


**CITY OF PARRAMATTA**

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# Affordable Rental Housing Network

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Having enough affordable rental housing ensures that people can afford to live close to places that contain employment, education, services and recreational opportunities.

## Defining our Affordable Rental Housing Network:

*Affordable rental housing is rental housing that is managed by an accredited Community Housing Provider (CHP) on behalf of government, a non-government organisation or a private owner, and is provided to people on very low to moderate incomes at an affordable rent. Regulations around how rent is set can vary, but most offer rent at 80% of the market-valued rent of the property.*

# AFFORDABLE RENTAL HOUSING NETWORK

## Current Situation

What is provided now?



8

Council owned  
Affordable Rental Dwellings

690

Non-Council owned  
Affordable Rental Dwellings

**KEY:** ● Council owned ● Non-Council owned

*Note:* Council's 8 affordable rental dwellings are all located in the Parramatta CBD.

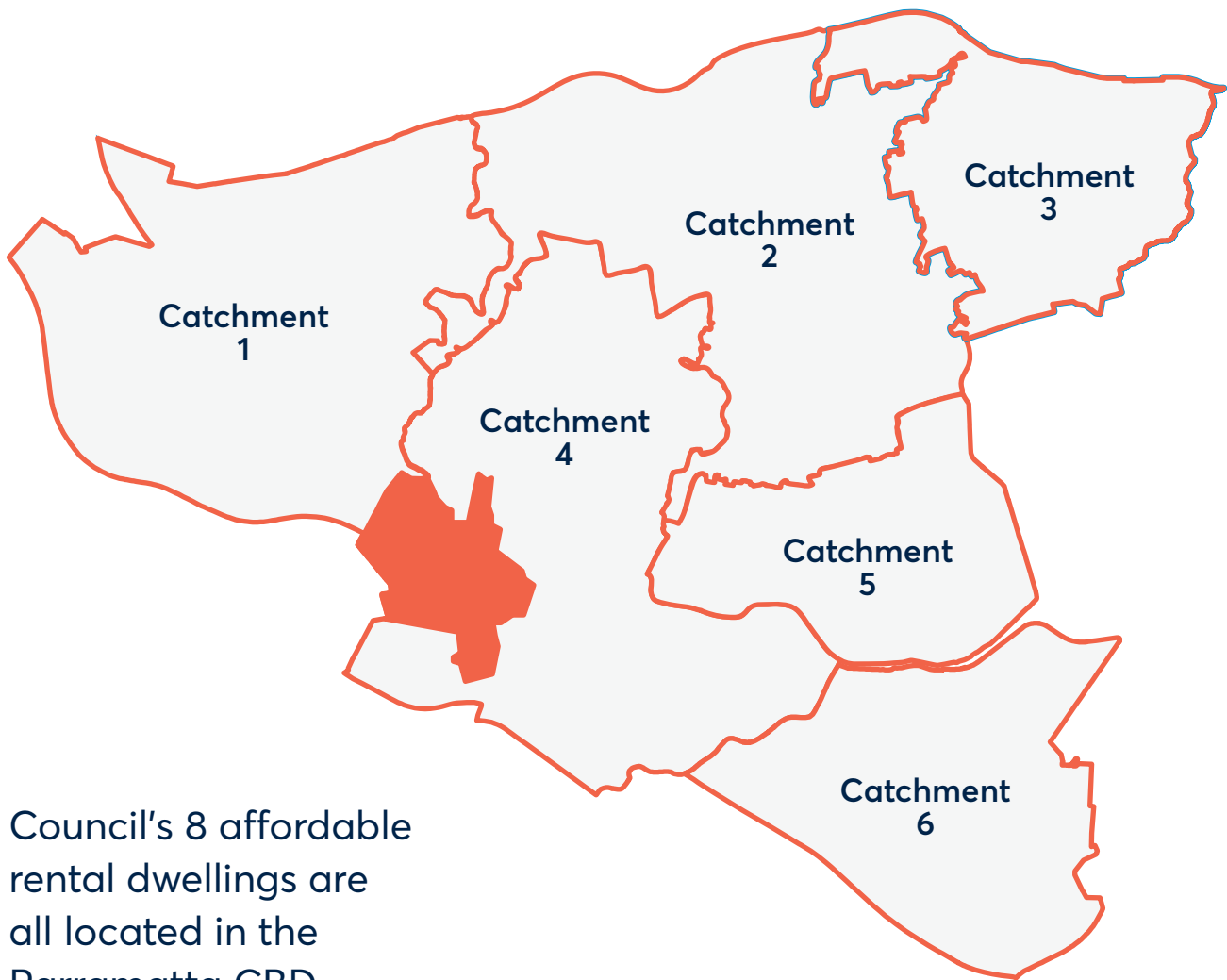
Across City of Parramatta, there were 698 affordable rental dwellings in 2016. This figure includes dwellings owned or managed by Community Housing Providers (CHPs), dwellings provided via the Affordable Rental Housing SEPP 2009, and dwellings owned by Council.

