

Submission  
No 22

**INQUIRY INTO ENVIRONMENTAL PLANNING AND  
ASSESSMENT AMENDMENT (HOUSING AND  
PRODUCTIVITY CONTRIBUTIONS) BILL 2023**

**Organisation:** Shelter NSW

**Date Received:** 9 June 2023

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## **Submission by Shelter NSW, CEO Shelter NSW to the Parliament of NSW Select Committee on the Environmental Planning and Assessment Amendment (Housing and Productivity Contributions) Bill 2023**

### **About Shelter**

NSW Shelter NSW is a non-profit organisation that conducts research and advocacy to advance our vision of sustainable housing that provides a secure home for all. Operating since 1975, we are a member-based organisation that represents a diverse network of interests which includes both other organisations and individuals. Focusing on the needs of households on ordinary incomes, we engage our members and experts to research, discuss, and advocate reforms to housing policy that are good for our economy, society, and environment.

### **Who we are and what we advocate for**

Our concern is housing affordability – for the lowest 40% of income earners who in the main, because of the long-term affordability crisis, are renters. While we have a high focus on the serious lack of social housing across NSW our concern extends into concerns for ordinary people, key workers, who are suffering housing stress across Greater Sydney and increasingly in cities like Wollongong, and LGAs like Cessnock.

**Our firm view, backed up by research, is that the private housing market continues to fail a large part of the population.**

Until and unless the private housing market is fundamentally changed, we and many other advocates like NCOSS, Tenants Union, Homelessness NSW and Sydney Alliance and experts advocate that a non-market alternative, in the form of Affordable Rental Housing, ought to be considered important infrastructure, funded through an efficient and effective infrastructure contribution system. This is part of a broader position we

have, that the value created out of the development and planning decisions system ought to be shared with the public, for the public good.

## **Observations**

**Limited access to affordable housing has substantial social and economic costs in the regions and much of this was highlighted throughout the consultation and submission provided to the Regional Housing Taskforce in 2021.** In an attempt to address some existing negative impacts, a funding stream was provided for the lower Hunter, Central Coast, Illawarra and Shellharbour to develop housing strategies, contribution schemes, LEP amendments, infrastructure and structural plans many of which will be completed by 2024. Shelter is keen to ensure that any HPC scheme can integrate effectively with much of this work to ensure a better integration between, housing supply, need and productivity.

**Research commissioned by Shelter NSW on Regional Housing Need (February 2023) showed an overlap between 7 LGAs covered by the HPC which also have a substantial unmet affordable housing need.** So, Shelter is pleased to see the inclusion of affordable housing in the HPC across these same regions<sup>1</sup>.

**Overall, Shelter NSW is supportive of the Bill and we welcome the inclusion and recognition of affordable housing as a component of essential infrastructure for the following reasons.**

### ***Address the Housing Needs of Workers***

**Numerous infrastructure projects are being developed across the proposed HPC regions, and one of the key areas of concern is the provision of affordable housing for a new or expanding workforce.** The workers in agriculture, mining and utility-related projects include both skilled and unskilled labour and need access to affordable housing often in locations where none exists. One of the existing criticisms of these projects is that lower paid workers are housed in facilities disconnected from local economies resulting in negative social and economic impacts. Shelter would like to the development of a policy framework that sits alongside the HPC Bill that ensures the housing needs of future employees are adequately delivered in a way that also supports and delivers social and economic benefits to local regional centres.

