

Submission  
No 133

## INQUIRY INTO DEVELOPMENT OF THE TRANSPORT ORIENTED DEVELOPMENT PROGRAM

**Organisation:** Community Housing Industry Association NSW

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Portfolio Committee No. 7 – Planning and Environment

Parliament of NSW

Via online submissions form

### **Submission: Inquiry into the development of the Transport Oriented Development Program**

This submission has been prepared by the Community Housing Industry Association NSW (CHIA NSW). CHIA NSW represents 95 registered, not-for-profit community housing providers (CHPs) in NSW. Our members currently own or manage more than 54,000 homes across NSW for individuals and families who cannot afford to rent or purchase a home on the private market. Since 2012, community housing providers have delivered nearly 5,800 new homes across NSW, representing an investment of over \$2 billion. Critically, these are new homes that the private sector cannot – or will not – deliver in response to housing need.

The evidence of the entrenched housing crisis in NSW is well established. For many people in NSW, affordably renting a home, let alone owning one, is a dream. Without urgent, ambitious action, this dire housing situation will only worsen.

The Transport Oriented Development (TOD) Program, along with the low and mid-rise housing reforms, are a bold response to the housing crisis. They represent a critical opportunity to rebalance growth away from ever expanding urban sprawl and its associated environmental and economic costs.

CHIA NSW is a strong advocate for well-planned growth in areas close to transport and centres. This is critical to providing individuals and families with timely, equitable and affordable access to economic and social opportunities, and ensuring that low- and moderate-income households are not inadvertently displaced from these communities due to a lack of affordable housing options.

CHIA NSW recognises the concerns that councils and local communities have raised with aspects of the reforms. We remain hopeful that the NSW Government and councils will engage constructively to address these issues and demonstrate to communities the benefits of density done well.

This submission identifies aspects of the reforms that will be critical to delivering good outcomes.

#### Ensuring the benefits of growth are shared by all

CHIA NSW welcomes the NSW Government's commitment to applying affordable housing requirements to 39 precincts under the TOD Program. Mandatory affordable housing requirements do not currently apply in any of these precincts. Given the extent of development uplift that will be realised, the TOD Program provides a prime opportunity to introduce mandatory affordable housing requirements.

CHIA NSW supports the implementation of a 15% affordable housing requirement in the TOD Accelerated Precincts, noting the NSW Government commitment for a 30% target on government-owned sites.

While the 2% minimum required proposed for the TOD SEPP precincts is lower than the 5% to 10% targets envisaged in the Greater Sydney Region Plan, CHIA NSW recognises this requirement is intended to be increased over time.

While inclusion of affordable housing requirements in the TOD precincts is welcomed, CHIA NSW was disappointed to see the absence of affordable housing requirements in the low and mid-rise housing proposals.

The need for affordable rental housing exists across all communities, not just in the 39 TOD precincts. The extent of land use changes proposed under the low and mid-rise housing reforms is similar to that envisaged in the 31 TOD SEPP precincts where a 2% affordable housing requirement is proposed. It would therefore be a missed opportunity to not extend this requirement to all low and mid-rise station and town centre precincts.

Extending affordable housing requirements would be consistent with the NSW Government's commitment under the National Planning Reform Blueprint to phase in inclusionary zoning to support permanent affordable, social and specialist housing.

Affordable housing contribution requirements ensure that development responds to the full range of housing needs, providing maximum public benefit. They also help to offset the impacts of development activity, which can itself directly exacerbate affordability issues by displacing lower cost homes from supply and/or increasing property values and rents.

Simply increasing the supply of homes on the market, no matter how ambitious the targets, will not reduce housing costs sufficiently for those on the lowest incomes, including essential workers in low paying jobs. This is evident from a consideration of recent supply trends.

Between 2006 and 2021 the number of homes in NSW increased by 23.1%, outstripping the 17.4% increase in households<sup>i</sup>. Despite this, housing became more expensive. Median rents increased by 83% and property prices increased by 116%.<sup>ii</sup> This outpaced the rise in median household income of 77%<sup>iii</sup> and inflation of 38%.<sup>iv</sup> As a result, housing was further pushed out of the reach of lower income households.

