

**Submission
No 79**

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

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Planning
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**Submission to the Social, Public and Affordable Housing
Committee by the Planning Institute of Australia (NSW Division)**

**Legislative Council inquiry into social, public and
affordable housing**

February 2014

Submission to the Legislative Council inquiry into social, public and affordable housing - February 2014

1. Introduction

The Planning Institute of Australia (PIA) is the peak body representing professionals involved in planning Australian cities, towns and regions. The Institute has around 4,500 members nationally and around 1,200 members in New South Wales. PIA NSW plays key roles in promoting and supporting the planning profession within NSW and advocating key planning and public policy issues. This submission has been prepared on behalf of PIA NSW by members of the Institute.

It is understood that the Social, Public and Affordable Housing Select Committee has been tasked with inquiring into and preparing a report on demand for social, public and affordable housing in NSW and in particular:

- (a) Projections of future social, public and affordable housing supply and demand to 2020*
- (b) Data regarding the link between the lack of appropriate social, public and affordable housing in New South Wales and indicators of social disadvantage*
- (c) Housing design approaches and social service integration necessary to support tenant livelihoods and wellbeing*
- (d) Maintenance and capital improvement costs and delivery requirements*
- (e) Criteria for selecting and prioritising residential areas for affordable and social housing development*
- (f) The role of residential parks*
- (g) Recommendations on State reform options that may increase social, public and affordable housing supply, improve social service integration and encourage more effective management of existing stock including, but not limited to:
 - (i) policy initiatives and legislative change*
 - (ii) planning law changes and reform*
 - (iii) social benefit bonds*
 - (iv) market mechanisms and incentives*
 - (v) ongoing funding partnerships with the Federal Government such as the National Affordable Housing Agreement*
 - (vi) ageing in place, and**
- (h) Any other related matter.*

The lack of social, public and affordable housing has been and continues to be a significant issue in NSW and PIA NSW welcomes this inquiry. In this submission, affordable housing is taken to mean housing that is “appropriate for the needs of a range of low and moderate-income households, priced so that households are able to meet other essential basic living costs” (Gurran, 2008). In turn, appropriate housing is housing that:

- is appropriate for a household in terms of size, quality, accessibility and location;
- is integrated within a reasonably diverse local community;
- does not incur unreasonable costs relating to maintenance, utilities and transport; and
- provides security of tenure and cost for a reasonable period” (Gurran, 2008).

In the last few decades, house prices in Australia have risen significantly faster than average household incomes. As a result, the Australian property market has been characterised as a tale of the housing “haves” and the housing “have-nots” (NSW Parliamentary Research Service, *House prices, ownership and affordability: trends in New South Wales*, Briefing Paper No 1/2014).

As a result, there is increasing pressure on those who are struggling to enter the housing market, those trying to secure appropriate rental accommodation, and those who are caught in a cycle of homelessness. The reasons vary from those of cost, discrimination, availability, location and/or adequacy. In Sydney and across NSW, the result is a growing divide between locations of advantage and locations of disadvantage.

PIA NSW recognises that Governments play an important role in the Australian housing market, directly through housing assistance (social housing, home purchase assistance and rent assistance programs) and indirectly through policies associated with land use planning and taxation.

PIA NSW believes access to housing and shelter is a basic human right and that the planning profession has the skills and responsibility to influence the direction of housing development to promote sustainable communities. Access to good quality affordable housing should be promoted through choices of tenure such as home ownership, public and private rental and not for profit organisations.

The capacity for people to access secure, safe and affordable housing continues to be a fundamental issue for all levels of Government. *“Shelter is a fundamental human need, and housing and homelessness assistance plays an important role in enabling social and economic participation. This assistance is an important element of governments’ social policy and welfare frameworks.”* (Productivity Commission, *Report on Government Services 2014*).

With worsening levels of housing crisis across Australia and in particular NSW, this inquiry, and delivery of actions resulting from the inquiry, is timely. The following submission is lodged on behalf of the NSW Division of the PIA and addresses the issues identified in these Terms of Reference.

PIA has prepared Policy Statements on Housing, which are enclosed with this submission to reiterate PIA’s position.

