



Response to *Blue Mountains City Council*
Draft Local Strategic Planning Statement and Local Housing Strategy
Shelter NSW submission
November 2019

Introduction – and the context for Shelter NSW

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”. We pursue our vision through critical engagement with policy and practice and thought leadership. We provide systemic advocacy and advice on policy and legislation for the whole NSW housing system to resolve housing inequality and we seek to ensure that the voices of housing consumers are included in our policy responses and review.

Our approach involves engaging, collaborating and connecting with Government, the private and not for profit sectors, stakeholders and consumers. Our research centres on the causes of inequity and injustice in the housing system and we advocate solutions that aim to make the housing system work towards delivering a fairer housing system for all.

Shelter NSW is concerned about the housing crisis in NSW and the rising trends in homelessness, housing rental stress as well as the impacts of poor- quality housing, particularly on low income households¹. Over three quarters of lower income renters in NSW are paying unaffordable rents (92% of very low- income renters in Sydney). Lower cost properties are being steadily replaced with new ones at higher rents, and new concentrations of disadvantage have been created across our major cities as low income households are displaced. The NSW rental market is failing, forcing our most vulnerable citizens to go without essentials and are being excluded from jobs and opportunities.

Shelter NSW priorities are [centred on four core areas](#)², all of which are relevant to the Local Strategic Planning Statements and Local Housing Strategies:

- **Building enough low-cost rental housing to meet current and future need** – and recognition that social and affordable housing are critical social and economic infrastructure;
- **Making housing fair for all** – so that people with specific housing needs such as accessibility or adaptability needs have fair access to housing;

¹ See Shelter NSW 2019 Election Platform

<https://www.sheltersnsw.org.au/uploads/1/2/1/3/121320015/sheltersnsw-2019-election-platform.pdf>

- **Giving renters secure homes** - so that they have security of tenure and can put down their roots in a community without fear of unfair evictions; and
- **Making sure low-income households aren't excluded in the redevelopment of Sydney and regional centres.**

We are pleased to provide comment on Blue Mountains City Council's draft Local Strategic Planning Statement and Local Housing Strategy.

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. There is currently 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 NSW Department of Planning, Industry and Environment (DPIE) has noted housing affordability as a key principle for consideration in the development of councils' local housing strategies. DPIE has also recently amended State Environmental Planning Policy No 70 (SEPP70) – 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*.

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 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 semi-rural regional centres connected to the rest of the metropolitan area such as Blue Mountains Local Government Area (LGA).

Locally prepared and implemented planning strategies that aim to address housing affordability challenges will help mitigate some of these negative impacts, 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. In the absence of proper city-wide or state-wide strategies, more councils implementing local affordable housing strategies will make it easier for councils in Sydney metropolitan region to manage the impacts of population growth, development and urban renewal on their own communities, even while that renewal may be happening elsewhere.

Shelter NSW Principles for LSPS and LHS

Shelter NSW congratulates Blue Mountains City Council on the preparation of a comprehensive, evidence based draft LSPS and LHS. Shelter NSW's position is that a "one-size-fits-all" approach will be of little value when it comes to local councils' capacity to deliver (or facilitate the delivery of) new Affordable Housing across Sydney and New South Wales. We understand the need for variation across different areas to suit the broad range of local conditions. However, we have developed some [principles we would like to see applied](#) in all LSPSs³, and subsequently LHS.

Our comments and recommendations on the LSPS are underpinned by the following principles:

1. The LSPS recognises and quantifies local need for housing that is affordable to those on the lowest 40% of incomes

The LSPS should recognise that housing affordability is an issue within the area. It should include some high-level measures of this need such as the proportion of households in the area who are in housing stress, and/or the proportion of very low and low income households in the area. The LSPS should commit to further quantifying and measuring the need for affordable housing within the LGA as a component of an LHS.

2. The LSPS commits to developing a Local Housing Strategy

The LSPS should commit to developing a comprehensive LHS based on current housing growth, housing demand and growth trends. The LSPS should make clear that the LHS will identify and prioritise areas for growth. The LSPS should also state that the LHS will integrate principles related to affordable housing, including potentially a Local Affordable Housing Strategy and/or specific Affordable Housing programs.

3. The LSPS commits to addressing housing affordability, including through a local strategy and/or programs for growth in dwellings that are affordable to those on the lowest incomes, ideally through Affordable Housing products.