There is clear evidence that carefully implemented contributions requirements do not impede development, as developers incorporate the contribution into the land purchase price.<sup>v</sup> The Centre for International Economics, in its evaluation of infrastructure contributions reforms in NSW, also concluded that over time, infrastructure costs will be factored into lower land values, rather than higher housing prices.<sup>vi</sup>

Feasibility concerns can be addressed by phasing in requirements over time to allow the market to adjust. While a lower requirement may be necessary in the initial years of a scheme, given development feasibility constraints, a higher target is likely to be supported in the future as development returns increase and requirements are costed into land purchases.

#### Retention of affordable housing in perpetuity

The existing infill affordable housing bonus provisions under Division 1 of the Housing SEPP only require affordable housing to be retained for a 15-year term in exchange for increased uplift. CHIA NSW strongly advocates that affordable housing delivered within TOD precincts is required to be retained in perpetuity, and managed by a registered community housing provider.

Providing affordable housing in perpetuity benefits both current and future generations by providing a permanent increase in supply for people who cannot afford to access home ownership or (market) private rental housing. This supply can then be leveraged to support the delivery of more affordable homes over time. Over the long-term, this will likely result in more

affordable housing in the system than is likely if affordable housing is only required to be provided on a time-limited basis.

### Responding to community concerns

CHIA NSW recognises the concerns that have been raised with regard to impacts of the reforms on local amenity and infrastructure. The public would reasonably expect that development contributes not only to broader strategic aims, but also has a dividend for existing communities. It is critical that the NSW Government works with local councils to address their concerns and make the case for well-planned infill development.

Delivering genuinely affordable housing in station and town centre precincts will be critical to building community acceptance of growth. Other measures that could be considered include providing greater certainty as to how state-imposed controls are intended to operate in heritage areas. Consideration could also be given to switching on more local controls, such as minimum lot width and size controls, to enable housing diversity to be increased in a more managed way.

It is understood that local councils will have an opportunity to develop their own planning rules to facilitate greater housing diversity in their areas, with the potential to switch off the state planning controls. To guide this work, CHIA NSW strongly recommends that the NSW Government release updated housing targets for each local government area. These need to include clear targets for social and affordable housing supply.

Strategic planning has historically focused on the overall quantum of housing needed. However, this has not been effective at increasing the proportion of supply that is genuinely affordable to lower income households. To ensure that sufficient housing supply is provided across the housing continuum, clear targets for net growth in social and affordable housing at the state, regional and local government level are needed. This will provide clarity around which policymakers, industry, and investors can work together to deliver outcomes and measure progress.

CHIA NSW welcomes the NSW Government's recognition that infrastructure is critical to housing outcomes. CHIA NSW notes concerns raised by local councils with regard to the impact of the proposed reforms on local infrastructure. Councils will need to review their infrastructure plans to ensure they accommodate increased growth.

CHIA NSW strongly recommends that the NSW Government provides support to local councils to undertake the necessary strategic planning to realise the opportunities arising from the proposed reforms. This should include additional funding and resources to councils to support infrastructure planning and delivery. The NSW Government could further assist by directing Housing and Productivity Contributions to growth precincts.

### Supporting timely delivery of homes

In order to realise the opportunities under the TOD Program, the design of supporting assessment frameworks needs to be calibrated to support an acceleration in housing delivery.

The planning approvals process represents a significant cost for CHPs. Despite proposals being fully compliant with planning requirements, CHPs have experienced unnecessary delays and protracted approvals processes across NSW. Across the state, planning processing times have blown out from 69 days on average in July 2021 to 108 days in 2023.<sup>vii</sup> This is despite a lower volume of applications being lodged. The timeframes for the assessment of higher density forms of housing are significantly longer, at an average of 270 days for multi-dwelling housing and 263 days for apartment development.<sup>viii</sup>

This represents a significant additional cost for community housing developments, which creates unnecessary risks for project viability and delays the delivery of much needed social and

affordable housing. Whilst the complexity of the planning system and local council requirements is a contributing factor, a shortage of capacity within councils and a lack of knowledge of social and affordable housing are also significant factors.

