

Draft Greater Sydney Region Plan

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Organisation name: Mission Australia Housing

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First name: Chris

Last name: Bratchford

Suburb: 2000

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11 December 2017

Greater Sydney Commission
PO Box 257
Parramatta NSW 2124

Dear Commissioners

We welcome the opportunity to make a submission on the Draft Greater Sydney Region Plan and revised District Plans. **Mission Australia** wants to work constructively with the Commission and the NSW Government to help shape an inclusive vision for our city.

Our organisation supports the Sydney Alliance submission along with more than 40 faiths, community, union, and educational member organisations who continues to advocate strongly for the adoption of effective targets for affordable rentals in new developments.

Over the past twelve months, we and the Sydney Alliance and its members have actively engaged with the Greater Sydney Commission (GSC) and its plans. We have campaigned for an inclusive, sustainable and just city where everyone has a place to call home. We have organised public events across Greater Sydney, attended public consultations organised by the GSC, signed petitions for more affordable housing and engaged with the Commissioners and the GSC staff throughout the initial exhibition period for the draft District Plans and *Towards Our Greater Sydney*.

While we hope that we have been heard, we are still confronted by targets that are by all accounts too low to put a real dent in the growing and urgent need for affordable housing and there is no clear timetable for their introduction.

As we pass the one year anniversary of the release of *Towards Our Greater Sydney*, the GSC and the NSW Government we are still without projections for the future of social and affordable rental housing. The GSC has not proposed any overall numerical targets for the supply of affordable housing in each of the three cities (Greater Parramatta, Harbour CBD, Western Sydney) of our future metropolis and has not modified the plans for 5-10% affordable rental housing targets.

We recognise that the GSC alone cannot solve the affordable housing crisis - a whole-of-NSW Government approach is crucially needed. The Greater Sydney Region Plan does enumerate a number of current and proposed policies across the housing continuum. However, it remains unclear whether the combination of these disparate measures is commensurate with projected needs.

We with the Sydney Alliance will continue to campaign for the NSW and local governments to adopt meaningful and effective targets for affordable rentals in new developments. There is simply not enough housing that is affordable for people on low to moderate incomes – housing that is also stable, well-located (close to jobs, public transport, educational, health and other services), appropriate (for family size, disability, ageing, cultural and other needs), safe and enabling.

We welcome the Commission's support for measures that would improve tenants' security of tenure and make renting fairer through improvements to the laws governing standard tenancy arrangements such as eliminating no-cause evictions.

We also welcome the collaboration and steps to make better connections between planning for the *Greater Sydney Region Plan* and the NSW Government's vision for metropolitan transport planning *Future Transport 2056*.

Our submission focusses on a set of the key recommendations for the Affordable Rental Housing Target (ARHT) scheme and includes a rationale for each of our recommendations.

The recommendations reflect the urgent housing need right across Sydney, the vast scale of the task of providing a home for everybody struggling to rent in the most unaffordable city in Australia, and the need for enduring solutions that keep people well housed and out of homelessness.

They also reflect how the debate has moved forward since our last submission to the Commission in March 2017 and that since then the case for affordable rental housing targets has built momentum. While we acknowledge some helpful changes have been made in this process, we are greatly concerned that three key issues highlighted in our first submission still remain and require a much stronger response:

- Greater commitment to Affordable Rental Housing
- Transparent accountability
- Fairer access to Affordable Rental Housing

This submission draws primarily on the data and information provided in the Greater Sydney Regional Plan itself and the Commission's associated documents to support our case.

To truly represent the values and provide an inclusive vision of the people of Sydney the following recommendations are made for ARHT proposed in the draft Greater Sydney Region Plan and the revised District Plans.

10 Key Recommendations

Greater commitment to Affordable Rental Housing

Recommendation 1

Higher targets are adopted for ARHT with 15% target on private land and 30% on public land to help meet the large unmet housing need for affordable rental housing across the Districts. These targets should apply to the whole of the development not just to the uplift.

