



THE COMMITTEE MINUTES

for the meeting

Tuesday 20 October 2020

in the Colonel Light Room
Adelaide Town Hall



Present - The Right Honourable the Lord Mayor, Sandy Verschoor.
Councillor Couros (Acting Chair).
Councillors Donovan, Hou, Khera, Knoll, Mackie, Martin, Moran and Simms.

Acknowledgement of Country

At the opening of the Committee Meeting, the Acting Chair stated:

'Council acknowledges that we are meeting on traditional Country of the Kaurna people of the Adelaide Plains and pays respect to Elders past and present. We recognise and respect their cultural heritage, beliefs and relationship with the land. We acknowledge that they are of continuing importance to the Kaurna people living today.

And we also extend that respect to other Aboriginal Language Groups and other First Nations who are present today.'

Apologies and Leave of Absence

Apologies:

Deputy Lord Mayor, Councillor Hyde (Chair) and Councillor Abrahamzadeh.

Councillors Hou and Khera entered the Colonel Light Room at 5.33 pm

Confirmation of Minutes – 6/10/2020 [TC]

That the Minutes of the meeting of The Committee held on 6 October 2020, be taken as read and be confirmed as an accurate record of proceedings.

Discussion Forum Items

Workshops

Strategic Alignment – Thriving Communities

1. Item 4.1. - Workshop – Social & Affordable Housing Policy [2018/00568] [TC]

Discussion facilitators:

Ian Hill, Director Growth, City of Adelaide

Michelle English, Associate Director, Economic Development & Sustainability, City of Adelaide

Precis of topic

Utilising a PowerPoint presentation and a handout which was provided within the Agenda, The Committee was provided with the opportunity to discuss and provide feedback on the policy direction, roles and actions proposed for a social and affordable housing policy.

During the discussion, Councillor Moran left the Colonel Light Room at 5.42 pm and re-entered at 5.48 pm

The PowerPoint presentation utilised is attached for reference at the conclusion of the Minutes of this meeting.

2. Item 4.2. - Workshop – Adelaide Aquatic Centre – Strategic Options [VS2020/3134] [TC]

Discussion facilitators:

Ian Hill, Director Growth, City of Adelaide

Tom McCready, Associate Director Property & Commercial, City of Adelaide

Precis of topic

The Committee was provided with further updates on funding submissions to the Federal and State Government, a summary of Council Member Feedback following the last workshop, synthesise the vision and 'Strategic Imperatives' and discuss the preferred location(s), scale, and level of services.

During the discussion:

- Councillor Simms left the Colonel Light Room at 6.19 pm and re-entered at 6.20 pm.
- Councillor Moran left the Colonel Light Room at 6.42 pm and re-entered at 6.48 pm.

Closure

The meeting closed at 7.02 pm.

Deputy Lord Mayor, Councillor Hyde
The Committee Chair

Documents attached:

Minute 1 – Item 4.1 - Workshop – Social & Affordable Housing Policy, PowerPoint Presentation

Thriving Communities

Social & Affordable Housing Policy

To discuss and seek feedback on the policy direction, roles and actions proposed for a social and affordable housing policy