2. Projections of future social, public and affordable housing supply and demand to 2020

There are a variety of sources for data about land supply and social, public and affordable housing supply and demand. These include the Metropolitan Development Program (MDP) monitors which report on housing approval and completion data for Sydney on line every month. The NSW Parliamentary Research Service produces data in relation to house prices, ownership trends and affordability. The Productivity Commission reports annually on the equity, effectiveness and efficiency of government services in Australia. The 2014 Report on Government Services presents information on housing and homelessness services in Volume G.

PIA NSW recommends that transparent information is provided as the evidence base for any future policies and legislative reform into social, public and affordable housing. The translation of information about current social, public and affordable housing supply and demand to future projections to 2020 and beyond will need to underpin policies, incentives and reform initiatives.

It is also noted that issues being addressed by this inquiry combine planning, transport, social services and other Government departments, and thus a whole-of-Government approach is required.

PIA NSW recommends:

- That there is development of a coherent national housing policy.
- That a sound evidence-base is established across Government for any future Housing Policy framework
- That there is development of national standards/ expectations for housing diversity and tenure mix.
- That there is renewed commitment for Federal and State funding for social, public and affordable housing supply policy development.
- That a National Housing Supply Council is established to provide up to date information across Australia on the state of housing demand and supply.

3. Data regarding the link between the lack of appropriate social, public and affordable housing in New South Wales and indicators of social disadvantage

There is a significant amount of research on the ways in which housing processes – including policies and planning processes – can affect social disadvantage and social inclusion. Some of this research is summarised in an AHURI research paper titled *Addressing concentrations of disadvantage: policy, practice and literature review* (2012). This research shows that there are three main factors that create, perpetuate and re-shape the spatial differentiation of income and wealth;

1. Those stressing the importance of employment restructuring
2. Those emphasising the role of housing systems and policies in contributing to the concentration of disadvantaged people into specific areas; and
3. Those highlighting the role of economic structures and policy choices in generating social inequality.

PIA NSW recognises that data underpinning the link between the lack of appropriate social, public and affordable housing and indicators of social disadvantage is critical to the development of policy reforms and new initiatives. This is particularly relevant in the redevelopment and renewal of public housing estates, where projects have highlighted links between housing type, income level and social disadvantage, whether that disadvantage relates to access to transport, social support or community wellbeing.

There have been many studies prepared in recent years tackling this issue and these should be revisited rather than redone.

PIA NSW recommends:

- That there is a review and analysis of the myriad of data available to support the link between the lack of appropriate social, public and affordable housing and social disadvantage.

4. Housing design approaches and social service integration necessary to support tenant livelihoods and wellbeing

PIA NSW recognises that the wellbeing of people in need of affordable and social housing goes beyond housing supply issues alone. This is summed up in research on social sustainability of built environments, which indicates that in order to create socially sustainable outcomes,

affordable and social housing policies require associated policies that focus on local services, jobs and transport; social mixing and; high quality housing design.

Access to local services, jobs and public transport are an important component of affordable housing provision, particularly to service the needs of low-income earners. PIA NSW calls for renewed commitment for State and Federal funding for infrastructure to support new community development and renewal, particularly in regional and disadvantaged areas experiencing housing market decline and failure.

On a broader scale, the planning and design of mixed tenure neighbourhoods, particularly in new residential communities, is essential. Research indicates that 'social mixing' has the benefit of creating communities that feature greater inclusion, inter-social support including role-model effects, and the avoidance of concentrated poverty blamed for past urban slums (Gallent & Twedwr-Jones, 2007). This means creating neighbourhoods that can accommodate a mix of income earners (including key workers), a variety of households (including families, single-parent families and lone households), young people and the ageing population, as well as people with a disability.

At the micro level, research indicates that high-quality design of affordable housing has an inherent social value. The value of good design lies in the creation of housing that is integrated with the neighbourhood, sensitive to its context, and does not become isolated or associated with a negative stigma. It is noted that there are barriers in the delivery of good design for affordable housing, namely an assumption that a reduction in design (and development) standards is required to facilitate more affordable housing products, implying that lower design standards reduce development costs. However, examples of new and innovative affordable housing products (e.g. Grace, Thornton North) showcase the importance of high quality design for affordable housing. To avoid social stigma associated with affordable housing, and create liveable communities, high quality design and housing innovation is critical.

