



Response to *Lane Cove Council*  
*Draft Local Strategic Planning Statement*  
Shelter NSW submission  
October 2019

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### Introduction – and the context for Shelter NSW

Shelter NSW has been operating since 1975 as the state’s peak housing policy and advocacy body. Our vision is “A secure home for all”. We pursue our vision through critical engagement with policy and practice and thought leadership. We provide systemic advocacy and advice on policy and legislation for the whole NSW housing system to resolve housing inequality and we seek to ensure that the voices of housing consumers are included in our policy responses and review.

Our approach involves engaging, collaborating and connecting with Government, the private and not for profit sectors, stakeholders and consumers. Our research centres on the causes of inequity and injustice in the housing system and we advocate solutions that aim to make the housing system work towards delivering a fairer housing system for all.

Shelter NSW is concerned about the housing crisis in NSW and the rising trends in homelessness, housing rental stress as well as the impacts of poor- quality housing, particularly on low income households<sup>1</sup>. 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 and are being excluded from jobs and opportunities.

Shelter NSW priorities are [centred on four core areas](#)<sup>2</sup>, all of which are relevant to the Local Strategic Planning Statements:

- **Building enough low-cost rental housing to meet current and future need** – and recognition that social and affordable housing are critical social and economic infrastructure;

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<sup>1</sup> See Shelter NSW 2019 Election Platform

<https://www.sheltersnsw.org.au/uploads/1/2/1/3/121320015/sheltersnsw-2019-election-platform.pdf>

- **Making housing fair for all** – so that people with specific housing needs such as accessibility or adaptability needs have fair access to housing;
- **Giving renters secure homes** - so that they have security of tenure and can put down their roots in a community without fear of unfair evictions; and
- **Making sure low-income households aren't excluded in the redevelopment of Sydney and regional centres.**

We are pleased to provide comment on Lane Cove Council's draft Local Strategic Planning Statement (LSPS).

### **The broader context**

It is important to consider the issue of housing affordability in the context of the Greater Metropolitan Region, and the urban planning system that operates across New South Wales. There is currently considerable public interest in the policies and instruments that can be used to generate more affordable housing through the planning system, which is pertinent to the work of councils as local planning authorities. This has been captured in the Greater Sydney Commission's (GSC) Region and District Plans, which have recommended the introduction of Affordable Rental Housing Targets in areas to be defined by councils and in planned precincts. The NSW Department of Planning, Industry and Environment (DPIE) has noted housing affordability as a key principle for consideration in the development of councils' local housing strategies. DPIE has also recently amended State Environmental Planning Policy No 70 (SEPP70) – Affordable Housing (Revised Schemes) to make all councils in New South Wales eligible to consider using the inclusionary zoning provisions available in the Environmental Planning and Assessment Act 1979, and published a *Guideline for Developing an Affordable Housing Contribution Scheme*.

This is all occurring amidst a growing and changing population dynamic that is applying new pressures to our existing urban communities. Sydney is no longer just growing outwards, pushing its rural/urban fringe further from the city's main centres. It is consolidating and developing new urban centres closer to the fringe, and large tracts of already developed land that are well within the city's inner and middle suburban rings are earmarked for or undergoing renewal at increasing levels of density. As communities and neighbourhoods are reformed at higher densities by market driven developers, the likelihood of low-cost housing in the private rental market being displaced is increased, resulting in more lower income households looking for affordable housing in suburban and regional centres that are well connected to the CBD and the rest of the metropolitan area. This has an impact on wealthy areas where housing is expensive such as Lane Cove Local Government Area (LGA) as many people who work in the area cannot live nearby and have to travel from afar, and some of the people who grew up in the area are unable to purchase or even rent. Shelter NSW is pleased to see that Lane Cove Council recognises this issue and will implement strategies to "meet people needs and enable them to stay<sup>3</sup>" in the area.

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<sup>3</sup> See LSPS page 24.

Locally prepared and implemented planning strategies that aim to address housing affordability challenges will help mitigate some of these negative impacts, provided they are sufficiently ambitious and properly resourced. But the context in which urban change is currently occurring means concentrating on local strategies is only one part of managing a response. Advocating the need for affordable housing strategies to neighbouring and nearby councils, especially those where major urban redevelopment is planned will also be necessary. In the absence of proper city-wide or state-wide strategies, more councils implementing local affordable housing strategies will make it easier for councils in the inner suburbs of Sydney’s metropolitan region such as Lane Cove Council to manage the impacts of population growth, development and urban renewal on their own communities, even while that renewal may be happening elsewhere.