Programs: Economic Development & Sustainability and
Community & Culture

Authors: Nicole Rolfe & Lauren Grant

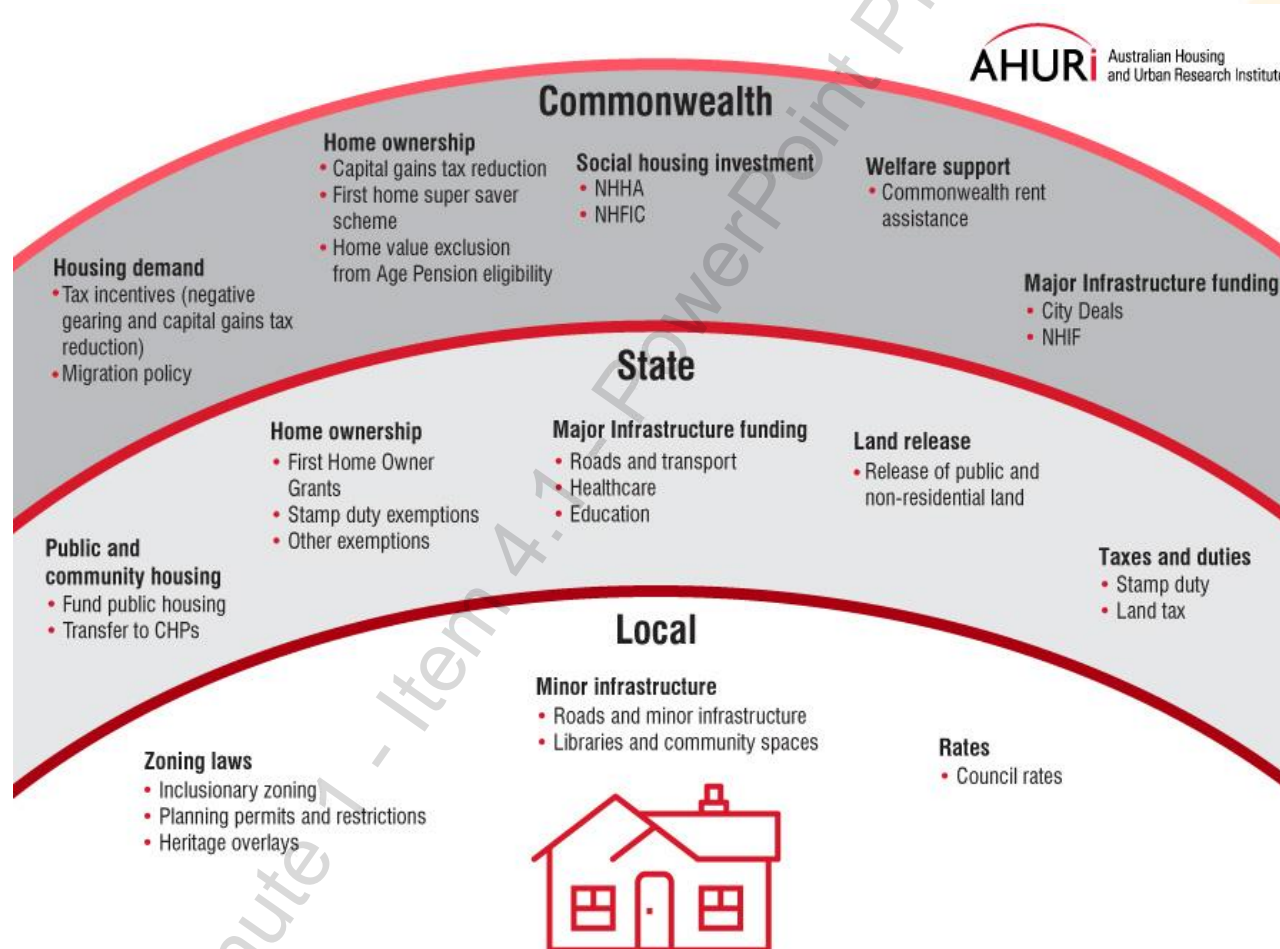
This workshop seeks Council Member feedback on the delivery of a social and affordable housing policy in response to the resolution of Council from 22 October 2019:

That Council:

- 1. Notes that the State Government's Housing, Homelessness and Support Strategy will be delivered by the end of 2019;*
- 2. Approves the preparation of a Policy on social and affordable housing in the City of Adelaide after the delivery of this strategy;***
- 3. Approves the Lord Mayor to table the matters contained in this report as an agenda item at the next or subsequent meeting of the Capital City Committee, to discuss in partnership with the State Government.*
- 4. Approves the Lord Mayor and Chief Executive Officer to table the matters contained in Item 5.4 on the Agenda for the meeting of The Committee held on 15 October 2019, as an agenda item at a future Council of Capital City Lord Mayors (CCCLM) forum.*

Background – Government Responsibility for Housing

The Commonwealth Government has responsibility for policy levers impacting housing demand, while state/territory and local governments are mainly responsible for policy levers impacting housing supply.



Background – Government Responsibility for Housing

Our Housing Future 2020-2030 identifies two actions where local government can contribute to coordinating and developing housing policy:

1. Establishing leadership and governance mechanisms to coordinate housing policy across local, state and federal government.
2. Developing local/regional housing plans to respond to specific conditions and local demand.

