

NSW Housing Strategy Discussion Paper

Shelter NSW Submission

July 31, 2020



Introduction

Shelter NSW is pleased to see the first steps towards an integrated Housing Strategy for NSW. We welcome the opportunity to make a submission and remain open to any further opportunities over the coming months to further contribute to the final strategy and its ongoing implementation.

In our view, any resulting Housing Strategy needs to acknowledge the breadth, scale and severity of the housing problem in NSW; embody an ambitious vision for change and include a clear set of measurable priorities and targets for action. The Strategy needs to articulate a different set of responses (whether in nature and/or scale) that will reverse chronic trends that have become a feature of the NSW housing system.

At Shelter NSW, our overriding view is that the combination of housing policies from all levels of Government has produced persistently negative results for the people of NSW, but especially for those in the lowest 40% of income earners. We are concerned about persistent and rising trends in homelessness, housing rental stress and insecurity as well as the impacts of poor-quality and poorly-designed housing, particularly on low income households.

In spite of NSW's self-proclaimed status as the 'premier' state it is, consistently, the most unaffordable state to live in within Australia. This unaffordability diminishes the lives, well-being and productivity of a great many people and communities.

Over three quarters of lower income renters in NSW are paying unaffordable rents (92% of very-low income renters in Sydney). Lower cost properties are being steadily replaced with new ones at higher rents, and new concentrations of disadvantage have been created across our major cities as low-income households are displaced. The NSW rental market is failing, forcing our most vulnerable citizens to go without essentials as well as contending with insecure tenancies. Climate change is disproportionately impacting lower-income households without the means to afford adaptation measures.

These trends, while appearing entrenched are not, we believe, inevitable. We commend the NSW Government for taking this important first step towards articulating and delivering a fairer and more sustainable housing system.

About Shelter NSW

Shelter NSW was established in 1975, as the NSW State Housing peak body to advocate for better housing outcomes in response to urban redevelopment pressures. We grew from this to now representing the broad interests of a diverse network of partners and members who include organisations and individuals that share our vision of a secure home for all NSW residents. We pursue this vision through critical engagement with policy and collaborative leadership initiatives. We have consulted our board, members and network of fellow peak bodies ahead of this submission.

Shelter NSW is an independent, non-profit organisation. We advocate for systemic housing policy reform and provide advice on strategies and legislation. In doing so, we research the causes of inequity within the NSW housing system and promote solutions that ensure better housing outcomes for people experiencing different levels of housing stress. We then leverage this expertise to engage and collaborate with the sector to work towards an economically, socially, and environmentally sustainable housing system.

OUR VISION

***Our vision is to create a sustainable housing system
that provides secure homes for all.***

Key messages from Shelter NSW's 2019 community visioning sessions:

- 1. Make plans that emphasise housing as a home, not just an investment*
- 2. Build places and communities, not just houses and towers*
- 3. Create diverse housing that everyone can afford, not just high-income earners*
- 4. Make renting a genuine alternative to ownership, not just a transition phase*
- 5. Address climate change through the housing system, not exacerbate it*

SHELTER NSW – PRIORITIES AND OBJECTIVES FOR THE HOUSING SYSTEM

We consider a sustainable housing system one that delivers what we call **Triple-A housing** and **Triple-P outcomes**.

This framework of priorities applies across the housing system to both households and housing providers. It covers specific areas of policy where a balance of reforms is required. The objectives act as measures of success. They cover evidence and data that can be used to develop and evaluate policy reforms compared with the status quo.

At Shelter NSW we believe that all people deserve to live in housing that delivers these priorities and objectives. We assert for example, that someone renting has as much right to secure, affordable and sustainable housing as someone who owns their own property.

We believe the housing system should be ‘tenure blind’ – delivering outcomes for all.

OUR PRIORITIES OBJECTIVES – TRIPLE-A HOUSING

Affordable and diverse homes	Accessible and well-located housing	Appropriate and high-quality development
Housing supply and demand	Proximity to jobs and services	Amenity and aesthetics
Tenure forms and rights	Access to public transport	Energy and environment
Housing types and sizes	Accessibility and adaptability	Standards and maintenance

OUR OBJECTIVES – TRIPLE-P OUTCOMES

Productive cities and regions	Poverty-free communities	Protected neighbourhoods
Access to jobs and services	Housing stress and homelessness	Energy use and consumption
Housing costs and consumption	Well-being and social connection	Urban heat
Financial and economic stability	Education access and attainment	Climate resilience and adaptation

Exec Summary – draft NSW Housing Strategy Vision and Themes:

Shelter NSW position on the development of a 20-year housing strategy, we:

- welcome the commitment by the NSW Government to developing a 20-year Housing Strategy
- reassert our view, that the purpose of any future strategy must be to drive action to address the significant, long-term gaps in the housing market especially regarding the chronic lack of secure, affordable housing for low income earners (lowest 40%).
- understand that the paper has been produced by a single NSW Government Department but assume any resulting strategy, must necessarily encompass the focus of other NSW Government departments as well as advocacy to the Commonwealth Government regarding state-federal policies that impact the housing system.
- suggest that the Government is uniquely placed to articulate an overall strategy with clear measurable priorities. Anything less than this, risks the ‘strategy’ becoming a compilation of a myriad of many ‘good ideas’ with little sense or commitment to the large, well-funded high priority approaches that will produce a high-impact.
- Suggest that ‘housing’ and especially social and affordable housing, ought to be considered as ‘infrastructure’ accounted for and funded alongside other state capital investments such as roads, water and transport infrastructure. ¹

On the proposed Vision, Key Themes and supporting analysis

Shelter NSW:

- supports the vision statement proposed by the Department and notes a high degree of alignment with that of Shelter NSW
- commends the Department for the comprehensive assembly of data and trends that demonstrates the depth and extent of problems besetting the housing system along with a view on how this impacts a great many people
- calls on the NSW Government to assign an overall aspirational target of ending housing stress and homelessness by 2036.

