



# Affordable Housing through the Planning System: Industry Strategy Paper

Report prepared by NSW Federation of Housing Associations and Urbanista

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**Urbanista**

**nsw Federation of Housing Associations inc**

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# Executive summary

## **The housing affordability crisis in New South Wales**

Since Government housebuilding investment was sharply cut in 1996, only around 10,000 additional dwellings have been added to the NSW affordable housing stock over and above public housing sales and demolitions. As a result, there are 59,500 households on the waiting list for social housing across the state, which the NSW Auditor-General forecasts will increase to more than 86,000 households by 2016. Around 1 in 4 of these are in the central Sydney region.

Housing affordability is steadily decreasing with the proportion of mortgage finance taken out by first home buyers in NSW reaching a historic low of 7.9 percent in the three months to June 2013. Contributing to the housing affordability crisis is a shortage of 100,000 rental units available to lower-income NSW families. As a result, Sydney has become the third most expensive city in the world in which to buy or rent with only 5 suburbs (out of 540) affordable for renters on minimum wage.

## **Why we need a planning strategy**

With NSW in the middle of a housing affordability crisis, the NSW Federation of Housing Associations (the Federation) is releasing its action plan that sets out clear proposals on how the planning system should be used to help drive change.

Simply increasing general housing supply across NSW will not address affordability issues. Strategies that effectively address housing affordability are evident worldwide. For example, New York is committed to creating and preserving 200,000 units of affordable housing over the next decade. In 2014 alone, 6,191 new construction units were financed. In London, there are plans to produce at least 17,000 more affordable homes per year. Similarly, Vancouver is set to produce 7,900 new affordable housing units by 2021. Progressive cities such as Copenhagen have also earmarked up to 25 percent of future residential building projects for affordable housing.

## **Who is the NSW Federation of Housing Associations?**

The NSW Federation of Housing Associations is the peak industry body for community housing providers across NSW. Community housing providers are not-for-profit managers and developers of low cost housing. The Federation represents the interests of these organisations and provides support and resources for their further development.

## **What is community housing?**

Not-for-profit community housing organisations have been providing high quality rental housing for people on low to moderate incomes for over three decades.

Our NSW sector contains the largest, most accomplished, dynamic and professionally led organisations in Australia. With over 38,000 tenancies, our 27 leading organisations manage more homes than Victoria and Queensland providers combined.

The sector has low rent arrears, minimal vacancy rates, and high tenant satisfaction. In the latest AIHW survey, nearly twice as many community housing tenants (39%) were very satisfied with their landlord compared to public housing (22%).

## Purpose and scope

In response to the critical role that urban planning plays in shaping housing outcomes, the Federation with its members have produced a Community Housing Industry Strategy to support the delivery of affordable housing through the planning system.

The Strategy focuses on planning and related urban policy matters. It recognises that while facilitating housing supply is important, increased numbers do not address affordability. Its purpose is to identify and advocate for measures to improve the capacity of the planning system to support affordable housing and to enable community housing providers to more actively and effectively utilise the planning system in delivering affordable housing.

The Strategy provides a framework to assist the community housing industry to:

- Explain why it is critical to use all levers to address growing housing needs;
- Explain the important and influential role planning plays in housing outcomes;
- Demonstrate the commitment and capacity of community housing providers; and
- Show how planning and related policies can support community housing providers and affordable housing more generally.

## How will it be used

The community housing industry will draw on the Industry Strategy to work individually and collaboratively to:

- Build awareness in their communities and networks;
- Support the retention of existing planning provisions of value;
- Advocate change/reform to enhance affordable housing outcomes;
- Build partnerships and alliances;
- Share information and experiences;
- Publicise and build on success.

## Why focus on the influence of planning and housing

While it is clear that the planning system alone cannot meet the housing affordability needs of the New South Wales (NSW) community, planning plays a crucial part in determining housing outcomes. Furthermore, it is not just specific mechanisms aimed at protecting or promoting affordable housing that influence these outcomes, it is the whole planning system.

Some of the ways the planning system does this include through:

- **Land release** - which regulates land supply for housing and other purposes;
- **Zoning** - which controls land use mix and by doing so influences the supply, mix and location of jobs and services, proximity to homes;
- **Transport / infrastructure planning** - which determines the accessibility and amenity of housing and, in turn, influences the value of land;
- **Standards for new supply** - e.g. design, landscaping, lot sizes, setbacks which influence the amenity, cost and density of housing;
- **Fees and charges** - which contribute to development and housing costs;
- **Approval processes** - which determine the speed of delivery of housing and the cost of holding land.

In these ways, planning influences residential amenity and the functioning, sustainability and liveability of communities. Planning requirements impact on the cost of housing and can both impede and encourage affordable housing supply. Planning also influences the economic efficiency of our city and residents' access to jobs and other opportunities. Planning mechanisms specially designed to promote affordable housing are often the focus of discussion about planning and housing but they are just one part of the planning system, be it a potentially very significant one.

The planning system alone cannot meet affordable housing needs but, used in combination with other approaches, planning can facilitate affordable housing where the market alone is not meeting existing needs or protecting existing affordable housing.

## Overview of strategy proposals

The proposals in the Strategy detail where greater effort and/or reform is needed to enable community housing providers to more effectively work within the parameters of the NSW planning system to deliver affordable housing. The proposals fall into two areas:

1. Enhancements to the planning system and related policy
2. Advocacy, communications, facilitation and alliances

### Enhancements to the planning system and related policy

A number of key elements have been identified as the basis for improving the responsiveness of the planning system. These enhancements are needed to deliver a planning and urban policy framework that is equipped to respond to the needs of communities across the state for a range of housing types, sizes and price points. They are summarised in Box 1 (below) and discussed further in Section 2.

While all elements are important in achieving housing affordability, two primary elements are crucial to addressing the housing crisis. They are:

1. Affordable housing supply targets
2. Facilitation of inclusive (or diverse) communities through the application of inclusionary zoning or value sharing mechanisms, in combination with increased densities in appropriate locations

These primary elements must be reinforced by stronger and more effective planning enhancements that address:

- Strategic planning for housing
- Development and approval frameworks
- Financial feasibility assessment of planning controls
- Regional development strategies
- Utilisation of Government land
- Local Government facilitation

## Advocacy, Alliances and Collaboration

To achieve the changes required to enable the planning system to play a more instrumental role in the support and delivery of affordable housing, it is crucial to:

- Build acceptance of the need to do so;
- Work with other organisations and sectors to advocate responsive strategies; and
- Gain support for the role of community housing providers in responding to housing needs.

Equally, it will be important to draw on the collective strength of the community housing industry to build awareness and support.

