



ALTERNATIVE HOUSING MODELS

RESEARCH PAPER FOR BYRON SHIRE COUNCIL

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GLOSSARY

TERM	DESCRIPTION
ABS	Australian Bureau of Statistics.
Affordable housing	Affordable Housing is housing that is appropriate for the needs of a range of very low to moderate income households, and priced (whether mortgage repayments or rent) so these households are able to meet their other essential basic living costs.
AHURI	Australian Housing and Urban Research Institute.
Baugruppen	A housing delivery model where the dwellings are developed by not-for-profit organisations or private developers not seeking profit, and where future purchasers provide input into the design of the buildings.
Co-housing	A housing delivery model where residents take active roles in visioning, designing, developing and manifesting their own co-housing community.
Community housing	Housing managed by not for profit organisations that are registered as either Housing Associations or as Housing Providers by the Australian or NSW Registrar of Housing.
Community Land Trust	A form of shared ownership of a property, where the land component of a residential property is owned by community based, not-for-profit legal entity and the actual building is owned (or leased long-term) by an individual household.
Deliberative development	Housing developments that are driven and/or influenced by future owners in contrast to speculative development where the design of dwellings is geared to the investment market.
ESD	Environmentally Sustainable Design.
Key worker	An employee who provides a vital service, especially in the essential services, health or education sectors.
Low income households	Households earning more than 50% but less than 80% of the NSW or Sydney median income, subject where to they live.
Medium density	
Housing	Medium density housing in Byron included secondary dwellings, micro homes, dual occupancies, townhouses, terraced houses, manor houses and apartments.
Moderate income households	Households earning between 80% and 120% of the NSW or Sydney median income, subject where to they live.
NRAS	National Rental Affordability Scheme. A subsidy paid to private landlords for 10 years when dwellings are rented to eligible tenants at less than 80 per cent of market rent.
Participatory	
Development	A housing delivery model where the dwellings are developed by private developers but the designs are influenced by feedback sought from potential purchasers.
Public housing	Public or social housing that is owned or leased by the State Governments of Australia
Registered Housing Association (RHA)	Registered housing agencies are not for profit organisations that provide affordable rental housing for low-income households, registered as Housing Associations and maybe nominated as Tier 1, 2 or 3 by the Federal Registration process.
Shared equity schemes	Financing arrangements where the equity required for home ownership is shared between the occupant (often a former tenant) and government or a NFP community housing provider.
Social housing	Social housing is an umbrella term that covers both public and community housing. Its provision usually involves some degree of subsidy.
Universal or liveable design	Universal or liveable design is the design of buildings, products or environments to make them accessible to all people, regardless of age, disability or other factors.
Very low income households	Households earning less than 50% of the NSW or Sydney median income, subject where to they live.

PART 1

POLICY AND CONTEXT

1. INTRODUCTION & PURPOSE OF THE REPORT

The challenge of meeting housing needs across Australia is at an all-time high. Rapid population growth combined with the creation of a global market for housing investment has contributed to a lack of affordable housing for purchase or secure long term rental. Within Byron Shire, additional pressures are put on the housing market through the tourism industry and the dramatic rise in short term accommodation investment. This is to the detriment of affordable purchase and long term rental accommodation.

Within this market, an exploration of different ways to fund and deliver housing is coming to the fore. Deliberative development provides an alternative way to fund, design and deliver housing, which is specifically designed for the future purchaser, not an investor market.

Alternative ways to deliver affordable housing is also a topic being widely debated across the nation with State and Local Governments now requiring affordable housing be considered in planning new housing developments. Government and the private sector are exploring ways to deliver affordable housing through different commercial structures, tenure arrangements and agreements. Local governments are increasingly becoming more involved in where and how affordable housing is delivered, facilitating this either on publicly owned land or in partnership with the private industry.

This Paper outlines what deliberative development looks like and the role that it can play in delivering diverse and quality housing. It also outlines the different affordable housing models being explored across the nation and which models might be suitable in Byron Shire having regard to its demographic profile and the challenges being experienced across its townships.

Byron Shire Council wants to see new development better address the various affordability, sustainability, diversity and design quality issues experienced in the Shire. Byron Shire wishes to understand how alternative housing models might contribute to the realisation of these outcomes and the role which Council can play. The Council have prepared the The Byron Shire Draft Residential Strategy 2019 which identifies a range of directions and strategies to address the housing challenges across the townships.

Echelon Planning and Urban Xchange have been commissioned to undertake two tasks for the Byron Shire as follows:

TASK 1 – Prepare a Research Paper which examines the various housing models that are being delivered nationally and overseas. It outlines the characteristics of each model, its benefits for the housing market, and the commercial/governance structures that can be put in place.

The Research Paper has been prepared with an understanding of the strategic planning work and engagement undertaken by Byron Shire in preparing the Draft Residential Strategy and supporting background reports.

TASK 2 – Undertake development analysis and feasibilities of some of the housing models on Council owned sites and assess their suitability.

PART 1 - THE WHY of the Report provides a profile of each township within the Byron Shire and outlines the Policy Framework for housing in the Shire.

PART 2 - THE WHAT of the Report examines the various housing models being provided in Australia. A range of deliberative development and affordable housing models are explained and project examples provided.

PART 3 - THE HOW of the Report provides an assessment of the suitability of the models in Byron and how they may be implemented in the Shire.

2. BYRON SHIRE - PROFILE

The 2016 population of Byron Shire was 31,570 people. The Draft Byron Shire Residential Strategy ("the Draft Strategy") identifies that this is projected to grow by an extra 6,400 residents by 2036 and that 3,150 additional dwellings will be needed.

The population of Byron Shire has a slightly older median age of 44 compared to 43 for Regional NSW, both of which are significantly higher than Greater Sydney's median of 36.¹

As per Figure 1, Byron Shire has significantly more people aged 40 to 64 and less younger people, in particular those aged 15 to 24.

Typically Byron Shire constitutes low to moderate income earners, with the median weekly household income of \$1,149 being comparable to Regional NSW (\$1,168), and lower than the Sydney median of \$1,750². Byron Shire residents are more likely to have a higher qualification compared to Regional NSW (refer Figure 2).

In regards to housing tenure (refer Figure 3), there are fewer people who own or are purchasing their own home (57%) compared to Regional NSW (64%) and Greater Sydney (59%). Rental rates are comparable with Regional NSW and lower than Greater Sydney. However, a large portion (15%) of people did not state their housing tenure which poses a difficulty in understanding the complete nature of tenure.

The trend for smaller households in Byron Shire is almost identical to that of Regional NSW, with 1 and 2 person households comprise 63% of household types compared to 52% in Greater Sydney (refer Figure 4 overleaf). The data on household composition reveals the influence that holiday homes have on Byron Shire (and in particular Byron Bay), with 5.3% of homes recorded as visitor only households compared to 2.0% in Regional NSW and 0.9% in Greater Sydney (refer Figure 5 overleaf). The 2016 Census also recorded 15.3% unoccupied dwellings in Byron Shire compared to 13.2% in Greater NSW and 7.7% in Greater Sydney³. Over 10% of responses received in Byron Shire at the Census were from visitors, whereas in most of Australia the percentage was less than 2%⁴.

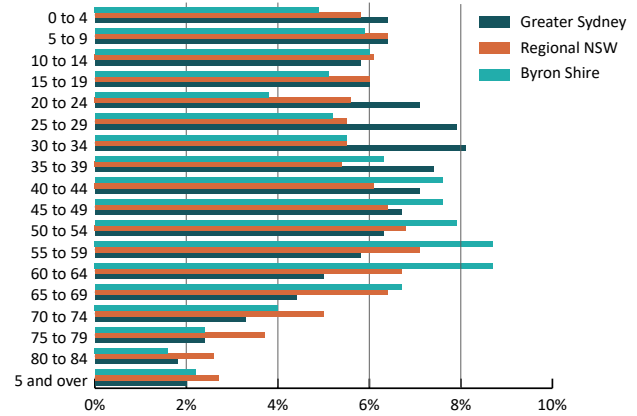


Figure 1. Population age



Figure 2. Qualification level

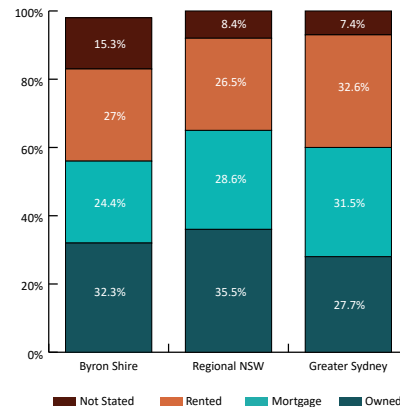


Figure 3. Housing Tenure

1 ABS 2016 Census QuickStats

2 Ibid

3 Ibid

4 Ibid

In regards to dwelling types, Byron Shire has significantly higher percentages of caravans and cabins and much lower percentages of medium and high density dwellings compared to Regional NSW (refer Figure 6). The majority of dwellings (76%) have three or more bedrooms.

However, with the majority of households containing only one or two people, the provision of more medium density 1 and 2 bedroom dwellings are likely needed.

The following pages identify the key demographic data trends for individual townships in the Shire⁵. The rural areas are not included as these have lower population and the planning policies do not anticipate growth within these areas.

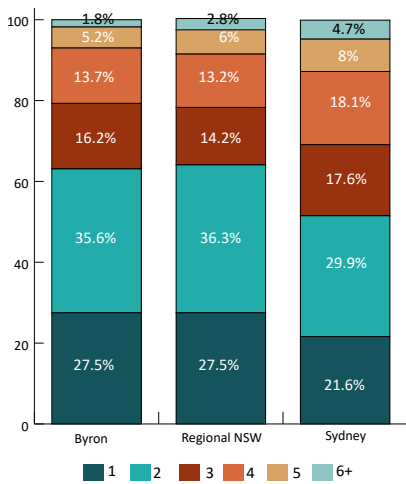


Figure 4. Number of persons usually resident

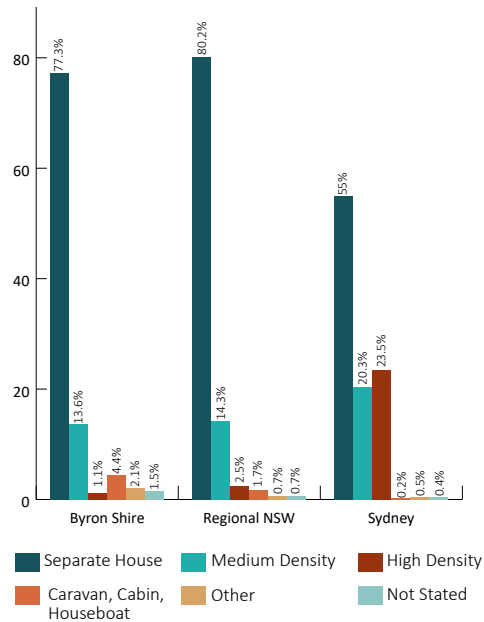


Figure 6. Dwelling Type

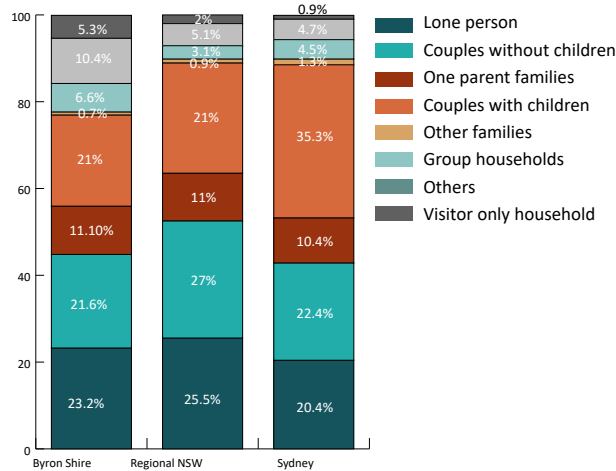


Figure 5. Household composition

⁵ The data is based on the Statistical Area Level 2(AS2)

BANGALOW

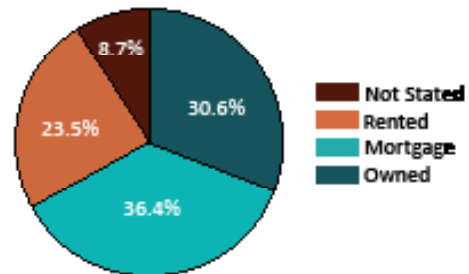
Population 2016: 2,025

Bangalow is a town of higher income family households. It has the highest proportion of mortgaged properties and the lowest proportion of rented properties.

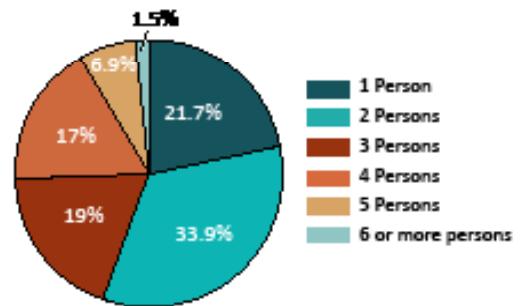
Key data highlights include:

- Highest proportion of children (0 to 14), being 22.3% compared to 16.8% across the Shire
- Lowest proportion of people aged 55 to 74, being 22.1% compared to 28.1% across the Shire
- Highest proportion of people on a higher income (those earning \$1,750 per week or more)
- Lower proportion of people on a lower income (those earning less than \$500 per week)
- Higher proportion of households on a higher income (those earning \$2,500 per week or more)
- Lowest proportion of households on a lower income (those earning less than \$650 per week)
- The highest proportion of mortgaged properties and the lowest proportion of rented properties (noting that the large numbers who did not state their tenure impacts the accuracy of this data)
- More 3 to 5 person households
- The highest proportion of couples with children households, and high proportion of couples without children and one parent family households
- The highest proportion of family households

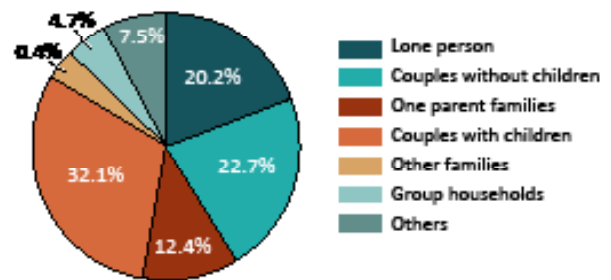
Housing Tenure



Household sizes



Household composition



BRUNSWICK HEADS

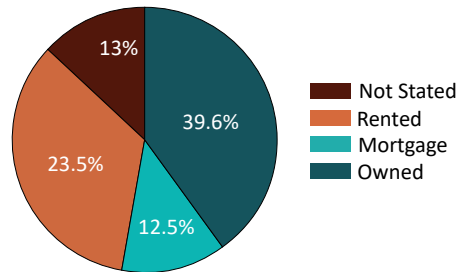
Population 2016: 1,724

Brunswick Heads is a retirement location and is characterised by older people, smaller households, and lower incomes. It has the highest proportion of older people, lone person households, households on lower incomes, owned properties and rented properties.

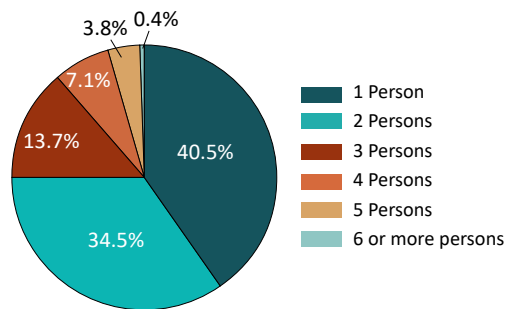
Key data highlights include:

- Lowest proportion of young children (0 to 9), being 7.4% compared to 10.8% across the Shire
- Highest proportion of people aged 70 and older, being 15.9% compared to 10.2% across the Shire
- Lower proportion of people on a higher income (those earning \$1,750 per week or more)
- Highest proportion of people on a lower income (those earning less than \$500 per week)
- Lower proportion of households on a higher income (those earning \$2,500 per week or more)
- Highest proportion of households on a lower income (those earning less than \$650 per week)
- The highest proportion of owned and rented properties and the lowest mortgaged properties (noting that the large numbers who did not state their tenure impacts the accuracy of this data)
- The highest proportion of 1 person households and the lowest proportion of 3+ people households
- The highest proportion of lone person households and the lowest proportion of couples with children and other family households
- A low proportion of family households

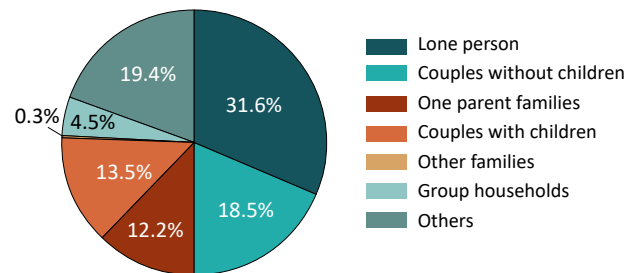
Housing Tenure



Household sizes



Household composition



BYRON BAY

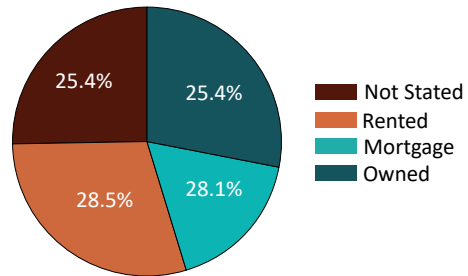
Population 2016: 5,585

Byron Bay has more young people aged 20-34 and the fewest family households. The households and people have higher than average incomes.

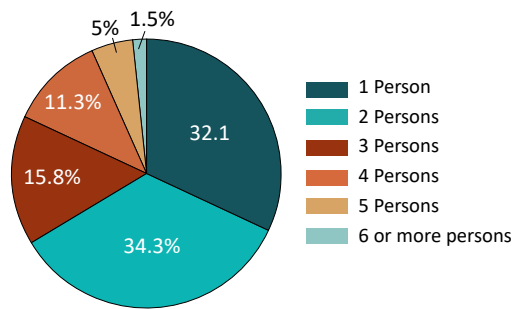
Key data highlights include:

- Highest proportion of people aged 20-34, being 23.2% compared to 14.5% across the Shire
- Lowest proportion of people aged 10-19, being 8.6% compared to 11.1% across the Shire
- Lowest proportion of people aged 40-54, being 19.5% compared to 23.1% across the Shire
- Higher proportion of people on a higher income (those earning \$1,750 per week or more)
- Lower proportion of people on a lower income (those earning less than \$500 per week)
- Higher proportion of households on a higher income (those earning \$2,500 per week or more)
- Lower proportion of households on a lower income (those earning less than \$650 per week)
- The lowest proportion of mortgaged properties and higher proportion of rented properties (noting that the large numbers who did not state their tenure impacts the accuracy of this data)
- More 1 person households and the lowest two person households
- The highest proportion of group households and other families, the lowest proportion of couples without children families, and a higher proportion of lone person households
- The lowest proportion of family households

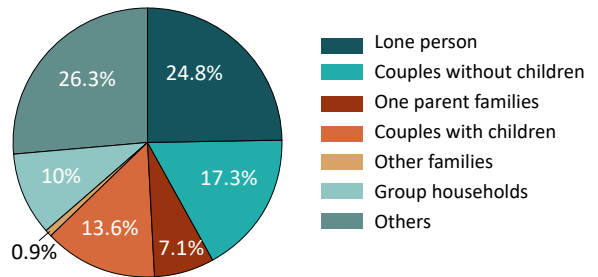
Housing Tenure



Household sizes



Household composition



MULLUMBIMBY

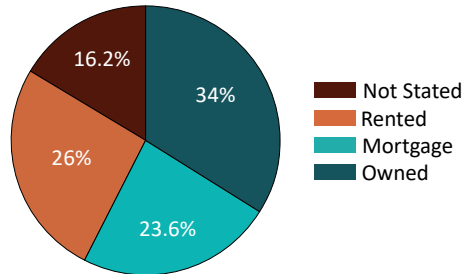
Population 2016: 3,572

Mullumbimby features a mix of families and older people. Household incomes are lower, and there is also a high proportion of owned properties.

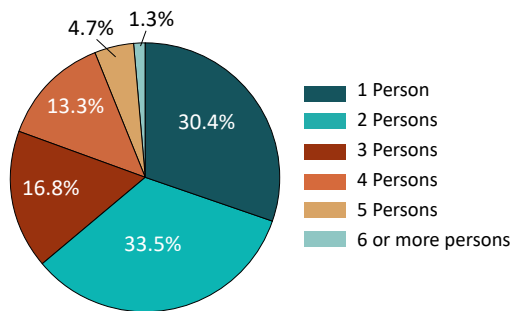
Key data highlights include:

- A higher proportion of young people (5-19) and people aged 45-54.
- A higher proportion of people aged 70 and older, being 14.0% compared to 10.2% across the Shire
- The lowest proportion of people aged 20-34, being 10.5% compared to 14.5% across the Shire
- Lowest proportion of people on a higher income (those earning \$1,750 per week or more)
- Highest proportion of people on a lower income (those earning less than \$500 per week)
- Lowest proportion of households on a higher income (those earning \$2,500 per week or more)
- Higher proportion of households on a lower income (those earning less than \$650 per week)
- A higher proportion of owned properties (noting that the large numbers who did not state their tenure impacts the accuracy of this data)
- More 1 and 3 person households
- A higher proportion of lone person, couples with children, and one parent family households, and the lowest proportion of group households
- A higher proportion of family households

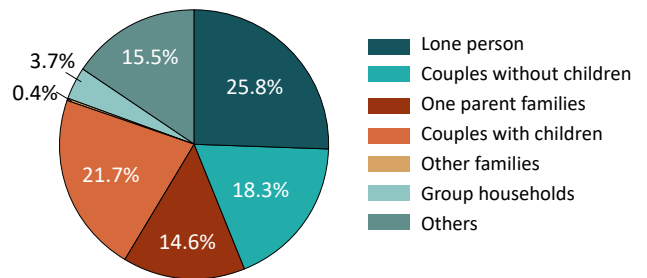
Housing Tenure



Household sizes



Household composition



OCEAN SHORES

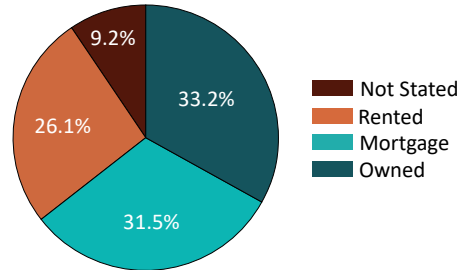
Population 2016: 6,307

Ocean Shores has one of the highest proportions of family households, and has many middle income earners with fewer low or high income households compared to other locations.

