

**Submission
No 73**

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

Organisation: Wollongong City Council

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Parliament of NSW
Legislative Assembly Committee on Community Services
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Dear Sir/Madam

POTENTIAL INQUIRY INTO OPTIONS TO IMPROVE ACCESS TO EXISTING AND ALTERNATE ACCOMMODATION TO ADDRESS THE SOCIAL HOUSING SHORTAGE

Thank you for the opportunity to make a submission to the Inquiry.

The City of Wollongong Local Government Area has a population of 220,000 persons who live in 84,000 dwellings. Some 6,731 of those dwellings provide social housing to the community. Additionally, there are 35 social housing dwellings provided for Aboriginal community. The social housing dwellings are spread across the LGA, although there are large concentrations in suburbs like Bellambi, Mangerton and Berkeley.

The 2016 Census showed that -

- 29% of residents (or 58,929 persons) were aged 55 years or older.
- 6.4% of residents (or 13,090 persons) identified as needing assistance in their day to day lives. This proportion had increased from 4.9% in 2006.
- 4% of residents (or 8,049 persons) had arrived in Australia within the 5 years prior to 2016. 80.7% of these recent arrivals spoke a language other than English at home.
- 2.63% of residents (or 5348 persons) identified as being Aboriginal and / or Torres Strait Islander, an increase of 1,122 residents from the 2011 census.
- Housing affordability and affordable housing is a large and growing issue for many residents. With 53% of all households in Wollongong LGA (or 44,853 households) considered as being in the affordable housing income range by definition. Of these households 49% (or 21,978 households) experience housing stress. The proportion of these households increased 5% from 2001 and 2016.
- An estimated homeless population of 811 persons. This is almost double the estimated homeless population from 2011 which was 440.

In 2017 Wollongong was reportedly the third least affordable City in Australia. Over the past year, house prices have continued to increase some 15-20%.

The recent Anglicare Rental Affordability Snapshot report (2021) indicated that there was effectively no Affordable Rental Housing accommodation available in Wollongong.

As a consequence of this background, Council has been pursuing a number of initiatives to increase social and affordable housing, including -

- 1 In 2021, Council and NSW Land and Housing Corporation signed a Memorandum of Understanding to work together to progress opportunities to renew the social housing stock in the LGA, including -
 - Renewal of ageing housing stock, which no longer matches tenants needs (e.g. redeveloping 2 or 3 adjoining cottages into 10-15 town houses)
 - Communities Plus program
 - Investigate opportunities to renew some of the social housing precincts (in the early stages).
- 2 As part of the recently announced NSW Housing 2041 Strategy, Council offered to investigate the opportunity to use Council-owned vacant land and buildings for housing options to provide temporary supportive accommodation.

- 3 Council has utilised a Federal Grant fund to allocate funding to a Community Housing Provider to provide 17 affordable rental dwellings, and is commencing a second funding round.
- 4 As part of draft Planning Proposal / rezoning proposals seeking to increase residential densities, Council has been requiring a 5% Affordable Rental Housing component to be required.
- 5 In 2020 Council prepared and exhibited a draft Housing and Affordable Housing Options Paper and is currently preparing a draft Housing and Affordable Housing Strategy. The draft Options Paper highlighted that the lack of affordable housing was a key housing issue to be addressed.

Terms of Reference

- a Options to better support 'meanwhile use' (temporary supportive accommodation), and the current major planning barriers to 'meanwhile use'.

It is agreed that vacant suitable buildings could be repurposed wherever practicable to offer short-term social housing to people who require temporary accommodation. Repurposing empty accommodation or other appropriate buildings could lead to a large increase in the amount of social and community housing that is available.

During the 2020 Covid lockdown, the NSW Government found temporary accommodation in motels and hotels for a number of homeless people. It is understood that combined with support services, this initiative had a positive effect. A continuation of this type of scheme should be pursued, although utilising other buildings.

Wollongong City Council does not own many unutilised buildings. The majority of Council assets are parks and reserves.

