

INQUIRY INTO SOCIAL, PUBLIC AND AFFORDABLE HOUSING

Organisation: Hornsby Shire Council

Date received: 27/02/2014

27 February 2014

The Director
Select Committee on Social, Public and Affordable Housing
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Sir/Madam,

Submission - NSW Parliamentary Inquiry into Social, Public and Affordable Housing

Thank you for the opportunity to make a submission on the matters outlined in the Terms of Reference established for the Select Committee on Social, Public and Affordable Housing.

The provision of affordable housing in Hornsby Shire is a significant issue with significant rates of housing stress experienced by its residents in comparison with other local government areas within the Sydney Metropolitan Area. Accordingly, over the years, Council has considered a number of reports discussing affordable housing issues in Hornsby Shire. Council last considered these issues in detail at its meeting on 5 October 2011 when it considered Executive Manager's Report No. PLN71/11 (copy attached) presenting options for promoting affordable housing opportunities in Hornsby Shire.

Council subsequently resolved to permit 'secondary dwellings' in the rural zones and 'hostels' in appropriate business zones of Council's new *Standard Instrument* based Local Environmental Plan (i.e. *Hornsby Local Environmental Plan 2013*) as an immediate measure to promote affordable housing opportunities in the Shire. Council has also resolved to include an 'Affordable Housing Initiatives Review' project on its Strategic Planning Program which will involve a comprehensive review of Council's planning controls to be commenced upon the release of the NSW Planning and Infrastructure's (P&I's) long awaited new Affordable Housing Framework.

I am therefore supportive, from a 'practitioner's perspective', of the inquiry into social, public and affordable housing and wish to provide the attached submission on the Terms of Reference relevant to Hornsby Shire to assist the Select Committee in its inquiry.

Should you have further enquiries in relation to this matter, please contact Mr Fletcher Rayner - Manager, Strategic Planning Branch on 9847 6737.

Yours faithfully



Scott Phillips
General Manager

TRIM Reference: F2004/07491-08

Hornsby Shire Council's submission to the NSW Parliamentary Inquiry into Social, Public and Affordable Housing

Council's understanding of affordable housing is housing that is appropriate to the needs of occupants in terms of size, form, location and affordability. Affordability is generally measured by the ratio of rent or purchase price to household income. A general indicator is that housing should not cost more than 30% of the income of a household, leaving enough funds for other living expenses and that households that pay more than this are said to be experiencing housing stress.

Council's understanding is also that affordable housing exists in a range of housing forms and tenures, including the following:

- home purchase opportunities for people on low incomes (eg. shared equity scheme and subsidised housing);
- private sector rental housing with subsidised rental levels;
- low cost rental accommodation (eg. boarding houses); and
- social housing (eg. public housing, community housing and crisis accommodation).

1(a) Projections of future social, public and affordable housing supply and demand to 2020

Despite the opportunity for the development of various affordable housing forms under the *Affordable Housing SEPP* at densities significantly greater than both Council's former and current planning controls, there has only been a very small take-up of affordable rental housing since the *Affordable Housing SEPP* came into effect in 2009. Secondary dwellings have been the most popular form of development permitted by the Policy. There has been no link between demand (which is quantified by Housing NSW data) and supply, making it difficult to predict future housing supply.

Any evidence based projections for future social, public and affordable housing and supply and demand in Hornsby Shire would require a significant allocation of resources as they would require a thorough evaluation of a number of factors, including:

- existing housing stock;
- existing population characteristics;
- population forecasts;
- forecast demand for affordable housing based on industry benchmarks; and
- future affordable housing supply based on existing housing policy.

1(b) *Data regarding the link between the lack of appropriate social, public and affordable housing in New South Wales and indicators of social disadvantage*

Council benefits from the release of Housing NSW data to identify the affordable housing market and key issues regarding the provision of social, public and affordable housing in Hornsby Shire. In 2011, Housing NSW calculated that there were 3,627 residents within Hornsby Shire receiving Commonwealth Rent Assistance, with just over 50% in housing stress. Of all low to moderate income households in the private rental market in Hornsby Shire, 62% are in housing stress. Of all low to moderate income households that are purchasing housing in Hornsby Shire, 64% are in housing stress.

