



Response to *The Hills Shire*
Draft Local Strategic Planning Statement and
Draft Housing Strategy

Shelter NSW submission

August 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:

- **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;

¹ 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 The Hills Shire's draft Local Strategic Planning Statement (LSPS) and draft Housing Strategy (LHS).

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 suburban/semi-rural regional centres connected to the rest of the metropolitan area such as The Hills Shire 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. 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 proper city-wide or state-wide

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 population growth, development and urban renewal on their own communities, even while that renewal may be happening elsewhere.

Analysis

Shelter NSW congratulates The Hills Shire Council on the preparation of a comprehensive and evidence based LSPS to outline a high level “20 year vision for land use in the area, the special character and values that are to be preserved and how change will be managed in the future”, as required by section 3.9 of the Environment Planning and Assessment Act 1979. Producing a LSPS informed by council’s Local Housing Strategy is crucial for the revision of Local Environmental Plans (LEPs), in addition to being actions required by the GSC Regional and District Plans. We recognise that The Hills Shire LGA is a significant contributor to housing growth for the Central City³, and that it is on track to meet its targets.

Shelter NSW does not believe a “one-size-fits-all” approach will be of 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 LSPSs⁴. Our analysis and comments on The Hills Shire LSPS and LHS are 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

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.

³ See LSPS page 4

⁴ See <https://www.shelternsw.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

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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.

Taking the need for Housing Affordability into account in the LHS/LSPS

Sydney's Greater Metropolitan Region is a metropolis well known for its housing affordability issues. Although The Hills Shire is a suburban/semi-rural area, housing is more expensive than on average in Greater Sydney (e.g. median price for detached dwelling \$1,345,100 versus \$825,000 for Greater Sydney, \$845,688 versus \$705,000 for strata titled dwellings⁵), potentially due to historically high proportion of large detached dwellings in the housing stock, high levels of environmental amenity and good connection to the rest of the metropolitan region. Regarding rents, prices are also more expensive, about 23% higher than the average in Greater Sydney (e.g. median weekly rent \$590 as compared to \$480 average in Greater Sydney⁶). Over the long term, the LGA is experiencing a deterioration of affordability for such households across the housing stock that already exists within the area. The data in the LHS and LSPS highlights a high need for affordable housing for very-low, low and moderate income households in the LGA.

Shelter NSW is pleased to see that The Hills Shire Council researched extensively and included consideration of housing affordability in its LHS and LSPS. We note that a significant number of households rent (22%⁷), and in particular the significant levels of housing stress described page 13; 35% of rental households for 2,883 rental households in total. It would be interesting to include detail of the analysis conducted by Council as this is significantly different from the ABS 2016 Census data compiled page 62 that shows 1,586 households in stress, about 20% of total households. This could be due to differences in methodology or show a dramatic increase in housing stress in the last 3 years. Bottom paragraph of page 13 could be re-written for greater clarity as it is unclear whether all households in housing stress are on low to moderate income, or whether 35% of low to moderate income households who rent are in stress. We also note the levels of mortgage stress (8%, p62), although this does not include consideration of the level of income of the households paying more than 30% in mortgage costs and could be a choice for some on very high incomes.

There are a number of issues with Table 2 "Affordable Rental Housing provision" on page 14. First, it should include households whose need is being met for an accurate consideration of the need in the

⁵ see LHS page 16

⁶ See Rent and Sales Report for March 2019 Quarter, FACS: <https://www.facs.nsw.gov.au/download?file=664499>

⁷ See LSPS page 5

area (households currently housed in social/affordable housing). Second, defining ‘affordable’ rental stock as dwellings rented or available (not specified) for under \$630 is problematic for a number of reasons. We do not know the median rent of these dwellings, and a lot of them could have rent that are close to \$630, which is not an affordable rent for singles on moderate incomes. To be able to afford such a rent, you would need income of at least \$1890 a week, much higher than moderate incomes in Sydney metropolitan region. It is also unlikely that these dwellings are suitable for families as they are likely to be smaller dwellings in this price range. We also note that this is above median rent for the LGA, \$590⁸. Third, it should include expected increase in demand for affordable housing in line with population growth over the next 20 years. We recommend that Council amend this table considering these issues or *a minima* provide further explanation as to why it considers dwellings with rent under \$630 a week to be ‘affordable’ in its draft Housing Strategy.

