31 January 2018

Deborah Brill
Director, Housing and Infrastructure Policy
Department of Planning and Environment
PO Box 39
SYDNEY NSW 2001

Dear Deborah,

PIA Submission: Affordable Housing SEPP 70 Amendments

The Planning Institute of Australia (PIA) appreciates the opportunity to comment on the amendments to the SEPP. PIA supports the proposed reform, but urges holistic reform in support of more substantial affordable housing delivery.

PIA supports the additional councils having the capacity to levy contributions under s94F. Each of the nominated councils has a demonstrable need for greater provision of affordable housing. However, PIA argues that the process of including new councils under the SEPP is too onerous. The Metropolitan and District Planning process is sufficient to demonstrate a compelling need for affordable housing many LGAs across Sydney (also refer Hunter Regional Strategy).

Once a council is included in SEPP 70, there should be a more streamlined approach to the council adopting an LEP which enables collection of levies for affordable housing. PIA has advocated for the Department to include a Model Code for Affordable Housing in the SILEP. Individual Councils can then investigate and insert LGA specific levy settings for floorspace and costs within this consistent planning and legal framework. This reform should be phased in to ensure that new development can factor in the cost in taking development investment positions.

PIA has prepared a broader policy position on planning for affordable housing with our partners in SSROC and across the Community Housing Provider sector via the Affordable Housing Forum that PIA co-hosted. The key policy proposals are included in the attachment A. Also included (Attachment B) is an extract of PIA’s submission regarding affordable housing in relation to the Greater Sydney Regional Plan and District Plans.

PIA would be pleased to meet with the Department to outline any aspect of our submission. Please contact myself or John Brockhoff on 0400953025.

Yours sincerely,

Jenny Rudolph
President PIA NSW

cc. Alison Frame
ATTACHMENT A: PIA POLICY POSITION AFFORDABLE HOUSING

OVERVIEW

- The housing market is not delivering enough housing affordable for low to moderate income earners in most of Sydney and some regional cities (the issue is not just delivering more housing)
- Affordable housing is essential community infrastructure and requires active support of Government
- The planning system only has a modest role in ensuring strategic planning and assessment processes provide clear pathways for affordable housing
- Affordable housing targets and planning measures (including inclusionary zoning) are supported where the need is identified
- PIA supports applying affordable housing targets on all development projects at a 5-10% target of all new residential floorspace as affordable housing – or its equivalent value – the target should respond to local assessment of need but be achieved overall (it should be higher of Government land)
- Provision of public / social housing for those in extreme need is an additional requirement for Government – our provision of this housing type is already tracking well below need

THE ISSUE

Around 60% of all households in Greater Sydney are on very low, low and moderate incomes, and that 33% of such households are in housing stress (SSROC 2016).

Improving ‘housing affordability’ and increasing the availability of ‘affordable housing’ are important goals of PIA. Having a bigger slice of our population with access to suitable housing near their jobs and communities is critical to our economy and wellbeing especially in our major cities.

Housing Affordability refers to all factors impacting on the cost of housing.

Affordable Housing is defined in NSW statute as that component of the housing market which is affordable when very low, low and moderate income households pay no more than 30% of their gross household income on rent or mortgage costs

Housing costs should not be considered in isolation but with reference to broader living costs that also take into account transport, access to jobs and services.

Housing affordability is impacted by a wide range of mostly demand factors that extend beyond planning systems and approval processes – including population growth, taxation, construction costs, and access to finance. In fact, Sydney has high completion rates in relation to other advanced western economies. Moreover, the supply of new housing will only have a marginal impact on housing affordability in markets where housing is regarded as an investment asset (e.g. Sydney) in addition to its role as shelter.
PIA understands that the Sydney market does not sufficiently deliver housing stock meeting the needs of renters with very low to moderate incomes due in part to demand inducing tax subsidies that have created an ‘asset market’ for housing.

In the next two decades, 725,000 new homes will be needed in Sydney metropolitan area (36,250 new homes each year). More than 5,000 per year of social and affordable housing dwellings are required and currently only 10,000 are planned for the next 20 years. A volume solution is needed to turn this around, one which is based on recognising affordable housing as essential infrastructure for a sustainable, inclusive and productive city.

Well aligned housing policy, land use strategy and planning mechanisms supported by clear targets, funding and leadership at all levels of government and industry is needed to support quantum increase in social and affordable housing.

**PIA POSITION**

PIA advocates a multi-pronged approach to the roles that planning generally can play in tackling housing affordability by:

- Expanding housing supply and promoting a wider diversity of housing - including adaptable housing
- Integrated land use and infrastructure planning to reduce living costs
- Advocacy for reform of factors inflating demand including tax subsidies

And improving the availability of affordable housing by:

- Ensuring planning controls facilitate well designed and well located affordable housing (addressing identified need) as part of a broader housing mix
- Applying affordable housing targets on both government land development and for private development projects via the District Plans at least at the proposed 5-10% target of all new residential floorspace as affordable housing – or its equivalent value. (*Note: this differs from the GSC proposal which only applies to new floorspace above permissible FSRs and is only applied at rezoning as a proportion of uplift*)
- Where justified by housing needs assessment: an affordable housing targets of 5-15% in new large developments and precincts and higher targets for state owned lands (up to 20%) is supported – the actual percentage target could be adjusted within the range according to need and local policy as long as the overall target is achieved
- The affordable housing created should be made available for very low up to moderate income earners in perpetuity – in a diversity of settings and price points and excluding public or social housing that would be delivered separately (*Note: this differs from the GSC proposal to only make the...*)
affordable housing to very low to low income earners as PIA believes this form of housing is also suited to moderate income key workers and it offers CHPs with greater flexibility to manage their assets – however PIA supports the GSC proposal over nothing)

