



The  
Constellation  
Project

## Driving smart solutions

Homelessness can't be solved with  
blankets and temporary fixes.

**We are working to end homelessness in  
a generation.**



# Overview

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Thank you for the opportunity to submit to this consultation regarding development of the National Housing and Homelessness Plan (the Plan).

The Constellation Project would like to focus its submission on two main areas of our work:

- The section on **Lived Experience Inclusion** relates to the way that the Plan is developed and implemented, encouraging deep involvement of people who have experienced or been at risk of homelessness.
- The section on **Mandatory Inclusionary Zoning** related to the focus area of the issues paper on 'Planning, zoning and development'.

**Contact:**



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# About Constellation

The Constellation Project has been rooted in multi-sector collaboration since conception.

In 2018, Australian Red Cross, the Centre for Social Impact, Mission Australia and PwC Australia joined forces around the idea that if they all worked together and pooled their diverse skills, experience and reach around housing affordability and homelessness, they would have the right recipe for creating smart solutions that could achieve lasting change.

This way of working led to a social lab process that began in 2018 bringing together over 100 people from across the not for profit (NFP) sector, business, government together with people who had lived experience of homelessness to explore the homelessness and housing landscape and identify practical solutions to progress.

Now as an independent entity, Constellation remains committed to our vision of driving multi-sector collaboration with those directly impacted, to end homelessness.

# Lived Experience Inclusion

## RECOMMENDATION:

We recommend that the Plan and any responses to homelessness are centred around the insights and expertise of people who have experienced or have been at risk of homelessness.

## LIVED EXPERIENCE IN THE NATIONAL HOMELESSNESS PLAN

Background information provided on the development of the Plan indicates that it will involve broad public consultation, including with people with lived experience. We would urge that the government takes a step further than consultation and towards co-design. We firmly believe that for any effective strategy to address homelessness, the experiences and expertise of those who have faced or been at risk of homelessness must be central.

## ABOUT LIVED EXPERIENCE

Lived experience refers to the knowledge and understanding of something gained through direct, first-hand involvement. It may also be referred to as 'contextual' expertise. When we refer to lived experience at Constellation, we mean people who have experienced homelessness at some point in their lives, or who have experienced being at risk of homelessness.

# Lived Experience Inclusion

This may include people who have been exposed to family and domestic violence, financial stress, periods of unemployment, contact with the criminal legal system, or experienced mental-ill health and other intersecting issues as contributors.

Lived experience insights are critical for designing solutions that better meet the complexity that people experience in their everyday lives. People with lived experience are therefore critical partners in systems change processes. They can help to identify what change is needed and potential unintended consequences of approaches and initiatives. Through genuine partnerships and shared visions for change, we can better gauge the effectiveness of existing policies and how we should inform future policies, service system responses, and broader social and systems change.

## LIVED EXPERIENCE IN HOUSING AND HOMELESSNESS

The concept and practice of lived experience is not new. Systematically marginalised communities have a long history of using their direct experiences of oppression to advocate for social and political change and have given rise to influential leaders of new movements. It is, however, a relatively recent phenomenon to have disciplined efforts to bring lived experience capabilities into service and policy improvement and delivery, particularly in the housing and homelessness sector.

# Lived Experience Inclusion

There is now widespread recognition across the for-purpose sectors that the experiences, knowledge and skills of those accessing services are critical to the success of our social systems. In public services and social policy, design-led methodologies (such as human centred design, co-design and user experience) are increasingly used to gather insight and ideas from those who are, or will be, using services, and to test new propositions.

There is an increasing professionalisation of lived experience participation into roles that operate across the social sector, influencing thinking and change at many different levels. Peer workers in service provision, lived experience advocacy roles and peer researchers in academic settings are now frequently found in mental health, disability, aged care, family and sexual violence, justice, and youth settings.

Despite this activity, practices that support and enable lived experience contributions in housing and homelessness are emergent. Everybody is learning to do this work well, and many are developing knowledge about craft and conditions through ambitious, practical projects such as Constellation.

# Lived Experience Inclusion

## CONSTELLATION'S APPROACH

We recognise the significance of lived experience inclusion and leadership in guiding our work, and are currently in the process of developing a framework that outlines our approach. The document details the principles and practices that we draw from and use, the theories that have informed our ways of working and our lessons and learnings from our journey so far. While this framework is still under development and due for release in December 2023, we are eager to share some key insights that have emerged.

In our endeavour to create the right conditions for this work, it is important to note that the first step is for leaders to understand the value and impact of lived experience and the existing power imbalances. There is no 'one-size-fits-all' approach, and it is also important to acknowledge that we are in a continuous state of learning and improvement. Nonetheless, we provide a snapshot of how Constellation has sought to create the conditions for this work.

# Lived Experience Inclusion

## KEY PRINCIPLES

The following principles underpin our ways of working:

1. We recognise and value the learnings and expertise of those with lived experience of homelessness, and that their voices and perspectives must be integrated into decision-making and solutions.
2. We work to create the right conditions where insights from people with lived experience are sought both formally and informally, and believe embedding these insights leads to more effective research and more informed responses to ending homelessness.
3. We consult, involve and partner with First Nations people and communities to co-create solutions to homelessness that are grounded in First Nations ways of knowing, being, and doing.
4. We recognise the diversity that exists within communities, including their unique capabilities, needs, and perspectives. We aim to engage a range of lived experiences across our work, tailoring them to the contexts in which identified improvements need to be made.



