APPENDIX G
Orchard Hills North: Supporting Technical Documents

G15 Orchard Hills North Affordable Housing Assessment



ORCHARD HILLS NORTH

AFFORDABLE HOUSING ASSESSMENT

20 DECEMBER 2019
PREPARED FOR LEGACY PROPERTY

URBIS

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INTRODUCTION

PROJECT BACKGROUND

Legacy Property is currently undertaking a rezoning process for the Orchard Hills North Structure Plan in the Penrith Local Government Area (LGA). Legacy Property requires an assessment of housing affordability in the Penrith LGA to inform planning for housing provision within the precinct.

PURPOSE AND STUDY METHODOLOGY

The purpose of this study is to assess housing affordability in the Penrith LGA, and to recommend housing typologies appropriate for affordable housing supply for the Orchard Hills North precinct:

Methodology:

- Definition of affordable housing as adopted by the NSW Government
- Distribution of household incomes in the Penrith LGA
- Maximum expenditure a household can allocate towards servicing a mortgage or private rental before experiencing housing stress
- Distribution of available private dwelling stock by price/rent
- General supply/undersupply of affordable housing in the Penrith LGA
- Define and recommend housing typologies and maximum price points for affordable housing in the Orchard Hills North precinct.

EXECUTIVE SUMMARY

Penrith City Council recently released the Penrith Local Housing Strategy (LHS), a strategic planning framework to guide housing change in Penrith over the next 20 years. The 'housing vision' for Penrith is to provide a diverse range of housing to cater for a changing and growing population. Some key objectives of this strategy are to provide housing diversity and housing affordability, with a focus on increasing the supply of affordable rental housing in the LGA.

The purpose of our research is to identify the general supply/undersupply of affordable housing in the Penrith LGA. Essentially the methodology involves a gap assessment to identify the supply of dwellings for rent and for sale that are affordable.

Our research concluded that there is sufficient housing supply through the private rental market for households in the low and moderate income bands. For very low income households, there was an undersupply.

Similarly, the mortgage affordability gap assessment identified an undersupply for very low income households, however, sufficient housing that is affordable for households in the low and moderate income bands with purchase price points ranging from $493,400 and $740,500 respectively.

If Legacy Property's Planning Proposal for the Orchard Hills North rezoning area is approved, the proposal has the ability to deliver more than 8% of all dwellings as medium density allotments (townhouse/terrace homes). Market prices for townhouse/terrace homes in the Orchard Hills general area indicate that these dwellings can be affordable housing for low and moderate income households, that is, either as private rentals or purchase.

1. PROPOSED DEVELOPMENT

Orchard Hills North is located within the Penrith Local Government Area (LGA), with frontages to Caddens Road to the north, The Northern Road to the west, the Western Motorway to the south and Claremont Meadows residential lots to the east.

The Orchard Hills North Structure Plan covers approximately 263ha, with 146.1 ha proposed for rezoning from agricultural land to a mixed of land uses (see Map 1.1). Overall, the precinct is proposed to comprise approximately 1,800 new dwellings (projected population of 5,400), a neighbourhood centre providing around 6,000 – 8,000 sq.m of retail spaces, 24ha open space, bushland and riparian corridors. The masterplan includes 150 medium density allotments (townhouse/terrace homes), representing 8% of total residential lots. Table 1.1 outlines the proposed housing mix which comprises medium density compact and attached dwellings, residential lots and larger environmental living lots.

