



Response to *North Sydney Council*  
*Draft Local Strategic Planning Statement*  
Shelter NSW submission  
August 2019

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### 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 households<sup>1</sup>. 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](#)<sup>2</sup>, all of which are relevant to the Local Strategic Planning Statements:

- **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;

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<sup>1</sup> See Shelter NSW 2019 Election Platform

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

- **Making housing fair for all** – so that people with specific housing needs such as accessibility or adaptability needs have fair access to housing;
- **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 North Sydney Council's draft Local Strategic Planning Statement (LSPS).

### **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 market driven developers drive significant transformation of communities and neighbourhoods, low-cost housing in the private rental market being displaced with higher cost high density housing. As a consequence more low income households look for affordable housing in suburban and regional centres that are well connected to the CBD and the rest of the metropolitan area. This impacts on what were traditionally considered low cost housing areas, placing greater strain on their housing supply and infrastructure. It also has an impact on areas where housing is more expensive such as North Sydney Local Government Area (LGA) as many people who work in the area are forced to leave in search of more affordable housing, adding to pressure on transport infrastructure and a loss of residents, especially young people who grow up in the area but can't continue to afford the rents in the area.

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. North Sydney's leading role as a major metropolitan centre in the northern region and as the State's second CBD is well placed to advocate for the need for affordable housing strategies to neighbouring and nearby councils and to the Department of Planning and Environment. This is especially the case as planning is currently underway for major urban redevelopments (for example in the St Leonards Crows Nest priority precinct).

## **Principles for Local Strategic Planning Statements (LSPS)**

Shelter NSW recognises that a "one-size-fits-all" approach is limited in providing an appropriate framework to plan for and manage land use that is responsive to the community's need now and into the future. We recognise that a local councils' capacity to deliver and facilitate the delivery of new Affordable Housing across Sydney and New South Wales varies across the Greater Sydney Metropolitan region and understand the need for variation to suit the broad range of local conditions. To assist Councils we have developed [broad principles](#) that can be applied to all LSPSs<sup>3</sup> to ensure LSPSs provide a robust framework to support the community's growing and changing needs for affordable and diverse housing. Our submission is underpinned by these 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 (LHS)**

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.**

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

Given the need identified in #1, 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

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.

## Analysis and Recommendations

### 1. Consider including affordable housing forecast to complement the comprehensive housing affordability needs analysis

Shelter NSW notes that the draft North Sydney LSPS is accompanied by a draft Local Housing Strategy (LHS) which sets out in more detail the strategic direction for housing in the North Sydney LGA.

We congratulate North Sydney Council for preparing a draft LHS and releasing it for consultation with the draft LSPS.

Shelter NSW also acknowledges that the provision of affordable housing is included in the housing vision for the North Sydney LGA;

*“Carefully managed expected levels of growth in population through planning for housing in North Sydney which is supported by good access to infrastructure, services and amenity; provides housing diversity and affordability choices and respects the unique character of our built and natural environment to ensure that North Sydney continues to enjoy high levels of amenity and liveability.”*

We commend North Council for its comprehensive community and housing profile that includes many affordability measures such as;

- Tenure
- Household income
- Rental and mortgage stress including for very low and low income households
- Rent and sales data
- Affordable housing needs analysis
- Supply and demand for social housing
- Rental vacancies

The LHS also includes data on the number of dwellings completed over the last six years and new dwellings forecast over the next five years. It can be helpful to include the numbers of affordable housing dwellings that have been delivered under various planning and non planning measures over the

6 years and affordable housing dwellings forecast to provide clearer visibility of the affordable housing gap to better inform the proposed actions.

## **2. More ambitious actions are needed in response to the housing affordability in North Sydney**

Shelter NSW notes that North Sydney Council has included a draft LHS with the exhibited draft LSPS. This co-ordinated approach to the development of a LSPS and a LHS gives the community greater clarity.

