



**Community Housing Industry
Association NSW & the
Western Sydney City Deal
Strategic Alliance of
Community Housing Providers**

**Submission to the Western
Sydney Aerotropolis Land
Use and Infrastructure
Implementation Plan**

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Recommendations

The key recommendations in this submission are:

- Include recognition in the Land Use and Infrastructure Plan that affordable housing constitutes critical infrastructure and that a clear housing strategy is needed to ensure optimal economic outcomes from the development of the Aerotropolis
- Develop a strategy plan for the delivery of the housing requirements for the Western Parkland City that includes sub market rental options based on an analysis of social and affordable housing need
- Have a much greater focus on the delivery of low cost and sub market rental housing in any plans for the Aerotropolis and Western Parkland City
- Set clear targets for affordable rental housing in the Aerotropolis and Western Parkland City and monitor their delivery
- Implement policies, including inclusionary zoning and leveraging government owned sites to support the achievement of the affordable rental housing targets
- Include the community and non-government organisations in the Aerotropolis governance arrangements through establishing a community panel or advisory group
- Consider opportunities to incorporate the training and employment of existing disadvantaged social housing communities in Western Sydney in development and implementation of the Western Parkland City.

About the Community Housing Industry Association NSW

The Community Housing Industry Association NSW (CHIA NSW) is the industry peak body for registered community housing providers in NSW. CHIA NSW is also supporting Aboriginal Community Housing Providers (ACHPs) in NSW in a process to establish a representative body.

CHIA NSW's purpose is to support the development of a not-for-profit rental housing industry which makes a difference to the lives of lower income and disadvantaged households in NSW. CHIA NSW seeks to ensure that registered community housing providers are active in all housing markets, providing a full range of housing products.

The community housing industry in NSW is growing and diversifying. It now manages more than 38,000 homes and is due to manage a further 14,000 homes being transferred from public housing management over the next three years.

Registered community housing providers in NSW manage both social housing and affordable rental housing - they are grounded in their local communities and understand local housing need. Between 2012 and 2020, CHIA NSW estimates that its members will deliver around \$1billion in investment to create around 2,700 new homes.

The Western Sydney City Deal Strategic Alliance

In 2017, CHIA NSW supported the development of a 'strategic alliance' of nine community housing providers operating in Western Sydney. The Alliance represents a co-ordinated response by the community housing industry to the challenge of delivering affordable housing as part of the Western Sydney City Deal and an offer to work with governments to help develop drive the delivery of the affordable housing component of the Deal.

Community housing providers are part of the social and economic fabric of Western Sydney. They are active investors in Western Sydney, they employ local people, and they contribute to the Western Sydney economy.

The major providers of community housing in the Western Sydney region manage over 16,000 properties in NSW. They operate nationally, state-wide and locally, and are using over \$60m of their own equity and \$143m of debt finance, to deliver additional affordable housing units in south west and western Sydney region. Collectively they are investing over \$200m to meet the affordable housing needs of the local community.

This level of commitment makes them well placed to support all levels of government to deliver what is one of the most exciting opportunities for the community of Western Sydney, the 'Western Sydney City Deal'.

The principles adopted by the Strategic Alliance in its foundation statement, and reflected in this submission, are that:

- Affordable rental housing is critical infrastructure for the growth of Western Sydney
- Community housing providers will work with all three levels of government in the City Deal area to deliver affordable rental housing that supports the economic and social objectives of the City Deal
- The delivery of affordable rental housing will be aligned with the major infrastructure investments to be made in Western Sydney, including the Western Sydney Airport and major transport links
- The objectives set by the Greater Sydney Commission's District Plans will provide the framework to guide integrated land-use planning

- Affordable rental housing delivered by community housing providers will be used to house people in jobs that are essential in supporting the Western Sydney economy – for example airport personnel, retail and hospitality staff and essential service workers
- Community housing providers will look to co-invest with government to meet affordable rental housing targets in local communities across participating local government areas – community housing providers can access private capital through the National Housing & Infrastructure Corporation (NHFIC) bond aggregator and are also eligible to access infrastructure finance through NHFIC
- Community housing providers will actively engage with, and propose innovations in, the service delivery system in Western Sydney and will work with others to deliver systemic improvements, including ensuring that the significant local Aboriginal community benefits from City Deal opportunities
- Community housing providers will actively engage in the governance and implementation arrangements for the Western Sydney City Deal to ensure that the delivery of affordable rental housing supports the other domains of the City Deal, such as liveability and sustainability
- As ongoing managers of affordable housing, community housing providers are committed to environmental sustainability and the reduction of costs for tenants

