Building Community Acceptance for Community Housing:

Background Report Part 2 – Central to Eveleigh

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1 Executive Summary

1.1 Overview

This document forms Part 3 of the *Background Report* of *Building Community Acceptance for Community Housing*. It focuses on the Central to Eveleigh Urban Transformation Area (CEUTA).

The *Central to Eveleigh Urban Transformation and Transport Program* aims to progressively transform government-owned land along the rail corridor in the inner city over the next 30 years. It will help to meet current and future needs for local residents and a growing global Sydney by providing new community facilities and open space, a mix of new housing and employment opportunities, and improved connections across the rail corridor.[1] The program is likely to be rolled out in stages, with the first precinct expected to be North Eveleigh (West).[2]

The CEUTA forms a discrete area of inquiry for this study. In particular, it is important to understand the extent and nature of housing need, the demographic and housing context, and the ability of the market to provide affordable housing taking into account future plans for redevelopment, and thus the extent to which these areas will need to be the subject of planning intervention to provide affordable housing.

This analysis provides a further context to the empirical part of this study with regard to current and future affordable housing need, the vulnerability to of these areas to community resistance to affordable housing development, and the need for particular actions to overcome such resistance in the area.

1.2 Demographic and Housing Context

1.2.1 Demographic trends

The Central to Eveleigh Study Area includes the whole of Eveleigh, Darlington, Chippendale and Haymarket, as well as the majority of Ultimo, Surry Hills and Redfern and parts of Waterloo, Alexandria, Erskineville and Newtown. In 2011, there were around 50,000 people living in some 20,000 dwellings in the Study Area (ABS 2011).

The majority of precincts outlined in strategic documents[3] had no population at the time of the 2011 Census (North Eveleigh, Redfern Station, Central Station, Lawson St to Cleveland St, Australian Technology Park and Transformation Area Precincts), although The Platform affordable housing development has subsequently been constructed by City West in North Eveleigh Precinct, and is the subject of a case study in Part 4 of this *Background Paper.*

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[1] See http://www.centraltoeveleigh.com.au/
[2] Based on email correspondence from Vanessa Gordon, UrbanGrowth NSW, 6 April 2016.
[3] See http://www.centraltoeveleigh.com.au/

The three precincts with resident population in 2011 (South Eveleigh, Waterloo Estate and Redfern Estate Precincts) were generally very disadvantaged and contained significant public housing, and a reasonable component of private rental housing that was affordable to moderate income households. In particular, Waterloo Estate and Redfern Estate Precincts were extremely disadvantaged, with SEIFA Index of Relative Socio-economic Disadvantage scores in the bottom 1% of areas for NSW, and with 78% and 90% of dwellings social housing.

1.2.2   Housing Affordability

Overview

Given the lack of housing as a basis for comparison in most of these the eight Urban Renewal Precincts, and for ease of analysis, Urban Renewal Precincts were broadly combined as follows:

- The "Eveleigh Combined Precinct" consisting of North Eveleigh, South Eveleigh and Redfern Station Precincts with analysis based on the suburbs of Erskineville, Alexandria, Newtown and Darlington;
- The "Redfern Waterloo Combined Precinct" consisting of Redfern Estate and Waterloo Estate with analysis based on the suburbs of Redfern and Waterloo; and
- The "Central Station Combined Precinct" consisting of Central Station Precinct and Lawson St to Cleveland Precinct with analysis based on the suburbs of Ultimo, Chippendale and Surry Hills.

Affordable Purchase

An analysis of data for all properties sold in 2015[4] for suburbs proximate to the Urban Renewal Precincts showed that there were no separate house or strata products housing products in the first, second or third quartiles that would have been affordable to very low, low income or moderate income purchasers, even for a one-bedroom strata unit.

It is also important to understand whether affordability *could* be increased under certain conditions for new build products delivered through the market in the future, and thus the type of planning intervention that would be useful. Modelling indicates that that the cost of strata dwellings would be reduced by a reduction in parking requirements, as well as limiting dwellings to one bathroom or otherwise restricting the strata area.

Nonetheless, facilitating or mandating such requirements through planning system would not make major inroads into affordability for the vast majority of those who need affordable purchase housing. Under the most optimistic scenario, **new studio apartments with one bathroom and no parking space** would be expected to be affordable to moderate income households in Eveleigh and Central Station Combined Precinct (100% of target group) and in Redfern Waterloo Combined Precinct (upper 40% of the moderate income target group) based on proxy suburbs.

All other dwellings would **not be affordable** to moderate income households, and no dwellings (including lower amenity studio apartments) would be affordable to very low or low income households.

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[4] Using EAC RedSquare database for all properties sold in the 2015 calendar year

As such, it is likely that relying upon the market to provide affordable housing without significant planning intervention - primarily the direct creation of such housing through inclusionary zoning under s94F and/or voluntary planning agreements under s93F of the Act to capture a reasonable share of uplift in land values, and partnerships on government land - is not feasible.

Affordable Rental

A snapshot of all rental properties advertised in March/April 2016[5] within relevant suburbs shows similar affordability trends to those reported for purchase above.

Based on this recent snapshot, very low income households are excluded from the affordable private rental market across all product types, whilst boarding house accommodation provides the only opportunity for affordable rental to low income households, with a limited supply of such stock. Moderate income households could affordably rent a one bedroom apartment or studio in all areas, but no other product is affordable, and the bottom half of the moderate income range is excluded from affordable rental entirely, apart from in boarding houses.

Again, the direct creation of affordable housing using planning mechanisms available for capturing a share of land value uplift created through the planning system, or through direct funding of affordable (including social) housing, are likely to be the only ways to provide for the vast majority of renters who need affordable housing in the CEUTA.

1.3 Policy Implications in+ CEUTA

1.3.1 Overview

As noted, there are extremely limited opportunities to provide affordable purchase housing for any very low or low incomes households, and most moderate income households, through the market in all CEUTA Precincts. Opportunities to rent affordably for those most in need of affordable housing are likewise highly constrained, and clearly worsening.

The ongoing displacement of very low and low income people, and inability to accommodate incoming low and moderate income households including key workers, is a significant risk of redevelopment of these precincts, noting again the relatively low level of social housing in many of these areas.

As such, significant planning intervention using available mechanisms will be required for virtually any affordable housing to be created in the future.

The primary planning mechanisms available involve capturing a reasonable and equitable share of uplift in land values resulting from rezoning or significant changes to controls - either through mandating development contributions for affordable housing through s94F of the Act (inclusionary zoning/contributions plan); or seeking contributions for affordable housing as a public purpose under s93F of the Act through a voluntary planning agreement.

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[5] The week commencing 30 March 2016 using realestate.com

Development partnerships between government, community housing providers and potentially the private sector on government land within the CEUTA will also be an effective strategy in the housing market context.

Mandating or encouraging certain types of dwellings to be delivered through the market will also have some benefit to a relatively narrow range of moderate income households.

Proactively addressing community opposition to future affordable housing developments, or any other avoidable constraint to increasing such stock in the CEUTA Precincts, in particular of smaller strata dwellings and New Generation Boarding Houses, will also be critical.

1.3.2 Economic Modelling of Opportunities for Land Value Capture and Incentive-Based and Mandatory Mechanisms in CEUTA

Preliminary economic modelling of the expected profit from the redevelopment of existing housing and existing residential flat buildings for six, eight, fourteen and twenty story development across the various precincts indicates the following:

- Mandating a proportion of smaller strata dwellings with limited parking and one bathroom through relevant planning instruments is unlikely to represent a major impost on redevelopment in CEUTA Precincts based on preliminary modelling.

- Considering mechanisms to capture an equitable and reasonable share of land value uplift resulting from planning actions under s94F and/or s93F, potential contributions have been calculated in a preliminary way. Depending on the allowable height, contribution rates have been calculated based on a 50:50 sharing between affordable housing and the developer of value uplift above a 'normal' profit of 10%.

  o For Eveleigh Combined Precinct, on a brownfields site specifically within the North Eveleigh Precinct, contribution rates of 29-35% of saleable area appear to be sustainable, with sustainable contribution rates in residential areas within the Eveleigh Combined Precinct overall ranging from 8% for eight stories to 29% for 20 stories.

  o For the Central Station Combined Precinct, sustainable contributions could range from 2% of saleable area for eight storey development to 29% of saleable area for twenty storey development.

  o For the Redfern Waterloo Combined Precinct, sustainable contributions could range from 16% of saleable area for six storey development to 33% of saleable area for twenty storey development.

o   By comparison, it is noted that, under the Redfern-Waterloo Affordable Housing Contribution Plan 2006, affordable housing levies are 1.25% of gross floor area.[6]

This is looked at in detail in Section 4.6 below.

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[6] Sydney Metropolitan Development Authority *Redfern Waterloo Draft Affordable Rental Housing Strategy 2011-2030.*

2 Potential Staging of CEUTA

It is understood[7] that the program currently being contemplated by UrbanGrowth NSW will consider six precincts that have significant government land holdings. The guiding policy blueprint, the Urban Transformation Strategy, is due to be put on public display mid-2016. Precinct staging is currently envisaged as follows:

- North Eveleigh (West): short term, with community consultation already undertaken to develop a masterplan and expecting lodgement of state significant development application (SSDA) and SEPP amendment later in 2016. This would allow for the re-zoning, parks, community facilities and identify potential superlots.

- South Eveleigh: yet to be decided by the land owners, potential to be short term.

- Waterloo: medium term with 18 months of planning expected prior to the lodgement of a SSDA. Community consultation is yet to begin for this precinct.

- Redfern Station and North Eveleigh (East): medium term with significant transport infrastructure to consider, community consultation may begin later in 2016 with timeframe for lodgement of the SSDA to be determined.

- Central Station and Redfern Estate: both longer term projects. Central will be led by Transport for NSW and a decision has not been made on Redfern Estate by the land owner, the Department of Family and Community Services (FACS). The work on the Urban Transformation Strategy will set the blueprint for the approach to planning in these precincts, if and when this decision is made.

The following contextual review is based on precincts asset out in the *Central to Eveleigh Urban Transformation and Transport Program* documentation.

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[7] Based on email correspondence from Vanessa Gordon, UrbanGrowth NSW, 6 April 2016.

3 Precincts and Demographic Profiles

3.1 Overview

Under the 'Central to Eveleigh Urban Transformation and Transport Program', eight precincts are defined, as well as a 'Transformation Area' in relevant planning documents. The eight precincts are as follows:

1. North Eveleigh
2. Redfern Station
3. South Eveleigh
4. Central Station
5. Waterloo Estate
6. Redfern Estate
7. Lawson St to Cleveland St
8. Australian Technology Park (ATP)

Apart from South Eveleigh, Waterloo Estate and Redfern Estate, these precincts had zero population at the time of the 2011 ABS Census of Population and Housing, as does the Transformation Area.

An overview of each precinct is first provided, followed by a comparative demographic review of the Central to Eveleigh Study Area.

3.2 North Eveleigh Precinct

The North Eveleigh Precinct is located on the northern side of the rail line running between Redfern and Macdonaldtown train stations. It is adjacent to Carriageworks and is bounded by Wilson St to the north, Iverys Lane to the west and the railway line to the south. A residential unit block has been built since the last Census (The Platform, built by City West Housing, which is the subject of a case study reported in Part 4 of this *Background Report*). (See Figure 3.1 below.)

