



CHIA NSW Submission

Proposed amendment to the
State Environmental Planning
Policy (Affordable Rental
Housing) 2009

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About CHIA NSW

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

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. They are well regulated and are subject to annual compliance assessments by the Registrar of Community Housing against seven performance standards including tenancy management, community engagement and property maintenance.

Many registered community housing providers have established strong relationships with local councils to encourage affordable rental housing delivery. As well as managing affordable rental housing on behalf of local councils which has been delivered through voluntary planning agreements and other planning mechanisms, our members have worked across 35 different local government areas to deliver new social and affordable housing.

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.

Focus of submission

Our submission is focused on accommodation developed and / or managed by our members. CHIA NSW recognises that boarding houses developed by the private sector can provide an affordable option for single people whose other housing options may be limited or in a less well located area. On occasion community housing providers enter into arrangements to manage boarding houses on behalf of private owners when the accommodation is consistent with their mission. An example of this arrangement is the boarding houses featured in this [video](#).

We have consulted with our members about how the proposed amendments would impact them and have heard that they are likely to limit opportunities for registered community housing providers to expand affordable housing provision areas where there is a clear need. They have also expressed concern about introducing periodic and piecemeal changes to planning requirements. These proposals come soon after the recent announcement on car parking requirements, the impact of which is unlikely

to have played out. In a sector which is still in the relative early stages of establishing its credibility with investors we would be assisted by stable long term government policy on affordable housing.

Understandably we have less information about how this cap will impact boarding housing developments by private developers. We would be concerned if it discouraged developers of genuinely affordable homes which registered community housing providers manage under a long term agreement.

Planning policy development

CHIA NSW and its members have been concerned by recent steps to amend the State Environment Planning Policy (Affordable Rental Housing) 2009 which have the potential to undermine the supply of much needed affordable rental housing. This SEPP is one of few mechanisms to support the supply of affordable rental housing and making amendments outside of a comprehensive review process which considers the broader system impacts of any changes has the potential for unintended consequences.

CHIA NSW is concerned about the precedent that would be set by introducing a cap on boarding rooms in boarding house developments in R2 zones. Such a precedent could lead to other piecemeal changes to this SEPP that would undermine supply of affordable rental housing. It would be preferable for the consent authority use existing powers to decline applications which may be out of character in a locality.

CHIA NSW will continue to advocate for evidence based policy making where there is engagement with the community supported by data and an analysis of the issues being considered and the impact of any proposals being made.

At one point the NSW Government proposed to review all planning policy relevant to delivery of affordable housing; including the AHSEPP, SEPP70 and SEPP65. We supported that proposal and recommend the review is reinstated.

We also recognize that new generation boarding houses are a relatively new product and there are understandable concerns about their longevity and appropriateness for some households and tenures. Landcom commissioned work to examine good design for smaller homes and we would welcome publication of this work to stimulate debate and if appropriate policy to ensure that high standards of built form externally and internally are encouraged.

Position on the proposed changes to the SEPP

CHIA NSW does not support the proposed changes to the SEPP (Affordable Rental Housing) 2009 – Boarding Houses.

Our current information suggests that no registered community housing owns or manages a boarding house above the threshold (the largest we are aware of is 10 spaces in Parramatta). Limiting the

number of boarding rooms in boarding house developments in R2 zones to a strict maximum of 12 boarding rooms has the potential to restrict our members' ability to achieve maximum development potential on sites. Measures which reduce development viability will limit opportunities for registered community housing providers to expand affordable housing provision in these areas. We have provided an example below.

Existing planning controls, including the local character test, appear to be sufficient to deal with proposals for larger than is appropriate developments.

Potential impact of proposed changes for registered community housing providers

Changes to the SEPP that would have the effect of making development less viable will mean that new developments targeting single people may no longer be delivered by registered community housing providers in many NSW housing markets.

Registered community housing providers have developed a number of boarding houses including in the Inner West, Western Sydney, North Sydney and the Central Coast. Registered community housing providers are also managing boarding houses on behalf of private entities in other Metropolitan Sydney locations.