## Analysis

Shelter NSW congratulates Lane Council on the preparation of their LSPS to outline a high level “20 year vision for land use in the area, the special character and values that are to be preserved and how change will be managed in the future”, as required by section 3.9 of the Environment Planning and Assessment Act 1979. Producing a LSPS is critical to the development of a council’s Local Housing Strategy and revision of Local Environmental Plans (LEPs), which are actions required by the GSC Regional and District Plans.

Shelter NSW does not believe a “one-size-fits-all” approach will be of value when it comes to local councils’ capacity to deliver (or facilitate the delivery of) new Affordable Housing across Sydney and New South Wales. We understand the need for variation across different areas to suit the broad range of local conditions. In particular, we note and understand the constraints outlined by Lane Cove Council in the LSPS regarding availability of land in the LGA and necessity to balance between residential, commercial and industrial uses. However, we have developed some [principles we would like to see applied](#) in all LSPSs<sup>4</sup>. Our analysis and comments on Lane Cove Council LSPS is underpinned by these principles.

### **1. The LSPS recognises and quantifies local need for housing that is affordable to those on the lowest 40% of incomes**

The LSPS should recognise that housing affordability is an issue within the area. It should include some high-level measures of this need such as the proportion of households in the area who are in housing stress, and/or the proportion of very low and low income households in the area. The LSPS should commit to further quantifying and measuring the need for affordable housing within the LGA as a component of an LHS.

### **2. The LSPS commits to developing a Local Housing Strategy**

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<sup>4</sup> See <https://www.shelternsw.org.au/blog/exhibition-of-draft-local-strategic-planning-statements>

The LSPS should commit to developing a comprehensive LHS based on current housing growth, housing demand and growth trends. The LSPS should make clear that the LHS will identify and prioritise areas for growth. The LSPS should also state that the LHS will integrate principles related to affordable housing, including potentially a Local Affordable Housing Strategy and/or specific Affordable Housing programs.

**3. The LSPS commits to addressing housing affordability, including through a local strategy and/or programs for growth in dwellings that are affordable to those on the lowest incomes, ideally through Affordable Housing products.**

Given the need identified in #1, the LSPS should recognise that increasing the number of affordable dwellings in the area is a key component of liveability and a strategic priority in the context of the LSPS. The LSPS should commit to locally appropriate strategies for growing the number of dwellings that are affordable to people on very low to moderate incomes. This can include planning mechanisms that encourage housing diversity but shouldn't be limited to them as they are unlikely to address the affordable housing need without further targeted intervention (see principle #4).

Ideally these strategies should identify opportunities for delivery of affordable housing dwellings in the area, financed through planning mechanisms such as

SEPP 70/Affordable Housing Contribution Schemes

Voluntary Planning Agreements

Section 7.11 contributions

A commitment to seeking approval for SEPP 70 schemes is strongly desirable.

A commitment to other value capture mechanisms that allow for delivery of affordable housing through rezoning is also strongly desirable, however, might not be practical for all local government areas due to differences in rezoning potential.

**4. The LSPS commits to housing diversity**

The LSPS should commit to the promotion or facilitation of housing diversity through local planning controls and initiatives. This ensures housing supply is diverse and provides housing choice to diverse community members. This may have an effect on housing affordability, but shouldn't be the only strategy included in the LSPS to address housing affordability issues. Indeed, it is extremely difficult to assess whether promotion of housing diversity through local planning controls and initiatives will affect private market affordability. It is also extremely unlikely to improve housing affordability for very low and low income households.

The LSPS should also commit to new residential development that caters to households with specific accessibility and adaptability needs.

## **5. The LSPS commits to social diversity**

The LSPS should recognise that culturally and socially diverse communities are inclusive, healthy and creative. This precludes any LSPS, and additional strategic planning identified for development in the LHS, from concentrating growth in affordable housing stock in specific parts or precincts within the LGA. Ideally this means a percentage of all new residential development should be dedicated to affordable housing, preferably delivered on site, to ensure social mix.

## **6. The LSPS recommends further advocacy from local government for social and affordable housing**

The LSPS should recognise that housing affordability is a complex issue that needs to be tackled by all levels of government. The LSPS should recommend further advocacy by Council to the NSW and Australian Governments for more social and affordable housing to be developed in the local area, to be funded by mechanisms outside of the planning system such as state and federal budgets.

This might also include recommendations for Council to tackle housing affordability issues at the metropolitan and regional level, for example through collaboration with other LGAs, to advocate for development of a Regional Affordable Housing Strategy to operate across council borders.