We also note that the LHS recognises page 15 the long waiting times people on NSW Housing register for Parramatta/Baulkham Hills FACS Allocation zone face, with expected waiting times of 5 to 10 years for studios and 3 bedroom properties, and 10+ years for all other types of properties.

Current trends indicate 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 state-wide social 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.

Developing a Local Housing Strategy (LHS)

Shelter NSW would like to commend The Hills Shire Council for developing a comprehensive Local Housing Strategy (LHS) for the LGA that identifies and prioritises the areas for growth having regard to housing demand, growth trends, and the existing and likely future housing stock.

We support the plan for a growing housing supply outlined page 23 to 25 of the LHS, in particular the fact that housing targets have been associated to specific timelines. We note that Council has estimated there should be no need to convert or rezone land given the current capacity, and that the LGA is on track to achieve its housing targets to contribute to housing growth in greater Sydney area.

Shelter NSW recommends that these 5, 10 and 20 year housing targets for the Hills Shire LGA include targets for housing that is affordable to people on very low to moderate incomes, either through specific Affordable Rental Housing targets, or through targets for social and affordable housing stock as a proportion of the total stock. We also recommend for the Housing Market Demand Study that is to be undertaken by Council (LHS page 25, Action 1) to include strong consideration of housing affordability trends and issues.

⁸ Ibid.

Commitment of the LSPS/LHS to housing diversity

Shelter NSW strongly supports the commitment page 30 of the LHS, to “deliver a diversity of housing”. We believe Councils have a key role in promoting housing diversity through local planning controls and initiatives. This aims to ensure housing supply is diverse, and provides housing choice to diverse community members. Whilst this may have an effect on housing affordability, it is unlikely to be significant for low to moderate income households. The LSPS and the LHS should include a range of additional strategies to address housing affordability issues, as discussed further in the next section.

As mentioned page 6 of the LSPS, housing stock in the LGA is diversifying, with the proportion of detached dwellings decreasing, although still in majority, compared to apartments. This trend will continue over the next twenty years.

The housing diversity strategy of the Hills Shire seems to be strongly focused on families, as described p46/47 of the LSPS and illustrated by the Housing Clause introduced in 2016 mandating that 30% of new apartment dwellings be suitable for families. While this is appropriate given the high proportion of households that are families with children in the LGA, it should not be the sole focus of the housing diversity planning strategy. Shelter NSW recommends that Council mandates for a mix of dwelling sizes and types through its DCP, based on a similar model to the 2016 Housing Clause.

There is an ageing population and growing need for adaptable, accessible and diverse housing. This is recognised page 31 of the LHS, which mentions apartments built close to transport as an opportunity to age in place. While this is certainly true, proximity to transport isn't the only element of ageing in place. Shelter NSW recommends that the LHS and the subsequent planning controls developed refer to the levels of the Liveable Housing Design Guidelines (LHDG) from Liveable Housing Australia⁹. This would be useful in defining precisely terms such as ‘adaptable housing’ which is used throughout the LHS and LSPS. It would also strengthen the requirements for housing seniors and people with a disability described page 35 of the LHS. We recommend the inclusion of more specific guidance around delivery of residential dwellings informed by universal design principles, either in the LSPS/LHS or at a later stage in the LEP or DCP:

- That all new apartment 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
- That a proportion of all new development in the LGA, including low and medium density housing, achieves the silver level of the LHDG, allowing ‘visitability’ of dwellings for people with mobility issues

Accessibility of public space and universal, inclusive design are also of primary importance to create healthy, inclusive communities. Concerning the accessibility of public space, we suggest that the

⁹ See <http://www.livablehousingaustralia.org.au/95/downloads.aspx>

language is strengthened in Planning Priority 2, 9, 11 and 15 to ensure the built environment and amenity in the LGA are designed to be accessible to all members of the community. It could include a reference to the Seven Principles of Universal Design¹⁰, for example. This approach should also be applied to the development of the Public Domain Strategy mentioned p23 of the LHS.