Our members tell us that the proposed amendment will limit the viability of developing boarding houses on some sites, particularly outside of Sydney.

One provider has reported that as the search for development opportunities they have identified sites on the Central Coast that have high levels of local amenity that are zoned for R2, including areas adjacent to train stations and other transport infrastructure. This includes areas zoned R2 where residential flat building are a permissible use, and a density bonus would be applicable under SEPP-ARH 2009 cl. 29 (1)(c). Depending on site-specific FSR, height, and setback controls, a cap of 12 rooms may restrict their ability to achieve maximum development potential at such sites.

Affordable housing need

Single people are a growing proportion of people living in social and affordable housing and need for affordable rental products for singles is also growing. Unpublished work for CHIA NSW that is building on the [AHURI social housing as infrastructure report](#) estimates that NSW faces a shortfall of nearly 80,000 affordable rental homes and will require a further 24,000 to keep pace with demand to 2036. Reducing the opportunities for affordable housing must be avoided.

New generation boarding houses are an excellent product for this group. Registered community housing providers are typically developing new generation boarding houses as a way of providing affordable rental housing to very low or low income single people in well located and well serviced communities.

The existing requirements under the SEPP (Affordable Rental Housing) 2009 allow our members to balance development cost with meeting the needs of the community. The provisions mean that community housing provider development of new generation boarding houses can be feasible, even given the low rental yield received from the very low and low income single people they house.

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Community acceptance for new generation boarding houses

Based on our member's experience there can often be a negative community reaction to the idea of a boarding house being developed but there is very often a high degree of acceptance for these developments once they become part of the local landscape.

CHIA NSW's members have developed over 100 new generation boarding house units across at least six different local government areas. In addition to this, CHIA NSW understands that several members are managing new generation boarding houses developed by private developers.

Our members advise that in their collective experiences, community concerns about new generation boarding house developments are no more pronounced than for other medium density projects they undertake.

In our last submission in response to the government's proposal to increase car parking spaces we showed that community fears of a negative outcome did not materialize. Many residents were not even using cars.

Registered community housing providers have an excellent understanding of their target household groups and developments by community housing providers are designed to meet their needs. Our members also have the skills and experience to work with communities to manage concerns they may have with developments and can put in place strategies to mitigate any potentially negative impacts.

Registered community housing providers also have to meet and continue to comply with minimum performance standards that include obligations on asset management, tenancy services and community engagement. They are assessed annually on compliance and there are mechanisms for raising concerns at other times.

Innovation by community housing providers

Community housing providers take their role in providing housing for communities which is supported by communities very seriously.

In developing new generation boarding houses, our members have engaged extensively with local councilors, councils and community members to identify issues of concern for communities. Typically development are small scale They also put in place appropriate management arrangements (typically more intensive) that are responsive to the residents' needs and consistent with the requirements of their regulatory obligations.

A report¹ commissioned by CHIA NSW launched in May 2018, provides some supporting evidence that boarding houses involving not for profit registered community housing providers do not have negative impacts on the surrounding area. The report examines three boarding houses, each with a different development and management arrangement. One large boarding house developed and managed privately did face resistance and ongoing management issues. The experience of residents with the other two was positive;

- A boarding house in the Inner West built by a private developer about which neighbours raised concerns. The management has since passed to a registered community housing provider and very few neighbours have reported any negative impacts. The boarding house has an onsite manager, appropriate to the resident cohort
- A North Sydney development by a registered community housing provider had a straightforward passage through the planning system with no community resistance or reported negative impacts afterwards. This is in part attributed to the provider being well known and respected in the locality, working well with the Council and providing high standard management

Recommendations

If a cap on boarding rooms in boarding house developments in R2 zones is implemented, CHIA NSW recommends that:

- A cap is established for boarding house developments owned and managed by a registered community housing provider. CHIA NSW suggests that a cap of 20 boarding rooms should protect project viability for affordable rental housing developments.

¹ Building Community Acceptance for Community Housing, Judith Stubbs and Associates (2017),