



Community Housing Industry
Association NSW

Submission on draft Local Strategic Planning Statement

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About this submission

This submission is made by the Community Housing Industry Association NSW (CHIA NSW) in response to The Hills Shire Council draft Local Strategic Planning Statement. The submission focusses on the economic and social value of affordable rental housing to local communities; the need for affordable rental housing in Sydney; and the opportunities local councils have to support the delivery of affordable rental housing over the next 20 years.

About CHIA NSW

CHIA 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.

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 with a further 14,000 homes in various stages of being transferred from public housing management. Between 2012 and 2020, CHIA NSW estimates that its members will deliver around \$1 billion in investment to create around 2,700 new homes.

Community housing gives people on lower incomes an opportunity to live in a home they can afford. Registered community housing providers manage social housing, which is long term housing for people with low incomes who may not be able to work or who may have support needs. Some registered community housing providers also manage affordable rental housing which is rented below the market rate to people with lower incomes.

Community housing in the Hills Shire

Community housing providers are currently managing almost 100 properties in the Hills Shire, including around 50 affordable rental homes. Community housing providers have invested around \$12 million to deliver 38 new homes in the Hills Shire.

Some of NSW's largest community housing providers operate in the Hills Shire, including Bridge Housing, Evolve Housing and Wentworth Community Housing. There are also a range of smaller community housing providers which operate in the area, providing vital services to local people.

CHIA NSW response to the key sections of the draft Local Strategic Planning Statement

CHIA NSW welcomes the Hills Shire Council's commitment to encouraging the delivery of affordable housing in areas supported by services and infrastructure and to investigating the viability of an affordable housing scheme for new dwellings in urban renewal areas. Viability testing for the affordable housing scheme should also consider the most appropriate mechanisms for delivering affordable rental housing to ensure that it is financially viable and retained in perpetuity.

The population and housing growth that is being predicted for the Hills Shire will create opportunities for council to support the delivery of affordable rental housing. CHIA NSW would welcome any opportunity to work with the council to explore these opportunities, including how the council could collect developer contributions to help co-fund the development of affordable housing and how council could partner with local community housing providers to build fit-for-purpose homes on council-owned land.

CHIA NSW has made some recommendations which in the community housing sector's view would strengthen the Local Strategic Planning Statement (please see final section).

Why should affordable rental housing be a priority for your community?

The Strengthening Economic Cases for Housing Reportⁱ measured some of the direct impacts of building more affordable housing near jobs and services can have on individuals and on our economy. This research indicates that by building affordable rental housing near to jobs and services there will be direct benefits to the economy, including:

- \$2.26 billion in travel time savings
- \$736 million that consumers can spend in local communities
- \$12 billion in increased household earnings and labour productivity

The social impacts of the lack of affordable rental housing can be significant.

Maclennan estimates that across Sydney, moderate income renters are typically paying around \$6,000 per year in rent above a 30% threshold of household income in rent. ABS data indicates that 14.2% of Sydney renters are in housing stress, an increase of nearly 13% since 2011.

Housing stress is the main risk factor for homelessness. The 2016 Census estimated that there were 37,715 people experiencing homelessness in NSW, a 37% increase from 2011ⁱⁱ. There was also a 74% increase in people living in severely overcrowded homes, a symptom of housing affordability challenges and the inadequacy of housing types.

Increasing private rental costs in housing markets and limited affordable alternatives can lead to lower income households being displaced, with the risk that they lose connections with families, friends and support networks as well as schools and health services.

Housing need in the Hills Shire

Census data indicates that the number of renter households paying more than 30% of their income in rent increased by 10% in the Hills Shire between 2011 and 2016.

2016 Census data also estimates that there are over 250 people experiencing homelessness in the Hills Shire, an increase of almost 25% from 2011.

Housing need in Sydney

CHIA NSW recently commissioned the City Futures Research Centre (at UNSW) to estimate affordable housing needⁱⁱⁱ. This analysis found that across Sydney there is a current shortfall of around 125,000 homes which are affordable to households in the bottom two income quintiles. The analysis shows that to meet our growing population and changing demography we will need around a further 75,000 affordable rental homes by 2036.

This table sets out the key data from this analysis.

