



## Response to the *Hornsby Shire Council Affordable Housing Discussion Paper*

Shelter NSW submission  
March 2019

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### **Introduction**

Shelter NSW has been operating since 1975 as the state's peak housing policy and advocacy body. Our vision is a secure home for all, which we pursue through critical engagement with policy and practice, and thought leadership. We provide systemic advocacy and advice on housing policy and legislation in New South Wales to resolve housing inequality.

Our approach includes engaging, collaborating and connecting with people and organisations across the housing system. This includes government, the private and not-for-profit sectors, and consumers. We are a partner in the Good Growth Alliance, along with the Property Council of Australia, Committee for Sydney, Sydney Business Chamber, Community Housing Industry Association of NSW and Homelessness NSW; and we have been working with the Sydney Alliance and Vinnies NSW who have, in recent times, been strong advocates for broader housing affordability discussions within a number of Sydney localities including the Hornsby Shire.

We are pleased to comment on Hornsby Shire Council's Affordable Housing Discussion Paper.

### **The need for an Affordable Housing Strategy**

Shelter NSW congratulates Hornsby Shire Council on the preparation of an Affordable Housing Discussion Paper. As an outer-ring suburban area within Sydney's Greater Metropolitan Region – a metropolis well known for its housing affordability woes – housing is generally cheaper in parts of the Hornsby Shire than it is closer to Sydney's central business district and other employment hubs. However, the Discussion Paper highlights a high need for affordable housing

for very-low, low and moderate income households in the Hornsby Shire. It shows that, generally speaking, the Shire is experiencing a deterioration of affordability for such households across the housing stock that already exists within the area.

Shelter NSW expects that housing affordability will continue to decline in the area – as it will in all areas that are reasonably accessible to employment and services throughout the Sydney basin – as long as metropolitan and statewide affordable housing strategies are not developed and adopted. The same is likely to be true of other urban centres in the outer ring and on the outskirts of Sydney’s greater metropolitan region, where households might tend to look for more affordable housing. Hornsby Shire Council’s Affordable Housing Discussion Paper assumes a high level of importance because such regional strategies are not currently under consideration across all Local Government Areas. Hornsby Shire Council would demonstrate great leadership amongst its neighbours and peers by developing an Affordable Housing Strategy for consideration and adoption at the local level.

### **The broader context**

It is important to consider the issue of housing affordability in the context of the Greater Metropolitan Region, and the urban planning system that operates across New South Wales. The discussion paper has been prepared and exhibited at a time when there is considerable public interest in the policies and instruments that can be used to generate more affordable housing through the planning system, which is pertinent to the work of councils as local planning authorities. This has been captured in the Greater Sydney Commission’s (GSC) Region and District Plans, which have recommended the introduction of Affordable Rental Housing Targets in areas to be defined by councils and in planned precincts. The Department of Planning and Environment (DPE) has noted housing affordability as a key principle for consideration in the development of councils’ local housing strategies. DPE has also recently amended *State Environmental Planning Policy No 70 – Affordable Housing (Revised Schemes)* to make all councils in New South Wales eligible to consider using the inclusionary zoning provisions available in the *Environmental Planning and Assessment Act 1979*, and published a Guideline for Developing an Affordable Housing Contribution Scheme.<sup>1</sup>

This is all occurring amidst a growing and changing population dynamic that is applying new pressures to our existing urban communities. Sydney is no longer just growing outwards, pushing its rural/urban fringe further from the city’s main centres. It is consolidating and developing new urban centres closer to the fringe, and large tracts of already developed land that are well within the city’s inner and middle suburban rings are earmarked for or undergoing

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<sup>1</sup> See <https://www.planning.nsw.gov.au/-/media/Files/DPE/Guidelines/guideline-sepp70-developing-affordable-housing-contribution-scheme-2019-02-28.pdf>

renewal at increasing levels of density. As communities and neighbourhoods are reformed at higher densities by market driven developers, the likelihood of low-cost housing in the private rental market being displaced is increased, resulting in more lower income households looking for affordable housing in outer-suburban areas such as parts of the Hornsby Shire.

Locally prepared and implemented Affordable Housing Strategies will help mitigate some of these negative impacts during periods of urban renewal, provided they are sufficiently ambitious and properly resourced. But the context in which urban change is currently occurring means concentrating on local strategies is only one part of managing a response. Advocating the need for affordable housing strategies to neighbouring and nearby councils, especially those where major urban redevelopment is set to occur, will also be necessary. In the absence of citywide or statewide strategies, more councils implementing local affordable housing strategies will make it easier for councils in the outer suburbs and on the outskirts of Sydney's metropolitan region to manage the impacts of urban renewal on their own communities, even while that renewal may be happening elsewhere.