Strategies to achieve these outcomes are summarised in Box 2 (below) and discussed further in Section 4. They focus on:

- Advocacy and communications
- Alliances and partnerships
- Collaboration, facilitation and support

## Implementing the Strategy

This Industry Strategy provides the framework and approaches for facilitating the provision of affordable housing through the planning system. It identifies the priorities that the Federation and its members agree will have the biggest impact on housing affordability.

Implementation of the Strategy will be led by the Federation and its members through a specialist panel, supported by a professional facilitator.

The Strategy will be revised to respond to changes in the operating environment and, in particular, to changes in planning provisions and processes and other relevant government policy and strategy.

## BOX 1: PROPOSED ENHANCEMENTS TO THE PLANNING SYSTEM & RELATED POLICY

### PRIMARY ELEMENTS

**Affordable housing supply targets** to complement general housing supply targets:

- Flowing from state →metro/non metro →sub-regional →local
- High level supply targets could be combined with more specific project targets

### Inclusive Communities

Sharing the benefits cities offer by substantially increasing housing yields in prime, accessible locations and diverting some of the resulting increases in land values to affordable housing and other community benefits through inclusionary zoning provisions or another value capture/sharing mechanism. A specified component of affordable housing, say 30%, should be incorporated in development projects.

### SUPPORTING ELEMENTS

**Strategic planning for housing including:**

- **Recognition in all relevant planning instruments** of the crucial role of housing
- **Consistent and robust methodology for the assessment of housing needs**
- **Hierarchy of interlinked state to local level plans** integrating housing with infrastructure planning

### Development and approval frameworks

- **State Planning Policy on “Housing Affordability and Supply”** that:
  - Includes requirements for an *Affordable Housing Strategy* and complementary sub/regional strategies and *Local Housing Strategies*
  - Facilitates a diversity of housing types, sizes and price points to meet housing needs
  - Recognises affordable housing as essential infrastructure with accompanying relief from requirements to contribute towards amenities and services under S94 of the EP&A Act
  - Specifies as a right development standards for designated “affordable housing projects”
  - Extends complying development provisions for “affordable housing projects”
  - Requires government agencies to consider opportunities for affordable housing when preparing rezoning or development proposals for any surplus land
- **Fast track approval processes** for designated “affordable housing projects”
- **Up front community input on development of the hierarchy of plans** coupled with:
  - More limited consultation requirements and objection rights for individual development applications (DAs)
  - Specific provisions for “affordable housing projects” which limit grounds for refusal of DAs

**Financial feasibility assessment of planning controls to:**

- **Test the feasibility** of delivering desired development form, mix and type under existing/proposed planning controls in local planning instruments
- **Assess the impacts** of planning controls and s94 contributions on housing affordability

**Regional development strategies to:**

- **Build local economies** in non-metropolitan areas to:
  - Support local communities and enable local people to remain in their home communities
  - Take pressure off metro areas and provide more affordable alternatives to city living
- Respond to regional areas experiencing housing affordability and supply pressures

### Optimise use of Government land

- The principles and guidelines covering the rezoning, development and sale of government land be amended to require housing potential and affordable housing needs to be taken into account

### Local Government facilitation

- **Remove impediments** to the use of planning mechanisms to facilitate or protect affordable housing
- Set requirements for **Councils to report annually** on their activities and proposed strategies to address affordable housing needs in their areas
- **Encourage Councils to offer a package of incentives for affordable housing projects** e.g. dedicated officer, fast tracking of DAs, land contributions, targeted services, reduced fees,

## BOX 2: STRATEGIES FOR ADVOCACY, ALLIANCES AND COLLABORATION

### ADVOCACY AND COMMUNICATIONS

Development of a Communication Strategy to:

- **Explain to all sectors of the economy, all levels of government and the wider community** what affordable housing is, why it is important and the role community housing plays in meeting housing needs
- **Draw attention to the pressing need** for affordable housing and the critical role it plays in the social and economic sustainability of New South Wales by:
- **Highlight the important and influential role the planning system** plays in housing outcomes and build acceptance for the use of the planning system to support affordable housing
- **Build awareness amongst local government** of the real and influential part that councils can play in facilitating affordable housing and support local government's role
- **Position the community housing sector to press for further reforms** to improve the responsiveness of the planning framework to affordable housing needs by:
  - Highlighting the **capacity and commitment** of community housing providers and articulating what sets community housing providers apart from private developers and government
  - Emphasising that **collective contribution of providers to housing supply**
  - Identifying **strategies to build awareness** of issues and advocate change

### ALLIANCES AND PARTNERSHIPS

- The Industry Strategy provides a **platform to build alliances and partnerships** with a range of organisations and advocates interested in better outcomes for business and communities including local government, business, the development industry, allied peak groups, academic/research institutions, professional associations and trade unions.
- Critical in forging these alliances will be:
  - The identification of **common objectives and benefits**
  - Working to build **consensus** amongst the players around the **key areas for action**
  - Identifying **scope for joint advocacy programs** or simply **common messaging**
  - **Leveraging expertise and networks** from within the community housing industry

### COLLABORATION, FACILITATION AND SUPPORT

Facilitating **continuous development** and improvement and the **sharing of experiences, expertise and success stories** by:

- Developing **support and facilitation tools** including, for example:
  - Creation of a website page to enable sharing of information, links and networking
  - Federation supported network to exchange information or other approaches
  - Preparation of targeted guidance materials and checklists
  - Guest speakers, training, workshops with local government and others, focused networking sessions
- Identifying **existing approaches of value** to community housing providers in delivering affordable housing and documenting case studies and examples of where they are most applicable
- Preparing **guidance materials** and **case studies**
- Developing a **consistent approach/message** as a starting point for negotiations
- **Sharing experience, expertise and keys to success** amongst community housing providers
- **Encouraging collaboration** and joint initiatives

# Section 1: Background and context

## 1.1 Overview

A planning framework that supports the delivery of a variety of dwelling types, sizes and price points, is crucial for the wellbeing of NSW residents and for the social and economic sustainability of the state. Furthermore, the availability of affordable housing can alleviate pressure on the social housing system and provide opportunities for households to move on from social housing into other forms of housing as their circumstances improve.

In response to the critical role that urban planning plays in shaping housing outcomes, the Federation with its members have produced a Community Housing Industry Strategy to deliver affordable housing through the planning system.