More broadly than housing diversity, diversity of uses is a key component of functioning urban areas. We support Planning Priority 16 to “Manage and Protect the Rural/Urban Interface”. As Sydney metropolitan area grows, it is important to protect rural areas and biodiversity, and limit urban sprawl for better environmental and transport outcomes. We also support Planning Priority 3 to “retain and manage valuable industrial and urban service land” in order to retain and grow employment across the LGA, as well as the commitment of Council page 50 as part of Planning Priority 9 to encourage active uses in the R4 high density residential zone.

We note the concerns of Council page 31/32 of the LHS linked to the application in Mosman LGA of the Housing Code and the Low Rise Medium Density Housing (LRMDH) Code from the Codes SEPP. We understand and support Council’s commitment to adequate setbacks, landscaping and private open space. We have difficulties understanding some of the issues raised by Council however, and concerns over some of the language used.

- A manor house is defined by the Standard Instrument LEP as a “single building comprising of three or four dwellings on one lot¹¹”. Describing it as a “small apartment building” (page 48 of the LSPS) isn’t accurate. We recommend that language is amended.
- The LSPS states p48 that the small amount of medium density stock in the area might be “due to high land prices which restrict the viability of this form of development”. From our understanding, at a given FSR, and if zoning allows it, high land price makes medium density development more viable than low density development (the higher the land price, the greater the returns achieved by delivering several dwellings on a lot over a single one). We recommend that Council remove or explain this argument in greater detail.
- We are unsure of what is implied by action 8.1 and would like to see more details around potential actions coming out of this review

If medium density development is carefully managed and regulated, there are opportunities for The Hills Shire Council to encourage greater housing diversity and delivery of some affordable housing while maintaining the high level of amenity the community enjoys and values. Manor houses, in particular, should be considered appropriate in R3 zones. We strongly recommend that any action seeking the permanent exclusion of the LGA from the LRMDH Code, the ‘preferred alternative’ described page 32 in the LHS, is tied to detailed planning strategies regarding how The Hills Shire Council will encourage greater housing diversity and medium density, including planning controls encouraging delivery of

¹⁰ See Centre for Excellence in Universal Design, <http://universaldesign.ie/What-is-Universal-Design/The-7-Principles/>

¹¹ See for example NSW State Government [Low Rise Medium Density Design Guide](#)

housing that is affordable to people on low and moderate income, and dedicated affordable housing to be managed by a registered CHP.

Commitment of the LSPS/LHS to housing affordability

Shelter NSW recognises the work done by Council to research and evaluate housing affordability issues in the LGA. We also support Planning Priorities 6, 7 and 8 to plan for housing supply in the right locations, and to promote a diversity of housing.

We have concerns, however, that the need to address housing affordability by delivering affordable housing for people on low to moderate incomes is not properly recognised and considered in the LSPS and the LHS. While 'Shaping Growth' section page 42 does include decrease in housing costs for households and in particular levels of housing stress for lower income households as a measure of success, Planning Priorities 6 and 7 do not mention affordable housing or even housing affordability in general. Housing affordability is not mentioned in the Planning Priorities of the LHS page 23. The vision 'Hills Future 2036' described page 10 says that the area will have evolving and expanding housing choice as well as 'inclusive neighbourhoods'. This vision necessarily implies some housing that is affordable for low to moderate income households. We also note that the LSPS Strategic Context document mentions page 20 some of the top industries in the area are retail, health and social work, and construction. Some of the workers employed in these industries would be on lower income and might need affordable housing. While the commitment of Council to transition to a knowledge economy (p19) based on the skills of current workers residents is a laudable strategic goal, it is important to keep in mind that highly skilled industries need support jobs that may be lower paid. Local affordable housing is a key component of functioning strategic centres as described p52, and supports retaining lower paid workers. It contributes to achieving the goal of a '30 minute city'.