- Supporting more councils to embed inclusionary zoning measures in their planning schemes to deliver a component of affordable housing – to achieve the targets set
- Advocating planning policies to facilitate a range of affordable housing models (including build to rent) such as concessions for reduced onsite carparks and provision for common laundries / shared spaces
- Advocating for a single statutory planning policy framework (Model Code) for the application of inclusionary zoning measures, density bonuses and compensatory measures for affordable housing, including consolidating relevant SEPP70 and ARHSEPP provisions and guidance for the use of VPAs.
- Seeking a State-Council collaborative approach for guidance on achieving the right balance between State Infrastructure Contributions / Affordable Housing Contributions / s94 Local Infrastructure Contributions.
- Identifying government land that may be suitable for affordable housing
- Advocating for conditions which support investment in the affordable housing – especially the role of community housing providers in a much larger market sector (catering for very low to moderate income earners)

FURTHER ACTIONS SOUGHT

- Support the adoption of affordable housing targets in final District Plans.
- Advocate for a housing policy package including a single statutory planning policy framework (Model Code) for the application of inclusionary zoning measures, density bonuses and compensatory measures for affordable housing, including consolidating SEPP70 and ARHSEPP provisions.
- Advocate for affordable housing measures to be included in ‘Growth Infrastructure Compacts’ and renewal area planning generally.

ATTACHMENT B: PIA SUBMISSION TO PLAN DRAFT GREATER SYDNEY REGION AND DISTRICT PLANS

SUPPORT AND EXTEND AFFORDABLE HOUSING TARGETS AND PROMOTE HOUSING DIVERSITY

Affordable housing is essential community infrastructure and requires active support of Government. The planning system has a modest role in ensuring strategic planning and assessment processes provide clear pathways for affordable housing. Affordable housing targets and planning measures (including
inclusionary zoning) are supported where the need is identified through district plans and local housing strategy.

PIA supports applying affordable housing targets on all development projects at a 5-10% target of all new residential floorspace as affordable housing – or its equivalent value – the target should respond to local assessment of need but be achieved overall (it should be higher of Government land). The affordable housing created should be available for moderate to very-low income earners in perpetuity - and managed by community housing providers. Provision of public / social housing for those in extreme need is an additional requirement for Government – our provision of this housing type is already tracking well below need and should also be integrated in District scale planning.

PIA has advocated for a 10-20% (of all housing floorspace) target for affordable housing provision, but appreciates the opportunity to progress upwards from the GSC initial target of a minimum 5-10% (on uplift space only – see GSRP p57 last line). It is also recommended that the interpretation of the target definition be tightened, its application should be across all of Metropolitan Sydney.

The draft Plan Information Sheet 4 highlights that “Greater Sydney requires at least 4,000 to 8,000 additional affordable dwellings per annum to meet the needs of low and very low income households”. This represents between 10% and 20% of the required 40,000 dwellings outlined in ‘A Plan for Greater Sydney’. As a result, on-going monitoring will be required to determine how the targets will need to be reviewed to address substantial and growing demand for affordable housing across Sydney.

The District Plans reference to viability in calculating affordable housing provision leaves substantial room for exceptions to be granted in circumstances where the introduction of the target could be managed to reduce impacts on viability. The viability clause should be clarified to avoid gaming where a target is justified if introduced in sympathetically (eg staged introduction). If affordable housing targets are prepared with sufficient market evidence and stakeholder agreement and are clearly published in advance of speculation then there is the best opportunity for the target to be applied to meet the local needs identified in Local Housing Strategies.

The District Plans should promote and enable innovation in the way Councils plan for improving housing diversity and broadening choice - and also justify adaptable housing targets with evidence in Local Housing Strategies (see Landcom Housing Policy). PIA supports the District Plan measures promoting more compact housing and opportunities for shared use of facilities and alternatives to onsite parking.

**PIA RECOMMENDATIONS ON AFFORDABLE HOUSING RE GREATER SYDNEY REGIONAL PLAN**

- Recommendation: Adoption of 5-10% affordable housing targets in final District Plans - but with monitoring and review provisions to increase the
targets to 10-20% (on all new housing across Sydney) in the next review subject to Local Housing Strategies. (GSRP p60 Objective 11, expand on Strategy 11.1)

• Recommendation: Prepare guidelines on the assessment of viability and transition towards the introduction of affordable housing targets – to prevent gaming. (GSRP p60 Objective 11, A new Action under Strategy 11.1)

• Recommendation: Housing diversity and adaptable housing targets and metrics to be adopted subject to Local Housing Strategies. (GSRP p60 Objective 11, expand on Strategy 11.1 – also relates to Objective 10, Action 2)

• Recommendation: Affordable housing measures and targets to be included in ‘Growth Infrastructure Compacts’ and renewal area planning. (GSRP p60 Objective 11, expand on Strategy 11.2)

• Recommendation: Enable councils to embed inclusionary zoning measures in their planning schemes to deliver a component of affordable housing – by allowing Councils that have a justification via a Local Housing Strategy (or in the District Plan) to opt in to a ‘Model Code’ for the application of inclusionary zoning measures, density bonuses and compensatory measures for affordable housing, including consolidating relevant SEPP70 and ARHSEPP provisions and guidance for the use of VPAs. (GSRP p60 Objective 11, an action under Strategy 11.1)