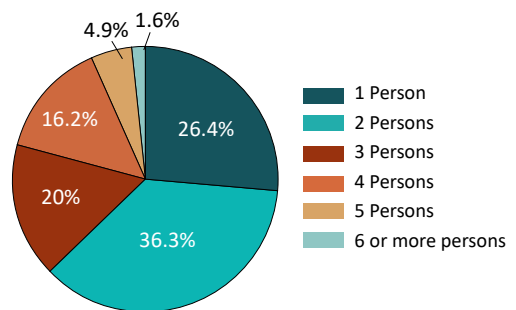
Key data highlights include:

- A higher proportion of young people (0-19), people aged 40-44 and people aged 75-79, and lower proportions in other age groups.
- A lower proportion of people on a higher income (those earning \$1,750 per week or more)
- A lower proportion of people on a lower income (those earning less than \$500 per week)
- A lower proportion of households on a higher income (those earning \$2,500 per week or more)
- A lower proportion of households on a lower income (those earning less than \$650 per week)
- A higher proportion of owned and mortgaged properties (noting that the large numbers who did not state their tenure impacts the accuracy of this data)
- More 2, 3 and 4 person households
- The highest proportion of one parent family households, and a higher proportion of couples without children, lone person and couples with children households
- A higher proportion of family households

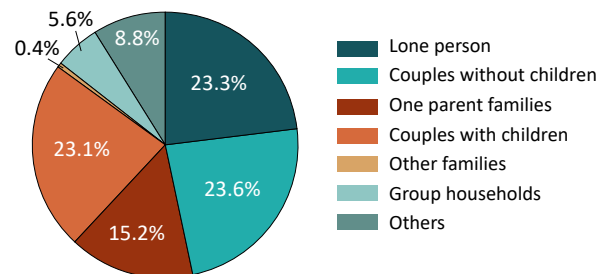
Housing Tenure



Household sizes



Household composition



SUFFOLK PARK

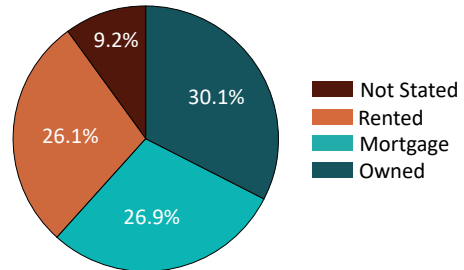
Population 2016: 3,903

Suffolk has the youngest profile of the towns, with many young families and younger adults (25-34), and much fewer older people. It features the highest proportion of high income households, and there are fewer lone person households.

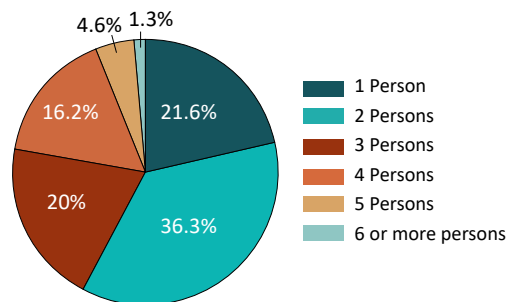
Key data highlights include:

- The highest proportion of people aged 35 to 44, being 16.8% compared to 13.9% across the Shire.
- A higher proportion of young children aged 0-4, people aged 25-34, and people aged 50-54.
- The lowest proportion of people aged 60 or older, being 20.3% compared to 25.6% across the Shire.
- A higher proportion of people on a higher income (those earning \$1,750 per week or more)
- A lower proportion of people on a lower income (those earning less than \$500 per week)
- The highest proportion of households on a higher income (those earning \$2,500 per week or more)
- A lower proportion of households on a lower income (those earning less than \$650 per week)
- A lower proportion of owned properties and higher proportions of mortgaged and rented properties (noting that the large numbers who did not state their tenure impacts the accuracy of this data)
- More 2 to 4 person households and the lowest proportion of 1 person households
- A higher proportion of couples with children, couples without children and group households
- A higher proportion of family households

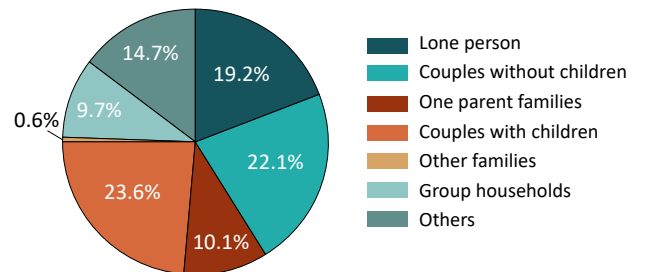
Housing Tenure



Household sizes



Household composition



3. KEY ISSUES FACING BYRON SHIRE

The housing challenges facing Byron Shire include pressures present in other locations across Australia such as housing affordability and a lack of diverse housing stock. However, several exacerbating factors mean that the impacts are particularly severe in Byron Shire. This includes the extent of dwelling price increases, which increased by 72% in just 5 years from an average price of \$530,000 in 2014 to \$910,000 in 2018⁶.

Byron Bay is also a popular holiday destination, and the proportion of dwellings used for visitors rather than residents is significantly higher than Regional NSW and Sydney⁷. A study undertaken by the University of Sydney identified that 17.6% of dwellings in Byron Bay are listed on Airbnb, and that this represents 48.3% of the available rental stock. The study also recorded very rapid increases in the usage of Airbnb in Byron Bay, with listings doubling between December 2016 and December 2017.

The swift onset of these trends has left Byron Shire residents suddenly facing difficulty purchasing dwellings due to high prices, and in accessing suitable and affordable rental options due to less long term rental properties being available. Homelessness has dramatically increased, including issues with people camping permanently in national parks and bushland areas in general⁸. The Draft Byron Shire Residential Strategy (Draft Strategy) identifies that young people and Aboriginal and Torres Strait Islanders people are particularly affected by homelessness.

Byron Shire also has less diverse housing options compared to other areas, with more separate dwellings and less medium density dwellings⁹. A municipality with diverse housing stocks is better placed to address issues of housing affordability by providing a range of dwelling types to cater to a range of household types and budgets. When there are fewer smaller and cheaper options available, it can be particularly difficult for households to age in place, for first home owners to purchase a property, and for families who have separated to continue living in the same location.

Key workers such as teachers, healthcare workers, police and hospitality workers also struggle to find housing that is close to their place of work. With Byron Shire being particularly reliant on tourism, if workers cannot access affordable and well-located housing, businesses may have difficulties attracting and retaining staff.

The Draft Strategy also identifies that Bundjalung family households are facing the prospect of being unable to live on their Country which impacts their ability to care for and maintain a relationship with their Country.



Australia has been experiencing the **LOWEST WAGE INCREASES** since the post war period



Rental increases continue to outpace wage growth, therefore **RENTAL AFFORDABILITY HAS CONTINUED TO DETERIORATE** in 2016



55% of low income households pay **GREATER THAN 30% OF THEIR GROSS HOUSEHOLD INCOME**



LACK OF DIVERSITY
Not enough housing diversity to cater to changing household compositions including single person households

Figure 7. National trends in housing

Source: White, G. 'Affordability and Alternative Housing - Byron Bay Summit 2017. NSW Planning and Environment

6 NSW Valuer General, Valuer General's Report, 8 January 2019

7 University of Sydney (2018) 'Planning responses to in-line short-term holiday rental platforms – Research project for Australian Coastal Councils Association Inc.'

8 <https://www.abc.net.au/news/2019-10-30/byron-bay-homeless-going-bush-to-find-a-better-life/11650904>

9 Due to the high proportion of 'not stated' responses in regards to the number of bedrooms, it is difficult to ascertain the capacity of dwellings in Byron

3.1 QUANTIFYING HOUSING AFFORDABILITY ISSUES

In order to quantify the extent of the housing affordability issues in Byron Shire, it is first necessary to consider the definition of affordable housing. The Australian Housing and Urban Research Institute (AHURI) (Yates and Gabriel, 2006) define affordable housing as appropriate housing for people who cannot participate in “market” housing without entering “housing stress” (spending so much on accommodation that other basic needs are not met). This includes people who are eligible but unable to be accommodated in public housing through to people earning moderate incomes (80% to 120% of median income) who can support a mortgage, but who may not be able to purchase a dwelling, possibly due to a deposit gap.

The commonly held position is that housing stress begins when households in the lower 40 per cent of household incomes spend more than 30 per cent of their household income on meeting their housing needs.

Affordable housing can be in the form of affordable rental housing and affordable purchase (home ownership) housing. There are several affordable housing products that target different market segments, from very low and low to moderate income households, all between the first and seventh income deciles (the lower 70 per cent of the income range). This may include people on Centrelink incomes, low income wage earners or key workers, and moderate income renters and purchasers.

On the basis of the AHURI research, the Federal Government and most state governments have formed a position on what is classed as affordable housing – the NSW Government has adopted the following position:

Affordable housing is that which is appropriate for the needs of a range of very low to moderate income households and priced so that these households are also able to meet other basic living costs such as food, clothing, transport, medical care and education. In general, housing is usually considered affordable if it costs less than 30 per cent of gross household income.

The Government describes the income earners as:

- *Households being on a very low income means those earning less than 50 per cent of the NSW or Sydney median income, subject where to they live*
- *People earning more than 50 per cent but less than 80 per cent of the NSW or Sydney median income are described as earning a low income*

- *People described as being on a moderate income are those earning between 80 per cent and 120 per cent of the NSW or Sydney median income.*

The definition is legislated in the State Environmental Planning Policy No 70¹⁰—Affordable Housing as:

For the purposes of the definition of affordable housing in section 1.4 (1) of the Act, very low income households, low income households and moderate income households are those whose gross incomes fall within the following ranges of percentages of the median household income for the time being for the Greater Sydney (Greater Capital City Statistical Area) or the Rest of NSW (Greater Capital City Statistical Area) according to the Australian Bureau of Statistics:

- *Very low income household - less than 50%*
- *Low income household - 50 or more but less than 80%*
- *Moderate income household - 80–120%*

Another common type of affordable housing that is regularly identified in affordable housing policies across Australia and abroad is that of definition that of ‘key worker’ housing. Many government jurisdictions in European and Australia have adopted a definition of key worker housing, most of which similar to the following:

An employee who provides a vital service, especially in the essential services, health, or education sectors.

However, there is no set definition of key worker housing in the current State policy or legislation.

The term affordable housing includes many specific market segments, including:

- **First-time buyers**, who can no longer buy due to casual work arrangements or the cost of housing. As a consequence, the rental market has young people entering who, in previous generations, would have been purchasers of homes. First home buyers will typically be seeking programmes associated with assisted home ownership.
- **The older poor**, who find that as they leave the workforce, they can no longer afford the private rental market and sometimes are forced to relocate; this is particularly affecting older women

¹⁰ SEPP 70 does not apply to Byron Shire at present

(see also the University of Queensland paper Older Women's Pathways out of Homelessness in Australia). The older poor will be seeking programmes associated with a blend of assisted home ownership and below market rental.

- **Singles and young people** who are staying at home longer, partly because of the lack of affordable housing. Singles/young people would be seeking schemes associated with a blend of assisted home ownership and below market rental.
- **Lone parents**, who will initially be seeking housing associated with public and community housing, however over a longer period will seeking schemes associated with a blend of assisted home ownership and below market rental.
- **Key workers**, who are often forced to travel great distances between work and housing that is affordable. Key workers will be seeking programmes associated with a blend of assisted home ownership schemes and below market rental.
- **Low-income workers**, who are being forced into sub-grade rentals and teeter on the edge of homelessness. Low-income workers will be seeking housing associated with below market rental.

- **Welfare recipients**, who have the least options in the housing market of all. They will be seeking public or community housing.

Having regard to the income bands in the State Environmental Planning Policy No 70—Affordable Housing, the following types of workers in Byron Shire may fall within the very low to moderate income ranges and thus qualify for affordable housing:

- People described as being on a very low income (those earning less than 50% of the NSW median income, depending on where they live) include workers in a range of lower paid occupations, particularly in areas such as retail, hospitality or manufacturing, as well as people earning the minimum wage or who are on an aged or disability pension or other government benefit.
- People on a low income (earning more than 50% but less than 80% of the NSW median income) may include people working in jobs such as a child care worker, secretary or cleaner.
- People described as being on a moderate income (earning between 80-120% of the NSW median income) may include people working in occupations such as teaching, policing or nursing, particularly if they are in earlier stages of their careers.

The growing number of homeless people in Australia is a reflection of the growing shortage of supply of appropriate housing. Accommodation for those who are homeless and trying to move to long term housing is a journey that commences at Crisis Housing, from this point the next step is Transitional Housing (THP) and from this point long term housing.

However the fundamental problem is across Australia that there is insufficient long term social housing (whether public or provided by Housing Associations). The consequence is that the people who should be moving through the system from homeless to housed are staying in the housing which is either crisis or transitional, leaving no room for other homeless people to enter the system.

The funds required to house those that are homeless and moving to long term are great because the rents that they are able to afford are small and the investment in both the building and maintaining of such properties great. Given this, it is difficult for local governments to provide short term crisis accommodation or shelters as it is too costly and there are not sufficient long term accommodation available to transition to.

The State Environmental Planning Policy No 70— Affordable Housing (Revised Schemes) identifies the need for affordable housing across the state, nominates the kinds of households for which affordable housing may be provided and makes a requirement with respect to the imposition of conditions relating to the provision of affordable housing.

Schedule 2 to the policy outlines the affordable housing principles that apply being:

1. Where any of the circumstances described in section 7.32 (1) (a), (b), (c) or (d) of the Act occur, and a State environmental planning policy or local environmental plan authorises an affordable housing condition to be imposed, such a condition should be imposed so that mixed and balanced communities are created.
2. Affordable housing is to be created and managed so that a socially diverse residential population representative of all income groups is developed and maintained in a locality.
3. Affordable housing is to be made available to very low, low or moderate income households, or any combination of these.
4. Affordable housing is to be rented to appropriately qualified tenants and at an appropriate rate of gross household income.
5. Land provided for affordable housing is to be used for the purpose of the provision of affordable housing.
6. Buildings provided for affordable housing are to be managed so as to maintain their continued use for affordable housing. Rental from affordable housing, after deduction of normal landlord’s expenses (including management and maintenance costs and all rates and taxes payable in connection with the dwellings), is generally to be used for the purpose of improving or replacing affordable housing or for providing additional affordable housing.
7. Affordable housing is to consist of dwellings constructed to a standard that, in the opinion of the consent authority, is consistent with other dwellings in the vicinity.

The median price of houses within towns in Byron Shire as at 30 September 2019 is shown below in Table 1.

Reviewing these against the premise that households should spend no more than 30% of the household income on the cost of housing and a yield calculation of 5%, the current house prices for even the most affordable towns is unaffordable to 70% of households.

Table 2 overleaf provides data on what housing costs people on very low to moderate incomes in Byron Shire could afford without experiencing housing stress.

Table 1: Byron Shire Median House Prices Sept 2019 verses cost of housing calculation

TOWN	MEDIAN PRICE 30/9/19	ANNUAL HOUSE COST	WEEKLY HOUSE COST	WEEKLY INCOME	ANNUAL INCOME
Bangalow	\$940,000	\$47,000.00	\$903.85	\$3,012.82	\$156,666.67
Brunswick Heads	\$1,015,000	\$50,750.00	\$975.96	\$3,253.21	\$169,166.67
Byron Bay	\$1,575,000	\$78,750.00	\$1,514.42	\$5,048.08	\$262,500.00
Mullumbimby	\$750,000	\$37,500.00	\$721.15	\$2,403.85	\$125,000.00
Ocean Shores	\$739,000	\$36,950.00	\$710.58	\$2,368.59	\$123,166.67
Suffolk	\$1,215,000	\$60,750.00	\$1,168.27	\$3,894.23	\$202,500.00

Table 2: Affordable Housing cost in Byron

INCOME BRACKET		INCOME		HOUSING COST @ 30%		COST OF HOUSING
		Per week	Per annum	Per week	Per annum	5% yield
Very low (low)	Individual	\$198	\$10,296	\$59	\$3,089	\$61,776
	Household	\$400	\$20,800	\$120	\$6,240	\$124,800
Very low (average)	Individual	\$250	\$13,000	\$75	\$3,900	\$78,000
	Household	\$500	\$26,000	\$150	\$7,800	\$156,000
Very low (high)	Individual	\$399	\$20,748	\$120	\$6,224	\$124,488
	Household	\$650	\$33,800	\$195	\$10,140	\$202,800
Low (low)	Individual	\$400	\$20,800	\$120	\$6,240	\$124,800
	Household	\$650	\$33,800	\$195	\$10,140	\$202,800
Low (average)	Individual	\$500	\$35,000	\$150	\$7,800	\$156,000
	Household	\$825	\$70,000	\$248	\$12,870	\$257,400
Low (high)	Individual	\$600	\$41,500	\$180	\$9,360	\$187,200
	Household	\$999	\$87,250	\$300	\$15,584	\$311,688
Moderate (low)	Individual	\$650	\$33,800	\$195	\$10,140	\$202,800
	Household	\$1,000	\$52,000	\$300	\$15,600	\$312,000
Moderate (average)	Individual	\$825	\$42,900	\$248	\$12,870	\$257,400
	Household	\$1,375	\$71,500	\$413	\$21,450	\$429,000
Moderate (high)	Individual	\$1,000	\$52,000	\$300	\$15,600	\$312,000
	Household	\$1,750	\$91,000	\$525	\$27,300	\$546,000

The use of the NSW Governments determinants to assess affordability within the municipality would suggest the income levels at 2016 are shown below:

Table 3: Individuals and households who classify as very low, low or moderate

INCOME	INDIVIDUALS		HOUSEHOLD	
	\$ per week	% of individuals	\$ per week	% of households
Very Low	399	25	649	25
Low	649	15	999	15
Moderate	999	20	1,750	20
TOTAL %		60		60

As at the 2016 Census, Byron Shire had 2,589 households (25%) that would have classified as very low income. There were some 223 social housing dwellings and 14.5% of private dwellings were rented at an affordable price.

However the predicted population growth within Byron Shire means that the requirements for affordable housing for very low income households will also grow. On the basis of the growth in very low income households being similar as a percentage and the same percentage of private rentals being affordable to the full predicted growth and NSW Government housing has stagnant growth in public housing, predictions are made as to the level of social housing required to meet future demand with an estimated shortfall of 1,228 dwellings.¹¹

Table 4: Social housing needs, Byron, 2016 -2036

Year and population	Predicted dwelling numbers	2016 Census 25% of households would be very low income and require social housing	Number of social housing dwellings as at 2016 Census 223	As at 2016 Census 14% of private dwellings were affordable	% of need met by existing social housing & estimated affordable private lettings	Possible Shortfall of social housing
2016 22,712	10,354	2589	223	1450	64.62%	916
2036 29,576	13,191	3298	223	1847	62.76%	1,228

On the basis of the percentage of individuals and households who were low and moderate income households in the 2016 census data an extrapolation has been undertaken to understand the needs for affordable housing moving forward. As the future supply of households has not been divided into individual or households it has been assumed that 60% of dwellings will need to be affordable. The number of new dwellings required to be affordable is shown in Table 5.

Table 5: "Need" for affordable housing for Byron

YEAR AND POPULATION	PREDICTED DWELLING NUMBERS	2016 CENSUS 60% OF HOUSEHOLDS WILL REQUIRE AFFORDABLE HOUSING
2016 22,712	10,354	6,212
2036 29,576	13,191	7,915

This data shows that the cost of housing for many individuals and households in Byron Shire exceeds far beyond their capacity to pay for it. The situation will only worsen unless there are interventions in the supply of affordable housing.

¹¹ City of Knox, 'Minimum Supply of Social Housing, Eastern Metropolitan Region (2016-2026)

4. POLICY FRAMEWORK

As outlined in the previous chapter, there are some significant housing challenges facing Byron Shire, some of which are equally felt across cities and towns across Australia and others which are uniquely localised to Byron Shire.

Council has prepared a Draft Residential Strategy which seeks to address some of the local housing challenges in each township as well as advocating for associated regulation reform at a State level¹². The Council embarked on its housing policy strategy by preparing a Housing Needs Action Plan in 2015 and then preparing a Draft Residential Strategy in 2016.

The principles and strategies within the Draft Residential Strategy has subsequently been tested over a number of years with the local community and stakeholders, including targeted design sessions and a Housing Summit in early 2019. The Byron Shire Draft Residential Strategy 2019 (the Draft Strategy) has recently been put on public exhibition.

Figure 8 below identifies the key documents and consultation undertaken by the Council to inform the preparation of the Draft Strategy. It also demonstrates how the Echelon Planning/Urbanxchange work fits within this overall framework.

Echelon Planning has not been involved the preparation of the Draft Strategy and have not been asked to make comment on its content. However, the Draft Strategy does provide the impetus for the preparation of this Research Paper and future tasks in relation to the feasibility of housing models on the Council owned sites identified in the Strategy.

On this basis, this chapter outlines the key Directions, Principles and Strategies which the Council have set out in the Draft Strategy. The most relevant to the preparation of this Paper are summarised overleaf.

