



Developing affordable housing in the Greater Macarthur Area

How community housing can deliver solutions to Greater Western Sydney's affordable housing crisis

Sydney's prosperity and future growth is limited by its housing affordability crisis. Sydney has become the third most expensive city in the world in which to buy or rent with only 5 suburbs (out of 540) affordable for renters on minimum wage. Currently, the Greater Western Sydney region is home to over 1.9 million people and is forecast to increase by at least 1 million people in the next 20 years. A strong focus on strategic planning is needed to ensure the region's economic sustainability and social diversity.

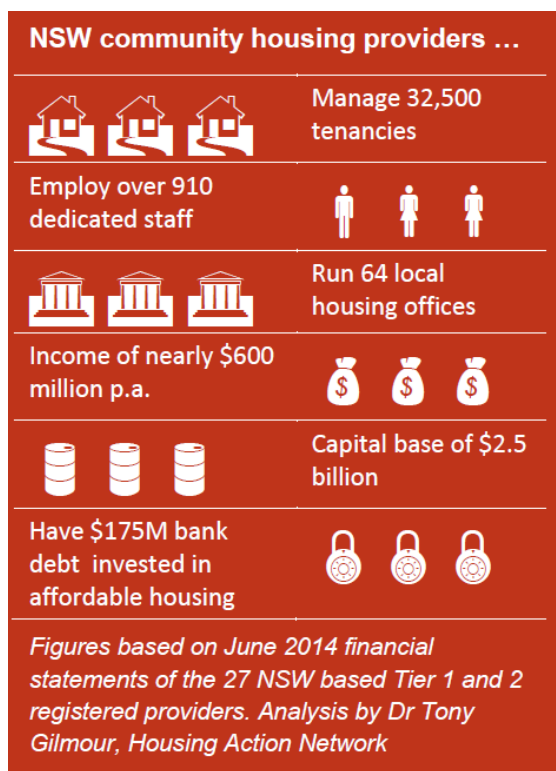
The NSW Federation of Housing Associations (the Federation) welcomes the opportunity to provide feedback on behalf of its members to the NSW Department of Planning & Environment's (the Department) Greater Macarthur Land Release Investigation (Preliminary Strategy and Action Plan) released in September 2015. The Federation is pleased to see the Strategy's focus on new housing delivery. However, there is no mention on the delivery of social or affordable housing. Urgent attention is needed in this area as well as providing adequate employment and transportation services in the region.

What is the size of the problem?

Western Sydney contains Australia's third largest economy while also housing 47% of Sydney's total population. Its continued population growth is placing increased pressure on existing infrastructure including affordable housing. The Greater Macarthur land release presents a real opportunity to assist in addressing Sydney's housing affordability crisis by providing sub market rental in mixed tenure and standalone developments.

What is community housing?

Not-for-profit community housing organisations have been providing high quality rental housing for people on very low to moderate incomes for over three decades. Our NSW sector contains the largest, most accomplished, dynamic and professionally led organisations in Australia. With over 38,000



tenancies, our 27 leading organisations manage more homes than Victoria and Queensland providers combined.

The sector has low rent arrears, minimal vacancy rates, and high tenant satisfaction. In the latest AIHW survey, nearly twice as many community housing tenants (39%) were very satisfied with their landlord compared to public housing (22%).

Recommendations

To achieve housing affordability in the Greater Macarthur area, the Federation recommends that the Department takes action under the following headings:

- Building local communities
- Housing needs research
- Access to land
- Inclusionary zoning: Affordable housing targets
- Contributions
- Housing design
- Additional opportunities

Building local communities

Planning for the Greater Macarthur region must be strategic and coordinated. At present, around 30 percent of residents in Western Sydney are required to travel into Sydney for work, many by car. This is simply the result of poor planning. The requirements of local residents need to be considered in the provision of adequate infrastructure. This includes creating an appropriate supply of local jobs and transport services to support nearby communities. Moreover, there is no mention of how the Department will provide affordable housing for its new communities. These essential elements are currently lacking in detail and clarity in the Department's Land Use and Infrastructure Analysis.

