



Community Housing Industry Association NSW

Submission to the Western Sydney Aerotropolis Planning Package

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About this Submission

This submission is made by the Community Housing Industry Association NSW (CHIA NSW) in response to the Western Sydney Aerotropolis Planning Package, including the *Draft Western Sydney Aerotropolis Plan*, *Draft Western Sydney Aerotropolis Development Control Plan*, and the *Western Sydney Aerotropolis Proposed SEPP Discussion Paper*. The submission focusses on the economic and social value of affordable rental housing to local communities; the need for affordable rental housing in the Western Sydney Aerotropolis area; and the opportunities in the Aerotropolis to support the delivery of affordable rental housing through the Planning Package.

About the Community Housing Industry Association NSW

The Community Housing Industry Association NSW (CHIA NSW) is the industry peak body for registered community housing providers in NSW. CHIA NSW is also supporting Aboriginal Community Housing Providers (ACHPs) in NSW in a process to establish a representative body.

CHIA NSW's purpose is to support the development of a not-for-profit rental housing industry which makes a difference to the lives of lower income and disadvantaged households in NSW. CHIA NSW seeks to ensure that registered community housing providers are active in all housing markets, providing a full range of housing products.

The community housing industry in NSW is growing and diversifying. Community housing providers now manage more than 50,000 homes across the state. Between 2012 and 2020, CHIA NSW estimates that its members will deliver around \$1 billion in investment to create around 2,700 new homes.

Community housing gives people on lower incomes an opportunity to live in a home they can afford. Registered community housing providers manage social housing, which is long term housing for people with low incomes who may not be able to work or who may have support needs. Registered community housing providers also manage affordable rental housing, which is rented below the market rate to people with lower incomes.

The Western Sydney Strategic Alliance

In 2017, CHIA NSW supported the development of a strategic alliance of nine community housing providers operating in Western Sydney. The Alliance represents a coordinated response by the community housing industry to the challenge of delivering affordable housing in the Western Sydney growth areas and an offer to work with governments to help drive the delivery of affordable housing.

Community housing providers are part of the social and economic fabric of Western Sydney. They are active investors in Western Sydney, they employ local people, and they contribute to the Western Sydney economy.

Community housing providers manage almost 8,000 properties in the Western Sydney region. They operate nationally, state-wide and locally, and are using over \$60m of their own equity and \$143m of debt finance, to deliver additional affordable housing units in the Western Sydney region. This additional

investment of over \$200m is delivering over 1,000 units targeted to lower income households in the local community who are in housing need.

Community housing providers are committed to local communities in Western Sydney and they are well placed to support all levels of government and the outcomes that will be delivered through investment in and planning the Aerotropolis.

In 2018, the Alliance commissioned SGS Economics to provide an analysis of the demand for social and affordable housing in the Western Sydney City Deal area. The findings of that report *Demand for social and affordable housing in WSCD area* are detailed later in this submission, and they show that there is a significant need for social and affordable housing provision within the eight LGAs in the Western Sydney District.

The Western Sydney Aerotropolis: an opportunity to support diverse communities and shared economic outcomes

The Strategic Alliance and CHIA NSW support the development of a new Western Sydney Airport and the opportunity that an integrated approach to planning will have for an emerging community in the Western Parkland City. We want to ensure that those opportunities are shared amongst a diverse community and a diverse workforce and that affordable housing in its many forms is available to new and existing residents within the Western Sydney area.

The aspiration that development of the Aerotropolis will result in the employment of 200,000 people is a critical component in delivering the NSW Government's vision and will be contingent on two key activities – the provision of transport and housing infrastructure. Housing infrastructure in the Western Parkland City has to respond to the needs of all types of households, both existing and new households, and will need to reflect the fact that not all of the employment opportunities created in the Aerotropolis will be highly skilled and highly paid ones.

The strong focus in the Aerotropolis on education means that housing for academic and non-academic staff will be critical in the local area and the region. Retail workers, hospitality workers, cleaners and security guards are just some of the lower paid workers that will also be needed in the new Aerotropolis. Health and childcare workers will be needed to support the new workforce along with other essential workers. This diverse housing need requires the development of a housing policy that meets a range of income requirements, including affordable rental housing.

Affordable rental housing for the lower income households who will live and work in the area needs to be a central pillar of planning for the Aerotropolis and Western Sydney Parklands.

