

### **About this submission**

This submission is made by the Community Housing Industry Association NSW in response to Campbelltown City Council's 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 deliver affordable rental housing over the next 20 years.

### **About CHIA 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 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 Campbelltown**

Community housing providers are currently managing almost 800 properties in Campbelltown, including around 130 affordable rental homes. Community housing providers are investing around \$37 million to deliver over 100 new homes in Campbelltown.

Some of NSW's largest community housing providers operate in Campbelltown, including Argyle Community Housing, BlueCHP, Hume Community Housing and SGCH. 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 LSPS**

CHIA NSW welcomes the council's commitment to developing a Local Housing Strategy and to determining principles for a Local Affordable Housing Strategy. These processes can consider the evidence around the current and future needs for affordable rental housing and the most appropriate mechanisms for delivering it to ensure that it is financially viable and retained in perpetuity.

The population and housing growth that is being predicted for Campbelltown 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 Report<sup>i</sup> 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 2011<sup>ii</sup>. 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 Campbelltown

CHIA NSW and an alliance of community housing providers operating in Western Sydney commissioned SGS Economics and Planning to model the a demand for social and affordable rental homes in the Western Sydney City Deal area.

This report<sup>iii</sup> estimated the shortfall in supply of social and affordable housing in the City Deal area to reach almost 65,000 homes by 2036. Campbelltown’s share of this was estimated to be a shortfall of over 10,000 affordable homes by 2036.

The report estimated that almost 1 in 3 households renting in the private rental market in Campbelltown were in moderate or severe rental stress. ABS Census figures indicate that there was a 44% increase in homelessness in Campbelltown between 2011 and 2016.

## Housing need in Sydney

CHIA NSW recently commissioned the City Futures Research Centre (at UNSW) to estimate affordable housing need<sup>iv</sup>. 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.

<b>Sydney region (SA4)</b>	<b>Current shortfall (Quintile 1)</b>	<b>Current shortfall (Quintile 2)</b>	<b>Future need (Quintile 1)</b>	<b>Future need (Quintile 2)</b>	<b>Total need (Quintile 1 &amp; 2)</b>
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
<b>Total</b>	<b>73,592</b>	<b>51,118</b>	<b>56,087</b>	<b>18,935</b>	<b>199,735</b>

## **The role of Campbelltown City Council in affordable housing**

Delivering the affordable rental homes that Campbelltown 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 Campbelltown City Council to work with other councils in the area to pool research resources, share learning and develop complementary strategies.

## **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 value capture 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

## Recommendations

CHIA NSW recommends that the Campbelltown City Council Local Strategic Planning Statement be strengthened to:

- Explicitly Identify affordable rental housing as a strategic priority for communities
- 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

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<sup>i</sup> [Strengthening Economic Cases for Housing](#) Maclennan et al (2019)

<sup>ii</sup> [Homelessness in NSW factsheet](#)

<sup>iii</sup> [Demand for social and affordable housing in WSCD area](#), SGS Economics and Planning (2018)

<sup>iv</sup> [Estimating need and costs of social and affordable housing delivery](#) Troy et al (2019)