



Response to *City of Parramatta Council*
Draft Local Strategic Planning Statement & Local Housing
Strategy

Shelter NSW submission
November 2019

Introduction

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 households¹. 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](#)², all of which are relevant to the Local Strategic Planning Statements and Local Housing Strategies:

- **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;

¹ 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 City of Parramatta's draft Local Strategic Planning Statement & Local Housing Strategy (LHS).

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. Shelter NSW notes that this is an issue for Parramatta LGA, where urbanisation and increase in high income earners are driving prices up. This is likely to continue as described and acknowledged in the LSPS and the LHS.

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. 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 Sydney metropolitan region to manage the impacts of population growth,

development and urban renewal on their own communities, even while that renewal may be happening elsewhere.

Shelter NSW Principles for LSPS and LHS

Shelter NSW congratulates City of Parramatta on the preparation of a comprehensive, evidence based draft 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. It is particularly appropriate to exhibit the LHS at the same time, which provides objectives and actions to deliver homes in the right locations, improve the quality, diversity and sustainability of housing for all residents, and grow the number of affordable rental housing dwellings.

Shelter NSW’s position is that a “one-size-fits-all” approach will be of little 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. However, we have developed some [principles we would like to see applied](#) in all LSPSs³, and subsequently LHS.

Our comments and recommendations on the LSPS and LHS are underpinned by the following 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

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.

³ See <https://www.shelternsw.org.au/blog/exhibition-of-draft-local-strategic-planning-statements>

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.

General commentary on City of Parramatta LSPS and LHS

Shelter NSW is aware of the growing unaffordability of housing in Parramatta LGA, and is writing to strongly support the draft LSPS and LHS prepared by City of Parramatta. In particular, Shelter NSW strongly supports the following elements:

- The extensive data gathered by Council and integrated in the LSPS and LHS. In particular we note that:
 - 43% of households in the LGA rent their home, including 37% in the private rental market
 - 20% of renting households are in housing stress, spending more than 30% of their income on rent. Housing affordability is a big concern for the community, with 13% of all households spending more than they can afford on housing costs.
 - While rental housing remains relatively affordable for moderate income earners, with 85% of the rental stock being affordable for moderate income earners, only 10% of purchase stock is affordable to them. Housing is severely unaffordable for people on low incomes with only 17% of the rental stock and less than 2% of the purchase stock being affordable for low income earners.
 - Significant numbers of people work in 'key workers' industries, that are essential to the LGA but contain high numbers of people on lower incomes. The demand for key worker housing is significant, and there is a risk that key workers will be priced out of the housing market further if new development does not integrate significant percentages of affordable housing, as recognised in the LSPS/LHS.
 - Social housing is in undersupply with a high number of people on the waiting list, facing significant waiting times between 5-10 years to over ten years depending on the type of dwelling. There are currently 400 people experiencing homelessness in the LGA according to the latest count.
 - Housing is already relatively diverse in terms of density but there is a mismatch between supply and community needs, with both an undersupply of one bedroom dwellings and larger dwellings for large families.

