


**OPTIONS TO IMPROVE ACCESS TO EXISTING AND ALTERNATE
ACCOMMODATION TO ADDRESS THE SOCIAL HOUSING SHORTAGE**

Organisation: Ballina Shire Council

Date Received: 17 August 2021



16 August 2021



Ms Wendy Lindsay MP
Chair
NSW Legislative Assembly Committee on Community Services
Parliament House
6 Macquarie Street
SYDNEY NSW 2000

Via email: communityservices@parliament.nsw.gov.au

Dear Ms Lindsay

Re: Inquiry into options to improve access to existing and alternate accommodation to address the social housing shortage

Thank you for the opportunity to present this submission to you on crisis accommodation on behalf of Ballina Shire Council.

The matter of affordable housing is a growing and significant concern for the community of the Northern Rivers Region and for Ballina Shire Council. The attached report to Council's July 2021 Ordinary meeting provides some context for the Council's current concerns and activities relating to affordable housing.

The lack of affordable housing in the region is placing significant pressure, socially and economically, on our community. In the area of social and crisis accommodation, there is an urgent need for increased investment in the provision of social housing, through the redevelopment of existing social housing stock and development of vacant Government landholdings.

On the matter of emergency accommodation, the need is also great, with the Northern Rivers Region having a disproportionate share of the State's homeless population and a relatively low rate of provision of homelessness services.

Given the situation, Council welcomes innovative approaches to address the need for temporary crisis accommodation. In providing for such temporary housing options, however, it is important that such measures provide for the following:

- That any temporary 'meanwhile use' of existing buildings, that might be enabled by the Government, provide a reasonable basic level of residential amenities to ensure that the housing provided is not substandard and does not result in undesirable impacts in surrounding areas due to a lack of appropriate on-site facilities.
- That the location of any such temporary accommodation provides for reasonable access to appropriate community services and commercial facilities.

- That supporting on-site social services (appropriately staffed) be provided in association with temporary accommodation, in recognition of the often complex needs of those that access such accommodation. Care must be taken to ensure that they not be made more vulnerable by the measures taken to support them.
- That temporary crisis accommodation approaches must be supported by concrete measures to provide for transitional and long-term stable affordable housing options, to avoid the potential for temporary measures to become entrenched.

Caravan parks often represent the most significant reservoir of (formal and informal) crisis accommodation in regional areas. With the current surge in house prices and strong residential demand, there is increasing pressure for existing caravan parks to be converted into relocatable home parks catering to a higher income clientele. This environment makes those currently occupying permanent accommodation within existing caravan parks vulnerable. Having regard to this vulnerability, the Government should seek to ensure that land use changes do not further reduce housing options.

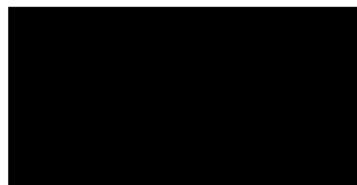
On a related point, some local councils are exploring the potential to provide temporary (and permanent) housing through 'tiny home' villages/relocatable home parks and caravan parks, either directly or via the private sector. As with the above, it is important to ensure that such approaches be supported with appropriate levels of social support services. In addition, it is noted that appropriate unconstrained and well-serviced sites are inherently in short supply. It is important therefore that the urgent need to respond to the present challenge does not lead to compromises which leave future residents of such estates vulnerable to natural hazards (such as flooding) or isolated from essential services and facilities.

Further to the above, it is noted that such models typically impose costs on residents (for home purchase and site rental) with little by way of equity. Careful attention should be given, therefore, to ensuring that private sector models do not reinforce social disadvantage and exploitation of residents through rent extraction or encourage proponents to pursue a primary purpose of regulatory arbitrage (to gain favourable planning outcomes).

It is Council's view that the pressing priority for Government at this time should be increasing the supply of social housing through the redevelopment of aged Department of Housing stock.

If you have any enquiries in regard to this matter please contact [REDACTED]
[REDACTED]

Yours faithfully



Cr David Wright
Mayor

Enc. Council Report considered at the Ordinary Meeting of Council of 22 July 2021 regarding Affordable Housing

8.2 Affordable Housing

8.2 Affordable Housing

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| Section | Strategic Planning |
| Objective | To seek Council's approach to responding to affordable housing issues generally and specifically with respect to an affordable housing proposal in Wollongbar. |

Background

Council considered a report at the 8 December 2020 Commercial Services Committee meeting relating to Council's land development project at Wollongbar.

The report included a proposed social housing project on the site. In response, Council resolved as follows:

- 1. That Council notes the contents of this report regarding the financial feasibility for the Wollongbar Urban Expansion Area – Stage Three development, as per the report attachments.*
- 2. That Council receive a further report on the proposal put forward for a social housing development at the Wollongbar Urban Expansion Area, including financial and governance implications. The report to also include information on the levels of homelessness of older women in Ballina Shire and the degree to which not for profit organisations, State and Federal Governments, are providing support for those people.*

Information on the Wollongbar housing proposal is provided as Attachment 1.

