

# Hornsby Shire Council Affordable Housing Strategy

NCOSS Submission

February 2019

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## About NCOSS

The NSW Council of Social Service (NCOSS) works with and for people experiencing poverty and disadvantage to see positive change in our communities.

When rates of poverty and inequality are low, everyone in NSW benefits. With 80 years of knowledge and experience informing our vision, NCOSS is uniquely placed to bring together civil society to work with government and business to ensure communities in NSW are strong for everyone.

As the peak body for health and community services in NSW we support the sector to deliver innovative services that grow and evolve as needs and circumstances evolve.

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## Introduction

Thank you for providing us with the opportunity to participate in the Hornsby Shire Council Affordable Housing Focus Group on Thursday 14 February. NCOSS welcomes the opportunity to contribute to the development of an affordable housing strategy for the Hornsby Shire.

It is a critically important time to engage with the community to develop an affordable housing strategy that captures the community's needs and vision for the future. Hornsby, like other places across NSW, has an ageing population, which increases demands for carers and other social services. The shift in demographics is coupled with rising property prices and an increase in the cost of living. Hornsby is an attractive location given its proximity to employment, schools, transport, health services and other amenities, so ensuring that a diversity of people and families can afford to live there is important. Housing affordability affects many people at different stages of their lives and a strong affordable housing strategy will ensure that Hornsby is prepared for the future.

There is growing recognition of the importance of affordability as a key principle for consideration in the development of councils' local housing strategies. The delivery and maintenance of affordable housing is one of the 10 objectives of the *Environmental Planning and Assessment Act 1979* (EP&A Act). A proposal to expand the *State Environmental Planning Policy No. 70- Affordable Housing (Revised Schemes)* (SEPP 70) to all local councils, further captures the growing awareness by Government of the necessity for more affordable housing across NSW.

Hornsby Shire Council has an opportunity to develop an affordable housing strategy that gives effect to the core principles outlined throughout the Greater Sydney Commission North District Plan: liveability, sustainability, accessibility, equity and health. Embedding these principles into the proposed Hornsby affordable housing strategy is an important step in ensuring the diverse needs of Hornsby Shire residents are met in the future.

This submission responds to options and issues raised in the Hornsby Affordable Housing Discussion Paper (the Discussion Paper) and issues raised during the Focus Group discussions.

## Inclusionary Zoning

NCOSS notes the options being considered by Council, as outlined in the Discussion Paper, and supports inclusionary zoning as the preferred mechanism for Council to implement affordable housing. It should be noted that proposed changes to the SEPP 70 would amend its limited application to listed local councils and make it available to local government across NSW. This is an important development in local planning law and provides a great opportunity for Council to take charge of their local affordable housing needs.

Currently inclusionary zoning schemes in NSW provide a voluntary "density bonus" to developers, allowing them to increase floorspace in return for affordable rental housing. The affordable units must be rented to eligible households at 20% market discount for a minimum of 10 years. A report by Australian Housing and Urban Research Institute found that:

*[d]espite much greater population growth and housing affordability pressures than other states, the density bonus and other voluntary incentives introduced since 2005 have delivered only 1,287 units. This equates to between 0.5–1 per cent of Sydney’s housing supply in 2009–17.”<sup>1</sup>*

The study found that while the uptake of the density bonus was increasing, the limited 10 year duration of affordable rental housing limits the potential impact of the scheme. NCOSS does not support the 10 year minimum and strongly believes that affordable housing should be maintained, as such, in perpetuity.

It is up to the discretion of the Council on whether it decides to adopt an affordable housing policy that incorporates affordable housing into the same development, build it elsewhere, or contribute money or land for the production of affordable housing in lieu of construction. Either way, the allocation of affordable housing should extend beyond the 10 year minimum and be managed by a community housing provider in perpetuity for the benefit of the broader community.

