

SHELTER NSW **SUBMISSION**

Draft district plans for Greater Sydney

Open submission to Greater Sydney Commission

This submission is in response to a set of draft strategic plans released by the Greater Sydney Commission in November 2016, plans that will affect land use and development plans in greater Sydney over the next 4 decades. These are *Towards our Greater Sydney 2056* and draft plans for 6 districts within Greater Sydney.

There are many aspects of the way that dwellings are ‘shaped’ by the market, and by government actions and these forces together, are discussed in the plans. An underlying concern by the Commission (and State government generally) is — based on their projections of possible future populations (resulting from births and immigration) and the different ways that households are configured (families, unrelated persons, sole persons, etc.) — that there will need to be more dwellings to accommodate those people and those households.

The policy imperative is to facilitate provision of the housing by normal market actions. In tandem with this is an understanding that most people want to live in market-based, private housing, i.e. dwellings that they buy and own. The sort of policy initiatives that all these factors lead to are ones that remove barriers to market mechanisms working to efficiently achieving those ends, and ones that assist market forces working better if they do need a hand up.

But the Commission’s approach is not to give market forces a total free hand; for example, while the draft plans continue to promote land releases on the fringe of the Sydney, especially in Camden, it makes a commitment to protecting rural land from urban uses (i.e. from housing).¹ This is a welcome change from previous regional plans.

However, an underlying emphasis on new supply of dwellings, whether on the fringe or in established areas, remains fundamental to the draft district plans. The opportunities for this new supply will be in housing estates in land releases areas, medium-density infill development in existing areas, and urban renewal projects. Promotion of supply of housing is, of course, one of the principal objectives of the Commission, mandated by the Parliament. Our concern is not about whether people need dwellings to live in — they obviously do. But about whether giving primary attention to new builds is the most effective and efficient way to maximize housing wellbeing for the maximum number of Sydney households.²

The draft amendment to the current Sydney regional plan

Towards our Greater Sydney 2056 (November 2016) is a proposed update on *A plan for growing Sydney* (2014), an update that has no statutory effect but informs the draft district plans and that also signals how the Commission might approach a successor regional plan to *A plan for growing Sydney*.

The major emphasis is on imagining Greater Sydney as 3 sub-cities — one comprising the eastern suburbs (north and south of Sydney Harbour) and around Sydney Harbour (called ‘Eastern City’); one based in Parramatta and the corridor to Olympic Park (‘Central City’); and one based in and around the new airport at Badgerys Creek (‘Western City’).

The document identifies ‘housing choice and diversity’ as a key component of the city’s livability. The central aim is to have an extra 725,000 dwellings built by 2036, with Greater Sydney expected to have 1.7 million extra people by then.

The draft district plans

The draft district plans’ sections of particular interest to our organization are in chapter 4, being those about *Improve housing choice, Improve housing diversity and affordability, and Coordinate and monitor housing outcomes and demographic trends*.

Many of the matters discussed in chapter 4 present what the Government is doing on housing supply and ‘housing diversity and choice’ in ways that are familiar, from previous plans and strategies produced by other state government agencies, such as the Department of Planning and Environment and UrbanGrowth NSW.

While there is a big range of matters that relate to housing supply, diversity, choice, and affordability in the drafts, there are 4 matters that we focus on. Those are: a diversity of dwelling types; the Commission’s proposed ‘rental affordable housing target’ scheme; the potential for local-government inclusionary-housing schemes pursuant to section 94F of the *Environmental Planning and Assessment Act*; and the place of social housing.

Plan for dwelling diversity

(Section 4.4.1, Section 4.4.2, Action L4, and Livability Priority 2)

The drafts see ways in which land and dwellings can be used more efficiently for housing. This can be done by encouraging a range of housing types — a rejection of cottages on a ‘quarter acre block’, in favor of townhouses, flats, cottages on small lots, etc. It can also be done by encouraging smaller dwellings, such as ‘tiny houses’ and micro-apartments — reflecting current trends in parts of the property developer industry which promote these for the sake of ‘affordability’ as well as efficient use of land.³ The American phenomenon of ‘small housing’ has had some boutique impact in Australia.⁴ But more significant has been a greater tolerance by homebuyers of smaller (and hence *cheaper*) apartments in established areas.⁵

We understand that 80 percent of new apartments in buildings built in the last few years have 2- or 1-bedrooms.⁶ This is a trend that is not helpful for diverse households, especially those with children.

The drafts encourage dwelling diversity in various forms, and we support this since it allows for choice.⁷

We note that the state government is already encouraging a range of compact housing designs through *State Environmental Planning Policy 65* (Design quality Principle 8: Housing diversity and social interaction), elaborated in the *Apartment design guide* part 4. The *Apartment design guide* sets minimum internal areas for various apartment types, and there is a general presumption that a SEPP prevails over an LEP or other instrument (*Environmental Planning and Assessment Act*, section 36).

The *Affordable Rental Housing SEPP* also does this. Infill affordable housing to be provided by community-housing providers cannot be refused on the ground (among others) that its floor size meets the minimum gross floor areas indicated (clause 14(2) of this SEPP). For most dwelling sizes, the minimum floor sizes align with the minimum internal areas specified in SEPP65.⁸ In the case of studios, the minimum floor size permissible is 35m², and in the case of 1-bedroom apartments, 50m² (in both SEPP65 and Affordable Rental Housing SEPP).

The Affordable Rental Housing SEPP also set minimum bedroom sizes in boarding houses, a form of affordable housing that includes shared spaces. The gross floor area of a boarding-house room (not including any area in it used for a private kitchen or bathroom facility) must be at least 12m² (and no more than 25m²) if it is to be used by a single lodger, and at least 16m² in any other case (SEPP ARH, clause 29(f)). The market is providing dwellings at these standards.⁹

Table 1 gives the minimum or typical floor areas for a number of compact dwellings, from New South Wales and overseas (being 2 models that have been canvassed for implementation in Australia).