The Strategy has also brought together housing strategies with strategies for reducing homelessness, to recognise both participants and non-participants of the housing spectrum.

Council Members' feedback is sought on whether the CoA should pursue the same approach and incorporate homelessness in the development of the draft social and affordable housing policy.

Local Government policy levers

- Voluntary inclusionary zoning (limited influence by CoA)
- Regulation
- Minor public infrastructure
- Rates.

City of Adelaide

- Provides rebates (up to 100%) to CHPs and Homelessness Service Providers (HSPs)
- Previously provided rate rebates to owner occupiers
- Historically played a greater role than normal by providing and/or facilitating social and affordable housing developments.

Council Members' feedback is sought on the CoA preferred role in homelessness, social housing and affordable housing sectors.

Thriving Communities

Key Questions

QUESTION 1

Policy Scope

Given the approach of the State Government's Housing Strategy, what are Council Members' views on incorporating homelessness into Council's policy?
(eg Homelessness and Affordable Housing Policy)

QUESTION 2

Homelessness

What are Council Members' views on **broadening** the City of Adelaide's current role as **advocate and facilitator** in the homelessness sector?

(eg alliance partner/alliance coordinator, development partner, owner/provider?)

QUESTION 3

Social Housing

What are Council Members' views on **progressing** the City of Adelaide's future role as **advocate and facilitator** in the social housing sector?

(eg rate rebates to Community Housing Providers, community grants, Adelaide Zero Project, advocate for more subsidised rental housing)

QUESTION 4

Affordable Housing

What are Council Members' views on **progressing** City of Adelaide's future role as **development partner, advocate and facilitator** in the affordable housing sector?

(e.g. Central Market Arcade, 88 O'Connell, advocacy for Mandatory Inclusionary Zoning, develop local housing plan)

Key Messages – Rental Stress and its Implications

- Rental stress is an issue in CoA with around 1,800 low income households spending more than 30% of their income on rent.
- Households in rental stress have less disposable income, fewer options and may seek to relocate to the suburbs where it is more affordable, and/or may become at risk of homelessness, particularly if an unexpected crisis occurs (eg job loss, health issue, marriage breakdown).
- Rental stress is likely to worsen due to:
 - Covid-19 having a significant impact on lower income groups who are more likely to be renting.
 - National Rental Affordability Scheme (NRAS) subsidies ending incrementally over the next 4 years.
- There is a current and potentially increasing need for subsidised rental housing to be provided in the city.
- Community Housing Providers are best placed to deliver subsidised rental housing in the absence of NRAS. Both the Australian and State Government are leading this approach.
- There is a funding gap for CHPs to purchase new affordable housing as the rent (income) is typically too low to service the loan for city property.
- Subsidised rental housing is an important area that the CoA could focus its **policy response as an advocate**. In particular, the CoA could advocate to the State Government to cover this funding gap for CHPs.

Key Messages – City of Adelaide's Existing Affordable Rental Properties

- CoA currently assists to address rental stress for low income residents through its 52 owned apartments that provide subsidised rental:
 - Ergo (20 NRAS apartments, expiring in 2023)
 - Whitmore Place (20 NRAS apartments, expiring in 2020)
 - Sydney Place (12 Council subsidised apartments)
 - George Court, Hocking Court & Lowe Street (12 community housing dwellings where CoA still retains part ownership of the land)
- The future of these properties are being considered as part of CoA's Confidential Strategic Property Action Plan.
- Given the economic impacts of Covid-19 (particularly city centres), as well as the ending of NRAS, there may be a role for CoA to advocate to the State and Federal Governments for the continuation of NRAS.
- **Council's Role – Advocate & Facilitator**