The State should require each Government Department to review their assets. There are vacant schools, police stations, and other buildings across the State. It is understood that Property NSW is the agency that disposes State properties. Their portfolio should be the first reviewed, as it means that other Departments no longer need the asset and they are earmarked for disposal. There may be the opportunity to utilise some of the assets for short-term accommodation. For example, although not in Wollongong, Council officers have seen media reports concerning the former Macquarie Boys High School which closed in 2008, was extensively vandalised and the buildings have been removed. It is unknown whether the site is still owned by the State. Moveable dwellings could be installed on vacant school sites, rather than converting classrooms.

As a consequence of the COVID 19 pandemic, the number of vacant shops and commercial premises in town centres is growing. Most LEPs would permit housing in most Business zones, or the NSW Department of Planning, Industry and Environment could amend the SEPP Affordable Rental Housing. It is understood that one of the main constraints to the use of vacant premises for start-up retail use has been land owner reluctance. Some landowners seem to prefer receiving no rent, rather than having their shop occupied. It is anticipated that a similar situation would occur for a residential use. The landowner would want the Government to pay the installation costs, rent and make-good costs at the end.

The *Crown Lands Management Act 2016* guides the use of Crown Reserves, many of which are managed by Council. The Crown Reserves gazetted purpose is a barrier to the use of Crown Reserves for residential accommodation. The Act requires the use of a Crown Reserve to be consistent with the Reserve Purpose, and this determines the classification, categorisation of the reserve. The majority of reserves are reserved for public recreation or park. A vacant building on a recreation reserve could not be used for accommodation, as it would be contrary to the reserve purpose. Some reserves contain caretaker cottages.

The *Local Government Act 1993* controls the use of Council owned land. The majority of Council land is classified as "Community land", which includes parks, sportsfields, bushland reserves, community buildings, drainage reserves and other land that is accessible to the public. To sell or issue long-term leases, Council is required to reclassify Community land to "Operational land" via a Planning Proposal. The privatisation of public land is rightly opposed by the community and Council. Similarly, the Minister for Planning and Public Spaces seems to be opposed to the loss of public reserves, as evidenced by the one year delay in signing an amending LEP, that includes opportunities for seniors housing and possible community housing providers. However, there is some public land that has minimal recreation or public values and would be suitable for short term housing, or even long term housing opportunities.

NSW Housing 2041 includes an action for Council to review their Operational Land holdings. If other Councils, similar to Wollongong, have minimal operational land, the review will not achieve much. It appears the State did

not want to reference Council owned Community land, as it would generate concerns about the loss of public land, privatisation or signal that it was open to receiving draft Planning Proposals for the reclassification of land.

a Options to improve access to existing accommodation to provide community housing

Options to improve access to sites for community housing are similar to those detailed above.

Community Housing Providers need access to land or dwellings.

Council officers are aware that Shoalhaven City Council have been unable to develop a site for Affordable Housing due to Part 6 of the *Local Government Act 1993* which restricts Public Private Partnerships.

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

During the pandemic, it has been surprising that the NSW Government has not allocated funding towards the construction of additional Social Housing, as a stimulus measure. Additional housing would support the construction industry, as well as increase the amount of social housing. An increase in social housing would have flow on benefits for the availability of affordable housing, key-worker housing and crisis housing.

Key worker housing relies on long-term rentals being available. In the current housing market, any property sold at a reduced price for key-worker housing, could be re-sold for a profit. Council has not seen any development applications utilising the Build to Rent provisions that were introduced to the Affordable Rental Housing SEPP earlier this year. It would appear that Build to Sell remains the developers preferred housing model.

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

The high cost of land is the main barrier for the provision of social or affordable housing. Not for profit, Community Housing Providers need to compete on the open housing market to purchase properties to be used for affordable housing. Developers are able to pay more, as they will seek to build higher quality apartments and sell for a profit. The cost of land is a challenge for all non-residential uses and service providers, including churches, schools and even Council. The high cost of residential land limits Council's opportunity to buy land for parks to service community needs.

