



Response to *Penrith City Council*
Draft Local Strategic Planning Statement
Shelter NSW submission
November 2019

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 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 Penrith City Council's draft Local Strategic Planning Statement.

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/semi-rural regional centres connected to the rest of the metropolitan area such as Penrith Local Government Area (LGA).

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

Shelter NSW congratulates Penrith City Council 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. Producing a LSPS is critical to the development of a council’s Local Housing Strategy (LHS) and revision of Local Environmental Plans (LEPs), which are actions required by the GSC Regional and District Plans.

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 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.

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

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

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 or in the area, 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 Penrith City Council LSPS

Shelter NSW provides commentary on the following concerning Penrith LSPS:

- We support the recognition that there is a need for “affordable and diverse housing” in Penrith Council’s vision outlined page 19. Commentary could be amended, however, to include a stronger recognition of the importance of housing affordability to support diverse, inclusive communities and the need to maintain and increase affordable housing stock and general affordability in the area.
- Planning Priority 1 of Council is to “align development, growth and infrastructure”. Shelter NSW strongly supports this strategic objective. In line with the [latest Australian Infrastructure Audit](#), which recognised housing as infrastructure for the first time, Shelter NSW recommends that Council specifically recognise affordable housing as essential social and economic infrastructure in its LSPS. This will participate in achieving the objectives of Planning Priority 1 and give Council flexibility in the future in the type of mechanisms it is able to use to facilitate delivery of affordable housing.
- Shelter NSW supports the section “Our Homes” including Planning Priorities 3,4,5, in particular Planning Priority 4 aim to “improve the affordability of housing”. We provide the following comment, concerning this *housing diversity* approach, rather than a *housing affordability* approach per se. 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.*⁴ It is important for Local Government authorities to consider the types of intervention that are available

⁴ 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>

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 in the LSPS, as outlined in the recommendation section. We note the levels of housing stress identified by Council, which are relatively low compared to Greater Sydney averages for general housing stress (12.2%) and mortgage stress (9.3%) but still significant, in particular for rental households (29.6%).

- Shelter NSW strongly supports the action to develop an affordable housing policy. We note regarding the comment in the LSPS concerning boarding houses that while boarding houses do provide an important source of housing that is more affordable than the rest of the private rental market for lower income households, it is fundamentally inadequate housing, in particular for vulnerable people, due to the lack of security, affordability and general lack of control over living space. While feasibility of boarding houses should not be diminished, it is important to recognise that boarding houses alone will not adequately address the need for more housing that is affordable to people on lower incomes.
- Accessibility of public space and universal, inclusive design are of primary importance to create healthy, inclusive communities. Concerning the accessibility of public space, we suggest that the language is strengthened in the LSPS in order to create “more high quality public spaces”, as described in Planning Priority 7, 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 Design⁵ as part of Action 28, for example.
- The LSPS mentions that Council will investigate the Low Rise Medium Density Housing Code to make sure it can understand and manage the implications of the Code (page 39). Shelter NSW recommends that the LHS include actions to increase housing diversity in the LGA and progressively densify low rise low density areas towards low rise medium density, while being sensitive to local character. If Council determines that use of the Code isn’t the best way to do so in the LGA, it should include specific strategies to achieve similar outcomes through its own planning controls and an exemption from the code. We recommend that these strategies be described in detail in the LHS.
- Shelter NSW supports Penrith Council’s commitment to sustainability, in particular to improving energy efficiency (Planning Priority 19). Well-designed homes powered by affordable clean energy benefit landlords through reductions in their utility costs such as water, common area lighting, and environmentally sustainable homes are more attractive to tenants, so can assist in reducing vacancy rates. The benefits for tenants, include savings through reduced utility costs, resulting in more “after housing” income and enabling tenants to live more comfortably and generally have a better housing experience. There is also evidence that lower income households in homes with lower utility costs and with environmentally sustainable features are less likely to have rent arrears and more able to

⁵ See Centre for Excellence in Universal Design, <http://universaldesign.ie/What-is-Universal-Design/The-7-Principles/>

save. Shelter NSW has been involved in discussions leading to a recent advocacy win regarding mandating energy efficiency provisions for residential buildings in the National Construction Code⁶.

Recommendations for Penrith City Council LSPS and LHS

We provide the following recommendations for Council's consideration concerning the LSPS and the oncoming LHS:

- Recognise social and affordable housing as essential infrastructure in the LSPS.
- As part of Planning Priority 2 to "work in partnerships", include an action for Council to work with State government in order to plan for increased delivery of social and affordable housing in the area.
- As part of the Local Housing Strategy being prepared by Council, prepare a specific Local Affordable Housing Strategy and include specific targets for affordable housing that is delivered in perpetuity, and housing that is affordable to people on very low and low income as a proportion of total housing stock.
- Commit to developing Affordable Housing Contributions Schemes under SEPP 70 in the LSPS, and include high level information about these schemes in the LHS. Shelter NSW recommends that contribution levels are set at 15% for private land and 30% for government controlled land. This will not affect development viability as developers are able to price the contributions into land price when they are provided with enough certainty. Schemes for Penrith City Centre, St Marys and The Quarter would be particularly appropriate given the planning context of these areas, and the fact that the major employing industries (retail, health services) would include significant amounts of lower paid workers.
- Consider use of development contributions under sections 7.11/7.12 to fund affordable housing development by Council and/or consider exemptions for CHPs when this would potentially render a development feasible.
- Explicitly recognise in the LSPS that Council will consider a diverse range of planning mechanisms to deliver affordable housing such as use of development contributions, Voluntary Planning Agreements, direct delivery and partnerships with CHPs in addition to SEPP 70 schemes
- In order to facilitate housing diversity, one of the strategic objectives of Planning Priority 5, "Facilitate sustainable housing", mandate a mix of dwellings for new developments through the DCP (such as a mix of number of bedrooms) to ensure new housing supply meets the needs of community members.
- In order to deliver more high quality public spaces, in line with Planning Priority 7, mandate strong universal design and accessibility requirements in line with Seven Principles of Universal Design⁷, for example.

⁶ See <https://www.industry.gov.au/sites/default/files/2019-07/bmf-communique-18-july-2019.pdf>

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

- Commit to advocacy to NSW State Government for reform of the Residential Tenancies Act in order to replace 'no-grounds' evictions with a set of 'reasonable grounds'. This would provide greater security of tenure to the significant number of people who rent their home in Penrith LGA, without requiring any budget or changes to built form and land use.

Finally, Shelter NSW draws Penrith City Council's attention to the [*Strengthening Economic Cases for Housing Policies*](#) report,⁸ 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.

Thank you for the opportunity to take part in the formulation of Penrith City 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 LHS.

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

Yours sincerely



Thomas Chailloux
Senior Policy Officer
Shelter NSW

⁸ 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/>