



Response to *City of Canterbury-Bankstown* *Draft Affordable Housing Strategy*

Shelter NSW submission

May 2020

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. 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. And 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 industry.

¹ See Shelter NSW 2019 Election Platform

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

The Canterbury-Bankstown LGA (the LGA) represents a very large population of over 345,000 people. The City of Canterbury-Bankstown (the Council) has, in its various strategy documents done an excellent job of scoping the extent to which the housing crisis factors are observed within its LGA; in many cases, at rates far in excess of Greater Sydney averages. Housing stress, for example, is experienced by 18.6% of the LGA compared to 11.8% in Greater Sydney. Given its size, any improvement in reducing housing stress Canterbury-Bankstown is an improvement for Greater Sydney and NSW overall.

Shelter NSW priorities are five core principles all of which are relevant to the Local Strategic Planning Statements and Local Housing Strategies (including any Affordable Housing Strategy):

1. Make plans that emphasise housing as a home, not just an investment

The concept of 'home' should be at the core of the housing policy. It underpins health, social connections and participation in work and society. However, speculative investment in housing and the standard model of development is not delivering housing people need or can afford. The Government needs to talk with communities about these problems and discuss solutions. Once they do, they should make a plan for specific regions that addresses the issues they can control and work with other levels of Government on ones they cannot.

2. Build places and communities, not just houses and towers

New housing should be located close to jobs and services and improve the quality of existing neighbourhoods. Well-connected and well-designed homes make it easy for people to get around and transition between various stages of life. However, developers seem to be delivering either car-dependent sprawl or low-quality density. Both result in different kinds of congestion and unpleasant environments. They need to find a middle ground to win community support. Government authorities can help them do so through its planning, support for innovative designs and investment in infrastructure.

3. Provide diverse housing that everyone can afford, not just high-income earners

The housing system should be as diverse as the community to give people the options they need. Ageing households can then downsize, and young people can become independent. Women can then leave abusive relationships, and First Nations people can live on Country. Students can then focus on their education, and key workers can live in their communities. Most important, people experiencing homelessness can find a secure home. To provide these options, governments need to invest in social and affordable housing as well as create more diversity in the housing market.

4. Make renting a genuine alternative to ownership, not just a transition phase

Tenants should be able to expect security and a high level of service when they rent their homes. This protection is especially true now that homeownership is in decline. However, the possibility of no-grounds evictions makes it hard for tenants to put down roots or request repairs. Equally, social housing has become seen as a temporary safety net which is increasingly rationed and run-down. Governments need to ensure rental housing is both secure and high quality. It can do so by amending laws and policies that support long-term renters and providers of suitable housing options

5. Use housing policy to address climate change, not exacerbate it

Our built environment should help us transition to a zero-carbon economy. Housing design and construction techniques can reduce our energy consumption and the extraction of new resources. So too can planning and subdivision protect our homes from natural hazards and limit our reliance on cars and lifts. Trees can cool our streets and infrastructure can make them walkable. All of this improves our health and saves us money. Governments need to use all of these tools to prevent and avoid the worst effects of climate change which we are just starting to see and feel.

The broader context

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 noted by the:

- Greater Sydney Commission's (GSC) Region and District Plans - recommending the introduction of Affordable Rental Housing Targets in areas to be defined by councils and in planned precincts. The GSC all proposes that 5-10% of new dwellings are to be affordable.
- The NSW Department of Planning, Industry and Environment (DPIE) - noting 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*.

Shelter NSW Principles re Draft Affordable Housing Strategy (AHS)

Shelter NSW congratulates Council on the preparation of a comprehensive, background study supporting the draft AHS. The AHS takes its direction from the LHS, which notes objectives and actions to deliver homes in the right locations, that are ‘diverse, accessible and affordable’, and grow the number of affordable rental housing dwellings.

