

Open letter to the NSW Premier and Planning Minister

Dear Mr Baird and Mr Stokes,

At the recent 2016 Affordable Housing Conference there was consensus from the not for profit sector, property developers and the finance industry that further innovation is required from Government to help increase the supply of affordable housing in Sydney. This problem is, as we know, no longer confined to one group. Housing stress is now being felt now not just by the very needy but also increasingly by those higher up the income scale.

We emphasise that the Government is to be commended for creating an environment in which housing starts have more or less doubled in Sydney since 2011. However, it also has to be recognised that prices have still gone up significantly in this period. We believe that while increasing supply is a vital part of the strategy, relying solely on greater supply to moderate house prices and rents is clearly not working. Current approaches will not deliver for the growing numbers of aspiring first home buyers locked out of the market and lower income renters struggling to find affordable stock.

Something new needs to be tried not least to meet the housing needs of low paid but essential workers which are not being met currently by social housing provision or the current market. The Government has a real opportunity to make a difference both to the number and mix of homes in Sydney and community wellbeing if it uses its resources and powers in partnership with community housing providers and the private sector.

We recognise and welcome recent Government initiatives in relation to increasing social housing and private for sale supply through FACS led projects in the new Communities Plus program. The fact that income from housing land sales has been ring-fenced to invest in new social housing is also welcomed, as is the formation of a Social and Affordable Housing Fund. We also understand there are moves towards an inclusionary zoning policy in the planning system which would apply only to certain precincts in those LGAS which want it – which we strongly support but which we would like to see more generally applied.

We recognise and endorse these shifts in Government approaches but believe that there is a need for further innovation in relation to four key initiatives:

1. **Inclusionary zoning and affordable housing targets for privately owned development sites.** Many in the private sector will support inclusionary zoning if they are involved in drawing up the rules and if there is up-front certainty about planning requirements so that these can be factored into the land purchase price.
2. **Use of government land destined for housing development** - rather than seeking to maximise the return to the Treasury, the Government should set an example by mandating ambitious affordable housing targets on its major land holdings slated for disposal (e.g. regeneration sites) and accepting a slightly less-than-projected gain from the escalation in land values seen over recent years.

3. **Government incentives to trigger private and not for profit investment into affordable housing.** This would include expanding the Social and Affordable Housing Fund through, for example, designating a fraction of stamp duty receipts again inflated by the dramatic rise in property transaction values seen since 2011.
4. **Using its role on the Commonwealth's Affordable Housing Working Group to support the creation of an Affordable Housing Financial Intermediary.** This would enable community housing providers to access well-priced long-term funds from institutional investors bringing down their costs and stretching the benefit of a fixed amount of government financial support.

For Sydney to continue to be a Smart City that's vibrant, exciting and liveable for everyone no matter how much they earn, we need a long term plan for housing affordability that provides policy certainty and a development pipeline. This is the key to unlocking the not for profit and private sectors' expertise and entrepreneurship and attracting the large scale private investment we need to help solve this problem.

We all want a city where families, nurses, childcare workers and people on ordinary incomes can live, work, eat out and shop and continue to help Sydney thrive.

For the sake of those NSW households struggling to find somewhere affordable to live we need to act now.

Wendy Hayhurst (CEO, NSW Federation of Housing Associations)



Katherine McKernan (CEO, Homelessness NSW)



Professor Peter Phibbs (Faculty of Architecture, Design and Planning)



Professor Bill Randolph (Director, City Futures, UNSW)



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