Figure 3.1: North Eveleigh Precinct
Source: JSA 2016, using screenshot from Google Maps 2016 and precinct boundaries from Urban Growth NSW 2016 (http://www.centraltoeveleigh.com.au/)

3.3   Redfern Station Precinct

The Redfern Station Precinct includes Redfern Railway Station as well as some parkland to the south and some industrial land to the west. This precinct is bounded by Wilson St to the north, the rail line to the south, Carriageworks to the west and Gibbons St to the east.

This precinct had no population at the time of the 2011 ABS Census of Population and Housing.

Figure 3.2: Redfern Station Precinct

Source: JSA 2016, using screenshot from Google Maps 2016 and precinct boundaries from Urban Growth NSW 2016 (http://www.centraltoeveleigh.com.au/)

3.4   South Eveleigh Precinct

The South Eveleigh Precinct is located on the southern side of the rail line, and is bounded to the south by Railway Parade / Henderson St, to the west by Burren St and to the East by the Australian Technology Park. The precinct includes a large amount of land associated with the railway, as well as a substantial number of residential dwellings and some parkland.

In order to gain an idea of the demography of residents of this precinct, data from the 2011 ABS Census of Population and Housing was used. However, the smallest geographical level (Statistical Area Level 1 or SA1) gives an area that includes, as well as South Eveleigh Precinct, the Australian Technology Park and a large part of the Transformation Area, as well as some residential dwellings to the south east of the South Eveleigh Precinct. It was deemed from viewing the ATP and Transformation Area on Google Maps Satellite View and Street View that these two precincts did not contain residential dwellings, and therefore this SA1 (#1133542) should be a reasonable approximation for the South Eveleigh Precinct. (See Figures 3.3 and 3.4 below.)

In terms of the ABS Socio-Economic Indicators for Areas (SEIFA) 2011, SA1 #1133542 performs quite poorly for both Disadvantage (24th percentile for NSW) and Economic Resources (11th percentile), though it performs quite well for Education and Occupation (82nd percentile).

There is a high proportion of public housing in the SA1 (31% compared with 8% for Sydney LGA) as well as community housing (12% compared with 1%), with a lower proportion of households renting privately (23% compared with 44%). The median rental price for the SA1 ($260 per week in 2011 dollars) is substantially lower than for Sydney LGA ($465 per week), which is not surprising given the higher proportion of social housing in the SA1.

In terms of private rental, 7% of private rental dwellings are affordable to very low and low income households, similar to Sydney LGA. However, 43% are affordable to moderate income households, much higher than the rate for Sydney LGA (24%). Household incomes in the South Eveleigh Precinct are somewhat lower than for Sydney LGA, with a median household in the precinct earning $1,333 in 2011 dollars compared with $1,639 for Sydney LGA. This means that while a median household would pay 28% of its gross income in rent in Sydney LGA, in South Eveleigh a median household would pay just 20%.

Dwellings in South Eveleigh are predominantly flats and units (79%), with some medium density dwellings (19%) and very few separate houses (2%). This dwelling structure profile is in line with the Sydney LGA profile. The median age of residents in South Eveleigh is young (30 years), somewhat lower than the median for Sydney LGA (32 years). Just 3% of residents in the precinct are aged 70 years or older, somewhat lower than for Sydney LGA (5%).

Figure 3.3: South Eveleigh Precinct
Source: JSA 2016, using screenshot from Google Maps 2016 and precinct boundaries from Urban Growth NSW 2016 (http://www.centraltoeveleigh.com.au/)

Figure 3.4: ABS Statistical Area Level 1 Number 1133542

Source: JSA 2016, using screenshot from Google Maps 2016 and precinct boundaries from Urban Growth NSW 2016 (http://www.centraltoeveleigh.com.au/)

3.5   Central Station Precinct

The Central Station Precinct is bounded by Pitt St and Lee St to the west, Elizabeth St to the East, Belmore Park to the north and Prince Alfred Park and Cleveland St to the south. The precinct includes Central Railway Station as well as some railway-related infrastructure. This precinct does not appear to include any residential dwellings, and therefore most likely has zero population.

Figure 3.5: Central Station Precinct

Source: JSA 2016, using screenshot from Google Maps 2016 and precinct boundaries from Urban Growth NSW 2016 (http://www.centraltoeveleigh.com.au/)

3.6   Waterloo Estate

The Waterloo Estate appears to include mainly residential areas. It is bounded by Pitt St to the east, Cope St to the west, Phillip St to the north and McEvoy St to the south. (See figure 3.6 below.) For the purposes of demographic analysis, the ABS Statistical Areas Level 1 (SA1s) shown in figure 3.7 below were used to approximate the Waterloo Estate.

While the SEIFA Economic Resources Score is quite low for Waterloo Estate (35th percentile), the scores for Disadvantage and Education and Occupation are extremely low (1st percentile for both). This is not particularly surprising given the fact that 78% of households in the estate were living in public housing in 2011. Unsurprisingly, the median weekly rent in the estate in 2011 was very low ($89 per week). However, a median household in the estate pays 24% of its gross income in rental payments, given that the median gross weekly household income in the estate was $378 in 2011.

While private rental in the estate is low (7% of households), it is also quite affordable, with 70% of private rental dwellings being affordable to a moderate income household compared with 24% for Sydney LGA. Residents of Waterloo Estate predominantly live in flats and units, with 94% of households with dwelling type stated living in this type of accommodation. Residents in Waterloo Estate tend to be older, with a median age of 54 years. Of those living in the estate in 2011, 26% were aged 70 years or older.
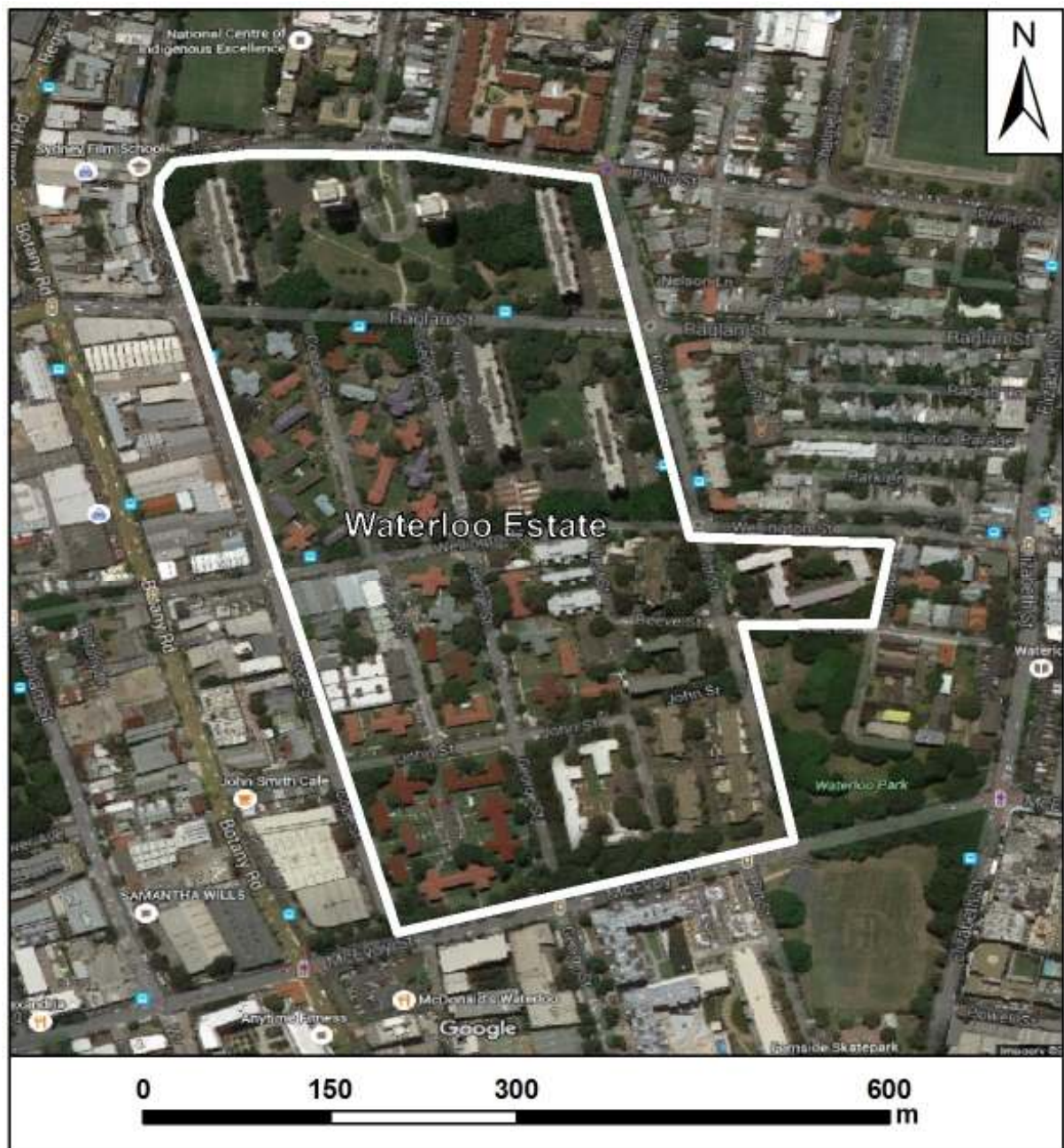
Figure 3.6: Waterloo Estate

Source: JSA 2016, using screenshot from Google Maps 2016 and precinct boundaries from Urban Growth NSW 2016 (http://www.centraltoeveleigh.com.au/)

Figure 3.7: ABS Statistical Areas Level 1 Approximating Waterloo Estate

Source: JSA 2016, using screenshot from Google Maps 2016 and precinct boundaries from Urban Growth NSW 2016 (http://www.centraltoeveleigh.com.au/)

3.7   Redfern Estate

As with Waterloo Estate, the Redfern Estate is mainly residential. This area is bounded by Cooper St to the north, Phillip St to the south, Young St to the east and Elizabeth St to the west and contained approximately 1,100 occupied private dwellings (OPDs) in 2011. Figure 3.8 below shows the precinct overlaid on a Google Maps screenshot, while Figure 3.9 shows the ABS SA1 boundaries approximating the estate that have been used for the purposes of the demographic analysis. Note that the western half of SA1 #1133531 is parkland and therefore does not contain any residents, so that the demography of the estate will not be skewed by its inclusion.

The Redfern Estate performs extremely poorly on the ABS Socio-Economic Indicators for Areas, scoring at the bottom percentile for NSW in Disadvantage, Economic Resources and Education and Occupation. This is hardly surprising given that almost 90% of households in the estate live in public housing, with a further 2% living in community housing. This also leads to the area having a very low median rent of $79 (2011 dollars) for dwellings in the estate.

Due to a low median gross weekly income for households in the estate ($339 per week in 2011 dollars), households still pay 23% of their income on rent.

