

**Submission
No 99**

OPTIONS FOR ESSENTIAL WORKER HOUSING IN NEW SOUTH WALES

Organisation: Housing All Australians
Date Received: 11 October 2024

Partially
Confidential



Our Single Mission:

To harness the ability of the private sector and collaborate to address the chronic shortage of low income affordable housing.

11th October 2024

The Committee Secretary
NSW Parliamentary Committee on Essential Worker Housing
Parliament House Macquarie Street
Sydney NSW 2000

Dear Committee Members,

Re: Submission to the Inquiry into Options for Essential Worker Housing in New South Wales

On behalf of Housing All Australians (HAA), I am pleased to provide our submission as part of your inquiry into a range of matters focused on activating the delivery of essential worker housing in New South Wales

Our submission directly addresses the terms of reference for this inquiry:

(a) Establishing an appropriate definition for essential worker housing:

PRADS revolutionises the definition of essential worker housing by using smart technology to establish flexible, data-driven criteria based on income bands and professional information. If required, this approach allows government to tailor a set specific threshold for each LGA tailored to their unique economic circumstances and workforce needs, moving beyond traditional, rigid definitions. By enabling real-time adjustments, PRADS ensures a dynamic, locally relevant, industry accepted and nationally scalable framework for addressing essential worker housing needs across Australia.

(b) Identifying options to increase housing supply for essential workers:

The PRADS model provides an innovative approach that can be integrated across all areas identified in the terms of reference:

(i) *Planning tools and reforms:* PRADS will be designed to be integrated seamlessly into existing planning systems, streamlining compliance recording and monitoring. This integration will help unlock private sector capital by providing transparency to government and certainty to investors.

(ii) *Incentives for developments on privately owned land:* The PRADS model and register offers a clear, technology-driven framework for private developers to participate in the provision of essential worker housing.

(iii) *Opportunities within developments on government-owned land:* The model can be applied to essential worker housing on government land which could be monitored to remain affordable in perpetuity and enables public-private partnerships.

(iv) *Reforms promoting fiscal sustainability, innovation and essential worker housing in perpetuity:* The PRADS Register, powered by PEXA's technology, ensures transparent record-keeping and compliance monitoring, promoting long-term sustainability.

Key features of our PRADS initiative include:

1. The PRADS Affordable Housing Model: A framework for negotiating and implementing affordable housing commitments within private developments.
2. The PRADS Register: A centralised digital platform developed in collaboration with PEXA for recording and monitoring affordable housing commitments of all stakeholders.
3. PRADS listing on realestate.com: REA Group has made PRADS listings searchable alongside regular market listings, creating a national platform for identifying and accessing affordable housing.

Our submission details how these components work together to provide a scalable, private sector driven approach to delivering affordable housing for essential workers without relying on government subsidies.

Importantly, we would like to extend an invitation for the NSW government to participate in our pilot stakeholder program for the development of the PRADS Register. This program is currently underway with several local governments and private developers, and is supported by organisations including UDIA NSW, Property Council of Australia, Committee for Sydney, Real Estate Institute of NSW, and CBA and many others.

We believe NSW's participation would be invaluable in shaping this innovative solution, accelerating its implementation, and ensuring the unique needs and challenges of NSW are fully considered as part of a national solution.

By participating in this pilot, NSW would have the opportunity to:

1. Directly influence the development of the PRADS Register to meet NSW's specific needs
2. Gain early insights into the implementation and effectiveness of the model
3. Position NSW at the forefront of innovative housing solutions for essential workers

Adrian Harrington, our NSW State Chair and Senior Advisor to Lighthouse Infrastructure, who recently presented to the Committee and I, would welcome the opportunity to discuss our submission further and provide any additional information the Committee may require.

Thank you for your consideration. We look forward to the possibility of contributing to addressing the critical issue of essential worker housing in New South Wales.

Yours sincerely,



Robert Pradolin

Executive Director

PS: In September, Housing All Australians invited Professor Gregg Colburn from the US to share his research with 870 compassionate capitalists in Sydney, Melbourne and Brisbane. This is a must watch for all Committee members as to the purpose and importance of what you are doing.

