

INQUIRY INTO SOCIAL, PUBLIC AND AFFORDABLE HOUSING

Organisation: Willoughby City Council

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ENVIRONMENTAL SERVICES

Strategic Planning

19 February 2014

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

To whom it may concern,

RE: NSW Parliamentary Inquiry into social, public and affordable housing

I am writing with regard to the NSW Parliamentary Inquiry into social, public and affordable housing. I would like to thank you for the opportunity to provide comments to the Inquiry. Providing appropriate housing for the people of NSW is a critical issue as it facilitates economic development in the State and enables people to remain in their own communities as their circumstances change.

Willoughby City Council has long had an interest in housing issues and has an affordable housing program. Council would like to comment on the matters outlined in the Inquiry's Terms of Reference as raised below.

In this submission affordable housing refers to affordable rental housing as defined in the Act (rented to people on low to moderate incomes and managed by a community housing provider). The submission does not address the broader issue of housing affordability (e.g. for purchase) and dwelling supply generally as this falls outside the scope of the Inquiry.

Criteria for selecting and prioritising residential areas for affordable and social housing development

Council understands that land values influence the viability of providing affordable and social housing in all parts of Sydney.

Council supports the recommendation of the Audit Office of New South Wales to prepare an Asset Portfolio Strategy to renew existing housing estates which are often "ageing and inappropriate", for example, the Barton Road housing estate in Artarmon with 143 units which is now over 40 years old and could be considered for renewal/ redevelopment.

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

Development applications involving social and affordable housing often face community opposition. Additional work could be done by the State Government to influence public perception of affordable and social housing. The Australian Housing and Urban Research Institute have recently completed a paper "Understanding and addressing local opposition to affordable housing projects" which found that government has a role to better explain to the public what affordable housing is and allay community fears.

(ii) planning law changes and reform

Planning instruments can require the provision of affordable housing within new developments. The provision and maintenance of affordable housing is an object of the Environmental Planning and Assessment Act (Clause 5(a)(viii)).

The White Paper "A new planning system for NSW" discussed the possibility of affordable housing being implemented through planning controls. Amendments proposed to the Planning Bill 2013 in Parliament recommended the inclusion of affordable housing requirements (these amendments to the Bill are yet to pass through Parliament).

The Draft Metropolitan Strategy for Sydney to 2031 identifies affordable housing as a key issue. Action 6.3 is to "plan for the inclusion of affordable housing in Sydney".

Despite the object of the Act and other strategic policy documents supporting the ability of local government to have a role in the facilitation of affordable housing, it appears that the Department of Planning and Infrastructure have failed to allow several councils from implementing affordable housing policies through their environmental planning instruments during the last decade¹.

Willoughby Council has had a long interest in affordable housing issues. Following the Report of the Ministerial Taskforce on Affordable Housing titled 'Affordable Housing in New South Wales: The Need for Action' in July 1998, Council adopted the Willoughby City Housing Policy. This Policy recognised the loss and lack of low cost housing and the small number of public and community housing dwellings within the local government area. Recommendations of the Policy included the following:

- That Council investigate incorporating aims relating to affordable housing within a Local Environmental Plan.
- That Council investigate planning mechanisms to promote affordable housing within Willoughby City for instance, inclusionary zoning and linkage programs.

Willoughby Local Environmental Plan 1995 was amended in 1999 to require 4% of the total floor space of new dwellings within identified Willoughby Local Housing Precincts to be provided as affordable housing. These precincts were identified as an inclusionary zoning in

¹ Johnston, C. (2013). *Capital-value uplift and affordable housing*. Shelter NSW, Sydney.

Willoughby City Council

the environmental planning instrument in response to rezonings for new residential land or higher residential densities which increased development potential. These controls were subsequently validated by The Environmental Planning and Assessment Amendment (Affordable Housing) Act 2000 and State Environmental Planning Policy 70-Affordable Housing (Revised Schemes) in 2002 which recognised the importance and validity of the scheme.

Between 1999 and 2005, 4 sites were identified as Affordable Housing Precincts as part of the rezoning process and a total of 10 units and several monetary contributions were provided. These numbers may not have been significant in total but they reflect one council's ability to make some impact on the housing affordability problem.

Willoughby Local Environmental Plan 2012 came into force in January 2013 and identified a number of new sites where affordable housing was required (indicated as Area 3 on the Special Provisions Area Map). Sites were selected for inclusion on the map where the zone had changed to allow a higher density of development, the height control had been substantially increased to enable a site to increase its development potential or the site had been newly zoned for residential use. Initially the Department of Planning and Infrastructure did not support the proposed extension of the existing affordable housing program to new sites under the draft LEP and Council spent several years contesting this issue.

Council's affordable housing requirements have been applied to a number of Part 3A (state approved) Applications (Thomas Street Chatswood, Royal North Shore Hospital St Leonards and the Channel 9 Willoughby site which is yet to be approved). A number of recent DAs identified on the Special Provisions Area Map will provide affordable housing. Council's experience is that these requirements are generally accepted by the development industry as they are part of the planning controls and are only applied through the rezoning process.

The Willoughby Development Control Plan sets out the detail of Council's policy adopted in 1999. Before resolving to rezone land, Council is to consider the inclusion of the subject land as an Affordable Housing Precinct (previously called Willoughby Local Housing precinct).

The affordable housing units are rented to people on low to moderate incomes at rents that do not exceed 30% of their income and are managed by a local community housing provider (Link Housing). The title of these units is transferred to Council. Rental from Affordable Housing received by or on behalf of Council, after deduction of normal landlord's expenses is used for improving or replacing affordable housing or for providing additional affordable housing within the City of Willoughby. The Affordable Housing funds are contained in a separate trust account for the specific purpose of maintaining and expanding affordable housing.

