

Attachment B12

**Housing Diversity and Affordability Study –
Waterloo Estate (South) – Land and
Housing Corporation**



WATERLOO SOUTH HOUSING DIVERSITY AND AFFORDABILITY

PREPARED FOR:
Department of Planning, Industry and
Environment

MARCH 2020

Contents

1.0	Introduction	10
1.1	Introduction	10
1.1.1	Waterloo Estate	10
1.1.2	Waterloo South.....	11
1.1.3	Renewal Vision	13
1.1.4	Purpose of this report.....	14
1.1.5	Waterloo South Planning Proposal.....	14
1.1.6	Proposed delivery of social (affordable rental) housing.....	16
1.1.7	Social and affordable housing defined	17
1.2	Purpose of this report	18
2.0	Policy context.....	21
2.1	NSW Government Policies	21
2.1.1	Future Directions for Social Housing in NSW	21
2.1.2	Communities Plus	22
2.1.3	Greater Sydney Region Plan	23
2.1.4	Eastern City District Plan	25
2.1.5	State Environmental Planning Policy (Affordable Rental Housing) 2009	25
2.1.6	State Environmental Planning Policy No. 70—Affordable Housing (SEPP 70).....	27
2.1.7	State Environmental Planning Policy No. 65 – Design Quality of Residential Apartment Development and Apartment Design Guide.....	27
2.2	City of Sydney Council policies.....	28
2.2.1	City of Sydney, Housing Issues Paper, 2015	28
2.2.2	Planning proposal – City of Sydney Affordable Housing Review, 2018.....	29
3.0	Housing needs assessment	32
3.1	Demography of Waterloo Precinct	32
3.1.1	Demographic overview.....	33
3.1.2	Older people	34
3.1.3	Birthplace	35
3.1.4	Aboriginal and Torres Strait Islander population	36
3.1.5	Single person households.....	37
3.2	The housing market study area.....	38
3.2.1	Households	40
3.2.2	Housing supply	41
3.2.3	Average household income	42
3.2.4	Income 43	
3.2.5	Housing costs.....	44
3.2.6	Market trends.....	48
3.2.7	Housing affordability	49
3.3	Projected housing needs arising from the Planning Proposal	53

3.4	Implications.....	55
4.0	Options for delivering affordable housing	58
4.1	Planning mechanisms.....	58
4.1.1	Inclusionary zoning.....	58
4.1.2	Voluntary planning agreements.....	59
4.1.3	Evaluation of mechanisms.....	59
4.2	Deliberative approaches	60
4.3	Management approach.....	61
4.3.1	Community Housing providers	61
4.3.2	Affordable housing bond aggregator for the not for profit community housing sector.....	61
4.4	Implications.....	62
5.0	Delivering positive outcomes in mixed tenure developments.....	64
5.2	Creating a tenure blind environment.....	64
5.2.1	Design quality of affordable housing	65
5.2.2	Nature of public open and shared spaces	65
5.3	Distribution of tenure/income groups	66
5.3.1	Unit by Unit	67
5.3.2	Floor by Floor.....	67
5.3.3	Building by Building	68
5.3.4	Block by Block.....	69
5.4	Implications.....	69
6.0	Community views.....	73
6.1	Consultation process.....	73
6.2	Views on housing diversity.....	73
6.3	Views on tenure mix	74
7.0	Assessment	77
7.1	SSP 1.5: Consideration of City of Sydney documents and policies	77
7.2	SSP 1.6: Consideration of other relevant strategies, reports, policies and guides including, but not limited to Future Directions for Social Housing in NSW	77
7.3	SSP 6.1: Housing needs and delivering diversity.....	78
7.4	SSP 6.2: Demonstrate how the proposed planning controls will support the achievement of housing tenure objectives.....	80
7.5	SSP 6.3: Consider how social housing in the precinct is to be replaced and identify guiding principles and / or potential options for the appropriate distribution throughout the precinct to ensure positive social outcomes.....	82
7.6	SSP 6.4 - maximising affordable housing.....	83
8.0	Conclusion.....	85
	Appendix A : Case Studies	87
A.1	Kensington (Melbourne, Australia) -building by building approach	87
A.2	Carlton (Melbourne, Australia) – planned integration within buildings	88
A.3	One Riverside Park New York City (New York City, USA) –clustering within a building	90

A.4	Inkerman Oasis, St Kilda (Melbourne, Australia) – Small scale integration	92
A.5	The Nicholson, East Coburg (Melbourne, Australia) – holistic management framework 93	
A.6	Washington Park, Riverwood (Sydney, Australia).....	93
A.7	New Gorbals Estate (Glasgow, Scotland) - tenant views	93

Tables

Table 1: Redevelopment vision	13
Table 2: Location of SSD requirement	14
Table 3: Breakdown of allocation of land within the Waterloo South	16
Table 4: Greater Sydney Region Plan Directions	23
Table 5: SEPP (Affordable Rental Housing) provisions for infill development.....	26
Table 6: Demographic snapshot	33
Table 7: Key demographic indicators – Study Area compared with City of Sydney.....	39
Table 8: Household type – Study Area, City of Sydney	40
Table 9: Number of households experiencing mortgage stress	50
Table 10: Number of households experiencing rental stress.....	51
Table 11: Household income and affordability Greater Sydney (2016).....	51
Table 12: Very low income household profile.....	52
Table 13: Low income households.....	52
Table 14: Moderate income households.....	53
Table 15: Projected population and Dwellings, Waterloo South	54
Table 16: Contribution Mechanism Overview.....	59
Table 17: Deliberative housing models.....	60
Table 18: Common approaches to achieving tenure mix.....	66
Table 19: Considerations of a unit by unit approach to mixing tenures.....	67
Table 20: Considerations of a floor by floor approach to mixing tenures	68
Table 21: Considerations of a building by building approach to mixing tenures	68
Table 22: Considerations of a block by block approach to mixing tenures	69
Table 23: Assessment of proposed housing mix	79

Figures

Figure 1 Location plan of Waterloo Estate and Waterloo South	11
Figure 2 Waterloo Precinct	12
Figure 3 Indicative Concept Proposal Source: Turner Studio	17
Figure 4: Housing continuum initiative and programs	24
Figure 5: The Estate and Waterloo Precinct (SA1 and DZN/TZ areas)	33
Figure 6: Age Structure, Waterloo Precinct.....	35
Figure 7: Ancestry of overseas born, Waterloo Precinct, 2016	36
Figure 8: Comparison of Aboriginal and Torres Strait Islander proportion of total residents	37

Figure 9: Indigenous age population demographics, Waterloo Precinct 37

Figure 10: Household type, Waterloo Precinct (2016)..... 38

Figure 11: Study Area 39

Figure 12: Proportion of dwelling by type (2006-2016) 41

Figure 13: Proportion of dwellings by bedroom mix 42

Figure 14: Change in dwelling tenure 42

Figure 15: Average household incomes 43

Figure 16: Weekly household income changes 2006-2016 44

Figure 17: Median mortgage repayment 45

Figure 18: Non-strata median sale values 1991-2016 (\$,000) 45

Figure 19: Strata median sale values 1991-2016 (\$,000) 46

Figure 20: Apartment weekly rental growth 1991-2016 (\$,000) 47

Figure 21: Average annual rents 48

Figure 22: Household income and mortgage/rental repayments 50

Figure 23: Age structure, Waterloo South, 2016-2036 54

Figure 24: Households by type, Waterloo South, 2016 – 2041 55

Quality Assurance

Report Contacts

Anna Mohen

Senior Consultant

M. Urban and Regional Planning, B. Arts (Environmental Science/Anthropology)

Anna.Mohen@hillpda.com

William Tzaikos

Consultant

William.tzaikos@hillpda.com

Elizabeth Griffin

Principal

BA (Geography), M.UrbPI, MPIA

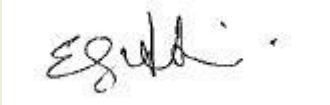
Elizabeth.Griffin@hillpda.com

Quality Control

This document is for discussion purposes only unless signed and dated by a Principal of HillPDA.

Reviewer

Signature



Dated

24/03/20

Report Details

Job Number

P18063

Version

Waterloo South Ver 3

File Name

P18063 – Waterloo South Housing Diversity and Affordability Study_v4

Date Printed

24 March 2020

Executive summary

This Housing Diversity and Affordability Study considers a Planning Proposal to amend planning controls that apply to a site known as Waterloo South. Waterloo South is part of the Waterloo Social Housing Estate which has been identified by the NSW Government as a State Significant Site, largely due to the site's importance for social housing and its inner city location offering proximity to a new Metro station and high accessibility to jobs, services and infrastructure.

The Planning Proposal is required to facilitate the redevelopment of the subject site for housing and associated commercial and community uses. The Planning Proposal seeks to maximise the housing potential of the subject site in order to transition existing residents to a new, high amenity mixed tenure precinct offering improved living, social and community wide outcomes. The Planning Proposal provides an opportunity to provide affordable housing and improve the quality of the social housing on the subject site. The Planning Proposal for Waterloo South is being led by NSW Land and Housing Corporation (LAHC).

The Planning Proposal is consistent with the strategic directions of the Greater Sydney Commission's *Greater Sydney Region Plan* and *Eastern City District Plan* seeks to align growth with infrastructure, including transport, social and green infrastructure. The nearby new Waterloo Metro Station provides an opportunity to deliver urban renewal to Waterloo Social Housing Estate that will create great spaces and places for people to live, work and visit.

The Planning Proposal would provide a revised planning framework that will enable future development applications for the redevelopment of Waterloo South. The proposed planning framework that is subject of this Planning Proposal, includes:

- **Amendments to the Sydney Local Environmental Plan 2012** – This will include amendments to the zoning and development standards (i.e. maximum building heights and floor space ratio) applied to Waterloo South. Precinct-specific local provisions may also be included. The Planning Proposal proposes a new clause be included in the LEP to require a minimum of 5% of overall residential floorspace in Waterloo South to be affordable housing.
- **A Development Control Plan (DCP)** – This will be a new part inserted into 'Section 5: Specific Areas' of the Sydney DCP 2012 and include detailed controls to inform future development of Waterloo South.
- **An infrastructure contributions framework** – In depth needs analysis of the infrastructure required to service the needs of the future community including open space, community facilities and servicing infrastructure.

In addition to the above, the proposal targets 30% of housing as social (affordable rental) dwellings which is consistent with current government policy including *Future Directions for Social Housing*.

The Study Requirements issued by the Secretary of Planning for the Waterloo State Significant Precinct site, in May 2018 indicate that this report should address the matters set out below:

Location of required information

Reference	Required information	Section of this report
1.0 Vision, Strategic Context and Justification	1.5 - Consideration of City of Sydney planning documents, strategies and policies including, but not limited to Housing Issues Paper April 2015	Section 2.2
	1.6 - Consideration of other relevant strategies, reports, policies and guides including, but not limited to Future Directions for Social Housing in NSW	Section 2.1
6.0 Housing	6.1 - Undertake a housing needs analysis for the precinct to identify the appropriate mix of dwelling types, tenures, sizes and price-points necessary to support a diverse, healthy and socially sustainable community. The analysis should have regard to the intended provision of social and affordable housing, consider the needs of renters, investors and owner occupiers and the Communities Plus process measures to ensure a diverse, inclusive, healthy, socially connected, liveable, energy efficient and sustainable community.	Section 3.0
	6.2 - Demonstrate how the proposed planning controls will support the achievement of housing and tenure objectives.	Section 4.0
	6.3 - Consider how social housing in the precinct is to be replaced and identify guiding principles and / or potential options for the appropriate distribution throughout the precinct to ensure positive social outcomes.	Section 4.0, Section 7
	6.4 - Identify and assess the range of mechanisms/models available to maximise affordable housing, noting the minimum target of 5% - 10% of new floorspace referenced in the draft Central District Plan, or any greater target if NSW government policy changes.	Section 5.0, 7.0

This report provides comprehensive baseline investigations and assesses how the proposed planning framework amendments as they will impact on housing affordability and diversity. The analysis has found that:

- The Planning Proposal is consistent with City of Sydney Housing Issues Paper April 2015
- The Planning Proposal is consistent with other relevant strategies, reports, policies and guides including *Future Directions for Social Housing in NSW*
- The Planning Proposal responds to the housing needs of the Waterloo Social Housing Estate and surrounding Housing Market Study Area by enabling:
 - An increase in the supply of housing generally
 - Improvements in the quality of social housing generally
 - Improved outcomes for social housing tenants through improved housing, amenity and the benefits arising from a socially mixed precinct
 - A development that can provide for a range of dwelling types, dwelling sizes, tenures and price points.
- The proposed planning controls will support the achievement of housing and tenure objectives through increasing the capacity for housing on the subject site and specifically making provision for a minimum of 5% of overall residential floorspace as affordable housing, to address the need for affordable housing in the study area, which would be enabled by the uplift to result from the proposed increased height and FSR controls.
- The Indicative Concept Proposal will allow the delivery of a mixed tenure precinct that is tenure blind and provides equitable access to open space and community infrastructure. The *Future Directions for*

Social Housing principles will guide the equitable distribution of social housing and amenity at Waterloo South.

- There are a variety of approaches to tenure distribution and case study research has demonstrated that while all have advantages and disadvantages, a building by building approach offers clear advantages in term of management, strata arrangements and ongoing maintenance, as well as delivering social outcomes. LAHC could continue to apply learnings from their work in other social housing estates to refine their approach at Waterloo South.
- The Planning Proposal includes an inclusionary zoning requiring a minimum of 5 per cent of overall residential floorspace as affordable housing which is consistent with current policy and supported by feasibility testing.

Overall, the Planning Proposal offers substantial advantages for housing diversity and affordability at Waterloo South.

INTRODUCTION

1.0 INTRODUCTION

1.1 Introduction

The Greater Sydney Region Plan and Eastern City District Plan seek to align growth with infrastructure, including transport, social and green infrastructure. With the catalyst of Waterloo Metro Station, there is an opportunity to deliver urban renewal to Waterloo Estate that will create great spaces and places for people to live, work and visit.

The proposed rezoning of Waterloo Estate is to be staged over the next 20 years to enable a coordinated renewal approach that minimises disruption for existing tenants and allows for the up-front delivery of key public domain elements such as public open space. Aligned to this staged approach, Waterloo Estate comprises three separate, but adjoining and inter-related stages:

- Waterloo South
- Waterloo Central
- Waterloo North.

Waterloo South has been identified as the first stage for renewal. The lower number and density social housing dwellings spread over a relatively large area, makes Waterloo South ideal as a first sub-precinct, as new housing can be provided with the least disruption for existing tenants and early delivery of key public domain elements, such as public open space.

A Planning Proposal for Waterloo South is being led by NSW Land and Housing Corporation (LAHC). This will set out the strategic justification for the proposal and provide an assessment of the relevant strategic plans, state environmental planning policies, ministerial directions and the environmental, social and economic impacts of the proposed amendment. The outcome of this Planning Proposal will be a revised planning framework that will enable future development applications for the redevelopment of Waterloo South. The proposed planning framework that is subject of this Planning Proposal, includes:

- **Amendments to the Sydney Local Environmental Plan 2012** – This will include amendments to the zoning and development standards (i.e. maximum building heights and floor space ratio) applied to Waterloo South. Precinct-specific local provisions may also be included.
- **A Development Control Plan (DCP)** – This will be a new part inserted into ‘Section 5: Specific Areas’ of the Sydney DCP 2012 and include detailed controls to inform future development of Waterloo South.
- **An infrastructure framework** – in depth needs analysis of the infrastructure required to service the needs of the future community including open space, community facilities and servicing infrastructure.

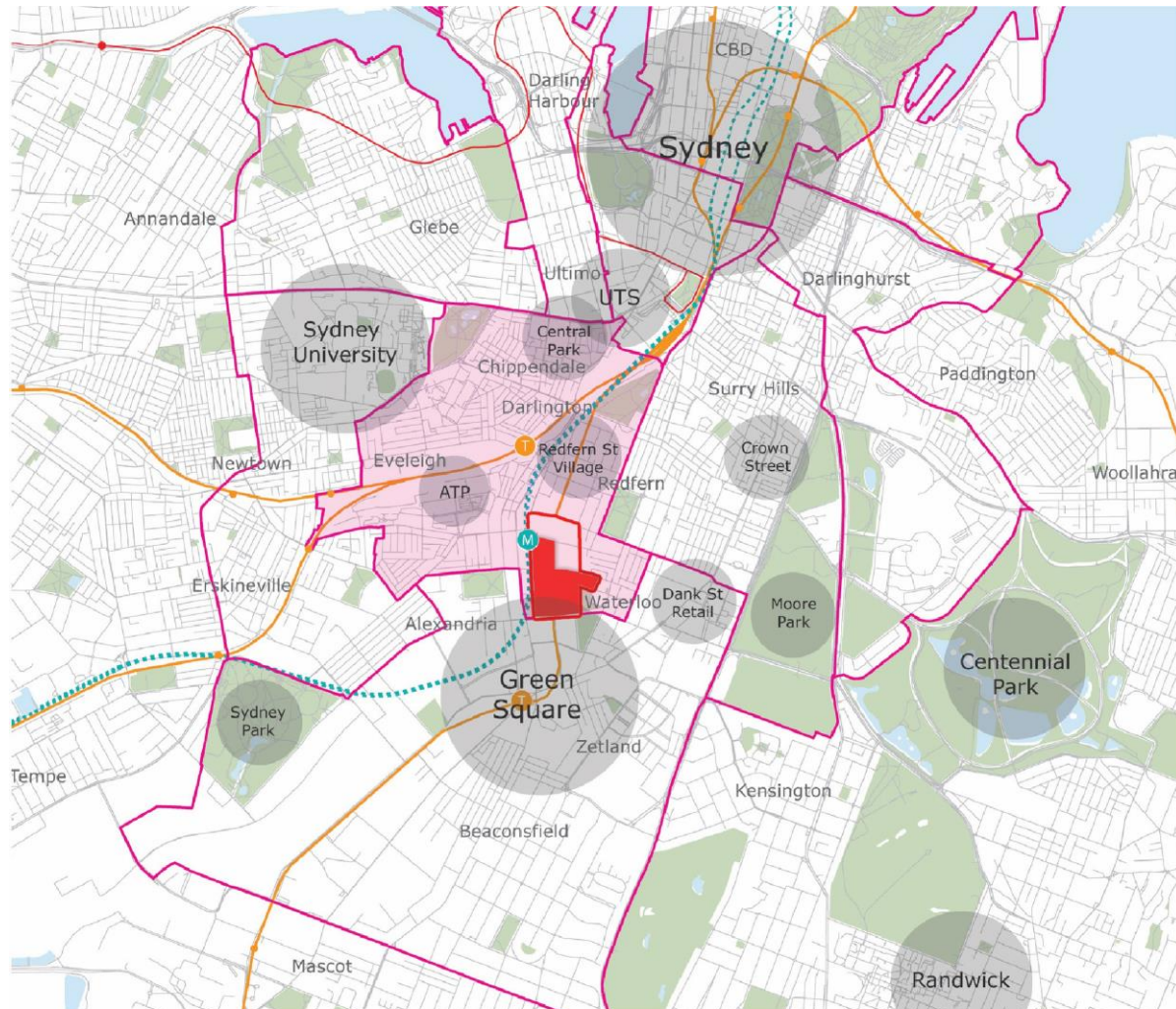
1.1.1 Waterloo Estate

Waterloo Estate is located approximately 3.3km south-south-west of the Sydney CBD in the suburb of Waterloo (refer to **Figure 1**). It is located entirely within the City of Sydney local government area (LGA). Waterloo Estate is situated approximately 0.6km from Redfern train station and 0.5km from Australia Technology Park. The precinct adjoins the new Waterloo Metro Station, scheduled to open in 2024. The Waterloo Metro Quarter adjoins Waterloo Estate and includes the station and over station development, and was rezoned in 2019. Waterloo Estate comprises land bounded by Cope, Phillip, Pitt and McEvoy Street, including an additional area bounded by Wellington, Gibson, Kellick and Pitt Streets. It has an approximate gross site area of 18.98 hectares (14.4 hectares excluding roads). Waterloo Estate currently comprises 2,012 social housing dwellings owned by

LAHC, 125 private dwellings, a small group of shops and community uses on the corner of Wellington and George Streets, and commercial properties on the south-east corner of Cope and Wellington Streets.

A map of Waterloo Estate and relevant boundaries is illustrated in **Figure 2**.

Figure 1 Location plan of Waterloo Estate and Waterloo South



Legend

- The Estate
- Waterloo South

Source: Turner Studio

1.1.2 Waterloo South

Waterloo South includes land bounded by Cope, Raglan, George, Wellington, Gibson, Kellick, Pitt and McEvoy Streets, and has an approximate gross site area of 12.32 hectares (approximately 65% of the total Estate).

Waterloo South currently comprises 749 social housing dwellings owned by LAHC, 125 private dwellings, and commercial properties on the south-east corner of Cope and Wellington Streets. Existing social housing within Waterloo South is predominantly walk up flat buildings constructed in the 1950s and '60s, and mid-rise residential flat buildings (Drysdale, Dobell & 76 Wellington Street) constructed in the 1980s. Listed Heritage Items within Waterloo South include the Duke of Wellington Hotel, Electricity Substation 174 on the corner of George and McEvoy Streets, the terrace houses at 229-231 Cope Street and the Former Waterloo Pre-School at 225-227

Cope Street. The State Heritage listed 'Potts Hill to Waterloo Pressure Tunnel and Shafts' passes underneath the precinct.

A map of Waterloo South and relevant boundaries is illustrated in **Figure 2**.

Figure 2 Waterloo Precinct



Legend

-  The Estate
-  Private Properties
-  Waterloo Metro Quarter
-  Waterloo Metro Station
-  Sydney Metro Alignment

Subject to this planning proposal

-  Waterloo South

Subject to future planning and planning proposal

-  Waterloo North
-  Waterloo Central

Source: Ethos Urban

1.1.3 Renewal Vision

The transition of Waterloo Estate will occur over a 20-year timeframe, replacing and providing fit for purpose social (affordable rental) housing as well as private housing to create a new integrated and inclusive mixed-tenure community.

This aligns with Future Directions for Social Housing in NSW – the NSW Government’s vision for social housing. It also aligns with LAHC’s Communities Plus program, which is tasked with achieving three key objectives:

- Provide more social housing
- Provide a better social housing experience
- Provide more opportunities and support for social housing tenants.

The following is LAHC’s Redevelopment Vision for Waterloo Estate, which was derived from extensive consultation and technical studies:

Table 1: Redevelopment vision

	<p>Culture and Heritage</p> <p>Recognise and celebrate the significance of Waterloo’s Aboriginal history and heritage across the built and natural environments.</p> <p>Make Waterloo an affordable place for more Aboriginal people to live and work.</p> <p>Foster connection to culture by supporting authentic storytelling and recognition of artistic, cultural and sporting achievements.</p>
	<p>Communal and Open Space</p> <p>Create high quality, accessible and safe open spaces that connect people to nature and cater to different needs, purposes and age groups.</p> <p>Create open spaces that bring people together and contribute to community cohesion and wellbeing.</p>
	<p>Movement and Connectivity</p> <p>Make public transport, walking and cycling the preferred choice with accessible, reliable and safe connections and amenities.</p> <p>Make Waterloo a desired destination with the new Waterloo Station at the heart of the Precinct’s transport network – serving as the gateway to a welcoming, safe and active community.</p>
	<p>Character of Waterloo</p> <p>Strengthen the diversity, inclusiveness and community spirit of Waterloo.</p> <p>Reflect the current character of Waterloo in the new built environment by mixing old and new.</p>
	<p>Local Employment Opportunities</p> <p>Encourage a broad mix of businesses and social enterprise in the area that provides choice for residents and creates local job opportunities.</p>
	<p>Community Services, Including Support for Those Who Are Vulnerable</p> <p>Ensure that social and human services support an increased population and meet the diverse needs of the community, including the most vulnerable residents.</p> <p>Provide flexible communal spaces to support cultural events, festivals and activities that strengthen community spirit.</p>
	<p>Accessible Services</p> <p>Deliver improved and affordable services that support the everyday needs of the community, such as health and wellbeing, grocery and retail options.</p>
	<p>Design Excellence</p> <p>Ensure architectural design excellence so that buildings and surrounds reflect community diversity, are environmentally sustainable & people friendly – contributing to lively, attractive and safe neighbourhoods.</p> <p>Recognise and celebrate Waterloo’s history and culture in the built environment through artistic and creative expression.</p> <p>Create an integrated, inclusive community where existing residents and newcomers feel welcome, through a thoughtfully designed mix of private, and social (affordable rental) housing.</p>

Source: Let’s Talk Waterloo: Waterloo Redevelopment (Elton Consulting, 2019)

1.1.4 Purpose of this report

This report relates to the Waterloo South Planning Proposal. While it provides comprehensive baseline investigations for Waterloo Estate, it only assesses the proposed planning framework amendments and Indicative Concept Proposal for Waterloo South.

