



City of Parramatta Affordable Housing Discussion Paper

How community housing can deliver solutions to Western Sydney's affordable housing crisis

The NSW Federation of Housing Associations (the Federation) welcomes the opportunity to provide feedback on behalf of its members to the City of Parramatta's Affordable Housing Discussion Paper and fully supports Council's focus on increasing the supply of affordable rental housing in the Parramatta area to assist households suffering from rental stress.

Sydney's prosperity and future growth is limited by its housing affordability crisis. Sydney has become the third most expensive city in the world in which to buy or rent with only 5 suburbs (out of 540) affordable for renters on minimum wage. In Parramatta, 70% of residents are in rental stress with single parent households experiencing the highest rate of housing stress at 42%. For Sydney to secure its position as a global city, further housing is needed for lower income earners, including key workers who are essential to the city's economic sustainability and social diversity. Local Councils have a significant role to play in responding to this issue.

The Federation supports the Discussion Paper's emphasis of the benefits of working with (registered) community housing providers to manage and develop new affordable homes. This submission responds to the Affordable Housing Discussion Paper's questions and Options in the order they appear in the Paper.

Do you agree with the City of Parramatta's approach to measuring the need for affordable housing? (page 35)

Council has considered three ways to calculate a target for future affordable housing provision and has decided to use the first method: the percentage of households in rental stress. The Federation is pleased to see Council's focus on this vulnerable portion of the local population including future affordable housing need. Council has stated that it has also factored "*other forecast information*". While this other forecast information has not been identified, there may be other factors that Council could consider through a more formal housing needs analysis. This housing needs analysis may suggest an increase in the number of affordable housing dwellings is needed. These other factors relate to specific cohorts of households including:

- Indigenous households
- Students and young people
- Families, older and single persons.

We appreciate that resources are required to carry out a robust housing needs analysis. The Federation would support Council in advocating that support from the state government was provided to enable these analyses to be undertaken to support the Greater Sydney Commission's suggestion for local housing strategies.

This proposal featured in Council's Paper has understandably relied on 2011 Census data for its current analysis. The Federation has assumed Council will update the assessment when 2016 Census data is released later this month¹. The updated census data will also provide a more timely understanding of the affordable housing need in the City of Parramatta.

Do you agree with the proposed target of 9,500 affordable rental housing dwellings by 2036? (page 35)

The Federation supports Council's plan to establish an affordable rental housing target for the City of Parramatta. Targets are crucial in bringing the required focus to addressing affordable housing needs. In addition, specific numeric targets will:

- Signify Council's commitment to achieving real improvements by demonstrating how many affordable rental housing units Council expects to see built
- Focus attention on the response required to meet the target
- Help to ensure that on-going effort and funding is directed towards delivering the target
- Provide a measure against which success can be tracked.

Option 3: Advocate for the NSW Government to adopt the precinct development affordable housing targets we recommend: 10% on private and 30% on Government owned land

The Federation in its [submission](#) to the Greater Sydney Commission's draft District Plans noted that inclusionary zoning is potentially a very effective means of encouraging household diversity within local communities. Land is an increasing component of total development costs and is prohibiting the Federation's members from accessing suitable sites for affordable housing. The Council is to be commended for also recognising the value of inclusionary zoning and for advocating the highest value (10%) of the Greater Sydney Commission's targets on private land.

The Federation agrees with the City of Parramatta that where all government owned land is earmarked for sale, a substantial component (at least 30%) should be allocated for affordable rental housing for households on very low, low and moderate incomes.

Option 4: Rely on ARHSEPP 2009 to provide affordable housing

While the City of Parramatta has had some success with this planning mechanism, it has limitations as acknowledged by Council. The 10 year caveat means that Council is unable to deliver long term affordable housing benefits to the local community. In addition, there have been significant numbers of community housing providers advising the Federation that after they have given support to a private developer's application under the ARHSEPP and VPAs, the resulting development has not included them in its management.

Option 5: Continue to utilise VPAs to secure affordable housing

As acknowledged by Council, the shortcomings of VPAs are clear. VPAs are resource intensive, time consuming and lack certainty, consistency and transparency. As a result, the numbers of affordable housing generated through VPAs has been very limited. Research conducted by Urbanista for the City of Parramatta Council and the Federation showed that to date, the total numbers of affordable dwellings produced using VPAs have been modest. For example, New York implemented mandatory

¹ 2016 Census data will be realised on 27 June 2017. See [here](#) for more information.

inclusionary zoning policies earlier this year because VPAs were not generating many affordable housing dwellings.

If Council wishes to pursue VPAs, it should consider reducing or waiving development fees for registered community housing providers developing affordable housing.

