

**Submission
No 8**

LAND RELEASE AND HOUSING SUPPLY IN NEW SOUTH WALES

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Date Received: 31 August 2017

Mr Jai Rowell MP
Chair, Committee on Environment and Planning
Parliament House
Macquarie Street
SYDNEY NSW 2000

By email: environmentplanning@parliament.nsw.gov.au

Dear Mr Rowell,

Re: Parliamentary Inquiry into Land Release and Housing Supply in NSW

Thank you for the opportunity to comment on the Parliamentary inquiry into land release and housing supply in NSW.

Housing plays a critical role in health and wellbeing outcomes. Availability of affordable, sustainable and appropriate housing underpins the social, educational and economic participation of individuals. The lack of affordable housing may have a significant negative impact on the community and the local economy.

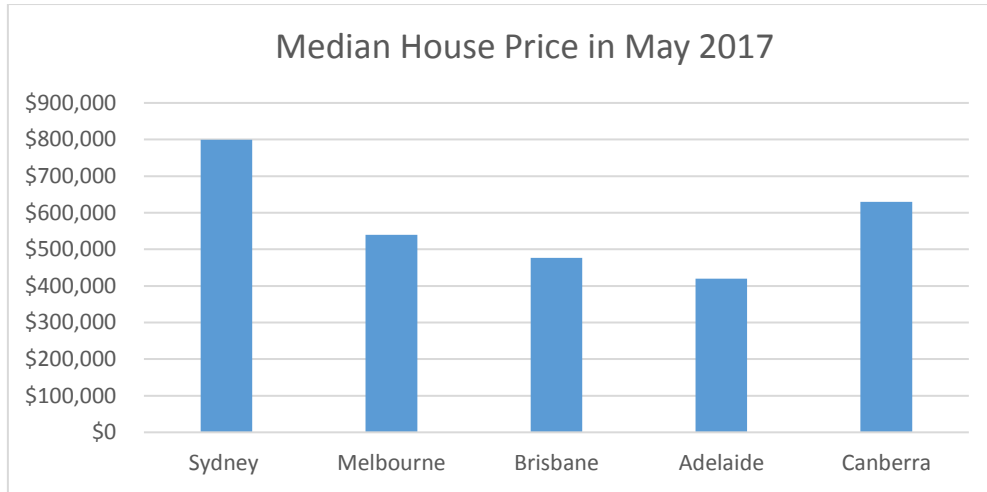
A household on a very low to moderate income is considered to be in housing stress if they are paying more than 30% of their gross household income on housing costs. Those paying more than 50% of gross income on housing are regarded as being in severe housing stress. People experiencing housing stress spend a large proportion of their income on rent or mortgage payments and have very little left over to cover other costs like food, transport, bills or money for emergencies.

As per the recent report by real estate company Domain, tight rental markets in most capital cities continue to put strong upward pressure on rents with annual increases now surging ahead of income growth.

Latest Domain data reports that Canberra, Melbourne and Sydney have clearly recorded the highest annual growth rates with median weekly house rents in the May 2017 quarter increasing by 6.4 per cent, 5.0 per cent and 4.8 per cent respectively compared to March quarter last year.

House prices in Australia's capital cities are also rising. Sydney's median asking prices for houses have increased modestly— up by 3.4 percent over the year.¹

¹ <https://www.domain.com.au/news/annual-home-rents-surg-ing-in-most-capitals>



Median asking prices for houses listed for private sale			
Cities	May 2017	Month change	Annual change
Sydney	\$799,000	1.1%	3.4%
Melbourne	\$540,000	4.9%	20.0%
Brisbane	\$476,406	-0.7%	0.3%
Adelaide	\$420,000	0.0%	2.7%
Perth	\$469,990	-1.1%	-5.6%
Canberra	\$630,000	4.1%	14.5%

