

Response to the draft National Urban Policy

July 2024

Mission Australia welcomes the development of a National Urban Policy that will coordinate efforts to achieve a high standard of living in the places people reside, work, socialise and access support, wherever they may be in Australia. We endorse the proposed five goals and six subsequent objectives as they have been articulated, and the order in which they are outlined in the draft document.

Mission Australia is an organisation dedicated to ending homelessness and ensuring that people and communities in need can thrive. We deliver over 460 programs and services across Australia, in many areas including homelessness, housing, strengthening communities, children and families, youth, employment and disability.

This response is based on a combination of research and insights from our service provision and policy advocacy, and as such we provide recommendations that will add to and enhance the promising direction and actions in the National Urban Policy.

Recommendations

1. Acknowledge and treat social housing as essential social infrastructure and create pathways for delivery at the scale required

In 2019, Infrastructure Australia designated social housing as social infrastructure, a term they defined as comprising “the facilities, spaces, services and networks that support the quality of life and wellbeing of our communities”.ⁱ Infrastructure Australia also revealed the general public considered the current state of social housing infrastructure as “poor”, in contrast to a “good” level of green, recreation, arts and culture infrastructure.ⁱⁱ

Despite the advances in conceptualising social housing’s positive role for the community by Infrastructure Australia and others such as the Community Housing Industry Association (CHIA)ⁱⁱⁱ, the proposed draft National Urban Policy does not reflect this. Social housing’s critical role in community health and wellbeing is not articulated and therefore is absent under *Objective Five: Our urban environments and communities promote health and wellbeing*, and only appears in *Objective One: No-one and no place left behind*. Mission Australia strongly recommends this be addressed in the finalised Policy.

Given that social housing spans two of the six objectives of the National Urban Policy, there is a compelling imperative to deliver and with sizable impact. Estimates of the number of households with unmet housing needs range from 377,600 households^{iv} to 640,000 households^v, requiring multiple pathways to bring new social homes into the housing system. The shortfall of both social and affordable housing over the next 20 years is predicted to be close to 1,000,000.^{vi, vii}

So far, in response to the housing and homelessness emergency, the Federal Government and many State, Territory and local governments have committed to a raft of reforms that, over the medium and long term, are intended to increase supply of housing, with a minor proportion targeted to people on very low to moderate incomes. These initiatives are a welcome start, but significantly more needs to be done across the pathway measures listed below:

- **Direct government investment** – this may take the form of grants, loans, special purpose investment funds (e.g. increasing the Housing Australia Future Fund) and allocation of government land for social housing.
- **Indirect government investment** – this is usually government incentives (e.g., tax credits) to enable private and institutional investment in housing. For example, superannuation funds have appetite and capital available to leverage government contributions but require the right incentives to do so.
- **Mandatory Inclusionary Zoning (MIZ)** – see section below.

2. Adopt a National Framework for MIZ

The Constellation Project^{viii}, now part of the Australian Alliance to End Homelessness (AAEH), has developed a National Framework for the implementation of MIZ which would allow for the introduction of a consistent policy approach, ensuring greater certainty of supply and transparency for key stakeholders across the Australian housing system.

The National MIZ Framework, underpinned by a set of seven guiding principles, articulates the benefits of MIZ and how it can be applied in the Australian context. The Framework addresses the requirements of and aligns to the National Agreement on Social Housing and Homelessness and the National Housing Accord. It is comprehensive and addresses: transition arrangements; roles and responsibilities; notice periods; jurisdictional specific legislation; transfer process; land/dwelling/cash contributions; and capabilities required. It also considers an approach to grandfathering.

The Framework has been developed through the collaboration of over 60 stakeholders drawn from: Federal, State/Territory and local government; developers; the community housing sector; peak bodies for housing, planning and homelessness; academia; and professional services. The current version (see appendix) is now being further refined with major developers.

Incorporation of the MIZ National Framework into the National Planning Reform Blueprint would significantly advance the objective of increasing the supply of social and affordable housing, as modelling shows that implementation of a MIZ policy could result in creation of up to 160,000 new homes for people on lower incomes in Brisbane, Sydney and Melbourne by 2036.

The separately attached appendix contains further information on the MIZ National Framework.

3. Broaden the concept of place-based approaches to include work focused on tackling entrenched disadvantage

The proposed draft National Urban Policy identifies place-based approaches as necessary when engaging communities as part of planning processes and addressing community safety concerns. We strongly encourage broadening this to promoting place-based approaches in building strengths and capacities in communities where people are working together to solve persistent and complex disadvantage. This would complement the Federal Government's *Entrenched Disadvantage Package* delivered in the 2023 Federal Budget which seeks to empower communities to overcome intergenerational disadvantage and improve child and family wellbeing.^{ix}

Place-based community-led work has led to positive outcomes in communities where traditional models of service delivery have failed. These include signs of the early preconditions for change, such as agency and hope in the community, cultural identity, and capacity to respond to issues quickly and locally. They also include population-level health and social outcomes, including improved family strength (such as a reduction in domestic and family violence), improved youth development (such as an increase in Year 12 retention), and improved adult empowerment (such as a reduction in days spent in custody).^x There is also evidence of the effectiveness of collective impact initiatives on population-level change in areas as diverse as health, homelessness, environmental and economic outcomes.^{xi}

Scaling up place-based initiatives across Australia and making them sustainable will not happen without intentional and coordinated national leadership to build expertise and infrastructure. Our recommendations to the Federal Government are:

- create a national centre of excellence to build all actors' capability for place-based work.
- create an investment framework to simplify and sustain funding so that more communities can benefit.
- build the evidence base through a national effort to improve outcomes measurement and evaluation approaches.
- establish a national clearing house to share learnings, avoid duplication and avoid 'reinventing the wheel'.
- realign existing place-based programs to minimise overlaps and duplication.
- develop guidelines to support commissioners to incorporate place- and community-focussed principles into program designs.

The promotion of place-based work in this context and linking it to existing government policy will be beneficial in realising the goals and objectives in the National Urban Policy, but particularly *Objective One: No-one and no place left behind*.

Relevance of recommendations to the draft National Urban Policy

Goals: (1) Liveable, (2) Equitable

Objectives: (1) No-one and no place left behind, (5) our urban environments and communities promote health and wellbeing

Listed actions:

- + Collaborate with state, territory and local governments and community organisations to:
 - o update land use planning systems to accommodate a greater mix of housing and higher-density housing in well-located areas, close to transport connections, amenities, services, and education and employment opportunities (currently being delivered through the National Planning Reform Blueprint)
- + Invest in supporting infrastructure, such as:
 - o social infrastructure, transport and services – telecommunications infrastructure
- + Expand support for those in need, such as:
 - o state and territories delivery of homelessness services
 - o innovative financing to encourage institutional investment in social and affordable housing
 - o rental assistance and support, particularly for marginalised communities and vulnerable populations
 - o incentives for private rental developments, particularly in the inner and middle rings of cities

ⁱ Infrastructure Australia (2019) 'An Assessment of Australia's Future Infrastructure Needs: The Australian Infrastructure Audit 2019', https://www.infrastructureaustralia.gov.au/sites/default/files/2020-10/Audit%202019_Section6_Updates%20September%202020.pdf.

