



Council of Social Service of New South Wales

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Mr Marcus Ray
Metropolitan Planning Division
Department of Planning
GPO Box 39
Sydney NSW 2001
housingpolicy@planning.nsw.gov.au

Dear Mr Ray

Thank you for the opportunity to attend the confidential briefing session on 19 November on the draft Affordable Rental Housing Policy and this further opportunity to comment on the material that was circulated at that briefing.

Policy context

As the peak body for the non government community services sector in NSW, NCOSS has long advocated the need for concerted action by all levels of government to address the housing affordability crisis that has been apparent for some time. In relation to the NSW Government, NCOSS has raised this matter in our recent Pre Budget Submissions, and in our submissions in relation to the Sydney Metropolitan Strategy and the NSW State Plan.

In our Pre Budget Submission for 2009-10, released last month, we proposed that the NSW Government should develop and implement, in partnership with the Federal Government, a five year plan to provide an additional 25,000 units of community, public and intermediate ('affordable') rental housing across NSW by June 2014. We proposed that this plan should consist of:

- 5,000 'high subsidy' dwellings over 5 years targeted at low income households seeking access to traditional community and public housing, and
- 20,000 'low subsidy' dwellings over 5 years drawing on a range of State contributions and partnership arrangements, targeted at a broader range of low to moderate income households seeking access to more affordable rental housing managed by non-profit housing providers.

To achieve this goal we argued that three primary actions were needed from the NSW Government:

- An integrated affordable housing strategy, that meshes planning initiatives with housing-based funding programs,
- A guaranteed supply of National Rental Affordability Scheme (NRAS) state recurrent subsidies sufficient for NSW to secure 16,650 NRAS dwellings by June 2012, and
- A further injection of capital funding into the Affordable Housing Innovation Fund to assist registered community housing providers develop sustainable affordable housing projects.

The full details of our proposal are set out on pages 31 and 32 of our Pre Budget Submission, *Towards Triple A Rated Community Services*, a copy of which is attached to this letter.

General reaction

After the frustrations that have been experienced since the release of *City of Cities* in December 2005, and the undertaking at that time by the former Premier Mr Jemma that his Affordable Housing Interdepartmental Committee would prepare a NSW Affordable Housing Strategy by mid 2006, NCOSS is encouraged by the renewed interest in this matter by the NSW Government.

We believe that the proposals outlined at the Department's briefing session go some of the way towards developing the integrated affordable housing strategy that we have been advocating. They also serve to better position NSW to utilize the opportunities present by the Federal Government's renewed interest in expanding the provision of affordable housing and in improving the service system for homeless people.

While we would clearly prefer stronger measures, an increased government investment and a firm supply target, we are encouraged by the range of measures that the Department is proposing and its commitment to work in collaboration with both Housing NSW and DADHC in finalizing the policy.

Reaction to specific measures

The briefing session outlined seven main proposals as follows:

- Planning incentives for new affordable rental housing,
- Measures to facilitate the development of secondary dwellings ('granny flats'),
- Incentives for the establishment of new boarding houses,
- Measures to facilitate better housing for high need groups,
- Special planning measures for social housing providers and partners,
- Changed measures to retain and mitigate loss of existing affordable housing, and
- Selective affordable housing contributions (levies) for developments that create a need for affordable housing.

Our comments on each proposal are set out below. We stress that we have respected the confidential nature of the briefing and not discussed the Department's proposals with our member organisations or other stakeholders. Given this, and the brief period given for a response, our response should be considered as being preliminary in nature.

Definitions and mandatory conditions of consent

At the briefing the Department outlined proposed definitions of affordable housing and mandatory conditions of consent that would apply to some or all of the proposals.

The proposed change to the definition of affordable housing appears designed to ensure that dwellings designed for use under NRAS and joint ventures between the private and social housing sectors would be covered by the policy. Given that NRAS will be the key means by which affordable housing supply is to be expanded in the next 5 years or so, this is a positive move. In our view, however, it would be preferable that any revised definition appears in a revised State Environmental Planning Policy (SEPP) or specific regulation, rather than in the Environmental Planning and Assessment Act. Inserting a prescriptive definition in the Act

may have unintended consequences and work against the subsequent development of worthwhile models of affordable housing.

