



Comment on the draft *Central Coast Affordable & Alternative Housing Strategy*

Shelter NSW submission
December 2018

Introduction

Shelter NSW is pleased to comment on the draft Central Coast Affordable and Alternative Housing Strategy.

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. For the purposes of this document we have consulted with our Central Coast based organisational members and stakeholders including Coast Shelter, Compass Housing, Bungree Housing, Central Coast Tenants Advice & Advocacy Service and the Central Coast Community Council, to ensure our perspective on the draft Strategy is grounded in local expertise.

The need for a strategy

Shelter NSW congratulates Central Coast Council on the preparation of the draft Central Coast Affordable and Alternative Housing Strategy. It is a comprehensive document that identifies and articulates specific needs of the NSW Central Coast local government area with regard to housing affordability, and responding to homelessness. These needs are considerable and growing, and it is encouraging to see Central Coast Council considering and preparing a strategic response.

The draft draws on strong research and evidence of declining housing affordability in the Central Coast local government area. It highlights that although housing is generally cheaper on the Central Coast than it is closer to Sydney's central business district and other employment hubs, lower incomes coupled with

a lack of diversity in housing stock means the need for targeted affordable housing and other responses to homelessness on the Central Coast is in fact far greater. Shelter NSW accepts this, and expects that housing affordability will continue to decline on the Central Coast at a faster rate than in Sydney, 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 on the outskirts of Sydney's greater metropolitan region, where households might tend to look for more affordable housing. The draft Central Coast strategy assumes a high level of importance because such regional strategies are not currently under consideration. Central Coast Council has shown great leadership by developing its own draft strategy for consideration and adoption at the local level.

The broader context

It is important to consider these issues in the context of the Greater Metropolitan Region, and the urban planning system that operates across New South Wales. The draft strategy 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 proposed to amend *State Environmental Planning Policy No 70 – Affordable Housing (Revised Schemes)* to make all councils in New South Wales eligible to consider using inclusionary zoning provisions in the *Environmental Planning and Assessment Act 1979*, and exhibited a draft 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 on the city's outskirts such as parts of the Central Coast.

Strategies such as the draft Central Coast Affordable and Alternative Housing Strategy 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.

The situation on the Central Coast

The draft has identified a number of issues relating to housing affordability in the local government area that Central Coast Council could respond to. These responses are designed with two broad aims in mind: *to improve access to affordable housing for very low, low and moderate income households, and to reduce the number of cases of homelessness and cases of reliance on social support systems.*

The issues can be summarised as follows:

- There is a clear identified need for housing across the Central Coast local government area that is affordable to very low to moderate income earners.
- There is a negligible amount of stock in the private rental market that is affordable for very low income households, and households on very low to moderate incomes are experiencing housing stress.
- There is a lack of non-market provided affordable rental housing stock for very low, low and moderate income households.
- There is a loss of low cost and alternative housing, with traditional forms of low cost housing being converted to other uses.
- There is a growing number of people experiencing homelessness within the local government area.
- Some people are likely to remain homeless regardless of the availability of housing and support services, and these people need quality of life and social inclusion.

During our consultations with Central Coast based members and stakeholders a number of additional issues were also identified. These are:

- There are specific cohorts within low income households who have specific needs and challenges, and for whom particular barriers and disadvantage can apply when looking for or retaining housing on the Central Coast.
- Unemployment and underemployment is an issue on the Central Coast, especially amongst young people, which significantly increases the need for affordable housing.
- The availability of public transport is relatively limited across the Central Coast, adding complexity to the issue of affordable housing in a number of ways.

Shelter NSW takes these issues as given, noting the research and evidence presented in the draft strategy as well as the expertise and experience of our members and stakeholders working in the local government area. Our comments will focus on the detail of strategies proposed to respond to each of the issues as identified and outlined in the draft, with the input of our members and stakeholders in mind.

Comments on the strategy and its proposals

There is a clear identified need for affordable housing across the Central Coast local government area that is affordable to very low to moderate income earners.

The draft strategy would see Central Coast Council quantify, plan and deliver affordable housing through appropriate mechanisms that are available to council, and advocate to other levels of government around policies and mechanisms that are outside of council's purview. This is captured across the draft, but we note in particular proposed *strategy 1* that would adopt a definition of 'affordable housing' that is consistent with planning legislation, as well as key performance indicators and indicative targets as set out in the draft.