The Study Requirements issued by the Secretary of Planning for the Waterloo State Significant Development site indicate that this report should address the matters set out in **Error! Reference source not found.**

Table 2: Location of SSD requirement

SSD Requirement	Required information	Section of this report
1.0 Vision, Strategic Context and Justification	1.5 - Consideration of City of Sydney planning documents, strategies and policies including, but not limited to Housing Issues Paper April 2015	Section 2.2
	1.6 - Consideration of other relevant strategies, reports, policies and guides including, but not limited to Future Directions for Social Housing in NSW	Section 2.1
6.0 Housing	6.1 - Undertake a housing needs analysis for the precinct to identify the appropriate mix of dwelling types, tenures, sizes and price-points necessary to support a diverse, healthy and socially sustainable community. The analysis should have regard to the intended provision of social and affordable housing, consider the needs of renters, investors and owner occupiers and the Communities Plus process measures to ensure a diverse, inclusive, healthy, socially connected, liveable, energy efficient and sustainable community.	Section 3.0
	6.2 - Demonstrate how the proposed planning controls will support the achievement of housing and tenure objectives.	Section 4.0
	6.3 - Consider how social housing in the precinct is to be replaced and identify guiding principles and / or potential options for the appropriate distribution throughout the precinct to ensure positive social outcomes.	Section 4.0, Section 7
	6.4 - Identify and assess the range of mechanisms/models available to maximise affordable housing, noting the minimum target of 5% - 10% of new floorspace referenced in the draft Central District Plan, or any greater target if NSW government policy changes.	Section 5.0, 7.0

This report relates to the Waterloo South Planning Proposal. While it provides comprehensive baseline investigations for Waterloo Estate, it only assesses the proposed planning framework amendments and Indicative Concept Proposal for Waterloo South.

1.1.5 Waterloo South Planning Proposal

The Planning Proposal will establish new land use planning controls for Waterloo South, including zoning and development standards to be included in Sydney LEP 2012, a new section in Part 5 of DCP 2012, and an infrastructure framework. Turner Studio and Turf has prepared an Urban Design and Public Domain Study which establishes an Indicative Concept Proposal presenting an indicative renewal outcome for Waterloo South. The Urban Design and Public Domain Study provides a comprehensive urban design vision and strategy to guide future development of Waterloo South and has informed the proposed planning framework. The Indicative Concept Proposal has also been used as the basis for testing, understanding and communicating the potential development outcomes of the proposed planning framework.

The Indicative Concept Proposal comprises:

- Approximately 2.57 hectares of public open space representing 17.8% of the total Estate (Gross Estate area – existing roads) proposed to be dedicated to the City of Sydney Council, comprising:
 - Village Green – a 2.25 hectare park located next to the Waterloo Metro Station; and
 - Waterloo Common and adjacent – 0.32 hectares located in the heart of the Waterloo South precinct.
 - The 2.57 hectares all fall within the Waterloo South Planning Proposal representing 32.3% of public open space (Gross Waterloo South area – proposed roads).
- Retention of 52% of existing high and moderate value trees (including existing fig trees) and the planting of three trees to replace each high and moderate value tree removed.
- Coverage of 30% of Waterloo South by tree canopy.
- Approximately 257,000 sqm of GFA on the LAHC land, comprising:
 - Approximately 239,100 sqm GFA of residential accommodation, providing for approximately 3,048 dwellings comprising a mix of market and social (affordable rental) housing dwellings;
 - Approximately 11,200 sqm of GFA for commercial premises, including, but not limited to, supermarkets, shops, food & drink premises and health facilities; and
 - Approximately 6,700 sqm of community facilities and early education and child care facilities.

The key features of the Indicative Concept Proposal are:

- It is a design and open space led approach.
- Creation of two large parks of high amenity by ensuring good sunlight access.
- Creation of a pedestrian priority precinct with new open spaces and a network of roads, lanes and pedestrian links.
- Conversion of George Street into a landscaped pedestrian and cycle friendly boulevard and creation of a walkable loop designed to cater to the needs of all ages.
- A new local retail hub located centrally within Waterloo South to serve the needs of the local community.
- A target of 80% of dwellings to have local retail services and open space within 200m of their building entry.
- Achievement of a 6 Star Green Star Communities rating, with minimum 5-star Green Star – Design & As-Built (Design Review certified).
- A range of Water Sensitive Urban Design (WSUD) features.

The proposed land allocation for the Waterloo South precinct is described in **Table 3** below.

Table 3: Breakdown of allocation of land within the Waterloo South

Land allocation	Existing	Proposed
Roads	3.12ha / 25.3%	4.38ha / 35.5%
Developed area (Private sites)	0.86ha / 6.98%	0.86ha / 7%
Developed area (LAHC property)	8.28ha / 67.2%	4.26ha / 34.6%
Public open space (proposed to be dedicated to the City of Sydney)	Nil / 0%	2.57ha / 20.9% (32.3% excluding roads)
Other publicly accessible open space (Including former roads and private/LAHC land)	0.06ha / 0.5%	0.25ha / 2%
TOTAL	12.32ha	12.32ha

The Indicative Concept Proposal for the Waterloo South is illustrated in **Figure 3** below.

Proposed built form controls

The proposed building height and floor space ratio will allow the redevelopment of the Estate to deliver:

- An overall increase in housing supply
- An opportunity to realign the dwelling stock to meet the needs of local demography
- A diversity of dwellings sizes
- A mixed tenure estate that is supported by local services and infrastructure.

The proposed build form controls will allow approximately 239,100 sqm GFA of residential accommodation, providing for approximately 3,000 dwellings, making a substantial contribution to housing supply in an area of high need. The uplift arising from the proposed amendments to planning controls will enable a minimum of 5 per cent of the overall residential floorspace to be delivered as affordable housing.

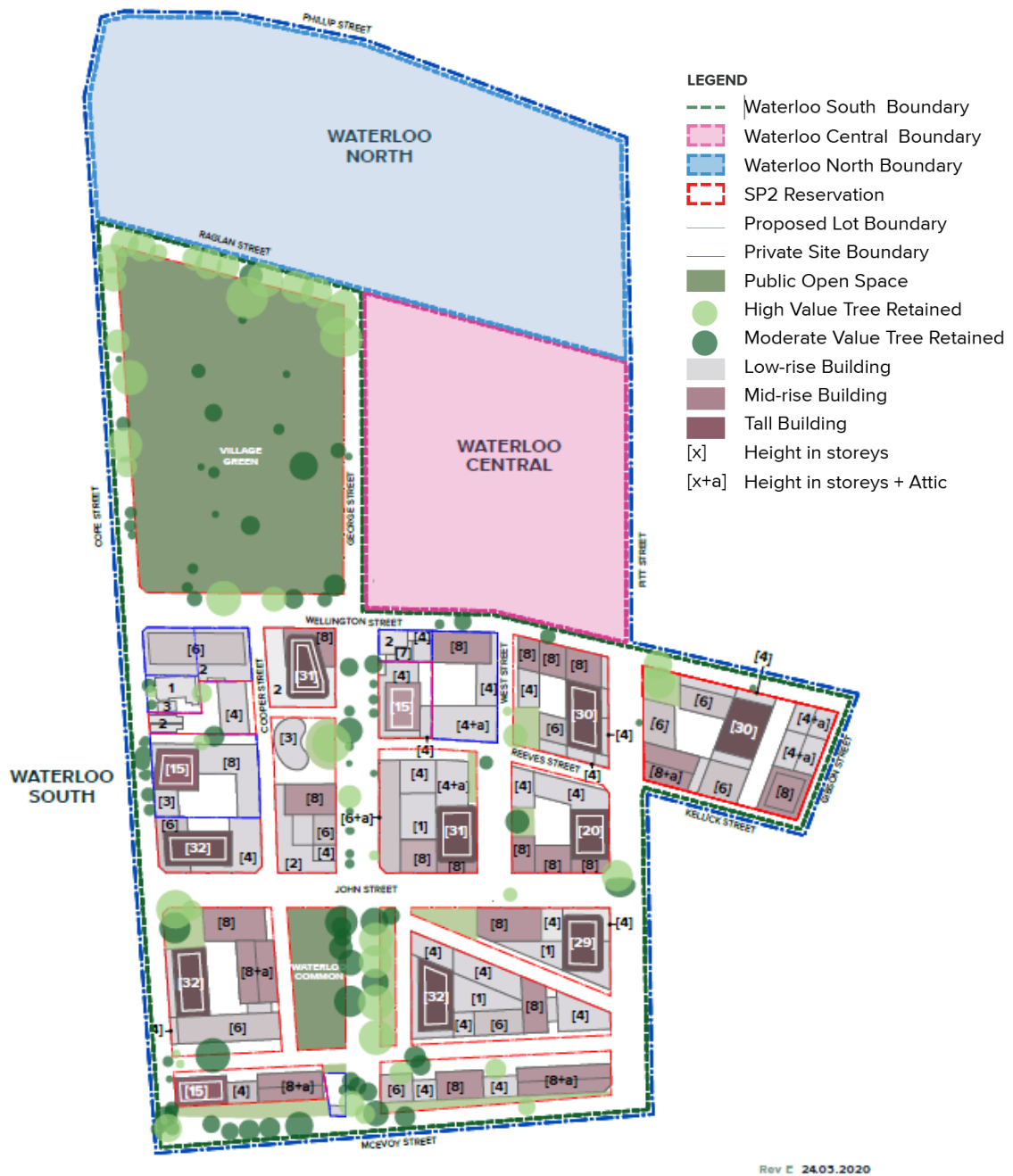
The Planning Proposal will enable a diversity of housing in terms of dwelling size, configuration and tenures mix with a target of 30 per cent of dwellings for social (affordable rental) housing across Waterloo South. The proposed built form controls will provide the conditions for LAHC to deliver social housing dwellings in a tenure mixed environment with good access to open space and services. It will also allow for the inclusion of design features that support housing diversity and affordability (i.e. universally designed buildings, tenure-blind dwellings).

The Indicative Concept Proposal is capable of meeting any of the approaches to mix income groups and tenure types across the site. The research favours a ‘building by building’ approach to distributing tenure groups across Waterloo South as this will minimise strata fees and maintenance costs. It is envisaged that LAHC will continue to monitor experiences in other estates undergoing redevelopment, so that any future learnings can be incorporated into the design and delivery of the redevelopment.

1.1.6 Proposed delivery of affordable housing

The LEP controls will contain a statutory obligation to deliver a minimum 5per cent of all dwellings for affordable housing. The spatial arrangements and management regime will be determined through procurement and at the development application phase. In alignment with the objectives of *Future Directions for Social Housing*, the Indicative Concept Proposal targets 30% of all dwellings to be social (affordable rental) housing across Waterloo South.

Figure 3 Indicative Concept Proposal Source: Turner Studio



* FSR for entire of Waterloo South, including roads and public open space. The FSR for individual development blocks varies and is higher, as they do not include roads or public open space.

1.1.7 Social and affordable housing defined

In New South Wales, Social Housing is secure and affordable rental housing for people on low incomes with housing needs. It includes public, community and Aboriginal Housing as follows:

- Public housing is managed by Department of Communities and Justice
- Community housing is managed by non-government organisations

- Aboriginal housing is specifically for Aboriginal people and the properties are managed by Department of Communities and Justice or community housing providers.

Comparatively, Affordable housing is housing that is appropriate for the needs of 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. The State Environmental Planning Policy No 70 – Affordable Housing defines affordable housing as:

“Very low income households, low income households and moderate income households are those whose gross incomes fall within the following ranges of per centages of the median household income for the time being for the Greater Sydney (Greater Capital City Statistical Area) or the Rest of NSW (Greater Capital City Statistical Area) according to the Australian Bureau of Statistics:

- *Very Low income household – less than 50%*
- *low income household – 50 or more but less than 80%*
- *moderate income household – 80-120%”*

Both social and affordable housing cater to the needs of households on very low, low and moderate incomes. Consequently, this report adopts the term social (affordable affordable) dwellings throughout to refer to housing for households in these income groups.

Waterloo is in an area that has been identified in the Eastern City District Plan by the Greater Sydney Commission as having a high need for affordable housing. The Indicative Concept Proposal targets 30% of all dwellings as social (affordable rental) housing across the Waterloo Estate. The Waterloo South Masterplan makes provision for a range of dwellings types and sizes including a substantial proportion of smaller, more affordable dwellings.

1.2 Purpose of this report

The Study Requirements issued by the Secretary of Planning for the Waterloo State Significant Development site indicate that this report should address the matters below:

1.0 Vision, Strategic Context and Justification

1.5 - Consideration of City of Sydney planning documents, strategies and policies including, but not limited to Housing Issues Paper April 2015

1.6 - Consideration of other relevant strategies, reports, policies and guides including, but not limited to Future Directions for Social Housing in NSW

6.0 Housing

6.1 - Undertake a housing needs analysis for the precinct to identify the appropriate mix of dwelling types, tenures, sizes and price-points necessary to support a diverse, healthy and socially sustainable community. The analysis should have regard to the intended provision of social and affordable housing, consider the needs of renters, investors and owner occupiers and the Communities Plus process measures to ensure a diverse, inclusive, healthy, socially connected, liveable, energy efficient and sustainable community.

6.2 - Demonstrate how the proposed planning controls will support the achievement of housing and tenure objectives.

6.3 - Consider how social housing in the precinct is to be replaced and identify guiding principles and / or potential options for the appropriate distribution throughout the precinct to ensure positive social outcomes.

6.4 - Identify and assess the range of mechanisms/models available to maximise affordable housing, noting the minimum target of 5% - 10% of new floorspace referenced in the draft Central District Plan, or any greater target if NSW government policy changes.

This report relates to the Waterloo South Planning Proposal. While it provides comprehensive baseline investigations for Waterloo Estate, it only assesses the proposed planning framework amendments and Indicative Concept Proposal for Waterloo South.

The proposed redevelopment of Waterloo South aligns with existing government policy that aims to build more social and affordable housing. Redevelopment of Waterloo South will:

- Result in a dwelling mix that is more closely suited to the needs of the local population
- Deliver more, fit for purpose social and affordable housing in a format that permits distribution of tenures
- Increase housing diversity
- Delivery better quality dwellings and an improved public domain.

Overall, the proposed development will deliver housing in close proximity to transport, jobs and services benefiting residents and promoting improved liveability. The potential benefits of the Planning Proposal for increased housing diversity are likely to be substantial.

POLICY CONTEXT

2.0 POLICY CONTEXT

This section considers the relevant policy documents currently in place by the NSW Government and local government. Study requirements 1.5 and 1.6 indicate that this report is to consider:

- City of Sydney planning documents, strategies and policies including, but not limited to Housing Issues Paper April 2015
- Other relevant strategies, reports, policies and guides including, but not limited to Future Directions for Social Housing in NSW.

Relevant policy documents are considered below.

2.1 NSW Government Policies

2.1.1 Future Directions for Social Housing in NSW

Future Directions for Social Housing in NSW identifies 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.¹



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

¹ Future Directions for Social Housing in NSW, 2018, p. 5-6

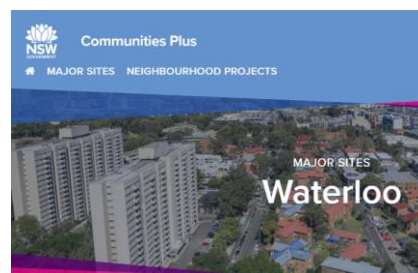
- There will be more social housing better designed to meet tenants' needs, more effective alternatives to social housing, and more pathways out of social housing, especially for children, young people and their families
- There will be shorter average tenancies and more people 'graduating' from social 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.²

The Waterloo South redevelopment project would assist the Government to deliver these outcomes. The inner city location and proximity to transport, employment and services make the site ideally suited to increased housing diversity and affordability. The development provides an opportunity to plan for a mix of housing tenures from the outset with design-led solutions. The Planning Proposal is consistent with *Future Directions for Social Housing in NSW*.

2.1.2 Communities Plus

The Communities Plus Program is a NSW Government initiative where Land and Housing Corporation (LAHC) partners with the private and not-for-profit sectors for redevelopment of the social housing stock. It aims to deliver:

- More social housing
- A better social housing experience
- More opportunities for social housing tenants.



Waterloo South is located within the Waterloo Social Housing Estate which is an 18 hectare area that includes land owned by the NSW Government, and adjacent to the new Waterloo metro station, known as the Metro Quarter. It also includes a number of privately owned properties.

Following a period of 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 social (affordable rental) housing, mixed with private housing close to the new Waterloo Station and Metro Quarter.

The Masterplan will offer residents increased access to shops and services and local employment opportunities with new multi-purpose community facilities providing space for cultural events, community learning, childcare and health services. Around 3 hectares of open spaces, including new public parks and landscaped boulevards are also contained within the Masterplan. The parks will provide residents and visitors with a place to celebrate

² Future Directions for Social Housing in NSW, 2018, p. 6-7

events and enjoy outdoor activities. George Street will be transformed into a 20-25m wide tree-lined pedestrian, bicycle and vehicle friendly shared street, with water features and good lighting, providing a safe and enjoyable experience for all.

The Planning Proposal for Waterloo South is essential to the delivery of the Communities Plus Program for the reviewal of the Waterloo Estate. The Planning Proposal will establish the planning framework necessary to support the implementation LAHC’s housing program at Waterloo Social Housing Estate.

2.1.3 Greater Sydney Region Plan

The Greater Sydney Commission’s Greater Sydney Region Plan sets out a vision for a city where most residents live within 30 minutes of their jobs, education and health facilities, services and great places. The plan contains 10 Directions which establish the aspirations for the region over the next 40 years. The directions are translated into objectives, with Objectives 10 and 11 being particularly relevant to housing diversity and affordability for the proposed redevelopment of Waterloo South.

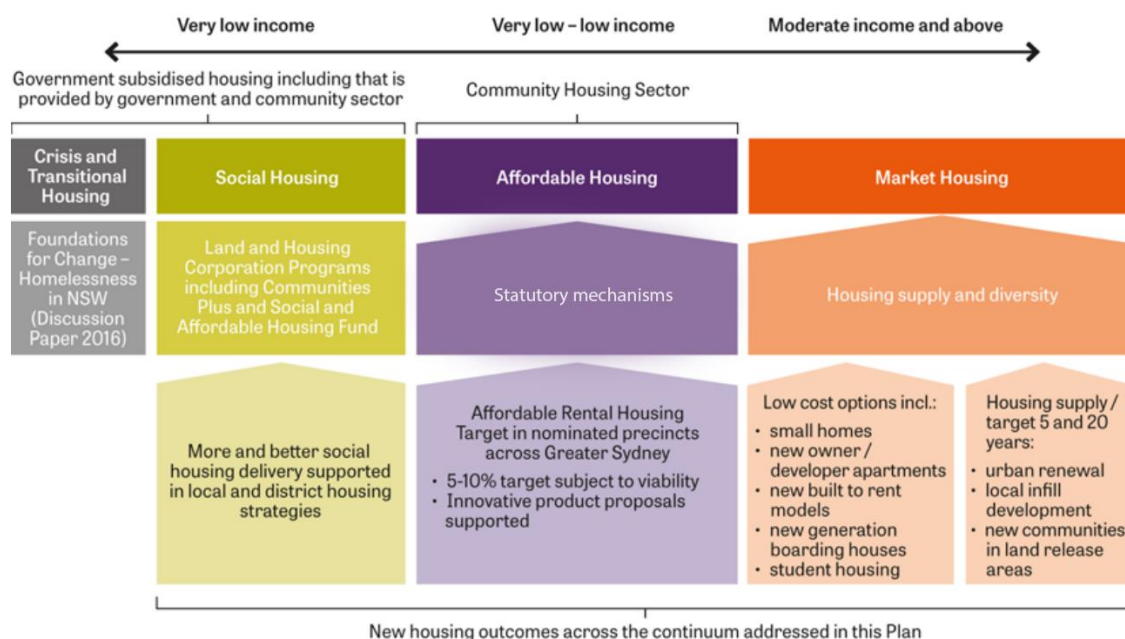
Table 4: Greater Sydney Region Plan Directions

Direction: Housing the city	Implications
<p>Objective 10: Greater housing supply</p>	<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 Councils are to work with the Greater Sydney Commission and State agencies to establish agreed 6–10 year housing targets for their local government area Councils are to identify specific attributes that make local areas suitable for housing supply beyond 10 years Housing strategies are to be prepared by councils for a local government area or district and be given effect through amendments to local environmental plans.
<p>Objective 11: Housing is more diverse and affordable</p>	<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 also 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: Source: Greater Sydney Commission (2019) Greater Sydney Region Plan

Providing housing diversity means providing housing for a range of income groups at various points on the housing continuum. The Greater Sydney Commission recognises the fundamental importance of household income on the ability to access housing of different types, cost and tenure (Figure 4).

Figure 4: Housing continuum initiative and programs



Source: Greater Sydney Commission, Greater Sydney Region Plan (Figure 19), p. 69

Notably, the Plan recommends an Affordable Rental Housing Target, ‘generally in range of 5-10 per cent of new residential floor space’ in defined precincts prior to rezoning as a mechanism to provide additional affordable housing supply in Greater Sydney.

The Target is referred to in a number of strategies and actions within the Greater Sydney Region Plan, outlining how this scheme is to be implemented and the types of development that it would apply to:

- Strategy 11.1 - Prepare Affordable Rental Housing Target Schemes, following development of implementation arrangements
- Strategy 11.2 - State agencies, when disposing or developing surplus land for residential or mixed-use projects include, where viable, a range of initiatives to address housing diversity and/or affordable rental housing
- Action 5 - Implement Affordable Rental Housing Targets, which will involve a range of measures including the development of a viability test.

In relation to strategy 11.1, there is currently not an Affordable Housing Contributions Scheme in place in Sydney LGA. In the past, the City of Sydney Council has adopted a number of different approaches to requiring affordable housing delivery as part of a development proposal (see section 2.1.6). The Local Environment Planning for Waterloo South are proposed to contain a statutory requirement to deliver a minimum of 5% of overall residential floorspace as affordable housing.

The Waterloo South development is consistent with strategy 11.2 by delivering a blended tenure development with a diversity of dwelling types at a variety of price points.

The Planning Proposal is consistent with Action 5 because the Masterplan has been prepared with development feasibility input to maximise dwelling diversity and tenure mix. The feasibility testing confirms that the site can achieve the Greater Sydney Commission’s target of 5-10 per cent of dwellings being affordable rental housing.

2.1.4 Eastern City District Plan

The Waterloo Estate 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 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 investigate 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 viability.

The District Plan encourages planning to support housing affordability and diversity, including measures such as:

- 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 District Plan sets down an action for councils and other planning authorities to prepare local or district housing strategies to address the delivery of five year housing supply targets for each local government area. Councils and planning authorities are also to prepare Affordable Rental Housing Target Schemes.

The Planning Proposal is consistent with the policy directions of the Eastern City District Plan in that:

- It allows for a significant increase the supply of housing in total on the subject site
- Will allow a more diverse mix of housing to be delivered to meet the changing needs of the community
- Will provide a target to the increased delivery of social (affordable rental) housing on the site to meet the needs of households on very low, low and moderate incomes.
- Will make a substantial contribution to the affordable housing target of 5-10% of GFA as affordable dwellings
- Locate new housing in close proximity to jobs, services and public transport
- Will enable innovation in housing design and tenure mix.

