

Affordable Housing Seminar

RAIA ACT

Planning for Affordability

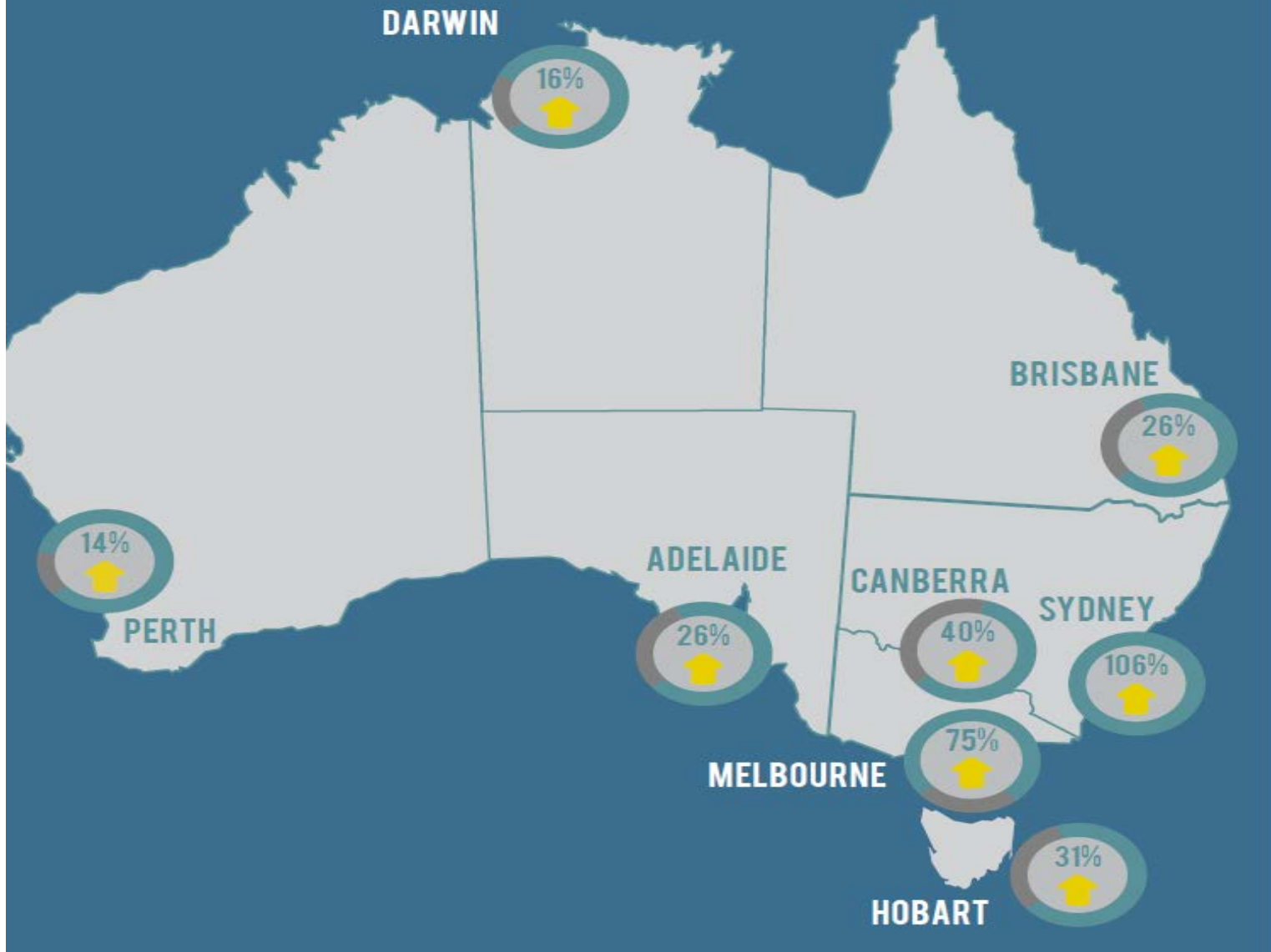
Peter Phibbs



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CORELOGIC® MEDIAN HOUSE PRICE INCREASE 2009 – 2017



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The Diagnosis



The narrative

We need to increase supply to make housing affordable.