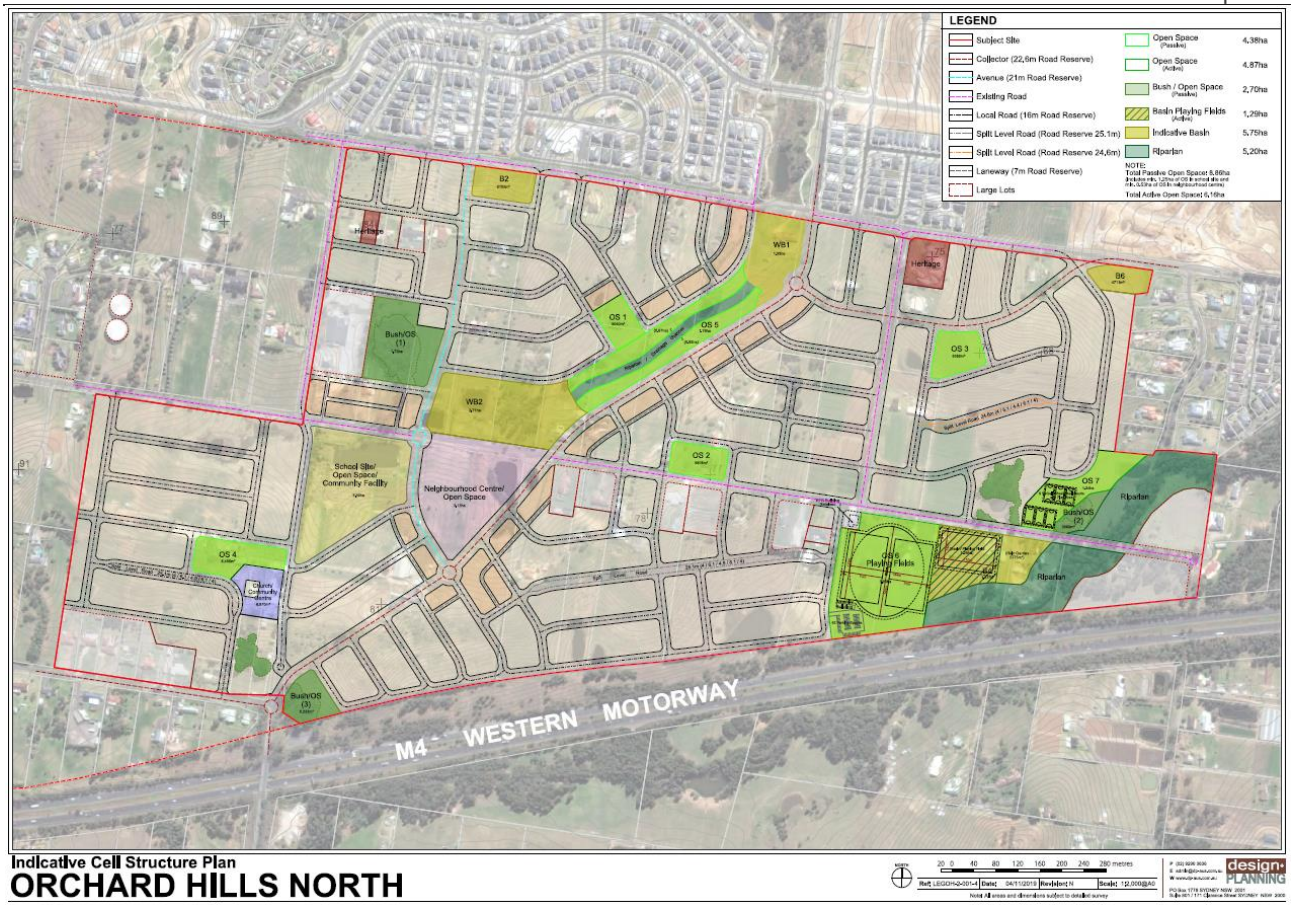
Orchard Hills North

Housing Typology — Table 1.1

Housing Types for Consideration	Approximate Size
Compact and Attached Housing Lots (e.g. terraces)	135– 250m^2
Detached Residential Lots	250m^2 – 600m^2
Larger Environmental Living Lots	2,000m^2

Source: Legacy Property

Orchard Hills North Structure Plan — Map 1.1



2. AFFORDABLE HOUSING

2.1. DEFINITION

The *NSW Affordable Housing Ministerial Guidelines* set out the policy framework for delivering affordable housing that has been developed with financial assistance from the NSW Government and is owned or managed by registered community housing providers. Affordable Housing is defined as:

> *'housing that is appropriate for the needs of a range of very low to moderate income households and priced so that these households are also able to meet other basic living costs, such as food, clothing, transport, medical care and education. As a rule of thumb, housing is usually considered affordable if it costs less than 30% of gross household income.' (NSW Affordable Housing Ministerial Guidelines)*

As guided by the *SEPP (Affordable Rental Housing) 2009*, very low to moderate income households in Greater Sydney are defined as:

- **Very low-income household**: Household that earns less than 50% of the median household income for the Greater Sydney
- **Low-income household:** Household that earns between 50% and 80% of the median household income for the Greater Sydney
- **Moderate-income household:** Household that earns between 80% and 120% of the median household income for the Greater Sydney.

Household Income Levels by Income Band

Greater Sydney, 2016 vs 2019 Table 2.1

	2016	2019-20
Annual Median Household Income	$91,000	$96,400
Income Bands		
Very low-income household	≤ $45,500	≤ $48,200
Low-income household	$45,000 - $72,800	$48,200 - $77,100
Moderate-income household	$72,800 - $109,200	$77,100 - $115,700

