings on the site having a mix of tenures. The remaining buildings were either exclusively social or private dwellings with separate entrances.

It is reported that:

*“the objective of integrating the tenure types has been successful, with the construction quality and building-by-building distribution making the tenures indistinguishable. The continued use of the two tower blocks negates this somewhat, both as a visually distinct building and an ongoing clustering of public housing. It is noted that the building-by-building approach was adopted despite initial discussions of a 'salt and pepper' mixing, and that the designated public and private buildings are themselves separated by careful landscaping”.*¹⁵

Communal space in Kensington



A.2 Carlton Melbourne – planned integration within buildings

The Carlton public housing estate is located in the inner-north of Melbourne. The public housing estate was constructed in the 1960s and originally consisted of seven high-rise towers ranging from 12 to 20 storeys, and 15 four and five storey walk-up buildings in two separate precincts.

The Carlton redevelopment project was announced in December 2005 by the Victorian Government and proposed the redevelopment of two precincts and a third former hospital site in what would be the largest mixed-tenure development undertaken in Australia, with all the walk-ups to be demolished and replaced with a mix of public and private housing. The project was managed by government, with Australand and the Citta Property Group as developers (DHS 2016).

The redevelopment aimed to integration of the estate with the local Carlton community, primarily through the introduction of a mix of public and private dwellings on the estate comprising:

- High quality urban design of the new housing products
- Landscaping features to de-stigmatise the estate.

¹⁵ Shaw 2013

- A supply of efficient modern units and buildings that address current housing demands.¹⁶

Commencing in 2009, the \$350 million project will deliver 246 public housing units and 800 private sale apartments by completion in 2020¹⁷ The project has been staged to deliver the social housing components early in the life of the project. A range of housing needs are being met by the project with a strong aged housing component in addition to a focus on a public and private mix of tenures. The project includes a community wellbeing precinct providing aged care living, rehabilitation services and child care services.

Table 8: Social housing dwellings in the Lygon/Rathdowne precinct



Source: Jama and Shaw (2017)

Tenure composition and population numbers of the estate pre-redevelopment and projected numbers post-redevelopment are provided in the table below. There were 1,036 public units on the estate prior to the redevelopment, most of which were in the towers. The walk-ups contained 192 units, all with 3 bedrooms, housing 510 residents immediately prior to their demolition (Office of Housing 2006). The 192 walk-up units were replaced by 246 new public units (five more than projected), producing a total of 1,090 public units on the estate in line with the government's claim that there would be no decrease in public housing (DHS 2016; Office of Housing 2006). The new units are a mix of one, two and three bedrooms however (DHS 2016), necessitating fewer bedrooms (and therefore tenants) overall.

Projected public and private dwellings post-redevelopment

Precinct Walk-ups:	Pre-redevelopment public housing units	Projected post-redevelopment			Projected total increase in dwellings
		Public units	Private units	Total	
Lygon/Rathdowne Precinct	136	107	245	352	216
Elgin/Nicholson Precinct	56	94	140	234	178
Keppel/Cardigan Precinct	0	40	164	204	204
Total	192	241	549	790	598
Towers:					
Lygon/Rathdowne and	844	844	0	844	0

¹⁶ DHS 2009 cited in Jama and Shaw (2017)

¹⁷ Victoria Health and Human Services (2018)

Precinct Walk-ups:	Pre-redevelopment public housing units	Projected post-redevelopment			Projected total increase in dwellings
		Public units	Private units	Total	
Elgin/Nicholson Precinct					
Grand total	1,036	1,085	549	1,634	598
Per cent	100%	66.4%	33.6%	100%	57.7% increase

Source: Victorian Office of Housing 2006, cited in Jaman and Shaw (2017).

There is some conjecture that despite maintaining the number of public housing dwellings, a reduction in the number of social housing tenants has occurred due to changes in the mix of dwellings and a reduction in the number of three bedroom dwellings. Jaman and Shaw (2017) estimate that there are 146 fewer social housing tenants in Carlton than before the project redevelopment project. However, these estimates appear to assume that all three bedroom dwellings on the site previously would have been occupied by three people, when this may not been the case. Regardless, the case study highlights the need to consider tenant numbers as well as dwelling numbers.