Housing NSW identified that as at December 2009, the proportion of private rental dwellings in Hornsby Shire which was affordable to households on 80% of median income for metropolitan residents was 9.4%. With respect to dwelling purchase, the proportion of private purchase housing which was affordable to households on 80% of median income for metropolitan residents was 0.1%.

The data and key issues are usually provided by Housing NSW to Council in response to formal consultation on any major housing proposal or revision of its principal environmental planning instrument, which happens infrequently. Council would benefit from the provision of the affordable housing data on an annual basis to enable it to review the success or failure of its affordable housing strategies and associated planning controls.

1(c) *Housing design approaches and social service integration necessary to support tenant livelihoods and wellbeing*

SEPP (Housing for Seniors or People with a Disability) 2004 encourages the development of accommodation for our ageing population and for people who have disabilities by relaxing local residential development controls. Of note, the *SEPP* permits housing in Council's urban zones and land adjoining Council's urban zones. The Policy therefore provides a mechanism to increase the supply and diversity of affordable housing that meets the needs of older people, including independent living, assisted care living (i.e. hostel) and high care residential living (i.e. nursing home) formats.

One of the main criticisms of the *Seniors Housing SEPP* is that it provides the opportunity for the establishment of seniors housing in the Shire's rural zones which suffer from poor proximity to transport, community facilities and support services. The potential impact of developing seniors housing in the rural areas of the Shire also includes inconsistency with Council's Housing Strategy, loss of agricultural land, flora and fauna impact, water quality impacts, bushfire hazard and increased demand on existing aged and health services that are currently operating at capacity. However, it is acknowledged that the rural areas may provide the main viable option for the establishment of retirement villages that contain two or three tiers of accommodation. The rural areas provide the only location in the Shire with large landholdings in the one ownership.

Retirement villages which provide hostel and/or nursing home care usually contain on-site services and facilities. Where on-site services are provided there is lower demand for the development to be located in areas that have direct access to community facilities and support services. Accordingly, it is appropriate that consideration be given to amending the *Seniors Housing SEPP* to only permit seniors housing on land adjoining urban zones where two or three tiers of accommodation are provided.

1(e) *Criteria for selecting and prioritising residential areas for affordable and social housing development*

Criteria for selecting and prioritising residential areas for affordable and social housing should include the NSW Planning and Infrastructure (P&I) undertaking a supply and demand analysis for the various types of housing within a region. Housing targets for affordable and social housing could then be included within the Subregional Delivery Plan. Local government would then be responsible for integrating affordable housing into its local area having regard to its urban form characteristics.

In the absence of strategic direction at the State level (i.e. an Affordable Housing Framework), Council currently addresses the issue of affordable housing in its planning instruments by rezoning lands for multi unit housing to provide housing choice and a mix of unit sizes.

The preparation of Council's recently gazetted Housing Strategy included a review of housing stress, existing dwelling stock, and observed emerging housing consumption and demographic trends in Hornsby Shire to determine appropriate locations and housing forms to provide housing choice and therefore more affordable housing. The Housing Strategy delivered the rezoning of 21 precincts within/adjoining commercial centres and high frequency transport nodes (ie. railway stations and major bus stops) and throughout the urban areas of the Shire. The rezoning of the housing precincts aims to deliver an anticipated yield of 2,693 dwellings in the form of townhouses and 5 to 10 storey residential flat and mixed use buildings. To supplement the rezoning, Council also introduced Housing Choice policies to both require a mix of 1, 2 and 3 bedroom dwellings and a percentage of accessible/adaptable housing is provided in each development.

1(f) *The role of residential parks*

State Environmental Planning Policy No. 21 Caravan Parks applies in Hornsby Shire to require development consent for new caravan parks and for additional long term sites in existing caravan parks. The Policy also enables, with Council's consent, long term sites in caravan parks to be subdivided by leases up to 20 years. Council permits caravan parks within consent in recreation zones and various locations within the suburbs of Brooklyn and Wisemans Ferry. There is one caravan park located in the rural area of Hornsby Shire (i.e. Dural) which provides accommodation for both itinerant travellers and longer term residents.