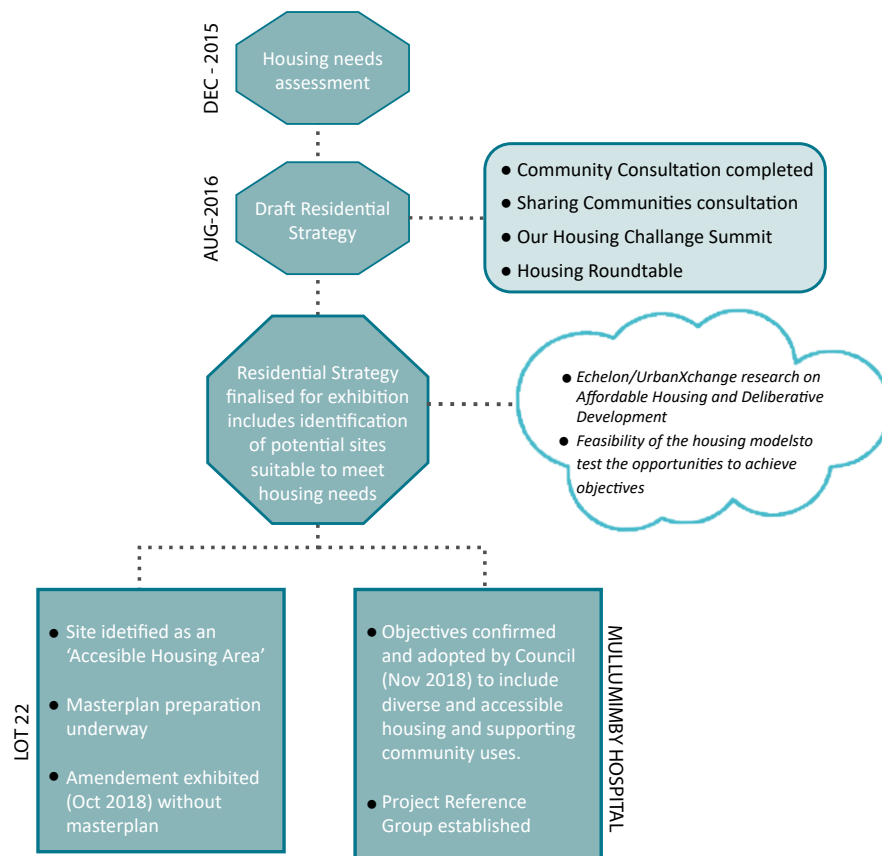


Figure 8. Key documents and consultation undertaken by the Council to inform the preparation of the Draft Residential Strategy

¹² It is understood that Byron has lodged a submission with the State Government to tighten the regulations relating to short term accommodation to reduce its impact on the rental market. The council has also sought to defer the inclusion of Byron into the State Environmental Planning Policy (Short-term Rental Accommodation) 2019

THE MAJORITY OF THE SHIRES FUTURE GROWTH WILL BE IN URBAN TOWNS

Limits development in rural areas to only 15% of total growth within the Shire. Identify potential growth sites within each township which may have capacity for housing diversity.

LAND FOR HOUSING WILL BE SUITABLE FOR USE

Requires a detailed assessment of planning proposals to determine whether the development would cause negative environmental impacts such as loss of farmland or high environmental values, whether the land can be readily serviced and accessed and whether it can integrate into the existing community fabric.

NEW SUBDIVISIONS AND INFILL WILL SUPPORT THE ATTRIBUTES OF LIVEABLE NEIGHBOURHOODS

In consultation with the community the Council has developed a set of “liveable neighbourhood principles” which would guide the siting and design of new development. A clear direction of this principle is to create great places through the delivery of open space, ‘greenscaping’, legible street and pathway network which supports walking and cycling between places.

ENABLE OPPORTUNITIES FOR INNOVATIVE NEW RESIDENTIAL FORMS

The Draft Strategy encourages the delivery of bespoke residential forms which could be delivered on private or public land. The Council terms these as:

- Micro home/lot – single house on a freehold lot less than 100sqm.
- Intentional Community – an integrated housing project.
- Pocket Neighbourhoods – cluster of neighbouring houses/apartment based around a central courtyard
- Seniors/Disability Housing
- Live Work Spaces – primarily work spaces at ground level and a small dwelling/apartment above.
- Boarding Housing
- Indigenous community land trusts and housing

Part 2 of this Paper outlines a series of Alternative Housing Models, some of which correlate with the bespoke residential forms listed above in the Draft Residential Strategy.

Appendix A includes an expert table from the Draft Residential Strategy which is annotated with the housing models explained in the Paper.

FACILITATE NEW RENTAL ACCOMMODATION AIMED AT THE LOWER END OF THE MARKET

Providing incentives for the private industry to deliver affordable housing (for purchase and long term rental) as well as developing council owned land for a range of housing models including accessible housing¹³. This Paper and second part of the work which Echelon and Urbanxchange will undertake (Task 2- feasibility of the housing models) directly relates to this Direction.

DIVERSE HOUSING TYPOLOGIES INCLUDING LOW RISE MEDIUM DENSITY HOUSING

Ensuring that there is a range of housing types to meet the need of a range of household types and income levels.

SUPPORT URBAN VILLAGE POCKETS OF MIXED-USE ACTIVITIES.

Creating areas where it is suitable to blend living and working environments to create a urban village is supported as a way to create new employment opportunities, provide an alternative approach to work which reduces reliance on private vehicle commutes.

MAINTAIN AND ENHANCE THE SENSE OF COMMUNITY AND LOCAL PLACES

Continuing to value the local place but also enabling a range of housing types to be accommodated. It is not longer feasible for the majority of housing to be detached, large dwellings as it cuts out the ability for a segment of the community to be able to access stable, long term housing – as either purchase or rental. This Direction seeks to introduce a broader range of housing types with detached housing remaining one choice.

MAKE DWELLINGS HOMES AGAIN AND REDUCE PREVALENCE OF SHORT-TERM RENTAL ACCOMMODATION

Examining ways which can deliver long-term rental accommodation which remains affordable.

¹³ The term “accessible housing” is used within the Residential Strategy which is taken to mean housing which is deemed to be affordable under the NSW Definition in SEPP70. This Paper does not adopt the term “Accessible Housing” and instead relies on the term “affordable housing” in line with the state-wide definitions

Some of the key Strategies from the Draft Strategy of particular relevance to the Research Paper are¹⁴:

- Adopt a target of 85% of new dwellings (2,680 dwellings) to be provided in towns and urban villages by 2036.

This is to be achieved by applying a number of lot and housing typologies at various proportions across the Shire. Table 6 is an excerpt from the Residential Strategy that shows the proportion of each lot typology to be applied to achieve this.



- Examine opportunities for sensitive urban infill and increased densities.
- Prepare a structure plan for the Mullumbimby Accessible Housing Area setting out a visual framework for:
 - Protecting the environment
 - Managing flooding and stormwater
 - Securing movement corridors (vehicular, cycling and walking)
- Examine planning controls and LEPs to enable a variety of lot sizes and housing typology to achieve density without building height.
- Setting benchmarks for the provision of accessible and potential planning/development incentives to encourage the delivery of affordable housing.
- Apply a short term rental accommodation exclusion provision on all council land that council divests for the purposes of housing.

Table 6: Estimated dwelling supply potential in urban growth areas

SOURCE OF LAND FOR HOUSING	ESTIMATED DWELLING YIELD	% OF FUTURE ADDITIONAL URBAN HOUSING
Already supplied between July 2016 and 2018	235 dwellings	8%
Zoned vacant (undeveloped)	1340 dwellings	45%
Infill	860 dwellings	30%
New Release	500 dwellings	17%
Total estimated dwelling yield capacity	2935 dwellings	100%

¹⁴ Draft Byron Shire Residential Strategy. Byron Shire Council, p. 89,90



	Low density			Low rise, medium density types (*can be activated under the LRMD code)				Other medium density		
	Detached house	Secondary dwelling	Micro-homes/lot	Dual-occupancy detached*	Dual-occupancy attached*	Multi-dwelling housing: townhouse & terraces*	Manor house*	Apartment shop top live & work space	Boarding houses	Byron bespoke intentional communities
	Fully detached homes			Semi-detached to attached homes			Attached			
		Dwelling not more than 60m ² or 30% of floor area of principal dwelling.	Attached or detached housing on lots less than 100m ² . For more explanation, see Table 3. 	Two detached dwellings on one lot of land but does not include a secondary dwelling.	Two dwellings on one lot of land that are attached to each other.	Three or more dwellings on one lot of land, each with <u>access at ground level</u> . No part of a dwelling is above any part of any other dwelling. Terrace dwellings – one alignment facing the street.	A building containing three or four dwellings, where each dwelling is attached to another dwelling by a common wall or floor, and at least one dwelling is partially or wholly located above another dwelling.	A living space in a residential building containing three or more dwellings or residential space mixed with workspaces either within the one tenancy or separate. 	Let as lodgings with residence for three months or more, shared facilities or a bathroom within a lodger's room. For more explanation, see Table 3	People come together to be the developer of their own homes. For more explanation, see Table.3.
Lot types suited to housing type	Type A or B 200 – 800 m ²	Type A 450 – 800m ²	Type D < 100m ²	Type C >800m ²	Type C >800m ²	Type C R2 > 1000m ² R3 > 800m ²	Type C >800m ²	Type C > 800m ²	N/S	Community title
Life stage[#]										
Younger years (aged 18–34) 20% of residents increasing to 26% ¹ .		✓	✓	✓	✓	✓	✓	✓	✓	✓
Parents, homebuilders, older workers (aged 35–59) 50% of residents increasing to 56%	✓			✓	✓	✓				✓
'Empty-nesters' and retirees (aged 60–69) 19% of residents decreasing to 12 %		✓	✓	✓	✓	✓	✓	✓		✓
Seniors (aged 70+) 13% of residents stable		✓	✓	✓	✓	✓		✓	✓	✓

Changes in the proportion of residents in a life-stage is based on Stage Government projections to 2036
Excludes children as a percentage of life stages – changes in percentage are projections only

Figure 9. Draft Byron Shire Residential Strategy. Byron Shire Council, p 42


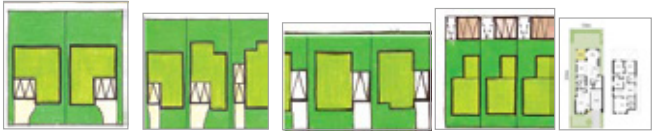
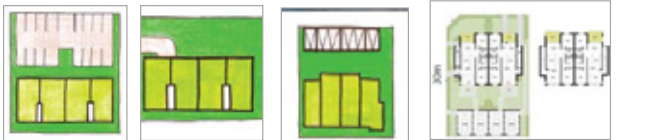


Lot type	Lot size	Mix of lots for 20 dw/ha density (%) (refer to diagram below)	Examples of houses on lots
Type A traditional lots	450–800m ²	10%	
Type B small lots	200–449m ²	37%	
Type C large lots for multiple dwelling housing and attached dwellings	Lots ranging from 800m ² to 1,400m ²	47%	
Type D micro lots	Small lots, less than 100m ²	10%	
Byron bespoke intentional communities	N/A	N/A	

Figure 10. Draft Byron Shire Residential Strategy. Byron Shire Council, p 43

The Draft Byron Shire Residential Strategy identifies several future investigation areas which Council see as potential candidates to deliver housing affordability, diversity and resident participation by utilising an alternative delivery housing model. They would require rezoning to enable their development.

The main residential investigation areas are in Mullumbimby and Bangalow which includes public and privately owned land. Key sites include:

- Mullumbimby Accessible Area- Sites 14, 15, 16, 17 (total 34 ha)
- Former Mullumbimby Hospital
- Bangalow Rankin Drive- Site 30

A set of overarching principles have been endorsed by Council to govern the planning of all of the strategic investigation sites as follows ¹⁵:

- *Mixed and balanced communities are created.*
- *Accessible housing is to be created and managed so that a socially diverse residential population representative of all income groups is developed and maintained in a locality.*
- *Accessible housing is to be made available to a mix of very low-, low- and moderate income households.*
- *Accessible housing is made available for both renters and home buyers.*
- *Accessible rental housing is to be rented to appropriately qualified tenants and at an appropriate rate of gross household income.*
- *Rent from accessible housing, after deduction of normal landlord expenses (including management and maintenance costs and all rates and taxes for the dwellings), is generally to be used for the purpose of improving or replacing accessible housing or for providing additional accessible housing.*
- *Land provided for housing infrastructure is to be used solely for accessible housing.*
- *Buildings provided for accessible housing are to be managed to maintain their continued use for accessible housing.*
- *Accessible housing is to be constructed to a standard that is consistent with other dwellings in the vicinity.*

¹⁵Draft Byron Shire Residential Strategy. Byron Shire Council, p. 110

PART 2

ALTERNATIVE HOUSING MODELS

5. OVERVIEW: DISRUPTING THE HOUSING MARKET

Part 2 of this report outlines the range of housing models which fall under the banners of “Deliberative Development” or “Affordable Housing.” This section examines the common characteristics, commercial structures and how the models have been successfully developed. It also outlines what sets these models apart from conventional development forms.

The following housing models are examined in this report:

- Affordable housing models
 - Affordable by design
 - Tiny/Relocatable/Secondary Houses
 - Restricted Purchase
 - Shared Equity
 - Rent to Buy
 - Build to Rent
 - Live-work
 - Community Land Trust
- Participatory Development
- Baugruppen
- Co-Housing

Chapter 6 outlines affordable housing models and chapter 7 consider Deliberative Development models.

Chapter 8 includes examples of Housing Projects delivered in each of the models.



The debate around
SUPPLY AND DEMAND
in the context of housing affordability
RUNS CONTRARY
to the notion of investment returns
where **INCREASED PRICING** is the
backbone behind investment
attractiveness

Figure 11. Affordable housing investment

Source: White, G. 'Affordability and Alternative Housing - Byron Bay Summit 2017. NSW Planning and Environment

'The deficit of affordable housing manifests across the housing continuum, from crisis and transitional accommodation, to social housing, affordable rental and home purchase options - Barnett Model Report'¹⁶ - See Figure 12

¹⁶ Raynor, K, Palm, M, O'Neil, M. 2018. The Barnett Model: Evaluating the outcome and scalability of an affordable homeownership model, Transforming Housing, The University of Melbourne: Melbourne

6. AFFORDABLE HOUSING MODELS

There are a variety of affordable housing delivery models available to meet the housing need of different income groups, as conceptually illustrated in Figure 12 below. The level of government subsidy associated with each model is proportional to the income band and therefore the capacity of the household to pay market rent or mortgages.

The models identified in Figure 12 provide a simple conceptual framework for considering the relationship between income groups, tenure types and the relative level of subsidy that might be needed. The options are discussed in detail overleaf.

Housing affordability exists on a continuum where the level of subsidy is directly related to the typology and ownership structure.

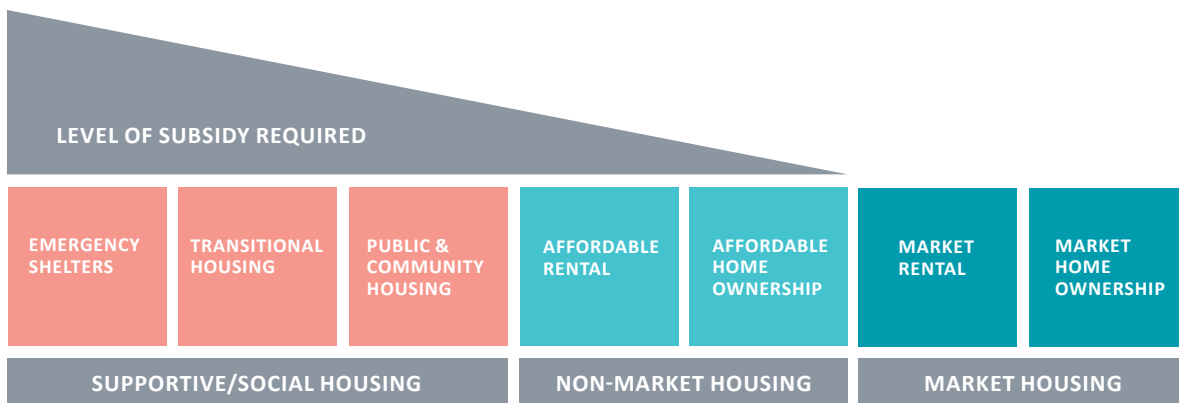


Figure 12. Affordable Housing Models

Source: *The Barnett Model - Evaluating the Outcome and Scalability of an Affordable Homeownership Model.*
Prepared by the University of Melbourne.

AFFORDABLE BY DESIGN

Affordable by design dwellings are developed using a standard development process to create small lots and compact dwelling designs that can be delivered at lower price points. Given that there are many fixed costs in the development process and that the quality of dwellings also needs to be maintained, there are limitations as to how far the price can be lowered. Design costs, construction costs, finance costs and statutory authority charges are relatively fixed, and the most variable cost factor is the price paid for the land.

Including sustainable design features should also be a consideration to enable lower running costs for all kinds of affordable housing.

TARGET GROUPS: Moderate income earners

COMMERCIAL MODEL: Standard financial structures

LEVEL OF SUBSIDY: Nil

TINY/RELOCATABLE/SECONDARY HOUSES

Tiny houses are small and usually relocatable dwellings ('tiny houses on wheels' or THOWs) that may be entirely off-grid or connected to only some reticulated services. Tiny houses can provide temporary or longer term affordable housing options, and can be suitable for location in urban areas (in backyards or on separate titles), on rural properties, and on vacant land prior to its development for other purposes. There is also a growing interest in creating tiny house communities where several dwellings are clustered together in rural or urban settings.

The Byron Shire LEP permits the erection of secondary dwellings up to 60sqm in some zones.

Younger households (generally lone persons and couples) may use tiny housing as a step to home ownership, in that they can spend money they would have otherwise spent on rent, still save for a fixed location dwelling, and have an asset to sell or keep for other purposes (e.g. as a holiday rental). Others see it as a more permanent housing solution that enables them to have a low-cost lifestyle with a small environmental impact.

Older households may seek tiny homes as a downsizing measure or for those on lower incomes as a solution in the face of rising rental costs and potential homelessness. Griffith University have identified that interest in tiny houses is growing in particular for older women, a demographic that is experiencing a marked increase in homelessness. Mitchell Shire Council in Victoria is to be the site of "Transition Village Wallan", which will be an off-grid tiny house community for homeless people that is to be built on land leased from the state government.

Another relocatable housing initiative being explored in Victoria is Rapid Interim Housing. The Summer Foundation received funding from the Transport Accident Commission to prototype a relocatable interim housing unit that can be used to support people with a new acquired brain injury or spinal cord injury to leave hospital and return to their community rather than being placed in aged care facilities. The units can be installed behind a family home or as a small group of units.

For people constructing their own tiny home, it can be difficult to obtain bank loans, as the dwellings are portable and under 50sqm and thus do not meet the requirements. It can also be difficult to find land to park tiny homes on, with local bylaws prohibiting long-term camping or planning controls prohibiting the location of additional dwellings on properties.

TARGET GROUPS: First home buyers, low income lone person (in particular older women) and couple households

COMMERCIAL MODEL: Usually self-funded given the difficulties in obtaining bank finance

LEVEL OF SUBSIDY: Nil to moderate, in that tiny houses being used as social housing or private housing could be located temporarily or permanently on vacant Council, State Government or private land with or without paying rental fees.

RESTRICTED PURCHASE

Price-controlled dwellings price that are sold and can only be resold at a limited cost can be made available to purchasers on defined incomes. The key principles are that the:

- Dwelling must be offered for sale at or below the appropriate price
- Dwelling must be offered for sale to eligible buyers (e.g. on certain incomes)
- Discount for affordable housing for the first purchaser is preserved for future purchasers, either in perpetuity or for a fixed period of time (this restriction can be registered as a covenant on the certificate for title)

Potential purchasers will also need to meet the requirements of financial institutions, who may require the following:

- Steady savings pattern for 12 months
- Funds to service all purchase costs (stamp duty, insurance, rates and conveyancing)
- A minimum deposit of 10 per cent of value
- A full-time employment history of five years

However, for potential individual purchasers who earn below the 50 per cent income benchmark (generally considered \$52,000), financial institutions may require a steady 24 months savings pattern and a larger minimum deposit.

TARGET GROUPS: Moderate income earners, first home buyers

COMMERCIAL MODEL: Usually a standard financial structures although developers may limit their profit margins in order to cap the initial purchase price (e.g. with the Nightingale Model the purchase prices are based on the development achieving a capped profit).

LEVEL OF SUBSIDY: Minimal, in that the dwelling price may be 'subsidised' through capped development profits

SHARED EQUITY

The essential feature of all shared equity models is that the buyer shares the capital cost of purchasing a home with an equity partner, thereby permitting households to buy a home with lower income levels than would otherwise be required. This term covers government-backed and private sector-led schemes.

Government-backed shared equity arrangements and already operate in Western Australia, South Australia, Tasmania and the ACT, and the Victorian government has recently initiated its own scheme.

Alternative, ‘community equity’ models operate overseas, where the home-buyer buys a proportion of a property with a subsidy from the equity partner, usually a form of ‘not-for-profit’ trust or housing association. In this scenario, the equity partner retains a large proportion of ownership and has an ongoing interest in the property.

These types of schemes have proven difficult to implement under Australian law. One way to enable it would be for the government to transfer “surplus” public land into a Community Land Trust (CLT), a form of shared equity tenure long established in the US and UK. The premise of the CLT is, again, radically simple - the trust owns the land, residents own the buildings. Legally it is a “tenancy in common” between the home owner and the not-for-profit CLT entity¹⁷.

Byron Shire could, through its own land holdings, become an equity holder, either in its own right being the land holder (thus equity holder) or via a Community Land Trust as Trustee for the Council assets.

TARGET GROUPS: First home buyers

COMMERCIAL MODEL: Usually standard financial structures for the developments, with the differences relating to the mortgage; also refer to the details on page 33 regarding Community Land Trusts

LEVEL OF SUBSIDY: Moderate, although purchasers will usually eventually ‘buy out’ the government or private sector partner where the equity is in cash or land, allowing the funds to be re-used by other purchasers in the scheme

RENT TO BUY

In this model the homes are offered for rent for several years with the ability to then purchase the home. The model being adapted in Australia (e.g. the MAKE/Assemble model in Melbourne) is that, after five years of renting, the tenant has first option to purchase the dwelling at price agreed at the commencement of the five years. If the tenants do not want to buy, the landlord can retain the property as rented housing or sell it on the open market.

The key investment factors for consideration in a rent to buy scheme such as the MAKE/Assemble model are:

- Sizable investment opportunities and product base. The model is easily replicable across inner and middle ring suburbs in major cities but invested in regional townships.
- Active asset management
- Potential for development activity.

There are also some rent-to-buy schemes in Australia that have targeted vulnerable low income buyers who may not usually be able to obtain a loan due to not having a large enough deposit, not being able to afford mortgage repayments, or having a poor credit history. Private vendors offer dwellings as rentals with the option to purchase the dwelling in the future (often at an inflated ‘future’ price to cover anticipated property price rises), but the households often find themselves still unable to obtain a mortgage. Rent to buy contracts are illegal in South Australia; both Victorian and New South Wales are in the process of legislating to ban such schemes and the Consumer Action Law Centre recommends that they be banned throughout Australia.

TARGET GROUPS: Moderate income households

COMMERCIAL MODEL: Developers rent the dwellings and then sell them to residents after a set time

LEVEL OF SUBSIDY: Minimal, in that developers still collect rent and sell the dwelling at a set price

¹⁷ <https://www.theage.com.au/national/victoria/public-or-private-housing-there-s-an-in-between-solution-20191025-p534br.html>

BUILD TO RENT

With this model, developers and their financiers build dwellings and retain them to let to tenant households. Rents may be set at market rent or, for affordable and social housing, at an appropriate discount. The National Rental Affordability Scheme (NRAS) was a build to rent model.