Council supports local government involvement in the facilitation of affordable housing through new development. There are a number of alternatives for how this could occur:

1. Affordable housing is required as part of all new residential development. This is similar to some overseas models where a proportion of all new housing is to be affordable (for example California and Maryland in the USA). It is understood that the City of Sydney Council floated the introduction of a general levy on residential and commercial developments which was blocked by the Department of Planning².

² Johnston, C. (2013). *Capital-value uplift and affordable housing*. Shelter NSW, Sydney.

Willoughby City Council

2. State Government sets affordable housing targets across the State. Councils would need to determine the sites which would be subject to providing affordable housing (through rezoning by planning proposals).
3. Allow all councils to implement inclusionary zoning through their planning controls as deemed appropriate by each local authority. This would require legislative change and support from the Department of Planning and Infrastructure in amending local environmental plans.

Some councils have investigated other methods of encouraging housing affordability through planning controls. For example, North Sydney Council recently commissioned a report into affordable housing investigating mandating the inclusion of smaller apartments in developments with no garage or storage areas³.

One approach to affordable housing implemented by the State Government was the Affordable Rental Housing SEPP (introduced in 2009) which has delivered only 9 completed affordable housing dwellings in Willoughby, as the provisions of the SEPP do not provide sufficient return on the lower north shore for it to deliver affordable housing projects. Dwellings provided through the SEPP have limitations and there is some uncertainty as to what will occur once the 10 year occupancy expires for each of these tenancies which is a significant limitation of this policy.

The secondary dwellings provisions of the Affordable Rental Housing SEPP are supported and in particular the clauses prohibiting the subdivision of secondary dwellings and the maximum dwelling size as this encourages small secondary dwellings as a form of less expensive rental accommodation.

Willoughby City Council strongly supports enabling councils to prepare their own affordable housing provisions suited to their area and strongly supports the use of inclusionary zoning to provide affordable housing outcomes on larger sites. The benefits of such schemes are that the units are provided in perpetuity, not for a fixed term as per those provided under the SEPP, and they provide affordable housing on sites where increased residential development potential through rezonings occurs.

(iv) market mechanisms and incentives

Changes to fiscal and taxation policy (such as those proposed in the Henry Tax Review) would make a significant impact and Council officers would support the use of some of these measures to supplement the changes to planning controls outlined above.

(vi) ageing in place.

As mentioned above Council supports secondary dwellings as permitted in the Affordable Rental Housing SEPP to assist with ageing in place.

Council received funding in 1999 from the Department of Planning and Infrastructure (then planningNSW) under the Local Government Housing Initiatives Program for a joint project with Newcastle City Council to develop a model Development Control Plan for adaptable housing.

³ Judith Stubbs and Associates. (2013). *North Sydney Council Affordable Housing: DCP Review and Recommendations*. Bulli.

Willoughby City Council

The funding was granted as both Newcastle City Council and Willoughby City Council recognised that promoting the provision of adaptable housing plays a key role in ensuring that population groups who are aged and/or with a disability will have access to a range of appropriate housing options and can age in place.

A consultant was engaged to prepare the Model DCP in consultation with a multi-disciplinary Steering Committee. The Model DCP recommended that 100% of all new medium density dwellings should be adaptable, with provision for exceptions such as topographical and economic constraints. The study found that cost-benefit studies of adaptable housing undertaken in Australia and overseas consistently report that cost increases resulting from the inclusion of adaptable measures were in the order of 0.5-1% of total construction costs for most forms of housing. It also found that costs may be significantly higher for some forms of housing, such as medium density residential flat buildings where in order to achieve 100% of units as adaptable, a lift would be required which may not otherwise be included in the development, and recommended that relaxation of the requirements for access in this regard would be appropriate (Connell Wagner, 2002).

Following receipt of the Model DCP recommendations in January 2002, Council sought advice from an Access Consultant to determine appropriate requirements for the provision of adaptable housing in new residential development specifically within the Willoughby City area, using the Model DCP as a preliminary document and considering the views expressed in the workshops held to develop the Model DCP.

As a consequence the Willoughby Development Control Plan now requires the following adaptable housing in new development (from the previous 1 in 9 units):

| Development type | Minimum Requirement |
|--|---|
| Single storey attached dwellings and multi dwelling housing (eg attached or detached villas) | 10% of units to be adaptable. |
| Two storey attached dwellings, multi dwelling housing and residential flat buildings | 25% of all dwellings to be adaptable. |
| Three storey attached dwellings, multi dwelling housing and residential flat buildings | 33% of all dwellings to be adaptable. |
| Multi dwelling housing and residential flat buildings greater than 3 storeys. | 50% of dwellings to be adaptable. |
| Shop top housing | If lift access is to be provided, 50% of all dwellings to be adaptable. |
| Secondary Dwellings | All dwellings to be adaptable |

Council considers that its provision should be the minimum requirement for the provision of a proportion of adaptable housing in all new housing development. Some other councils do not require any adaptable housing or require a far lower rate.

Willoughby City Council

Other matters

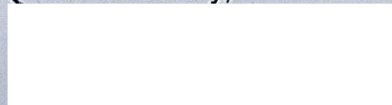
The impact of housing construction on affordability should be considered. Good design will lead to better sustainability and long term affordability, particularly in relation to water and energy usage and costs.

Government housing providers must also take a lead role in the provision of such housing.

Achieving change with affordable and adaptable housing will require political ownership at a State Government level and policy and legislative reform to enable local government to take an active role in facilitating the development of affordable housing.

Should you have any enquiries regarding this letter and to discuss any issues please contact

Yours sincerely,



Greg P Woodhams
ENVIRONMENTAL SERVICES DIRECTOR