

Shelter NSW Submission

Draft Development Application - 17-31 Cowper Street Glebe (December 2020)

About Shelter NSW

Shelter NSW is focused on the opportunity to promote dialogue on the unmet housing needs of all the NSW State residents and to advocate for housing outcomes that address the longer-term systemic housing-related problems in NSW, which are greatest in Metropolitan Sydney.

Shelter NSW has been operating since 1975 as the NSW State's peak housing policy and advocacy body. Our vision is to create a sustainable housing system that secure homes 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. We are especially concerned for low-income households which struggle to afford good-quality and well-located housing in the private market.

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. 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. 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; excluding them from jobs and opportunities. Of course, this was the case well before the economic impact of the Covid-19 pandemic took its toll on large sections of the workforce and across a wide section of industries.

For these reasons, we have an established interest in the development of social and affordable housing, including policies and practice around public housing estate renewal and associated property development.



Introduction

Shelter NSW appreciates the opportunity to comment on the Draft Development Application for 17-31 Cowper Street Glebe, which is the redevelopment of existing public housing sites as part of a joint venture public private partnership arrangement.

Having reviewed the Draft Development Application for 17-31 Cowper Street Glebe and the Sydney Local Environmental Plan (Glebe Affordable Housing Project) 2011, we commend Council on its work to date on this site. We appreciate the work undertaken to deliver a development that achieves some excellent design and sustainability outcomes.

In general, Shelter NSW supports the development proposal however, Shelter NSW has provided some practical suggestions that we feel support or strengthen the housing-related priorities for existing and future residents of the Sydney LGA.

Comments on the Broader Impacts

Firstly, Shelter NSW is concerned with the accumulative impact of developments such as 17-31 Cowper Street Glebe. This project is part of the NSW Government's 'Communities Plus' redevelopment scheme, which currently involves 5 projects within the Sydney Local Government Area (LGA)¹. Our apprehensions are based on the site-by-site nature of these developments, which ignores the broader accumulative effect in terms of both social impact and the public housing deliverables outlined in the NSW Government's 'Future Directions for Social Housing (2016)' Strategies.

Community consultation concerns

Although not the role of Council at this stage in the assessment process, Shelter NSW would encourage the bringing together of all parties to evaluate the overall social impacts and benefits of these concentrated redevelopment projects within the Sydney LGA. Shelter NSW notes that the tenant transfer processes connected with the current 5 projects will be very disruptive to the lives of existing tenants, many of whom are vulnerable and may have already experienced a recent relocation from areas such as Millers Point, only to be moved on again.

¹ Note:

1. Redfern (600 Elizabeth Street, Redfern)
2. Waterloo (Three separate masterplan sites: Waterloo North, Waterloo Central and Waterloo South which makes up 65 per cent of the entire site). (Bounded by Phillip and McEvoy Streets to the north and south, and Pitt and Cope Streets to the east and west 18 Ha in total).
3. Glebe (17-31 Cowper Street and 2A-2D Wentworth Park Road, Glebe, 1,800 sqm).
4. Franklyn (project - bounded by Franklyn Street Glebe Street, Bay Street and Greek Street in Glebe),
5. Eveleigh (project - bounded by Station Place, Explorer Street, Henderson Road and rail the rail infrastructure in Eveleigh)



Shelter NSW recently addressed these concerns with the Department of Communities and Justice (DCJ) in response to their discussion paper 'Housing People in Temporary Accommodation and Relocating Tenants for Portfolio Management Purposes (November 2020)'.

We recommended against the proposed transfer limit of two offers and suggested that DCJ emulate the practices of leading community housing organisations which provide tenants with up to four or five offers when relocating them for portfolio management purposes. We have also worked with other peak housing organisation on the development of a draft document refers to a [Compact for Renewal](#) to support better practise and procedures around public housing tenant engagement and consultation principles for the length of these renewal projects.

Shelter NSW Specific Comments on the Development Application for 17-31 Cowper Street Glebe

It's clear from the development proposal that Sydney City Council has undertaken a lot of background work to deliver some benefits associated with this development proposal in terms of overshadowing, solar access and sustainability outcomes. However, Shelter NSW has some concerns regarding dwelling mix and the number of public housing units being delivered in light of the current unmet housing need in Sydney LGA. These concerns are outlined in the following sections.