Recommendation 2

The target set for a specific area undergoing upzoning or rezoning within a precinct should maximise the amount of affordable rental housing produced, factoring in both the type of landowner and the density increase proposed for the specific area ahead of, or accompanying, the rezoning approval.

Recommendation 3

Housing supply targets for LGAs include indicative numerical 10-year supply targets for affordable rental housing agreed by councils, based upon each council's housing need study of their existing and future residents.

Recommendation 4

Affordable Rental Housing Targets, while specified for areas undergoing redevelopment, are not limited to defined precincts but apply to all land zoned for residential or mixed use across Greater Sydney. As a general rule, the targets should apply to land rezoned after the Region Plan's commencement of date, first through Voluntary Planning Agreements or other mechanisms, and then incorporated into Local Environmental Plans as they are made.

Transparent accountability

Recommendation 5

Affordable rental housing is provided in perpetuity and be owned and managed by registered Community Housing Providers to ensure effective targeting of assistance and a continuing high standard of service.

Recommendation 6

The provision of affordable rental housing on State and Commonwealth government owned land is made mandatory for government agencies disposing or developing surplus land for residential or mixed-use projects to complement requirements on private developers to address affordable rental housing targets.

Recommendation 7

The proposed development feasibility testing, assumptions and exemptions are shared with the public and incorporate business tested risk return margins that meet community expectations. Exemptions to targets are to involve independent adjudication.

Fairer access to Affordable Rental Housing

Recommendation 8

All affordable rental housing is constructed to universal design standards, which include space and liveability criteria, to ensure our most vulnerable community members current and future housing needs.

Recommendation 9

Affordable rental housing will be let at an affordable rent, of up to 30% of household income. Affordable Rental Housing Targets schemes which provide housing in perpetuity should be given preference over policies that only produce time limited affordable rental housing outcomes.

Recommendation 10

Affordable rental housing eligibility should be extended to moderate income households who are in demonstrable housing stress in the private rental market consistent with existing provisions of SEPP 70.

We and the Sydney Alliance have always endeavoured to work constructively with business, government, community and workers to find and implement solutions that advance the common good. In that spirit, we ask that you consider increased, accountable and consistent inclusionary

zoning as part of the Greater Sydney Region Plan and revised District Plans to address the housing crisis and inequality in Sydney. But we also ask that this and other housing and transport decisions be considered within a broader moral vision of justice and an abiding ethic of working for the common good of all.

A Sydney truly governed by the Commission's vision of a sustainable, productive, liveable and community based city will be a city of welcome; a Sydney governed by a vision that tempers economic necessities with realistic but unflinching compassion and fairness will be a world-class city that welcomes all its residents.

We recognise the work you have done, and for the opportunity to respond to the Draft Greater Sydney Region Plan and revised District Plans.

However, because of the urgency of Sydney's housing crisis for so many vulnerable Sydneysiders who rent un-affordably, we hope that the promise of an effective ARHT scheme adopted by the NSW Government is now not far off.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Chris Bratchford', written in a cursive style.

Chris Bratchford
Executive, Mission Australia Housing

Rationale for Recommendations

Stronger commitment to Affordable Rental Housing

Recommendation 1

Higher targets are adopted for ARHT with 15% target on private land and 30% on public land to help meet the large unmet housing need for affordable rental housing across the Districts. These targets should apply to the whole of the development not just to the uplift.

Rationale

Higher, more ambitious affordable rental housing targets are required because of the size of the housing need in the rental sector, the attendant harm this urgent problem is producing for vulnerable households, the resultant loss of productivity to our economy and the patently inadequate affordable rental housing supply coming from existing social housing and planning measuresⁱ. A robust and transparent viability test will ensure that the target does not impede the economic viability of projects.

AHURI research estimates 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 householdsⁱⁱ. Sydney Alliance enquiries to the GSC revealed that only a fraction of this demand will be met by the ARH targets and that these numbers relate to the current backlog in supply and do not address the additional demand stemming from Sydney's projected population growth of another 1.7 millionⁱⁱⁱ people by 2036.