Click this imbedded link to watch



Australia's Housing Crisis

UNLOCKING PRIVATE
SECTOR CAPITAL FOR
AFFORDABLE HOUSING

PRADS[®]

in collaboration with  **PEXA**

Submission to the NSW Legislative Assembly
Select Committee on Essential Worker Housing

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08 October 2024

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Executive Summary

Australia is facing an unprecedented housing crisis, with government actuaries quantifying that over the next two decades, an investment of \$290 billion will be required to meet the shortfall in public, social, and affordable housing. This challenge is too significant for government funding alone, necessitating the unlocking of private sector capital to help deliver what Housing All Australians (HAA) describes as fundamental economic infrastructure for a prosperous country.

In response to this crisis, HAA has developed the Progressive Residential Affordability Development Solution (PRADS), an innovative model designed to increase the supply of affordable housing without relying on government subsidies. The **PRADS model** is built on collaboration between government and developers, leveraging planning incentives to create additional land value that can be used to subsidise affordable housing. The **PRADS register** uses technology to monitor compliance ensuring the affordable housing commitments are maintained for the agreed period, and that only suitably qualified tenants are the occupants of the subsidise housing.

Key Components of the PRADS Initiative include:

The PRADS Affordable Housing Model: a comprehensive framework for negotiating and implementing affordable housing commitments within private developments. This model directly addresses the inquiry's focus on identifying options to increase housing supply for essential workers.

Key features:

- Facilitates collaboration between government(s) and private developers to create affordable housing without government (cash) subsidies.
- Using technology, allows for flexible yet locally tailored definitions of essential workers, addressing point (a) in the terms of reference.
- Enables government(s) to create additional value on land through density bonuses or streamlined approvals, which can be used as a subsidy for affordable housing.
- Provides a clear, accepted and proven structure for developers and real estate agents to participate in affordable housing provision, addressing point (b)(ii) in the terms of reference.
- Supports the creation of rental housing with below-market rents for at least 30 years, ensuring long-term availability.

This model promotes fiscal sustainability and innovation in essential worker housing provision, aligning with point (b)(iv) of the terms of reference.

The PRADS Register: is a centralised digital platform developed in collaboration with PEXA for recording and monitoring affordable housing commitments, especially essential/key work housing, of all stakeholders. This innovative digital tool addresses multiple aspects of the inquiry's terms of reference.

Key features:

- Utilises PEXA's blockchain technology to ensure transparent, tamper-proof record-keeping of essential worker housing stock.
- Provides real-time compliance monitoring for government(s), enhancing oversight and efficiency.
- Will integrate seamlessly with existing planning systems, streamlining compliance recording and monitoring. This integration will help unlock private sector capital by providing transparency to government and certainty to investors.
- Enables innovative financing models through a standardised framework, promoting fiscal sustainability as per point (b)(iv).

Integration of PRADS listings on REA Group's realestate.com: is a significant development that creates unprecedented opportunities for managing essential worker housing enabling the engagement of the existing real estate network. This feature addresses multiple aspects of the inquiry's focus.

Key features:

- Creates an opportunity for a nationally consistent definition of essential worker housing, while allowing for local flexibility, directly addressing point (a) of the terms of reference.
- Enables essential workers to easily identify and access affordable housing options alongside regular market listings, increasing visibility and accessibility.
- In the longer term, will provide real-time tracking of affordable housing supply and demand, informing future policy decisions and addressing point (b)(i) of the terms of reference.
- Streamlines the process of connecting eligible tenants with available properties, reducing administrative burdens as per point (b)(ii).
- Ensures ongoing visibility of available properties, and the compliance of all stakeholders, supporting the perpetuity and sustainability of the essential worker housing program, aligning with point (b)(iv).

This integration demonstrates how existing private sector platforms can be leveraged to support essential worker housing initiatives, promoting cost-effective implementation and private sector engagement.

By combining these three key components, the PRADS initiative offers a comprehensive, scalable solution that directly addresses the NSW Parliamentary Inquiry's terms of reference for essential worker housing. It provides a framework for increasing housing supply, ensuring appropriate definitions, and promoting sustainability and innovation in the provision of essential worker housing across New South Wales.

