

Blackwattle Bay - State Significant Precinct (SSP) Plan

June 2021, revised 14 July 2021

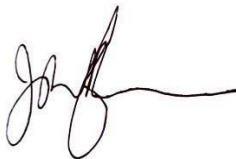
Shelter NSW (Shelter) is a non-profit, member-based organisation that was founded in 1975 and today represents a diverse network of individuals and organisations. These members share our vision of a sustainable housing system across New South Wales, with the aim of providing a secure home for all. To advance our vision, we engage our members, experts, and partners on housing reforms that benefit our economy, our society, and our environment.

With more than a third of the population struggling in an expensive unaffordable rental market, our work is focused primarily on conducting housing research and advocating on behalf of these residents; particularly those on low to moderate incomes. One of our primary aims is to find a way to mitigate the growing impact of housing inequality across our cities and towns. Indeed, the need for this has been heightened further due to the impact of Covid-19, whereby access to an affordable home has become even more vital in establishing overall safety and security for NSW residents. Shelter NSW is committed to ensuring that at least 5% of all housing in each LGA in NSW is provided as Social Housing for those on very low incomes. In addition, we are supportive of planning proposals to increase Affordable Housing for essential workers, particularly in key urban areas such as the City of Sydney.

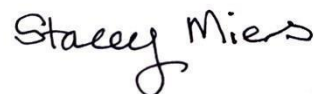
Shelter NSW's submission on the 'Blackwattle Bay - State Significant Precinct (SSP) development proposal' is therefore focused on ways to address the needs of that percentage of the population who don't own a home - residents who are struggling to meet their housing costs. With this as our driver, we advocate for ways to address the growing problem of declining housing affordability across greater Sydney and NSW.

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 or our CEO, John Engeler, on 02 9267 5733 or by email at john@shelternsw.org.au.

Sincerely Yours,



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Broad overview of Housing Affordability impacts linked to the transformation and revisioning of the Blackwattle Bay Precinct

The Blackwattle Bay area sits on the edge of Pyrmont – an area which has slowly transformed from being predominantly low-rise industrial and working-class residential, to high-rise residential, technology services and office blocks.

In 1992 the ‘City West Development Corporation’ (CWDC) was commissioned with the task of overseeing the redevelopment of Pyrmont and Ultimo. CWDC recognised that the transformation of these waterside suburbs would see many of the surviving longer-term residents priced out of the area. In response, they took a courageous step and supported the establishment of ‘City West Housing’, a not-for-profit organisation aimed at delivering affordable rental homes in Pyrmont and Ultimo.

The Blackwattle Bay precinct, approximately 10.4 hectares of land, is the next stage in this historical transformation of the Sydney harbour bays precinct. The redevelopment proposal for Blackwattle Bay points to the creation of extensive parklands, harbour foreshore walkways and easy access to Wentworth Park, thus making the area a highly desirable location. The Blackwattle Bay area also adjoins the proposed harbourside precinct, connecting it to the new purpose-built fish market precinct and building.

Up until October 2017, Wentworth Park had a substantial population of “rough sleepers”. However, in that year, the NSW Government initiated a campaign to remove the homeless. The Department of Family and Community Services brought in security services and worked with the homeless community, offering them temporary accommodation. As stated in the article by O’Rourke and McNab (2017), at the time there was a homelessness dilemma - not enough public or affordable housing stock available to house these people¹. It’s hard to imagine that the campaign to remove the rough sleepers from Wentworth Park was disconnected from the proposed Fish Market and Blackwattle Bay State Significant Development (SSD) initiatives. More broadly, the existence of the rough sleeper community shows a growing need for more public and affordable housing options to be delivered. One of the best opportunities to do this would be leveraging the substantial planning benefits being delivered on Government-owned and controlled redevelopment sites like Blackwattle Bay.

¹ References: Jim O’Rourke and Heather McNab. The Daily Telegraph Inner West Courier Inner City. Rough sleepers in Sydney’s Wentworth Park kicked out by NSW Government Authorities. October 12, 2017.
<https://www.dailytelegraph.com.au/newslocal/inner-west/rough-sleepers-in-sydneys-wentworth-park-kicked-out-by-nsw-government-authorities/news-story/f8c3bb6bc8a2085984e6119ce90f8fca>.

