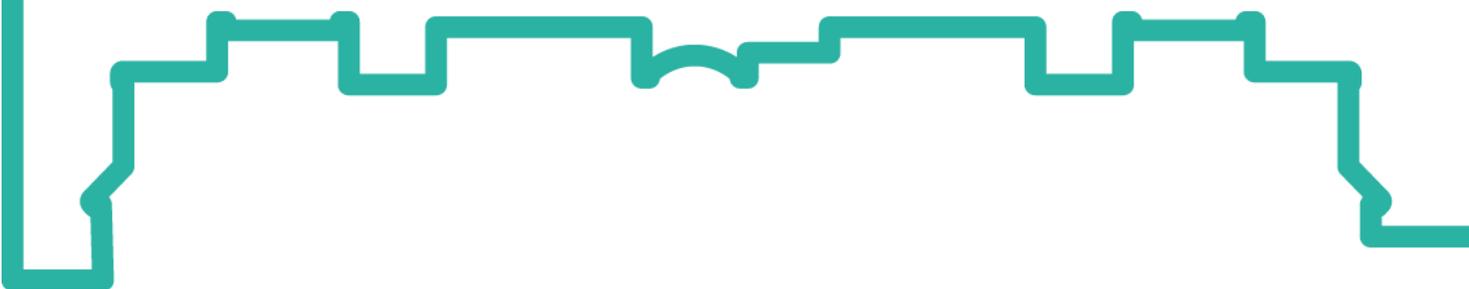




**Public exhibition of the  
YOUR VISION. YOUR FUTURE.  
Draft Hornsby Town Centre  
Review Recommendations**

**SHELTER NSW SUBMISSION**

20 September 2022



## About Shelter NSW's Submission

Shelter NSW has been operating since 1975 as the state's peak housing policy and advocacy body. Our vision is to create a sustainable housing system that provides secure homes for all. We are a non-profit organisation that is concerned about the housing crisis in NSW and the rising trends of homelessness, housing rental stress as well as impacts of poor-quality housing, particularly for lower-income households.

We pursue our vision through critical engagement with policy and practices 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.

Shelter NSW is concerned about the housing crisis in NSW and the rising trends in homelessness and 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 ones at higher rents, and new concentrations of disadvantage have been created across our major cities and towns as low-income households are displaced. We advocate for solutions that aim to make the housing system fairer for all.

We have an established interest in the development of social and affordable housing, including policies and practices around affordable housing delivery and associated land development. We have also been involved in coalitions with NSW Government agencies and community members.

Shelter NSW (Shelter) welcomes and appreciates the opportunity to comment on the Draft Hornsby Town Centre Review Recommendations and technical studies. We also thank Hornsby Shire Council (Council) for its previous consideration of Shelter NSW's submission on the earlier Local Strategic Planning Statement ("*Draft Local Strategic Planning Statement*", October 2019).

## Overview

Shelter commends Hornsby Shire Council on the preparation of a comprehensive and detailed Town Centre Masterplan. We support the Masterplan's vision to 'create an inclusive and healthy community'. Shelter notes the Masterplan's aspiration to deliver approximately 11,046 jobs and 4,500 dwellings by 2036. We commend its commitment to providing a minimum 10% affordable housing target (or 470 dwellings) within the revitalised town centre.

Shelter too notes the Masterplan's acknowledgement that Hornsby has an existing housing affordability problem linked with increased rental prices - with median rents above the Greater Sydney average.

The introduction of a 10% affordable housing target will help to alleviate the existing housing affordability problem and ensure a proportion of new housing remains available for low to

moderate-income earners, including those essential workers who perform important local services within major Town Centre hubs like Hornsby.

Shelter has looked at how to add value based on a review of planning controls and other Council instruments. Shelter recommends finding ways to ensure greater scope to commit to acquiring contributions within each of the Hornsby Town Centre Masterplan precincts. Outlined below are some suggestions and recommendations to support the delivery of affordable housing.

The following comments aim to support the inclusion of an affordable housing target as a component of the proposed Masterplan and to suggest ways to improve on the proposed “Affordable Housing Contribution Framework”.

## Shelter’s comments regarding the social and economic impact of increasing employment and transport opportunities on housing costs

Shelter is keen to highlight that many of the new employment opportunities in this area will be in the higher income categories and will, in turn, affect house and rental prices. This relationship is detailed and acknowledged in international research by Agnew and Lyons (2018)<sup>1</sup> along with numerous other research reports.

As also evident in research by Densmore and Mulley (2012)<sup>2</sup>, access to public transportation has a flow on effect and increases land value. Properties located near transport infrastructure hubs (like Hornsby Town Centre) which are also delivering new employment opportunities will be impacted by increased housing costs and land values, for residential and commercial properties alike. To ameliorate this effect, local authorities all over the world apply an affordable housing contribution rate to both residential and non-residential land use zones.