In relation to the mandatory conditions of consent it is proposed that no more than 20% of dwellings in a project could be sold on the open market and that dwellings approved for affordable housing must be used for that purpose for at least 10 years.

In principle we have no objection to the first provision, which would generate some funds from sales that could cross-subsidise the development of affordable housing and enable some degree of social mix in affordable housing projects.

We do have some concerns, however, that the 10 year condition could encourage the withdrawal of affordable housing stock from the market at the end of this period. At the briefing it was stated that this was not the intention; rather the proposal was to make provision for the subsequent redevelopment of sites etc. In this regard NCOSS believes that it would be remarkably rare for new affordable housing stock to need redevelopment after only 10 years. If the Department considers it absolutely necessary to make provision for redevelopment, we would want the policy to require the property owner to provide replacement affordable housing of a similar nature. If this does not happen then the planning incentives proposed in the policy would be seen to be open to abuse.

Planning incentives for new affordable rental housing

Arguably the most significant element of the proposed policy is the provision of a substantial floor space ratio bonus for affordable housing flats in areas zoned for residential flat buildings, along with the prohibition of section 94 contributions being imposed on affordable housing projects. There would also be incentives for infill affordable housing and a provision permitting affordable rental housing of up to 2 storeys, including dual occupancies, townhouses and flats, in all residential zones. Combined with the availability of NRAS recurrent subsidies, these changes would provide significant incentives for new projects or joint ventures to expand the supply of affordable housing.

NCOSS supports these aspects of the proposal. Suitable design standards would need to be developed to cover all such affordable rental housing projects.

Measures to facilitate the development of secondary dwellings ('granny flats')

Under this measure it is proposed that secondary dwellings be permitted in all residential zones and would be classed as a complying development if applicable standards were met. Such secondary dwellings would not be able to be subdivided, that is they could not be placed on a separate land title to the parent lot.

NCOSS welcomes this proposal, which is in line with announcement made by the former Premier Mr Iemma on 31 July 2008. We have reservations, however, about applying this measure to areas that are currently zoned for residential flat buildings. It could be argued that allowing detached secondary dwellings in such areas would generate a second best planning outcome in areas that have been identified as being suitable for more intensive residential development.

Incentives for the establishment of new boarding houses

Under this measure boarding houses would be permitted in all residential zones and would be eligible for a floor space ratio bonus in areas zoned for flats. In conjunction with this measure it is proposed to allow new boarding houses, on an optional basis, to include additional private facilities such as an en-suite bathroom and kitchenette. NCOSS is supportive of these proposals.

Measures to facilitate better housing for high need groups

Under this measure it is proposed to change the current planning requirements for group homes and to remove possible planning obstacles to the development of innovative housing projects for homeless people.

Planning requirements for group homes are currently regulated under the Infrastructure SEPP. These requirements were last reviewed in 2006, and NCOSS made a submission to the Department as part of that review. The Department, in conjunction with DADHC, is now proposing that:

- The allowable size of a group home be increased to no more than 6 bedrooms and no more than 12 residents, including staff,
- More than one group home could be built on a single lot,
- Group homes could be developed without consent, if the proponent is a public authority, or as a complying development, if the proponent is any other body and specified standards are met.

NCOSS would prefer that group homes are as small as possible to blend into an ordinary residential street, and are not clustered together. We therefore have considerable reservations about this aspect of the proposal.

In relation to innovative housing projects for homeless people, there is interest in the sector in developing new projects that would operate in accordance with either 'Common Ground' or 'Foyer' models. NCOSS is of course supportive of any projects that could expand the range of choices available to people who are homeless or at high risk of homelessness. Combining on-site support services and facilities with long term housing might encounter some obstacles under current planning provisions. NCOSS would therefore support the development of specific planning provisions that would allow such projects to be treated as either exempt or complying developments for planning purposes.