2.1.5 State Environmental Planning Policy (Affordable Rental Housing) 2009

The State Environmental Planning Policy (Affordable Rental Housing) (ARH SEPP) was introduced in 2009 to increase the supply and diversity of affordable rental and social housing throughout NSW. Under the SEPP

affordable rental housing is defined as housing for very low, low and moderate income earning households as follows:

6(1) In this Policy, a household is taken to be a very low income household, low income household or moderate income household if the household:

(a) has a gross income that is less than 120% of the median household income for the time being for the Greater Sydney (Greater Capital City Statistical Area) (according to the Australian Bureau of Statistics) and pays no more than 30% of that gross income in rent, or

(b) is eligible to occupy rental accommodation under the National Rental Affordability Scheme and pays no more rent than that which would be charged if the household were to occupy rental accommodation under that scheme.

(2) In this Policy, 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.

This SEPP includes provisions designed to retain or offset the loss of low cost rental housing. It also seeks to promote diversification and increase the utilisation of the existing housing stock in addition to incentives to encourage the production of affordable rental housing for lower income groups.

The Affordable Rental Housing SEPP would enable a floor space bonus to apply to the Estate. The bonus is 0.5:1 or 20%, whichever is greater on top of the existing maximum FSR allowed by the existing local planning controls.

The amount of bonus floor area that a housing provider may be granted is dependent on both the existing maximum FSR allowable on the land and the per centage of affordable housing that will be offered as part of the housing development. The minimum amount of affordable housing a provider must offer in order to be granted a bonus floor space is 20% of the total gross floor area for residential flat buildings.

The key provisions for infill development in the SEPP are set out in Table 5.

Table 5: SEPP (Affordable Rental Housing) provisions for infill development

Provision	Requirement	Application to site
Accessibility	<ul style="list-style-type: none"> • Within 800m walking distance of a railway station or a Sydney Ferries wharf • Within 400m walking distance of a light rail station • Within 400m walking distance of a bus stop used regularly between 6am and 9pm Monday to Friday, and 8am to 6pm on weekends. 	<ul style="list-style-type: none"> • Site is located within 800 metres from proposed metro station and within 400 metres walking distance of bus stop
Floor space ratio	<ul style="list-style-type: none"> • As specified in the relevant local planning controls plus a bonus of a minimum of 0.2:1 and up to 0.5:1 (or 20%, whichever is greater) 	<ul style="list-style-type: none"> • LEP FSR is 1.75:1. • Bonus provision would permit an FSR of 2.25:1 (or an additional 20%) • The proposed FSR varies across the site
Proportion of affordable housing	<ul style="list-style-type: none"> • Between 20% and 50% of the gross floor area of the development. 	<p>A target of 30% of dwellings will be social affordable (rental) dwellings including:</p> <ul style="list-style-type: none"> • Concept plan is for total of social (affordable rental) housing to target 30% of total dwellings, which includes a minimum 5% of overall residential floorspace as affordable housing consistent with Greater Sydney Commission targets. <p>The LEP will include a statutory requirement that a minimum of 5% of residential floorspace be affordable housing</p>

Provision	Requirement	Application to site
Minimum dwelling sizes	<ul style="list-style-type: none"> 35m² for a bedsitter or studio 50m² for a 1 bedroom dwelling 70m² for a 2 bedroom dwelling 95m² for a 3 or more bedroom dwelling 	<ul style="list-style-type: none"> May be mandated through a Development Control Plan.
Affordable housing management:	<ul style="list-style-type: none"> The affordable rental housing component is to be secured for a minimum of 10 years and managed by a registered Community Housing Provider (CHP). 	<ul style="list-style-type: none"> Affordable housing will be offered for a minimum of 10 years and managed by a registered CHP
Landscaped area:	<ul style="list-style-type: none"> Minimum of 35m² for social housing providers, or 30% of the site area in all other cases. 	<ul style="list-style-type: none"> Determined at design stage
Solar access	<ul style="list-style-type: none"> Living rooms and open spaces of 70% of the dwellings require a minimum of 3 hours direct sunlight between 9am and 3pm in mid-winter. 	<ul style="list-style-type: none"> Determined at design stage
Deep soil zones:	<ul style="list-style-type: none"> Minimum of 15% of the site area Minimum dimensions of 3 metres At least two-thirds of the deep soil zone is to be located at the rear of the site 	<ul style="list-style-type: none"> Determined at design stage

Source: Adapted from State Environmental Planning Policy (Affordable Rental Housing) 2009

The Planning Proposal is consistent with the intent of the ARH SEPP by enabling an increased supply of housing, including affordable rental housing on the subject site.

2.1.6 State Environmental Planning Policy No. 70—Affordable Housing (SEPP 70)

SEPP No. 70 – Affordable Housing is a mechanism that allows councils to prepare an Affordable Housing Contribution Scheme. The SEPP describes the kinds of households for which affordable housing maybe provide. The SEPP include principles for affordable housing delivery including:

- Affordable housing is to be created and managed so that a socially diverse residential population representative of all income groups is developed and maintained in a locality.
- Affordable housing is to be made available to very low, low or moderate income households, or any combination of these.

The City of Sydney has implemented a number of affordable housing approaches under the SEPP including in Ultimo/Pymont, Green Square and Southern Employment Lands. In Ultimo/Pymont, the on-site affordable housing contribution is calculated as 1.1 per cent of business or residential floor space. In Green Square, the on-site affordable housing contribution is calculated as 1 per cent of non-residential floor space and 3 per cent of residential floor space.

The Planning Proposal includes an LEP amendment including a minimum requirement of 5 per cent of overall residential floorspace to be delivered as affordable housing on the site.

2.1.7 State Environmental Planning Policy No. 65 – Design Quality of Residential Apartment Development and Apartment Design Guide

Planning provisions for designing residential flat buildings and mixed use developments are contained in the Apartment Design Guide (ADG).

SEPP No. 65 aims to deliver a better living environment for residents who choose to live in residential apartments, while also enhancing streetscapes and neighbourhoods. It is intended that this be delivered through improved design quality that ensures sustainability, accessibility, amenity, safety, affordability and efficiency. The

benchmarks that underpin these objectives are fully articulated in the ADG, which are then applied by design review panels, which are constituted to provide independent advice regarding development applications under the SEPP. SEPP No. 65 specifies the constitution and function of the design review panels.

The ADG specifies a number of design requirements for apartments and apartment buildings which influences the number of and type of dwellings that can be delivered. This includes minimum apartment sizes, apartment mix, balconies and other amenity considerations.

The Planning Proposal seeks to establish the overall planning framework for the subject site in the knowledge that the requirements of the ADG will need to be satisfied at the detailed design stage. The concept proposal has been designed according to global best practices in placemaking, new buildings, spaces and places will embrace Waterloo’s rich, vibrant cultural identity and sense of place while attracting residents, workers, visitors, enterprise and investment. Turner Studio has advised that the requirements of SEPP 65 and the ADG can be achieved within the overall concept proposal.

2.2 City of Sydney Council policies

2.2.1 City of Sydney, Housing Issues Paper, 2015

The City of Sydney prepared a Housing Issues paper in 2015 to highlight the housing crisis in the 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 pipeline of 18,500 dwellings, 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 paper promotes delivery of innovative lower-cost housing designs and types through the planning system to:

- Enable smaller housing types, where appropriate and well designed, that provide affordable options
- Deliver housing types without ‘added extras’ such as car parking spaces, to provide affordable options
- Deliver rental housing models designed to meet the needs of particular markets, such as new-generation boarding houses and student housing that provides smaller private dwellings and communal spaces.
- The Planning Proposal addresses the housing needs identified in the *Housing Issues Paper* (2015) by:

- Complying with the latest policy directions of the NSW Government and the endorsed policies of City of Sydney
- Maintaining the established significance of the subject site as a location suited to social (affordable rental) housing
- Enabling the delivery of increased affordable rental housing supply which will contribute to Sydney's social and economic sustainability,
- committing to providing a relocation program with input from department of Communities and Justice, drawing on their learning and managing the relocation of tenants during the redevelopment of other housing estates.
- Facilitating investment to expand innovative housing models
- Facilitating a concept proposal that integrates housing and infrastructure delivery.

2.2.2 Planning proposal – City of Sydney Affordable Housing Review, 2018

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.

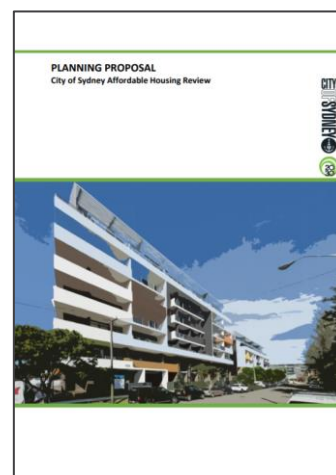
The Planning Proposal seeks to amend Sydney LEP 2012 to:

- Expand the operation of affordable housing contribution schemes to areas known as 'Central Sydney' and '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 Planning Proposal has been publicly exhibited and submissions are now being reviewed. The Planning proposal indicates that the City of Sydney considers the subject site to be in an area with significant affordable housing needs. Further, that the site is in a suitable location to make a significant contribution towards affordable housing targets.

The Planning Proposal responds to these claims by the City of Sydney by:

- Maximising the housing potential of the subject site, reflecting its proximity to amenities, education, employment, community services, hospitals, cultural and sporting destinations with the subject site being within 30 minutes, people will have access to:
 - The employment hubs of the Sydney CBD (3.3km from Waterloo) and the Australian Technology Park (within 1km)



- Sydney International Airport (4km)
 - The University of Sydney (2km) and the University of New South Wales (4km)
 - Sydney Cricket Ground and the Moore Park Entertainment Centre (2km).
- Recognising the potential for the site to deliver housing outcomes for households with very low, low and moderate incomes.

HOUSING NEEDS ASSESSMENT

3.0 HOUSING NEEDS ASSESSMENT

This section presents an assessment of housing needs. It aims to address item 6.1 of the Study Requirements which indicates that a housing needs analysis should be undertaken to identify an appropriate mix of dwelling type, tenures, size and price points.

The analysis considered the housing need of:

- The existing population living in the Waterloo Precinct – to ensure that the housing needs of the existing community on site are appropriately met
- The housing market study area – to understand the likely housing needs of the wider community and factors influencing the private housing market.

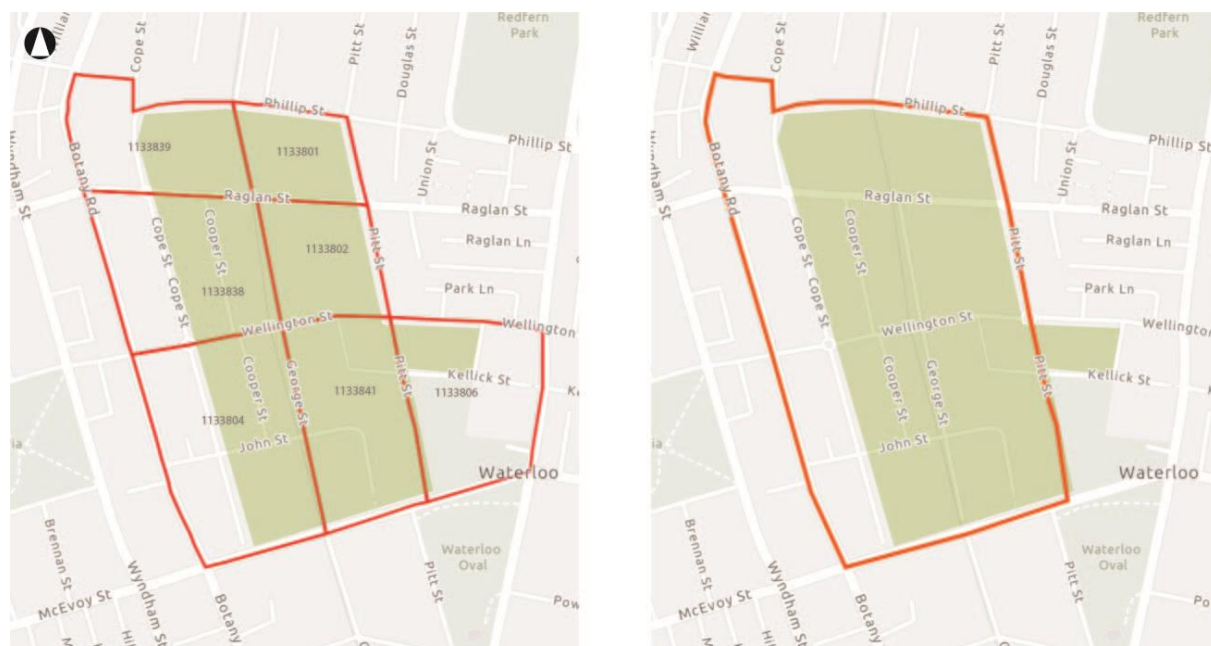
In assessing the housing needs of the community, data has been bench marked against the Sydney LGA and Greater Sydney.

3.1 Demography of Waterloo Precinct

This analysis relies on demographic research undertaken by .id The Population Experts³. Demographic data sourced from Australian Bureau of Statistics relates to the following SA1 areas 1133801, 1133802, 1133804, 1133806, 1133838, 1133839, 1133841. Employment data relates to DZN 113381369 (ABS) and TZ 270 (NSW BTS) area has been used as a boundary for economic and employment data. These are the closest possible approximations to the boundary of the Waterloo Estate. Collectively, the area is referred to as ‘the Waterloo Precinct.’ While there are some discrepancies between the boundaries, this report refers to the amalgam of SA1 areas or the DZN and TZ area as representative of the population of the Waterloo Estate. These areas are indicated in Figure 5.

³ .id The Population Experts, Waterloo South Population and Demographic Study, February 2020, Draft report prepared for Land and Housing Corporation.

Figure 5: The Estate and Waterloo Precinct (SA1 and DZN/TZ areas)



LEGEND

- The Estate boundary
- Waterloo Precinct SA1 boundary (Demographics data)
- Waterloo Precinct DZN and TZ boundary (Economic data)

Source: HillPDA adapted from ABS

3.1.1 Demographic overview

An overview of the demography of the Waterloo Precinct is provided in Table 6.

Table 6: Demographic snapshot

Characteristic	Snapshot
Population	<ul style="list-style-type: none"> The Waterloo Precinct social housing has approximately 2,500 residents plus private landowners.
Age structure	<ul style="list-style-type: none"> The Waterloo Precinct had a significantly above average proportion of the population in older age groups. Twenty nine per cent of residents were aged over 65 years in 2016, compared to 8.2% in the City of Sydney.
Birthplace	<ul style="list-style-type: none"> The Waterloo Precinct has increasingly become more multicultural, evident 58% of residents being born overseas in 2016, a significant increase from 2011, when 45% were born overseas. This proportion was higher than that recorded for the City of Sydney in 2016 (55%).
Aboriginal and Torres Strait Islander population	<ul style="list-style-type: none"> The Waterloo Precinct has a significant Aboriginal and Torres Strait Islander population. In 2016, 227 residents (or 6.2%) identified as Aboriginal and/or Torres Strait Islander, a far higher proportion than the 1.2% for the City of Sydney. This group has a high concentration of middle aged adults. There is also some evidence of young families, with a high proportion of children aged 10 to 14 years.
Education	<ul style="list-style-type: none"> In the Waterloo Precinct, 50% of residents completed Year 12 or equivalent, compared to 85% in the City of Sydney. However, this rate has improved since 2011. Around 20% of residents completed Year 9 or below, including those that did not attend school at all. In 2016, 43% of residents had a post school qualification, this contrasts with 65% for the City of Sydney.

Characteristic	Snapshot
	<ul style="list-style-type: none"> Of those with post school qualifications, most had a bachelor degree or higher (50%) but this was far lower than the average for the City of Sydney (74%).
Disadvantage	<ul style="list-style-type: none"> All SA1s within the Waterloo Precinct are within the SEIFA index of disadvantage 1st decile (most disadvantaged 10%) in NSW and Australia. Five of the seven SA1s that comprise the Waterloo Precinct are within the 1st per centile (most disadvantaged 1%) in NSW and one in particular is ranked the 28th most disadvantaged SA1 in NSW. In 2016, 12.5% of residents had need for assistance, much higher than the City of Sydney (2.4%). The majority in need were 65 years and over (63%).
Dwellings	<ul style="list-style-type: none"> In 2016 there were 2,012 social dwellings plus 125 private dwellings in the Waterloo Precinct. Just over 90% were high density with just 0.2% detached dwellings, compared to 78% across the City of Sydney.
Dwelling size	<ul style="list-style-type: none"> The Waterloo Precinct has a significant proportion of one bedroom dwellings (32.3%), slightly higher than that recorded for the City of Sydney (31.6%).
Tenure	<ul style="list-style-type: none"> Most households (76%) in the Waterloo Precinct are rented from a State or Territory Housing Authority, compared to less than 8% across the City of Sydney. Private rentals and mortgages have increased since 2011. Around 9.4% are rented from a real estate agent, and around 5% are owned with a mortgage.
Household structure	<ul style="list-style-type: none"> Single households dominate the Waterloo Precinct where just under two thirds are single person households compared to 37% for the City of Sydney. Around 16% of households are couples without children and another 10% are one parent families.
Income	<ul style="list-style-type: none"> Household incomes are low in the Waterloo Precinct with around a half of residents earned between \$300 and \$649 per week. One in eight earned \$1,000 or more per week, compared to 72% across the City of Sydney.
Car ownership	<ul style="list-style-type: none"> The majority of households (65%) in the Waterloo Precinct South do not own a motor vehicle. This is compared to only 39% recorded for the City of Sydney.
Labour force participation	<ul style="list-style-type: none"> Participation in the labour force is very low in the Waterloo Precinct with only 34% of residents in the labour force. This is representative of the older age structure in the Waterloo Precinct. In 2016, the unemployment rate for those in the labour force was 18.6%, three times that recorded for the City of Sydney (6.0%).
Employment	<ul style="list-style-type: none"> The main industries of employment for working residents in the Waterloo Precinct were: Health Care and Social Assistance (13%), Professional, Scientific and Technical Services (13%) and Accommodation and Food Services (11%).

Source: ABS (2016)

3.1.2 Older people

The current residents of the Waterloo Precinct includes a significant aged population. Just under a third of residents were aged over 65 years in 2016, compared to 8% in the City of Sydney and 14% across Greater Sydney. This proportion is slightly lower than it was in 2011.

Figure 6: Age Structure, Waterloo Precinct



Source: .id the Population Experts, Waterloo – Population and Demographic Study 2020

The older demographic in the Waterloo Precinct impacts on service needs in the area. In 2016, 12.5% of residents had need for assistance, much higher than the Sydney LGA (2.4%) and Greater Sydney rates (4.9%). The majority in need were 65 or over (63%).

There is a need for a significant housing stock in the proposed development that is suited to older people. The specific needs of older people should be considered at the detailed design stage and in the in the resettlement process. These needs will extend beyond the design of the dwellings to include opportunities to socialise and access to appropriate care and support services.

Opportunities for ‘ageing in place’ (remaining living in the community with some level of independence rather than in residential care) will enable older people to maintain independence, autonomy and connection to social support.

‘Liveable Housing features’ (otherwise known as Universal Design) are guidelines for accessible housing design, Housing will be delivered to Silver level.

The proposed development should aim to provide affordable, accessible and stable housing for older people.

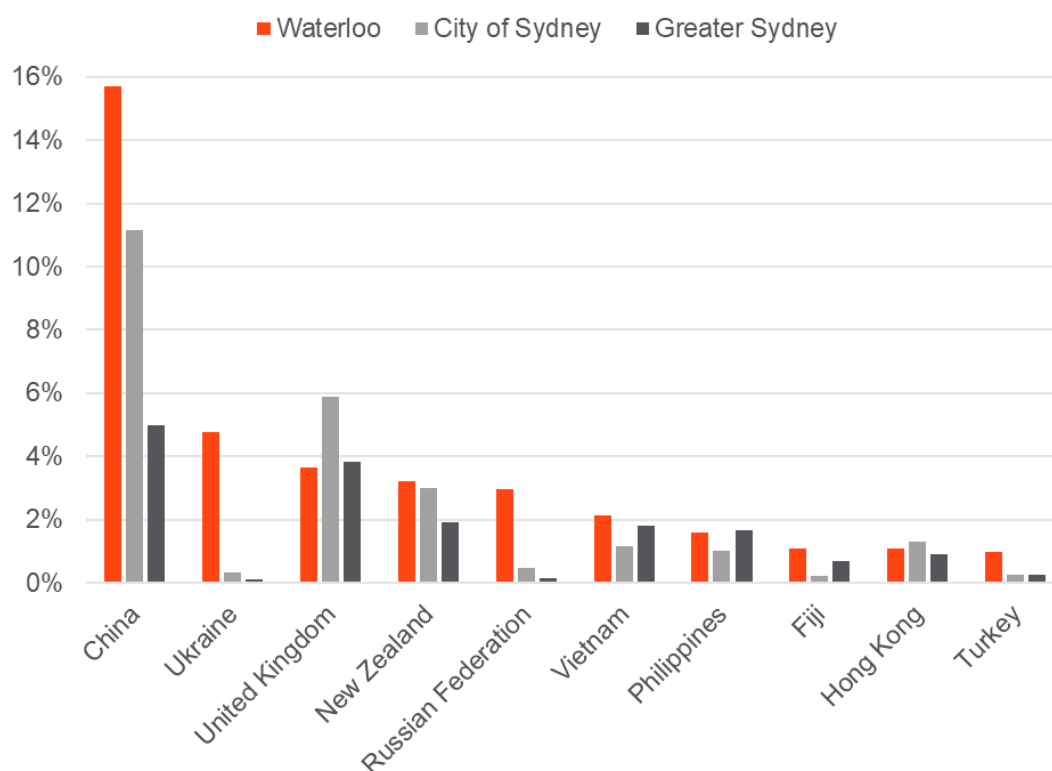
3.1.3 Birthplace

The Waterloo Precinct is highly multicultural like most of inner Sydney. In 2016, 58.3% of residents were born overseas. This compares with 54.6% for the Sydney LGA and 39.1% for Greater Sydney. The population born

overseas has been increasing. This is a significant increase from 2011, when 45% of residents in the Waterloo Precinct were born overseas.

The most significant cultural groups in the Waterloo Precinct are from China and Ukraine. The Chinese population grew between 2011 and 2016 by 317 people or 226%. The Ukrainian population has been declining. In 2011 8% of the population were Ukrainian in 2011, this community is now 4.8% of the Precinct population.

Figure 7: Ancestry of overseas born, Waterloo Precinct, 2016



Source: id the Population Experts, Waterloo – Population and Demographics Study 2020

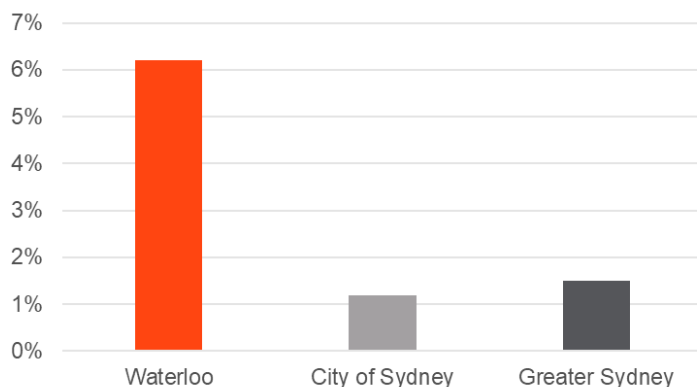
Older people in Australian social housing tend to befriend people of the same ethnicity, regardless of whether they live in a building of ‘social mix’ tenure.⁴ While prominent cultural groups do not present any specific housing needs relating to their culture, it was evident during community engagement that these residents have formed close connections. Efforts to maintain these connections throughout the resettlement process will assist in maintaining a diverse community in the longer term.

3.1.4 Aboriginal and Torres Strait Islander population

In 2016, 227 residents (or 6.2%) identified as Aboriginal and/or Torres Strait Islander, a far higher proportion than the 1.5% average across Greater Sydney. The Aboriginal and /or Torres Strait Islander population includes a concentration of middle aged adults. There are also some families, as evident from a high proportion of children aged 10 to 14 years. These demographic characteristics can be seen in Figure 8 and Figure 9.