1(g) Recommendations on State reform options that may increase social, public and affordable housing supply, improve social service integration and encourage more effective management of existing stock including, but not limited to:

(i) policy initiatives and legislative change

In 2011, the P&I mooted that it would release the *Affordable Housing Choice SEPP*. It was identified that the *Affordable Housing Choice SEPP* would include a new Affordable Housing Framework to give local councils the opportunity to prepare their own affordable housing strategies to provide for the social, key worker and affordable housing demands having regard to their local population and urban form characteristics. To date, the P&I has not identified a timeline for the release of the *Affordable Housing Choice SEPP* or new Affordable Housing Framework.

(ii) planning law changes and reforms

Inclusionary zoning, Section 94 Contributions, density bonuses and development concessions, and voluntary planning agreements are planning tools that are, or have been, used by councils for the provision of affordable housing in their local areas. The current planning reform agenda provides a significant opportunity to roll out legislative change to confirm the opportunity for the use of the aforementioned planning tools and to introduce new planning tools to assist in the delivery of affordable housing. Accordingly, the Government's long awaited new Affordable Housing Framework should be rolled out as part of the current planning reforms.

(iii) social benefit bonds

It is understood that a social benefit bond is where investors fund the delivery of social services on the basis that they will be paid a return based on the achievement of agreed social outcomes. Mechanisms to support affordable housing options that do not require a relaxation of local planning provisions or a reduction in the quality of housing and streetscapes is supported.

(iv) market mechanisms and incentives

Council should not be required to subsidise the cost or become a provider of affordable housing. Market mechanisms and incentives to support affordable housing options should be promoted by the Federal and State Government and include means testing of income and taxation incentives.

(v) ongoing funding partnerships with Federal Government such as the National Affordable Housing Agreement, and

Federal programs and policies such as the National Affordable Housing Agreement, National Rental Affordability Scheme, Housing Affordability Fund and rent assistance are beneficial as part of a whole of Government approach and should be continued. State programs and policies such as short term rental assistance, social housing provision, mortgage assistance scheme are also beneficial as part of a whole of Government approach and should also be continued.

(vi) ageing in place

The *Hornsby Development Control Plan (HDCP) 2013* contains policy requirements that promote accessible buildings that provide a safe and continuous path of travel for people with impaired mobility. The Accessible Design requirements of the *HDCP* also require various residential development forms to include a specified percentage of adaptable units and accessible residential accommodation to address potential demand. These initiatives have been successful in providing housing forms that meet the needs of seniors and people with a disability as well as providing the opportunity for abled bodied residents to age in place.

1(h) Any other related matter

The use of financial incentives rather than relaxing planning controls should form the focus of Government in facilitating the provision of affordable housing. Federal and State Government should review all relevant legislation which may have an impact on the provision of affordable housing, including income tax laws and stamp duty laws, respectively.

Standard Report No. PLN71/11
Planning Division
Date of Meeting: 5/10/2011

4 AFFORDABLE HOUSING OPTIONS FOR HORNSBY SHIRE

EXECUTIVE SUMMARY

In February 2011, Council resolved that a report be presented identifying options for promoting additional affordable housing opportunities in Hornsby Shire. Affordable housing is required for people on low incomes, particularly those in essential services, to enable them to live close their place of work. The Federal and State Government have a number of programs and policies that facilitate the provision of affordable housing in Hornsby Shire.

Council currently addresses the issue of affordable housing in its planning instruments by rezoning lands for multi-unit housing to provide housing choice and requiring a mix of unit sizes. There are also a number of local planning tools that could be considered to assist in promoting affordable housing in the Shire. However, the State Government has announced that it is currently developing initiatives to provide affordable housing through its Affordable Housing Framework (ie. Affordable Housing Taskforce and new Affordable Housing Choice SEPP). To avoid unnecessary expenditure and duplication of financial and staff resources at the local government level, it would be appropriate for Council to await the outcomes of the State Government's strategic review.