Over the life of the project, there has been a significant increase in the number of private dwellings. The 2006 projections had 729 residents in 549 private units. The private part of the development is still under construction, and the DHS website in 2016-7 forecast “approximately 800 apartments for private sale¹⁸.” The total public to private mix will thus be 1,090 to ~ 800, or 58:42 including two pre-existing public housing towers. Excluding the public housing towers from the calculations, the new build component is 24:76 public to private. The increase in proposed private dwellings appears to have occurred after the number of social housing dwellings had been “locked in,” potentially representing a lost opportunity to capture more from the private component of the project to cross subsidise the social housing.

The original masterplan for the project proposed a ‘salt and pepper’ arrangement of tenures with public and private units scattered throughout the same buildings. However, it was later determined that a ‘block by block’ distribution would be preferable as a more “workable solution in terms of market response and future management of the overall site”¹⁹. A change the tenure mix occurred in response to financial pressures on developers during the global financial crisis, who sought to justify the change on a concern that fully integrated social mix would have deterred potential private buyers and renters²⁰.

The ‘block by block’ arrangement sees all new buildings separated according to tenure with separate entrances and parking lots. Further, the private residents of the Lygon/Rathdowne precinct have exclusive access to a courtyard which has been partitioned from the neighbouring public precinct by a 1.8 metre wall²¹, presenting a significant barrier to interactions between residents of different tenures. The marketing of the private component of the redevelopment is reported to have emphasised its exclusivity²².

This approach, when combined with the fact that the social housing component of the project occupies a smaller site with increased densities, has in effect resulted in an increased concentration of social housing tenants at the small area level. Critics have pointed out that at a neighbourhood level, the land area for private housing has increased and the area for public housing decreased.

¹⁸ Jaman and Shaw (2017)

¹⁹ Government of Victoria, 2007, p. 73

²⁰ Leven 2014

²¹ Levin et al. 2014

²² *ibid*

A.3 One Riverside Park New York –clustering within a building

In One Riverside Park in New York, affordable housing was designed to form a separate part of the building to private housing. Located on the, the Upper West Side, the development includes 219 apartments under condominium title, and an additional 55 apartments rented through the NYC Housing Partnership²³. The two tenure types occupy separate sections of the building and are serviced by separate facilities and separate entrances.

Separating the two tenures within the building required several legal and design decisions at an early stage of the project development. High rise buildings often incorporate multiple entrances and, in that sense, the overall building design was not unusual. However, separating the building into two legal arrangements (the condo scheme and the affordable housing component) and two housing types with separate services and entrances required a design response²⁴. It is reported that separation of tenures reduced the effective subsidy needed to provide the affordable housing in that location and provided some efficiencies for the affordable housing provider²⁵.

The inclusion of affordable housing in the development gave the developer significant tax and planning concessions in terms of building height and floor space ratio, facilitating the inclusion of some large apartments (penthouses) with sweeping views. Consequently, the difference in occupant incomes was extreme with market apartments selling between \$1.5M and \$25M. The case study provides an example of affordable housing delivery at the “high end of town.”

The separation of uses was widely criticised in the press. Regardless, over 90,000 applications were received for the affordable housing units²⁶. Affordable housing tenants saw benefits from the location of the development through good access to amenities and jobs, irrespective of their separation from private residents.

However, there are stark differences between the services available to the affordable housing tenants and those in the condominiums. The condominium’s luxury positioning meant residents have access to a pool, gym, private cinema, bowling alley and rock-climbing facility. But separating the affordable housing meant none of these facilities are available to affordable housing tenants. In addition, the affordable housing does not have dishwashers and internal laundries. There was also heavy criticism at the symbolism of separate doors and that the affordable apartment door was architecturally hidden (see figure below). Ultimately, the outcry about the ‘poor door’ feature led to amendments to the NYC’s inclusionary zoning scheme to prevent the situation from arising in a similar way in future developments²⁷

Separating the tenures within the building, depending on how it is realised architecturally, runs the risk of narratives of ‘poor doors’ with the potential to undermine of social cohesion across the community²⁸. There is a related issue of differential access to amenities and facilities such as private communal open spaces delivered as part the development.

