It has long been known that planning has a major impact on new housing delivery, location and affordability. Governments can intervene through the release of new land, place zoning controls on what land can be used for and decide who pays infrastructure costs. Planning tools can be used to prevent affordable housing by setting high building design standards (‘exclusionary zoning’), or encourage it by imposing conditions on major new developments (‘inclusionary zoning’).

Australia has a shaky record of using inclusionary zoning, certainly compared to the UK and US. For a start, there are no national policies specifying that a certain proportion of properties in new schemes should be affordable. It is left to states and local councils to take the lead. Each jurisdiction’s planning scheme is different as to how it works, and is meant by ‘affordable housing’.

In Australia, the leading jurisdiction is South Australia (SA) whose 2005 Housing Plan requires all new ‘significant’ residential developments include 15% affordable housing, of which 5% are targeted to high needs households. This has often been interpreted as meaning 10% affordable housing sales and 5% social rental housing. Following behind SA are the Northern Territory and the Australian Capital Territory (ACT), with recent interest shown by Western Australia.

In the populous eastern seaboard states, inclusionary zoning has generally been limited to a few city centre redevelopment projects, and the evangelical initiatives of an occasional local council.

With the Nation Building Economic Stimulus cash spent, and NRAS on hold, Australia lacks a well-funded policy to deliver affordable housing. Is the innovative use of planning mechanisms the Holy Grail that can help fill the gap? This paper looks at a greenfield development in the Canberra suburb of Crace to help understand both the opportunities and limitations of this approach.
Medium density housing in Crace, a new suburb north of Canberra in the ACT.
Crace purchasers as worthy neighbours. However, CHC tenant selection policy only specifies income levels of potential tenants, not occupations.

Conclusions
Crace gives the impression of being a successfully developed new suburb. It ticks all the boxes for environmental sustainability, innovative housing design and service provision. Even a regular bus service is promised, which is a vital as there are few jobs nearby. The Housing Industry of Australia has given the suburb GreenSmart accreditation, and CIC have won awards from Master Builders Australia and the Urban Development Institute of Australia. Families renting from CHC at below market rents are likely to be very happy with their brand new, well designed homes.

The paradox with Crace is that it although it shows the strengths of good planning, it reveals many potential limitations in using planning to promote affordable housing. The ACT’s affordable housing planning policy really falls down with the 10% of Crace homes earmarked for affordable sales to the market. Anyone can buy – rich or poor; wealthy investor or struggling first time buyer. Unlike in South Australia, no income and eligibility rules are applied. Although it is generally accepted that increasing the supply of reasonably priced homes for sale will help affordability, there is an equity argument that affordable housing sales should be targeted to those in most need.

With the 5% of Crace housing allocated to CHC for affordable housing rentals, proper eligibility controls are in place and suitable tenants will be found. Of course these tenants will generally be workers, not people with high social need currently on the public housing waiting list. However, CHC like everyone else, had to buy their properties from the developers at a figure believed to be close to market price. Is this a cost effective way for a contemporary not-for-profit organisation to source new rental properties? In recent years CHC have become accomplished developers in their own right, winning many awards. Would it have been better for them to have managed their own housing project, using NRAS incentives, and capturing the developer’s profit?

All examples of greenfield developments using planning to promote affordable housing are subtly different. This case study is therefore not representative of what’s happening across Australia, though it does highlight some potential pitfalls. The affordable housing outcomes at Crace have been modest, despite hard work by an enlightened private sector developer and one of the country’s leading community housing groups.

If we are to use inclusionary planning policies, they need to be well thought-out and integrated with housing and social policies. Planning tools can help boost housing supply, but are not the Holy Grail to deliver all the affordable housing Australia needs.

Contributor note: This article draws on primary research undertaken by Samantha Czyz for her Master of Urban and Regional Planning degree at the University of Sydney. Samantha was awarded the Vernon Memorial Prize by the University for her outstanding work in the program. The views expressed are those of the authors alone.