PIA NSW recommends:

- That any new housing policy or framework is integrated with policies for good design, social sustainability and social mixing, underpinned by national standards / expectations for housing diversity, flexibility and tenure mix.
- That any new housing policy or framework incorporates housing and design requirements regarding housing for an ageing population and for people with a disability, including location to transport, community facilities and associated services.
- A renewed commitment for State and Federal funding for infrastructure to support new community development and renewal, particularly in regional and disadvantaged areas experiencing housing market decline and failure.
- That new planning policy and regulations ensure new residential developments are not isolated from community services, have access to public transport, and provide built and natural environments that promote physical activity.

5. Maintenance and capital improvement costs and delivery requirements

N/A

6. Criteria for selecting and prioritising residential areas for affordable and social housing development

Currently there is a lack of policy frameworks for the identification of sites or residential areas for affordable and social housing. Research has continually shown, however, that the provision of social housing in concentrated areas results in poor social outcomes. In combination, the

location, design and density of housing (in addition to the provision of support services) are important factors to influence the overall housing outcomes for residents.

Attaining an affordable home is only part of a positive housing experience, and thus affordability should not come at the price of good design or location, as this has associated implications for labour force dynamics and social interaction in healthy communities (Monk & Whitehead. 1999).

In this respect, non-housing outcomes, such as community, crime, poverty, social exclusion, perceived well-being, health, education, and labour force participation, are equally as important to ensure that housing outcomes create liveable communities and well-being for residents.

In developing locational criteria for affordable and social housing provision, it is critical to ensure that the outcome will create equity in housing and social outcomes across NSW. The following factors should be considered:

Affordable housing

The supply of affordable housing has generally occurred on an ad hoc basis, where intervention in particular areas (e.g. Pyrmont) has resulted in site-specific affordable housing outcomes for an area. Large-scale projects involving Voluntary Planning Agreements (VPA's) have also facilitated the provision of affordable housing on a site-by-site basis.

In NSW, there are examples of councils who have attempted to implement policies to encourage, facilitate and drive the delivery of affordable and adaptable housing. A missing link in these efforts has been a National and State-wide policy framework for housing (which addresses both social and affordable housing).

The draft Metropolitan Strategy for Sydney indicates that Sydney's population will grow by an expected 1.3 million people, taking the total population from 4.3 million to 5.6 million people. Greater Western Sydney is set to become home to more than half of all Sydneysiders, with over 200,000 additional dwellings – more than one-third of the 545,000 additional dwellings needed over the period 2011 to 2031 - being delivered in greenfield areas in Sydney's west.

The draft Strategy indicates the possible introduction of affordable housing targets being applied on a sub-regional basis. There is the need for a clearer framework to guide the identification of these targets, and the distribution of targets across an area, to avoid the creation of affordable housing concentrations.

In greenfield areas, the focus should be on the development of affordable housing that is dispersed across a new neighborhood, is not readily identifiable as "affordable housing" through design, but is located close to public transport, parks and areas of high amenity.

With a significant proportion of the new population to reside in Western Sydney, it is critical that affordable housing (and housing supply in general) is supported through the delivery of jobs in Western Sydney, good transport connections to and between centres, as well as high-quality neighbourhoods and local centres to serve the population.

The development of locational criteria for affordable housing should respond to, and help to address, some of the existing inequities across Sydney, and in particular the divide between east and west. Considering the existing definition of affordable housing is relative to a location's median household income, the notion of "affordable" housing in the east is different to what is affordable in Liverpool, for example. These geographic differences also extend to lifestyle and amenity issues, access to public transport, and access to jobs in certain employment sectors.

Location-based criteria should therefore seek to create balance within each community and address the housing concerns in that area without exacerbating existing inequalities.

Locational criteria should also facilitate, and encourage, affordable housing development close to town centres or where incentives can accommodate the uplift. Such incentives need to be realistic, taking into account land values and the uplift required. In addition to locational criteria

for affordable housing, it is important to ensure mechanisms and criteria are in place to direct the housing to those who require it (refer to discussion under point 8 below).

Social housing

Social housing has historically been provided in concentrations, and there has been a decline in the remaining supply of social housing through Government sell-off of existing land and assets.

The approach to the redevelopment of housing estates should be to retain the appropriate number of affordable housing units based on family household structure (e.g. singles, aged, families) and provide planning controls to support the value uplift or additional value necessary to encourage/incentivise development.

Government has a key role to play in the location and criteria used to determine social housing redevelopment projects, but also has an important role in the establishment of financial or commercial arrangements to help deliver viable social housing redevelopment projects. For example, cross subsidies provided by Government or arrangements relating to holding costs.