The Discussion Paper notes that Council is well placed to meet the target based on current housing policy. The State Government’s North District Plan outlines a 5 year target of 4,350 affordable dwellings for Hornsby Council. The Greater Sydney Region Plan identifies an Affordable Rental Housing Target of just 5-10 percent of the new floor space created through a rezoning to be dedicated as affordable rental housing, or the equivalent monetary contribution. Consistent with housing and homelessness peak organisations across the State, NCOSS considers that 5-10 percent is inadequate to meet the actual need communities. As such NCOSS recommends consideration is given to adopting a mandatory inclusionary zoning target of 15 percent for privately owned land and 30 percent for publicly owned land.

Adopt mandatory inclusion zoning target of 15 percent for privately owned land and 30 percent for publicly owned land.

Ensure affordable housing remains as such, in perpetuity, for the benefit of the broader community.

## Guaranteeing Affordable Housing

Housing is considered affordable if the household is not in hardship after it has paid for regular housing costs, leaving the household with sufficient funds to pay for essentials such as food and health care. Housing stress is less about house prices going up *per se* than the change in the relationship between household income and housing costs.<sup>2</sup>

The SEPP 70 defines affordable housing as:

<sup>1</sup> Gurran N. et al (2018) Supporting affordable housing supply: inclusionary planning in new and renewing communities, AHURI Final Report No.297, Australian Housing and Urban Research Institute Limited, Melbourne, <https://www.ahuri.edu.au/research/final-reports/297>, doi:10.18408/ahuri-7313201.

<sup>2</sup> Understanding the 30:40 indicator of housing affordability stress, (2016) Australian Housing and Urban Research Institute at <https://www.ahuri.edu.au/policy/ahuri-briefs/2016/3040-indicator>.

[V]ery low income households, low income households and moderate income households are those whose gross incomes fall within the following ranges of percentages of the median household income for the time being for the Greater Sydney (Greater Capital City Statistical Area) according to the Australian Bureau of Statistics:

Very low income household - less than 50%

Low income household- 50 or more but less than 80%

Moderate income household- 80–120%.<sup>3</sup>

While this definition is helpful to determine who is eligible for affordable housing, it does not mandate or provide any guidance on what makes housing, affordable housing.

The *State Environmental Planning Policy (Affordable Rental Housing) 2009* defines affordable housing similarly to SEPP 70, however it goes further, stating that a very low income household, low income household or moderate income household ‘pays no more than 30 percent of that gross income in rent.’<sup>4</sup>

While it is clear that the intention of the NSW Parliament is for affordable rental housing to be no more than 30 percent of a household’s income, NCOSS recommends that the Hornsby Affordable Housing Strategy consider mandating this cap to provide stakeholders with certainty.

Mandate a cap on rental prices for affordable housing dwellings of 30 percent of weekly household income.

## Other Influences on Housing Affordability

### ***Energy Efficiency in Affordable Housing***

The cost of energy has risen significantly in Australia in recent years. The price of electricity in Australia has increased by 117% in the last decade.<sup>5</sup> People living in poor energy performing homes pay higher energy bills or live in unhealthy and uncomfortable environments. As highlighted above, housing prices are not the only measure of affordability. There are other factors which impact on a very low, low and moderate income households, making it possible for these households to be in housing stress even when their rent is below 30 percent of the household income.

A factor which can significantly impact a household’s housing cost, is living in a home which has poor energy efficiency. Sadly, too many people in NSW are living in homes that are damp, too cold in winter and too hot in summer which leads to an increase in mortality. In Australia, cold weather contributes to 6.5% of all deaths and hot weather contributes to 0.5%.<sup>6</sup> Both of these statistics will increase as our climate continues to change. The

<sup>3</sup> *State Environment Planning Policy No 70- Affordable Housing (Revised Schemes)* Clause 8.

<sup>4</sup> *State Environment Planning Policy No 70- Affordable Rental Housing 2009* Clause 6.

<sup>5</sup> Australian Council of Social Service (2018) *Energy Stressed in Australia* p4.