ⁱⁱ JWS Research (2018) 'Community perceptions of Australia's Infrastructure', JWS Research: Melbourne.

ⁱⁱⁱ See further for research that quantifies the benefits from the problems addressed by social housing which would otherwise place costs on government or the economy: Nygaard, C. (2019) 'Social and Affordable Housing as Social Infrastructure: A Literature Review for the Community Housing Industry Association', Centre for Urban Transitions, Faculty of Health, Arts and Design, Swinburne University of Technology.

^{iv} National Housing and Finance and Investment Corporation. (2023). State of the Nation's Housing 2022 – 23. https://www.nhfc.gov.au/sites/default/files/2023-03/state_of_the_nations_housing_report_2022-23.pdf.

^v UNSW City Futures Research Centre (2023) Quantifying Australia's unmet housing need A national snapshot, UNSW, <https://cityfutures.ada.unsw.edu.au/documents/699/CHIA-housing-need-national-snapshot-v1.0.pdf>.

^{vi} Australian Government (2021) Statutory review of the operation of the National Housing Finance and Investment Corporation Act 2018 – final report, <https://treasury.gov.au/sites/default/files/2021-10/p2021-217760.pdf>.

^{vii} UNSW City Futures Research Centre (2023) Quantifying Australia's unmet housing need A national snapshot, UNSW, <https://cityfutures.ada.unsw.edu.au/documents/699/CHIA-housing-need-national-snapshot-v1.0.pdf>.

^{viii} <https://theconstellationproject.com.au/>

^{ix}

https://www.dss.gov.au/sites/default/files/documents/05_2023/entrenched_disadvantage_package_budget_fact_sheet_fa.pdf

^x KPMG. (2018) Maranguka Justice Reinvestment Project Impact Assessment, <https://www.indigenoujustice.gov.au/wp-content/uploads/mp/files/resources/files/maranguka-justice-reinvestment-project-kpmg-impact-assessment-final-report.pdf>.

^{xi} ORS Impact and Spark Policy Institute *2018) *When collective impact has an impact: A cross-study site of 25 collective impact initiatives*,

https://www.orsimpact.com/DirectoryAttachments/10102018_33801_97_CI_Study_Executive_Summary_October_2018.pdf

MIZ NATIONAL FRAMEWORK: OVERVIEW

MIZ is not a new concept in the Australian housing system. In fact, there are examples of where MIZ has been applied in Australia (in varying forms) that have existed for over 20 years.

MIZ has the potential to generate a recurrent, sustainable supply of social and affordable housing without the need of Government funding. So, why hasn't MIZ been successfully leveraged as a way to deliver social and affordable housing on a bigger scale?

Key Challenges for the implementation of MIZ

Lack of a consistent vision and alignment leading to:

- Lack of consistent application across multiple contexts
- Lack of consistency reduces the ability to create efficiencies
- Appropriate time required to signal changes to market so key players can adapt

A National Framework for the application of MIZ would bring a level of consistency and clarity to its application not seen in Australia previously.

The benefits of a National Framework for MIZ

- Clear understanding of roles and responsibilities
- Consistent application across multiple jurisdictions allows for greater efficacy
- Efficiencies can be found when delivering at scale
- Can leverage best practice examples and create a learning system where knowledge, skills and capabilities are transferable

A National Framework does not mean identical implementation. The Australian planning system is intricate and nuanced across multiple jurisdictions. A National Framework must be:

- Flexible for regulatory context
- Flexible for project and market context

Focus on Metro

The National Framework is designed for application across Australian metropolitan areas. Specifically in areas with moderate or mature land markets. Metropolitan centres across Australia account for a higher proportion of developments (with adequate scale) to accommodate MIZ. Furthermore there is greater need for access to social and affordable housing in metro areas as this is predominantly where most jobs are created, key workers need access to employment and social service providers are located.

What the Framework is not or does not

- The framework is not a strategy - It does not advise each jurisdiction on how to implement
- The framework does not address areas of concern not specific to MIZ (e.g alternate delivery mechanisms)
- The framework does not look to re-invent the Australian housing system rather work within the existing system
- The framework does not look to resolve specific market issues with regard to viability

A changing policy landscape

With the introduction of a Labour government a sharp focus has been placed on addressing Australia's historical lack of investment in social and affordable housing. The Labour government has been proactive in addressing this issue by...

- Developing the National Housing Accord
- Committing to a National Housing and Homelessness Plan
- Reviewing the current National Housing and Homelessness Agreement
- Creating the National Housing Supply and Affordability Council

Consistency + Clarity = **Certainty**

MIZ NATIONAL FRAMEWORK: ALIGNMENT

Alignment with the current National Housing and Homelessness Agreement (NHHA)

The National Framework outlined on the following pages aligns with the current [NHHA](#) housing policy priority areas. Specifically addressing the following:

- Affordable housing
- Social housing
- Encouraging growth and supporting viability of the CHP sector
- Planning and zoning reform

The framework additionally sets out a structure for consistent strategy development aligning with the NHHA requirements of housing and homelessness strategies and improved data collection and reporting.

The current government has committed to the development of a National Housing and Homelessness Plan which will include a review of the NHHA. **Now** is the opportunity to ensure that MIZ is incorporated into a national approach to generate a recurrent, sustainable supply of social and affordable housing.

**Now is the time for multi-lateral
commitment to MIZ**

Alignment with the National Housing Accord

The National Framework is an approach to the delivery of social and affordable housing that develops stronger collaboration between key players from across the housing landscape. Specifically engaging all levels of government, the residential development, building and construction sector and the community housing sector to unlock quality, affordable housing supply in the areas of greatest need over the **medium and long term**. Specifically the National Framework provides..