Recommendation 2

The target set for a specific area undergoing upzoning or rezoning within a precinct should maximise the amount of affordable rental housing produced, factoring in both the type of landowner and the density increase proposed for the specific area ahead of, or accompanying, the rezoning approval.

Rationale

The proposed precinct based targets should be differentiated further by the degree of proposed development of land parcels in zones within the precinct and by whether the land is in Government or private ownership. This will avoid a lowest common denominator approach that will result in reduced percentage targets.

Very significant increases in permissible residential development density will enable higher percentage targets and government ownership should sustain higher percentage targets again.

The risk profile for Government is markedly different to that faced by private developers.

Targets need to be significantly increased for Government owned land, where there are lower financial risks, often no holding costs, cheaper finance available and a benefits realisation that factors in affordable rental housing as a key part of the Government's and the community's return on investment.

Targets for Government own land should not be limited to areas of uplift or rezoning but also include existing land used for housing proposed for disposal and redevelopment.

In Sydney's deep unaffordability rental crisis, higher targets are urgently needed and supporting this objective justifies a more fine-grained and equitable approach to setting targets within precincts.

Recommendation 3

Housing supply targets for LGAs include indicative numerical 10-year supply targets for affordable rental housing agreed by councils, based upon each council's housing need study of their existing and future residents.

Rationale

Affordable rental housing has an important role to play in contributing to the overall housing supply.

Clear indicative targets for affordable rental housing supply over 10 years will help to ensure that the overall target for new housing supply (GS Region Plan objective 10) improves housing choice, addresses housing demand, links to the Councils housing needs studies and provides rental housing at a variety of price points.

In aggregate across Sydney, these indicative targets will provide a metric or success measure for judging whether there is sufficient affordable rental housing in the right locations to meet population needs.

Recommendation 4

Affordable Rental Housing Targets, while specified for areas undergoing redevelopment, are not limited to defined precincts but apply to all land zoned for residential or mixed use across Greater Sydney. As a general rule, the targets should apply to land rezoned after the Region Plan's commencement of date, first through Voluntary Planning Agreements or other mechanisms, and then incorporated into Local Environmental Plans as they are made.

Rationale

Sydney has an urgent and widespread rental housing crisis that increasingly covers all of Greater Sydney. It has been identified as one of the least affordable housing markets globally.^{iv}

The shortage of affordable housing is so great and pervasive across Sydney that the ARHT policy should apply to all of Greater Sydney.

Coverage of the scheme needs to be maximised with universal coverage rather than restricted to a potentially smaller number of defined precincts or special areas. This approach offers improved clarity, fairness and predictability to all councils, other consent authorities, developers and land purchasers.

A level playing field will cut down disputes and waste from legal and administrative wrangling with developers querying a site's coverage. Importantly it increases the potential for ARHT to make a material and significant improvement to the present housing crisis. This approach will limit inequities and distortions occurring between council areas and produce more joined up planning - something that is at the heart of the Greater Sydney Region and District Plans.

There is no need for thresholds below which contributions will not be sought as monetary contributions into an affordable housing investment fund can be provided for smaller developments unless they undermine viability.

Through the ARHTs, communities will have a greater capacity to look after their own residents: seniors, people with a disability and attract and keep workers serving local industries and businesses.

Affordable rental housing supply also offers a mechanism for reducing travelling time to work for its residents. It helps reduce congestion and emissions for everyone. It makes an important contribution to realising the aspirations of a 30-minute city within the Greater Sydney Region Plan.

If any developments are deemed to be fully exempt from the targets, there should be a clear objective justification provided to each affected Council and community that will potentially lose out on getting this critical social and economic infrastructure.

Transparent accountability

Recommendation 5

Affordable rental housing is provided in perpetuity and be owned and managed by registered Community Housing Providers to ensure effective targeting of assistance and a continuing high standard of service.