Shelter NSW calls on the NSW Government to:

- **establish clear long-term targets and metrics regarding homelessness², affordability, accessibility and diversity; and resilience of housing in NSW.** This will enable Government to assess the size, nature and scope of the chronic gaps that exist in all aspects of the housing system and make its own informed judgement call about the programs that will most efficiently and effectively address these gaps over

¹ Noting that the [latest Australian Infrastructure Audit](#), recognised ‘housing as infrastructure’ for the first time).

² Homelessness as defined by the ABS which notes ‘overcrowding’, at 44% as the largest and fastest-growing category of homelessness

a twenty-year period.

- **adopt a transparent performance evaluation system for the above targets** so that any policies adopted under the future Housing Strategy can be tested for effectiveness.
- **elevate ‘housing affordability’ to a Premier’s Priority**, signalling a whole-of-government focus. Suggest the priority be further focused on improvements for the lowest 40% of income earners to reflect the large cohort most impacted by failures in the housing system.
- **commit to an increase in the supply of social and affordable housing that is proportional to demand.** To achieve this, the NSW Government should collaborate with the Commonwealth Government to develop a social infrastructure building program to construct and/or acquire a set number of additional social housing dwellings. Alongside this, the NSW Government should commit to using its planning instruments, surplus land and development corporations to support an economic infrastructure pipeline of affordable housing. In doing so, it should transparently quantify the potential and rationale for inclusionary zoning targets, the availability of well-located public land and the capability to acquire, assemble and on-sell private land at its existing use value prior to rezoning. In turn, it should adopt a centralised and competitive process for aggregating and allocating these subsidies to regulated providers of affordable housing on a grant, discounted sale or leasehold basis.
- **tailor the delivery models of social and affordable housing to meet the needs of specific groups.** To achieve this, the NSW Government should reserve subsidies for the development of specialist types of housing that include unique design features or human services. Examples include the provision of Youth Foyers for disadvantaged youth; Housing First and Common Ground models for persons experiencing chronic homelessness and Specialist Disability Accommodation for people living with disability. Others include those that address the unique needs of victims of family and domestic violence and older women renters reaching retirement with limited assets.
- **address the largest and fastest growing category of homelessness in NSW: severe overcrowding** (as per ABS 2016 definition) by first commissioning research to understand the phenomena (beyond current assumptions of cultural preferences in multicultural communities for ‘large group households’).
- **apply the planning system to create greater housing choice in regional centres.** Encourage any new residential developments in regional areas to be based on clustering dwelling patterns or medium density development in town centres.

- **review housing design and planning rules** to create smaller, more compact (and more affordable) well-designed homes complemented by shared facilities customised for the community profile.
- **review the ‘discount to market’ rent setting policies** to ensure affordable housing arrangements are in fact meeting affordability requirements.
- **further reform NSW tenancy arrangements so that renting becomes a more feasible and secure longer-term housing proposition**³. Specifically:
 - abolish ‘No Grounds Evictions’ and replace with ‘Reasonable Grounds Evictions’⁴
 - introduce a new ‘tenancy product option’ – ‘registrable leases’ to provide greater security for tenants and landlords
- **strengthen regulation of informal and marginal housing such as boarding houses, share or lodging arrangements** by addressing confused definitions in this part of the housing system; improving accreditation and regulation and increasing compliance measures particularly related to tenure.
- **commit to further advocacy to other levels of government for direct investment in social and affordable housing and reform of Commonwealth policy settings that negatively shape housing affordability in Australia.** This may include advocacy for broader taxation reform that influences behaviour in the housing system as well as state-based action such as replacing stamp duty with a broad-based land tax.
- **Take the lead on establishing a collaborative National Housing Strategy**
- **Review the effectiveness of the social housing management transfer and title transfer schemes.**
- **Improve the environmental sustainability of new and existing housing by raising building and maintenance standards.**
- **Assist all NSW residents to gain access to affordable renewable energy**
- **Ensure that town and city planning throughout the state is responsive to the environmental hazards, such as bushfires, extreme heat, and flooding, that will be exacerbated by the effects of climate change.**

³ Consistent with recent recommendations by the Productivity Commission in [its report on vulnerable renters](#).

⁴ . More information can be found on the [Make Renting Fair campaign](#) site, to which Shelter NSW is a signatory.

Comments on the Housing Strategy Discussion Paper

Introduction

What influence would you or your organisation have in contributing to the joint delivery of a NSW Housing Strategy?

What data or insights could you provide to support responsive action plans?

Shelter NSW can play a community education and advocacy role to build public support for the delivery of additional housing supply. For instance, we are planning a research agenda that reports on the current status and policy solutions for each part of the housing system. The NSW Government can support us to do so by making data available on the performance of current and future policies in terms of supply relative to demand.

Establishing a vision for housing in NSW (p10)

What are your views on this vision?

What outcomes should a NSW housing strategy focus on?

Shelter NSW supports the vision statement proposed by the Department and notes how much it aligns with that of Shelter NSW.

We offer the following observations and recommendations about the overall vision and theme construct.

The structure of the Draft Housing paper is in itself, we think, a reflection of an overall problem. Questions of overall 'housing supply' are considered as a separate theme and goal, with requirements suggested by the other themes (diversity, affordability and resilience) being considered as separate and potentially, as lower-order goals. To many observers, there has been a failure to proactively plan for the overall supply of affordable, well-designed, resilient dwellings suitable for a diverse range of people throughout their lifecycle – in the appropriate 'amount, location and time'. This has led to suboptimal and worsening outcomes right across the housing system, but especially for people earning low and very-low incomes, most likely to be renters or experiencing homelessness. This very large group of people is the primary focus of Shelter NSW.