It is recommended that Council write to the Minister for Planning and Infrastructure indicating its support for the progression of the Affordable Housing Framework and requesting a timeframe for its delivery. It is also recommended that Council consider permitting the land uses of "hostel" and "secondary dwelling" in various zones in the progression of Council's draft Comprehensive Local Environmental Plan.

PURPOSE

The purpose of this report is to present options for promoting affordable housing opportunities in Hornsby Shire.

BACKGROUND

Council has considered a number of development applications for affordable housing over the last twelve months. As part of its consideration of Executive Manager's Report No. PLN72/10, Council resolved inter alia that:

"A report be prepared for Council's consideration outlining options for promoting additional housing choice in Hornsby Shire, which contribute to housing affordability and satisfies community expectations."

This report addresses Council's resolution.

DISCUSSION

This report provides a context to affordable housing provision in Hornsby Shire, identifies Federal and State Government programs and policies, and identifies planning responses by councils to the provision of affordable housing.

1. Context

1.1 What is Affordable Housing?

Affordable housing refers to housing that is appropriate to the needs of occupants in terms of size, form, location and affordability. Affordability is generally measured by the ratio of rent or purchase price to household income. A general indicator is that housing should not cost more than 30% of the income of a household, leaving enough funds for other living expenses. Households who pay more than this are said to be experiencing housing stress.

Affordable housing exists in a range of housing forms and tenures, including the following:

- home purchase opportunities for people on low incomes (eg. shared equity schemes and subsidised housing);
- private sector rental housing with subsidised rental levels;
- low cost rental accommodation (eg. boarding houses); and
- social housing (eg. public housing, community housing and crisis accommodation).

1.2 Why is it important to provide Affordable Housing?

The availability of affordable housing is important to facilitate integrated and sustainable communities. In summary, without sufficient affordable housing opportunities, those who work in essential, yet lower paid positions ("key workers" such as nurses, teachers and social workers) are unable to live in local areas with more expensive housing stock. Instead, they may be forced to live some distance from their work, raising equity issues and the risk that individuals may cease to work in high cost areas that are far from home. This may have consequences to local economies and to the social diversity of areas.

1.3 Affordable Housing Market in Hornsby Shire

Housing NSW has calculated that there are 3,627 residents within Hornsby Shire receiving Commonwealth Rent Assistance, with just over 50% in housing stress. Of all low to moderate income households in the private rental market, 62% are in housing stress. Of all low to moderate income households that are purchasing housing in Hornsby Shire, 64% are in housing stress.

Housing NSW has identified that as at December 2009, the proportion of private rental dwellings in Hornsby Shire which was affordable to households on 80% of median income for metropolitan residents was 9.4%. With respect to dwelling purchase, the proportion of private purchase housing which was affordable to households on 80% of median income for metropolitan residents was 0.1%.

The Department identifies the following key issues for Hornsby Shire:

- The lack of affordable housing for rental;
- The lack of affordable housing for purchase for low to moderate income earners, causing households to be in housing stress or to locate some distance from jobs and services at personal and economic cost;
- The lack of housing diversity, as the majority of dwelling stock in Hornsby is three or more bedrooms; and
- Insufficient affordable housing opportunities for older lower income earners.

2. Federal and State Government Affordable Housing Initiatives

2.1 Federal Programs and Policies

The Federal Government has introduced a number programs and policies to respond to the challenge of providing affordable housing, including:

The National Affordable Housing Agreement - commenced on 1 January 2009 and covers all Government Housing programs from home ownership to homelessness. The Council of Australian Governments has provided \$10 billion in funding, which in part will be spent on building additional public and community housing.

The National Rental Affordability Scheme - is an initiative to stimulate the supply of up to 50,000 new affordable rental dwellings up to 2012, with possibly a further 50,000 to be made available post July 2012, subject to demand.

The Housing Affordability Fund - invested \$512 million over five years and is aimed at lowering the cost of building new homes in Greenfield areas by addressing holding and infrastructure costs.

Limited rent assistance - is provided to those on lower incomes renting in the private rental market.

