

**Submission  
No 123**

## **INQUIRY INTO SOCIAL, PUBLIC AND AFFORDABLE HOUSING**

**Organisation:** Green Building Council of Australia (GBCA)

**Date received:** 28/02/2014

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Director  
Select Committee on Social, Public and Affordable Housing  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000

28 February 2014

Method of submission: online via inquiry website

Dear Sir/Madam,

### **RE: INQUIRY INTO SOCIAL, PUBLIC AND AFFORDABLE HOUSING**

Thank you for the opportunity to provide a submission to the 'Inquiry into social, public and affordable housing'. The Green Building Council of Australia (GBCA) supports the Select Committee's inquiry into current housing supply and would like to see this inquiry result in better outcomes for social and public housing tenants as well as low income earners that ensure that there is a supply of dwellings that are affordable, efficient, healthy and sustainable within New South Wales (NSW).

#### **About the GBCA**

The GBCA is Australia's authority on green buildings and communities, established in 2002 to develop a sustainable property industry in Australia and drive the adoption of green building practices. The GBCA promotes green building programs, technologies, design practices and processes, and operates Australia's only national voluntary comprehensive sustainability rating system for buildings and communities – Green Star.

The GBCA has more than 750 member organisations, including government departments, which work together to support the Council and its activities. The GBCA is also a founding member of the World Green Building Council (WorldGBC), which was established to provide a federated 'union' of national green building councils with a common goal to support the sustainable transformation of the global property industry; there are now 100 such councils worldwide.

#### **Green Star rating tools**

Green Star is a national, voluntary tool that encourages, recognises and rewards best practice and innovation. The first Green Star rating tool was released in 2003 in response to market demand for a rating tool that would evaluate the environmental design and construction of buildings as well as establishing a common language for green buildings.

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There are currently 10 Green Star rating tools which address a range of building types and over 660 projects have achieved Green Star certification across Australia, with a further 490 projects registered. The Green Star rating system is designed to take an holistic approach within each class and building sector, addressing nine categories in total: Management, Indoor Environment Quality (IEQ), Energy, Water, Materials, Land Use and Ecology, Emissions, Innovation and Transport.

World-leading Green Star-certified projects (6 Star Green Star) within NSW include:

- 1 Bligh Street, Sydney (DEXUS Property)
- 1 Shelley Street, Sydney (Macquarie Bank)
- 39 Hunter Street, Sydney (Kador Group)
- 100 Market Street, Sydney (Westfield)
- 5 Murray Rose, Sydney Olympic Park (GPT)
- Academic Accommodation 3, Thurgoona (Charles Sturt University)
- Ausgrid Learning Centre, Silverwater (Ausgrid)
- Darling Quarter, Sydney (Lend Lease)
- Workplace 6, Darling Harbour (Sydney Harbour Foreshore Authority)
- 161 Castlereagh Street (GPT).

### **Housing affordability**

*The Demographia International Housing Affordability Survey: 2014* found Australia's housing markets to be among the most unaffordable in the world. The latest survey found Australia, once a shining example of modestly-priced, high-quality housing, now has twenty-five housing markets that are considered to be 'severely unaffordable'.

Of the 360 markets assessed, Sydney was ranked as the sixth most unaffordable market in the world. While the survey considers housing to be affordable when the price-to-income ratio is 3.0, the median house price in Sydney is 9.0 times greater than the median gross annual income. It is therefore cheaper to buy a home in New York City (which doesn't even rate in the top 20) or London (which comes in at 21) than it is in Port Macquarie.

However, affordability is not just about the upfront cost of buying a home, but must consider the long term ongoing operational costs including projections of rising cost of living and utilities. While the cost of operating our home over its lifetime should be an integral part of the affordability equation, we rarely consider lighting, heating, cooling or energy use when we're doing the sums on our mortgage repayments or considering financial models for community housing.

Australians currently build some of the largest new homes in the world –at the same time, average household size is decreasing. The Australian Bureau of Statistics predicts that household size will fall to between 2.2 and 2.3 people per household by 2026. While our houses expand and the number of occupants shrink, the amount we spend on running our homes continues to balloon.

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The Australian Bureau of Statistics predicts that, by 2020, energy consumption in Australia's residential sector will rise by 12 per cent on 2011 levels, and by 39 per cent above 1990 levels. This will mean significant increases in household energy bills – and that's before a carbon price and other energy cost increases due to factors such as reinvestment in infrastructure are considered.