Shelter NSW’s recognises 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. As noted in our November submission however, we have developed some [principles we would like to see applied](#) in all LSPSs², subsequent LHS and by extension, any Affordable Housing Strategy. As a reminder they are that the LSPS:

- **recognises and quantifies local need for housing that is affordable to those on the lowest 40% of incomes**
- **commits to developing a Local Housing Strategy**
- **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.**
- **commits to housing and social diversity**
- **recommends further advocacy from local government to support the delivery of social and affordable housing**

General commentary on City of Canterbury-Bankstown Draft Affordable Housing Strategy (AHS)

We are pleased to provide comments on City of Canterbury-Bankstown’s *Draft Affordable Housing Strategy (February 2020)* and *Planning Agreements Policy (draft Affordable Housing Amendment)* both informed by the *Draft Affordable Housing Strategy: Background Report February 2020*). We note that this submission follows a previous one made by Shelter NSW regarding the *Local Strategic Planning Statement & Local Housing Strategy (LHS)* in November 2019. In some cases, comments from the prior submission will be called on.

While historically, housing has been relatively affordable in the LGA compared to similar medium-ring areas in Greater Sydney, affordability has deteriorated starkly in the last decade. Supply of social and affordable housing has failed to keep up with demand, and high levels of general housing supply have not delivered affordability for lower income households. This is

² See <https://www.shelternsw.org.au/blog/exhibition-of-draft-local-strategic-planning-statements>

illustrated by the high levels of housing stress in the area: 18.6% for all households, higher for lower income earners and especially renters (with 39% of renters paying more than 30% of their income in rent).

Overall, Shelter NSW commends Council for its commitment to creating a dedicated *Affordable Housing Strategy* – giving focus and attention to the issue of housing affordability and importantly, committing itself to action to make substantial improvement. The Draft *Affordable Housing Strategy: Background Report* is a very comprehensive assembly of research and analysis – a study which will inform further Council action. It will also inform local residents of the compelling need for action to reduce housing stress, especially for the lowest-income cohort of the LGA’s population (and the opportunity to retain vibrant and diverse communities).

Regarding the Canterbury-Bankstown LGA, in particular we note that:

- Households in the LGA who rent their home are the dominant tenure form, an increase of 4% since the last census.
- 18.6% of households are in housing stress (rent or housing payments), spending more than 30% of their income on rent. This figure is 39.1% for low income rental households. Council acknowledges that housing affordability is a big concern for the community.
- Housing is severely unaffordable for people in lower income areas. As an example, less than 1% of the two-bedroom units in the LGA rental market is affordable for a very low-income household.
- Redevelopment and gentrification threaten the loss of even the limited affordable options currently available to very low and low-income households
- Significant numbers of people work in ‘key workers’ industries, including with the LGA itself. The demand for affordable key worker housing is significant.
- 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. The forecasted extended economic downturn is expected to exacerbate this.

Overall Council acknowledges in the AHS that *‘housing stress is negatively affecting households in the LGA and the private market and social housing pipeline is unlikely to meet the current and future need for affordable rental housing with intervention’*. The background summary document on page 29 clearly demonstrates Council’s detailed understanding of the issue of housing stress (and in particular rental stress), where it is most keenly felt and its ability to target processes to increase the supply of affordable housing stock within the LGA to address it.

Shelter NSW notes Council proposes to create an *Affordable Housing Contribution Scheme* identifying sites/precincts where affordable contributions are required and rate of contribution to be made. Council's AHS and *Planning Agreement Policy* will require the dedication or equivalent contribution of at least 5% of residential floor space uplift whereby a Planning Proposal seeks at least 1,000 sqm GFA uplift. By implication, Shelter NSW notes that this requirement does not apply to a similar commercial floor space uplift proposal (the rationale for this not been explained within the documents). In order to provide sufficient lead in time, Council is intending to phase in the contributions scheme with a 0% applying in the year to December 2021 increasing by 1% increments to 5% from January 1, 2025, onwards.