2.2 State Programs and Policies

The State Government has introduced a number of programs and policies to respond to the challenge of providing affordable housing. The Programs include:

Short term rental assistance - is provided by Housing NSW to eligible households to assist them to secure accommodation in the private rental market through the payment of bond, rent in advance and rent arrears.

Social housing - is provided by various State Government agencies for those on very low incomes.

Mortgage Assistance Scheme - is provided to certain homeowners experiencing temporary difficulties in making home loan repayments.

The Centre for Affordable Housing - is a specialist unit within Housing NSW that provides advice and technical support to local councils. The Centre seeks to increase the provision of affordable housing by facilitating partnerships between State Government, local government, not for profit organisations and the private sector.

The affordable housing policies that apply in Hornsby Shire include:

SEPP No. 10 - Retention of Low Cost Rental Accommodation: The Policy acknowledges that people on low incomes in private rental accommodation often suffer displacement and that local government has a critical role to play in ensuring the provision of a variety of housing. The Policy seeks to retain low cost rental accommodation through the development approval system and applies to boarding houses and low-cost residential flat buildings. Specifically, before granting consent or concurrence to development specified by the Policy, the council and Director General of the Department of Planning and Infrastructure are required to take into account the availability of comparable accommodation.

SEPP No. 21 - Caravan Parks: The Policy acknowledges less traditional affordable housing arrangements and seeks to ensure the social and economic welfare of the community is upheld in the development or redevelopment of caravan parks. Specifically, the Policy ensures that

where caravan parks or camping grounds are permitted under an environmental planning instrument, development consent is required for new caravan parks and camping grounds and for additional long-term sites in existing caravan parks. It also enables, with the council's consent, long-term sites in caravan parks to be subdivided by leases of up to 20 years. There is one caravan park located in the Shire (i.e. Dural) which provides accommodation for both itinerant travellers and longer term residents.

SEPP (Housing for Seniors or People with a Disability) 2004: The Policy encourages the development of accommodation for our ageing population and for people who have disabilities by relaxing local residential development controls. Of note, the *SEPP* permits housing in Council's urban zones and land adjoining Council's urban zones. Accordingly, the Policy provides a mechanism to increase the supply and diversity of housing that meets the needs of older people.

SEPP (Affordable Rental Housing) 2009: The Policy was introduced on 31 July 2009 and permits the following affordable housing types.

- "Secondary dwellings" are permitted with consent and as complying development in residential zones. They are required to have a maximum floor space of 60m², must be attached to or within the principal dwelling and are required to be on a property greater than 450m².
- In-fill affordable housing is permitted with consent in residential zones. The housing is required to be located within 800m of a rail station and/or 400m bus station. The housing is also restricted to a maximum 0.5:1 FSR for low scale development and various FSR bonuses (based on % affordable housing) where residential flat buildings (i.e. "multi-unit housing") are permitted. Affordable housing within these developments must be managed by a registered community housing provider for at least 10 years to ensure the units are let at affordable rents to genuine low to moderate income households.
- Residential development is permitted without consent for up to 20 dwellings on a site with a building height less than 8.5m where carried out by, or on behalf of, the NSW Land and Housing Corporation.
- The development of group homes with up to 10 bedrooms by public social housing providers are permitted without consent.
- Self contained boarding houses (with floor space ratio bonuses) are also permitted with consent in all residential and appropriate business zones.

At the end of 2010 and early 2011, the Department of Planning and Infrastructure reviewed the *Affordable Housing SEPP* in consultation with key stakeholders. In March 2011, Council made a submission to the Department. In summary, the submission commented that:

- The Policy should be a stand alone policy, not dependent upon other legislation for implementation and interpretation;
- The development of "infill affordable housing" within a low density residential zone undermines the development standards for the zone;
- The Policy needs to clarify that Section 94 contributions are required for "secondary dwellings"; and
- The development of "boarding houses" in low density residential zones is inappropriate in terms of building form.