City of Parramatta Council (Council) owns eight affordable rental dwellings that are managed by a CHP and rented at subsidised rates to eligible community members. All of these dwellings have been acquired by Council from private developers through Voluntary Planning Agreements (VPAs).

Local governments have not traditionally played a large role in the provision of affordable housing prior to the last decade. However, as housing has become progressively less affordable, a number of leading councils have begun to operate in this area, seeking to take action that increases housing affordability for their communities.

Councils have responsibility for the "maintenance and provision of affordable housing" under the Environmental Planning and Assessment Act 1979. This part of the Act is increasingly being cited by councils as a mandate for their decision to provide affordable rental housing for their communities.

# 2019 City of Parramatta Affordable Rental Housing Network



Council's 8 affordable rental dwellings are all located in the Parramatta CBD.

## Council's Current Affordable Rental Housing Network

All of Council's affordable rental dwellings are located in the Parramatta CBD.

The following table demonstrates the characteristics of Council's affordable rental dwellings. While other types of community infrastructure require relatively even distribution across the LGA, affordable housing is best located in highly amenable locations close to public transport, employment, services and recreational opportunities.

CATCHMENT 4			
Affordable rental housing dwelling location	Bedrooms	Bathrooms	Car spaces
Parramatta CBD	2	2	1
Parramatta CBD	3	2	1
Parramatta CBD	1	1	0
Parramatta CBD	1	1	0
Parramatta CBD	2	2	0
Parramatta CBD	1	1	0
Parramatta CBD	1	1	0
Parramatta CBD	2	2	1



# Rates of Provision

## **Affordable Rental Housing Target**

City of Parramatta's Affordable Rental Housing Policy identifies that the City needs 9,500 affordable rental dwellings by 2036 in order to address the projected number of households that will be experiencing rental stress. This outcome cannot be achieved by Council alone, but requires the efforts and resources of the other tiers of government, the community housing sector, and the private sector.

**The Greater Sydney Commission's 'A Metropolis of Three Cities' sets a provision rate of 5-10% of the uplift value created in new growth precincts to be allocated as affordable rental housing, subject to viability.**

City of Parramatta's Affordable Rental Housing Policy builds on the greater Sydney Commission's Sydney-wide provision rate. In the short term, it seeks 10% of the total floor space generated through uplift value in the form of affordable rental dwellings to be dedicated to Council, or as a financial contribution of equivalent value.

In the long term, the Policy seeks to institute inclusionary zoning in key high growth areas to achieve more affordable rental housing.

# How well positioned is our current Affordable Rental Housing Network?

## The strengths of our Affordable Rental Housing Network include:

- The affordable rental dwellings that Council currently owns are concentrated in the Parramatta CBD, which has good public transport access, jobs, services and recreational opportunities.

## Despite some strengths, the network of Affordable Rental Housing has weaknesses:

- Our existing network is very limited in quantum.
- It does not extend to other key employment centres such as Westmead, where a significant cohort of key workers are required now and in future.
- A significant increase in affordable rental housing stock is required in order to make an impact on housing stress levels in City of Parramatta.