Shelter NSW supports this approach. We note the complexities involved in planning and monitoring the delivery of affordable housing through the planning system, along with other advocacy as may be required. The strategy would benefit, both in its further development and implementation, from the establishment of a taskforce drawing on the expertise and experience of local housing and homelessness practitioners. The appointment and adequate resourcing of a designated council officer to oversee the strategy would also be of benefit. We note each of these options is proposed at *strategy 18*.

There is a negligible amount of stock in the private rental market that is affordable for very low income households, and households on very low to moderate incomes are experiencing housing stress.

The draft strategy acknowledges that planning control interventions alone are unlikely to encourage the market to deliver housing that is more affordable to very low to moderate income households. But the planning system offers the most accessible levers to councils who wish to influence the construction of more diverse and ideally more affordable housing stock in particular precincts within their local government areas. To that end it is proposed that Central Coast Council will adopt a range of changes to its planning and development controls that will enable developers and investors to offer a broader range of new housing types into parts of the Central Coast, and especially into the private rental market.

In particular, we note proposed *strategies 6 through 12*, and *strategies 14 and 15* that would: allow and promote the development of higher density housing through potential rezoning of areas close to transport links; potentially increase building height restrictions and floor space ratios in some areas to encourage the construction of more apartment and boarding house dwellings; reduce the required amount of off-street parking to be included in some new developments; require the inclusion of a proportion of smaller one- and two-bedroom dwellings in new apartment complexes within specified precincts; and provide for mandatory diversity of housing typologies in greenfield developments.

Shelter NSW understands proposals such as these can lead to significant uplift in land values in the areas identified for prospective development or redevelopment, which in turn creates opportunities for communities to share in some of increased value. This can be used to fund new infrastructure, and we note the draft makes some clear recommendations regarding the need for value capture arrangements

to include funding for new affordable housing. We will discuss those recommendations later in our comments.

In the meantime we offer the caution that an increase in housing supply, even with greater diversity of housing types, does not necessarily lead to improved housing affordability. This was a clear finding of the recent AHURI research report *Housing supply responsiveness in Australia: distribution, drivers and institutional settings* (2017), which said:

Most of the growth in housing supply has been taking place in mid-to-high price segments, rather than low price segments. Unfortunately, we are not witnessing a trickle-down effect whereby households buying new housing free up vacancies in the established housing stock that housing stressed households are able to move into at lower prices and rents. Consequently, research studies confirm that low-income households continue to experience growing difficulties accessing low cost housing. Housing in low-priced segments is presumably more affordable, but less than 5 per cent of approvals were in the bottom 20 per cent of the house and unit real price distribution in 2005–06, and this remains the case almost a decade later in 2013–14. Hence, the housing supply issue is more nuanced than commonly thought, as there seems to be structural impediments to the trickle-down of new housing supply.¹

This caution may be all the more pertinent for an area such as the Central Coast, with its increasing inter-connectedness to other parts of Sydney's housing markets. New supply of housing could be instantly absorbed through a potentially endless demand arising from households taking the opportunity to relocate from less affordable parts of the metropolitan region. That would leave very low to moderate income households on the Central Coast – particularly those with limited prospects for finding local employment – no better off than they currently are. Additional interventions to ensure affordable housing is delivered would clearly also be required.

Increases in housing density can present further risks for low income households. The City Futures Research Centre's *Equitable Density* reports (2017)², commissioned by Shelter NSW, found that when housing density is not done well vulnerable and low income households are disproportionately affected by a range of factors that other households may be better equipped to adapt to. These include a changing neighbourhood composition, loss of accessible and affordable services, and displacement. These are all matters that will need to be taken into consideration when implementing the proposed strategies on the Central Coast.

There are two further cautions to make, relating to the proposed reduction of requirements for off-street parking and encouragement to develop boarding houses. Shelter NSW expects each of these

¹ 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, AHURI, Melbourne, p2, available at <http://www.ahuri.edu.au/research/final-reports/281>

² Troy, L., Crommelin, L. and Easthorpe, H. (2017) *Equitable density – the place for lower income and disadvantaged households in a dense city*, Shelter Brief 61, available at <https://sheltersnsw.org.au/sites/sheltersnsw.org.au/files/public/documents/1.%20Equitable%20Density%20-%20Building%20Scale.pdf>

proposals is intended to reduce the cost of new dwelling construction, while reducing the requirement for parking spaces has the added benefit of accommodating households who do not have a need for private vehicles, thereby reducing traffic congestion in and around the locality.