For example:

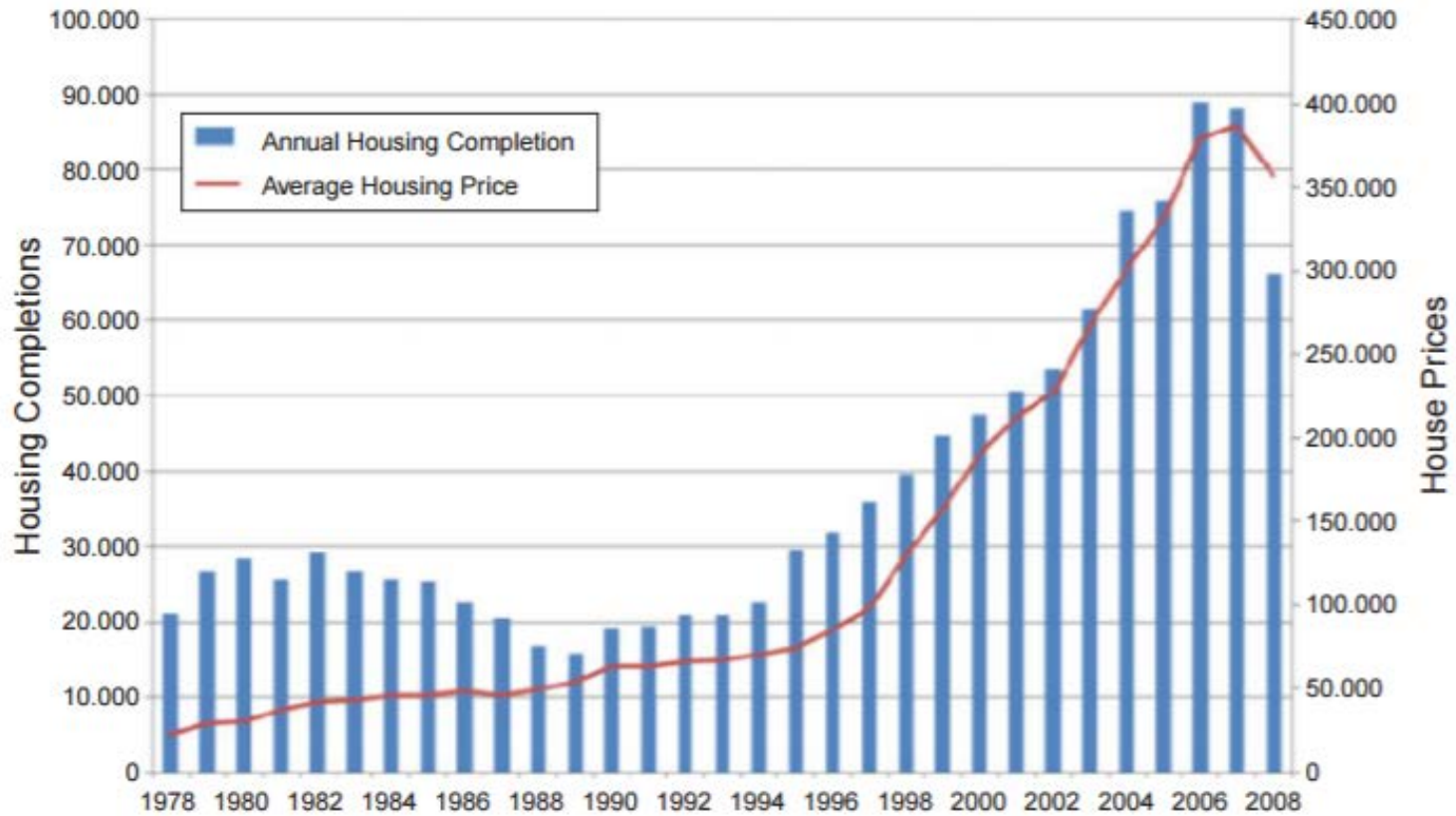
“We know right at the heart of our problem with housing affordability is a lack of supply.”