In the case of a dwelling in a boarding house, the minimum floor area of the dwelling's bedroom to be occupied by 1 person must be 12m² and the maximum 25m². A boarding-house dwelling occupied by a single resident may be larger than this maximum (for the bedroom) if the dwelling includes a private kitchen or bathroom facilities. With this maximum floor area for a bedroom, plus floor area for a private kitchen or bathroom facilities, the boarding-house dwelling could easily match the minimum floor area used for 1-bedroom flats in the 'Commonspace' model of Syracuse, USA.¹⁰

A version of compact dwelling is being promoted as one solution to the cost of providing non-compact dwellings to homeless people (and other very-low income persons). The Tiny Homes Foundation has received the support and go-ahead from Gosford council for a development (classified as a boarding house under the Affordable Rental Housing SEPP), with 4 micro-units, each some 14.4 square meters.¹¹ There is some interest in this model in comparative overseas countries, as well. In Berkeley USA, the local government council is investigating the feasibility of bulk-buying installation of prefabricated micro-units.¹² The units are 160 square feet (14.86m²).

Table 1: Minimum floor areas for small dwellings in multi-unit dwellings

Dwelling type	Minimum floor area, m ²	Source
Studio in block of flats	35	SEPP65 (<i>Apartment design guide</i>)
1-bedroom unit in block of flats	50	SEPP65 (<i>Apartment design guide</i>)
1-bedroom in boarding house for a single occupant	12, for the bedroom; no minimum set for separate bathroom/toilet or kitchen in the unit, which if, provided, would increase total floor area of the unit	ARH SEPP
Tiny house for homeless	14	Tiny Homes Foundation (Gosford, NSW)
Microunit for homeless	15	'MicroPAD' (Berkeley, USA)
1-bedroom unit in block of flats	38	'Pocket Living' (London, England)
1-bedroom unit in block of flats	28	'Commonspace' (Syracuse, USA)
Studio in block of flats	27	'Ballina' flats (Darlinghurst, NSW)

The current boarding house controls could be used to build multi-unit dwellings of a type that were built in parts of Sydney and Melbourne in the 1920s and 1930s. One of these, in the 'Ballina' units in Darlinghurst (Sydney), with 27m², has won a number of design awards.¹³ The 'Pocket Living' model in London, another overseas model that is being presented as 'innovative', applies a floor area of 38m² for its 1-bedroom dwellings¹⁴, which is actually larger than the minimum area for a studio under SEPP65.

We do *not* think that there is a regulatory need to allow more compact dwellings smaller than the floor sizes currently allowed by SEPP65 and the Affordable Rental Housing SEPP.

It is relevant to note that pursuit of small dwellings for the less-well-off could well be a misreading of the diversity of needs of households in Sydney. Market forces might be leading to heavy investment in smaller units, but the broad demographics in Sydney suggest a need for *larger* dwellings sizes (and bedroom numbers) that suit families with children. This is a point strongly made by Birrell and McCloskey.¹⁵ Furthermore, dwellings with many bedrooms are important for multi-generational households.¹⁶ And for households from ethnically/culturally diverse backgrounds, as we have found in our own work with NGOs engaged with ethnically/culturally diverse communities.¹⁷

Compact dwellings might have some benefit for housing affordability in the short run (compared with larger dwellings sharing the same sub-market), but in high-demand locations it is unlikely they will avoid price inflation, and so this benefit will evaporate in the medium-term.¹⁸ Where these dwellings can trade off excess floor space without unacceptable loss of amenity, they provide another choice-option for some households. But they can only be a micro component of a housing-affordability strategy. Fundamentally, housing affordability can only be achieved in a housing market like New South Wales through provision of dwellings at affordable price points, with subsidy retention. Otherwise initial cost and price advantages will be dissipated.

Local governments already promoting dwelling diversity

We did a scan of 10 local environmental plans from greater Sydney for this submission (February 2017), to review the high-level objectives of those plans, to give an insight into the emphasis being given to 'housing diversity'.¹⁹ Of 10 LEPs, 9 did have an objective of promoting housing diversity.²⁰ Those were Bankstown LEP 2015 (a range of housing opportunities), Blacktown LEP 2015 (diversity of housing choice), Campbelltown LEP 2015 (diverse housing opportunities), Camden LEP 2010 (appropriate housing opportunities provided for all existing and future residents at all stages of their lives), The Hills LEP 2012 (a range of housing options), Lane Cove LEP 2009 (a housing mix), Penrith LEP 2010 (diversity of housing types), Pittwater LEP 2014 (a range of housing in appropriate locations), and Ryde LEP 2014 (a range of housing types). But only 1 of the 10 LEPs had an object explicitly referring to *affordable housing*. That was Lane Cove LEP (namely, to increase the number of affordable dwellings and to promote housing choice).

Many Sydney councils' development control plans specify ranges of bedroom sizes in multi-unit/residential flat dwellings, which give local variations and elaborations to the performance measure required by SEPP65.²¹ Councils' controls on minimum floor space for various types of dwelling differ, but these controls seem to be oriented to protect some degree of habitability according to current community norms.

Universal design and adaptable design

The drafts promote the idea of universal housing and nominate Livable Housing Australia's guidelines as the preferred means of implementing this. The 2014 *Plan for growing Sydney* indicates that the Government will require each council to prepare a local housing strategy which 'considers housing for people at different stages of their lives, for example, families and individuals', citing the Livable Housing Guidelines as providing them with direction on how lifecycle needs can be met (p.76). Since that Plan was released at the end of 2014, the Government has given *no* encouragement or resources to local councils to prepare the local housing strategies that would consider matters related to universal design.