# Facts at a Glance

In City of Parramatta in 2018, we have



8

Affordable rental dwellings owned by Council



100%

tenanted by key workers connected to the Parramatta local government area

# Green Square, City of Sydney

CASE  
STUDY

City of Sydney's Sustainable Sydney 2030 establishes the target that 7.5% of all housing will be affordable housing by 2030.

In the suburb of Green Square, this target is being pursued through inclusionary zoning as part of the Green Square Affordable Housing Program. These inclusionary zoning provisions require all developments in Green Square to provide affordable housing, with the exception of specified development categories.

The Sydney Local Environment Plan 2012 establishes that, for developments in the Green Square Urban Renewal Area, 3% of the total residential floor area must be provided as affordable housing. Alternatively, the developer can opt to pay \$244.99 per square metre of total residential floor area to fund the development of affordable housing elsewhere in the suburb.

The Green Square Affordable Housing Program aims to increase the supply of affordable rental housing to ensure that urban renewal does not erode social diversity in the area.

This program has already seen the development of more than 100 affordable rental units in Green Square, with the target being 330 affordable rental units to meet growing demand over the next 15 to 20 years. The development of Green Square as a town centre ensures that these affordable rental housing dwellings are located within close proximity to transport, community infrastructure and employment centres.

The provision of affordable rental housing in Green Square is expected to increase as a result of inclusionary zoning and ongoing development in the urban renewal area.

*\* This information and image has been sourced from City of Sydney*

<https://www.cityofsydney.nsw.gov.au/mission/towards-2030/communities-and-culture/affordable-housing>

<https://www.cityofsydney.nsw.gov.au/development/planning-controls/affordable-housing-contributions/green-square-affordable-housing>

[https://www.cityofsydney.nsw.gov.au/\\_\\_data/assets/pdf\\_file/0014/133160/GreenSquareAffordableHousingProgram.pdf](https://www.cityofsydney.nsw.gov.au/__data/assets/pdf_file/0014/133160/GreenSquareAffordableHousingProgram.pdf)

*(Sydney Local Environment Plan 2012, the Environmental Planning and Assessment Act 1979 and the State Environmental Planning Policy No. 70 – Affordable Housing (Revised Schemes).)*



# The Impact of Affordable Rental Housing:

## Affordable Housing Bank Case Study



Lyn\* was the first tenant to live in one of City of Parramatta's affordable rental housing units, which was dedicated through a voluntary planning agreement (VPA) with a developer. Lyn works in the community services sector. She recalls seeing a block of units being built and remembers thinking "one day I want to live in one of those units, but I could never afford that".

In early 2016, Lyn saw an advertisement asking for potential affordable housing tenants to apply to live in City of Parramatta's affordable housing unit. Even though Lyn doubted herself and never expected anyone to get back to her, she made an online enquiry and submitted her application to the community housing provider managing the unit and tenancy on behalf of Council. Lyn recalls the day she received the call to advise she had been successful with her application as a moment to cherish and remember.

After arriving in Australia in 2000, Lyn lived in over ten different private rental properties that were significantly beyond her means. However, her priority was to try and make ends meet and provide for herself and her son. At times this was very difficult and Lyn was always worried about long-term security in the private rental market. Wanting to live close to her work in Parramatta, and also having to consider her son's schooling, Lyn wanted to find a property that would free up some of her income and allow her to save money to purchase her own home.

City of Parramatta's affordable rental housing property provided her with all of these opportunities and more. Lyn was able to walk to work instead of paying for petrol and no longer had the stress of parking and dealing with any wear and tear on her car. In her new property, public transport was also easily accessible for her son and Lyn was able to walk to the shops and engage in other social activities.

The biggest and most successful aspect with renting this affordable housing property for Lyn was that it gave her the opportunity to save money to purchase her own home. It also allowed her to be exempt from paying stamp duty on a new home, saving her thousands of dollars.

