



Community Housing Industry
Association NSW

Submission on draft Glenfield Place Strategy

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 02 9690-2447

 www.communityhousing.org.au

 Suite 5, 619 Elizabeth Street
Redfern NSW 2016

 adminassistant@communityhousing.org.au



This report was prepared by:

Community Housing Industry Association NSW

Suite 5, 619 Elizabeth St, Redfern NSW 2016

E: info@communityhousing.org.au

T: 02 9690 2447 | **W:** www.communityhousing.org.au

About this submission

This submission is made by the Community Housing Industry Association NSW (CHIA NSW) in response to the draft Glenfield Place Strategy, released by the NSW Department of Planning, Industry and Environment (DPIE).

CHIA NSW is generally supportive of the draft Strategy and welcomes its recognition of how cultural heritage and diverse housing typologies can contribute to the successful transformation of Glenfield. However, as we outline in this submission, further work is needed to fully consider how adequate social and affordable housing will be secured in the precinct.

CHIA NSW welcomes the opportunity to discuss our recommendations with DPIE in more detail.

About CHIA NSW

CHIA NSW is the industry peak body for registered, not-for-profit community housing providers in NSW. The community housing sector builds and provides low-cost housing for individuals and families who cannot afford to rent or buy a home in the private market. CHIA NSW represents 94 community housing providers (CHPs) delivering rental housing for very low to moderate income and disadvantaged households across NSW.

CHIA NSW's work is focused on four key areas:

- **Supporting sector growth**, through policy, research, advocacy, communications and stakeholder engagement with government, politicians, and partners
- **Promoting service excellence and continuous improvement**, through benchmarking surveys, data collection, resources, and toolkits
- **Equipping current and future leaders and staff in the community housing sector** through the delivery of accredited education and training, professional development, and events which connect our leaders and staff to share experiences, challenges, and best practice.
- **Supporting the establishment of the Aboriginal Community Housing Industry Association.**

The community housing industry in NSW is growing and diversifying. It now manages more than 50,000 homes across NSW. Between 2012 and 2020, CHIA NSW estimates that its members have invested more than \$1 billion to deliver around 3,200 new homes.

Community housing in Campbelltown City Council

CHPs are part of the social and economic fabric of the Campbelltown region, managing approximately 580 homes in the area. Affordable housing provided by CHPs is used to house people in low to moderate income jobs that are essential to supporting the economy, including health and childcare workers, retail and hospitality staff, and other essential service workers.

Collectively, CHPs have invested over \$51 million to deliver more than 159 homes in the Campbelltown region¹ over the last eight years. However, direct investment by CHPs alone cannot meet current and future housing needs.

CHIA NSW response to the draft Strategy

CHIA NSW welcomes the draft Strategy's recognition of the importance of delivering high quality and diverse housing for students, workers and professionals; which is identified as one of five "big moves" necessary to achieve the vision for Glenfield as a connected, inclusive community that is the South West's premier education and sporting destination.

Given the nature of land uses envisaged for the area addressed by the draft Glenfield Place Strategy, it is likely to generate a concentration of low to moderate income jobs, including health, education, and retail workers. As such, the delivery of adequate social and affordable rental housing is essential to the successful transformation of Glenfield and will support achievement of many of the draft Strategy's connectivity, productivity, and liveability objectives.

However, to be effective, the draft Strategy needs to move beyond merely "encouraging" good housing outcomes. As recent research has highlighted, social and affordable housing outcomes in growth areas are only likely to be achieved when effective statutory planning policies and funding programs are in place to support it². Affordable housing targets set at 5% represent a good starting point, however, as market conditions improve, clear action to increase the share of housing available to low and moderate income groups must be increased.

The need for an overarching housing strategy

We note that the draft Strategy commits to undertaking further studies to determine opportunities and feasible mechanisms for delivering key worker, social and affordable housing in the precinct (Actions D8.A2 and D8.A5). It is critical that this work is completed before the finalisation of the draft Strategy to ensure future rezoning proposals and development applications maximise opportunities for social and affordable housing provision.

The finalisation of the Strategy needs to be informed by an understanding of the full range of housing needs for the area, that considers:

- The types of jobs to be generated in the health and innovation precinct, in particular the number of low to moderate income workers.
- How much these workers can affordably spend on housing costs.
- Residents of existing social and affordable housing that may need to be rehoused as a result of renewal or intensification of existing LAHC sites.
- Low to moderate income households that may be priced-out as a result of increased land and property values arising from the forecast investment and development.
- Existing social and affordable housing supply that will not be displaced during the transformation of Glenfield.

