

Submission on the Draft Macquarie Park Place Strategy August 2021

About Shelter NSW

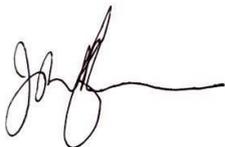
Shelter NSW is a non-profit organisation that conducts housing research and advocacy on behalf of households on ordinary incomes — those in low- and moderately-paid work, in casual or part-time employment, or getting by on government support payments. We were founded in 1975 as a member-based organisation that today represents a diverse network of other organisations and individuals who share our vision of a sustainable housing system that provides a secure home for all. To advance our vision, we engage our members, experts, and partners and advocate on housing reforms that aim to benefit our economy, our society, and our environment.

About our submission

Shelter NSW (Shelter) has reviewed the [Draft Macquarie Park Place Strategy](#) (the Strategy), prepared by the Department of Planning, Infrastructure and Environment (DPIE) from the perspective of people living and working in and around Macquarie Park who struggle to afford good quality housing that suits their needs, or who may be employed on the site in the future and need access to secure housing. Whether it be loss of income or a dramatic change in personal circumstances, all communities face circumstances that see need for a stock of social housing (beyond renewed housing estates). In addition, a failure to ensure a large enough supply of affordable rental housing may undermine the worthy economic and employment goals of the strategy. Shelter's ongoing review of the planning system has presented evidence that the private housing market and a majority of existing planning mechanisms are failing to deliver housing solutions that address the unmet housing requirements of affordability, choice and amenity. From Shelter's perspective, we see Macquarie Park as an opportunity to provide a diverse range of housing options for local people, which will create a more robust and resilient economic hub. The purpose of this submission is to advocate for improved housing outcomes that address the housing needs of lower- and moderate-income earners.

If you wish to discuss our submission in more detail, please contact Stefanie Matosevic on 0431 037 724 or by email at stefanie@shelternsw.org.au or contact our CEO, John Engeler, on 02 9267 5733 or by email at john@shelternsw.org.au.

Sincerely Yours,



John Engeler
Chief Executive Officer, Shelter NSW



Stefanie Matosevic
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Overview of the Draft Macquarie Park Place Strategy

The Draft Macquarie Park Place Strategy refers to a 170-hectare investigation area within a broader 350-hectare site, and encompasses some of Greater Sydney's most significant economic generators including a business park, commercial core, Macquarie University and Macquarie University Hospital. Its primary goal is to strengthen Macquarie Park's economic role in Greater Sydney by transitioning to an innovation district; grounded in businesses, research and education.

Shelter NSW would like to commend DPIE on their plans to deliver more housing close to large employment hubs such as Macquarie Park. Initiatives such as this pave the way for more people to live closer to their workplaces, which in turn has the potential to create more activity to support a greater number of hospitality and retail premises. Ultimately, this will create more jobs.

Within the investigation area there are seven defined neighbourhoods, five of which have residential development planned for them, aiming to deliver up to 7,650 new homes. This is encapsulated in one of the six 'Big Moves' that underpin the Strategy. Related to housing and residential development, this includes a single key action relating to affordable housing:

Big Move 5: Create sustainable neighbourhoods within Macquarie Park, each with their own identity and role.

Action 5.5: Ensure a diversity of dwelling typologies including 5-10% affordable housing.

The need for affordable housing at Macquarie Park

Shelter's ongoing review of the planning system has presented evidence that the majority of existing planning mechanisms are failing to deliver housing solutions that address the unmet housing needs of affordability, choice and amenity. This is particularly true for key workers and workers earning very low, low and moderate incomes. Affordable rental housing is particularly important in Macquarie Park, which has a much higher proportion of renters compared to Greater Sydney (66% compared to 33%).

Affordable housing is increasingly difficult to access for key workers

Although there is no set definition for 'key workers', it generally includes health care, education, child care, aged care, emergency services, community services, retail and hospitality workers (Gilbert, Nasreen and Gurran, 2021). Given that there are an estimated 3000 staff at Macquarie University and 500 staff at Macquarie University Hospital, it is imperative that any new residential development increases the supply of affordable housing for these workers. According to the Strategy and the *Macquarie Park Innovation District*



Study (ARUP, 2021), several of these industries (specifically education, health, retail and hospitality) are expected to grow in Macquarie Park.

