

# PLANNING FOR AFFORDABLE HOUSING INCLUSION – INTERNATIONAL PRACTICE AND AUSTRALIAN INNOVATION

Nicole Gurrán, Associate Professor

Australian Housing and Urban Research Institute

Sydney Research Centre

Faculty of Architecture, Design and Planning, University of Sydney



# Overview

1. Role of planning system in supporting affordable housing development
2. International examples
3. Australian practice
4. Extending innovation



# Housing affordability

- Normative planning policy goal - sufficient housing in the right location for existing & projected population needs
  - ▣ Labour force needs
  - ▣ Social equity, fairness



# “Affordable” housing

- Housing that costs up to 30% of low - moderate income to rent / buy
  - ▣ Existing / new sources of low cost rental housing (private market, no subsidy)
  - ▣ Social housing
  - ▣ Subsidised home ownership / shared equity
  - ▣ Affordable home purchase



# Planning for affordable housing: Policy arguments

1. Remedy regulatory and systemic barriers to affordability;
2. Minimise and offset impacts of planning and development on low cost housing;
3. Plan for greater housing variety, achieve social mix, and support labour market needs;
4. Leverage more subsidised housing stock for low income people, in better locations
5. Recapture planning gain or create additional gain through incentives, for affordable housing development

# 1. Role of planning system

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- ▣ Supporting housing affordability and affordable housing in residential development:
  - Sufficient residential development opportunities in the right location at an appropriate standard
  - Social equity in urban development / change – ie. opportunities for diverse income groups and household types
    - Protecting / offsetting loss of existing supply
    - Promoting diverse and modest housing forms / removing barriers to low cost housing development
    - Securing land / housing for affordable housing sector

# Planning approaches for affordability & affordable housing

Goal	Approach	Market / context
Increase land / housing supply	Planning reform, land audit, development agency, holding penalties	If demand exceeds supply, unresponsive planning system
Barrier removal	Remove restrictive zoning / controls	Exclusionary / restrictive planning schemes
Protection	Impact fees / relocation assistance	Gentrification, rapid urban development
Incentives	Bonuses / concessions	High land values, leverage increased profit
Securing dedicated AH	<p>Mandatory mechanisms</p> <ol style="list-style-type: none"> <li>1. Contributions for low cost rental housing</li> <li>2. Housing inclusion – low cost home purchase / social housing acquisition</li> </ol>	<ol style="list-style-type: none"> <li>1. High land value, high level of development activity</li> <li>2. Low land value, housing demand &amp; development activity</li> </ol>

## 2. International examples - Increasing residential land supply: The Netherlands

- Priority areas for infrastructure / remediation
- 20% of new housing is to be affordable



# Incentives / concessions: Seattle & NYC

- Seattle – Transferrable Development Rights – 2001 – 2007 = \$31,723m
- NYC Inclusionary density housing incentive – 20% development = affordable housing

[http://www.nyc.gov/html/dcp/gif/sherman\\_creek/inclu\\_zoning\\_program.jpg](http://www.nyc.gov/html/dcp/gif/sherman_creek/inclu_zoning_program.jpg)

# Barrier Removal: Massachusetts



- Massachusetts 'Anti-Snob' (Chapter 40B) Laws
- Builders exempt from zoning laws if insufficient provision for affordable housing
- 240,239 units 2000-07

# Mandatory (low cost rental housing inclusion) - San Francisco

- 15% inclusionary requirement for developments above 10 units
- 20% if provided offsite
- 625 units of affordable housing 2001-05



# Mandatory (low cost rental housing / home purchase inclusion) England

- National planning policy framework / local needs assessment
- London – 50% target = 8,641 new affordable housing dwellings pa
- Additional ‘planning gain’ contributions = 700 (s106)




# Mandatory (inclusion in new release areas) – Republic of Ireland


- Mixed tenure estate - 20% of new residential land for affordable housing (Part V Planning & Development Act)
- Developer compensated for contribution:
  - Unimproved land value
  - Development costs (for serviced sites)
  - Reasonable profit (if completed house)
- **3,801 units in progress 6/06; 4,109 proposed**