Rationale

In line with the Greater Sydney Commission Information Note 4, “The Affordable Rental Housing dwellings will be secured by the relevant planning authority and may be passed onto a registered Community Housing Provider to manage, further developing this emerging sector of the economy.’

As the long run trend for Sydney as a global city is one of continued dwelling price growth, the housing affordability crisis is a long-term one, and that the affordable rental housing should be provided in perpetuity (on an ongoing basis). It is critical to secure an enduring affordable housing supply.

The available affordable rental housing therefore needs to be continuously let according to transparent, open, consumer access policies based on criteria set by council and using registered community housing organisations as fair-minded managing owners (taking responsibility for any future liabilities and potentially leveraging more supply) or as tenancy managers.

These are the principles that have been set down in the current SEPP 70 and enacted through the various existing council policies making use of this SEPP. It is recommended that this outcome form part of the plans or another instrument to provide statutory weight under the EPA Act rather than signal a good intention.

Recommendation 6

The provision of affordable rental housing on State and Commonwealth government owned land is made mandatory for government agencies disposing or developing surplus land for residential or mixed-use projects to complement requirements on private developers to address affordable rental housing targets.

Rationale

If private developers are being required to provide affordable rental housing supply, it is only fair and reasonable that State and Commonwealth Government agencies also contribute to affordable housing supply on land within new urban renewal or land release areas (Draft GS Region Plan objectives 10 and 11).

A clear policy position will help to create market certainty - from the preparation of feasibility studies through to the submission of tender proposals. Additional affordable rental housing supply can also be attracted and delivered by non-government proponents as means of promoting their tender's merits.

Governments are in a unique position in terms of land holdings, and financing developing, which dramatically alters the feasibility constraints compared with private sector developers^v. Combined with wider economic and social benefits of delivering affordable housing, and the responsibility of government to deliver on these objectives, contributing higher levels of affordable housing is not only eminently possible, it is necessary.

The early adoption of targets on government owned projects as standard practice is critical to making headway with Sydney's affordability housing crisis.

Recommendation 7

The proposed development feasibility testing, assumptions and exemptions are shared with the public and incorporate business tested risk return margins that meet community expectations. Exemptions to targets are to involve independent adjudication.

Rationale

The viability assessment to be carried out by an independent body using standard industry methodologies is welcomed. However, the lack of disclosure of the viability test details impairs this consultation and continues to raise concerns about exceptions to ARH targets.

Where required, an independent panel appointed by the Department of Planning and Environment and the GSC should verify any exceptions to established Targets and advise the government on where an exemption may be granted.

The viability test should be transparent and robust.

The viability test assumptions should be designed to support sound practice and provide commercial rigour, create a disincentive for holding back rezoned land from market (land banking) to achieve an exemption and build community trust that super profits are not being made at the expense of Government policy to provide affordable rental housing.

Fairer access to Affordable Rental Housing

Recommendation 8

All affordable rental housing is constructed to universal design standards, which include space and liveability criteria, to ensure our most vulnerable community members current and future housing needs.

Rationale

This recommendation aligns with proposed core ARHT outcomes referred to in the *Greater Sydney Commission Information Note 4*. Research by the Australian Housing and Urban Research Institute found that the group of households most likely to be in long-term housing stress are couples with children (particularly those aged 35 - 54) and households with a family member with a disability^{vi}.

The National Disability Insurance Scheme (NDIS) reforms and the introduction of ARHT now presents a tangible opportunity to increase the supply of appropriate housing for people with disabilities within our communities.

It is recommended that this requirement form part of the plans or another instrument to give it statutory weight under the EPA Act rather than a good intention.

Recommendation 9

Affordable rental housing will be let at an affordable rent, of up to 30% of household income. Affordable Rental Housing Targets schemes which provide housing in perpetuity should be given preference over policies that only produce time limited affordable rental housing outcomes.

Rationale

As the draft GS Region Plan notes: ‘The biggest of these [challenges] is housing affordability, which is a pressing social and economic issue across Greater Sydney. Housing affordability can affect job and lifestyle choices, and for some will determine whether they can live in Greater Sydney. Housing affordability is a primary focus of this draft Plan’s approaches to improve liveability’^{vii}.