Shelter Recommendations regarding the Vision and outcomes:

- **reframe the theme ‘Supply’** to explicitly include secure, affordable and resilient housing for diverse groups of people. This would be more consistent with the phrasing of the proposed Vision statement. The theme is currently described as being solely concerned with the location and timing of overall dwellings across NSW
- **establish discrete targets and metrics regarding the appropriate ‘mix’ or diversity of dwellings required to meet the current and future diverse needs of the population in question.** We suggest that at the very least, metrics measuring the current and required stock of social and affordable housing be established to the level of LGA across NSW. These metrics would sit within overall housing targets (whether new or retrofitted dwelling targets).
- **adopt a transparent performance evaluation system for the above targets** so that any policies adopted under the future Housing Strategy can be tested for efficiency and effectiveness.
- **elevate the *Housing Strategy* by identifying a small number of challenging objectives to be adopted by the Premier** (as part of the *Premier’s Priorities*), signalling a whole-of-government focus. Suggest ‘Dramatically improving ‘housing affordability’ for the lowest 40% of income earners’ as a worthy ten-year objective.
- **assign an overall aspirational target of ending housing stress and homelessness by 2036.** This target ought to be included in the Vision statement.

Theme 1 Housing Supply in the right location at the right time (p18)

Introductory Comments

The housing system will be challenged to accommodate an estimated 10.5 million people who will eventually call NSW home by 2041 ⁵. The discussion paper does show a substantial increase in dwelling numbers between 2010 and 2020 ⁶. The housing system, has over the last decade at least kept pace with the demand for new dwellings.

Shelter NSW is very concerned however, that over the same decade, and reflecting decade's long trends, the mix of the new housing supply has not assisted in addressing chronic shortages in affordable housing for low and very-low income households or with specialist needs. Shelter NSW believes that this is unsurprising, given the lack of targeted and system-wide focus by Government to deliver 'the right mix' and the absence of a large-scale Government social and affordable housing building program ⁷. Housing supply targets applied by the [Greater Sydney Commission](#) for example, are typically specified as 'Number of dwellings required' (to meet general population growth within a LGA) but with no formal requirements for the targeted, local mix of affordable and social housing dwellings.

As per the comments made by Shelter NSW in response to the 'Vision' section, we believe the lack of metrics linking supply, affordability and resilience for a diverse and growing population, undermines the strength and potential impact of the Housing Strategy.

There are a range of Actions we could take to support supply. Which ones should be prioritised in the NSW Housing Strategy?

In general, the Discussion Paper's indicative directions ⁸ are sound. But in the absence of overall strategy and metrics it is hard to objectively make a judgement about the various actions that ought to be prioritised.

We recommend any proposed actions be prioritised by the NSW Government using metrics that measure their potential impact on supply relative to demand.

There are a variety of actions the NSW Government might take to increase the supply of new or retrofitted dwellings (with Shelter's broader focus on the supply being of the appropriate mix). These extend from macro-level changes to specific to practical changes in the planning system.

⁵ Housing Discussion Paper at p18

⁶ Ibid, Figure 7 at p 23

⁷ It is not entirely clear what level of supply has been delivered by the [NSW Government's program, Future Directions for Social Housing since 2016](#)

⁸ 1.1 Maintain housing development pipeline; improve data collection and co-ordinate regional development and investment

Shelter NSW Recommendations:

- **introduce or reform taxation measures that encourage investment in new development rather speculation in existing stock.** An example of this would be to reform state land taxes to encourage institutional investment in new Build-to-Rent housing⁹ (noting that such an action would only produce affordable housing if coupled with inclusionary zoning mechanisms.) More generally, the Commonwealth Government could support new supply by redirecting tax incentives such as the capital gains tax discount and income tax deductions for negatively geared property. The NSW Government could promote this action by advocating for such reforms.
- **introduce funding and planning measures that enable new development in existing and emerging centres.** Examples include public investment in active and mass transit infrastructure along with sequenced rezoning to permit medium and high-density housing types. Allied to this should be value capture mechanisms, such as betterment taxes and contribution schemes, that use the resulting uplift in land values to pay for such infrastructure including affordable housing.
- **introduce strategy and policy measures that plan and direct resources to regulated non-profit providers of social and affordable housing.** Examples include numerical dwelling targets that correspond with local needs assessment. The ability to meet this need using proactive land policies should be transparently quantified and aggregated by a central authority at a state level using available data.
- **commit to an increase in the supply of social and affordable housing that is proportional to demand.** The NSW Government should collaborate with the Commonwealth Government to develop a social infrastructure building program to construct and/or acquire a set number of additional social housing dwellings. Alongside this, the NSW Government should commit to using its planning instruments, surplus land and development corporations to support an economic infrastructure pipeline of affordable housing. In doing so, it should transparently quantify the potential and rationale for inclusionary zoning targets, the availability of well-located public land and the capability to acquire, assemble and on-sell private land at its existing use value prior to rezoning. In turn, it should adopt a centralised and competitive process for aggregating and allocating these subsidies to regulated providers of affordable housing on a grant, discounted sale or leasehold basis. The impact of all social and affordable housing policies should be transparently compared with an assessment of local needs which recent UNSW research estimates to be 217,000 dwellings in Greater Sydney and 99,700 in the rest of NSW by 2036. If the cost of meeting this demand is a significant barrier to supplying this infrastructure then the NSW Government should transparently communicate these figures to inform public debate.
- **Ensure that the NSW Government applies its own affordable housing principles to residential development projects requiring rezoning.**

⁹ Noting the July 29 NSW Government announcement of land tax reduction incentives to encourage Build-to-Rent development.