However, utility costs are just part of the story. When both housing and transport costs are considered, where you live consumes a third of the average household budget. Transport is the second-largest cost to households, and rising petrol prices are felt most acutely in the outer suburbs of cities where car dependency is highest. While this has a significant effect on the affordability of our homes, we rarely factor in the hidden price paid – loss of leisure time, time with families or even just time asleep - while sitting in traffic for hours each day. Today's traffic gridlock is only going to get worse, with the Australian Sustainable Built Environment Council (ASBEC) finding that travel times will increase by 25 per cent within the next thirty years.

Strong leadership is essential if we are to tackle challenges such as social, public and affordable supply, population growth and climate change. The role of government is to provide visionary government leadership, in particular by setting contemporary benchmarks and rigorous standards. Government has a responsibility to embed sustainability principles in its policies and has a significant opportunity to encourage industry and the broader community to adopt more sustainable practices through implementing a range of incentives. A combination of solutions will be required to make the NSW housing sector more competitive, affordable and sustainable.

It is therefore timely that the NSW Government is consulting with industry and the wider community about the future of social, public and affordable housing. We must change the paradigm so that people understand housing affordability as part of a package. As a starting point, the long-term costs associated with our homes must be better understood and articulated. The data is clear: GBCA's 2013 *Value of Green Star* report (attached at end of this submission) found that compared to the average Australian building, Green Star-certified buildings produce 62 per cent fewer greenhouse gas emissions and use 66 per cent less electricity.

We encourage the Select Committee to refer to the following information provided regarding the Green Star – Multi Unit Residential and Green Star – Communities rating tools, and consider how their use can help create fairer, more affordable and holistically sustainable public, social and affordable housing markets.

### **The Green Star – Multi Unit Residential v1 rating tool**

The Green Star – Multi Unit Residential rating tool applies directly to residential buildings (developments of two units or more – please note that the GBCA does not rate single dwellings). Green Star – Multi Unit Residential v1 was released in July 2009 to promote the design and construction of high-performance residential developments. The GBCA worked closely with industry and government to develop the benchmarks that underpin the Green Star – Multi Unit Residential rating tool. Sponsors of the tool include The Laminex Group, Brisbane City Council, City of Sydney, the South Australian Government and Mirvac. Please find a copy of the Green Star – Multi Unit Residential factsheet attached.

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More efficient, productive and sustainable housing can also contribute to greater affordability. We have two strong examples of how the Green Star – Multi-Unit Residential v1 rating tool has been used in social housing projects (in Lilyfield and Redfern in NSW) with successful outcomes, both delivered through Housing NSW on cost-neutral budgets. The Lilyfield Housing Redevelopment project in Sydney achieved a 5 Star Green Star rating in 2009. Housing NSW invested in environmentally sustainable initiatives such as gas-boosted solar hot water systems, 267 square meters of solar panels and a 4 kilowatt photovoltaic system to power common area lighting. The gas-boosted hot water system caters for 60 per cent of hot water consumption and delivers annual savings of \$19,000 - or \$213 per unit - meaning the annual energy bill for households will decrease by 25 per cent. Similar outcomes have been achieved for the Redfern project. Please find attached case studies for the Lilyfield Housing Redevelopment and the Redfern Housing Development.

There have been a number of projects in NSW that have achieved Green Star certification using the Multi Unit Residential v1 rating tool. These projects include Lend Lease's 4 Star Green Star rated Jacksons Landing, the 4 Star Green Star rated 'The Quay' project in Haymarket and Fraser's Central Park which has currently achieved four, 5 Star Green Star ratings for their residential towers. Further information about these projects can be found on the Green Star Project Directory available via the GBCA website at [www.gbca.org.au](http://www.gbca.org.au).

Good, integrated design has resulted in healthy, attractive homes with lower operating costs for residents and building owners/managers alike. The Green Star – Multi Unit Residential v1 rating tool includes a mix of requirements that ensures a balance is struck between housing affordability, material sustainability, tenant suitability (including adaptability and universal design) as well as lower operating costs of assets.

### **Green Star – Communities**

In 2009, the GBCA commenced work, in consultation with industry and all levels of government, including UrbanGrowth NSW (formerly Landcom) and the City of Sydney, on the development of a rating tool for sustainable development projects on a community scale, examining issues of economic, social and environmental importance. The first step in developing the Green Star – Communities rating tool was to develop a national framework consisting of five best practice principles which are to:

- Enhance liveability
- Create opportunities for economic prosperity
- Foster environmental responsibility
- Embrace design excellence
- Demonstrate visionary leadership and strong governance.