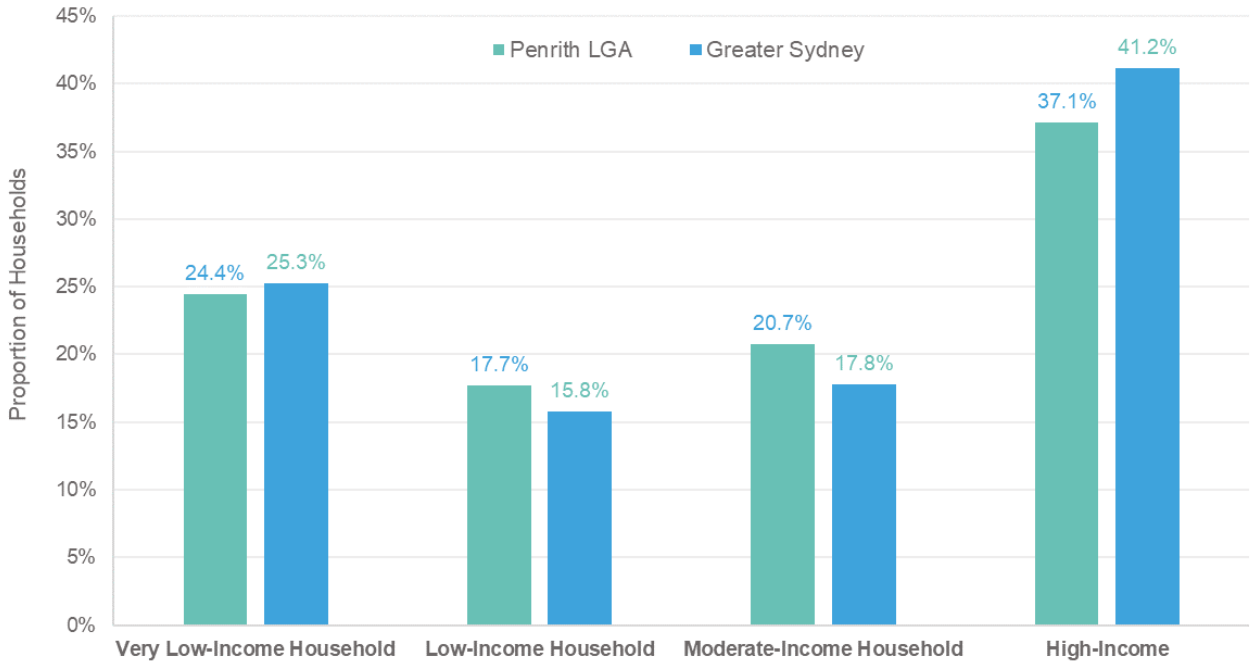
Source: ABS 2016, NSW Affordable Housing Ministerial Guidelines 19-20, Urbis

2.2. HOUSEHOLD INCOME DISTRIBUTION

Chart 2.1 outlines the distribution of households by income band from the 2016 Census. The Penrith LGA has a higher proportion of low (17.7%) and moderate (20.7%) income households compared to Greater Sydney, highlighting the importance of affordable housing provision in the LGA. This is reflected in median house prices and rents in the Penrith LGA being below the Metropolitan Sydney average, which supports affordability.

Household Income Distribution

Penrith LGA and Greater Sydney, 2016 Census — Chart 2.1



Source: ABS, Urbis

2.3. RENT ASSISTANCE

The Federal Government has a rental assistance scheme where people receiving certain payments from the Government can get additional payments to help pay for their rent. There is a minimum rent that recipients need to pay to get Rent Assistance. For every $1 of rent paid above this amount, recipients get 75 cents up to the maximum amount. A couple with 1-2 children can receive up to $162.12 per fortnight ($81 per week) if they are paying more than $455 per fortnight in rent).

Rent Assistance

2019 — Table 2.2

Household Type	Minimum Fortnightly Rent	Maximum Payment for Fortnightly Rent Over	Maximum Fortnightly Payment
single	$123.20	$307.20	$138.00
single, with 1 or 2 children	$161.56	$377.72	$162.12
single, with 3 or more children	$161.56	$405.72	$183.12
a couple, with 1 or 2 children	$239.12	$455.28	$162.12
a couple, with 3 or more children	$239.12	$483.28	$183.12

Source: Australian Government, Urbis

The Penrith LGA is located within the Lindsay federal electorate. In 2014 (the most recent data available) there were 13,300 people receiving the age pension in the electorate as well as 4,900 on Newstart and 5,800 receiving a disability pension. The Lindsay electorate had a population of around 163,200 in 2014, indicating a significant proportion of households are receiving government assistance and are entitled to rental assistance of up to $91.56 a week.

2.4. HOUSING AFFORDABILITY THRESHOLDS

Housing Stress is generally defined as a household spending over 30% of their gross household income in rent or mortgage repayments. Table 2.2 outlines what households are able to afford to pay in rent and to purchase housing.

A low-income household in the Penrith LGA could afford to spend $278 - $445 per week on rent. It is noted that some of these households are likely to receive rental assistance that could increase the spending capacity on rent by up to $91.56 per week.

Affordable housing sales prices are calculated by what households can afford to pay in mortgage repayments and what these repayments equate to in terms of sales prices based on an assumed:

- 30 year loan period
- 10% deposit
- Interest rate of 3.25% (the average variable interest rates for an basic home loan in Australia in October 2019 according to the Reserve Bank of Australia. This rate has been used as low-moderate households are anticipated to take the lower rates associated with 'basic' loans without offset accounts compared to other loans with more flexible arrangements that attract higher interest rates. This reflects the affordability challenges and the importance of lower interest rates to this cohort).

  The Federal Government has brought in a first home buyer scheme to assist people purchase their first home. From January 1, the scheme will allow 10,000 eligible home buyers to get into their first property with a 5% deposit (without having to pay lenders mortgage insurance) with the Government guaranteeing their mortgages. The Government has set a purchase price cap in in Sydney of $700,000, which will make it attractive to low and moderate income households. The scheme should make the lower interest rate mortgages more available to lower income households as they effectively will be lower risk with a higher deposit.

Housing Affordability

Penrith LGA, 2019-20 Table 2.3

Income Band	Rent	Sales Prices
Very Low-Income Household	≤ $278 per week	≤ $308,500
Low-Income Household	$278 - $445 per week	$308,500 - $493,400
Moderate-Income Household	$445 - $668 per week	$493,400 - $740,500

Source: ABS, Urbis

Table 2.3 and 2.4 outline the breakdown of the household income and housing costs of Penrith LGA households in 2016. The red line outlines housing stress with households above the line paying more than 30% of their household income on housing. Table 2.3 indicates that there were 509 households in 2016 that earned an income of between $41,600 - $51,999 and were paying less than $300 in rent per week. Similarly, Chart 2.4 indicates that there were 171 households in 2016 that earned an income of between $52,000 - $64,999 and were paying monthly mortgage repayments of between $1,200 - $1,399.