The PRADS initiative has already garnered, and is still gathering, significant industry support from organisations across the property ecosystem. Below is a selection of organisations supporting PRADS:

- Financiers: Commonwealth Bank (CBA)
- Superannuation Funds: Aware Super Real Estate
- Industry Associations: The Australian Institute of Architects, Urban Development Institute of Australia (National), the Urban Institute of Australia (NSW), the Urban Institute of Australia (Vic), the Real Estate Institute of Victoria (REIV), the Real Estate Institute of NSW (REINSW), the Property Council of Australia (PCA), and the Municipal Association of Victoria (MAV), Committee for Sydney, Committee for Melbourne, Committee for Brisbane.
- Developers: Home and Local
- Professional Services: REA Group, PEXA, Norton Rose Fulbright, SGS Economics and Planning.

A successful proof of concept of the PRADS model has been demonstrated by Nightingale Housing in collaboration with the City of Merri-bek (Northern Suburbs of Melbourne), showcasing the model's potential to significantly increase affordable housing provision without impacting project feasibility (see attached case study).

Housing All Australians

Housing All Australians (HAA) is a national private sector led or purpose organisation (PBI, DGR1) with a focus on increasing the availability, supply and access, at scale, of affordable housing nationally. HAA believes it is in Australia's long-term economic interest to provide housing for all: rich or poor. Just like the provision of roads, schools and hospitals, safe, affordable, and stable housing is fundamental infrastructure for a future prosperous Australia. It is essential to enable every Australian the opportunity to be productive and able to contribute to society.

PRADS Affordable Housing Model

Filling the Subsidy Gap

The PRADS model is built on two fundamental principles:

- a) Affordable housing requires a subsidy to be economically viable.
- b) Government(s) can enable additional value to be created on land through planning incentives.

The model encourages developers and government to negotiate in good faith, determining the number of affordable dwellings and the percentage below market rent at which these dwellings can be rented. This negotiation is based on the amount of additional value created through planning incentives such as density bonuses or expedited approvals.

Unlocking Private Sector Capital

A key feature of the PRADS model is the use of restrictive covenants on property titles. These covenants ensure that the obligation for a dwelling to remain affordable exists on the title for the agreed period (at least 30 years).

Norton Rose Fulbright has confirmed that integrating statutory covenant mechanisms with the PRADS register is both legally feasible and essential for ensuring the integrity of the system. They have verified that existing state legislation permits the registration of covenants that restrict property use to affordable housing purposes. These covenants can be seamlessly integrated with planning intentions and development compliance frameworks. This legal structure enables developers to sell affordable rental dwellings to a range of investors, including private sector affordable housing funds, superannuation funds, and individual "mum and dad" investors. Crucially, the rental

encumbrance remains on the property title for the agreed period, ensuring long-term commitment to affordable housing provision while allowing for private sector involvement and investment.

The model provides flexibility in property management, allowing investors to rent dwellings through either a Community Housing Provider (CHP) or an approved private sector property manager, both of which must comply with the robust governance process established by the PRADS model.

The Governance Process

To ensure trust among all stakeholders, including all levels of government, the PRADS model will incorporate a robust governance process. This process adopts the framework established by federal and state governments for the National Rental Affordability Scheme (NRAS) but modernises it using the PRADS Register, an online platform for monitoring and compliance reporting.

Nightingale Housing Proof of Concept

The viability of the PRADS model has been demonstrated through a successful collaboration between Nightingale Housing and the City of Merri-bek in Melbourne. By leveraging the principles of the PRADS model, Nightingale was able to secure an additional two levels of development in exchange for increasing the affordable housing component from 5% to 15%, without impacting the project's financial feasibility.

This proof of concept provides evidence that collaborative approaches can yield new solutions for affordable housing provision without requiring government subsidies.

Maximising Development and Real Estate Industry Engagement

The term "affordable housing" suffers from a lack of clear definition and is often conflated with social housing, leading to widespread confusion and misperceptions throughout the community. This ambiguity has created significant barriers to addressing our housing crisis effectively.

Recognising this challenge, the PRADS initiative has been specifically designed to clarify these distinctions and address industry concerns by:

- a) Addressing perception: Recognising the confusion and negative connotations sometimes associated with "affordable housing," PRADS listing on realestate.com will clearly distinguishes essential worker housing from affordable housing or social housing. By making PRADS listings searchable on realestate.com.au, it allows the real estate industry to confidently engage with, and market these properties to essential workers.
- b) Mitigating risks: With the above in mind, developers can manage essential worker rentals themselves or use qualified private sector real estate agents, alleviating concerns about association with social housing and engaging the existing real estate ecosystem.
- c) Flexibility and capital attraction: Developers can sell affordable units to their investor database, increasing participation attractiveness and unlocking new capital sources for both essential worker housing and affordable housing.
- d) Proven success: Examples like Frasers Property Australia's successful management of NRAS properties demonstrates that private sector property managers can effectively handle essential worker housing under a clear governance process.