Overshadowing, solar access and sustainability outcomes

The subject site incorporates two existing public housing sites with the public housing component proposed to be located on the northern site, directly opposite Wentworth Park. This ensures that this building and the majority of dwellings will have good access to sunlight.

Financial Benefits - new public housing Infrastructure

The current redevelopment site includes 19 public housing dwellings. This is made up of 4 two-storey terrace homes on the northern site and a two-storey terrace style block on the southern site comprised of 15 one-bedroom units. These buildings were constructed as part of the 'Glebe Rehabilitation Project' in the late 1980s so they are only twenty years old. The construction of these dwellings would have seen a public investment of around \$5,700,000. million, so their loss has a cost factor which is not included in any of the assessment or public benefit deliverable. This further undermines the argument that the development will deliver 35 new dwellings at no public cost. It should be noted that in addition to the lost public investment, a significant percentage of public housing dwellings and land are also gifted away as part of this redevelopment project. Based on a draft financial assessment of the project, the developer can approximately make over 10 million in profit from the project (See Appendix A Tables 1 and 2 for the approximate project estimates).

Therefore, the proposition that there is a financial benefit of 35 new public housing units doesn't take into account the 19 dwellings being lost, what is, in fact, being delivered is only an additional 16 dwellings. Shelter NSW finds this significant because the type of dwelling being delivered does address the underlying demand for public housing or bedroom types in the Sydney LGA.



Unit Mix & Bedrooms

Data from Department of Communities and Justice on the 30 June 2019 states that there are around 51,014 applicants on the NSW public housing waiting list (Note: this could mean over 100,000 people in housing need. The highest unmet need was for two and three-bedroom properties which had a 10-year waitlist for inner Sydney. On the other hand, it was a 5-year waitlist for studio and 1-bedroom dwellings.

The Department's Future Directions for Social Housing (January 2016) Action 2.2 states that the NSW Government is focused on improving educational outcomes through improvements to the allocation processes to ensure better educational and employment opportunities for tenants and their families. It seems that the best way to deliver on these stated Actions would be for families to have access to dwellings located near high-quality public schools. This redevelopment site has access to such as school². The new state of the art Ultimo Public school is a short walk across the park from the proposed redevelopment sites.

Besides the project's location to high-quality educational opportunities, it seems that these redevelopment projects should at the very least address the waiting list demands for Sydney, which are up to 10 years for 2- and 3-bedroom dwellings. Besides, many of the existing tenants who live in 1, 2- and 3-bedroom dwellings are being offered a right of return once the development is complete, creating an expectation that they will be able to transfer back to at least a 1- or 2-bedroom dwelling unit. For all these reasons it appears problematic that the public housing component of this development has not focused on delivery more 2-bedroom units and instead provides two studios, twenty-six 1-bedroom units and only seven 2-bedroom dwellings. On the other hand, the private dwelling component is made up predominantly of 2-bedroom dwellings (Details on the unit breakdown across the two sites is provided in Appendix A Table 3).

Based on the following:

1. the stated Action in the Future Directions for Social Housing (January 2016) which aims to improve educational outcomes for tenants,
2. the existing unmet public housing waiting list requirements for 2- and 3-bedrooms dwellings, and
3. the potential need of those tenants who may want to return

Shelter NSW believe that at a minimum the two studio apartments should become either 2- or 3-bedroom units and that the overall project should aim to deliver more 2- or 3-bedroom dwellings in the public housing component of the proposal.

Shelter NSW would also like Council to consider a requirement for a proportion of dwellings in all the 'Communities Plus' development projects to reflect the Actions outlined in the Future Directions for Social Housing (January 2016) and to address the waitlist demands for the Sydney LGA in terms of current and anticipated bedroom need.

² Ultimo Public-School Info:

<https://www.youtube.com/watch?v=MO8VBGlX3X8> <https://www.schoolinfrastructure.nsw.gov.au/projects/ultimo-public-school.html>



Thank, You

Shelter NSW appreciates the opportunity to the Draft Development Application for 17-31 Cowper Street Glebe. We hope that the comments and insights we have provided bring some value to Council's strategic planning work in this space.

We are also happy to engage with the Council on the issues raised in our submission. If you wish to discuss our submission in more detail, please contact Stacey Miers on 0410 633 272 or by email at stacey@shelternsw.org.au.