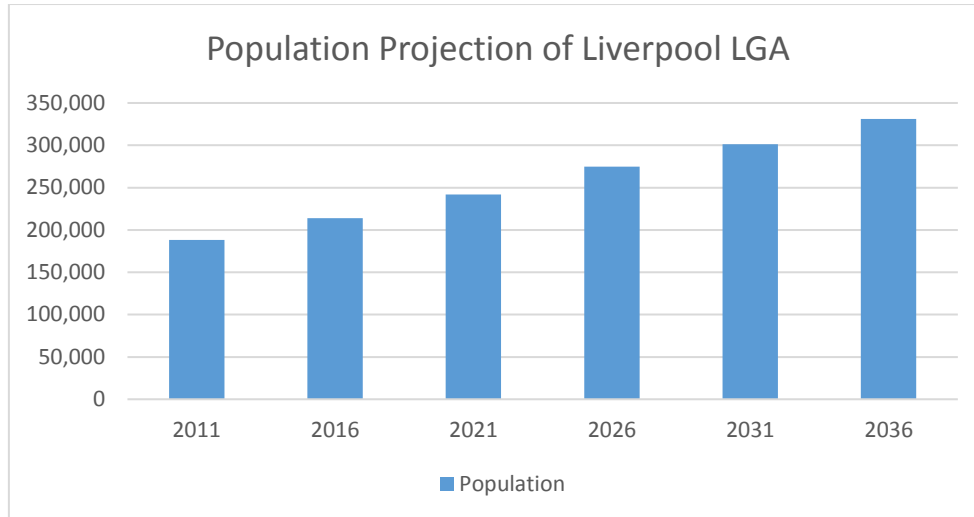
Liverpool, as a part of the Sydney Metropolitan Area, continues to experience its share of housing stress.

Liverpool Population Trend

Liverpool forms part of South West Sydney Growth Area and is projected to accommodate a considerable proportion of Sydney's future population and economic growth.

The population of Liverpool has grown from 188,100 at the 2011 census to an estimated resident population at June 2015 of 204,594, an increase of 8.76%. This makes it the seventh (7th) largest LGA in NSW in terms of population.

Population projections by the NSW Department of Planning and Environment indicate that Liverpool's population will increase by 76% between 2011 and 2036, reaching 331,000.



	2011	2016	2021	2026	2031	2036
Total Population	188,100	214,100	241,900	274,800	301,100	331,000
		2011-16	2016-21	2021-26	2026-31	2031-36
Average Annual Population Growth		2.6%	2.5%	2.6%	1.8%	1.9%

This high rate of population growth in Liverpool is double the growth of the NSW average².

Comparison Area	Estimated average Population Growth 2011-2036	Estimated total population change 2011-2036
Liverpool LGA	3.04%	76.0%
Metropolitan Sydney	2.00%	50.0%
NSW	1.52%	38.0%

Employment & Income

The Liverpool CBD Strategic Plan has estimated that by 2021, the workforce in the CBD will increase by 18,000 jobs to over 30,000. Median individual, household and family incomes in Liverpool have increased since 2006; however people in Liverpool continue to pay a large proportion of their income on rent and mortgages.

² <http://www.planning.nsw.gov.au/Research-and-demography/Demography/Population-projections>

The most prominent occupation of the local workforce (those who work in Liverpool) is professionals followed by technicians and trades workers. The median weekly income for an employed person in Liverpool is \$855 while the median household income is \$1,299. This is significantly lower than Sydney median income levels. While incomes are growing, they are growing at a slower rate than Sydney income levels and not keeping up with increases in housing costs.

The three most common sectors of employment in Liverpool were Manufacturing (14%), Retail Trade (10.4%) and Health Care and Social Assistance (10.1%).

Housing affordability is an issue which has consequences for the whole community. Without affordable housing Liverpool is at risk of being unable to attract and retain the key workers who are required so that organisations such as hospitals, schools and businesses are able to continue providing their vital services to the whole community.

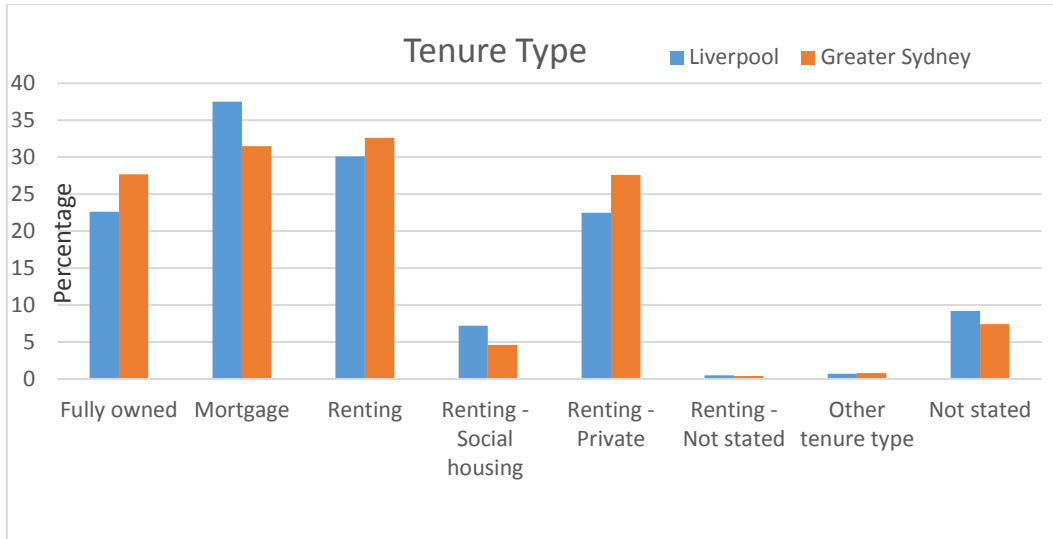
The Growing Liverpool 2023 strategic plan indicates that the need for such key workers in Liverpool is going to increase, with growth industries predicted to be medical, health and community, education, construction, property and business services. Provision of affordable housing in Liverpool must improve to meet the needs of this growing section of the community.