Key Messages – Mandatory Inclusionary Zoning

- **Mandatory Inclusionary Zoning (MIZ)**

- Mandatory Inclusionary Zoning (MIZ) is a strategy that will help with the delivery of more social and affordable housing at no cost to Government through the planning system (Development Plan / Planning & Design Code).
- MIZ occurs as part of the development assessment process where a specified affordable housing contribution (or equivalent levy) is required as a condition of consent.
- MIZ is designed to deliver affordable rental housing to CHPs, but may also include affordable (discount to market) purchase housing for eligible buyers.
- A national working group (The Constellation Project in collaboration with the Community Housing Industry Association) is developing a framework to advocate to the Australian Government for MIZ to be introduced in capital cities across Australia (details yet to be determined). An overview of Mandatory Inclusionary Zoning was circulated with the Agenda.
- The CoA is involved in this project via the Council of Capital City Lord Mayors (CCCLM) Homelessness & Housing Working Group.
- The CoA currently has non-mandatory inclusionary zoning provisions for affordable housing, however this has proven ineffective to date, despite development incentives relating to height and density.
- The Planning Reform due for imminent roll out, does not propose the introduction of MIZ in the Planning & Design Code.

- **Council's Role - Advocate**

- **Rate Rebates**

- Rate rebates benefit people who can afford to purchase market housing and will not directly address rental stress issues in the City.
- The introduction of rate rebates however, is an option for Council to consider as part of a suite of measures to assist with housing affordability across the housing spectrum.
- Council could consider introducing means testing as part of the eligibility criteria eg low-moderate incomes earners and/or first home buyers.
- Council could consider requesting complementary measures eg stamp duty concessions from the State Government.

- **Council's Role – Facilitator and Advocate**

- **Note** – On 13 October 2020, Council Members agreed to introduce a five year rate free period aimed at encouraging more key workers to live in the city. A framework, including eligibility criteria designed to target these occupations, will be developed and presented to Council for further consideration. A letter will also be drafted to the State Government seeking it's support of the scheme and requesting a waiver of the 7% foreign acquirer stamp duty surcharge be introduced to complement the incentive.
- Targeting key workers to live in the city will potentially become more important if the current trends of working from home arising from Covid-19 continue, resulting in less people accessing city services.

The Housing Spectrum – Who fits where?

A detailed version of the housing spectrum was circulated in the Agenda.

SOCIAL HOUSING <small>(ABS Census Definition)</small> NON-MARKET + MEANS TESTED + HEAVILY SUBSIDISED	AFFORDABLE HOUSING <small>(Not defined by ABS)</small> DISCOUNT TO MARKET + MEANS TESTED + SUBSIDISED		PRIVATE HOUSING OPEN MARKET
<ul style="list-style-type: none"> Rental cost is charged up to 30% of income <p>Eligibility criteria</p> <ul style="list-style-type: none"> Residents on Government benefits e.g. Centrelink, pension, disability pension Minimum wage earners 	<p>Affordable (subsidised) rental</p> <ul style="list-style-type: none"> Rental cost is charged at 75% of market rate <p>Eligibility Criteria</p> <ul style="list-style-type: none"> Singles earning up to \$65,400 Couples earning up to \$90,400 Families with two children earning up to \$133,800 	<p>Affordable (Fixed price) purchase</p> <ul style="list-style-type: none"> Affordable housing sold at \$401,500 - \$419,750 <p>Eligibility Criteria</p> <ul style="list-style-type: none"> Singles earning up to \$83,000 with assets <\$465,500 Couples earning up to \$110,000 with assets <\$594,500 	<ul style="list-style-type: none"> Market rates No eligibility criteria

Key Issues – Affecting the whole housing spectrum

Private Housing Market – is less affordable in the CoA.