PIA is of the view that transparent and appropriate social and financial mechanisms should be considered to ensure communities understand the reasons for the higher densities or incentives, in order to support locations for social and affordable housing.

PIA NSW recommends:

- Criteria for selecting and prioritising residential areas for affordable and social housing development should include both housing and non-housing outcomes
- Affordable housing targets should recognise, and assist to balance, the existing east-west divide in Sydney as well as inequities between metropolitan and regional areas
- A State-wide policy framework for housing (which addresses social and affordable housing) is needed to guide decision-making and the adoption of criteria for housing supply.
- That planning laws be amended to afford opportunities for affordable and social housing supply such as inclusionary zoning for new development areas (e.g. Pyrmont).
- Locations for affordable housing should consider associated policy for financial mechanisms and partnerships with government.

7. The role of residential parks

N/A

8. Recommendations on state reform options

This section calls on recommendations that may increase social, public and affordable housing supply, improve social service integration and encourage more effective management of existing stock. Areas for reform include:

- Policy initiatives and legislative change
- Planning law changes and reform
- Social benefit bonds
- Market mechanisms and incentives
- Ongoing funding partnerships with the federal government such as the National Affordable Housing Agreement
- Ageing in place.

Refer to the Policy recommendations in **Annexure A**.

Supply side factors

PIA NSW recognises that there are a variety of mechanisms to improve the supply-side barriers to increasing affordable housing at the State (and local) planning level. These include:

- General land supply policies and programs to ensure adequate land supply, and / or accelerated land supply
- Planning incentives and mechanisms to encourage affordable housing supply through the *Affordable Rental Housing State Environmental Planning Policy 2009*
- Planning policies to retain existing affordable housing supply
- Localised policies on a council-by-council basis where commitments to affordable housing are negotiated through VPA's or on a project-specific basis.

The Draft Metropolitan Strategy for Sydney to 2031 captures these policies and incentives in some of its proposed actions:

“Sydney also needs a greater supply of lower-priced housing to ease pressures in the rental market. A recent investigation by Housing NSW into the supply of affordable housing for lower income households in the Sydney Metropolitan Region found rents are rising four times faster than inflation. The price point for new homes in Sydney is moving beyond the mass market, meaning our housing is getting more expensive. Our proposed actions will open up opportunities to invest in mid- and moderately-priced housing in accessible places to boost supply and improve overall housing affordability.” (Draft Sydney Metropolitan Strategy for Sydney to 2031).

The three primary actions proposed by the NSW Government to address this issue from a land use planning perspective include:

1. Affordable housing targets for regions in the metropolitan area;
2. The preparation of housing strategies to provide for future housing mix and identify local affordable housing opportunities to be delivered by Planning & Infrastructure and Housing NSW; and
3. Planning for the inclusion of affordable housing in Sydney through a further review of the Affordable Rental Housing SEPP.

On the issue of affordable housing targets, PIA NSW supports the introduction of targets. There is an opportunity, however, for a variety of affordable housing frameworks involving targets, in particular for government-led processes. For example, large-scale infrastructure projects that impact on land use provisions (such as the North West or South West rail extensions) or Urban Activation Precincts, provide an opportunity for specific strategies to enhance affordable housing supply with the support of Government.

In addition to these policies, the draft Strategy touches on a range of related policies to encourage an appropriate supply of housing; an appropriate mix of housing typologies, high-quality housing design, accessibility and connectivity of new housing to areas of employment, amenity and entertainment, and addressing housing needs of a wider demographic by encouraging adaptable and universal housing. PIA recognises that there has been progress with the facilitation of a greater mix of housing types, including smaller lot housing product. A recent example is the medium density housing guidelines and draft legislative changes to encourage a greater variety of smaller housing product in Sydney's growth centres. These policies reflect innovation in the building industry that enables the delivery of well-designed, smaller housing that is more affordable to the market.

Whilst PIA supports the expansion of these policies to other growth areas outside the Sydney metropolitan area, a significant issue for delivering liveable neighbourhoods and good amenity for residents will be the associated delivery of social infrastructure, transport connections and jobs in close proximity to where affordable housing is being delivered.