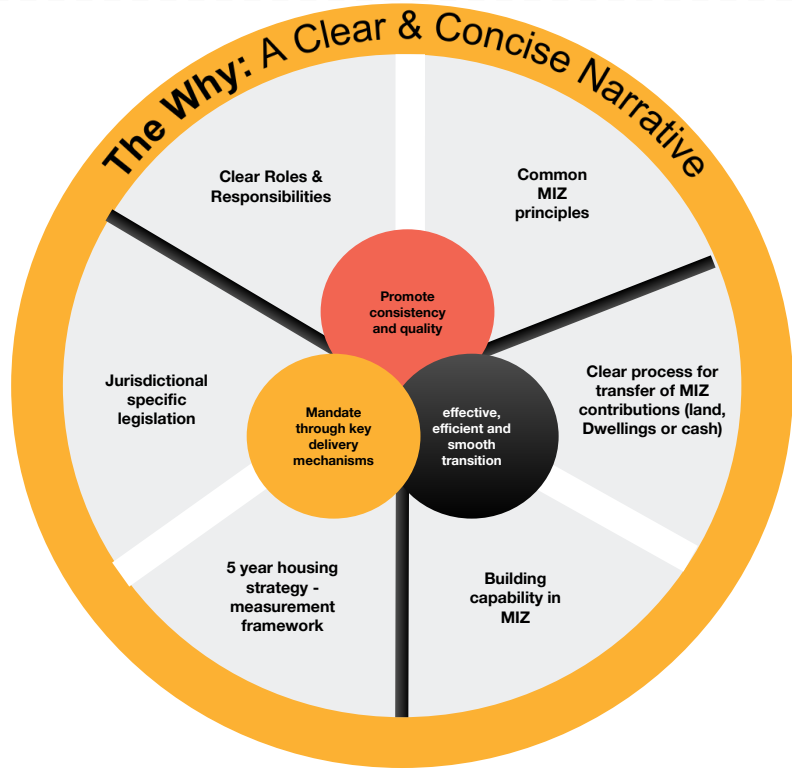
- A structure for the state and territory governments to undertake zoning and planning reform to deliver on a joint commitment to improve the availability of social and affordable housing in **well-located areas**.
- An approach to working with local governments to deliver planning and land-use reforms that will make housing supply more responsive to demand over time.
- A way to create stability in the housing supply pipeline
- A framework for residential development, building and construction industry representatives to work with the Commonwealth and state and territory governments on a policy solution to housing supply and affordability.
- A way to work with Community Housing Providers and other relevant not-for-profit housing providers to ensure achievement of targets for social and affordable housing are met

For state and territory governments it...

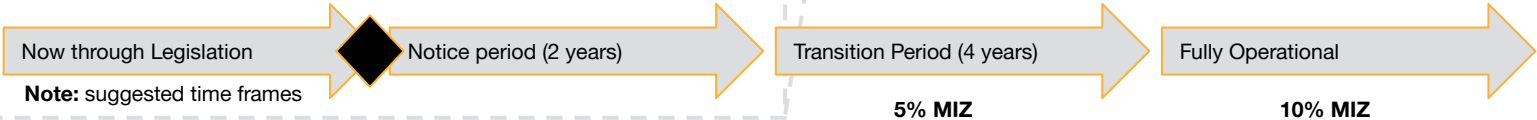
Improves access to social and affordable housing, including rental housing, by:

- Making contributions to increasing access to affordable housing beyond existing commitments; and
- building a strong and sustainable Community Housing Provider sector.

THE FRAMEWORK



<p>Common MIZ principles: The underpinning principles for application promoting consistency across multiple jurisdictions</p>	<p>Building capability: Ensuring the key players from across the housing sector are prepared for the transition to MIZ</p>
<p>Jurisdictional specific legislation: The development of legislation that remains true to the common MIZ principles but is flexible to work within the specific jurisdiction to which it is being applied</p>	<p>Transfer of MIZ contributions: Enabling better collaboration and effective decision making in the transfer of MIZ contributions</p>
<p>Clear roles & responsibilities: Identifying and mapping the role of key players across the housing system to provide clarity</p>	<p>5 year housing strategy: Setting targets for MIZ delivered S&A housing improving data collection and reporting</p>



Out Of Scope

e.g. Design Standards	e.g. CHP Regulation	Other Delivery Methods	Other Planning Mechanisms
Supporting Frameworks / Regulation	Alternate Delivery Mechanisms	MIZ Adjacencies	

National Framework

Key components of the framework

- **Common principles** 17
- **Roles & responsibilities** 18
- **Jurisdictional legislation** 21
- **5 year housing strategy** 22
- **Clear transfer process** 23
- **Required capabilities** 28



HOW SHOULD MIZ BE APPLIED?

COMMON MIZ PRINCIPLES

Promote
consistency
and quality

1.

Metro Australia:

In metropolitan areas of Australia at least 10% of all housing floorspace (or commensurate land / cash) developed on privately owned land should be designated, in perpetuity, as social and affordable rental housing, under CHP management.^{xx}

2.

Higher targets should be set for market housing development on **public land**.

3.

Registered CHPs should apply to an appropriate State Agency to be the recipient of MIZ housing in a particular local government area.

4.

Local Housing Strategies must be prepared by councils within 12 months of the legislation being enacted, and updated every five years to advise CHPs on the mix of MIZ-generated affordable housing in terms of social versus affordable rental status (but that each should never be less than 20% - i.e. if social is 20%, affordable is 80%, and vice versa).

5.

To allow the market to adjust to this new legislation there should be:

- (a) a **“notice period” of two years** after the legislation is enacted in which no existing or approved DA's will have a MIZ obligation applied; and
- (b) a **“transition period” for the four years** after the notice period, during which the MIZ obligation should be 5%.

Note: suggested time frames

6.

After inception of the legislation **CHPs should be allowed sell MIZ dwellings (to cross subsidise) and replace, trade and transfer their MIZ** with other CHPs within the same LGA.

7.

MIZ should apply to all developments that create **two or more additional dwelling.****

The MIZ requirement should be a **stated condition of the Development Approval (DA) consent**, and the housing should be dedicated when the subdivision plan (Torrens or strata) is registered.

Where the development MIZ obligation creates a fraction of a dwelling a cash payment should be made to discharge the obligation or alternatively to the developer to fund construction of full dwelling.

ROLES AND RESPONSIBILITIES

Promote
consistency
and quality

A key factor in ensuring a smooth transition to an Australia with MIZ is a clear understanding of the roles and responsibilities of key players from across the housing ecosystem.

Defined **roles and responsibilities** provide clarity, alignment, and consistency to those executing the framework and implementation of MIZ.

Clear **roles & responsibilities** enable effective communications between the key players, facilitating better collaboration and creativity across the housing system.

Having structure & clarity prior to the notice period and transition period ensures acceleration to a position of efficacy and efficiency as quickly as possible.

The following pages map out the roles and responsibilities for key players across the housing ecosystem for two key phases for the implementation of MIZ.

Consistency + Clarity = **Certainty**

Notice Period

Developing a clear structure for the key players to progress MIZ through the notice period to transition by specifically identifying who is....

1. **Responsible** - the 'doers',
2. **Accountable** - ultimately responsible for the activity,
3. **Consulted** - the advisor for the activity,
4. **Informed** - people / organisations updated about the activity

For key components of a MIZ structure.