Dwellings in the estate are primarily flats and units (96% of dwellings), with few medium density dwellings (3%) and separate houses (1%). The median age of residents of the estate is high (57 years), with 30% of residents aged 70 years or older (compared with 5% for Sydney LGA).
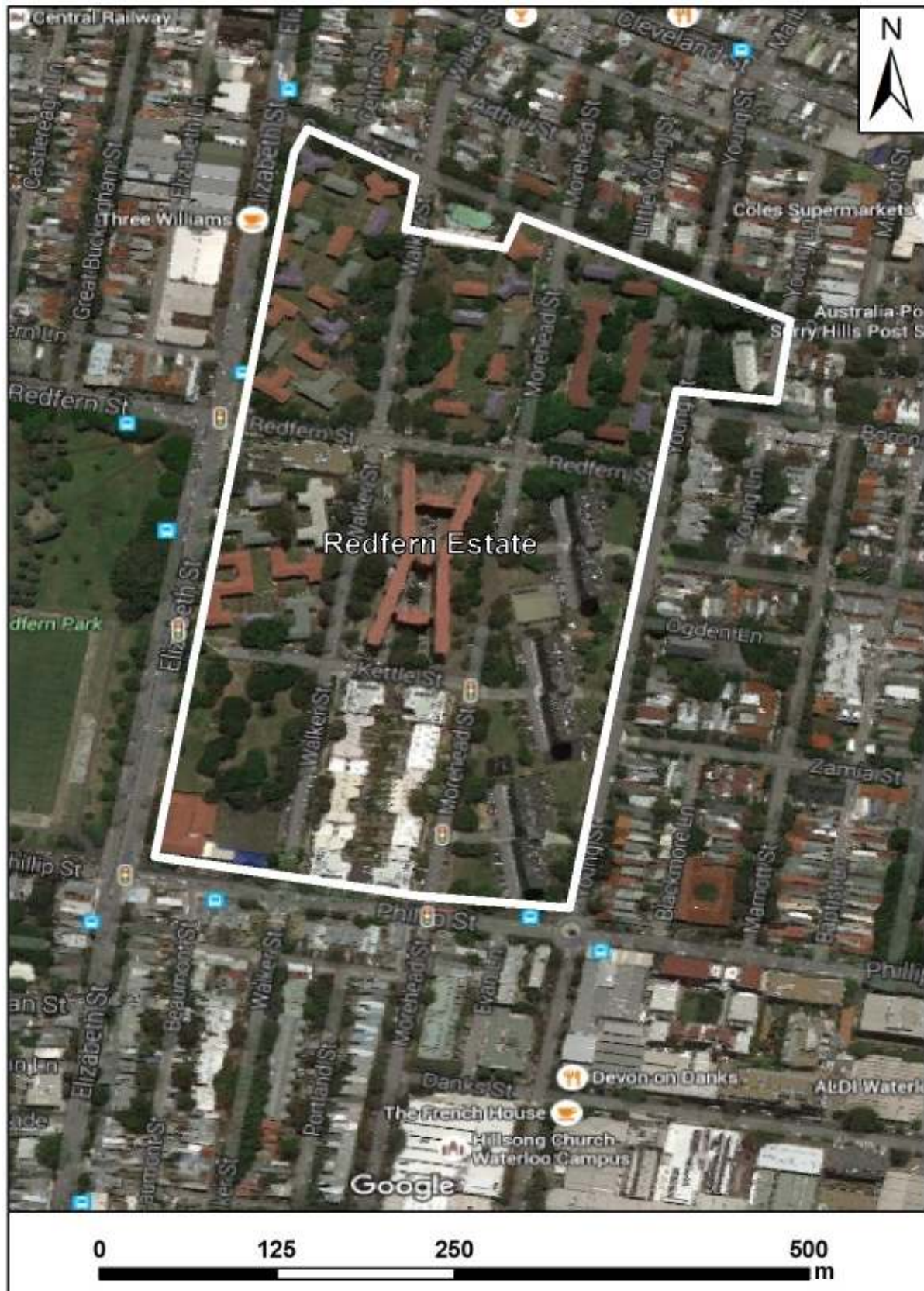
Figure 3.8: Redfern Estate

Source: JSA 2016, using screenshot from Google Maps 2016 and precinct boundaries from Urban Growth NSW 2016 (http://www.centraltoeveleigh.com.au/)

Figure 3.9: ABS Statistical Areas Level 1 Approximating Redfern Estate
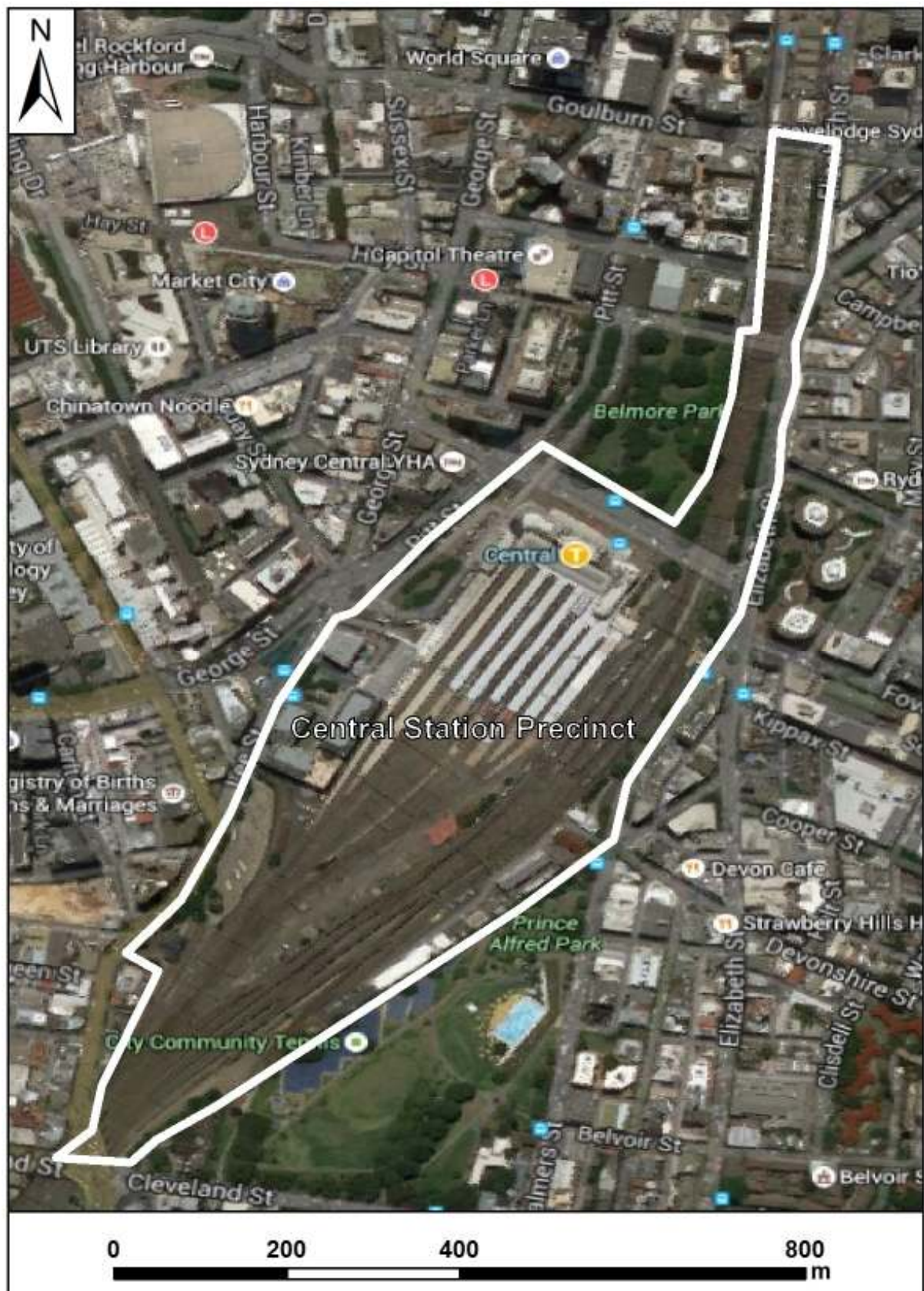Source: JSA 2016, using screenshot from Google Maps 2016 and precinct boundaries from Urban Growth NSW 2016 (http://www.centraltoeveleigh.com.au/)

3.8 Lawson St to Cleveland St Precinct

The Lawson St to Cleveland St Precinct contains part of the rail line running from Central Station to Redfern Station but does not appear to contain any residential dwellings. This precinct is bounded by Cleveland St to the north, Lawson St to the south, Regent St and Gibbons St to the east and Woodburn St to the west. (See Figure 3.10 below.)

Figure 3.10: Lawson St to Cleveland St Precinct
Source: JSA 2016, using screenshot from Google Maps 2016 and precinct boundaries from Urban Growth NSW
2016 (http://www.centraltoeveleigh.com.au/)

3.9   Australian Technology Park

The Australian Technology Park had no population at the time of the 2011 Census, and was mainly comprised of technology-based commercial and industrial uses, as well as open space areas.

Figure 3.11: Australian Technology Park Precinct

Source: JSA 2016, using screenshot from Google Maps 2016 and precinct boundaries from Urban Growth NSW 2016 (http://www.centraltoeveleigh.com.au/)

3.10   Transformation Area

The Transformation Area again had no population at the time of the 2011 Census, and principally comprises areas along the rail corridor and the Carriageworks complex.

Figure 3.12: Transformation Area

Source: JSA 2016, using screenshot from Google Maps 2016 and precinct boundaries from Urban Growth NSW 2016 (http://www.centraltoeveleigh.com.au/)

3.11   Study Area

3.11.1 Overview

The Central to Eveleigh Study Area includes the whole of Eveleigh, Darlington, Chippendale and Haymarket, as well as the majority of Ultimo, Surry Hills and Redfern and parts of Waterloo, Alexandria, Erskineville and Newtown.

In 2011 there were approximately 48,000 persons living in 20,000 dwellings in the Study Area.
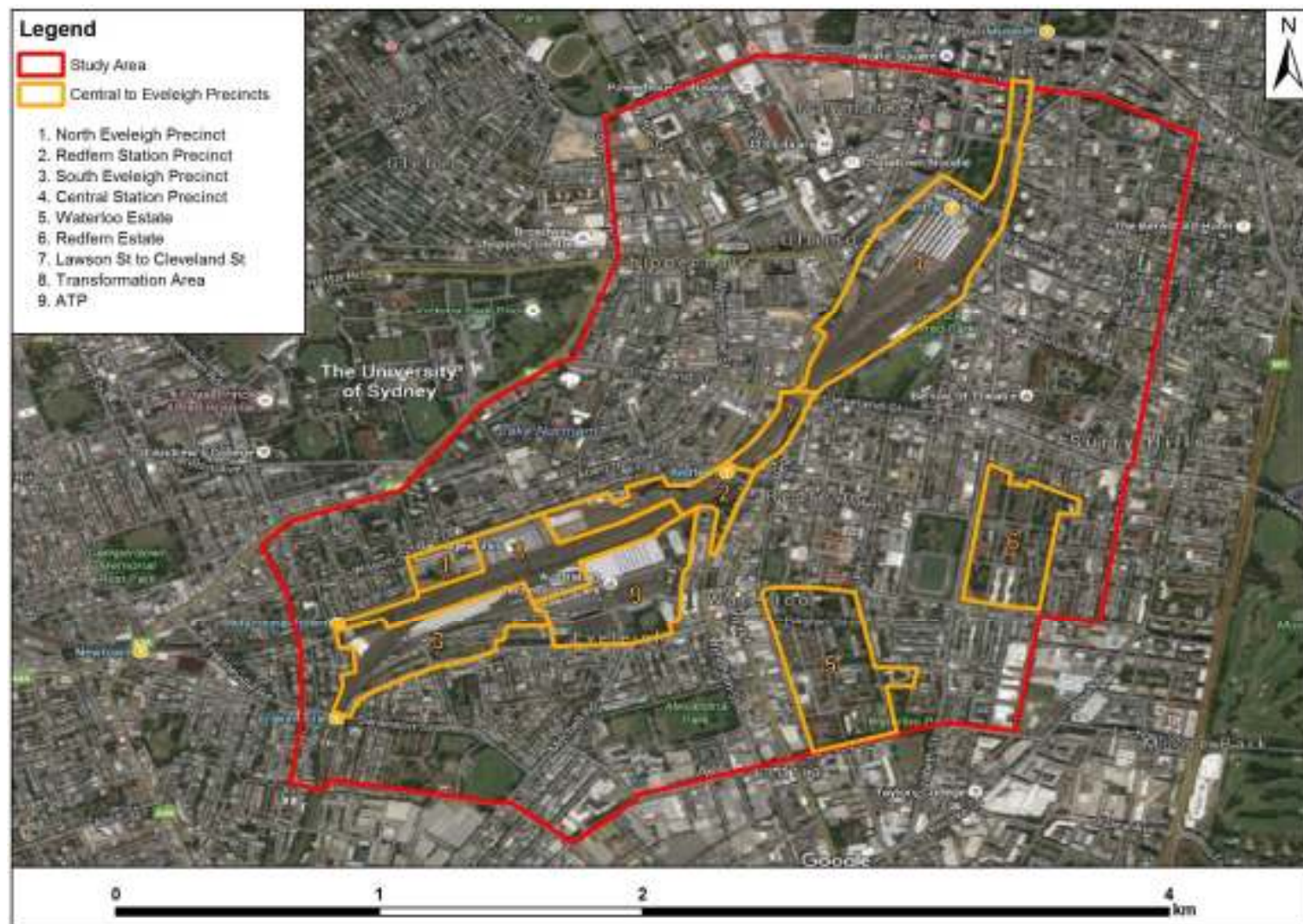
Figure 3.13: Central to Eveleigh Study Area with Precinct Boundaries shown