The LSPS should recognise that increasing the number of affordable dwellings in the area is a key component of liveability and a strategic priority in the context of the LSPS. The LSPS should commit to locally appropriate strategies for growing the number of dwellings that are affordable to people on very low to moderate incomes. This can include planning mechanisms that encourage housing diversity but shouldn't be limited to them as they are unlikely to address the affordable housing need without further targeted intervention (see principle #4).

Ideally these strategies should identify opportunities for delivery of affordable housing dwellings in the area, financed through planning mechanisms such as

SEPP 70/Affordable Housing Contribution Schemes

Voluntary Planning Agreements

³ See <https://www.shelternsw.org.au/blog/exhibition-of-draft-local-strategic-planning-statements>

Section 7.11 contributions

A commitment to seeking approval for SEPP 70 schemes is strongly desirable.

A commitment to other value capture mechanisms that allow for delivery of affordable housing through rezoning is also strongly desirable, however, might not be practical for all local government areas due to differences in rezoning potential.

4. The LSPS commits to housing diversity

The LSPS should commit to the promotion or facilitation of housing diversity through local planning controls and initiatives. This ensures housing supply is diverse and provides housing choice to diverse community members. This may have an effect on housing affordability, but shouldn't be the only strategy included in the LSPS to address housing affordability issues. Indeed, it is extremely difficult to assess whether promotion of housing diversity through local planning controls and initiatives will affect private market affordability. It is also extremely unlikely to improve housing affordability for very low and low income households.

The LSPS should also commit to new residential development that caters to households with specific accessibility and adaptability needs.

5. The LSPS commits to social diversity

The LSPS should recognise that culturally and socially diverse communities are inclusive, healthy and creative. This precludes any LSPS, and additional strategic planning identified for development in the LHS, from concentrating growth in affordable housing stock in specific parts or precincts within the LGA. Ideally this means a percentage of all new residential development should be dedicated to affordable housing, preferably delivered on site, to ensure social mix.

6. The LSPS recommends further advocacy from local government for social and affordable housing

The LSPS should recognise that housing affordability is a complex issue that needs to be tackled by all levels of government. The LSPS should recommend further advocacy by Council to the NSW and Australian Governments for more social and affordable housing to be developed in the local area, to be funded by mechanisms outside of the planning system such as state and federal budgets.

This might also include recommendations for Council to tackle housing affordability issues at the metropolitan and regional level, for example through collaboration with other LGAs, to advocate for development of a Regional Affordable Housing Strategy to operate across council borders.

General comments

Shelter NSW congratulates Blue Mountains City Council for its comprehensive and evidence-based draft LSPS. We commend its vision of achieving land use outcomes that are globally recognised as a creative model for sustainable living. We welcome that the LHS vision aspires to a range of environmentally responsive, affordable and well-designed housing options that meet diverse local needs.

Based on our principles, we provide comments on the following elements of the draft LSPS and LHS.

1. Recognition and quantification of local housing needs

Both documents recognise the complex challenge of meeting the housing needs of the Blue Mountains community given existing dwelling stock, changing demographics and land use constraints. In relation to affordability, the draft LHS provides comprehensive data: housing stress affects up to 10% of the local community. While it proposes a total housing target of 1200 new dwellings by 2026, it states clearly that there is a present unmet demand for 2,253 social and affordable housing dwellings. This is forecast to rise to 3,750 by 2036.

2. Commitment to developing a Local Housing Strategy

The LHS has already been exhibited, however, a future Local Housing Affordability Review is planned to be completed by 2025. For now, the draft LSPS and LHS comprehensively discuss the current need and future trends for meeting local housing needs in the Blue Mountains. The biggest challenge that needs to be addressed is the need for more diverse housing and affordable housing within a constrained environment that has limited capacity to accommodate new housing.

3. Commitment to addressing housing affordability and affordable housing

As a metropolitan rural area, each document makes clear that the Blue Mountains is not expected to accommodate Sydney's population growth. It therefore does not commit to planning mechanisms for affordable housing that would be appropriate in medium-high growth areas such as SEPP 70 schemes. It commits as such to the aforementioned Local Housing Affordability Review that will investigate opportunities to partner with social and affordable housing providers.

