

## **Penrith City Council**

### **DRAFT AFFORDABLE HOUSING CONTRIBUTIONS SCHEME: Glenmore Park Stage 3 and Orchard Hills North**

### **Shelter NSW comments**

20 December 2022



## About Shelter NSW

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 pursue our vision through critical engagement with policy, 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 everyday citizens.

We consider a sustainable housing system one that delivers what we call Triple-A housing and Triple-P outcomes.

Affordable and diverse homes	Accessible and well-located housing	Appropriate and high-quality development
Housing supply and demand	Proximity to jobs and services	Amenity and aesthetics
Tenure forms and rights	Access to public transport	Energy and environment
Housing types and sizes	Accessibility and adaptability	Standards and maintenance
Productive cities and regions	Poverty-free communities	Protected neighbourhoods
Access to jobs and services	Housing stress and homelessness	Energy use and consumption
Housing costs and consumption	Physical and mental health	Urban heat
Financial and economic stability	Education access and attainment	Climate resilience and adaptation

At Shelter NSW, we believe that all people deserve to live in housing that delivers these priorities and objectives. We maintain that the housing system should deliver safe, secure, and affordable living outcomes for all, regardless of tenure type.

## Our comments

Shelter NSW thanks Penrith City Council for the opportunity to comment on the draft Affordable Housing Contributions Scheme ('AHCS'). We note the Planning Proposal seeks to introduce Affordable Housing contribution rates for Glenmore Park Stage 3 and Orchard Hills North in the order of 1 to 4 percent, introduced in stages (years 2024 and 2027). "All non-residential development" is proposed to be excluded from the Contributions Scheme. Creation and implementation of an AHCS needs to occur before planning uplift is applied to a site (through rezoning or changes to land use controls). This ensures contributions are drawn from the increase in land value (i.e betterment) generated by the changes to planning rules.

We appreciate the work Council has done to advance the creation of a draft AHCS to this point and we implore Council to go further in its ambitions and align with the draft *Six Cities Discussion Paper* recently released by Greater Cities Commission ('GCC').

**The GCC Discussion Paper calls for a "10 per cent affordable housing target for new rezonings where there will be a housing uplift"<sup>1</sup>.** In our submission to the GCC<sup>2</sup>, we recommended a higher target of 10-15% apply to residential rezonings and development. A more modest rate should apply to any other major rezoning or development activity which would generate significant commercial/industrial investment (or changes to planning rules for floor area and height of building controls in E-, B-, IN- zones). Significant commercial/industrial investment and associated planning control changes tend to induce local/regional demand for housing by new or augmented workforces. The City of Sydney presently uses a tiered Affordable Housing contribution rate system to apply to residential and non-residential development<sup>3</sup>.

A base rate of 10-15% aligns with many national and international practices of mandatory inclusionary zoning for affordable housing. In South Australia, a State-wide affordable housing contribution rate of 15% or more applies to "significant developments"<sup>4</sup>. The Constellation Project, a consortium of not-for-profit organisations and alliance organisations (such as National Australia Bank), recommends mandatory inclusionary zoning at 10% minimum be applied to all metropolitan areas in Australia<sup>5</sup>.

The requirement by the Department of Planning & Environment for local Councils to adhere to cumbersome and developer-friendly viability tool checks in creating an Affordable Housing Contributions Scheme should be waived where proposed contribution rates sit within this 10-15% range. We note the test-case scenarios in the Viability Assessment by Atlas Urban Economics (exhibited under Appendix 2 Affordable Rental Housing Contributions Scheme) still affords profit margins of 27 to 66 percent after proposed Affordable Housing contribution rates of 1 to 4% have been factored into project costs.

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<sup>1</sup> GCC. (September 2022, p. 42). *Six Cities Region Discussion Paper*. Retrieved from [Six Cities Region | Greater Cities Commission](#)

<sup>2</sup> Shelter NSW. (27 October 2022). *Submission on Six Cities Discussion Paper*. Retrieved from [https://shelternsw.org.au/wp-content/uploads/2022/10/221027\\_GCCSixCitiesDiscussionPaper\\_submission\\_final\\_KC.pdf](https://shelternsw.org.au/wp-content/uploads/2022/10/221027_GCCSixCitiesDiscussionPaper_submission_final_KC.pdf)

<sup>3</sup> City of Sydney. (24 August 2020). *Affordable Housing Program*. Retrieved from [https://www.cityofsydney.nsw.gov.au/-/media/corporate/files/publications/affordable-housing-contributions/city-of-sydney-affordable-housing-program/city-of-sydney-affordable-housing-program\\_24-august-2020\\_final.pdf?download=true](https://www.cityofsydney.nsw.gov.au/-/media/corporate/files/publications/affordable-housing-contributions/city-of-sydney-affordable-housing-program/city-of-sydney-affordable-housing-program_24-august-2020_final.pdf?download=true)

<sup>4</sup> Renewal South Australia. (2022). *Affordable Housing*. Retrieved from <https://renewalsa.sa.gov.au/building-our-future/affordable-housing/>

<sup>5</sup> The Constellation Project. (September 2021). *Mandatory Inclusionary Zoning: A National Framework*. Retrieved from [MIZ national framework\\_v6.pptx \(theconstellationproject.com.au\)](#)

## Recommendations

- Aim for a higher AHCS contributions rate in the order of 10-15%, to align with GCC *Six Cities Discussion Paper* targets
- Lobby GCC and Department of Planning & Environment to waive viability tool testing ordinarily undertaken by Councils for AHCS contributions rates, especially when the proposed rates sit within the 10-15% range
- Expand scope of Affordable Housing contributions beyond residential-only development, to include any major rezoning activity which would:
  - a) generate significant commercial/industrial investment (or favourable changes to planning rules for floor area and height of building controls in E-, B-, IN- zones), and
  - b) induce local/regional demand for housing by new or augmented workforces
- Preserve Affordable Rental Housing developed under the AHCS in-perpetuity as “Affordable Housing” (registration on title)
  - a) Enshrine this requirement within any future Affordable Housing clause(s) of the Penrith LEP
- Request Department of Planning & Environment’s assistance to create a local Affordable Rental Housing Register to track approval, development, timeframes (ie housing being “affordable” in-perpetuity from x date, or time-limited), and locations of Affordable Housing made possible by the Scheme.

Please contact us should you wish to discuss this topic further and thank you again.

Sincerely,

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