Source: JSA 2016, using screenshot from Google Maps 2016 and precinct boundaries from Urban Growth NSW 2016 (http://www.centraltoeveleigh.com.au/)

3.11.2   Selected Demographic and Housing Indicators

The Study Area is quite disadvantaged compared with the Local Government Area within which it is located (Sydney (C)), having an average SEIFA Disadvantage at the 30th percentile for NSW, compared with the 78th percentile for the LGA.

While it also performs poorly for Economic Resources (7th percentile), it is worth noting that the LGA performs worse (3rd percentile). However, the Study Area does perform quite well in terms of Education and Occupation (84th percentile).

	South Eveleigh Precinct	Waterloo Estate	Refern Estate	Central to Eveleigh Study Area	Sydney LGA
◆ SEIFA Disadvantage	24	1	1	30	78
■ SEIFA Education and Occupation	82	1	1	84	93
▲ SEIFA Economic Resources	11	35	1	7	3
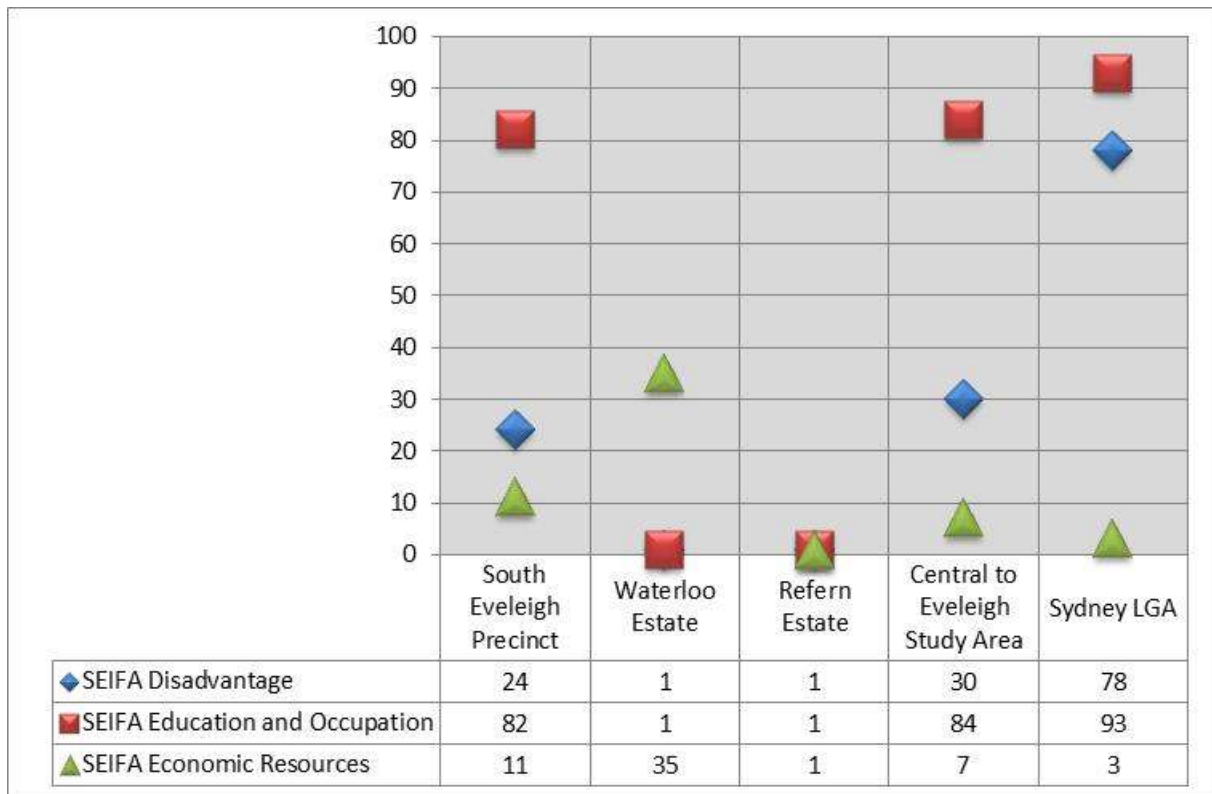
Figure 3.14: ABS Socio-Economic Indicators for Areas, Percentile for NSW
Source: JSA 2016, based on data from ABS SEIFA 2011

The median age for the study area is slightly higher than for the LGA (34 years compared with 32 years), with a slightly higher proportion of residents in the Study Area aged 70 years or older (6% compared with 5%).
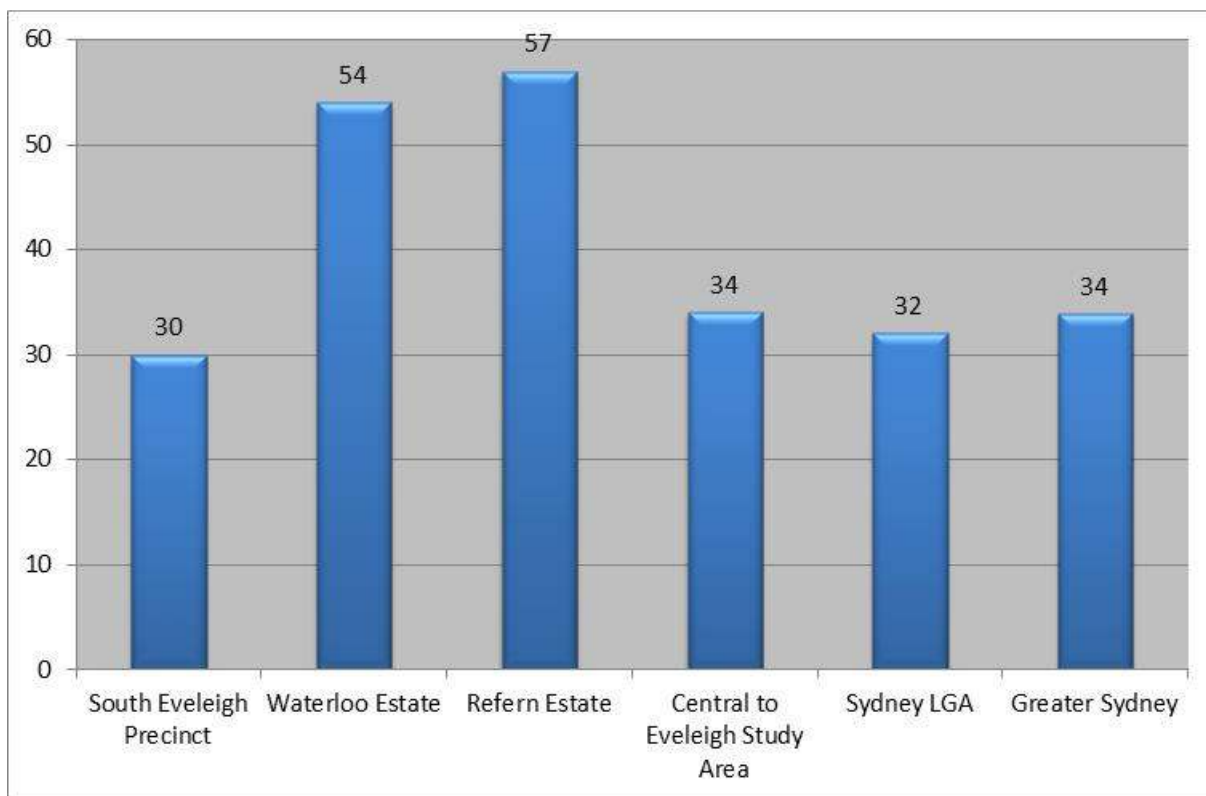
Figure 3.15: Median Age

Source: JSA 2016, based on data from ABS Census of Population and Housing 2011
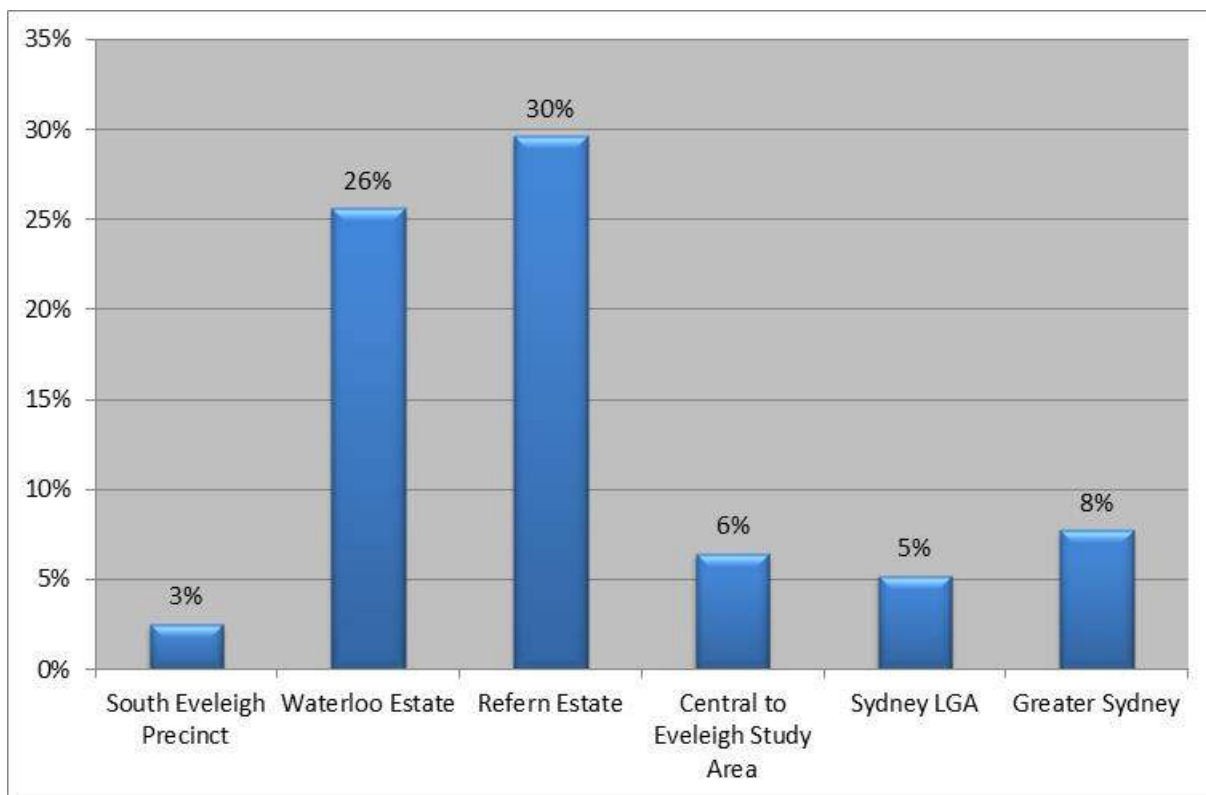
Figure 3.16: Proportion of Residents Aged 70 Years or Older