At the 26 February 2021 Ordinary meeting, Council considered a notice of motion and resolved as follows:

That as part of the development of the housing affordability strategy, which is an action in the 2020/21 Operational Plan, Council examine the option of creating a consultative group, consisting of key housing stakeholders, to inform the strategy and to provide on-going input and feedback into the implementation of the strategy.

A Councillor briefing was held on 2 June 2021 in relation to the matters above, foreshadowing the information presented in this report.

Council also considered a notice of motion at the 24 June 2021 Ordinary meeting and resolved as follows:

- 1. That Council acknowledges that there is a housing affordability crisis in the Ballina Shire.*
- 2. That Council, in conjunction with community based housing providers, such as Social Futures and North Coast Community Housing, liaise with the State Government to investigate ways that we can all work together to convert suitable Crown Land within the Ballina Shire into affordable or community housing.*

8.2 Affordable Housing

The purpose of this report is to respond to the Council resolutions and provide an outline of other actions being taken with respect to affordable housing.

Key Issues

- Affordable housing
- Other forms of housing
- Council land development
- Transparency and stewardship of public monies

Discussion

Key Drivers

Despite the common rhetorical explanation of high house prices being a simple function of lack of housing supply, the drivers of the current housing situation are more complex and reach far beyond the sphere of local government.

Taking a deeper view, research undertaken by the Australian Housing and Urban Research Institute (AHURI) points to changes in the 'institutional framework' for housing in Australia, which has entrenched a policy framework that appears unable to address housing affordability concerns in a significant way.

These 'institutional factors' include:

- Labour market deregulation has resulted in increases in insecure work through casualisation and wage stagnation making home purchase out of reach of some workers
- Increased workforce participation has increased the purchasing power of two income households, thus raising the minimum income required to compete in the housing market
- Financial sector deregulation that has led to housing sector "financialisation" whereby society has increasingly come to see 'housing more as investment vehicle than shelter'
- The emergence of a policy environment that is not conducive to broad based home ownership, with the development of powerful lobby groups representing vested interests which work to protect policies that advantage housing investment over home ownership (such as the significant tax advantages provided for housing investors over homeowners).

The AHURI research points to the consequences of this institutional framework as being the likely continued decline in home ownership rates and growing disparities in wealth between homeowners and renters in Australia.

The financialisation of housing markets combined with a social and economic architecture that encourages property speculation as the pathway to personal wealth (supported through taxation settings, bank lending standards and Government programs) runs an increasing risk of asset bubbles and associated financial instability in the future.

8.2 Affordable Housing

In addition, demographic impacts associated with COVID-19 and Government stimulus has underpinned a significant boost to regional house prices in the last 12 to 18 months. This has placed additional pressure on first home buyers and key workers.

Despite the housing crisis being a clear example of “market failure”, State Government intervention has largely been lacking. The decade’s long lack of sufficient investment in public housing, despite the obvious and growing need, being a case in point.

A recent report, released by the City Futures Research Centre, prepared by a collaboration of notable Australian housing researchers, in collaboration with peak housing organisations, titled “*Housing: Taming the Elephant in the Economy*”, provides an excellent summary of the issue along with a range of appropriate national level housing reforms required to effectively address the issue.

This report is provided as Attachment 2. Cr Cadwallader has referenced this report in a notice of motion, also included in this agenda, with one of the recommendations from the report being for a Royal Commission into housing.

Notwithstanding the apparent failure of our current political economy to effectively respond to the current housing crisis, at the level of State and Federal Government and the private sector, local responses may help mitigate some of the impacts.

Housing Statistics

The COVID-19 pandemic has had a significant impact on domestic migration and on the demand for housing and rental accommodation in regional areas. Combined with record low interest rates, this increased demand has contributed to strong growth in regional house prices and rentals. For example, in Ballina Shire the median sales price for single dwellings of \$693,000 in June 2019 increased to \$850,000 by December 2020, being an increase of 22.6% in 12 months.

In terms of rental housing, the median house rental increased from \$550 per week in December 2019 to \$620 per week by March 2021, being an increase of 12.7% in 15 months (on the basis of new rental bonds lodged). More significant than the cost of new rentals, however, has been the declining availability of rental housing as reflected in an extremely low vacancy rate of 0.3% in May 2021 (in postcode 2478).

This tightness in the housing market is increasing housing stress and risk of homelessness for low to moderate income households, and is contributing to the labor shortages across a broad range of employment sectors.

Local community housing providers advise of many instances where the properties they lease from private landlords are having rents rise or being sold due to the strength of the market at present.

Further, staff are aware of many recent examples of would-be skilled regional migrants not being able to move to, or remain in, the region due to a lack of affordable housing.