The Strategy provides a framework to assist the community housing industry to:

- Explain why it is critical to use all levers to address pressing and growing housing needs;
- Explain the important and influential role planning plays in housing outcomes;
- Demonstrate the commitment and capacity of community housing providers; and
- Show how planning and related policies can support community housing providers and affordable housing more generally. The primary aims of this initiative are twofold. Firstly, it seeks to position the sector to advocate measures to enhance the capacity of the planning system to support affordable housing and to retain and, where appropriate, extend existing mechanisms of value. Secondly, it is intended to better equip the community housing sector for negotiations with developers and consent authorities to facilitate affordable housing supply.

In considering the aspects of the planning system that impact on housing, it is clear that there are related matters of urban policy, which are closely aligned with the ability to achieve affordable housing through the planning system. They relate in particular to the way that government at all levels use its powers and resources to contribute to improved affordable housing supply, for example through the use of surplus land, determining land rates for residential property and providing incentives for affordable housing. These are also addressed.

## 1.2 Purpose of an Industry Strategy

Against this background, the purpose of the Industry Strategy is to position the community housing industry to effectively utilise the planning system to support affordable housing outcomes by providing a platform through which it can pursue the following directions:

- Highlight the case for responding to affordable housing needs through planning strategies and systems by drawing attention to:
  - The pressing need for affordable housing and the critical role it plays in the social and economic sustainability of NSW;
  - Why it is critical to use all levers to address growing housing needs;
  - The important and influential role the planning system plays in housing outcomes.

- Build acceptance for:
  - The use of the planning system to support affordable housing;
  - The inclusion of affordable housing in all residential projects
- Advocate change to improve the responsiveness of the planning framework by:
  - Identifying key areas for reform to support community housing providers and affordable housing more generally;
  - Identifying common ground with other sectors and organisations;
  - Forging alliances with other agencies, the private sector, all levels of government;
  - Positioning the community housing industry to pursue opportunities to advocate change.
- Support community housing providers to use the planning system to deliver affordable housing by:
  - Demonstrating the commitment, capacity and unique role of community housing providers to local communities, consent authorities etc;
  - Identifying support and facilitation tools to aid community housing providers in delivering affordable housing through the planning system;
  - Facilitating sharing of information and experiences;
  - Building common understanding approaches and terminology;
  - Facilitating alliances and partnerships.

## 1.3 Status of the strategy

This Strategy provides the framework and approaches to facilitate the provision of more affordable housing through the planning system. It also identifies the priorities that the Federation and its members agree are required to build more affordable housing.

Section 5 discusses the proposed process for implementing the Industry Strategy, which will be led by the Federation and a panel of providers. As well as being involved in guiding the implementation of the strategy and associated projects, the provider panel will be a forum through which to share ideas, experiences and success stories, and to consider ways to address challenges. The forum will be supported by professional facilitator who will also have a role in progressing the activities outlined in the Industry Strategy.

The Industry Strategy is expected to operate as an evolving framework, which will respond to changes and opportunities in the operating environment. As it is progressively implemented, it is hoped that the Strategy will provide a framework through which further initiatives and approaches can be identified and pursued.

## 1.4 Relationship to other Federation initiatives

This Strategy is one of the key elements of the industry's overall growth strategy. It is closely linked with other developmental and advocacy work of the Federation to:

- Promote affordable financing options;
- Advocate for the transfer of public properties from government;
- Work with government on developing the Social Housing Outcomes Framework to demonstrate the wider value added by investment in affordable housing for individuals and communities.

## 1.5 What do we mean by affordable housing?

Some planning instruments and programs define affordable housing in very specific ways. For the purpose of this Strategy, in order to capture the full range of options, affordable housing is defined broadly as housing that is suitable for very low to moderate income households and within their capacity to pay. Very low to moderate income households are households with total income ranging from minimum statutory income levels up to around \$83,000 per annum<sup>1</sup>.

Defined in this broad way, affordable housing can comprise social housing, other subsidised rental housing such as under the National Rental Affordability Scheme, and some shared equity and home purchase options.

Community housing providers generally provide affordable housing at below market price levels. Residents with the lowest incomes will require higher levels of subsidy to bring their housing to an affordable level. In some areas, particularly outside the main metropolitan centres, moderate income households may be able to secure affordable housing through the general housing market, though other constraints, such as a lack of housing diversity, may still make it difficult for these households to access appropriate housing.

## 1.6 Issues paper

As a prelude to the development of the Strategy, the Federation commenced discussions with its members and other experts in February 2015. As a first step, the Federation convened a workshop facilitated by this paper's author, to identify issues that affect the ability to deliver affordable housing through the NSW planning system. In addition, an on-line survey was developed to obtain feedback in advance of the initial consultation session. The survey gathered input about the experience of community housing providers in the planning and development of affordable housing projects on what were seen as the key issues, benefits and impediments.

An Issues Paper was published by the Federation in June 2015 drawing together issues identified and explored through the February workshop and its accompanying survey. The Issues Paper, together with further consultation with members, government officials and other experts informed the development of the Industry Strategy outlined in this paper.

The Issues Paper focused particularly the obstacles and constraints on the ability of community housing providers to provide affordable housing and the factors, which add to the cost of providing housing. The paper also touched briefly on existing planning mechanisms that are utilised by community housing providers.

It is evident from the Issues Paper that, while community housing providers use the planning framework in New South Wales to provide affordable housing, constraints associated with the planning system and how it operates hinder the provision of affordable housing. It is also evident that there is great potential for the planning system to be enhanced to further support and facilitate affordable housing provision.

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<sup>1</sup><http://www.housing.nsw.gov.au/Centre+For+Affordable+Housing/For+managers+of+affordable+housing/Household+median+incomes+2015-16.htm>

The Issues Paper supported the development of a cohesive Industry Strategy to:

- Respond effectively to the issues identified;
- Assist community housing providers to build on their experiences, share their learnings and forge better partnerships and alliances; and
- Act as a basis for advocating enhancements to the planning system to facilitate delivery of affordable housing.

These matters are addressed more fully in this paper.

## 1.7 Affordable housing and the NSW planning system

The NSW planning system has wide ranging impacts on housing outcomes, many of which are frequently overlooked.

By regulating the use of land and the provision of infrastructure at a local, regional and state-wide level, the planning system can work to encourage or constrain affordable housing supply and influence the cost of housing. In doing so, the planning system has a very significant impact on the affordability of housing generally, as well as directly or indirectly influencing the capacity of community housing providers to deliver affordable housing.