Research undertaken by the Australian Housing Research Institute (Gilbert, Nasreen and Gurran, 2021) examined the housing situations and commuting patterns of key workers in Sydney and Melbourne. It found that appropriate and affordable housing is increasingly difficult to access for workers not only in the first and second quartiles of income (those traditionally considered 'low income'), but also increasingly for those in the third quartile. More specifically, the research found that no LGAs in metropolitan Sydney, Wollongong or Newcastle had a median house price that is affordable to an early career registered nurse. Ryde Council's Draft Affordable Housing Policy 2016-2031 also highlights the limited supply of affordable housing for key workers in the LGA. It estimates that by 2031, there will be 10,700 key workers living in housing stress¹ and in need of appropriate, affordably priced housing. This highlights the significant demand for affordable housing in the local area and reinforces the importance of delivering it in Macquarie Park, which is home to many key workers and growth industries. Given this report was prepared in 2016 and housing affordability has worsened since then, this number is likely to be much higher in 2021.

Increasing number of very low, low and moderate-income workers need access to affordable housing

Using research from AHURI (Gilbert, Nasreen and Gurran, 2021) we can confidently say that many local residents and workers at Macquarie Park (in addition to key workers) will not be able to afford rental prices in the local area without entering housing stress. According to the Department of Communities and Justice, the annual income in Sydney to be considered a 'very low' income earner is \$49,300; 'low' is \$78,900; and 'moderate' is \$118,300. Many of the industries operating in Macquarie Park, now and in the future, will include workers that fall into these categories, as well as residents currently living in the area (for example, office administration and support, cleaners, childcare workers, ICT support technicians, etc). The research shows a median-priced one-bedroom unit in Ryde LGA is considered 'very unaffordable' for anyone earning less than \$78,000, as is the case in the surrounding LGAs, forcing people to move to outer-ring suburbs. This is a clear imperative to deliver more affordable housing to accommodate these local workers without the risk of housing stress.

Affordable housing is essential to innovation and employment hubs

Affordable housing is an essential component of innovation districts. Research undertaken by the Brookings Institute found that successful innovation districts are investing in affordable housing to accommodate low-income earners with the purpose of increasing labour market participation of local residents. Further to this, a report published by AHURI

¹ Housing stress is typically described as lower-income households that spend more than 30% of gross income on housing costs (ABS, 2019).



(Dowling et al, 2020) that investigates the role of affordable rental housing in supporting innovation-led employment growth and productivity in Australian cities highlights the need for affordable and secure housing to accommodate start-up entrepreneurs: “this deterrent, in turn, reduces the economic competitiveness of said districts” (Dowling et al, 2020; Moonen and Clark, 2017).

Urgent and growing social housing need

According to the Department of Communities and Justice, there are 1,393 households waiting for social housing in the CS04 Northern Suburbs zone, which includes Macquarie Park. Of these, 377 are considered priority i.e. in urgent need of housing. The minimum wait on social housing is 5-10 years for a one bedroom unit, and 10+ years for all other dwelling types. Although the Ivanhoe Estate redevelopment plans to deliver a net increase of 691 social housing units and 128 affordable housing units, we believe that more social and affordable housing should be delivered in this redevelopment project given it is located on government-owned land.

Key concerns from a housing perspective

Lack of clear commitment to affordable housing

We understand that Macquarie Park is set to be an important economic employment hub for Greater Sydney. While not diminishing the importance of Macquarie Park as first and foremost an employment hub, we believe that affordable housing is a significant component of this and have concerns around the lack of commitment to affordable housing options, especially for those who may be working in Macquarie Park. Despite the importance of affordable housing to economic productivity in Greater Sydney, as well as its essential role in innovation districts, there are too few references to diverse and affordable housing in the Strategy.