Build to rent projects tend to target apartments, small households and people on lower incomes. The degree of difference between build to rent and the broader housing system varies between household incomes and locations.

Build to rent is an established practice in both the UK and the US, but has yet to be fully taken up in Australia. However, it is understood that the Federal Government is investigating Build to Rent Schemes and that the Federal opposition has noted that it will continue to support a build to rent model, for institutional investment. The Federal opposition noted it would seek a model that will offer either a tax incentive or subsidy to provide properties at a discounted rent to eligible renters (eligibility will be defined via income ranges).

TARGET GROUPS: Low to moderate income households

COMMERCIAL MODEL: Private build to rent projects can be undertaken by institutional investors that will develop a wholly build-to-rent or by developers who retain or sell a portion of dwellings in a project to be rented at a below market rent to eligible renters.

The other option is a model developed by Robert Pradolin (the Prads model) which is being considered by some Melbourne councils. Rents would be charged at 75 per cent of market rent of the local area being either the LGA or ABS Geographic Statistical Division. Renters would be those defined as low to moderate income earners, on the basis of the legislative framework. The maximum return the investor would get would be 75 per cent of the full market rent. The affordability would remain on the dwellings for the economic life of the building (usually 25 years).

To entice an Australian investor to purchase a dwelling that has a discounted rent, the purchase price would also need to be discounted proportionately. Typically, this would be about 20 per cent of the purchase price.

The ongoing affordability aspect of this model would be managed via a caveat agreement on title.

The developer would be expected to select a Housing Association/entity to administer the rentals and associated reporting.

LEVEL OF SUBSIDY: Moderate

COMMUNITY LAND TRUST

A Community Land Trust (CLT) is a form of shared ownership of a property, where the land component of a residential property is owned by community based, not-for-profit legal entity and the actual building is owned (or leased long-term) by an individual household.

As CLTs remove land costs from the cost of housing they can make housing much more affordable, particularly in markets where increases in land value outpace income gains for lower income workers. The CLT will charge an ongoing ground lease (i.e. a form of rent) for the land, often payable monthly by the householder. This ground lease may be subsidised for low income households so as to make housing affordable.

CLTs offer householders many of the benefits of home ownership, including householder's control over a dwelling, security of tenure and transfer of occupancy rights, and the potential for some asset wealth building. The ground leases on which the homes are built are inheritable, and properties on leased land can be bought and sold at prices determined by a resale formula spelt out in each CLT's ground lease.

When the householder decides to sell, any increases in the value of the property are limited through the use of predetermined price formulae instead of being based upon open market values. The intention is that, rather than the initial subsidy dissipating when the household sells, the community partner's ongoing financial interest ensures the home will remain affordable for future households.

The benefits come from assisting lower income households into affordable rental or housing ownership, which can relieve the strain on housing assistance programs.

The key features of the CLT that must be met for successful implementation are:

- Non-profit, tax-exempt corporation
- Dual ownership
- Leased land
- Perpetual affordability
- Community
- Tripartite governance
- Flexible
- Resale formulae
- Maintenance and improvements

TARGET GROUPS: Low to moderate income households

COMMERCIAL MODEL: Byron Shire Council is in a fortunate position as a CLT is already underway in the municipality, which offers an opportunity for Council to lease land into the Trust and the Trust once the full governance is established use the land for affordable housing.

To facilitate the full establishment of the CLT Council could apply financial resources to ensure that the Trust is and all the requirements are fully operational in a time effective manner.

LEVEL OF SUBSIDY: High

SOCIAL HOUSING

Social housing is owned by a state government or a community housing organisation. All states, excluding Victoria, have endorsed and agreed to the National Housing Regulator which manages the compliance and financial readiness of the Registered Housing Entities. The Regulator has the Housing Associations divided into Tier 1, Tier 2 and Tier 3. The division is based upon capacity to grow, financial resources and management of tenancies.

Community housing organisations are not-for-profit corporations that own and/or manage community housing and are registered by Federal and/or State Housing Regulators. Housing Associations and Providers are independent companies that are overseen by a skills-based Board.

Tier 1 Housing Associations are seen by Government as organisations that:

- Own, manage and develop affordable rental housing
- Provide housing support and assistance to clients
- Are viable businesses, partnering with government and the community
- Have met registration criteria and meet ongoing regulatory compliance against performance standards.

Tier 2 and 3 Housing Associations and Providers are managers of housing portfolios (not developers). Housing Associations and Housing Providers vary hugely in size. The largest Housing Associations have more than \$600 million in assets, while the smaller Housing Providers may have a portfolio of less than \$200,000. Housing Associations are developers and managers of social housing; whereas Housing Providers generally only manage housing.

Housing Associations have differing rental policies, starting from 25 per cent to 30 per cent of pension income and increasing to 75 per cent of market rent/30 per cent of employment income.

TARGET GROUPS: Very low to low income households

FINANCING MODEL: Housing Associations will consider the following commercial options (or variations of them) to develop/acquire dwellings:

- Acquisition of newly built dwellings on the open market when they reach completion
- Acquisition of existing units, which may require upgrade work

- Purchase of dwellings from a developer/builder with progress payments made during construction
- Development of new dwellings by the Housing Associations themselves, involving land purchase, financial approval, engagement of consultants, design, approvals, tendering and construction, all under the control of the Association and at the Association's risk.

Housing Associations and Providers are usually tax concession charities and, subject to meeting certain requirements, are exempt from income tax, capital gains tax, fringe benefits tax and GST. They may also be exempt from stamp duty, land tax and, in some cases, council rates. Housing Associations and Providers may also have Deductible Gift Recipient status, meaning donations to them are tax deductible by the donor.

Community housing organisations have financial and operating benefits not available to State housing organisations and private developers, most notably:

- They do not pay GST on the cost of constructing housing
- They have greater flexibility in the sale and re-investment of property
- Their tenants are eligible for Commonwealth Rent Assistance whereas State Government housing tenants are not.

The opportunity offered by a development structure with a Housing Association as a Tax Concession Charity, and excluding the GST as a part of the costs, will be a key point in achieving an outcome that is financially sustainable for the development.

Housing Associations and Providers can raise debt to purchase dwellings. However, the capacity to raise debt is limited by:

- The tenant profile, as dwellings are leased at a sub market rent and thus income to repay is greatly reduced
- The requirement by financial institutions for the Housing Associations to meet commercial hurdles of two times earnings; that is, they must cover repayments with double the income) to achieve funding. As a consequence, this reduces the amount that can be borrowed.

LEVEL OF SUBSIDY: High

LIVE/WORK MODEL

The Live/Work or Co-living model is a setup where a building's bedrooms are private, but nearly all other spaces and facilities are communal. In this arrangement the building operates as modern "dorms for grown-ups". Co-living spaces are particularly popular in large cities where there are high rents and a lack of housing choice. Co living provides flexible, community-driven housing and is attractive to a young, urban, professional and mobile population.

The co-living model continues to move further away from long term commitment with the model evolving from signing a lease to being provided only with a "membership" to provide for a furnished bedroom and common areas. This model whilst not strictly affordable housing is an example of the changing role housing is playing in society and the trend for community driven outcomes.

TARGET GROUPS: Moderate income households/ entrepreneurs

COMMERCIAL MODEL: Standard financial structure

LEVEL OF SUBSIDY: Nil

7. DELIBERATIVE DEVELOPMENT

7.1 WHAT IS DELIBERATIVE DEVELOPMENT

People are looking for different ways to deliver housing across our cities and towns and want to become more involved in the design and delivery of their homes.

This movement to challenge traditional development has recently been coined 'deliberative development' describing development which is actively led by the intended owner-occupiers. Whilst the term is relatively new, the concept is not. Many home-seekers have sought to play a more active role in the creation of their homes for many decades - notably the environmental movement in 1960's and 1970's saw the establishment of many housing cooperatives, 'sweat-equity' housing projects and other non-traditional housing models. However, these models operated outside of the mainstream housing market.¹⁸

Under this modern deliberative development model, the housing project is driven/influenced by future owners in contrast to speculative development where the design of dwellings is geared to the investment market. These "do it yourself schemes" are known as 'Baugruppen' in Germany, 'autopromotion' in France, 'ground build' in the Netherlands and 'collective custom' in the UK. In Australia, it has recently been termed deliberative development.¹⁹

The literature on these models does not yet include standard terms or definitions, partly as a reflection of the tailored approaches that individual projects take. However, from review of Deliberative Development Project examples and literature on this matter, there are a consistent range of benefits of deliberative development models, as outlined overleaf.

18 Conventional and Deliberative development process- Deliberative Development: Opportunities for Moreland Council, Research Paper, Echelon Planning, May 2018

19 Sharam A., Bryant L., Alves T Making Apartments Affordable, Swinburne University

ALTERNATIVE FINANCING MODELS AND IMPROVED HOUSING AFFORDABILITY

Reducing costs of the project which is passed onto the purchaser. Removal or reduction of development profit and removal of fees and charges relating to marketing the development. Under this model, dwellings are purchased 'at cost' to improve affordability.

GREATER INVOLVEMENT OF FUTURE OWNER

Delivering housing rather than investor products to meet the expectation and needs of future occupants. Removes unnecessary spaces and provides the home owner with greater control over the house they will live in. The initial design choices by future owners can also create higher quality internal amenity for occupants.

ARCHITECTURE OF REDUCTIONISM AND REDUCED CONSTRUCTION COSTS

Removing unnecessary aspects of the build to reduce construction costs. This can range from eliminating second bathrooms within apartments through to removing all car parking.

HIGH QUALITY ARCHITECTURE

Providing well-presented buildings which positively address streetscape. Buildings are generally contemporary in form and whilst often have a pared back aesthetic, interact with the public realm, creating adaptable floor plates to enable spaces to be used as a work space.

SHARED SPACES AND URBAN INTERACTION

Creating well-functioning neighbourhoods and communities with shared communal or public spaces. This fosters a shared responsibility for where people live and creates a sense of community identity.

ENVIRONMENTALLY SUSTAINABLE

Including a range of environmental features to reduce energy consumption and overall operational costs for the homeowner. This ranges from eliminating heating/ cooling from buildings through to rain water harvesting and using sustainable building materials. These potential benefits are reviewed and addressed at Chapter 7.5 having regard to project examples in Australia and overseas and the literature relating to deliberative development models.

7.2 DIFFERENCES BETWEEN DELIBERATIVE DEVELOPMENT AND CONVENTIONAL DEVELOPMENT

To appreciate the different approach that deliberate development takes in funding and delivering development projects, it is necessary to outline the fundamentals of conventional development both in terms of its process and project funding sources.

Developers seeking to deliver new housing need to be able to achieve sale prices that support an acceptable return on development costs. Rarely a developer has the straight equity (cash) to undertake a development without seeking finance and there is therefore a need to satisfy the financiers requirements. The criteria to gain finance typically include:

- 65 per cent debt/35 per cent equity (developers on money)
- Return or profit of 20 per cent before overheads and corporate costs
- Minimum of 70 per cent presales contracts on residential (of which only 30 per cent can be to overseas buyers)
- 70 per cent plus sales or lease on commercial/retail components.

Most costs of development are relatively fixed as a proportion of costs. These include:

- Design costs.
- Construction costs.
- Statutory authority charges.
- Finance costs.

The variable cost factor is the price paid for the land.

Figure 13 sets out the general process for Conventional Development and Deliberative Development.

The two primary differences between a Conventional and Deliberative Development model are:

- The development process and its commercial structure and;
- Level of participation from future purchasers.

These are each discussed over the following pages.

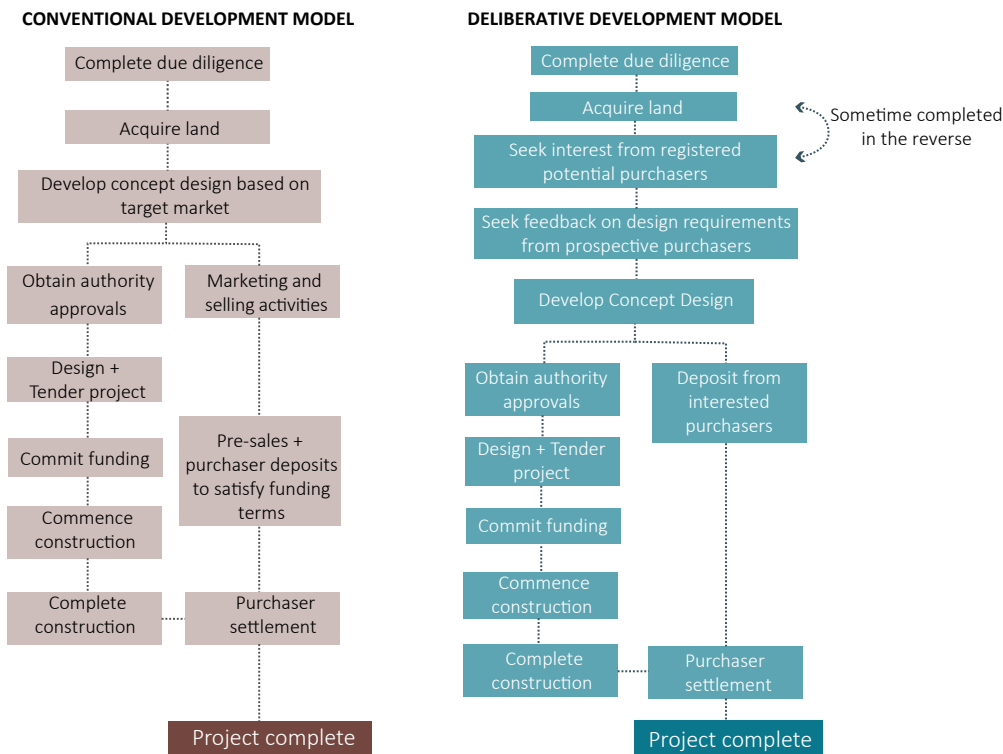


Figure 13. Conventional and Deliberative development process- *Deliberative Development: Opportunities for Moreland Council*, Research Paper, Echelon Planning and Conceptus, May 2018

PROCESS AND FINANCING STRUCTURE

Figure 14 summarises the general process for conventional and deliberative development. The most obvious differences between them being:

- Following acquisition of the land (or in some cases before acquiring the land²⁰), the deliberative model seeks interest from potential purchasers and requests input on key design questions.
- Following approval of the scheme, deliberative development models obtain the deposit from interested purchasers rather than undertaking marketing and pre-sales programs.

CO-HOUSING

Many co-housing projects are privately financed and subsequent resales are done on the open market. Some co-housing groups do make special arrangements to ensure perpetual affordability or their members (Eg: Murundaka project).

There are other projects in Germany which operate under coop associations which form collective ownership models to provide for lower rents for the longer term. The Spreefeld project in Germany is an example of this where an association fee is paid (equivalent of 50% of the per sqm rate for the home) but rents are lower and constant and with potential for lower rents for those less financially able). This ownership and financing model becomes more difficult to achieve as the cost of land continues to rise.

PARTICIPATORY

'Light touch' participatory development commences with some elements of the deliberative development model, and then switches to a conventional development model in regards to finance etc (refer to Figure 15). As such the finance structure generally follows the conventional model with marketing and pre-sales undertaken.

How deliberative development projects are funded differs across each of the models and between projects. Deliberative development is a flexible form of development and as such the financial arrangements can be tailored to each individual project. There are also a range of external/additional factors which may influence how a deliberative development project is financed, including:

- Whenever there is any government assistance or subsidy
- Whenever there is a social housing included within the project
- The market conditions
- The target market²¹

The typical commercial structure for Co-housing, Participatory and Baugruppen is shown in the boxes below.

The Live work model is not necessarily a deliberative development model but it does represent a different approach to delivering housing.

BAUGRUPPEN

Land is purchased at market value and residents essentially buy into the project, with everyone purchasing his or her unit in the building on spec before it has even been developed. The percentage of upfront funds required by purchasers differs across projects with standard amount being 30% of the assumed cost of development.

Finance is sourced externally and provided to fund the development at a cost to the development.

The bank and project manager structured a package of financing by pooling the individual mortgages for the units of future residents that would fund all the phases of construction.

The purchasers under a Baugruppen model are on title and effectively take any financial risk and returns as would a traditional developer, albeit, these development risks and returns are managed by an external party under a Development Management Agreement with the purchasers.

²⁰ Tim Riley from Property Collectives advised that their model is to seek interest from parties before acquiring the land.

²¹ *Deliberative Development: Opportunities for Moreland Council*, Research Paper, Echelon Planning, May 2018

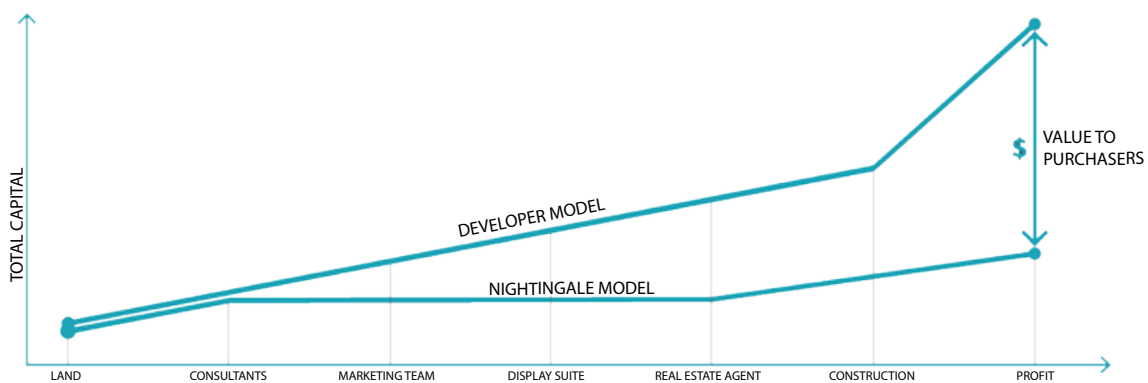
Deliberative Developments seek to implement a cost saving for the buildings and homes through 3 key items as shown in the table below:

KEY PROJECT COST SAVING	BASIS OF SAVINGS
Reduction in Construction Costs (Construction)	Model assumes a 10% saving to the standard construction costs of a conventional development.
Removal of Selling and Marketing costs (Selling Costs)	Model assumes 100% removal of selling agent, marketing and advertising costs.
Reduced Development Profit	Model assumes that profit is reduced from a 20% margin on project cost to 15%.

The remainder of project costs are largely fixed and/or dictated by the market or statutory authorities with little ability for a development to influence a reduction.

The analysis demonstrates that deliberative development can achieve a market value saving of 15-20% compared to traditional development²².

It is important to note that the intended construction cost savings are not always realised, but instead savings in one area might be offset by expenses in other areas relating to higher quality building materials and/or environmental features. The theoretical market value savings of 15-20% is achievable if a premium is realised on the market value of the apartment product.



Source: 'A National Case Study: Insight and the Nightingale Model' - Nightingale Presentation

Figure 14. Nightingale vs traditional developer led development model

²² See Deliberative Development Research Paper 2018, Echelon Planning and Conceptus Property for more information on the cost model.

7.3 LEVEL OF PARTICIPATION

Participation is a precondition for deliberative development projects. The challenge is to structure a project so that it fosters genuine involvement of future residents to develop an agreed architectural concept. Each process differs and is adjusted for each project depending on its scale, location, resident profile and specific wants and needs.

Figure 15 below shows the general level of participation for the future occupants/owners for the housing models explored in this Paper. From our research, the conventional development conveys the minimum (zero) participation in the design process and the maximum involvement is evidenced in the co-housing model process. The diagram below illustrates the spectrum of participation within deliberative development projects (captures Baugruppen and co-housing models) and plots some of the project examples referred to in this report.

The type of information that is generally sought from future purchasers whether through online surveys, information sessions and questionnaires, ranges from specific questions about dwelling layouts and designs through to the importance of environmental features or shared spaces.

This information gathering is then used to tailor the project to meet a specific demand, eliminating excess spaces, infrastructure and reducing construction costs.

Successful proponents of deliberative development stress that the extent of information gathering and collective decision making needs be balanced with the overall objectives of the project and the ability to get the project off the ground. Seeking input on too many aspects of the project and allowing collective decision making on detailed matters has potential to stall or stop project delivery.

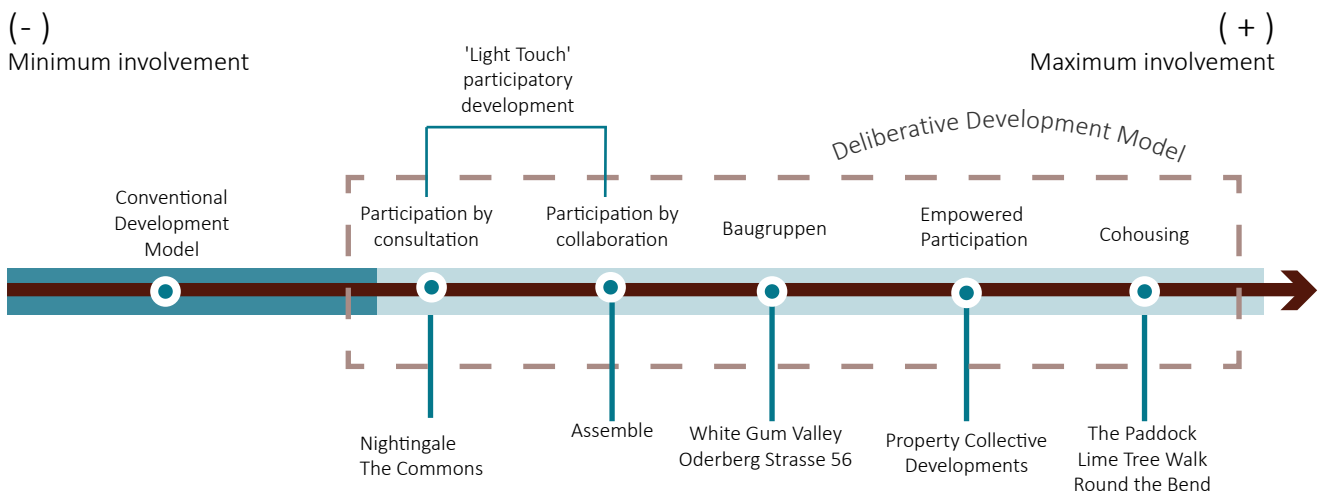


Figure 15. Participation/influence on housing design and decision-making-*Deliberative Development: Opportunities for Moreland Council*, Research Paper, Echelon Planning, May 2018

Note - Property Collectives also operate using the Baugruppen Model

7.4 DELIBERATIVE DEVELOPMENT MODELS

This chapter outlines the four Deliberative Development models considering their common characteristics and commercial structures.