The review included the evaluation of 230 public submissions. In May 2011, the DP&I

announced a two stage approach to the review of the *SEPP*. Stage 1 involved amending the *SEPP* on 20 May 2011 to:

- Prevent the building of townhouses, villas and boarding houses in low density residential areas unless the development is compatible with the character of the locality and is well served by public transport;
- Require at least 20% of the total floor space (rather than a specified number of units) of townhouses and villas as affordable rental housing for 10 years; and
- Require higher parking standards for new townhouses, villas and boarding houses.

Stage 2 involves the establishment of a Taskforce to work with councils to develop new Local Affordable Housing Choice Strategies that reflect their housing needs and development characteristics. The Taskforce will also prepare a new Affordable Housing Choice *SEPP*, with exemptions from the Policy being provided to councils where approved Local Affordable Housing Choice Strategies are implemented through their LEPs. To date, the DP&I has not announced the membership of the Taskforce or provided a timeline or criteria for the preparation of the Local Affordable Housing Choice Strategies.

3. Local Government Affordable Housing Initiatives

3.1 Local Government Responsibilities

Local government has responsibilities under the *Environmental Planning and Assessment (EP&A) Act, 1979* to provide affordable housing opportunities through its strategic planning and regulatory functions. The objects of the *EP&A Act* specify that local government has a responsibility for ensuring that there is an adequate supply of a range of housing to cater for the needs of all residents. Specifically, the object under Section 5(a)(viii) encourages “*the provision and maintenance of affordable housing*”.

The plan making provisions of the *EP&A Act* (i.e. Section 26d) also state that LEPs may include arrangements for “*providing, maintaining and retaining, and regulating any matter relating to, affordable housing*”. This responsibility is emphasised by Action C4 of the Metropolitan Strategy for Sydney to “*improve the affordability of housing*”. The main mechanism through which councils can address affordable housing opportunities is the preparation of housing strategies and incorporation of appropriate provisions in their planning instruments.

As a determining authority, Council also has a role to ensure that there is an adequate supply of affordable housing permitted under both its local planning instrument and the State Government housing policies identified above. Specifically, Section 79(c) of the *EP&A Act* requires determining authorities to consider the likely social impacts of a proposal when determining a development application. Such impacts could include an increase or decrease in opportunities for low cost housing.

3.2 Planning Tools for the Provision of Affordable Housing

The following discussion summarises planning tools that are, or have been, used by councils for the provision of affordable housing in their local areas.

Inclusionary Zoning: Inclusionary zoning requires particular sites within an area or zone, or particular forms of development, to allocate a proportion of that development as affordable housing. Inclusionary zoning is commonly applied to rezoning of land, in recognition that the rezoning and development approval process can contribute significantly to improving the value of land for private landowners. It is argued therefore, that it is reasonable that the community receive a social benefit in exchange for this private financial gain. This is achieved by the

provision of affordable housing on site, or by way of an in lieu monetary contribution to a housing fund. Inclusionary zoning can either be voluntary (usually promoted with the use of incentives) or mandatory. Inclusionary zoning has been used in the City West at Ultimo/Pymont and Green Square in the City of Sydney.

Section 94 Contributions: Section 94(f) and 94(g) enables councils to impose conditions on a development application requiring the dedication of land (free of cost to council) or the payment of money to be used for the purpose of affordable housing to compensate for the impact of the development. Council may use this approach if *SEPP 70 - Affordable Housing (Revised Schemes)* identifies that there is a need for affordable housing in an area and the council is satisfied that the proposed development:

- (i) will or is likely to reduce the availability of affordable housing;
- (ii) creates a need for affordable housing; and
- (iii) is allowed only because of the initial zoning of the site, or the rezoning of the site.

The conditions can only be imposed when the condition complies with the *SEPP* and is authorised by provisions within a local environmental plan. Details of the contributions/dedications schemes must also be included in an adopted Section 94 Plan. The contribution is not restricted to the \$20,000 cap established for "local infrastructure contributions" under Section 94 of the *EP&A Act* but must be reasonable in regard to the extent of the affordable housing in the area, the scale of development and any other Section 94 contributions required by the applicant. Waverley, North Sydney and Randwick Councils use Section 94 provisions to levy for affordable housing.