What data is able to be collected or held by NSW Government could help you deliver new housing

Shelter NSW does not deliver new housing but certain types of data would assist us in assessing policies designed to increase housing supply. These include:

- **A register of public land suitable for social and affordable housing development.** This data could be used to quantify the amount of available land and estimate what proportion of demand can be met through land grants, discounted sales or leasehold arrangements. Such data could be shared and visualised through a publicly accessible spatial mapping tool.
- **A valuation model that assesses the uplift in land value generated by rezoning and infrastructure decisions and the impact of contribution schemes on development feasibility.** This data could be used to quantify the amount of funds that can be generated through value capture mechanisms such as betterment taxes and infrastructure contribution schemes including for affordable housing. Such data could be used to transparently estimate the potential of inclusionary zoning mechanisms throughout the state and justify the rationale for particular affordable housing targets.
- **A reporting platform that quantifies the results of existing social and affordable housing policies.** This data could be used to compare the outcomes of current policy settings with local assessments of need. Examples of policies where dwelling outcomes are presently unclear include the GSC's Affordable Housing Rental Targets, Communities Plus and various State Environmental Planning Policies.

How can Government better facilitate housing in regional communities?

Introductory Comments

Shelter NSW believes there is an opportunity to apply elements of the planning system to better meet the housing needs of people in Regional NSW - current and emerging. Firstly, by encouraging any new residential developments in regional areas to be based on clustering dwelling patterns or medium density development in town centres; and secondly, by reviewing the 'Low Rise Housing Diversity Code' to ensure that its standards are not in fact creating a barrier to greater density in regional areas.

A recent analysis by Shelter NSW of many regional *Local Strategic Planning Statements* (LSPS) revealed that many regional centres have a significant mismatch between housing supply and population need. For example, population data indicates that in many LGAs, more than 20% of the population are over 65 years of old and mostly living in a lone person household. At the same time, over 95% of the housing stock is mostly stand-alone dwellings often, on large lot subdivisions.

For Local Government Authorities, this is a difficult situation to resolve as many of these towns have limited new housing supply. They also have the added problem of a local development industry that is focused on rezoning rural land to residential and building new, large-lot residential subdivision on the edge of town. As a result, most new housing supply does not address the current mis-match between housing choice and need.

The following recommendations aim to address the capacity of the General Residential (R1) Zones and Medium Density Residential (R3) Zone to provide more housing choice in regional areas dominated by detached dwellings. The recommendation aims to support the delivery of sustainable local communities into the future and to ensure that new residential developments are based on clustering dwelling patterns or medium density development in town centres. It can support the delivery of different housing options in town centres, better support the economic base of a small town and address the needs of both younger and older, single residents to live in smaller dwellings connected to town centres. This initiative can also provide better sustainability outcomes through consolidated vegetation, reduced bushfire impacts and better water management practices.

Shelter NSW has also considered the impact and requirements of the 'Low Rise Housing Diversity Code' ('the Code'). We have consulted experienced industry experts in our review. We are concerned that many of the requirement in the Code discourage the provision of many housing products in regional NSW and that generally, the code is too metro-centric.

Many of the complying development requirements in the 'Code' don't respond to the characteristics of many 'main street' regional centres. For example, standards such as building height, maximum gross floor area, setback and landscaping requirements would mean some of the housing models in the Code could not be built in a main street regional setting. Further, application of the standards would likely diminish the main street character. We would expect local communities to reject the products outright.

Consider Manor Houses as an illustration. Manor houses have the potential to provide smaller dwellings within a regional main street setting (an outcome we recommend given our earlier observations about dwelling mix in regional centres). Setback requirements are determined based on the two nearest buildings that are residential accommodation. This requirement virtually excludes the opportunity to deliver Manor Houses in a regional commercial main street environment. Even on the issues of landscaping in a regional context, manor houses on main streets could have planter boxes and rear balconies and still satisfy the 'spirit' of the Code.

Overall, we recommend that the NSW Government carefully review the extent to which the planning system can be better utilised to encourage greater supply of new or retrofitted dwellings, of the right mix for regional NSW communities.

Shelter NSW Recommendations

That the NSW Department of Planning, Industry and Environment:

- **encourage regional Local Government authorities to review their Local Environmental Planning Polices, and consider replacing their existing Low-Density Residential (RU5) Village, Large Lot Residential (R5) Low-Density Residential (R2) zones with General Residential (R1), and Medium Density Residential (R3) zones in locations connected to essential infrastructures such as town centres, education hubs, medical facilities and transport hubs.**
- **review the 'Low Rise Housing Diversity Code' to ensure it responsive to the needs of regional centres (ensuring it is not too metro-centric).**
- **work with Local Government Associated to organise a forum with regional Council to develop a strategic framework to support alternative housing options in regional town centres.**

What role can you play as a member of industry, council or community to deliver additional housing supply? How can the NSW Government support you to do this?

Shelter NSW can play a community education and advocacy role to build public support for the delivery of additional housing supply. For instance, we are planning a research agenda that reports on the current status and policy solutions for each part of the housing system. The NSW Government can support us to do so by making data available on the performance of current and future policies in terms of supply relative to demand.

Theme 2 Diverse housing for diverse needs

Actions to be prioritised in the NSW Housing Strategy?

Introductory Comments

Shelter NSW believes there is merit in examining broader opportunities for Universal Design and any planning policies or approaches that might be improved to create wider and better choices for a whole range of people – whether they be students or seniors; in metropolitan suburbs or regional towns; aboriginal communities, people living with a disability or culturally diverse communities disproportionately experiencing severe overcrowding in south western Sydney. We believe there is a great opportunity for Government to encourage the development of new housing that meets a diversity of needs; as well as the retrofitting of existing housing stock (whether private, social or affordable) to meet the current and changing needs of a whole range of households. Such encouragement might include financial incentives.

Shelter NSW Recommendations:

- **utilise universal design principles in the development and/or retrofitting of dwellings** (and their materials) to provide flexible housing stocks to address current and future diverse and minimise the need for modifications in the future.
- **develop a form of affordable housing for students** noting that the student cohort is itself diverse in terms of age, income, disability, location and family size.
- **recognise the need for diversity and flexibility in housing stocks to respond to growing cultural diversity.** For example, requirements for larger homes.¹⁰ noting that in some cases it may not be just the number of bedrooms but the availability of critical health ‘hardware’ like bathroom facilities or communal gathering spaces that makes the difference in terms of amenity. Some of these needs may spike during peak periods relating to cultural and family occasions hence the need for flexible housing approaches.
- **require Local Government Authorities with an Aboriginal Population over 5% to support the development of the Aboriginal Land and Housing Framework** (introduced by the NSW Planning System in 2019) to encourage the construction of additional Aboriginal social housing stock so that underutilisation of existing housing and essential service can be addressed. Actions include rezoning LALC land for additional social housing and supporting the building of granny flat accommodation on existing social housing lots.