The first additional caution is that savings in construction costs are not necessarily passed onto purchasers or renters through lower housing prices and rents, as prices and rents are determined by market forces. This was raised in a number of submissions to the recent Inquiry into *Land Release and Housing Supply in New South Wales*, including by the Planning Institute of Australia:

The price of dwellings is determined by the market – the balance of supply and demand. In other words, house prices are not determined by costs, but by how much the market is willing to bear. Additional development costs cannot be ‘passed on’ to the end user beyond the achievable market price for a particular dwelling. So, the price of new dwellings will reflect the price of nearby existing dwellings, rather than the cost of construction. An important nuance to this argument is that planning policies that require physical changes to the built form – such as minimum dwelling sizes or minimum car parking requirements – can and will increase the price of a dwelling. However, this increase in price is driven by an increase in demand, rather than the higher development costs.³

This issue can be further explored in relation to boarding house construction in the City Futures Research Centre’s report *State Environmental Planning Policy (Affordable Rental Housing) 2009 and affordable housing in Central and Southern Sydney* (2018).⁴ The report found the recent construction of new boarding houses in many local government areas across Central and Southern Sydney did not produce any clear or consistent affordability outcomes, probably because there is no constraint on the rent that can be charged for a boarding room.

The second additional caution relates to the reduction in car-parking space requirements. Shelter NSW takes no general position on such a proposal but we note the concern of local members and stakeholders in an area where a lack of available public transport means households tend to place a heavily reliance on private cars. Even if dwellings are occupied by people who use public transport for their commute to work, it should not be assumed that they will not also wish to travel throughout the area during weekends and rostered time off. This lessens the likelihood of new dwellings being occupied by households who do not have cars and will not require some place to park them, and in the absence of off-street options it is likely that cars will be parked on nearby streets. The alternative is to promote parts of the Central Coast as “dormitory suburbs” where occupants do not need to move much beyond their dwelling and their local transport connections, which may not be a desirable outcome.

³ Rudolf, J. *Submission – Legislative Assembly Committee on Environment and Planning Inquiry: Land Release and Housing Supply in NSW* (2017), Planning Institute of Australia, Page 25, available at [https://www.parliament.nsw.gov.au/ladocs/submissions/58761/Submission%20No.%2032%20-%20Planning%20Institute%20Australia%20\(PIA\).pdf](https://www.parliament.nsw.gov.au/ladocs/submissions/58761/Submission%20No.%2032%20-%20Planning%20Institute%20Australia%20(PIA).pdf)

⁴ Troy, L., van den Nouwelant, R. and Randolph, B. *State Environmental Planning Policy (Affordable Rental Housing) 2009 and affordable housing in Central and Southern Sydney* (2018), City Futures Research Centre UNSW, page 30, available at <https://cityfutures.be.unsw.edu.au/research/projects/affordable-housing-sepp-and-southern-sydney/>

A final point to be made here is that while a large proportion of new housing on the Central Coast is expected to be purchased by investors and offered as housing in the private rental market, current renting laws also contribute to housing unaffordability and rental stress in particular ways. Poor security of tenure and light-touch regulation means private market renters face discrete challenges that go directly to affordability, as demonstrated in Choice Australia, National Shelter and the National Association of Tenants' Organisations' recently published report *Disrupted – the consumer experience of renting in Australia*.⁵ While this issue is not within Central Coast Council's direct sphere of influence it is open to council to advocate for changes to the state's renting laws. We note that Inner West Council and the City of Randwick Council have both recently endorsed the New South Wales *Make Renting Fair*⁶ campaign, and we encourage Central Coast Council to consider doing the same as part of its strategic approach to improving housing affordability in the local government area.

There is a lack of non-market provided affordable rental housing stock for very low to moderate income households.

Having recognised the limitations of a planning controls approach, and identified some of the risks and cautions to be considered, we must also acknowledge the strong and clear intention in the draft for Central Coast Council to encourage the supply of non-market affordable housing in the local government area. The draft proposes two distinct approaches to this. The first, outlined in proposed *strategies 2 through 5*, can be characterised as a land use strategy. The second, outlined in proposed *strategies 13 and 16*, can be characterised as a value capture and inclusionary zoning strategy. Each of these is appropriate, and should be supported.