In 2016, it is estimated that there was significant housing stress in the Penrith LGA residential accommodation for very low income households with households facing stress comprised:

- 51% of renters
- 33% of purchasers.

The average variable interest rates for an basic home loan in Australia in August 2016 (time of the Census) was 3.92% which has fallen to 3.25% in October 2019. As such, households in 2019 are paying lower interest rates and could theoretically refinance their mortgages to pay lower repayments and reduce house costs as a proportion of their income. However, it is noted that the big four banks in Australian reported in November 2019 that less than 10% of variable-rate principal and interest home loan customers have reduced their monthly repayments since interest rates were reduced in June. This indicates that most households will maintain higher payments in order to pay off their mortgages faster.

Rental Affordability

Penrith LGA, 2016 Census

Table 2.4

Annual Household Income	Weekly Rent Paid										
	< $300	$300-$349	$350-$399	$400-$449	$450-$549	$550-$649	$650-$749	$750-$849	$850-$949	> $950	Total
$0-$7,799	175	43	64	38	32	4	0	0	0	0	**355**
$7,800-$15,599	369	30	38	24	11	0	4	0	0	0	**475**
$15,600-$20,799	574	71	71	46	21	0	0	0	0	6	**789**
$20,800-$25,999	849	119	127	71	32	10	3	0	0	0	**1,211**
$26,000-$33,799	526	203	255	124	71	10	7	0	0	0	**1,197**
$33,800-$41,599	663	237	344	213	110	20	6	0	0	0	**1,592**
$41,600-$51,999	509	326	419	248	136	31	10	4	0	0	**1,683**
$52,000-$64,999	473	347	639	372	241	44	8	0	0	0	**2,123**
$65,000-$77,999	303	303	587	405	307	53	15	3	0	0	**1,975**
$78,000-$90,999	178	203	422	365	263	57	18	4	0	0	**1,511**
$91,000-$103,999	142	148	403	355	288	64	11	6	0	6	**1,423**
$104,000-$129,999	186	241	579	616	599	143	25	4	0	13	**2,407**
$130,000-$155,999	74	86	219	304	326	114	11	3	0	0	**1,138**
$156,000-$181,999	36	15	107	136	180	63	16	7	0	0	**560**
$182,000-$207,999	40	17	67	82	109	64	17	8	3	0	**406**
$208,000-$233,999	8	6	17	8	55	26	9	4	3	0	**136**
$234,000-$259,999	10	11	11	13	29	26	8	0	0	0	**107**
$260,000-$311,999	4	3	13	13	19	19	12	8	0	0	**91**
$312,000-$415,999	6	3	0	6	7	23	9	0	0	0	**55**
Over $416,000	0	0	4	0	3	6	0	4	0	0	**18**
Total	**5,127**	**2,412**	**4,385**	**3,437**	**2,839**	**774**	**189**	**57**	**6**	**25**	**19,252**

Source: ABS, Urbis

Mortgage Affordability

Penrith LGA, 2016 Census

Table 2.5

	Monthly Mortgage Paid															
	<$599	**$600-$799**	**$800-$999**	**$1,000-$1,199**	**$1,200-$1,399**	**$1,400-$1,599**	**$1,600-$1,799**	**$1,800-$1,999**	**$2,000-$2,199**	**$2,200-$2,399**	**$2,400-$2,599**	**$2,600-$2,999**	**$3,000-$3,999**	**$4,000-$4,999**	**>$5,000**	**Total**
$0-$7,799	57	8	5	16	12	21	9	23	12	0	4	10	21	0	4	**200**
$7,800-$15,599	42	13	13	11	4	6	5	4	14	6	6	0	0	0	0	**124**
$15,600-$20,799	21	4	17	17	7	10	5	7	4	6	4	0	4	0	0	**105**
$20,800-$25,999	108	30	35	24	16	15	16	14	19	6	0	5	11	4	0	**302**
$26,000-$33,799	55	20	30	38	25	20	19	20	32	12	11	13	5	4	7	**310**
$33,800-$41,599	129	37	51	70	68	48	58	35	31	15	15	17	17	0	0	**591**
$41,600-$51,999	115	44	63	75	112	84	120	66	97	43	26	59	40	14	6	**965**
$52,000-$64,999	166	62	107	145	171	169	187	151	176	82	47	90	77	19	14	**1,663**
$65,000-$77,999	139	71	99	124	176	191	258	198	262	98	58	143	104	20	19	**1,960**
$78,000-$90,999	136	46	80	114	167	178	239	214	326	134	83	191	134	29	32	**2,101**
$91,000-$103,999	119	50	61	113	151	182	277	202	346	156	98	249	182	32	31	**2,249**
$104,000-$129,999	218	95	126	195	255	332	518	461	772	362	290	673	500	99	66	**4,963**
$130,000-$155,999	136	54	95	141	167	218	311	322	558	317	197	495	491	106	57	**3,664**
$156,000-$181,999	103	39	67	74	131	124	235	196	301	167	124	404	364	83	65	**2,476**
$182,000-$207,999	74	31	32	65	60	82	108	103	241	94	96	253	290	78	53	**1,658**
$208,000-$233,999	40	12	34	49	51	54	48	65	123	60	42	93	167	58	22	**918**
$234,000-$259,999	29	18	32	26	24	26	51	41	98	37	39	104	125	50	30	**730**
$260,000-$311,999	41	9	8	17	37	26	46	35	77	19	34	63	138	45	36	**630**
$312,000-$415,999	21	0	9	15	11	16	23	14	36	12	15	39	108	38	20	**377**
Over $416,000	6	0	0	0	5	0	5	0	5	0	0	0	12	5	0	**38**
Total	**1,753**	**643**	**965**	**1,328**	**1,649**	**1,801**	**2,536**	**2,169**	**3,531**	**1,626**	**1,188**	**2,901**	**2,790**	**683**	**462**	**26,026**