¹⁰ But with care not to overly attribute ‘cultural preferences’ for large group living when affordability may actually be the driver. Refer Affordability Theme responses on Homelessness and Overcrowding for more information.

- **establish a joint Aboriginal Community, Housing, Justice and Corrective Services ‘housing first’ project.** Secure housing acts to prevent offending especially for groups such as indigenous people who are overrepresented in terms of incarceration and recidivism rates. Shelter NSW recommends the NSW Government works with Aboriginal Community Leaders to develop a specialised housing response for people leaving corrective services ¹¹
- **directly fund and increase the supply of Aboriginal controlled community housing** over the next 20 years, including committing to a timetable to transfer all state owned and managed Aboriginal housing to direct management by Aboriginal controlled organisations.
- **target subsidised loans to Aboriginal people** to increase Aboriginal home ownership to the same level as others in the community over the next 20 years

How best to support councils and industry to deliver housing for people with a disability and other complex needs such as mental health, domestic violence and substance abuse.

Beyond recommendations made by Shelter NSW in this submission we strongly encourage the NSW Government to seek the advice and recommendations of peak bodies and community groups who specialise in supporting these specific vulnerable groups.

Shelter NSW Recommendation

- **tailor the delivery models of social and affordable housing to meet the needs of specific groups.** To achieve this, the NSW Government should reserve subsidies for the development of specialist types of housing that include unique design features or human services. Examples include the provision of Youth Foyers for disadvantaged youth, Housing First and Common Ground models for persons experiencing chronic homelessness and Specialist Disability Accommodation for people living with disability. Others include those that address the unique needs of victims of family and domestic violence and older women reaching retirement with limited assets.
- **Develop a housing program for people with a disability currently ineligible for Commonwealth NDIS housing responses** so that they might live independent and fulfilling lives. Commonwealth programs only support people with the most complex needs. At Shelter NSW we understand that existing state programs are expected to

¹¹¹ Noting that the lack of appropriate housing is cited as a key contributory factor to disproportionate rates of incarceration and recidivism in Aboriginal communities. Refer [SMH article on housing and Aboriginal incarceration rates](#)

fill this gap but are not doing so.

- Ensure design guidelines provide guidance for a full range of disabilities (not just physical) including for example, cognitive impairments like dementia which currently affects three in ten Australians aged over 85 years and one in ten aged over 65.¹²

Additional support that Government could provide to drive innovation in the housing sector, including diverse dwelling types and models

Introductory comments

Shelter NSW observes that many problems exist ‘between’ departments and agencies (and their respective funding models) – whether state, federal or a combination of both. For example:

- the boundary between ‘seniors living’ (state) and aged care (federal) seems unnecessarily fixed and stymies dwelling design for ‘aging in place’
- there is an overrepresentation of Aboriginal people entering corrective services and then exiting into insecure housing or homelessness
- there are too many young people leaving the health system with a level of ongoing ‘need’ but landing in the aged care sector for lack of any appropriate alternative

Shelter NSW believes that these areas of overlap and current system failure, also present themselves as areas of opportunity for problem resolution and innovation. Government leadership on behalf of these particular cohorts of people is required to spearhead change and deliver substantially better outcomes.

Shelter NSW Recommendations:

- **encourage cross-departmental (state and federal) and community problem-scoping and innovation**
- **review housing design and planning rules** to create smaller, more compact (and more affordable) well-designed homes complemented by shared facilities customised for the community profile.
- **review and potentially reduce minimum apartment sizes and car parking requirements** (perhaps allow car spaces to be sold separately)
- **establish a housing innovation fund to develop new housing that meets a diversity of needs and encourage retrofitting of existing housing stock (whether private, social or affordable)** to meet the current and changing needs of larger families, people with a disability and people with dementia. This fund might include financial incentives.

¹² <https://www.dementia.org.au/statistics>

Theme 3 Housing with improved affordability and stability

The Department's discussion document does a good job of explaining the extent to which people in NSW are suffering from housing stress; whether it be those trying to enter the housing market or saddled with large mortgage debts; or those struggling in the rental market.

Shelter NSW is especially concerned for the latter cohort. Private rental housing is largely unaffordable for large parts of the NSW population. In Greater Sydney and Regional NSW, and 37% (respectively) of lower-income private renters experience 'rental stress'.

As the discussion paper notes (at p 59), *'...only one in ten rental properties are affordable for very-low income households... and less than one in three are affordable for low-income earners'*. The accompanying 'fact book' provides a very helpful set of data to explain this further.

Further to this data, the well-known, annual [Anglicare 2019 Rental Affordability survey](#) noted that in the private rental market less than 1% of all properties advertised across greater Sydney and the Illawarra were available to people on income support payments. In Sydney, the majority of these were in the outer suburbs, more than 20 kilometres from the CBD. Notwithstanding the dramatic increase in rental vacancies and associated reduction in median rents due to the pandemic-driven economic downturn NSW – rental affordability continues to be a major challenge for lower income earners.

The Department's own analysis, reflecting observations made by many researchers and the lived experience of many, demonstrates that the housing system is failing people and households on lower incomes. Unless the NSW Government is prepared to make systemic and systematic changes to how the housing market fundamentally operates it needs to intervene to drive reform.

Around 32% of NSW households rent and this proportion is growing. Over the five years to 2016, 63% of the net growth in the number of NSW households was households in rental housing. 42% of NSW renter households include children. Renting is a long-term, and often permanent, tenure for a very large proportion of NSW households. But the basic stability and security that is essential to decent housing is out of reach of most renters. It's time to change the perception of renters as visitors in their own communities who can't put down their roots.