In 2018, the Alliance commissioned SGS Economics to provide an analysis of the demand for social and affordable housing in the Western Sydney City Deal area. The findings of that report *Demand for social and affordable housing in WSCD area* are detailed later in this submission, but essentially show that there is a significant need for social and affordable housing provision within the eight LGAs in the City Deal.

The Western Sydney Aerotropolis: an opportunity to support diverse communities and shared economic outcomes

The Strategic Alliance and CHIA NSW support the development of a new Western Sydney Airport and the opportunity that an integrated approach to planning will have for an emerging community in the Western Parkland City. We also want to ensure that those opportunities are shared amongst a diverse community and a diverse workforce and that affordable housing in its many forms is available to new and existing residents within the Western Sydney City Deal area.

We also support the statement in the plan that it ‘provides a foundation for a conversation with the community and industry’ and builds on the collaborative approach developed through the Western Sydney City Deal. We believe that this should be enshrined in the governance arrangements for implementation of the Aerotropolis through a community panel or community advisory group that includes representation from local Aboriginal communities and from non-government organisations that play a significant role in supporting communities.

The aspiration that development of the Aerotropolis will result in the employment of 200,000 people is a critical component in delivering the NSW Government’s vision and will be contingent on two key activities – the provision of transport and housing infrastructure. The Stage 1 Plan is clear about the need to match infrastructure development to population and employment growth but this is explicitly linked to considerations of transport needs – not to housing needs.

In addressing infrastructure funding, the Plan only comments on funding for the airport, for the rail link and for roads. Community housing providers can access funding such the infrastructure funds provided through the National Housing and Infrastructure Corporation. They are well placed to unlock the potential for residential use of land holdings in the Western Parkland City, in particular for land owned by government and made available for mixed use development that incorporates affordable housing.

Housing infrastructure in the Western Parkland City has to respond to the needs of all types of households – both existing and new households, and will need to reflect the fact that not all of the employment opportunities created in the Aerotropolis will be highly skilled and highly paid ones. The Plan specifically identifies the importance of providing ‘the opportunity for staff to live nearby’ and this is assumed to mean the staff of all types of businesses (Page 22).

Retail workers, hospitality workers, cleaners and security guards are just some of the lower paid jobs that will need to be done in the new Western Parkland City. Health and childcare workers will be needed to support the new workforce along with other essential workers. This requires the development of a housing policy that meets a range of income requirements, including affordable rental housing.

There is limited discussion in the report about the need for affordable housing and no mention of an affordable rental strategy as either part of the Aerotropolis vision or part of the Western Sydney City Deal (Page 12). There is a comment about housing affordability being delivered through increased density and housing diversity (Page 15), but no discussion about how the spectrum of housing affordability needs of a 'mixed' community living in the Western Parklands City will be met.

We understand that there will be an opportunity to consider residential requirements as part of local precinct planning to be led by the Western Sydney Planning Partnership and note the statement on page 18 that development must be consistent with the Region and District Plan. However, there is no comment in this Plan about the inclusion zoning proposal in the Regional and District Plans of the GSC that require 5-10% of the value capture of new residential development in priority precincts to fund, or be provided as, affordable housing.

This is a really important component of the GSC Plans and one which CHIA NSW and the Alliance strongly endorse. It is vital that the gains that will be delivered by the residential rezoning to be incorporated into the proposed new SEPP are shared by the community. Inclusionary zoning is a means to ensure that those who are not in a position to purchase a home can still live and work in the Western Parklands City. Ensuring that economic opportunity is unlocked for a variety of households in Western Sydney will also reduce pressure on transport infrastructure.