We recommend strengthening the language throughout the LSPS and LHS, and in particular in planning priorities 6, 7 and 8 to include stronger recognition of housing affordability issues impacting lower income households and the need for Council to act to deliver some affordable housing. We also strongly recommend recognising that affordable housing is essential social and economic infrastructure. This could be done as part of Planning Priority 10 "Provide services and social infrastructure to meet residents' needs" or anywhere within the 'Infrastructure' Theme as a new planning priority.

We believe that the LHS should also include a specific Local Affordable Housing Strategy, including the identification of local sites where Council could support the delivery of new affordable housing initiatives, especially those which demonstrate innovation and partnering across the sectors to optimise outcomes for residents and the community.

Regarding Planning Priority 8 on page 46 to "*Deliver a diversity of housing*" we provide the following comment:

This is a *housing diversity* approach, rather than a *housing affordability* approach per se. We fully support the principle of housing diversity and acknowledge the importance of a range of housing typologies being planned for and delivered across various localities, at increasing levels of density where appropriate. However such an approach alone will not deliver meaningful improvements to housing affordability given the constraints of current federal and state policy settings, and with no known future policy or funding settings to significantly boost social and affordable housing supply. We note in particular the comments page 14 of the LHS saying that housing diversity is a key driver of affordability and that high vacancy rate and diversity of dwellings will put downward pressure on rental prices¹². While this may be true to a limited extent (given capacity of developers to control supply) of housing affordability in general, it does not apply to affordability *for lower income households*. Indeed, and as recognised by Council, these dwellings are occupied by households that are not on lower income brackets. Given the possibility for landlords to select tenants with the highest income, a lot of affordable private rental stock is not actually available to lower income households, and the ‘trickle down’ phenomenon of dwellings is likely to be very limited, given costs associated to moving and likely willingness of current occupants to keep their rent low. Hence a strategy over reliant on housing diversity is extremely unlikely to improve housing affordability for very low and low income households. At best this type of strategy is likely to improve affordability only for households on moderate incomes. This can be inferred from the already noted deterioration in housing affordability across the LGA, but is also reflected in recent research, from the Australian Housing and Urban Research Institute (AHURI) which 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.*¹³

It is important 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.

While we support action 8.2 of the LSPS to investigate feasibility of affordable housing contributions schemes, Shelter NSW strongly recommends the development and implementation of more specific measures in the LHS to address the need for more affordable housing identified by Council in the LSPS:

1. The explicit listing of other planning mechanisms (for example in Planning Priority 8) that Council might use to facilitate delivery of affordable housing dwellings in the future, such as SEPP 70/Affordable Housing Contribution Schemes, VPAs, or Section 7.11 contributions.

¹² See also page 47 of the LSPS

¹³ 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>

2. An explicit commitment to seeking approval for Affordable Housing Contribution schemes under SEPP 70. Based on our understanding of Council’s strategic planning and existing constraints, we believe this would be particularly appropriate in key precincts such as Stations Precincts¹⁴, for example Rouse Hill Health Precinct, Castle Hill Strategic Centre, as well as potentially the residential component of Northwest Employment Centre. This is particularly important to assist Rouse Hill Health Precinct into transitioning into a fully functioning strategic centre as outlined in the Central City District Plan. Health workers are key workers who would strongly benefit from affordable housing. The number of areas where SEPP 70 based schemes may apply could be detailed in the Precinct Plan.
3. The explicit inclusion of affordable housing in the list of social and economic infrastructure that might be negotiated through Voluntary Planning Agreements (VPA) in greenfield developments and urban renewal projects.
4. A commitment to consider other value capture mechanisms that allow for delivery of affordable housing through rezoning, for example in the Infrastructure Theme.
5. Investigate potential exemptions to s7.11/s7.12 contributions for Community Housing Providers given that they are delivering essential social and economic infrastructure in the area under the form of social/affordable housing.