Amendments to SEPP65 made in 2015 incorporated a number of 'design quality principles' which include relevant principles on amenity and housing diversity:²²

Principle 6 Amenity ... Good amenity combines appropriate room dimensions and shapes, access to sunlight, natural ventilation, outlook, visual and acoustic privacy, storage, indoor and outdoor space, efficient layouts and service areas and ease of access for all age groups and degrees of mobility.

Principle 8 Housing diversity and social interaction ... Good design achieves a mix of apartment sizes, providing housing choice for different demographics, living needs and household budgets.

The *Apartment Design Guide*, which must also be taken into account during development assessment, has provisions for *both* universal design and adaptable housing.²³ It suggests that new developments achieve a benchmark of 20 percent of the total apartments conforming to Livable Housing Australia's *Livable housing design guidelines* at silver level standard.²⁴ Secondly, it suggests that a variety of apartments with adaptable design be provided, in accord with council policy.

The key difference between what the draft district plans suggest and what is in many councils' DCPs is that many DCPs have specific provision for adaptability and accessibility, but less so for universal design.²⁵

Part of the reason for this might be timing. DCPs that were updated in the early twenty-tens were being finalized as SEPP65 was being updated. The other reason is that SEPP65 in effect reserves development standards on universal design to state government (the department of planning as author of the SEPP) while leaving standards on adaptable housing to local governments ('in accordance with the relevant council policy').

The Commission could consider whether current state government policy on universal design (as indicated by SEPP65) is adequate for greater Sydney, and whether a higher benchmark than 20 percent (of the total apartments conforming to the *Livable housing design guidelines* silver level) is desirable. We note that the draft *Medium density design guide* (October 2016), released by the Department of Planning and Environment for consultation, 'ups the ante' on what is in the *Apartment design guide*.

The draft *Medium density design guide* proposes, in relation to new, low-rise, medium-density residential development, a number of features for these developments:²⁶

- All such developments to meet the Livable Housing Australia silver level criteria; and
- Larger such developments to also include a proportion of dwellings meeting the Livable Housing Australia silver level criteria or comply with the Standards Australia adaptable housing standard.

The Commission could also encourage Sydney's councils to be more pro-active in their DCPs' provisions on adaptable housing. Some councils, for example, Campbelltown, require 10 percent of dwellings in new apartments to be adaptable.

We suggest that the Commission encourage the State government and councils to require compliance with the Livable Housing Australia standards at the degree of rigor suggested by the draft *Medium density design guide*.

Recommendation 1

That the Commission include bolder provisions in the district plans on universal housing and adaptable housing design, by:

- Supporting the draft *Medium density design guide* proposal for all medium-density development to meet the Livable Housing Australia silver level criteria
- Supporting an updating (amendment) of SEPP65 so that all dwellings in new apartment buildings meet the Livable Housing Australia silver level criteria
- Supporting an amendment of the 'General Housing Code' of the *SEPP (Exempt and Complying Codes) 2008* to establish a development standard for new single-storey and 2-storey dwelling houses to meet the Livable Housing Australia silver level criteria
- Encouraging councils to include in their DCPs a requirement that at least 10 percent of units in new apartment buildings comply with the Standards Australia adaptable housing standard

Deliver affordable rental housing

(Section 4.4.4 and Livability Priority 3)

The key features of the proposed 'affordable rental housing target' scheme is that it would apply to land where there are greenfield estates and urban renewal sites led by the state government; it would apply to both privately-owned and government-owned land affected by these changes; it would apply at the time there is an upzoning (involving either change of permitted uses of land or new planning controls); and it would seek 5 to 10 percent of the extra floor area permitted after the upzoning to be provided in the form of dwellings to be used for affordable-rental housing.

The actual proportion within that 5-10 percent would be determined on an area by-area basis for each new area where an upzoning is to take place. A key factor in setting any target would be the impact of a requirement to contribute affordable-housing dwellings on the economic feasibility of a new private-housing estate in the area, and specifically whether any target could make supply of market housing unviable.

The planning authority could require those dwellings only if the development is in a local government area identified as having a need for affordable housing, and only if it does not adversely affect the feasibility of development in the precinct where the development is proposed to take place. It also would not be required if it hindered delivery of a critical or major component of 'city-making infrastructure'.

The developer contribution would be in the form of dwellings, which would be managed by a community housing provider. The provider could allocate the tenancies only to households on very-low and low-incomes.

The proposed scheme presents a possibility of an extension of the notion of inclusionary zoning beyond the schemes of this nature in place now. And that is *positive*. But it proposes a different approach and model to what is in place now with such schemes, which complicates the planning system. And it is not as good as it could be: there are a number of limitations of the Commission's proposed new scheme as put forward in the draft plans.

The 1st is that it is misnamed. There is nothing in the scheme outline that requires the dwellings to be leased out at affordable rents, that is, at rents that do not place the tenants in housing stress (such as capping rents to 30 percent of household income). If rents are not charged affordably, the housing should not be called 'affordable rental housing'.²⁷ And neither should the proposed scheme.

The 2nd limitation is that, while it is based on the idea of sharing the increased value of the land to a landowner or property developer after an upzoning, the sharing is only on the incremental increase not on the value of the land in total. This is a break from the existing inclusionary zoning schemes in Sydney.

The 3rd is that the proportion of dwellings is far lower, at 5 to 10 percent, than the 15 to 30 percent advocated by organizations including Shelter NSW for redevelopment in the relevant circumstances — particularly given that this scheme will apply to land where the state government is driving and setting the planning controls and given that it will apply to government-owned land (including mega-sites such as The Bays precinct in inner Sydney).