### **Taking the need for Housing Affordability into account in the LSPS**

As an area with high environmental amenity, access to jobs and services, well connected to Sydney's Central Business District – a metropolis well known for its housing affordability issues– housing is much more expensive in Lane Cove LGA than in Greater Sydney, including compared to areas that are as close to Sydney's central business district. The median house price in Lane Cove is \$2 million dollars, more than two times the median value of a house in Greater Sydney, \$825,000<sup>5</sup>. The difference is less important for strata titled dwellings, but still significant (\$777,000 versus \$705,000 for Greater Sydney). Regarding rents, prices are also much more expensive, about 29% higher than the average in Greater Sydney (e.g. median weekly rent \$575 as compared to \$447 average in Greater Sydney<sup>6</sup>). 11.3% of all households spend more than 30% of their income on rent and 6.8% spend more than 30% on their mortgage<sup>7</sup>. Given that these figures are calculated compared to all households, therefore including non-rental households and people on high incomes, they are likely to be much higher for rental households and people on very low to moderate income.

We note that options outside of the private buying and private renting markets are very few. Waiting times for social housing in CS04 Northern Suburbs allocation zone, which all areas in Lane Cove LGA fall under, are very long. As of 30 June 2019, there were 1,346 general and 252 priority applicants (households, not just individuals) on the NSW Housing register for CS04 Northern Suburbs, with

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<sup>5</sup> See Rent and Sales Report for March/June 2019 Quarter, FACS:  
<https://www.facs.nsw.gov.au/resources/statistics/rent-and-sales/dashboard>

<sup>6</sup> Ibid.

<sup>7</sup> ABS 2016 Quick Stats for Lane Cove LGA:  
[https://quickstats.censusdata.abs.gov.au/census\\_services/getproduct/census/2016/quickstat/LGA14700?opendocument](https://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/LGA14700?opendocument)

expected waiting times of 5 to 10 years for two and three bedroom properties, and more than 10 years for studios and four bedroom properties. This indicates the urgent need for more affordable rental housing for very low income people in the area.

Given research undertaken by SGS Economics & Planning & National Shelter in November 2018, 'Rental Affordability Index', established that the area was 'severely unaffordable' for the average Australian rental household<sup>8</sup>, it would be pertinent to include additional evidence on the local housing market and affordability in the LSPS.

While a Local Strategic Planning Statement is a high level strategic planning document, we believe that the evidence outlined in the LSPS could be further developed to strengthen the evidence base to inform actions. Lane Cove LSPS does not include relevant information that is essential to assessing affordable housing need such as the proportion of total and lower income households in housing stress, rental stress and mortgage stress, median rent and median income, median prices of detached and attached dwellings, current affordable housing stock and social housing stock, etc. We would suggest that such evidence is included and analysed as part of the studies on affordable housing considerations for Lane Cove. We recommend completing this research for integration into the final LSPS adopted by Council or that this evidence is integrated retrospectively in the LSPS and the LHS, which will allow a stronger evidence base for actions, ensure the need is appropriately assessed and responded to as part of the reviews of the LEP and the DCP, and provide baseline data for performance monitoring.

We understand that opportunities for increased housing delivery in Lane Cove might be limited outside of St Leonards area, due to land availability constraints as well as relatively high density. However, our position is that this shouldn't prevent Council from assessing housing affordability issues accurately and investigating what might be done at the local and metropolitan level to effectively respond to this issue.

While the proportion of households in Lane Cove on high incomes is significant (39.2%), there would be a significant number of households that are on lower to moderate incomes, given that a lot of employment in the area resides in retail, professional services, health care, and food services. Given this, the level of housing rental stress mentioned earlier, and the waiting times for social housing, this indicates a need for affordable housing in the area to provide local housing for local workers. Such housing would have a positive impact on productivity and congestion, as discussed further in a later section. Lack of affordable housing has negative impacts on the quality of life for key workers, with financial and health costs associated with long distance commuting and the secondary impacts this has on time available to spend with family or in the local community. The provision of affordable housing would align with Priority 7 to "facilitate location of a diverse range of retail, commercial and industrial businesses in Lane Cove" and locate homes close to jobs, the important correlate of creating jobs close to homes. It would also support the creation of vibrant shopping precincts, the objective of Planning Priority 9.

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<sup>8</sup> See November 2018 Rental Affordability Index, SGS & National Shelter:  
<https://www.sgsep.com.au/maps/thirdspace/australia-rental-affordability-index/>

Even though incomes in Lane Cove are high, \$2,376 for the median household income, it can also be assumed that the median prices for houses and strata titled dwellings put home ownership out of reach for many individuals, couples and families in the area. It is reasonable to assume that many will be displaced and have to move out of the area they have grown up in due to skyrocketing housing prices and private rental prices.

Overall, these factors highlight an urgent need for additional supply of social and affordable housing for very-low, low and moderate income households in the LGA. The LGA is experiencing a deterioration of affordability for such households across the housing stock that already exists within the area. This risks creating a 'rich enclave' where social diversity is reduced, with adverse impacts on productivity. This could lead to difficulties in filling essential and lower paid jobs which support the economy, and which enable the community to thrive.