From a feasibility perspective, release of land and housing supply is heavily impacted by local and state infrastructure contributions. As stated above, PIA advocates for a renewed commitment for State and Federal funding for infrastructure to support new community

development and renewal. In addition to funding opportunities, reforms should seek to ensure the standards for infrastructure provision are equitable, and do not create onerous requirements on developers. Onerous engineering standards and associated requirements for subdivision and housing construction can add unnecessarily to the cost of housing development, which adds to the overall cost of housing delivery. Planning reforms should consider the planning, development and engineering requirements on housing delivery, and seek to modernise and standardise these requirements to reflect industry standards.

The possibility of reintroducing affordable housing as a prescribed local infrastructure contribution item has been debated recently. As this may result in increased costs to the end user, PIA recommends the investigation of an offset arrangement where contributions towards, or the provision of, affordable housing can be considered an offset rather than an additional levy item.

PIA NSW stresses that supply-side policies proposed by the NSW Government:

- Commit to mandated affordable housing targets
- Work with local governments and subregional bodies to help determine the appropriate housing supply targets across subregional and council areas, whilst enabling flexibility
- Leverage major infrastructure and planning initiatives to mandate affordable housing supply
- Progress reforms relating to strata law
- Support the delivery of more innovative and smaller housing typologies with associated infrastructure provision.

Demand side factors

A critical issue for any further State reform will be to address non-supply side issues. In a report prepared by the COAG Housing Supply and Affordability Reform Working Party, it was noted that the issue of unaffordable homeownership might not be driven by a physical lack of supply of dwellings, but rather a lack of means of some segments of the population. Indeed, the report found that reducing supply-side constraints will not necessarily be sufficient to address the housing affordability problems of lower-income households (COAG, *Housing supply and affordability reform*, 2012).

This suggests that poverty and socio-economic disadvantage are key reasons lower-income households find it harder to access owner-occupation, which therefore suggests that affordable housing targets alone (therefore increase of affordable housing supply) will not be sufficient to facilitate access to housing for many households.

There are a range of mechanisms and interventions that governments can use to ensure the affordability of housing for low-income and disadvantaged households. Such mechanisms and interventions should help to support the planning supply-side policies to deliver both the right housing, and target that housing to the people who need it. Targeting affordable housing supply, particularly for rental accommodation, to key workers, lower-income households and those in housing stress should be a priority.

Partnerships with Community Housing Providers have proven effective in NSW and other jurisdictions in matching housing supply with demand from households that are eligible for affordable housing. More sophisticated legislation to govern, and support, the link between affordable housing delivery, and delivering that housing to "in need" groups, is recommended and the role played by Community Housing providers is central to this reform agenda.

Any new reforms should seek to align government incentives and investment in housing – from taxation through to income assistance and direct capital expenditure – with urban planning policy and vice versa. This means:

- avoiding demand side measures that are inflationary without also ensuring a matching flow of supply;
- avoiding encouraging over consumption in housing when sustainability goals demand smaller, more energy efficient dwellings and urban form; and

- matching incentives for housing investment in affordable housing supply, to planning goals and requirements for well located and affordable housing (so reducing the potential for socio-spatial polarization and ensuring that affordable housing developers are able to access well located sites without needing to compete on the open market).

PIA NSW recommends:

- That social and affordable housing is provided through planning policy and regulations and supported through Federal and State government.
- That there is no further decline in public and social housing provision and that targets are introduced for affordable housing provision.
- That the federal Government investigate tax incentives.

9. Any other related matter

A commitment to social, public and affordable housing in NSW requires a focus on the Sydney metropolitan area, as well as regional centres. The lack of both State and National Housing policies has meant that (un)affordability problems in regional areas have worsened. Major regional centres, such as Newcastle and Wollongong, as well as inland and more remote centres of NSW, require policy attention. This is particularly important for regional centres where economic circumstances can trigger acute and critical housing issues.

PIA recommends this Review also considers regional areas and any new housing policies address regional housing issues. PIA also recommends a renewed commitment for State and Federal funding for infrastructure to support new community development particularly in regional and disadvantaged areas experiencing housing market decline and failure.