We are also unclear as to how the plans for precincts in the Aerotropolis area will be linked to the requirements that all local governments prepare a Local Housing Strategy. It would be good to understand how these will join up and what component of housing need as detailed in the LGA plans will be met within the Aerotropolis area.

We would also note that there is no mention in the Sustainability section of the Plan at Page 38 of the importance of sustainable building design and assume this will also be addressed in the design guidelines and the SEPP requirements.

It is anticipated that Alliance members and CHIA NSW will be given the opportunity to comment on the new design guidelines for building design proposed on Page 40 of the Plan, and on the new SEPP as set out on Page 45. We would also stress that any consideration of the use of existing government owned land should incorporate the use of that land to deliver affordable rental housing.

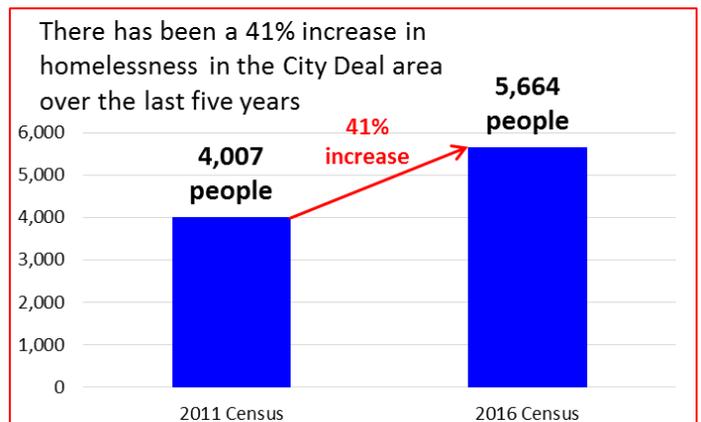
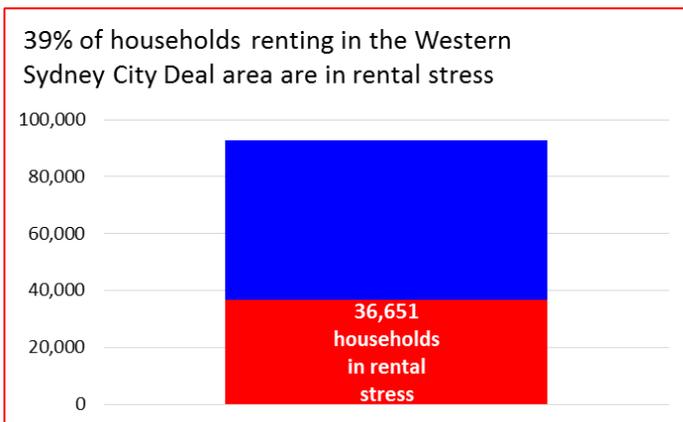
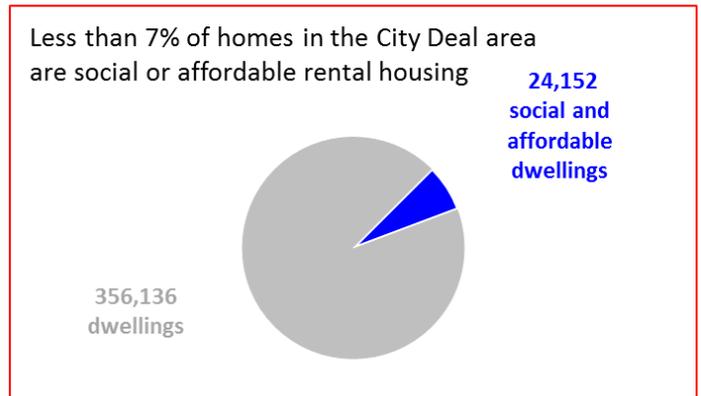
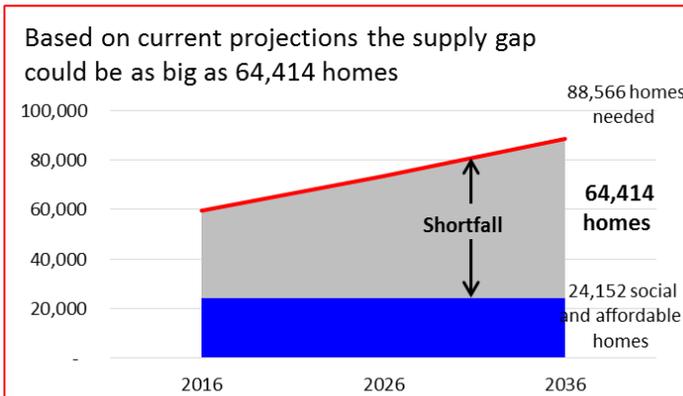
We would also support some comment in the proposal as to how the Aerotropolis would provide an opportunity to deliver better outcomes, principally employment and housing outcomes, for the existing marginalised communities already living in the Western Sydney City Deal area. Linking those communities to targeted employment and training opportunities could provide a highly needed circuit breaker for the locational disadvantage experienced by some social housing communities in Western Sydney.