PRADS aims to maximize engagement from both the development and real estate sectors, recognizing them as crucial stakeholders in addressing our housing challenges. By providing a framework that defines and differentiates essential worker housing through the PRADS register, the initiative helps clarify misconceptions surrounding the word "affordable housing". This approach will foster broader support and engagement from developers and real estate agents, guiding them on a journey towards greater involvement in affordable housing solutions. Through this strategic engagement, PRADS not only addresses immediate housing needs but also cultivates a more comprehensive and sustainable approach to affordable housing across the industry.

PRADS Register

The PRADS register is a transparent digital platform that serves as a centralised repository for affordable housing commitments including essential worker housing. It facilitates collaboration among developers, owners, tenants, property managers, , and government agencies. Using smart technology, the PRADS register will ensure that only qualified tenants occupy affordable housing units while allowing governments to monitor compliance of all stakeholders.

By streamlining communication and data sharing, PRADS enhances the efficiency and accountability of the affordable housing process for all involved parties.

Development by PEXA

Property Exchange Australia (PEXA), a leading ASX-listed Australian prop-tech business, specialising in digital conveyancing, has agreed to develop and maintain the PRADS Register on a pro-bono basis. This commitment leverages PEXA's expertise in digital property transactions and ensures the register benefits from cutting-edge technology and security measures.

Key Features and Benefits

The PRADS Register serves as a centralised platform for recording all affordable housing commitments and enables government oversight of stakeholder compliance. Key features include:

- a) Transparent monitoring of all stakeholder obligations – developers, owners, property managers and tenants
- b) Ability for each Local Government Area (LGA) to have their own specific income bands for eligible tenants whether they be essential workers or people on low incomes
- c) Will be integrated into existing property management software to enable real estate agents to manage essential worker housing in the same way as they currently do market housing.
- d) In the longer term, it will provide real-time data on affordable housing stock and compliance nationally

Pilot Program

To ensure the PRADS Register meets the needs of all stakeholders, a pilot program of stakeholders has been established involving:

- Local governments: City of Melbourne, City of Port Philip, and City of Yarra
- Industry partners: HOME (One of Australia's largest build-to-rent operators) and Local

This collaborative approach ensures the register will be fit-for-purpose and address the needs of both government and industry stakeholders.

Technology and Security

The PRADS Register will be a leading edge digital platform that utilises blockchain technology to ensure data integrity and security. It will comply with all federal, state, and local government-approved cyber security protocols, providing confidence in the system's robustness and reliability.

REA Group Integration: A Game-Changing Development

The searchability of "PRADS" with REA Group's realestate.com.au platform represents a pivotal moment in addressing affordable housing challenges. This collaboration is truly game-changing for several critical reasons:

1. *PRADS Searchability on realestate.com.au:* As of July 2024, PRADS listings are searchable on realestate.com.au, Australia's leading property website. This integration is crucial because it allows essential worker housing to be listed and found alongside regular market listings.
2. *Overcoming negative perception:* Real estate agents have traditionally been reluctant to engage with "affordable housing" thinking it is part of social housing (see attached letters). However, they are willing to rent properties to essential workers. By focusing on "essential worker housing" rather than "affordable housing," and having these homes appropriately tagged on the PRADS register, gives agents confidence that it is not social housing and helps overcome this barrier.
3. *Industry-Wide Acceptance:* The reframing of these properties as essential worker housing, on the PRADS register, opens up the entire real estate ecosystem to participate in addressing housing challenges for essential workers.
4. *National Approach:* This integration establishes a national approach for essential worker housing across Australia. National property development companies now have one set of rules to follow, rather than navigating different regulations for each state and territory.
5. *Scalability:* The use of a widely-used, national platform allows for easy scalability of the PRADS model across different regions and markets in Australia.

