

**Submission
No 33**

**OPTIONS TO IMPROVE ACCESS TO EXISTING AND ALTERNATE
ACCOMMODATION TO ADDRESS THE SOCIAL HOUSING SHORTAGE**

Organisation: Shoalhaven City Council

Date Received: 13 August 2021



Submission to Inquiry

Parliament of New South Wales – Legislative Assembly Committee on Community Services

Options to improve access to existing and alternate accommodation to address the social housing shortage

Executive Summary

It is requested that the NSW Government:

Actively work in partnership with Shoalhaven City Council, Southern Cross Housing, the Federal Government and other relevant bodies and provide budget allocations to:

- Enable the urgent 'meanwhile use' of NSW Government owned land and assets in Shoalhaven for emergency and temporary housing options; and
- Realise opportunities to create additional social and affordable housing through urban renewal projects based around NSW Government land in Shoalhaven, initially in the Nowra-Bomaderry area.
- Simplify the land dealings and public private partnership process for low-risk proposals to help better facilitate affordable housing projects involving Council land (i.e. partnerships between councils and Community Housing Providers or similar)

August 2021

Note: *given the public comment timeframes, it was not possible for this submission to be reported to the Council for endorsement prior it being made. It is however based on existing resolved positions of Council.*

Introduction

Shoalhaven City Council supports investigations and interventions to improve housing options and opportunities for local communities, especially for residents and households on very low to low incomes and groups who are marginalised by the private housing market. Council has been extremely proactive in this regard and is focussed on seeing the provision of additional social and affordable housing opportunities in Shoalhaven.

Most recently on 25th May 2021 it was resolved that Council:

1. *Declares we are currently experiencing a crisis situation with respect to housing availability, social housing availability and general housing affordability in our community.*
2. *Urgently submits to the National General Assembly and LGNSW Conferences motions calling on increased assistance from National and State Government for additional funding into social and affordable housing, and to look at different models such as equity share and covenant housing.*
3. *Report back on how Holiday Haven could contribute to providing some housing relief in the parks and how that could be achieved given the Crown Land Status of the Parks.*
4. *Contact private caravan and holiday parks in order to understand what semi-permanent housing solutions are being offered locally.*
5. *Continue to lobby for the “Meanwhile Use” of State Government owned land and assets for housing.*
6. *Organise a workshop with council staff, Councillors, businesses and community members to commence a dialogue.*
7. *Re-establish the Homelessness Taskforce Shoalhaven.*
8. *Advocate for a National Housing Plan and offer our support as Local Government to work with other tiers of Government.*

Urgent and immediate action is required

Given deteriorating housing affordability across most areas of NSW, there are more people than ever experiencing housing insecurity, stress and at risk of homelessness. Trends associated with the Covid-19 pandemic have exacerbated housing affordability challenges for people living in regional areas, especially popular lifestyle destinations such as Shoalhaven. In addition, Shoalhaven communities were badly affected by the 2019-2020 Black Summer bushfires, with homes lost and rebuilding delays contributing to local housing and rental shortages and housing insecurity.

Council urges the Inquiry to **focus on implementation**, specifically options to quickly deliver additional social and affordable housing where it is most needed throughout NSW and providing clear actions for governments and partners to instigate **change on the ground**. In this regard, Council supports pilot projects and programs, demonstration and co-design projects, time-limited policy changes (as test cases) and ‘learning by doing’.

Overall, there is a critical need for additional housing stock now that assists with the range of circumstances that are currently being faced in regional areas and for solutions that are place-based and tailored to local contexts.

We need temporary *and* permanent housing solutions

This Inquiry appears to focus on temporary housing options, alternatives to social housing provision and short-term accommodation options to address the current state-wide housing crisis. Whilst these interventions are urgent given the extent of housing stress and related social and economic consequences, more permanent policy and funding solutions are needed to help deliver additional social and affordable housing. It should be the goal of the NSW Government to deliver **safe, secure and permanent housing** to meet the needs of the community, and as such Council continues to request greater government investment into new and renewed social housing stock in Shoalhaven.

As the NSW Audit Office Report, 'Responses to homelessness' dated 4 June 2021 found:

The department effectively implemented a crisis response to assist over 4,350 people sleeping rough into temporary accommodation during the [Covid-19] pandemic...72% of people sleeping rough provided with temporary accommodation were estimated to have left with unknown housing outcomes.

This audit found that the provision of temporary accommodation options for people sleeping rough only had a short-term impact on homelessness, and recommended more be done to ensure a sustainable (i.e. long-term) response which prevents people returning to homelessness.

Shoalhaven Context

Shoalhaven is located on the south coast of NSW, close to Wollongong, Sydney and Canberra. There are 49 towns and villages and the main urban areas include the regional centre of Nowra-Bomaderry, and urban areas of Milton-Ulladulla, Huskisson-Vincentia, Jervis Bay-St Georges Basin, Culburra Beach, and Sussex Inlet. The historic towns of Berry and Kangaroo Valley are located inland, and smaller towns and villages are spread along the coast. Shoalhaven is growing, with population expected to grow from 100,000 (in 2016) to over 126,000 by 2041 (<https://forecast.id.com.au/shoalhaven/population-households-dwellings>). Currently, the area is experiencing rapid change and increased growth pressure as a result of the Covid-19 pandemic and other factors, which is fuelling a rise in people relocating from city areas to accessible regional areas on the coast.

The [Shoalhaven Affordable Housing Strategy](#) and [Affordable Housing Background Report](#) (Judith Stubbs & Associates) recognises Shoalhaven as having the highest level of housing stress in the Illawarra-Shoalhaven Region. Although housing in Shoalhaven is generally still lower in cost compared with much of the Illawarra, the incomes of local people are also much lower. Housing is increasingly unaffordable for residents on very low and low incomes, both to rent and purchase. A rising scarcity of rental homes impacts these groups most severely but is also limiting housing options for key workers and moderate income households.