4. Commitment to increase diversity of housing types

Both documents propose actions to increase the supply of diverse housing types. In doing so, it notes that 92% of existing dwellings are detached family homes while over 60% of the population by 2036 will be older couples and singles. Actions to address this focus on increasing the amount of 'hidden density' such as secondary dwellings, 'alternative density' such as townhouses in town centres and proposing amendments to the Seniors SEPP to expand its availability. However, it clearly recognises that any future growth will end up being a small fraction of the overall dwelling stock.

5. Commit to ensuring social diversity in new developments

Both the draft LSPS and LHS commit to supporting the needs of the local community. In particular, it emphasises the need to prevent high housing costs displacing members of the Aboriginal community. While it does not make immediate commitments to increasing the supply of affordable housing, it emphasises that the largest opportunity for housing growth is in established town centres that located close to services in the heart of existing communities.

6. Recommend advocacy from all local councils on affordable housing

The draft LSPS and LHS commit to collaborating with the state government to deliver more diverse housing through amendments to the Seniors SEPP and the adaptive reuse of heritage buildings. The Local Housing Affordability Review will otherwise investigate opportunities to partner with affordable and social housing providers to address local housing needs not met by general housing supply.

In summary, the draft LSPS and LHS address five out of six of Shelter NSW's principles. It recognises the lack of diverse and affordable housing and provides comprehensive analysis of this issue including a local housing survey. Each document identifies areas for limited growth and initiatives to meet local housing needs in the context of extensive land use constraints. It commits to conducting a Local Housing Affordability Review between 2019 and 2025 that will identify how council can help to provide affordable housing given its own limited ability to do so through the planning system. It commits to providing greater housing choice through actions that aim to increase the diversity of housing types, in particular 'hidden density', 'alternative density' and adaptive reuse of heritage buildings. It also commits to ensuring social diversity in new development by integrating these diverse housing types into existing communities and in well-located town centres. While it does not recommend further advocacy from local councils on funding affordable housing, it does propose through the Local Affordable Housing Review to investigate opportunities to partner with social housing providers. In recognition of council's limited capacity and constrained environment, we welcome these commitments and have only minor recommendations.

Recommendations

Shelter NSW recommends the following amendments to the draft LSPS and draft LHS. As with the elements we support, we are basing these recommendations on our six principles.

1. Recognition and quantification of local housing needs

- **Clearly state that projected housing growth will not address affordable housing needs.** It is apparent that the proposed housing targets of 1200 total dwellings by 2026 will not meet the present unmet demand for 2,253 social and affordable housing dwellings. Making this clear in the draft LHS and LSPS may strengthen any future advocacy for action by state government.

2. Commitment to developing a Local Housing Strategy

No recommendations.

3. Commitment to growing the supply of affordable housing

- **Accelerate the development of the Local Housing Affordability Review.** The review is currently scheduled to be completed by 2025. Consider opportunities for value capture as part of this review, such as Affordable Housing Contributions Schemes under SEPP 70. There is a risk as such that if opportunities are not investigated sooner, the housing capacity of the Blue Mountains will be exhausted before any social and affordable housing stock is added, and the opportunity to implement value capture mechanisms is missed.

4. Commitment to increase diversity of housing types

- **Consider a fixed period for residential housing to be used as visitor accommodation.** For example, it may be appropriate to apply a 90 day threshold for such properties. Making such a proposal would address the valid observations made in the draft LHS that a significant contributor to current high rates of vacancy for rental property is the recent expansion of the short term rental accommodation market in recent years.

5. Commit to ensuring social diversity in new developments

No recommendations.

6. Recommendation for further advocacy from local councils on affordable housing

- **Propose all councils work together on securing a region-wide strategy for affordable housing.** For example, council could commit to working together to advocate for funding solutions outside of the planning system. This would reflect recognition in the draft LSPS and LHS that council has very limited capacity to provide affordable housing through its planning instruments.

- **Express support for reform to the Residential Tenancies Act.** For example, the Australian Productivity Commission recommended an end to no-grounds evictions in its recent report on [vulnerable private renters](#). Council may also wish to consider joining other councils in supporting the [Make Renting Fair](#) campaign.

Thank you for the opportunity to take part in the formulation of City of Blue Mountains Local Strategic Planning Statement. Shelter NSW, as a housing policy and advocacy peak is keen to continue to work with and support Council on the further development of the LSPS and the LHS.

Please do not hesitate to contact me on (02) 9267 5733 or thomas@sheltersnsw.org.au in the first instance if you wish to discuss these comments.

Yours sincerely,

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