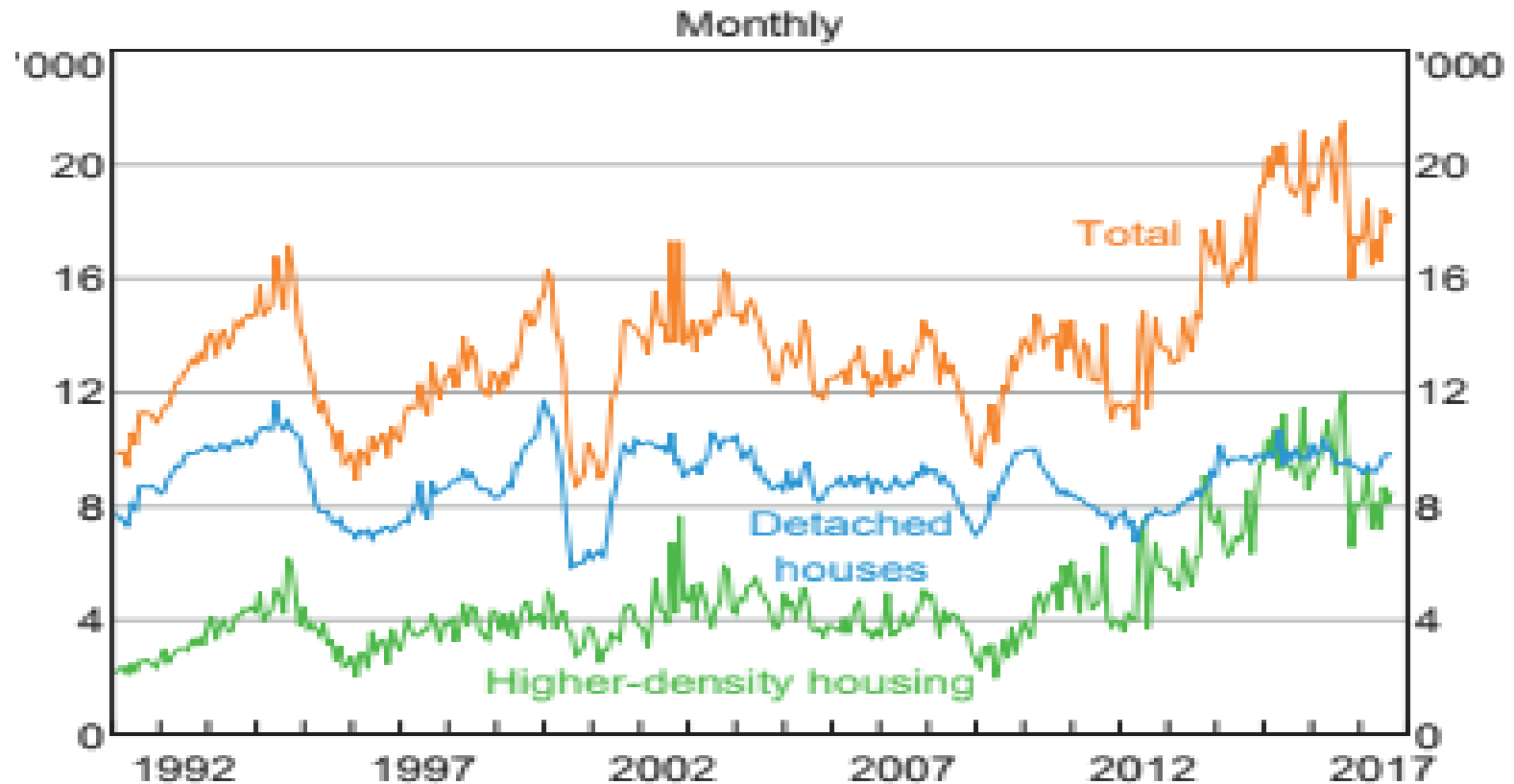
Angus Taylor: Doorstop: Macarthur Railway Station, May 2017

<https://ministers.dpmc.gov.au/taylor/2017/joint-doorstop-treasurer-macarthur-railway-station-campbelltown-nsw>

Empirical Evidence - Ireland



The problem is planning?