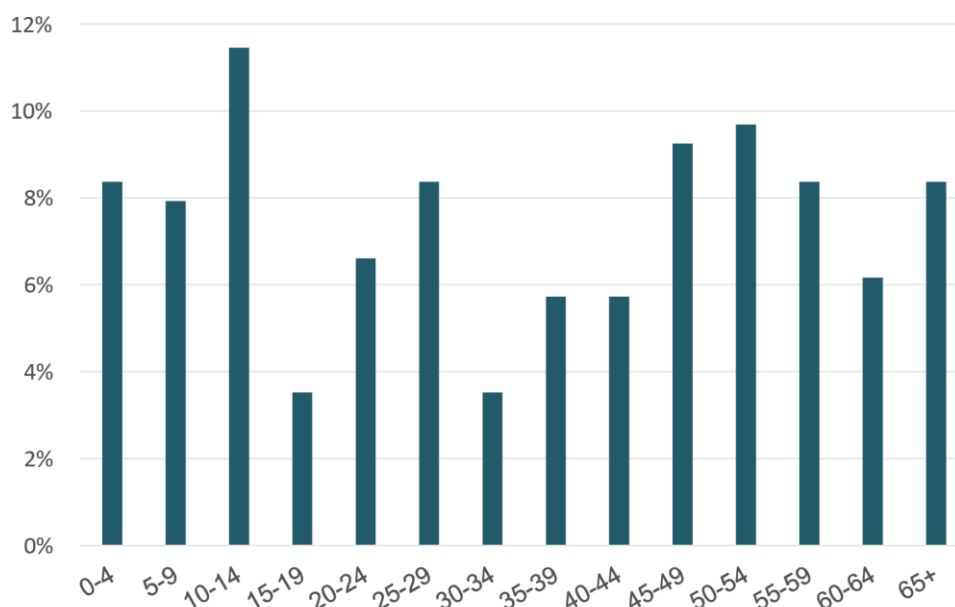
⁴ Patulny, R. V., & Morris, A. (2012). Questioning the need for social mix: The implications of friendship diversity amongst Australian social housing tenants. *Urban Studies*, 49(15), 3365-3384.

Figure 8: Comparison of Aboriginal and Torres Strait Islander proportion of total residents



Source: .id the Population Experts, Waterloo – Population and Demographics Study 2020

Figure 9: Indigenous age population demographics, Waterloo Precinct



Source: .id the Population Experts, Waterloo – Population and Demographics Study 2020

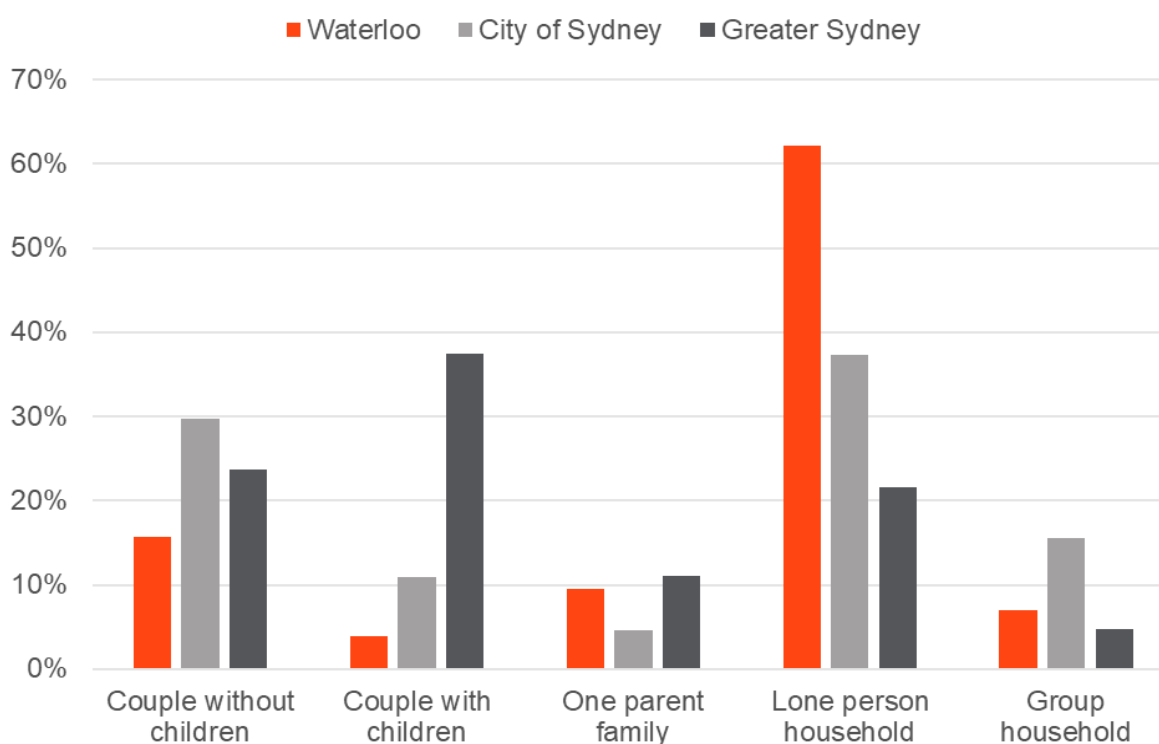
The Redfern and Waterloo area has a deeply-rooted Aboriginal history. Planning Priority E4 of the Eastern City Plan highlights the need to support Aboriginal self-determination and economic participation. In the context of housing, this may involve the provision of dwellings for larger families and collocation of Indigenous services with housing. LAHC has advised that direct engagement with Aboriginal and Torres Strait Islander people in the Waterloo Precinct has occurred to facilitate social well-being through appropriate housing.

3.1.5 Single person households

Most households in the Waterloo Precinct are small with just under two-thirds being single person households compared to around 37% for the City of Sydney and around 22% across Greater Sydney. Around 16% of households are couples without children, and another 10% are one parent families.

The current household size indicates a need for a substantial supply of small dwellings suited to one or two person households.

Figure 10: Household type, Waterloo Precinct (2016)



Source: .id the Population Experts, Waterloo – Population and Demographics Study 2019

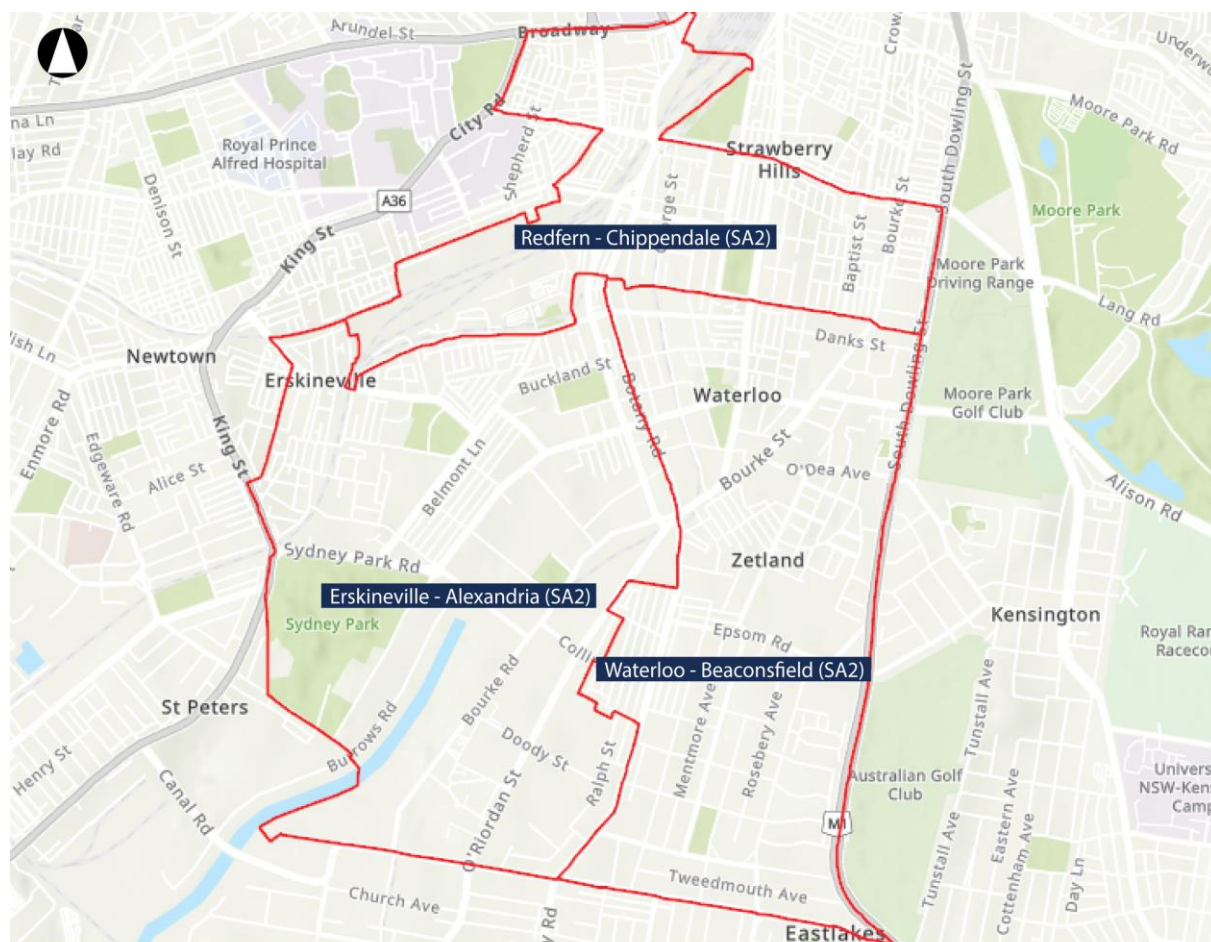
3.2 The housing market study area

Further analysis of the demographic profile has been undertaken using a study area that is considered to be representative of the local housing market. The study area encompasses the Redfern-Chippendale, Erskineville – Alexandria and Waterloo-Beaconsfield SA2 areas⁵, as indicated in Figure 11. The housing market study area (“the study area”) includes the Waterloo Estate and the subject site (Figure 5). This area is considered indicative of the local housing market and provides an indication of private housing needs.

Comparing the demographic profile of the study area with the City of Sydney builds an understanding of the housing needs of those living in the broader community.

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.

Figure 11: Study Area



LEGEND

Study area

0 0.4km

Source: HillPDA

The study area contained around 71,790 persons as of 2016, which comprised 34.5% of City of Sydney’s resident population. Table 7 details the breakdown of population by age group, comparing the study area with the City of Sydney.

Table 7: Key demographic indicators – 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 homebuilder resident population. 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%). <p>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. This runs contrary to the current situation in the Precinct where under one third of the residents were aged over 65 in 2011.</p>
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.

Indicator	Snapshot
	This growth in multiculturalism has become more in line with that recorded for the City of Sydney at 55% in 2016.
Number of dwellings	<ul style="list-style-type: none"> The study area contained around 36,900 occupied private dwellings as of 2016, which was 35% of the City of Sydney's private occupied dwelling stock.
Household size	<ul style="list-style-type: none"> Households in the study area were on average smaller (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%). However, this was reflective of that recorded across the City of Sydney (78%). The proportion of townhouses in the study area was reflective of the wider City of Sydney (19% respectively) 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"> The majority of detached dwellings contained couple families with children (36%), while the majority of townhouses contained families without children (25%). The majority of apartments contained single person households (31%). The proportion of apartments categorised as single person households across the City of Sydney, was higher (35%) when compared to the study area.
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.
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.

3.2.1 Households

Table 8 summarises household composition. Household composition of the study area is comparable to the wider City of Sydney. Couple families without children made up 11% of 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 single 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 8: Household type – Study Area, City of Sydney

Household type	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%
Single person households	29%	33%
Group households	11%	13%

Source: ABS time series data (2016)

3.2.2 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.

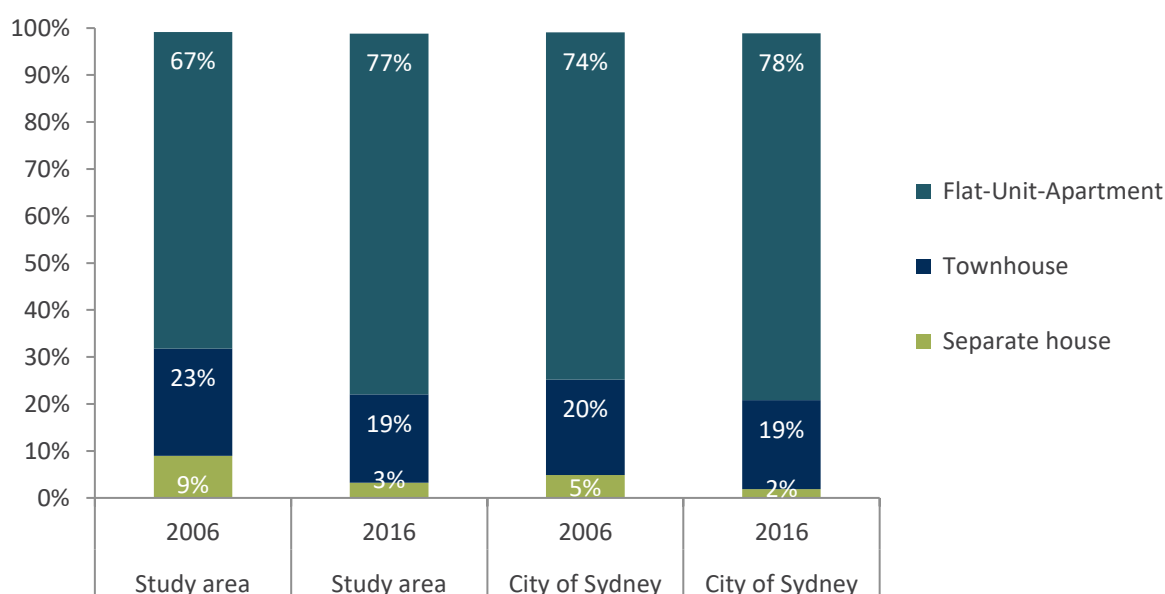
3.2.2.1 Housing diversity

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 style dwelling while a decrease in the number and proportion of detached dwellings.

Interestingly, 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).

Figure 12: Proportion of dwelling by type (2006-2016)



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

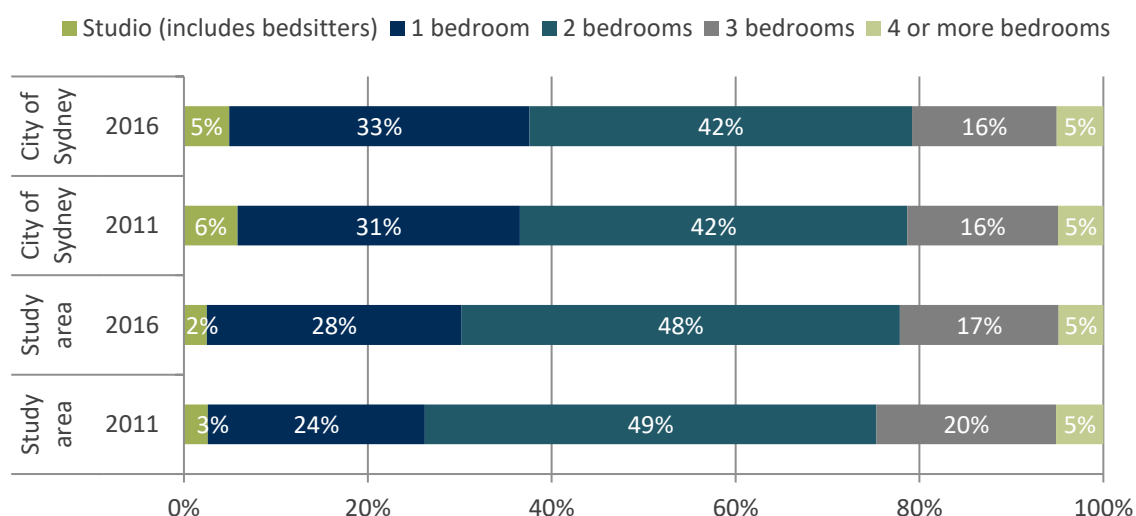
3.2.2.2 Bedroom mix

Figure 13 illustrates the change in bedroom mix between 2011 and 2016. Although all bedroom mixture experienced positive growth over the period (with the expectation of bedsitter in the City of Sydney), the most common mixture of bedrooms 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.

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

Figure 13: Proportion of dwellings by bedroom mix



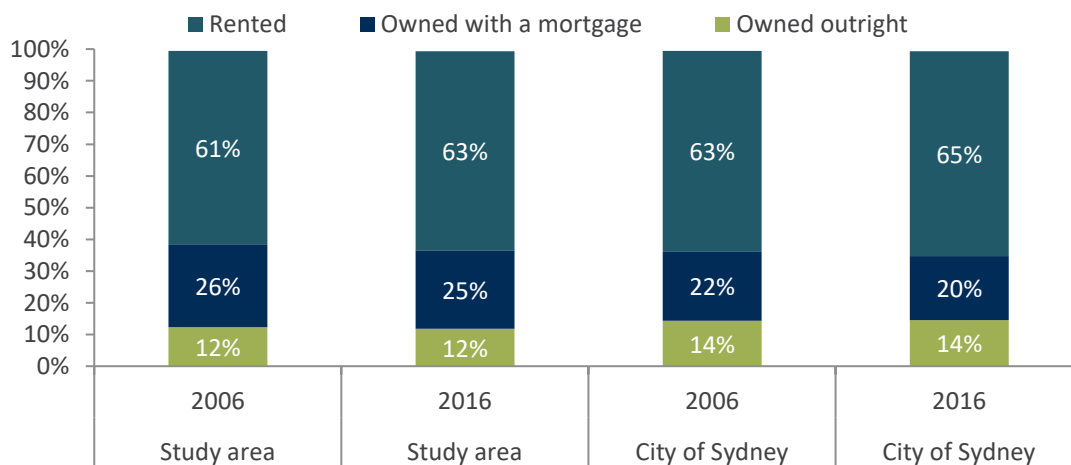
Source: ABS quick stats (2016)

3.2.2.3 Tenure mix

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

All tenure types recorded positive nominal growth over the ten year period. The proportion of dwellings being owned outright has remained stable while the proportion of dwellings owned with a mortgage has decreased in favour of rental properties.

Figure 14: Change in dwelling tenure



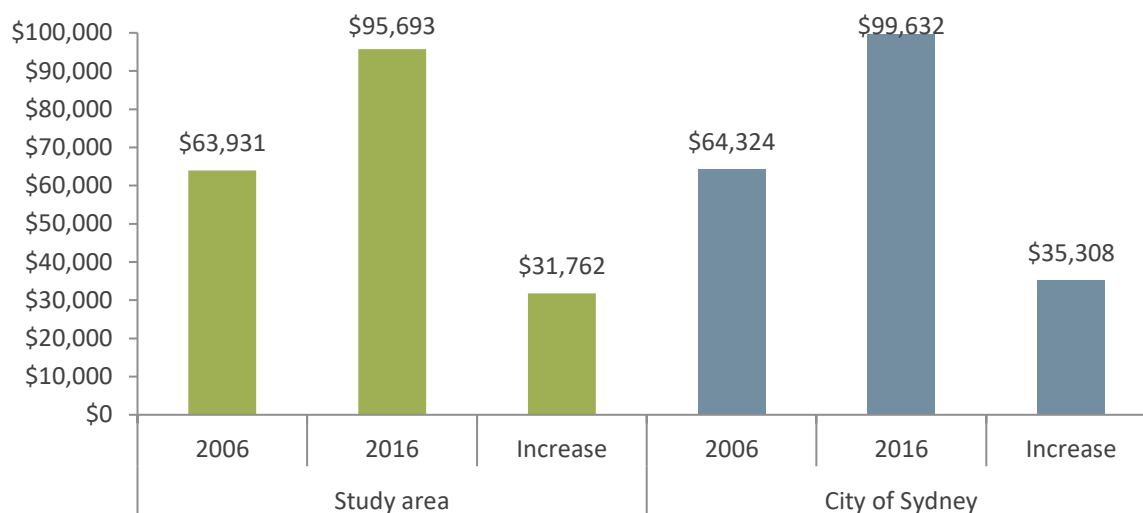
Source: ABS time series (2016) – excludes not stated from totals and proportions

3.2.3 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.

Over period 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.

Figure 15: Average household incomes

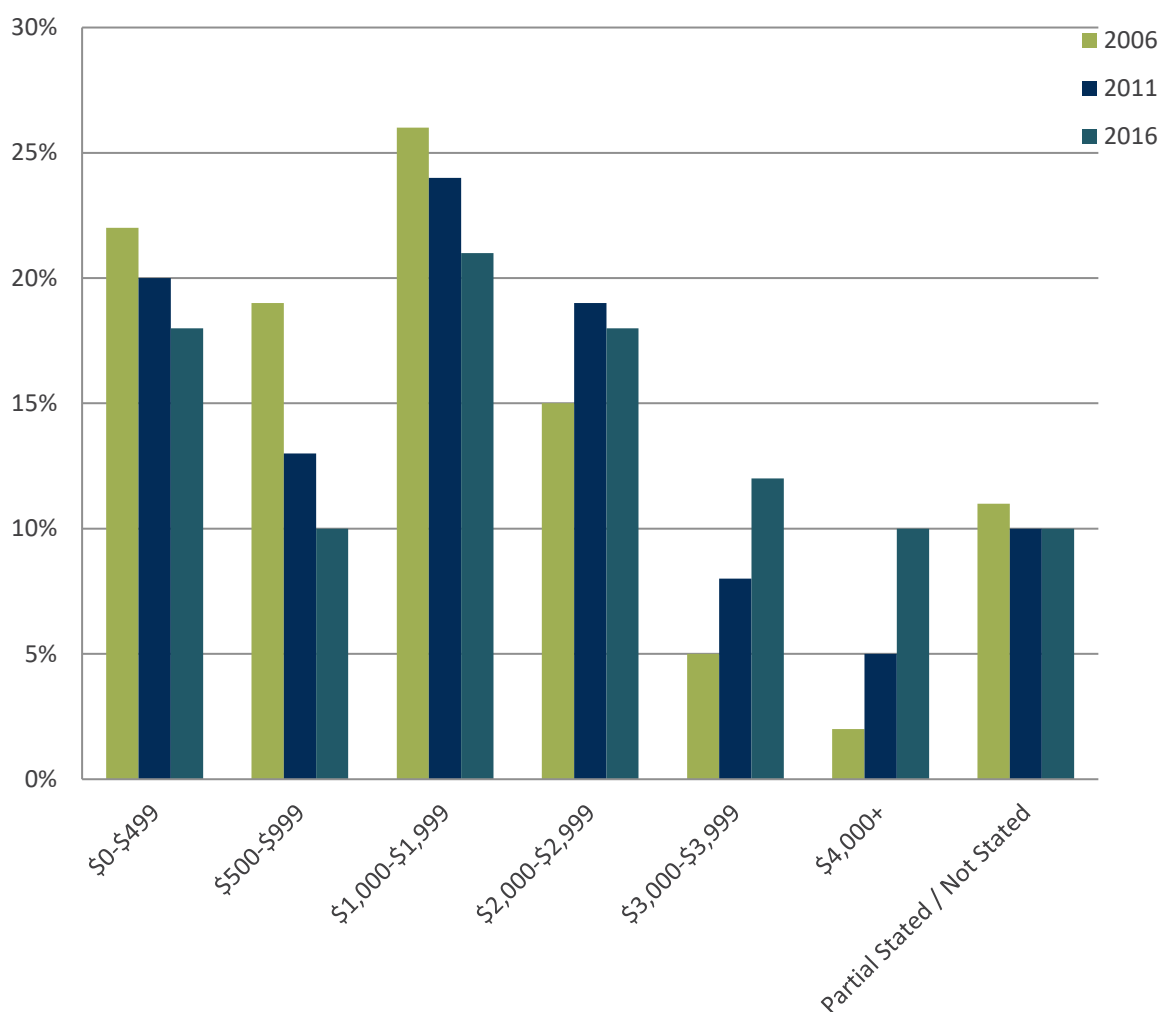


Source: ABS time series data 2016, HillPDA

3.2.4 Income

Error! Reference source not found. illustrates how households in the lower income bracket have fallen, most notably those with a weekly income of \$500-\$999, which fell from 19% to 10% of all households. The proportion of households in the higher weekly income brackets (an income of \$2,000 and upwards per month) has risen. The largest rise was seen in households with an income of \$4,000+ which increased from 2% to 10% of all households.