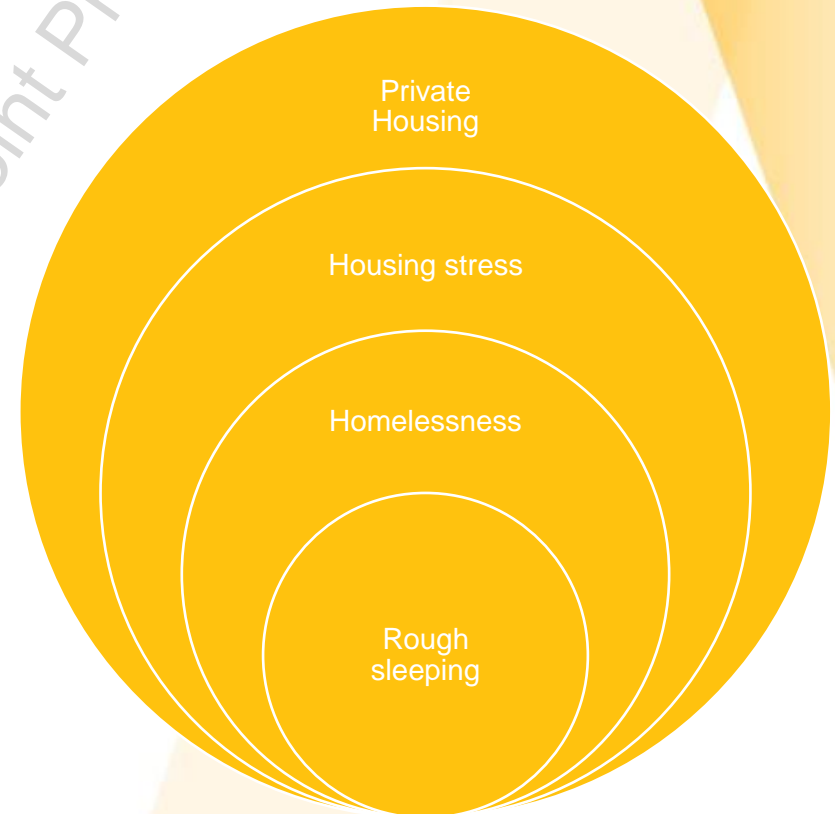
Housing Stress – is where households in the bottom 40% of income are spending more than 30% of their income on housing costs (mortgage or rent):

- Mortgage stress – comparatively low levels in CoA (10%, 152 households) compared to rental stress. Generally consistent with Greater Adelaide and National figures.
- Rental Stress – comparatively high levels in CoA (35%, 1,800 households) compared to Greater Adelaide (32%) and the National average (28%).

Homelessness – residents in rental stress have less disposable income, fewer choices and are therefore more at risk of homelessness, particularly if an unexpected crisis occurs (eg job loss, health issue, marriage breakdown).

More residents are likely to fall into rental stress due to Covid-19 and NRAS ending. CoA residents in rental stress may relocate to the suburbs where it is more affordable.

Rough Sleeping – some people experiencing homelessness may end up rough sleeping. The majority of rough sleepers gravitate to inner city locations to access homelessness services.



Thriving Communities

Homelessness – Key Issues

Key Issues:

- There are currently 218 people actively homeless in Adelaide's inner city (117 rough sleepers)
- The number of people experiencing, or at risk of homelessness in the inner city has remained between 150 - 250 people over the past two years
- There are more people experiencing, or at risk of homelessness than available crisis accommodation and long term housing options.

Policy directions:

- The primary responsibility for the funding of specialist homelessness services are the Commonwealth and State Governments
- State Government is proposing to reform the management of homelessness services through the "*Future Directions for Homelessness – South Australia's Homelessness Alliance*" currently out for community consultation. The first phase will involve the establishment of metropolitan and regional based alliances
- CoA may wish to participate in the Metropolitan Alliance.

Council's current role - Advocate, Facilitator (grants, strategic partner for the Adelaide Zero Project), Coordinator (Homeless and Vulnerable People Project) and Regulator (public realm management).

Homelessness – City of Adelaide examples

Adelaide Zero Project (AZP)

- CoA is a major partner, contributing \$383,880 over three years to 31 December 2020
- CoA has committed an additional \$200,000 towards implementing the recommendations of the Institute of Global Homelessness Report, contingent on State Government funding the remaining
- Aims to achieve Functional Zero street homelessness in the City, consistent with CoA's Strategic Plan.
- **Council's Role – Strategic Partner**

Community Development Grants

- CoA provides funding to a range of organisations to deliver programs and events that increase community capacity, connection and cohesion
- Includes funding to a range of agencies that deliver homelessness services for specific programs or events that engage with the community, promote social inclusion among their clients and increase independence
- CoA currently allocates approximately \$500,000 towards Community Grants per year
- CoA does not provide funding to agencies for specialist homelessness service delivery.
- **Council's Role - Facilitator**

Rate Rebates to Homelessness Service Providers

- CoA provides rate rebates of up to 100% to homelessness service providers
- Costs CoA approximately \$280,000 per year in foregone revenue.
- **Council's Role – Facilitator and Regulator**