<sup>6</sup> Antonio Gasparrini, Yuming Guo, Masahiro Hashizume, Eric Lavigne, Antonella Zanobetti, Joel Schwartz, Aurelio Tobias, Shilu Tong, Joacim Rocklöv, Bertil Forsberg, Michela Leone, Manuela De Sario, Michelle L Bell, Yue-Liang Leon Guo, Chang-fu Wu, Haidong Kan, Seung-Muk Yi, Micheline de Sousa Zanotti

sensitivity of low income households to energy prices and the barriers they face in accessing energy efficiency technologies make this a crucial factor to consider for the Hornsby Shire Council when developing their affordable housing strategy.

Homes built to best practice energy efficiency standards reduce bills, are healthier and more comfortable. Money saved in very low, low and moderate income households has been linked with better social connections and wellbeing.<sup>7</sup> There are broader benefits, such as a more resilient electricity grid, leading to fewer blackouts, lower emissions and lower healthcare spending.<sup>8</sup> Sustainable and energy efficient housing is therefore not just an environmental question, but an affordability, health and economic imperative.<sup>9</sup>

NCOSS recommends Council considers the targets for energy efficiency of new buildings identified by the Australian Sustainable Built Environment Council for single apartments, attached and detached houses.<sup>10</sup> It is likely, based on the analysis of the benefits to the community and environment, that the following simple energy performance targets will soon be adopted under the National Building Code:

- Better air tightness
- Double glazed windows
- Increased insulation
- Increased thermal mass
- Ceiling fans
- Adjustable outdoor shading
- Efficiency improvements in air conditioning equipment, lighting and domestic hot water

These measures have been found to lead to reduced energy consumption between 19 and 56%, significantly reducing the impost of energy bills.<sup>11</sup> Hornsby Shire should use this opportunity to be ahead of the game, plan and be ready for the direction that the building sector is taking; a step-change in standards in 2022 to compulsory energy efficiency requirements.<sup>12</sup>

In addition to ensuring that new affordable housing is energy efficient, Council should encourage developers to fit new affordable housing with solar panels and batteries to help reduce energy bills. Around 17% of Australian households now have solar panels, reducing their energy bills by an average of \$400 per annum.<sup>13</sup> For many people, especially renters in very low to moderate income households, installing solar is out of reach.

Ensure all new affordable housing dwellings have best practice energy efficiency standards and are fitted with solar and batteries.

Staglorio Coelho, Paulo Hilario Nascimento Saldiva, Yasushi Honda, Ho Kim & Ben Armstrong. 2015, Mortality risk attributable to high and low ambient temperature: a multicountry observational study, *The Lancet*, Vol. 386.

7 NSW Department of Environment, Home energy action program evaluation report, 2017, 16.

8 Energy Consumers Australia, Power Shift: healthy and comfortable homes for all Australians, 2018, 3.

9 Energy Consumers Australia, Power Shift: healthy and comfortable homes for all Australians, 2018, 2.

10 ClimateWorks Australia and Australian Sustainable Built Environment Council, Built to Perform: An Industry led pathway to a zero carbon ready building code, 1.

11 Above n 10, 2. [http://www.lowcarbonlivingcrc.com.au/sites/all/files/publications\\_file\\_attachments/asbec\\_cwa\\_built\\_to\\_perform\\_fact\\_sheet\\_nsw.pdf](http://www.lowcarbonlivingcrc.com.au/sites/all/files/publications_file_attachments/asbec_cwa_built_to_perform_fact_sheet_nsw.pdf)

12 Above n 10, 1.

13 ACOSS, Energy stressed in Australia, 2018, 8.

## Case Studies: Affordable Energy Innovation

### ***North Coast Community Housing- Solar in Social Housing***

North Coast Community Housing has partnered with Enova energy under a NSW Climate Change Fund project to provide 28 affordable and social housing tenants with solar panels, energy efficiency advice and even participation in an appliance replacement scheme. The project was partially funded by a local philanthropist. It is likely that in the current environment of public support for renewables, seeking funding sources creatively such as through philanthropy can facilitate projects that deliver value on investment.<sup>14</sup>