In surveys and modelling for an inclusionary-housing scheme undertaken for the Inner West Council, Judith Stubbs & Associates found that, in redevelopment in older industrial areas and areas of low-quality commercial development, a levy of 15 percent on gross floor area would be economically sustainable for developments of 6 storeys and above; and that in areas where there is separate housing, a 15 percent levy would be sustainable for apartment developments of 8–14 storeys.²⁸

Randwick Council, in its planning for the Kensington and Kingsford town centers, with proposed modest increases in density over the existing controls, found that an inclusionary-housing levy of up to 5 percent (on total floor area) would be viable.²⁹ The Council commented: ‘The financial feasibility modelling took into account current market values, land costs, the economic uplift derived from the proposed change in built form controls, development margin and viability. The results demonstrated that for the majority of the selected sites in the modelling, the application of the contribution schemes proposed including affordable housing can be afforded on-site while also providing for a reasonable development margin.’³⁰

In both the Inner West and Randwick cases, the studies assumed (and accepted) that higher densities would be necessary to encourage redevelopment, with the planning gain being a key factor in the commercial viability of new housing development even with the affordable-housing levy.³¹ In the case of the precincts where the Greater Sydney Commission’s proposed levy scheme would apply — and where the planning controls encouraging densification are likely (on past form by state government entities) to be much more generous to developers than most local councils would consider — it is quite possible that the Commission’s proposed target is an under-ask. As part of the scheme development, the Commission could consider having its modelling peer-reviewed by an independent, not-private-sector, body with the review auspiced by the Audit Office of NSW.

The 4th limitation is that the range of household incomes for tenant eligibility for the housing is different from other NSW schemes branded as ‘affordable housing’, under the *Environmental Planning and Assessment Act*. Those allow allocations to moderate-income households (defined as 80 to 120 percent of median income) *as well as* to very-low and low-income households. Apart from the confusion that will happen from the Commission’s scheme, there are benefits in allowing a greater mix of household incomes to be allocated in ‘affordable’ rental housing, in particular benefits related to social mix and benefits from a more mixed rent-revenue stream for nonprofit housing providers. We do, however, suspect that in the major development precincts where the Commission’s proposed target would apply, the great majority of the rest of the dwellings developed in those renewal areas is unlikely to be targeted, by their private-sector developers, to very-low and low-income households. If there is to be social mix in these precincts, a targeting of what little affordable rental housing would be generated by the Commission’s proposed scheme to very-low and low-income households will be a welcome counter-balance to those market dynamics.

We suggest the proposed target scheme be amended, in the ways and for the reasons indicated above.

Recommendation 2

That the Commission amend its 'Affordable rental housing target' scheme by:

- Applying the target to the total floor area of the development after upzoning
- Increasing the target to 15 percent of the total floor area, in the case of privately-owned land
- Increasing the target to 30 percent of the total floor area, in the case of government-owned land
- Extending eligibility for housing provided under the scheme to moderate-income households
- Requiring rents to tenants to be charged below a rate above which their household would be in housing stress

Support councils to achieve additional affordable housing

(Section 4.4.4 and Action L6)

The Commission's proposed 'affordable rental target' scheme is to apply in state- government-led urban renewal initiatives. It is important to get that scheme right, there. But processes of intensification of land use and densification of the built form are happening right across the city, with private development industry and local governments as key players in them. The concept of 'inclusionary housing' or 'inclusionary zoning' is also relevant for land that does *not* fall within in the ambit of the Commission's scheme for mega-sites.

The Commission does indicate that its proposed scheme would *not* impede the operation of other existing planning controls that address affordable housing. It mentions, in this context, schemes under *State Environmental Planning Policy 70 — Affordable Housing (Revised Schemes)* and the *State Environmental Planning Policy (Affordable Rental Housing)*, and directly-negotiated agreements with developers, 'in other locations where this target is not applicable'. But its only support for those schemes is to indicate that it will support councils, 'in relevant areas', to ask for amendments of *State Environmental Planning Policy 70*. We assume this is a reference to the planning Act's requirement (at section 94F) that a local government area must be identified in a SEPP as having a need for affordable housing before a council can implement its own inclusionary housing schemes – and the relevant SEPP is SEPP70 at the moment. Councils need the planning minister to agree to its amendment.

This support for Section 94F-based schemes could be turbo-charged. There are only 3 local government areas identified as having a need for affordable housing by that SEPP, at this time.³² State governments have discouraged and obstructed councils from preparing inclusionary housing schemes of their own, for the last 15 years. There is a real danger that the Section 94F approach to inclusionary housing, based on local government action, will be left as a residual or legacy approach in a handful of local government areas.

The existing mechanism through Section 94F has some similarities to the Commission's proposed 'affordable rental housing target' scheme, but also some advantages over it. These include its

application to development that does not fall within *state government* densification processes. It is consultative — in that a strategy for affordable housing is developed by a local government council using an open decisionmaking process including consultation on draft strategy documents and other community engagement; and it is responsive to change — it can be amended by a local government council, through amendment of an LEP and amendment of a scheme document. It is locally-based — it gives a primary role for designing a scheme to the local government councils who will be managing it; and it is flexible — it allows for local variations in program implementation (e.g. level of developer contributions, allocations policies to the affordable housing). And it can apply across a whole local government area. The council schemes tend to have a threshold for a development's size below which contributions are not required, and so end up applying to larger developments involving densification.