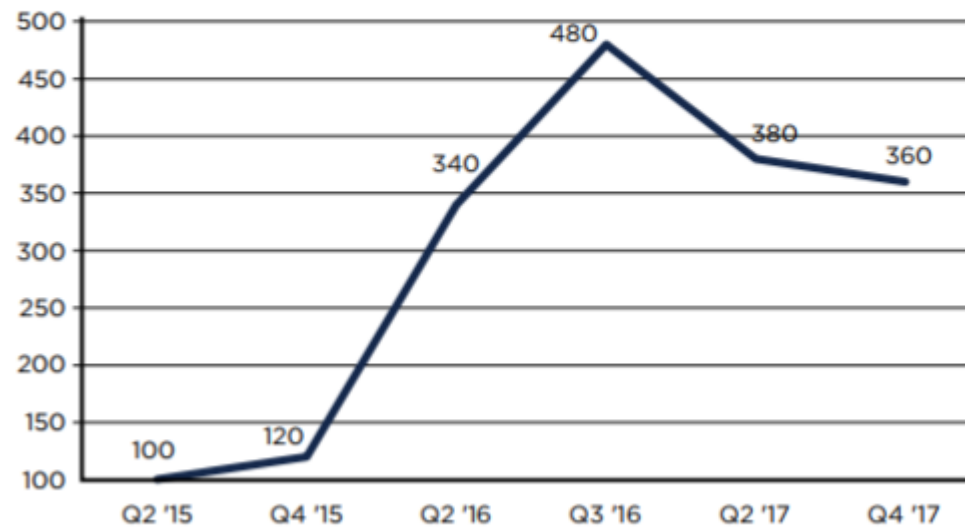


Source: ABS

Canberra supply

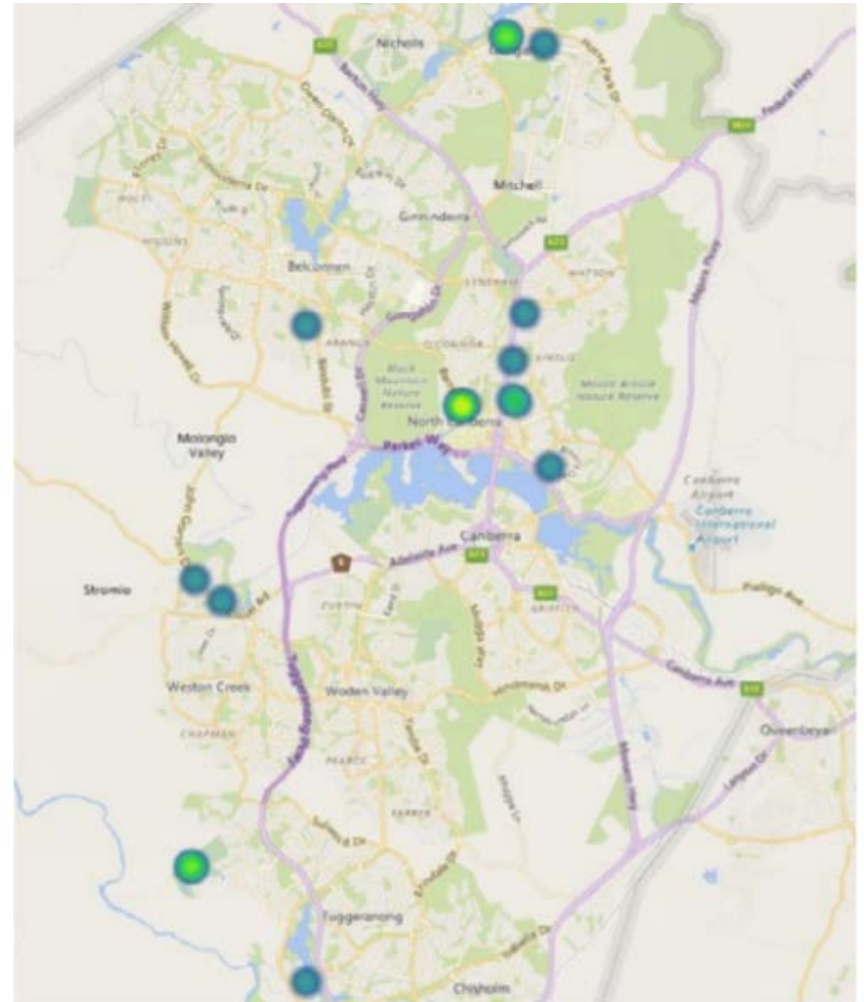
RLB CRANE INDEX® - CANBERRA

BASE = Q2 2015 = 100



Canberra Cranes

- 18 cranes in Q4 2017
- 15 are residential



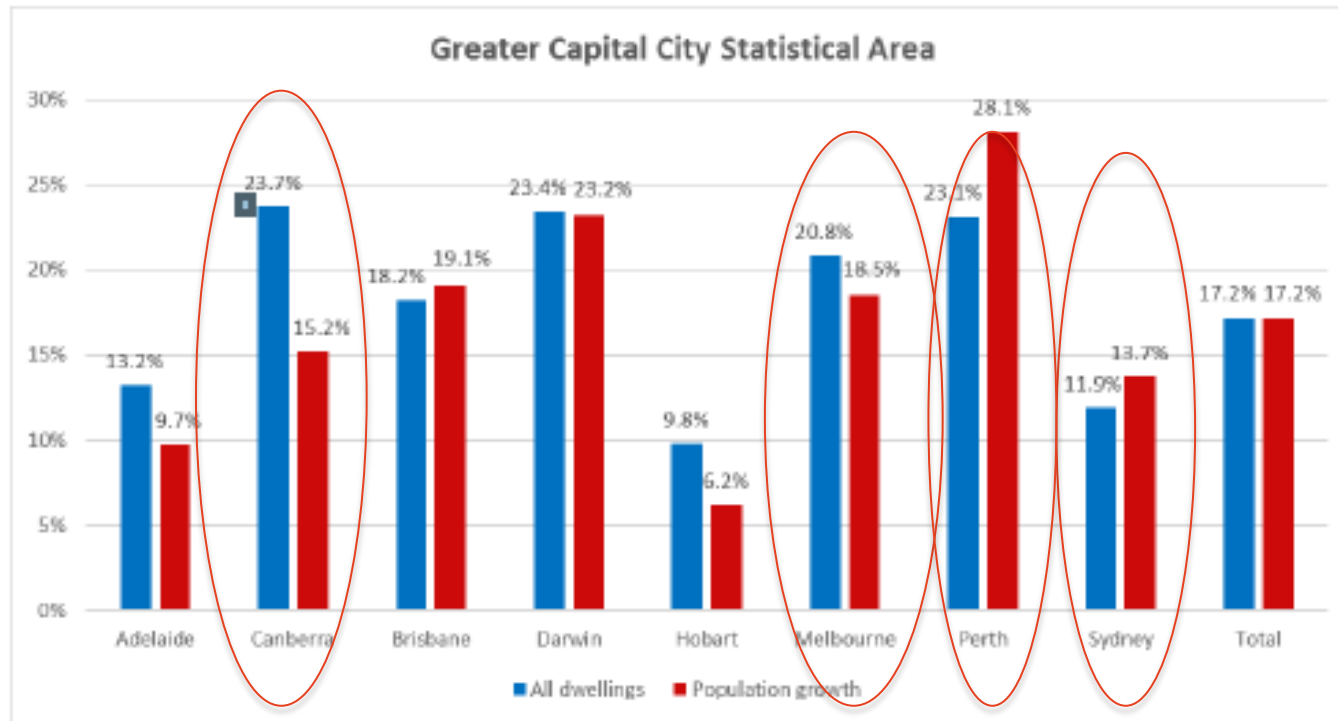
The Evidence: Australian Cities



Housing supply responsiveness in Australia: distribution, drivers and institutional settings

Evidence: Recent Australian Cities

Figure 4: Growth in the stock of housing (all dwellings) and population between 2005–06 and 2013–14, by Greater Capital City Statistical Area, per cent



Source: Authors' own calculations from ABS Cat. No. 8731.0, ABS Cat. No. 3235.0 and 2006 Census.

Gosh – Its more complicated than Economics 101

Figure 5: Growth in median house prices between 2005–06 and 2013–14, by Greater Capital City Statistical Area, per cent



Source: Authors' own calculations from RPData.

Main Conclusion from AHURI Housing Supply Study

“Most of the growth in housing supply has been taking place in mid-to-high price segments, rather than low price segments. There seems to be structural impediments to the trickle-down of new housing supply.”

Targeted government intervention might be needed in order to ensure an adequate supply of affordable housing. “ (my bolding)

Ong R et al (2017) Housing Supply Responsiveness in Australia. AHURI, Melbourne. Page 1
http://www.ahuri.edu.au/_data/assets/pdf_file/0012/13242/AHURI-Final-Report-281-Housing-supply-responsiveness-in-Australia-distribution-drivers-and-institutional-settings.pdf

Inclusionary Planning



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So what is Inclusionary Planning

- **Inclusionary planning mechanisms** aim to secure well located development opportunities for affordable housing at nil, or sub market cost. The key mechanisms are:
 - **inclusionary zoning**, which requires development to include affordable housing, provided as units within the project or as a financial contribution;
 - **exceptions mechanisms** which permit affordable housing on land where residential development might not otherwise be allowed; and
 - **density bonuses or other planning system concessions** which increase the yield of a project, with increased profits helping to support an affordable housing outcome.