This is summarised following our review of numerous examples, discussions with developers and a literature review (Refer Table 7 for Summary).

The diagram below identifies the typical characteristics found (in various degrees) across the deliberative development models.

These characteristics are specifically applied to each of the project examples in Chapter 8.

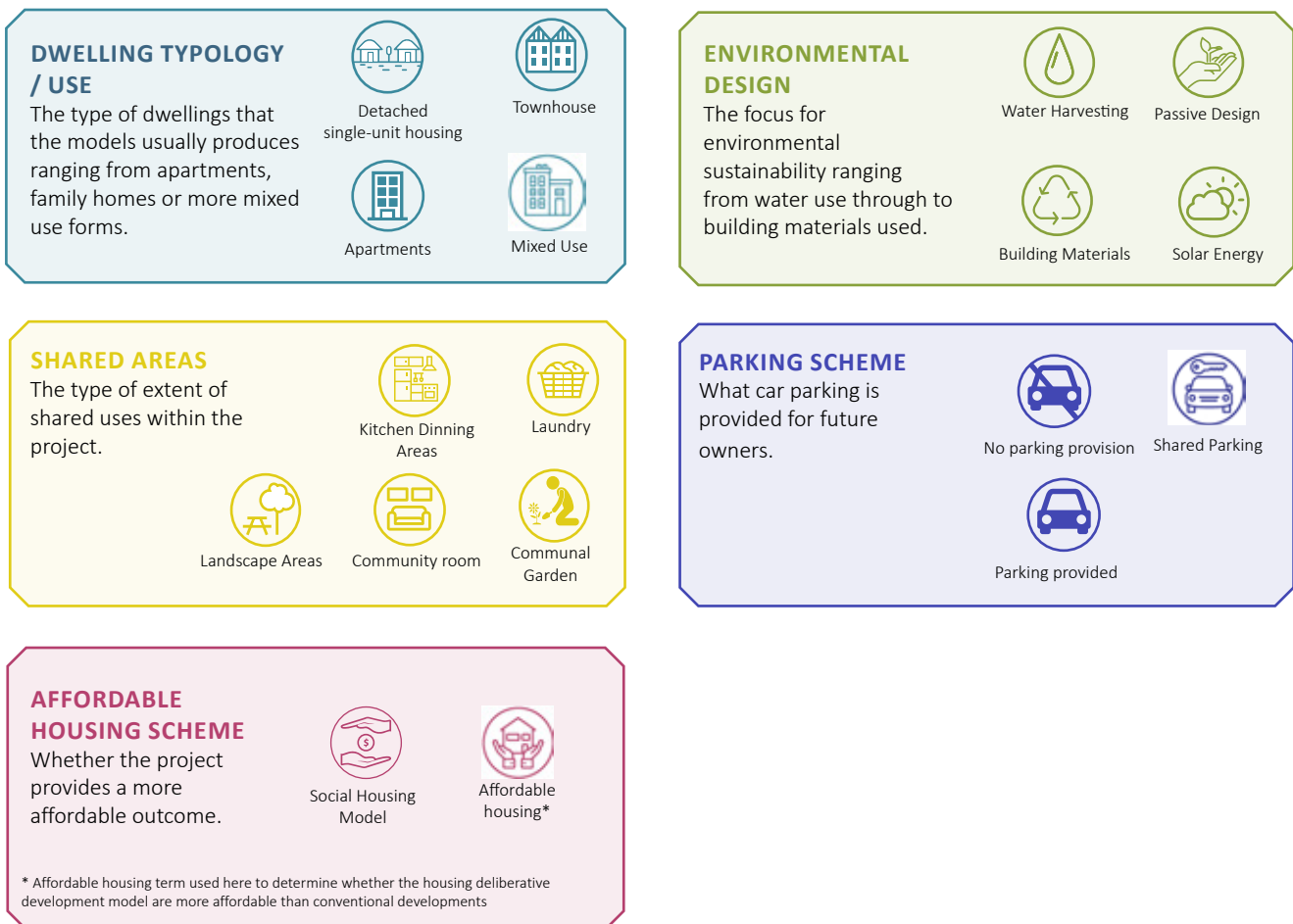


Figure 16. Element of Deliberative Development Model- *Deliberative Development: Opportunities for Moreland Council*, Research Paper, Echelon Planning, May 2018

Table 7: Summary of how the characteristics are applied across various models (based on project examples).

	PARTICIPATORY	CO-HOUSING	BAUGRUPPEN
DWELLING TYPOLOGY & RESIDENT PROFILE	<p>Could theoretically be undertaken at any scale, but in Melbourne is predominantly multi-level development, with townhouse developments becoming more common.</p> <p>Allows owners varying degrees of personalisation to meet the needs of a range of household types</p> <p>Infants to Seniors.</p>	<p>Co-housing communities tend to include a range of home sizes which accommodate a range of incomes and family sizes.</p> <p>Co-housing neighborhoods offer a model for creating supportive networks responding to changing demographics, increasing number of singles, small families and elders. Infants to Seniors. The Social co-housing attend to the Housing Authority current policy (rent is generally 25% of income).</p>	<p>Multi-unit housing developments with a large range in scale. Predominantly multi-level apartments.</p> <p>Personalised solutions, and spaces that can be adapted to suit changing needs over time, allow people with special needs to find a place in the city.</p> <p>Infants to Seniors</p>
ENVIRONMENTAL DESIGN	<p>The extent of environmental sustainability features varies from project to project, but the inclusion of some features is usually sought by purchasers.</p>	<p>Shared gardens, recycling and environmentally-friendly buildings to contribute to lower carbon footprints.</p>	<p>Baugruppen projects are leading the way in environmental sustainability. Users and owners willingly explore new technology, carefully balancing its pros and cons. Berlin examples also attempt to reduce operational costs.</p>
SHARED AREAS	<p>The amount of common/shared areas differs across projects, ranging from rooftop gardens only to shared laundries/meeting spaces.</p>	<p>Outdoor areas, gardens and landscape amenities are shared spaces in the co-housing model. A few examples provide shared laundry, dining , kitchen space and outdoor areas.</p>	<p>The amount of common/shared areas differs across projects, ranging from rooftop gardens only to shared laundries/ meeting spaces. Berlin examples have at least a shared garden that is often also open to the public. The entire neighborhood profits from the green and surrounding urban spaces.</p>
PARKING SCHEME	<p>Generally provided but dependent on individual project.</p>	<p>Limited to no car parking. Many co-housing developments seek to keep cars out of the “village” altogether.</p>	<p>Generally none or reduced parking.</p>
AFFORDABLE HOUSING SCHEME	<p>Generally at market-rate. Depends on the level of involvement of the owners.</p>	<p>While most are market-rate homes, many of these communities have successfully integrated affordable housing within their developments.</p>	<p>The future purchasers influence what to invest in and where money can be best saved, redefining the quality-to-price relationship. Affordability not a huge driver, quality of environment is the bigger focus.</p>
WHO IS DELIVERING	<p>Private developer.</p>	<p>Individuals or Housing Association</p>	<p>Not-for-profit organisation/private developers not seeking profit</p>
EXTENT OF PARTICIPATION	<p>Developers determine the costs, influenced in varying degrees by feedback sought from potential purchasers (e.g. via surveys).</p>	<p>A highly participatory process. Residents typically take active roles in visioning, designing, developing, and manifesting their own co-housing community.</p>	<p>A selected set of questions to potential future purchasers regarding apartment layout, extent of common areas etc.</p>

PARTICIPATORY DEVELOPMENT

Participatory development forms of housing are being advanced as alternatives to marketed and developed housing.

Participation by consultation or “Light-Touch participatory development” is referred to here as a model which is largely conventional in its financing structure but commences with some participation by the home purchasers.

There are a variety of forms of participatory development as outlined below which can encompass a number of project types. The extent of participation in any project varies, as shown on the spectrum below.

COMMERCIAL MODEL

The ‘light touch’ participatory models utilise a standard financial structure, with the developer purchasing and developing the land, and commencing pre-sales around the time a planning approval is obtained.

PASSIVE PARTICIPATION

Participation is only by being informed about the project and feedback is minimal or non-existent.

PARTICIPATION BY CONSULTATION

Extractive process, whereby stakeholders provide answers to questions posed by outside researchers or experts. This consultative process keeps all the decision-making power in the hands of external professionals who are under no obligation to incorporate stakeholders’ input.

PARTICIPATION BY COLLABORATION

Groups of primary stakeholders participate in the discussion and analysis of predetermined objectives set by the project. This level of participation does not usually result in dramatic changes to the design but there is involvement in how to best achieve the pre-determined objectives.

EMPOWERMENT PARTICIPATION

Primary stakeholders are capable and willing to initiate the process and take part in the analysis. This leads to joint decision making about what should be achieved and how. Dialogue identifies and analyses critical issues, and an exchange of knowledge and experiences leads to solutions⁴.

'Light touch' participatory development

²³ Thomas, Paolo (2009). Participatory communication a practical guide. V. 170 World Bank Working Papers
²⁴ Property Collectives operates with the Baugruppen Model

CO-HOUSING

The collaborative housing model was imported to the United States from Denmark in the 1970s. It is an intentional community of private homes clustered around shared space²⁵. It seeks to plan for a very specific need to promote sustainability and ensures there isn't redundant/poorly used land or interior spaces within the home.

Each attached or single family home typically has traditional amenities, including a private kitchen with shared spaces typically being a common house (kitchen/dining/lounge), laundry, and recreational areas, walkways and gardens. The size and design of the common house varies across projects depending on the scale of the development, its typology and the resident mix whether that be suburban townhouse or the apartment/complex typology.

Households have independent incomes and private lives, but neighbours collaboratively plan and manage community spaces. Residents come together for meals and other activities in a common house, and make decisions based on consensus.

COMMERCIAL MODEL

Many co-housing projects are privately financed and subsequent re-sales are done on the open market. Some co-housing groups do make special arrangements to ensure perpetual affordability or their members (Eg: Murundaka project example). There are other example projects in Germany which operate under coop associations which form collective ownership models to provide for lower rents for the longer term. The Spreefeld project in Germany is a example of this whereby an association fee is paid (equivalent of 50% of the per sqm rate for the home) but rents are lower and constant (and with potential for lower rents for those less financially able). However, this ownership and financing model becomes more difficult to achieve as the cost of land continues to rise.

Note: Each State has a statutory offices created under co-operation National Laws called the Register of Co-operatives who are responsible for administering respective Co-operative Acts²⁵.

NEIGHBORHOOD DESIGN

Although physical designs vary greatly by region and setting (rural, suburban, urban), co-housing projects are generally well designed but with a focus on internal spaces. Vehicles are typically kept on the perimeter of the community, allowing for an internal open area which is safe for children and utilised as an interactive community space.

COMMON FACILITIES

Significant common areas are provided. The "common house" typically refers to a shared space containing cooking/dining facilities and other facilities (laundry, exercise rooms, children's rooms, TV room, etc). This forms the physical context for community meals, meetings, and social activities.

SELF-MANAGEMENT

The residents of co-housing take responsibility for designing, managing, protecting, and maintaining all physical and social elements of the community. The common areas are owned by the group and manage by the residents Committees and work groups form to provide for specific community needs, and participation in such meetings is expected of all able members. This is essentially a self-managed body corporate set up.

PARTICIPATION & DECISION-MAKING

Decision-making in co-housing communities is democratic, with consensus or partial consensus emerging as the most commonly-used process strategy.

²⁵ Vestbro, D (2010). Living Together-Cohousing Ideas and Realities Around the world. Retrieved from <http://kollektivhus.se/wp-content/uploads/2017/06/Livingtogetherwebb-1.pdf>

²⁶ Co-operative development.org.au

BAUGRUPPEN

Baugruppen – German for ‘building group’ – stands for a long tradition of self-initiated, community-oriented living, and the shared responsibility of building in this model.

There is no ‘typical’ model – every project differs in its financing, social make-up, the wishes and desires of the group, and the project’s resulting architectural and urban qualities. In this model, people get together to finance, purchase, design and construct the buildings that they will eventually live in. The intended future occupants are the developers.

The model originated in Germany. It has delivered over 5,000 apartments in Berlin alone and it is now being pursued worldwide²⁷.

Many precedent examples based on the Baugruppen model have been developed in markets such as Germany for several years. The results are reported to be that housing is developed at around 75% of the market cost.

COMMERCIAL MODEL

Land is purchased at market value and residents essentially buy into the project, with everyone purchasing his or her unit in the building on spec before it has even been developed. The percentage of upfront funds required by purchasers differs across projects with standard amount being 30% of the assumed costs of development.

Under the Baugruppen models, the bank and project manager structure a package of financing by pooling the individual mortgages for the units of future residents that would fund all the phases of construction.

FINANCE MODEL

Group of purchasers come together to collectively fund their own multi-unit housing project.

ENVIRONMENTAL SUSTAINABILITY

Baugruppen projects are leading the way in environmental sustainability. Users and owners willingly explore new technology, carefully balancing its pros and cons to provide operational efficiency as a whole and individual apartments.

DWELLING TYPOLOGY

Baugruppen are generally multi-story, multi-family buildings rather than detached or semi-detached housing.

HIGHER QUALITY DEVELOPMENT

Future residents involved in the development of their own homes will preference quality design and sustainable features, unlike developers who cater primarily to profit-driven investors. This is paired with architecture recommendations that minimise underutilised areas that add to the construction costs.

²⁷ Eliason, M (2014). Baugruppen: To Form a More Affordable Urbanism. Retrieved from <https://www.theurbanist.org/2014/05/20/baugruppen-to-form-a-more-affordable-urbanism/>

7.5 THE BENEFITS

Byron Shire Council through the preparation of the Draft Residential Strategy have indicated a desire to understand and explore the benefits of deliberative development models, their suitability within the Shire and whether there is a role for Council in actively participating in or facilitating their provision within townships.

Key to this is understanding the benefits of deliberative development to future residents and the community more broadly. From our review of a number of project examples and literature on the topic, there are clearly benefits of Deliberative Development with some being more focused on the individual and others as public benefits, in particular relating to the design and environmental sustainability of projects, their ability to provide mix of uses including work spaces for small business/creative enterprises and a greater willingness to partner with local government to deliver shared/public spaces.

Overall, there is greater interest, willingness and ability for deliberative development proponents to pursue other land use and partnership opportunities than there is for conventional development proponents.²⁸

Chapter 8 provides several project examples of Deliberative Development.

The table overleaf provides an assessment of the potential benefits of deliberative development as outlined in chapter 7.2 of this Paper.

²⁸ Kristien Ring/ AA PROJECTS, Self Made City, Jovis Verlag, 2014, Berlin

ENVIRONMENTALLY SUSTAINABLE

Assumed Benefit

Features to reduce energy consumption and overall operational costs for the homeowner

Assessment

All of the project examples demonstrate attention to environmental sustainability (construction methods and materials with low environmental impact, energy efficiency, natural light and passive ventilation, reduced car dependency).



GREATER INVOLVEMENT OF FUTURE OWNERS

Assumed Benefit

Deliver housing rather than investor products to meets the expectation and needs of future occupants.

Assessment

There is certainly greater involvement from future occupiers of the projects. This participation ranges from registration in the project and updates, specific questionnaires' on apartment layout and communal spaces through to communal decision (e.g. co-housing projects). Anecdotally this is a positive outcome for residents who feel they have had a real input into their homes.

The Nightingale model in Melbourne (see example in following section) has shown how successful this participation can be in developing housing which suits the incoming population evident by the huge participation in the questionnaires', information sessions etc. (currently circa 5000 people registered as interested parties for a Nightingale home).



HIGH QUALITY ARCHITECTURE AND FLEXIBLE SPACES

Assumed Benefit

Well presented buildings which address streetscape. Generally contemporary in form and whilst often have a pared back aesthetic interact with the public realm. The initial design choices also create quality internal amenity for occupants.

Assessment

The Australian examples across the three models explored in this Paper demonstrate a quality architecture outcome. This includes the choice of materials, architectural detail and a positive street address. However, the design quality for deliberative development could also be expected of any inner suburban location where high density is expected.

The European examples of deliberative development also demonstrate high quality architecture albeit often being a minimalist fashion. In Berlin there are certain criteria in which governments can test the quality and performance of deliberative development projects. This is used to decide whether government assistance (either facilitation or subsidy) is to be provided.

The financing structure of deliberative development is more flexible and the floorplates are more adaptable which can provide greater opportunity to redevelop disused, complex sites and older buildings which may not be attractive for traditional investment models. There are multiple examples of this occurring in Berlin.



ALTERNATIVE FINANCING MODELS & AFFORDABILITY

Assumed Benefit

To reduce costs of the project which is passed onto the purchaser. Removal of development profit, removal of fees and charges relating to marketing the development. All of the cost savings passed onto the purchaser. Under this model, dwellings are purchased 'at cost'

Assessment

The deliberative development projects do not meet the definition of affordable housing however, it is delivering 'high value for money' housing by reallocating the cost-savings associated with removing items such as car-parking, marketing costs, etc. into other design and building features.

The full realisation of a market value saving is heavily determined by whether or not the potential development cost savings can be fully realised.

However, if a market valuation places a premium on the value an apartment due to better design and construction principles, this may enable a market saving of 15-20% to be achieved base on a 'like for like' product. There is no firm market valuation evidence to prove this is the case.

In co-housing projects the long term affordability can also be a challenge dependent on the financing structure. Some projects provide for stable, lower cost rent (including bills) (eg Murundaka project) but this is not uniformly the case. Property cost combined with potentially steep membership costs, can make co-housing less affordable. Additionally, owners may not have complete control over their property should they decide to sell since many communities have right to first buying refusal. Others may discover that they do not use the common facilities yet have no way to avoid paying the associated fees since they are part of the ownership contract. One of the major problems, however, is that new co-housing communities may take more time, money and energy to plan and develop than initially estimated.

ARCHITECTURE OF REDUCTIONISM AND REDUCED CONSTRUCTION COSTS

Assumed Benefit

Removing unnecessary aspects of the build to reduce construction costs. This can range from eliminating second bathrooms within apartments through to removing all car parking.

Assessment

Although there is potential to reduce construction costs by omitting fixtures, reducing areas (eg: removing second bathroom, not including plastered ceilings, exposing pipe work) and not providing car parking, anecdotal evidence suggests that a net cost reduction is not always achieved. It appears that any cost savings may often be replaced by additional costs that contribute to better and higher quality design elements and enhanced ESD features.

Design quality of deliberative development projects in Australia are generally very high. As such the cost saving gained by reductionist architecture (especially on internal spaces) can be offset by the higher design quality, choice of materials, additional features etc. As such the value and quality of the home may be higher for the same cost as a conventional development.

SHARED SPACES AND URBAN INTERACTION

Assumed Benefit

Creating well- functioning neighbourhoods and communities with shared public spaces. This fosters a shared responsibility for where people live and a sense of identity.

Assessment

Analysis of examples undertaken by Echelon as well as in other publications shows how participatory development and the provision of common areas promotes social togetherness. Those projects which provide significant shared spaces which are open to the public can also add greater neighbourhood interaction. Anecdotally, residents living in co-housing projects with a range of communal areas note that daily exchanges create meaningful connections and contribute to a sense of togetherness missing in traditional development²⁸.

If common areas are limited to roof top gardens or small park areas that are not accessible to the public then the extent to which there are social benefit beyond the project walls is limited. The planned amount of shared space is therefore a good indicator of the potential societal benefit of the project²⁹.

Providing a mix of uses within the project can also provide benefits to the wider community. There is a growing trend in Europe (as evidenced in the Baugruppen examples) to provide for flexible living and working spaces either within individual apartments, as a communal space or commercial spaces at the ground floor.

Deliberative development can play an important role in creating the mixed use spaces within the inner city where there is a demand for small office and creative spaces which are either collocated or close to people's homes. There are a number of examples in Berlin of such developments which integrate living and working spaces to great effect.



²⁹ <http://ala-apa.org/newsletter/2006/10/17/the-good-and-the-bad-of-cohousing/>
³⁰ Kristien Ring / AA PROJECTS, *Self Made City*, Jovis Verlag, 2014, Berlin

NIGHTINGALE, THE COMMONS - PARTICIPATORY DEVELOPMENT



Architect Breathe Architecture

Partners Project Group, The Commons

Completion date 2013-2016

Location Florence St. Brunswick
Distance from CBD 5km

Typology Apartments

Legal Form Privately owned

Residential units 20 Apartments

Inhabitants profile Young single professionals and
young families (35-40+)

Number of Floors 5

Lot Size 500 m²

Common Space Laundry services, landscaped
rooftop



Nightingale was initiated by a group of Melbourne architects who sought to challenge the speculative form of housing development. Their strategy is to introduce shared spaces, maximise yield and attempt to balance the outcomes through strategies to deliver high-quality housing for below what was market rate.

The Nightingale model which started with the Commons project is a good example of participatory development noting:

- It asks specific questions on what is valued by the future owner/occupier and tailors the apartment layout and infrastructure provided to meet these needs.

- It provides shared/communal spaces
- It places focus on environmental outcomes
- It reduces or removes developer profit, marketing fees, from the overall cost of the development.

The strategies to reduce costs included removing non-essential amenities such as underground parking spaces, additional bathrooms and individual laundry services, as well as bypassing the need for real estate agents, lowered marketing costs, and developer margins capped at 15%. The Nightingale model attempts to tackle affordability and demographic issues by reducing overheads and optimising spatial allocation³¹.

³¹ Feagins, Lucy (2018). Nightingale Housing Wants You To Own A Great Apartment. Retrieved from <https://thedesigntfiles.net/2018/02/nightingale-housing-wants-you-to-have-a-nice-apartment/>

122 ROSENEATH ST (ASSEMBLE) - PARTICIPATORY DEVELOPMENT

Architect Assemble

Partners Wulff Projects, Icon Co

Completion date 2018

Location Clifton Hill

Typology Town Houses and Apartments

Legal Form Privately owned

Residential units 67

Inhabitants profile Young professionals, families and older people

Number of Floors -

Lot Size 3020m

Common Space multi-purpose room, roof terrace, landscaped garden lanes, communal workshop, ground-level retail, parking



The project aim is to deliver a small footprint which fosters a strong sense of community³².