Detailed Observations

1. Recognition, quantification of and commitment to address affordable housing need

- The *Draft Affordable Housing Strategy* does not include any numerical targets for the commitment to increase affordable housing. Shelter NSW notes however, that the Council's *Community Strategic Plan* does include a commitment that '15% of all new development in growth precincts is affordable housing'. Shelter NSW strongly supports Council for setting this ambitious target and notes an intention to test for feasibility and viability (of affordable housing targets) through placed-based master planning for each centre.
- Shelter NSW commends council commitment to a minimal affordable housing target of 5 to 10% with an overall aim of 15% in growth precincts based on site specific analysis.
- We note that the strategy does not include any noting of exemptions from section 7.11 and 7.12 contributions for Community Housing Providers (given that they are already delivering essential infrastructure in the form of affordable housing). Such an exemption will increase affordable housing development feasibility.
- Shelter NSW supports the use of Voluntary Planning Agreements (VPAs) to deliver affordable housing where contributions schemes cannot be applied. We note, however, that VPAs are an ad hoc mechanism that reduces certainty for both Council and the development industry. As such, schemes under SEPP 70 should be favoured when possible.
- Shelter NSW notes that Council has specifically identified the 'key worker' or essential worker' cohort within its employment and residential population. Council is to be commended for its adoption of the broader (and therefore more realistic and inclusive) 'Bankwest' definition and its research into the geographic and economic profile of this population. Overall, 25% of the total working population in the LGA are in key worker occupations with a greater proportion residing in lower income parts of the LGA.

Council has identified that 'key worker housing' may be a key driver for affordable housing. Shelter NSW notes that economic displacement resulting from the Covid-19 pandemic has focused attention on essential workers. It has also highlighted the great disparity between essential workers with stable, secure employment (say within the public sector) versus the highly casualised and more insecure employment and income experienced by key workers such as those in the retail, hospitality and private transport sectors.

2. Commitment to housing diversity to facilitate housing affordability.

- The AHS include a summary of various mechanism open to Council to increase affordable housing. It notes that SPP(ARH) promotes 'infill affordable housing' in existing residential areas that are accessible by public transport. The policy allows additional floor space to a private proponent to develop dual occupancies, multi dwelling housing or residential flat buildings where a proportion of the new dwellings are available as affordable rental housing for a 10-year period, managed by a Community Housing provider. The AHS notes that while there is sufficient land to which the Canterbury LEP applies (where R2.R3 and R4 allows such infill housing) the Bankstown LEP provides few opportunities due to the dominance of the R2 zone (where dual occupancies are the only permitted) affordable housing type.
- In our November 2019 submission we noted Council's intention to prevent 'medium density buildings' in low density areas such as R2 zones. From Shelter's understanding, this strategy is inconsistent with a commitment to increasing housing diversity, as well as the policy to keep allowing construction of secondary dwellings, which are a form of densification.
We also note that the visual and amenity impact of low-rise, medium density dwellings such as manor houses and townhouses is not significantly different from the impact of very large detached dwellings, at similar height and setback controls.

3. Need for advocacy from local government for social and affordable housing

Housing affordability is a complex issue that needs to be tackled by all levels of government.

- The AHS note for example, the number of homeless people in the LGA (1,295) and observes that the 'social housing dwelling stock is not meeting demand for applicants who are likely on very low and low incomes'. Given the impact of the economic downturn which may create sustained high unemployment rates we can expect further

pressure on the social housing waiting list which is already in excess of ten years for some housing types. Council is encouraged to use the compelling research it has gathered in support of its AHS to advocate to both state and federal government for a greater investment in social housing maintenance and building within the LGA. These investments ought to be funded by mechanisms outside of the planning system such as state and federal budgets.