Stage 2 of the project involved establishing best practice benchmarks and metrics for assessing and certifying sustainable communities. A set of 38 credits was then developed and tested on a number of projects across Australia. The Green Star – Communities PILOT rating tool was launched in June 2012 and there are now 15 projects, including three in NSW, registered for certification. A copy of the Green Star – Communities framework is attached at the end of this submission.

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We encourage the Select Committee to consider how Green Star – Communities could assist in the planning processes across NSW by providing a framework in which to deliver higher quality and more affordable housing options. For example, the rating tool will drive on-the-ground action by rewarding community-level projects which have a percentage of affordable homes. We have provided a few specific examples of how the Green Star – Communities PILOT rating tool and framework can add value to an integrated, holistic policy on the future of affordable housing in NSW.

### **Selecting and prioritising areas for affordable housing**

The Green Star – Communities PILOT rating tool encourages an integrated approach to providing housing that also takes into account a range of issues such as access to amenities, access to education and employment opportunities and energy efficiency. Housing affordability strategies available under the *Econ-5 Affordability* credit include:

- Providing a diversity of lot sizes to support housing diversity, and a mix of densities with increased density near activity centres;
- Providing a proportion of housing lots and dwellings to the market at an affordable price for low to moderate income households;
- Provision of key worker housing;
- Provision of a program for guaranteeing the supply of shared equity and/or social housing within the development; and
- Establishing partnerships between organisations to ensure allocation and delivery of affordable housing stock.

### **Service integration to support livelihoods and wellbeing**

The Green Star – Communities PILOT rating tool recognises that affordability encompasses a range of factors. As such, it rewards projects that integrate mass transit options - so that people aren't stuck in their cars for hours each day. It rewards connections to employment and education facilities - so that people may work and learn locally. And it rewards access to local amenities – so that people have a vibrant, liveable and ultimately affordable community at their doorsteps.

For example, the *Econ-3 Return on Investment* credit encourages a holistic cost-benefit analysis that addresses indirect and intangible costs and benefits to the developer and community to ensure long term productivity, health and social and environmental issues are captured as well as core costs and benefits.

### **Providing appropriate housing and overcoming social disadvantage**

The Green Star – Communities PILOT rating tool includes credits such as *Liv-3 Healthy and Active Living*, *Liv-5 Safe Places* and *Liv-7 Accessibility and Adaptability* which provide a range of benchmarks for equitable access. GBCA recognises that there are many factors that need to be considered if equitable access to a great lifestyle can be achieved for everyone in our community. The Green Star – Communities rating tool can further support this aim through a number of the credits previously outlined which focus on affordability and improving access to transport as well as economic and education opportunities.

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### **Improving the quality and supply of social and public housing**

There are not-for-profit organisations, such as St George Community Housing and Mission Australia that provide secure and affordable housing options for lower-income earners or disadvantaged tenants. Both these organisations, who are and have been member of the GBCA respectively, are required to deliver affordable and social housing that is suitable to their tenant demographic, is environmentally and socially sustainable in order to minimise operational and maintenance costs over time, and perhaps most importantly, must be delivered in a commercially viable, financially sustainable manner.

Mission Australia Housing has been involved in the delivery of the Camperdown project in NSW which is based on the successful 'Common Ground' model from New York, providing permanent homes and on-site support services to help people achieve health and stability. This development is an example of a project that has employed the Community Housing Provider (CHP) development agreement model, relying on collaboration between NSW Department of Family & Community Services (Housing NSW) and the Federal Department of Families, Housing, Community Services and Indigenous Affairs, alongside private developer Grocon. This project has achieved a 4 Star Green Star rating using the GBCA's Green Star – Multi Unit Residential v1 rating tool.

This is simply one example out of 53 projects that demonstrate the private sector is well equipped to deliver high-quality, affordable and sustainable residential apartments. Support from the NSW Government to aid and incentivise the delivery of more affordable and sustainable social, public and low-income apartment buildings would be most welcome and encouraged by the GBCA.

It is important that government and industry work together on building more sustainable buildings, communities and cities. We encourage you to look upon the GBCA as the primary sustainable building resource and we would welcome the opportunity to brief you on the work we are doing in relation to Green Star – Multi Unit Residential developments and affordable communities.

The GBCA appreciate the opportunity to provide comment on this issue and would be happy to provide further information to assist with the committee's inquiry, if required.

Yours sincerely,

**Robin Mellon**  
Chief Operating Officer