Source: ABS, Urbis

2.5. HOUSING DISTRIBUTION

Chart 2.2 outlines the distribution of unit and house sales in the Penrith LGA in 2019. There is a wider distribution of house prices ranging from very affordable properties under $300,000 up to larger homes for over $1.2 million.

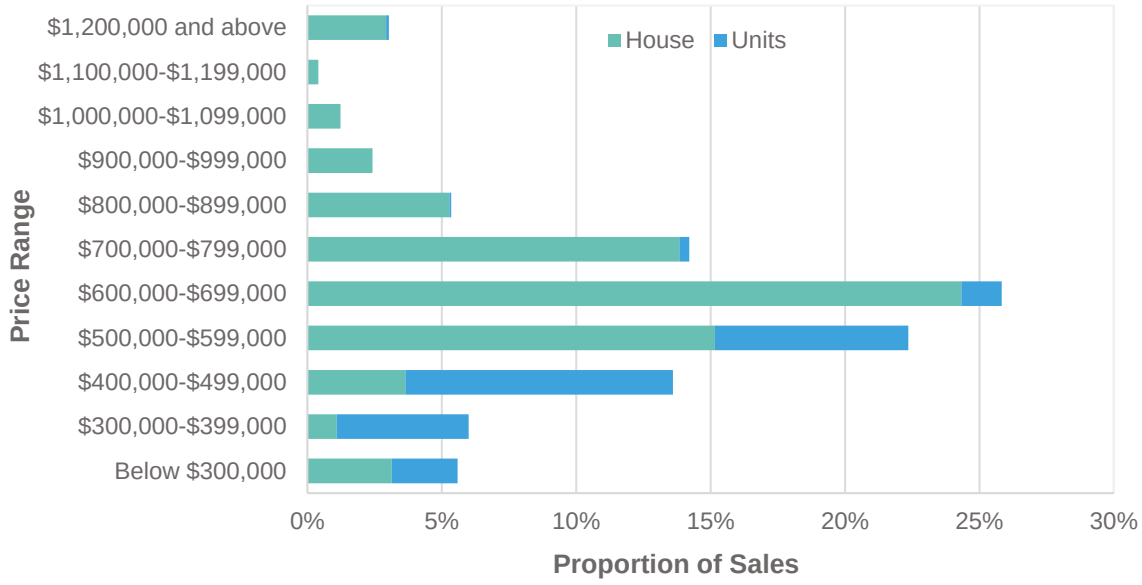
Around half of the dwellings sold for between $500,000 to $700,000. Almost all units are under $600,000 highlighting the relative affordability of apartments compared to houses.

A low-income household can afford to pay up to $493,400 for a home. According to the sales price distribution, approximately 24% of dwellings in the Penrith LGA in 2019 were purchased for under $493,400, making them potentially affordable to low-income households.

A moderate-income household can afford to pay between $493,400 - $740,500 for a home. According to the sales price distribution, approximately 82% of dwellings in the Penrith LGA in 2019 were purchased for under $740,500, making them potentially affordable to moderate-income households.