Shoalhaven Private Rental Statistics

In the 5 years to June 2021, the cost of renting a house in Shoalhaven increased by **+47.6%**¹. This is the most pronounced change in the region (Kiama +19%; Shellharbour +13% & Wollongong +10%), and is **even higher than Byron Bay's significant rental price increase of 41.9% over the last 5 years.**

A recent study by advocacy group *Everybody's Home* found that the South Coast (including Shoalhaven) was one of 78 regions across Australia where an essential care or service worker

¹ Burke, K. 2021 (11 July), *Soaring rental prices creating housing crisis in regional NSW*, Domain.com.au: <https://www.domain.com.au/news/soaring-rental-prices-creating-housing-crisis-in-regional-nsw-1070834/>

would need to spend between **one third and two-thirds** of a normal working week’s wages to rent a home (<https://everybodyshome.com.au/national-homelessness-week-rental-crisis-hits-covid-essential-workforce/>).

The median rental price for Shoalhaven LGA in June 2021 was \$517 (up from \$350 in June 2016)¹. For context, the median rental price for a house in Sydney is \$550. A single parent (with a dependent/s) receiving the JobSeeker payment receives \$333.75 a week (excluding any supplement)². A single person receiving the age pension receives \$434.15 a week³ (excluding any supplement). A full-time aged care worker (Level 2) receiving minimum wage (\$22.51 an hour) may earn \$855.50 a week⁴, yet even if they were renting a median-priced home in Nowra-Bomaderry for \$415-\$420 a week⁵, they would be spending close to half their weekly wage on rent.

The 2021 *Anglicare Rental Affordability Snapshot* illustrates how the private rental market is increasingly unaffordable for people on low incomes (<https://anglicare-ras.com/the-findings/>). The regional findings (where Shoalhaven forms part of the Greater Sydney and Illawarra region) highlight that **not one rental was affordable** and appropriate to a person on income support payments in Shoalhaven – rentals were considered affordable if a household could spend less than one third of weekly income on rent and the snapshot assessed advertised rentals on 27-28 March 2021. For a person on minimum wage, only 19 properties were considered affordable in the Southern Highlands and Shoalhaven.

Shoalhaven also has a tightening rental market, with very low vacancy rates for long-term rentals. This means there is increased competition for the few available rentals. Residential vacancy rates on the South Coast since July 2020 have been less than 1.5% (0.5% for 2541 – the Nowra-Bomaderry postcode), compared with at least 2.9% for Sydney⁶.

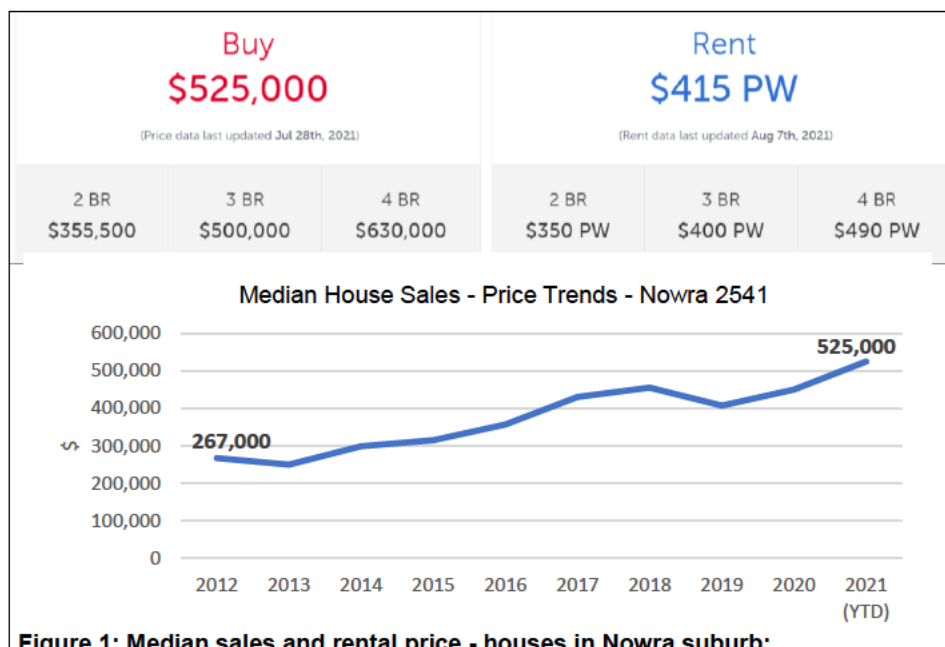


Figure 1: Median sales and rental price - houses in Nowra suburb:
<https://www.realestate.com.au/neighbourhoods/nowra-2541-nsw#body>

² <https://www.servicesaustralia.gov.au/individuals/services/centrelink/jobseeker-payment/how-much-you-can-get>

³ <https://www.servicesaustralia.gov.au/individuals/services/centrelink/age-pension/how-much-you-can-get>

⁴ <https://calculate.fairwork.gov.au/CheckPay/Summary>

⁵ <https://www.realestate.com.au/neighbourhoods/bomaderry-2541-nsw>

⁶ https://sgmresearch.com.au/graph_vacancy.php?region=nsw-South%20Coast%20NSW&type=r&t=1

Options to better support ‘meanwhile use’ (temporary supportive accommodation), and the current major planning barriers to ‘meanwhile use’

Shoalhaven City Council **strongly supports** a **whole-of-government approach** to leveraging government-owned land for meanwhile uses, to assist in addressing the **urgent need** for emergency and temporary supportive accommodation (TSA) across NSW. This is something that Council has been advocating for since at least 2017 (5+ years).

The adopted [Shoalhaven Affordable Housing Strategy](#), prepared by Council and released in 2018, identifies that the redevelopment of surplus or under-utilised government-owned land in partnership with other government or community agencies and/or the private sector is the action **most likely** to have a practical impact locally on the supply of affordable housing.

In this regard, Council has recently provided land and is working with Southern Cross Housing, our local Community Housing Provider (CHP), to redevelop a former Council-owned site within the Bomaderry Town Centre to provide much needed additional permanent affordable housing options (up to 40 dwellings). This will ultimately provide a small but valuable addition to local affordable housing stock and be an ‘exemplar’ project locally. Council also worked with local community groups to enable an underused Council property to make available and provide a homeless shelter in Nowra.