Housing affordability also affects the ability of people to live and work in their community. Lack of affordable housing may result in more households either leaving their community to find cheaper housing or living in housing that is too expensive, which can then have flow-on effects on their living standards and wellbeing. Making provision for people at all stages of life and on different incomes can help people to stay in their community, particularly young workers at the start of their careers, people starting families or older people who wish to downsize their homes.

Current Housing Situation

In 2016, 22.6% of dwellings in Liverpool were owned outright, 37.5% of dwellings were owned with a mortgage and 30.1% were rented³. The most common tenure type is a dwelling owned with mortgage followed by renting, which emphasises the need to ensure that mortgage and rental payments are affordable and do not exceed a households capacity to maintain them.

³ ABS Census 2016



Tenure type	Liverpool	%	Greater Sydney %
Fully owned	14,193	22.6	27.7
Mortgage	23,566	37.5	31.5
Renting	18,964	30.1	32.6
Renting - Social housing	4,505	7.2	4.6
Renting - Private	14,161	22.5	27.6
Renting - Not stated	298	0.5	0.4
Other tenure type	433	0.7	0.8
Not stated	5,769	9.2	7.4
Total households	62,925	100.0	100.0

The median rental price in Liverpool at December 2016 was \$450 per week, whereas it was \$390 per week at December 2011. Between 2011 and 2016 median rental prices increased 15%. The median sales price for December 2015 was \$625,000 up from \$462,000 in 2013.

Despite increases in the median rent and median sale price of dwellings in Liverpool, housing costs are lower than the Greater Sydney region. This relative affordability of Liverpool compared to Sydney can also lead to local unaffordability issues. When affordable housing is not available in capital city areas such as Sydney, this creates a flow to surrounding areas, placing upward pressure on housing costs ('Towards a National Housing Strategy'). Local population and employment growth as well as an increasing number of people choosing to live in Liverpool and commute to work in other areas, can place increased pressure on the local housing market, driving up rent and house prices.

Further, the number of low income renters is increasing at a faster rate than the number of low income households in most South West LGAs including Liverpool⁴.

⁴http://www.housing.nsw.gov.au/centre-for-affordable-housing/__data/assets/pdf_file/0007/333475/SouthWestSydneySubregion_Demand.pdf

LGA	Increase in low income earners 2006 – 2011 (%)	Increase in low income renters 2006 – 2011 (%)
Camden	9.5	8.8
Campbelltown	4.5	7.6
Fairfield	5.3	11.6
Liverpool	9.9	15.7
Wollondilly	6.5	7.6
Sydney SD	6.4	9.3

The number of homeless people is another indicator of unmet housing demand. The table below shows the number of homeless people in the South West Sydney Subregion as per the 2011 census. Liverpool was third in terms of total number of homeless people within the South West Sydney region trailing behind Fairfield and Bankstown LGA.

2011	Total Homeless
Bankstown	804
Camden	21
Campbelltown	86
Fairfield	1,381
Liverpool	779
Wollondilly	76
Total	3,147

Housing Projection

According to a projection from the Department of Planning and Environment a total of 116,150 dwellings will need to be provided in Liverpool LGA by 2036, whereas it is approximately 2.6 million new dwellings in the Sydney Metropolitan Area⁵.

