

Submission to the Planning Our Future – Lake Mac 2050 Strategy

Introduction

The Community Housing Industry Association (CHIA) NSW welcomes the extension provided by Lake Macquarie City Council (LMCC) to input into its 2050 Strategy. We note that the draft plan is underpinned by supporting research including a Housing Study prepared by SGS Economics and Planning. While focused on the potential for increasing housing diversity; specifically by identifying sites where low rise medium density homes can be encouraged / supported, the report also highlights the need for more homes for households in rental stress.

CHIA NSW is the industry peak for community housing providers in NSW. We represent around 100 providers including many Aboriginal Community Housing providers. Aboriginal members have also been working to establish the Aboriginal Community Housing Industry Association (ACHIA) NSW. It currently is overseen by an interim committee pending its first elections in December 2018. Along with many other organisations (including a number of Councils, CHIA NSW belongs to the National Everybody's Home Campaign <http://everybodyshome.com.au/> which is seeking to influence Government policy to tackle housing unaffordability.

Community housing providers manage around 39,000 tenancies across NSW and own \$1.7b worth of social and affordable housing assets. Community housing providers manage the tenancies of a diverse group of households, most of whom are on very low incomes and the sector is set to grow further with the transfer of around 14,000 properties from public housing management set to take place over the next two years, although the Lake Macquarie area is not one of those locations.

Our members have developed approximately 33 new affordable homes in LMCC between 2012 and 2017. At the time the last survey was conducted (the 2018 survey is in progress) no additional properties were in the pipeline. The small numbers reflect the absence of any substantial government support for increasing the supply of social and affordable housing. The two existing programs (Communities Plus and the Social and Affordable Housing Fund) are relatively small scale in terms of adding additional homes and in the case of Communities Plus focused on public housing estates where redevelopment at higher density can generate returns that fund social housing. The latter is unlikely to be an option in much of LMCC.

Sydney's booming housing market (albeit cooling) has created what one person has described as a 'tsunami effect' on house prices and rental rates up and down the NSW coast. LMCC has identified that housing cost pressures have been stimulated by in migration from both retiring baby boomers and younger households choosing affordability and lifestyle over proximity to employment.

About our response

Our response is relatively short and as you would expect is focused on the housing elements. As a representative body for community housing rather than a local organisation we have not commented on the specific growth precincts. We do however fully endorse the approach of providing affordable housing close to services and transport facilities. We also believe that by identifying the proposed precincts and setting out a vision for each it will provide certainty for residents and allow them to be involved in development, implementation and review of local plans.

We also appreciate that LMCC is concerned both to attract and also retain working age households by expanding local employment opportunities. Housing options that enable younger, less affluent and smaller households will be part of the package. CHIA NSW endorses the approach LMCC have taken by examining options for higher density housing but also suggests other options later in the response.

We appreciate that this strategy will articulate an overarching vision for Lake Macquarie and that other plans and strategies will set out the actions that will deliver this vision. Our particular interest will be in Council's local housing strategy and we would welcome involvement in the process. Our response does offer some suggestions and recommendations about this process.

We have structured our response by first making observations about housing needs and affordable housing then suggesting responding actions. We have summarised our recommendations below and appreciate that given LakeMac 2050 is a visionary document are likely to influence other supporting plans and strategies.

The response has been circulated to our members operating in LMCC.

Summary of Recommendations

1. Under 'Housing Choice' we recommend that a short paragraph is inserted to recognise sub market housing as a specific requirement and reference made to a definition. A number of Councils have adopted definitions e.g. Central Coast's draft affordable housing strategy contains one that is sound though we have suggested it management by a community housing provider that is registered in the National Regulatory System for Community Housing (NRSCH) or the equivalent [NSW Local Scheme](#).
2. Advocate for the Commonwealth and State Government to introduce comprehensive housing strategies underpinned by standardised housing needs assessments

3. Advocate for a NSW Housing Supply Council or similar to oversee the development, implementation and review of the State based strategy, with a defined role for Councils
4. Given that LMCC does not have a discreet housing market area we recommend that LMCC works with other Hunter LGAs to establish a joint Hunter region housing planning forum to collaborate on needs assessment, joint research, advocacy work and implementation. We note that the Hunter Regional Development Corporation have tentatively suggested facilitating such an initiative.
5. Under 'Housing Choice' make reference to the needs of lower income residents – this might include homeless households, and the need for culturally appropriate housing for the LMCC's Aboriginal community. We recognise that the Housing Strategy will be more explicit about how it might address (or advocate for) the needs of these groups and any others identified in a needs assessment
6. Consider introducing indicators around community wellbeing to measure progress against the LakeMac 2050
7. Identify Council owned sites in the precinct areas that can be used for affordable housing projects and engage with the community housing industry and CHIA NSW on design
8. Support and encourage housing design that reduces on going running costs - e.g. reduces energy consumption – and minimises waste - e.g. of water. Both can have a significant impact on affordability for lower income households.
9. As part of its local housing strategy produce a policy to secure affordable housing contributions (we note that the scope for value capture may be limited) and advocate for LMCC to be listed in SEPP70 (we recommend setting up an affordable housing fund given the generally small scale development activity)
10. We support the SGS Housing study recommendation to remove barriers to the provision of smaller dwellings on the lots identified in the study as suitable.