‘Meanwhile use’ theoretically provides an easier option for providing land for temporary housing, given the uses are only intended to allow for a temporary/time limited use before a site’s intended eventual use is realised. Meanwhile uses can be applied to existing vacant or underutilised buildings or though new development on vacant landholdings.

In many cases, government-owned assets and land lies vacant and will not be required for many years or decades to come, especially in the case of land set aside for future road widening or bypass routes (as is the case in Nowra, our main urban centre).

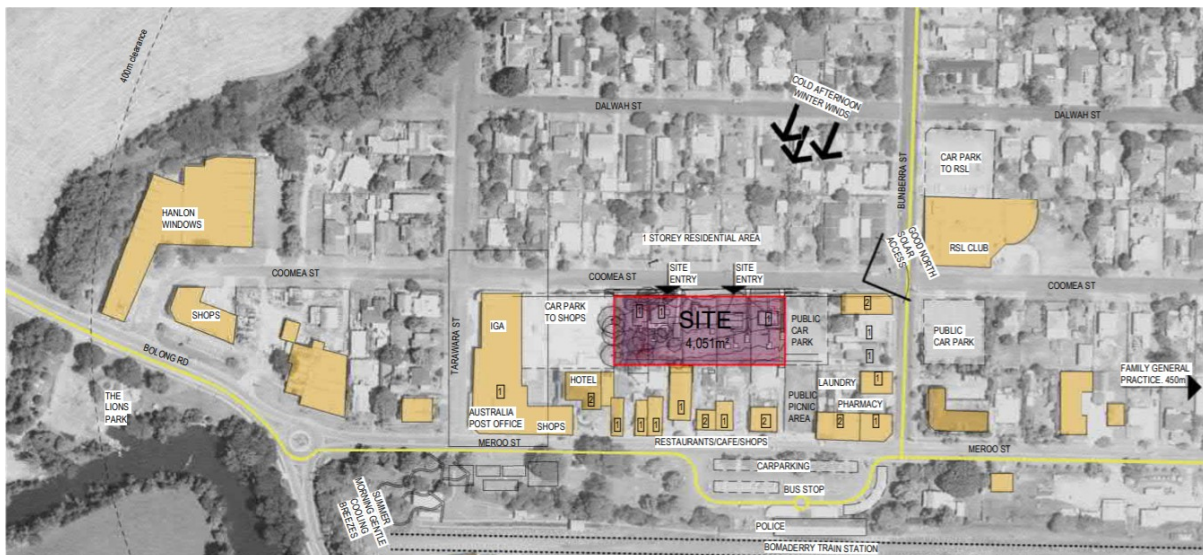


Figure 2: Site analysis plan showing Coomea Street site adjacent to Bomaderry Town Centre and train station (area 4051m² - value \$2.25 million). This site was recently gifted by Council to Southern Cross Housing for the development of up to 40 permanent affordable dwellings as an action of the Shoalhaven Affordable Housing Strategy: <https://www.scch.org.au/proposed-affordable-housing-development/>

Options to better support Meanwhile Uses

The recently released *NSW Housing Strategy 2041* supports innovative housing products and delivery methods such as supporting meanwhile uses.

Council has prepared a Meanwhile Uses Briefing Paper (*Attachment 1*) which canvasses short and longer term opportunities in the local area. This paper was provided to the NSW Minister for Housing, the Hon Melinda Pavey MP by Shoalhaven's Mayor Amanda Findley on 3rd June 2021 and is understood to be currently under consideration.

Pilot Program – Temporary Supportive Accommodation (TSA)

The associated pilot program arising from the *NSW Housing Strategy 2041* to investigate vacant buildings and land in Wollongong for temporary supportive accommodation is seen as a positive step. It is critical that this work is progressed quickly with clear follow-on actions developed to allow this program to be promptly replicated in other areas.

Council also requests the proactive rollout of this pilot program into other areas to maximise its impact, given the urgency of the situation that is being faced throughout NSW.

Tiny house developments (or similar)

The *Shoalhaven Affordable Housing Strategy* includes an action to develop an affordable Manufactured House Estate (MHE) or Tiny Homes Village on government-owned land. Meanwhile uses lend themselves to tiny house developments or new generation MHE type developments (managed by Community Housing Providers or Not-for-Profit Organisations) given these are quick to construct and generally relocatable.

Quickly producing user-friendly, best-practice building and design guidelines (not necessarily regulation) for safe and comfortable tiny homes could be useful, recognising these as a separate product to other Class 2 buildings. Best practice design and management guidance for tiny house villages/MHE (including successful case studies) could also assist with meanwhile use developments and clearer expectations about what a tiny house/tiny house village is and how they can provide safe and well-designed housing that meets an urgent housing need. Positive examples could also help address stigma and concern in the community regarding these types of uses.



Figures 3 & 4: Tiny homes pilot project in Gosford – Tiny homes foundation:
<https://www.tinyhomesfoundation.org.au/housingform>

Opportunities in Nowra and Ulladulla

Affordable housing and meanwhile uses should ideally be located in accessible locations close to services, with Nowra and Ulladulla obvious choices in Shoalhaven (there may also be opportunities in locations within walking distance to other well-serviced town centres or public transport opportunities across the LGA).

Council has identified an initial opportunity site close to the Nowra CBD at 95 to 99 East Street/Princes Highway, which is a large 2,900 m² parcel of vacant land owned by Transport for NSW, acquired for longer term Highway widening, but which is not immediately needed. Council made an approach about the use of this land for homelessness relief in 2017, but this disappointingly did not result in any outcome, despite similar precedents elsewhere (e.g. VIC Roads/Launch Housing/Yarra City Council – see Figures 5 & 6 below).

From discussions at the time, it was apparent that the NSW Government did not have a clear policy on this type of use and had a potential expectation that any such project would be enabled via a lease at a commercial rate (if it were to occur), making the project unviable. Access to government land for affordable housing must be subsidised, as projects cannot compete or keep up with private market rates.

Council land holdings in Ulladulla are also currently being explored for affordable housing development as an action of the *Shoalhaven Affordable Housing Strategy* but have constraints that require further investigation. Other NSW government-owned land (i.e. not limited to Council-owned land) should be explored for TSA and permanent affordable housing in the Milton-Ulladulla area as it may provide a range of opportunities.