PROJECTED IMPLIED DWELLING - LIVERPOOL LGA					
2011	2016	2021	2026	2031	2036
62,600	72,500	82,900	95,000	104,900	116,150

PROJECTED IMPLIED DWELLING (million)						
	2011	2016	2021	2026	2031	2036
New South Wales	3.03	3.28	3.53	3.78	4.02	4.27
Sydney Metropolitan	1.67	1.84	2.02	2.19	2.38	2.57

⁵ <http://www.planning.nsw.gov.au/Research-and-demography/Demography/Population-projections>

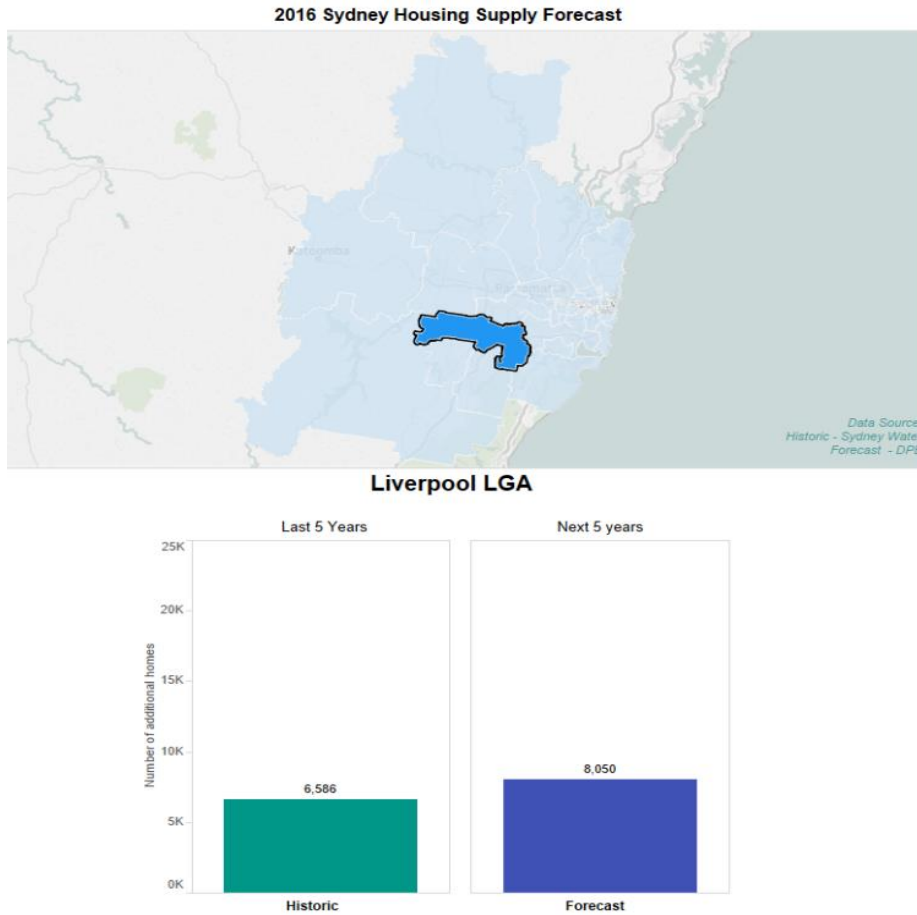


Figure: Department of Planning and Environment forecast of Housing Supply for Liverpool LGA

According to DPE’s estimate, 6,586 dwellings were delivered in the Liverpool LGA between 2011 and 2016 and it is forecast that another 8,050 dwellings will be delivered between 2016 and 2021.

It has been forecast that at the final stage of development, there will be a total of 27,800 new dwellings within the South West Growth areas that is located within the Liverpool LGA⁶.

Growth Areas	Targeted Number of New Homes
Leppington East	4,450
Austral Leppington North	17,350
Edmondson Park	6,000
Total	27,800