Some of the ways in which planning shapes housing outcomes are by:

- **Regulating the availability of land** for housing and other purposes;
- **Guiding land use mix** and thereby influencing the supply, mix and location of jobs and services, and their proximity to where people live;
- Influencing **accessibility** and, in turn, land values through transport planning;
- Setting the **standards for new housing supply** (e.g. design, landscaping, size, siting requirements), which in turn affect the cost, density and availability of housing;
- **Determining whether or not a project may proceed** and what constraints or requirements may be placed on a project if it does;
- **Controlling a change of use** of premises to or from residential use, including the potential to influence the retention of existing affordable housing;
- Setting many of the **fees and charges** associated with development;
- Providing **avenues for public and stakeholder input/responses** to housing or other proposals;
- **Impacting on the certainty of projects** and the speed with which a proposal may commence, with associated impacts on the risk profile of a project and holding costs;
- **Facilitating affordable housing through specific mechanisms**, which provide incentives or requirements to encourage or protect affordable housing.

The summary table in Attachment 1 briefly describes some of the planning measures that can facilitate affordable housing and some of the implementation mechanisms used in NSW. These include support for affordable housing projects (e.g. through a designated case manager for affordable housing projects) and ways in which the planning system can be adapted to facilitate affordable housing (e.g. by waiving application fees), as well as statutory mechanisms (such as the Affordable Housing State Environmental Planning Policy).

# Section 2: Overview of proposals

## 2.1 Introduction

The proposals that comprise this Industry Strategy are the essential areas where greater effort and/or reform is needed to enable community housing providers to more effectively work within the parameters of the NSW planning system to deliver affordable housing. They fall into two areas:

1. Enhancements to the planning system and related policy
2. Advocacy, communications, facilitation and alliances

## 2.2 Enhancements to the planning system and related policy

Enhancements are the steps that need to be taken to deliver a planning and urban policy framework that responds to the needs of communities across the state for a range of housing types, sizes and price points. While all are important in achieving this, two primary elements are crucial to addressing the housing crisis. They are:

- Affordable housing supply targets
- Facilitation of inclusive communities through the application of inclusionary zoning or value sharing mechanisms, in combination with increased densities in appropriate locations

These primary elements must be supported by stronger and more effective planning, which can be achieved through enhancements that address:

- Strategic planning for housing
- Development and approval frameworks
- Financial feasibility assessment of planning controls
- Regional development strategies
- Utilisation of Government land
- Local Government facilitation

They are summarised in Box 1 (located in the Executive Summary) and discussed further in Section 3.

## 2.3 Advocacy, alliances and collaboration

To achieve the changes required to enable the planning system to play a more instrumental role in the support and delivery of affordable housing, it is crucial to:

- Build acceptance of the need to do so;
- Work with other organisations and sectors to advocate responsive strategies; and
- Gain support for the role of community housing providers in responding to housing.

Equally, it will be important to draw on the collective strength of the community housing industry and for community housing providers to work constructively together, as well as individually, to build awareness and support. Sharing of expertise and success stories and joining forces to engage in learning and advocacy will all play a part in future success.

Strategies to achieve these outcomes are summarised in Box 2 (located in the Executive summary) and discussed further in Section 4. They focus on:

1. Advocacy and communications
2. Alliances and partnerships
3. Collaboration, facilitation and support

# Section 3: Planning system and related enhancements

## 3.1 Introduction

A suite of strategies to improve the planning system and related areas of urban policy are the basis of this Industry Strategy. They are the responses needed to position the planning system to adequately support and facilitate affordable housing. The strategies are grouped into **primary** and **supporting** elements.

The primary elements cover the most crucial steps required to achieve results. For this reason, greatest effort should be placed in building support for these. Supporting elements are also important and play a significant role in translating aspirations for affordable housing into a more effective planning framework.

## 3.2 Primary elements

### 3.2.1 Affordable housing supply targets

**Affordable housing targets** should be introduced to complement general housing supply targets for metropolitan and non-metropolitan areas.

**Flowing from state → metro/non metro → sub-regional → local**

**High level supply targets should be combined with more specific project targets**

- Targets are of tremendous practical and symbolic significance in focusing attention on achieving desired outcomes.
- **Supply targets** for affordable housing should be included at **all levels**: state, regional, subregional and local.
- High level supply targets should be complemented by more **specific project targets** for **designated “affordable housing projects”** which meet agreed criteria in relation to the occupant profile, management and affordability.
- **Planning instruments** at all levels be required to **demonstrate how targets will be achieved**.
- To enable targets to be measured and to understand better the size of the task, an **audit of affordable housing supply** should be undertaken to provide a benchmark against which to track progress.
- **Local plans should be required to be regularly reviewed** to ensure objectives are being met (e.g. on a four yearly basis as proposed under the previous planning reforms) with achievement of targets as one of the factors to be examined in the review.
- Where achievement of targets is not sufficiently advanced by local government through the implementation of local plans, then **mandatory provisions** should be applied. These mandatory provisions could include a framework similar to that used in the National Housing Stimulus Package.

### 3.2.2 Inclusive communities

Optimising access to the benefits of our cities to a diversity of households should occur by substantially **increasing housing yields** in prime/accessible locations and diverting a share of the resultant increase in land values to the provision of affordable housing through **value sharing** or **inclusionary zoning provisions**. A specified component of affordable housing, say 30%, should be incorporated in development projects.

- There is a strong case for fostering more **inclusive communities, which provide opportunities for a diversity of households. Permitting increased densities in appropriate locations will assist in achieving this.** This approach brings with it wide ranging social, environmental and economic benefits including:
  - Enabling **more households to have access to the benefits** of living in compact, accessible, diverse, sustainable and liveable environments;
  - **Increasing housing supply and reducing cost pressures** on residential land and existing housing;
  - Supporting an **increased range of services, facilities, transport and employment** close to where people live;
  - Enabling a **sharing of the value of the uplift** between landowners/developers and the community through more ambitious contributions towards affordable housing and enhancements to the public realm and community facilities; and
  - Significant **economic and environmental benefits** flowing from a more compact urban form.
- All levels of planning should incorporate a **bolder, more far sighted** approach to setting appropriate densities and this should be reflected in plans at state, regional, subregional and local levels.
- Progress towards achieving higher densities be measured and reviewed regularly. If satisfactory progress is not being made, **mandatory measures** should be applied to insure desired outcomes are achieved (as proposed above in relation to supply targets).
- The review process for the draft planning instruments at all levels should **protect against small incremental increases**, which may sterilise the future redevelopment potential of land.
- Where appropriate, **higher densities should be permitted** in large social housing estates so that redevelopment of these areas becomes more viable for the state government and more balanced social mix can be achieved without diminishing the supply of social housing.
- **A value capture/sharing or inclusionary zoning** mechanism should be introduced for use in combination with density increases. In this way, affordable housing and other benefits can be achieved, whilst maintaining development viability. At present, landowners and developers generally receive most or all the financial benefit flowing from increased development opportunities made possible by government planning instruments. Mechanisms that enable a sharing of these benefits with the community would be a much fairer outcome of the use of the planning process.
- The level of contribution should be determined objectively at the beginning of the process of rezoning land or creating a new/revised planning instrument. At this time, informed assumptions can be applied to determine an appropriate value sharing arrangement whereby landowners/developers are able to achieve an acceptable level of profit and remaining value

uplift is applied towards the provision of affordable housing, the betterment of community facilities and the enrichment of the public realm.