Figure 16: Weekly household income changes 2006-2016



Source: Australian Bureau of Statistics; HillPDA

3.2.5 Housing costs

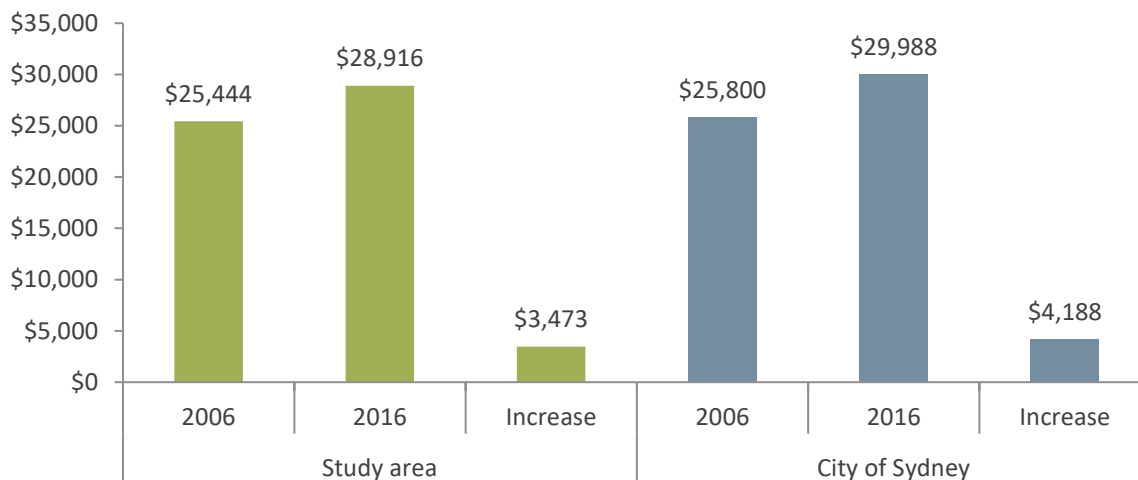
Trends in housing costs in the City of Sydney have been examined in here and previous work undertaken by HillPDA on Housing Diversity⁷. This section describes how the housing market is changing and what factors are driving the change.

3.2.5.1 Mortgage repayments

Similar to average household incomes, in 2006 the median mortgage repayments in the study area was reflective of the wider City of Sydney. However, over the next 10 years the median in the study area increased at a slower rate when compared to the City of Sydney (proportional increase of 14% and 16% respectively).

⁷ HillPDA, 'A Study of Housing Diversity, 2015' prepared for UrbanGrowth NSW and the City of Sydney

Figure 17: Median mortgage repayment



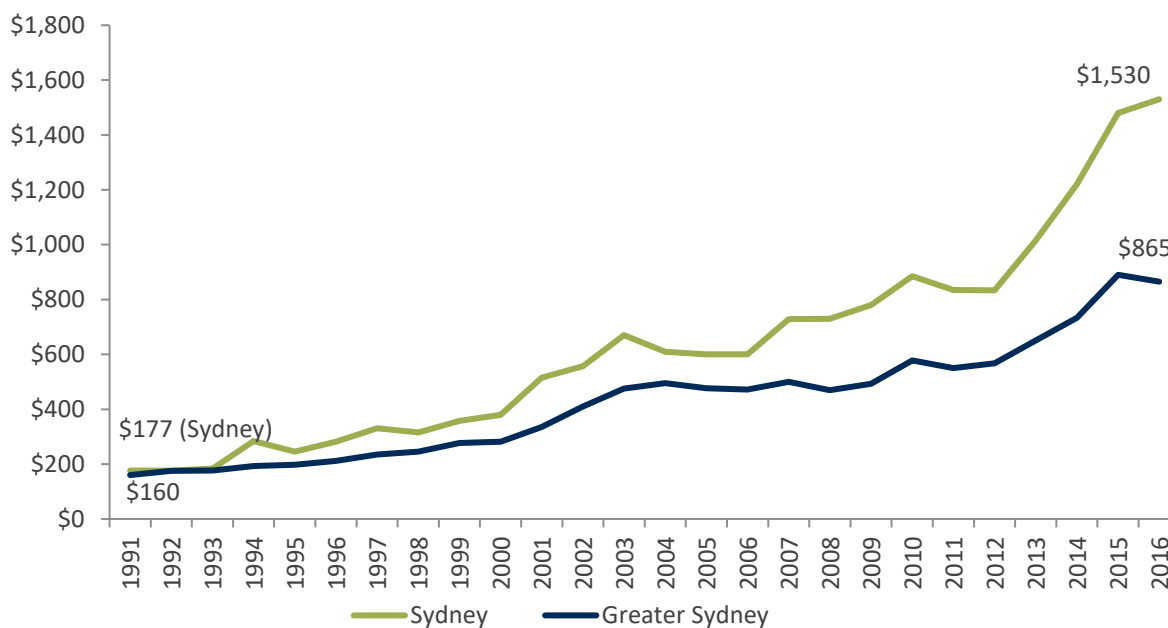
Source: ABS time series data 2016, HillPDA

3.2.5.2 Median sale value growth for non-strata dwellings

The median sale value for non-strata dwellings within Sydney LGA has increased by \$1.35 million or 764% over a 26 year period from 1991, recording a median \$1.53 million in 2016. This reveals an average annual capital growth of 29% over the period. In comparison, the median for Greater Sydney has increased by \$705,000 or 441% over the same period, recording a median of \$865,000 in 2016. This reveals an average annual capital growth of 17% over the period.

In 1991 there was only a \$17,000 or 11% difference in the median price between Sydney LGA and Greater Sydney. However, over the last 26 years this has increased to a difference of \$665,000 or 77% between the two areas. This is shown in Figure 18 below.

Figure 18: Non-strata median sale values 1991-2016 (\$,000)



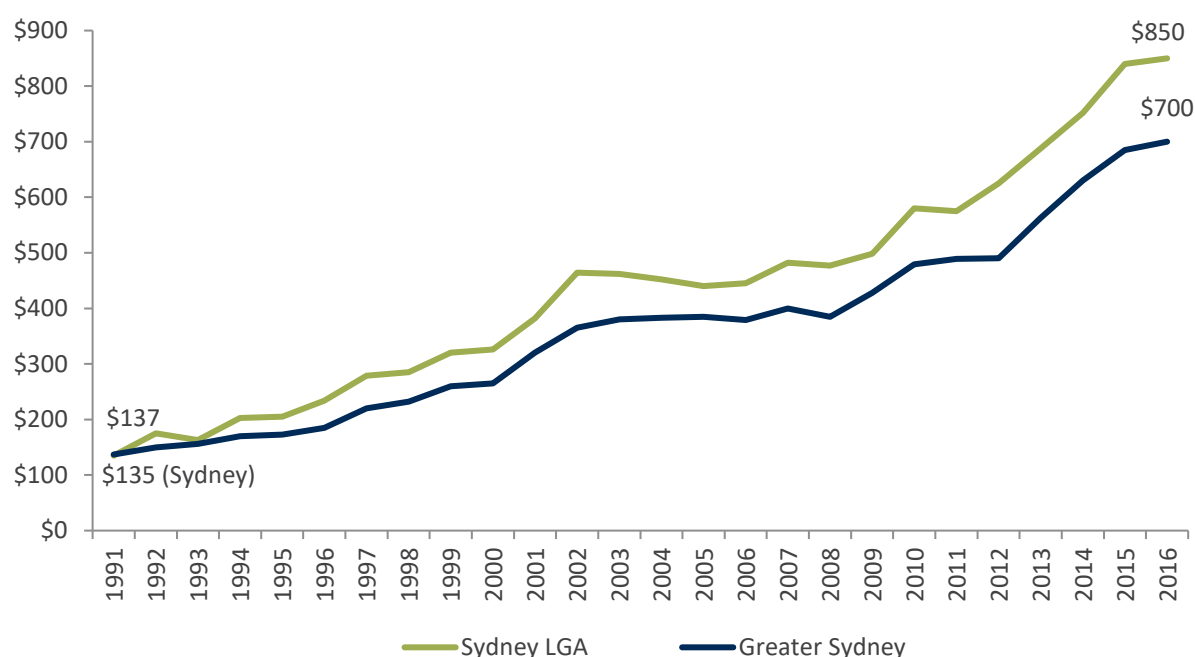
Source: NSW Department of Housing & HillPDA – September of each year

3.2.5.3 Median sale value growth for strata dwellings

The median sale value for strata dwellings within Sydney LGA has increased by \$750,000 or 530% over a 26 year period from 1991, recording a median \$850,000 in 2016. This reveals an average annual capital growth of 20% over the period. In comparison, the median for Greater Sydney has increased by \$563,000 or 411% over the same period, recording a median of \$700,000 in 2016. This reveals an average annual capital growth of 16% over the period.

Interestingly, in 1991 the median value for a non-strata dwelling was \$2,000 or 1% higher across Greater Sydney than that recorded for Sydney LGA (\$135,000). However, over the 26 year period this reversed, with Sydney LGA's median being \$150,000 or 21% higher than that recorded for Greater Sydney (\$700,000) in 2016. This is shown in Figure 19 below.

Figure 19: Strata median sale values 1991-2016 (\$,000)



Source: NSW Department of Housing & HillPDA – September of each year

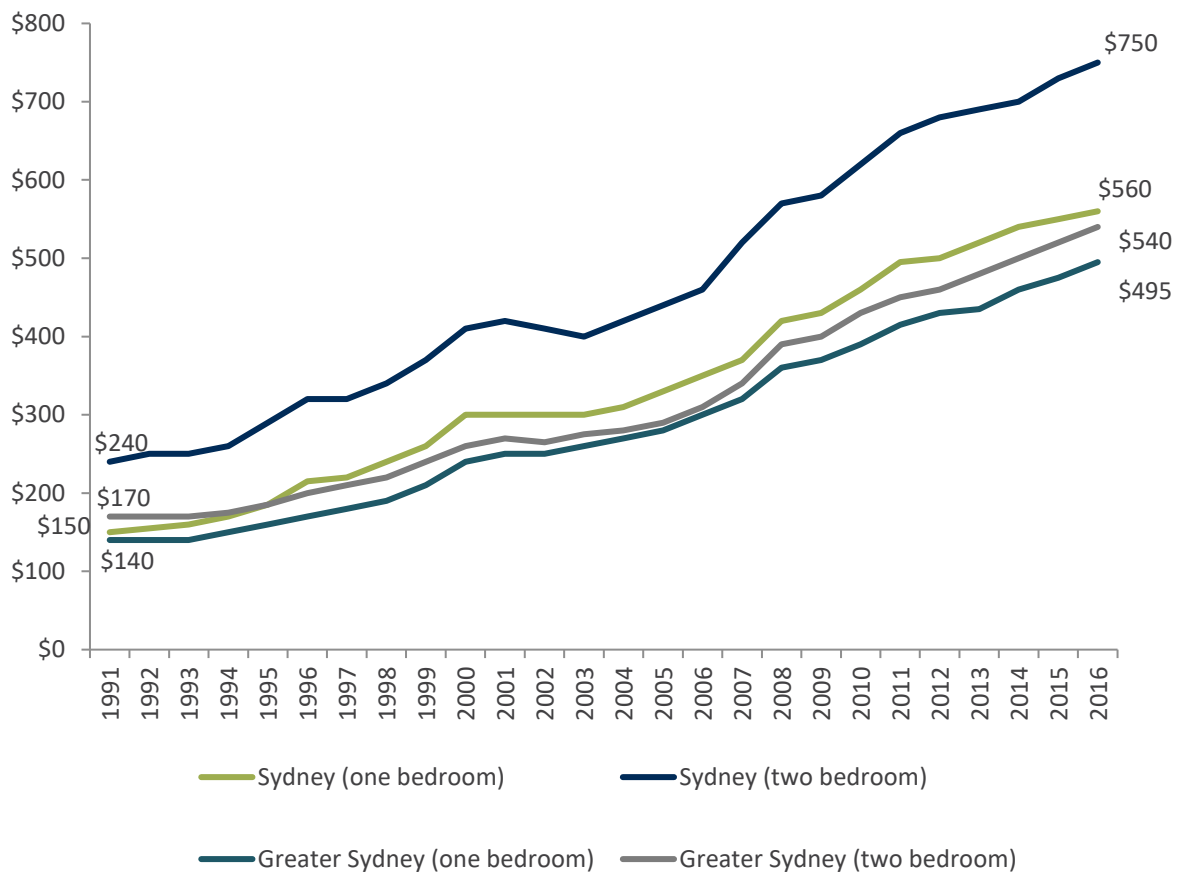
3.2.5.4 Apartment weekly median rental value growth

Figure 20 shows how, over a 26 year period, the median rent for a one bedroom apartment within Sydney LGA increased by \$410/week or 273%, reaching \$560/week in 2016. In comparison, over the same period the median rent for Greater Sydney increased by \$355/week or 254%, reaching a median of \$495/week in 2016.

The median rent for a two bedroom apartment within Sydney LGA increased by \$510/week or 213%, reaching \$750/week in 2016. In comparison, over the same period the median rent for Greater Sydney increased by \$370/week or 218%, reaching a median of \$540/week in 2016.

The above reveals that as of September 2016, the median rent for a one bedroom apartment within Sydney LGA was \$65/week or 13% higher than that recorded across Greater Sydney (\$495/week) while the median rent for a two bedroom apartment within Sydney LGA was \$210/week or 39% higher than that recorded across Greater Sydney (\$540/week).

Figure 20: Apartment weekly rental growth 1991-2016 (\$,000)



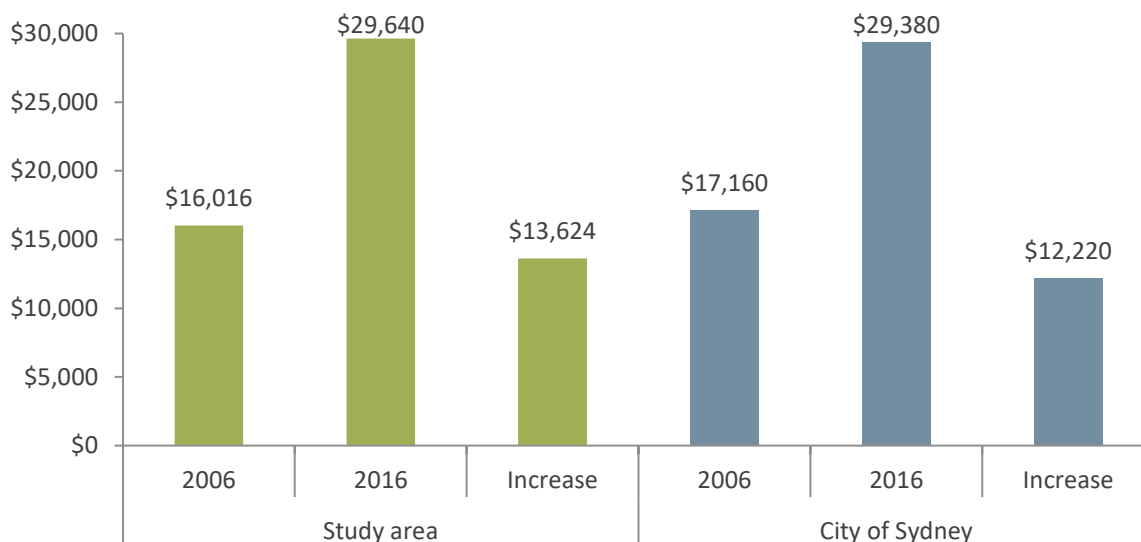
Source: NSW Department of Housing & HillPDA – September of each year

The above reveals that at September 2016, the median price of housing is growing. This is likely in part to be due to the increasingly expensive new product being brought onto the market. It is also likely to be a result of the constant (and growing) demand for property in the Sydney LGA as a consequence of its desirability as a place to live. As a result, median dwelling prices for the Sydney LGA have shown less volatility than the Greater Sydney Average over the same period.

3.2.5.5 Average annual rents

In 2006, average rents in the study area were around \$1,150 per annum lower than that recorded in the wider City of Sydney. However, over the next ten years average rents increased at a faster rate in the study area, becoming comparable with that across the City of Sydney in 2016.

Figure 21: Average annual rents



Source: ABS time series data 2016, HillPDA

3.2.6 Market trends

This section summarises the implications of trends in housing supply, housing costs and income for owner occupiers, investors and tenants.

Tenants

- Tenants are increasingly being squeezed out of the Sydney LGA's periphery markets, especially in terrace houses and large apartments by owner - occupiers
- There is a major gap between tenants in the CBD, who are attracted to small one bedroom and studio apartments and tenants in other suburbs who are after broader range of dwelling types including 2, 3 and 4 bedroom dwellings
- Investors are increasingly looking to rent out smaller apartments of less than 50sqm which have a higher yield. Owner-occupiers on the other hand are increasingly purchasing dwellings with 2 and 3+ bedrooms
- Rental growth has been especially strong in the CBD, where the \$/per square metre rate is considerably higher than in outer villages of the Sydney LGA.

In the *Study for Housing Diversity, 2015* HillPDA interviewed local industry experts to identify key buyer preferences, investment interest and demand for different housing typologies across the Sydney LGA. These experts generally differentiate the market into three key groups being - investors, owner-occupiers and tenants. The key findings of the interviews are summarised under these headings below and are pertinent the redevelopment of the Estate.

Investors

- 20-40% of the purchasing market are investors whose interest is generally spread throughout the Sydney LGA
- Local investor interest is concentrated in village centres and the southern areas from Redfern to Alexandria whilst offshore investment is heavily concentrated around the CBD with particular demand for smaller dwellings from 40-60sqm

- Dwellings at a lower price point attract strong investor interest, especially those with small internal living areas.

Owner occupiers

- The owner occupier market is split between first homeowners, established residents upsizing or downsizing and high net worth individuals looking for executive inner city living
- First homeowners are overwhelmingly interested in 1 and 2 bedroom apartments
- Upsizers and downsizers have a preference for two and 3 bedroom units with greater interest for higher value precincts including King Street, Oxford Street and Potts Point / Woolloomooloo
- High net worth individuals and households make up a sub-sector of the market and are interested primarily in larger semi-detached or executive apartments, generally near the harbour with a floorplate of greater than 90sqm
- Agents confirmed there is generally high demand for, yet low supply of town houses and semi-detached dwellings in the Sydney LGA. This is partially due to a lack of significant new supply of these dwelling types whilst demand has remained relatively constant. This market does not detract from the very significant demand for 1 bedroom dwellings.

3.2.7 Housing affordability

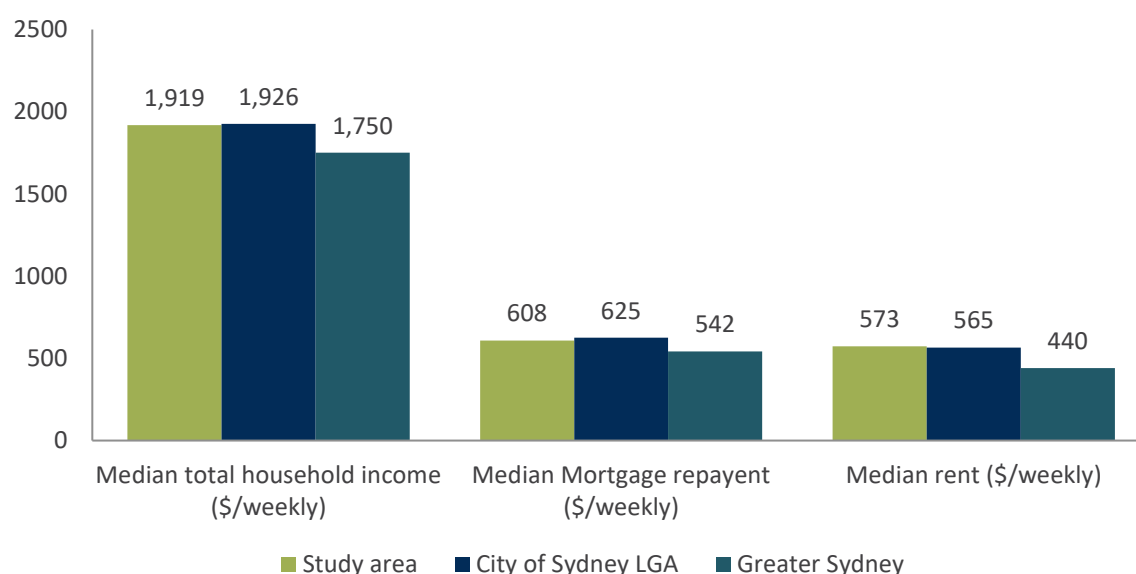
This section presents the findings from an analysis of housing affordability within the study area. The analysis identifies rates of housing (mortgage and rental) stress. The information in this section is considered in association with the information above on sale and rental price movement over time, within the Sydney LGA. Trends are also examined to determine household affordability for very low, low and moderate income earners. This section addresses the need for housing at price points suited to very low, low and moderate income households to address Study Requirement 6.1.

3.2.7.1 Housing costs relative to income

Housing affordability is largely driven by income⁸ with the ratio of household income to house price being one comparative measure of affordability. The ratio of household income to dwelling price in the City of Sydney and study area indicates that housing is relatively less affordable than in Greater Sydney (Figure 22). The median household income within the study area was \$8,788/annum higher than the median for Greater Sydney (2016). The mortgage repayments were \$3,432/annum higher than Greater Sydney's and rental repayments were significantly higher at \$573/week compared to those recorded across Greater Sydney (\$440/week).

⁸ Whilst household income is generally a major factor in a household's ability to afford a property it should also be noted that existing assets, investments or inheritance may also have an influence.

Figure 22: Household income and mortgage/rental repayments



Source: ABS, HillPDA

3.2.7.2 Housing stress

Housing stress is defined as situation where a household’s rent or mortgage repayments are 30% or more of gross household income⁹.

Housing stress has been calculated by cross tabulating total household weekly income by mortgage repayments. The midpoint for these income and repayment brackets was used to approximate the amount of income used by a household to make their repayment.

Using the above method, it was found that of the 5,922 households within the study area that were paying a mortgage, 1,567 households or 26% were experiencing stress. That is, 26% of households were paying 30% or over of their household income on their mortgage repayment. This proportion was reflective of the wider Sydney LGA as well as Greater Sydney.

Table 9: Number of households experiencing mortgage stress

Households	Study area	Sydney LGA	Greater Sydney
Total households	36,795	110,062	1,858,657
Total households not applicable*	30,873	95,705	1,407,165
Total households applicable	5,922	14,357	451,492
Total households in stress (Proportion that spend 30% and over of income on a mortgage repayment)	1,567 26%	3,799 26%	118,767 26%

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

Of the 14,472 households within the study area that were renting, 6,379 households or 43% were experiencing stress (Table 10). That is, 43% of household were paying 30% or over of their household income on their rental

⁹ NSW Affordable Housing Ministerial Guidelines 2016-2017

repayment. This proportion was 1% less than that experienced across Sydney LGA and the same as that recorded for Greater Sydney.

Table 10: 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

3.2.7.3 Demand for affordable housing

NSW Family and Community Services outline the eligibility criteria for affordable housing in their 2019/20 *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 benchmark.

The 2019/20 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 for Sydney or rest of NSW as applicable
- Low-income household – 50% or more but less than 80% of median household income for Sydney or rest of NSW as applicable
- Moderate income household – 80 – 120% of median household income for Sydney or rest of NSW as applicable

Table 11 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 11: 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, Cat. 6401.0 Consumer Price Index, Australia; HillPDA

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

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/week¹¹ on rental repayments in 2016 (Table 12).

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

For a very low income household to pay market rent for a one bedroom apartment (\$560/week) they would need to apportion 58% of their income (\$50,172/annum) towards rent. 77% of their household income (\$50,172/annum) would be needed to pay market rent for a two bedroom apartment (\$750/week).