At its heart, the proposed *land use strategy* aims to put council owned land into direct use for the provision of affordable housing. More specifically it is proposed to dedicate three council owned sites to the development of multi-tenure housing, with the aim of maximizing the amount of affordable housing that can be included on each site. At least a further two sites will be investigated for the same purpose, and a sixth site will be investigated for the development of an affordable caravan park to be managed by a community housing provider. Shelter NSW strongly supports these proposals.

We note strong support was also expressed by our local members and stakeholders when consulted. The idea that council would pilot several projects to demonstrate the potential for multi-tenure developments, and set the benchmark for good practice, is clearly welcomed. Here council could highlight not only best practice throughout development and construction phases, but also the ongoing management and maintenance of affordable housing, and compliance with all regulatory requirements, in partnership with community housing providers.

However support for the idea of an affordable caravan park was not universal, as this is not a type of affordable housing business that community housing providers have traditionally engaged in. Indeed

⁵ *Disrupted: the consumer experience of renting in Australia* (2018), Choice Australia, National Shelter and the National Association of Tenancy Organisations, available at:

<https://www.choice.com.au/money/property/renting/articles/choice-rental-rights-report-dec-2018>

⁶ See: www.rentingfair.org.au

this proposal was identified as a potential risk, as parts of the Central Coast community who are less supportive of affordable housing generally may point to any failings or shortcomings in the management of a caravan park as a sign that affordable housing innovations should be avoided in the future. It was suggested that land identified as suitable for a caravan park might be equally suitable for affordable townhouses or villas, and this should also be considered.

We also note that a land use strategy could be expanded beyond the proposed potential six sites. Central Coast Council could adopt a policy that multi-tenure developments and affordable housing uses will be strongly considered as options when looking to divest any surplus council land, noting that this may attract positive social and economic returns in the long term at the expense of the most attractive financial return in the short term. Council's strategy could similarly seek to encourage other organisations with large landholdings on the Central Coast – such as government departments and Darkinjung Local Aboriginal Land Council – to adopt a similar approach.

The proposed *value capture and inclusionary zoning strategy* aims to allow Central Coast Council to retain a greater share in the uplift in land value created by rezoning decisions that allow development at higher density, and would put the additional share towards an affordable housing program. It would do this by: introducing a specific intention to capture affordable housing contributions across the local government area in return for height and floor space ratio bonuses and/or other planning control variations (subject to the usual development approval processes), as expressed and defined in a policy covering voluntary planning agreements; and seeking to introduce a mandatory contributions scheme in the Gosford Town Centre by including provisions for such a scheme in a forthcoming State Environmental Planning Policy intended to cover the area. This latter proposal appears to be given preference over a final suggestion that council regularly review the economic viability of introducing mandatory contribution schemes under the Statewide Planning Policy No 70 – Affordable Housing (Revised Schemes) (SEPP 70) over the next five to ten years.

Shelter NSW strongly supports the intention of these proposals. We note that since the draft strategy's publication and during the period of its exhibition the New South Wales Government has proposed amendments to SEPP 70 that would give the policy statewide application, and has exhibited a draft Guideline for the Development of Affordable Housing Contribution Schemes. If the proposed amendment to SEPP 70 is approved, and the Guideline adopted, it will likely have some bearing on the technical aspects of the value capture and inclusionary zoning strategies proposed in the draft that Central Coast Council will need to consider.

If the proposed amendments to SEPP 70 are not approved, Central Coast Council should nevertheless regard the exhibition of that proposal as a strong indication from Government that further applications for inclusion in SEPP 70 are to be encouraged by councils across the state. The outcome for Central Coast Council should be that lobbying for inclusion in the potentially broader SEPP 70 must be preferable to calling for the inclusion of a contribution scheme in a forthcoming Gosford Town Centre SEPP.

In any event Central Coast Council should now regard the development of SEPP 70 enabled contribution schemes as preferable to the inclusion of provisions in a forthcoming SEPP, and should immediately proceed to the development of Affordable Housing Contribution Schemes. This could initially include a scheme that covers the Gosford Town Centre, with additional schemes covering other parts of the local government to be developed over time as conditions and circumstances change.

Finally, it is noted that the draft does not prescribe what a final affordable housing program lead by Central Coast Council might look like. It is clear that, where new affordable housing supply can be achieved, priority for housing should be given to people who are experiencing difficulty accessing private market options because of an existing vulnerability. This would include people of Indigenous heritage, people with disability, and people who are experiencing or at risk of homelessness.

There is a loss of low cost and alternative housing, with traditional forms of low cost housing being converted to other uses.