We would recommend that Council strengthen the commentary and analysis in the LSPS to recognise the need for affordable housing in the area for all lower income households and not only 'key-workers', and also recognise that affordable housing is critical social and economic infrastructure.

### **Commitment of the LSPS to developing a Local Housing Strategy (LHS)**

For the reasons outlined above, we particularly support the following elements of Lane Cove Council LSPS:

1. Planning Priority 5, page 26, "plan for the growth of housing that creates a diverse range of housing types and encourages housing that is sustainable, liveable, accessible and affordable." We support the first action of the Priority "to prepare a Local Housing Strategy focused on the St Leonards Strategic Centre, and its surrounds, but not at the expense of the attraction and growth of jobs, in existing B3 Commercial Core zoned land". Balancing the need for more residential housing with the need for land for commercial activity is an essential consideration, and it is appropriate to concentrate growth in certain areas as long as equity and sensitive infill and progressive densification of lower density areas are also considered.

We recommend that the LHS includes further consideration and discussion of the need for affordable housing in the area and further details about how Council is considering increasing delivery of affordable housing in the LGA. This should include specific affordable housing targets for Lane Cove LGA.

### **Commitment of the LSPS to housing diversity**

Shelter NSW supports the vision of Lane Cove Council to provide a "diverse range of options, including affordable options"<sup>9</sup> and Planning Priority 5, a plan for growth that "creates a diverse range of housing types". Housing diversity strategies should ensure housing supply is diverse, and adapted to the needs of

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<sup>9</sup> See LSPS page 9.

all. Whilst this may have an effect on housing affordability the LSPS should include a range of additional strategies to address housing affordability issues, as discussed further in the next section.

We support in particular the following actions outlined page 29 of the draft LSPS:

- Action 2 in PP5 to “ensure the LEP delivers diversity and housing choice from zones providing for houses, flats, townhouses, duplexes and shop top housing including near centres”.
- Action 3 in PP5 to “ensure housing that accommodates all life stages is reflected in Council’s development controls”. This will ensure ageing in place is possible for the growing ageing population. It will also assist in delivering high density housing that is “accommodating of a range of family sizes”, one of the objectives described page 26 of the LSPS.

Shelter NSW would characterise these actions as ‘goals’ rather than clear, actionable strategic directions. We recommend that the mechanisms that will be used to achieve these important priorities are further detailed in the LHS. Shelter NSW would be particularly supportive of the following mechanisms:

- Mandate a mix of dwelling types, in particular number of bedrooms through the DCP. This would ensure the high density dwellings delivered, for example in St Leonards Strategic Centre, are truly accommodating of the needs of the diverse members of the community and not only to the needs of investors. It should make sure there is adequate supply of two, three and four bedroom apartments and no oversupply of one bedrooms and studios.
- Mechanisms that encourage progressive, sensitive infill and densification of lower density areas. While it is appropriate to deliver the bulk of the housing growth around St Leonards given the constraints outlined by Council in the LSPS, innovative infill and support of medium density housing should be considered.

The ageing population of Lane Cove LGA (see page 10-11) will create a growing need for adaptable, accessible and diverse housing. We strongly support the commitment of Lane Cove Council to adaptable and visitable housing informed by the principles of universal design.

Shelter NSW recommends that the planning controls mandating for adaptable, visitable housing refer to the levels of the Liveable Housing Design Guidelines (LHDG) from Liveable Housing Australia<sup>10</sup>. We recommend the inclusion of more specific guidance around delivery of residential dwellings informed by universal design principles, either in the LSPS or at a later stage in the LHS and then the DCP:

- That a significant proportion of new residential development achieves the silver level of the LHDG, allowing ‘visitability’ of dwellings for people with mobility issues
- That a proportion of all new residential development achieves the gold or platinum level of the LHDG

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<sup>10</sup> See <http://www.livablehousingaustralia.org.au/95/downloads.aspx>



Accessibility of public space and universal, inclusive design are also of primary importance to create healthy, inclusive communities. Concerning the accessibility of public space, we suggest that the commentary is strengthened in Planning Priority 6 to ensure the built environment and amenity in the LGA are designed to be accessible to all members of the community. Currently, there is no action for Council related to accessibility in the draft LSPS. We recommend the inclusion of one action in PP6 for the final LSPS. This would contribute to Lance Cove Council achieving its objective of creating good public spaces for “people of all ages and abilities” (page 32). It could include a reference to the Seven Principles of Universal Design<sup>11</sup>, for example.