²³ oneriversidepark.com, housingpartnership.com/40riversideboulevard

²⁴ Rudolph, 2018.

²⁵ Ibid.

²⁶ Ibid

²⁷ Schwartz, 2016.

²⁸ Ibid.

Contrasting entrances led to the affordable housing being labelled the “poor door”



Source: the New York Times

Clustering each tenure in different parts of a building was perceived to have offered benefits in efficient service delivery and tenancy management. It also means any subsidised component can be separated from a strata scheme. However, over time, there is the potential for differences in maintenance standards and building works between the two schemes to undermine the long term ability to ensure different tenures are held to the same by-laws and operational, maintenance and living standards. Further, the structure and operations of building management committee or the like for the affordable housing component are not as regulated as strata committees, and this can add uncertainty and risk to affordable housing providers through the potential for unplanned management costs.

A.4 Inkerman Oasis, St Kilda – Small scale integration

Developed between 2000 and 2012, this six-building, 267-apartment complex was built on a former municipal depot in the inner-city Melbourne neighbourhood of St Kilda. The project delivered four social and 28 affordable housing units which collectively comprised 13% of the development. These apartments have been managed, and for the most part owned, by Port Phillip Housing Association²⁹.

While 13 of the affordable housing units were clustered as a seniors housing community, the remainder of the affordable apartments were pepper-potted throughout the development³⁰. Externally the affordable housing is indistinguishable from market housing, and unit sizes were in some cases more generous.³¹ Sometime after construction, some internal fittings were changed to enable ongoing maintenance efficiencies for the community housing provider and to meet the provider’s disability access requirements.

²⁹ Randolph et al (2016)

³⁰ Ibid

³¹ Ibid

A subsequent survey of tenants found that most occupants of the market housing had a neutral or no opinion on the presence of the non-market housing and tenants of the affordable housing were also happy with Port Phillip Housing Association's representation of the wider body corporate.

A.5 The Nicholson, East Coburg – holistic management framework

Completed in 2011, this 199-apartment complex with a commercial ground floor includes 58 apartments owned by Homeground, a homeless support service and registered community housing provider of which 40 are for community housing and 18 are social housing to support tenants transitioning out of homelessness³². Places Victoria facilitated an additional 31 apartments to be rented through the National Rental Affordability Scheme. The remainder were sold on the open market, with around 65 owner-occupiers and 15 to other investors (i.e. beyond the NRAS component).³³

To provide an integrated building management, not-for-profit agency Urban Communities manages both owners' corporation and individual tenancies for the social and affordable apartments. The agency has also been appointed as the agent for some of the private rental apartments. This holistic place management framework includes cleaning and maintenance. It aims to ensure effective ongoing management across to meet the diverse needs of owners and occupants. It also provides some control and vertical integration of the management costs to reduce the risks and outlay of different owners.³⁴

Although it did not explicitly address the nature of the distribution of the tenures throughout the development, one evaluation of the project did find a high level of satisfaction from the social housing tenants. The report outlined an extensive social tenant selection process, to ensure there would be a good outcome for the project overall. However, the report also noted that there were some issues with a lack of parking in the complex available to social housing tenants, and an ongoing problem finding tenants for the commercial and retail spaces³⁵.

A.6 Washington Park, Riverwood

Washington Park is the first stage of a larger social housing estate in Sydney's middle-ring suburb of Riverwood which is planned to be redeveloped as a mixed-tenure precinct. A seniors housing complex comprises 127 of the 150 social housing apartments in the south-west quarter of the site. Private housing is expected to deliver around 450 to 500 apartments on separate blocks in the other quarters of the site. Washington Park will yield 850 social and private dwellings.

The masterplan site was initially earmarked only for social housing but due to an up-zoning the NSW department of planning which offered more density, about 150 social homes as well as 650 private apartments were constructed. The project which includes the construction of a public domain is near completion.

Just outside the Washington Park development a pilot project has been constructed that incorporates a part-building separation, including 23 social housing units in one part, community facilities in a second part, and a small market housing component in a third part.