8.2 Affordable Housing

Data on homelessness is inherently limited due the challenges associated with data collection.

The data that is available indicates:

- In the 2016 ABS Census there were 77 people reported as being homeless in the Ballina LGA.
- The 2016 Census revealed older women (55+) as the fastest growing cohort of homelessness in NSW, with an increase of 48% from 2011 to 2016.
- The 2021 Street Count recorded 20 people sleeping rough in Ballina, representing 1.6% of the NSW rough sleepers.

The next population Census is to occur in August 2021, with data to become available six to eight months after the Census.

Anecdotally, local homelessness service providers report an increase of 75% of older women seeking homelessness assistance over the past approximately 12-month period.

Short Term Rental Accommodation Impacts

The impacts of Short Term Rental Accommodation (STRA) such as "Airbnb" and "Stayz" on coastal tourist areas, such as Ballina Shire, is a growing concern, due to the potential to reduce the availability of permanent rentals available for local residents and workers.

Although up to date statistics on STRA are generally lacking, the growth in the number of STRA units available on these platforms has been significant.

A study undertaken by Southern Cross University indicated the number of STRA dwellings in Ballina Shire increased by 219% between 2016 and 2019.

A copy of the study, reviewing resident perceptions and growth in STRA, is provided as Attachment 3.

The NSW Government's Housing Strategy (2021) includes an action relating to the development of a 'housing evidence centre', to provide agencies and organisations working in the housing system with information necessary to develop sound policy and workable projects.

Whilst the NSW Government is in the process of formalising changes to the planning system, to enable STRA as forms of exempt and complying development, it is concerning that this is occurring in the absence of a thorough consideration the potential impacts of STRA on housing affordability, particularly in areas with high tourist visitation such as the NSW North Coast.

Consequently, it is recommended that the Government be strongly encouraged to improve the availability of STRA data to local government, so that the impacts of STRA on local housing supplies can be monitored, and delay the implementation of the STRA reforms until further consideration has been given to the impact of these changes on coastal tourist regions of the State.

8.2 Affordable Housing

Homelessness Services

A number of organisations are currently involved in the provision of homelessness services. An outline of the key organisations relevant to our region are outlined below:

- **Mary's Place:** drop-in homeless support service providing light refreshments, showering facilities, outdoor space for socialising, computer access, medical and nursing care, Centrelink engagement service, legal and housing support, and psychological and counselling services.
- **Momentum Collective:** Specialist homelessness services and crisis accommodation support.
- **Social Futures:** Specialist homelessness services (Connecting Home program). There is no office located in Ballina however outreach services are provided from Lismore or Byron Bay.
- **Department of Community Justice:** Provide temporary (28 days) emergency accommodation, bond loan, tenancy guarantee (funding, not direct support).

Whilst the existence of such services is essential, a more fundamental address of housing issues is necessary to avoid vulnerable members of our community falling into homelessness in the first place.

Affordable Housing Providers

Community Housing Providers (CHPs) are registered under the National Regulatory System for Community Housing in one of three tiers of registration, reflecting the scale of community housing tenancy and property management activities and scale of development activities (where these are undertaken).

The CHPs are divided into different 'Tiers' reflecting levels of activity and risk, with Tier 1 CHPs representing the highest level of activity (including development). CHPs have become the State Government's preferred mechanism for the management of Department of Housing stock and for the funding of new housing projects, setting such activity increasingly outside of the State Government operational budgets, whilst maintaining the asset value of the land on the Government's balance sheet (by the Government retaining land titles).

North Coast Community Housing

North Coast Community Housing (NCCH) is the main registered Community Housing Provider (CHP), and the only Tier 1 CHP operating in the NSW North Coast region. Operating since 1984, NCCH manages a portfolio of 974 residential properties housing over 1,700 residents. Of these:

- 684 properties are leased from NSW Land & Housing Corporation
- 189 properties are leased from the private rental market
- 86 properties are owned by NCCH
- 15 properties are managed under a fee for service arrangement.

8.2 Affordable Housing

NCCH has extensive experience in the development of affordable housing projects and the management of tenancies.

In discussing opportunities for collaboration, NCCH management has indicated a willingness and flexibility to accommodate a range of possible collaborations with Council, from undertaking development to providing tenant management on Council's behalf.

Social Futures

Established over 46 years ago, Social Futures is a registered charity with operations throughout New South Wales providing a broad range of homelessness services (as outlined above) and other social programs. In addition, Social Futures is a Tier 3 CHP. Social Futures is the CHP partnering in the Wollongbar Affordable Housing Proposal.

Landcom

Landcom is a NSW State Owned Corporation created with the stated purpose of *"moderating the housing market, stabilising land supply and supporting the development industry"*.