### ***Beneficial partnerships: Councils and Origin Energy***

Moree has a new, large scale solar farm. It is one of the first built in Australia. The Southern Sydney Regional Organisation of Councils, a group of 18 Sydney councils, has made an agreement with Origin Energy and Moree to receive energy cost savings of up to 35 per cent. Origin Energy signed a long term power purchase agreement with Moree, and is now using that output to sign a power purchase agreement with the group of councils until 2030. This innovative approach, achieved through a renewable energy Power Purchase Agreement (PPA) provides councils with a reliable avenue to purchase renewable electricity.<sup>15</sup> While this example applies to powering the councils themselves, it provides a framework to think through options that can increase use of renewable energy in affordable, low income and rental housing using similar PPA approaches.

### ***Solar Gardens***

Local councils have also been involved in research undertaken by the University of Technology Sydney assessing the potential of solar gardens to allow people who rent, live in apartments or live in low income housing to access the benefits of rooftop solar. A centralised solar array (a “solar garden”) offers consumers the opportunity to purchase or lease solar panels that are not physically attached to their dwellings. The electricity generated is credited to their energy bill. The research found that a solar garden approach is feasible and can save people on low incomes nearly \$400 a year.<sup>16</sup>

## Universal Design: Accessible Housing

We note that Council currently encourages adaptable housing and universal design.<sup>17</sup> Consideration should be given to highlighting the importance of accessibility in all new housing.

The anticipated demographic changes in the next 30 years means that most housing will need to be accessible at some time during the houses life-cycle, to meet the needs of residents and their visitors. According to the latest

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<sup>14</sup> See example, <http://www.ncch.org.au/new-solar-upgrades-slash-power-bills-ncch-tenants/>

<sup>15</sup> See example, <https://onestepoffthegrid.com.au/nsw-councils-sign-moree-solar-farm-slash-electricity-costs/>

<sup>16</sup> More information: <https://www.uts.edu.au/research-and-teaching/our-research/institute-sustainable-futures/our-research/energy-and-climate/social-solar-gardens>

<sup>17</sup> Discussion Paper, 25.

Ageing, Disability and Carers Survey, 36 percent of households in Australia has a person with disability within them.<sup>18</sup> By 2031, more than one in three people in NSW will be aged 50 years or over.<sup>19</sup> US research based on similar demographics suggests there is a 60 percent likelihood that a newly built dwelling will house a person with a mobility impairment during its expected lifetime.<sup>20</sup>

Market forces are insufficient to create an adequate supply of accessible housing. People who need accessible housing are more likely to be on lower incomes. According to the latest Ageing, Disability and Carers Survey, 33.5 percent of people with disability in NSW were in the two lowest income quintiles and older people relying on the Age Pension are income poor, even if they own their own home.<sup>21</sup>

Given the ageing population in Hornsby, and the social cost of inaction, NCOSS recommends that all new affordable housing adopt the Liveable Housing Design Guidelines Gold level which mandates enhanced requirements for accessibility.<sup>22</sup> We believe the higher standard is justified when we consider the costs and benefits to the Hornsby community now and in the future.

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18 Australian Bureau of Statistics (2015) - Disability, Ageing and Carers, Australia: Summary of Findings, 2015, Data Cubes NSW.

19 NSW Government (2016) NSW Ageing Strategy 2016-2020.

20 Australian Network for Universal Housing Design, Submission to the Accessible Housing Options Paper.

21 Beer A, Faulkner D (2009) 21st century housing careers and Australia's housing future. AHURI Final Report No. 128, quoted in ANAHUD Submission.

22 Liveable Housing Design Guidelines (2012, 2nd ed) at [http://livablehousingaustralia.org.au/library/help/Livable\\_Housing\\_Design\\_Guidelines\\_Web1.pdf](http://livablehousingaustralia.org.au/library/help/Livable_Housing_Design_Guidelines_Web1.pdf)