Concerning the actions related to increasing parking in the LGA, for example in Planning Priority 1 and 9, we note that this will work against other priorities related to sustainability and productivity. We note that there is consensus in urban planning theory and practice around induced demand by the creation of parking and road capacity, and that these actions are likely to go against the planning priorities to improve access and encourage active transport and to adapt and manage climate change. Increased parking provision both for public car parking and medium density housing is also likely to increase the costs of development, and place increased strain on road infrastructure and land available for development. This will reduce housing diversity rather than increase it, and we therefore suggest that it be removed from the LSPS.

Concerning a *housing choice and diversity* rather than a *housing affordability* approach per se, we would like to provide the following commentary. We fully support the principle of housing diversity and acknowledge the importance of a range of housing typologies being planned for and delivered across various localities, at increasing levels of density where appropriate. However, such an approach alone will not deliver meaningful improvements to housing affordability given the constraints of current federal and state policy settings, and with no known future policy or funding settings to significantly boost social and affordable housing supply. It is extremely unlikely to improve housing affordability for very low and low income households, and at best this type of strategy is likely to improve affordability only for households on moderate incomes. This can be inferred from the already noted deterioration in housing affordability across the LGA, but is also reflected in recent research, from the Australian Housing and Urban Research Institute (AHURI) which found that:

*Most of the growth in housing supply has been taking place in mid-to-high price segments, rather than low price segments. There seems to be structural impediments to the trickle-down of new housing supply. Targeted government intervention might be needed in order to ensure an adequate supply of affordable housing.*<sup>12</sup>

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<sup>11</sup> See Centre for Excellence in Universal Design, <http://universaldesign.ie/What-is-Universal-Design/The-7-Principles/>

<sup>12</sup> Ong, R., Dalton, T., Gurran, N., Phelps, C., Rowley, S. and Wood, G. (2017) *Housing supply responsiveness in Australia: distribution, drivers and institutional settings*, AHURI Final Report No. 281, Australian Housing and Urban Research Institute Limited, Melbourne, <http://www.ahuri.edu.au/research/final-reports/281>

It is important for Local Government authorities to consider the types of intervention that are available to them within the policy and funding frameworks set by federal and state governments. To this end, Shelter NSW strongly recommends the development and implementation of more specific measures to address the need for more affordable housing identified by Council, as described in the next section.

### **Commitment of the LSPS to address housing affordability**

Shelter NSW strongly supports the vision of Lane Cove Council to provide a “diverse range of housing options, including affordable options”, along with Planning Priority 5 to “plan for the growth of housing that creates a diverse range of housing types and encourages housing that is sustainable, liveable, accessible and affordable.” We agree with the view that “affordable housing is a complex policy issue” that “requires coordination of mechanisms across all levels of government”<sup>13</sup>. As recognised previously in this submission, we agree to an extent that “local government has limited influence”<sup>14</sup>, and strongly support Council’s commitment to advocate to State Government for increased delivery of social and affordable housing. It is important to recognise, however, that local government also has powers and responsibilities related to the provision of housing, including facilitation of, and direct delivery of affordable housing dwellings. Lane Cove LSPS currently does not include any specific actions for Council to do so. We strongly support the objective of Council to implement “measures to improve affordability now and in the future”<sup>15</sup>, and believe actions should be included in the LSPS to deliver these measures.

Shelter NSW provides the following commentary and recommendations regarding what could be done to increase affordable housing provision in the area.

- We strongly support for affordable housing secured through value capture mechanisms to be handed over to Council in perpetuity as mentioned page 28.
- In line with the [latest Australian Infrastructure Audit](#), which recognised housing as infrastructure for the first time, we recommend that Council specifically recognise affordable housing as essential social and economic infrastructure in its LSPS. This could be done in Planning Priority 1. It will give Council flexibility in the future in the type of mechanisms it is able to use to facilitate delivery of affordable housing.
- We support the use of Voluntary Planning Agreements (VPAs) to deliver affordable housing, although we believe SEPP 70 schemes to be more appropriate, as developed below.
- Consider exemptions for Community Housing Providers considering they are delivering essential infrastructure under the form of social and affordable housing. This could be done as part of the review of contributions plans levying development contributions through section 7.11 and 7.12 (Action 3 and 4 of Planning Priority 1, page 15).

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<sup>13</sup> See LSPS page 28.

<sup>14</sup> Ibid.

<sup>15</sup> See LSPS page 24, introduction of the ‘Liveability’ section.