Whilst traditionally engaged in the delivery of large-scale urban development projects in metropolitan parts of the State, Landcom has developed a program for assisting local government in the delivery of affordable housing projects. Further details regarding this program are provided in Attachment 4. A diagram outlining the basic elements of these services is provided below.



Landcom is available to assist local government in the assessment of affordable housing projects (in terms of viability and market testing) and to provide further services in association with such projects (or not) depending on a council's preferences.

Subject to the identification of appropriate Council-owned development sites, the engagement of Landcom may be beneficial.

8.2 Affordable Housing

NSW Department of Housing

Much of the existing stock of social housing within Ballina Shire is of an age and condition that make it suitable for redevelopment. Notwithstanding, the reluctance of Government to fund such projects directly to date is seen as a significant impediment to the provision of new social housing.

The NSW Government's recently released NSW Housing Strategy (2021) includes the following actions with respect to Government owned land:

- *Continue to invest in renewing and growing social housing and enabling the community housing sector*
- *Enable people living in social housing to more easily transition into private rental or home ownership*
- *Provide ongoing housing assistance for those in crisis*
- *Support better outcomes for Aboriginal people and communities*
- *Partner with industry and community housing providers to test new housing typologies on government land*
- *Improve government-led residential development outcomes and processes to drive the supply of more affordable, diverse, and resilient housing*
- *Support the supply of suitable housing for essential workers in 'hard to fill' locations*

Notwithstanding the above Housing Strategy actions, it is noted that the provision for increasing social housing was not included in the latest State Government budget.

The Federal Government appears to be investigating the creation of alternative investment funding mechanisms for social and affordable housing.

A paper outlining this approach, dated May 2021, is provided as Attachment 5.

The basic approach outlined in Attachment 5, involves the issuance of Government-backed investment bonds to fund affordable housing projects undertaken by registered CHPs on State Government land, with returns to investors paid through future rents.

A tenure mix (subsidised to full market rentals) would facilitate affordable rentals for a proportion of the dwellings while providing investor returns. Once paid off, the buildings would revert to State Government.

It is currently unclear the level of commitment by Federal and State Governments to this scheme, however it provides an indication of the general scope of what higher levels of Government are considering.

Having regard to this, the identification of preferred sites (of vacant Crown and other Government land) for development under such a scheme may assist in the prioritisation of such projects in Ballina Shire under such a funding mechanism, in due course, whichever organisation/s undertake the affordable housing projects on State/Crown Lands.

8.2 Affordable Housing

Legislative Framework

The NSW Government has introduced several statutory provisions to assist the delivery of affordable housing projects in the State. These are summarised below.

State Environmental Planning Policy (Affordable Rental Housing) 2009

Prevailing over local environmental plans, this State Environmental Planning Policy (SEPP) provides a range of development bonuses, concessions and requirements to registered affordable housing providers (including CHPs and the Department of Housing).

State Environmental Planning Policy No. 70 Affordable Housing (Revised Schemes)

Prevailing over local environmental plans, this SEPP provides local councils with a mechanism for levying developer contributions as a condition of development consent.

Formerly, only applying to certain Sydney local government areas, the remainder of the State has recently been included under the SEPP. An associated guideline has been released by the NSW Government outlining the steps and requirements for imposing a development consent condition for affordable housing under SEPP 70, including a requirement for an enabling clause under the LEP.

A copy of this guideline is provided as Attachment 6.

On 22 June 2012, the NSW Government introduced a Bill (the *Environmental Planning and Assessment Amendment (Infrastructure Contributions) Bill 2021*) into the NSW Legislative Assembly to reform aspects of the developer contributions provisions of the Act.

The Bill appears to consolidate the provisions of SEPP 70 into the Act and make other consequential amendments in relation to developer contributions.

Importantly, the Bill and SEPP 70 rely on the concept of “value capture” with respect to levying contributions (as land or money) for affordable housing.

Consequently, the imposition of affordable housing contributions is limited to circumstances where a development bonus (above existing development standards) is provided through the rezoning process applied to particular precincts or localities.

In the case of Ballina Shire, due to the majority of the greenfield release areas being already zoned, the imposition of an affordable housing contribution would be largely limited to infill development opportunities, where Council is of a view that such density increases (above existing controls) are justified and consistent with the evolving character of existing urban localities.

The amount of land or money that can be levied with respect to affordable housing contribution schemes is constrained by the impact of such levies on the viability of development projects.

8.2 Affordable Housing

The Department has provided a guideline and a viability assessment tool to assist in the setting of reasonable affordable housing contributions under the scheme.

Further, as a practical matter, the density bonuses established under such schemes needs to be consistent with the current viable development density for the site, otherwise the impact of increasing densities in such circumstances may cause developers to stall development until such time as the projects (at the higher density) become viable, thereby discouraging development in the interim.