Project Implementation

Mapping the roles and responsibilities of the key players across the four key phases of a project lifecycle

1. Identifying suitable development site
2. Site design to planning approval
3. Construction to transfer of ownership
4. Occupation to operational management



ROLES & RESPONSIBILITIES: NOTICE PERIOD

Role / Description	Endorse consistent national framework - Endorsement via National Agreement e.g NHHA	Develop detailed policy · Administration of land/cash/dwellings · CHP selection & suitability · Oversight and process of owning and managing operations of dwellings	Pass necessary legislation and regulations · Process for requiring MIZ contributions/inclusion · Process for assessing/approving MIZ contributions	5 Year Strategy - Framework specifications - Defining specific S&A targets - Measurements and outcomes - S&A housing split - Reporting requirements	Education / Capability building · LGA (strategy development · Market knowledge (costs, risks, etc.) · Advocacy / support / champions	Monitor transition · Market effects · Housing needs · Industry acceptance
Commonwealth · Cabinet/politicians · NHFIC · Infrastructure dep · Social services dep	A/R	I			R	
State/territory · Cabinet/politicians · Planning dep · Housing/social service dep · Asset manage/ develop agency		A/R	A/R	A/C	A/R	A/R
Local councils · Councillors · Strategic planning · Assessment and certification · Service provision	C	C	C	R	R	C
Development industry · Peak bodies · Expert consultants · Major developers · Builder/contractors	C		C	I	R	C
CHP industry · Peak bodies · Major (tier 1) CHPs · Related advocates (homelessness, shelter, etc.)	C		C	I	R	C
Community · Land-owner interests · Local interests (residents/businesses) · Building/strata management · (prospective) SH tenants	C		I	C	R	

RACI - Responsible - the 'doers', Accountable - ultimately responsible for the activity, Consulted - the advisor for the activity, Informed - people we keep updated about the activity

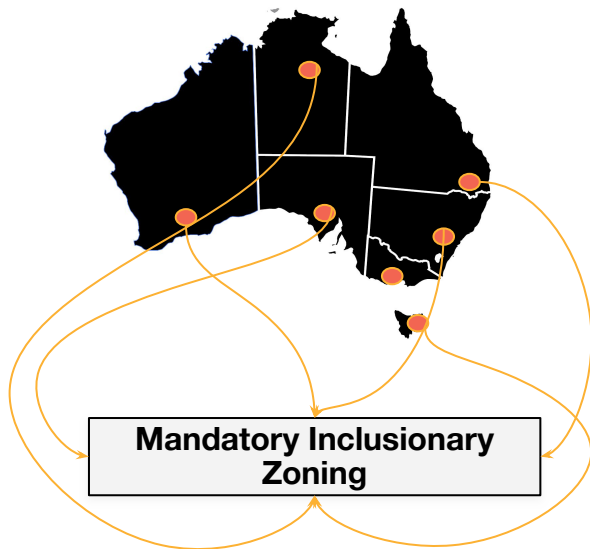
Transition period roles and beyond (Operational)

Key actor	Phase 1 Identifying suitable development site	Phase 2 Site design to planning approval	Phase 3 Construction to transfer of ownership	Phase 4 Occupation and operational management
State government • Planning agency • Housing agency/ social service agency • Asset management agency (also see developer role)	Liaise with developers seeking clarity on government expectation of MIZ before they move forward	Consent authority processes (as usual), with MIZ requiring additional capacity to: <ul style="list-style-type: none"> Negotiate voluntary SH contributions (on top of MIZ) Assess suitability of MIZ contributions 	Enforce conditions of approval (as usual) with MIZ requiring consideration of registration of subdivisions and title transfer Through SHA: <ul style="list-style-type: none"> Manage, ensure transparency of, transfer from developer to CHP 	Monitor: <ul style="list-style-type: none"> Quantum of dwellings CHP management Tenancy (or use) in MIZ dwellings
Recurring State government processes	MIZ legislation/framework monitoring Strategic planning (align infrastructure & zoning, supply (dev potential) with demand etc.)		Review planning scheme overlays and design standards Work with CHPs and developers to build capability	
Local government (LGA) • Planning approval agency • Facilitator/partner	Liaise with developers seeking clarity on government expectation of MIZ before they move forward Work with developers to establish MIZ contribution expectations Connect developers & CHPs	Consent authority processes (as usual), with MIZ requiring additional capacity to: <ul style="list-style-type: none"> Negotiate voluntary SH contributions (on top of MIZ) Assess suitability of MIZ contributions Manage any community concerns Facilitate smooth implementation with design and development guidance of MIZ contributions 	Enforce conditions of approval and certify construction (as usual) with MIZ requiring consideration of: <ul style="list-style-type: none"> MIZ contributions (including fit out, etc.) as required/agreed Registration of subdivisions and title transfer 	Monitor: <ul style="list-style-type: none"> Quantum of dwellings Location of dwellings (for planning support and prevent 'leakage' to other areas) Alignment of tenant mix with housing strategy 'Retirement' of dwellings (i.e. CHP sells to tenant, to market, etc.)
Recurring Local government processes	Community engagement and education about MIZ Local housing strategy monitoring		Ongoing review of strategic plans and zoning/scheme suitability	
Development sector	Identify development sites (as usual), with MIZ requiring additional consideration of: <ul style="list-style-type: none"> Costs calcs (incl. MIZ) when assessing development feasibility Assess policy risk of satisfying MIZ expectations 	Prepare and lodge proposals (as usual), but with MIZ requiring additional: <ul style="list-style-type: none"> Design consideration (if dwellings) Subdivision consideration Management considerations (in apartments) Liaising with government (SHA, LGA) Partner with CHP Consider land, dwellings or cash contributions 	Undertake development and construction (if dwellings), but with MIZ requiring additional: <ul style="list-style-type: none"> Financing and pre-approvals Sales, rents and transfer timing Building management arrangements (in apartments) Transfer of land or cash as MIZ obligation as required	Monitor: <ul style="list-style-type: none"> Any issues during warranty period Any reputational risk (satisfied customers)
Community housing sector (CHP) • MIZ contribution recipient • Development partner (also see developer role)	Work with LGA on suitable sites/developments when investing pooled MIZ cash contributions	Advise /guide developer on (or partner with developer on, or assess/approve) MIZ contributions: <ul style="list-style-type: none"> Mix, configuration and type (to match need) Design and fit out (to minimise operation and maintenance costs) Suitability of any land to be transferred as future CHP dev site 	Work through process of receiving MIZ contributions, whether land, cash or dwellings (through LGA, SHA, etc.) Set up and manage tenancy	Manage dwellings (as usual), with MIZ requiring additional: <ul style="list-style-type: none"> Restrictions on use (which tenants, how much rent) Process/timing of transfer (to tenant, to other CHPs, to market, etc.) Potential asset value for financing/line of credit (in apartments) integration with owners corp for management Manage tenants (as usual)

JURISDICTIONAL SPECIFIC LEGISLATION

Mandate
through key
delivery
mechanisms

Role / Description	Pass necessary legislation and regulations
Commonwealth	
State/territory	A/R
Local councils	C
Development industry	C
CHP industry	C
Community	I



Development rights are specific to each state and administered through the land use planning and development assessment system.