**"This would not have been possible if I was still in the private rental market. This property has allowed me to purchase my own home, something I can call my own and never have to leave. I cannot thank you and the Council enough for providing me with this opportunity."**

*\*note: (name changed to protect privacy)*



# Council's Affordable Rental Housing Policy 2019

The 2016 Census revealed that 24.3% of households in City of Parramatta were experiencing rental stress. With the population expected to increase to 466,000 people over the next 20 years, the challenge of housing affordability will likely be exacerbated by growing demand.

**Council's Affordable Rental Housing Policy (February 2019) seeks to increase the number of affordable housing dwellings using two planning mechanisms:**

## **Voluntary Planning Agreements (VPAs).**

VPAs are voluntary planning agreements between developers and planning authorities which allow developers to exceed planning controls in exchange for providing community benefit as an agreed share of the uplift value that is created. To maximise positive outcomes for the community, VPAs should be based on needs assessments with a long-term outlook for infrastructure planning. Council's policy position is to seek 10% of the total uplift value created through rezoning in the form of affordable rental housing dwellings that are dedicated to Council, or the financial equivalent where the value is less than that of a single dwelling.

## **Inclusionary zoning.**

Councils can also establish affordable housing contribution schemes that set a specific affordable housing contribution rate for a particular growth area. Council will apply to the NSW Government to seek approval to apply inclusionary zoning so that it can set affordable housing contribution rates in growth areas across City of Parramatta. This will provide more clarity regarding the requirements for developers, and provide a more reliable supply of future affordable rental housing for the community. Any application of inclusionary zoning to a specified growth area or location will replace the use of VPAs, as outlined previously.

# City of San Francisco

CASE STUDY

City of San Francisco's Inclusionary Housing Program seeks to increase the supply of affordable housing to meet growing demand and ensure that social diversity is maintained.

Under this program, developers that propose residential projects with 10 or more units are required to either:

- Reserve a percentage of units for affordable housing in the new building or another building that they are developing. These units are to be rented or sold at a below market rate.
- Pay a fee, which is charged on a per-unit size basis and adjusted annually to account for changes in the cost of construction.

Since being established in 2002, the Inclusionary Housing Program has been successful in increasing the supply of affordable housing, with the program resulting in the construction of 3,000 affordable housing units throughout the City of San Francisco.

This program is complemented by HOME-SF, an optional program which incentivises the delivery of affordable housing for low to moderate income earners. Developers that opt to provide 20-30% affordable housing units under this program are eligible for density bonuses and zoning modifications to accommodate additional units.

*\* This information has been sourced from City of San Francisco <https://sf-planning.org/inclusionary-affordable-housing-program> <https://sf-planning.org/home-sf>*