Source: JSA 2016, based on data from ABS Census of Population and Housing 2011

The median gross household income in the Study Area ($1,368 per week in 2011 dollars) is also substantially lower than for the LGA overall ($1,518), with a median household in the study area paying 27% of its gross income on rent.
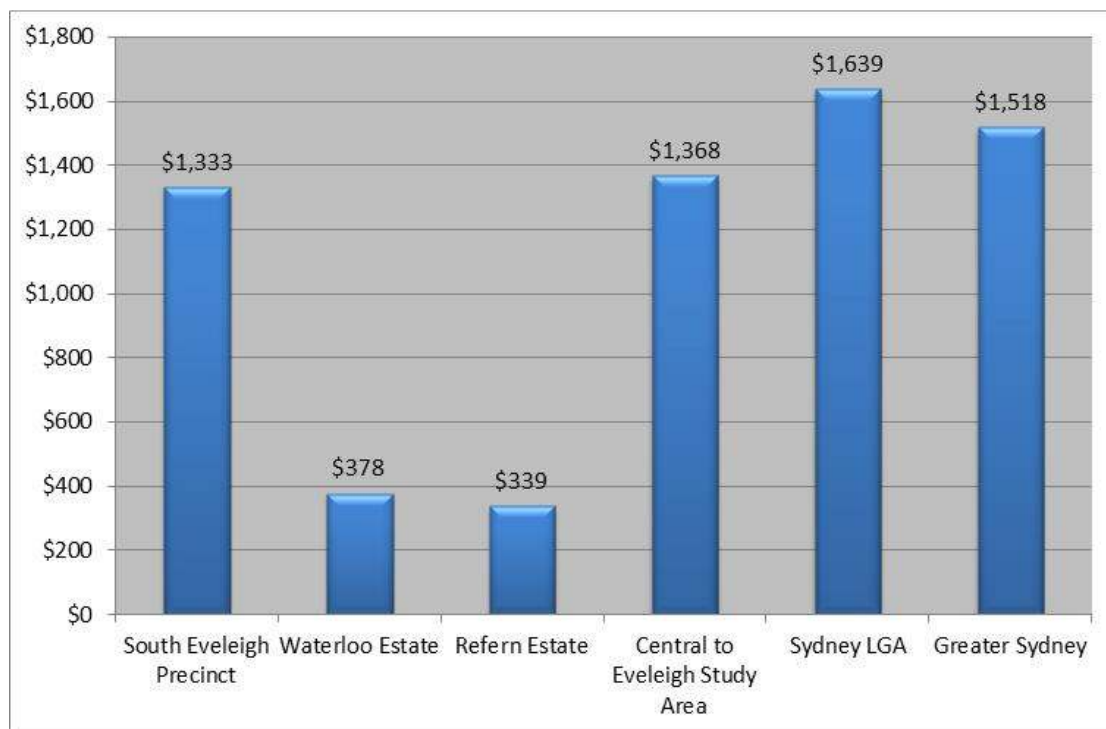
Figure 3.17: Median Gross Weekly Household Income (2011 Dollars)
Source: JSA 2016, based on data from ABS Census of Population and Housing 2011
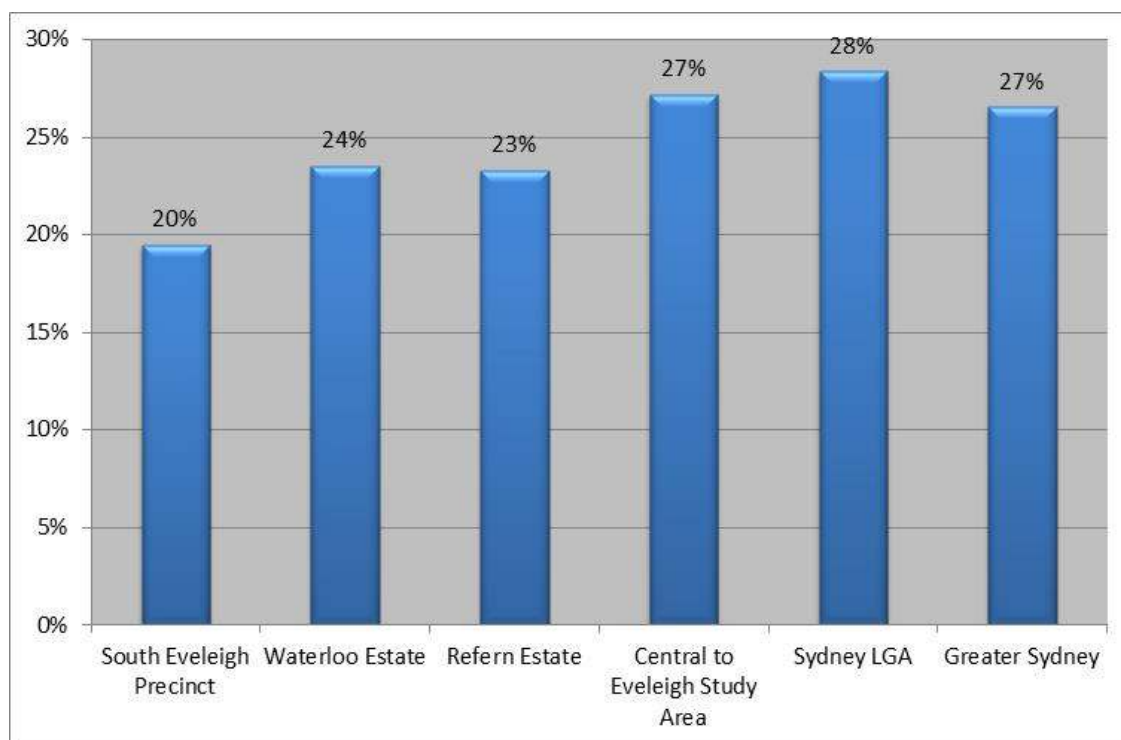
Figure 3.18: Median Rent as a Proportion of Median Gross Household Income
Source: JSA 2016, based on data from ABS Census of Population and Housing 2011

While the level of private rental in the Study Area is similar to the overall level found in the LGA (45%), the Study Area includes quite a high number of public rental dwellings (20%) compared with the LGA (8%). Because of this, it is not surprising that the median rent in the Study Area ($372 per week in 2011 dollars) is substantially lower than for Sydney LGA overall ($465).

	South Eveleigh Precinct	Waterloo Estate	Refern Estate	Central to Eveleigh Study Area	Sydney LGA	Greater Sydney
Rented: Private (incl. Rented: PNISHH and Rented: Other)	23%	7%	0%	43%	44%	34%
Rented: Public	31%	78%	89%	20%	8%	5%
Rented: Community	12%	0%	2%	1%	1%	1%
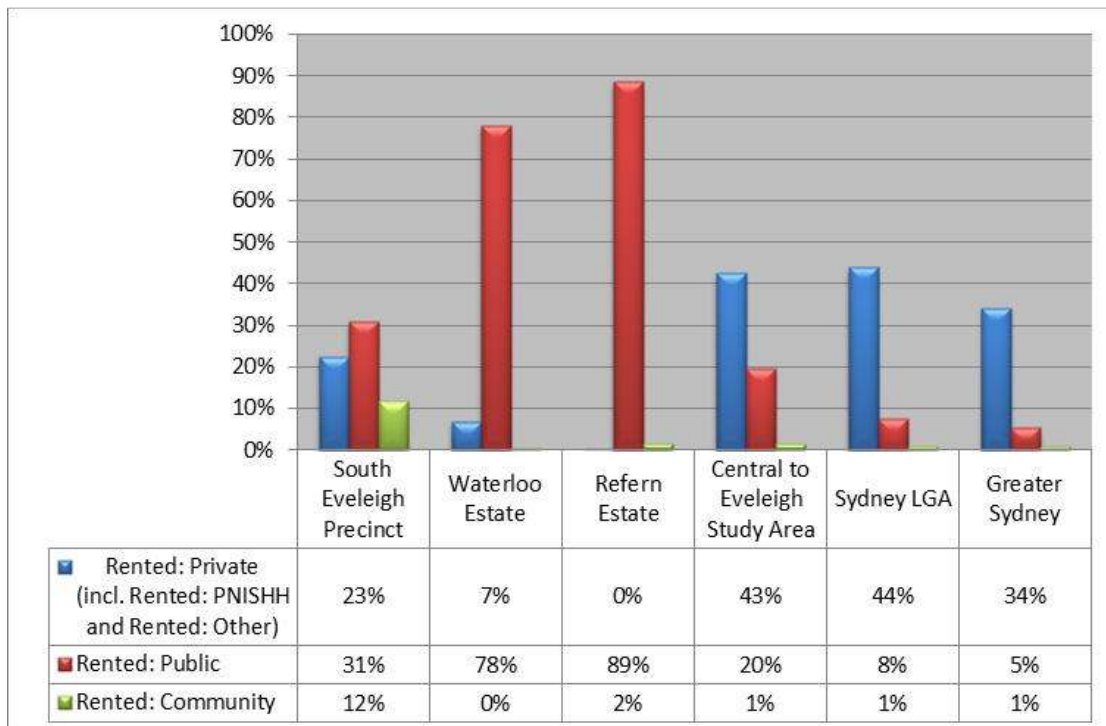
Figure 3.19: Proportion of Households in Private, Public and Community Rental

Source: JSA 2016, based on data from ABS Census of Population and Housing 2011

Figure 3.20: Median Rental Price (2011 Dollars)

Source: JSA 2016, based on data from ABS Census of Population and Housing 2011

The dwelling structure composition for the Study Area is somewhat different compared with the LGA overall, with a somewhat higher proportion being medium density (27% compared with 20% for the LGA), and a somewhat lower proportion being flats and units (67% compared with 74%).