As this system is **unique to each state**, the manner in which legislation is drafted and acted upon varies across Australia.

The MIZ National Framework is therefore intended to **SHAPE** and **GUIDE** the drafting of legislation in each jurisdiction.

Each state jurisdiction is responsible for drafting their own legislation. The Framework should act as a tool to deliver a **consistent outcome across Australia**: Mandatory Inclusionary Zoning

MIZ: 5 YEAR HOUSING STRATEGY



A 5 year housing strategy should be developed by each metropolitan LGA (in consultation with appropriate state agency) no later than one year following the passing of state legislation for the implementation of MIZ. The key components, targets and impact measures of the housing strategy should be developed and designed by the appropriate state agency and remain consistent across all LGA's. Upon completion of the housing strategies the same central state agency would then be accountable to ensure that all targets outlined are met.

Role / Description	5 Year Strategy
Commonwealth	
State/territory	A/C
Local councils	R
Development industry	I
CHP industry	I
Community	C

Key Components of a 5 year strategy

1. Housing needs assessment
2. S&A housing needs assessment based on household / population profile of LGA
3. Identification and analysis of development opportunity sites
4. 5 year housing projection for market rate dwellings
5. 5 year projection for delivery of social and affordable housing (MIZ requirements)
6. Spatial implications of where housing will be delivered
7. Split of social vs affordable dwelling mix

Key targets & impact measure

Impact measures

1. Levels of housing stress (State & Local)
2. Impact on market housing values / delivery
3. Social and affordable housing numbers 3 & 5 years
4. Demographic data - increase / decrease of access to housing for those on very low to moderate incomes
5. Land valuation

Targets

1. Social and affordable housing numbers 3 & 5 years
2. % reduction in housing stress

Measuring impact & effectiveness

1. Analysis of S&A housing targets against dwellings actually delivered (3&5 years)
 2. Analysis of increase in both S&A dwellings and tenancy
 3. Spatial distribution of S&A housing to core infrastructure / services
 4. Reduction in housing stress (3&5 years)
 5. Increase in CHP capacity
 6. Build quality of S&A housing (reduction in maintenance costs / asset lifecycle)
- Process:**
1. Annual monitoring & reporting (Local & State Government)

Key Outcomes: A structured and consistent approach to strategy development, target setting and measurement creates a more effective reporting system. Ensuring that there is a central point accountable for the delivery of strategy and of defined targets increases effectiveness of data collection, analysis and reporting, improves transparency and accountability across the housing system..

MIZ: CLEAR TRANSFER PROCESS



MIZ will create a sustainable increase in social and affordable housing contributions. With this increase will come an increase in transactions for the transfer of MIZ delivered social and affordable housing. To ensure efficacy and efficiency, a clear transfer process has been developed to guide how and when contributions are made and also who needs to be involved.

Three core transfer options:

1. Land contribution - preferred contribution method
2. Dwelling contribution - at least 10% of all housing floor space on DA approval for the transfer to a registered CHP. Where land transfer is not practical
3. Cash contribution - in lieu of other transfer methods when land and / or dwellings are impractical

Preferred Contribution Method:

Land contributions are the preferred contribution method. This contribution method is preferred as...

1. Allows for site-level mixing of social/affordable housing and market housing (mixed communities).
2. Aligns with planning/zoning as land regulation. Is an effective means to provide access to land for diverse land uses.
3. Simple for developer and CHP recipient.

Alternate contribution methods can be utilised where appropriate if key players are in agreement and the conditions require it.

Consistency + Clarity = Certainty

Why Preference?

Preferencing sets a clear default expectation as a starting point for MIZ consideration on any given site and clear structure for decision making for applicability of contribution method

The Approach:

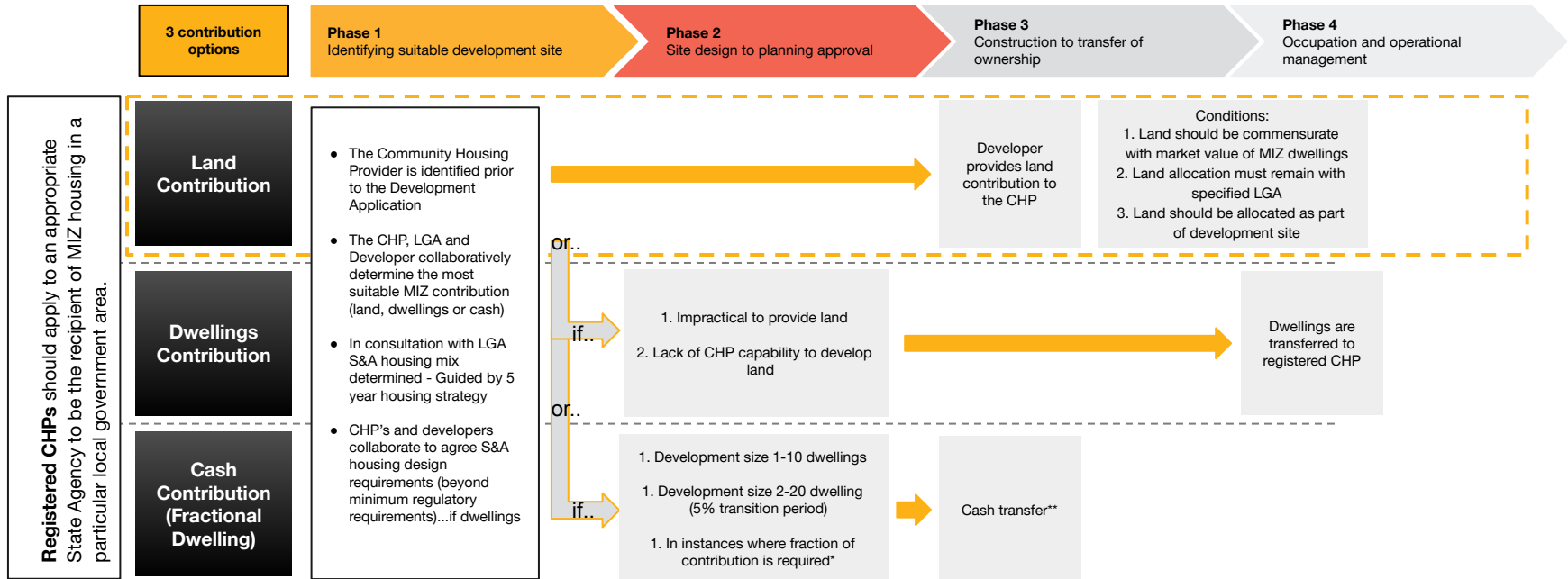
The approach outlined on the following page is designed to ensure clarity of roles and responsibilities of key players and provide clear guidelines for effective decision making.