Twelve design presentations were held for potential buyers who had registered to attend and could complete a survey regarding design aspects such as car parking demand, communal facilities and interior design features³³.

Sustainability features of the project include double glazing, naturally ventilated corridors, solar power for communal areas, rain harvesting, an embedded energy network making discounted power available for residents and optional external awnings.

³² https://www.theweeklyreview.com.au/domain/sustainable-inner-urban-community-living-122-roseneath-street/pub/melbourne_times/

³³ <https://www.domain.com.au/news/wulff-projects-icon-co-and-assemble-launch-new-development-in-roseneath-street-clifton-hill-20160527-gp3pk7/>

THE PADDOCK ECO VILLAGE- CO-HOUSING



Architect CROSBY Architects

Partners -

Completion date 2019

Location Castlemaine, VIC- Distance from town centre and train station 1.4km

Typology Townhomes

Legal Form Privately Owned

Residential units 26 homes

Inhabitants profile Infants to Seniors (+80)

Number of Floors 2 storey townhouses

Lot Size 1.39 ha

Common Space Community centre, kitchenette, laundry, open space



The Paddock provides a low density development which involves a lot of resource sharing, including a community centre with spare bedrooms, laundry and kitchenette, water tanks, sheds and tools and an electric charging station for bikes. The focus of this project is sustainable living and it has been developed in accordance with the philosophy of the Living Building Challenge, where developments must generate more energy than they use.

The main characteristic of the village are the following³⁴:

- Shared gardens
- Mix of housing types and sizes
- Energy Efficiency
- Community inclusion
- Vicinity to the town centre yet surrounded by natural environment
- Limited car parking

³⁴ <https://thepaddock.com.au/about>

CHRISTIE WALK - CO-HOUSING

Architect Paul Downton

Partners Urban Ecology Australia Inc

Completion date 1999-2006

Location Adelaide, South Australia

Distance from CBD 0km

Typology Integrated Townhomes/apartments

Legal Form Privately owned

Residential units 27 homes

Inhabitants profile Infants to Seniors (+80)

Number of Floors 3-storey townhouses

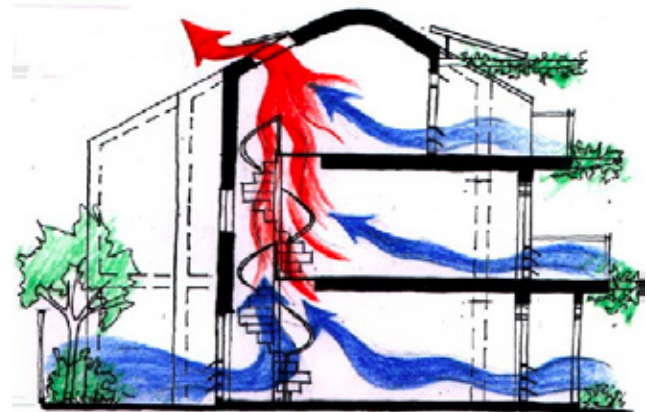
Lot Size 2,000 m2

Common Space Community room, kitchen, dining, meeting room, library, and toilets



The focus of this project was based around energy efficiency, the use of renewables and a high overall ecological performance. It was intended to set the parameters for a project able to demonstrate both the physical and organisational aspects of community and ecological development. The goal was to create a liveable and affordable urban community minimising the environmental impact.

On this basis, Christie Walk integrates capture of stormwater, use of solar electricity and recycled and non-toxic building materials to achieve green design. The architecture design fosters social interaction and a sense of community by providing a layout free from traffic and provides convivial outdoor places to gather informally or to sit quietly alone³⁵.



³⁵ Urban Ecology Australia (2013). A piece of ecocity.
Retrieved from <http://www.urbanecology.org.au/eco-cities/christie-walk/>

LIME TREE WALK - CO-HOUSING



Architect Feilden Clegg Bradley Studios
Partners C&J Clark Properties
Completion date 2009
Location Street, UK
 Distance from CBD 4km
Typology Townhomes
Legal Form Privately owned

Residential units 168 housing units
Inhabitants profile Young Families

Number of Floors 2-storey townhouses
Lot Size 3,000 m2
Common Space -



Lime Tree Square is the first phase of a precinct of 400 homes in the West Country market town of Street. This new neighbourhood offers homeowners a range of private, semi-private and public open spaces in a landscaped setting. The focus is on providing housing at a scale for family living.

Central to the design is the pedestrian layout and urban drainage system which deals with rainwater, which is conducted through a series of swales, ponds and rills planted with aquatic plants that run beside the walkways³⁶.

36 Feilden Clegg Bradley Studio (2009). Lime Tree Square. Retrieved from <https://fcbstudios.com/work/view/lime-tree-square>

ROUND THE BEND - CO-HOUSING

Architect Funding members

Partners -

Completion date The co-op was formed in 1971

Location Nillumbik Shire, VIC

Distance from Melbourne CBD 33Km

Typology Houses

Legal Form Co-op, 32 shares owned individually or jointly

Residential units 24 houses

Inhabitants profile Families, couples, singles

Number of Floors 1-2

Lot Size 130 ha (4.8ha for houses, 125.2ha for conservation)

Common Space Community room, Kitchen, dining area



Round the Bend Conservation Co-operative is registered under the Co-operatives National Law, with 32 shares owned jointly or individually.

The Co-op focuses on:

- Managing and protecting the land to conserve and enhance its indigenous natural environment,
- Living on the land with minimal impact upon it

The Co-op has oversight of all leaseholds and leaseholders are expected to seek approval from Directors for a range of things including building and renovating (materials and design), landscaping and sub-letting. This ensures that the Co-op maintains its environmental objectives.

All buildings and renovations on the Co-op must meet statutory regulations and have the required approvals. Directors have the power to approve, reject or require change to applications.³⁷

Membership is gained by being a shareholder. Shares can only be purchased with the approval of Directors. The project uses a simplified Baugruppen approach to deliver high quality town house product.

³⁷ <https://www.roundthebend.org.au/sharing>

COLLECTIVE #1, ST GEORGES NORTHCOTE - BAUGRUPPEN



Architect Den Demant, The Saint George Collective

Partners Loop 8, Freddi & Co

Completion date 2013

Location 132 St Georges Rd Northcote
Distance from CBD 5km

Typology Townhomes

Legal Form Privately owned

Residential units 4 Units

Inhabitants profile Young single professionals and young families (35-40+)

Number of Floors 3

Lot Size 486 m2

Common Space -



Property Collectives bring groups of people together into collectives which assume the role of developer, achieving other collective ambitions, such as higher environmental performance and tailored designs³⁸.

The focus of this project is to ensure the architecture takes centre stage on the streetscape rather than dominating the streetscape with extra crossovers and garages. This scale is reinforced with the tactile materiality of the recycled brick that was used to match the front brick fence of the original building on St Georges Rd.

The form of the building is simple and provides strong individual identity whilst being clearly part of a whole³⁹.

³⁸ Photos and text retrieved from <http://propertycollectives.com.au>,

³⁹ Property Collectives (2018). 132 ST Georges Rd. Retrieved from <http://propertycollectives.com.au/2014/01/northcote-joint-venture-property-development/>

COLLECTIVE #2, NORTHCOTE - BAUGRUPPEN

Architect Pillar+Post Architecture

Partners Property Collectives

Completion date 2018

Location 121 Clarke St, Northcote

Distance from Melbourne CBD 4km

Typology 3 storey townhouses

Legal Form Privately owned

Residential units 7

Inhabitants profile Families

Number of Floors 3

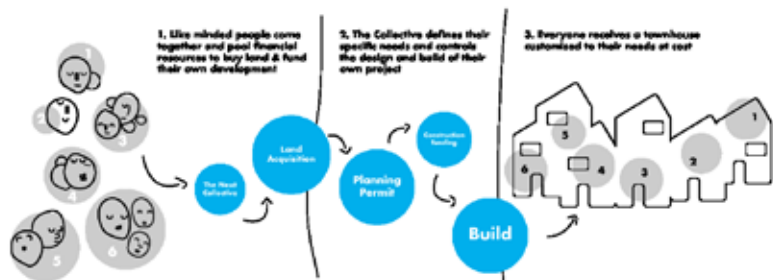
Lot Size 877 m2

Common Space -



Collective #2⁴⁰ in Northcote, Melbourne is a project designed for a group of 7 members who worked closely with the architects to create a design aimed to deliver the best outcomes. Each member of the collective received a 3 or 4 bedroom townhouse, with 2 or 3 bathrooms and 1 or 2 car parks. Participants were able to individualise their townhouse to their specific needs with differentiated floorplans and customised cabinetry and colour palettes.

Construction commenced in mid 2017 and was completed in late 2018. Bank of Queensland provided the construction finance.



⁴⁰ <http://propertycollectives.com.au/projects-archive/collective-2-clarke-st-northcote/>

COLLECTIVE # 3, STRETTLE ST THORBURY - BAUGRUPPEN



Architect Pillar+Post Architecture

Partners Property Collectives

Completion date Current (building permit)

Location 4 Strettle St, Thornbury

Distance from Melbourne CBD 8.5km

Typology Townhomes

Legal Form Privately owned

Residential units 6

Inhabitants profile Families

Number of Floors 2

Lot Size 1430 m2

Common Space Multipurpose space at the rear



For this project, Property Collective, are developing six double-storey townhouses of around 130 sqm of living with 5 collective members.

The planning permit was issued in 2016 and construction commenced in April 2018 with completion expected in late 2019. The dwellings feature are⁴¹:

- Around 130sqm of living space
- Tandem car parking where the rear car park sits behind the garage and is uncovered so residents can use this area as a multipurpose space, roof decks with sweeping views to the south towards the city.

- Brickwork patterning details in reference to the predominately inter and post war brick veneer housing in the area
- Exposed ground floor ceiling joists to increase the feeling of space at ground floor living.

Bank of Queensland provided the construction finance.

⁴¹ <http://propertycollectives.com.au/projects-archive/collective-3-strettle-st-thornbury/>

WHITE GUM VALLEY - BAUGRUPPEN

Architect Spaceagency Architects
Partners LandCorp and the University of WA
Completion date 2018
Location Fremantle, WA
 Distance from CBD 20km
Typology Apartments
Legal Form Privately owned

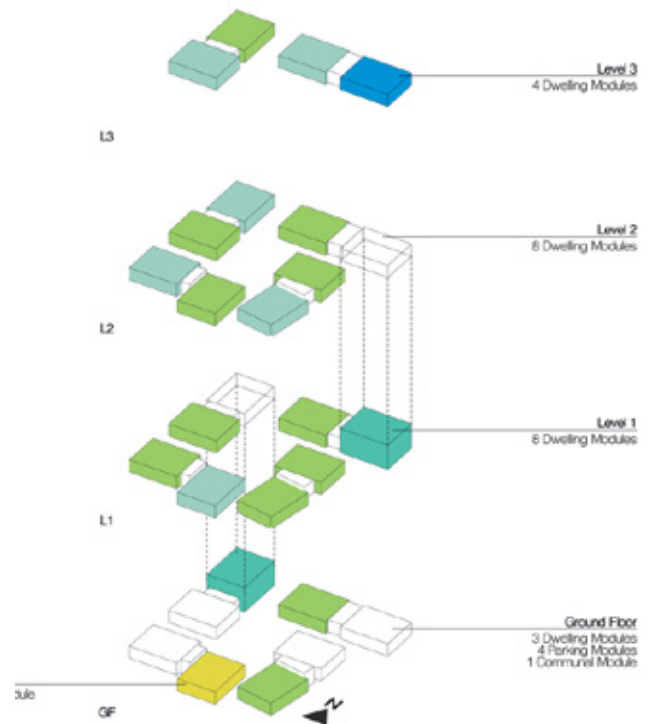
Residential units 23 Apartments
Inhabitants profile Infants to Seniors (+80)
Number of Floors 4 3-storey multifamily dwellings
Lot Size 1,669 m2
Common Space Shared garden, an activity and meeting room, guest rooms, laundry facilities and a car-share scheme.



A development in Perth, designed by Spaceagency Architects, proposes ‘stacked homes’ with no common walls for an apartment complex at White Gum Valley near Fremantle. The architects proposed a series of apartment designs in a range of sizes, from studio to three-bedrooms, which will conform to a vertical grid, allowing them to be stacked in any arrangement to respond to the purchaser interest.

The project draws together a group of people to act as their own developer for a multi-unit housing project. All homes will be climate responsive, using passive solar design and innovative construction materials.

A shared, battery storage ready, solar panel system will generate renewable energy to ensure low operating costs⁴².



42 Cheng, L.(2016). German cooperative housing model takes root in WA. Retrieved from <http://www.baugruppen.com.au/>

ODERBERGER STRASSE 56 - BAUGRUPPEN

Architect	Bararchitekten
Partners	IFB THAL & Huber, Delta-I
Completion date	2003-2010
Location	Berlin Distance from CBD 0km
Typology	Multi-family residential
Legal Form	50% rental, 50% Privately owned



Residential units	5 Apartments
Inhabitants profile	Young single professionals and young families (35-40+)
Number of Floors	7
Lot Size	315 m2
Common Space	Landscaped rooftop, guest apartment and public art space



Oderberger Strasse 56 is conceived as a “container” that can accommodate diversity of use and adapt to changing needs over time with high degree of flexibility in its function.

The design offers a complex building with split levels and a double-storey space in each apartment. The building provides five units of about 120 square meters, which are equally suitable for living and working⁴³.

⁴³ Kleilein, D (2010). Slow architecture. Retrieved from <http://www.bauwelt.de/themen/bauten/Oderberger-Strasse-56-BARarchitekten-Berlin-Slow-architecture-2159360.html>

THE COBURG TOWNHOUSES - SOCIAL HOUSING



Source: [Schoredprojects.com.au](https://schoredprojects.com.au)

The Coburg Townhouse is a social housing project commissioned by the not-for-profit organisation Women's Property Initiatives (WPI). It consists of seven townhouses (5 x 1 bedroom and 2 x 2 bedroom) which provide affordable, permanent and secure housing to women and their children⁴⁴.

WPI secured the surplus land from Moreland City Council with philanthropic funding.

Schored Projects worked closely with Hutchinson Builders and alongside contractors and consultants – many of whom offered their services pro bono or for reduced fees – to ensure the delivery of this important project⁴⁵.

Architect Schored Projects

Partners Hutchinson Builders

Completion date 2016

Location Coburg, VIC

Distance from CBD 7km

Typology Townhomes

Legal Form Social Housing

Residential units 7

Inhabitants profile Single women with/without child

Number of Floors 2

Lot Size 486sqm

Common Space Shared landscape walkway



The main features of the project are:

- multiple open space options
- shared walkway with seating, landscape and bike storage
- acoustic insulation
- safety

44 <https://schoredprojects.com.au/filter/Social-Housing/Coburg-Townhouses>

45 <https://architectureau.com/articles/coburg-townhouses/>

WOODSTOCK ROOMING HOUSE

Architect MGS Architect

Partners City of Port Phillip

Completion date 2006

Location Balaclava, VIC

Distance from Melbourne CBD

Typology Apartments

Legal Form Owned by Port Phillip Housing Trust

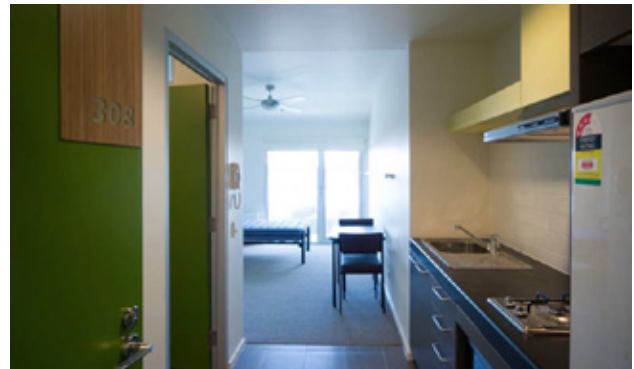
Residential units 31

Inhabitants profile Singles and people with disabilities

Number of Floors 3

Lot Size 834sqm

Common Space Community lounges, laundrette



City of Port Phillip and the Office of Housing converted an open air Council car park in the Balaclava Shopping Precinct into 31 dwellings (15 traditional rooming house rooms with shared communal facilities, 15 self-contained studios (two of which are disability modified) and a one bedroom unit for a disabled person). The existing car parking was retained in an undercroft⁴⁶.

Project funding was supplied in a joint venture between the City of Port Phillip and the Office of Housing. Additional funding for integrated art work has also been provided by local and state government agencies. Integrated Art was made possible through successful application for funding by Arts Victoria for an art piece titled, 'Layering', by artist William Kelly.

The objective underpinning the program developed by the City and managed by the Port Phillip Housing Association (now know as "Housing First") has been one that brings together aspirations for social sustainability with objectives for environmental, economic and cultural sustainability as

outlined as follows⁴⁷:

- The redevelopment of council-owned resources whilst retaining established car parking expectations into the new development
- The development of environmentally sustainable projects within its community
- The repair of urban fabric and identification of parts of the City where intervention through new projects might lead to urban renewal
- Projects that can demonstrate an integrated strategic planning approach that provides for better utilisation of transport and State and Local
- Government infrastructure and support for the existing retail centre
- The incorporation of integrated art within the community
- Improved access to public transport and housing for people with disabilities (provision of lift and design of corridors and disability access throughout)

⁴⁶ <https://housingfirst.org.au/portfolio/developments/104-completed-projects/175-woodstock-woodstock-street-balaclava>

⁴⁷ http://www.portphillip.vic.gov.au/MGS_Woodstock_Display_2008.pdf

NEWPORT WOMAN HOUSING - SOCIAL HOUSING



Architect ClarkeHopkinsClarke

Partners Buildcorp, Women's Housing Ltd

Completion date 2019

Location Newport, VIC

Typology Apartments

Legal Form Owned by Women's Housing (RHA)

Residential units 20 apartments

Inhabitants profile Older women, and women leaving family violence.

Number of Floors 2

Lot Size 1472sqm

Common Space -



This project was designed to deliver more affordable, long-term housing to women at risk of homelessness. Located close to public transport, local shops and parklands, the development includes 20 new one and two bedroom dwellings for women and their children, charged up to 75 per cent of market rentals or 30 per cent of their household income.⁴⁸

A number of apartments have been designed to support ageing in place to assist in addressing the increasing number of older women facing potential homelessness, many for the first times in their lives.

The units have been funded from a \$5.5million grant awarded by the Victorian Property Fund to Women's Housing Limited (WHL), a not-for-profit agency that provides low cost housing to women at risk of homelessness.⁴⁹

48 <https://womenshousing.com.au/newport-opening/>

49 <https://www.starweekly.com.au/news/housing-relief-in-newport-for-women-in-crisis/>

ASHWOOD CHADSTONE GATEWAY - SOCIAL HOUSING

Architect FMSA ARchitecture
Partners Reshape Development, Victorian Government, Australian Government

Completion date 2013

Location Ashwood/Chadstone, VIC
 Distance from CBD 15km

Typology Apartments, townhouses

Legal Form Privately owned and social housing

Residential units 282

Inhabitants profile Singles and families, people with disabilities

Number of Floors 4-7

Lot Size 9000sqm

Common Space -



In 2009 the Port Phillip Housing Association (now known as Housing First) was appointed for the Ashwood Chadstone Gateway Project by the Victorian Government.

The PPHA redeveloped six vacant sites to deliver 210 community homes and 72 private homes in townhouses and apartments. PPHA invested in community building initiatives, and included a large community space within one building for activities and events with tenants and the wider community.

The \$140 million project was leveraged with the Victorian Government and PPHA who contributed \$70 million each to the development. The 72 private units were sold off the plan prior to construction with funds used by PPHA to leverage and deliver approximately 210 additional affordable housing dwellings within Metropolitan Melbourne without further Government support⁵⁰.

Careful consideration was also given to creating consistency in the architectural design, sustainable principles, building forms, dwelling sizes, unit types and street presentation; to ensure private dwellings were indistinguishable from the social housing⁵¹.

Six key strategies were identified to ensure the social sustainability of this project⁵²:

- Place Management
- Social Impact Assessment & Mitigation
- Communication & Consultation
- Social Inclusion
- Community Development
- Ongoing Physical Renewal

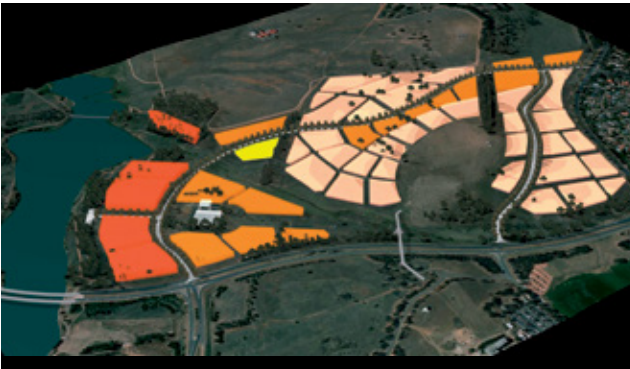
These are discussed in more details on the Community Housing web page <https://chiavic.com.au/portfolio-item/ashwood/>

50 <https://www.architectureanddesign.com.au/projects/multi-residential/medium-density-development-near-train-line-a-game#>

51 <http://www.fmsa.com.au/projects/ashwood-chadstone-gateway-project/>

52 <https://chiavic.com.au/portfolio-item/ashwood/>

LAWSON TOWNHOUSES



Architect -

Partners CHC Affordable Housing,
ACT Government

Completion date 2016

Location Lawson, ACT
Distance from Canberra 10km

Typology Townhouses

Legal Form Privately owned through the Land-
Rent ACT Scheme

Residential units 6

Inhabitants profile First home buyers

Number of Floors 2

Lot Size 9000sqm

Common Space -



Developed by the ACT government and available to purchase through CHC, the Land Rent Scheme allows you to buy a new home, while renting the land⁵³.

CHC released 6 three bedrooms townhouses within the Lawson development to the north west of Canberra at the end of 2016.

The benefit of purchasing a property from CHC is that land rent is only payable after settlement. This means there will be no land rent costs during the construction phase.

Lawson 9 development provides low and moderate income earners an opportunity to live in well located housing that suits their needs.

Eligible tenants have the opportunity to rent the homes for \$375 a week, or 75 per cent of their market value.

When buyers purchase a land rent property, they own the rights to the land and property as under a conventional purchasing system.