We understand that more detailed land use planning will be undertaken at a later stage, however, if clear targets are not set now, there is a very real risk that affordable housing delivery will not be maximized, or even delivered, on the site.

Social housing targets not met and lack of new social housing outside of Ivanhoe Estate

Although not included in the investigation area for this Strategy, the Ivanhoe Estate is the only significant social housing development in Macquarie Park and its surrounds. Currently, the development is not meeting government targets of 30% social housing and 10% affordable housing. These figures instead stand at 28.7% social housing and just 3.9% affordable housing. In an area with a wait list of over 1,000 people, it is concerning that the redevelopment is not meeting mandated government targets. Additionally, the Strategy does not include provision for additional social housing outside of Ivanhoe Estate, further limiting options for people on very low incomes.



Potential consequences

Economic/productive: As stated in the Strategy, 70% of workers at Macquarie Park currently commute to work. Without affordable housing provisions, many Macquarie Park workers will continue to be forced to commute to work by car, contributing to traffic congestion and decreasing productivity. Alternatively, these workers may choose to work elsewhere, closer to more affordable accommodation.

Strategic: Workers that cannot afford housing close to Macquarie Park will be subject to longer commute times and have a greater car reliance to travel to their workplace, which is not in line with the GSC's 30-minute city. Conversely, affordable housing options will allow some workers to be able to walk to their workplace.

Social: Long commute times reduce the amount of leisure time available to spend with family and friends, while unaffordable housing will cause more people to work longer hours and/or live in housing stress –all negatively impacting mental health. Further to this, there is a strong social imperative to increase social housing across Sydney to provide safe and secure housing for the city's most vulnerable.

Shelter NSW Recommendations

Include clearly defined affordable housing targets

The Strategy currently includes dwellings targets for five of the seven defined neighbourhoods but does not define the number of affordable dwellings that are expected to be delivered. Without clearly defined affordable housing commitments, Macquarie Park could potentially lose up to 765 affordable homes (based on delivery of 10% of the maximum dwelling target included in the Strategy).

Pursue inclusionary zoning to deliver affordable housing at Macquarie Park

Shelter recommends that Action 5.5 in the draft Macquarie Park Place Strategy be amended to say:

“Action 5.5: Ensure a diversity of dwelling typologies including a minimum of 7% affordable housing.”

Given the value uplift of rezoning in Macquarie Park, there is potential to provide affordable housing through inclusionary zoning or similar, with a target of 7%. This target is consistent with Greater Sydney Commission guidance for the Greater Sydney metropolitan region and is likely to be viable in the Ryde LGA. Based on Ryde Council's Affordable Housing Policy 2016-2031, there is appetite within Council to progress aggressive affordable housing targets. Ryde Council also has a history of successfully negotiating Voluntary Planning Agreements (VPAs) with developers to deliver affordable housing outcomes, indicating market willingness and ability to absorb costs. This could be similar to inclusionary zoning successfully introduced in the City of Sydney, initially for precincts such as Green Square, and now across the whole LGA. Further to this, AHURI (2021) recommends applying



inclusionary zoning to deliver affordable housing near health and education precincts – two of the growth industries at Macquarie Park.

Increased delivery of social housing

Shelter believes that the state government should revisit the 'Communities Plus' model to deliver a richer social mix, such as a 50/50 split with a ratio of 50% private, 30% social and 20% affordable. At a minimum, the Ivanhoe Estate should meet the set targets of 30% social and 10% affordable; that is, a minimum of 990 social housing units and 330 affordable housing units.

Thank you

Shelter NSW appreciates the opportunity to comment on the draft Macquarie Park Place Strategy. We hope that the comments and insights we have provided bring some value to considerations in the housing policy space. We are also happy to engage on the issues raised in our submission. If you wish to discuss our submission in more detail, please contact our CEO, John Engeler, on 02 9267 5733 or by email at john@shelternsw.org.au, or Stefanie Matosevic on 0431 037 724 or by email at stefanie@shelternsw.org.au.



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