Figures 5 & 6: Photographs of Launch Housing tiny homes development on VicRoads sites – relocatable tiny homes as TSA. Fitting with low-density character of existing suburb.
<https://www.launchhousing.org.au/harris-transportable-housing-project>

Meanwhile use to support longer-term, higher impact urban renewal projects

A significant affordable housing opportunity exists in parts of the former East Nowra, Nowra, Bomaderry and West Nowra areas that were originally developed with significant numbers of NSW Housing Commission homes during the 1970's and with densities like other estates of that time (i.e. single house on a lot of 600 to 800 sq. metres).

A large portfolio of NSW Government owned housing still remains within the overall Nowra-Bomaderry area and elsewhere in Shoalhaven. The majority of these Government properties are now under the care and management of Southern Cross Housing – the main community housing provider in Shoalhaven.

Many of these properties are now very dated, underutilised and are ripe for renewal with the goal of producing additional fit-for-purpose social and affordable housing for households most in need.

Council has made numerous representations to the NSW Government in recent years to encourage a 'three levels of government' approach (plus the community housing sector) to realise a more significant urban renewal project focussed initially on the former East Nowra locality, but potentially covering Shoalhaven as a whole. The requested urban renewal project will take some years to realise.

As such, the opportunity in the shorter term to enable and facilitate the temporary 'meanwhile use' of NSW Government land and assets to enable people to transition into brand new houses that are delivered through broader social housing renewal projects is an initial important urgent step as it will enable people to transition into the new social or affordable housing.

The overarching goal for NSW Government should be to provide people with safe, secure and permanent housing options. Therefore, government commitment to maintaining, renewing and building new longer term social housing developments (including funding) must accompany any meanwhile use policies and projects to provide options in the shorter term.

Meanwhile use products and housing situations, whilst useful to meet immediate needs, cannot replace purpose-built permanent and appropriate housing stock for people on very low and low incomes and at risk of homelessness.



Figure 7: Former East Nowra Area – suggested urban renewal site to provide additional social and affordable housing (a project like this illustrates future planning to allow access for residents of TSA to transition into permanent, secure and fit-for-purpose housing). Properties identified owned by NSW LaHC.

Major Planning Barriers to Meanwhile Use

Barriers to meanwhile uses are not necessarily confined to the planning system, and also relate to the processes, asset planning priorities, risk approaches and financial circumstances, of government agencies and local governments who own land.

It is suggested that meanwhile uses are currently not more frequently explored because agencies and councils do not have the confidence, funds, land development experience, or the resources, knowledge, and support to implement this type of development.

Clear policy settings that encourage this type of use and cover the range of relevant considerations would assist in generally removing the barriers. Publication of guidance and training/education/workshop programs to support councils and agencies could also assist.

In some cases; however, planning barriers do arise and can be summarised as follows:

1. Permissibility.

In many cases land for meanwhile uses will have an appropriate zone permitting affordable housing uses if the site is located in or near a town centre/CBD. However, some land use zones may not allow for residential accommodation or higher density residential accommodation. Planning Proposals to change planning zones or permit additional forms of development can take approximately 1-2 years to finalise if not longer, especially considering councils' existing obligations and significant workloads in assessing proponent-initiated planning proposals (spot rezonings) over private land.

2. Approval pathways

Meanwhile use is not specifically recognised in the planning system and has to follow the same approval pathways and processes as a permanent use. Therefore, a temporary meanwhile use is often held to the same standards as a permanent use. Design and planning approval processes can be lengthy, whilst meanwhile uses are very time-sensitive (and in the case of TSA extremely urgent).

At present, given the need for holistic best practice approaches to the operation of 'meanwhile' uses, including the need for 'wrap around' services, there can often be issues around how the use is defined in a planning sense and as a result its permissibility. In the case of the Tiny Homes Foundation's Gosford project the use was defined as a 'boarding house'.

The NSW Government is currently reviewing the range of planning provisions related to affordable housing and has released a Housing State Environmental Planning Policy (SEPP) to reform approaches to affordable housing provision. Through this process the opportunity should be taken to clarify how 'meanwhile use' for affordable temporary housing can occur in a planning sense.

Fast track, complying development or Part 5 consent pathways for temporary affordable housing developments (meanwhile uses) managed by CHPs or Not-For-Profits (NFPs) in highly accessible locations should be explored.

3. Community concerns

Community opposition can stifle or substantially delay development proposals of this nature, especially if meanwhile use projects are defined in planning terms as 'boarding houses' which can be controversial and misunderstood. Early and meaningful community engagement and highlighting of positive, well-designed case studies could help to address community concerns regarding TSA and boarding house development.

4. Resourcing and skills constraints

There are also resourcing and skills constraints at local government level (and it is assumed for CHPs and other government agencies also).

There are many steps in a process to implement a meanwhile use for an affordable housing development spread across multiple specialities, roles and agencies (e.g. demographic needs analysis, planning approvals, property negotiation, development and leasing, procurement, design and construction, tenancy consultation and management etc.) and responsibility (and funding) for these activities is not clear. It would appear the process would benefit from a brokering/co-ordination or project management agency, which would best sit within the NSW State Government.

Options to improve access to existing accommodation to provide community housing

Long-term solutions for housing affordability

Provision of affordable housing options should ensure that these homes are kept affordable over the long-term. This is a critical point, as statistics show fewer people can afford (and perceive that they will never be able to afford) to purchase their own home. Increasing numbers of people and households (of all age groups and even across a wide range of income levels) will rent for longer periods of their lives, or indeed rent for life.

Therefore, housing solutions and policies should recognise the increased need for long term subsidised housing forms and ensure housing built to be affordable today does not revert back to market rate housing in the near future.

Preferably all mandated social and affordable housing should remain that way in perpetuity, to increase opportunities for greater housing and financial security. This sense of housing security allows people to feel a sense of belonging, to participate in community life and supports social cohesion (e.g. through employment and education, volunteering, establishing friendships etc – all important aspects of wellbeing that are threatened by insecure housing situations and the need to move constantly to access affordable housing or risk becoming homeless). Former time-limited affordability schemes such as the National Rental Affordability Scheme (NRAS) are now ending, exacerbating the current rental crisis (<https://www.abc.net.au/news/2021-04-28/homeless-rise-nras-affordable-rental-scheme-ends/100097588>).