Option 6: Pursue inclusionary zoning by applying for inclusion in SEPP70

Council is to be commended for its initiative to advocate for the inclusion of the City of Parramatta in SEPP 70. It will allow Council to utilise the provisions of section 94F and 94G of the Environmental Planning and Assessment Act 1979 to seek contributions for affordable housing as a condition of development approval.

While inclusionary zoning is important for increasing numbers of affordable housing, there still exists a funding gap. That is, revenue made is not enough to cover operating costs and maintenance. The Federation would welcome Council support in campaigning Government for subsidy to bridge the operating gap.

Option 7: Pursue affordable housing development on council-owned land

The Federation thinks this option is useful and appropriate given the level of affordable housing need and supports the Council auditing its land holdings and considering their possible use for affordable housing. Council's target could be achieved by also incorporating a 30% inclusionary zoning target on Council owned land.

It will be important for the Council to monitor the implementation of affordable housing to ensure it is delivered and managed as expected and to be able to publicise its achievements. The Federation would welcome participation in any oversight body associated with monitoring and compliance. The Federation would also be able to assist Council in our communications about its achievements to the local community.

Option 8: Allow local government to transfer affordable housing ownership to CHPs

The Federation supports Council's option to transfer ownership to a registered community housing provider. Community housing providers provide long term benefits to local communities and must also adhere to stringent regulations to ensure they meet high performance standards. The Federation contends the advantages of ownership outweigh the drawbacks listed in the Paper. Most significantly, Community housing providers will be able to leverage the assets they own to fund more affordable housing and Council can impose conditions such as that the value should be kept in the local area.

If Council pursues this approach, it is advised that Council undertake a tender process to select a community housing provider to manage and deliver affordable rental housing. Council could create a panel of pre-selected community housing providers that Council can receive tenders from.

Option 9: Advocate to the NSW Government to increase the supply of affordable housing

The Federation supports the City of Parramatta's initiative to lobby the NSW Government for increased social housing.

Option 10: Explore developer-owned affordable rental housing models

As noted in Option 4, this is not the best option if Council wishes to deliver long term affordable housing benefits to the local community. Community housing providers are not-for-profit organisations with surpluses that are re-invested into the local community to deliver additional housing outcomes in the short and longer term.

Are there other innovative models to provide more affordable rental housing that you think Council should consider?

Council could investigate shared homeownership options, specifically when these programs involve partnership with a registered community housing provider. Council would be a welcome participant in the Federation and Regional Development Australia's (RDA) working group on shared homeownership. The RDA's Sydney Committee has an interest in developing shared homeownership schemes in Western Sydney.

The Federation recognises there are circumstances where the Council may not wish to sell land, in which case there may be alternative options such as community land trusts or similar, or granting long term leases for developments. As land is a key component of total cost, taking it out of the equation would stimulate investment. Where land is temporarily unused the Council could explore shorter term leases for temporary accommodation. There are recent examples in Melbourne that the Federation can provide information about.

Which options do you think Council should pursue to deliver affordable rental housing?

The most effective mechanism that delivers affordable housing for Councils has proven to be mandatory inclusionary zoning (particularly in higher land value locations with large sites or areas with capacity for up-zoning and redevelopment)². The potential benefits of mandatory inclusionary zoning include:

- Certainty up front for the developers and council regarding what is required
- Guaranteed pipeline of supply delivering efficiencies to industry
- Less resource intensive than voluntary inclusionary zoning or VPAs as there are no separate negotiations for each individual application
- More consistent outcomes as development proposals must satisfy fixed requirements – by contrast, VPAs may result in varying contribution levels in return for the same incentives

The Federation's preferred options are therefore Options 3 and 6.

Clarification

For clarification, City West Housing is not a trust established by the City of Sydney Council. City West Housing is an incorporated company which is independent from, but accountable to, the State Government. City West Housing's ordinary shareholders are the NSW Minister for Social Housing and the NSW Treasurer, and the City of Sydney Council is one of eleven preference shareholders.

² See the Federation's and the City of Parramatta's jointly commissioned work '*Facilitating Affordable Housing Through Planning Mechanisms*' 2016 for this evidence base.

Summary

The City of Parramatta's commitment to delivering more affordable housing for Sydney's growing population is welcomed by the Federation. Through its Discussion Paper, Council has demonstrated its clear support for the delivery of affordable housing for its local community which is to be commended. As identified by Council, addressing rental housing stress is essential for social sustainability, community wellbeing and resilience. Community housing providers are well placed to deliver affordable housing outcomes for the City of Parramatta and its local community. The Federation looks forward to working with Council in the future to deliver positive housing outcomes for its residents.