Sincerely Yours,

Sincerely Yours,

Principle Policy Officer Shelter NSW
Stacey Miers

Chief Executive Officer Shelter NSW
John Engeler



Appendix A

Table 1 Assessment of the Redevelopment and Associated Costing & Deliverable – DA 17-31 Cowper Street Glebe			
Current sites include 4 townhouses, made up of four 3-bedroom dwellings and fifteen 1-bedrooms dwellings			
The redevelopment will deliver 35 Social housing units on the north site and 39 private dwellings on the south site - 74 units in total			
North Site (social housing component)	2 studios	26 x 1-BR	7 x 2-BR
Approximate construct cost	\$400,000	\$7,800,000	\$2,450,000
South Site (private component)	14 x 1-BR	20 x 2-BR	5 x 3-BR
Approximate construct cost	\$4,200,000	\$7,000,000	\$2,800,000
Construction Cost 4 both sites	\$4,400,000	\$14,800,000	\$5,250,000
Approximate construction costs - both sites	\$24,450,000		
Total Units delivered	16 units	46 units	12 units
Note: South Site Approximate sale value of dwelling (private component – equity delivered to the developer)	\$7,000,000 (\$500,000 each) 14 x 1-BR units	\$20,000,000.000 (\$1,000,000 each) 20 x 2-BR units	\$7,500,000 (\$1,500,000 each) 5 x 3-BR units
Note: Approximate construct cost per dwelling unit type	Construction cost for 2 x studios (\$200,000 each)	Construction cost for 26 x 1-BR units (\$300,000 each)	Construction cost for 7 x 2-BR units (\$350,000 each)
Note: Approximate construct cost per dwelling unit	Construction cost for 14 x 1-BR units (\$300,000 each)	Construction cost for 20 x 2-BR units (\$350,000 each)	Construction cost for 5 x 3-BR units (\$400,000 each)
Approximate total values of south site at point of sale	\$34,500,000		
Approximate profit margin from the total development costings	\$10,050,000		
<p>Note: Land value for the south site gifted in perpetuity to the developer is an irreplaceable public asset.</p> <p>Note: Buildings were constructed as part of the 'Glebe Rehabilitation Project' in the late 1980s so they are only twenty years old. Loss of this public investment is around \$5,700,000.</p> <p>Note: Approximate dwelling value based on Rent and Sales report data number (133) April to June 2020 quarter NSW Government and recent sales data from Domain and Real Estate.com.</p> <p>Note: Median sales price for non-strata dwellings in Inner Sydney LGA for June was \$1,650,000 (Houses) and for strata dwellings \$884,000.</p> <p>Note: Construction cost for a multi-unit development = \$1540 per square metre.</p>			



Table 2 showing approximate cost and profit of 'Communities Plus' development in Glebe	
Development components	Prices
Social Housing construction cost (2 x studio, 26 x 1-BR, 7 x 2-BR)	\$10,400,000
Construction cost of private development (14 x 1-BR, 20 x 2-BR, 5 x 3-BR)	\$14,000,000
Construction costs for both private and social housing development	\$24,450,000
Values of land and assets in the private development	\$34,500,000
Minus total construction cost	\$24,450,000
Leaving an approximate profit to the developer	\$10,050,000

Note; Approximate dwelling value is based on data from the Rent and Sales report number (133) April to June 2020 quarter New South Wales Government.

Median sales price for non-strata dwellings in Inner Sydney LGA for June to 20 was \$1,650,000 (Houses) and for strata dwellings \$884,000. NSW Government and recent sales data from Domain and Real Estate.com.

Table 3 Current and future dwelling numbers			
Current Land and Housing -(L&H) Dwellings 19in total	Current Dwelling L&H 19	Dwellings being deliverable	Proposed Dwelling Mix
North Site	4 townhouses made up of 4 x 3-bedroom dwellings	35 x Social housing units will be delivered on the North site and non on the south site.	2 x studio, 26 x 1 bed, 7 x 2 bed mix will be delivered in the social housing component of the development.
South Site	15 x 1-bedroom dwellings lost	39 x private dwelling being delivered	14 x 1 bed, 20 x 2 bed, 5 x 3 bed
Dwelling Numbers	19 x dwellings lost	74 x dwellings delivered in total (35 social and 39 private) 19 x social housing dwellings lost (4 town houses and 15 units). Total additional social housing dwellings being delivered = 16 dwellings.	