Housing Sale Price Distribution

Penrith LGA, 2019 Chart 2.2



Source: APM PriceFinder

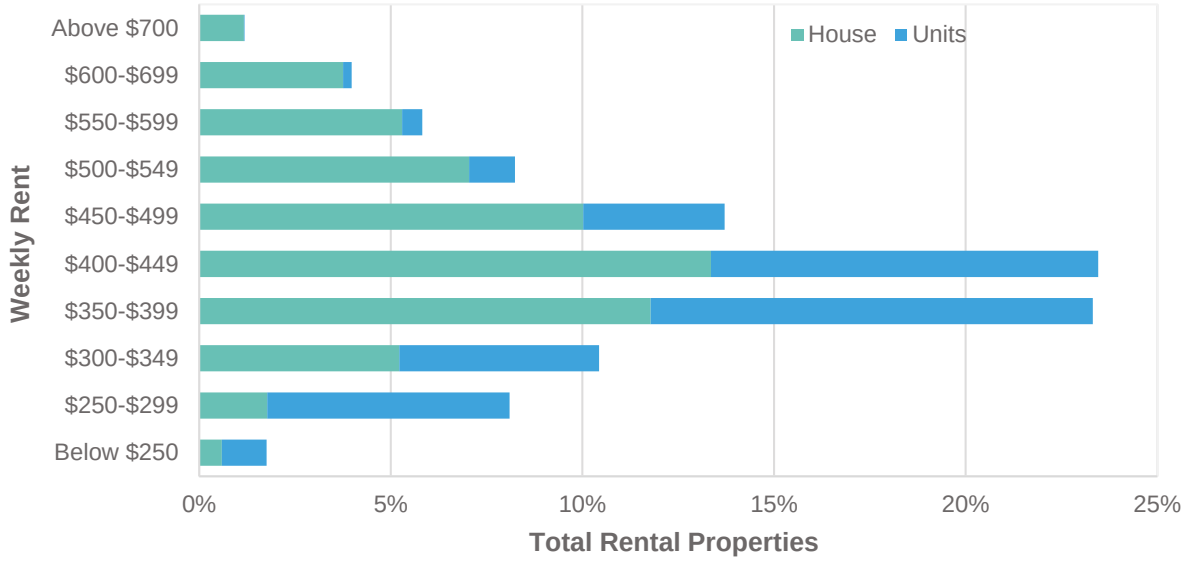
Chart 2.3. outlines the distribution of advertised rental properties in the Penrith LGA in 2019. There are limited rental properties renting for over $700 a week indicating that the vast majority of wealthier residents own their own home.

A low-income household can afford to pay between $278 - $445 per week in rent. According to the rent distribution, approximately 67% of rental dwellings in the Penrith LGA in 2019 were rented for under $445 per week, making them affordable to low income households.

A moderate-income household can afford to pay between $445 - $668 per week in rent. According to the rent distribution, almost all (98%) of rental dwellings in the Penrith LGA in 2019 were rented for under $668 per week, making them affordable to moderate income households.

Weekly Rent Distribution

Penrith LGA, 2019 Chart 2.3



Source: APM PriceFinder

2.6. GAP ASSESSMENT

The following table compares the number of renting households by income in the Penrith LGA as per the 2016 Census with the available rental housing. The methodology comprises:

- The number of renting households by income band in the Penrith LGA is taken from the 2016 Census. Households have been allocated to affordable income bands based on their household income. It is assumed that the proportion of households by income band has remained unchanged from 2016 to 2019.
- Based on an assumed 30% of gross housing being spent on rent, the rental ranges for each income band have been assessed
- An assessment of advertised rental properties in the Penrith LGA in 2019 was undertaken to understand the proportion of rental properties in each rental range. It is assumed that the distribution of advertised rents is reflective of the overall private rental pool. These proportions have been applied to the total number of private renting households to estimate the number of rental dwellings in the Penrith LGA by income band. Based on the 2016 Census, around 13% of renting households were renting from Government housing with the majority of these rents being less than $278 a week (as evidenced by 2016 Census data) to support the very low income households.
- There are also a significant number of households in the Penrith LGA that are entitled to Rent Assistance payments of up to $91.56 per week. While there is not published data on the number of households accessing rental assistance, there is likely some low and moderate income households that could afford to pay more than the thresholds in Table 2.5.
- The number of renting households by rent has been subtracted from the number of renting households by income to determine where the gaps in the rental market are.

The gap assessment highlights that there is:

- A significant undersupply in private rental accommodation that would be affordable for very low income households. A significant proportion of housing for these households is provided through social housing. This outcome indicates that households not receiving Government rental housing are likely to be experiencing housing stress. With around 6,250 households in the very low income band and 3,660 dwellings available for rent under $278 a week, there is an undersupply of around 2,590 dwellings that would be affordable to these households. As outlined above, there are likely a significant number of households in this cohort receiving rental assistance that would effectively reduce this gap.

- The rents for around 60% of the available private rental housing in the Penrith LGA is between $278 and $445 a week (affordable for the low income households). There are around 4,350 households in the low income band compared to 10,045 dwellings available for rent between $278 - $445 a week. This indicates there is sufficient rental accommodation in the market to meet the needs of low income households in the Penrith LGA.
- The rents for around 30% of the available private rental housing in the Penrith LGA is between $445 and $668 a week (affordable for the moderate income households). There are around 4,200 households in the moderate income band compared to 5,240 dwellings available for rent between $445 - $668 a week. This indicates there is sufficient rental accommodation in the market to meet the needs of moderate income households in the Penrith LGA.

Rental Affordability Gap Assessment

2019 Table 2.6

Household Income Band	Households in Band	Rental Threshold	Estimated Rental Dwellings	Gap*	Cumulartive Gap
Very Low	6,251	≤ $278	3,663	-2,588	-2,588
Low	4,360	$278 - $445	10,045	+5,685	3,097
Moderate	4,205	$445 - $668	5,239	+1,035	4,132
High	4,436	>$668	305	-4,132	0

Note: * A negative gap indicates there is an undersupply of housing that is affordable to households in the income band. A positive gap indicates there is sufficient housing that is affordable to households in the income band.
Source: ABS Census, PriceFinder, Urbis

The following table compares the number of purchasing households with a mortgage by income in the Penrith LGA as per the 2016 Census with the housing sales prices. The methodology comprises:

- As per the rental assessment above, the number of households by income band that are purchasing their home (i.e. have a mortgage) in the Penrith LGA is taken from the 2016 Census. Households have been allocated to affordable income bands based on their household income. It is assumed that the proportion of households by income band has remained unchanged from 2016 to 2019.
- Based on an assumed 30% of gross housing being spent on mortgage repayments, the value that a household can afford to pay for a home has been assessed. These repayments have been converted into affordable sales prices based on an assumed 30 year loan, with a 10% deposit and an interest rate of 4.15% (the average variable interest rates for an owner occupier in Australia in October 2019 according to the Reserve Bank of Australia).
- Based on housing sales in the Penrith LGA in 2019, the proportion of properties in each sales price range has been estimated. These proportions have been applied to the total number of purchasing households to estimate the number of homes that would be affordable to each income band.
- The number of purchasing households by price range has been subtracted from the number of purchasing households by income to determine where the gaps in the sales market are.

The gap assessment highlights that there is:

- There are around 2,000 households in the very low income band compared to an estimated 1,570 homes with a value of under $308,500. This indicates there is an undersupply of around 430 dwellings that would be affordable to these households.
- There are around 3,440 households in the low income band compared to an estimated 4,800 homes with a value of between $308,500 - $493,400. This indicates there is sufficient housing in the market to meet the needs of low income households in the Penrith LGA.
- The sales prices for around half of the housing in the Penrith LGA is between $493,400 and $740,500 in 2019 (affordable for the moderate income households). There are around 6,130 households in the moderate income band compared to 14,835 dwellings with a value of between $442493,400 and $740,500. This indicates there is sufficient housing in the market to meet the needs of moderate income households in the Penrith LGA.

Mortgage Affordability Gap Assessment

2019 Table 2.7

Household Income Band	Households in Band	Affordable Price Range	Estimated Dwellings with Mortgage	Gap*	Cumulative Gap
Very Low	1,993	≤ $308,500	1,566	-427	-427
Low	3,442	$308,500 - $493,400	4,786	+1,344	916
Moderate	6,128	$493,400 - $740,500	14,835	+8,708	9,624
High	14,463	>$740,500	4,839	-9,624	0

Note: * A negative gap indicates there is an undersupply of housing that is affordable to households in the income band. A positive gap indicates there is sufficient housing that is affordable to households in the income band.
Source: ABS Census, PriceFinder, Urbis

2.7. NEW HOUSING DEVELOPMENTS

Based on our research, the most affordable housing typology within this general locality is anticipated to be medium density apartments and townhouses/terraces, as we understand Legacy Property is not proposing to build apartments. This section assesses the sales prices and rents for new apartment and townhouse projects in Orchard Hills and the surrounding area, which includes the suburbs of Kingswood, Werrington, Claremont Meadows, Caddens, Cambridge Park and St Marys.

2.7.1. Rent

Table 2.8 outlines the weekly rental ranges for new apartments and townhouses in Orchard Hills and the surrounding area. New townhouses in the area are generally renting for around $400 - $500 in 2019. The premium for a four bedroom townhouse compared to a three bedroom townhouse is relatively limited at around $50 a week, indicating that people considering a four bedroom dwelling are likely to want a separate house.

New two bed apartments in Kingswood have been rented for between $380 - $420, reflecting around a 5-10% discount to three bedroom townhouses.

New Townhouse Rents

Study Area, November 2019 Table 2.8

Apartments/Townhouses	Weekly Rent
2 Bed Apartments	$380 - $420
3 Bed, 2 Bath Townhouses	$400 - $450
4 Bed, 2 Bath Townhouses	$450 - $510

Source: realestate.com.au, Urbis

2.7.2. Sales

The following profiles are new apartment, townhouse and house & land projects that are being developed in near proximity to the Orchard Hills area. The townhouse projects are relatively small developments of under 15 dwellings comprising primarily four bedroom dwellings with two bathrooms and double garage.

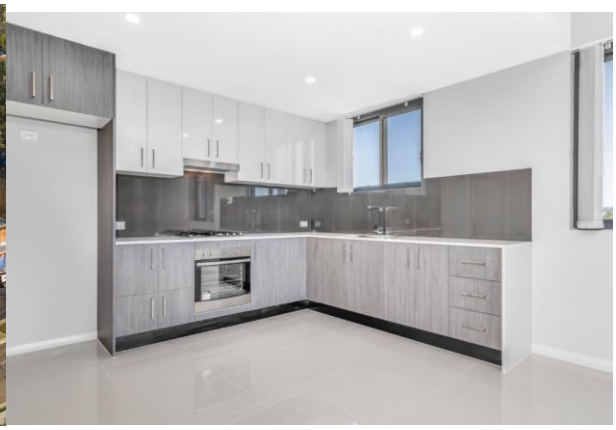
240-250 Great Western Highway at Kingswood is an example of an apartment project in the area with around 100 dwellings with two bedroom apartments currently advertised for around $400,000.

Settlers Place in Werrington is an example of a house and land development offering smaller lots of around 250 sq.m with prices ranging from $569,000 to $664,000.

