



Response to *Wollondilly Shire Council* *Draft Local Strategic Planning Statement*

Shelter NSW submission

October 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 Wollondilly Shire 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 semi-rural regional centres connected to the rest of the metropolitan area such as Wollondilly Shire 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 Wollondilly Shire 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.shelternsw.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, 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 Wollondilly Shire Council LSPS

Shelter NSW understands that the context for strategic planning for the Wollondilly LGA is in some regards, different from the rest of Sydney Metropolitan Area, being a mostly rural area on the fringe of Greater Sydney. Issues such as housing unaffordability in Greater Sydney, however, will eventually impact Wollondilly LGA as lower income households seek housing in more affordable areas. Growth as part of Greater Sydney Commission (GSC) Western City District Plan, including 15,000 new homes in Wilton Growth area, will impact on the character of the LGA as a semi-rural, transition area.

There is a strong evidence base that supply of housing alone does not improve affordability for very low and low income households, and has limited impact for moderate income households. Shelter NSW advocates for targeted supply of housing that is affordable to lower income households; in particular under the form of dedicated social housing and affordable housing dwellings managed by Council or Community Housing Providers (CHPs). Councils should implement planning mechanisms that facilitate delivery of affordable housing, and directly deliver affordable housing for lower income households.

Shelter NSW provides commentary on the following concerning Wollondilly LSPS:

- We support the aim described in the Mayor’s message to “better understand housing needs and help to make life more affordable for residents”. Providing affordable housing and greater housing diversity is one of the most impactful ways to make life more affordable for people.
- “Vision for Wollondilly 2040”, page 5 of the LSPS, sets the vision for land use in the area. Shelter NSW supports the commitment of Council to improving “housing choice across all stages of life” and “affordable local living”.
- In Planning Priority 4, the LSPS states that “a smaller lot product (...) provide housing choice and affordability”. While smaller lot sizes do increase housing diversity and might facilitate housing products at a different price point accessible to some moderate income households, it is very unlikely to provide housing that is affordable to very low and low income households. Indeed, barriers such as saving for a deposit remain, and developers are able to control supply to avoid drastic negative impact on prices. Unaffordability of housing and willingness of buyers to pay a premium to secure land in areas that have relatively good access to Greater Sydney also explain why providing smaller lot sizes will make little difference to affordability of housing for very low and low income households. Housing diversity strategies and focus on greater supply must therefore be accompanied with planning mechanisms designed to specifically increase the

supply of affordable housing targeted at lower-income households, such as the mechanisms recommended in the next section.

- The LSPS states page 38 that the health and wellbeing priorities of Council include “environments and places that provide a high quality and safe public domain”. Accessibility of public space and universal, inclusive design are of primary importance to create healthy, inclusive communities. We suggest inclusion of a commitment in the LSPS 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 Design⁴, for example. This would contribute in achieving this objective of the LSPS.
- Shelter NSW supports Planning Priority 5, “Providing housing options that meet local needs”.
- 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. The commitment to review the LSPS every four years (LSPS page 88) along with the CSP is particularly appropriate.

Recommendations for Wollondilly Shire Council LSPS and LHS

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

- 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, for example in Planning Priority 1, “Aligning infrastructure provision with community needs”. This will provide Council with flexibility in the future in planning mechanisms it can use to facilitate affordable housing delivery.
- “Setting the scene”, page 13 of the LSPS, does not provide data about housing such as median dwelling price, levels of housing stress etc. or about income such as median income, number/proportion of lower income households. While Planning Priority 5 does provide data on dwelling type and tenure distribution page 31, Shelter NSW strongly recommends inclusion of high level data in the final LSPS and more detailed data around incomes and housing, including levels of housing stress amongst rental and lower income households, in the LHS. This will allow for better understanding of housing needs, one of the objectives of Council as outlined in the Mayor’s message page 3, and for good monitoring of performance of the planning mechanisms implemented to address housing affordability issues.
- Shelter NSW strongly supports action 5.1 of the LSPS, “Prepare a local housing strategy (including affordable housing)”. This aligns with the objectives of Planning Priority 5 to provide a mix of dwellings to meet local needs. The LHS should include specific targets for affordable housing dwellings in the LGA.

⁴ See Centre for Excellence in Universal Design, <http://universaldesign.ie/What-is-Universal-Design/The-7-Principles/>

- “Wilton 2040 – A Plan for the Wilton Growth Area” indicates that DCPs can include requirements for affordable housing, and that Department of Planning, Industry and Environment will work with Council and other stakeholders to determine what is appropriate for the site and the best ways to require for affordable housing. Shelter NSW recommends that Council commit to advocating for Wilton Growth Area to include ambitious targets for affordable housing in order to respond to the need identified in the LSPS. These targets should be required, without being subject to ‘viability testing’ and provided in perpetuity, with rent setting linked to incomes of residents and not to market rent. Shelter NSW’s position is that a target of 15% on private land and 30% on government controlled land for affordable housing is appropriate. A value sharing mechanism capturing 15% of new floor space for affordable housing is important to ensure new housing for lower income households is delivered as part of new development in the area, regardless of the total target (currently 15,000).
- Investigate Affordable Housing Contributions Schemes under SEPP 70 in the Wollondilly LGA. This would contribute in providing much needed affordable housing as development occurs in the area. We note that the need is well established and that by providing certainty to the development industry in establishing SEPP 70 schemes across the LGA, development viability is not affected as developers are able to pass the cost on to landowners. Due to rising land values, especially in the case of re-zonings, landowners’ willingness to allow development is not affected either.
- In order to meet the housing needs of all members of the community, consider universal design and adaptable housing requirements as part of the LHA. Council could introduce a target and/or a requirement in the DCP that a proportion of new housing achieves the Silver, Gold and/or Platinum standard of the Liveable Housing Guidelines.
- In order to provide a mix of dwellings adapted to the needs of the community, consider mandating a mix of dwelling sizes through the DCP in the LHS.

Finally, Shelter NSW draws Wollondilly Shire Council’s attention to the [Strengthening Economic Cases for Housing Policies](#) report,⁵ 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.

⁵ 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/>

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.

Further discussion

Thank you for the opportunity to take part in the formulation of Wollondilly 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 Thomas Chailloux on (02) 9267 5733 or thomas@shelternsw.org.au in the first instance if you wish to discuss these comments.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Thomas Chailloux', with a long horizontal line extending to the right.

Thomas Chailloux
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