The NSW Land and Housing Corporation (L&HC) is self-funded. Their key direction is to renew social housing with no budget. The majority of the current social housing stock in Wollongong LGA is old and not meeting needs of the current social housing population e.g. dwellings are larger than household size, many are not accessible for people with mobility needs, the homes are not energy efficient and are not making the best use of land available. While L&HC aims to increase its housing portfolio, it needs to sell social housing sites to maintain or renew other assets. This effectively slows the increase in social housing.

d Support for and accountability of registered community housing providers

Within the Illawarra there are two main Community Housing Providers -

- Illawarra Community Housing Trust.
- Illawarra Retirement Trust (IRT). The IRT is more focused on housing for seniors, but also provides Affordable Housing.

Council has supported the Illawarra Community Housing Trust over many years, and was instrumental in its establishment in 1983. In December 2020, Council resolved to enter into a funding agreement with the Illawarra Community Housing Trust to allocate \$4.3m in funding for the provision and maintenance of 17 Affordable Rental dwellings from a Federal Grants Program.

Council needs to balance its social objectives and support for organisations like the Illawarra Community Housing Trust, against other principles such as good governance and financial sustainability. Council sells any surplus land at auction to ensure an open and transparent public process. Council cannot give land or sell land directly to organisations like the Illawarra Community Housing Trust, as the community may question Council's ethics and whether a fair or highest price has been paid.

Other issues - SEPP 70

The provision of more Affordable Housing would reduce the demand for social housing.

Since February 2020, SEPP 70 has applied to NSW rather than to Greater Sydney. However, only the City of Sydney, Willoughby, Ryde and Randwick Councils have been able to incorporate an Affordable Housing clause in their Local Environmental Plan.

The NSW Department of Planning, Industry and Environment's Affordable Housing Guidelines outlines a process that takes years to complete and it needs review and simplification. It is well known that there is a housing affordability issue across the State, yet Councils have to demonstrate it to the Department. The Department requires an LGA wide economic analysis, rather than an assessment as part of individual draft Planning Proposals. It would be interesting to know how many Councils are trying to work through the guidelines and the timeframes.

Rather than requiring each Council to go through the hoops, the Department should amend the Standard LEP Instrument to insert the Affordable Housing clause. This would allow Councils to collect funds to allocate towards the provision of Affordable Housing. The NSW Housing Strategy 2041 promotes the use of Inclusion Zoning as a means of collecting developer contributions. Council officers are aware that the development industry bodies such as the UDIA, are opposed to increased taxes on development without increased development yields.

Council's current alternative pathway is to prepare Planning Agreements with developers for the provision of Affordable Housing as part of draft Planning Proposals.

Specialist housing for people with disability

The need for assistance (ABS Census, 2016) is a measure of the number of people with profound or severe disability, defined as people who need assistance in their day to day lives with any or all of the following core activities: self-care; mobility; or communication because of disability, long-term health condition or old age. In 2016, Wollongong LGA had 6.4% of residents needing such assistance. There is a significant gap in the market for highly specialised disability accommodation. As at September 2018, the Department of Health reported there were 5,905 younger people in Australia aged 65 and under living in aged care. Of these 4,000 younger people had been deemed eligible for assistance via the National Disability Insurance Scheme (NDIS) and only 32 of these young people had been approved for Supported Disability Accommodation. Supported Disability Accommodation (SDA) is housing for people who require specialist housing to assist with the delivery of support to people with very high needs. Improving access to SDA under the NDIS is key to reducing the number of younger people living in aged care.

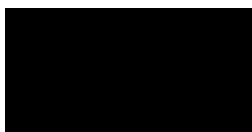
The Australian Government have developed a Younger People in Residential Aged Care – Action Plan to improve the existing situation. There is currently a shortfall in the availability of SDA for younger people who require this level of support. The SDA accommodation market is not yet mature, with very limited supply, land for demand data for potential investors, and significant lead-time required for development of new stock.

Social Futures Australia and the Summer Foundation prepared the Specialist Disability Accommodation in Australia report released in March 2019. This report indicated that the shortfall in specialist disability accommodation in the Illawarra is 93 places. The SDA housing market is new and is expected to create new dwellings for people with disability over the next few years.

Group Homes are currently permitted with consent in all residentially zoned land throughout Wollongong LGA.

For further information please contact Council's Director Planning and Environment, Ms Linda Davis (02) 4227 7111.

Yours faithfully



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