Part V of the Planning and Development Acts 2000-2006

Some Facts



September 2006



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DEPARTMENT OF THE ENVIRONMENT, HERITAGE  
AND LOCAL GOVERNMENT

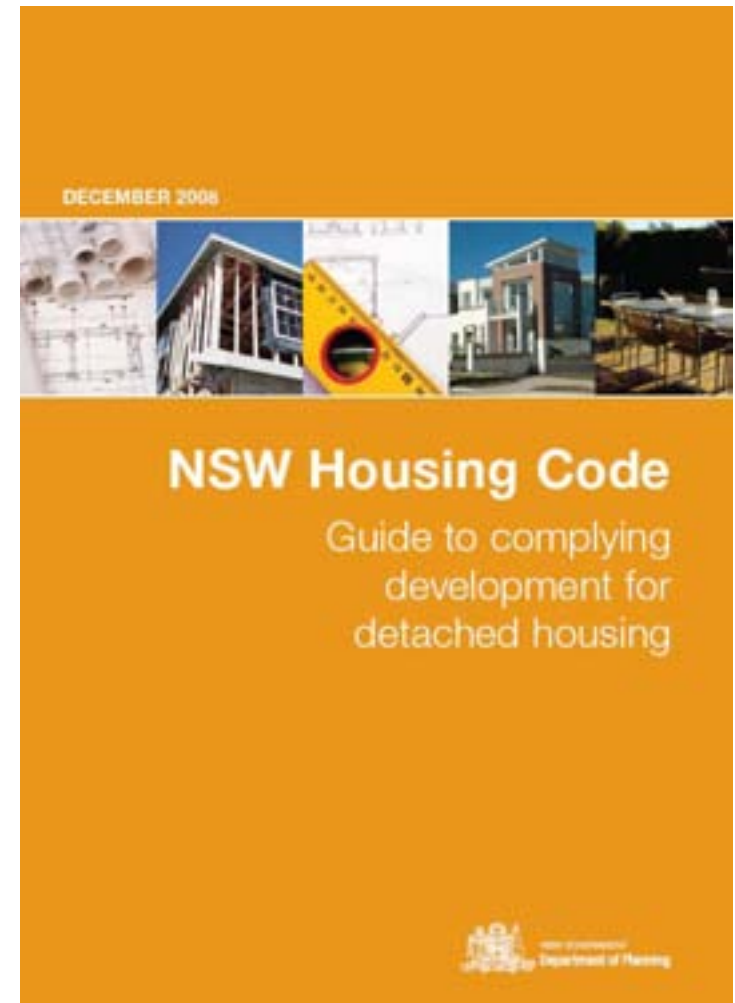
# International practice – planning to support affordable housing development

- Secure dedicated land for affordable housing in the right location
  - Maximise value of investment / subsidy for affordable housing development
  - Has deflationary impact on land values - phase in over time
  - Strong central govt. framework to ensure widespread local implementation
  - Enabling framework to support local innovators
- (Calavita 2006)

# 3. Australian Practice

Planning reform for housing affordability in Australia:

- Removing “red tape”
- Alleviating supply constraints
- Removing / introducing development charges
- Infrastructure planning
  - National support through Housing Affordability Fund



# New institutions

- New institutions to facilitate residential development in priority growth areas – eg.
  - Growth Areas Authority (Vic)
  - Urban Land Development Authority (QLD)
- *Outcomes for affordable housing sector ad hoc and unclear*



Urban Land Development Authority

Affordable Housing Strategy  
NOVEMBER 2008

# Specific planning initiatives for affordable housing in Australia

ACT	ACT Land Development Authority - 15% of Greenfield land to be affordable Land Rent Scheme ACTPLA – must demonstrate affordable outcomes
NSW	Planning agreements for affordable housing agreements Protections (SEPP 10, caravans) Inclusionary zoning (City West) Affordability criteria in setting development contributions Barrier removal (social housing - Infrastructure SEPP)
NT	15% affordable housing in new release of Crown Land
QLD	Affordable housing in Urban Development Areas Local planning for diversity requirement Graduated standards

# Specific planning initiatives for affordable housing in Australia

SA	15% affordable housing, 5% high needs – new release areas Concession code for affordable housing (underway)
TAS	Local planning to demonstrate affordable housing needs assessment
VIC	VicUrban – 25% of sales at lowest quartile of market 5% offered to affordable housing providers Inclusionary housing model under development for inner Melbourne region

# 3. Extending innovation

- Preconditions to use planning system to support dedicated affordable housing inclusion
  1. Legislative authority
  2. Regional / local land use plan
  3. State commitment to support
  4. Local objectives / policy for affordable housing inclusion