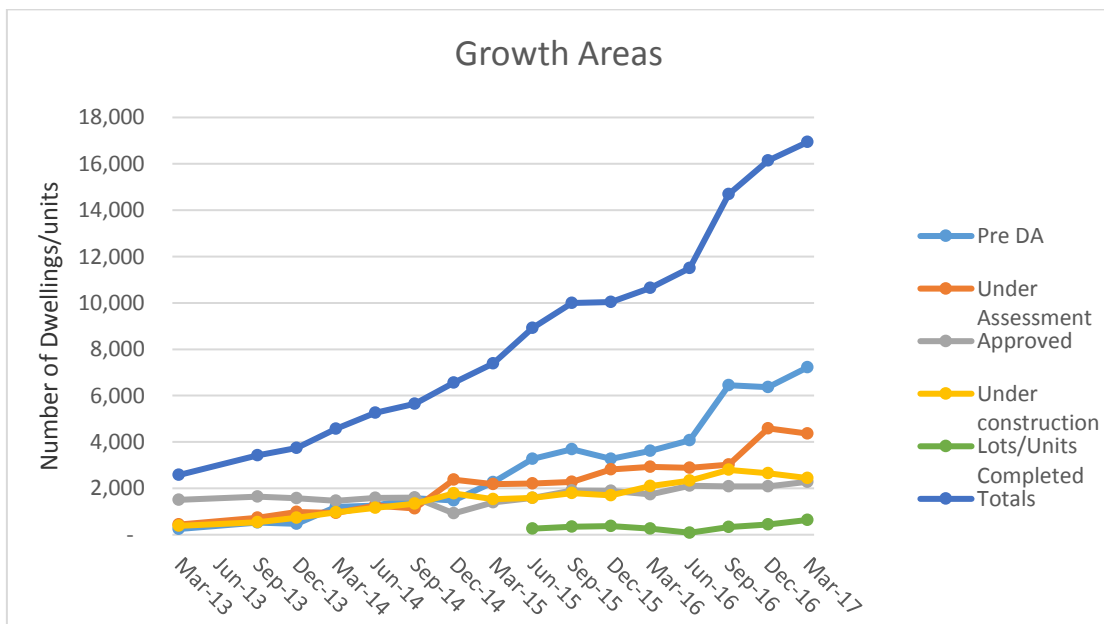
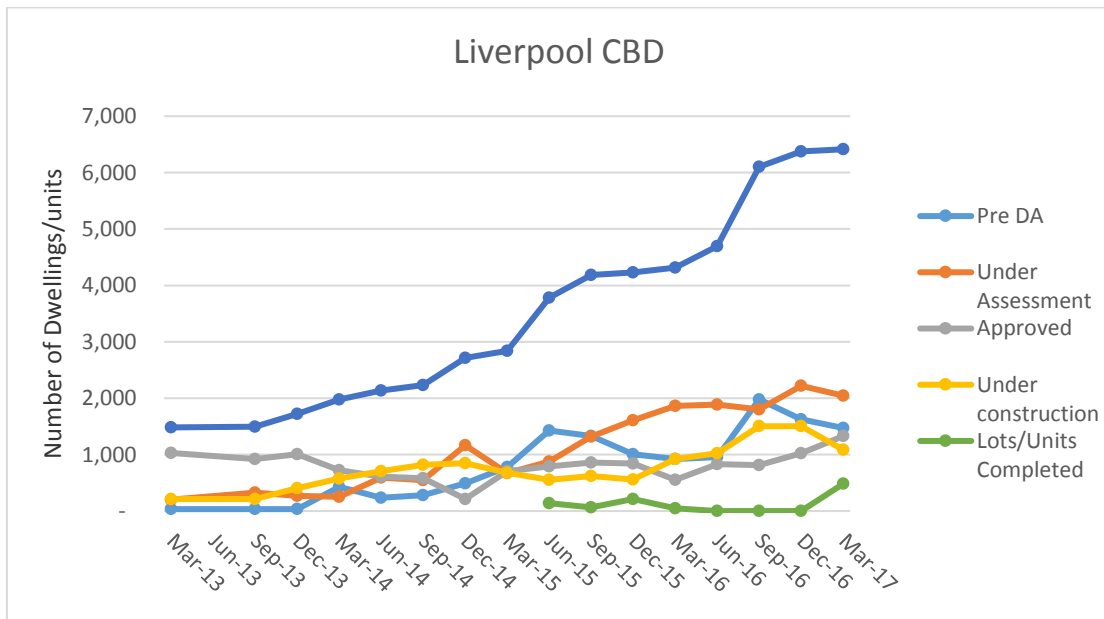
⁶ <http://www.planning.nsw.gov.au/Plans-for-your-area/Priority-Growth-Areas-and-Precincts/South-West-Priority-Growth-Area>

Liverpool – Current Development Trend

Liverpool is facing significant residential growth. Most of the developments are occurring in the Growth Areas designated by NSW government.

Liverpool is also facing significant growth in the numbers of new dwellings in its City Centre. According to our in-house source of quarterly development trends, Liverpool City centre had 483 new dwellings and units completed in the March 2017 quarter compared to 50 dwellings in the same period last year.