We have also note the comprehensive housing affordability analysis especially as it pertains to very low and low income households as well as key workers. The affordability measures included in the LHS reflect the stark housing affordability challenges for the North Sydney community;

- 17% of North Sydney households are experiencing housing stress
- 97% of very low income households are experiencing rental stress
- 92% of low income households are experiencing rental stress
- 100% of key workers living in North Sydney would be in housing stress

In addition to the current housing affordability challenges, there are unique characteristics of the North Sydney LGA which means the demand for affordable and diverse housing will at the very least continue if not increase. North Sydney has a large proportion of a younger workforce and parent and home builders. As the children of parents and young home builders grow up, they will need affordable rentals to continue to live in the area. North Sydney is an important commercial and economic centre and providing affordable homes to enable workers, especially low to moderate income works and key workers to continue to live close to their jobs will support the continuing productivity and economic sustainability of North Sydney.

The *Strengthening Economic Cases for Housing Policies* research report<sup>4</sup>, led by CHIA NSW and UNSW City Futures, and co-funded by Shelter NSW, models the significant economic and productivity gains that could be expected from a large scale program of Government investment in housing that is both well located and affordable. 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 demonstrate that Affordable Housing Contribution Schemes, designed to fund a local affordable housing program will have positive economic impacts that will not only benefit the affordable housing residents but also the broader community and the local economy. Shelter NSW strongly advocates that affordable housing should be seen as critical social and economic infrastructure rather than seen as a “welfare” policy response. This research presents an opportunity to change the conversation among decision makers and communities about the broad ranging and far reaching benefits of affordable housing.

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<sup>4</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/>

We note that the LHS includes the following actions to achieve the Council's housing vision as it relates to providing affordable housing choices:

- Advocate for affordable housing
- Council's Affordable Housing Strategy aims to increase the amount of affordable rental housing stock in North Sydney LGA and identifies strategies to increase the effectiveness and long-term sustainability of Council's involvement in affordable housing provision.
- Council will continue to investigate ways to increase affordable housing provision in the LGA.
- Continue to implement SEPP (Affordable Rental Housing) 2009 to deliver affordable rental housing accepting that due to the high cost of land constraints, as set out in Section 2, the delivery of housing under this SEPP largely consists of secondary dwellings and limited boarding houses.
- Continue to update the North Sydney Affordable Housing Strategy
- Continue to work with Community Housing Providers for the delivery of Affordable Housing
- On confirmation of a consistent Affordable Housing Target by the GSC, investigate commencing and Affordable Housing Contributions Scheme.
- Amend the NSLEP to adopt an Affordable Housing Contributions Scheme if applicable

Shelter NSW recommends that given the LHS identifies the significant need for affordable housing in North Sydney, Council can be bolder and ambitious. Indeed given the policy context as it relates to the provision of social and affordable housing by state and federal governments and declining social housing supply as a proportion of all housing, Councils can play a leadership role in providing affordable housing.

We assume that the Affordable Housing Strategy referred to is the Affordable Housing Policy that was released in 2015. The policy provides many specific actions that Council can take. However planning policies have changed in the meantime and the housing affordability problem has worsened. We therefore strongly support updating and reviewing the Affordable Housing Policy.

Shelter NSW notes North Sydney Council identifies "viability" and "land cost" challenges in relation to applying planning mechanisms such as an Affordable Housing Contributions Scheme.

Rezoning and up-zoning areas for higher density residential development, leading to significant uplift in land values creates opportunities for communities to share in some of the increased value and can be used to fund new infrastructure and community facilities, and this is facilitated by provisions in the *Environmental Planning and Assessment Act 1979*. We note the growing recognition at the State Government level that re-zoning and redevelopments present opportunities to increase the supply of affordable housing. This is reflected in the recent extension of SEPP 70 to allow all councils across New South Wales to adopt Affordable Housing Contribution Schemes.

Such schemes are already in operation in the City of Sydney local government area. Similar schemes are also in development in the Cities of Willoughby and Randwick, as well as the Inner West Council, for example. 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 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.

In relation to Council's concerns to ensure a consistent approach to an Affordable Housing Target in the district, we encourage North Sydney Council, as the Council representing Sydney's second CBD and as the leading Council in the region, to lead on setting an ambitious Affordable Housing Target. The Inner West Council has set 15% for private developments and 30% for government owned land. Given the housing affordability challenge that faces the North Sydney community, Shelter NSW strongly advocates for North Sydney Council to provide leadership on this issue.