The collaboration between Housing All Australians, REA Group, and PEXA marks a pivotal advancement in addressing Australia's housing challenges. The integration of PRADS listings on realestate.com.au represents a game-changing development, bridging the gap between affordable housing needs and the mainstream property market. This initiative not only enhances accessibility for those in need but also encourages broader participation from the real estate industry, potentially sparking a longer-term change in how we view and address housing affordability in Australia.

REA Group's commitment is evident in their months-long development of PRADS integration, acknowledging the critical lack of housing diversity and affordability across Australia. Similarly, PEXA's involvement in developing the PRADS register underscores the initiative's technological robustness and compliance capabilities. This engagement of the mainstream property sector is crucial for normalizing the concept of housing diversity and inclusivity within the industry.

Recognising the need for widespread adoption, HAA, REA Group, and PEXA have acknowledged that a collaborative marketing strategy is needed. This coordinated effort aims to familiarise the entire property ecosystem with PRADS, ensuring its widespread understanding and adoption. By leveraging the expertise and reach of all the industry leaders, the initiative seeks to maximize its impact on housing availability at affordable rents and drive engagement across the broader property sector.

This national approach ensures consistent and efficient implementation across Australia, potentially revolutionising the way essential worker housing is identified, accessed, and managed. As more industry professionals engage with PRADS and witness its benefits, it could lead to a gradual shift in attitudes towards affordable housing, contributing to efforts to mitigate increasing societal polarisation.

Through this strategic collaboration, PRADS is poised to make a significant impact on housing affordability and accessibility for essential workers throughout the country. By fostering cooperation between different sectors of the housing market, PRADS is not just addressing immediate housing needs but also laying the groundwork for a more sustainable and equitable approach to housing in Australia's future.

Industry Support and Engagement

The PRADS model and register have garnered significant support from key industry bodies and organisations across the Australian property sector, signalling a growing national consensus on its potential to address housing affordability challenges. While initial endorsements have primarily come from Victoria and New South Wales, the response from all industry stakeholders approached has been overwhelmingly positive.

Property Council of Australia (PCA)

The PCA has endorsed the PRADS model and register, recognising their potential to unlock private sector capital for affordable housing development. They view these initiatives as crucial in addressing the urgent need in Australia's housing landscape.

Urban Development Institute of Australia (UDIA) – National, NSW, Vic

UDIA National supports the PRADS model and register as valuable additions to the government's suite of housing supply initiatives. They appreciate the potential for PRADS to boost productivity among small to medium-sized enterprises that currently build 85% of housing in Australia.

Real Estate Institute (National, NSW, Vic)

The REIV and REINSW have endorsed the formal introduction of PRADS to the state government, recognising its alignment with the objectives of the Housing Statement. They see PRADS as an innovative approach to addressing complex issues in the Victorian housing market.

Municipal Association of Victoria (MAV)

The MAV supports both the PRADS model and register, acknowledging their potential to deliver timely, accurate, and transparent data. They view these initiatives as important parts of a viable, sustainable, and effective system to deliver more social and affordable housing to Victorian communities.

Banking Sector Engagement

Initial positive feedback has been received from Bendigo and Adelaide Bank regarding the general lending requirements for PRADS properties. The Commonwealth Bank has also shown interest in PRADS' potential to unlock private sector capital for affordable housing.

Other Supporting Organisations

Additional support has been also been expressed by:

- Australian Institute of Architects
- Committee for Sydney
- Committee for Melbourne
- Committee for Brisbane

The enthusiastic reception in Australia's two most populous states provides a strong foundation for national expansion. The universal support from consulted parties suggests that the PRADS initiative resonates with industry needs and objectives across different regions. As awareness of PRADS increases, it is anticipated that industry bodies and organisations in other states and territories will likewise recognise its value and lend their support.

This emerging national approach, driven by industry alignment, positions PRADS as a unifying solution to Australia's housing affordability challenges. The collaborative nature of PRADS, coupled with its adaptability to local contexts, makes it an attractive proposition for industry stakeholders across the country. As the initiative continues to gain traction, it is expected to foster a cohesive, nation-wide strategy for addressing essential worker housing needs, underpinned by broad industry support and participation.