# Lived Experience Inclusion

## KEY PRINCIPLES (cont)

5. We are committed to connecting people to appropriate, informed, and tailored supports to enable meaningful engagement and partnerships.
6. We value the time and expertise of people with lived experience contributing to our work, and remunerate them accordingly.
7. We are committed to facilitating an organisational culture which is open to continuous feedback about our approach and seeks to continuously improve based on what we hear.

## PRACTICES AND STRATEGIES

The following four pages describe our evolving practices, policies and structures for lived experience inclusion. We look forward to sharing the full Framework later this year, and welcome engagement with governments and other stakeholders about how to improve lived experience practice in housing and homelessness.

Focus areas	Practices, policies and structures	In practice this looks like...
Governance and decision-making	Identified positions	<ul style="list-style-type: none"> <li>● <b>Identified position on the Board:</b> Dedicated Board position(s) reserved for people with lived experience of homelessness. Currently, this is one identified position and we are exploring whether this is the best model.</li> <li>● <b>Identified position on the Executive Team:</b> The Lived Experience &amp; Project Coordinator is responsible for a) managing the engagement and inclusion of people with lived experience across Constellation’s work (implementation of the Paid Participation Policy, lived experience practice, additional supports etc.); and b) identifying other opportunities for inclusion and improvement across Constellation’s work.</li> </ul>
Culture	Relational practice	<ul style="list-style-type: none"> <li>● Valuing and prioritising meaningful connections and collaboration, with a commitment to understanding and learning from one another.</li> <li>● Valuing feedback and reflection, and encouraging open dialogue, where diverse perspectives are welcomed and encouraged.</li> </ul>
	Reflective learning approach	<ul style="list-style-type: none"> <li>● Always asking questions and inviting dialogue about meaningful participation and people’s needs, in ways that evolve and strengthen practice.</li> <li>● Being open to positive risk taking and embedding a commitment to learn from ‘mistakes’ and grow through feedback and reflection.</li> <li>● Investing in research and other activities to support our learning.</li> </ul>

Focus areas	Practices, policies and structures	In practice this looks like...
Staff support	Coaching and supervision	<ul style="list-style-type: none"> <li>• Providing tailored support for those in identified lived experience roles, together with dedicated time and space for debriefing, reflection and discussion.</li> </ul>
	Learning and development	<ul style="list-style-type: none"> <li>• Lived experience inclusion training for all Constellation staff across the board and executive team.</li> <li>• Having conversations about career pathways and progression with staff in identified positions and as paid participants, investing in opportunities for them to develop their skills.</li> </ul>
	Peer-to-peer support	<ul style="list-style-type: none"> <li>• Constellation's Lived Experience and Project Coordinator overseeing the engagement and inclusion of other participants with lived experience. By drawing from their own experiences, the Coordinator works to foster a sense of connection and shared understanding with other project participants.</li> <li>• Investing in, and making space for, opportunities for peer-to-peer support for identified roles - both within and beyond Constellation.</li> </ul>

Focus areas	Practices, policies and structures	In practice this looks like...
Participation	Paid Participation Policy	<ul style="list-style-type: none"> <li>• A formal policy for the remuneration of people with lived experience contributing to Constellation’s work (in cases where people are not being supported by other organisations to participate). The Paid Participation Policy sets out different levels of remuneration for different kinds of contributions. For each instance of participation, Constellation draws up a Paid Participation Offer, based on the Policy, which serves as a formal agreement with individuals about the scope of the work and related fees. Any preparation time, briefing and debriefing, travel time etc. is paid in addition to direct contact hours.</li> </ul>
	Social labs/project teams	<ul style="list-style-type: none"> <li>• Involvement of lived experience paid participants in teams progressing solutions, where the frontline decisions about the work Constellation will pursue are made. This varies based on the project, but could include meetings, workshops and co-design, contributing to written documents, reviewing documents and engaging stakeholders.</li> </ul>
	Events	<ul style="list-style-type: none"> <li>• <b>Event co-design:</b> Paid participation by people with lived experience in the design team for every event run by Constellation.</li> <li>• <b>Public speaking:</b> Paid participation on panels or as speakers.</li> <li>• <b>Attendance:</b> Paid participation for attendance at events and meetings.</li> </ul>

Focus areas	Practices, policies and structures	In practice this looks like...
Care and support	Briefing and debriefing	<ul style="list-style-type: none"> <li>● Running individual briefing and debriefing sessions with lived experience participants for any activity (event, workshop etc.) These include a conversation to determine individualised support needs that might enable participation, including assistance with transport, access to communications tools and amending the work to accommodate needs.</li> <li>● Giving people as much information as possible about what to expect from any event or engagement, the benefits and risks of participation, and specifying their role, so that they can make informed decisions about participation. That way people with lived experience can decide whether and how to share their experiences.</li> <li>● If participation is for an event, offering a walk-through of the space beforehand.</li> <li>● Follow-up calls to check in on wellbeing and seek feedback on the engagement, in order to make improvements to our practice.</li> </ul>
	Recognising lived experience	<ul style="list-style-type: none"> <li>● At events, forums and workshops, offering recognition of the lived experience that exists in every room and space we're in, beyond dedicated lived experience roles.</li> </ul>
	Providing information on supports available	<ul style="list-style-type: none"> <li>● Providing a list of internal and external supports so that people know who they can reach out to if anything is unsettling or potentially re-traumatising (usually sent prior to meetings as well as afterwards).</li> </ul>
	Breakout space/s	<ul style="list-style-type: none"> <li>● When conducting a workshop or event in-person, setting aside a breakout room for people to use if they need space. This room might also have a supportive team member present.</li> </ul>

# Mandatory Inclusionary Zoning

## RECOMMENDATION:

That the interim National Housing Supply and Affordability Council considers progressing Mandatory Inclusionary Zoning (MIZ) as a real, implementable strategy to increase the supply of social and affordable housing.