- The Vision outcomes for Parramatta LGA in 2036, in particular “A diverse range of appropriately located housing is provided that meets the community needs” and “housing is affordable and accessible to a diverse community”. Shelter NSW strongly supports this vision and believes that socially and culturally diverse communities are more inclusive, healthy and productive. We note that community consultation has identified a strong support for social and economic diversity (see LHS page 31).
- The objects of the Local Housing Strategy, aiming to be a ‘framework to boost housing supply, diversity and affordability’, including ‘managing urban growth’, building a competitive city and responding to social challenges such as an ageing population and declining affordability for low income households.
- Planning Priority 5, “Provide for a diversity of housing types and sizes to meet community needs into the future”. Shelter NSW shares the view that there is a need for a diversity of housing types, and housing that responds adequately to the needs of its residents, including older people wanting to age in place.
- Planning Priority 6, “Incentivise affordable rental housing dwellings delivery and provide for permanent affordable housing”. Shelter NSW agrees that the private rental market has very limited ability to meet the needs of lower income households and that loss of housing that is affordable to people on lower income has significant social-economic implications for the effective functioning of Parramatta LGA. We strongly support the view that affordable housing delivered through planning mechanisms should be provided in perpetuity as dwellings provided as affordable for ten years only have very limited impact on the housing market. We particularly support action A1 to prepare affordable housing contributions schemes in order to increase the supply of affordable housing and commitments made page 48/Table 12 of the LHS to consider other mechanisms to increase affordable housing delivery such as VPAs and joint ventures with CHPs, including on land owned by Council. As noted page 48, it is urgent for Council to prepare SEPP 70 schemes as opportunities to share value from development uplift will otherwise be lost. Preparing and implementing SEPP 70 schemes early and as generally as possible across the LGA also provides certainty to the development industry, allowing developers to cost contributions into the cost of the land, which allows value capture without affecting development feasibility.
- The commitment to work in collaboration with State Government agencies and Community Housing Providers (CHPs) to undertake joint venture projects to deliver affordable housing.
- The commitment to ensure adequate supply of housing that is adaptable and adapted to the needs of ageing people. Shelter NSW provides recommendations about how to mandate this in the next section.
- Shelter NSW supports the view that ARHSEPP 2009 has delivered some housing diversity but not housing that is affordable to people on very low and low income. We would like to draw City of Parramatta Council’s attention on research Shelter NSW commissioned about the [boarding houses sector in NSW](#) and our [Policy Brief on the implications for policy making](#). Shelter NSW supports changes to the ARHSEPP, in line with Action A4 of the LSPS, so it delivers on its

objective, to deliver affordable housing for vulnerable renters, not self-contained micro-apartments for students.

- The target that 9,500 dwellings will be affordable housing by 2036, or 6.3% of all housing. Shelter NSW recommends for a higher target such as 10% of all housing, in order to create a significant share of non-market housing to provide for households in need and end homelessness and housing stress. We support the current target, however, as a first step towards this vision.
- The commitment to review and update the LSPS every four years, in alignment with the review of the CSP, and to monitor its implementation annually.

We provide additional commentary on the following:

- The Local Housing Strategy states that “maintaining supply is critical for housing affordability”. Given the recent record levels of supply described in the LSPS (Parramatta LGA being the fastest growing LGA in NSW) and given that they have not delivered an improvement in affordability, as well as the capacity of developers to control supply of the private rental market, we note that supply alone will not deliver better affordability, especially for low income households. This illustrates the need for targeted supply under the form of affordable housing dwellings.
- Policy Direction P1 of the LSPS plans to generally support ‘affordable housing types’ such as boarding houses and smaller dwellings. We note that although boarding houses do provide an important form of housing for vulnerable private renters, they are rarely affordable to very low and low income households, including boarding houses seeking a land tax exemption. In addition to this, housing is rarely adequate and many residents experience a tertiary form of homelessness. While smaller dwellings and co-housing might suit some people, they are not an adapted form of housing for many. Support of cheaper dwellings (rather than affordable) with lower amenity is not an issue per se, but should be a secondary policy direction to favour direct delivery of social and affordable housing instead, as it constitutes truly affordable, targeted supply of housing for those most in need.
- Policy Direction P2 recommends to limit maximum FSR in order to allow for ARH bonuses. This is an unorthodox way to apply planning bonuses, and illustrates the complexity of ‘incentivising inclusionary zoning’ rather than mandating it. Similar issues exist with VPAs. Mandating inclusionary zoning, in addition to guaranteeing delivery of much needed affordable housing, provides greater certainty to the development industry and fair competition between developers as all projects are required to provide the same amount of floor space of cash equivalent for affordable housing. This allows the contribution to be priced into the cost of land, therefore not affecting development viability. Planning bonuses for affordable housing should be a secondary mechanism and not a policy priority.

From our understanding, City of Parramatta Council is using a range of planning mechanism available to local government authorities to directly deliver and encourage delivery of affordable housing. We

support the draft LSPS and draft Local Housing Strategy (LHS) objectives and the mechanisms described in order to achieve the desired outcomes.