There are a range of additional planning and non-planning mechanisms that Council can consider to deliver affordable housing including;

- Inclusionary zoning
- Voluntary Planning Agreements
- Density bonuses for provision of affordable housing on employment and industrial land
- Affordable housing opportunities for all redevelopments at major sites, for example St Leonards and Crows Nest
- Partnership opportunities with Land and Housing Corporation
- Develop affordable housing on Council sites
- Identify opportunities for affordable housing on State owned sites within the LGA

Shelter NSW commends Council's commitment to advocate for market changes and rental conditions for tenancy terms. The North Sydney LGA has a high proportion of households that rent – almost half (45%) of North Sydney households rent. As long as no-grounds evictions remains, the private rental market cannot be a viable long term housing option. Reforming no-grounds evictions and giving renters more security of tenure will contribute to making the private rental market better respond to the needs of the growing number of renters. As a LGA will a significant proportion of households renting, North Sydney Council is in a good position to advocate for reform of no-grounds evictions; a reform that will benefit almost half the households in the local area.

### **3. Adaptable and affordable housing to provide diverse and affordable housing choices to support social diversity**

Shelter NSW acknowledges the comprehensive analysis North Sydney Council has undertaken in relation to the changing community profile and that Council has identified the need diverse housing to support



an ageing population and the growth in lone households. We would also like to acknowledge Council's efforts in looking at the specific needs of very low and low income households, both in terms of affordability and dwelling type. Ensuring that housing is affordable for all income groups supports inclusiveness and social coherence and diverse housing (including the provision of affordable housing) supports a diverse economy.

The NDIS is a significant reform that creates a significant need to supply housing for people living with disability and we recommend that North Sydney Council also include an analysis of the housing needs of people living with disability in the LGA.

Shelter NSW recommends that the planning controls also refer to the levels of the Liveable Housing Design Guidelines (LHGD) from Liveable Housing Australia<sup>5</sup>. We recommend the inclusion of more specific guidance around delivery of residential dwellings informed by universal design principles, either in the LHS and then the DCP:

- That a significant proportion of new residential development achieves the silver level of the LHDG, allowing 'visitability' of dwellings for people with mobility issues
- That a proportion of all new residential development achieves the gold or platinum level of the LHDG

Accessibility of public space and universal, inclusive design are also of primary importance to support good access to infrastructure and to ensure that North Sydney continues to enjoy high levels of amenity and liveability. The Seven Principles of Universal Design<sup>6</sup>, can be referenced to support Council's housing options for older people and people living with disability.

#### **4. Implementation, Monitoring and Reporting**

Shelter NSW supports the commitment of North Sydney Council to a 5 year review of the evidence base and housing stock and annual reviews of housing delivery and supply against the implementation and delivery plan.

We also recommend the LSPS and LHS is reviewed in response major changes that may arise from the 5 year review of the evidence base. This will ensure Council is able to respond to emerging issues and the changing needs of the North Sydney community.

We are concerned, however, that there are no specific indicators to measure progress regarding better housing affordability in the area. This is especially important given the need identified by Council in the LHS. We recommend the inclusion of more indicators specific to housing affordability such as:

- Decrease in proportion of residents of the LGA in housing stress

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<sup>5</sup> See <http://www.livablehousingaustralia.org.au/95/downloads.aspx>

<sup>6</sup> See Centre for Excellence in Universal Design, <http://universaldesign.ie/What-is-Universal-Design/The-7-Principles/>

- Decrease in unmet affordable housing need
- Increase in proportion/number of dwellings in the area that are affordable to people on low to moderate incomes.

### Further discussion

Thank you for the opportunity to take part in the formulation of North Sydney Council 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 Thomas Chailloux on (02) 9267 5733 or [thomas@shelternsw.org.au](mailto:thomas@shelternsw.org.au) in the first instance if you wish to discuss these comments.

Yours sincerely



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