Whilst Council welcomes innovative and new ideas to increase housing choice and affordability, Council raises concerns that some suggestions received to improve housing affordability can overemphasise affordability benefits in order to market a project, or to attract a bonus or planning concession, without delivery of meaningful affordability improvements.

Therefore, care must be taken to ensure new projects are critically evaluated to ensure affordable housing is well-targeted to groups that most need it (i.e. very low income earners), is well-located close to services or public transport opportunities and is provided for a meaningful amount of time, or preferably in perpetuity.

Investigate and Provide Guidance on Building Upgrade/Change of Use requirements under the Building Code of Australia

Vacant or underutilised buildings that are older or involve a change of use may require upgrades to comply with the Building Code of Australia, for example in relation to fire safety, accessibility or other construction standards, and these requirements and their cost implications need to be better understood and factored into the site selection/investigation process where existing accommodation is proposed to be retrofitted for affordable housing.

The urgent need for temporary or crisis accommodation options needs to be balanced against the requirement for any change of use to be fully compliant with the BCA, which will often mean the options are not viable and are not pursued.

It is vital that affordable housing is built to be safe, well-designed, energy efficient and to the same high standard as market-rate housing; however, some construction requirements may need review or the acceptability of performance-based approaches investigated where prescriptive requirements are unable to be met due to building or budget constraints. Some older buildings may not be able to be brought completely up to modern construction or efficiency standards but could still provide safe and suitable affordable housing for many (especially on a meanwhile or temporary basis). People couch surfing in overcrowded dwellings, or exploited in illegal or unhealthy dwellings or sleeping rough are acknowledged as much less safe alternatives, therefore a performance-based approach to retrofitting buildings to meet the BCA is viewed as a desirable avenue for investigation (provided sufficient resources are invested into making sure retrofitted buildings are certified safe and fit-for-purpose).

Alternatively grants could be offered for necessary and costly building upgrades where buildings are retrofitted for long-term affordable housing.

Options for crisis, key worker and other short term accommodation models

Crisis Accommodation Options

Some options for crisis accommodation are explored within this submission, including enabling meanwhile uses, tiny house development, retrofitting of existing buildings and addressing community stigma around homelessness. However, crisis accommodation providers and people with crisis accommodation experiences are best placed to provide advice about needs and opportunities in this area. Accordingly, the NSW Government are encouraged to engage meaningfully with these providers and with people experiencing, or at risk of, homelessness.

Council has previously been involved in helping facilitate crisis accommodation through the establishment of 'Safe Shelter Shoalhaven' in Nowra. This overnight shelter for homeless people in Nowra is run by a local not for profit collective. Council made the building available and facilitated the necessary planning approvals for it to open.

These efforts were made in response to urgent community needs however are outside the traditional core business of local government. The remit of local government is ever-widening with cost shifting stretching resources, especially in regional and rural areas. It should not fall to ratepayers to fund shortfalls in Federal and State government funding for services such as crisis accommodation and social housing more broadly.

Working with others, the NSW Government needs to play a more significant, direct and indirect, involvement in the provision of appropriate crisis accommodation where needed throughout the state.

Key Worker Accommodation and other Short-term Accommodation Models

Key worker accommodation, or housing that is affordable to key workers, is an important and growing consideration, especially in response to recent trends in regional areas of increased demand and significant competition for scarce rental properties, tightening local rental markets and leading to rising rents and low rental vacancy rates.

Housing price rises in many regional areas mean many key workers cannot access affordable or appropriate housing for rent or purchase. This includes retail workers, child care and aged care workers, cleaners, hospitality workers and other service industry workers and also increasingly nurses, teachers, emergency service workers and people employed in professional industries. If key workers are unable to find suitable housing, this has flow-on impacts for the local economy, local business and over time impacts on the sense of community (if key workers need to live outside the communities in which they work).

Co-living and boarding house developments are two short-term housing models that could provide for additional key worker housing (short-term accommodation options). However, besides seasonal workers (e.g. agricultural workers) and some consultant or contracted professionals (construction workers for certain projects), most key workers are generally seeking permanent and secure housing situations (whether that be long-term renting or home ownership) rather than looking for short-term accommodation options.

Many key workers may cycle between short-term rentals or other options (such as share houses, boarding houses, couch surfing) out of necessity rather than choice. Many key workers likely want to live permanently near their place of employment, establish community ties and some may want to raise a family (or care for family members), with these lifestyle aspirations aligned with permanent housing options.

Therefore, key worker housing interventions should also be geared towards meeting the permanent housing aspirations of this key demographic. Housing options to support could include build-to-rent developments with mandated affordable housing; rent-to-buy developments; well-targeted shared-equity models; capped profit developments (e.g. Nightingale Housing Model/Assemble Housing); co-housing/baugruppen and equitably-designed mixed tenure developments. However the financial viability of these types of models can often be difficult in regional areas and may as a result need the involvement of CHPs or similar and be subsidised initially.

Tenants' rights reforms, which increase security for renters and encourage more long-term rentals, could also assist in providing additional key worker housing and attracting (and retaining) skilled workers in the regions.

Finally, expanding housing choices and diversity of housing types available on the market, for example by incentivising/encouraging provision of smaller homes (e.g. one and especially two bedroom, one bathroom homes, or modest 3 bedroom homes), could assist in providing entry-level homes into the market, which could be more affordable for key worker households.



Figure 8 Left: Nightingale capped profit development – The Commons (<https://nightingalehousing.org/completed-projects>). Whilst not affordable housing, the Commons model of capped profit, impact investment housing is an innovative and desirable housing product, that could be built upon to provide more affordable key worker housing.