Recommendations for City of Parramatta LSPS and LHS

Overall Shelter NSW strongly supports the draft LSPS and LHS. We provide the following recommendations for Council's consideration:

- 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 will provide Council with flexibility in the future in planning mechanisms it can use to facilitate affordable housing delivery.
- Establish a dwelling mix target in the LHS and mandate it through the DCP so undersupply issues for certain type of dwellings are addressed and housing supply is diverse and adapted to the needs of all members of the community.
- In order to deliver on the vision of housing that is 'accessible to a diverse community'; strengthen commentary in the LSPS and the LHS around accessibility and the need for universal design. Introduce a target in the LHS and/or a requirement in the DCP that all new residential flat building development achieve the Silver level of the Liveable Housing Guidelines and a proportion of new housing achieves the Gold and/or Platinum standard. Indeed, Silver mostly allows retrofitting and/or 'visitability' of the dwelling rather than responding adequately to the needs of people with mobility issues or ageing.
- As part of the review of development contributions, consider exemptions from section 7.11 and 7.12 contributions for CHPs given that they are already delivering essential infrastructure under the form of affordable housing. This will increase affordable housing development feasibility.
- Investigate "preferential zoning", i.e. allowing affordable housing exclusively as a residential use in zones where residential housing is not allowed, as long as it does not preclude the overarching objectives of the zoning. City of Sydney Council has such a mechanism in place in B7 Business zone and Inner West Council is considering a similar mechanism.
- Action A1 of the LSPS is to prepare Affordable Housing Contribution Schemes under SEPP 70. The LHS states areas and contributions levels for Affordable Housing Contribution Schemes under SEPP 70 to be included as part of the LEP following review. Shelter NSW strongly supports these actions, but is in agreement with the LHS (Table 12, page 48) that these value capture schemes will fall short of meeting the need identified in the LSPS/LHS for 8,790 affordable housing dwellings. We strongly support the additional mechanisms listed in the LHS to achieve this target, such as working with NSW Government agencies to achieve 33% of new floor space to be provided as affordable housing on government owned sites, considering affordable housing as part of Parramatta North, and using VPAs on sites where SEPP 70 schemes cannot be applied, as well as joint ventures. Shelter NSW's general position is that 15% of floor space on private land and 30% on government controlled land are appropriate levels of contribution for

value sharing mechanisms. We recommend that in addition to the other mechanisms considered, City of Parramatta applies 15% of new floor space as a contribution for affordable housing under SEPP 70. From our understanding, the Greater Sydney Commission is supportive of schemes that exceed its general affordable rental housing targets as long as viability can be established. Shelter NSW is of the view that given the importance of the need, land values and demand for development in Parramatta LGA, 15% is an appropriate level of contribution for private land in the area. It will also assist in advocating to NSW Government for 33% by demonstrating best practice on private land, and setting a benchmark for public land. Shelter NSW also recommends that Council aims to cover most of the LGA under such schemes given that the need for affordable housing is well established across the LGA.

- Commit to further advocacy to other levels of government for direct investment in social and affordable housing and reform of the policy settings that shape housing affordability in Australia.
- Commit in the LSPS 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 37% of households who rent their home in Parramatta LGA, without requiring any spending or changes to the built form and land use within the LGA. Council could join the [Make Renting Fair](#) campaign, for example.

Overall Shelter NSW strongly supports the LSPS and the LHS, and commends and congratulates City of Parramatta for demonstrating strong leadership and commitment to its housing policy, planning and directions.

Thank you for the opportunity to take part in the formulation of City of Parramatta Local Strategic Planning Statement and Local Housing Strategy. 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 LHS.

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

Yours sincerely



Thomas Chailloux
Senior Policy Officer
Shelter NSW

Shelter NSW

Level 1, 241 Castlereagh Street, Sydney NSW 2000 – www.shelternsw.org.au – ABN 95 942 688 134
Tel: (02) 9267 5733