	South Eveleigh Precinct	Waterloo Estate	Refern Estate	Central to Eveleigh Study Area	Sydney LGA	Greater Sydney
Separate House	2%	1%	1%	3%	4%	35%
Medium Density	19%	4%	3%	27%	20%	18%
Flats and Units	79%	78%	96%	67%	74%	46%
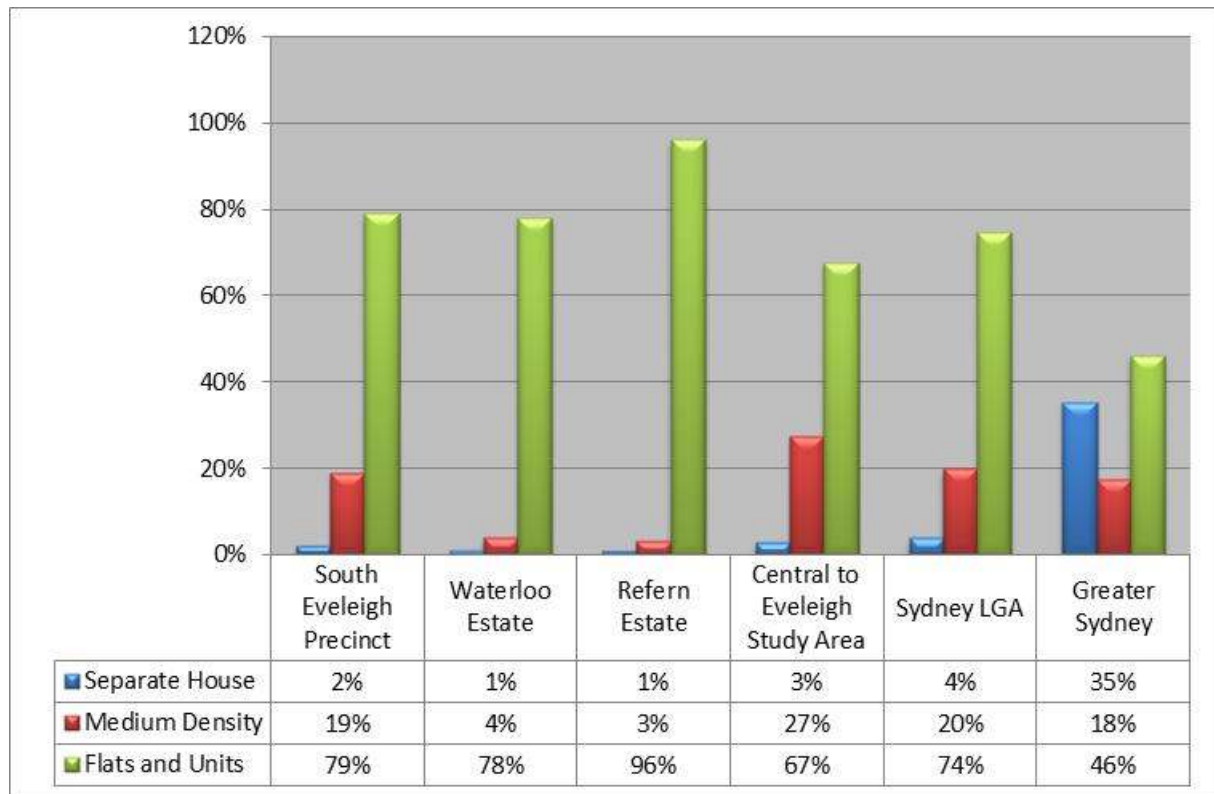
Figure 3.21: Dwelling Structure Profile

Source: JSA 2016, based on data from ABS Census of Population and Housing 2011

The Study Area is substantially more affordable than the LGA overall, with 5% of private rental dwellings being affordable to a very low income household, 16% being affordable to a low income household and 59% being affordable to a moderate income household (compared with 2%, 9% and 24% respectively for Sydney LGA).
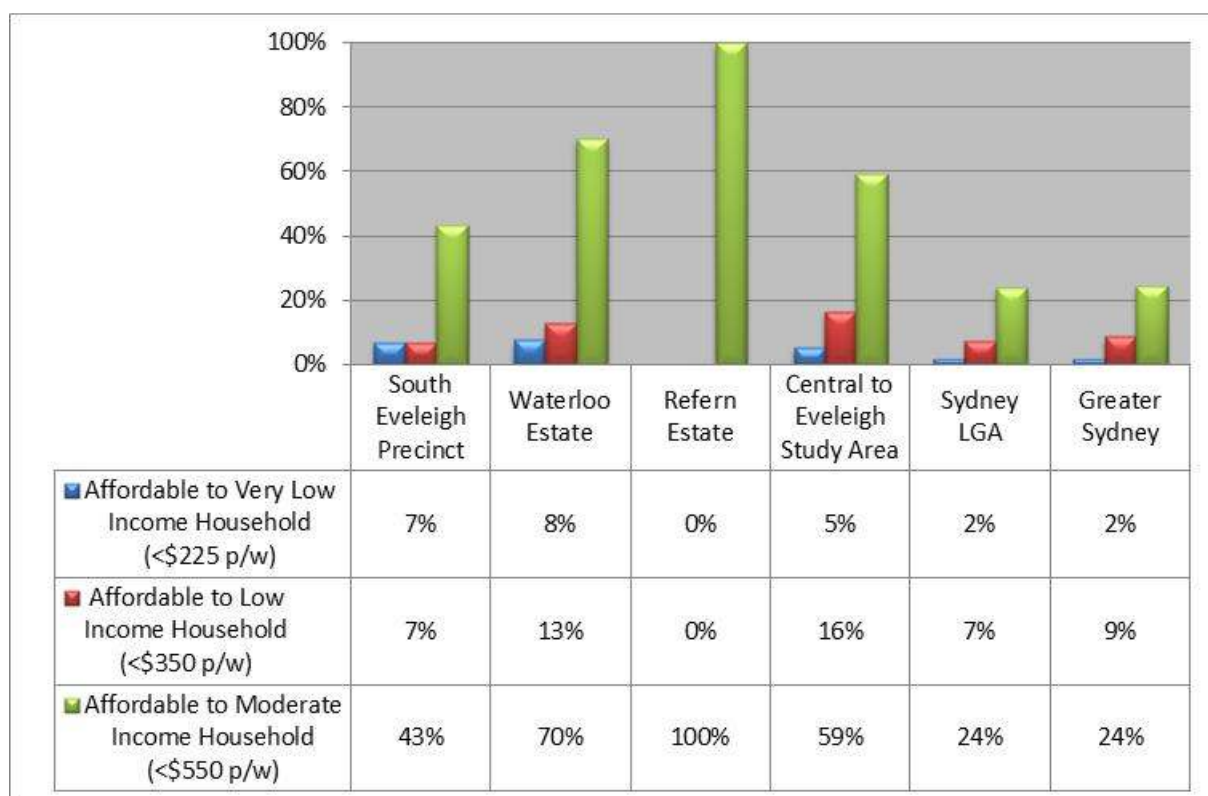
Figure 3.22: Private Rental Affordability

Source: JSA 2016, based on data from ABS Census of Population and Housing 2011

4   Assessment of Potential to Create Affordable Housing

4.1 What is 'affordable housing'?

Housing is generally considered to be 'affordable' when very low, low and moderate income households are able to meet their housing costs and still have sufficient income to pay for other basic needs such as food, clothing, transport, medical care and education. This is generally accepted to be where such households pay less than 30% of their gross household income on housing costs, although other factors such as cost of transport and access to services are also important considerations.

Affordable housing includes a wide range of housing products and price points. This includes, but is not limited to, social (public and community housing).

The following table provides relevant benchmarks for 'affordable housing'. These are consistent with definitions and benchmarks in the *NSW Environmental Planning and Assessment Act 1979 (NSW),* and related instruments.

Table 4.1: Relevant Affordable Housing Income and Cost Benchmarks

	Very low-income household	Low-income household	Moderate-income household
Income Benchmark	<50% of Gross Median H/H Income for Greater Sydney	50-80% of Gross Median H/H Income for Greater Sydney	80%-120% of Gross Median H/H Income for Greater Sydney
Income Range (2)	<$788 per week	$789-$1,260 per week	$1,261-$1,891 per week
Affordable Rental Benchmarks (3)	<$236 per week	$237-$378 per week	$379-$567 per week
Affordable Purchase Benchmarks (4)	<$224,000	$224,001-$358,000	$358,001-$538,000

Source: JSA 2015, based on data from ABS (2011) Census indexed to September Quarter 2015 dollars

4.2 Why does affordable housing matter?

Anyone in the community could need affordable housing. This includes a young person seeking to live near where they grew up, a recently separated or divorced person with children for whom conventional home ownership may no longer be economically viable, households dependent on one (or even two) low or median waged, key worker jobs, or an older person on a reduced retirement income, including after the death of a spouse.

Lack of affordably priced housing not only affects the quality of life of individual families, who may be sacrificing basic necessities to pay for their housing, it also has a serious impact on employment growth and economic development. The loss of young families and workers in lower paid essential service jobs can adversely affect local economies, and is contributing to labour shortages in some regions of NSW. The displacement of long-term residents reduces social cohesion, engagement with community activities (such as volunteering), and extended family support.

Affordably priced housing is thus an important form of community infrastructure that supports community wellbeing and social and economic sustainability, including a diverse labour market and economy, and strong and inclusive communities.

4.3 Potential Mechanisms and Strategies to Deliver Affordable Housing

4.3.1 Overview of Mechanisms and Strategies

There are a wide range of strategies available to State Government and local councils to promote affordable housing in the Central to Eveleigh Transformation Area. These strategies range from 'light' planning intervention (Column 1) in the market to strong intervention (Column 3) or direct provision of affordable housing (Column 4), as shown in Figure 4.1 below.

WEAK INTERVENTION ← → **STRONG INTERVENTION**

Limited Market Intervention	Facilitative Intervention	Mandatory Intervention	Direct Market Intervention
• Define 'affordable housing', set benchmarks and assess need. • Assess where and for whom the market is supplying genuinely 'affordable housing' (AH). • Ensure adequate supply of land supply to meet projected need. • Ensure efficient approvals process. • Advocate to other levels of government for an increase in AH resources or policy responses. • Convene forums with industry, public & community sector to raise awareness and develop responses. • Conduct staff training to improve capacity in AH issues. • Provide planning, building or design support to community or private sector developers.	• Assess gaps in market provision of AH including location, type, tenure, and target groups. • Remove impediments in local planning schemes (LPS), e.g. zoning that constrains diversity. • Include AH aims, objectives & provisions in LPSs supported by polices, controls, etc. • Make low-cost housing types permissible in appropriate locations in all relevant zones. • Include incentive-based variations to controls in LPSs to offset the impact of mandatory provisions or to enable diversity in lower value markets; or to capture a share of benefit (profit) in higher value /uplift markets. • Develop incentive-based state planning policies to create AH.	• Require housing diversity in LPSs in market-based developments where assessed as likely to be 'affordable', with or without concessionary offsets. • Require % of time-limited affordable rental (e.g. at discount market rent), with or without concessionary offsets. • Mandate a % of AH (e.g. greenfield or large-scale redevelopments) through DCP Masterplan or similar. • Proactive land assembly or acquisition to facilitate consolidation & redevelopment. • Mandate a reasonable contribution (in cash, land or dwellings) where feasible. • Require SIA in major redevelopment of low cost housing/types, & require mitigation to offset loss (e.g. cash or in kind contributions, rehousing tenants). • Develop mandatory state planning policies to create AH.	• Reduce cost through waiving fees, land rates, contributions, etc for AH developments. • Use public resources in AH PPPs, e.g. through partnerships on council or other public land via land audits; EOIs to create AH on public land, etc. • Use resources gained through incentive-based or mandatory mechanisms for AH PPPs. • Enter into longer-term development and/or management partnerships with a preferred community housing provider (e.g. MOU). • Directly funding or construction of AH by local, state or federal agencies.

Source: Stubbs (2003); JSA (2011)

Figure 4.1: Mechanisms and Strategies to Create Affordable Housing along a Continuum of Planning Intervention

4.4 Market Delivery of Affordable Housing

4.4.1 Overview

The major first strategy relates to facilitating market delivery of affordable housing, including with some minor intervention through the planning system, such as ensuring that there are no impediments to the development of affordable and low cost housing products, or providing incentives to reduce the cost of development such as reduced parking, developing smaller dwellings, etc.

The first step in understanding the effectiveness of this strategy is to understand where and for whom housing is currently affordable in the context of local housing markets, and how relevant products could be made more affordable regarding key determinants of cost and purchase price.