Challenges associated with adopting a scheme under the above provisions include:

- Identifying reasonable density bonuses to be provided (which are required to trigger the scheme) that are consistent with community expectations with respect to density of development within existing urban localities.
- Establishing an affordable housing contribution amount (of land or money) at a level which enables the development to remain viable (and profitable) so that the development proceeds, whilst collecting sufficient contributions to make the scheme function and worthwhile.
- Administering the scheme to deliver affordable housing projects once sufficient funds/land have been collected under the scheme.

Notwithstanding the complexities outlined, there may be merit in investigating the opportunities for imposing such affordable housing conditions through the development of an affordable housing scheme.

Environmental Planning and Assessment (Planning Agreements) Direction 2019

This Ministerial Direction, issued under Section 7.9 of the Act, requires that local councils have a policy setting out the circumstances under which a voluntary planning agreement (VPA) may be entered into for the delivery of affordable housing.

In Ballina Shire's case, the provision of affordable housing is defined as a public purpose for which a VPA may be negotiated under Council's Planning Agreements Policy.

Staff are currently in the process of negotiating a VPA with the developers of the Ballina Heights Estate, to facilitate the timely development of the Ballina Heights Commercial Centre. The draft terms of the VPA also include opportunities to deliver affordable housing as an additional outcome. This VPA will be reported to Council in due course.

Regional Collaborations

A Housing Working Subgroup (HWG) of the Northern Rivers Joint Organisation (NRJO) Planners Group for Byron, Ballina, Lismore, Kyogle, Richmond Valley and Tweed Councils has been established to advance local government responses to the affordable housing crisis on the NSW North Coast.

8.2 Affordable Housing

The HWG held a workshop on 20 May 2021 to share experiences and broadly map out a path for moving forward.

A scoping paper is currently being drafted/refined providing a regional overview of the housing situation on the NSW North Coast, and outlining the range of local responses being explored by constituent councils and including recommendations to State Government.

HWG representatives were invited to present to a NRJO Mayors Housing Workshop, held on 18 June 2021, at which the following organisations were also represented and provided presentations:

- North Coast Community Housing
- Housing Industry Australia
- Regional NSW
- Queanbeyan-Palerang Regional Council
- Business NSW
- Landcom

On 18 June 2021, the Hon. Rob Stokes, MP Minister for Planning and Public Spaces, announced the establishment of a taskforce to speed up the delivery of homes in regional NSW.

A copy of the Minister's press release is provided as Attachment 7.

Further details regarding this taskforce have not been released publicly.

The NRJO meeting supported the preparation of a submission to the taskforce as soon as possible. Due to the short timeframe, the final submission will not be available for endorsement by Council prior to it being submitted.

Council's in-principle support for a regional (NRJO) submission to Government, on the basis of the regional scoping paper and the outcomes of this report is included as a recommendation.

Additionally, the NSW Legislative Committee on Community Services has announced an inquiry into crisis accommodation, having the following Terms of Reference:

That the Committee inquire into and report on options to improve access to existing and alternate accommodation in order to help address the social housing shortage in NSW, with particular reference to:

- a) options to better support 'meanwhile use' (temporary supportive accommodation), and the current major planning barriers to 'meanwhile use';*
- b) options to improve access to existing accommodation to provide community housing;*
- c) options for crisis, key-worker and other short term accommodation models;*
- d) barriers to additional supply across NSW, including for smaller non-CHP housing providers; and*
- e) support for and accountability of registered community housing providers.*

8.2 Affordable Housing

Submissions to the Parliamentary Inquiry have been invited and the closing date is 13 August 2021.

The terms of reference for the inquiry relate to availability of short-term emergency or “crisis accommodation” for those in acute need, rather than the broader scope of housing supply that is more directly aligned with local government roles and responsibilities.

Notwithstanding, Council may wish to make a submission to the inquiry raising Council's concerns about the chronic undersupply of crisis accommodation.

If Council provides in-principle support, staff will make a submission based on the sentiments of this report.

Affordable Housing Actions

The current crisis in housing affordability suggests a greater level of government intervention is necessary to increase the availability of housing units for those sectors of the community that are currently being priced out of the open rental housing market.

Such intervention is becoming increasingly necessary to mitigate the negative impacts of high house prices such as increasing homelessness and labor shortages in key sectors.

The following areas of possible action are presented for Council's consideration.

Lobby State Government

Council could seek to encourage higher levels of investment in the direct provision of social housing by State and Federal Governments, focusing on the redevelopment of existing (dilapidated) Department of Housing stock.

This would essentially involve a lobbying effort, ideally as part of a regional collaboration with neighboring councils (or through NRJO) and the direct appeal to Ministers and local MPs to relate local concerns.

It is recommended that this include the identification of specific sites (of Crown Land and other Government holdings) which would suit redevelopment.

A range of other possible policy responses to the housing affordability crisis have been identified in the development of the Regional Affordable Housing Scoping Paper referred to above.