Table 12: Very low income household profile

2016	Very low household income in Greater Sydney	
Greater Sydney median household income (2016)	\$100,345	
Very low household income (50% of median)	\$50,172	
Rental affordability of median household income (30% of weekly household income)	\$289	
	1 bedroom apartment	2 bedroom apartment
Market rent (Sydney LGA)	\$560	\$750
Proportion of market rent household could afford	52%	39%
Proportion of household income required to afford market rate	58%	77%

Source: HillPDA, adapted from ABS data

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/week¹² on rental repayments in 2016 (Table 13).

This was 93% of the amount required for a one bedroom apartment in Sydney LGA (median market rent) and 62% of the amount required for a two bedroom apartment (median market rent).

For a low income household to pay market rent for a one bedroom apartment (\$560/week) they would need to apportion 36% of their income (\$80,276/annum) towards rent. Forty-nine per cent of their household income (\$80,276/annum) would be needed to pay market rent for a two bedroom apartment (\$750/week).

Table 13: Low income households

2016	Low household income in Greater Sydney
Greater Sydney median household income (2016)	\$100,345
Low household income (80% of median)	\$80,276
Rental affordability of median household income (30% of weekly household income)	\$463

¹¹ 30% of annual income directed towards rental repayment

¹² 30% of annual income directed towards rental repayment

	1 bedroom apartment	2 bedroom apartment
Market rent (Sydney LGA)	\$560	\$750
Proportion of market rent household could afford	83%	62%
Proportion of household income required to afford market rate	36%	49%

Source: HillPDA, adapted from ABS data

Moderate income households

A moderate income household within Sydney LGA, that is, a household that earns 120% of the Greater Sydney median could afford to pay \$695/week¹³ on rental repayments in 2016 (Table 14).

This was 124% of the amount required for a one bedroom apartment in Sydney LGA (median market rent) and 93% of the amount required for a two bedroom apartment (median market rent).

For a moderate income household to pay market rent for a one bedroom apartment (\$560/week) they would need to proportion twenty-four per cent of their income (\$120,414/annum) towards rent. Thirty-two per cent of their household income (\$120,414/annum) would be needed to pay market rent for a two bedroom apartment (\$750/week).

Table 14: Moderate income households

2016	Moderate household income in Greater Sydney	
Greater Sydney median household income (2016)	\$100,345	
Moderate household income (120% of median)	\$120,414	
Rental affordability of median household income (30% of weekly household income)	\$695	
	1 bedroom apartment	2 bedroom apartment
Market rent (Sydney LGA)	\$560	\$750
Proportion of market rent household could afford	124%	93%
Proportion of household income required to afford market rate	24%	32%

Source: HillPDA, adapted from ABS data

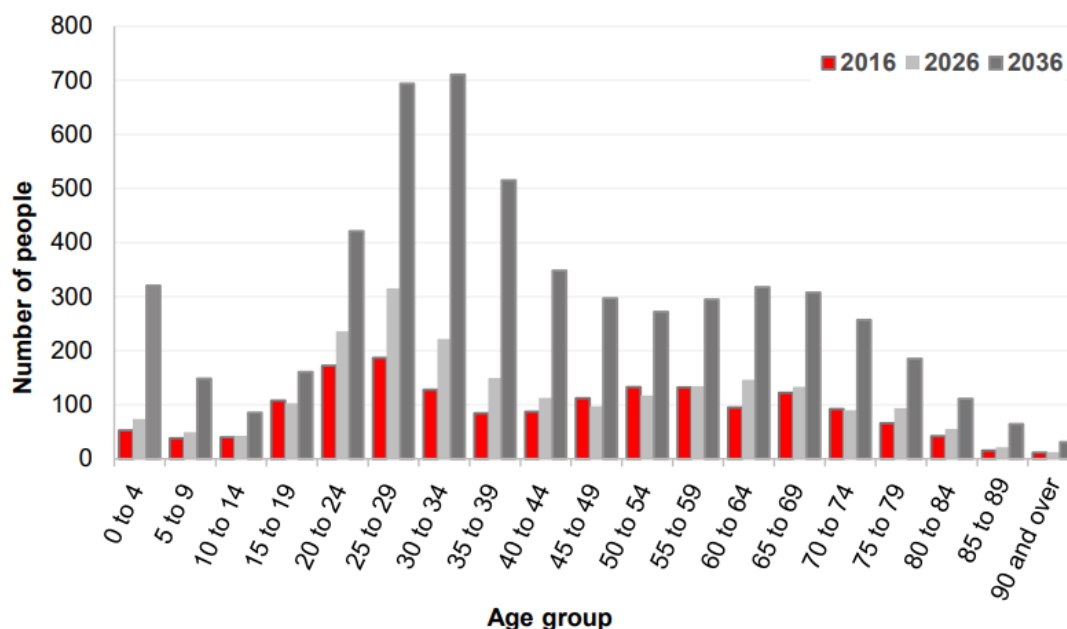
3.3 Projected housing needs arising from the Planning Proposal

The Indicative Concept Plan for Waterloo South will result in a significant increase in population in the area. A Population and Demographic Study of Waterloo South was undertaken by .id the Population Experts in 2020. The .id report undertook population forecasting for the proposal site using inputs from demographic change, policy environment, and urban development drivers. These forecasts are based on ABS Census counts of dwellings in 2016 as the starting point (1,024 dwellings). There is a discrepancy between this number and what the Department of Planning, Industry and Environment understands is in the Waterloo South area. To account for this, the model removes dwellings between 2016 and 2020 to ensure consistency with understood dwelling totals.

¹³ 30% of annual income directed towards rental repayment

The population in Waterloo South is expected to increase from 1,719 in 2016 to 5,542 in 2036.¹⁴ This expected distribution of the population across age groups is demonstrated in Figure 23.

Figure 23: Age structure, Waterloo South, 2016-2036



Source: .id the Population Experts, Waterloo South – Population and Demographics Study 2020

The Waterloo South area is expected to reach 3,174 persons in 2036. Population and housing projections for the area have been prepared by .id. Key conclusions from the projections are summarised below and are detailed in Table 15:

The base scenario forecasts for the Waterloo South see an increase in population from 1,719 in 2016 to 5,542 in 2036.

This forecast is based on an increase of 2,150 dwellings in net terms between 2016 and 2036

Average household size is expected to increase from 1.78 in 2016 to 1.86 in 2041 based on the addition of significant numbers of private dwellings of two or more dwellings attracting larger households.

Table 15: Projected population and Dwellings, Waterloo South

	2016	2021	2026	2031	2036
Population	1,719	1,425	2,206	5,072	5,542
Dwellings	1,024	874	1,304	2,886	3,174
Vacancy Rate	5.7%	5.7%	5.8%	6.2%	6.1%
Social (affordable rental) dwelling	749	749	507	652	914
Private market dwellings	275	125	797	2,234	2,260
Households (Occupied Private Dwellings)	965	824	1,228	2,705	2,979
Average h/hold size	1.78	1.73	1.8	1.87	1.86

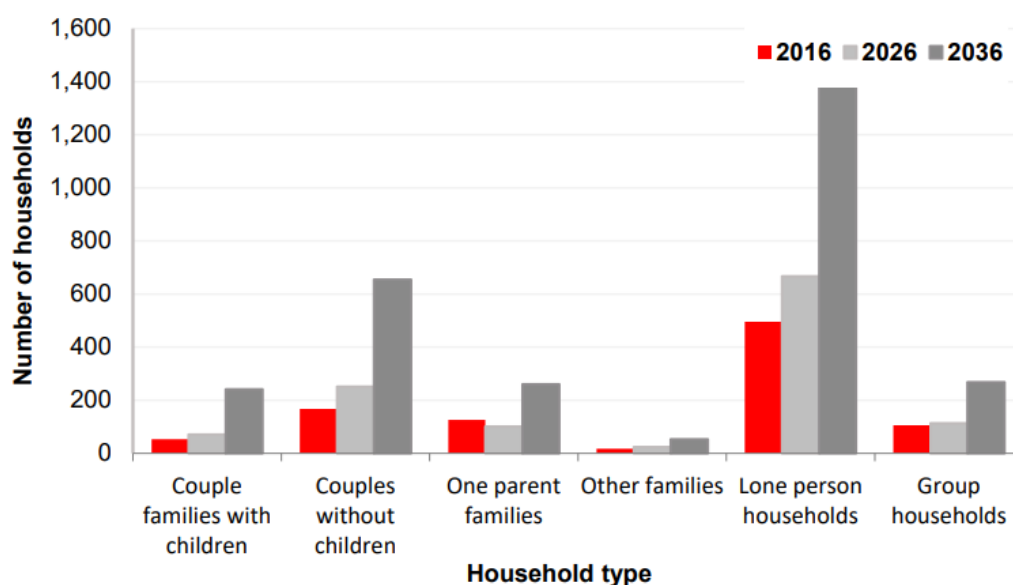
Source: .id the Population Experts, Waterloo South – Population and Demographics Study 2020

¹⁴ .id Waterloo South – Population and Demographics Study 2020

Of note is that the age structure for Waterloo South is expected to attract younger age adults, primarily to the private dwellings, as well as a broader range of older ages to the affordable and social component.

While all household types are expected to increase, by 2036 the largest household group is expected to be single person households. Couples without children households are expected to also increase from 167 in 2016 to 655 in 2036 (17% to 22%) as shown in Figure 24.

Figure 24: Households by type, Waterloo South, 2016 – 2041



Source: id the Population Experts, Waterloo South – Population and Demographics Study 2020

3.4 Implications

The renewal of Waterloo South requires the re-housing of existing social housing tenants, providing an opportunity to address an existing mismatch between the housing stock and the characteristics of households. In particular, the Planning Proposal would need to enable a development which:

- Maximise the potential for provision of social housing dwellings within the context of achieving a balanced and diverse community
- Increase the supply of studios and one bedroom dwellings to match with the high proportion of single person households and couple households in the development area
- Consider the housing needs of older people at the detailed design stage and in the management and allocation of dwellings
- Acknowledge the considerable Chinese and Ukrainian communities in the Estate and provide for accommodation that is suited to small communities, so that existing networks can continue
- Cater to the considerable Aboriginal and Torres Strait Islander population in the Estate to continue the long standing ties of the Aboriginal community to Waterloo, which will require a mix of housing including housing for families
- Housing specifically suited to transitioning people from social housing to market housing, providing an intermediate step in terms of rents while maintaining social ties.

The Waterloo South masterplan delivers on these requirements.

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, 43% were experiencing rental stress. That is, 43% 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.
- Households on very low or low incomes cannot afford to rent a 1 or 2 bedroom apartment in the Sydney LGA. Households 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
- Only more affluent households will be able to afford 2 or 3 bedroom dwellings, thus 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 knock on effects to Sydney's productivity and appeal as a global city
- There is a significant gap in housing provision in the study area that is suited to households with low to moderate incomes. This could be addressed through the delivery of affordable housing on the site targeted to low and moderate income households (see Section 5.1). Opportunities to maximise affordable housing on the site should be explored.

The Planning Proposal will facilitate a development that will address this gap.

OPTIONS FOR
DELIVERING
AFFORDABLE
HOUSING

4.0 OPTIONS FOR DELIVERING HOUSING

The previous chapter has demonstrated that there are a diverse range of housing needs in Waterloo South and the housing market study area. In particular this is a need to deliver more affordable dwellings which are suited to smaller households, including housing for very low, low and moderate income households.

Item 6.4 of the Study Requirements are to identify and assess the range of mechanisms/models available to maximise affordable housing, noting the minimum target of 5% - 10% of new floorspace referenced in the draft Central District Plan, or any greater target if NSW government policy changes.

This section addresses this requirement by considering the range of mechanisms/models available and the relative advantages and disadvantages of each.

4.1 Planning mechanisms

Affordable housing in NSW has been developed in a range of ways and funded through a mix of sources including government (local/state/Commonwealth) grant or land contributions, planning incentives, philanthropic sources, community housing provider equity contributions and from finance secured against assets owned by community housing providers. The two most commonly used approaches are inclusionary zonings and voluntary planning agreements.

4.1.1 Inclusionary zoning

Inclusionary zoning is where development within a designated zone or area makes a contribution towards supplying affordable housing according via:

- A prescribed per centage of the affordable housing development or
- A financial contribution from developers to offset the impact of a project on affordable housing demand or supply or
- Variations to planning rules are offered in in return for affordable housing.

These variations may permit additional density in certain areas or waive certain requirements that would normally apply or expedite the development assessment process.

An inclusionary zoning for Waterloo South would set a statutory target for affordable rental housing on the site. In essence, the planning provisions for the site would specify that any development is to include a specified proportion of dwellings as affordable rental dwellings (typically specified as a per centage of all dwellings). This approach sets in place the ground rules for development when the planning framework for a precinct is being established. As it is a statutory requirement, the approach ensures the delivery of the affordable rental dwellings as part of the overall development of the site.

Inclusionary zonings have been in operation in Sydney, Waverley and Willoughby Local Government Areas. This approach has also become widely used in the United Kingdom and United States. The approach has been very effective in achieving affordable housing delivery. One area of concern relates to the impact of modifications to a development consent, after the original commitment to affordable dwelling provision has been made. If the approved development is modified to accommodate an increase or decrease in the number of dwellings from the original approval, the affordable housing component of the development could be increased or decreased to reflect the modification.

4.1.2 Voluntary planning agreements

Negotiated voluntary planning agreements are where affordable housing contributions is agreed on a case-by-case basis. Voluntary planning agreements (VPAs) are used by planning authorities to obtain community benefits from developments including the provision of affordable housing. While VPAs can improve flexibility and deliver positive public benefit, they can also add significant costs to a project when not executed properly. The feasibility of projects proceeding is impacted and compounded when a VPA includes the dedication of land, and a council does not account for the value of that land in determining the contribution rates.

Voluntary planning agreements (VPAs) are frequently used by NSW councils who wish to provide affordable rental housing but were not previously included within SEPP 70 Affordable Housing (revised schemes). VPAs provide planning authorities and developers the opportunity to negotiate flexible outcomes, either at the Planning Proposal or development application stage. Planning agreements are negotiated between planning authorities and developers in the context of applications by developers for changes to planning instruments or for consent to carry out development.

A fundamental principle in the operation of planning agreements is that planning decisions cannot be bought or sold. Planning agreements usually facilitate an increase in development yield and so changes to planning instruments or consents must be acceptable on planning grounds and environmental impacts. The negotiations between Council and a developer are based on the uplift in value received from an increase in height or FSR.

Councils such as the City of Canada Bay, City of Ryde, Waverley and Randwick have successfully negotiated numerous VPAs, to deliver a range of public benefits including affordable housing. The supply of affordable housing via this mechanism can vary greatly, be opportunistic and is dependent upon development occurring and the good will of developers. Negotiations can be resource and time intensive.

4.1.3 Evaluation of mechanisms

Each mechanism is capable of delivering affordable rental housing at Waterloo South. Table 16 outlines the advantages and disadvantages for the two approaches.

Table 16: Contribution Mechanism Overview

Contribution Mechanism	Advantages	Disadvantages
Inclusionary zoning	<ul style="list-style-type: none"> Directly contributes to the delivery of affordable housing Dedicated free of cost to the planning authority Asset is owned by a government entity but managed by a community housing provider Likely to be more valuable than a monetary contribution taken at Construction Certificate stage in a rising market Still retains the flexibility to sell the asset if not appropriate or if strata premiums are considered too high Offers a range of housing choice across the LGA Less resource intensive as management is transferred to a Community housing provider. 	<ul style="list-style-type: none"> Affordable housing provided in high-end buildings would incur expensive strata fees which may be unsustainable over the longer term Requires management of the 'life-cycle' of dwellings - so that assets remain suitable for their use Distribution of affordable housing across multiple buildings can create management inefficiencies.
Voluntary planning agreements	<ul style="list-style-type: none"> Responsive to change and is site specific No nexus required under the EPAA 1979, although the Practice Notes (2015) 	<ul style="list-style-type: none"> Can be administratively onerous Less regulated than inclusionary zoning targets

Contribution Mechanism	Advantages	Disadvantages
	<p>recommend that the public benefits should have a relationship to the development</p> <ul style="list-style-type: none"> A possible fall back mechanism should development parameters exceed the planning threshold at any point in time. 	<ul style="list-style-type: none"> Reliant on developer’s willingness to volunteer an offer Industry/community resistance.

Source: HillPDA

The Planning Proposal includes a commitment to affordable housing provision, at a rate equal to the GSC target, through strategy planning controls. The LEP will include a requirement for a minimum of 5 per cent of overall residential floorspace in the development to be affordable housing.

4.2 Deliberative approaches

The deliberative model of affordable housing development relies on the building designer or future owner-occupiers of a multi-residential property to take on the role traditionally held by a speculative developer. To date, groups that have employed this approach have been developing medium-density apartments. Deliberative development projects empower occupants in both the development and design process and, as reflections of those processes, their design outcomes realise new ways of living, working and socialising.

Deliberative approaches to urban renewal are able to provide a diversity of housing typology and tenancy options that are otherwise difficult to mandate in a developer-led market. During the development process, the co-operative is able to cap project profits and remove excess costs such as marketing activities and display suites, thus facilitating more affordable private homes.

Table 17 below provides three examples of deliberative architect and community-led housing projects, and at what stage and by whom the developments were implemented.

Table 17: Deliberative housing models

Example project	Mode of implementation
<p>Pocket Living, London</p> <p>Pocket Living provides starter homes for creative professionals - selling to moderate income, single or couple households (\$150,000 pa) who reside in London and who are purchasing for the first time. Pocket Living build compact (38m²) one bedroom apartments which are sold at 20% lower than the market value. Pocket Living works with local councils to free up urban sites that are in good locations. All sites are close to public transport and amenities. Annual checking ensures the dwellings remain in the affordable arena, in perpetuity.</p>	<ul style="list-style-type: none"> Private developer and architect working with Council Implemented through selective land-disposal
<p>Hunziker Complex, Zürich</p> <p>The Hunziker Complex is a citizen-led housing development totalling 13 buildings which are surrounded by various green areas and open spaces. In response to rising housing costs, the city of Zurich organized an open design competition on a former industrial site. It was funded by fifty small co-operatives. A series of subsidies are offered to low-income earners, and 10% of the apartments are allocated to charities and not-for-profits, including an orphanage. The result is a development that includes a mixture of people, ranging from recently settled refugees to middle income professionals.</p>	<ul style="list-style-type: none"> Built by Council and now owned/managed by a community cooperative Implemented through property sale

Example project	Mode of implementation
<p>Nightingale Housing, Brunswick</p> <p>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 and financially sustainable. The housing is designed for owner occupiers who have say in the design of their apartments. 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. As with Pocket Living 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.</p>	<ul style="list-style-type: none"> • Architect-led development, owned/managed by owner-occupier cooperative • Implemented throughout the presale and development stage

Pocket Living and Nightingale are 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 property as they are designed for owner occupiers.

After reviewing the above examples, the deliberative model was considered to be inappropriate for Waterloo South due to the scale of the project, the complex nature of the development outcomes being sought and importance of an assurance that the social (affordable rental) dwellings can be constructed within a reasonable timeframe.

4.3 Management approach

4.3.1 Community Housing providers

LAHC has established relationships with community housing providers. There are over 140 not-for-profit community housing providers¹⁵ across NSW that provide housing assistance to eligible people on low incomes or who are unable to access appropriate housing in the private market. This includes social housing, affordable housing and supported housing.

Community housing providers work with NSW Department of Community and Justice and other non-government organisations, local councils and the private sector to develop, deliver and manage social (affordable rental) housing. There is a National Regulatory System for community housing providers which aims to ensure a well governed, well managed and viable community housing sector that meets the needs of tenants and provides assurance for government and investors¹⁶. The NSW Government also sets a regulatory framework for community housing providers.

4.3.2 Affordable housing bond aggregator for the not for profit community housing sector

The Australian Commonwealth, recognising the problem of housing diversity and affordability, announced in the 2017 Budget the creation of an affordable housing bond aggregator, based on the UK's Housing Finance Corporation. The National Housing Finance and Investment Corporation (NHFIC) will have the ability to raise money at lower rates from the wholesale bond market for not-for-profit community housing providers. The Government will provide \$63.1 million over four years from 2017–21 (including \$4.8 million in capital) to establish and run the NHFIC.

¹⁵ <http://www.housing.nsw.gov.au/community-housing/community-housing-providers>

¹⁶ <http://www.nrsch.gov.au>

The NHFIC is based on AHURI research into bond aggregator models presented in a report from the Affordable Housing Working Group (AHWG) to Federal, State and Territory treasurers as part of the Council on Federal Financial Relations in late 2016.

This program is designed to aggregate and source large amounts of capital loans to not-for-profit community housing providers) developing housing for lower income households. The intention is that money would be raised efficiently with reduced financing costs rather than in expensive one-off transactions such as when borrowing from a bank. The dwellings financed from this model are to be managed by community housing providers and rented to people working in lower paid jobs. This provides the opportunity for Community Housing Providers to expand their housing portfolios and increase their ability to become more involved in redevelopment opportunities such as the Waterloo precinct. The Land and Housing Corporation could also continue to be a partner/stakeholder in the delivery and management of social (affordable rental) housing.

4.4 Implications

The Planning Proposal offers the following benefits for increased housing diversity and affordability:

- The concept proposal will enable the provision for increased housing diversity including dwellings for very low, low and moderate income groups, along with a mix of market housing at a variety of price points.
- The proposed LEP amendments provide assurance that a minimum of 5 per cent of overall residential floorspace at Waterloo South will be delivered as affordable housing
- LAHC's brings considerable knowledge and experience in management of social (affordable rental) housing developments
- LAHC's established relationships with community housing providers will enable efficient management and allocation of social (affordable rental) dwellings as soon as they become available.

DELIVERING POSITIVE
MIXED TENURE
OUTCOMES

5.0 DELIVERING POSITIVE OUTCOMES IN MIXED TENURE DEVELOPMENTS

Study Requirement 6.3 indicates that this report is to present options for achieving an appropriate mix of tenures having regard for lessons learned from other mixed tenure developments. This section has been informed by case study analysis summarised in Appendix A.

The NSW Government in *Future Directions for Social Housing*, set a target for the Waterloo Social Housing Estate overall, to provide a tenure mix of around 70:30 ratio, with 70 per cent of dwellings with private owner occupier or investors and 30 per cent of dwellings as social (affordable rental) housing. The Planning Proposal for Waterloo South is consistent with this expectation by targeting up to 30 per cent of dwellings as social (affordable rental) dwellings.

This section outlines lessons learned from previous mixed tenure/mixed income developments to assist the design and development of a successful mixed tenure precinct at Waterloo South.

5.1 Socially integrated neighbourhoods

The Waterloo Social Housing Estate is to develop into a leading example of a well located, socially integrated neighbourhood where social, affordable and private dwellings are situated together. The Communities Plus Program seeks to deliver deconcentrated social housing estates with improved physical environments, including infrastructure and community facilities. In addition, social housing residents are to be supported to build independence, find work and if possible, transition out of social housing.

Social mix policy has been studied widely in the literature but what has generally been missing, is discussion on the spatial organisation of various tenures (social, affordable and private) within a development and in particular design principles and potential barriers to their implementation. The research indicates that social mix becomes a desirable goal at the level of the neighbourhood or large housing project, rather than at the building or cluster level (Dansereau et al. (1997: 19-20) and Arthurson (2010: 61)).

The Planning Proposal reflects a large housing project on a site which is suitable for a socially integrated community.

5.2 Creating a tenure blind environment

The Joseph Rowntree Foundation in the UK (2008) undertook an evaluation of the strategic and policy context for mixed tenure housing development and neighbourhood renewal.

Importantly, what stood out in the evaluation was that the quality and design of new housing developments were crucial to the success of any renewal project. In essence it is important that there is little or no difference in the quality and appearance of social housing as compared to private housing. Rowlands, Murie and Tice 2006, found that the risk of mixed tenure estates being difficult to sell, or that property values are affected could be eliminated by ensuring quality of all other aspects of the development.

Similar evidence was found in the Briefing Paper prepared by the Chartered Institute of Housing Scotland - The Challenges of Developing and Managing Mixed Tenure Housing (2012). The design of the developments was seen as extremely important, where it was considered that a 'tenure blind approach' was crucial to the success of any mixed tenure development.