For a local example, despite Willoughby City Council having had a historical contribution rate on residential rezoning since early 2000, they have only delivered around 40 affordable housing units. Given the similarities in market values between Willoughby and Hornsby, this demonstrates that a durable affordable housing contribution framework will be required to deliver the 474 new affordable dwellings outlined in the plan.

Based on the issues outlined above, Shelter feels that Hornsby’s proposed inclusionary zoning contribution scheme for affordable housing should not be limited to residential

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<sup>1</sup> Agnew, Kerri and Lyons, Ronan C. (2018) The impact of employment on housing prices: detailed evidence from FDI in Ireland. *Regional Science and Urban Economics*. ISSN 0166-0462.

<sup>2</sup>Densmore, Karley and Mulley, Corinne (2012) Accessibility and Residual Land Value Uplift: Identifying Spatial Variations in The Accessibility Impacts of ABus Transitway. Institute Of Transport and Logistics Studies the Australian Key Centre in Transport and Logistics Management. The University of Sydney. Issn1832-570x

zones alone but should include employment-generating land uses. By broadening the contribution scheme, Hornsby will ensure that the provision of affordable housing is not left to the vagaries of new residential housing supply alone. Broadening the contributions scheme, beyond residential zones, will contribute to meeting what would otherwise be an unattainable affordable housing target.

## Recommendations

### Apply an Affordable Housing Levy Across the Different Town Centre Land Use Zones

Based on the concerns outlined above, and given the current socio-economic profile of Hornsby, there exists a real opportunity to seek an inclusionary zoning levy on non-residential floor space. This will help maximise possibilities to capture a percentage of the land value connected to the planning benefits across the different land use types associated with the revitalisation of the town centre. There is also scope for the rate to include a localised variability rate across the town centre precincts, as has been implemented by other councils in Greater Sydney (See example in Appendix A).

**Recommendation** - That Council considers applying a 1% Affordable Housing Contribution Rate to non-residential land uses to increase the viability for delivering an affordable housing contribution across all precincts undergoing redevelopment. For example, the City of Sydney requires a 1% levy on non-residential floor areas (so as not to discourage employment generating uses) compared to residential land use which is 3%.

### 15% Affordable Housing Contribution Rates

Based on the evidence provided, without adopting an affordable housing target greater than 10%, Hornsby will struggle to meet its target. It should be noted that the District Plan does not prevent local government from establishing a higher contribution rate so long as the development viability is retained.

The State Government has recognised the importance of providing affordable housing through the planning system - as critical infrastructure necessary to support diverse communities and economic growth. This is exemplified by Cities and Infrastructure Minister Rob Stokes' recent announcement calling for 15% affordable housing on the Central railway precinct.

**Recommendation** - Council consider adopting a 15% affordable housing target at the heart of the town centre growth and revitalisation strategy.

### LEP Reform to Enable Affordable Housing Contribution Rates

Converting the aspiration for affordable housing within in the Masterplan into a reality within the Hornsby town centre requires legislative reform. Unfortunately, based on the evidence, without adopting an affordable housing target in its LEP, Hornsby will struggle to meet a 10% target for affordable housing. Strong intervention is necessary to ensure that a

proportion of housing remains available for the low to moderate income earners to offset the impacts of strong market values which are only expected to continue to rise.

**Recommendation** – Council consider the inclusion of an affordable housing provision in its LEP to support the application of an affordable housing levy.

### **Indexation of the Affordable Housing Levy**

Council should ensure that the affordable housing contribution rates are indexed annually to ensure that the contributions reflect the costs associated with the provision of affordable housing over time. Shelter recommends they be indexed annually on March 1 on the basis of the established House Price Index for Sydney for the preceding year (Dec to Dec), using averages published by ABS.

**Recommendation** – Introduce annual indexation of affordable housing contribution rates in line with the Yearly Established House Price Index (HPI) as an amendment to the LEP.

### **Support the Provision of Seniors Housing Within the Future Town Centre**

The housing market has moved a long way from what many would say is its inherent and essential purpose – to provide secure, functional and affordable shelter to all people at various stages of their lives. Housing is now considered a financial product - an investment vehicle. In line with this view, the housing market is consistently failing to provide housing options that support older people to age in place. Often, they stay in the family home and transition into an aged care facility. To ensure that other options are available, it's vital to support the delivery of accessible housing options close to transport, medical and other essential services. Based on this, Shelter NSW supports policy initiatives that support the delivery of over-55 housing options, close to essential infrastructure.

**Recommendation** - Shelter NSW supports the provision of seniors housing within the future town centre as an opportunity to support older residents to age in place.

