

Supplementary questions for witnesses – Options for Essential Worker Housing in NSW – 25 October public hearing

HOPE Housing Response

1. How would including 'shared equity eligible' in the NSW Affordable Housing Ministerial Guidelines help incentivise the development of affordable homes for purchase?

As context many middle-ring suburb developments, offering strong transport links and close to essential workforce employers, are slow to market due to the financial viability challenges. High land prices, increasing construction costs, development charges, and extended project financing exceed what mortgage-constrained, middle-income essential workers can afford.

Through our discussions with Developers we see the following incentives:

- 1. Flexibility in Project Design:** Developers may find it easier to meet planning requirements if they can offer shared equity options, as these projects could qualify for additional bonuses like increased floor space or expedited approvals under existing NSW policies
- 2. Increased Demand:** By incorporating shared equity options, developers can attract a broader range of buyers who may not otherwise afford market prices. This increased demand can lead to quicker sales and reduced holding costs for developers.
- 3. Government Support:** Including shared equity in the guidelines is a signal from Government for support of the shared equity industry. This support can increase the financial viability of project and shorten delivery times and ultimately incentivising developers to increase supply by bringing forward projects with shared equity solutions.

However there is also a broader context to including "shared equity eligible" in the guidelines, specifically for essential workers, would bridge this affordability gap, by allowing essential workers to supplement their buying power through access to shared-equity financing. This certainty around increased buying power potential enables developers to confidently deliver homes targeted at this group, knowing that purchase prices can be achieved on completion.

Broader Impact on Housing Attainability through the amendment o Ministerial Guidelines

- 1. Lower Entry Costs:** Shared equity reduces the upfront costs for buyers, enabling more individuals and families to enter the housing market. This can help alleviate some of the demand pressures on rental markets and lower overall housing costs in the long term.
 - 2. Sustainable Housing Solutions:** By promoting shared equity, the guidelines can contribute to creating a sustainable model where homes remain affordable over time, as ownership is shared rather than fully transferred at market rates.
 - 3. Enhanced Community Stability:** As more individuals gain access to homeownership through shared equity schemes, communities may experience greater stability and cohesion, contributing positively to local economies and social fabric.
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- 2. Your submission states that only 3 per cent of HOPE Housing's current homeowner base would have been eligible for affordable rental housing under the Ministerial Guidelines (p 6). Why were these essential workers not eligible for affordable rental housing under the guidelines?**

In a majority of cases essential workers breached the income caps to be eligible for affordable rental housing.