A focus on affordable rental housing

The Strategic Alliance commissioned *SGS Economics and Planning* to estimate the current and projected need for social and affordable housing in the Western Sydney City Deal area. The analysis uses 2016 Census data on household types, income and rent and NSW Department of Planning and Environment population projections to forecast how housing needs are likely to change in Western Sydney over the next 20 years.

This report¹ was finalised in September 2018 and has some startling findings:

By 2036, the Western Sydney City Deal area will need 88,566 affordable rental dwellings



¹ SGS Economics and Planning, *Demand for social and affordable housing in WSCD area* (Sept 2018) prepared for CHIA NSW

The table below taken from the *SGS Economics and Planning Report* into social and affordable housing demand, shows the estimated supply gap for social and affordable rental housing for all of the local government areas in the Western Sydney City Deal area:

| LGA | 2016 supply gap | 2026 supply gap | 2036 supply gap | Change (2016 to 2036) | % Change (2016 to 2036) | % Change (Total households) |
|----------------|-----------------|-----------------|-----------------|-----------------------|-------------------------|-----------------------------|
| Blue Mountains | 2,253 | 2,536 | 2,896 | 643 | 29% | 15% |
| Camden | 1,688 | 3,628 | 6,020 | 4,332 | 257% | 186% |
| Campbelltown | 5,052 | 7,758 | 10,670 | 5,619 | 111% | 45% |
| Fairfield | 9,464 | 11,085 | 12,372 | 2,908 | 31% | 15% |
| Hawkesbury | 1,929 | 2,408 | 2,999 | 1,070 | 55% | 30% |
| Liverpool | 7,646 | 12,082 | 16,465 | 8,819 | 115% | 60% |
| Penrith | 6,422 | 9,010 | 11,340 | 4,919 | 77% | 37% |
| Wollondilly | 914 | 1,179 | 1,652 | 738 | 81% | 52% |
| WSCD area | 35,368 | 49,686 | 64,415 | 29,047 | 82% | 31% |

The report also considers the impact of changing income inequality on the supply gap. Not surprisingly, in a scenario where rents rise at a greater rate than household incomes, the supply gap for social and affordable housing is estimated to be larger at almost 67,500 across the City Deal area.

The analysis in this report suggests that there is significant unmet demand for social and affordable housing in the Western Sydney City Deal area. The scale of the supply gap for housing which is affordable to people in the lowest income groups clearly warrants the attention of all levels of government.

It is vital that planning for the Aerotropolis and the Western Parkland City considers how the different levels of government can collectively identify mechanisms to begin to address the supply gap. Affordable rental housing will be essential to the proper functioning of the Aerotropolis and the Western Parkland City and to the strategic objectives set by the Greater Sydney Commission's Plan.

Affordable rental housing for the lower income households who will live and work in the area needs to be a central pillar of planning for the Aerotropolis and Western Parkland. Mechanisms which will deliver affordable rental housing for the area include:

- Setting clear targets for affordable rental housing
- Implementing inclusionary zoning as a way to capture value as sites are rezoned and to provide signals to the market that there is an expectation that affordable rental housing will be part of the area's housing stock
- Identifying government owned sites which can be used to leverage affordable rental housing outcomes, including by ring-fencing parts of these sites for affordable rental housing development funded by the contributions raised from inclusionary zoning