Further to this it is structured in a way to ensure flexibility of approach providing multiple avenues for contributions to be made through the MIZ scheme. The transfer process is enabled through collaboration of key players in the initial phases of the project lifecycle, fostering stronger relationships and a learning ecosystem.

Benefits:

Provides flexibility for key players and a clear pathway for multiple approaches to deliver S&A housing	Increased capacity in CHP sector by providing multiple avenues to delivers S&A housing
Fosters a better understanding of key stakeholder requirements and increases communication	LGAs, Developers and CHP's have to work more closely to navigate MIZ, increasing collaboration between stakeholders
Creates a culture of continuous improvement, whereby all stakeholders are improving internal processes and creating efficiencies	Preferred hierarchy provides clarity over preferred transfer approach
Develops capacity and capability across the housing sector, whereby CHPs and Developers learn from each other	Clear conditions to enable alternate transfer approaches

MIZ: CLEAR TRANSFER PROCESS



*e.g. 34 dwellings approved for development = 3.4 dwellings MIZ obligation
 **Cash transfers (If obligation <0.5 of a dwelling)

MIZ: LAND CONTRIBUTION



Why is land the preferred transfer mechanism?

Benefits of land transfer

1. Allows for site-level mixing of social/affordable housing and market housing where appropriate (Mixed Communities).
2. Aligns with planning/zoning as land regulation. Zoning is not an effective means to control cost of construction or operation; but it will provide access to land for diverse land uses.

For Developers:

- Parallels other development contributions, often provided in lieu of cash.
- Can be effectively lower cost to developer reducing cost / feasibility impact.

For CHP:

- Transferred at subdivision, so receive it earlier in development process.
- No negotiation of built product design/build standard needed as part of contribution.
- Provides opportunity/autonomy for CHP to develop own stock (Encouraging growth and supporting viability of the CHP sector).
- Still possible for CHP to contract out construction, where skills not present

For LGA's

- Ensures MIZ contribution remains with specified LGA

How do you value land contribution?

Land contribution must be commensurate with market value of MIZ dwellings (10% floorspace)

One of the benefits of land as a MIZ obligation is that there are already established and agreed methods of calculating market value of dwellings, as well as residual land value of proposed land contributions (as a market residential development site).

These calculations can form part of state specific legislation providing consistency in application and process. Ensuring this application provides certainty to all key players involved.

Development contributions from inclusionary zoning already **delivers essential integrated infrastructure...** much like parklands and parking.

Other Considerations

- For a developer MIZ can be 'costed into' land purchase price
- Where land is banked (or purchased at below market rate) there will be a delta between actual cost of land and market rate (on which MIZ is calculated). This makes it a potentially cheaper means of meeting MIZ obligation

When is land not a practical contribution?

- Where a land parcel cannot be carved out of broader development site for development at a similar density
- If CHP has lack of in-house development capability to develop S&A housing once land contribution has been made

MIZ: DWELLINGS CONTRIBUTION

effective,
efficient and
smooth
transition

The second option is for MIZ contribution to be dwellings transferred to CHP at scheme completion. An appropriate delivery method where land transfer is impractical

An alternative contribution method Benefits of dwelling contribution

1. Utilises core skills of key players in the delivery of S&A housing.
2. S&A housing potentially gets to market quicker.
3. No erosion of value in comparison to cash.

For Developers:

- Dwellings can be transferred at a lower cost than cash (build cost vs market value).

For CHP

- Dwellings can be put to immediate use.
- Transferred dwellings will form an asset on CHP books (at market value).
- Flexibility in use as either market rental (cross subsidisation) or as S&A housing.
- Potential to sell as market housing if not adequate as long term S&A housing.

For LGA's

- Ensures social and affordable housing stock remains with specified LGA.

The contribution could look like....

Depending on the size and form of the development, the MIZ contribution of completed units could involve the delivery of...

1. free-standing dwellings.
2. self-contained multi-unit building.

Dwellings transferred directly to CHP for use as S&A housing.

Alternatively, if the scheme is a multi-unit development

1. an individual unit or units within a strata-titled building also containing units for sale to the private market.

In this instance the CHP could choose to either use units as S&A housing or at market rates

- a) rent out the dwellings to cross subsidise as investment into S&A housing
- b) sell dwellings at market rate for investment into S&A housing

What are the key considerations?

- Delivery of MIZ obligations via transfer of dwellings is equivalent to a cash contribution.
- Dwelling stock must be built to market standard.
- Where standards deviate from market standards (as required by CHP e.g. accessibility requirements), these must be agreed during site design. CHP's may be required to cover costs of additional requirements.
- Where MIZ market value dwellings are sold revenue from sales must be re-invested within local LGA housing market. This could be supported by applying a covenant to title.

MIZ: CASH CONTRIBUTION



The third possible means of discharging MIZ obligations is through a cash contribution in lieu of land or dwellings. The primary approach where the MIZ obligation creates a fraction of a dwelling..

An alternative contribution method Benefits of cash contribution

1. Potential simple administration of MIZ contribution.
2. Flexibility of use once contribution received.

For Developers:

- Possibility to discharge total MIZ obligation early.

For CHP:

- Opportunity to acquire S&A housing stock for limited or reduced monetary outlay.

For LGA's

- MIZ contribution remains with specified LGA.

When is a cash contribution appropriate?

In instances where MIZ contributions will include a fraction of a dwelling.

- this includes all developments creating 2-10 dwellings total and...
- all developments creating 2-20 dwellings during transition – when the MIZ obligation is 5%.
- Where the development size creates a fraction of a MIZ dwelling contribution e.g 34 dwellings = 3.4 dwellings MIZ contribution.

How could the obligation be discharged?

The total fraction of dwelling will vary dependant of development size and scale. The proposal is therefore two fold:

If obligation < 0.5 of a dwelling

- cash payment is made by the developer to the appropriate LGA for re-investment into S&A housing discharging the MIZ obligation.

If obligation is ≥ 0.5 of a dwelling

- developer receives cash from registered CHP to full dwelling value.
- ownership of dwelling is then transferred to registered CHP.

A transparent process should make any cash transfer (in either direction) clear to all parties well in advance.

How should cash contributions be managed?

Given the complexity, and that a general preference for MIZ obligations to be met via transfers of land or dwellings, relatively low volumes of cash will be transferred.

Cash transfers (to discharge obligation) could be made directly to either...

- the local LGA where the development is to take place.
- the state housing / social service authority.