To be eligible, purchasers have to meet the following criteria:

- the gross household income cannot exceed the income threshold of \$160,000
- do not own another property
- at least one purchaser will reside in the property when completed
- completing the ACT government's CIT Land Rent Course

⁵³ <https://www.allhomes.com.au/news/chc-affordable-housing-launches-in-lawson-9-development-20160621-gpobp2/>

HABITAT BYRON - LIVE/WORK MODEL

Architect Dominic Finlay-Jones

Partners Brandon Saul

Completion date 2017

Location Habitat, Byron Bay

Typology Mixed-Use Terraces

Legal Form Habitat Collective

Residential units 24

Inhabitants profile Small Business Owners, Creative Businesses, Start Ups

Number of Floors 2

Lot Size TBC

Common Space Co-Working Facilities, Pool, Gym, Recreation Area, Recycling and Waste Management



Habitat Live/Work places an emphasis on functional, good quality dwellings that sit alongside small and flexible business workspaces. The Byron Bay project includes 24 residences across two levels, each including 60 metres of commercial space below, and an 80 metres squared one bedroom apartment above⁵⁴.

Created to fill the gap of affordable housing that many self-employed businesses face, this model seeks to streamline living and working within one environmental and architecturally designed village. The village accommodates business, residential and commercial uses, and provides residents flexible ways to utilize their space.

⁵⁴ <https://dfj.com.au/project/habitat-live-work/>

393 MACAULAY ROAD - BUILD TO RENT



Architect Fieldwork
Partners Assemble, Make Ventures, Resilient Melbourne

Completion date 2021*

Location Kensington, VIC
 Distance from CBD 2.5km

Typology Apartments

Legal Form Privately owned

Residential units 73

Inhabitants profile Singles and families, people with disabilities

Number of Floors 8

Lot Size 1500sqm

Common Space Shared gardens, dining room, laundry facilities, dog wash area and a car-share scheme.



393 Macaulay is the first Build to Rent project commissioned by Assemble and Make Ventures. To be constructed over 8 floors in Kensington, the development offers a mix of 73 single, one, two and three bedroom apartments. Located just three km from the CBD, the mixed-use project will utilize landscaped, open air walkways, communal living spaces, small footprint design and natural light.⁵⁵

The Assemble Build to Rent model allows residents to secure a 5 year lease before committing to purchase a unit, and after which the home may be bought at a fixed purchase price.⁵⁶

Encouraging financial and community success, Assemble also provides community services such as management and financial coaching for their residents throughout their tenancy.

The project intends to centre home buyers throughout the development process with extensive consultation and engagement⁵⁷.

Emphasising resident involvement allows 393 to develop as the community sees best. Flexibility is key to this project, with Assemble initially acting as a building manager to facilitate the design, over time the spaces can be re-purposed and adapted for the tenants needs.

55 <https://resilientmelbourne.com.au/resilient-communities/resilient-communities-393-macaulay-rd-kensington/>

56 Ibid

57 <https://assemblecommunities.com/>

BOWDEN URBAN VILLAGE

Architect -

Partners Urban Renewal Authority

Completion date estimated 10-12 years to complete

Location Bowden, SA

Distance from CBD 3km

Typology Transit Oriented Development

Legal Form -

Residential units Apartments, townhouses, terraces

Inhabitants profile Infant to senior

Number of Floors Up to 6 storey buildings

Lot Size 20ha

Common Space -



The Urban Renewal Authority was the development coordinator for the project.

An essential element of the BUV Project is the promotion of higher density living in a mixed used development environment providing a variety of housing types to meet a broad range of household needs. This includes housing that is affordable and appropriate for households with a range of income profiles, including low-moderate income households.

The BUV Project is committed to providing a range of high quality housing product that satisfies the South Australian Government’s target for all new significant housing developments of 15% affordable housing, including a 5% component as social housing.

Affordable housing embraces a broad continuum of housing options that include:

- Subsidised or non-subsidised private or social rental housing for low-moderate income households;
- High needs social rental housing, either government owned and managed or owned and managed by non-government organisations; and
- Owner occupied home purchase options for low-moderate income households.

TRANSITION VILLAGE, WALLAN

Transition Village Wallan is embarking on a project to build a village of Tiny Houses, utilising sustainable living and design practices, for people experiencing (or at risk of) homelessness in and around Wallan.

Each tiny house is designed by the community with an architect supervision. This process is part of the community consultation. Each tiny house will be designed by the following principles:

- Measures: 3m x 4m = 12sqm of inside floor space
- Basic provision of bedding, lighting, heating/cooling and drinking water
- Outside porch to allow for socialising amongst the residents

Shared facilities such as kitchen, laundry, showers and toilets will be available for the residents. Meeting rooms and shared buildings to give education and training opportunities to residents.

HARRIS TRANSPORTABLE HOUSING PROJECT

The project is a partnership between Launch Housing and philanthropists Geoff and Brad Harris, of Harris Capital, with funding from the Victorian Property Fund.

The project is using nine parcels of vacant VicRoads land in Footscray and Maidstone to create 57 tiny homes for people with a chronic experience of homelessness.

At a time when 116,000 people experience homelessness on any given night (up 14% from 2011 to 2016), this project demonstrates how unused government land can be repurposed to create safe, stable homes for people who urgently need them⁵⁸.

Architecturally designed by Schored Projects, the units are currently under construction in Horsham and will be transported to site in the coming months with the first tenants to move in shortly thereafter. Hansen is proud to have played a pivotal role in bringing this innovative and sector leading housing affordability project to life⁵⁹.



⁵⁸ <https://www.hansenpartnership.com.au/projects/harris-transportable-housing-project/>

⁵⁹ <https://www.hansenpartnership.com.au/projects/harris-transportable-housing-project/>

TINY HOMES FOUNDATION

Tiny Homes Foundation is a not for profit organisation dedicated to providing socially, environmentally and economically sustainable affordable housing solutions.

Their pilot tiny home project in Gosford, NSW is an Australian first based on a “Housing-first” principles that prioritises housing for people experiencing or at risk of homelessness and then wraps around additional supports and services as needed.

Completed in May 2018, the pilot project has proved a most worthy alternative to homelessness for disadvantaged youth. Tenants have maintained their tenancies, their mental health has improved and they have engaged in education and employment.

Coast Shelter, and Pacific Link Housing, have been impressed by the success of the project and advocate for more such projects⁶⁰.

Each tiny home covers just 14 square metres, with a bedroom, bathroom and cooking facilities, and has been architecturally designed with cathedral ceilings to make it feel much bigger than its small footprint.



⁶⁰ <http://www.tinyhomesfoundation.org.au/about>

PART 3

DELIVERY OF THE VARIOUS MODELS

9. ROLE OF GOVERNMENT

9.1 THE SPECTRUM OF INVOLVEMENT

There are many ways that local governments can influence the affordability and diversity of housing in their municipalities, ranging from indirect methods such as advocacy right through to direct investment in housing.

This chapter outlines each of these options on the spectrum from minimal involvement to maximum involvement.

ADVOCACY, RESEARCH AND INFORMATION

While the primary policy and funding levers for affordable housing are managed by state and Commonwealth government, many councils are active in the debate around future policy – either individually or through industry associations and groups and can continue to **advocate** for a better performing system.

Councils can also be proactive in undertaking **research** into affordable housing issues, such as the Housing Needs Assessment (2015) undertaken by Byron Shire and the Housing Summit which brought together a range of voices and perspectives on the topic.

Other examples of such work include the City of Port Phillip's (inner Melbourne Council) studies of car ownership among affordable housing tenants to support requests for lower car parking provision rates, and community housing and community engagement⁶¹.

Maintaining data on issues such as housing stress and housing affordability can also inform other actions that Councils may take.

Councils can also provide information in the form of **community engagement** and **education for developers**. Guidelines on sustainability enhancements and universal/liveable design references can help developers understand how these can be incorporated into developments. An example of regular community engagement comes from City of Port Phillip, which maintains a regular low-key information flow designed to provide positive information about affordable housing/tenants and combat negative stereotypes.

Finally, Councils can ensure their **internal operations** are sensitive to tenant needs. For example, the City of Yarra (inner Melbourne Council) has protocols in place between health, building (fire safety) and community departments

⁶¹ Review of Social Housing Car Parking Demands; City of Port Phillip, 2010

that are intended to address the needs of tenants in the event of the forced closure of rooming houses.

PLANNING

At a basic level, Councils can positively influence housing affordability by ensuring an efficient housing market operates through providing a sufficient and ongoing **supply of land for residential development**. It can also facilitate the creation of liveable neighbourhoods by ensuring that housing is located near transport, jobs and services, and that infrastructure is delivered upfront. It can also encourage the creation of a diversity of housing and the location of medium density housing near transport and services.

Having a specific affordable housing **policy statement**, and integrating objectives from this in other **planning policies and strategies**, provides an evidential basis from which Council can advocate for and facilitate affordable housing outcomes and maintain a management focus as part of its internal operations. The completion of the Residential Strategy and its integration into the NSW Planning Scheme will fulfil this.

There are a range of **planning concessions** that Councils can provide for affordable housing proposals. These include allowing additional building height and reducing car parking.

Encouraging or requiring dwellings to incorporate **sustainable design** and **universal/liveable design** features can ensure that housing has lower running and is suitable for people of a wide range of abilities.

Council has the ability to levy a **development contribution**, subject, in some cases, to state government approval. Development contributions cannot be used for other than the intended purpose but, having met this requirement, Council can decide how the funds are to be used for the best outcome.

In deciding whether to seek affordable housing as part of developments, regard must be had to the timing of when value capture opportunities are applied which is typically related to when the planning controls are changes (ie: a rezoning).

SUPPORT SERVICES

Some Councils have historically provided homelessness services by operating rooming house accommodation.

With regard to **aged care services**, some Councils provide a number of free in-home cleaning and maintenance services under the Home Aged Care programs.

FINANCIAL

Council can provide **reduced development contributions, planning charges and Council rates concessions** to affordable housing developers, providers and/or tenants.

Councils generally have few parcels of **Council land** that are both free from other competing uses and are suitable for residential housing. However, such opportunities do exist and often may not be readily apparent, being in the form of air space above Council-owned car parks or similar. In general terms, the higher the land value within the municipality, the greater the potential for the creation of more high density opportunities.

With regard to **housing trusts**, projects involving Council funds or assets generally involve development, sales, finance and counter-party risks, as well as debt and joint venture partners.

Some Councils have chosen to **invest directly in affordable housing**, with the best Victorian example being Port Phillip, which has invested \$13 million in affordable housing over 21 years to leverage about \$39 million of other funding. The Affordable Housing that was created is now in the Port Phillip Housing Trust. The Trust acts as a discretionary trust and is managed by a Registered Housing Association as the Trust Manager.

There are examples of Councils in Victoria (such as the City of Port Phillip, Inner City Councils and Hobsons Bay) who has transferred their affordable housing assets to a discretionary trust and the Trusts are managed by a registered Housing Association. The Trusts are public benevolent institution (charity exempt from land tax and stamp duty); a tax concession charity (exempt from income tax, goods and services tax); and a deductible gift recipient (entitled to receive tax deductible donations).

In the Port Phillip Housing Trust the trust deed has specific provisions that ensure the assets are used for the designated charitable purpose – being the provision of housing to low income Port Phillip residents who are also on the Office of Housing waiting list for social housing⁶².

Where a Council has not had a traditional interest and role in affordable housing, this is a challenging concept for Councillors attempting to meet the escalating service and infrastructure costs facing local government.

⁶² In this instance, The Council exercises a strategic level of control through the terms of the trust deed, the appointment of the trustee (which is a registered Housing Association) and a reporting framework against financial and social outcomes for the City of Port Phillip. The establishment of a legally compliant housing trust is complex and the outcome must also meet the policy objectives of DHS if it is to have any prospect of leveraging state and Commonwealth funding.

9.2 COMMERCIAL STRUCTURES AND LAND OWNERSHIP OPTIONS

This chapter outlines the range of commercial structures available to facilitate alternative housing models within the Shire. It focuses on how to deliver affordable housing and secure this affordability (whether that be purchase or rental) for the long term.

Finding ways to implement an affordable housing policy is challenging and as outlined above there is a spectrum of involvement available for local councils. Many Councils wish to move beyond only the preparation of an Affordable Housing Policy and into the facilitation or delivery of affordable housing forms.

There are many ways which affordable housing can be achieved and the best chance of success of this is when the Local or State Government play a very active role in financing and facilitating it. Leaving it solely to the private sector to deliver (even if there are mandated planning requirements) will likely still fall short of what is needed.

This chapter outlines how different models could be pursued in Byron Shire.

FACILITATING PRIVATE MODELS OF AFFORDABLE HOUSING AT SCALE

The private sector is not yet equipped to deliver affordable housing at a large scale as affordable housing has been unable to become an asset class in Australia due to several factors as shown in Table 8 below.

Table 8: Summary of issues and required solutions to delivering large scale affordable housing

THE ISSUE	WHAT IS REQUIRED
Insufficient returns to attract institutional investment – The returns in most instances are break even without any consideration of trying to grow affordable housing into an investment class.	The Yields (returns) from affordable housing need to be steady and not subject to market turbulence. The returns need to be the same or greater than other investments with similar perceived risks.
Minimal track record – Australia’s housing associations (unlike elsewhere in the world) are not full resourced and before five years ago were only small charitable organisations.	Housing Associations need diversified income streams subject to annual uplift at or above market rates. The diversified income stream is in relation to tenant and occupier mix, across portfolios. Potential for development activity. Active Asset Management.
Lack of sizable investment platform – The size of the industry is too small and even the federal government’s \$1 billion bond aggregator scheme requires more scale to attract true institutional investment.	Sizable investment opportunities and product base. Estimates of 15,000 affordable housing dwellings annually. Proven track record after allowing for two to three years of asset stabilisation.
A narrow policy focus – policy and funds for affordable housing are primarily focussed at the most vulnerable, without consideration of all other groups requiring assistance in housing costs.	Government policy that is supporting growth in affordable housing and underpinning long-term growth through investment.
Lack of a cohesive policy and implementation platform and Federal and State level – This is reflected in the lack of funding at both levels of government in any affordable housing mechanisms.	Consistent policy levers across Federal and State Governments that is supported by funding.

In international markets, affordable housing has been delivered on a much larger scale and this in part has to do with it being a successful business and asset class include. The characteristics of those international markets are:

- Affordable housing has been tailored to the policy environment and there are good government connections.
- There is presence across the value chain; that is, develop, own, manage for housing associations.
- An asset class scale and track record.
- There is both demographic and geographic diversification across the portfolios.
- There are strong Government relations.
- The market scale is sizeable.⁶³

To change the current situation and attract institutional funding for affordable housing the following benchmarks need to be considered:

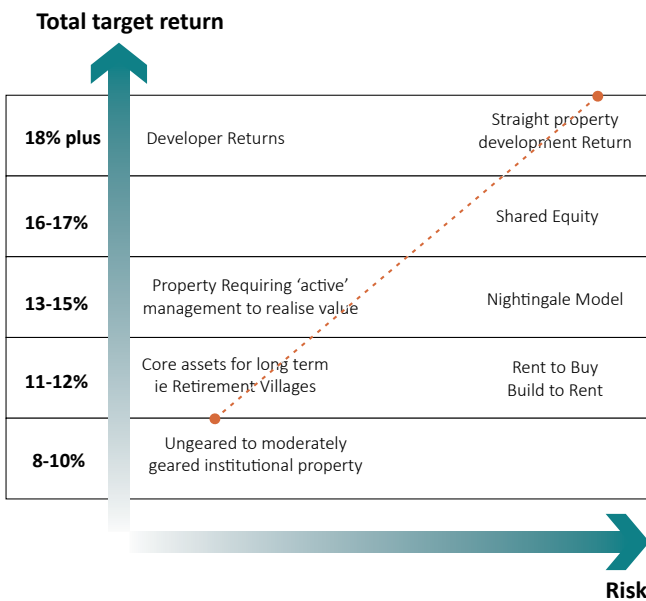


Figure 17. percent of development return by development model

Notwithstanding the above, there are two models or scenarios which the Council could look to facilitate through engagement with the private market. These models could work on parts of Councils own sites or on privately held land:

PRIVATE BUILT TO RENT

Is a model in which an institutional investor will build a whole building for 100% rental and retains (or sells) a portion of the dwellings to be rented at a below market rent to eligible renters. In the Byron Shire context, the institutional investor could be North Coast Community Housing.

PRADS MODEL

The Prads Model was developed by Robert Pradolin and is being explored by some inner Melbourne Councils. Under this model, rent is charged at 75% of market rent of the local area⁶⁴. Renters are those defined as low to moderate income earners within the Melbourne legislative framework. The maximum return the investor would gain would be 75 %of the full market rent and the affordability would remain on the dwellings for the economic life of the building (usually 25 years).

To entice an Australian investor to purchase a dwelling that has a discounted rent, the purchase price would also need to be discounted proportionately. Typically, this would about 20% of the purchase price. Either a lower land purchase price (if government owned land) or other incentives such as higher density outcome could be offered to facilitate an outcome such as this. This model may be difficult to achieve in Byron Shire as the height restrictions (max 3 storeys) limits the ability for a value uplift proposition to be offered as it can in cities or higher density locations⁶⁵.

The ongoing affordability aspect of this model would be best managed via a caveat agreement on title. In this scenario, the developer would be expected to select a Housing Association/entity to administer the rentals and associated reporting.

63 This is a critical factor as the market needs to be of sufficient scale and reliability to attract private sector funds and expertise, create synergy and competition, and to meet demand. In 2007, Lendlease undertook work that indicated that in the order of an extra 15,000 dwellings a year for at least 10 years was required to be delivered to make it a viable business model.

64 Being either the LGA or ABS Geographic Statistical Division

65 This is especially true in the Melbourne context.

MANAGEMENT OF THE PROPERTIES would be a consideration for council in any Build to Rent scheme. Typically, Councils require that a Registered Housing Association manage the property, however it is possible for private rent to build to nominate an entity such as a registered real estate agent to manage the property. The key considerations for Council in utilising this model are:

- The need to be satisfied that the organization has demonstrated experience and has a proven track record in managing affordable housing and tenancies in an integrated development.
- That the tenancy and property managers assigned to the dwellings are trained and have experience in managing client groups in an integrated development.
- That the Entity has the capability to undertake all the reporting requirements that may be necessary in any restrictions on title.

Build to Rent offers real opportunities in the current environment for sites with the following characteristics:

- State significant development areas.
- Large scale sites subject to structure plans/precinct planning
- Land use change (rezoning) that results in value uplift and creates capacity for new dwellings.
- Residential developments on surplus government land.

The two sites in Mullumbimby (Lot 22 and the Former Mullumbimby Hospital site) which are owned by the Council are suitable candidates for such a model given their scale and ability to greatly increase dwellings for the township. The Build to Rent model could also comfortably sit side by side with other affordable housing, or deliberative development forms on the one site.

9.3 COMMERCIAL MODELS FOR GOVERNMENT LAND

SHARED EQUITY ARRANGEMENTS

As outlined in chapter 6, the essential feature of shared equity models is that the buyer shares the capital cost of purchasing a home with an equity partner. This enables households on lower incomes that would typically be needed to purchase a home. This approach could be advanced in Byron Shire because:

- Compared with conventional mortgage arrangements, shared equity can enhance affordability for home-buyers by reducing both deposit requirements and ongoing housing costs
- It may provide traditional mortgage lenders with the opportunity to expand into new markets and offer equity investors a more flexible way to invest in residential property other than through direct investment
- More broadly, shared equity approaches can contribute to policy reform and offer a means of leveraging a wider range of affordable housing forms. To achieve this outcome, equity investment is required.

Inevitably, these benefits have risks associated with them, and the viability and relative attractiveness of shared equity depends upon favourable financial and housing market contexts.

Shared equity is commonly a government-backed arrangement, and it is likely that it will continue to be given the more cautious financial climate following the Banking Royal Commission.

This approach is suitable for Byron Shire to advance on its own land (whether sold to a developer or retained via a lease) by becoming the equity holder. This could be done by Council remaining the land holder and therefore the equity holder or via the Community Land Trust as Trustee for the Council assets.

However, at this stage the alternate shared equity schemes remains only a potential model for Byron Shire until such time as the Federal or NSW Governments support the scheme.

COMMUNITY LAND TRUST

A housing trust is a trust established for the charitable purpose of providing housing to low income members of the public. In this case the Settlor would be the Shire of Byron and the proposed Trustee is the Community Land Trust (CLT).

The Trust is established and must be operated in perpetuity exclusively for public charitable purposes, which is the provision of affordable housing in the Shire of Byron for eligible (low to moderate income) residents.

The Trust, once established, has a perpetual life subject to the winding up provisions contained within the Trust Deed. To take account of changing nature of places, the preferred approach is to adopt broad purposes that give effect to Council's affordable housing aims and comply with the requirements of the Commissioner of Taxation and incorporate this within the Trust Deed.

For this model to achieve affordability outcomes, Council (as the land owner) can restrict the use of the land only for affordable housing. For this model to operate effectively it requires funding – this could be in the form of grants, equity or debt.

What is a trust?

A trust is a legal relationship under which one party (the Trustee) holds property for the benefit of another party (the Beneficiary) or for a charitable purpose. A trust is created by a Settlor who transfers property to the Trustee. The creation of the Trust by the Settlor, the terms of the transfer of property and how the property is to be managed and specific duties of the Trustee are contained in an agreement (the Trust Deed). The Trustee holds the property for the Beneficiary or for the charitable purpose. Trusts have existed in common law jurisdictions for hundreds of years and are regulated by New South Wales and Commonwealth legislation.

10. CHOOSING SUITABLE HOUSING MODELS FOR BYRON SHIRE

There are several factors to consider when choosing the suitability of sites for the affordable and deliberative housing models set out in this report. There are a range of opportunities and constraints for Byron Shire Council to consider in their pursuit to achieve affordable and diverse housing in the Shire.

Each of the models could work independently or together on larger development sites. Table 9 overleaf outlines the opportunities and constraints of each of the models and their suitability for Byron Shire based on our understanding of the challenges and aspirations set out in the Residential Strategy, the projected growth for Byron Shire and its demographic profile. A further table (Table 10) summarises which model/s is best suited to each township based on their demographic profile and the availability of land in each location. This is an important consideration in determining the commercial structure for alternative housing models.

The Council owned land at Lot 22 and the former Mullum Hospital are existing potential redevelopment sites and as such have formed the basis of this assessment. However, the models could also be delivered on other government owned land which has comparable scale, amenity and access to services.