Homelessness – City of Adelaide examples

Homeless and Vulnerable People Project

- Funded by SA Housing Authority at 0.6FTE since 2012
- Provides referrals, and linkages of people sleeping rough in the city and Park Lands to relevant services to address housing and health needs
- Address neighbourhood, public space and communication issues in the city as a result of homeless and other vulnerable people camping or congregating
- Connects with social services and community to identify and implement programs and events that engage homeless and vulnerable people in the community
- Currently funded until 30 June 2021.
- **Council's Role – Facilitator (Coordinator)**

Community Safety and Public Space Management

- Manages the use of public spaces using By-Laws to guide decision making that ensures public safety, accessibility and amenity
- Works closely with the Homeless and Vulnerable People Project to ensure that people sleeping rough are connected to services
- Provides a coordinated response with services and Police to address public spaces and safety issues related to people sleeping rough.
- **Council's Role – Regulator**

Social Housing (Public & Community) – Key Issues

Key issues:

- The amount of social housing in SA has contracted over the past 25 years and has exceeded the increase in community housing (net reduction of 5,600 dwellings across SA)
- This trend is evident in the CoA with the amount of social housing decreasing from 8.9% to 7.6% between 2011 and 2016
- The number of people in need of social housing exceeds the amount of housing available with long wait lists for households accessing social or community housing.

Policy directions:

- The primary responsibility for funding the social housing sector (public and community) rests with the Commonwealth and State Governments
- The Commonwealth and State Governments are currently seeking to build the capacity of the community housing sector as the primary provider of affordable rental housing
- Housing Choices and Unity Housing are the two largest CHPs in the city and are interested in partnering with CoA to expand their portfolio (land contribution)
- The funding gap is still a problem for CHPs to buy new stock.

Council's current role – Advocate, Facilitator (grants & rate rebates for CHPs) and part Land Owner (12 dwellings)

Social Housing - City of Adelaide facilitated examples

UNO Apartments, 102 Waymouth Street

- Excellent 'best practice' example of mixed use residential development containing crisis, social and affordable rental housing (NRAS) housing
- 146 total apartments
- 30 apartments for disadvantaged youth
- Funded through the National Building program
- Managed by Anglicare under a 20 year lease from SA Housing Authority

Discrete and safe side entrance for Youth 110 residents (below)



Council's Role – Facilitator via land deal with State Government

Hocking Court, George Court & Lowe St

- 12 dwellings owned and managed by CHPs
- CoA facilitated via land contribution
- CoA still retains part ownership of the land



Hocking Court, 7 dwellings



George Court, 3 dwellings



Lowe Street, 2 dwellings

Council's Role – Partner and Land Owner

Social Housing - City of Adelaide facilitated examples

Unity Housing

- Various developments across the CBD
- Many subsidised through NRAS
- Globe apartments - 78 apartments
- Hocking Court - 12 dwellings



Rate Rebates to Community Housing Providers

- CoA provides up to 100% rate rebates to CHPs
- Costs CoA approximately \$600,000 per year in foregone revenue



Council's Role – Partner and Facilitator via land sales/deals and rate rebates



Social Housing - City of Adelaide facilitated examples

Common Ground on Franklin, 91 Franklin Street (2008)

- CoA built 39 apartments as part of the Bus Station redevelopment and sold the community strata to Common Ground for supported housing
- Now owned by Housing Choices



Common Ground, 15 Mellor Street (2015)

- CoA sold land to facilitate the development of a purpose built social housing development containing 52 supported housing apartments for adults and children
- Now owned by Housing Choices

**HOUSING
CHOICES
AUSTRALIA**



Council's Role – Development Partner and Facilitator via land sale

Affordable Housing (Subsidised Rental) – Key Issues

Key issues:

- All dwellings are Moderately to Severely Unaffordable to rent in Post Code 5000 for people on \$65,000 (median for CoA and Greater Adelaide).
- Not all low income renters will have the means to transition into home ownership.

Policy directions:

- State Government focus is on affordable purchase not subsidised rental.
- CHPs are being encouraged by the Commonwealth and State Governments to build their capacity as key providers of subsidised rental, however they have funding difficulties to purchase new housing stock.

