

10 August 2022

Standing Committee on Social Issues
Inquiry into Homelessness amongst older people aged over 55 in New South Wales
Via email: Committee.SocialIssues@parliament.nsw.gov.au

Response to Supplementary Questions

Please find below the Community Housing Industry Association NSW's responses to the Standing Committee's supplementary questions, received on 26 July 2022.

Question 1. As community housing providers what has been your experiences in achieving development approvals for affordable housing projects?

Despite proposals being fully compliant with planning requirements, community housing providers (CHPs) have experienced protracted approvals processes which increases costs for CHPs, risks project viability, and delays delivery of critical new supply. Issues experienced by CHPs include:

- Repeated requests for additional information during the assessment process, which unnecessarily protracts the assessment process. There are also concerns with the timeliness of consultation with Government agencies.
- A lack of capacity within council development assessment teams, leading to bottlenecks in the assessment of applications.
- Inefficient design review processes which create delays and increase uncertainty. CHPs have reported inconsistent advice being received from assessment staff and design review panels, and continual requests for redesigns during the assessment process. Some councils require affordable housing developments to go through costly and time-consuming design competitions, despite being modest in scale.
- Community opposition to development proposals arising from misconceptions about social and affordable housing can also create a barrier to approvals, even for developments that fully comply with planning requirements. Community pressure on councils can increase the risk of approval processes being politicised and of affordable housing projects with merit being refused.

Out-of-date or restrictive planning policies also create barriers to achieving development approvals. Planning settings that are too onerous or not well calibrated for affordable housing development increase development costs. This leads to the need for greater subsidy to make schemes feasible and/or reduces the amount of social and affordable housing that can be delivered.

For example, a modest density bonus is available to affordable housing development in locations with good access to transport and services under the Housing State Environmental Planning Policy (Housing SEPP). However, council height controls are often insufficient for the density bonus to be fully realised. This undermines the feasibility of new affordable housing. As any non-compliance, however minor, is subject to additional merit tests, it also introduces additional complexity and uncertainty into the approvals process.

CHPs have also reported barriers to the approval of ‘meanwhile use’ projects which seek to convert empty buildings into housing. Such projects provide an opportunity to rapidly deliver affordable accommodation while permanent supply is being delivered. However, the ability to convert empty buildings in a timely and cost-effective way can be hampered by planning approvals processes that are not tailored to facilitating meanwhile use.

Despite certain types of housing being able to be fast-tracked through the complying development pathway, adapting an existing building into temporary accommodation typically requires a full development application. This can be a complex and time-consuming process, resulting in opportunity costs from buildings left vacant while approvals are secured – particularly where the current use closely aligns with the proposed temporary use and minimal adaptations are needed.

Question 2. What reforms would you recommend to streamline and fast track the delivery of more affordable housing projects?

Recent NSW Government initiatives, such as the Council Accelerated Planning Program and measures announced as part of the 2022 State Budget, could help improve assessment times if they prioritise affordable housing developments. However, it is unclear whether and how these initiatives will target affordable housing and how long they will last.

Further planning system reforms are needed to reduce barriers to approval in the approval of developments that deliver affordable housing. CHIA NSW recommends:

- Introducing a streamlined approvals pathway for low-impact community housing development by registered CHPs. While a range of mechanisms may be used to deliver this outcome, a dedicated complying development pathway for affordable housing development of up to 60 dwellings would be an effective approach. This is consistent with the scale of development able to be self-assessed by the Land and Housing Corporation and Aboriginal Housing Office under the Housing SEPP.
- A fast-track approvals process should also be introduced for meanwhile use housing projects, to reduce red-tape and maximise the time available to use vacant buildings for housing. This process should utilise the exempt and complying development approval pathways, supported by a set of clear development standards and safeguards to ensure accommodation provided is safe and secure.
- For larger, more complex developments, CHIA NSW supports the development of a state significant development pathway (refer to response to Question 3, below) and/or extending the use of Local Planning Panels (LPPs) across more regional areas. LPPs already operate in Metropolitan councils. They consist of independent experts who determine development applications (DAs) on behalf of a council. LPPs depoliticise the assessment process, ensure increased accountability in the planning system, and lead to better planning outcomes. LPPs make decisions on sensitive, complex and high-value DAs that come before councils, with council staff, under delegation, still determining the more straightforward proposals.

Where a DA is required, CHIA NSW recommends the following improvements to streamline the process:

- Introducing a consistent framework for consent authority requests for additional information during the assessment of a DA. Planning regulations should limit consent authorities from making requests for unnecessary information that does not assist with the decision-making process or for duplicate information already submitted with the application. Requests for additional information must be limited and necessary, and provided in clear, consistent, and concise terms. Resolved matters should be progressively and formally struck-off by the consent authority once agreed.

- Streamlining the design review process to reduce costs and delays and ensure it is better integrated with the development assessment process. The design review process must be used for advice, rather than to drive the assessment process. This advice must be provided early in the development assessment process, ideally at the pre-DA stage. Councils should have one opportunity to seek amendments post DA lodgement, as opposed to unlimited requests as is currently the case.
- Competitive design processes should be limited to key sites and major projects of state or regional significance. These processes do not necessarily achieve better outcomes than architect-designed schemes that are subjected to an efficient design review process. At the very least, a scaled-down, streamlined process should be piloted for more routine developments, such as medium-rise affordable housing schemes.
- Streamlining the Government agency concurrence and referrals process to provide better certainty for applicants and reduce delays and bottlenecks in the system.
- CHIA NSW recommends that local councils be tasked with reviewing their planning controls to ensure they are up to date and support the feasibility of social and affordable housing. Improved strategic planning provides an opportunity to resolve planning issues earlier, improving certainty and timeliness of development outcomes.

Question 3. Should affordable housing projects over a set value be the planning approval responsibility of the state government and not local councils?

The state significant development (SSD) pathway offers a coordinated process for assessing more complex or contentious development proposals. It ensures that not only are local issues considered, but the broader strategic merits of a proposal are also taken into account. Recent NSW Government reforms through the introduction of the Rapid Assessment Framework support a more streamlined assessment process for state significant development.

Currently, a SSD pathway exists for larger build-to-rent housing and seniors housing. While there is potential for some forms of affordable housing development to be assessed through these pathways, there would be merit in a broader SSD pathway for affordable housing schemes which do not meet the requirements to be classified as build-to-rent or seniors housing. This would recognise the critical importance of increasing the supply of a diverse range of affordable housing in NSW.

CHIA NSW recommends affordable housing schemes by registered CHPs with a value over \$50 million in Greater Sydney, and \$30 million in regional areas, be subject to the SSD pathway. This is consistent with the SSD value threshold for build-to-rent housing.

As outlined in CHIA NSW's response to Question 2, it is recommended that affordable housing developments below the SSD value threshold be subject to a streamlined assessment process or referred to a Local Planning Panel.

CHIA NSW would be pleased to discuss our responses further with the Standing Committee.

Kind regards,

Caitlin McDowell
Head of Policy