On the specific question of seeking approval for SEPP 70 / Affordable Housing Contribution Schemes 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 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 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.

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.

Clearly listing the precincts where the Hills Shire Council is considering using such schemes would provide certainty to landowners and the development industry, an important aspect of a Planning Proposal policy as described page 78. Importantly, where there is certainty around the requirement for developer contributions, the apparent extra costs to developers are capitalised into the price they pay

¹⁴ In particular the ones mentioned p27 of the LHS

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.

The Hills Shire LHS makes the argument page 33 that given high land value, there is a 'need to provide significant residential uplift to make provision viable' and that therefore a housing diversity strategy is more appropriate to addressing housing affordability. Regarding feasibility, we would like to highlight that if the development industry has certainty about the planning policies in place regarding affordable housing contributions, they will pass costs on to the landowners by factoring these contributions into the price they offer for the land. As long as contributions are not set at a level that will impact willingness of the landowner to sell land for development, which would be extremely unlikely in the case of a rezoning given land prices in Sydney Metropolitan area, feasibility is not affected¹⁵.

Finally, Shelter NSW draws Campbelltown City Council's attention to the *Strengthening Economic Cases for Housing Policies* report,¹⁶ Ed any CHIA NSW and UNSW City Futures, and which Shelter NSW co-funded. This research 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 should give Councils greater confidence that Affordable Housing Contribution Schemes, designed to fund a local affordable housing program will have discernibly positive economic impacts at the local level, which will not only benefit the affordable housing residents but 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. In this vein we would suggest that decision makers including Councils should harness this thinking in their policy and planning, as well as in the messaging to local communities so that the benefits of affordable housing are promoted and better understood.

Commitment of the LSPS to social diversity

We support the commitment to social diversity made in Planning Priority 10 of the LSPS¹⁷, recognising the role social infrastructure has to play to support active, healthy and socially inclusive communities.

¹⁵ See 'Development Contributions for Affordable Housing: Theory and Implementation', Marcus Spiller, Liz Mackevicius and Andrew Spencer: <https://www.sgsep.com.au/publications/development-contributions-affordable-housing-theory-and-implementation>

See also AHURI Final Report 281 'Housing supply responsiveness in Australia: distribution, drivers and institutional settings' https://www.ahuri.edu.au/data/assets/pdf_file/0012/13242/AHURI-Final-Report-281-Housing-supply-responsiveness-in-Australia-distribution-drivers-and-institutional-settings.pdf

¹⁶ 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/>

¹⁷ See LSPS page 51

We suggest strengthening the language to be more explicit, however, about the provision of affordable housing across the LGA, ideally in the form of a percentage of all new residential development that should be dedicated to affordable housing, preferably delivered on site, to ensure social mix. Social diversity should be encouraged not only in areas with a high proportion of social housing stock, but also in other areas through implementation of inclusionary zoning mechanisms.

Commitment of the LSPS to further advocacy from local government for social and affordable housing

Shelter NSW is pleased to see that the Hills Shire recognises that housing affordability is a complex issue that needs to be tackled by all levels of government. The LSPS could 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 including those outside of the planning system, such as those outlined in Shelter NSW, National Shelter or CHIA policy and platform documents.

Shelter NSW strongly supports Planning Priority 23 of the LSPS to *“Work in collaboration with other LGAs and Government to improve our places.”* Shelter NSW’ position is that partnering across all three levels of Government, as well as the not for profit and private sectors is vital to achieving sustainable social and economic outcomes for residents.

Shelter NSW recommends:

1. Amend Council’s commitment to collaborate to make it more pro-active, replacing ‘welcome opportunities’ by ‘explore and create opportunities to collaborate’ or equivalent
2. Commitment to advocate to NSW and Federal Governments for more social and affordable housing in The Hills Shire LGA in Planning Priority 23

It is important to recognise that we need to tackle housing affordability issues at the metropolitan and regional level. Advocacy from local government to state and federal governments for direct investment in social and affordable housing would assist local government and the planning system and recognises the need for a systemic response to addressing a public policy issue that is the responsibility of all levels of Government.