The Growth Areas within the Liverpool LGA had 636 additional dwellings/ lots completed in March 2017. More than double the number last year of 262 additional lots/dwellings in March 2016.



Housing Stress

Strong population growth in both Liverpool and the greater Sydney region, coupled with a significant increase in housing costs, has led to a large proportion of Liverpool residents being at risk of, or already experiencing, housing stress. According to recent census data, 27% of households in Liverpool were experiencing housing stress in 2016, 12% were experiencing purchase stress while 15% were experiencing rental stress.

The cost of housing in Liverpool is increasing faster than income growth. While median individual incomes increased by 15% from 2011 to 2016, median rental prices increased 25% and median purchase prices increased 68%.

	Planning Approval Stage			No of Additional Lots / Dwellings		
	Pre DA	Under Assessment	Approved	Under construction	Complete (March, 2017 Quarter)	Totals
Liverpool City Centre						
Mar-16	923	1,866	554	922	50	4,315
Mar-17	1,473	2,043	1,329	1,086	483	6,414
Growth Areas						
Mar-16	3,623	2,919	1,737	2,100	262	10,641
Mar-17	7,219	4,360	2,282	2,439	636	16,936

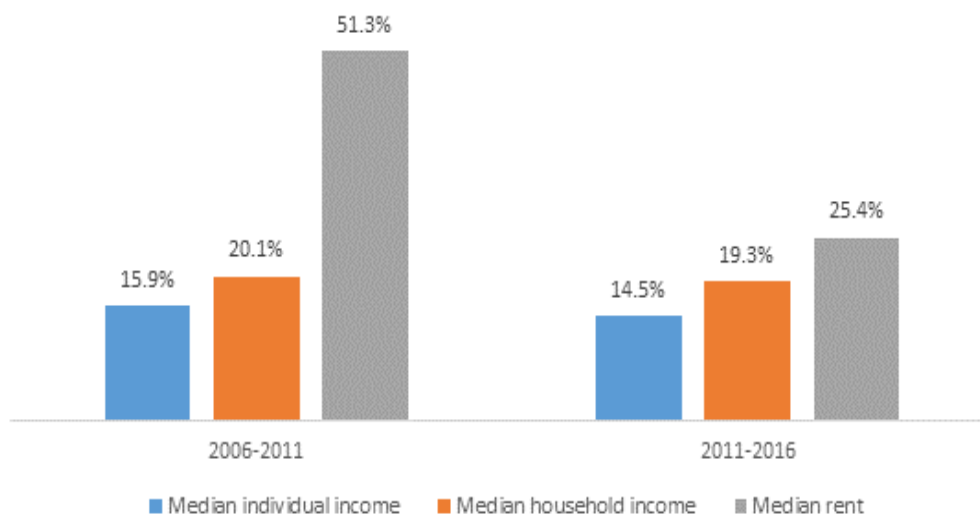


Figure: Income Growth vs rental cost growth in Liverpool.

There is a current lack of housing diversity within the Liverpool area. In 2016, two or more bedroom dwellings make up 94% of housing, while one bedroom dwellings make up only 2%. The number of four or more bedroom dwellings increased from 43% to 45% between 2011 and 2016 (ABS Census 2011 & 2016). In order to meet the needs of low to moderate income earners and single person households a greater number of one bedroom dwellings and studio type dwellings need to be provided.

Currently, a full-time salary is not enough to guarantee affordable housing, according to a report released by Australians for Affordable Housing in 2011. It showed that Liverpool was in the top five local government areas with residents experiencing housing stress. Auburn suffered the most with 28% experiencing housing stress, while Liverpool was not far off at 21%. More alarming is the proportion of people experiencing rental stress – the report stated 40% of people in the private rental market were under pressure regarding housing costs.

Effect on Liverpool Community

The Centre for Affordable Housing has identified Liverpool as an area of high need for affordable rental housing⁷. Liverpool is rapidly growing, with the population expected to reach 274,800 by 2026, as predicted by the NSW Department of Planning & Environment⁸. Greater Sydney Commission's 'Draft South West District Plan' identified that 36,000 new jobs will be required in Liverpool by 2036 to keep pace with the projected population⁹. This growth is also leading to an increase in the cost of housing, with housing cost growth far outstripping income growth for the Liverpool LGA.