240-250 Great Western Highway

Address	240-250 Great Western Highway, Kingswood	
Developer	Universal Property Group	
Dwellings	97	
Product Type	**Internal Size (sq.m**	**Price**
2 Bed, 1 Bed, 1 Car	N/a	$400,000 - $405,000





96 Princess Street

Address	96- 100 Princess Street, Werrington NSW 2747	
Developer	JLB Property Werrington	
Dwellings	13	
Product Type	**Lot Size (sq.m**	**Price**
4 Bed	177 sq.m	$539,950





61 Jones Street

Address	61 Jones Street, Kingswood	
Developer	Not Available	
Dwellings	7	
Product Type	**Lot Size (sq.m)**	**Price**
4 Bed	215 sq.m	$569,000





Settlers Place Werrington

Address	Lot 252-255 Proposed Road, Werrington	
Developer	N/a	
Dwellings	33	
Product Type	**Lot Size (sq.m)**	**Price**
4 Bed, 2 Bath, 1-2 Car	247 - 250 sq.m	$569,000 - $648,350
5 Bed, 3 Bath, 1-2 Car	247 - 250 sq.m	$663,900





2.7.3. Summary

The following table outlines the market price ranges (rents and sales prices) for new apartment/townhouse developments in close proximity to Orchard Hills compared to the affordable housing cost ranges for low and moderate income households. We understand Legacy is not proposing to build apartments, however if Legacy Property were to develop two bedroom apartments and three and four bedroom townhouses/houses on small lots and rents/sells at current market prices:

- **Two Bedroom Apartments:** Households in the low income band can afford to spend between $278 to $445 per week on rent. Therefore, a market rent of $380 to $420 per week for a two bedroom apartment is affordable to households only at the upper end of the low income household cohort. Affordability would be improved for households receiving Rent Assistance payments of up to $91.56 per week.

  Households in the low income band can afford to purchase homes for between $308,500 to $493,400. Therefore, sales prices of $400,000 to $470,000 would be affordable to households only at the upper end of the low income household cohort

- **Three Bedroom Townhouses:** Households in the low income band can afford to spend between $278 to $445 per week on rent. Therefore, a market rent of $400 to $450 per week for a three bedroom townhouse is affordable to households only at the upper end of the low income household cohort.

  Households in the low income band can afford to purchase homes for between $293,500 to $493,400. Therefore, sales prices of $500,000 to $520,000 would not be affordable to households in the low income cohort.

- **Four Bedroom Townhouses:** Households in the moderate income band can afford to spend between $445 to $668 per week on rent. Therefore, a market rent of $450 to $500 per week for a four bedroom townhouse is affordable to virtually all households in the moderate income cohort.

  Households in the moderate income band can afford to purchase homes for between $493,400 to $740,500. Therefore, sales prices of $540,000 to $570,000 would be affordable to most households in the income cohort.

- **Four Bedroom Houses (~250 sq.m lots):** Households in the moderate income band can afford to purchase homes for between $493,400 to $740,500. Therefore, sales prices of $570,000 to $640,000 would be affordable to the majority of households in the income cohort.

New Residential Development

2019 Table 2.9

Dwelling	Affordable Housing Cost by Income	Market Price
Rentals ($ per Week)		
2 Bed Unit	Low - $278 - $445	$380 - $420
3 Bed, 2 Bath Townhouse	Low - $278 - $445	$400 - $450
4 Bed, 2 Bath Townhouse	Moderate - $445 - $668	$450 - $510
Sales		
2 Bed Unit	Low - $308,500 - $493,400	$400,000 - $470,000
3 Bed, 2 Bath Townhouse	Low - $308,500 - $493,400	$500,000 - $520,000
4 Bed, 2 Bath Townhouse	Moderate - $493,400 - $740,500	$540,000 - $570,000
4 Bed, 2 Bath House (~250 sq.m lots)	Moderate - $493,400 - $740,500	$570,000 - $650,000

Source: PriceFinder, Realestate.com.au, Urbis

2.8. CONCLUSION

The Penrith LGA has sufficient housing supply through the private rental market for households in the low and moderate income bands. For very low income households, there is an undersupply which is more commonly provided for through social housing.

Similarly, the mortgage affordability gap assessment identified an undersupply for very low income households, however, sufficient housing that is affordable for households in the low and moderate income bands with purchase price points of $493,400 and $740,500 respectively.

2.9. RECOMMENDATIONS

It is recommended that the housing typology that will best address affordable housing in Orchard Hills North is medium density housing (such as townhouses/terraces), as this typology can be developed at a lower cost compared to the larger house and land developments and is accepted by the market in the area. It is recommended that the following pricing be adopted:

- Two Bedroom Units: We understand that Legacy Property do not propose to develop apartments at Orchard Hills, however we make the observation that market sales prices and rents for two bedroom units in the Orchard Hills area are generally affordable to low income households.
- Three Bedroom Townhouse: Market sales prices and rents for three bedroom townhouses are not affordable to low income households (though they are for moderate income households).
- Four Bedroom Townhouses: Market pricing of $540,000 - $570,000 with rents of $450 - $510 per week is supportable as the housing is affordable to moderate income households at these price points.
- Four Bedroom Houses (~250 sq.m lots): Market pricing of $569,000 - $650,000 for these small lot single storey houses is supportable as the housing is affordable to moderate income households at these price points.

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