SEPP 70 - Affordable Housing (Revised Schemes) does not apply to Hornsby Shire. Accordingly, there is currently no opportunity to impose conditions requiring the dedication of land or the payment of money to be used for the purpose of affordable housing.

Density Bonuses and Development Concessions: In areas where the opportunity for rezoning may be limited or where it is proven that the financial viability of including affordable housing in private residential developments may need some incentives, density bonuses or development concessions may be provided.

A density bonus is where additional floor space is permitted as part of a development on designated sites in exchange for a public benefit such as affordable housing. Density bonuses are usually included in a LEP. A development concession is where development standards are modified to reduce the cost of the development such as a reduction in car parking or private open space provision. Development concessions are usually included in a DCP. Waverley Council incorporated density bonus provisions in its LEP to promote provision of affordable housing.

Voluntary Planning Agreements: Voluntary planning agreements (VPAs) between a council and a developer are a non-mandatory alternative to Section 94 developer contributions and are founded under the *EP&A Act*. VPAs secure a negotiated planning outcome and may allow development concessions/incentives in exchange for the provision of contributions to finance or produce affordable housing stock or other public benefit such as services/facilities by the developer. VPAs are legal contracts attached to the land rather than the owner of the land. Accordingly, they apply in perpetuity. The City of Canada Bay Council has established a policy framework for the use of planning agreements to achieve the provision of affordable housing.

As indicated above, as part of the State Government's review of the *Affordable Rental Housing SEPP*, a Taskforce is being established to work with councils to develop affordable housing strategies and to prepare a new Affordable Housing Choice SEPP. Furthermore, in accordance

with the NSW Government's requirements, all NSW councils are preparing a new Comprehensive LEP based on the *Standard Instrument* format. Due to the limited number of CLEPs finalised and the constant revision of the *Standard Instrument* by the DP&I, it is uncertain as to whether the Department will continue to allow the use of the planning tools discussed above. Accordingly, should Council support investigating any of the above planning tools, the first step should be to consult the Department to determine its position on including same in Council's new CLEP.

3.2 Council's Current Approach to the Provision of Affordable Housing

Council's current approach to the provision of affordable housing in Hornsby Shire is discussed below in terms of the Housing Strategy and Council's Comprehensive LEP.

Housing Strategy: The preparation of Council's recently gazetted Housing Strategy included a review of housing stress, existing dwelling stock, and observed and emerging housing consumption and demographic trends in Hornsby Shire to determine appropriate housing forms to provide housing choice and therefore more affordable housing. The Housing Strategy delivered the rezoning of 21 precincts with an anticipated yield of 2,693 dwellings in the form of townhouses and 5 to 10 storey residential flat and mixed use buildings. In the preparation of the Housing Strategy, Council considered the option of reduced minimum allotment sizes for subdivision in residential areas. This option was not favoured due to the uncertainty as to where development may occur. However, the introduction of smaller allotment sizes remains an alternate planning mechanism to facilitate the provision of more affordable housing.

As part of the preparation of the Strategy, Council also wrote to the DP&I seeking direction concerning how affordable housing issues should be addressed in light of the action outlined in the *draft North Subregional Strategy* that the State Government will develop initiatives to provide affordable housing through its Affordable Housing Framework. Council advised that the options that could be investigated to address the issue included a number of the options outlined above along with continuation of the provision of housing mix and choice. Council also requested a timeframe for the preparation of the Affordable Housing Framework to avoid unnecessary expenditure and duplication of financial and staff resources at the local government level.

The Department confirmed that Council's response to provide a diverse mix of housing options is sound as were investigation of the other options for addressing affordable housing issues. However, the Department did not confirm a timeframe for the preparation of the Affordable Housing Framework. Accordingly, in the absence of direction through the State Government's Affordable Housing Framework, the recently gazetted Housing Strategy relies on the rezoning of precincts to enable the development of multi-unit dwellings of various sizes and types in locations which currently lack this form of housing, promoting choice and affordability. Furthermore, the Housing Strategy DCP requires that developments should include a mix of 1, 2 and 3 bedroom units. At least 10% of each unit type should be provided.