City Hub CITY NEWS. Homeless hounded in park.
<https://cityhubsydney.com.au/2017/10/homeless-hounded-in-park/>



The Blackwattle Bay area is serviced by the Sydney Metro West light rail system and the new Bays light rail station² providing an easy connection between Blackwattle Bay, Sydney CBD and Western Sydney. This level of public transport access makes the precinct an even more desirable location.

The suburb of Ultimo, which adjoins Pyrmont, is also home to a new state of the art, high-quality public school - the catchment area for which includes Blackwattle Bay. It is therefore predicted that people on higher incomes will buy into the area to access the school, placing additional pressure on housing prices. This will, in turn, see lower-income families further displaced.

Blackwattle Bay also edges the suburbs of Glebe, Forest Lodge, Lilyfield, Pyrmont and Ultimo which are all experiencing redevelopment pressures and rising housing costs. Glebe in particular has seen an ongoing decline in its public housing stock, going from 1,065 dwellings in 2011 to 981 by 2016. Since 2016, further public housing stock has been sold, resulting in an ever-declining safety net for lower-income households in the area.

Due to soaring housing costs, income diversity in the area is declining as lower-income families are forced out. Furthermore, Covid-19 has clearly shown just how important essential workers (childcare workers, cleaners, administration staff, tradespeople, retail workers, wait staff etc) are in delivering an efficient and vibrant functioning city. This impact is highlighted in the Blackwattle Bay State Significant Precinct report (June 2021) and related documents, which point out that many younger residents are also leaving the area to access more affordable housing options. The report notes that delivering housing choices for lower-income earners within the LGA will be a challenge. Conversely, the precinct plan aims to deliver approximately 5,600 new jobs. These jobs will in large part be targeted at a younger population, furthering the troubling mismatch between the increased cost of available housing supply and the incomes of younger employees in the area. The significant barriers these young people face in accessing affordable housing will undoubtedly in turn have an impact on the local job market and recruitments prospects.

In short, the Blackwattle Bay redevelopment will deliver an attractive but expensive place to live, along with limited housing affordability options. With this in mind, Shelter NSW considers the delivery of affordable housing as a key element for consideration in the Government's Strategy.

² <https://www.sydneymetro.info/station/bays-station>





Image - Vision of Future Revitalised, Blackwattle Bay

Social Impacts and Mitigation Strategies

Shelter NSW has reviewed the Blackwattle Bay SSD proposal from the perspective of low to moderate-income households who either already live in the area or may be employed there in the future. We are concerned about the growing mismatch between the recommended strategic directions and the initiatives to deliver a range of affordable rental housing options within the precinct. As such, we make a series of housing-related observations and recommendations regarding the Blackwattle Bay redevelopment plan.

Affordable Housing as Essential Infrastructure

The report notes that the State Government sees public infrastructure as being the following facilities or services:

- State and regional roads
- Bus interchanges and bus lanes
- Land required for regional open space, including land required for the foreshore promenade
- Embellishments or connections to regional open space and
- Social infrastructure and facilities.

Considering that 35% of the NSW housing stock is occupied by renters, and around a third of them are in permanent rental stress, we at Shelter NSW maintain that essential social infrastructure should permanently include a percentage of affordable rental housing. It is also our experience that placing affordable housing outside the parameters of essential infrastructure will often see it traded off against other infrastructure costs. In short,



affordable housing is habitually the loser in the infrastructure negotiation game. Shelter NSW therefore supports the inclusion of affordable housing (including public and community housing) as essential infrastructure. This definition aligns with the Australian Infrastructure Audit (2019).

Realistic Affordable Housing Deliverables and Targets

The Blackwattle Bay SSD report states that the appropriate monetary contribution rate for Blackwattle Bay is yet to be determined and that the overall contributions will need to be balanced against the general public amenities and services. This language reflects that used in similar redevelopment sites by the State Planning Authority and in other SSDs. One example is the Redfern-Waterloo redevelopment site, which includes a large public housing estate. The early planning and masterplan documents for Redfern-Waterloo made a commitment to delivering both social and affordable housing targets that were equivalent to around 50% of the development project. However, in the end, the Authority rolled the social and affordable housing into one 30% target, leaving little or no commitment to delivering affordable rental housing for key workers.