General Comments

Definition of Affordable Housing

CHIA NSW recommends that under 'Housing Choice' a short paragraph is inserted to recognise sub market 'affordable' housing as a specific requirement and reference a definition. A number of Councils have adopted definitions e.g. Central Coast's draft affordable housing strategy contains [clear descriptions](#). We have suggested that their definition of affordable rental housing encompasses its management by a community housing provider that is registered in the National Regulatory System for Community Housing (NRSCH) or the equivalent [NSW Local Scheme](#), introduced for Local Aboriginal Land Councils unable to meet the NRSCH eligibility criteria because of conflicting legislative requirements.

This would not exclude for profit providers as they can seek registration in the NRSCH although LMCC may wish to consider the benefits of working with a not for profit sector that reinvests its surpluses back into services and / or additional accommodation.

Housing Needs Assessment, Local Housing Strategies and Performance Information

CHIA NSW acknowledges that LMCC have done preliminary analysis of housing demand. We believe it is critically important that there is better quality information about housing need to inform infrastructure planning at all levels of government. Our organisation advocates for the Federal and State Governments to promote a standardised approach to housing needs assessment as is common in other [jurisdictions](#). We strongly believe a standard approach is necessary to ensure consistency and reliability of the projections. Aggregation would also be possible to assist in the production of state and commonwealth strategies which we feel are necessary to resolve housing affordability.

CHIA NSW believes the re-establishment of a body akin to the Housing Supply Council with a remit to assess needs too would be a positive step towards improving data and planning. Such an organisation could also take a role in strategy development, implementation and review. Such a Council could have state bodies / offshoots too.

We have found many Councils (LMCC included) are pro-active in identifying and seeking to address housing need but with limited powers and resources constrained in what they can do . We also question whether it is cost effective or desirable for Councils to produce individual needs assessments when housing markets operate across wider areas.

Clearly a housing needs assessment could factor in some work to assess what housing would be required to attract and retain the workforce to support the economic strategy. While this may involve an element of housing to attract 'talent' a realistic assessment of employment opportunities may lead to consideration of a broader range of needs. Some jobs in growing industries (aged care, tourism etc) are low paid with few opportunities for progression and thus we suggest having an element of affordable options in a strategy may be critical to delivering employment options.

We believe there is scope for:

- Hunter Region Councils pooling resources to work together on the research and evidence base to inform housing strategies and potentially on implementation
- Councils to have a more formal role in the State's housing strategy given the requirement to produce housing strategies We have already shared information with LMCC about how the Scottish system works and while not all elements are transferable many of the principles are.

Aboriginal Housing Needs

CHIA recommends that there should be some recognition of LMCC's Aboriginal community beyond the cultural references. The Aboriginal Housing Office (AHO) has developed a Housing Supply and Demand Model to assess the supply gap. This is currently subject to external validation following incorporation of the 2016 census results.

They have however released **preliminary** projections for LMCC based on the 2016 Census. According to AHO preliminary projections based on the 2016 Census – the total Aboriginal household demand for LMCC will increase from 4,436 households in 2018 to 6,926 households in 2031. This represents an increase of 2,490 households or 56%.

In relation to the social and affordable housing income bands (up to 90K p/a) Aboriginal household demand for LMCC will increase from 2,750 households in 2018 to 4,326 households in 2031. This represents an increase of 1,576 households or 57%.

There are opportunities presented by the Council's own proposed developments to incorporate specific Aboriginal housing outcomes.

There are a number of local Aboriginal organisations, including Local Aboriginal Land Councils which are CHIA NSW / ACHIA members and would welcome the opportunity to share their expertise and knowledge with LMCC. CHIA NSW and ACHIA would be pleased to facilitate contact between organisations and the Council.

During the AHO conference in Sydney on 26-27 September 2017 the issue of low cost home ownership options for Aboriginal households was raised a number of times. Indigenous Business Australia (IBA) gave a compelling presentation about their work to facilitate home purchase via the Indigenous Home Ownership Program. Council may wish to explore whether its shared equity strategy may be enhanced through linkage with the [IBA](#).

Housing Needs for People with Disability

While the policy acknowledges the needs of people with disability the Summer Foundation's [Market Insights](#) shows that LMCC has a substantial need for specialist disability accommodation. While the absolute numbers place LMCC in the middle of the NSW pack we suspect that as a percentage of total households they are significant. LMCC may wish to consider how it could support CHPs and other accommodation providers to meet this shortfall. CHIA NSW runs a NDIS network for our members who specialise in this type of accommodation and we can facilitate contact if this would be useful.