Overcoming Industry Concerns

The PRADS model and register have been designed to address key industry concerns regarding affordable housing provision:

Addressing the negative perception of "Affordable Housing"

- Focus on essential worker housing PRADS listings to differentiate from affordable or social housing
- Flexibility in property management options, allowing developers to use private sector agents

Ensuring Financial Viability

- Collaboration with local government to create additional land value through planning incentives
- No impact on developer's feasibility studies, as the model uses created value to subsidise affordable housing

Simplifying Compliance and Reporting

- Streamlined processes through the PRADS Register
- Integration with existing property management software to enable real estate agents to manage essential worker housing in the same way as they currently do market housing

Building Trust and Transparency

- Full visibility for government authorities through the PRADS Register
- Annual independent audits of the PRADS Register to ensure proper functioning

By addressing these concerns, the PRADS model and register aims to encourage greater participation from the entire property sector in affordable housing provision.

Potential Future Applications

While initially developed for affordable housing, the PRADS Register has potential for broader applications in the housing sector:

Expansion to Social Housing Oversight

- Comprehensive data collection on quantity, rent, locations, and ownership of social housing
- Enhanced planning and allocation strategies for governments at all levels

Short-Stay Accommodation Data Collection

- National data repository for short-stay rentals
- Informed policy responses to housing availability issues caused by short-term rentals

Housing Australia Leverage Expansion

Currently, Housing Australia's lending capacity is constrained by limitations on the types of organisations it can fund. However, the PRADS model presents a significant opportunity to expand this remit:

- The PRADS Register's robust compliance mechanism could enable Housing Australia to broaden its funding scope to include a wider range of organisations committed to delivering affordable housing, including private sector entities.
- By leveraging the PRADS compliance process, Housing Australia could potentially scale up its impact significantly, by engaging more diverse partners in the delivery of essential worker housing while maintaining rigorous oversight.
- This approach could unlock new avenues for development of diverse housing types, combining public funding with private sector efficiency and innovation, all

underpinned by the transparency and accountability ensured through the PRADS Register.

These potential applications demonstrate the scalability and adaptability of the PRADS Register in addressing various housing-related challenges.

Conclusion

The PRADS model and register represent a game-changing approach to increasing private sector participation in creating affordable housing supply in Australia. While its scope is broad, addressing the general affordable housing crisis, it can be specifically tailored to meet the immediate needs of essential worker housing—the focus of this NSW Inquiry. By unlocking private sector capital and engaging the entire property ecosystem, this initiative offers a scalable solution to complement existing government efforts.

Importantly, PRADS provides a framework that can address both the pressing need for essential worker accommodation and the broader, long-term affordable housing challenges. Its flexibility allows for targeted solutions for key workers while simultaneously laying the groundwork for a more comprehensive approach to affordable housing. This dual capability ensures that while we focus on the immediate concerns of the NSW Inquiry, we're also contributing to the bigger picture of housing affordability across Australia.

Key strengths of the PRADS initiative include:

1. **Industry-Wide Support:** Endorsements from key property and government organisations demonstrate broad recognition of the model's potential.
2. **Scalability and Flexibility:** The model can be implemented nationally while allowing for local adaptability and is applicable to various housing types and markets. It can be scaled across Australia, including in regional areas.
3. **Transparency and Accountability:** The PRADS Register ensures all stakeholders meet their obligations, building trust in the system.
4. **Engagement of the Entire Property Sector:** From developers to investors and property managers, PRADS provides a framework for widespread participation in affordable housing provision.
5. **National Approach with Local Flexibility:** The PRADS Register enables the development of a truly national register, developed through an industry lens. It

allows for one national industry definition for essential worker housing, aligning with national operators who prefer a single set of rules across all states and territories. Simultaneously, it provides the flexibility for each Local Government Area (LGA) to have their own specified income bands for affordable housing including those for essential workers.

6. **Integration with Existing Systems:** Through realestate.com.au, PRADS listings are now searchable for essential workers, leveraging existing platforms to reach potential tenants and to give confidence to the real-estate industry that they are not dealing with social housing.
7. **Unlocking the Real Estate Ecosystem:** The PRADS Register activates the existing real estate ecosystem to tenant essential worker housing, expanding the pool of property managers beyond the community housing sector.
8. **Overcoming Sector Fragmentation:** Unlike the community housing sector, which has faced challenges in developing a uniform national approach, PRADS presents a cohesive, industry-driven solution for essential worker housing across Australia.