The schemes established under Section 94F to date have linked eligibility for the dwellings to the income ranges envisaged by the *Environmental Planning and Assessment Act* (i.e. very, low, and moderate-income households), and cap rents at proportions of household income so as not to cause housing stress.³³

In its planning strategy for the Kensington and Kingsford town centers, where it is suggesting liberalized development controls, Randwick Council has indicated it wants to establish an inclusionary-housing scheme based on recouping some of the planning gain. The proposed new planning controls are modest compared with those in a number of one-off planning proposals from private developers in recent years. The Council's modelling concludes that its changes to current planning controls could allow viable, denser redevelopment that also included mandatory developer contributions for affordable housing. The levy rate it suggests, at 5 percent of total residential floor area (after development) is modest, commensurate with the modest adjustment to planning controls.³⁴ The strategy proposes a staged approach, with an equivalent proportion of 3 percent increasing to 5 percent of the total residential floor area be dedicated as affordable housing in all new developments.³⁵

The Inner West Council is also proposing to establish an inclusionary-housing scheme. The mandatory contributions for affordable housing would apply to new dwellings having a minimum gross floor area of 1700 square meters, and would be levied at a rate of 15 percent of gross floor area.³⁶ As indicated above (page 8), their modelling for indicated that, in redevelopment in older industrial areas and areas of low-quality commercial development, a levy of 15 percent would be economically sustainable for developments of 6 storeys and above, and in areas where there is separate housing, a 15 percent levy would be sustainable for apartment developments of 8–14 storeys.

We do not see anything unacceptable in principle or in practice between two different levy rates being proposed, and hopefully applied, in these two different local government areas. As already indicated, responsiveness to local housing-market conditions, and a less gung-ho approach to maxing out planning controls, will deliver different parameters and potentials for inclusionary-housing schemes across Sydney (and the rest of the state). They would also be established in different economic and political scenarios to that within which the Commission's proposed scheme would be established, in as much as they will not be linked to state-government 'renewal' areas with

state-government determination of new planning controls (through ‘state significant precincts’ and the like).

The State government will ensure that its scheme dominates and crowds out local-government-driven planning controls in urban transformation projects and state significant precincts. The Commission has conceded that there could be merit in councils developing their own schemes in areas not covered by its own scheme. That support needs to be strengthened, so that the number of councils amending their LEPs to establish inclusionary-housing schemes is much much greater than 2 or 4.

Recommendation 3

That the Commission give stronger backing to local government inclusionary housing schemes, giving as much prominence to them as to the Commission’s proposed new scheme for state government-led area development areas, by supporting:

- The naming of all local government areas in Greater Sydney as having a need for affordable housing in SEPP70 (an amendment which is a decision for the Minister for Planning)
- Encouraging all local councils in Greater Sydney to prepare local inclusionary-housing schemes and to amend their local environmental plans to operationalize such schemes (consistent with section 94F of the *Environmental Planning and Assessment Act*)

Support social housing

(Section 4.4.5 and Livability Priority 4)

The drafts propose a policy position of supporting social housing in each of the districts. They express this under a section numbered 4.4.5, *Support social housing in the X district*, and a ‘Livability priority’, *Increase social housing provision*.³⁷ The text in the section is substantially the same for each district, apart from local data and case studies. The showpiece program of the state government for increasing the supply of social housing is the Land and Housing Corporation’s Communities Plus program, described as a self-funded, accelerated, program to create integrated communities. This program is integrally linked with the land-use planning system, because ‘self-funded’ refers to the lack of State government Budgetary support for the program and the consequent need for the Corporation to finance new and replacement social housing through demolition of public housing and use of its sites for mixed-tenure developments at higher densities.

The Livability priority, *Increase social housing provision*, suggests that planning authorities should ‘translate optimal outcomes for social housing into land use controls’. That is, change planning controls to maximum the development yield for this particular landowner. There is a qualification to implementation of this, namely that changes should be subject to ‘appropriate consultation, feasibility considerations and environmental assessment’.

The way that the Commission suggests the ‘Livability priority’, *Increase social housing provision*, be implemented has implications for the public reputation of the Communities Plus program. The Land and Housing Corporation has benefited from state-government initiated changes to planning

controls in precincts encompassing some of its landholding, such as at Macquarie Park. There, the Corporation, after displacement of all the residents of a public-housing estate (in progress), is proposing a redevelopment of the site on a mixed-tenure basis with an increase in the number of social-housing dwellings — though these will comprise only some 20 percent of the total dwellings on the site.³⁸ The land-use planning process at Macquarie Park basically was led by the Department of Planning through its priority precincts (former ‘urban activation precincts’) redevelopment program, which involved amendment of the Ryde council’s Ryde LEP by a SEPP. The overall purpose was to max out development controls to encourage greater density in the precinct. The residents of the Ivanhoe public-housing estate lost out because the estate was within the precinct, and because the Corporation decided to redevelop them out. No surprises that the Corporation would seek to capitalize on the changes to the planning controls, especially as it is committed to developing 6,000 extra units of social housing through the Communities Plus program.

What the Commission is suggesting for other Corporation-owned sites in Sydney is not quite as it happened (or seemed to happen, from the perspective of a public eye) at Macquarie Park. It is suggesting that the planning controls for certain plots of land be reviewed for how they might be changed for the benefit of the landowner. This is a variant of the gamekeeper/poacher syndrome: the government is both the custodian of the land and determiner of the planning controls for it, and at the same time this owner of the land with an interest in particular planning outcomes. The Commission has recognized the public-interest risks in this situation, by referring to ‘appropriate consultation’ (presumably with stakeholders such as onsite residents and neighboring residents) and ‘environmental assessment’ (hopefully to include social-impact assessment).