Delivering stable, secure affordable rental housing is critical to achieving these outcomes for vulnerable households. An affordable rent policy needs to be firmly tied to the provision of the affordable rental housing. Given the extreme unaffordability of housing in some parts of Sydney, even below market rents can place households in rental stress. Housing delivered as part of this package needs to also ensure that outturn rents are also affordable.

It is recommended that this policy requirement form part of the plans or another instrument to give it statutory weight under the EPA Act rather than a good intention.

Housing strategies also need to build affordable rental housing supply over time making ongoing affordable rental housing superior and preferred over schemes that deliver time limited options.

Recommendation 10

Affordable rental housing eligibility should be extended to moderate income households who are in demonstrable housing stress in the private rental market consistent with existing provisions of SEPP 70.

Rationale

The draft Greater Sydney Region Plan observes that many moderate-income households face housing diversity and affordability challenges – typically households with incomes of

\$67,400–\$101,400 per annum. Recent research indicates that about half of young Greater Sydney residents are considering leaving Greater Sydney in the next five years, with housing affordability being a key issue. Many workers such as police, nurses and firefighters also do not have access to affordable rental outcomes anywhere but the outskirts of Greater Sydney^{viii}.

There is a strong case for making ARHT moderate income working households who are in demonstrable housing stress in the private rental market eligible for assistance in schemes operating in the middle and inner ring suburbs of Sydney. This would bring the scheme into alignment with the Affordable Rental Housing State Environmental Planning Policy and State Environmental Planning Policy No 70 – Affordable Housing (Revised Schemes).

Not assisting moderate income renters in significant housing stress is the inverse of middle class welfare when there are tax subsidies and concessions available for social housing tenants, first home buyers and wealthy property investors.

AHURI research (2015)^{ix} has shown that not providing options for moderate income households has detrimental knock on effects for more vulnerable lower income households in the housing continuum as they are able to consistently out compete lower income households for the scarce low-cost private rental housing.

End Notes

Right now, there are almost 60,000 households on the waiting list for social housing in NSW, and the current system for providing housing lacks sufficient funds to maintain existing properties, let alone provide more,” Dr Boxall said. IPART - Media Release - Apr 11, 2017

<https://www.ipart.nsw.gov.au/Home/Industries/Special-Reviews/Reviews/Affordable-Housing/Review-of-Social-and-Affordable-Housing-Rent-Models/11-Apr-2017-Media-Release/Media-Release-Feedback-sought-to-reform-social-housing-funding-in-NSW>

ⁱⁱ Information Note 4: Affordable Rental Housing Targets (Revised) October 2017

ⁱⁱⁱ Draft Greater Sydney Region Plan, p20 https://gsc-public-1.s3.amazonaws.com/s3fs-public/gsrp_oct_2017.pdf

^{iv} Information Note 4: Affordable Rental Housing Targets (Revised) October 2017

^v Randolph B, Troy L, Milligan V & van den Nouwelant R (forthcoming) *Paying for affordable housing in different market contexts*, Australian Housing and Urban Research Institute Limited, Melbourne

^{vi} Information Note 4: Affordable Rental Housing Targets (Revised) October 2017

^{vii} Draft Greater Sydney Region Plan, p37 https://gsc-public-1.s3.amazonaws.com/s3fs-public/gsrp_oct_2017.pdf

^{viii} Draft Greater Sydney Region Plan, pp56-59 https://gsc-public-1.s3.amazonaws.com/s3fs-public/gsrp_oct_2017.pdf

^{ix} AHURI Research and Policy Bulletin Issue 195, August 2015 *Shortages of affordable private rental housing increasing*
https://www.ahuri.edu.au/_data/assets/pdf_file/0010/3070/AHURI_RAP_Issue_195_Shortage-of-affordable-private-rental-housing-increasing.pdf