## 3.3 Supporting elements

### 3.3.1 Strategic planning for housing

All levels of the State planning framework should recognise the crucial role of housing in influencing the **health and prosperity of NSW and its people**, combined with effective strategies that respond to and target housing needs.

- **Housing** and the availability of a range of housing types, sizes and price points, is:
  - **Fundamental to meeting basic human needs** for shelter, security and a sense of social connection, as well as being vital to sustaining liveable and successful communities;
  - Essential for efficient, equitable, prosperous and sustainable communities.
- The **crucial role of housing should be recognised in all relevant planning instruments** and documents, and existing references in the objects of the *Environmental Planning and Assessment Act 1979* and elsewhere be retained and where necessary strengthened.
- A **consistent and robust methodology for the assessment of housing needs** should be developed as a basis for determining targets and appropriate housing provisions in planning instruments at all levels taking into consideration the following:
  - The **degree of detail relevant** to each level of plan and the best level at which to undertake primary needs assessment e.g. subregional;
  - Existing **methodologies** used in Australia and elsewhere;
  - Consideration of **data requirements** and sources, current gaps and scope to address these;
  - Special needs that impact on requirements for housing and the aspects/elements that need to be captured;
  - Responsibility for and resourcing of needs assessment at a local, sub-regional, state and federal level, including the benefits of **re-establishing a body such as the National Housing Supply Council or the Indicative Planning Council** for the Housing Industry.
- The planning system should provide for a **hierarchy of interlinked state to local level plans including infrastructure plans** which ensure that plans respond to housing needs and that housing is linked with services and transport.

### 3.3.2 Development and approval frameworks

**Development and approval frameworks** will support and enable affordable housing supply.

- **A State Planning Policy on “Housing Affordability and Supply”** should be introduced. The policy should incorporate relevant provisions of the Affordable Rental Housing State Environmental Planning Policy and also:
  - Include requirements for an **Affordable Housing Strategy** and complementary sub/regional strategies which link to and set clear requirements to be addressed in Local Housing Strategies;
  - Provide for a **range of measures/requirements** to facilitate a diversity of housing types, sizes and price points to meet housing needs;
  - Recognise **affordable housing as essential infrastructure** and in acknowledgement of this provide from relief from requirements for monetary contributions towards amenities or services under section 94 of the Environmental Planning and Assessment Act;
  - Specify **as-a-right development standards** for application to designated “affordable housing projects” either generally or where local controls do not satisfy minimum requirements for facilitating affordable housing;
  - **Extend complying development provisions** to facilitate designated “affordable housing projects” which, if built to recognised standards, do not require scrutiny by local consent authorities;
  - **Require government agencies to consider opportunities** for affordable housing when preparing rezoning or development proposals for any surplus land.
- **Fast track approval processes should be available** for designated “affordable housing projects”, or to particular types of housing projects, on an ongoing basis.
- The **objects of the Environmental Planning and Assessment Act 1979** or any replacement Act should be required to be considered as part of the merit assessment for all development applications so that assessment does not focus on standards and codes at the expense of recognising the impact of applications on the supply of housing, particularly affordable housing, and other important objects.
- Renewed consideration should be given to reforms to the planning system that allow up front **community input** on development of the hierarchy of plans coupled with:
  - More limited notification requirements and third party objection rights in relation to individual development applications;
  - Specific provisions for designated “affordable housing projects” which limit grounds for refusal of development applications.
- Consideration should be given to the application of planning approval model similar to that used for the National Building Stimulus Package to designated “affordable housing projects”, or to particular types of housing projects. However, facilitation of affordable housing projects through provisions which limit the powers of local councils must be balanced against the risk of alienating local government. It may be best to address this through a two-step process whereby supportive local councils retain their role, but those that cannot demonstrate support for and/or achievement of affordable housing outcomes lose their control over approvals, and potentially also zoning, which is replaced with a stimulus package style model.

### 3.3.3 Financial feasibility assessment

**Financial feasibility assessments** of planning controls to achieve strategic planning objectives and to enable viable housing development.

- If desired development is not feasible under the applicable planning framework, it simply will not occur. Past planning frameworks have failed to deliver for precisely this reason.
- Steps undertaken by the Department of Planning and Environment to assess the viability of proposed planning controls and to improve the financial literacy of local government planners are supported. It is suggested that the framework for assessing viability developed by the Department be made widely available to ensure transparency and to inform plan development and appraisal.
- It is recommended that the **feasibility of delivering desired development form, mix and type under existing/proposed local planning controls be tested** and that if it cannot be demonstrated that they will deliver the required development outcomes, then controls are not approved for introduction or, if existing, are required to be revised.
- An assessment should also be required of the **impact of planning controls and varying levels of infrastructure contributions on housing affordability**.

### 3.3.4 Regional development strategies

**Regional development strategies** should be implemented to build viable local economies and by doing so provide options for people wishing to remain in their communities and remove some pressure off affordable housing supply in metropolitan areas.

- It is recognised that not all regional areas have potential to grow and prosper, and that some will inevitably decline as their industry base dwindles or the dominance of other centres prevails. Nevertheless, many regional areas have the capacity to sustain and build viable successful local economies with the right encouragements.
- Over recent decades in NSW, urban policy has been focused on metropolitan areas. Some mining, tourism and winery regions have prospered without much government intervention or support. However, beyond these limited examples, opportunities to build on local strengths have not generally been exploited and little recognition has been given to the potential of regional areas, not only to support viable communities, but to provide alternatives to metropolitan living.
- Outside major cities, housing costs are generally lower, though limited supply and diversity of affordable housing can be a problem in areas, which are experiencing limited economic growth. By encouraging more buoyant economies outside major cities, there is potential to deflect metropolitan demand and also to provide opportunities for people to remain in their local communities, rather than being forced to move elsewhere in search of suitable employment and/or housing. Stimulating regional growth will remove a portion of the pressure off existing metropolitan areas and their surrounding rural fringe.
- Thus targeted strategies are required to build local economies in non-metropolitan areas to:
  - Support local communities and enable local people to remain in their home communities; and
  - Alleviate pressure on metro areas and provide more affordable alternatives to city living.