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<sup>1</sup> Shelter NSW. New South Wales Regional Housing Need Report February 2023. [https://shelternsw.org.au/wp-content/uploads/2023/02/230223\\_Shelter-NSW-Regional-Housing-Need-Index\\_FINAL.pdf](https://shelternsw.org.au/wp-content/uploads/2023/02/230223_Shelter-NSW-Regional-Housing-Need-Index_FINAL.pdf)

### ***Ensure that HCP Schemes Have an Affordable Housing Contribution Framework in Place Before Rezoning***

**What we know is that access to affordable housing options is different in regional areas where the focus is on rezoning agricultural land for large, sprawling residential housing developments or major infrastructure projects. While in urban areas, redevelopment favours high return opportunities in high land value locations which deliver little or no affordable housing.** As highlighted in Shelter NSW Submission on the Draft Aerotropolis Precinct Plan (2021) **urban land values often doubled as land rezoning processes firmed up and the sales price of land increased accordingly.** With this in mind, it is important to ensure that any HCP schemes linked with an AH contribution are in place prior to rezoning<sup>2,3</sup>.

### ***Implementation of Affordable Housing Target for Each LGA***

We recognised that the HCP merely sets out the contribution rules but that the supply of housing is predominantly left up to the private sector in most cases. Shelter NSW takes the position that every LGA in NSW should have at least a 5% affordable housing target to address the minimum housing safety net needed within each LGA. This will help to ensure older people locked out of homeownership, people with disabilities and those on low incomes or the unemployed can access safe and secure housing. Shelter, therefore, asks that as part of each HCP, region that the objective is to meet a 5 to 10% affordable housing target. This target reflects the target set out in the higher-order Western Sydney Aerotropolis Plan (WSAP) and the Greater Sydney Region Plan (GSRP) and District Plans. Secondly that this target be integrated into the HCP system and monitored over time.

### ***Payment of CHP at the Approval Stage or Construction Certificate Stage***

Shelter takes the position that development approval for large projects already receive a public benefit in the form of rezoning, floorspace and height benefits and yet sites often sit undeveloped for year and decades. Some in the development industry undertake the rezoning and sell the site (flip the site), taking the financial benefits delivered in the initial development stage as a result site can sit vacant leaving little value to be gained by a potential purchaser. These situations affect overall housing supply deliverables and

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<sup>2</sup> Shelter NSW Submission on the Draft Aerotropolis Precinct Plan.

<https://sheltersw.org.au/wp-content/uploads/2021/03/Shelter-NSW-Submission-Aerotropolis-Precinct-Plan.pdf>

<sup>3</sup> 'Market Analysis and Economic Feasibility' report prepared by Atlas Urban Economics for the Western Sydney Aerotropolis (2021).

with this in mind, we believe that deferring payment at the construction certificate stage will just facilitate this kind of practice. What is needed is incentives to ensure development is likely to commence immediately and paying fees upfront will help.

### ***Exemption from CHP for over 55 developments***

The issue of whether senior housing complexes should be exempt from the contribution is vexing. There are numerous examples of aged care facilities that do not have transitional support facilities. One example is a current development proposal at 94 Bettington Road Pankhurst in the Parramatta LGA. It is for the construction of 155 independent living units with car parking. It is located within an existing golf course facility and is a well-designed up market development that will be sold at the higher end of the market. As Council have pointed out it will have a substantial impact on surrounding infrastructure. Conversely, developments that provide affordable, aged and disability care for those who do not own property will require an exemption to ensure they are built. The question in this situation should be what type of Seniors development should be exempt from the HCP.

### **Key Recommendation**

- That the Government mandate AH targets linked to housing supply across NSW because without mandating targets there is ambiguity on how an adequate supply of AH can be levied through any planning system.
- Require an amendment to the Bill that ensures that the delivery of AH does not lose out to other infrastructure requirements.
- Require clauses related to the levying for AH stock in perpetuity. Such a distinction creates an accountable and transparent method for managing stock and enables fair and secure, for- life, home -appropriate AH management.
- That the committee investigate the issue of seniors housing being exempt from the HCP with a focus on distinguishing the difference between a market for purchase developments, and those providing support to older low-income members of the community and those with a disadvantage.
- That the CHP be paid at the earliest stage to incentivise the delivery of more housing across the State.

## References

Planning and Environment. Housing and Productivity Contribution May 2023.

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