CHIA NSW welcomes the Planning Package's strong focus on delivering affordable housing, and setting a target of 5-10% for affordable housing, identified in the Discussion Paper on the Proposed State Environmental Planning Policy. CHIA NSW strongly supports the commitment to ensuring this new supply of affordable housing will be retained in perpetuity, as outlined in PO2 of the Affordable Housing and Housing Diversity section of the Phase 1 Draft DCP.

CHIA NSW recommends that the Planning Package, including the DCP and SEPP, provide greater clarity on the specific target to be achieved. Commitment to a 10% target on private land, with a higher target on government-owned land, would be leading practice, in keeping with the objectives and priorities of the Aerotropolis. Noting the target is subject to development feasibility, a specific 10% target would provide clear guidance on the expectations of development in the area and the need for affordable rental housing.

Greater guidance and assistance for Councils to determine and efficiently implement an additional contribution above the 10% baseline would also support the delivery of affordable housing for more of the critical workers that will be essential to the success of the Aerotropolis. From the Greater Sydney Commission's planning documents, it is understood that the baseline 10% will focus on the two lower incomes quartiles, critically excluding many moderate income households that will be essential to the economic productivity of the Aerotropolis, including some academic and non-academic staff as well as agribusiness workers, both groups that are critical to the vision of the Aerotropolis. Without a clear plan for delivering this additional housing in the region, negotiations on a site by site basis could be costly and provide inconsistent outcomes.

The Planning Package would also benefit from providing greater clarity on the mechanism for securing and delivering contributions for affordable rental housing. CHIA NSW recommends implementing SEPP 70 as a way to identify the required contributions as Precincts are rezoned and to provide a clear signal to the market that there is an expectation that affordable rental housing will be part of the area's housing stock. This approach can be complemented by identifying government-owned sites that could be used to leverage affordable rental housing outcomes, including by ring-fencing parts of these sites for affordable rental housing development funded by the contributions raised from inclusionary zoning.

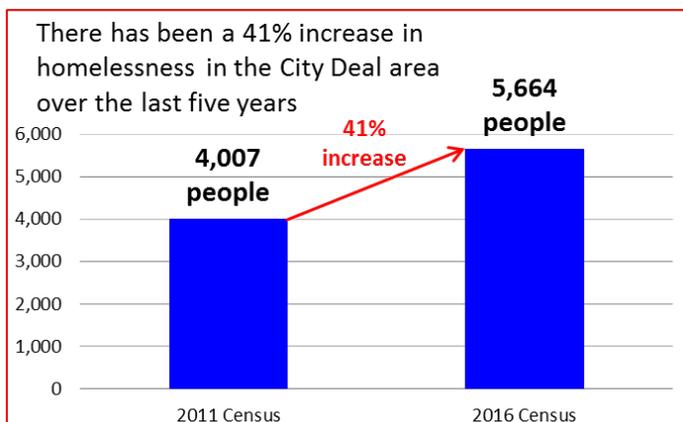
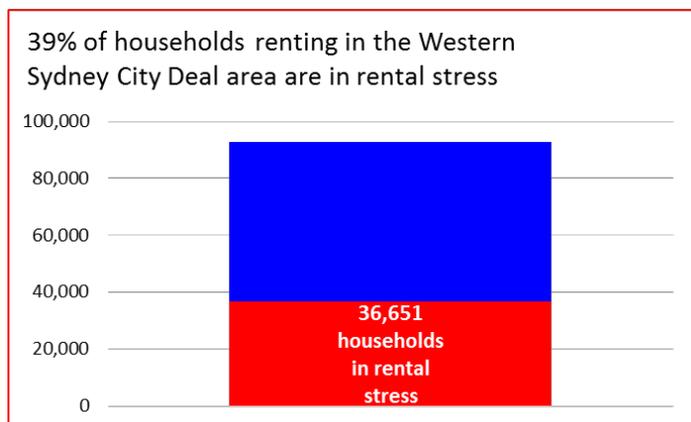
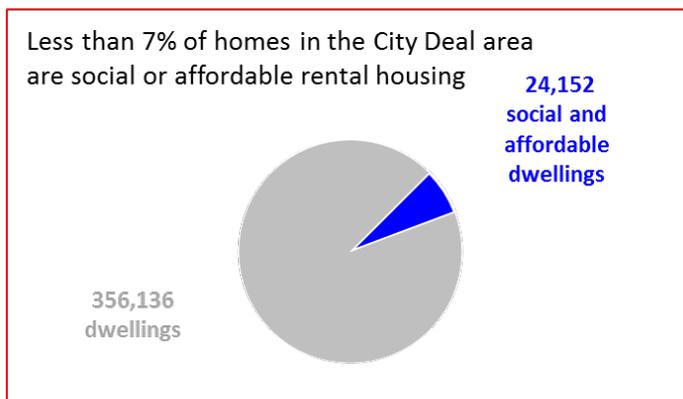
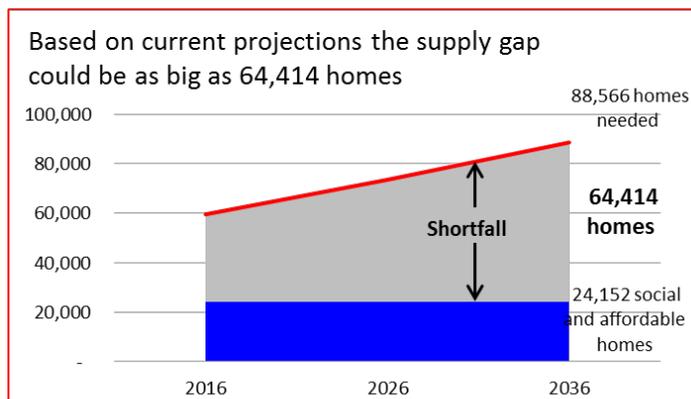
The Western Sydney Aerotropolis provides a significant opportunity to boost economic and social participation activity across the region. The approach to delivering affordable rental housing in the Aerotropolis will support the provision of better outcomes, principally employment and housing outcomes, for new residents as well as the existing marginalised communities already living in the Western Sydney area. Linking marginalised communities to targeted employment and training opportunities could provide a highly needed circuit breaker for the locational disadvantage experienced by some communities in Western Sydney.