## BACKGROUND

Social and affordable housing supply does not meet demand currently or into the future for people living in Australia. Rental affordability has crashed to record lows. One approach to increasing supply of affordable rental housing is the introduction of MIZ. The key benefit of MIZ is the creation of an ongoing pipeline of supply which does not require additional government funding.

MIZ occurs when a specified affordable housing contribution is required as a condition for development consent on a market housing (or other) project. In delivering on MIZ obligations, affordable housing units must be provided within their project or elsewhere. Otherwise, an equivalent contribution may be paid towards such housing, with the lands/funds being passed to an affordable housing provider. MIZ enables locational equity and the creation of diverse and inclusive communities by making affordable housing available to those (e.g. key workers) who would otherwise be unable to afford housing.

# Mandatory Inclusionary Zoning

## A NATIONAL FRAMEWORK

The Constellation Project has developed a **National Framework** for the implementation of MIZ which would allow for the introduction of a consistent and clear policy, ensuring greater certainty of supply and transparency for key stakeholders across the Australian housing system.

The MIZ National Framework was developed over several years by a core team in collaboration with ~60 individuals from across the national housing ecosystem. This included contributions from developers, CHP's, Government (local, state, national), peak bodies (housing, planning and homelessness), academia and professional services.

Alongside Constellation, the MIZ National Framework is supported by the following organisations:



UNSW  
SYDNEY



national  
shelter



Planning  
Institute  
Australia

**NB:** The **National Framework** recommends a target of at least 10% once fully operational. The Planning Institute of Australia strongly supports the adoption of substantial target(s) for affordable housing provision for MIZ. PIA notes that the precise target(s) may need to vary based on need and circumstances across jurisdictions

# Mandatory Inclusionary Zoning

The MIZ 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 to unlock quality, affordable housing supply in the areas of greatest need over the **medium and long term**.

The Framework is designed for application across Australian metropolitan areas. 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.

It is underpinned by a set of 7 guiding principles. These principles and the underlying details provide clarity a national framework, the benefits, and how MIZ can be applied in the Australian context. It is comprehensive and considers transition, roles and responsibilities, notice periods, jurisdictional specific legislation, transfer process, land/dwelling/cash contributions and capabilities required. It also considers an approach to grandfathering, with a current draft being refined with major developers.

The Framework addresses the requirements of and aligns to the National Housing and Homelessness Agreement (NHHA) and National Housing Accord (NHA).

The full MIZ National Framework is included as an attachment to this submission.



# The Constellation Project

*Mandatory Inclusionary Zoning*

National Framework

October 2023



THE CONSTELLATION PROJECT

TOWARDS ENDING HOMELESSNESS IN A GENERATION

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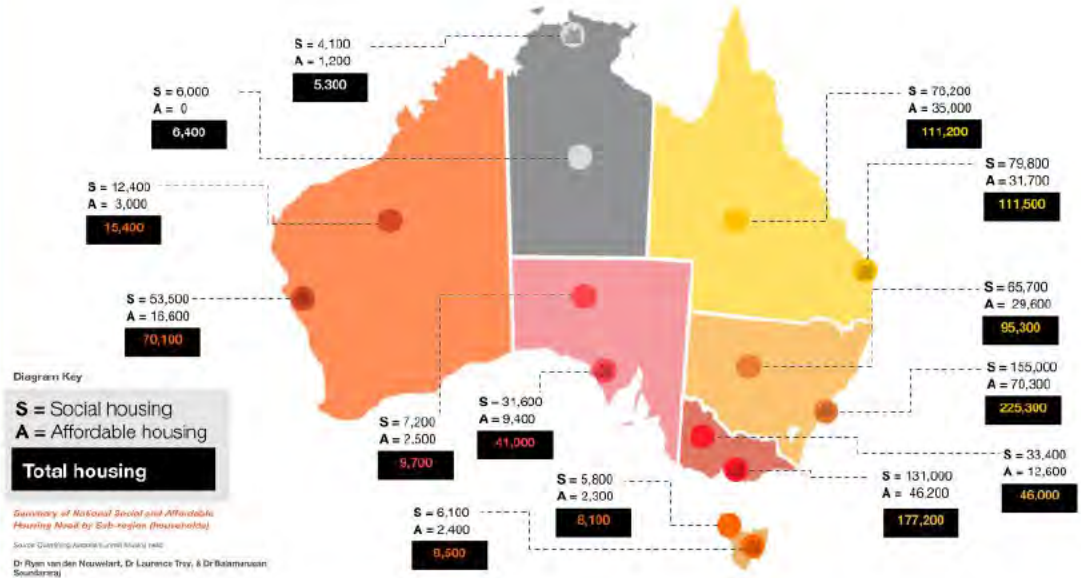


# The Problem

**Social and affordable housing supply does not meet demand**

We need close to a million new homes that are affordable for people on very low to low incomes.