| Sydney region (SA4) | Current shortfall (Quintile 1) | Current shortfall (Quintile 2) | Future need (Quintile 1) | Future need (Quintile 2) | Total need (Quintile 1 & 2) |
|-------------------------------|---------------------------------------|---------------------------------------|---------------------------------|---------------------------------|--|
| Eastern Suburbs | 3,288 | 3,031 | 2,819 | 1,123 | 10,261 |
| Baulkham Hills and Hawkesbury | 1,270 | 1,389 | 640 | 515 | 3,814 |
| North Sydney and Hornsby | 3,870 | 3,869 | 2,319 | 1,433 | 11,491 |
| Sutherland | 1,662 | 1,696 | 1,409 | 628 | 5,395 |
| Northern Beaches | 1,879 | 2,280 | 1,311 | 844 | 6,315 |
| Inner West | 4,928 | 3,918 | 3,155 | 1,451 | 13,453 |
| Outer West and Blue Mountains | 4,972 | 3,296 | 3,520 | 1,221 | 13,008 |
| Outer South West | 3,751 | 2,376 | 3,613 | 880 | 10,621 |
| City and Inner South | 6,390 | 3,681 | 6,218 | 1,364 | 17,653 |
| Inner South West | 13,062 | 8,342 | 9,100 | 3,090 | 33,594 |
| Ryde | 2,291 | 2,236 | 1,685 | 828 | 7,041 |
| Parramatta | 10,749 | 6,792 | 7,961 | 2,516 | 28,018 |
| South West | 10,158 | 4,744 | 7,187 | 1,757 | 23,846 |
| Blacktown | 5,322 | 3,468 | 5,150 | 1,285 | 15,225 |
| Total | 73,592 | 51,118 | 56,087 | 18,935 | 199,735 |

The role of the Hills Shire in affordable housing

Delivering the affordable rental homes that the Hills Shire needs by 2036 will be a significant challenge and CHIA NSW is calling for all levels of government to do their part to help meet this goal. CHIA NSW acknowledges that the delivery of social and affordable housing is primarily the responsibilities of the state and federal governments.

Below market housing requires a subsidy to ensure its ongoing viability. Subsidy can be in the form of an upfront capital investment (by government or from developer contributions), land (granted or discounted sales) or ongoing operating subsidies or a combination of these.

CHIA NSW believes that local government has an important role to play in addressing affordable rental housing need come through the leadership role local councils play helping to shape strong and diverse communities and through the planning system and determining local planning priorities. CHIA NSW also notes that affordable housing supply is a challenge that requires a regional response and would encourage the Hills Shire Council to work with other councils in the area to pool research resources, share learning and develop complementary strategies.

The benefits of working with a registered community housing provider

Registered not-for-profit community housing providers have tax advantages and access to lower borrowing rates through the National Housing Finance and Investment Corporation which can mean they can develop affordable rental housing at lower cost than for-profit developers. Registered community housing providers can also help ensure that affordable rental housing is retained locally in perpetuity, supporting local community priorities.

The community housing industry is uniquely placed to develop affordable rental housing. Registered not-for-profit community housing providers in NSW:

- Are charitable not-for-profit organisations that do not require developer margins
- Reinvest their surpluses in expanding their housing services
- Design and build housing to meet local needs for people in need
- Are fully responsible for the ongoing management and maintenance of the housing they develop
- Preserve social and affordable housing for the long term through community ownership
- Are independently regulated under the National Regulatory System for Community Housing (NRSCH)
- Are experienced partners to local government able to deliver on local strategic priorities
- Are experienced property and tenancy managers
- Ensure affordable housing is targeted to income eligible households

Mechanisms for delivering affordable rental homes

CHIA NSW supports the use of State Environment Planning Policy no. 70 – Affordable Housing (Revised Schemes) as the principle mechanism for delivering affordable housing through the planning system in Sydney.

The NSW Government increased its support for the use of SEPP 70 by including all local councils in the SEPP in 2019.

SEPP 70 provides a framework for local councils to design affordable housing contribution schemes which ensure development remains viable and delivers affordable rental housing for communities.

The inclusionary zoning mechanism in the City of Sydney’s affordable rental housing scheme established under this SEPP demonstrates that this approach does:

- deliver moderate increases in the supply of affordable rental housing supply
- not affect the viability of new housing supply developments
- provide certainty for landowners, developers and the community about the requirements around affordable rental housing development contributions
- reduce use of Voluntary Planning Agreements (VPA) which have had a very limited impact on affordable rental housing supply and are not open to community scrutiny or consistently negotiated

CHIA NSW also encourages councils to consider partnering with registered community housing providers to develop council owned land to deliver affordable rental housing for local people in need.

Recommendations

CHIA NSW recommends that the Hills Shire Council Local Strategic Planning Statement be strengthened to:

- Explicitly identify affordable rental housing as a strategic priority for the community
- Acknowledge the economic and social benefits of affordable rental housing and the role it plays in supporting job growth and economic prosperity for local communities
- Acknowledge the directions established by the Greater Sydney Commission Plan and the affordable housing targets it proposes
- Commit to developing an local housing strategy which quantifies housing need now and into the future and includes a focus on the need for affordable rental housing

- Identify mechanisms for delivering affordable rental housing through the planning system and/or by leveraging other opportunities available to the council such partnering with registered community housing to redevelop council owned land
- Identify how the council will work in partnership with community housing providers and the NSW and federal governments to deliver affordable rental housing in their communities

ⁱ [Strengthening Economic Cases for Housing](#) Maclennan et al (2019)

ⁱⁱ [Homelessness in NSW factsheet](#)

ⁱⁱⁱ [Estimating need and costs of social and affordable housing delivery](#) Troy et al (2019)