These potential policy responses include improving the incentives for developers to release greenfield land in a timely way, through mechanisms such as including sunset clauses on zonings and increasing holding taxes on vacant land.

The NSW Government should also be encouraged to make available detailed data regarding STRA to enable the impacts on local housing supply to be monitored.

8.2 Affordable Housing

Council can also lobby Crown Lands and other Government agencies to encourage the use of land holdings for affordable housing projects (this can be carried out as part of the action being taken on the June 2021 resolution outlined at the beginning of this report).

To this end, the recommendations outlined further in this report include:

- In-principle support for a NRJO submission to the Housing Taskforce referred to above.
- In-principle support for a submission to the NSW Parliamentary Inquiry into crisis accommodation referred to earlier.
- Writing to the Minister for Housing encouraging the development of additional social and affordable housing by Government in Ballina Shire.
- Writing to the Minister for Planning raising concerns relating to the impacts of STRA on local housing supplies.

Affordable Housing Projects on Council Land

Council has landholdings (held as Operational Land under the *Local Government Act 1993*) as part of its land development portfolio, including land within the Wollongbar Urban Expansion Area and in Lennox Head (formerly part of the area known as the Henderson Farm).

Council could consider opportunities to deliver affordable housing projects on these sites and possibly other vacant sites such as underutilised pocket parks (in the future).

This could involve a number of different approaches depending on the level of involvement and control Council wishes to have with respect to these projects and their outcomes.

To assist in the development of such projects, the following objectives are proposed:

- Deliver affordable housing to the target in-need groups (such as older persons, key workers)
- Deliver quality development appropriate to residents' needs (such as dwelling size, safety and accessibility)
- Deliver projects consistent with the community's expectations regarding the quality and amenity of the built environment
- Deliver projects in a manner that is reflective of Council's limited financial resources and land holdings in the long-term (social and financial) interests of the community.

It is anticipated that multi-unit development projects, involving a mixture of open market sales with retention of units for a mixture of full market rental and subsidised affordable rentals, would provide the most viable approach, having regard to the above objectives.

This also provides Council with flexibility around who is accommodated (e.g. key workers, older women etc).

8.2 Affordable Housing

If Council supports this action, a model would be developed in consultation with key stakeholders, namely the CHPs mentioned in this report and potentially Landcom, having regard to the identified objectives, to be reported back to Council for consideration.

Wollongbar Affordable Housing Proposal

An affordable housing proposal has been submitted to Council, seeking support and land.

The details of this proposal are outlined in Attachment 1.

In summary, the proposal would involve accommodating single older women in four modest cabin-style single-room dwellings (using prefabricated construction). The proponents have requested that Council donate a 600m² residential lot in the Wollongbar Urban Expansion Area.

Comments on the proposal include:

- Council's residential development standards (per the Ballina Shire Development Control Plan 2012) require a minimum site area of 1,000m² for the development of multiunit housing. Consequently, two residential lots would be required to accommodate the proposal, which (at a combined area of 1,200m²) would have the potential to accommodate up to six dwelling units on such a site (subject to detailed assessment and design).
- The proposed legal entity seeking to undertake the project (and receive Council owned, on behalf of the community, land), being a development consortium (albeit with a social purpose) may not be the preferred model and other models might bring greater transparency to the project.
- Social Futures is a community based organisation, however they still need to operate based on a sustainable financial model, which means fees and staff costs will form part of the operating cost for the project.
- The conditions surrounding the contribution of \$200,000 are not totally clear, as to whether this is a donation that is never to be repaid, or whether it will be repaid at some future date.
- The information provided in Attachment 1 is limited and should Council support (in-principle) the approach outlined in the proposal, an open expression of interest process (offering either the grant or subsidised lease of land) that results in proponents providing detailed information and operating costs and charges, would be the appropriate approach in terms of probity and transparency, as other providers may be interested and it is essential that Council has all of this information available to justify any decision to "cede" valuable land to an external party.

A preferred approach, in the view of staff, would be for Council to directly undertake affordable and attainable housing projects on Council owned land, as this ensures Council retains control over the land, being a whole of community asset, and enables consideration of a variety of options as a project is refined (e.g. rental vs sale mix, who is accommodated, and long term outcomes for the land). It also avoids bringing additional layers of costs into the project through intermediary organisations.

8.2 Affordable Housing

These projects could be undertaken by Council as part of its land development portfolio, in a manner that provides for positive social outcomes, whilst also managing Council's limited financial resources.

Such projects would also be undertaken in a manner that provides a reasonable return on Council's assets (including the recoupment of land development costs), as Council needs to be mindful of its own financial sustainability.

The affordable and more attainable level of housing stock in the Ballina Shire is very limited and Council, by undertaking such projects, might be able to slightly influence the market and demonstrate the viability of such projects. The provision of affordable housing to cater to single older women is acknowledged is a key cohort that could form part of any development proposals.