Social and affordable housing supply does not match projected demand across all Australian states and territories in 2041.



The problem is widespread with bias and misconception about the type of people needing social and affordable housing.



# What is MIZ?

**MIZ will create more homes and reduce locational inequality**

MIZ is a strategy to help prevent people falling into rental stress and potential homelessness.

MIZ *is only part* of the solution - market housing, government funding and ongoing tenant support are still required.

It delivers *essential integrated infrastructure* ... much like parklands and parking.

MIZ does not require government funding...just legislation and policy to get it consistently in place.

It enables 'locational equity,' giving people on low incomes access to jobs, education, services and amenities...thereby breaking the cycle of disadvantage.

With MIZ comes the creation of diverse and inclusive communities - without key workers, communities do not thrive.

Development contributions from the planning process already fund community infrastructure, such as **PARKS, LIBRARIES, SEWERAGE & HEALTH SERVICES**  
MIZ extends these contributions to housing.

It can be managed by community housing providers ensuring that community development and social support services are at the heart of this solution too.

The opportunity is to **mandate** and bring **consistency**...but consistency doesn't mean identical implementation. It means flexibility for regulatory, project and market context.

# WHAT IS: MANDATORY INCLUSIONARY ZONING?

Mandatory inclusionary zoning (MIZ) occurs when a specified affordable housing contribution is required as a condition for development consent on a market housing (or other) project. It is sometimes known as "mandated affordable housing outcomes", an "affordable housing contribution scheme" or, more simply, "value sharing".

In delivering on MIZ obligations, affordable housing units must be provided within their project or elsewhere. Otherwise, an equivalent levy may be paid towards such housing, with the funds being passed as grant aid to an affordable housing provider (probably a not-for-profit CHP).

The MIZ proportion required may vary according to local circumstances – but it should be a significant, not token, proportion.

Some cities worldwide have required up to 50% MIZ, although such percentage figures need to be viewed in the defined form of 'affordable housing' mandated (e.g. for low cost rent or sale), as well as the specified duration of affordability (possibly in perpetuity, but sometimes only for ten years), and the ultimate ownership of the dwellings involved.

In London, for example, MIZ quotas of over 30% sometimes apply, but often include discounted homes for sale and/or for rent at prices only modestly below market rates.

Preferably, the MIZ obligation should be calculated on the whole development, though some versions have applied it only to the post-rezoning "uplift" – this would restrict the number of affordable homes resulting.

# WHERE HAS MIZ BEEN DONE AND WHAT HAS RESULTED?

## MIZ rules are operated in many other countries.



In the United States, MIZ has become an increasingly important means of generating affordable housing. Initially taken up in suburban communities in New Jersey, California and Massachusetts, it has since been adopted by many large cities including Baltimore, Chicago, Denver, New York, Philadelphia, Sacramento and Santa Fe.

Under these schemes, a given fraction of housing must be designated for low or moderate-income households, usually in the range of 5-25%.<sup>xvii</sup>

Since the 1990s, United Kingdom local authorities have had powers to mandate an affordable housing component within private development projects. The value of such contributions in 2016-17 in England equated to £4.1 billion (\$7.5 billion AUD).

Resulting homes may be for low-cost home ownership, or for social or affordable rental use. Although projects often benefit from other subsidies, some 26,000 affordable homes (including 3,000 social rental units) were generated in 2021-22 with no additional grants.



26,000

Homes in 2021/22 via MIZ  
(no additional subsidy) –  
England alone

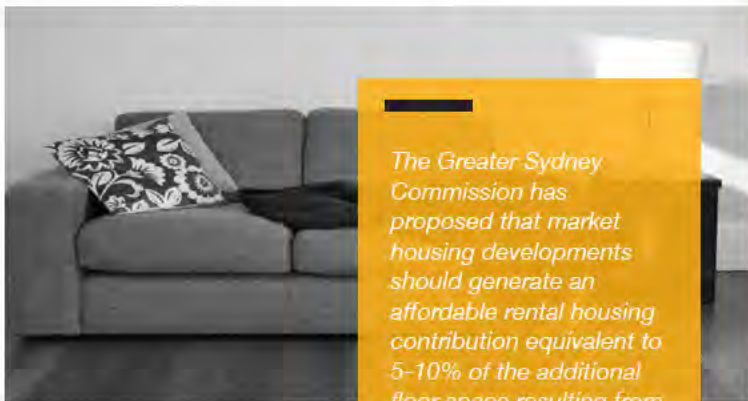
920

Homes in 2020/21 via MIZ  
Wales alone

## MIZ in Australia

In NSW a form of MIZ has existed in designated zones in the City of Sydney for more than 20 years. In the Pyrmont-Ultimo and Green Square renewal projects modest developer contributions have been channelled to affordable housing projects built and managed by CityWest Housing. However, because of their very limited application and small requirements, these schemes have yielded only 750 affordable rental homes over more than two decades.

Inclusionary zoning in other Australian states has been weak in form – e.g. developer obligations met via for-sale units priced at relatively low levels only by virtue of small size.