A.7 Nightingale Housing

Nightingale Housing is an architect led, not-for-profit social enterprise, set up by Breathe Architects, in Melbourne. It was created to support, promote and advocate for high quality housing that is ecologically, socially

³² www.places.vic.gov.au/precincts-and-development/the-nicholson

³³ www.homeground.org.au/what-we-do/individual-services/the-nicholson/

³⁴ Ibid.

³⁵ Homeground (2013)

and financially sustainable as shown in Table 9. The housing is designed for owner occupiers who have say in the design of their apartments.

Table 9: Nightingale model

Affordability	Transparency	Sustainability	Deliberative Design	Community Contributions
<p>Capped project profits</p> <p>Designed to reduce operating and maintenance costs</p> <p>Removal of marketing activities and display suites</p> <p>Covenant on resale to ensure affordability is passed on</p>	<p>Transparent project costs to investors and purchasers</p> <p>Transparent governance and decision making processes</p>	<p>100% fossil fuel free building operations</p> <p>Minimum 7.5 star NatHERS thermal rating</p> <p>Water harvesting and productive gardens</p>	<p>Meaningful and informed participation from future home owners across the project from design through to settlement</p> <p>Purchasers given real cost information during the design process to support informed decisions</p>	<p>Contribution back to the local urban community through the creation of connected communities, active street frontages, fine-grain and tactile pedestrian experience for passers-by, and engagement with tenants who can provide third spaces</p>

Source: Nightingale Housing Limited 2018

The apartments are compact and have no car parking or air-conditioning; owners can choose not to have a private laundry or a second bathroom. A roof top garden is available to all residents. Their first development was the Commons in Brunswick Melbourne. The Nightingale model works on connecting directly with potential owner-occupiers to reduce the marketing budget which, with the design, leads to a lower purchase price. Twenty percent of housing in Nightingale is prioritised for:

- Key workers: police officers, teachers, nurses, firefighters and ambulance officers
- Individuals with a disability or registered full-time carer
- Aboriginal and Torres Strait Islander peoples.

The Nightingale model has reached Freemantle in Western Australia with EHDO Architecture obtaining a license to build 12 apartments, 250 sqm of commercial space and a large communal area on the roof.

Nightingale is examples of boutique developers who have specific financial models to develop these buildings and keep costs down for home purchasers, in the private market. The Nightingale model does not receive funding or support from government. Investor profit margins are limited to 15% and investors cannot hold an investment as a leased proper as they are designed for owner occupiers.

A.8 New Gorbals Estate - tenant views

The United Kingdom has had an extensive program of regenerating housing estates over an extended period. One example is New Gorbals in Glasgow, a 1960s high rise estate that was demolished and redeveloped through a master planning process with a strong emphasis on urban design, in the 1990s involving reduction in building heights and densities, diversification of rental housing through community ownership and housing associations and in-fill development of housing for sale along the southern and eastern edges of the estate. In 2011 the estate had 1,779 dwellings of which around 38 per cent were owner occupied, 50 per cent are social housing and 12 per cent are privately rented. The redevelopment also has a mix of household types with 15per cent per cent being families and 40 per cent being professionals.

A survey of tenants in New Gorbals found that most tenants were positive about the mix of tenures in the estate. Tenants were asked if they interacted with people from different tenures and the survey findings are summarised in the table below.

Views of mixing tenures

Views	Segmented (alternating segments)	Integrated (Sharing the same street or salt and peppered)
Interact with same tenure	Rare	Rare
Interact with both same and different tenure	Most common	Most common
Interact with different tenure	Rare	Rare
Unsure about tenure	Rare	Rare
Mixing tenures is a good idea	Most common	Most common
No problems but qualified their answer	Common	Common
Mixed feeling about mixing tenures	Common	Common
Generally feel mixing tenures is a bad idea	Nil	Nil

Source: Kearnes et al. (2013)

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SYDNEY

Level 3, 234 George Street
Sydney NSW 2000
GPO Box 2748 Sydney NSW 2001
t: +61 2 9252 8777
f: +61 2 9252 6077
e: sydney@hillpda.com

MELBOURNE

Suite 114, 838 Collins Street
Docklands VIC 3008
t: +61 3 9629 1842
f: +61 3 9629 6315
e: melbourne@hillpda.com

WWW.HILLPDA.COM