A focus on affordable rental housing

The Strategic Alliance commissioned *SGS Economics and Planning* to estimate the current and projected need for social and affordable housing in the Western Sydney City Deal area. The analysis uses 2016 Census data on household types, income and rent and NSW Department of Planning and Environment population projections to forecast how housing needs are likely to change in Western Sydney over the next 20 years.

This report was finalised in September 2018 and has some significant findings¹:

By 2036, the Western Sydney City Deal area will need 88,566 affordable rental dwellings



The table below taken from the *SGS Economics and Planning Report* into social and affordable housing demand, shows the estimated supply gap for social and affordable rental housing for all of the local government areas in the Western Sydney City Deal area:

LGA	2016 supply gap	2026 supply gap	2036 supply gap	Change (2016 to 2036)	% Change (2016 to 2036)	% Change (Total households)
Blue Mountains	2,253	2,536	2,896	643	29%	15%
Camden	1,688	3,628	6,020	4,332	257%	186%
Campbelltown	5,052	7,758	10,670	5,619	111%	45%
Fairfield	9,464	11,085	12,372	2,908	31%	15%
Hawkesbury	1,929	2,408	2,999	1,070	55%	30%
Liverpool	7,646	12,082	16,465	8,819	115%	60%
Penrith	6,422	9,010	11,340	4,919	77%	37%
Wollondilly	914	1,179	1,652	738	81%	52%
WSCD area	35,368	49,686	64,415	29,047	82%	31%

¹ SGS Economics and Planning, *Demand for social and affordable housing in WSCD area* (Sept 2018) prepared for CHIA NSW

The report also considers the impact of changing income inequality on the supply gap. Not surprisingly, in a scenario where rents rise at a greater rate than household incomes, the supply gap for social and affordable housing is estimated to be larger at almost 67,500 across the City Deal area.

The analysis in this report suggests that there is significant unmet demand for social and affordable housing in the Western Sydney area. The scale of the supply gap for housing which is affordable to people in the lowest income groups clearly warrants the attention of all levels of government.

It is vital that planning for the Aerotropolis and the Western Parkland City considers how the different levels of government can collectively identify mechanisms to begin to address the supply gap. Affordable rental housing will be essential to the proper functioning of the Aerotropolis and the Western Parkland City and to the strategic objectives set by the Greater Sydney Commission's Plan.

Recommendations

The key recommendations in this submission are:

- Clearly specify the target of 10% and a higher target on government-owned land
- Clearly specify the mechanism by which affordable housing targets will be achieved and identify a clear monitoring strategy to confirm that targets are being achieved.
- Include the community and non-government organisations in the Aerotropolis governance arrangements through establishing a community panel or advisory group
- Consider opportunities to incorporate the training and employment of existing disadvantaged social housing communities in Western Sydney in development and implementation of the Western Parkland City.