¹ CHIA NSW data, as of December 2020. Investment total includes both equity and debt finance. Total homes delivered includes social and affordable housing, retirement units and market housing.

² Pill, M., Gilbert, G., Gurran, N. and Phibbs, P. (2020) *Strategic planning, 'city-deals' and affordable housing*, AHURI Final Report No. 331, Australian Housing and Urban Research Institute Limited, Melbourne, <https://www.ahuri.edu.au/research/final-reports/331>, doi: 10.18408/ahuri-7320301.

- The number of targeted affordable or lower cost housing options required as part of future development.
- Appropriate locations for new social and affordable housing supply in the precinct.

Consideration then needs to be given to the range of mechanisms that will be used to ensure delivery of the required affordable housing supply. These measures could include:

- Use of land owned by all levels of government, including renewal / intensification of existing social housing sites.
- Government funding and subsidies to support delivery.
- Planning mechanisms, such as inclusionary zoning requirements, development contributions, and incentives such as density bonuses or reduced car parking requirements in exchange for additional affordable housing provision.

We note that alongside finalising the Glenfield Place Strategy, the Campbelltown City Council will prepare a Local Housing Strategy for the broader LGA. CHIA NSW recommends that the process for considering housing needs we have outlined above be incorporated into the broader strategic planning instruments, so that the need for and costs of providing social and affordable housing are considered up-front, at the same time as the needs for other critical infrastructure are considered.

Such an approach will enhance the place-based approach to infrastructure planning and provide the opportunity to most efficiently and equitably deliver the sub-market housing needed to support the study area. It will:

- Enable a strategic approach that considers opportunities and cumulative impacts across a broader area, instead of waiting for the precinct planning stage, which tends to have a narrower focus on impacts and outcomes.
- Result in more informed cost-benefit analysis and more informed decisions around sequencing of precincts and the coordination of delivery.
- Enable a fuller consideration of funding needs that accounts for the various mechanisms through which social and affordable housing will be delivered. This could help determine what affordable housing contributions may need to be recovered through the SIC as well as inform decisions over the use of government-owned land.

Such an approach will also assist in maximising the forward notice that can be given to landowners and developers of social and affordable housing requirements that may be imposed on development, thereby supporting development feasibility for private developers.

Affordable housing targets

The finalised Strategy should identify requirements for affordable housing to be provided as part of new development in the precinct. This will provide a consistent basis for securing affordable housing on sites benefiting from uplift in development potential as a result of changes to planning controls.

While we accept that a lower affordable rental housing target may be necessary in the initial years of the precinct's transformation, given development feasibility constraints, a higher target is likely to be supported in the future if sufficient notice is provided to the market. As such, a strategic, long-term approach to implementing affordable housing requirements should be adopted. This approach would involve increasing the affordable rental housing target over time. The Strategy should outline a timeframe or development yield threshold for when the higher affordable housing requirements will commence.

Internationally, as well as in the City of Sydney, it has been demonstrated that a broad-based contribution requirement does not impede development, as developers incorporate the contribution into the land purchase price³. Flagging future, higher, affordable housing requirements up-front will provide advance notice to the market, enabling these higher rates to be factored into future land cost expectations, thereby supporting the viability of increasing rates of affordable housing provision over time.

Regardless of the level at which the affordable housing requirement is set, the Strategy needs to provide clear guidance for how requirements should be applied to different forms of development. To maximise provision, it is recommended that:

- Affordable housing be required to be provided as part of any development incorporating residential floor space, whether it is for mixed-use or stand-alone residential accommodation.
- Employment-generating development be required to provide a monetary contribution towards affordable housing, given that such development in the precinct is expected to directly generate a need for affordable housing.
- A consistent basis for calculating the minimum affordable housing requirement should be established, to ensure requirements are consistently applied. We recommend the target is applied to the total development floor space of a development. An appropriate mechanism is also needed to enable the requirement to be met through a monetary contribution, in instances where on-site provision is not possible (for example, on sites where the contribution would represent less than a single dwelling).
- Clear criteria for considering applications which propose a reduced rate of provision need to be developed – including the need to submit detailed feasibility testing that justifies the need for a variation.
- Consistent with the provisions of the *State Environmental Planning Policy (Affordable Rental Housing) 2009*, the Strategy needs to also be clear that affordable housing provided is to be managed by a registered community housing provider. Affordable housing should also be required to be provided in perpetuity, given the need for such housing will persist over the long-term.