The Greater Sydney Commission has proposed that market housing developments should generate an affordable rental housing contribution equivalent to 5-10% of the additional floor space resulting from

Similar rules operate in many other countries including France, the Republic of Ireland and the Netherlands.<sup>xix</sup>



# Why MIZ

**MIZ will create lasting health, social, economic benefits**



# WHAT DIFFERENCE: CAN MIZ MAKE IN AUSTRALIA?

Modelling shows implementation of a MIZ policy could result in creation of

up to

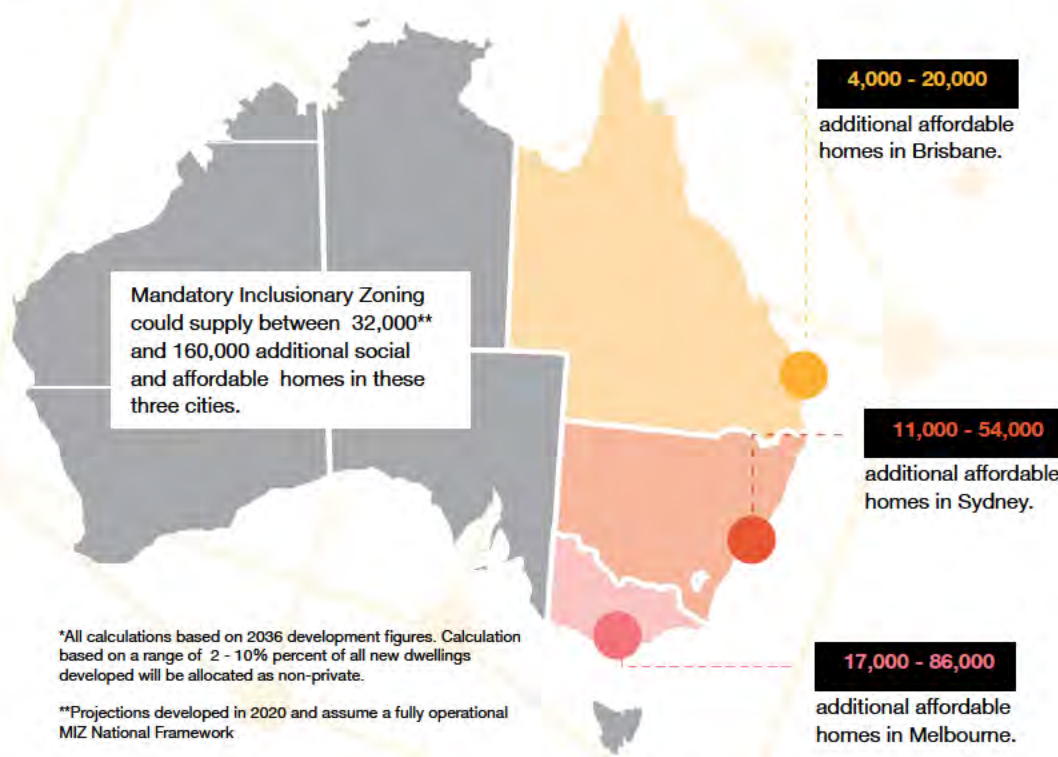
# 160,000

new lower income - affordable homes in Brisbane, Sydney and Melbourne by 2036.

Generating these extra social and affordable rental homes can help to reduce homelessness, shorten social housing waiting lists, and help ease the problems outlined above. It can help create a healthier housing economy for all.