### **Hornsby Shire Council's approach to improved housing affordability**

The Discussion Paper captures Hornsby Shire Council's current approach to housing policy in the following terms:

*Council is proactive in preparing housing strategies and policies that encourage new dwellings to help address population growth and plan for our Shire's future. Council has a proven track record of responding to State Government directives around long term housing provision and affordability.*

*The Shire's first comprehensive housing strategy in 1994 included a range of new housing initiatives to meet the State Government's urban consolidation requirements and local community expectations. Two precincts were rezoned for high density multi-unit housing adjacent to the Hornsby Town Centre. The subsequent 1998 Housing Strategy involved the rezoning of eight precincts from Berowra to Epping to allow medium and high-density multi-unit housing to further accommodate the Shire's growing population.*

*Council's most recent Housing Strategy (2011) rezoned additional precincts across the Shire for medium and high density housing, mainly in the form of 5 storey residential flat buildings. A review of development applications and take-up rates indicate that approximately 7,000 new multi unit dwellings will be constructed by 2024. However, this figure will decrease due to the*

*boundary adjustment which amalgamated the area south of the M2 freeway (Carlingford and Epping) into Parramatta Council area.*<sup>2</sup>

Shelter NSW would characterise this as a *housing diversity* approach, rather than a *housing affordability* approach, per se. We support the idea of housing diversity and accept the importance of a range of housing typologies being planned for and delivered across various localities, at increasing levels of density where appropriate; however it is not clear that such an approach alone delivers meaningful improvements to housing affordability when pursued within the constraints of current federal and state policy settings (as outlined in the Discussion Paper).<sup>3</sup> This can be inferred from the already noted deterioration in housing affordability across the Shire, but it is also reflected in recent academic research. For instance, a report from the Australian Housing and Urban Research Institute (AHURI) found that:

*Most of the growth in housing supply has been taking place in mid-to-high price segments, rather than low price segments. There seems to be structural impediments to the trickle-down of new housing supply. Targeted government intervention might be needed in order to ensure an adequate supply of affordable housing.*<sup>4</sup>

It is important, then, for Local Government authorities to consider the types of intervention that are available to them within the policy and funding frameworks set by federal and state governments. To this end, Shelter NSW strongly recommends the development and implementation of Affordable Housing Contribution Schemes across the Hornsby Shire Council's area.

### **Adding value to Hornsby Shire Council's approach**

Shelter NSW understands the *housing diversity* approach places a strong reliance on rezoning and up-zoning areas for higher density residential development, leading to significant uplift in land values in the areas identified for prospective development or redevelopment. This creates opportunities for communities to share in some of the increased value – it can be used to fund new infrastructure and community facilities, and this is facilitated by provisions in the *Environmental Planning and Assessments Act*. We note the growing recognition at the State Government level for this to include funding for new affordable housing, as is reflected in the recent extension of SEPP 70 to allow all councils across New South Wales to adopt Affordable Housing Contribution Schemes.

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<sup>2</sup> *Hornsby Shire Council's Affordable Housing Discussion Paper* (2018), p24

<sup>3</sup> *Ibid*, p19-22

<sup>4</sup> Ong, R., Dalton, T., Gurran, N., Phelps, C., Rowley, S. and Wood, G. (2017) *Housing supply responsiveness in Australia: distribution, drivers and institutional settings*, AHURI Final Report No. 281, Australian Housing and Urban Research Institute Limited, Melbourne, <http://www.ahuri.edu.au/research/final-reports/281>

Such schemes are already in operation in the City of Sydney local government area, as is noted in the Discussion Paper.<sup>5</sup> Similar schemes are also in development in the Cities of Willoughby and Randwick, as well as the Inner West Council. These schemes require developers who wish to operate within certain defined precincts, as approved and included in a revised Local Environmental Plan, to make a contribution to a Council's affordable housing program as a condition of development consent.

Importantly, where there is certainty around the requirement for developer contributions, the apparent extra costs to developers are capitalised into the price they pay for developable land. This means developers' viability considerations are not unduly impacted by the need to provide affordable housing contributions, allowing councils to fund and develop their own portfolios of targeted affordable housing through the uplift in value created by rezoning land for higher density use.

Finally, Shelter NSW draws Hornsby Shire Council's attention to the recently published report *Strengthening Economic Cases for Housing Policies*.<sup>6</sup> This research models the productivity gains that could be expected from a large scale program of Government investment in housing that is both well located and affordable, and finds that the results are significant. While it is not within the scope of a local government authority to develop a program on the scale that has been modelled, the results of this research should give local Councils and their Planners great confidence that Affordable Housing Contribution Schemes, designed to fund a local affordable housing program, will have discernibly positive economic impacts at the local level.

### Further discussion

Please do not hesitate to contact Shelter NSW's Senior Policy Officer, Ned Cutcher, on (02) 9267 5733 or [ned@shelternsw.org.au](mailto:ned@shelternsw.org.au) should you wish to discuss these comments in any detail.

Regards,



Karen Walsh  
Chief Executive Officer

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<sup>5</sup> *Hornsby Shire Council's Affordable Housing Discussion Paper* (2018), p25-26

<sup>6</sup> Maclennan, D., Randolph, B., Crommelin, L., Witte, E., Klestov, P., Scealy, B., Brown, S. (2019) *Strengthening Economic Cases for Housing Policies*, City Futures Research Centre UNSW Built Environment, Sydney, <https://cityfutures.be.unsw.edu.au/research/projects/strengthening-economic-cases-housing-productivity-gains-better-housing-outcomes/>