Developing affordable housing in Sydney’s Olympic Park

How community housing can deliver solutions to 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. More than 84 percent of very low to moderate income inner city households are experiencing housing stress. For Sydney to secure its position as a global city, further housing is needed for lower income earners, including key workers who are essential to the city’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 and Environment’s (the Department) Sydney Olympic Park Master Plan 2030 (2016 Review) and State Significant Precincts SEPP Amendments. The Federation is pleased to see the Strategy’s focus on new housing delivery. However, more attention is needed on the delivery of social or affordable housing. With plans for increased residential development underway, specific strategies and targets are needed to increase the supply of affordable rental housing.

What is the size of the problem?
Sydney’s high housing costs mean that there is one affordable and available rental property for every 15 very low-income households. Home ownership rates are also plummeting, especially for traditional first home buyers aged 25-35. In the last decade, Sydney city’s property prices have risen by 65 percent and the rental market has not provided relief with inner city rents increasing by 70 percent. As a result, the rental market is becoming increasingly unaffordable and insecure for low to moderate income households.

The Homebush Precinct has higher median weekly rents than Greater Sydney ($440 compared with $351). Overall, it is the second most expensive precinct to live in (of the eight urban renewal Precincts along the Parramatta Rd) relative to weekly income, with a median income household paying around 29% of its gross weekly income in housing costs.

![NSW community housing providers...](image)

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<th>NSW community housing providers...</th>
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<tr>
<td>Manage 32,500 tenancies</td>
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<td>Employ over 910 dedicated staff</td>
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<td>Run 64 local housing offices</td>
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<td>Income of nearly $600 million p.a.</td>
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<td>Capital base of $2.5 billion</td>
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<td>Have $175M bank debt invested in affordable housing</td>
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*Figures based on June 2014 financial statements of the 27 NSW based Tier 1 and 2 registered providers. Analysis by Dr Tony Gilmour, Housing Action Network*
income of $1,503 on rent. The nearby LGAs of Strathfield and Canada Bay LGAs are the least affordable to persons on a very low income, with only 1% and 1.2%, respectively being able to afford a weekly rent in these LGAs (compared with 2.3% in Greater Sydney).

**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 Sydney Olympic Park region, the Federation recommends the Department take action under the following headings:

- **Access to land**
- **Inclusionary zoning: Affordable housing targets**

**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. These targets are described in further detail below.

**Inclusionary Zoning: Affordable housing targets**
The Master Plan’s target of 6,000 dwellings has been increased to 10,700 dwellings as indicated in the Planning Proposal. While this increase is welcomed, additional housing supply has been widely acknowledged not to moderate housing prices or rents because the housing market does not operate like other commodities. To address this issue, robust inclusionary zoning provisions should be incorporated into the development of the region.

Presently, the Master Plan provides for 3% of the total dwellings on the site to be affordable housing. The delivery of 321 new affordable homes will fall far short of the supply needed to house people on very low to moderate incomes in the area. As outlined in the Federation’s Industry Strategy, we advocate that 30% of affordable housing (defined as from very low to moderate incomes) should be incorporated in all development projects. At this 30% target, Sydney Olympic Park would more practically address the housing unaffordability issue by delivering 3,210 new affordable homes. It is an excellent location close to transport, jobs and community facilities; exactly where affordable housing is needed.

The government should be promoting housing diversity and inclusive communities by ensuring that housing is provided for all types of households. We would highlight the growing number of single
older women and people with a disability whose needs are not well catered for under the present system.

The private sector must play a key role in delivering this affordable housing. 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. In this circumstance, developers should be required to partner with a community housing provider to deliver these social and affordable housing targets.

A similar partnership already exists on the site between the Sydney Olympic Park Authority (SOPA) and the community housing provider ‘Bridge Housing’. SOPA developed 50 affordable housing rental apartments to ensure athletes, park workers and others in the local community can afford to live close to work in western Sydney. Bridge Housing was trusted to manage the affordable housing program on SOPA’s behalf under a fee for service program. This successful arrangement continues today.

**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, the Department must increase its targets to effectively address the housing affordability crisis in the area.