Resources:

COAG (2012), *Housing supply and affordability reform*

Gallent, N., & Tewdwr-Jones, M. (2007). *Decent homes for all: Planning's evolving role in housing provision*. Routledge, Oxon

Gurran, N (2008) *Affordable Housing National Leading Practice Guide and Tool Kit, Compiled for National Commitment 2 Working Group*

Monk, S., & Whitehead, C. M. (1999). *Evaluating the economic impact of planning controls in the United Kingdom: some implications for housing*. Land Economics, Vol, 75 (1), pp. 74- 93

NSW Government, *Draft Metropolitan Strategy for Sydney to 2031*

NSW Parliamentary Research Service, *House prices, ownership and affordability: trends in New South Wales*, Briefing Paper No 1/2014

Pawson, H. et al. (2012) *Addressing concentrations of disadvantage: policy, practice and literature review*, AHURI Final Report No.190

Productivity Commission (2014), *Report on Government Services 2014*

Appendix A – PIA Policy Statements on Housing

1. Housing (02/10)

PIA POSITION

PIA believes access to housing and shelter is a basic human right and that the planning profession has the skills and responsibility to influence the direction of housing development to promote sustainable communities. Access to good quality affordable housing should be promoted through choices of tenure such as home ownership, public and private rental and not for profit organisations.

Planners, in conjunction with allied professionals, are uniquely positioned to shape sustainable functional communities that must include adequate supply of housing in close proximity to employment, public transport, community facilities and services. Planners enable diverse housing options through managing our urban development to adapt satisfactorily to changing lifestyles, an ageing population and shifts in the labour market. Housing policy must address housing choice, design, provision of green space, location and proximity to services, which all collectively contribute to ensure sustainable communities.

PIA calls for the following actions to provide access to good quality housing to all citizens:

- The development of a coherent national housing policy, where social need drives policy
- All jurisdictions to review and, if necessary, amend their planning and development legislation to confirm that planning legislation considers social diversity as a valued attribute of sustainability which must be addressed in the formulation of planning strategies and policies. Federal and State Governments to continue to implement the National Affordable Housing Agreement and National
- Partnership Agreements on social housing, homelessness and indigenous Australians living in remote areas.
- Renewed commitment for State and Federal funding for infrastructure to support new community development and renewal, particularly in regional and disadvantaged areas experiencing housing market decline and failure.
- No further decline in public and social housing provision, including stock numbers and quality, as a consequence of reduced public funding.
- Ensure that public housing stock/resources are not used to cross subsidise other “affordable” housing initiatives in ways that reduces the viability of the public housing or its ability to cater for current unmet and future need.
- The development of national standards / expectations for housing diversity, flexibility and tenure mix.
- Housing policy to incorporate housing and design requirements regarding housing for an ageing population and for people with a disability, including location to transport, community facilities and associated services.
- Through planning policy and regulations, ensure that new residential developments are not isolated from community services, have access to public transport, and provide built and natural environments that promote physical activity.
- Policy support and public subsidy for environmentally sustainable energy and water savings technology in new residential development at domestic and neighbourhood levels.

POLICY PRINCIPLES AND CONSIDERATIONS

An effective and efficient housing market is characterized by a number of properly harmonised policy elements including:

HOUSING STOCK

- Housing supply must not only meet demand but be able to adapt to changing community needs including household size.
- Ensure housing offers a diversity of styles and tenure to meet changing household profiles and stages of life; things like flexible and adaptable housing forms and modest designs.
- Housing designs must address the nature of the local climatic conditions; incorporate appropriate design, materials and technology to achieve greater environmental sustainability and reduced ecological footprint; and be adaptable to the likely impacts of climate change.

LAND RELEASE

- Brownfield sites and intensification must be targeted and take preference over fringe greenfield sites wherever possible because these areas tend to be located within housing markets of high demand, are better serviced by infrastructure and public transport, and are accessible to jobs, education and services. Reducing the need for new greenfield land release can preserve biodiversity and agricultural land and promotes more efficient infrastructure expenditure.
- Land speculation undermines the timely supply of housing land when it is needed. Progressive increases in land taxation and other measures should be implemented to reduce land speculation on large sites that are “in sequence” and/or within any urban growth boundary. Authorities should identify these and notify the owners.
- Adequate buffer stocks of greenfield land must be kept and used as last resort
- Land release in growth areas must be sequenced
- Generally out-of-sequence developments should not be allowed to be developed. Developers who have the benefit of an existing approval should be required to invest in the urban infrastructure necessary to support an expansion of housing.
- It is vital that a balance be achieved between the timely provision of transport infrastructure and urban land release.