- Amend commentary in Planning Priority 5 to reflect the fact that affordable housing is targeted at all lower income households and not only at key workers/specific professions.
- Lane Cove Council suggests page 28 of the LSPS that “innovative purchase and rental models should be considered by NSW Government”, and that this could include renting apartments in affordable housing developments at full market rents in order to subsidise rent in cheaper accommodation. Shelter NSW is in agreement that disincentives to work for people living in affordable housing should be avoided, by allowing rent setting to change as people circumstances change, and allowing tenants to move between ‘social housing’ and ‘affordable housing’ without having to physically move to another property. Housing stability is critical to improving circumstances and to achieving personal and professional success. We note that such a cross subsidy model is not entirely new, as it can be considered that the public housing system in NSW used to work in this exact manner before residualisation, restricting eligibility criteria in order to provide public housing to those with the greatest need only. Shelter NSW is of the view that not only cross subsidy systems should be considered for affordable housing in order to make developments more self-sufficient, as long as it does not reduce the total yields of affordable housing dwellings for lower income households including very low and low income, but that NSW Government should consider direct investment in social housing along with a broadening of the eligibility criteria to allow for greater cross subsidy within its social housing portfolio. Given that Council is interested in this model, we would recommend that Council advocates for greater cross subsidy in both social and affordable housing to NSW Government, and we would certainly be ready to support Council on this advocacy matter.
- Shelter NSW recognises as noted page 26 of the LSPS that there is no vacant land in Lane Cove LGA. Additional land for affordable housing, however, could be created through a preferential zoning mechanism that would allow for the exclusive use of land for affordable housing in zones where residential uses are not otherwise permitted, as long as the overall objectives of the zoning are not unduly impacted. This is an approach currently used by City of Sydney in B7 Business park zones and considered by Inner West Council in light industrial zones as part of its LHS. Shelter NSW recommends that Lane Cove Council investigates this possibility for light industrial land as part of its LHS.

Concerning State Environmental Planning Policy 70 (SEPP 70) on Affordable Housing, we would like to provide more extensive comment. Council states in the LSPS (page 28) that “it is apparent SEPP 70 has not been sufficiently attractive to developers, with very limited quantities of affordable housing delivered”. From Shelter NSW perspective, this is a misunderstanding of how the SEPP works and how it is applied. First of all, SEPP 70 was only expanded to include all LGAs in NSW in February 2019, about eight months ago. This explains why limited quantities of affordable housing have been delivered under SEPP 70 rather than lack of attraction to developers. Secondly, it is important to understand that developers being for-profit private companies, their primary priority is to maximise profit. They are therefore not supportive or attracted by any contributions scheme, whether it be requiring delivery of affordable housing or any other type of infrastructure, unless it potentially contributes to increased profit for the developer. It is possible, however, to require developers to contribute to affordable

housing delivery under Affordable Housing Contributions Schemes developed under SEPP 70 without affecting viability of development by applying the scheme across significant areas or the entire LGA, effectively removing the requirement that the SEPP be “sufficiently attractive” to developers by making it a requirement for any company wishing to do residential development on land located within the area.

Such schemes are already in operation in the City of Sydney local government area. Similar schemes are also in development in the Cities of Willoughby and Randwick, as well as the Inner West Council, for example. These schemes require developers who wish to operate within certain defined precincts, as approved and included in a revised Local Environmental Plan, to make a contribution to a Council’s affordable housing program as a condition of development consent.

Clearly listing the precincts where the Lane Cove Council is considering using such schemes would provide certainty to landowners and the development industry, an important aspect of best practice planning policy. Regarding feasibility, we would like to highlight that if the development industry has certainty about the planning policies in place regarding affordable housing contributions, they will pass costs on to the landowners by factoring these contributions into the price they offer for the land. As long as contributions are not set at a level that will impact willingness of the landowner to sell land for development, which would be extremely unlikely in the case of a rezoning given land prices in Sydney Metropolitan area, feasibility is not affected<sup>16</sup>.

Where there is certainty around the requirement for developer contributions, the apparent extra costs to developers are capitalised into the price they pay for developable land. This means developers’ viability considerations are not unduly impacted by the need to provide affordable housing contributions, allowing councils to fund and develop their own portfolios of targeted affordable housing through the uplift in value created by rezoning land for higher density use.

Shelter NSW believes that an Affordable Housing Contributions Scheme under SEPP 70 could be applied to the entire Lane Cove LGA, or at least to St Leonards Strategic Centre where most of the housing development will take place and where Council plans on rezoning land for high density<sup>17</sup>. Delivering affordable housing in this area of the LGA would also support the Health & Education Precinct Council wants to support in the St Leonards and Crows Nest Planned Precinct as part of Planning Priority 7 page 39. While Voluntary Planning Agreements (VPAs) are a mechanism to deliver affordable housing, and Shelter NSW strongly supports the intention of Council to use this to facilitate increased delivery, they are an ad hoc mechanism, which is not considered best practice in urban planning given the importance

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<sup>16</sup> See ‘Development Contributions for Affordable Housing: Theory and Implementation’, Marcus Spiller, Liz Mackevicius and Andrew Spencer: <https://www.sgsep.com.au/publications/development-contributions-affordable-housing-theory-and-implementation>