Anecdotal evidence suggests that projects where Government has 'handed over' estates to the private sector have been subject to significant controversy, for example Carlton Estate, Melbourne. It is therefore important that the Government continues to play an ongoing role in planning and development to ensure that proposed social outcomes are delivered. In both the renewal of the former Heywood Estate, (now known as Elephant Park),

Elephant and Castle, London and Regent Park in Toronto, Southwark Council and the City of Toronto respectively, have remained actively involved in the regeneration of the social housing estates. Both estates are providing a mix of private and social housing, as well as community facilities and open space, and existing residents have been involved in the planning process. Regent Park has a Social Development Plan developed by Toronto Community Housing Association (TCHA), the City of Toronto, residents and social service providers. In addition, the TCHA commissioned the University of Toronto to develop a neighbourhood integration framework for Regent Park.

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. From a design and development perspective, this often hinges on the decision around the degree of integration of the two tenure categories. The way in which integration occurs has implications for the ongoing management and maintenance of the development also.

5.2.1 Design quality of social (affordable rental) housing

The quality and design of new housing developments is crucial to the success of any renewal project. It is important that there is little or no difference in the quality and appearance of social housing as compared to private housing. The risk of mixed tenure estates being difficult to sell, or that property values are affected, can be eliminated by ensuring quality of all other aspects of the development.

Where separate of tenures is not visible:

- Well managed, mixed tenure estates can facilitate social interaction between residents
- Existing residents are not normally aware of tenure as an issue in selecting where they live and who their neighbours are
- There is little evidence that mixed tenure adversely affects house prices or the ability to rent or sell property
- Mixed developments require careful management and monitoring - e.g. good ongoing maintenance of streets and public spaces.

Sustainable mixed tenure development requires some longer-term value management, ensuring services and facilities are maintained at a high level

(Rowlands, Murie, Tice 2006)

5.2.2 Nature of public open and shared spaces

Providing a hierarchy of spaces ranging from the private to the public realm where residents are able to socialise with people from their own social group or alternately mix with people from other groups, is desirable. In order to implement a successful socially integrated community, social (affordable rental) and private dwellings are to be located throughout the whole redevelopment site:

- Socially integrated communities work best when social mix is implemented throughout a larger area with limited concentration
- The external appearance (quality and design of all buildings) should not demonstrate any significant degree of difference (if any) in external appearances for the various tenures, social, affordable and private. In particular, that social (affordable rental) housing design should not be identifiable as such, as this may lead to stigma against their tenure
- To avoid the potential for conflict, a hierarchy of private-public spaces is recommended, including parks, shops, and community facilities
- The continuation of the role of Government is an important consideration to ensure that the housing objectives are upheld and delivered to ensure that social integration outcomes are achieved

- Smaller, well designed apartments could create housing at around 20% less than current market prices
- A reduction of onsite parking or no parking could reduce development and buildings costs. The Estate in particular, is suitable for reduced car parking given its location near the new Sydney Metro train station.

5.3 Distribution of tenure/income groups

There are a number of possible approaches to integrating tenures within a neighbourhood. Four common typologies are set out below and each is considered in the following sections.

Table 18: Common approaches to achieving tenure mix

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 – floor by floor</p> <ul style="list-style-type: none"> • Residents are grouped within a building by tenure type (often referred to as a stacked approach)
	<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 – Groupings by blocks across a site - block by block</p> <ul style="list-style-type: none"> • Salt and peppering of private, affordable and social housing within separate blocks across the site.

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

5.3.1 Unit by Unit

Unit by Unit mix of tenures disperses social, affordable and privately owned dwellings throughout a single building. The approach is also referred to as salt and pepper. The approach offers a high degree of tenure mix. Table 19 sets out the various advantages and disadvantages of the approach.



Table 19: Considerations of a unit by unit approach to mixing tenures

Benefits	Challenges
<ul style="list-style-type: none"> Locates social and affordable housing with privately owned 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 Developer often fear that marketability of private dwellings may be difficult due to the presence of social housing tenants and to a lesser extent affordable housing tenants, although this can be reduced through tenure blind development Social housing providers have reported they have less control over design and the standard of social housing dwellings, despite intentions for a tenure blind development at the outset Dwellings would be located in various strata and (perhaps) community title schemes necessitating an obligation to pay strata fees for both social and affordable housing dwellings. Increased management costs due to the dispersal of dwellings and to maintenance and repairs of common property (which may include pools, highly landscaped areas and the like) Would require involvement of social housing provider and CHP in a Body Corporate for each building Social housing tenants may be separated from their friends/family/community Social housing tenants may fear living conditions away from concentrated social housing.

In general developers are reluctant to support this approach due to concerns about the implications for marketability and returns. If realised, reduced marketability can impact on the feasibility of overall development. The approach also has potential for increased development and ongoing management and maintenance costs for social housing providers and CHPs.

In some of the case studies examined, initial project planning adopted a unit by unit approach to tenure mix but later the approach was changed to one of the options below due to concern from the developer that the mixing tenures was impacting on marketability and development returns. In some instances, the changed approach to tenure mixing became highly criticised in the press which raised community concern.

It was evident from community engagement that a relatively small proportion of social dwellings peppered through the redevelopment would suit some tenants and may assist in encouraging tenants to move out of social housing. However, most tenants did not support this approach.

5.3.2 Floor by Floor

The floor by floor approach to tenure mix allows groupings of tenures within a building. This approach is also referred to as a "stacked approach" as tenures are typically grouped by floor (e.g. social housing on levels 1-3 affordable housing on level 4 and private housing above). However, there are some examples of vertical grouping of tenures in buildings designed with separate entrances for each tenure group.

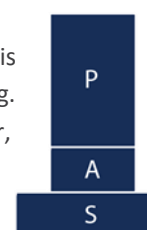


Table 20: Considerations of a floor by floor approach to mixing tenures

Benefits	Challenges
<ul style="list-style-type: none"> Residents of the same tenure live together on determined floors within the same building allowing existing support networks to be maintained As the social and affordable housing occupy part of a stratum arrangement there are less onerous obligations than strata schemes Social housing provider may be able to control the design and standard of their dwellings within their stratum Significant tenure mix is achieved although not integrated as unit by unit above 	<ul style="list-style-type: none"> Developers may find this approach difficult to obtain finance for due to concerns from financial institutions at the unusual nature of the development Marketability of private apartments may still be an issue due to the presence of social housing tenants within the same building There is potential for increased construction costs if additional, separate lift cores and separate entrances are provided. Increased management costs due to stratum arrangement (strata management statement) Management and sharing of communal open space can be contentious There is some concentration of social housing tenants in comparison to unit by unit above

The approach can also lead to conflict between tenure groups. If private communal space and facilities are provided for private residents only and fenced off from social housing tenants, this may lead to an increase in perceived social disadvantage. Locating social housing tenants on lower floors may also lead to increase in perceived social disadvantage, although this may be necessary in order for the development to benefit from the higher sales value of upper levels in order to finance affordable housing. To minimise the potential for conflict, public spaces and internal areas need to be maintained to consistent standards. This can lead to a higher degree of management and maintenance by LAHC and CHPs.

5.3.3 Building by Building

A building by building approach allows grouping of tenures in different buildings to achieve a mix across a site, although each building may contain a single tenure group.

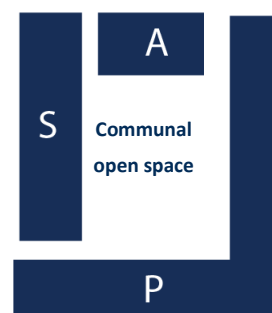


Table 21: Considerations of a building by building approach to mixing tenures

Benefits	Challenges
<ul style="list-style-type: none"> Social mix still achieved across a site Developers more likely to support this approach because the separation of tenures is easier to explain allocation of funding/finance can be more straightforward Increased marketing opportunities for private dwellings Financing may be easier to achieve Social and affordable housing is not part of a strata scheme with private owners (excepting a situation of shared basement and communal open space) LAHC could work with the developer to design (size of apartments) and set the standard for their dwellings and buildings to create a tenure blind development 	<ul style="list-style-type: none"> Social mix still achieved although less integration than 6.2 and 6.3 above Managing communal open space can be challenging given competing needs and uses by different tenure groups May be part of a strata/community management scheme if communal (private) open space is available to all residents (social affordable and private) and basement is shared

Benefits	Challenges
<ul style="list-style-type: none"> • Lower management costs for both the social and affordable housing buildings in comparison to 6.2 and 6.3 above • The risk of conflict and management difficulties is minimised. 	

Of all approaches examined, the building by building approach presents the lowest level of risk and based on community engagement, sits most comfortably with the majority of tenants. At community engagement most existing tenants expressed a preference for this approach.

The most challenging aspect of the approach relates to the use of public areas and communal open space, potentially resulting in increased management costs if LAHC and/or CHP's have to contribute to management/maintenance of open space. Careful design for communal open space is required to avoid perceived social disadvantage, particularly if social housing tenants are denied access to communal facilities.

5.3.4 Block by Block

The block by block approach sees tenures clustered by street block or site area, so that tenure mix occur across a site or precinct, but with concentration of tenures into different parts of the site. This approach is also referred to as banded tenure mix.

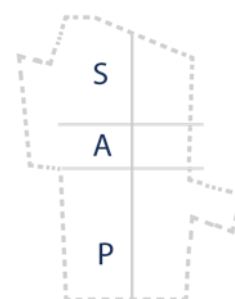


Table 22: Considerations of a block by block approach to mixing tenures

Benefits	Challenges
<ul style="list-style-type: none"> • Increased marketability for private dwellings as they are separated from social housing dwellings • Financing may be easier to achieve • Not part of strata scheme with private owners • LAHC could work with the developer to design (size of apartments) and set the standard for their dwellings and buildings • Lower management and maintenance costs for LAHC in comparison to 6.2, 6.3 and possibly 6.4 above 	<ul style="list-style-type: none"> • There would be significant staging and rehousing constraints • Location of public open space and other shared spaces for all residents as this approach segregates the tenures into specific areas

While the approach has some benefits in some situations, it is generally not supported for the proposed redevelopment of the Estate as it would require resettlement of existing tenants into a smaller area of the site, resulting in increased clustering of social housing tenants potentially with fewer amenities. It could be argued that the approach is not in accordance with Communities Plus objectives for a well-integrated neighbourhood, depending on the level of concentration needed to allow the staged development of the overall site to proceed. The approach could be criticised for a lack of social integration and segregating and concentrating each tenure type.

5.4 Implications

While each approach was seen to have advantages and disadvantages, the academic literature tends to support maximum integration of tenure groups while anecdotal evidence from operators suggests that some degree of

separation of tenures is desirable from an operational and functional view point. The literature is clear that building design should be tenure blind with open space and facilities to be shared between all tenure /income groups.

Groves et al. (2003) and Roberts (2007) support salt and peppering or the integrated model where owned and social and affordable dwellings are located next door to each other. This approach however has been disputed where there appears to be no clear evidence of successful integration (Arthurson 2012). Tiesdell (2004: 204-5) examined the design of mixed tenure estates from the view point of private developers in the UK. Tiesdell found, that developers did not favour the salt and pepper approach within the same building. This was due to the perception that private dwellings would be hard to market/sell, on the basis that private owners would not wish to be located next door to social housing tenants. This approach was also not supported by housing authorities because of increased management costs. The Tiesdell's study identified that clusters of social housing spread throughout developments were a preferred approach.

Anecdotal evidence suggests that projects where Government has 'handed over' estates to the private sector have been subject to significant controversy, for example Carlton Estate, Melbourne. It is therefore important that the Government continues to play an ongoing role in planning and development to ensure that proposed social outcomes are delivered.

In both the renewal of the former Heywood Estate, (now known as Elephant Park), Elephant and Castle, London and Regent Park in Toronto, Southwark Council and the City of Toronto respectively, have remained actively involved in the regeneration of the social housing estates. Both estates are providing a mix of private and social housing, as well as community facilities and open space, and existing residents have been involved in the planning process. Regent Park has a Social Development Plan developed by Toronto Community Housing Association (TCHA), the City of Toronto, residents and social service providers. In addition, the TCHA commissioned the University of Toronto to develop a neighbourhood integration framework for Regent Park.

It is likely that concentrations of very low income households will continue to some extent in Waterloo South as the redeveloped site will continue to provide a significant number of social housing dwellings. Community engagement has found that the vast majority of existing residents would prefer to be located close to other social housing tenants, although this is not true of every tenant. However, both market subsidised tenures are likely to attract a diverse range of residents whether by age, ethnicity, household type, income, education or cultural interests. The mix of residents in Waterloo South will in part be determined by market conditions given the high proportion of private dwellings proposed on site.

A building by building approach which clusters tenure groups within buildings but achieves a mix of tenure across the site offers fewer risks and appears to sit most comfortably with the majority of tenants, although not with all tenants. The advantages of the approach are:

- The approach has been accepted by developers, most recently at Ivanhoe Estate, and presents fewer risks in terms of potential for social housing to detract from market housing
- The approach has lower maintenance and management costs compared to the unit by unit approach
- It avoids the complications of strata dwelling such as the need for social and affordable housing providers to participate in body corporate arrangements to pay regular fees to the body corporate
- The approach has been tested by LAHC at Ivanhoe offering opportunities for refinement.

The most challenging aspect of a mixed tenure site relates to the use of public areas and communal open space. This can potentially result in increased management costs if LAHC and/or CHP's have to contribute to management/maintenance of open space. Careful design for communal open space is required to avoid perceived social disadvantage, particularly to avoid social housing tenants being denied access to communal facilities.

Maintaining an appearance of equity in housing across tenure can help remove the stigma associated with social housing.

All approaches allow for refinement of housing delivery at the detailed planning phase. For example, dedicated seniors housing could be incorporated into the development as part of a negotiation with the developer.

COMMUNITY VIEWS

6.0 COMMUNITY VIEWS

6.1 Consultation process

Since the Waterloo Estate was designated a State Significant Precinct in May 2017, LAHC has undertaken significant community consultation. The outcomes of that consultation are documented in the “*Let’s talk Waterloo*” report prepared by Elton Consulting, 2018. The consultation outcomes initially informed the formulation of redevelopment options. Community consultation on three options occurred in late 2018. Outcomes from that consultation informed the Indicative Concept Proposal.

Community consultation occurred on a broad range of themes and issues relevant to the redevelopment of the Estate. Matters raised by the community in relation to housing and tenure mix are summaries below. Further details are available in the community consultation report.

Further community consultation will occur through the public exhibition of the Planning Proposal and subsequent development applications.

6.2 Views on housing diversity

There was strong support for the preferred Masterplan to incorporate the following common elements of the three redevelopment options:

- Mix of apartment sizes and types
- Mix of social, affordable and private housing
- Appropriate arrangement of taller buildings.

Feedback relevant to housing affordability and diversity included the following:

- The preferred master plan should seek to maximise amenity and minimise impacts for residents of the site and surrounding area.
- Some commented that the redevelopment, given its proposed density, the redevelopment of the Estate should deliver a higher quantum of social and affordable housing to meet the needs of people currently on the social housing waiting list and to address increasing demand for social and affordable housing in Sydney.
- There is a desire for the redevelopment to include Aboriginal affordable housing.
- More spacious and better designed apartments including balconies were commonly identified as being important for residents of the precinct.
- There was support for the proposed dwelling mix – with all redevelopment options including a mix of studio, one, two, three and four-bedroom apartments.
- Participants generally wanted to live in a home the same size or larger than their existing home. In particular, the importance of larger apartments was highlighted in order to meet the needs of families.
- Participants expressed a desire for high quality homes that meet the diverse needs of residents, respond to changing lifecycle needs (including being fully accessible), provide indoor and outdoor space, improved safety and security, and storage space.
- There were mixed views about retaining and renewing existing buildings on the site such as Matavai and Turanga. Some people commented that these buildings are important from a heritage and character perspective. While others were keen to see these buildings redeveloped, commenting that apartments

in these buildings are too small to meet the needs of residents and lack important features such as balconies, built ins and accessibility.

- Participants were supportive of underground car parking for residents at the redeveloped Waterloo (as discussed in section 6 of this report).

In general, feedback emphasised the importance of the redevelopment supporting new and existing residents as part of a place that is socially, economically and environmentally sustainable.

6.3 Views on tenure mix

During consultation, material was provided detailing approaches to mixing tenures (as outlined in section 6 of this report). Participant sentiment was mixed:

- There was strong support for social, affordable and private housing to be evenly distributed across the whole of the Waterloo precinct and to ensure that all members of the community are accommodated in high quality new homes.
- There were varied views on the appropriate mix of dwellings within individual buildings as demonstrated in both survey responses and qualitative feedback. Survey responses indicate that:
 - 46% of respondents wanted social, affordable and private housing to be provided within the same building
 - 26% wanted social and affordable housing together within the same building, along-side private housing in separate buildings
 - 16% wanted all three types of housing to be separate.
 - 13% had no preference¹⁷.

Participants who expressed a preference for social, affordable and private housing to be provided within the same building felt that this would be more equitable and help support social cohesion. Some believed that integrating social and affordable housing could help to enable pathways from social to affordable housing particularly among younger residents. A range of suggestions were made about building design to support an integrated approach to housing.

Conversely, people who wanted social and affordable housing to be provided separately from private dwellings highlighted the complexities of meeting the diverse needs and expectations of social, affordable and private housing residents within the same building. Concerns focused mainly on how public and private tenants would get on, how the specific needs of social housing tenants would be addressed, and how building maintenance and strata levies would be managed so as not to result in higher costs for social housing tenants. It was suggested that high care tenants or people with complex needs should be accommodated in particular buildings (or levels within buildings), to ensure their home environment is fit for purpose and they receive the appropriate level of support to meet their needs.

Those who wanted to see social and affordable housing in the same building alongside private housing in separate buildings were in favour of a complete social mix from an equity perspective, but felt that this would be very difficult if not impossible to achieve in reality. Some felt there would be tension between public and private housing tenants, and that social and affordable housing residents would be more likely to be tolerant of any issues arising than private residents. Participants also commented that while all buildings should be well

¹⁷ "Lets talk Waterloo" (2019) prepared by Elton Consulting for Land and Housing Corporation, p67.

maintained, private residents may have higher expectations – and thus higher strata levies – associated with management of private dwellings which would be unaffordable for social and affordable housing residents.

Feedback suggests it is important that public and private housing are indistinguishable from one another and that all residents have equitable access to facilities such as community meeting rooms (in all buildings). Several participants also commented that all new housing should exemplify ‘development done well’ and the redevelopment should provide numerous opportunities for residents of social, affordable and private housing to meet and connect.

ASSESSMENT

7.0 ASSESSMENT

The section assesses the merits of the proposed development against the relevant SSP Study requirements. In general, the SEARs requirements relate to the housing needs of the existing and future population. They include the need to assess the proposed development against the following:

- SSP 1.5 and 1.6: Certain Environmental Planning Instruments, Policies and Guidelines
- SSP 6.1: The social housing and affordable housing needs of the precinct
- SSP 6.2: How the proposed planning controls support housing and tenure objectives
- SSP 6.3: How the tenure/income groups are to be distributed
- SSP 6.4: Maximising affordable housing.

The SSP Study Requirements are stated in full in section 1.4 of this report.

The below assessment has regard for the baseline evidence, policy context and the existing and proposed planning framework.

7.1 SSP 1.5: Consideration of City of Sydney documents and policies

City of Sydney planning policies and documents have been reviewed in section 2.2 above. The Planning Proposal responds to the issues raised in the City of Sydney's *Housing Issues Paper* dated April 2015, by recognising the significance of the site and its ability to address housing issues facing the City of Sydney. The Planning Proposal and associated LEP amendments would facilitate a diversity of housing types including a minimum 5 per cent of overall residential floorspace as affordable housing. The Planning Proposal will enable the delivery of a mix of housing types and sizes in response to the housing needs of the community (as identified in section 3.2), the existing residents at Waterloo Social Housing Estate (as identified in section 3.1) and the high need in general for social (affordable rental) dwellings in the study area. The Planning Proposal will allow the replacement of existing social housing with modern housing of improved quality to allow existing tenants to remain on site for the long term. The Planning Proposal would ensure that a minimum of 5 per cent of overall residential floorspace as affordable dwellings are delivered in Waterloo South.

Overall, the Planning Proposal responds to the housing issues raised by the City of Sydney and has been derived for the betterment of social (affordable rental) housing outcomes on this key site within the City of Sydney.

7.2 SSP 1.6: Consideration of other relevant strategies, reports, policies and guides including, but not limited to Future Directions for Social Housing in NSW

The Planning Proposal has been considered in the context of:

- Future Directions for Social Housing in NSW
- Communities Plus
- State Environmental Planning Policy No. 70 – Affordable Housing (Revised Schemes) or a new housing SEPP released by the Greater Sydney Commission and/or Department
- State Environmental Planning Policy (Affordable Rental Housing) 2009
- Sydney Local Environmental Plan 2012
- City of Sydney Affordable Housing Review (PP_2017_SYDNE_006_00).

Each of the above policy documents was considered in section 2.1. The Planning Proposal is consistent the intent of each of the above policies. The Planning Proposal forms part of the Communities Plus program and as such, has been formulated to deliver positive social (affordable rental) housing outcomes on the site. The indicative concept plan targets the delivery of 30 per cent of social (affordable housing) dwellings which is consistent with the standard established by *Future Directions in Social Housing*, whilst also adhering to the Greater Sydney Commission’s target of 5-10 per cent of new GFA as affordable dwellings.

The Planning Proposal has been formulated with specialist input from Land and Housing Corporation, which has the most extensive experience available in NSW in managing development of mixed tenure/income development. This expert knowledge, combined with the world class design provided by Turner Studio ensures that the intent of NSW Government polices on social (affordable rental) housing can be met.

Overall, the Planning Proposal meets or exceeds the expectations set by NSW Government policies and strategies.

7.3 SSP 6.1: Housing needs and delivering diversity

The proposed development has been formulated having regard for the housing needs of the Waterloo Social Housing Estate and the wider housing market study area. The Planning proposal will facilitate a development at Waterloo South which:

- Ensures that the current number of social housing units is at least maintained and targets the delivery of 30 per cent of dwellings as social (affordable rental) housing
- Ensures that social (affordable rental) housing targets set in *Future Directions for Social Housing* and the *Eastern City District Plan* can be achieved
- Ensures the redevelopment process delivers a mix social (affordable rental) and market housing as well as essential tenant support services to promote equity, social cohesion and inclusivity at Waterloo South.

In addition, the housing needs analysis in section 3 identified that the housing market study area and the wider Sydney LGA have critical housing needs including:

- A continuing supply of social housing to meet those with critical housing needs
- Additional affordable housing suited to key workers
- More affordable rental housing in the private market.

These needs are being driven by changes in demography and the housing market whereby the overall study area and Sydney LGA is growing and becoming wealthier with the gap between income and housing costs widening. The proportion of very high income households is increasing as a proportion of all households. Owner occupiers and mortgage holders are also increasing while renters are declining. The disparity between broader income growth and the rental and sales prices of dwellings is increasing. Just over one quarter of all households who are purchasing their dwelling are living in housing stress. More significantly, over 40 per cent of renters in the study area and Sydney LGA are living in housing stress.

An analysis of demographic changes, housing affordability and the existing housing stock indicates that demand for new dwellings will be strongest for studio and one bedroom dwellings. An assessment of the proposed housing mix is provided in Table 23.