As Australia grapples with its housing crisis, innovative solutions like PRADS are crucial. The model's ability to create affordable housing without government subsidies, while providing flexibility and transparency, positions it as a valuable tool in addressing the nation's housing challenges.

We urge the NSW government to engage and support the implementation of the PRADS model and register. By working together, we can make significant strides in providing affordable housing for essential workers and building a more equitable and sustainable housing market for all Australians.

This industry-led initiative, developed with a national perspective, offers a unified approach to essential worker housing that can be implemented consistently across the country while still allowing for local customisation. It represents a significant step forward in addressing Australia's housing affordability crisis and engaging the entire property sector in the solution.

Case Studies & Letters of Support

CASE STUDY



NIGHTINGALE HOUSING CITY OF MERRI-BEK VIC 2021-2023

“ Affordable housing needs a subsidy. We used the principles of Housing All Australians PRADS model, and worked collaboratively with council to achieve additional density, which increased the land value. We used this additional value to provide the subsidy needed for the affordable housing. It's a clever way to create affordable housing without using any government money. ”

Dan McKenna
CEO Nightingale Housing



Sheppard Street and Norris Street, development site (in orange) North Coburg, Victoria. The land to which the Incorporated Plan applies.

ADDING ADDITIONAL VALUE TO LAND TO FUND AFFORDABLE HOUSING

THE NEED

Australia is in a housing crisis and the need has never been so great. In order to achieve more affordable housing in a highly competitive land environment, developers need to be able to deliver a viable financial proposition to investors. This case study profiles an approach of what can be achieved when value aligned stakeholders that understand development economics, work together to unlock additional land value. The additional value goes directly into the subsidy needed to create affordable housing which is then rented at an agreed percentage below market rent, for an agreed period of time.

ABOUT NIGHTINGALE

Nightingale Housing is a not-for-profit organisation building apartments that are socially, financially and environmentally sustainable. Nightingale, like all developers, includes project contingencies and market-tested project management and development management fees to ensure we can complete our projects to a high standard. At the project end, any remaining funds are reinvested back into increasing the supply of affordable housing.

ABOUT HAA

Housing All Australians (HAA) is a private sector for purpose organisation (PBI & DGR1) with a single focus on increasing the supply and access, at scale, of affordable housing nationally. HAA believes it is in Australia's long-term economic interest to provide housing for all its people: rich or poor.

THE PRADS MODEL

HAA has developed an affordable housing model known as the Progressive Residential Affordability Development Solution (PRADS) which harnesses the benefits of the private sector working collaboratively with local government. This model allows for a supply of long-term affordable rental housing, locked in at an agreed below market rent for a period of at least 30 years, without the need for any government subsidy. The compliance requirements of all stakeholders will then be monitored by local government through a digital Affordable Housing Register (AHR) which is being developed in collaboration with PEXA.

The AHR will provide local government with the confidence that the affordable homes will remain rented at below market rates for the time agreed period.

APPLYING THE PRADS MODEL IN MERRI-BEK

- When Nightingale Housing acquired the Sheppard St and Norris St parcels of land, it was in the process of being rezoned from industrial to residential and mixed use.
- Nightingale took an Incorporated Plan rezoning approach which included the provision of 5% of dwellings as affordable housing in return for a building not exceeding the preferred height limit. However, noting that the provision of affordable housing needs a subsidy to be economically viable, the rezoning included an option of increasing the building height to 5 storeys if the provision of affordable housing was increased to 15% (this percentage includes both social and affordable housing).
- The additional uplift (building height) created additional value to the land which in-turn became the subsidy needed for the social and affordable housing. The provision of affordable and social housing comes at a cost to the development that needs to be funded in some way. By allowing the building height to exceed the preferred controls, real community benefit was achieved by increasing the provision of affordable housing.

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Included with submission

Letters of support received from:

- REA Group
- Norton Rose Fulbright Australia
- Commonwealth Bank
- Aware Real Estate (ARE)
- Committee for Sydney
- Urban Development Institute of Australia (UDIA)
- Real Estate Institute of New South Wales (REINSW)
- Municipal Association of Victoria (MAV)
- Real Estate Institute of Victoria (REIV)
- Property Council of Australia
- HOME
- Australian Institute of Architects
- Committee for Melbourne
- Committee for Brisbane
- SGS Economic and Planning