



NSW Planning, Industry & Environment  
Pymont Peninsula Place Strategy Place, Design and Public Space  
4 Parramatta Square  
12 Darcy Street, Parramatta  
14 September 2020

Attn. Lee Mulvey

Dear Lee,

### **DRAFT PYRMONT PENINSULA PLACE STRATEGY**

City West Housing (CWH) welcomes the opportunity to provide input into the draft Pymont Peninsula Place Strategy. The document builds on the Department's track record of leadership and innovation in the development of strategy frameworks.

CWH has had a significant role in the re-development of the Pymont peninsula. In 1994, the NSW Government established CWH as an independent not for profit housing provider. The genesis for the establishment of City West Housing was the planned urban renewal of Ultimo and Pymont and a recognition of the need for a range of housing options in the area. Since its inception it has successfully delivered over 894 affordable housing units and is now the largest owner of affordable rental housing in the area.

CWH's initial focus was on developing and delivering affordable rental housing as part of a mixed residential community in the Ultimo/Pymont area for people on very low to moderate incomes. As a result of its initial success and limited developable land available in Pymont/ Ultimo, CWH expanded its operations to Green Square and now owns and manages affordable rental housing across the City of Sydney. Today CWH is a Tier 1 registered community housing provider (CHP) with strong development capability and a commitment to service delivery.

One of CWH's unique characteristics is that we are invested in housing for the long-term. We develop and manage Affordable Rental Housing in the area and maintain it as affordable housing in perpetuity. This means that we have an interest in designing and developing housing that is high-quality, sustainable, and meets resident needs both now and into the future. As a long term land owner and landlord it also means we are committed to the communities in the areas in which we operate.

Our ongoing investment in the areas in which we operate, and the support we provide to our residents across a range of income groups to help them access the benefits of living close to jobs, supports, and other amenities, helps us contribute to inclusive communities and the functioning of our city. Our purpose is *"to build stronger communities and improve people's lives by providing affordable housing"*.

CWH has reviewed the draft Place Strategy and the Housing Study conducted by Atlas Urban Economics as part of this important work. As referenced in the study, City West Housing has been the fortunate beneficiary of affordable housing contributions levied initially through the Sydney Regional Environmental Plan No.26 City West (Amendment 4 Affordable Housing, 1995). The REP created the mechanism to levy affordable housing contributions from the private sector, with the intention that these funds would be leveraged to deliver housing affordable to a cross section of socio-economic groups.

While vitally important, these contributions have not been the sole source of our funding. Affordable Housing requires a subsidy to develop and bridge the subsidised rents (in particular in high cost inner city markets such as Sydney where CWH provides on average a 55% discount to market rents). These subsidies can be through: developer contributions, dedication of land, commonwealth programs such as the National Rental Affordability Scheme (NRAS), and other grants and programs. Often a project requires multiple subsidies in order to be successful.

The affordable housing contributions, our rental surpluses and other forms of funding have enabled us to acquire land, develop, own and manage entire buildings for the purpose of affordable housing. We now own some 20 apartment buildings and 900 apartments across the local government area, with more than 50% of our apartments located in areas covered by this (draft) Strategy.

Owning and managing whole buildings creates efficiencies throughout the building's lifecycle for construction, asset management and tenancy operations as well as creating communities within themselves.

The affordable housing scheme for the area currently permits developers to make an in-kind contribution to affordable housing in terms of completed apartments instead of a monetary contribution. Our records show that all of the contributions to date have been cash, which is also CWH's preferred funding approach. Monetary contributions allow City West Housing to acquire land and develop a fit-for-purpose affordable housing apartment building.

In the Company's early history City West Housing acquired a small number of strata apartments in mixed tenure apartment buildings. These are slowly being divested as they have proven to be uneconomic, with added strata fee levies, additional operational requirements, and inefficient management due to the lack of scale. All proceeds from the sale of these strata apartments is being recycled to deliver more affordable rental housing.

In addition to the complexity and cost associated with strata management there can also be issues with the built form itself. Where apartments are designed and constructed to be sold there is not the same emphasis on the use of long wearing, low maintenance materials or the suitability of the layout for long term residents in what is effectively an affordable Build-To-Rent model. Should a proportion of housing developed by private developers be targeted for affordable housing, it will be important to have input up front to inform the design and layout.

We have reviewed the Strategy and acknowledge that a number of CWH owned sites have been identified for a potential density uplift. This may present a longer term opportunity for City West Housing but is unlikely to deliver more affordable housing in the short to medium term, not least because:

- many of our sites have a small site area and have no opportunities to increase yield in the existing built form requiring a completion demolition and new build;
- the identified buildings are approximately 20 years old and have not reached the end of their economic useful life;
- relocation of large numbers of residents is difficult without further scale; and
- there would be a loss of revenue during the construction period.

Developable land in the peninsula is scarce and in high demand from developers, resulting in high land values. These high land costs leave little opportunity for Affordable Housing, with City West Housing unable to develop land in the area for over 10 years due to its inability to access suitable sites. There is a risk that, with further redevelopment and a metro station that acts as a catalyst for more market housing, affordable rental housing as a percentage of all residential housing in the area could decline.

Should the Government wish to maintain a diverse mix of housing in the area, available at different price points, then access to land that is suitable for fit-for-purpose affordable housing is needed. Historically both the NSW State Government and the City of Sydney have provided CWH with concessional land or provided direct access to (surplus) Government sites to overcome this hurdle. CWH supports the adoption of an Affordable Housing target on government owned land, but with a preference for that land to be subdivided and provided to City West Housing to develop and build the affordable housing.

We support the following housing-specific considerations highlighted in the draft Place Strategy:

- recognition of the importance of the existing affordable housing scheme in the area and the need to retain it,
- the recognition of the benefits of aligning the existing scheme to the broader Affordable Housing Program in the City of Sydney and
- the commitment to ongoing diversity in any new housing to be provided in the area.

We would encourage the Department to review and test opportunities for affordable housing in the peninsula in conjunction with sub-precinct masterplanning.

More broadly we commend the Department for its strategic approach to considering what the future of Pyrmont should look like and the recognition of the importance of a unified planning framework.

We look forward to working with the Department as the strategy for the area evolves.

Yours faithfully,



**Leonie King**  
Chief Executive Officer  
City West Housing