Figure 9 Right: Baugruppe or co-housing development in White Gum Valley, Freemantle (<http://www.baugruppen.com.au/about.html>)

As these housing types are more widely enabled and adopted, they could become cheaper, more accessible and increasingly viable/able to be adapted/replicated in regional areas: <https://architectureau.com/articles/nightingale-housing-five-years-on/>

Barriers to additional supply across NSW, including for smaller non-CHP housing providers

Community opposition can stifle development proposals

Significant unwarranted stigma is often attached to social and affordable housing and people at risk of, or experiencing, homelessness. Even a perceived increase in private rental housing in an established area can attract opposition. Opposition also often relates to character and infrastructure implications of new development (especially if increased densities are proposed). Parking impacts are often a key point of contention in regional areas where public transport options are limited. It is important that future tenants feel that they belong in an area and feel accepted and part of a local community.

The best and most successful developments will be those that engage and involve the local community, involving them in understanding local issues, addressing local housing needs and having early input into the design and operation of the development.

To challenge preconceived notions of TSA/social housing, new development must be built to address tenants' needs, with sufficient funding for maintenance and provision of allied or 'wrap around' services. Good quality design that is respectful of place (not necessarily much more expensive) and reduces ongoing costs (e.g. energy efficient design) is also important to positively influence community views of social, affordable housing and TSA. Council has produced a short yet useful local guide to help increase understanding regarding homelessness entitled: [Where are you sleeping tonight? – Homelessness not just sleeping rough March 2020](#).

It is also critical that CHPs and others gather and present factual evidence associated with developments that they do as this is often currently lacking and not widely promoted. At present developments often attract community criticism when they are first proposed, but once they are built and operating the concerns are not realised or do not eventuate. Gathering factual pre and post development feedback data would be useful to help demonstrate that most concerns do not become a reality and would help with future developments that may attract opposition. For example building upon research by AHURI (2013) which found that neighbour’s fears of impacts related to affordable housing developments were worse than actual impacts could be useful (Understanding and addressing community opposition to affordable housing development <https://www.ahuri.edu.au/research/final-reports/211> ; reported in The Conversation: <https://theconversation.com/neighbours-fears-about-affordable-housing-are-worse-than-any-impacts-69291>)

Providing housing diversity and choice – incentivise the ‘missing middle’

The planning system currently incentivises the continued provision of mostly large, low density homes in standardised designs and configurations (in greenfield ‘new release’ subdivision areas) and small, high density ‘luxury’ apartments (mostly in high value metro areas), and largely forgoes provision of the ‘missing middle’, medium density housing or smaller (or modestly sized) housing types.

This translates to a lack of housing diversity and choice and exacerbates affordability issues as fewer new homes are being built at entry-level or more affordable price points. Therefore, housing affordability becomes more heavily influenced by location, with little differentiation in housing types or products, housing in desirable locations (such as inner city areas close to jobs or lifestyle destinations such as Shoalhaven/South Coast) rises in price and no cheaper options remain or are built for households that cannot compete on price.

Greater differentiation and choice in housing products (for example houses of different sizes, configurations and specifications) could provide greater housing options for a wider range of population cohorts and income levels, leading to more inclusive and equitable communities. Smaller CHPs, NFPs and boutique small development and building firms are probably more likely to develop missing middle housing types in regional areas, but do face barriers to accessing finance and well-located and affordable land parcels.



Figure 10: The missing middle graphic (adapted from NSW Department of Planning, Industry & Environment)

With homes becoming more expensive to purchase and rent, other housing products with a wider range of price points are needed to meet the range of housing needs and aspirations of diverse local communities, including in well-served areas of regional communities.

There are opportunities for CHPs and NFPs to provide infill housing to address local housing supply gaps, and the proposed development at Coomea Street, Bomaderry in partnership with Southern Cross Housing is one example.

Infill housing, delivering a range of housing types and choices, could provide a number of benefits but must be well-designed to be sensitive to existing neighbourhood character and supported by suitable infrastructure and services. The [Low-Rise Housing Diversity Code](#) recently introduced (as of July 2020) planning controls seeking to provide more 'missing middle' housing, yet it is not yet known what impact this reform has had in terms of delivering such housing and if there have been any impacts in terms of improved affordability. The NSW Government is encouraged to collect and share data on the operation of the Code, including within regional areas, including highlighting of positive case studies.

In this regard, infill housing in regional areas must be different to infill housing approaches and housing products for inner city areas and suburbs. Regional planning policies and approaches to infill housing must also include engagement with local communities. An example of work undertaken on infill housing in a regional context with community input is the [Infill Capacity Study and Infill Design Study by Bellingen Shire Council](#), which models how infill housing could be delivered and what it could look like, to shape planning policy (including the Bellingen Shire Local Housing Strategy and future development controls) and provide positive housing outcomes whilst respecting the character of established neighbourhoods.

As detailed in the *Shoalhaven Affordable Housing Strategy*, Council supports delivery of well-planned housing that provides true housing choices and improved affordability to residents in well-serviced locations.

Support for and accountability of registered community housing providers

Improve access to land for redevelopment and new development for CHPs

Through engagement with Community Housing Providers, and review of research, it is clear that access to affordable land is a key factor in CHPs providing additional fit-for-purpose social and affordable housing.

The *Shoalhaven Affordable Housing Strategy* identifies that the direct provision of land is one of the 'levers' that Council can pull to assist with the provision of additional affordable housing in our City. Council has taken initial steps in this regard and recently transferred a substantial property to our local CHP to facilitate the direct provision of up to 40 new affordable housing units.

Whilst funding from the NSW State Government via grants continue to be welcomed, initiatives such as the National Housing Finance and Investment Corporation (NHFIC) has improved access to finance for CHPs, the direct provision of land, either via transfers or through leasing arrangements, remains a significant barrier (and opportunity) to delivering additional housing. Rising land values and the overheated private property market means CHPs cannot often compete with private, for-profit developers to access land. Land costs (if land is not heavily subsidised/gifted/leased on a subsidised basis) mean that the viability of housing developments according to the prevailing CHP business model are constrained or limited.

Therefore, access to unused or underused government-owned land is critical and provides CHPs with a vital avenue to build additional social and affordable housing.

Inclusionary Zoning (requiring a percentage of new development to be affordable)

An additional mechanism to provide land and/or housing stock for CHPs and affordable housing is to introduce inclusionary zoning controls into the planning system.