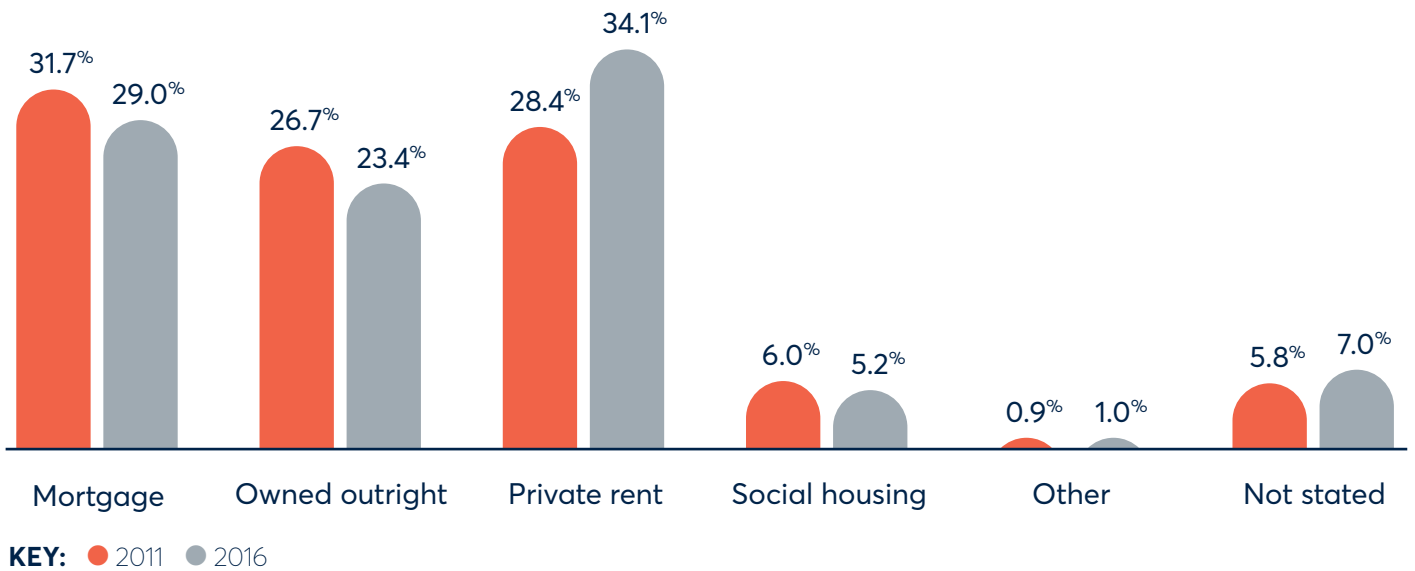


# AFFORDABLE RENTAL HOUSING NETWORK

# Future Needs



## City of Parramatta 2011 & 2016: Housing Tenure Types



City of Parramatta released an Affordable Housing Discussion Paper in May 2017. This discussion paper considered the future need for affordable rental housing based on the following:

- Current levels of housing stress
- The proportion of residents who rented in the private market
- Research on housing stress, and the fact that around 70% of housing stress is experienced in the private rental market
- Projected population growth in City of Parramatta

The Discussion Paper identified a potential need for an additional 8,790 affordable rental dwellings by 2036 in order to alleviate rental stress at the levels experienced by residents in 2016.

Since the release of the Affordable Housing Discussion Paper 2017, 2016 Census data has confirmed an increase in the proportion of households in City of Parramatta renting in the private market (see table above). This trend exposes a larger proportion of the community to the risk of housing stress.





# What Our Community Has Told Us...

Between August – October 2017, the draft Community Infrastructure Strategy was on public exhibition

This period of engagement allowed Council to better understand the needs and expectations of our community and we were able to use this information to strengthen the draft Strategy.


Through this consultation process, we heard that:

### Our community values:

- Service and facilities that are affordable, accessible and responsive to local community needs.

### Our community would like to see:

- Enactment and enforcement of formal requirements for developers to provide affordable housing within their developments.
- Co-location of affordable rental housing accommodation and community services.
- Council advocates to the NSW Government to adopt precinct level affordable housing targets and increase the supply of social housing.
- Increased collaboration between Council and Community Housing Providers to improve opportunities for affordable rental housing.



"...There is a need to produce a mix of social, affordable and private property developments."

- Resident, public submission

Between March and April 2017, Council conducted an Affordable Housing Survey on-line and in-person at Centenary Square and the Western Sydney University Rydalmere Campus.

This survey sought views on whether or not affordable housing was important to the community, and if so, whether or not Council should act, and in what manner.

### Through this survey, we heard that:

- 85% of respondents agreed or strongly agreed with the statement "affordable rental housing is important for the community"
- There was strong support given for Council to take action to increase the supply of affordable rental housing, with 93% agreeing Council should act
- Of the 93% who agreed Council should act, about half of these believed Council should seek affordable housing contributions from developers when they develop apartment buildings

### The survey also asked questions about the community's perception of housing affordability now and into the future:

- While 85% of respondents believed it was important to own their own home, only 57% believed it was likely that they would be able to do so
- Approximately one quarter of respondents believed they were currently experiencing housing stress, while another quarter believed they were at risk of falling into housing stress
- Respondents generally believed it was harder for those on lower incomes to afford to buy a home in City of Parramatta, and there was little confidence that the situation would improve over time
- Only 14% considered City of Parramatta to be affordable for first home buyers

# Strategic Challenges We Face Together

The issue of housing affordability is a complex one, and for this reason, is not easily solved. As housing affordability continues to impact all parts of Greater Sydney, all tiers of government as well as the non-government and private sector, must work together to address it.