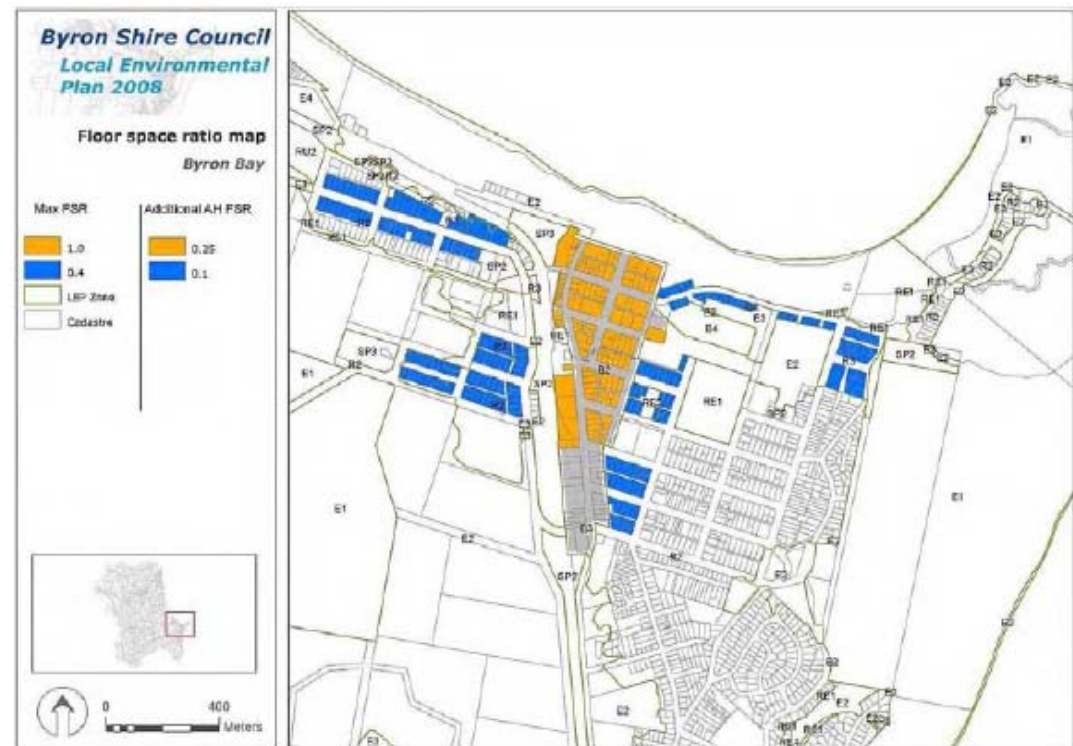
# Legislative authority

- To plan for affordable housing
- To consider affordable housing when development is assessed
- To collect contributions for affordable housing
  - ▣ Eg. SA Development Act
  - ▣ NSW EPAA



# Local / regional land use plan with mechanisms for affordable housing

- Waverly DCP
- Byron Bay draft LEP
- City West REP
- Gosford LEP



# State government commitment to support affordable housing inclusion

- State affordable housing targets
- Land disposal policies
- Assessment of major projects
  - ▣ SA / NT 15% target
  - ▣ SA land disposal policy



Glenside Hospital Redevelopment Concept Master Plan (Mixed development including affordable housing)

# Local objectives / policy for affordable housing protection / inclusion

- Adelaide City Development Plan
- Charles Sturt Development Plan
- City of Port Phillip Planning Scheme
- Randwick LEP
- City of Brisbane Planning Scheme



# Conclusion: Planning innovation for real affordable housing inclusion in Australia

- Extending affordability reform agenda to support dedicated affordable housing
  - NRAS to favour long term inclusionary planning provisions?
  - HAF to prioritise planning for affordable housing developments
- Removing barriers in state legislation to planning for affordable housing inclusion
  - National target
  - Nationally consistent mechanisms
  - Local interpretation – matching mechanism to local market

# References / resources

- National Leading Practice Guide and Toolkit:  
<http://www.housing.nsw.gov.au/Centre+For+Affordable+Housing/Affordable+Housing+Resources/Affordable+Housing+National+Leading+Practice+Guide+and+Tool+Kit/>
- Gurrán, N Milligan, V, Baker, D and Bugg, LB 2008, *International Practice in Planning for Affordable Housing: Lessons for Australia Final Report*, Australian Housing and Urban Research Institute, Melbourne.