- These strategies should aim to **build on local/regional strengths**, to protect valuable farmland or other attributes and to address employment, training opportunities and transport, as well as encouraging housing diversity.
- Along the **State's borders**, development patterns and housing demand can be distorted as a result of planning and other policies of neighbouring state or local governments. A **collaborative approach to planning** in such areas is required so that policies complement, rather than clash with each other.
- Planning controls in regional areas limit the variety of housing available. Review processes for local plans should ensure that a **range of housing is permissible** in relevant zones. Furthermore, in areas where the market is delivering predominantly conventional detached housing, a **diversity of housing may need to be actively encouraged** through incentives or requirements for a mix of dwelling sizes.
- **Some regional areas are experiencing affordability and supply pressures**, particularly along the coast and close to centres. Specific strategies to address these needs should be incorporated in local and regional planning instruments.

### 3.3.5 Utilisation of government land

**Utilisation of government land** to contribute to the supply of housing, particularly affordable housing

- Federal, state and local government have sizable land holdings in prime locations in NSW. There is a strong case for government to use these assets as a catalyst for affordable housing provision in key locations.
- The ability to contribute towards housing supply and affordability should figure prominently in the public benefit outcomes sought by all levels of government when disposing of surplus government land.
- The **NSW Government Property Principles** implemented by Government Property NSW should recognise the important resource that surplus government land can provide to assist in meeting the housing needs of the people of NSW including the need for affordable housing amongst very low to moderate income earners.
- **Principles and processes** should be established to **require that agencies consider the potential for using all or part of surplus properties for the provision of affordable housing**. To facilitate this, the Department of Planning and Environment should prepare guidelines to assist agencies in identifying opportunities for housing, particularly affordable housing. The assessment should also consider opportunities for involving community housing providers.
- Objectives should be included in the **principles covering the development and/or sale of surplus government land** and any relevant Treasury guidelines to require housing potential/affordable housing needs to be taken into account.
- Consideration should be given to requiring that a **specified percentage of revenue from government land sales** be applied to affordable housing provision, as was done in the City West redevelopment area. Alternatively, tenders for the sale of government land could include a requirement for a set component of affordable housing to be incorporated.
- **UrbanGrowth NSW should extend its "housing diversity" policy** to ensure provision of a specified proportion of affordable housing for rental and home purchase in all development areas, in contrast to its current policy of 'facilitating' development.

### 3.3.6 Local government facilitation

Local government facilitation to encourage the role of local government to contribute to better housing outcomes to meet the needs of local communities.

- **Impediments within the planning system should be removed** to allow local government to use planning mechanisms to facilitate or protect affordable housing.
- **Councils should be required to report annually** on their activities and proposed strategies to address affordable housing needs in their areas.
- **Council should be encouraged to:**
  - Offer a **package of incentives** for affordable housing projects e.g. dedicated officer to deal with proposals, fast tracking of applications, land contributions, linking community services planning with housing provision, reduced development fees and more flexible standards;
  - Develop specific **complying development standards for affordable housing projects** which ensure that providers can deliver accommodation that is tailored to the needs of their clients without the costs and risks associated with the full development approval process (including for example community opposition and associated development delays);
  - Consider establishing a **Housing Trust** to facilitate the pooling of resources from development contributions, donations, fund raising by local businesses and council contributions such as land;
  - Explore opportunities to reconfigure their rating arrangements to offer **rate rebates** for affordable housing projects and for occupied dwellings in locations with high levels of vacant stock, without depleting their overall rate revenue.

# Section 4: Advocacy, alliances and collaboration

## 4.1 Advocacy and communications

To enable the planning system to play a more instrumental role in the delivery of affordable housing, it will be crucial to build acceptance of the need to do so. Combined with this is the need to highlight the capacity of the community housing industry to deliver housing that not only meets the needs of lower income households, but also contributes to the social, economic and environmental wellbeing of communities.

This will require providers to not only communicate their strengths and capabilities, but to reassure any concerns about property care and tenancy management issues. Providers need to demonstrate and publicise success, particularly in relation to quality of housing design, construction and management, to influence community views.

Thus, communication will be vital to convey:

- the need for action;
- the role and value of the community housing industry; and
- the potential and appropriate role for the planning system in affordable housing.

This Industry Strategy provides a starting point for a focused campaign to achieve this. Drawing upon this Strategy and allied work of the Federation and its members, it is proposed to develop a Communication Strategy to:

- **Explain to all sectors of the economy, all levels of government and local communities what affordable housing is**, why it is important and the role of the community housing industry in addressing affordable housing needs.
- **Draw attention to the pressing need for affordable housing** and the critical role it plays in the social and economic sustainability of NSW by:
  - Highlighting the case for adequate affordable housing;
  - Building awareness of the importance of responding to affordable housing needs through planning strategies and systems;
  - Emphasising the importance of an adequate supply of affordable housing to the well being of lower income households and to the wider social, economic and environmental sustainability of all communities in NSW;
  - Drawing on robust evidence and personal stories to promote the need for affordable housing and the capacity of the community housing industry to deliver. In particular, there is a need to establish a better evidence base in relation to:
    - Tenant satisfaction;
    - Impact on surrounding property values/amenity;
    - Housing needs and housing supply (refer Strategic Planning recommendations above).

- **Highlight the important role the planning system** plays in housing outcomes and build acceptance for the use of the planning system to support affordable housing and that affordable housing should be part of all residential projects.
- **Build awareness amongst local government** of the influential part that councils play in facilitating affordable housing by enabling councils to act in accordance with established approaches and precedence and encourage partnerships with community housing providers.
- **Position the community housing sector to support the retention of existing provisions to enable affordable housing and to press for further reforms** to improve the responsiveness of the planning framework to affordable housing needs by:
  - Highlighting the **capacity and commitment of community housing providers**;
  - Articulating the unique role of community housing providers as developers of affordable housing (i.e. focusing on **what sets them apart from private developers** and government housing agencies e.g. local responsiveness, long term preservation of housing contributions/assets, quality of housing outcomes, scale etc.);
  - Highlighting the responsiveness of the community housing industry to the needs of residents including skills in **working with local communities** and **addressing special needs and requirements of people with disability**;
  - Emphasising that while individually community housing providers may be relatively small players in the urban development field, **collectively providers make a significant contribution to affordable housing** supply in the State;
- Identifying:
  - Approaches to **build local government awareness** of the role and capacity of community housing providers;
  - Existing **planning mechanisms of value**;
  - The importance of a **consistent planning framework which recognises and supports the role of community housing providers**;
  - **Planning system enhancements** to support affordable housing delivery – statutory and non-statutory (planning mechanisms, targets, SEPP enhancements etc.);
  - **Other forms of support and facilitation for affordable housing** e.g. local government support through a dedicated planner for affordable housing projects, fast tracking of applications and dedication of land (see Section 3);
  - Success stories.
- Identifying **key partners** to work with in advocating reforms (e.g. local government, private sector, professional bodies, other peak organisations) and strategies for engagement with them (see further at 4.2 below);
- Identifying **strategies to build awareness** of issues and advocate change.