- Given its size and significance, Shelter NSW also recommends Council 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. This is especially relevant for Canterbury Bankstown Council connected with neighbouring LGAs in the 'Sydenham-Bankstown Corridor' where the NSW Government has targeted significant development.
- We reiterate our observations made in November 2019, that 'New Generation Boarding Houses', as a form of affordable housing for vulnerable renters, are already rarely affordable for people on very low and low incomes. Our position is that they should not attract the same planning advantages as boarding houses that are affordable to people on lower incomes. Shelter NSW recommends that as part of its commitment to advocate for a review of ARH SEPP, Council explicitly commits to advocating for the introduction of an affordability requirement for dwellings delivered under this planning pathway. For further evidence and policy recommendations, we draw council's attention to Shelter NSW's recent research on [Boarding Houses sector NSW](#) and our [Policy Brief](#).

Council has committed to establishing a statutory planning mechanisms to facilitate the delivery of affordable housing, which Shelter fully supports.

Overall, we support the draft Affordable Housing Strategy along with the background research document and the accompanying draft amendment to the Planning Agreement Policy but often a range of recommendations for consideration.

Recommendations for City of Canterbury-Bankstown LSPS and LHS

- **Commit to an aspirational target of ending housing stress and homelessness by 2036.** Shelter NSW believes that while the challenge is significant, Council should commit to monitoring its affordable housing target.
- **Set and implement an affordable rental housing target for the Canterbury Bankstown LGA.** Such an initiative would complement the development of SEPP 70 Affordable Housing Contributions Scheme. One example of this is Sydney City Council [Sustainable Sydney 2030](#) which establishes a target, that by 2030, 7.5% of all housing in the local area will be social housing provided by government and community providers and 7.5% will be affordable housing delivered by not-for-profit or other providers.
- Council has proposed a requirement for a 5% affordable housing contribution target for planning proposals resulting in uplift or more than 1,000 sqm of residential floor space. Shelter NSW also recommends that **Council consider a review of its affordable housing contribution for non-residential sites that acquire substantial uplift, similar to the City of Sydney.**
- **Conduct regular reviews of the contribution rates in the Affordable Housing Contributions Scheme with the aim of increasing the affordable housing contributions Target of 5% by 1% annually across the LGA.**
- **Add new precincts/sites to the Affordable Housing Contributions Scheme as they are master planned,** with affordable housing contributions to be determined for each precinct/site through feasibility testing of built form controls (tipping point analysis). These master plans should test the provision of 15 percent of residential floor space as affordable housing.
- **Commit to a minimal 15% of new floor space to be dedicated to affordable housing on government owned sites where redevelopment occurs.**
- **That Council review the operation of land currently Zoned R2 (Low Density Residential) and investigate the potential to amend many of the R2 zones to an alternative R1 (General Residential).** The review is recommended based on the capacity of R1 Zones to deliver more housing choice. This review would also need to sit alongside

a review of height controls and character assessment requirements for R1 zones.

- Council is encouraged to use the research it has gathered in support of its AHS to **advocate both state and federal government for greater direct investment in social and affordable housing and building within the LGA**. This need has become particularly acute and obvious during the Covid-19 pandemic and the economic downturn.
- **Seek collaboration with other LGAs, to advocate for development of a Regional Affordable Housing Strategy to operate across council borders**. This is especially relevant for Council regarding the 'Sydenham-Bankstown Corridor' where the NSW Government has targeted significant redevelopment.
- **Commit to advocating 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 of households who rent their home in Canterbury-Bankstown 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 which again has taken on special prominence during the pandemic.

Thank you for the opportunity to take part in the formulation of *City of Canterbury-Bankstown Local Affordable 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 this strategy. We have special recognition of the size of the LGA population, the pressure on local communities due to state government led redevelopment and the size and depth of housing stress experienced by residents.

Overall, we commend Council on the comprehensive research it has conducted in scoping the size and nature of the housing affordability crisis with the LGA.

Further, we commend Council for taking the critical step of committing to an increased supply of affordable housing within the LGA.

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

Yours sincerely,

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