The draft proposes the further strategy of seeking to retain low-cost housing in the private rental market, or off-set its loss through the planning approval process, by ensuring approvals are routinely assessed with the provisions of the Affordable Rental Housing State Environment Planning Policy (ARH SEPP) in mind. Further, it is proposed that council include a clause in its local environmental plan to extend the intent of the ARH SEPP to cover a broader range of dwellings, as appropriate to the conditions in the local government area. This is proposed in the draft at *strategy 17*.

The ARH SEPP sets out a number of considerations for planners when considering applications for the demolition of affordable housing, and allows the imposition of an affordable housing contribution as a condition of approval in some cases.

Shelter NSW supports this proposal. It is a useful addition to the overall strategy, noting that the most important aspects of the strategy relate to the provision of new off-market affordable housing across the local government area through more direct land use, value capture and inclusionary zoning strategies.

There is a growing number of people experiencing homelessness within the local government area.

In addition to the proposals discussed above, which are aimed primarily at increasing the supply of housing within the local government area, a number of strategies are proposed to assist vulnerable households to access and retain housing in existing markets. These can be grouped into two broad categories, being the lobbying of state government for additional resources for or to expand existing programs, and trialing or piloting new programs on the Central Coast. This would include: enhancing the capability of community housing providers to headlease properties on the Central Coast and enabling them to redevelop sites under their management by transferring ownership to them of properties currently under their management; increasing the potential for brokerage services to support vulnerable people into new tenancies; expanding and creating new opportunities for vulnerable people to obtain temporary and/or shared accommodation; and seeking to expand the availability of private rental

subsidy products on the Central Coast. These and other proposals are outlined in proposed *strategies 19 through 24*.

Shelter NSW is generally supportive of the proposed strategies, noting that outcomes in most instances will be somewhat beyond the control of Central Coast Council. Timely evaluation of pilots and programs will be a critical component of these strategies. Proposed lobbying could proceed with other options that are not presented in the draft, such as calling for and being ready to accommodate direct Government investment in new social housing supply in the local government area.

We note also a heavy emphasis on a transitional housing approach within these proposed strategies, which appears to contradict the position taken earlier in the draft to preference a housing first approach. While Shelter NSW understands each approach has its merits and preference should vary according to the circumstances at hand, we are concerned that programs drawing on community housing portfolios to increase the availability of transitional housing may be difficult to establish. These strategies will need to proceed with close consultation and collaboration with specialist homelessness services and community housing providers to ensure they are appropriately designed.

Finally, we suggest a clear occupants' rights framework must be developed and understood by housing providers as part of any home-share or shared accommodation programs, noting statutory requirements in the *Residential Tenancies Act 2010* and the *Boarding Houses Act 2012* may automatically apply.

Some people are likely to remain homeless regardless of the availability of housing and support services, and these people need quality of life and social inclusion.

The draft notes that even with the most proactive and effective strategies to increase the availability of affordable housing, and provide supports for people to access and maintain tenancies, there will remain a need for additional strategies to ensure those experiencing homelessness have access to appropriate safe spaces and services. Proposed *strategy 25* would do this by: advocating for the resources to provide easily accessible and integrated services for chronically homeless people; developing and implementing social inclusion policies in relation to the design of open space and public amenities; providing information to the community on the issue of homelessness; host public events for local services to connect with homeless members of the community; and encourage the use of appropriate private and community owned spaces for homeless shelters during extreme weather events.

These are all appropriate measures. Shelter NSW supports in particular the proposal to develop and implement social inclusion policies in relation to the design of open space and public amenities. We note that good public design will be of benefit to all who live in and visit the Central Coast local government area, and that it is important to avoid trying to discourage or displace homelessness through defensive urban design.

Administration and review of the strategy

Finally, we note with approval that the draft includes clear proposals concerning the administration and review of the strategy. This includes annual reporting and the establishment of accountability and transparency measures, as well as processes to ensure housing developed on council land and/or with funds from a mandatory contribution scheme are properly managed and maintained.

Shelter NSW strongly supports the intention to regularly publish updates of data used to inform the strategy, and to monitor the strategy's efficacy over time. We note the proposal to report against key performance indicators annually so that its outcomes can be monitored – we recommend these reports be published as soon as they are produced, as they will be a matter of public interest.

Please do not hesitate to contact Shelter NSW's Senior Policy Officer, Ned Cutcher, on 9267 5733 or ned@shelternsw.org.au should you wish to discuss any part of these comments further.

Yours sincerely,



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