Special planning measures for social housing providers and partners

The main aspect of this proposal is that residential flats for public and community housing would be permitted in areas not zoned for flats if the site was within 800 metres of a metropolitan railway station or 400 metres of a regional centre designated in the Metropolitan Strategy. It is also proposed to streamline the planning procedures for the approval of small scale public housing projects or minor works. NCOSS welcomes these proposals.

Changed measures to retain and mitigate loss of existing affordable housing

Under this measure it is proposed to redirect financial contributions under SEPP 10 for developments affecting existing boarding houses and low rental flats to the Boarding House Financial Assistance Program. While NCOSS appreciates that there are some difficulties with the current SEPP 10 process, where for example a contribution of \$50,000 is received from a

developer, we are not convinced that the proposal is the best way to proceed. We believe that contributions received under SEPP 10 should be used solely for the expansion of affordable housing supply (which could include new NGO managed boarding house places), and that the contribution should be invested in the region where the loss of boarding house or low rent stock is occurring. We do not believe that the loss of stock in the eastern suburbs can be mitigated by increasing supply in outer areas of Sydney or in funding upgrade work in existing boarding houses.

We would be happy, however, to be more flexible about the precise local government area in which the contribution must be spent. It would not be unreasonable, for example, to say that a contribution received for a development in Waverley could be invested in an affordable housing project in Randwick or Botany Bay.

Selective affordable housing contributions (levies) for developments that create a need for affordable housing

Under this element of the package it is proposed that the Department of Planning would provide guidelines for undertaking housing market studies and preparing statutory schemes for levying affordable housing contributions for developments that create a need for affordable housing.

In one sense this is merely a restatement of the existing opportunity that exists under SEPP 70. It has been perceived, however, that the NSW Government is against the imposition of new affordable housing levies by councils, particularly given its failure to approve the scheme proposed by Parramatta City Council in 2004. On the other hand the Government has approved the imposition of a modest affordable housing contribution for its strategic sites in Redfern Waterloo and it also required a contribution from the owner of the former CUB brewery site in Chippendale, which is being redeveloped for commercial and residential purposes.

NCOSS is encouraged that the Department of Planning is explicitly foreshadowing that some further affordable housing contribution schemes would be considered. We would like, however, greater clarity about the precise criteria that would be used to determine where this should or could occur. In the Metropolitan Strategy, the Government said that it would allow for inclusionary zoning which requires an affordable housing levy where a value increment is sufficient as a result of a zoning, rezoning or an increase in density. It went on to mention that such contributions “could apply in urban renewal centres and corridors and major sites zoned to residential and mixed use” (see *City of Cities* C4.3.3 p. 149).

NCOSS believes that the proposed policy must explicitly detail the circumstances where new affordable housing contributions would be encouraged. Without precluding other possibilities, we would suggest that the highest priority should be given to:

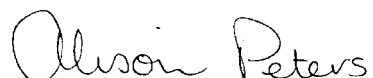
- large sites owned by federal or state government agencies that are released for residential or commercial development,
- major urban renewal sites, given that the redevelopment and renewal of existing urban areas is invariably accompanied by reduced housing affordability and the displacement of existing low income households in the absence of mitigating measures being put in place, and
- other development areas where property owners can expect to receive a significant value increment due to substantial public infrastructure investment, particularly in the form of new rail infrastructure.

Conclusion

NCOSS would welcome the opportunity to continue to work with the Department of Planning, and with Housing NSW and DADHC, in the further development and implementation of the proposed policy.

If you or your staff would like to clarify any aspect of this response, please do not hesitate to contact Warren Gardiner, Senior Policy Officer, on 9211 2599 ext 112 or warren@ncoss.org.au

Yours faithfully

A handwritten signature in black ink that reads "Alison Peters". The signature is written in a cursive, flowing style.

Alison Peters
Director

Attachment:

Towards Triple A Rated Community Services