## A Note on Terminology and Public Perceptions

Over and over again in the work leading up to the preparation of this Industry Strategy, issues and concerns were identified with the terminology used to describe housing that is affordable for very low, low and moderate income households.

As discussed in Section 1.5 above, this Industry Strategy is based around a very broad definition of “affordable housing” which describes the full range of housing that is suitable for very low to moderate income households. Because of adverse perceptions of social housing, the providers of other forms of affordable housing sometimes seek to differentiate the housing they are providing by using labels such as “key worker housing”. However, this approach can act to further marginalise housing provided for very low income groups. It also ignores that, in most cases, it is unlikely that all future occupants will be key workers. For these reasons, it has been agreed that a better basis for promoting affordable housing to the community is to emphasise that “affordable housing” will accommodate a broader spectrum of households than traditional public housing, taking in very low to moderate income households.

There is also a need to communicate to local government and communities that the affordable housing being provided will be available to local workers from hospitals and schools, to the children of existing residents who cannot afford their own place to live and to older people that cannot find suitable accommodation in their local area.

## 4.2 Alliances and partnerships

Strategic alliances and partnerships will be crucial in achieving the aims of the Industry Strategy. The robust principles upon which this Industry Strategy is based provide a platform upon which to identify the common ground to build strategic alliances with a range of organisations and advocates interested in better outcomes for business and communities including:

- **Local government** - both with supportive councils and those not currently actively involved;
- **Business** - e.g. NSW Business Chamber, local Business Councils/Chambers of Commerce;
- **Development industry** – e.g. NSW Property Council, Urban Development Institute of Australia, Housing industry Association, Urban Taskforce;
- **Allied peak groups** and non-profit/for-profit organisations;
- **Academic/research** institutions e.g. AHURI, housing and planning research centres;
- **Professional associations**
- **Trade unions**

Critical in forging these alliances will be:

- The identification of **common objectives and benefits**;
- Working to build **consensus** amongst the players around the **key areas for action**;
- Identifying **scope for joint advocacy programs** or simply **common messaging**;
- **Leveraging expertise and networks** from within the community housing industry e.g. board members.

The proposed Communication Strategy discussed above will provide a basis for furthering alliances with key players from business, the non-profit sector, all levels of government, allied professions and academia, particularly in relation to communication of the wider social, economic and environmental benefits of an adequate supply of affordable housing. This will be crucial in attracting wider support for the implementation of Industry Strategy and for community housing more generally.

Critical in forging these alliances, will be the identification of common objectives and benefits while also working to build consensus and commitment amongst the players around the key areas for action. While it will not be possible to gain agreement in all areas, the Industry Strategy provides a strong platform for identifying common ground given the clear benefits for business and community in the provision of adequate housing, more efficient cities and regional growth.

Joint advocacy programs, or simply common messaging, have a much greater potential for gaining support amongst government and the community, than isolated campaigns. Particularly important are alliances with business and the development industry, which put forward common objectives and strategies for action.

The reforms identified in this Industry Strategy have the potential to gain the support of business as they facilitate economic efficiency by improving access to key workers and the other economic benefits of a more compact city and more sustainable regional economies. The development industry will also be positioned to gain under the proposals for increased development opportunities in accessible locations where, even with a sharing of the value of the uplift to support affordable housing provision, higher yields will result in greater returns. Furthermore, an emphasis on the viability of planning controls as proposed in this Strategy will ensure that more feasible development opportunities are provided.

Alliances with professional associations (such as the Planning Institute of Australia) and academic institutions will be valuable in reinforcing the wider economic, social and environmental benefits of the proposals contained in this Industry Strategy.

Consistent messaging with other key players is also important. For example, the key players in the non-profit sector include housing advocacy groups (such as National Shelter and the Community Housing Industry Association), umbrella groups (such as NCOSS and ACOSS), other advocacy groups (such as the Combined Pensioners Association and environmental groups), trade unions, the Business Council of Co-operatives and non-profit agencies involved providing support and services to lower income groups.

It is also important to acknowledge that the boards of community housing associations comprise a wide mix of highly skilled individuals from various backgrounds. There is an opportunity to draw on this talent pool of well-connected directors to assist in forging alliances and partnerships, for example by:

- Sharing details of key contacts from other sectors;
- Circulating communication materials produced through the Strategy to potential partners or media contacts; or
- Facilitating discussions with politicians and business leaders.

## 4.3 Collaboration, facilitation and support

As is clear from the Issues Paper and lead up work undertaken in preparation of this Industry Strategy, community housing providers are successfully providing affordable housing. Nevertheless, constraints and obstacles within the operation of the planning framework have impeded the capacity of community housing providers to deliver affordable housing. Through their experience, successful or otherwise, providers have gained valuable knowledge and insights, which, if shared, could help to improve the effectiveness of the community housing industry more generally.

There is also potential for providers to work collectively to source and/or assemble expert guidance and tools to assist in project development and delivery. In fact, the limited scale of community housing organisations in Australia makes collaboration very important.

It must be acknowledged that as a result of the limited opportunities for community housing providers to be involved in the delivery of affordable housing, a degree of competition has developed amongst providers in NSW. While some level of competition is healthy, it can restrain collaboration, which does not always act in the interests of people in need of affordable housing or indeed providers themselves.

Collaboration for mutual benefit is the hallmark of most well-developed industry sectors. Community housing providers have much to gain from by pooling experiences, success stories and where appropriate resources (the directions proposed under this Strategy being a case in point). Whilst it is acknowledged that there will always be some tension between collaboration and competition, providers should seek to keep this at a healthy and productive level.