Shelter is therefore concerned over any lack of clarity, which would allow the State Planning Authority to renege on its stated commitment towards delivering affordable rental housing. Shelter would like to see a clearly defined target, aimed at delivering a reliable affordable housing outcome.

The Blackwattle Bay Strategic principle (11) supports the creation of a socially inclusive and affordable suburb.³ In addition, the 'Blackwattle Bay - State Significant Development (SSD) June 2021 (Attachment 10: Explanation of Intended Effect point 2.8)' highlights the City of Sydney's existing affordable housing scheme, as well as its inclusionary zoning requirement, which enables affordable housing contributions. It also points to the *Eastern City District Plan's* affordable housing target of 5 to 10%.

Shelter NSW is pleased to see that the strategy supports site-specific provisions, including a contribution to affordable housing. However, the report refers to a target of only 5% of the total new residential gross floor area. Having made a strategic commitment in 'Towards our Greater Sydney 2056, A Metropolis of Three Cities' and the 'Eastern City District Plan' to deliver a minimum of 5-10%, we believe that the State Government should at the very least aim to deliver on an affordable housing target above 10%.

The report proposes that the contribution would be made either as dedicated affordable dwellings within the precinct or as a paid monetary contribution as follows;

³ Revitalising Blackwattle Bay. NSW Government https://www.infrastructure.nsw.gov.au/media/2527/bays001-blackwattle-bay-consultation-a4-brochure-may2020_fa2_lr.pdf



- 2,175 sqm of affordable housing; or
- approximately \$8.9m in monetary contributions towards affordable housing.

Based on land value in the surrounding suburbs, it is evident that a monetary contribution of around nine million would not provide enough funds for a not-for-profit community housing organisation to purchase land in the precinct or surrounding area.

City West Housing has indicated that the construction cost for a 2-bedroom unit in the Sydney City Local Government Area (LGA) is around \$420,000, excluding land costs. Therefore, a nine-million-dollar contribution would provide enough funds to construct around 21 units, not including the cost of land. In light of this, Shelter is concerned that even a 10% monetary contribution target is unlikely to deliver any affordable housing units within the suburb or surrounding area. Nor will it address the housing needs of the approximately 5,600 employees filling new jobs within the suburb, especially those on lower incomes.

Recommendations

Noting the above areas of concern, Shelter NSW sees the delivery of affordable housing within the development precinct as vital. In order to facilitate this, Shelter NSW recommends;

- that a definition of affordable housing (including public and community housing) be included as essential infrastructure. This recognises that access to affordable housing is like any other form of necessary social infrastructure (as per *the Australian Infrastructure Audit 2019*) and it must be delivered as part of any vibrant and diverse city,
- that the Blackwattle Bay Strategy include an affordable housing dedication closer to a 25% target. As an absolute minimum, it need at least meet the stated target from the Government's regional plan *A Metropolis of Three Cities, The Eastern City District Plan (2018)* and *Sydney City Council Local Environmental Plan 2012* of 10% from the outset.
- that the Authority support a joint venture arrangement that includes affordable housing. This could be a collaboration between a not-for-profit Community Housing organisation, Landcom or the NSW Land and Housing Corporation (NSWLHC),
- that the Authority consider an affordable housing contribution based on the dedication of land within the Blackwattle Bay area,
- that the Authority consider dedicating land to affordable housing under a 99-year lease agreement,
- that a memorandum of understanding be created, linked with any affordable housing financial contribution, that the affordable rental housing be delivered locally.



Finally, to ensure that affordable housing is delivered within the Blackwattle Bay precinct, Shelter NSW recommends that the Strategy identify Government-owned land on which affordable housing joint venture projects can be delivered. Collaboration with key agencies such as Landcom, NSW Land and Housing Corporation or local not-for-profit community housing organisations can facilitate this.



References

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