Understanding the extent to which the market *could* deliver affordable housing in relevant Urban Renewal Precincts also assists in the development of more effective strategies for the provision of affordable housing, in particular where greater intervention through the planning system, or the direct creation of affordable housing, would be necessary.

The eight precincts have been broadly combined for the purpose of analysis. These are:

- The "Eveleigh Combined Precinct" consisting of North Eveleigh, South Eveleigh and Redfern Station precincts with analysis based on the suburbs of Erskineville, Alexandria, Newtown and Darlington;
- The "Redfern Waterloo Estates Combined Precinct" consisting of Redfern Estate and Waterloo Estate with analysis based on the suburbs of Redfern and Waterloo; and
- The "Central Station Combined Precinct" consisting of Central Station Precinct and Lawson St to Cleveland Precinct with analysis based on the suburbs of Ultimo, Chippendale and Surry Hills.

4.4.2 Affordable **Purchase** in Precinct Areas

Overview

An analysis of all sales in suburbs that form the context of the Central to Eveleigh Transformation Precinct was undertaken for the calendar year of 2015 using Red Square data base.[8] This was to understand what housing products would be affordable to very low, low and moderate income households currently; and key factors that would impact upon affordability, with the latter examined through a linear regression analysis.

A longitudinal analysis was also undertaken using all sales from 2010 to understand the extent to which dwellings of different types in the areas surrounding the Precinct have increased in real terms in order to understand likely supply and demand issues.

The context is first set by a comparison of real price increases in suburbs around the eight Precincts from 2010 to 2015, again using all sales in the two periods from Red Square.

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[8] http://redsquare.eac.com.au

Real Price Increases 2010 to 2015

The following table compares real increases in median prices for separate houses and for strata dwellings in suburbs around the Precinct between 2010 and 2015. Price growth for separate houses was above the Greater Sydney average for Central Station Combined Precinct and Redfern/Waterloo Estate Combined Precinct, and similar to the Greater Sydney average for the Eveleigh Combined Precinct. Price growth for strata dwellings was above the Greater Sydney average for Redfern/Waterloo Estate Combined Precinct and less than the Greater Sydney average for the Central Station and Eveleigh Combined Precincts.

Table 4.2: Median price increase 2010-2015 for separate houses and strata properties for selected ('proxy') areas

Suburb	Separate House			Strata		
	median 2010 (inflation adjusted)	median 2015	annual increase	median 2010 (inflation adjusted)	median 2015	annual increase
Erskineville, Alexandria, Newtown, Darlington	951000	1255000	5.7%	550500	695000	4.8%
Redfern, Waterloo	965000	1300000	6.1%	618500	827600	6.0%
Ultimo, Chippendale, Surry Hills	1062500	1447500	6.4%	621000	781000	4.7%
Greater Sydney	649000	855000	5.7%	520000	671000	5.2%

Source: JSA 2016 using sales data from Red Square for calendar years 2010 and 2015, ABS CPI data.

Affordability Analysis for Purchasers

Quartile Analysis

Data was analysed for all properties sold in the calendar year of 2015 using EAC RedSquare database for suburbs proximate to the urban renewal precincts.

The following table indicates that there were no housing products in the first, second or third quartiles that would have been affordable to very low, low or moderate income purchasers in 2015.

As such, it is likely that relying upon the market to provide affordable housing without significant planning intervention or direct creation of such housing is not feasible.

This is shown in more detail in the following table.

Table 4.3: Sales prices for separate houses and strata by quartile for selected areas

	Separate House				Strata			
Suburb	**n**	**Q1**	**Q2**	**Q3**	**n**	**Q1**	**Q2**	**Q3**
Erskineville, Alexandria, Newtown, Darlington	323	1015500	1255000	1462500	525	580000	695000	822000
Redfern, Waterloo	123	1123000	1300000	1562500	635	685000	827600	976500
Ultimo, Chippendale, Surry Hills	144	1261250	1447500	1800000	787	611500	781000	1037500

Source: JSA 2016 using sales data from RedSquare for calendar year 2015

Affordable:	
Very Low Income	
Low Income	
Moderate Income	

Detailed Product Analysis Based on Median Prices

The following table shows similar trends in affordability to the analysis above, but looks at product types in more detail.

Again, it is important to note that there were no opportunities for affordable purchase for any housing products in the area.

This is shown in the following table.

Table 4.4: Median sales prices for separate houses and strata by dwelling size for selected areas

Suburb	Separate House Median				Strata Median					
	n	2 BR	n	3 BR	n	0-1 BR	n	2 BR	n	3+ BR
Erskineville, Alexandria, Newtown, Darlington	121	1100000	111	1365000	137	595000	136	780000	27	1110000
Redfern, Waterloo	34	1115000	48	1331250	98	583000	141	810000	42	1050000
Ultimo, Chippendale, Surry Hills	45	1280000	49	1575000	216	589000	147	925000	30	1290000

Source: JSA 2016 using sales data from RedSquare for calendar year 2015

Affordable:	
Very Low Income	
Low Income	
Moderate Income	

Factors Affecting Affordability

It is important to understand what factors affect affordability of different housing products in different areas so that planning and design may take these into account when seeking to have an impact upon the market.

A linear regression analysis (LRA) was undertaken on the Red Square dataset for 2015 calendar year for factors that were able to be isolated, and where there was sufficient data to draw meaningful conclusions. These were time, number of bedrooms, number of bathrooms, parking and lot size (in the case of separate dwellings). This is reported in the following tables for separate houses and for strata dwellings.

There was no statistically significant price rise for separate houses and for strata in suburbs acting as a proxy for the Eveleigh Precinct over the twelve month period, probably because prices have peaked following the recent rapid five year increase in prices noted above. Strata prices have grown in the proxy suburbs for Redfern Waterloo and Central Station Precincts at rates of 10.0% and 13.5%, suggesting ongoing demand for such housing close to the city.

The premium for housing near the city is also evident in the higher land prices for Redfern Waterloo and Central Station Precincts' proxy suburbs, and the high cost of parking in these areas.

Table 4.5: Linear regression analysis results for separate houses and selected precincts (proxy suburbs)

Suburb	R²	Days	Bed	Bath	Park	Area (m²)	Constant
Erskineville, Alexandria, Newtown, Darlington	0.64	ns	$148,640	$138,780	$95,282	$1,408.10	$469,400
Redfern, Waterloo	0.72	ns	$65,199	$145,340	ns	$6,256.30	$202,920
Ultimo, Chippendale, Surry Hills	0.67	ns	ns	$45,988	$161,160	$9,821.50	$339,610

Source: JSA 2016 using sales data from RedSquare for calendar year 2015.

Notes: ns= not statistically significant

Table 4.6: Linear regression analysis results for strata properties and selected precincts

Suburb	R²	Days	Bed	Bath	Park	Constant
Erskineville, Alexandria, Newtown, Darlington	0.58	ns	$218,960	$92,417	ns	$249,590
Redfern, Waterloo	0.65	$219.52	$151,130	$103,010	$77,066	$333,630
Ultimo, Chippendale, Surry Hills	0.67	$281.82	$180,750	$228,150	$209,480	$111,150

Source: JSA 2016 using sales data from RedSquare for calendar year 2015.

Notes: ns= not statistically significant

Products that *could* be 'Affordable'

It is also important to understand whether affordability *could* be increased under certain conditions for new build products delivered through the market in the future, and thus the type of planning intervention that would be useful.

Applying the results of the above analysis, 'cost' and in some cases 'affordability' would be increased under certain conditions for new build products.

The following table shows that a major impost on the **cost of purchase** of strata dwellings across the board would be achieved by reduction in parking requirements, as well as limiting dwellings to one bathroom or otherwise restricting the strata area.

Affordable purchase could be increased significantly for **moderate income households only** under the following conditions:

- **New studio apartments with one bathroom and no parking space** would be expected to be affordable to moderate income households in Eveleigh and Central Station Precincts (100% of target group) and in Redfern Waterloo Precinct (upper 40% of the moderate income target group) based on proxy suburbs.

All other dwellings would not be affordable to moderate income households, and no dwellings (including studio apartments) would be affordable to very low or low income households.

This is shown in the following table.

Table 4.7: Estimated market prices for selected strata properties by precinct using results of linear regression analysis

Suburb	Bedsit, no parking	1 bedroom, 1 bathroom, no parking	1 bedroom, 1 bathroom, 1 parking space	2 bedrooms, 1 bathroom, no parking	2 bedrooms, 1 bathroom, 1 parking space
Erskineville, Alexandria, Newtown, Darlington	$342,000	$561,000	$561,000	$780,000	$780,000
Redfern, Waterloo	$436,000	$587,000	$664,000	$738,000	$815,000
Ultimo, Chippendale, Surry Hills	$339,000	$520,000	$729,000	$701,000	$910,000

Source: JSA 2016 using sales data from Red Square for calendar year 2015.

Notes:

Affordable to very low income households	
Affordable to low income households	
Affordable to moderate income households	

4.4.3 Affordable **Rental** in Precinct Areas

A snapshot of all rental properties advertised for rent in relevant suburbs was undertaken in the week commencing 30 March 2016 using realestate.com.

The following table shows median rentals across suburbs for varying types of rental accommodation, and the groups to whom median rental is likely to be affordable.

Very low income households are excluded from the affordable private rental market across all product types.

Boarding house accommodation provides the only opportunity for affordable rental to low income households, with a limited supply of such stock.

Moderate income households can affordably rent a one bedroom apartment or studio in all areas; but no other product is affordable, and the bottom half of the moderate income range is excluded from affordable housing entirely.

Table 4.8: Affordability of rental accommodation for selected suburbs

Suburbs	Separate House Median				Strata Median						Boarding House Room	
	n	2BR	n	3+BR	n	0-1BR	n	2BR	n	3+BR	n	Median rent
Erskineville, Alexandria, Newtown, Darlington	20	750	17	1200	53	495	32	722.5	6	935	1	244
Redfern, Waterloo	7	690	6	922.5	37	550	54	690	2	955	1	305
Ultimo, Chippendale, Surry Hills	10	777.5	12	1525	82	555.5	39	750	4	1230	2	280

Source: Rental snapshot 30 March 2016, realestate.com.au and JSA analysis

Affordability:

Very low income	
Low income	
Moderate income	

The table below shows the proportion of owner occupied and renter occupied apartments in suburbs across the precincts and showing the likely take up of newly constructed apartments by investors. Take up ranges from 60% in proxy suburbs for Redfern Waterloo to 66% for those around Central Station, with an average across all areas of 62%.

Combined with the assessment of affordability, around one in three newly constructed studio apartments in the various precincts would be expected to provide affordable rental accommodation to moderate income households in all suburbs, noting that this accommodation is only suitable for single person and perhaps couple households, with family households excluded.

Table 4.9: Proportion of rental dwellings by all dwellings for dwelling type and suburb

Suburbs (Precinct)	Owner occupied	Private rental
Erskineville, Alexandria, Newtown, Darlington	37%	63%
Redfern, Waterloo	40%	60%
Ultimo, Chippendale, Surry Hills	34%	66%
All suburbs	37%	63%

Source: ABS Census 2011 (Tablebuilder) and JSA calculation

4.4.4 Strategic Implications

Opportunities for market delivered affordable housing across the precincts are limited to studios both for rental and purchase and to moderate income households (in some areas only the upper 40% of such households). If parking was required, the dwelling would not be affordable.

Supply of such housing is unlikely to put a cost impost on developers and there is opportunity for uplift, and so mandating a proportion of smaller apartments is likely to be sustainable.