Comprehensive Local Environmental Plan: Council is currently preparing a new Comprehensive LEP based on the NSW Government's *Standard Instrument*. The preparation of the LEP has principally been a process of transferring the *Hornsby Shire Local Environment Plan 1994 (HSLEP)*, into the new LEP format. Notwithstanding, the preparation of the new CLEP provides the opportunity for Council to introduce previously undefined housing types as permitted land uses should Council see merit in same.

The *Standard Instrument* contains various affordable housing types in its dictionary previously undefined under the *HSLEP*, including "hostels" which are defined as:

hostel means premises that are generally staffed by social workers or support providers

and at which:

- (a) residential accommodation is provided in dormitories, or on a single or shared basis, or by a combination of them, and*
- (b) cooking, dining, laundering, cleaning and other facilities are provided on a shared basis.*

and a “secondary dwelling” which are defined as:

secondary dwelling means a self contained dwelling that:

- (a) is established in conjunction with another dwelling (the principal dwelling), and*
- (b) is on the same lot of land as the principal dwelling, and*
- (c) is located within, or is attached to, or is separate from, the principal dwelling.*

Secondary dwellings are also limited in size by Clause 5.4(9) of Council’s draft CLEP to 60m² or 10% of the total floor area of the principal dwelling, which ever is greater.

The land uses were not introduced as permitted land uses under the draft CLEP as it is outside Council’s mandate for a translation. However, “secondary dwellings” are permitted in the residential zones with consent or as complying development where they meet the predetermined development standards under the *Affordable Housing SEPP*. Accordingly, Council could consider permitting the land uses in one or a number of zones under the draft CLEP.

In summary, in the absence of strategic direction at the State level, Council currently addresses the issue of affordable housing in its planning instruments by rezoning lands for multi-unit housing to provide housing choice and requiring a mix of unit sizes. The State Government has announced it will work with councils to develop an Affordable Housing Framework. Council should await the outcomes of the State Government’s strategic review to avoid unnecessary expenditure and duplication of financial and staff resources at the local government level. However, it would be appropriate for Council to write to the Department indicating its support for the progression of the Affordable Housing Framework and reiterating Council’s request for a timeframe for the delivery of the Framework.

CONSULTATION

Preparation of this report has involved consultation with the *Centre for Affordable Housing*, the specialist unit within Housing NSW that seeks to increase the provision of affordable housing.

TRIPLE BOTTOM LINE SUMMARY

Triple Bottom Line is a framework for improving Council decisions by ensuring accountability and transparency on social, environmental and economic factors. It does this by reporting upon Council’s strategic themes. As this report only provides Council with information and does not propose any actions which require a sustainability assessment, no Triple Bottom Line considerations apply.

CONCLUSION

This report provides an overview of affordable housing provision in Hornsby Shire and notes that there are a number of Federal and State Government programs and policies that facilitate the provision of affordable housing. There are also a number of local planning tools that could be considered to assist promote the provision of affordable housing.

However, the State Government is currently developing initiatives to provide affordable housing through its Affordable Housing Framework (ie. Affordable Housing Taskforce and new Affordable Housing Choice SEPP). Therefore, it would be appropriate await direction through the State Government's Affordable Housing Framework to avoid expenditure and duplication of financial and staff resources at the local government level.

It is recommended that Council write to the Minister for Planning and Infrastructure indicating its support for the progression of the Affordable Housing Framework and requesting a timeframe for its delivery. Council should also consider permitting the land uses of "*hostel*" and "*secondary dwelling*" in appropriate zones in the progression of Council's draft Comprehensive Local Environmental Plan.

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RECOMMENDATION

THAT:

1. Council write to the Minister for Planning and Infrastructure indicating its support for the progression of the Affordable Housing Framework and requesting a timeframe for its delivery.
2. Council consider permitting the land uses of "*hostel*" and "*secondary dwelling*" as defined in the *Standard Instrument* in appropriate zones in the progression of Council's draft Comprehensive Local Environmental Plan.

JAMES FARRINGTON
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Attachments:

There are no attachments for this report.

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