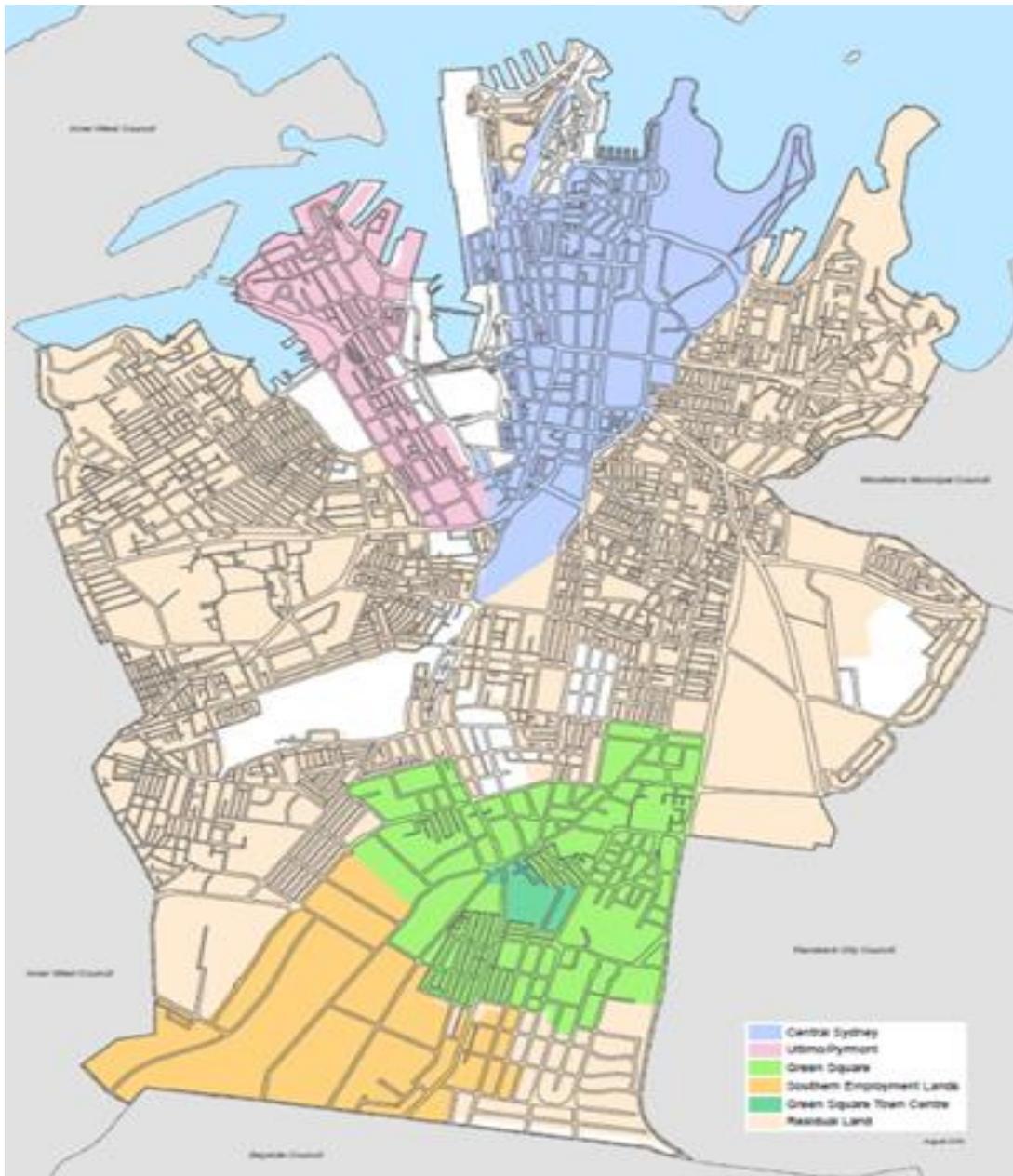
## **Thank you**

Shelter NSW appreciates the opportunity to comment on the Hornsby Town Centre Masterplan (2022) and Economic Development and Employment Land Uses technical analysis (2019). We hope that the comments and insights we have provided bring some value to considerations in the Council's deliberations for realising Affordable Housing within the future town centre.

Thank you for reviewing our submission. To discuss any part of it, please contact our Strategic Planning Officer, Pilar Aberasturi, on 0450 554 659 or by email at pilar@shelternsw.org.au or Principal Policy Officer, Stacey Miers, on 0410 633 272 or by email at stacey@shelternsw.org.au.

## Appendix A – City of Sydney Affordable Housing Program

Adopted 24<sup>th</sup> August 2020



Source; City of Sydney Affordable Housing Program  
([file:///C:/Users/stacey/Downloads/City%20of%20Sydney%20Affordable%20Housing%20Program\\_24%20August%202020\\_FINAL%20\(3\).pdf](file:///C:/Users/stacey/Downloads/City%20of%20Sydney%20Affordable%20Housing%20Program%2024%20August%202020_FINAL%20(3).pdf))

The AH contribution rate varies across different areas and types use-use land.

### **Green Sq and Southern Employment Lands**

1% of the total floor area that is used for non-residential uses

3 % of the total floor area used for residential uses.

### **Central Sydney and residual lands**

0.5% - Non-residential (to 30 June 2022 / 1% (1 July 2022 on)

1.5% res (up to 30 Jun 2022 / 3% (1 July 2022)).