Boarding house accommodation is the only product available to low income renting households in areas that are used as a proxy for precincts. Such households are excluded from any other form of affordable rental across the Study Area.

Very low income households are likewise entirely excluded from affordable purchase and rental.

The creation of specific, subsidised products (social housing, discount market rental, and shared equity products) is required to provide any form of affordable housing across the Central to Eveleigh Transformation Area.

4.5 Opportunities for Benefit Capture

4.5.1 Results of Preliminary Modelling of Expected Land Value Uplift from Redevelopment

Overview

We have carried out preliminary modelling of the expected land value uplift from the redevelopment of existing housing and existing residential flat buildings for six, eight, fourteen and twenty story development across the various precincts, again using data related to proxy suburbs, and have calculated an equitable share of this uplift for affordable housing.

We have also considered the likely difference in profitability from development of smaller dwellings and larger dwellings in the different precincts.

We first provide an overview of results of the modelling. This is followed in Section 4.5.2 by the detailed modelling and calculations from which these results are derived.

Mandating Smaller Apartments

Within the limits of accuracy of the calculation, and assuming that construction costs are the same per square metre for smaller housing as for larger housing, three bedroom apartments will maximise profit in three precincts. These results suggest that there is likely to be some cost to developers if proportions of **smaller sized apartments are specified or mandated within planning instruments** as a mechanism for delivering lower cost (if not 'affordable') housing, however the differences are small and within the accuracy of the calculation. Preliminary architectural design and costing would be required to confirm this conclusion.

Incentive-Based Provisions to Capture Benefit

There appears to be considerable profit associated with **variations to planning controls** around zoning, height and density, providing an **opportunity for benefit capture** for the purpose of affordable housing. This is considered on a broad precinct basis with broad precincts defined above.

For the purposes of assessment, we have assumed that 10% is a normal development profit, which would provide sufficient incentive for a developer to proceed with a project. Assuming a 50% split of profit over a normal profit for **additional saleable area** created through variations to controls, we have estimated this as a proportion of affordable housing (apartments) that could be created through this mechanism.

The contribution to affordable housing, should a developer choose to take up a relevant incentive, could be captured through a voluntary planning agreement under s93F of the Act.

The analysis demonstrates that there is significant opportunity for additional profit with increased height of buildings and commensurate FSR to allow development. Consequently, and depending on the planning controls in place, incentives around height and FSR could be offered

to developers in return for a contribution to affordable housing. This is reflected in the preliminary calculations related to mandatory levies below.

Mandatory Affordable Housing Levies

Summary

Another form of benefit capture related to increased land values arising from rezoning and more liberal controls is mandatory affordable housing levies.

Depending on the allowable height, contribution rates have been calculated based on a 50:50 sharing between affordable housing and the developer of profit above a normal profit of 10%. For Eveleigh Combined Precinct, a brownfields site (specifically within the North Eveleigh Precinct), contribution rates of 29-35% of saleable area appear to be sustainable, with sustainable contribution rates in residential areas within the Eveleigh Combined Precinct ranging from 8% for eight stories to 29% for 20 stories. For the Central Station Combined Precinct, sustainable contributions could range from 2% of saleable area for eight storey development to 29% of saleable area for twenty storey development. For the Redfern Waterloo Combined Precinct, sustainable contributions could range from 16% of saleable area for six storey development to 33% of saleable area for twenty storey development.

By comparison, under the Redfern-Waterloo Affordable Housing Contribution Plan 2006, affordable housing levies are 1.25% of gross floor area.[9]

This is set out in more detail in the text and the tables below.

Eveleigh Combined Precinct

The Eveleigh Combined Precinct concept, a brownfields site (specifically within the North Eveleigh Precinct), allows for 4 storey, 14 storey and 20 storey development. Based on a preliminary inspection using google maps, much of the proposed development area consists of disused industrial areas, suggesting that significant development opportunities are available.

We have also considered redevelopment in residential areas within the Eveleigh Precinct. This area largely consists of one and two storey attached housing, typically zoned R1, with 9 metres height and FSR of 1.25:1. There are likely to be significant redevelopment opportunities available with the liberalisation of planning controls subject, however, to lot amalgamation.

There is likely to be considerable uplift with development in brownfields areas, such as the North Eveleigh Precinct and affordable housing levies of 29-35% of saleable area appear to be sustainable.

The viability of an affordable housing levy in existing residential areas has been assessed using development scenario 1. The sustainability of an affordable housing levy is dependent on height, ranging from 8% of saleable area for eight storey development to 25% of saleable area for twenty storey development.

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[9] Sydney Metropolitan Development Authority *Redfern Waterloo Draft Affordable Rental Housing Strategy 2011-2030.*

Central Station Combined Precinct

This precinct consists of the airspace above existing rail lines. The cost of the land will be the cost of providing appropriate foundations to construct a platform over the top of the rail lines. Detailed engineering investigation will be required to understand the viability and likely cost of such a development. Scenario 1 is equivalent to a foundation cost of $14,000 per square metre.

Using this scenario, the viability of an affordable housing levy increases rapidly with additional height, ranging from 2% for eight storey development to 29% for twenty storey development.

Redfern Waterloo Combined Precinct

This precinct consists of existing housing estates. These are of varying densities and heights, with development opportunities available on large blocks of land with scattered low rise flats. The assessment assumes that these buildings have not reached the end of their economic life.

Using development Scenario 2 as the basis of assessment, affordable housing levies from 16% for six storey development to 33% for twenty storey development are sustainable. This is based on the owner receiving market value for the land. However, if the State Government was to take the purchase cost in the form of dwellings, the yield of affordable housing would increase.

4.5.2 Detailed Modelling

Overview

This section sets out the modelling upon which the above results are based.

The modelling assumes the development of a block of land of 1,000 m^2, assumed to be 25 metres wide by 40 metres deep. Based on the setbacks of 6.0 metres in the apartment design guide, the developable area is 28 metres by 13 metres, or 364 m^2.

Three scenarios have been considered for the land purchase.

In the first, it is assumed that separate housing consisting of a median priced house on a median sized block of land is amalgamated to achieve the developable block, and that a median price is paid, that is existing housing is purchased and demolished to enable high density residential flat development. The purchase price is calculated as:

> Median house price X 1,000 / median lot size

In the second scenario, it is assumed that existing two storey residential flat buildings are demolished to enable high density residential flat development and that the purchase price is the median for two bedroom strata for the area. A footprint of 0.33 of the lot is assumed, giving around 4.5 70 m^2 two bedroom apartments per floor, or nine apartments in total. The purchase price is calculated as:

> Median two bedroom strata price X 9

The cost of construction has been estimated using rates from *Rawlinsons Australian Construction Handbook 2012*, multiplied by 1.5 to allow for GST, professional costs, inflation and financing costs. The estimate assumes five 70m^2 apartments per floor, based on the

developable area of 364 m^2, and 1.2 underground car spaces per unit. The rates used were for underground parking and for lifted multi storey medium standard apartments.

In the third scenario, for the Eveleigh Precinct Brownfields area, the land price has been estimated from the linear regression analysis of separate house prices, using the coefficient for land area and the constant.

The affordable housing contribution has been calculated as half the additional profit over a "normal" profit level of 10%, that is the additional "windfall" profit from rezoning and uplift is split 50:50 between affordable housing and the developer.

There is little difference between scenarios 1 and 2, probably because of the high density of separate housing within the area.

The results of the modelling are shown in the table below.

Limitations of modelling

The modelling is necessarily general and very preliminary in nature using median prices and broad estimates, and outcomes for a particular site will depend on the details of the site and the details of the proposed development. The modelling assumes that the economics of redevelopment of low rise commercial sites will be similar to redevelopment of existing residential flat buildings, as there is little data available for commercial sites and commercial sites vary widely in size.

Assumptions have been made with regard to development controls and dwelling yield, and preliminary architectural design would be required to confirm these assumptions. Similarly, cost estimates on preliminary architectural design would be required to confirm estimates of construction cost.

The economics are likely to be much better for redevelopment of brown field sites, and likely worse for redevelopment of relatively new two storey commercial premises.

Nonetheless, the modelling gives insight into likely sensitivities of development and broad insight into likely profit associated with uplift.

Scenario 1 ($ ' 000,000)

Precinct	Land purchase Scenario 1	Construction cost six stories	sale price	profit	profit %	AH %	Construction cost eight stories	sale price	profit	profit %	AH %
Eveleigh (Brownfields)	$1.88m	$10.02m	$20.85m	$8.95m	75%	29%	$13.37m	$27.80m	$12.56m	82%	31%
Eveleigh	$9.47m	$10.02m	$20.85m	$1.35m	7%	Nil	$13.37m	$27.80m	$4.96m	22%	8%
Central Station	$14.23m	$10.02m	$23.43m	-$0.83m	-3%	Nil	$13.37m	$31.24m	$3.64m	13%	2%
Redfern Waterloo	$10.74m	$10.02m	$24.84m	$4.07m	20%	6%	$13.37m	$33.12m	$9.01m	37%	14%

Suburb	Land purchase Scenario 1	Construction cost 14 stories	sale price	profit	profit %	AH %	Construction cost 20 stories	sale price	profit	profit %	AH %
Eveleigh (Brownfields)	$1.88m	$23.39m	$48.65m	$23.38m	93%	34%	$33.42m	$69.50m	$34.21m	97%	35%
Eveleigh	$9.47m	$23.39m	$48.65m	$15.79m	48%	20%	$33.42m	$69.50m	$26.61m	62%	25%
Central Station	$14.23m	$23.39m	$54.67m	$17.05m	45%	21%	$33.42m	$78.10m	$30.45m	64%	29%
Redfern Waterloo	$10.74m	$23.39m	$57.96m	$23.82m	70%	26%	$33.42m	$82.80m	$38.64m	88%	30%

Scenario 2 ($ ' 000,000)

Suburb	Land purchase Scenario 2	Construction cost six stories	sale price	profit	profit %	AH %	Construction cost eight stories	sale price	profit	profit %	AH %
Eveleigh	$6.26m	$10.02m	$20.85m	$4.57m	28%	11%	$13.37m	$27.80m	$8.18m	42%	18%
Central Station	$7.03m	$10.02m	$23.43m	$6.38m	37%	17%	$13.37m	$31.24m	$10.84m	53%	24%
Redfern Waterloo	$7.45m	$10.02m	$24.84m	$7.36m	42%	16%	$13.37m	$33.12m	$12.30m	59%	22%

Suburb	Land purchase Scenario 2	Construction cost 14 stories	sale price	profit	profit %	AH %	Construction cost 20 stories	sale price	profit	profit %	AH %
Eveleigh	$3.96m	$23.39m	$48.65m	$19.00m	64%	26%	$33.42m	$69.50m	$29.83m	75%	29%
Central Station	$4.05m	$23.39m	$54.67m	$24.25m	80%	34%	$33.42m	$78.10m	$37.66m	93%	37%
Redfern Waterloo	$5.13m	$23.39m	$57.96m	$27.12m	88%	30%	$33.42m	$82.80m	$41.93m	103%	33%

Modelling (Variation in apartment size)

Table 4.9: Sales price per square metre for one, two and three bedroom dwellings in selected areas

Precinct	Sales price per square metre		
	1 BR (50 m2)	2 BR (70 m2)	3 BR (90 m2)
Eveleigh	11900	11143	12333
Central Station	11780	13214	14333
Redfern Waterloo	11660	11571	11667

Source: Red Square database and JSA calculation, minimum sizes from *The Apartment Design Guide*