Housing Needs Research

The Federation suggests that the Department should conduct modelling to predict housing needs in the Greater Macarthur area into the future. This research would explore questions including:

- How many properties are needed to meet affordable housing demand in the Greater Macarthur area over the next five to ten years?
- Which locations are these properties needed?
- What sized properties are needed?
- Which segments of the population are in most need of affordable housing? In particular, the modelling should focus on a range of diverse groups including very low to moderate income earners, Indigenous households, students and young people, families, older and single person households.

Access to land

In delivering affordable housing, there is a strong case for government to use its sizable land holdings as a catalyst for housing provision in key locations. Tenders for the sale of government land should include a requirement for a set and ambitious component of social and affordable housing to be incorporated in the development. In this circumstance, developers should be required to partner with a community housing provider to deliver these social and affordable housing targets. These targets are described in further detail below.

Inclusionary zoning: Affordable housing targets

Robust inclusionary zoning provisions should be incorporated into the development of the Greater Macarthur region, particularly for medium to higher density residential

developments in key areas, such as in residential and transport hubs.

The private sector must play a key role. This is likely to be more straightforward if developers know that they will be required to incorporate affordable housing into their plans upfront. In this way, developers will factor in the costs as part of their project feasibility.

As outlined in the Federation's [Industry Strategy](#), we advocate that 30% of affordable housing should be incorporated in development projects. These targets should flow down to Wollondilly Shire Council and be regularly reviewed.

Contributions

The level of contributions made by developers should be objectively determined at the beginning of the planning process for the Greater Macarthur area. In particular, they should be considered in tandem with infrastructure planning. Where government is releasing separate lots (low density single dwellings), finished lots should be the preferred contribution mechanism. This means that 30% of lots should be the contribution standard.

For land zoned as medium and high density dwellings, contributions should be in the form of receiving finished floor space.

The Department should also recognise affordable housing as essential infrastructure so that it can waive developer contributions usually levied under section 94 of the Environmental Planning and Assessment Act 1979.

Housing design

Planning controls in regional areas limit the variety of housing available. Review processes for local plans should ensure that a range of housing is permissible in relevant zones. Furthermore, in areas where the market is delivering predominantly conventional

detached housing, a diversity of housing may need to be actively encouraged through incentives or requirements for a mix of dwelling sizes.

The housing needs modelling described above would lead to more informed decisions about the designs of affordable housing needed. The Western Sydney Organisation of Councils noted that:

Smaller, more affordable housing options close to key services will need to become a priority as the demographic of Western Sydney changes.


Given this, new compact designs such as new generation boarding houses should be considered as a potential solution to housing affordability. Another model that has been proposed is 'pocket living', which is underway in the UK¹. These more compact living forms should be permitted in Wilton, which has been given an employment and residential focus. Densification should also be considered around railway stations such as in Menangle.

Additional opportunities

The Greater Macarthur region also presents the opportunity to support unemployed youth in regional NSW through the JobsRoad pilot program. Led by the NSW Business Chamber, JobsRoad matches unemployed youth in social housing localities together with community housing providers to deliver programmed maintenance services to social housing stock.

JobsRoad is a Youth Employment Social Enterprise that enables existing Land and Housing Corporation (LAHC) maintenance funds to be used to deliver programmed maintenance on social housing properties, while providing young residents with paid

¹ See www.pocketliving.com for more information.



work, support services and training to help them secure a job and thrive in the workplace for the long term.

As planning for the Greater Macarthur area continues, the Department should seek to create a reference group comprising of relevant stakeholders including the Federation. The Federation (and its members) would welcome the opportunity to contribute to the transformation of the region through sharing information and the provision of expert planning advice.

Summary

The Department's commitment to delivering more housing for Sydney's growing population is welcomed by the Federation. While the housing supply targets listed in the strategy is a forward step in delivering these common goals, attention is needed on the supply of affordable housing and how it can be practically implemented in the Greater Macarthur region.