So let’s look at some of the risks involved by identifying some of the aspects of the Communities Plus redevelopment of the Waterloo public-housing estate, mentioned on page 104 of the draft district plan for Central district. The bare facts such as we know them are that a housing estate on a 19-hectare site with some 2,000 public-housing dwellings is to be demolished and replaced with a mixed-tenure estate of some 7,000 dwellings of which some 2,100 will be community-housing dwellings.³⁹ The planning controls will be changed to allow for this greater density of dwellings and residents. This density is greater than any other urban-regeneration project that Sydney has seen to date.⁴⁰ The current planning authority for the site (the local council) has criticized the idea as an overdevelopment, having potential negative consequences for urban amenity, open space, overshadowing, infrastructure provision and transport planning.⁴¹ We might reasonably speculate (without any paranoia at all) that the council will not remain the planning authority: that site will be declared a ‘state significant precinct (so that the planning controls are set by the state government not the council).⁴² And also, that the council will not remain the consent authority: major developments on the site will be declared ‘state significant developments’ (so that the minister for planning is the consent authority), as *is* the case at Ivanhoe.⁴³ We also know that the governance for the redevelopment is to be led by the landowner (Land and Housing Corporation), with the masterplanning to be undertaken by UrbanGrowth NSW.⁴⁴ Rather than by the local council, which wanted that role.⁴⁵ The numbers of community-housing dwellings that will follow from the redevelopment (perhaps around 2,100) will substantially be the same as there are on the public-housing estate there, currently (i.e. some 2,000). so it is not at all clear that the redevelopment will contribute to the Communities Plus program’s aim of increasing the number of social-housing dwellings by 6,000 (statewide) or to the draft district plans’ ‘Livability priority’ to *Increase social housing provision*, in Sydney.

Clearly there is a risk in having the planning controls for LAHC sites being driven by the LAHC itself. The risk is in ending up with planning controls that encourage or allow overdevelopment. That risk could be greater where various state government bodies (the minister, the Department, UrbanGrowth NSW, and LAHC itself) have all the levers of decisionmaking, and local councils are residents are reduced to being naysayers ('Nimbies .. eek!').

In a situation where state governments are reluctant to provide Budget-sector funding to the Corporation to grow the stock of dwellings it owns for use as social housing, the Corporation is using the 'self-funded' option open to it. We understand its predicament. But therein is the dilemma for good urban planning. In 2014, Shelter NSW commissioned Sphere Company to model financial options to allow for an increase in numbers of affordable-rental dwellings (including social housing) in New South Wales.⁴⁶ The modelling showed that, with certain assumptions, including policy choices, it would be possible to aim for, and achieve, between 10,000 and 100,000 dwellings over a decade.

The critical factor relevant to land-use planning was that some of the scenarios modelled assumed demolition of all existing public housing and redevelopment of the sites on the basis of a greater yield; the idea was that this aspect of development would avoid the need for the cost of land (purchase of new sites) to be factored into the cost of developing new dwellings. In fact, four of the scenarios were modelled on this basis, two with a 4:1 yield (i.e. for every dwelling demolished on the site, 4 new dwellings would be built (a net gain of 3)) and two with a 2:1 yield (i.e. for every dwelling demolished on the site, 2 new dwelling would be built (a net gain of 1)). The modelling concluded that a government subsidy for a capital-growth program would be needed for each of the five scenarios, but the relevant point for land-use planning is that that necessary subsidy would be *less* where there was redevelopment at *higher* densities.

The connection between this modelling and the direction being taken by the LAHC through its Communities Plus program, is clear. Redevelopment of currently-owned land at higher densities is a critical factor in seeking to grow the amount of LAHC-owned dwellings. We understand that all of the new LAHC dwellings being developed with proceeds from the Millers Point sales program could be being done on existing LAHC-owned sites. And that is certainly the case with the Communities Plus program.

However, the Communities Plus model might not 'work' as well as it could in Macquarie Park, in other parts of the Sydney where the land and property markets are not so favorable to overdevelopment. Or, for that matter, in regions outside Sydney.

And it would surely be a public-policy misery if the main, acceptable path to increased supply of social housing was one that saw more of the destruction of public-housing communities such as that that was Ivanhoe, or the social cleansing that is Millers Point.

We note that residents of public-housing estates where the dwellings have not been properly maintained, can benefit from estate renewal — such as has happened in the Riverwood North/Washington Park area.

The suggestion for the Livability priority, *Increase social housing provision*, that planning authorities should 'translate optimal outcomes for social housing into land use controls' has the two matters wrong-way-about. Planning controls for all districts, local government areas, and precincts in the region should be established on some level-playing basis according to clear criteria, such as the 7

principles for urban design suggested in the Government Architect's *Better placed*, cross-referred to in the draft district plans. Densification might, but also might not, be appropriate in any one precinct. The growth of social-housing dwellings is something that our organization strongly supports. But there is unlikely to be a broad coalition of support for it if it associated with special favors such as planning controls that would not be acceptable for private developments. We suggest a better way for the land-use planning system to promote social housing would be to encourage 'better density' rather than density for its own sake.

Recommendation 4

That the Commission encourage increased social housing provision, by:

- Working with the Land and Housing Corporation and community-housing providers to develop social-housing dwellings (particularly apartment buildings) that exhibit and showcase design excellence within available planning controls

Notes

¹ While our organization's remit is about housing wellbeing, we *are* aware that Sydneysiders need to eat (UTS Institute for Sustainable Futures, 'Sydney's food futures', www.sydneyfoodfutures.net; D Cordell, B Jacobs, and L Wynne, 'Urban sprawl is threatening Sydney's food bowl', *The Conversation*, 25 February 2016, theconversation.com/urban-sprawl-is-threatening-sydneys-foodbowl-55156).

² The public-policy case against privileging the supply argument has been put forward in research and policy circles most eloquently by Sydney University academics Gurran and Phibbs, most recently P Phibbs and N Gurran, 'Why housing supply shouldn't be the only policy tool politicians cling to', *The Conversation*, 14 February 2017, theconversation.com/why-housing-supply-shouldnt-be-the-only-policy-tool-politicians-cling-to-72586.

³ J Duke, J, 'How studio apartments became the new one-bedder', *Domain*, 27 October 2015, www.domain.com.au/news/how-studio-apartments-became-the-new-onebedder-20151105-gkit4c/.

