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Plan to build 40,000 affordable homes in Sydney within a decade

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Urban affairs

As Sydney's housing affordability crisis received renewed attention from the federal government, a new plan for tackling the shortfall of affordable rental housing has emerged from an unlikely source: property developers.

Under a proposal by industry group Urban Taskforce, 40,000 affordable homes could be built in Sydney over the next decade if developers were given greater leeway to build bigger and higher.

The proposal coincided with a speech by federal Treasurer Scott Morrison to the Urban Development Institute of Australia in Sydney on Monday, in which he declared housing affordability would be an "important policy focus of the Turnbull government" and called on states to remove red-tape barriers to housing supply.

Addressing a room of property developers and industry leaders,

Mr Morrison focused on the issue of home ownership, but noted increased unaffordability was "placing pressures on the private rental market, and in turn, concessional or affordable housing accommodation".

The Treasurer said median house prices in some parts of the

by lifting building restrictions imposed by NSW legislation, which he said currently gave "little incentive to the property industry to build affordable homes".

By allowing developers to build 20 per cent bigger and higher, thousands of new homes could be built each year, he said.

"This would have a massive impact on the supply of affordable homes across Sydney on a scale we've never seen before."

Under the revised formula, developers could increase five-storey apartments to six storeys and a 10-storey block would become 12 storeys, allowing for as many as 4000 homes to be built each year and 40,000 over a decade.

The homes would be available for rent for 10 years at 20 per cent below the market rate, in line with the government's national rental assistance scheme, before being sold back to the market, he said.

"In our opinion, it's quite a simple way to do it," he said, but added



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city had skyrocketed to nine times higher than disposable incomes.

Undersupply of affordable housing - housing that can be rented below market rate by low- and middle-income workers - had "flow-on effects to so many other social and economic policy areas".

According to Urban Taskforce chief executive Chris Johnson, a "simple answer" could be achieved



Building consensus: Treasurer Scott Morrison.. Photo: Ben Rushton

the community would have to be willing to accept the increased building heights. NSW Federation of Housing Associations chief executive Wendy Hayhurst said it was "fantastic" but "very unusual" to see the developer lobby concerned with affordable housing initiatives.

Though she cautiously welcomed the plan, Ms Hayhurst said its success, particularly in terms of supplying 40,000 new homes, would be contingent upon a complex interplay of state government and council approvals. "The planning system would have to be incredibly flexible," she said. "This

could be a potential solution, but I would say it would need to be accompanied by other things."

As the peak body for community housing providers in NSW, the Federation of Housing Associations remains at loggerheads with many developers over "inclusionary zoning" initiatives, which require developers to provide a certain percentage of affordable housing with each new development.

Mr Johnson repeated the Urban Taskforce's opposition to inclusionary zoning on Tuesday, calling it "another form of taxation on housing".

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