During the pandemic the NSW Government has delivered a timely and effective support to the cohort of homeless people known as 'rough sleepers'. The Government should be commended for its swift action and commitment to ensuring the same group of people transition to permanent housing along with the 'wrap around' services required.

The thoughts of many, including Shelter NSW, has now turned to other forms of homelessness and the broader tenancy insecurity so many people experience as renters (whether in social, affordable or privately rented dwellings). Shelter NSW is particularly concerned about the large and growing phenomena of severe overcrowding and the power

imbalances in tenancy laws and regulations that has seen so many low-income renters become even more vulnerable during the pandemic and downturn.

According to the [2016 Census](#) there were 51,088 people across Australia living in severely crowded dwellings in 2016, accounting for the majority of the rise in homelessness between 2011 and 2016. People living in 'severely' crowded dwellings (i.e. usual residents of dwellings which needed four or more extra bedrooms to accommodate them adequately) have been the largest homeless group in each of the last four Censuses. Further, the bulk of the increase in 2016 is attributed to New South Wales, up 74% (7,166 persons) to 16,821 persons compared with 9,655 in 2011.

The census casts some further interesting demographic data about this group. For example, *people arriving from India, China, Afghanistan, Pakistan, Thailand and Taiwan accounted for about half the rise in the overseas born estimate for this homelessness group. And, overseas born homeless people living in 'severely' crowded dwellings accounted for more than three quarters the rise in homelessness in both the 19 to 24 years age group and in the 25 to 34 years age group.*

Given the growing diverse cultural and ethnic profile of this large and growing homeless/severely crowded cohort, Shelter NSW has observed a developing view in some parts of Government. That view is that there may in fact be a level of acceptance or even preference by some multi-cultural communities for living in such overcrowded dwellings. Some have noted that a possible tendency or active choice for multi-generational households or larger family group households may in fact be misrepresented in 'homelessness' data.

Shelter NSW believes that this is a potentially flawed assumption that may stall appropriate action by Government to understand and prevent severe overcrowding. Our submission will make recommendations to address that.

While our focus on severe overcrowding in multicultural communities has been piqued by the relatively recent population data, Shelter NSW has had an enduring interest in boarding houses regulation and supply. Shelter NSW commissioned and recently released *Boarding houses in NSW: Growth, change and implications for equitable density*, a research report by Chris Martin of City Futures Research Centre, UNSW. The report is the most comprehensive overview of the boarding houses sector in NSW published since the introduction of the *Boarding Houses Act 2012* and the *State Environmental Planning Policy (Affordable Rental Housing) 2009 (AHSEPP)*.

Boarding houses represent a small part of the housing system but fulfill an important role for vulnerable and marginal renters on very low incomes. Although numbers of residents are relatively low compared to the population of the state, they provide accessible, 'easy in, easy out' for marginal renters who have difficulties accessing the rest of the private rental market. This 'housing of last resort' responds to a demand, and meets the shelter needs of its residents. It is important to recognise, however, that boarding houses ultimately represent a failure of either the social housing system or the private rental market. Boarding houses residents are experiencing a form of homelessness characterised by the transient,

temporary nature of their accommodation, lack of control over the premises where they live and relatively absence of choice in sharing space with others

Boarding houses residents are typically vulnerable people experiencing one or various forms of disadvantage. Boarding houses are a form of housing that is fundamentally insecure and difficultly suited to vulnerable people's needs. In short, we need to make sure that we do not overly focus on 'improving' what is fundamentally inappropriate housing. In addition to this, boarding houses are not affordable for people on social security benefits, and rarely affordable to people on very low incomes. Shelter NSW supports the regulation of the sector and the continuous improvement of the protections provided by The Act. We believe there are opportunities for The Act to regulate the boarding houses sector more efficiently and improve protections for some of the most vulnerable members of our communities. This submission will make three recommendations in this area as well as the need for better enforcement and compliance.

As with actions to support housing supply in general, the indicative directions noted in the Housing Strategy address a number of our concerns but it is a matter for the Government, using its own targets and metrics to identify the actions most likely to deliver the required outcomes. Shelter NSW suggests that there are a number of actions that the NSW Housing Strategy should prioritise to:

- support the supply of affordable housing and improve affordability
- support renting as a more feasible and secure long-term proposition
- address chronic homelessness and severe overcrowding:

Actions to be prioritised to support housing affordability and/or supply of affordable housing in the NSW Housing Strategy

Shelter NSW recommends the following actions to support housing affordability and supply:

- **setting an affordable housing dwelling target that can be compared with demand.** The target should be based on the sum total of dwellings that can be generated from all subsidies in the control of the NSW Government. This should be compared with an aggregate local housing needs assessment that identifies the gap between what the NSW Government can contribute and what additional sources of subsidy are required. Shelter NSW is otherwise not aware of any mechanism or data that evaluates the potential impact of various subsidy schemes.
- **expanding the GSC's Affordable Housing Rental Targets and quantifying the number of dwellings it could potentially generate.** Currently, we do not understand the justification for the level of the current target or that it is subject to a viability test. The value of any affordable housing requirements should be factored into the price that developers pay for the land. The cost is therefore passed onto the

landowner in the form of a lower sale price and would only impinge on development viability if the residual land value had been calculated without factoring contributions. If the NSW Government accepts this logic, it should set a fixed date for compulsory contributions. Aggregate contributions should then be pooled in order to quantify and leverage their potential.