Housing affordability also affects the ability of people to live and work in their community. Lack of affordable housing may result in more households either leaving their community to find cheaper housing or living in housing that is too expensive, which can then have flow-on effects upon their living standards and wellbeing. Making provision for people at all stages of life and on different incomes can help people to stay in their community, particularly young workers at the start of their careers, people starting families or older people who wish to downsize their homes.

A report by Compass Housing identified affordability of housing as having a significant effect on city functionality, influencing labour mobility, economic participation, employment rates and urban congestion rates ('Towards a National Housing Strategy').

Housing affordability is an issue which has consequences for the whole community. Without affordable housing Liverpool is at risk of being unable to attract and retain the key workers which are required so that organisations such as hospitals, schools and businesses are able to continue providing their vital services to the whole community.

According to NSW Government's Centre for Affordable Housing - "Without a mix of appropriate and affordable housing, communities cannot accommodate the range of people needed to maintain social cohesion, support the functioning of local economies, or sustain local services and businesses."

7 <http://www.housing.nsw.gov.au/centre-for-affordable-housing/for-planners-of-affordable-housing/where-do-we-need-affordable-housing>

8 <http://www.planning.nsw.gov.au/Research-and-Demography/Demography/Population-Projections>

9 <http://www.greater.sydney/south-west-district>

The Growing Liverpool 2023 strategic plan indicates that the need for such key workers in Liverpool is going to increase, with growth industries predicted to be medical, health and community, education, construction, property and business services. Provision of affordable housing in Liverpool must improve to meet the needs of this growing section of the community.

The NSW Government has attempted to address housing stress by releasing land to increase new housing supply and decrease housing cost. A study on the South West Growth Centres, which includes parts of Liverpool, demonstrates the challenges faced in increasing housing supply alone to address housing affordability¹⁰.

The study highlighted that small lots (<350sqm) are the most affordable price point for people wishing to buy. After building construction and other costs, the total cost for these more affordable dwellings is approximately \$500,000 - \$550,000. Another affordable option, multi-unit living, has a similarly high price point. Two bedroom units were shown to sell for between \$450,000 and \$500,000. The study found that 81% of households in the area could not afford the new dwelling price without falling into housing stress¹¹.

A household on a median income could afford to purchase a dwelling for around \$350,000. These figures for the South West Growth Centres are not significantly different to the price of new dwellings in the rest of the Liverpool LGA.

This lack of affordability in purchase prices is reflected in rental prices, especially with many properties being purchased by investors for resale or rent.

NSW Policy Initiatives for Affordable Housing

Increasing affordable housing supply

The *State Environmental Planning Policy (Affordable Rental Housing) 2009* was introduced in 2009, and amended in 2011, to increase the supply and diversity of affordable rental and social housing in NSW.

The Affordable Rental Housing SEPP provides incentives for some residential developments when they include affordable housing as well as encouraging new affordable rental housing that is compatible with its surroundings and in locations that are well served by public transport. It covers housing types such as:

- villas, townhouses and apartments which contain an affordable rental housing component
- secondary dwellings (also known as granny flats)
- new generation boarding houses
- group homes
- social housing and
- supportive housing

Retaining existing affordable housing

- The Affordable Rental Housing SEPP also contains provisions which aim to retain affordable rental housing. These provisions enable local councils to impose a levy on a development if it is going to result in the loss of existing low cost rental

¹⁰ Priority Growth Areas: SWGC, Housing Market Needs Analysis, Department of Planning & Environment, AECGroup

¹¹ Priority Growth Areas: SWGC, Housing Market Needs Analysis, Department of Planning & Environment, AECGroup.

housing. Funds collected in this way are then used by the NSW Government to support the development of boarding house accommodation in this location.

- The NSW Department of Planning has developed guidelines for retaining existing affordable housing which detail how to implement these provisions, including when and how to impose a levy and what to do with the funds collected.

Payment and transfer of levies collected

- The Minister for Planning has issued a direction under section 94G of the *Environmental Planning and Assessment Act 1979* requiring the consent authority, upon receiving the contribution in the form of a levy, to transfer it to the Secretary, NSW Department of Family and Community Services. These contributions will be used to fund the Boarding House Financial Assistance Program and provide financial assistance to support the construction of new, self-contained boarding house accommodation.

Planning agreements

- The *Environmental Planning and Assessment Act 1979* provides for the use of negotiated planning agreements, which are agreements entered into by a planning authority and a developer.
- Under a planning agreement, a developer can agree to provide or fund affordable housing (among other things), usually in exchange for some incentive such as a density bonus or land contribution.