⁴ E Sorensen, 'Living small: micro homes on the rise', *realestate.com.au*, 11 November 2013,

www.realestate.com.au/news/living-small-micro-homes-on-the-rise/; A Barnes, 'Tiny house movement sparks interest in Australia', *Domain*, 16 December 2014, www.domain.com.au/news/tiny-house-movement-sparks-interest-in-australia-20141216-1280zv/; C Leong, 'The allure of the tiny house to bypass the mortgage burden', *Money, Sydney Morning Herald*, 27 April 2016, www.smh.com.au/money/the-allure-of-the-tiny-house-20160421-gobjoz.html.

⁵ E Clarke, 'Clever ways to transform a small space into a stylish and liveable area', *Domain*, 16 February 2015, www.domain.com.au/advice/clever-ways-to-transform-a-small-space-into-a-stylish-and-liveable-area-20160215-gmua6k/; T Croaker, 'Clever 27 square metre unit named 'Best Apartment' in Australia', *Domain*, 1 August 2015,

www.domain.com.au/news/clever-27-square-metre-unit-named-best-apartment-in-australia-20150731-gio44t/; Duke, 'How studio apartments became the new one-bedder'.

⁶ J Douglas, 'Population trends and housing needs', presentation to Department of Planning and Environment stakeholder briefing, Sydney, 16 August 2016; data from 2013-14 and 2014-15: 64 percent of new apartments were 2-bedroom and 19 percent were 1-bedroom or studio.

⁷ For us, housing choice has 4 key components: locational suitability (access to mass transit, distance to activity centers, distance to employment sites), diversity in built form (dwelling types, bedroom numbers, universal design), diversity in price points (including affordable to households with lower incomes), and diversity in tenure (homeownership, for-private rental, nonprofit rental, shared homeownership).

⁸ The exception is in the case of a dwelling having 3 or more bedrooms, where the Affordable Rental Housing SEPP sets a larger minimum than SEPP65.

⁹ See, for example, J McKee, 'At around 12 sqm is this apartment Sydney's smallest?', *Inner West Courier*, 1 November 2016, www.dailytelegraph.com.au/newslocal/inner-west/at-around-12sqm-is-this-apartment-sydneys-smallest/news-story/25c499dbcc38423d9d71faf285ed9091; Su-Lin Tan, 'New player in Sydney student market', *Australian Financial Review*, 4 May 2016, p.34.

¹⁰ See www.commonspace.io/.

¹¹ 'Australia's first tiny home project approved for NSW homeless', 2 August 2016,

www.tinyhomesfoundation.org.au/australia-s-first-tiny-home-project-approved-for-nsw-homeless.

¹² J Metcalfe, 'To house the homeless, Berkeley considers stackable "microunits"', *CityLab*, 17 February 2017, www.citylab.com/housing/2017/02/berkeley-to-consider-tiny-houses-for-the-homeless/517089/.

¹³ Croaker, 'Clever 27 square metre unit named 'Best Apartment' in Australia'.

¹⁴ See www.pocketliving.com/homes/our-homes. Pocket Living does not present its product as 'micro' apartments: "We hate the word micro, so we don't use it," says co-founder Marc Vlessing. "When I think micro, it's 15-25 square metres and that's what they do in Tokyo. I don't like micro because that is really asking people to compromise too much." (quoted in I Fraser, 'Deceptively big ideas for small spaces', *The Telegraph* (London), 26 March 2016, www.telegraph.co.uk/business/2016/03/27/deceptively-big-ideas-for-small-spaces/). Pocket Living apartments are built for owner-occupation and are linked to planning agreements for affordable housing with local government councils.

¹⁵ B Birrell and D McCloskey, *The housing affordability crisis in Sydney and Melbourne — report one: the demographic foundations*, Monash University, 2015, online at

theaustralianpopulationresearchinstitute.files.wordpress.com/2014/12/housing-affordability-crisis-in-sydney-and-melbourne-part-1.pdf;

B Birrell and D McCloskey, *Sydney and Melbourne's housing affordability crisis — report two: no end in sight*, Monash University, 2016, online at tapri.org.au/wp-content/uploads/2016/02/Sydney-Melbourne-Housing-Report-No-2-No-End-in-Sight-6-Mar-2016-std.pdf.

¹⁶ E Liu and H Easthope, *Multi-generation households in Australian cities*, AHURI, 2012.

¹⁷ "'Large families and rental housing' roundtable', Shelter NSW report, July 2012.

¹⁸ It was noted in debates in Canada over the 'Ecodensity' policy promoted by and adopted by that city's council, that increased density leads to higher land values and displacement of lower-income residents (M Lee & others, 'Affordable EcoDensity: making affordable housing a core principle of Vancouver's EcoDensity Charter', Canadian Center for Policy Alternatives – BC office, Vancouver, 2008, p.10). The same association exists in Sydney. Higher density suburbs in Sydney are more expensive than lower density ones (Committee for Sydney, *Making great places: density done well*, Sydney, 2016, p.6).

¹⁹ The 10 local environmental plans were chosen on no particular basis, except that none was for an inner-ring local government area. (See note 21.)

²⁰ The one that did not was Auburn LEP 2010.

²¹ Of DCPs established by 10 Sydney councils, reviewed on random basis in February 2017 (see note 19), 6 had provisions for a mix of bedroom numbers in apartments for new residential-flat buildings. The provisions ranged in prescriptiveness, from a high-level outcome wish akin to what is in SEPP65, to designation of proportions of differently bedroomed units across the development. The DCPs viewed were Auburn, Blacktown, Campbelltown (Sustainable City DCP), Camden, Canterbury, The Hills, Lane Cove, Penrith, Pittwater, and Ryde.

²² The 9 design principles in the amended SEPP replaced 10 in the previous version of the SEPP. In the 10 principle version, 'amenity' was principle 7 and 'social dimensions and housing affordability' was principle 9.