- **instructing development corporations to acquire, assemble and on-sell land at existing using to Community Housing Organisations.** In collaboration with rezoning authorities, development corporations such as Landcom prepare business development plans to build up public land banks in local and strategic centres and along transport corridors. These assets could potentially be pooled by a central authority along with other public land assets to be leased, sold or granted on a competitive basis to regulated non-profit housing providers.
- **replacing stamp duty with a broad-based land tax.** The economic justifications for this reform are well-understood and recommended by a number of significant reviews including most recently the Federal Financial Relations Review. Shelter NSW supports land taxes as a more stable form of tax revenue that encourages the more productive use of land, particularly if additional public revenue generated from a growing economy is used to support the provision of affordable housing. Additionally, we support the reform of thresholds and rates to encourage developers of Build-to-Rent housing providing they are work in concert with inclusionary zoning mechanisms.
- **advocating for the Australian Federal Government to collaborate with the States and Territories on a National Housing Strategy.** Such a strategy should aim to coordinate the various levers of government through cabinet-level ministers, a dedicated national housing authority and specialist advisory bodies. This should include the phased reform of taxation policies and social security that affect housing affordability as well as the introduction of a permanent subsidy schemes that support a supply pipeline of affordable housing.
- **reviewing the ‘discount to market’ rent setting policies** to ensure affordable housing arrangements are in fact meeting affordability requirements.

Shelter NSW recommends the following reform of NSW tenancy arrangements so that renting becomes a more feasible and secure longer-term housing proposition:

- **end no-grounds termination** by landlords replace with ‘Reasonable Grounds Evictions’: a prescribed set of reasonable grounds for terminations by amending section 84 and 85 of the *Residential Tenancies Act 2010*.

- **increase funding for tenancy advice and advocacy services** in proportion to the growth since 2002 in households renting and in recognition of the increasingly diverse nature of their client bases (cultural and language)
- **provide more secure long-term rental through registerable long-term leases.** This new 'tenancy product' would provide greater certainty for long-term renters and their landlords.
- **address the definitional confusion around boarding houses, lodgers and lodging.** This would allow refining the intention of the Act and providing for different protections suiting different circumstances.
- **develop an improved accreditation and regulation model for boarding houses proprietors.**
- **improve rights and protections for residents of boarding houses, in particular relating to tenure security.** Implementation of better regulation and compliance mechanisms should be done without increasing operators' costs significantly to avoid widespread exit from the sector.

Shelter NSW recommends the following actions to address chronic homelessness and severe overcrowding:

- **commission social research in multicultural communities within Greater Sydney with high and increasing rates of 'severe overcrowding' to better understand the phenomena** with a view to taking action to prevent it. Research to be done in collaboration with Local Government Authorities and multicultural community leaders
- **introduce and expand housing models proven to deliver long-term reduction in homelessness** (such as Common Ground) in identified metropolitan centres of Parramatta, Liverpool, Newcastle and Wollongong. This would be best delivered in collaboration with Local Government Authorities and multicultural community leaders (where relevant).

What new or improved measures, subsidies or otherwise, could assist first home buyers?

Shelter NSW understands, that while very popular, academic research is inconclusive as to whether first home buyer schemes (in their various guises) do in fact make overall housing purchases more affordable for first-home buyers. As such we caution the NSW Government in adopting such schemes as priority actions to improve affordability. In the event that this

approach is to be expanded however, we recommend that any program be at least targeted.

More broadly it is of course worth stating the obvious – that before any person becomes a ‘first home buyer’ they are likely a renter, almost certainly in the private rental market. The Discussion paper describes, in *Theme 3 Table 4* the challenge faced by lower income earners in amassing a deposit, let alone servicing a mortgage. For very-low income earners in Greater Sydney or Regional NSW, 22 and 13 years is required to pull together a deposit. For low income earners, 14 and 8 years (respectively) are required. Table 5 describes an equally challenging (and essentially unaffordable) prospect for very-low to low income earners if they were to service a mortgage.

Shelter NSW believes that there are three general measures that could fundamentally assist first home buyers, however these require broader structural reforms or significant public investments.

Shelter NSW Recommendations:

- advocate taxation reforms to the federal government in order to reduce speculative demand for existing properties by individual investors.
- invest in public and active transport infrastructure to increase housing supply and reduce urban land price gradients for a concentration of well-serviced areas.
- extend subsidies, particularly proactive land policies, to deliberative development groups that build at-cost housing for first home buyers with affordability resale conditions. The ‘Nightingale’ model is as an example of this approach
- adopt measures recommended elsewhere in this paper that represent a meaningful effort to make renting a more affordable option for people on very-low to low incomes. Doing so will improve that person or household’s efforts to save for housing loan deposits in a more reasonable timeframe than what is experienced now.

Role Shelter NSW can play to improve housing affordability. How NSW Government can support this?

Shelter NSW can play a community education and advocacy role to build public support for the delivery of additional social and affordable housing supply. For instance, we are planning a research agenda that reports on the current status and policy solutions for each part of the housing system. The NSW Government can support us to do so by making data available on the performance of current and future policies in terms of supply relative to demand.

Theme 4 Responsive and resilient housing

Actions to be prioritised in the NSW Housing Strategy to support housing sustainability, resilience and safety trends?

Introduction - building housing to respond and be resilient to the climate emergency

If NSW is to respond appropriately to a changing climate it will require a commitment to both *mitigation* and *adaptation* - that is, reducing our carbon footprint and transitioning to net-zero or net-positive emissions, and taking steps to prepare for the environmental changes which are already occurring.

Housing is a key aspect of the built environment which has a direct and significant impact on climate change. Fortunately, however, it is also an area in which the state government has a significant degree of influence, where simple changes and effective, long-term planning can make a huge difference.

The carbon footprint of housing can be split into two categories – *embodied* carbon (i.e. that which is ‘built into’ housing) and *operational* carbon (the ongoing impact of energy use and consumption by households). The Housing Strategy for NSW Discussion Paper raises a number of good ideas to reduce both forms and improve the carbon footprint of housing across the state. However, these ideas need to be cohered into a clear strategy with strong targets and timelines if the state is going to meet its own sustainability requirements as outlined in the ‘Net-Zero Plan Stage 1: 2020-2030’¹³.