SOCIAL INCLUSION

- Strategic planning processes must consider homelessness and include provisions to address the needs of homeless people.
- National policy must be framed to address and alleviate homelessness, including the provision of shelters.
- Policy must avoid spatially segregated communities that amplify disparities of opportunity and income. This can be achieved through measures such as mandatory earmarking of land to be set aside for affordable housing, or requirements for developers to show how they are providing for housing of different tenures and price points (above a threshold development site, 10 dwellings is a typical benchmark internationally); a presumption against gated estates; policies to ensure equity of access to services, transportation, education, employment and natural amenities
- Planning regulations to support innovative housing design that creates more housing opportunities for low-income groups, elderly households, and others with special housing needs, including people with a disability.

PIA ACTION

PIA will lobby all levels of government to improve the access of all citizens to quality housing through submissions, advocacy forums, and membership of relevant national and state/territory committees, such as the National Housing Supply Council, ACIF, ASBEC and the COAG planning taskforce.

PIA will also seek to work with government and industry to develop:

- A national training package for urban planners on addressing housing diversity, choice, and affordability through strategic land allocation and development assessment processes, setting of design controls and establishing development contribution requirements.
- A national training package to support development / housing industry awareness of diverse housing designs, designs for climate sensitivity and environmental performance, tenure mix, how to better deliver housing choice to the market and opportunities for partnerships with government and non profit providers.

THIS POSITION STATEMENT DERIVES FROM

- PIA Liveable Communities (2004)
- PIA Affordable Housing Position Statement (2007)
- PIA submission to Senate inquiry into Affordable Housing (2007)
- Refer also to PIA Housing Markets Position Statement (2010)

2. Housing Markets (02/10)

PIA POSITION

Many Australians aspire to home ownership and access to decent affordable housing. Therefore it is important that planners ensure that these important needs of the community are met. Planners enable diverse housing options through managing our urban development to adapt satisfactorily to changing lifestyles, an ageing population and shifts in the labour market.

PIA believes that housing outcomes in Australia's cities and regions should be driven by an efficient housing market which responds rapidly to changing household needs and preferences. Furthermore, dwellings must be produced cost effectively, taking into account the full range of resources consumed, including environmental requirements.

The provision of affordable housing and support for social housing providers is an essential objective of the planning system. While the planning system can facilitate the provision of affordable housing, this is not a substitute for capital investment. PIA supports a social housing system primarily funded from national tax and transfer arrangements which;

- protects households in the bottom two quintiles of the income distribution from housing stress (that is, paying more than 30% of gross income in rent);
- supports a diversity of social housing providers, including the rapid development of not-for-profit housing associations;
- removes barriers to diverse and low cost forms of housing;
- maximises the housing yield from subsidy funds provided by the Australian, State and Territory governments; and
- in a regulatory planning sense, support the maintenance and/or creation of social mix as a vital ingredient in sustainable communities.

PIA calls for the following action to support fair and efficient housing markets in Australia:

- All jurisdictions to regularly audit the efficiency of their housing markets based on the matters set out under Policy Principles and Considerations.

- National guidelines to be developed to create strategies for more diverse and affordable housing, with actions and targets to be implemented through planning provisions. These can then be incorporated in the development of strategic and statutory planning documents.
- Planning laws to be modernised in all jurisdictions to affirm that social and cultural attributes are legitimate 'planning matters' in the formulation of development control policies and assessment processes. This will enable a greater degree of certainty in the application of tools like Inclusionary Zoning¹ for affordable housing.
- The Federal Government to investigate tax incentives, the involvement of superannuation schemes, national affordable housing targets and other incentives to increase the availability of affordable housing and alleviate housing stress amongst lower income. National approaches should be developed to ensure that the planning systems support and complement these initiatives.
- Alignment of government incentives and investment in housing – from taxation through to income assistance and direct capital expenditure – with urban planning policy and vice versa. This means:
 - avoiding demand side measures that are inflationary without also ensuring a matching flow of supply;
 - avoiding encouraging over consumption in housing when sustainability goals demand smaller, more energy efficient dwellings and urban form; and
 - matching incentives for housing investment in affordable housing supply, to planning goals and requirements for well located and affordable housing (so reducing the potential for socio-spatial polarization and ensuring that affordable housing developers are able to access well located sites without needing to compete on the open market).
- The establishment of the National Housing Supply Council is supported to provide up to date information across Australia on the state of housing demand and supply.