Any shortfall in affordable housing that cannot be delivered through inclusionary zoning mechanisms will need to be delivered through other sources to close the housing gap, including via Government subsidy and the use of government-owned land for the purposes of affordable housing.

Proposed Infrastructure Funding Model

The delivery of a range of social infrastructure and services is necessary to support community diversity and wellbeing. CHIA NSW encourages the inclusion of infrastructure contributions towards the funding of social and affordable housing, recognising that alongside transport, green space and community facilities, social and affordable housing is essential infrastructure, as it is needed to house people in lower paid jobs that are essential to supporting productivity and liveability across the Glenfield area.

³ Gurrán, N., Gilbert, C., Gibb, K., van den Nouwelant, R., James, A. and Phibbs, P. (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, <http://www.ahuri.edu.au/research/final-reports/297>, doi: 10.18408/ahuri-7313201.

Affordable housing contributions are a well-established mechanism in the planning system in Sydney and internationally for securing affordable housing required for the workforce in an area. Contributions can be co-invested with the lower-cost debt finance CHPs are able to obtain through the National Housing Finance and Investment Corporation (NHFIC), enhancing the effectiveness of affordable housing contributions to increase supply.

While we recognise there is a limit to the total amount of infrastructure contributions that can be feasibly borne by development in an area, particularly in the initial years of implementation, affordable housing should not be given secondary priority to other infrastructure when considering the feasibility of the Place Strategy. Where there are feasibility concerns, the Place Strategy could include an allowance for a discount on the contribution rate during the initial years to provide the market time to adjust. Alternatively, DPIE could collaborate with Campbelltown City Council to identify explicit timeframes for the introduction of affordable housing contributions in the future, in order to provide advanced notice to landowners and developers.

Developers in Sydney have consistently indicated willingness to deliver affordable housing or make a monetary contribution towards it when provided with sufficient notice and details of the contribution, including the approach to calculating the amount, the timing of providing the contribution, and the form of the contribution.

Jobs and skills for the City

CHIA NSW supports the draft Strategy's focus on job creation. As part of the finalisation of the Strategy and its implementation, consideration needs to be given to opportunities to connect existing disadvantaged communities to the jobs being created. This includes through the provision of training schemes, apprenticeships and other initiatives to help local communities access jobs.

Linking existing communities to targeted employment and training opportunities would provide a highly needed circuit breaker for the locational disadvantage experienced by some social housing communities in South Western Sydney.

Sustainability

CHIA NSW supports the draft Strategy's intention to encourage best practice sustainability measures to promote a low carbon, low resource and low waste precinct. Ensuring good quality housing that is comfortable and safe during extreme weather, and affordable to operate, will assist low and moderate income households to adapt to the climate in this area.

Summary of recommendations

- The transformation of Glenfield needs to be informed by an overarching housing strategy that identifies the full range of mechanisms that will be used, in addition to affordable rental housing targets/contributions, to deliver the social and affordable housing needed to support productivity and liveability. This should include exploring the potential use of government-owned land to leverage social and affordable housing outcomes
- The Place Strategy should identify the minimum affordable rental housing target to be met by future development in the precinct. A strategic, long-term approach should be adopted, that

steps up the affordable housing requirement over time, in line with expected improvements in development feasibility.

- Inclusionary zoning requirements should apply to all development incorporating residential floor space, or generating low to moderate income jobs, to support essential workers. An appropriate mechanism is needed to enable the affordable housing requirement to be met through a monetary contribution, in instances where on-site provision is not feasible.
- Clear guidelines should be established for how requirements will be calculated. Proposed reductions to the affordable housing requirement should not be permitted. At the very least, the Strategy needs to include clear criteria for how proposed variations will be assessed, including a requirement for detailed feasibility testing.
- The Glenfield Place Strategy needs to also be clear that any affordable housing provided is to be managed by a registered community housing provider and provided in perpetuity. CHPs are well-placed to work with all levels of Government and the private sector to unlock development opportunities.
- As it is essential infrastructure, a portion of the infrastructure planning process should be used to fund social and affordable housing provision, to supplement any proposed inclusionary zoning mechanism.
- Establish a community panel or community advisory group to facilitate a collaborative approach to delivering social and affordable housing in the Glenfield district.
- Consideration needs to be given to opportunities to connect existing disadvantaged communities to the jobs being created in the precinct, such as through training schemes or apprenticeships.