If Council is inclined to support the proposal set out in Attachment 1, ahead of a broader analysis of affordable housing development options for Council's land holdings, this should only be progressed through an open expression of interest process based on two options (relating to the development of a single 600m² lot and two lots combined at a total area of 1,200m²). This will enable Council to then consider other proposals and the potential outcomes before determining how the land is to be used.

Develop an Affordable Housing Contributions Scheme

Council could develop an affordable housing scheme to enable an affordable housing levy/contribution to be charged on development under SEPP 70 (and/or the foreshadowed amendments to the Act relating to affordable housing contributions).

This would involve the identification of areas within the Shire for density increases to be subject to affordable housing contributions and undertaking development viability testing with various levels of contribution levies (in the form of land and/or money).

Delivery Program Strategy / Operational Plan Activity

The consideration of affordable housing outcomes relates specifically to action PE3.2d Review local affordable housing planning and policy framework within the 2021-2025 Delivery Program and Operational Plan.

Community Consultation Policy

Separate elements of the outcomes and projects foreshadowed in this report will be subject to community consultation processes, in due course.

Financial / Risk Considerations

Councils need to be careful expanding services to areas traditionally undertaken by State and / or Federal Governments, as the financial capacity of local government to deliver extra services is extremely limited, especially when State and / or Federal Governments are unable to deliver the same services effectively with their greater financial resources.

8.2 Affordable Housing

From a Ballina Shire perspective, Council is not in a sound enough financial position to be donating approximately \$800,000 worth of land. This is particularly the case when the Wollongbar Urban Expansion Area - Stage 3 development, is carrying a significant amount of loan debt.

The preferred model, from a financial sustainability perspective for Council owned land, is for Council to develop the subdivisions, with part of the land being sold, and a pre-determined balance retained, where attainable and affordable housing can be developed by Council.

This is no different to the model applied by entities such as North Coast Community Housing.

Under this model, Council can secure an on-going financial return and at the same time determine the type of housing to be provided, and the tenancy mix. The on-going management of the tenancies could be managed by Council or a third party.

Council has a limited land stock remaining and to ensure the Council's long term financial sustainability, recurrent income streams need to be generated from that land stock rather than having all the land sold off.

Options

The following options are presented for Council's consideration, addressing the key elements outlined in the body of this report.

A) Lobby State Government

Option A1 - Council could make representations to Government, calling for improved policy responses to affordable housing issues.

This could involve the following:

- Council giving in-principle support for the NRJO submission to the NSW Housing Taskforce. This is recommended on the basis that the collaborative regional approach provides a sound foundation for the development of policy advice to Government.
- Making a submission to the NSW Parliamentary Inquiry into Crisis Accommodation encouraging the Government to increase the supply of emergency housing in Ballina Shire. This is recommended on the basis of the acute undersupply of crisis accommodation available in the region.
- Writing to the Minister for Housing to encourage the redevelopment of existing Department of Housing stock in Ballina Shire, to increase the supply of affordable and social housing. This is recommended on the basis of the significant untapped potential of the existing stock of housing owned by Housing NSW.
- Writing to the Minister for Planning seeking the foundation of a robust evidence base for STRA policy reforms that has specific regard for impacts of short term rental accommodation on coastal tourist regions. This is recommended on the basis of the potential adverse impacts on local housing supplies due to STRA, as particularly evidenced in neighboring Byron Shire.

8.2 Affordable Housing

Option A2 - Council could adjust Option 1 to amend or exclude any particular elements.

For example, Council could make a separate submission to the taskforce, however this is not recommended as a regional approach should be more impactful. Council could also resolve to not undertake any of the elements under Option 1. This option is also not recommended as this would effectively remove Council from an advocacy role at present.

B) Use of Council land for Affordable Housing

Option B1 - Council could develop a preferred model for the delivery of affordable housing projects on Council-owned land.

This would involve staff consulting with CHPs and other key stakeholders in formulating a model.

Staff would also undertake a development feasibility assessment for Council land within the Wollongbar Urban Expansion Area and Lennox Head having regard to the objectives outlined in the body of this report.

This option is recommended on the basis that there are opportunities to achieve multiple objectives through the development of Council-owned land, with respect to facilitating the provision of affordable housing to vulnerable groups, increasing the supply of key worker housing, and providing a reasonable return on Council's assets.

Option B2 – Council could offer vacant residential land to CHPs, in a subsidized way, for affordable housing developments.

This option would involve the following:

- Determining the amount of subsidy to be provided, including the number of lots to be made available and the terms that such land would be made available. For example, a long-term lease, sale or gift of land.
- Undertaking an open tender process for the use of the sites identified under the above point, for affordable housing by registered Community Housing Providers. This would also involve setting the criteria by which these tenders would be assessed.