See also AHURI Final Report 281 ‘Housing supply responsiveness in Australia: distribution, drivers and institutional settings’ [https://www.ahuri.edu.au/\\_data/assets/pdf\\_file/0012/13242/AHURI-Final-Report-281-Housing-supply-responsiveness-in-Australia-distribution-drivers-and-institutional-settings.pdf](https://www.ahuri.edu.au/_data/assets/pdf_file/0012/13242/AHURI-Final-Report-281-Housing-supply-responsiveness-in-Australia-distribution-drivers-and-institutional-settings.pdf)

<sup>17</sup> See LSPS page 27 referring to St Leonards South Masterplan.

of process and certainty. This is another reason why we strongly encourage Council to consider SEPP 70 schemes.

Finally, Shelter NSW draws Lane Cove Council's attention to the *Strengthening Economic Cases for Housing Policies* report,<sup>18</sup> led by CHIA NSW and UNSW City Futures, and which Shelter NSW co-funded. This research models the significant economic and productivity gains that could be expected from a large scale program of Government investment in housing that is both well located and affordable. While it is not within the scope of a local government authority to develop a program on the scale that has been modelled, the results of this research should give Councils greater confidence that Affordable Housing Contribution Schemes, designed to fund a local affordable housing program will have discernibly positive economic impacts at the local level, which will not only benefit the affordable housing residents but the broader community and the local economy. Shelter NSW strongly advocates that affordable housing should be seen as critical social and economic infrastructure rather than seen as a "welfare" policy response. In this vein we would suggest that decision makers including Councils should harness this thinking in their policy and planning, as well as in the messaging to local communities so that the benefits of affordable housing are promoted and better understood.

### **Commitment of the LSPS to social diversity**

Social diversity is an asset for all communities. Culturally and socially diverse communities are inclusive, healthy and creative. We suggest that this is more clearly recognised by Lane Cove Council in Planning Priority 4. We also suggest strengthening the commentary in the LSPS to be more explicit about a commitment to social diversity, in particular through the provision of affordable housing across the LGA, ideally in the form of a percentage of all new residential development that should be dedicated to affordable housing, preferably delivered on site, to ensure social mix. This is particularly relevant for Lane Cove LGA where prices of the private rental market and property market are not conducive to social diversity.

### **Commitment of the LSPS to further advocacy from local government for social and affordable housing**

It is important to recognise that we need to tackle housing affordability issues at the metropolitan and regional level. Advocacy from local government to state and federal governments for direct investment in social and affordable housing would assist local government and the planning system and recognises the need for a systemic response to addressing a public policy issue that is the responsibility of all levels of Government.

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<sup>18</sup> Maclennan, D., Randolph, B., Crommelin, L., Witte, E., Klestov, P., Scealy, B., Brown, S. (2019) *Strengthening Economic Cases for Housing Policies*, City Futures Research Centre UNSW Built Environment, Sydney, <https://cityfutures.be.unsw.edu.au/research/projects/strengthening-economic-cases-housing-productivity-gains-better-housing-outcomes/>

Shelter NSW supports Lane Cove Council in its commitment in Planning Priority 3 to “continue to collaborate with government agencies to deliver enhanced outcomes for the community”<sup>19</sup>, and its recognition that housing affordability is a complex issue that needs to be tackled by all levels of government<sup>20</sup>. The LSPS could recommend further advocacy by Council to the NSW and Australian Governments for more social and affordable housing to be developed in the local area, to be funded by mechanisms including those outside of the planning system, such as those outlined in Shelter NSW, National Shelter or CHIA policy and platform documents.

Shelter NSW’ position is that partnering across all three levels of Government, as well as the not for profit and private sectors is vital to achieving sustainable social and economic outcomes for residents.

In particular we support the commitments made in the LSPS to work with other levels of government to facilitate delivery of affordable housing within the North District.

Given the high constraints highlighted by Council within its LSPS related to delivery of affordable housing within the LGA, more impact might be achieved by Council through advocacy than through delivery in the LGA.

Shelter NSW recommends:

1. That the LSPS includes recommendations for Council to tackle housing affordability issues at both the metropolitan and regional level, for example through collaboration with other LGAs, to advocate for development of a Regional Affordable Housing Strategy to operate across council borders.
2. Commitment to advocate to NSW and Federal Governments for more social and affordable housing in the North District.
3. Commitment to advocate to NSW Government for reform of the Residential Tenancies Act to end ‘no-grounds’ evictions. This has been recommended recently by the Productivity Commission in [its report on vulnerable renters](#). It would immediately provide greater security of tenures to the households who rent their home in Lane Cove LGA, without requiring any spending or changes to the built form and land use within the LGA.