Table 23: Assessment of proposed housing mix

Criteria	Assessment
Tenures	<p>The Planning Proposal will enable a development that provides a mix of housing tenures with a target of 30 per cent social (affordable rental) housing.</p> <p>The proposed tenure mix is appropriate to the housing needs of the study area and Sydney LGA as it:</p> <ul style="list-style-type: none"> • Provides a significant proportion of both social and affordable dwellings, consistent with <i>Future Directions for Social Housing</i> and far exceeding the Greater Sydney Commission’s targets • Provides a significant proportion of smaller more affordable dwellings (see below) on the private market to suites the needs of the investor/rental market.
Sizes	<p>The indicative concept plan accompanying the Planning Proposal does not detail an indicative mix of dwelling types as this will be determined at the development application stage. However, recent development in the surrounds have demonstrated that private developers generally recognise the need for housing suited to smaller households in the area.</p> <p>The dwelling mix will be provided generally in accordance with the <i>City of Sydney Development Control Plan 2012 and the NSW Apartment Design Guide</i> however, specific dwelling mix in each building will be determined at the detailed design stage and be dependent upon factors such as proposed occupancy type and market conditions.</p>
Price-points	<p>The detailed breakdown of price points will be provided following detailed design, however the Indicative Concept Proposal provides the following guidance:</p> <ul style="list-style-type: none"> • Target of 30 per cent of all dwellings to be social (affordable rental) housing • Intention to have a significant supply of studios and one bedroom dwellings is likely to appeal to first home buyers and investors • Intention to have a significant supply of smaller dwellings to appeal to renters seeking to live close to work and public transport • Bedroom plus study options will be attractive to owner occupiers. <p>The proposal is likely to be attractive to investors and home purchasers.</p>
Inclusive and socially connected	<p>The indicative Concept Proposal provides for a socially inclusive development by providing:</p> <ul style="list-style-type: none"> • A mix of dwelling types and tenures will provide 239,100 sqm of residential gross floor area (GFA) • Waterloo Village Green and Waterloo Common will provide 2.57 hectares of parks located in the heart of the Waterloo South precinct • Community services to support the future population including child care, community centre, and community health will be provided within approximately 6,700 sqm of community use GFA • A new local retail hub located centrally within Waterloo South to serve the needs of the local community providing 11,200 sqm of commercial GFA. <p>Having a range of facilities and services on site will encourage residents to interact, regardless of their tenure. In particular the Common will be a focal point for the local community, providing space for residents to meet and interact. Local service providers and retailers will also interact with future residents. The provision of community facilities on site will assist community development and provide support to future residents.</p> <p>Principles have been proposed to encourage an appropriate location of affordable and social dwelling throughout the development, so that these tenure groups are not disadvantaged.</p>
Liveable	<p>The concept proposal is for a liveable development as it:</p> <ul style="list-style-type: none"> • Promotes health and wellbeing through the provision of on-site community services, fitness facilities and public outdoor space • Promotes development of a sustainable community with a future population that will be diverse and inclusive of a range of income groups, household types and cultural backgrounds. • Provides community space and a physical environment that will be pleasant and with good amenity.

Criteria	Assessment
	<ul style="list-style-type: none"> Encourage a “well supported” community by providing community facilities and services on the site Delivers housing in a location which is highly accessible with immediate access to major employment locations via the proposed metro line and existing bus network.
Energy and Water efficient design	<ul style="list-style-type: none"> The indicative Concept Proposal demonstrates that an energy efficient development can be achieved. In particular separation between towers providing sunlight access to most living areas as required by SEPP 65 and ADG. Other ESD initiative include a requirement for 6 Star Green Star Communities rating, with minimum 5-star Green Star – Design & As-Built (Design Review certified) to be achieved at detailed design. Alongside this will be a range of Water Sensitive Urban Design (WSUD) features.
Sustainable community.	<p>The indicative Concept Proposal promotes a sustainable community as:</p> <ul style="list-style-type: none"> The mix of dwelling types and tenures will attract a wide range of residents and household types The future population will be diverse and inclusive of a range of income groups, household types and cultural backgrounds.

7.4 SSP 6.2: Demonstrate how the proposed planning controls will support the achievement of housing tenure objectives

Section 5.0 of this report evaluates a range of planning mechanisms to ensure that the proposed development will maximise the potential for social (affordable rental) housing target. This included consideration of planning mechanisms, delivery mechanisms and design mechanisms to achieve a socially inclusive community. The planning proposal requirement for a minimum of 5% overall residential floorspace at Waterloo South to be delivered as affordable housing provides statutory assurance that the housing objectives for the site can be met.

The mechanisms proposed include:

- A binding commitment to the delivery of affordable rental housing on the site
- Amenity principles to encourage the provision of affordable housing integrated with market housing
- A requirement for affordable dwellings to be managed by a community housing provider
- Principles to ensure the long term delivery, management and maintenance of affordable housing for positive housing outcomes.

The proposed mechanisms will allow the delivery of 30 per cent of dwellings as social (affordable rental) dwellings. This will make a significant contribution to the affordable housing stock in Sydney LGA. In addition, the inclusion of affordable and social housing in the proposed development will:

- Contribute to the diversity of the housing stock in Sydney LGA
- Support the continued provision of low cost housing in Waterloo
- Support the continuation of a diverse community in Waterloo with a mix of housing needs
- Contribute to the continuation of social housing provision in Waterloo.

In addition, the provision of market housing for all tenure groups including affordable in a location with excellent access to jobs and services will benefit residents through reduced travel times and increased efficiencies leaving more time for leisure and recreation, with associated health benefits. In addition the benefits of mixed tenure development have been well documented in the literature and addressed in Section 4.3.

The development of Waterloo South as the first stage of the Waterloo Social Housing Estate will provide operation benefits to assist Land and Housing Corporation and the Department of Communities and Justice to appropriately manage the relocation of tenants from the Waterloo Estate into new and improved housing. This will allow existing tenants to maintain community ties throughout the construction of the Waterloo Estate redevelopment project.

While the Planning Proposal will enable the establishment of Waterloo South as a mixed tenure development, a number of aspects of the detailed management of mixed tenure groups on the site can be resolved as the redevelopment project progresses. At this stage LAHC has indicated a commitment to maximising housing diversity and affordability on the site through the following measures.

Approach to housing diversity delivery:

Waterloo South is:

- Expected to include a mix of dwelling types with a strong emphasis on dwellings suited to households of one or two people.
- Expected to be arranged to maximise flexibility in managing the social housing stock to meet needs.
- Incorporate strategies to meet the long-term housing needs of the Aboriginal and Torres Strait Islander residents, through further consultation with the Aboriginal Community.
- Expected delivery on a building by building model to provide a workable management framework that removes the need for strata fees and maximises efficiencies for servicing and maintaining the dwellings.
- Expected to have buildings dispersed across the site to create a new blend, mixed tenure environment.
- Expected to offer opportunities for tenants to transition out of social housing by providing access for those who can, to affordable housing opportunities within Waterloo South.
- Expected to be suited to the range of people in the social (affordable rental) housing cohort, noting that LAHC has committed to the silver level of Liveable Housing Design.
- To incorporate a clear strategy for the management of communal space and access to communal space by social housing residents is expected to be developed at an early stage to avoid conflict and gain cost efficiencies.

Achieving dwelling mix

- The dwelling mix will be provided generally in accordance with the *City of Sydney Development Control Plan 2012*, however, specific dwelling mix in each building will be determined at the detailed design stage and be dependent upon factors such as proposed occupancy type and market conditions.

Provision of housing across the housing continuum

- It is anticipated that the proposed development may include transitional housing to support people and households as they transition into or out of social or affordable housing.

Lower cost private housing

- The Waterloo South redevelopment will provide opportunities to explore innovations to provide lower cost housing, such as:
 - Reduction of residential car parking
 - Shared residents/public car parks

- Car and bike sharing spaces
- Environmental and energy efficient building design.

7.5 SSP 6.3: Consider how social housing in the precinct is to be replaced and identify guiding principles and / or potential options for the appropriate distribution throughout the precinct to ensure positive social outcomes

Section 5 of this report examined options for the delivery and distribution of social (affordable rental) dwellings at Waterloo South. Arising from that research LAHC has indicated a commitment to advance the planning of social (affordable rental) housing dwelling employing the following principles:

Manage relocation of tenants through a relocation program

- A relocation program would be developed and implemented to minimise the need for offsite relocations in the initial stages of redevelopment, establishing a model intended to minimise the impact on residents and will move towards a model whereby residents move directly to a new onsite dwelling within Waterloo South.
- The relocation program would be developed with input from Department of Communities and justice and would draw from learning in managing the relocation of tenants during the redevelopment of other social housing estates.

Deliver a tenure blind development

The detailed planning phase will be guided by a principle for housing at Waterloo South to:

- Be tenure blind
- Have equal access to open space, community facilities and other amenities in the precinct.

In addition, the application of the principles in *State Environmental Planning Policy 70 (SEPP 70) Affordable Housing* can ensure that affordable rental housing is created and appropriately managed to meet the needs of a socially diverse residential population representative, at reduced market rents, targeted to a mix of very low, low and moderate income households.

Amenity through design

The Waterloo South masterplan has been developed with the intention to maximise amenity of all housing including the social (affordable housing) and market housing through:

- Dwelling design that incorporates reasonable orientation, views and outlook
- Includes quality finishes and fixtures in all dwellings regardless of tenure type
- Provide access to a range of facilities within the Waterloo South development.

Tenure distribution

At this stage a building by building approach to tenure distribution is favoured. However:

- The spatial arrangements and management regime can be determined during detailed design phase
- LAHC will continue to consider and refine its approach to management of tenure mix having regard to learning from their ongoing experience in the redevelopment of other mixed tenure/income precincts.

7.6 SSP 6.4 - maximising affordable housing

Section 4 of the report considered various mechanisms and models to maximise the affordable housing component. As noted above, the planning proposal and associated LEP amendments will require a minimum of 5 per cent of residential floorspace at Waterloo South as affordable housing which:

- Is consistent with all established targets including the Greater Sydney Commission's target for 5-10 per cent of GFA to be affordable housing and the *Future Directions in Social Housing* objective of 30:70 social (affordable rental) housing to market housing in mixed tenure redevelopments
- Reflects the experience in other mixed tenure/income development projects noting that past projects that had set higher targets for social (affordable rental) housing in the earlier stages of planning, failed to achieve a higher target by completion
- Reflects the working knowledge of LAHC on developing and managing mixed tenure/income precincts
- Balances the outcomes of development feasibility analysis, housing needs and achieving positive outcomes for all existing and future residents.

CONCUSION

8.0 CONCLUSION

The Planning Proposal will enable the delivery of the Waterloo South Masterplan including approximately 3,000 dwellings with a target of 30 per cent of dwellings to be social (affordable rental) housing dwellings in alignment with *Future Directions for Social Housing*. The proposed housing provision will make an important contribution towards a more diverse housing stock in the Sydney LGA and go some way to addressing the current critical shortage of smaller more affordable dwellings, particularly for households on very low, low and moderate incomes. The Planning Proposal will enable the delivery of improved social housing outcomes in a mixed tenure precinct based on a world class design.

The proposed redevelopment of Waterloo South aligns with existing government policy that aims to build more social (affordable rental) housing. Redevelopment of Waterloo South will:

- Result in a dwelling mix that is more closely suited to the needs of the local population
- Deliver more, fit for purpose social and affordable housing in a format that permits distribution of tenures
- Increase housing diversity
- Delivery better quality dwellings and an improved public domain.

Overall, the proposed development will deliver housing in close proximity to transport, jobs and services benefiting residents and promoting improved liveability. The potential benefits of the Planning Proposal for increased housing diversity are likely to be substantial.

APPENDICES

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, Australia) -building by building approach

In the late 1990s, the Victorian Government announced his 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 basis¹⁸. 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 when the global financial crisis began to be felt by the developer) of which 15 were sold to a community housing association. 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.¹⁹

Change in dwelling mix in Kensington

No. of bedrooms	Dwellings 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
Percent	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.

¹⁸ Jama A and Shaw K (2017) Why do we need social mix? Analysis of an Australian Inner City Public Housing estate development, University of Melbourne.

¹⁹ Ryan van den Nouwelant & 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”.*²⁰

Communal space in Kensington



A.2 Carlton (Melbourne, Australia) – 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.
- A supply of efficient modern units and buildings that address current housing demands.²¹

²⁰ Shaw 2013

²¹ DHS 2009 cited n Jama and Shaw, 2017

Commencing in 2009, the \$350 million project will deliver 246 public housing units and 800 private sale apartments by completion in 2020²² 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.

Social housing dwellings in the Lygon/Rathdowne precinct before demolition and after redevelopment



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 (see table below).

Projected public and private dwellings post-redevelopment

Precinct	Pre-redevelopment public housing units	Projected post-redevelopment			Projected total increase in dwellings
		Public units	Private units	Total	
Walk-ups:					
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 Elgin/Nicholson Precinct	844	844	0	844	0
Grand total	1,036	1,085	549	1,634	598
Percent	100%	66.4%	33.6%	100%	57.7% increase

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

²² Victoria Health and Human Services, 2018

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 sale²³.” 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”²⁴. A change to 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 renters²⁵.

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 wall²⁶, 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 exclusivity²⁷.

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.

A.3 One Riverside Park New York City (New York City, USA) –clustering within a building

In One Riverside Park in New York City, 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 Partnership²⁸. 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

²³ Jaman and Shaw, 2017

²⁴ Government of Victoria 2007, p. 73

²⁵ Levin et al., 2014

²⁶ ibid

²⁷ ibid

²⁸ oneriversidepark.com, housingpartnership.com/40riversideboulevard

scheme and the affordable housing component) and two housing types with separate services and entrances required a design response²⁹. 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 provider³⁰.

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 units³¹. 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 developments³²

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 community³³. There is a related issue of differential access to amenities and facilities such as private communal open spaces delivered as part the development.

²⁹ Rudolph, 2018

³⁰ Ibid.

³¹ Ibid

³² Schwartz, 2016

³³ 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 (Melbourne, Australia) – 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 Association³⁴.

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 development³⁵. Externally the affordable housing is indistinguishable from market housing, and unit sizes were in some cases more generous.³⁶ 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.

³⁴ Randolph et al, 2016

³⁵ ibid

³⁶ 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 (Melbourne, Australia) – 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 homelessness³⁷. 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).³⁸

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.³⁹

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 spaces⁴⁰.

A.6 Washington Park, Riverwood (Sydney, Australia)

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 New Gorbals Estate (Glasgow, Scotland) - 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

³⁷ www.places.vic.gov.au/precincts-and-development/the-nicholson

³⁸ www.homeground.org.au/what-we-do/individual-services/the-nicholson/

³⁹ *ibid*

⁴⁰ Homeground, 2013

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 15 per 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 an=bout mixing tenures	Common	Common
Generally feel mixing tenures is a bad idea	Nil	Nil

Source: Kearnes et al. (2013)

References

- Australian Housing and Urban Research Institute, “Bond Aggregator Models,” Affordable Housing Working Group Council on Federal Financial Relations, 2016
- City of Sydney, *Housing Issues Paper*, 2015
- City of Sydney, *Planning proposal – City of Sydney Affordable Housing Review*, 2018
- Collin, J. et al., “Indigenous housing design: social planning determinants and Redfern,” *TAKE*, 2003, p. 106-118
- Department of Family and Community Services, *Communities Plus*, 2017 [online resource; available at: <<https://www.communitiesplus.com.au/major-sites/waterloo>>]
- Department of Family and Community Services, *Future Directions for Social Housing in NSW*, 2016
- Department of Family and Community Services, *NSW Affordable Housing Ministerial Guidelines*, 2016-2017
- Department of Family and Community Services, Services of community housing, [online resource; available at: <<http://www.housing.nsw.gov.au/community-housing/community-housing-providers>>]
- Greater Sydney Commission, *Eastern City District Plan*, 2018
- Greater Sydney Commission, *Greater Sydney Region Plan: A Metropolis of Three Cities*, 2018
- HillPDA, *A Study of Housing Diversity* (prepared for UrbanGrowth NSW and the City of Sydney), 2015
- id the Population Experts, *Waterloo – Population and Employment Profile*, 2017
- International Monetary Fund, *Global Housing Watch*, Q3 2017
- Liveable Housing Australia, *Liveable Housing Design Guidelines Fourth Edition*, 2017
- Memmott, P. et al., “Australian Indigenous house crowding,” *AHURI Final Report 194*, 2012, p. 136.
- National Regulatory System: Community Housing, <http://www.nrsch.gov.au>
- Patulny, R. V., & Morris, A., “Questioning the need for social mix: The implications of friendship diversity amongst Australian social housing tenants,” *Urban Studies* 49 (15), 2012, pp. 3365-3384.
- Ryan van den Nouwelant and Bill Randolph, *Mixed-tenure development: Literature review on the impact of differing degrees of integration* (for Frasers Property), 2016

Definitions

Affordable Housing: is housing that is appropriate for the needs of 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. As a rule of thumb, housing is usually considered affordable if it costs less than 30% of gross household income.

In this context, affordable housing refers to housing that has been developed with some assistance from the NSW and/or Commonwealth Governments, including through planning incentives. It may include a range of housing types and sizes, including single or multi-bedroom units or houses, as well as studio apartments. It is only available in some locations and eligibility criteria apply⁴¹.

City Makers: refers to professionals, knowledge and key workers that support and enhance the effective operation of a global city.

Compact Housing: dwellings across a mix of bedroom types that are designed to a good level of quality and amenity yet smaller than standard market sizes.

Dwellings: A dwelling is a structure which is intended to have people live in it, and which is habitable on Census Night. Some examples of dwellings are houses, motels, flats, caravans, prisons, tents, humpies and houseboats. All occupied dwellings are counted in the Census. Unoccupied private dwellings are also counted.

Essential Urban Workers: persons employed by the public and private sectors in jobs such as teaching, nursing, cleaning and bus driving that are essential to the operation of the City.

Flat, unit or apartment: This category includes all dwellings in blocks of flats, units or apartments. These dwellings do not have their own private grounds and usually share a common entrance foyer or stairwell. This category also includes flats attached to houses such as granny flats, and houses converted into two or more flats.

Greater Sydney: Greater Sydney is the Greater Capital City Statistical Region as defined by the ABS. This area is generally consistent with the Sydney Metropolitan area used by the Department of Planning and Environment in their projections.

Housing Affordability measures the financial outcome for a household of renting or purchasing the dwelling they need or wish to occupy. That financial outcome can be expressed as the percentage of household income required to obtain a dwelling, or the amount of household income left after paying for housing costs. There are different measures for different purposes. Some focus on whether households have sufficient incomes to save to enter home purchase; others focus on whether households have sufficient income to sustain their housing payments; still others focus on whether households have sufficient income after paying for their housing to buy the basic necessities of life⁴².

Household Composition: This variable describes the type of household within a dwelling. Household composition indicates whether a family is present or not and whether or not other unrelated household members are present. A maximum of three families can be coded to a household. Single person households can contain visitors. Visitor only households can contain overseas visitors. The 'Other not classifiable' category includes those households which the Census collector determined were occupied on Census Night but where the Census collector could not make contact; households that contained only persons aged under 15 years; or households which could not be classified elsewhere in this classification because there was insufficient information on the Census form.

⁴¹ <http://www.housing.nsw.gov.au/centre-for-affordable-housing/about-affordable-housing>

⁴² Chapman, P AHURI, Research & Policy Bulletin, Issue 68 Housing Affordability in Australia, February 2006

Housing diversity is defined as a mix of housing that supports healthy, thriving and socially cohesive communities whilst enabling the efficient and effective operation of the Sydney LGA as a core component of a competitive Global Sydney⁴³. Housing diversity therefore not only relates to adequate supply but a suitable mix of housing types, tenures, sizes and price points which collectively create diverse and balanced communities as well as quality lifestyles.

Housing Tenure: refers to the financial arrangements under which someone has the right to live in a house or apartment.

Income: Total income, also referred to as gross income, is the sum of income received from all sources before any deductions such as income tax, the Medicare Levy or salary sacrificed amounts are taken out. It includes wages, salaries, regular overtime, business or farm income (less operating expenses), rents received (less operating expenses), dividends, interest, income from superannuation, maintenance (child support), workers' compensation, and government pensions and allowances (including all payments for family assistance, labour market assistance, youth and student support, and support for the aged, carers and people with a disability).

One-Parent Family: A one-parent family consists of a single parent with at least one child (regardless of age) who is also usually resident in the household and who has no identified partner or child of his/her own. The family may also include any number of other related individuals.

Other Families: Other family is defined as a group of related individuals residing in the same household, who cannot be categorised as belonging to a couple or one parent family. If two brothers, for example, are living together and neither is a spouse/partner, a single parent or a child, then they are classified as another family. However, if the two brothers share the household with the daughter of one of the brothers and her husband, then both brothers are classified as other related individuals and are attached to the couple family.

Pocket Living Ltd: is a London based Development Company specialising in the provision of compact, well designed apartments. The company has received financial support (£21.7 million equity funding) through the Mayor of London's Housing Covenant to enable the construction of 400 pocket living homes in two years.

Separate house: This is a house which is separated from other dwellings by at least half a metre. A separate house may have a flat attached to it, such as a granny flat or converted garage (the flat is categorised under Flat, unit or apartment - see below). The number of storeys of separate houses is not recorded. Also included in this category are occupied accommodation units in manufactured home estates which are identified as separate houses.

Semi-detached, row or terrace house, townhouse, etc.: These dwellings have their own private grounds and no other dwelling above or below them. They are either attached in some structural way to one or more dwellings or are separated from neighbouring dwellings by less than half a metre.

Social housing is rental housing provided by not-for-profit, nongovernment or government organisations to assist people who are unable to access suitable accommodation in the private rental market. Social housing includes public, Aboriginal and community housing, as well as other housing assistance products such as bond loans. The system was developed in the 1940s for working families with low incomes. Today the system supports a different demographic – the most vulnerable people in our community who need a safety net⁴⁴.

Sydney Metropolitan: The Sydney Metropolitan is the geographical region as defined by the Department of Planning and Environment in their 2014 Population and Dwelling Forecasts. This area is generally consistent with the Greater Sydney area as defined by the ABS.

⁴³ Housing diversity incorporates market and non-market housing for rent and sale together with student housing, boarding accommodation and affordable rental and ownership

⁴⁴ <http://www.housing.nsw.gov.au/social-housing>

Disclaimer

1. This report is for the confidential use only of the party to whom it is addressed ("Client") for the specific purposes to which it refers and has been based on, and takes into account, the Client's specific instructions. It is not intended to be relied on by any third party who, subject to paragraph 3, must make their own enquiries in relation to the issues with which this report deals.
2. HillPDA makes no representations as to the appropriateness, accuracy or completeness of this report for the purpose of any party other than the Client ("Recipient"). HillPDA disclaims all liability to any Recipient for any loss, error or other consequence which may arise as a result of the Recipient acting, relying upon or using the whole or part of this report's contents.
3. This report must not be disclosed to any Recipient or reproduced in whole or in part, for any purpose not directly connected to the project for which HillPDA was engaged to prepare the report, without the prior written approval of HillPDA. In the event that a Recipient wishes to rely upon this report, the Recipient must inform HillPDA who may, in its sole discretion and on specified terms, provide its consent.
4. This report and its attached appendices are based on estimates, assumptions and information provided by the Client or sourced and referenced from external sources by HillPDA. While we endeavour to check these estimates, assumptions and information, no warranty is given in relation to their reliability, feasibility, accuracy or reasonableness. HillPDA presents these estimates and assumptions as a basis for the Client's interpretation and analysis. With respect to forecasts, HillPDA does not present them as results that will actually be achieved. HillPDA relies upon the interpretation of the Client to judge for itself the likelihood of whether these projections can be achieved or not.
5. Due care has been taken to prepare the attached financial models from available information at the time of writing, however no responsibility can be or is accepted for errors or inaccuracies that may have occurred either with the programming or the resultant financial projections and their assumptions.
6. This report does not constitute a valuation of any property or interest in property. In preparing this report HillPDA has relied upon information concerning the subject property and/or proposed development provided by the Client and HillPDA has not independently verified this information except where noted in this report.
7. In relation to any valuation which is undertaken for a Managed Investment Scheme (as defined by the Managed Investments Act 1998) or for any lender that is subject to the provisions of the Managed Investments Act, the following clause applies:

This valuation is prepared on the assumption that the lender or addressee as referred to in this valuation report (and no other) may rely on the valuation for mortgage finance purposes and the lender has complied with its own lending guidelines as well as prudent finance industry lending practices, and has considered all prudent aspects of credit risk for any potential borrower, including the borrower's ability to service and repay any mortgage loan. Further, the valuation is prepared on the assumption that the lender is providing mortgage financing at a conservative and prudent loan to value ratio.
8. HillPDA makes no representations or warranties of any kind, about the accuracy, reliability, completeness, suitability or fitness in relation to maps generated by HillPDA or contained within this report.

Liability limited by a scheme approved under the Professional Standards Legislation



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