While CHIA NSW supports recent planning reforms, including a new SSD pathway for affordable housing, most community housing projects will continue to be assessed through the local development pathway.

CHIA NSW recommends the NSW Government introduces a streamlined approvals pathway for low-impact community housing development that is not SSD. While a range of mechanisms may be used to deliver this outcome, in NSW this could be achieved without legislative change through an expansion of exempt and complying development provisions. This could support a scale of social and affordable housing commensurate with what Government housing agencies are able to self-assess (ie. 75 dwellings, within LEP FSR and height limits).

The NSW Government should establish an Affordable Housing Delivery Unit (AHDU) within the Department of Planning, Housing and Infrastructure (DPHI) to prioritise the assessment of development applications for social and affordable housing which do not meet the thresholds for state significant development or public authority self-assessment. This unit could be part of the Community Housing Concierge being established by the NSW Government.

As well as supporting CHPs to navigate the planning system, the AHDU would also assist with fast-tracking applications involving more than 50% social or affordable housing by triaging proposals and assisting councils with the preparation of assessment reports, coordination of referrals, and resolution of issues. Development applications that were fully compliant with planning controls could be prioritised for assessment.

Establishing a dedicated assessment resource within the DPHI will address issues arising from a lack of resources within individual councils. It also provides the opportunity to develop an assessment resource with deep understanding of social and affordable housing.

### **Summary of CHIA NSW position**

- CHIA NSW supports the transport orientated development program on the basis that it will support more sustainable communities.
- CHIA NSW supports a minimum 15% affordable housing requirement for Accelerated TOD Precincts and a minimum 2% requirement for other TOD precincts.
- The low and mid-rise housing reforms need to place a stronger focus on affordable housing, but also applying at least a 2% affordable housing requirement in station and town centre precincts where mid-rise housing will be permitted.
- Where local councils work with the NSW Government to develop localised responses to low and mid-rise housing, implementation of affordable housing contribution requirements must be a pre-requisite for switching off the state-wide policies.
- Affordable housing must be required to be retained in perpetuity and transferred to a registered community housing provider. The time-limited affordable housing requirements associated with density bonuses under the Housing SEPP must apply in addition to the TOD affordable housing contribution requirements.
- CHIA NSW recommends the introduction of a streamlined approvals pathway for low-impact community housing development that is not SSD.

- An Affordable Housing Delivery Unit should be established to prioritise and support the assessment of proposals for social and affordable housing.
- Councils need to be supported with resources and funding to plan for the local infrastructure needed to accommodate increased growth.

CHIA NSW appreciates the opportunity to participate in the Inquiry. Please contact Michael Carnuccio, Manager - Policy, on \_\_\_\_\_ or at \_\_\_\_\_, if you require any further information about this submission.

Kind regards,

**Caitlin McDowell**  
**Head of Public Affairs**

## References

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<sup>i</sup> Based on a comparison of Census data.

<sup>ii</sup> Based on a review of DCJ Rent and Sales Reports.

<sup>iii</sup> Based on Census data.

<sup>iv</sup> ABS Consumer Price Index.

<sup>v</sup> Gurrán, N., Gilbert, C., Gibb, K., van den Nouwelant, R., James, A. and Phibbs, P. (2018) *Supporting affordable housing supply: inclusionary planning in new and renewing communities*, AHURI Final Report No. 297, Australian Housing and Urban Research Institute Limited, Melbourne.

<sup>vi</sup> The Centre for International Economics, (2020) *Evaluation of infrastructure contributions reform in New South Wales - Final Report*, prepared for the NSW Productivity Commission.

<sup>vii</sup> NSW Planning Performance Dashboard, as of 31 October 2023.

<sup>viii</sup> NSW Government, Online DA Data API, accessed 27 February 2024.