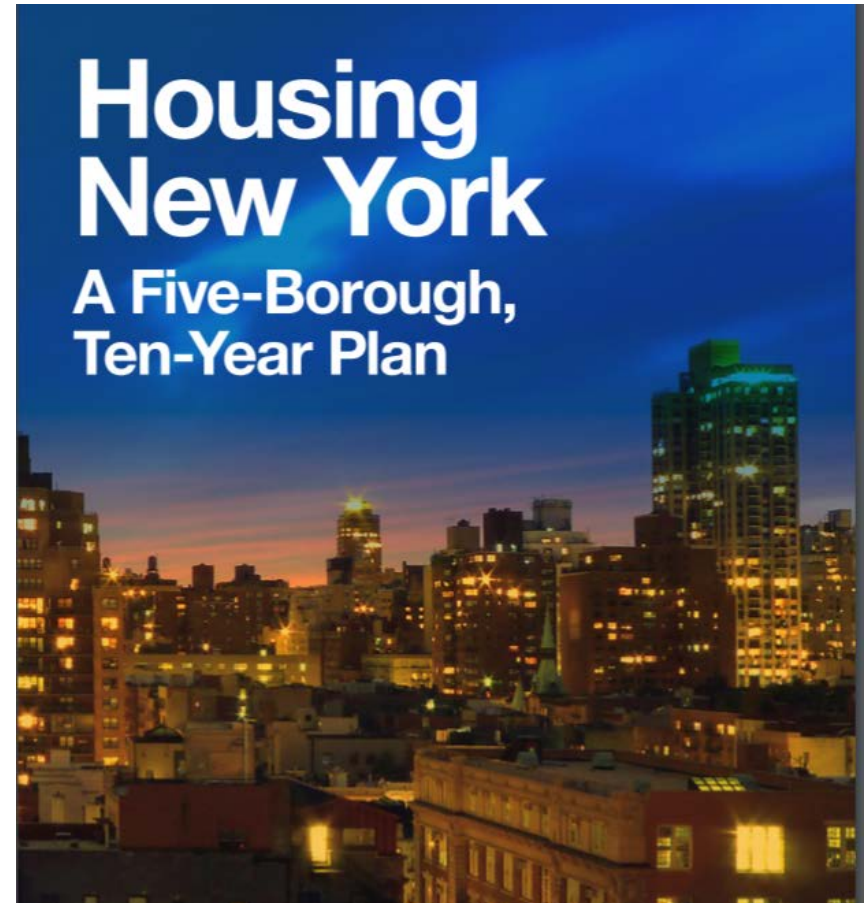
Inclusionary Planning

- In most jurisdictions where inclusionary zoning provisions exist, affordable housing can be provided as either low cost rental accommodation or affordable homes for purchase by eligible households.



Inclusionary planning

- When the affordable housing obligation is provided as a ‘fee in lieu’ of onsite inclusion of affordable housing, a higher contribution requirement is usually required.



South Australia

- In South Australia, a target has been in place since 2005 for 15 per cent of homes in significant new residential developments to be affordable to low and moderate income earners. Applying to government land and privately owned sites that are rezoned for residential or higher density residential uses

Ten Years of Inclusionary Zoning in South Australia

Belinda Hallsworth, Senior Strategic Planner, Strategy and Innovation, Renewal SA

2015 marks ten years of the South Australian Government's 15 per cent affordable housing policy. Announced as part of the then State Housing Plan in 2005, along with other affordable

the policy is applied the State has a role in negotiating with industry if they choose to include it.

The application of the policy over the

Funds (HAF) and National Rental Affordability Scheme (NRAS)
• provided over 5,000 affordable housing commitments.

South Australia – Inclusionary Planning

- The majority of homes that have been delivered under the policy have been affordable homes for purchase, with the balance being affordable rental housing. Affordable homes for purchase are offered to eligible buyers at or below affordable price thresholds that are adjusted annually.

ACT variety

- sales of land at a range of block sizes and prices, with particular emphasis on the release of land (prices from \$60,000 to \$120,000) that provides for dwellings in the price range of \$200,000 to \$300,000.



AFFORDABLE HOUSING ACTION PLAN 2007

Greater Sydney Commission

- The new District Plans have a target of 5-10 % affordable rental housing at the point of rezoning
- This housing will be dedicated to the consent authority



Conclusion

- For a variety of reasons the price of housing in capital cities in Australia is ratcheting upward
- Providing housing for a broader group of households will increasingly require some government intervention
- Inclusionary planning will be one of those tools