Concerning housing affordability, we recommend that the LSPS includes recommendations for Council to tackle housing affordability issues at both 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. This could be included in Planning Priority 23 as well or as part of the Infrastructure theme.

Implementation, Monitoring and Reporting

Shelter NSW strongly supports the commitment of Council to work to ensure the on-going alignment of the LSPS with Council's overarching community strategic planning, as well as the commitment to monitor the LHS every year and comprehensively review it every five years.

We strongly support the inclusion in the 'Shaping Growth' section of a measure of success related to housing costs of households in general and to the number of low income households experiencing housing stress in particular.

We recommend the inclusion in the monitoring section of additional performance indicators specific to housing affordability:

- 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

Summary of Recommendations

1. Provide greater clarity around the measures of housing stress used page 13 of the LHS.
2. Review Table 2 regarding calculation of need for affordable housing and current private affordable rental stock available
3. Include targets for housing that is affordable to people on very low to moderate incomes as part of the 5, 10 and 20 year housing targets for the Hills Shire LGA
4. Mandate for a mix of dwelling sizes and types through the DCP that is broader than housing suitable for families with children, based on a similar model to the 2016 Housing Clause.
5. Refer to the levels of the Liveable Housing Design Guidelines (LHGD) from Liveable Housing Australia in the LHS and the subsequent planning controls developed regarding 'adaptable housing'. In particular, mandate the following:
 - a. That all new apartment development achieves the silver level of the LHGD, allowing 'visitability' of dwellings for people with mobility issues
 - b. That a proportion of all new residential development achieves the gold or platinum level of the LHGD
 - c. That a proportion of all new development in the LGA, including low and medium density housing, achieves the silver level of the LHGD, allowing 'visitability' of dwellings for people with mobility issues
6. Strengthen language in Planning Priority 2, 9, 11 and 15 to ensure the built environment and amenity in the LGA are designed to be accessible to all members of the community by including a reference to the Seven Principles of Universal Design.
7. Tie any action seeking the permanent exclusion of the LGA from the LRMDH Code to detailed planning strategies regarding how The Hills Shire Council will encourage greater housing

diversity and medium density, including mechanisms encouraging delivery of housing that is affordable to people on low and moderate income.

8. Strengthen the language in planning priorities 6, 7 and 8 to include stronger recognition of housing affordability issues impacting lower income households and the need for Council to act to deliver some affordable housing.
9. Recognise that affordable housing is essential social and economic infrastructure as part of Planning Priority 10.
10. List explicitly planning mechanisms Council might use to facilitate delivery of affordable housing dwellings in the future, such as SEPP 70/Affordable Housing Contribution Schemes, VPAs, or Section 7.11 contributions.
11. Include an explicit commitment to seeking approval for Affordable Housing Contribution schemes under SEPP 70, for example for Rouse Hill Health Precinct, Castle Hill Strategic Centre, or in the residential component of Northwest Employment Centre.
12. Consider other value capture mechanisms that allow for delivery of affordable housing through rezoning.
13. Investigate potential exemptions to s7.11/s7.12 contributions for Community Housing Providers.
14. Strengthen the language to be more explicit about the provision of affordable housing across the LGA, ideally in the form of a percentage of all new residential development that should be dedicated to affordable housing, preferably delivered on site, to ensure social mix.
15. Amend Council's commitment in Planning Priority 23 to collaborate to make it more pro-active.
16. Commit to advocate to NSW and Federal Governments for more social and affordable housing in The Hills Shire LGA, for example in Planning Priority 23.

Further discussion

Thank you for the opportunity to take part in the formulation of The Hills Shire Local Strategic Planning Statement and Local Housing Strategy. 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 in the first instance if you wish to discuss these comments.

Yours sincerely



Karen Walsh
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