²³ The *Guide* explains that universal design is about designing and building dwellings so that they are more easily used by their residents as residents' needs change, whereas adaptable housing allows for the future adaptation of a dwelling to accommodate the resident's needs (p.116).

²⁴ The 'silver' level has 8 core, performance-based, elements that focus on 'the key structural and spatial elements that are critical to ensure future flexibility and adaptability of the home'.

²⁵ Of 10 DCPs reviewed in February 2017 (see note 21), 9 had provisions on adaptability of or accessibility to and within new apartment buildings: 4 had provisions on adaptability, 2 on accessibility, and 3 on both adaptability and accessibility.

The DCPs cross-referred to standards established by Standards Australia, AS4299-1995 (*Adaptable housing*) and AS1428-2-2 (*Design for access and mobility*).

²⁶ The proposed guidelines would apply to new medium-density developments of more than 1 dwelling and having a height less than 10 meters.

²⁷ In our submission to the Department of Planning and Environment (1 February 2017) on proposed changes to planning legislation (online at shelternsw.org.au/publications/urban-policy-%26-planning/updates-planning-legislation-%E2%80%94-submission-department-planning), we recommended that the definition of 'affordable housing' in section 4 of the *Environmental Planning and Assessment Act* be amended to indicate that the housing is provided on the basis that the household's housing costs are low enough such that the household is not in housing stress.

²⁸ Judith Stubbs & Associates, *Affordable housing policy background paper*, report for Inner West Council, November 2016, p.44. In modelling commercial viability and impact of a levy, they assume a 'normal' profit percentage of 10 percent of the combined cost of land purchase and construction (p.32).

²⁹ Randwick City Council, *Draft planning strategy Kensington and Kingsford town centres*, December 2016, p.41.

³⁰ Randwick City Council, p.219. The Randwick modelling assumed a profit margin of 18 percent, compared with the 10 percent margin assumed in the Inner West modelling. (See note 28.)

³¹ Stubbs, p.44; Randwick City Council, p.219.

³² One of those 3 is Leichhardt, which is no longer a separate local government area. At the time of preparing this submission, Randwick Council had been advised by the former minister for planning that Randwick would be identified as an area with a need for affordable housing in SEPP70, and Inner West Council had resolved to seek to be identified in SEPP70.

³³ The only guideline provided by SEPP70 is that rents to be charged 'at an appropriate rate of gross household income' (Schedule 2).

³⁴ Randwick Council's modelling also assumed a developer profit margin of 18 percent, which was different from the margin used in the modelling for the mooted Inner West Council scheme. (See note 28.)

³⁵ Randwick City Council, p.41.

³⁶ Inner West Council resolution, item C1216 item7, 6 December 2016.

³⁷ This Livability priority is numbered '4' in 5 drafts, but '3' in the draft for the South district as a result of a misnumbering in this draft.

³⁸ The fate of this estate is featured in the *Draft North district plan* (p.102). For comments on the Communities Plus model of redevelopment from outside of government, see 'The "Communities Plus" approach to increasing social housing', *Around the House*, December 2015; 'Communities Plus: something old, something new', *Inner Sydney Voice*, winter 2016.

³⁹ Brad Hazzard (Minister for Family and Community Services, Minister for Social Housing), 'Exciting era for Waterloo social housing', media release, 15 December 2015; UrbanGrowth NSW, 'Waterloo', www.centraltoeveleigh.com.au/area/waterloo-estate/, viewed 15 February 2017; G Jahn, 'Central to Eveleigh update', paper presented to 'Packed in: bad planning versus smart growth — the future of the Central to Eveleigh precinct' public meeting, 15 June 2016, sydneyyoursay.com.au/central-to-eveleigh/documents/38770/download, viewed 15 February 2017.

⁴⁰ Jahn, p.18, 20.

⁴¹ Monica Barrone, 'Memorandum by the Chief Executive Officer: item 4.3 Central to Eveleigh update — UrbanGrowth NSW', Sydney City Council, 16 May 2016; C Jewell, 'Battle of Waterloo as UrbanGrowth and City of Sydney trade blows on density', *The Fifth Estate*, 20 May 2016, www.thefifthestate.com.au/business/government/battle-of-waterloo-as-urbangrowth-and-city-of-sydney-trade-blows-on-density/82365, viewed 15 February 2017.

⁴² There is a significant amount of land in the Central to Eveleigh corridor, including at Redfern, that is currently a state significant precinct; we are not aware (at time of researching this submission) if the boundaries of this Precinct have been extended to the land relevant to the Waterloo public-housing estate.

⁴³ The precedent for this is the Ivanhoe estate site at Macquarie Park. In December 2016 the Department of Planning and Environment floated a proposal to amend clause 10 of Schedule 2 of *State Environmental Planning Policy (State and Regional Development) 2011* to provide that development on land identified as a LAHC site on the State Significant Development Sites Map (of that SEPP) is 'state significant development' if the development (a) is carried out by or on behalf of the NSW Land and Housing Corporation, and (b) has a capital investment value of more than \$20 million. The amendment included an identification of the Ivanhoe estate as applicable land. The effect of this proposed amendment of the SEPP will be that the minister for planning will be the consent authority (not Ryde Council) for the developments applications on the site where the proposed development is worth more than \$20 million. The amendment to the SEPP had not been made at the time of researching for this submission (mid February 2017).

⁴⁴ UrbanGrowth NSW, *Central to Eveleigh urban transformation strategy*, Sydney, November 2016, p.60.

⁴⁵ Monica Barrone, 'Memorandum by the Chief Executive Officer: item 4.3 Central to Eveleigh update — UrbanGrowth NSW', Sydney City Council, 16 May 2016.

⁴⁶ E Ferrer, *The cost of increasing social and affordable housing supply in New South Wales*, Sphere Company, 2014.