Liverpool Planning Context

Local government works within a broader legislative and policy context set by the State Government. To be most effective, policies and initiatives at the local government level need to be linked up to strategies being pursued by other levels of government, by the housing industry, and by not-for-profit housing providers.

Local government can play an important role in the provision of affordable housing and many of the planning responsibilities of local government have significant impacts on housing outcomes. For example, council's management of land zoning decisions, development controls and conditions, and decisions surrounding land release all influence the local housing market.

Liverpool City Council has adopted several policies in support of the provision of affordable housing.

Growing Liverpool 2023

This 10-year plan details the strategic direction of Liverpool's growth and development. *Direction 2: Liveable Safe City* includes a strategy to 'Facilitate diverse and more affordable housing options' with a 10-year target for 'An increase in housing diversity'. *Direction 3: Healthy Inclusive City* includes a strategy to 'Foster social inclusion, strengthen the local community and increase opportunities for people who may experience barriers.' Addressing affordable housing will assist Liverpool in achieving both of these strategic directions.

Liverpool Council Homelessness Policy (2015)

Affordable housing is a major component of Council's homeless policy and associated Homelessness Action Plan 2015-2017. Specifically, *Priority 1: Necessity of Accommodation* includes the directives '1.1 Establish a multi-departmental affordable housing working group within Council' and '1.5 Develop an Affordable Housing policy'.
Social Justice Policy (2011)

Council's Social Justice Policy (2011) requires council to 'support integrated and equitable decisions and actions, particularly for individuals and groups that face barriers in accessing resources and opportunities'. Housing is listed as one of the factors which can cause individuals or groups to face disadvantage and experience limited opportunities.

Social Impact Assessment Policy (2015)

The Social Impact Assessment Policy (2015) outlines the conditions under which a Social Impact Assessment is required, including when a development will have an effect on the level of affordable housing in Liverpool.

State and Federal Government Cooperation

Liverpool Council is supportive of the growth and housing development initiatives within the LGA. A recent communication to the media from the Mayor of Liverpool stated that the Council was ready to tackle the housing shortage within the LGA.

The correspondence mentioned the impending NSW Government approval of the new LEP for the City Centre which would transform the City centre into a mixed use residential and commercial centre. Under the zoning changes, the City centre will be able to accommodate an additional 7,000 units close to transport and services. Council is already in discussion with potential developers about major residential projects that are currently awaiting gazettal of the new LEP.

Council is also undertaking strategic planning studies to support projects in Warwick Farm and Moorebank. This piece of work is looking at the potential these suburbs have for future growth. Recent projects like Bernera Road in Edmondson Park when complete, will support the 8,200 homes set to be built in this new suburb over the next 10 years.

Council considers that the following actions should be of high priority:

- Action from the State and Federal Government to unlock Liverpool's growth potential including a commitment to extend the proposed Metro line from Bankstown to Liverpool. This would enable higher density residential development along a railway line specifically built to get people to their workplaces faster;
- A detailed proposal on funds to be made available to councils who are able to fast track rezoning and approvals for housing.

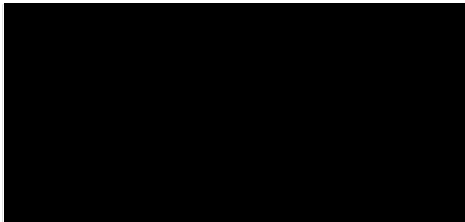
Council is also working collaboratively on the City Deal project which seeks to create partnerships between Federal, State, and Local Governments to improve liveability, transport, housing supply and affordability, jobs, and environmental outcomes.

The Western Sydney City Deal, announced 18 October 2016, acknowledged that Western Sydney would grow by half a million people (500,000) by 2036 and housing affordability was key. Other key objectives include jobs growth and better transport links.

The Western Sydney City deal is to be focussed around the Western Sydney Airport where knowledge-based jobs and the industrial sector are seen as the primary employers. The project is aimed to deliver 100,000 jobs across the region (not just Liverpool) and to create a 30-minute city. This is expected to be finalised in the second half of 2017. Council is wishing to work with the State and Federal government to materialise the objectives of this project in order to bring significant positive outcomes for housing and employment in Liverpool.

I trust this information will be of assistance. If you have any questions contact Masud Hasan, Senior Strategic Planner on [REDACTED].

Yours sincerely

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David Smith
A/Manager Strategic Planning