In considering the suitability of the models it will also be important to consider the base costs which the Council will incur which could include the cost of land sale, cost of remediation works and the cost of development itself⁶⁶. This is important to ensure that there is adequate finance to deliver the project. A cash injection may be required through the sale of part of the land (to a conventional developer or a deliberative development project) in order to finance the remainder of the project to deliver affordable housing.

⁶⁶ To determine the feasibility of the models it will be necessary to have a set of base cost assumptions relating to connection to services, drainage infrastructure, earthworks, cost of construction, other development charges etc.

10.1 ANALYSIS AND MODELS

Table 9: Opportunities/Suitability of Housing Models in Byron Shire

TENURE	OPPORTUNITIES FOR BYRON COUNCIL	CONSTRAINTS FOR COUNCIL	LONGEVITY	AFFORDABLE /TARGET GROUP	SUITABILITY FOR BYRON SHIRE
Conventional Sale	<p>The sale of land for conventional development will allow Council to recoup cost of land and fund affordable housing/community infrastructure.</p> <p>Opportunity to get alternate built form that may suit future needs of the community.</p>	<p>Once the land is sold opportunity for Council to achieve affordable housing outcomes is only through the planning application negotiations.</p> <p>No barriers to Homes becoming short term rental accommodation.</p>	None	None	<p>Yes but will not achieve affordability objectives.</p> <p>Could achieve diversity outcomes if Council prepare a structure plan/ requirement for a particular housing typology.</p>
Deliberative Development	<p>The sale of land for deliberative development will allow Council to recoup cost of land and fund affordable housing/community infrastructure.</p> <p>Opportunity to get alternate built form that may suit future needs of the community.</p> <p>Opportunity to have some (a given percentage) of those dwellings sold at a reduced price to members of the community and retain the affordability through a covenant on titles of those dwellings sold at reduced price.</p> <p>Also can have the covenant restrictions on owner occupiers.</p>	<p>A time frame for the covenant is required. Life spans of covenants are typically 20 years.</p> <p>Once the covenant lapses the property can be sold at market price and would become available for short term rentals.</p>	20 years if covenant applied.	Moderate Income earners	<p>Yes.</p> <p>All the deliberative development models outlined in the report are considered suitable for Byron given that they can be delivered at various scales and densities. This would achieve objectives in relation to lot and housing diversity.</p> <p>The barrier to this would be gaining sufficient attention to form building groups/ co-ops interested in pursuing the form.</p>

TENURE	OPPORTUNITIES FOR BYRON COUNCIL	CONSTRAINTS FOR COUNCIL	LONGEVITY	AFFORDABLE /TARGET GROUP	SUITABILITY FOR BYRON SHIRE
Community Land Trust	<p>By implementing a Trust transfer, Council can retain a “review capacity” of the land.</p> <p>Once the CLT is registered as a Not for Profit Charity through the ACNC and has gained the ATO requirements for PBI and DGR – multiple benefits to the land holding will occur including tax reductions on GST, land tax etc</p> <p>The land will be held for the long term for affordable housing.</p> <p>CLT can ensure that while the land is the control of the CLT that no short term letting is implemented.</p>	<p>The transfer of the land will need to be at nil or minimal cost to Council to retain affordability. All repayment for the works will need to be achieved through sale of part of the land for deliberative or conventional development.</p> <p>The transfer could be via a long term lease 99 years but to allow for real leverage may need to transferred to the CLT for \$1.</p> <p>The land will be managed by the CLT for the purposes of the Trust – Council will get reports but will have minimal input on the workings or management of the Trust.</p>	99 years	Very Low, Low and Moderate Income earners	<p>Yes.</p> <p>This is highly suitable for Byron as it could achieve diversity and affordability outcomes in perpetuity.</p>
Build to Rent (BtR)	<p>The opportunity is to leverage existing NCCH to deliver BtR through leveraging NHFIC funding.</p> <p>The housing could be smaller dwellings to allow for various members of the community.</p> <p>The dwellings created will be targeted at existing members of Byron Shire at rents that are affordable to eth individual based on income.</p> <p>NCCH is governed by various State and Federal legislative requirements and this will ensure that the tenants are well managed.</p>	<p>For the BtR to be financial and commercial it will require a blend of tenant types to allow for repayment of the NHFIC debt.</p>	30 years – with rebuild or major refurb allowance- could be 99 years (NCCH will need to establish a sinking fund for maintenance and re-furbishment).	Very Low, Low and Moderate Income earners	<p>Yes.</p> <p>This is a suitable model for Byron on the basis that NHCC could deliver and leverage NHFIC.</p>

TENURE	OPPORTUNITIES FOR BYRON COUNCIL	CONSTRAINTS FOR COUNCIL	LONGEVITY	AFFORDABLE /TARGET GROUP	SUITABILITY FOR BYRON SHIRE
Shared Equity – Shared Ownership	<p>Opportunity for low and moderate income earners who are existing residents of Byron Shire to purchase dwellings without the land cost. The land will be retained via the CLT – management of the land will be via a lease between the CLT and the purchaser.</p> <p>Having the CLT as the ongoing land holder will ensure that the affordability remains.</p> <p>CLT has the capacity ensure that the dwellings are for owner occupiers.</p>	<p>While Bank Australia will support such a model, it is unlikely the big four financial banks of Australia will at this stage.</p> <p>Council could be criticised for leveraging outcomes for low to moderate income earners and forgetting the very low.</p>	99 years	Low to Moderate Income earners	Yes.
Shared Equity - Loan/ value model	<p>Opportunity for low and moderate income earners who are existing residents of Byron Shire to purchase dwellings a shared equity by CLT.</p> <p>The land will be subdivided via conventional manner.</p> <p>CLT has the capacity ensure that the dwellings are for owner occupiers.</p>	<p>Very limited support for loan value model with financial institutions. Bank Australia are considering such a model, it is unlikely the big four financial banks of Australia will at this stage.</p> <p>Once the shared equity partner sells the property the affordability will be lost. Council could be criticised for leveraging outcomes for low to moderate income earners and forgetting the very low.</p>	No time constraint	Moderate Income earners	No. This model is not suitable because there are no willing financial institutions.
Affordable Purchase	<p>The sale of land for affordable purchase will get alternate built form that may suit future needs of the community.</p> <p>Opportunity to have the dwellings sold at a reduced price to members of the community – retain the affordability through a covenant on titles of those dwellings sold at reduced price. Also can have the covenant restrict to owner occupiers.</p>	<p>A time frame for the covenant is required. Life spans of covenants are 20 years.</p> <p>Once the covenant lapses the property can be sold at market price and would be available for short term rentals.</p>	20 years	Moderate Income earners	Yes.

Below is a table that summaries which models may be best suited to each township based on their demographic profile and the availability and scale of land in each location.

Table 10: Opportunities/Suitability of Housing Models in Byron Shire by Township

TOWNSHIP	POTENTIAL HOUSING SUPPLY IDENTIFIED IN POLICY 1	POTENTIAL APPLICABLE HOUSING MODELS
<p>Bangalow:</p> <ul style="list-style-type: none"> Higher income family households Highest proportion of mortgaged properties Lowest proportion of rented properties 	<p>Infill = 117 dwellings Vacant land/in pipeline = 122 dwellings, with some large vacant lots (3.5ha and 0.8ha) Possible new residential sites = 37 dwellings</p>	<p>To provide more options for lower and moderate income households to locate in Bangalow, affordable by design, build to rent and shared equity projects may be suitable.</p>
<p>Brunswick Heads:</p> <ul style="list-style-type: none"> A retirement location characterised by older people, smaller households, and lower incomes Highest proportion of older people, lone person households, households on lower incomes, owned properties and rented properties 	<p>Infill = 67 dwellings Vacant land/in pipeline = 213 dwellings from one large lot (37.9ha) already approved for development Possible new residential sites = N/A</p>	<p>Deliberative development models which would suit include baugruppen and participatory on the infill sites/large sites. Co housing might also be suitable on the larger sites. Only ongoing development opportunities are from infill sites. The predominance of one person households and lower incomes means those models which deliver medium density and smaller dwellings likely suited to diversify housing. This could include affordable by design dwellings and tiny/relocatable/secondary dwellings. Some developments could be specifically targeted for retirement living.</p>
<p>Byron Bay:</p> <ul style="list-style-type: none"> More young people aged 20-34 Fewest family households Households and people have higher than average incomes 	<p>Infill = 153 dwellings Vacant land and pipeline = 804, predominantly from a large area of vacant land (157.3ha) Possible new residential sites = 20 dwellings</p>	<p>Byron Bay has the largest amount of vacant land available, and all affordable and deliberative development models should be considered to provide affordable purchase and rental options.</p>
<p>Mullumbimby:</p> <ul style="list-style-type: none"> A mix of families and older people Household incomes are lower High proportion of owned properties 	<p>Infill = 152 dwellings Vacant land and pipeline = 183 dwellings, with some large vacant lots (14.6ha, 3.7ha and 1.2ha) Possible new residential sites = 445 lots</p>	<p>The predominance of one person households and lower incomes means models which deliver medium density and smaller dwellings likely be best suited to diversify the housing stock. This could include affordable by design dwellings and tiny/relocatable/secondary dwellings. Some developments could be specifically targeted for retirement living.</p> <p>Given there are large vacant lots available for development, options like build-to-rent, shared equity and rent-to-buy should be considered along with any/all of the deliberative development models.</p>

TOWNSHIP	POTENTIAL HOUSING SUPPLY IDENTIFIED IN POLICY 1	POTENTIAL APPLICABLE HOUSING MODELS
<p>Ocean Shores:</p> <ul style="list-style-type: none"> • One of the highest proportions of family households • Has many middle income earners with fewer low or high income households compared to other locations 	<p>Infill = 234 dwellings Vacant land and pipeline = 21 lots, predominantly from infill land with one large vacant site (3.2ha) Possible new residential sites = Nil</p>	<p>To target the middle income family households who live in this location, providing options for affordable purchase and rental could be provided with affordable by design (medium density) housing, restricted purchase, shared equity and rent to buy. This is unlikely to be a location suitable for social housing (delivered by an Association or Government) because of the demographic profile of the area being predominately middle income and larger family households.</p> <p>Other townships would warrant or better provide social housing opportunities.</p>
<p>Suffolk:</p> <ul style="list-style-type: none"> • The youngest profile of the towns, with many young families and younger adults (25-34), and much fewer older people • Features the highest proportion of high income households • Fewer lone person households 	<p>Infill = 143 dwellings Vacant land and pipeline = Nil</p>	<p>As a town of younger, higher income family households, affordable purchase models may be best suited to this location. Rent to buy and shared equity models could also be considered.</p> <p>The demographics of this town may also be well suited to small scale Baugruppen developments (these can work on small sites with 2-3 couples/singles).</p>

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10.2 POTENTIAL MODEL COMBINATIONS

The diagrams over the following pages outline how some of these models could sit together on any given site. As noted above, the former Mullumbimby Hospital site was in mind in the preparation of these diagrams given it is government owned land, has status as a future development site and there is an agreed set of Development Principles to guide the development for the site.

Review the diagrams with the descriptions below.

A Site was transferred to Council for \$1 but the demolition of the existing facility and decontamination works must be completed. Council has raised debt to carry out the works. Council wishes to pay down this debt which is approximately \$3.5m with debt.

The sale of land will be the only way the debt can be repaid.

The site will need to be subdivided into appropriate parcels for sale.

Only the land that is required to be sold to cover the debt should be subdivided from the main title.

B The remaining land transferred to the Community Land Trust (CLT). The options for transfer include:

- Sale at minimal cost
- Direct transfer at \$1 consideration
- Long term lease for 9 years on a peppercorn lease.

The more money that Council charges the CLT for the land the less affordable the housing will become.

C The sale of lots to cover Council debt can be carried out in two ways:

- Deliberative Development
- Commercial Sale

D The CLT acts as the vehicle to derive affordable housing outcomes from the remainder of the site. If the CLT has control of the land then it can, within the bounds of ensuring that the development and ongoing housing is financially viable, determine what range of affordable housing models are applied.

E Accessing finance to deliver a Build to Rent that represents affordable housing will need partners. In the current environment the best options for affordable housing finance are through the National Housing Infrastructure Finance Corporation (NHIFC). To access the very low interest loans you must be a Registered Housing Association with the Federal Government. NCCH is such an organization and could access the funding. NCCH Build and own asset but not land and rent dwellings at affordable rentals to members of the community.

F Access finance for alternate affordable housing development and purchase models.

G The CLT retains ownership of the land and provides the land via a long term lease 99years (as per Canberra Model) at peppercorn lease.

H Shared Equity - would be via a Shared Ownership Model. The land is leased at a peppercorn lease for 99 years to the partner. The CLT becomes an equity holder by virtue of the land being provided at minimal cost – its equity is in the land ownership. The purchasers only require equity for the dwelling to be delivered on the land. This can be via a mortgage – Bank Australia have been supporters of a model.

J The remaining site is further subdivided and the CLT retains ownership of the portion to be undertaken as Build to Rent, but the remaining land is subdivided into smaller parcels to deliver alternate affordable housing deliver y models.

K Shared Equity – Loan/Value Model – where the CLT takes partial ownership via owning the title of the lot that the dwelling is being delivered upon. Once the dwelling is sold the land ownership will be passed with the dwelling to the new owner.

Affordable Purchase – dwellings constructed and sold by development company at a set price that is a discount to market. A covenant is placed on the dwellings restricting price increases to ensure that the original discount is retaining for future owners. CLT would manage the covenant.

LAND OWNERSHIP AND HOUSING FUNDING

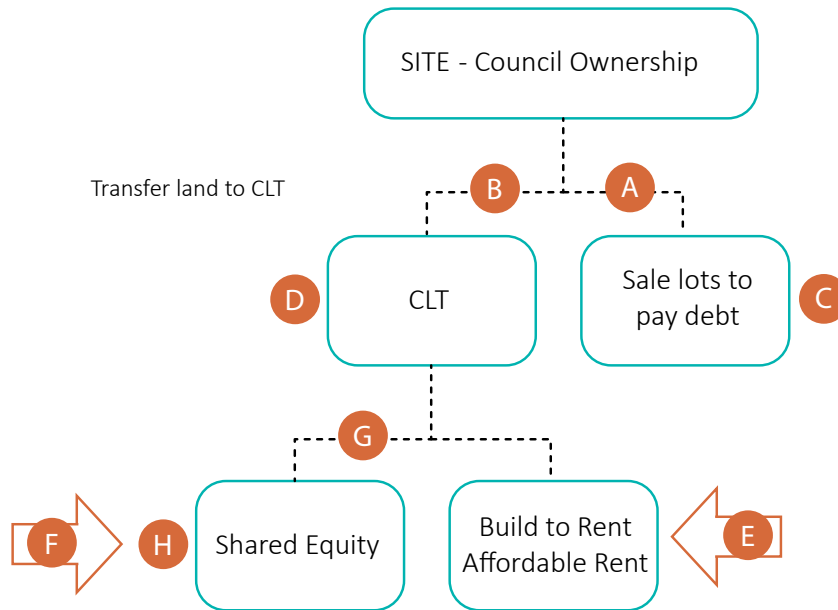


Figure 18. Commercial Model to manage land for affordable housing outcomes – land retention

LAND OWNERSHIP AND HOUSING FUNDING

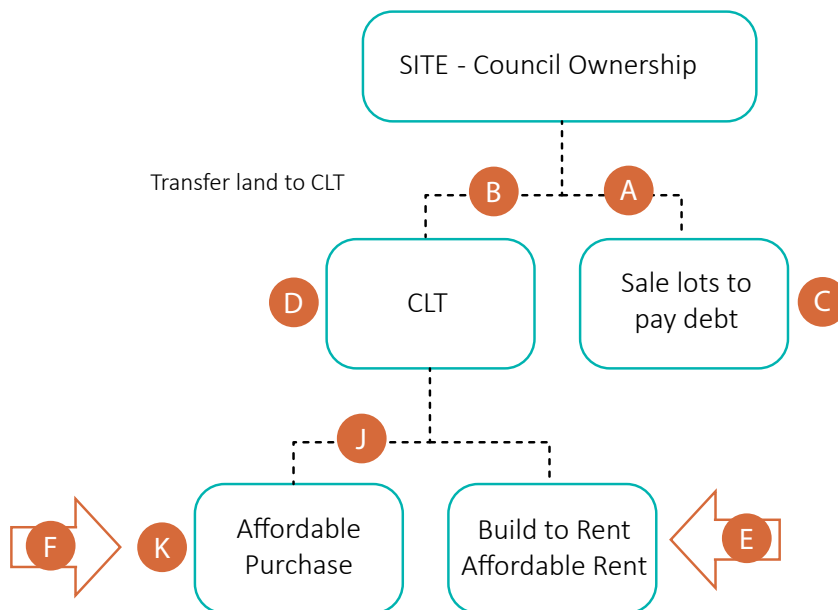


Figure 19. Commercial Model to manage land for affordable housing outcomes- sale are outlined below.

11. CONCLUSION

There are a variety of models which are suitable to be developed within Byron Shire. The project examples set out in this Report examine the characteristics of the models and how the myriad of ways in which the models have been delivered – scaled up and down to suit the context and profile of an area, various level of participation and an affordability spectrum.

Certain models are better suited to meeting housing needs in different townships and area having regard to their capacity of growth, scale of development sites and their demographic profile. Townships such as Brunswick Heads are suitable for Tiny Homes/secondary dwellings where as Mullumbimby with larger scale sites has more opportunity for Built-to-Rent, Social Housing and Deliberative development forms.

For large sites, a combination of models is necessary to ensure the commercial viability (or at least reduce the viability gap) of the site. This could include selling off part of the land for a conventional or deliberative development model and developing the remaining land for a range of affordable housing models. Commercial structures can be put in place to enable Council to retain control over the housing tenure and their ongoing affordability. There are several opportunities which Council can pursue to achieve this outcome.

Of our review of the models, the overall quantum of land available and its scale we see the biggest opportunities for Byron Shire would be in the delivery of:

GROUP ACCOMMODATION – The “dorms for grownups” and boarding house concept, particularly having regard to seasonal and key worker accommodation required in Byron Shire. It also is suitable to be adapted to fit a range of scales.

RELOCATABLE HOMES – This model can be implemented at different scales and has been successfully developed on disused/under utilised public land in Victoria. It is a simple and achievable measure to respond to a growing homelessness issue and the project examples demonstrate it can be a helpful short term solution or developed so that it is a more permanent outcome.

SOCIAL HOUSING THROUGH A CLT – The existence of the Byron CLT and the scale of Council owned land in Byron Shire (particularly in Mullumbimby) makes this model a substantial opportunity for Byron. The Council could secure long term, affordable rental or purchase and it could work hand in hand with other deliberative development or private commercial models.

LIVE-WORK – This model would be suitable for Byron to create spaces for creative industries, small business, and start ups and smaller format living. It could be developed in a way which is more affordable for residents and allows efficient use of space, energy consumption and social benefits.

APPENDIX A

BYRON SHIRE BESPOKE RESIDENTIAL MODEL	POSSIBLE LOCATION/SITE OPPORTUNITIES AS SHOWN ON MAP 2A AND 2B	LAND USE PLANNING CONSIDERATION	HOUSING MODEL DESCRIBED IN THIS REPORT
Micro-home/lot Single house on a freehold lot less than 100m ² .	Site 15	<u>Design</u> : access, minimum standards for outdoor living space, car bays, lot coverage, building setback.	
Intentional community An integrated housing project on a single lot with shared community facilities collectively funded by residents who often have shared values.		<u>Use</u> : an appropriate zone to allow mixed uses. <u>Design</u> : lot coverage, building setback, density, car bays and outdoor space requirements. (See draft criteria for comment – Appendix 5)	Co-housing Baugruppen.
Pocket neighbourhoods A cluster of approximately 12 neighbouring houses or apartments gathered around a shared open space.	Site 30 Laneways or culs-de-sac in established areas.	<u>Design</u> : a shared outdoor space central to the cluster of homes such as a garden courtyard, a pedestrian street, a series of joined backyards or a reclaimed laneway.	Participatory developments.
Seniors and people with a disability housing communities Specific housing pockets or intentional communities to cater for the needs of older people or people with a disability. Scale can range from a small cluster of homes to a larger facility offering low to high care accommodation	Sites 12 and 16	<u>Design</u> : physically located and suited to older residents and those with a disability: <ul style="list-style-type: none"> • within easy walking distance of ordinary activities of daily living • allows independence to those who do not drive • reinforces local community services and facilities for an ageing population • facilitates opportunities to provide support to other local living arrangements used by seniors or people with a disability, such as ageing in place. (For criteria on location and design please refer to: State Environmental Planning Policy – Housing for Seniors and People with a Disability- 2004)	Tiny homes/relocatable homes.
Live/work spaces Spaces designed to incorporate a person’s professional and personal lives in one space. Compared with a home occupation, it is a more workdriven type of space in which employees and walk-in trade are permitted. The uses have a more equal status between the residential and work components.	Places that are pedestrian oriented neighbourhoods, on lively mixed-use streets where there are easy opportunities for people to step outside and encounter others in a congenial public realm.	<u>Use</u> : tendency for live/work space to revert to purely residential use. Residential use only is undesirable due to incompatibilities with other preexisting business uses, lack of residential amenities and propensity to convert to short-term holiday let accommodation. <u>Design</u> : locating live/work types suitably while providing for flexibility and use evolution - lot coverage, building setback, interior space requirements for living and working, opportunities for spontaneous interaction among residents as they come and go in ‘interactive spaces’ such as courtyards and atriums. The apportionment of live to work spaces may affect capacity to qualify for a residential mortgage and/or rates.	Live-work model.
New generation boarding houses Self-contained furnished studios from 12m ² to 25m ² with all utilities included in the rent or occupancy.	Sites under council’s ‘Housing First Model’ yet to be identified, but support in principle to include a site in Byron Bay.	<u>Use</u> : retaining as secure stock as a long-term low income housing option under Affordable Housing State Environmental Planning Policy. <u>Design</u> : the importance of building design cross ventilation, such as a wide central ‘breezeway’, corridors and voids, and the use of corner blocks.	Boarding homes or tiny/relocatable housing.
Indigenous community land trusts and housing Land secured to enable community housing suited to the Bundjalung people, providing a connection with and living on Country, as well as a broader pathway to home ownership in the Shire.	No sites determined.	Culturally appropriate development and design provisions around access, minimum standards for outdoor living space, car bays, lot coverage, building setback.	



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