Inclusionary zoning means where a development of a certain size is proposed (whether that be unit development or greenfield subdivision) a percentage of that development's housing must be made affordable as defined by planning laws (usually rented at below median or market rates). This affordable housing is usually given to (or managed by) a CHP or similar housing association. Sometimes, in lieu of providing housing, monetary contributions can be paid to be spent on affordable housing developments.

Inclusionary zoning is widely practised in Europe, some parts of North America and recently in South Australia. NSW examples in Sydney include:

City West

<https://www.cityofsydney.nsw.gov.au/affordable-housing-contributions/city-west-affordable-housing-program>)

Green Square

<https://www.cityofsydney.nsw.gov.au/affordable-housing-contributions/green-square-affordable-housing-program>

At present inclusionary zoning is applied inconsistently across the state, is resource-intensive, appears to have little support from the development industry outside of the Sydney metro area and in some cases where it is applied, the 'affordable housing' components provide below-market rate housing which remains unaffordable for very low and low income earners.

Affordable Housing Schemes such as those able to be implemented under *State Environmental Planning Policy 70 Affordable Housing Revised Schemes*, which allow for councils to levy affordable housing contributions on certain development are resource intensive to set up and administer and difficult for regional councils to apply as they can be seen as a disincentive for local development/investment (where developers would simply move to invest in localities without such provisions) or are not economically viable given local land economics and/or the size and scale of the proposed development.

The development feasibility analysis required for such schemes is also difficult to resource and work through in complex large geographical areas like Shoalhaven (which has a very broad range of diverse development contexts) and changeable market/economic conditions and pressures. As such it needs to be accepted that regional housing markets and development settings are very different to those in metropolitan areas and just because inclusionary zoning schemes work there does not mean they are automatically transferrable to regional setting. Additionally, any contributions collected under such schemes may take many years to be actually used for an affordable housing development.

Thus, affordable housing levies and inclusionary zoning provisions are probably more appropriate for application at the federal or state level, to help create an equal playing field for the development industry and so as not to distort localised housing markets and development activity. If a consistent requirement to provide a percentage of affordable housing in a development was adopted across the state, the development industry could possibly factor this into their initial feasibility analyses and purchase land at lower cost (this would also avoid the risk scenario of required affordable housing being cross-subsidised by higher housing costs that are passed on to market rate purchasers/renters).

Urban Renewal Projects – Broaden Bulk Social Housing Transfer Land Development Options

Bulk social housing transfers to Community Housing Providers should enable sensitive renewal options and allow for improved housing outcomes and increased social housing places, rather than maintaining the status quo. Aged social housing dwellings are often located on sites that could accommodate increased yields whilst also respecting local character. This is something that Council has been strongly lobbying for and would be keen to work with the NSW Government, CHPs and other on, particularly the opportunities that could exist with the Nowra area and other areas in our city with a concentration of older government owned dwellings. This potentially provides a realistic option to provide much needed additional new social and affordable housing stock.

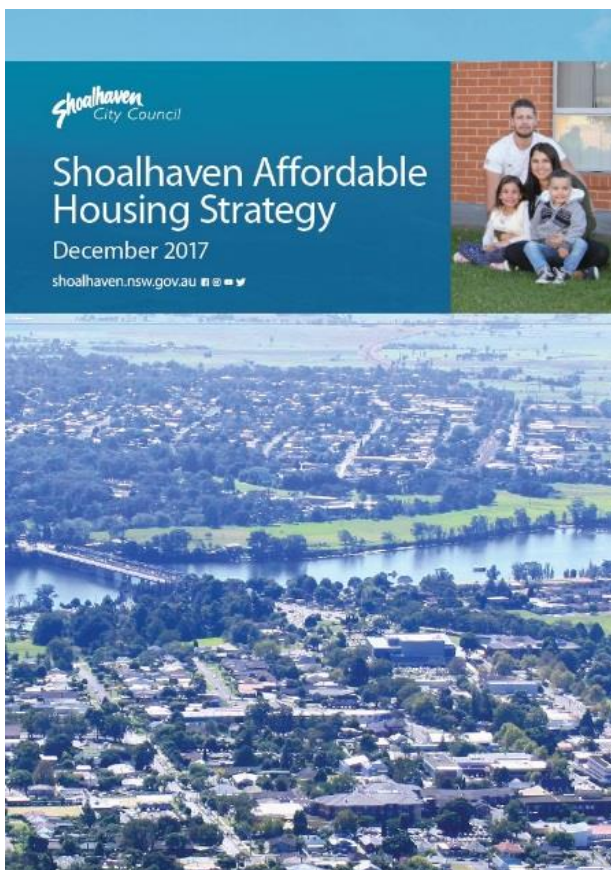
As previously mentioned, Council has already partnered with Southern Cross Housing to directly deliver affordable and social housing development on Council-owned land in Bomaderry. This process highlighted a number of issues or impediments. Council strongly urges that the NSW Government look to remove as many impediments as possible to enable the use of Council-owned land for social and affordable housing. For example simplifying the land dealings and Public Private Partnership process in the NSW Local Government Act for low-risk proposals. Low risk proposals would include where local government partners with a Tier 1 Community Housing Provider to provide social and/or affordable housing development on Council-owned land. It is noted that guidelines similar to those recently introduced for the NSW Land and Housing Corporation – *'Policy for Small Scale Direct Dealing with Community Housing Providers December 2020'* which could be expanded to apply to Councils.

Council would also welcome a dedicated funding stream targeted at encouraging partnership approaches between Councils, CHP's and NFPs to deliver on-the-ground affordable housing.

Design competitions, pilot projects, awards programs and demonstration projects linked to funding and/or provision of land can also all help to encourage innovation in affordable housing products. Fostering and promoting good design in social and affordable housing is an essential step to help build community confidence in this form of development, noting that current opposition is often driven by previous experiences with poorly designed and poorly built/maintained developments.