POLICY PRINCIPLES AND CONSIDERATIONS

There are a number of policy elements to be considered that combine to create efficient housing markets including:

STATISTICS/INFORMATION

- The routine collection and publishing of quality information on supply and demand trends at the State/Territory, regional and local levels.

INFRASTRUCTURE

- The application of user pays systems for the extension or upgrade of urban infrastructure, where the cost is locationally differentiated.
- Consideration of the potential for public capture of a proportion of the land value increases created by rezonings, or similar planning changes that permit more intensive site use, through appropriate planning requirements and through public land development.

REGULATIONS

- Transparent assessment of the community net benefit from new planning, building and housing industry regulations (for example, through Regulatory Impact Statements).
- Clarity around the separate roles of policy making and development assessment in the planning system.
- Pricing, standards and regulatory provisions to make the environmental cost of different dwelling forms and neighbourhood designs (such as energy and water use and Greenhouse gas emissions) transparent and recoverable from the end user and to encourage more sustainable designs.
- Greater certainty of regulatory and developer contribution requirements.
- Consideration of Inclusionary zoning to require that all identified development within a specified zone includes a contribution towards affordable housing.

FINANCIAL

- Using demonstration projects and market information to facilitate innovation in private mortgage finance.
- Implementing programs to reduce housing market transaction costs.
- Using quasi public development corporations operating according to clear sustainability and affordability goals, to assemble and wholesale sites in key greenfield, brownfield and infill sites.
- Involving Government-backed insurance programs to spread the contamination remediation risk in brownfield sites.
- Delivery of home purchase assistance through income transfer, and funding and incentives for affordable housing models including low cost home ownership, rather than reducing existing local infrastructure charging requirements. It is important that public expenditure is maintained on regional infrastructure (for example those in the transportation, health and education sectors) to maintain affordable and desirable alternative housing markets in outer metropolitan areas and in regional centres. Funding of such major items cannot be dependant on planning-imposed development contributions.
- Supporting the non-government and community housing sector in developing and implementing innovative models of affordable housing.

GOVERNANCE

- Using surplus government land to catalyse the achievement of adopted metropolitan policies relating to affordable housing and regional infrastructure provision.
- Developing training and recruitment programs to ensure security of skills supply for the housing industry.
- Discouraging the private sector from withholding land for suitable residential development through strategies such as ratings or charging signals that increase within two years of land being rezoned for residential development.

SOCIAL

- Considering homelessness and including provisions to address the needs of homeless people in planning strategies.
- Developing national policy to address and alleviate homelessness, including the provision of shelters.
- Ensuring that policy avoids the spatial segregation of communities that may result in disparities of opportunities and income. This can be achieved through measures such as:
 - mandatory inclusion of land for affordable housing, or requirements for developers to show how they are providing for housing of different tenures and price points (above a threshold development site, 10 dwellings is a typical benchmark internationally);
 - a presumption against gated estates; and
 - policies to ensure locational equity of access to services, transportation, education, employment and natural amenities.
- Planning regulations to support innovative housing designs that create additional housing opportunities for low-income groups, elderly households, indigenous households and others with special housing needs, including people with disabilities.

PIA ACTION

PIA will lobby all levels of government to achieve fairer and more efficient housing markets through submissions, advocacy forums, and membership of relevant national and state/territory committees, such as the National Housing Supply Council and the COAG planning taskforce.

In particular, PIA will:

- Lobby for the modernisation of planning laws in all jurisdictions to affirm that social and cultural attributes are legitimate 'planning matters' in the formulation of development control policies and assessment processes.
- Encourage planners to proactively plan for and support the establishment of housing choices to meet demand in their areas

- Support the development of national guidelines to create strategies for more diverse and affordable housing, and actions and targets to be implemented through planning provisions. These can then be incorporated in the development of strategic and statutory planning documents.
- Work with the Federal Government to develop national approaches to ensure that the planning system supports and complements a range of financial initiatives and incentives to increase the availability of affordable housing and alleviate housing stress amongst lower income groups.

THIS POSITION STATEMENT DERIVES FROM

- PIA Liveable Communities (2004)
- PIA Affordable Housing Position Statement (2007)
- PIA submission to the Senate Inquiry into Affordable Housing (2007)
- Refer also to PIA Housing Position Statement (2010)