All cash transfers should be pooled for re-investment into S&A housing. The allocation could vary by state context but should be legislated to ensure consistency of application and clarity of expectations.

Other considerations

- As cash contributions are aligned to the market value of MIZ dwellings, a developer will be better off 'rounding up' (receiving cash) in most cases.
- On a broadacre development, a fraction of dwelling could still be provided as land, which should be preferred.

MIZ: REQUIRED CAPABILITIES

effective,
efficient and
smooth
transition

Capability Gaps To Address

Enabling

Role / Description	Education / Capability building
Commonwealth	R
State/territory	A/R
Local councils	R
Development industry	R
CHP industry	R
Community	R

State Government
Local Government
Development Industry
Community Housing Providers

1. Work within the legal framework of each state jurisdictions planning system
2. Develop a template for Local Housing Strategies / Infrastructure Plans
3. Implement a new social and affordable housing framework for MIZ
4. Value and account for housing as infrastructure (State treasury)
5. Deliver a sustainable portfolio of social and affordable homes with CHPs
6. Manage cash contributions in lieu of housing contributions

1. Develop effective, accurate and informative Local Housing Strategies
2. Monitor and enforce MIZ legislation

1. Feasibility modelling and impact of land value adjustment over time
2. Design standards for delivery of quality / sustainable homes (designing out maintenance)
3. Incorporating inclusive design standards into developments

1. Long term asset recycling

1. Develop realistic CHP delivery guidelines for social and affordable housing
2. Improve data collection, reporting and accountability for agreed outcomes
3. Consistency of application across multiple jurisdictions
4. Legitimation of social and affordable housing as government expenditure
5. Allocation of appropriate housing typology
6. Effective cash management to deliver social and affordable housing

1. Development of realistic guidelines for the delivery of social and affordable housing by CHP's
2. Accurate reporting that drives improved outcomes
3. Effective enforcement of MIZ legislation and application

1. Effective feasibility modelling to inform tender process and long term financial feasibility
2. Quality build of housing to reduce costs of ongoing maintenance
3. Development of suitable social and affordable housing to meet a broad range of tenancy needs

1. Long term delivery of suitable affordable and social housing

Clear, concise and meaningful communication about social and affordable housing and MIZ as a mechanism to deliver a sustainable pipeline is a capability gap for all stakeholders. Bolstering this capability will ensure the broader community can learn about the benefits of, and processes to increase social and affordable housing dwellings.



Impacts & Mitigants

Key considerations when implementing the framework

MIZ POLICY IMPACT & MITIGANTS

With the introduction of any major policy change or implementation there are always impacts. This is a matter of fact and unavoidable. We acknowledge that with the implementation of a MIZ National Framework there will be impacts and impacted parties.

What is the impact?

The introduction on MIZ will see an impact on the underlying value of land where the policy applies.

Why?

Once a MIZ scheme is in place, a developer will need to factor in associated obligations when considering the price that can be offered for a relevant site. The market value of the site will be lower than had been previously the case.

An Urban Australian Perspective

Current land values in urban Australia reflect many decades of appreciation. In a country subject to population increase and economic growth, the fixed supply of developable land makes this a commodity whose value has tended to rise over time. This has been particularly true in populous areas, as Australia is built around major metro hubs. This is why we argue that MIZ should be routinely applied in these areas.

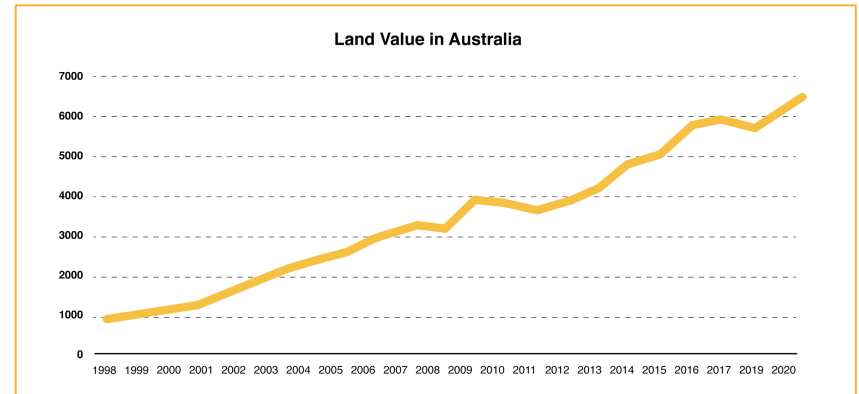
Urban land value increases are compounded by publicly funded infrastructure investment. In combination, these processes have seen substantial growth in land values in recent decades. Nationally, in the last 20 years alone land values have increased from **\$1 trillion to \$6 trillion.**

“Sydney, as an example, average annual increase in **land values over the last 30 years have significantly exceeded CPI.**”

Addressing the impact

Recognising that developers must value and purchase land at a price reflecting current conditions, the MIZ framework allows for a notice period during which previously purchased sites can be built out, and a transition period when the social/affordable housing obligation is phased in at a modest level.

In most parts of metropolitan Australia, current land values would accommodate a social/affordable housing obligation – that is, land suitable for residential development would retain a significant positive value under a MIZ framework as proposed. Albeit that it relates to a specific market, and involves only a very modest obligation, the developer contributions for affordable housing mandated for specified areas of inner Sydney for the past 25 years have proven no impediment to development in these localities. Similarly, in other countries (e.g. certain large American cities) developer obligations of this kind – often on a more substantial scale – are operated routinely.



Source: ABS - Table 61. Value of Land, by Land use by State/Territory - as at 30 June, Current prices

MIZ Impact & Mitigants

Despite the fact that it reflects broader economic growth (and sometimes also publicly funded investment), the benefit of land value increases flow predominantly to land owners, rather than to society as a whole (albeit that, from a developer perspective, holding costs such as interest charges or – where purchased from equity – opportunity costs, may apply). Developers who have land-banked for possible future schemes without regard for the possible introduction of a MIZ scheme (in terms of land price paid) will have an opportunity to develop such sites without any new obligation during the runup to scheme enactment in their jurisdiction, as well as in the notice period (see above).

From a business viability perspective, a MIZ scheme should pose little challenge to developers whose main activity is development rather than speculative land acquisition and long term land banking or trading. Prospective introduction of a MIZ framework will provide an incentive to advance development or otherwise dispose of speculatively purchased land.

In which markets should MIZ be applied?

The National Framework is designed for implementation across metropolitan Australia. In some lower property/land value localities of urban Australia, however, the model's application might need to be applied judiciously to preserve development viability. Metropolitan centres are the areas in which there is greatest need for additional social and affordable housing as it is in these areas where most jobs are created, where key workers need access to employment, and social service providers are located.