Thus, this Industry Strategy seeks to encourage community housing providers to share experiences, expertise and success stories by:

- Identifying support and facilitation tools including, for example:
  - Creation of a website page to enable sharing of information (guidance, research, experience from other jurisdictions), links and networking;
  - Encourage sharing of experiences and success stories through a Federation supported network to exchange information or other approaches;
  - Preparation of targeted guidance materials, checklists etc;
  - Guest speakers, training, workshops with local government, themed networking sessions;
- Identifying **existing approaches of value** to community housing providers in delivering affordable housing and document case studies where they are most applicable;
- Developing **guidance materials** and **case studies** around key areas such as use of voluntary planning agreements;
- **Demonstrating and documenting the commitment and capacity of providers** to respond to affordable housing challenges, differentiating community housing providers from other developers;
- Providing a **consistent approach/message** as a starting point for negotiations with consent authorities and others so that community housing providers do not need to go back to first principles in each instance;
- **Sharing experiences** and keys to success amongst community housing providers;

- **Encouraging collaboration** and joint initiatives as these will be crucial to the continuing viability of the community housing industry;
- **Identifying initiatives where through collaboration, community housing providers may be able to operate more effectively.** For example, through investigation of the potential for a non-profit housing delivery vehicle serving a collective of community housing providers;
- Facilitate **continuous development** and improvement.

As a starting point for implementation of these directions, the Federation is seeking to establish a network of interested providers to oversee and participate in initiatives to share and build on success, gather expert advice and develop facilitation tools and materials. These steps are discussed further in Section 5.

## Section 5: Implementation

This Strategy provides the framework and agreed approaches to facilitate the provision of affordable housing through the planning system. It also identifies the key areas of work and focus that the Federation and its members agree should form the basis of initial efforts.

The Federation's CEO will work in conjunction with a panel of providers to oversee the development and implementation of these strategic directions. Work will be supported both by the Federation and a professional facilitator. The facilitator will provide expert advice and also be involved in progressing the initiatives outlined in this Strategy.

Thus, the focus of the facilitator will be twofold:

1. To substantially progress the Industry Strategy directions, responding to the evolving policy and planning context in NSW and the opportunities arising from this;
2. To facilitate the role of community housing providers in delivering affordable housing through expert advice, information, guidance and support.

Activities will include development of more detailed policy positions, data and evidence collation to support the community housing industry position; preparation of communication and publicity material to promote affordable housing and the community housing industry; lobbying and advocacy; building partnerships; and strengthening the capacity of the industry.

It is intended that the Strategy will be continually revised and updated by the Federation working in conjunction with the provider panel and its broader membership. It will be important for the Strategy to be responsive to changes in the operating environment and, in particular, moves by government to review planning provisions and processes and to promote the participation of community housing providers in delivering housing in NSW.

As key initiatives are implemented, the Strategy will evolve to take in further steps and initiatives to expand its reach.

# Attachment 1:

TABLE 1: EXAMPLES OF PLANNING MEASURES TO FACILITATE OR PROTECT AFFORDABLE HOUSING	
MEASURE	DESCRIPTION
<b>Betterment fees</b>	See “Value sharing”.
<b>Exemptions from developer infrastructure contributions for affordable housing projects</b>	Waiving of developer contributions usually levied under section 94 of the Environmental Planning and Assessment Act 1979 for public amenities and services required as a consequence of development in recognition that affordable housing is social infrastructure and/or performs a public purpose.
<b>Fast track development approval for affordable housing projects</b>	Cutting red tape and streamlining approval processes for desirable development. For example, a council or other consent authority may dedicate staff to process certain classes of applications thus reducing processing time and the applicant’s holding costs, or a case manager could be appointed to deal with affordable housing applications or applications by community housing providers.
<b>Graduated planning standards</b>	The variation or waiver of certain development standards contained in a planning instrument, such as a Local Environmental Plan, or a development control plan to encourage certain types of development, or in recognition that the requirement is not appropriate for the development in question. For example, standard requirements for car parking may not be appropriate for an affordable housing project where car ownership is typically low.
<b>Housing diversity requirements</b>	Requirements for a mix of dwelling sizes, types or tenures be provided within a development or an area (eg within a master planned development).
<b>Impact fees</b>	Monetary contributions to offset the impacts of development where a proposal increases the need for, or reduces the supply of, affordable housing. For example Part 3 of the Affordable Housing SEPP (see below) provides for contributions to be payable to

	offset the loss of certain low cost rental accommodation.
<b>Inclusionary zoning</b>	The incorporation of provisions within a planning instrument requiring the inclusion of certain uses or facilities as mandatory for development approval. Can be used to require that a development include a component of affordable housing or a monetary contribution is made towards the provision of such housing. May also be referred to as “mandatory quotas” whereby a specified proportion of affordable housing must be included in developments. The affordable housing contributions applying in City West and Green Square, which are enabled under SEPP 70, are a form of inclusionary zoning.
<b>Mandatory quotas</b>	See “Inclusionary zoning”
<b>Planning incentives or bonuses</b>	An incentive or bonuses may be offered under local or state planning provisions to stimulate certain types of development. For example a density bonus and fast tracked approval could be provided to encourage affordable housing projects.
<b>Reductions in development fees</b>	Development application and processing fees are typically charged by councils and other consent authorities for processing applications. Sometimes fees are reduced or waived to encourage certain types of development that are considered to be in the public interest.
<b>Value sharing</b>	Where a rezoning or relaxation of other planning requirements results in an increase in the value and/or potential of land, a portion of the increase is diverted to affordable housing provision through a monetary levy or requirement for an in-kind contribution of land and/or housing. In practice value sharing is similar to inclusionary zoning (see above).

**EXAMPLES OF IMPLEMENTATION MECHANISMS USED IN NSW**

<b>MECHANISM</b>	<b>DESCRIPTION</b>
<p><b>State Environmental Planning Policy (Affordable Rental Housing) 2009,</b></p> <p><b>known as the Affordable Rental Housing SEPP</b></p>	<p>This State Environmental Planning Policy<sup>2</sup> is intended to facilitate the supply and diversity of affordable rental and social housing. It contains a range of provisions to encourage and protect housing types including villas, townhouses and apartments that contain a component of affordable rental housing, along with secondary dwellings, new generation boarding houses, group homes, social housing and supportive accommodation.</p>
<p><b>State Environmental Planning Policy No 70--Affordable Housing (Revised Schemes)</b></p>	<p>This SEPP enables consent authorities to levy contributions towards affordable housing under Section 94F of the Environmental Planning and Assessment Act 1979. Its application is restricted to a few very limited geographic areas – Willoughby and certain parts of the City of Sydney LGAs.</p>
<p><b>Voluntary planning agreement</b></p>	<p>The Environmental Planning and Assessment Act 1979 provides for a statutory system of planning agreements. The system enables a voluntary agreement to be made between a planning authority and a developer whereby the developer agrees as part of a development proposal or rezoning to fund or provide affordable housing or another specified public benefit.</p>

<sup>2</sup> State Environmental Planning Policies set out the NSW Government’s statutory planning approach to dealing with certain planning issues that are considered to be of State or regional environmental planning significance.