### **Implementation, Monitoring and Reporting**

Shelter NSW strongly supports the commitment of Council to work to ensure the on-going alignment of the LSPS with Council’s overarching community strategic planning. We believe, however, that the review of the LSPS should be aligned with the review of the LEP every five years instead of the seven years review Council has currently committed to as per its statutory requirements.

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<sup>19</sup> See LSPS page 20.

<sup>20</sup> See LSPS page 28.

As mentioned previously, we are concerned, however, with the lack of specific data and evidence around housing affordability in the area. The LSPS *Implementation, Monitoring and Reporting* section page 54/55 does not include any specific indicators to measure success regarding better housing affordability in the area. This is especially important given the need identified by Council in the LSPS. We recommend the inclusion in the Implementation Section of performance indicators specific to housing affordability such as:

- Decrease in proportion of residents of the LGA in housing stress
- Decrease in unmet affordable housing need
- Increase in proportion/number of dwellings in the area that are affordable to people on low to moderate incomes

### Summary of Recommendations

1. Include additional local data about housing affordability in the LSPS (median income, median dwelling prices, levels of housing stress, mortgage stress, etc.)
2. Strengthen the commentary and analysis in the LSPS to recognise the need for affordable housing in the area for all lower income households and not only 'key-workers'.
3. Include commentary and analysis in the LSPS to recognise the need for affordable housing in the area and how affordable housing is critical social and economic infrastructure.
4. Explicitly state in the LSPS that the LHS will include consideration of the need for affordable housing in the area, including specific affordable housing targets for Lane Cove LGA and how Council is considering contributing to delivery of affordable housing across the district.
5. Commit to reviewing mechanisms to deliver greater housing diversity, in particular mandating mix of dwelling sizes/number of bedrooms through the DCP
6. Regarding the commitment to adaptable housing informed by universal design, include explicit reference to the Liveable Housing Guidelines in the following manner:
  - That a significant proportion of new residential development achieves the silver level of the LHDG, allowing 'visitability' of dwellings for people with mobility issues
  - That a proportion of all new residential development achieves the gold or platinum level of the LHDG
7. Strengthen commentary in Planning Priority 6 to ensure the built environment and amenity in the LGA are designed to be accessible to all members of the community. It could include a reference to the Seven Principles of Universal Design<sup>21</sup>, for example.
8. Remove actions aiming at maximising public car parking.
9. Add as an action in Priority 5 for Lane Cove Council to investigate an Affordable Housing Contribution Scheme under SEPP 70 for the entire LGA or for St Leonards & Crows Nest Strategic Centres

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<sup>21</sup> See Centre for Excellence in Universal Design, <http://universaldesign.ie/What-is-Universal-Design/The-7-Principles/>

10. Add an action in Priority 5 of the LSPS for Council to consider exemption from section 7.11 and/or section 7.12 contributions for affordable housing development led by a Community Housing Provider (CHP).
11. Commit to investigating preferential zoning mechanisms that allow for exclusive affordable housing use in zones where residential use is not otherwise permitted.
12. Strengthen the commentary in the LSPS to be more explicit about a commitment to social diversity.
13. Commit to the provision of affordable housing across the LGA, ideally in the form of a percentage of all new residential development that should be dedicated to affordable housing, either in kind or in cash.
14. Recommend further advocacy by Council to the NSW and Australian Governments for more social and affordable housing to be developed in the local area. This could include advocacy for eligibility policies for social and affordable housing that allow for greater cross subsidy systems without reducing the number of dwellings affordable to people on very low and low incomes.
15. Include recommendations in the LSPS for Council to tackle housing affordability issues at both the metropolitan and regional level, for example through collaboration with other LGAs, to advocate for development of a Regional Affordable Housing Strategy to operate across council borders.
16. Commit to advocate to NSW and Federal Governments for more social and affordable housing in the North District.
17. Commit to advocate to NSW Government for reform of the Residential Tenancies Act to end 'no-grounds' evictions.
18. Align the review of the LSPS and the LHS with the review of the LEP and the DCP, every five years.
19. Include indicators specific to housing affordability as part of the monitoring section of the LSPS.

### Further discussion

Thank you for the opportunity to take part in the formulation of Lane Cove Council Local Strategic Planning Statement. Shelter NSW, as a housing policy and advocacy peak is keen to continue to work with and support Council on the further development of the LSPS and the LHS.

Please do not hesitate to contact Thomas Chailloux on (02) 9267 5733 or [thomas@shelternsw.org.au](mailto:thomas@shelternsw.org.au) in the first instance if you wish to discuss these comments.

Yours sincerely



Karen Walsh  
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#### Shelter NSW

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