Suggested mitigations

Mitigant	How?
<p>To ensure the market is prepared:-</p> <p>a “notice period” of two years after the legislation is enacted</p>	<ol style="list-style-type: none"> As no MIZ obligation has been applied there will be no impact to land values. Allows landowners to make an informed choice about how they treat currently owned land. To either, hold, gain DA approval (grandfathering applied) or sell.
<p>To ensure the market can adjust:-</p> <p>a “transition period” for the four years after the notice period, during which the MIZ obligation should be 5%</p>	<ol style="list-style-type: none"> MIZ obligation that is applied at a reduced rate limiting the impact on land value Allows the market value of land to continue to appreciate in a manner more closely aligned with MIZ obligation Allows for key players to develop clarity on how they will manage MIZ going forward. Developing processes to maintain or create efficiencies
<p>Grandfathering of existing DA approved developments</p>	<p>Ensuring that no existing DA approved developments are required to adhere to a MIZ obligation. This would apply to any DA approvals obtained prior to and during the ‘notice period’.</p>

Note: suggested time frames



The Next Steps

A pathway forward

WHAT NEEDS TO HAPPEN?

1.

The **Australian Government** must play its part by helping to establish **national consistency** in MIZ implementation, through the National Housing and Homelessness Agreement

2.

Developers will promote **rational MIZ policies** as a necessary condition for **socially sustainable** urban growth in Australia.

3.

State governments must pass legislation to establish a consistent and reliable approach of

at least

10%

MIZ

as normal practice for all new housing developments throughout Australian metro areas to address the unmet need for social or affordable rental housing

4.

Local councils must use available planning instruments to support the application of

at least

10%

MIZ

and develop robust 5 year housing strategies that help inform long term strategic decisions on social and affordable housing delivery

ABOUT THE CONSTELLATION PROJECT



The Constellation Project was founded by Australian Red Cross, Centre for Social Impact, Mission Australia and PwC Australia with a vision to end homelessness in a generation.

We are a growing group of organisations collaborating across sectors including, business, governments, academia, philanthropists and not-for-profits to accelerate practicable solutions.

We are not a front-line service provider nor a think tank or research body. Homelessness in Australia is not a problem of knowing, it's a problem of doing. Our role is to build on and test existing ideas with an ambition to deliver practicable solutions at scale.

The Constellation Project began its work on the More Homes pillar to address the chronic shortage of housing for people on very low to moderate incomes. We know increasing housing supply is only part of the solution, but we believe it's a sensible place to start.

For more visit: theconstellationproject.com.au

THE REFERENCES

- *'Low income' meaning within the lowest two quintiles of the national income distribution; unaffordable rent meaning absorbing more than 30% of gross household income – source: Productivity Commission (2019) Vulnerable Private Renters: Evidence and Options; Canberra: Australian Government <https://www.pc.gov.au/research/completed/renters>
- *Yates, J. (2019) Housing, Housing Costs and Poverty. In Saunders, P. ed. Revisiting Henderson. Melbourne, Melbourne University Press, pp.215-236
- *Hulse, K. et al. (2019) The supply of affordable private rental housing in Australian cities: short-term and longer-term changes https://www.ahuri.edu.au/_data/assets/pdf_file/0024/53619/AHURI-Final-Report-323-The-supply-of-affordable-private-rental-housing-in-Australian-cities-short-term-and-longer-term-changes.pdf
- *ABS Census of Population and Housing – ABS Cat 2049.0
- *According to the Productivity Commission's Report on Government Services, the gross number of social rental lettings dropped from 52,000 in 1997 to 35,000 in 2017, an absolute decline of a third; pro rata to population, the effective reduction in social housing supply was 50%.
- *Data from Productivity Commission Report on Government Services (various editions) plus ABS Cat 3101.0.
- *Burke, T. et al. (2008) Experiencing the housing affordability problem: blocked aspirations, trade-offs and financial hardships, Research Paper No. NRV3-9; Melbourne: AHURI; Singh, A. et al. (2019) Housing Disadvantage and Poor Mental Health: A Systematic Review; American Journal of Preventive Medicine 57 (2): 262-272
- *Parsell, C. et al. (2017) Cost Offsets of Supportive Housing: Evidence for Social Work. British Journal of Social Work. 47 (5): 1534-1553
- *MacLennan, D. (2019) Strengthening Economic Cases for Housing Policies, City Futures Research Report; Sydney: UNSW
- *Lawson, J. et al. (2018) Social housing as infrastructure: an investment pathway, Final Report No. 306, Melbourne: AHURI
- *Lawson, J. et al. (2018) Social housing as infrastructure: an investment pathway, Final Report No. 306, Melbourne: AHURI
- *p.70 in: GSC (2018) A Metropolis of Three Cities: The Greater Sydney Region Plan. Sydney: Greater Sydney Commission
- *Boscia, S. (2018) Saul Eslake backs AHURI report into inclusionary zoning; Examiner 13 April <https://www.examiner.com.au/story/5341042/affordable-housing-quotas-could-help-housing-crisis-eslake/>
- *Daley, J., Coates, B. and Wiltshire, T. (2018) Housing affordability: Reimagining the Australian dream. Melbourne: Grattan Institute
- *See: Fuary-Wagner (2019) Rod Fehring would tackle affordable housing once and for all; AFR 8 May <https://www.afr.com/politics/federal/rod-fehring-would-tackle-affordable-housing-once-and-for-all-20190430-p51io8>; and: Payce Communities and Lend Lease endorsement of report: Committee for Sydney (2015) Five game changers for affordable housing in Sydney; https://payce.com.au/wp-content/uploads/2015/08/AffordableHousing_2015-Final.pdf
- *Schwartz, A. (2015) Housing Policy in the United States. 3rd ed. New York: Routledge
- **Metcalfe, G. (2018) Sand Castles Before the Tide? Affordable housing in expensive cities; Journal of Economic Perspectives, 32 (1), pp.59-80
- **MHCLG (2019) Live tables on affordable housing supply: Table 1000, UK Ministry of Housing, Communities and Local Government
- *De Kam, G. et al. (2014) The embeddedness of inclusionary housing in planning and housing systems: insights from an international comparison; Journal of Housing and the Built Environment Vol 29 pp389-402
- **The mix of MIZ dwellings in a development (i.e. proportion of 1, 2 and 3 bed dwellings) should reflect the mix of market dwellings in that development, and any other amenity requirements such as solar access or cross ventilation etc should also apply on the same proportional basis.
- **In the staging of scheme roll-out, developer MIZ obligations (if any) should relate to the lodgement date of a DA application with a consent authority, not the consent date itself. For example, if a DA application is lodged during the notice period, the associated development would be free of MIZ obligations. Further, where a consent authority already applies an existing planning levy for social or affordable rental housing, the new MIZ state/territory legislation should apply in priority, but the existing levy will continue through the notice period.