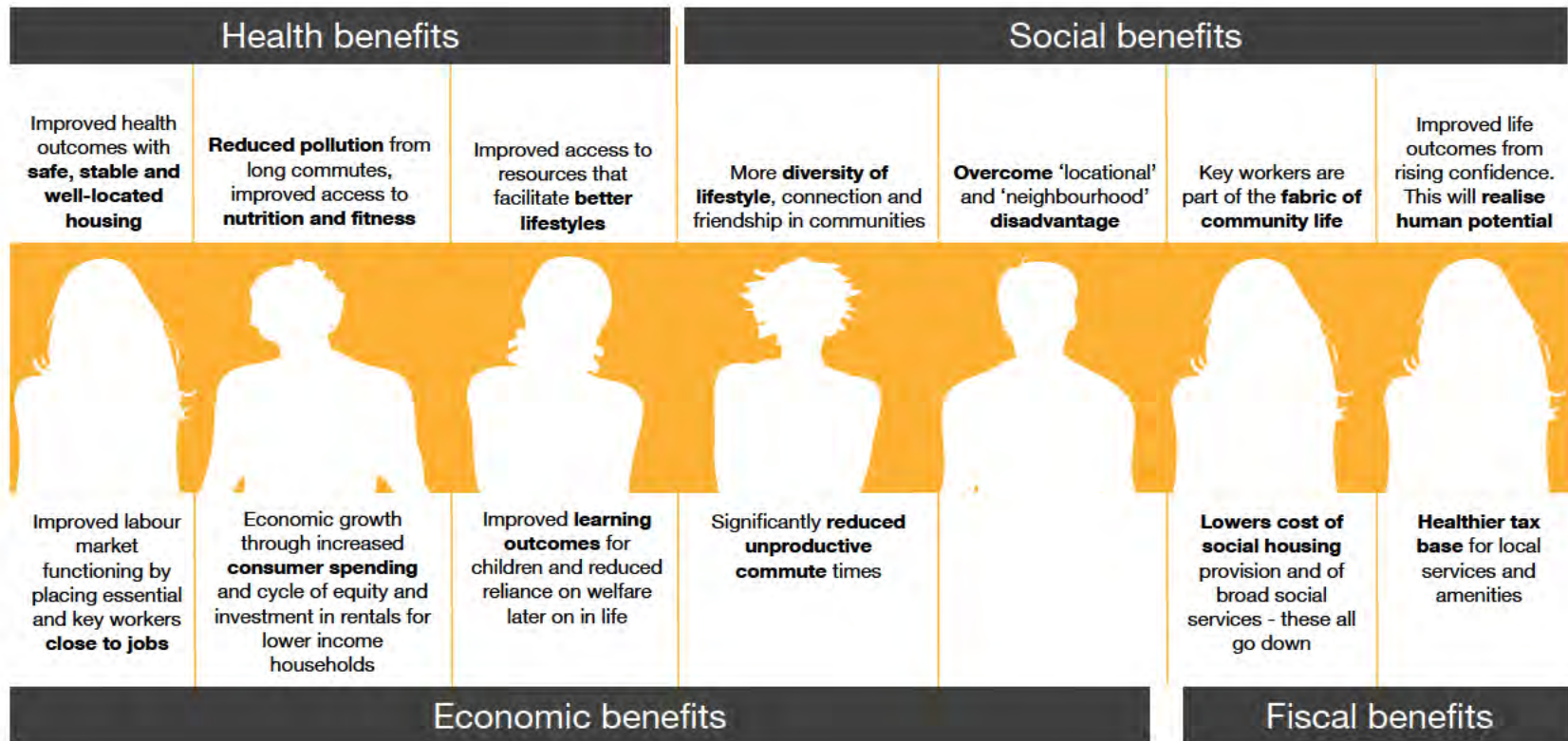
Structured so that resulting homes are owned and managed by not-for-profit CHPs, MIZ can encourage community housing sector growth, boost capacity to leverage additional investment and support the viability of the CHP sector.

Although it is not a substitute for public investment in social and affordable housing, MIZ is one of the tools that governments should be using to help address housing affordability stress and homelessness in Australia. Many housing economists,<sup>xii</sup> think tanks<sup>xiv</sup> and even influential developers<sup>xv</sup> back the inclusionary zoning principle.



# WHAT DIFFERENCE: CAN MIZ MAKE?

Safe and affordable housing is central to improving productivity and enhancing the wellbeing of Australians. Currently, too many Australians are unable to access such housing.





# National Framework

**A consistent approach to  
the delivery of social and  
affordable housing**

# 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><b>Common MIZ principles:</b> The underpinning principles for application promoting consistency across multiple jurisdictions</p>	<p><b>Building capability:</b> Ensuring the key players from across the housing sector are prepared for the transition to MIZ</p>
<p><b>Jurisdictional specific legislation:</b> 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><b>Transfer of MIZ contributions:</b> Enabling better collaboration and effective decision making in the transfer of MIZ contributions</p>
<p><b>Clear roles &amp; responsibilities:</b> Identifying and mapping the role of key players across the housing system to provide clarity</p>	<p><b>5 year housing strategy:</b> Setting targets for MIZ delivered S&amp;A housing improving data collection and reporting</p>

Out Of Scope

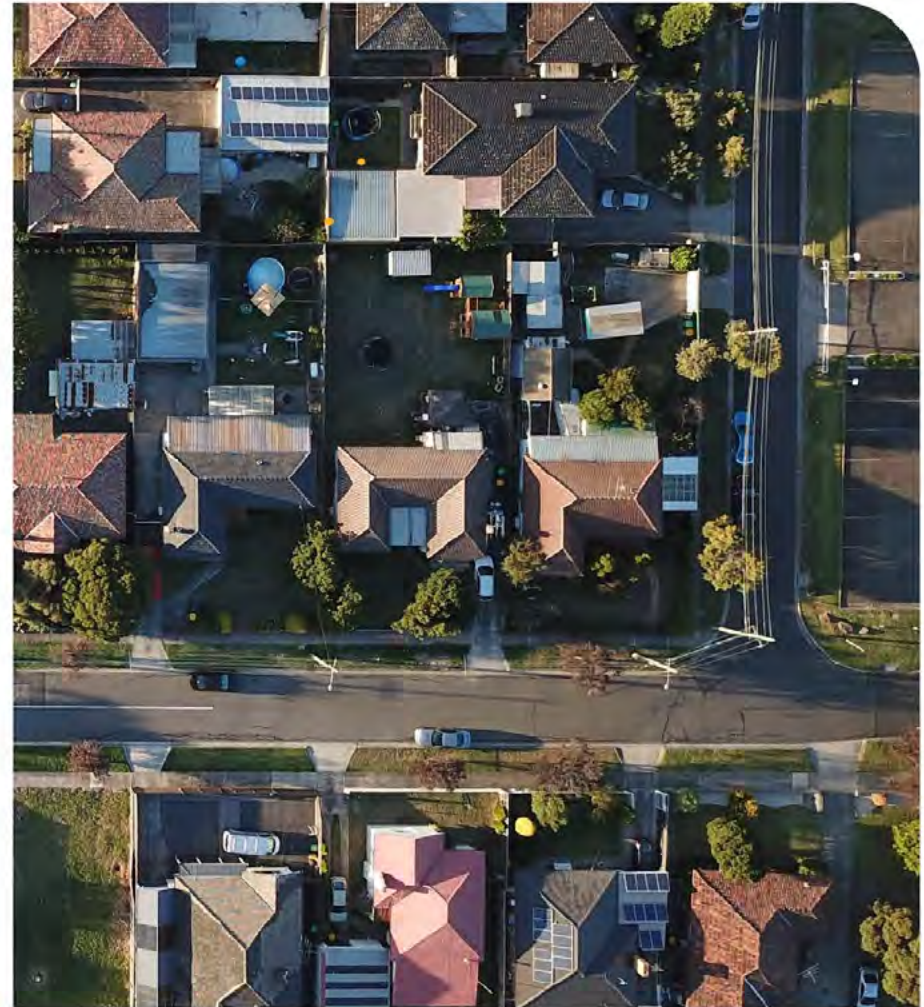
e.g. Design Standards	e.g. CHP Regulation	Other Delivery Methods	Other Planning Mechanisms
Supporting Frameworks / Regulation	Alternate Delivery Mechanisms		
<b>MIZ Adjacencies</b>			