Targets

CHIA NSW believes setting absolute numerical housing targets broken down into types and price points is useful and sends a clear signal to other stakeholders noting that in the absence of robust needs assessment these can only be indicative and thus may need to be periodically adjusted. Targets also focuses Council on actions it can take to facilitate their achievement though clearly the actions of the State and Commonwealth Government will heavily influence the outcomes. We note that LMCC intend to measure rental stress and hope that the local housing strategy will include targets for not just overall supply but also for subsets such as affordable.

Would LMCC coast consider monitoring quality of life measures to assess the Strategy's impact? CHIA NSW is developing a high-quality outcomes measurement framework for community housing providers to demonstrate their societal contribution arising from the provision of affordable housing. This work is also relevant to Council and the CHIA NSW would be willing to share this.

Actions

We have briefly noted actions that we recommend are given consideration in LakeMac 2050 or supporting strategies.

Use of Council Land

Identify LMCCI owned sites in the precinct areas that can be used for affordable housing projects. We recognise that there is pressure for Councils to maximise the return on sale of land given the limited resources available. That said a number of Councils have committed to identifying potential sites (disused car parks etc) that could be used for affordable housing. Where locations are close to transport links community housing providers have been able to use discounted land and cross subsidy from market sale to realise affordable housing. Where Councils do not wish to surrender land the option to provide long term leases at peppercorn rates is an alternative.

We hope LMCC will engage with the community housing industry via CHIA NSW over project design in order build on providers' experiences of State government and other procurement initiatives.

The UNSW City Futures Affordable Housing Assessment Tool that allows users to estimate the costs and subsidy mixes to achieve specified housing outcomes for particular sites may prove useful to Council.

LMCC is probably familiar with the Landcom prequalification scheme for community housing providers which should make tendering more straightforward. <https://www.procurepoint.nsw.gov.au/scm4421>

Affordable Living

We note that sustainability and liveability are a core principle of LakeMac 2050 and LMCC may consider supporting particularly through its own development and also in policy design that reduces ongoing costs to owners or renters. The Australian Sustainable Built Environment Council (ASBEC) has produced a document [Built to Perform](#) – a strategy to set strong energy standards for new buildings which ‘could, between now and **2050**, reduce energy bills by up to \$27 billion, cut energy network costs by up to \$12.6 billion and deliver at least 78 million tonnes of cumulative emissions savings’.

Affordable Housing Contributions

CHIA NSW recommends that as part of its local housing strategy LMCC produce a policy to secure affordable housing contributions. We accept that in the absence of LMCC being listed in SEPP 70, voluntary planning agreements are probably the ‘best’ option for Councils to secure affordable housing in private developments. Research by the University of Sydney examined how many units of affordable housing had been generated through VPAs in NSW over the last few years. Records are partial and so the figures are difficult to establish nevertheless they were able to make estimates. In total across NSW substantially fewer than 50 homes had been secured. Even then the researchers were unable to confirm whether rents charged were affordable as compliance with the agreements is limited.

We understand that local governments can be very cautious about inclusionary zoning but all of the evidence points to this being the clearest and simplest mechanism (for all parties). We would fully support that Council is to lobby the Government for the inclusion of the growth and change precincts in SEPP 70. We also understand that LMCC has reservations about whether there is scope for a percentage target on individual sites given how small most are. The alternative is to require cash contributions and set up an affordable housing fund and invite bids. While it may be relatively small scale, in combination with other subsidy (we are hoping for some replacement for the National Rental Affordability Scheme) it may secure additional affordable units. The City of Sydney runs its own fund.

<https://www.cityofsydney.nsw.gov.au/community/grants-and-sponsorships/business-grants/affordable-diverse-housing-fund>

Planning Mechanisms

We support the SGS Housing study recommendation to remove barriers to facilitate lower rise medium density housing including multi dwelling homes. We do not have an opinion on specific conditions but encourage some zone of toleration for distance to transport nodes rather than a strict measure. We support the car parking recommendations. These will reduce land acquisition and construction costs and thus increase the scope to provide more social and affordable housing.

Boarding Houses

CHIA NSW members believe the new generation boarding house model is meeting diverse needs. Our members develop self-contained accommodation. We believe there is scope to adapt the model to suit particular households. The Older Women's Studio [Project](#) is one example where the need for expensive communal facilities was questioned. Council may also wish to recommend that an alternative name is given to boarding houses to overcome the negative connotations.

Next Steps

CHIA NSW would be pleased to assist LMCC in its aim to deliver more affordable housing in the future. Some suggestions:

- CHIA NSW is conducting research on proven ways to gain community acceptance to community housing development. The CHIA NSW is also researching best practice design on multi tenure development. This research is highly relevant to Council and we are willing to share the results.
- CHIA NSW is able to assist Council in our communications about its achievements to the local community.
- CHIA NSW can support and participate during any public information events regarding the introduction of affordable housing in its briefings to local communities.
- Similarly, CHIA NSW can also participate in any information forums and/or briefings provided to Councillors around implementation issues.