**City of Parramatta continues to undergo transformational change. Housing affordability is likely to trend downwards as the City becomes a more attractive, connected and well-serviced place to live.**

Council can play a significant role in decreasing housing stress by providing and facilitating more affordable rental housing.

We will need to collaborate, partner, advocate, plan and prioritise our resources to find solutions to the following challenges:

**Q.** In the face of increasingly unaffordable housing, how can we ensure that City of Parramatta is a place that is affordable for families and individuals who want to live, work and recreate here?

**Q.** How can we ensure that key workers are able to afford to live close to employment centres located in City of Parramatta?

**Q.** How can Council support community housing providers (CHPs) and the private sector to find innovative solutions to the problem of housing affordability?

**Q.** If the Sydney housing market contracts, how can we ensure a sustainable increase in affordable rental housing without negatively affecting the viability of private development?



## AFFORDABLE RENTAL HOUSING NETWORK

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# Future Directions

# Strategic Directions

Council's Affordable Rental Housing Policy 2019 outlines its strategic direction for increasing the provision of affordable rental housing across the City as follows:

**Council adopts the following actions that, taken together, form Council's policy position on Affordable Rental Housing in the City of Parramatta:**

- i.** Pursue Inclusionary Zoning by applying to the Department of Planning and Environment (DPE) for inclusion under SEPP 70 to enable Council to prepare an affordable rental housing contributions plan;
- ii.** In the interim, pending approval for inclusion in SEPP 70, continue to utilise Voluntary Planning Agreements (VPAs) to secure future affordable rental housing, and:
  - (a1)** That Council prioritises the contribution of affordable housing units (the physical asset) as part of any VPA related to affordable rental housing.
  - (a2)** That Council accepts monetary contributions towards affordable rental housing as part of a VPA where the agreed value of the contribution is less than the value of a unit, or where there is a need to provide an additional monetary payment on top of the dedication of the physical asset(s) to meet the agreed value of the contribution.

## Criteria to Guide Decision Making for New Affordable Rental Housing Dwellings

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The following criteria complement and are to be used in conjunction with City of Parramatta's stated principles for community infrastructure planning found on pages 61-63.

These criteria will be used to guide negotiations and conditions set when Council is seeking the dedication of affordable rental housing from developers.

For all affordable housing proposed to be dedicated to Council through VPAs or inclusionary zoning, does the dedicated housing:

Represent the total mix of dwellings in the development in terms of the mix of one, two and three bedroom dwellings?

Include features required to allow the unit to be tenanted, including dishwasher, washing machine and dryer?

Provide good solar access?

Provide good cross-ventilation?

Meet universal design guidelines for access?

Give due consideration to safety in terms of location of the proposed dwellings?

## For More Information:

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This Community Infrastructure Strategy draws on the knowledge and experience of many staff from across Council who have a passion for enabling socially sustainable communities. Together with feedback from our community, and our key stakeholders, this document has been a shared effort.

For further information on City of Parramatta's Affordable Rental Housing Network, or Council's key strategic directions, the following resources are available:

- City of Parramatta's "Affordable Rental Housing Policy 2019"
- "Sharing the Opportunities of Growth for All – Socially Sustainable Parramatta Framework"
- City of Parramatta Council's Website: [www.cityofparramatta.nsw.gov.au](http://www.cityofparramatta.nsw.gov.au)
- City of Parramatta Customer Contact Centre: **9806 5050**
- For access to demographic data log onto: <http://profile.id.com.au/parramatta>