Council's current role - Provider/Owner (Sydney Place, Ergo) and Advocate

Minute 1 - Item 4.1 - PowerPoint Presentation

Affordable Housing (Fixed Price Purchase) – Key Issues

Key issues:

- The 'affordable price point' set by the Government is \$401,500 - \$419,750
- City residents are likely to have lower costs of living due to the reduced demand on public and private transportation to access employment and key services and facilities
- The median income for city residents is comparable to Greater Adelaide (approx. \$65,000)
- Not all low income renters living in the city will transition into home ownership
- Inclusionary Zoning is ineffective in the city and without it being mandated, it will continue to be ineffective (eg not deliver affordable housing to eligible buyers).

Policy directions:

- State Government has a focus on delivering affordable purchase (not rental).
- The Planning Reform does not propose to introduce mandatory inclusionary zoning (MIZ) in the Planning and Design Code.

CoA's current role - Development Partner and Facilitator (Central Market Arcade & 88 O'Connell Street) and Advocate.

Affordable Housing – City of Adelaide examples



12-16 Sydney Place (2005)

- 12 apartments
- Subsidised rental (25% below market rate)
- Managed via an Agent

Council's Role – Builder, Owner & Provider (subsidy)

Whitmore Square Eco-Housing (2010)

- 26 apartments (total)
- CoA owns 20 **subsidised rental** apartments (via NRAS)
- Managed by Cornerstone Housing (Community Housing)
- 6 sold to private market
- NRAS subsidy expires 2020

Council's Role – Builder & Owner

Ergo (Stage 1) 17-39 Frew St (2013)

- 72 apartments (total)
- CoA owns 20 **subsidised rental** apartments (via NRAS)
- NRAS subsidy expires 2023
- CoA yet to decide future of NRAS apartments post NRAS
- CoA also delivered 52 affordable purchase apartments through a **Shared Equity** arrangement (subsidised by \$2.78M Federal Government grant)
- CoA no longer holds equity in any of the shared equity apartments

Council's Role – Builder & Owner



Affordable Housing – City of Adelaide examples

Central Market Arcade Redevelopment

- Multi-storey mixed use development via development agreement between CoA and proponent
- Includes an affordable housing commitment
- Tenure yet to be determined (rental or purchase)

Council's Role – Development Partner/Facilitator

88 O'Connell Street development

- Mixed use development via development agreement between CoA and proponent
- Includes an affordable housing commitment
- Tenure yet to be determined (rental or purchase)

Council's Role – Development Partner/Facilitator



Thriving Communities

Next Steps

- **October 2020**
 - Council workshop seeking feedback on CoA's role
- **October 2020 – December 2020**
 - Commence development of a draft Social and Affordable Housing Policy Position
- **January 2021**
 - Draft Social and Affordable Housing Policy Position presented to Council and Committee for endorsement and targeted stakeholder engagement
- **February/March 2021**
 - Targeted stakeholder engagement
 - Review submissions and revise Social and Affordable Policy Position as necessary
- **March/April 2021**
 - Council endorsement of finalised Social and Affordable Housing Policy Position

Thriving Communities

Key Questions

QUESTION 1

Policy Scope

Given the approach of the State Government's Housing Strategy, what are Council Members' views on incorporating homelessness into Council's policy?
(eg Homelessness and Affordable Housing Policy)

QUESTION 2

Homelessness

What are Council Members' views on **broadening** the City of Adelaide's current role as **advocate and facilitator** in the homelessness sector?

(eg alliance partner/alliance coordinator, development partner, owner/provider?)

QUESTION 3

Social Housing

What are Council Members' views on **progressing** the City of Adelaide's future role as **advocate and facilitator** in the social housing sector?

(eg rate rebates to Community Housing Providers, community grants, Adelaide Zero Project, advocate for more subsidised rental housing)

QUESTION 4

Affordable Housing

What are Council Members' views on **progressing** City of Adelaide's future role as **development partner, advocate and facilitator** in the affordable housing sector?

(e.g. Central Market Arcade, 88 O'Connell, advocacy for Mandatory Inclusionary Zoning, develop local housing plan)