Attachment 1: Meanwhile Uses Briefing Paper

NSW Government Land Linked 'Meanwhile Use' and Urban Renewal Opportunities Shoalhaven Local Government Area



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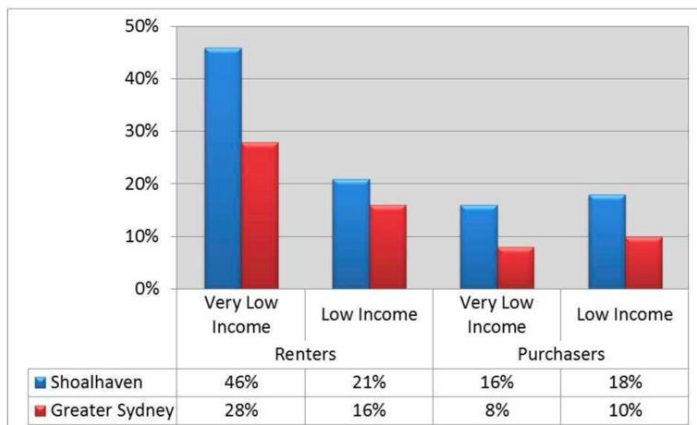
Web: www.shoalhaven.nsw.gov.au

Background

The [Shoalhaven Affordable Housing Strategy](#) (2018) identified an existing and growing demand for affordable housing given that Shoalhaven was (and still is) experiencing:

- Growing homelessness;
- High housing stress despite the relative lower cost of housing;
- Affordable housing not being created through the market for those who most need it;
- Increasing pressure from Sydney and region;
- Aging population; and
- Public funding constraints for social housing.

These issues remain current and have recently increased and become more acute as a result of the Covid-19 pandemic and related population influx and demographic changes. This has also been exacerbated by the natural disaster events (bushfire, flood etc) that directly impacted Shoalhaven in the last two years. Hundreds of homes were destroyed during the 2020 bushfires, pushing residents into rentals while homes are rebuilt. As a result local housing providers and rental agencies now have long waiting lists and there are simply not enough homes to meet the current demands. House prices are up 20% and rents are up 28%.



The most serious affordable housing issue is among very **low-income renters** who currently make up a large percentage of households in housing stress, with an increasing demand coming from older private renters needing to relocate close to service centres. Their needs are most likely to be met through direct provision of community and public housing and encouraging or facilitating an increase in the market supply of smaller strata dwellings in well located areas close to services.

Shoalhaven is expected to take its share of national population growth and is a desirable location for many given its proximity to Sydney and Canberra. However, like other regional Cities our population is aging and has significant pockets of low socio-economic demographics. Because of this and other related factors the City has one of the highest levels of housing stress and continues to be one of the least affordable areas in the Illawarra-Shoalhaven Region

'Meanwhile Use' linked to Urban Renewal Opportunities

The recent release of *Housing 2041 – NSW Housing Strategy* is welcomed. Focussing on leveraging government owned land and encouraging/allowing innovative proposals to deliver better economic, social and other outcomes for the people of NSW is strongly supported. The proposed pilot program to investigate vacant buildings and land in Wollongong for temporary supportive accommodation is a positive step. However there is an urgent need to proactively roll this out to other areas of need as part of a structured option.

The Shoalhaven Affordable Housing Strategy also identifies that the redevelopment of surplus or under-utilised Council or public land in partnership with other government or community agencies and/or the private sector is the action most likely to have a practical impact on the supply of affordable housing.

Council is working with Southern Cross Housing to redevelop a Council site within the Bomaderry Town Centre for much needed affordable housing options (up to 40 dwellings). This will ultimately provide a small but valuable addition to local affordable housing stock.

However, a more significant affordable housing opportunity exists in parts of the former East Nowra, Nowra, Bomaderry and West Nowra areas that were originally developed with significant numbers of NSW Housing Commission homes during the 1970's and with densities like other estates of that time (i.e. single house on a lot of 600 to 800 sq. metres). A large portfolio of NSW Government owned housing still remains within the overall Nowra-Bomaderry area and elsewhere in Shoalhaven.

The majority of these Government properties are now under the care and management of Southern Cross Housing – the main community housing provider in Shoalhaven. Many of these properties are now very dated or underutilised and are ripe for renewal.

Given the immediate need for additional affordable housing in Shoalhaven, the opportunity to redevelop these areas is now urgent and a 'three levels of government' approach (plus the community housing sector) should be used to realise a more significant urban renewal project focussed initially on the former East Nowra locality (map on the last page shows the NSW Government ownership in this location). This approach can be based around achieving a mix of residential densities (including medium density) in appropriate areas and focussing on providing an increase in available dwellings through a general appropriate increase in densities.

Benefits of an urban renewal project in this broad location are many and include, amongst others:

- Additional social and affordable housing stock
- Mixed housing stock (private affordable and social) – de-concentrate current stock, improved social cohesion and potentially help new home buyers build equity
- Better quality homes that cost less for social and affordable housing tenants to run
- Increased population and housing opportunities to boost Nowra's economy
- Provide much needed accommodation for essential and other workers
- Assist in bringing more people into the Nowra town centre improving viability
- Has the potential to be self-funding if planned and managed properly
- Improves the value of the transferred asset
- Pilot project could help test viability for similar precincts in other regional areas

The requested urban renewal project will take some years to realise. The opportunity in the shorter term to enable and facilitate the temporary 'meanwhile use' of NSW Government land and assets to enable people to transition into brand new houses that are delivered through the broader renewal project is an initial important urgent step. This will also ensure that any land that is used temporarily can ultimately be used for its intended use when needed. One example opportunity in this regard is a large 2,900 m² parcel of vacant land owned by Transport for NSW close to the Nowra CBD that was acquired for highway widening but is not immediately needed. Council made an approach about the use of this land for homelessness relief in 2017, but this disappointingly amounted to nothing, despite their being existing similar precedents elsewhere (VIC Roads).

The overall proposition outlined in this paper is consistent with the NSW Government's *Housing 2041 – NSW Housing Strategy* and we request its serious and urgent consideration.

It is requested that the NSW Government:

Actively work in partnership with Shoalhaven City Council, Southern Cross Housing and the Federal Government and provide budget allocations to:

- **Enable the urgent 'meanwhile use' of NSW Government owned land and assets in Shoalhaven for emergency and temporary housing; and**
- **Realise opportunities to create additional affordable housing through urban renewal projects based around NSW Government land in Shoalhaven, initially in the Nowra-Bomaderry area.**