# 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.<sup>xx</sup>

**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
<b>Commonwealth</b> • Cabinet/politicians • NHFC • Infrastructure dep • Social services dep	<b>A/R</b>	<b>I</b>			<b>R</b>	
<b>State/territory</b> • Cabinet/politicians • Planning dep • Housing/social service dep • Asset manage/ develop agency		<b>A/R</b>	<b>A/R</b>	<b>A/C</b>	<b>A/R</b>	<b>A/R</b>
<b>Local councils</b> • Councillors • Strategic planning • Assessment and certification • Service provision	<b>C</b>	<b>C</b>	<b>C</b>	<b>R</b>	<b>R</b>	<b>C</b>
<b>Development industry</b> • Peak bodies • Expert consultants • Major developers • Builder/contractors	<b>C</b>		<b>C</b>	<b>I</b>	<b>R</b>	<b>C</b>
<b>CHP industry</b> • Peak bodies • Major (tier 1) CHPs. • Related advocates (homelessness, shelter, etc.)	<b>C</b>		<b>C</b>	<b>I</b>	<b>R</b>	<b>C</b>
<b>Community</b> • Land-owner interests • Local interests (residents/ businesses) • Building/strata management • (prospective) SH tenants	<b>C</b>		<b>I</b>	<b>C</b>	<b>R</b>	

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

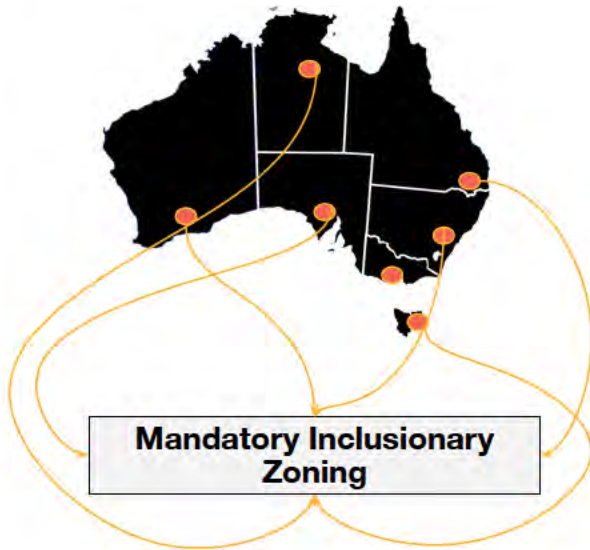
## Transition period roles and beyond (Operational)