This option is not recommended for the following reasons:

- Whilst this option would strengthen the viability of projects and financial position for the CHP/s receiving the sites, Council would forego the economic value of the land (to varying degrees depending on the option). Due to the costs Council has incurred in relation to the development of these lots, the terms of any such lease, sale or grant should involve (at the very least) the recoupment of Council costs associated with the development of the site/s.
- Council would relinquish, to a large extent, control over the development of the sites. Due to the often controversial nature of affordable housing projects, consistency in the built form and quality of development of such developments will be important in having such projects accepted by local residents. It is suggested that retaining a Council interest in the delivery of such projects would be beneficial in this regard.

8.2 Affordable Housing

- As outlined in the body of this report, it is suggested that Council could undertake projects utilising its residential land holdings in a manner that achieves multiple objectives of delivering affordable housing and increasing the supply of key worker rental housing whilst realising the economic value of the land over the long-term.

If, however, Council is supportive of providing land directly to community housing providers or the like, it is recommended that this be done through open tender or expression of interest processes to enable the consideration of a variety of options and associated outcomes in coming to a decision.

Option B3 – Council could take no further action with respect to utilising Council owned land for affordable housing.

This option is available should the Council be concerned that the delivery of affordable housing is the responsibility of State and Federal Governments. This option is not recommended as it does not advance action in relation to affordable housing.

C) Affordable Housing Contributions Scheme

Option C1 - Council could consider the introduction of an Affordable Housing Contributions Scheme.

This would involve the following:

- Reviewing the capacity of existing urban areas to accommodate increased urban densities (as required by the scheme).
- Development feasibility testing under various contribution scenarios to determine the viability of the increased densities involved and to determine the amount of contributions payable (and viable) under the scheme.
- Undertaking community engagement with respect to the above, prior to the elected Council confirming its preferred approach.
- A planning proposal would then be required to adjust urban densities and enable the charging of affordable housing contributions within the *Ballina Local Environmental Plan 2012*.

The progress of this option is not recommended at this stage in favour of advancing a model for the use of Council land and for the reasons outlined under Option C2. There is also an estimated cost to this work in the order of \$75,000 to \$100,000 as specialist consultant support will be required.

An affordable housing scheme can be considered further in a broad sense as part of the model development. It also provides time for further monitoring and consideration of State Government reforms associated with developer contributions and housing policy in NSW.

Option C2 – Council could resolve to not progress an Affordable Housing Contributions Scheme at this time

This option would involve taking no action at this time in relation to the developer contributions framework as it relates to affordable housing, aside from monitoring.

8.2 Affordable Housing

This option is recommended at this time on the basis that:

- The scheme requires the increase of urban densities and that such increases require detailed and careful assessment (it is expected that analysis of densities will form part of future work on Council's growth and housing strategy work – i.e. density considerations should be looked at holistically for the shire).
- The amount of contributions that may be levied under the scheme will not significantly shift affordable housing issues in the shire.
- This approach allows resources to be directed towards development of a model for the use of Council owned land as the priority action for Ballina Shire Council.
- Other options involving the engagement of the State Government in housing provision, more direct utilisation of Council owned land, and other planning mechanisms are preferred over Council collection of developer contributions for affordable housing at present.

These factors may change as work progresses in addressing housing issues.

The introduction of a scheme can be revisited any time in response to such changes.

RECOMMENDATIONS

1. That Council provides in principle support for a submission by the NRJO to the NSW Housing Taskforce seeking the Government's urgent action on the delivery of affordable and social housing in the region.
2. That Council make a submission to the NSW Parliamentary Inquiry into Crisis Accommodation encouraging the Government to increase the supply of emergency housing in Ballina Shire based on the sentiments of this report.
3. That Council write to the Minister for Housing to encourage the redevelopment of areas of existing Department of Housing dwelling stock in Ballina Shire to increase the supply of affordable housing.
4. That Council write to the Minister for Planning seeking a robust evidence base for STRA policy reforms and that the impacts of short term rental accommodation on coastal tourist regions are considered in relation to this policy.
5. That Council receive a further report identifying a preferred model for the delivery of affordable housing on Council owned land, with this report examining options for Council's land holdings at Wollongbar and Lennox Head.
6. That Council declines the request for the donation of land to the Wollongbar Affordable Housing Project, as Council's preference is outlined in point five above, however Council will continue to support the proponents to find State and / or Federal Government land that may be suitable for the project.

8.2 Affordable Housing

Attachment(s)

1. Aunty Wollongbar Housing Project Proposal
2. Paper: Housing - Taming the Elephant in the Economy (Under separate cover)
3. Study of resident perceptions of short term-holiday letting in North Coast NSW council areas (Ballina Shire report)
4. Landcom - Delivering Affordable Housing with Local Government
5. Federal Government - Delivering more affordable housing research paper
6. Guideline for Developing an Affordable Housing Contribution Scheme
7. NSW Government Press Release on Affordable Housing Taskforce