The impacts of the climate emergency are already being felt by the poorest and most vulnerable residents of NSW. Residents often deal with mould and damp, and high energy bills due to poor insulation; extreme heat impacts in areas like Parramatta and Bankstown in Western Sydney; and the threat of fire, flooding, heat, and drought continues to push regional communities to their limits.

In any efforts to mitigate and adapt to a changing climate, the knowledge and experience of Indigenous Australians should also always be consulted and respected. Cultural burning practices have been proven to be highly effective in preventing large bushfires, and traditional farming and cultivation techniques can drastically improve water retention in drought-stricken areas¹⁴.

Finally, dealing with the reality of longer summers and extreme temperatures should be as environmentally sustainable as possible, and should not rely on excessive air conditioning and energy use. Simple measures, such as increasing urban vegetation, expanding parks and indoor public spaces, and promoting better design standards to take advantage of natural

¹³ NSW Government, “Net Zero Plan Stage 1: 2020-2030”, March 2020.

<https://www.environment.nsw.gov.au/topics/climate-change/net-zero-plan>

¹⁴ Hill, R., P.L. Pert, J. Davies, C.J. Robinson, F. Walsh, and F. Falco-Mammone (2013). *Indigenous Land Management in Australia: Extent, scope, diversity, barriers and success factors*. Cairns: CSIRO Ecosystem Sciences [Report];

Robinson, C.J., Barber, M., Hill, R., Gerrard, E., James, G. (2016). *Protocols for Indigenous fire management partnerships*, Brisbane: CSIRO, NAILSMA [Report].

cooling effects have been shown to make a huge impact on the ‘urban heat island’ phenomenon in particular, and would undoubtedly help in regional communities as well.

Shelter NSW is very willing to provide research, advice, and on-the-ground information about how housing resilience and sustainability can be improved across the state. We are proud to act as a conduit for the insights and experience of our members and allies, many of whom have lived experience of housing stress or unsafe, insecure housing. Shelter NSW would welcome the opportunity to help develop stronger targets, measures, and mechanisms for the delivery of resilient, sustainable housing in NSW.

Shelter NSW Recommendations

There are four key ways the Housing Strategy for NSW can address this issue:

- **raise environmental sustainability standards for *new* public and private housing developments by strengthening BASIX requirements.** For new builds, the NSW Government should commit to strengthening BASIX requirements to include higher minimum standards of energy efficiency, to ensure new homes are of good quality and environmentally sustainable. Targets should be put in place to ensure that a smooth transition to Carbon Zero or Carbon Positive infrastructure is achieved by 2030. These targets should consider the emissions that occur throughout the whole life-cycle of a housing development, from the production of materials, to construction, to the ongoing energy and carbon output of the completed building. Requirements such as these would go a long way towards improving the quality, liveability, and resilience of housing in NSW.
- **improve the sustainability, energy efficiency, and quality of *existing* housing by raising the minimum standards for public housing maintenance, and putting in place requirements for private landlords to improve, update, and maintain their properties regularly.** Raising the requirements for maintenance on public housing would drastically improve quality of life amongst NSW's most vulnerable residents, who often deal with damp, mould, poor ventilation, and overheating due to the poor quality of existing social housing infrastructure. These issues are also faced by tenants on the private market. To deal with this issue, Shelter NSW recommends that new requirements be put in place for landlords, to ensure that of the annual rent paid on a property, a minimum of 5-10% must be allocated to general maintenance, a min. 3-5% must be spent on improvements, and a min. 1-2% must be directed towards increasing the energy efficiency of the property. This money should roll-over annually so that tenants can work with landlords to use this money in the most appropriate way for each household. Theme 4.4 correctly identifies a number of different forms these improvements and updates could take. These changes would help to cut down excessive household energy use, and would reduce both carbon emissions and energy bills, thereby lowering the cost of living while also improving environmental outcomes across the state.

- **ensure that affordable renewable energy is accessible to all tenants and owners throughout NSW by supporting the development of precinct-based Clean Energy Hubs.** The Housing Strategy's precinct-level focus on renewable energy access and production is commendable and should be emboldened and strengthened to form a clear plan for transitioning all households in NSW to renewable energy by 2030. Access to renewable energy is currently restricted for residential tenants in NSW, as the decision to install solar panels or other technology is a decision made by landlords, yet the cost of installing renewable energy technologies at a household level can be prohibitively high for most owners. The creation of precinct-based renewable energy 'hubs' which produce affordable, clean energy for a proportion of the local area would help renters tap into the growing renewable energy market, while taking the responsibility off individual owners and households to install renewable energy infrastructure. It would also help to progressively reduce the burden on the NSW Government to manage and maintain a large, centralised electricity grid, by decentralising energy production and consumption. Where such hubs are not possible or viable, the NSW Government should commit to assisting residents in taking advantage of affordable, clean renewable energy options - in particular, by making it easier for tenants to determine where their energy comes from.
- **ensure that town and city planning throughout the state is responsive to the environmental hazards, such as bushfires, extreme heat, and flooding, that will be exacerbated by the effects of climate change, and engages genuinely with local Indigenous communities and leaders on questions of sustainability and environmental resilience.** We see new residential developments based on clustering dwelling patterns as one way to deliver better long-term housing outcomes that can address the impact of climate change in regional areas. Clustering development patterns provide opportunities for consolidated landscaping and vegetation, reducing the risk of bushfire and facilitating the delivery of better water management practices. We recommend that new semi-urban or fringe residential release areas be based on the General Residential (R1) zones combined with bush fire management design as opposed to Low-Density or large lot residential zones. Shelter NSW further suggests that the independent NSW Bushfire Inquiry that may also provide insight into the issues of regional town and village defence against bushfire and prevention techniques such as backburning. Local Aboriginal organisations, communities, and leaders should also be empowered to provide insights and advice on any planning decisions that impact their local area. In any efforts to respond and adapt to a changing climate, the knowledge and experience of Indigenous Australians should also always be consulted and respected.