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
<b>State government</b> - 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"> <li>Negotiate voluntary SH contributions (on top of MIZ)</li> <li>Assess suitability of MIZ contributions</li> </ul>	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"> <li>Manage, ensure transparency of, transfer from developer to CHP</li> </ul>	Monitor: <ul style="list-style-type: none"> <li>Quantum of dwellings</li> <li>CHP management</li> <li>Tenancy (or use) in MIZ dwellings</li> </ul>
<b>Recurring State government processes</b>	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	
<b>Local government (LGA)</b> - 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"> <li>Negotiate voluntary SH contributions (on top of MIZ)</li> <li>Assess suitability of MIZ contributions</li> <li>Manage any community concerns</li> <li>Facilitate smooth implementation with design and development guidance of MIZ contributions</li> </ul>	Enforce conditions of approval and certify construction (as usual) with MIZ requiring consideration of: <ul style="list-style-type: none"> <li>MIZ contributions (including fit out, etc.) as required/agreed</li> <li>Registration of subdivisions and title transfer</li> </ul>	Monitor: <ul style="list-style-type: none"> <li>Quantum of dwellings</li> <li>Location of dwellings (for planning support and prevent leakage' to other areas)</li> <li>Alignment of tenant mix with housing strategy</li> <li>Retirement' of dwellings (i.e. CHP sells to tenant, to market, etc.)</li> </ul>
<b>Recurring Local government processes</b>	Community engagement and education about MIZ Local housing strategy monitoring		Ongoing review of strategic plans and zoning/scheme suitability	
<b>Development sector</b>	Identify development sites (as usual), with MIZ requiring additional consideration of: <ul style="list-style-type: none"> <li>Costs calcs (incl. MIZ) when assessing development feasibility</li> <li>Assess policy risk of satisfying MIZ expectations</li> </ul>	Prepare and lodge proposals (as usual), but with MIZ requiring additional: <ul style="list-style-type: none"> <li>Design consideration (if dwellings)</li> <li>Subdivision consideration</li> <li>Management considerations (in apartments)</li> <li>Liaising with government (SHA, LGA)</li> <li>Partner with CHP</li> <li>Consider land, dwellings or cash contributions</li> </ul>	Undertake development and construction (if dwellings), but with MIZ requiring additional: <ul style="list-style-type: none"> <li>Financing and pre-approvals</li> <li>Sales, rents and transfer timing</li> <li>Building management arrangements (in apartments)</li> </ul> Transfer of land or cash as MIZ obligation as required	Monitor: <ul style="list-style-type: none"> <li>Any issues during warranty period</li> <li>Any reputational risk (satisfied customers)</li> </ul>
<b>Community housing sector (CHP)</b> - 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"> <li>Mix, configuration and type (to match need)</li> <li>Design and fit out (to minimise operation and maintenance costs)</li> <li>Suitability of any land to be transferred as future CHP dev site</li> </ul>	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"> <li>Restrictions on use (which tenants, how much rent)</li> <li>Process/timing of transfer (to tenant, to other CHPs, to market, etc.)</li> <li>Potential asset value for financing/line of credit</li> <li>(in apartments) integration with owners corp for management</li> <li>Manage tenants (as usual)</li> </ul>

# JURISDICTIONAL SPECIFIC LEGISLATION



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

Mandate through key delivery mechanisms

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:

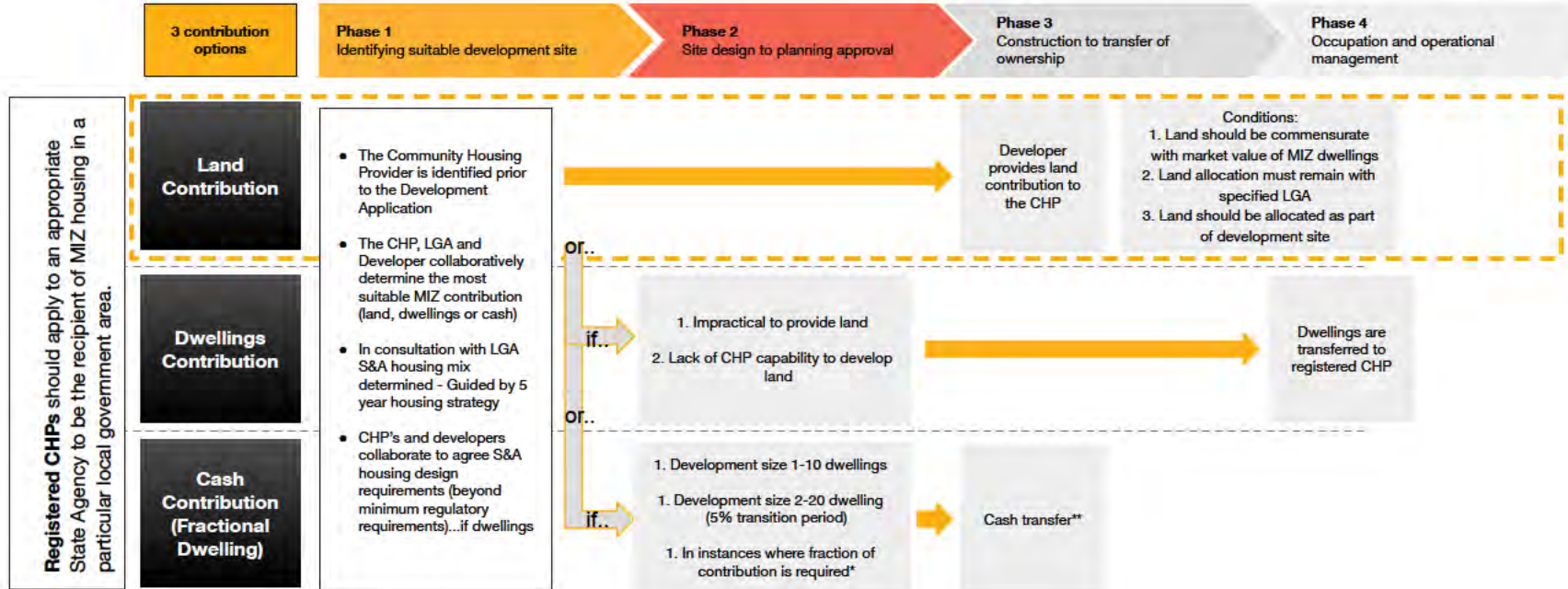
The approach outlined on the following page is designed to ensure clarity of roles and responsibilities of key players and provide clear guidelines for effective decision making.

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 deliver 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

effective,  
efficient and  
smooth  
transition

## 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

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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

effective,  
efficient and  
smooth  
transition

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 $\geq$ 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

<b>State Government</b>
<b>Local Government</b>
<b>Development Industry</b>
<b>Community Housing Providers</b>

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



**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](http://theconstellationproject.com.au)

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- \*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%.
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- \*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.