

31 January 2018

Director, Housing & Infrastructure Policy
Department of Planning and Environment
GPO Box 39
Sydney NSW 2001

Dear Sir/Madam

Submission - Affordable Housing SEPP 70 review

Pacific Link Housing is a Tier One registered community housing provider operating in six local government areas across the Central Coast and Lower Hunter regions.

We welcome the review of State Environmental Planning Policy No. 70 Affordable Housing (Revised Schemes) to include the additional 5 Sydney-based councils, however, from our analysis the shortage of affordable housing is not confined to the metro area. It is also a serious issue for regional areas.

Our region sees working families in housing stress who are struggling to keep housing connections to the places where they live or work and our view is that affordable rental housing is essential infrastructure and is critical to strong, diverse and livable communities. Well-located affordable rental housing means that people in lower paid jobs can live in the communities close to their work. The needs analysis provided in our accompanying submission provides an evidence-base that clearly demonstrates the need for more affordable housing within the local government areas of our region, namely Central Coast, Port Stephens, Cessnock, Maitland, Lake Macquarie and Newcastle.

Providing more regional LGAs with the authority to develop well-designed contribution schemes which respond to local housing market conditions can mean that affordable housing outcomes are maximised. Accordingly our submission recommends that more flexibility be provided to allow regional councils to be included in SEPP 70 or dispense with the need for SEPP 70 entirely.

Yours sincerely



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Submission - Affordable Housing SEPP 70 review

Pacific Link Housing welcomes the review of State Environmental Planning Policy No. 70 Affordable Housing (Revised Schemes).

About our organisation

Pacific Link Housing Limited (PLH) is an award-winning not-for-profit Tier One registered community housing provider managing stable and secure housing for people in need. A registered charity, PLH currently provides affordable and social housing for 2,000 residents in over 1,000 properties. Managed on behalf of government and more than 300 private landlords, our portfolio is valued over \$350 million, of which \$9m is owned. Investment in construction of new properties has grown from a zero base to projects totalling over \$20 million in recent years.

With a 30 year history, we operate in the Central Coast and Lower Hunter regions across six local government areas, namely Central Coast, Port Stephens, Cessnock, Maitland, Lake Macquarie and Newcastle.

We have self-funded development in local areas of need, completing six self-funded dwellings on green-field sites and, with a government grant, a further 31 self-contained studio apartments.

We were a winner of the NSW Government Communities Plus tender and the first community housing provider in that program to complete contract arrangements for a 20-unit \$6m housing development at Glendale in Lake Macquarie.

A further 60 units are currently in development.

Through these projects, around 60 dwellings of our portfolio are tenanted as affordable housing, however, our analysis indicates that much more is needed. To this end we are coordinating with our local government authorities to support the development of affordable housing strategies.

Our position on the proposed changes to SEPP 70

Our organisation supports the proposed inclusion of five additional Councils in State Environmental Planning Policy no. 70. However, Clause 6 of SEPP 70 specifies that it applies only to the Greater Metropolitan Region, which is defined in clause 4 by reference to a Government Gazette of 1991. The Greater Metropolitan Region includes Sydney, Blue Mountains, Central Coast, Newcastle and Wollongong.

As such, SEPP 70 enables councils within the Greater Metro Region to make a case for inclusion under the current drafting of the SEPP, but for Councils outside the Greater Metro Region an amendment of the SEPP would be required.

We submit that critical housing needs are not limited to the locations of the five councils, or to the Greater Metropolitan Region and there is considerable value in going a step further to consider whether SEPP 70 be dispensed with entirely. This would allow those Councils, subject to meeting certain conditions, to make a case for responding to affordable housing needs in their areas in their LEP or Housing Strategy and apply conditions under s94F without the need to go through the extra hurdle of applying for inclusion in SEPP 70.

Why do we need more affordable rental housing?

On a typical day in April 2017, out of the total 3,283 rental properties advertised in the Central Coast, Hunter Great Lakes and Taree regions:

- there were no affordable or appropriate properties for a single person on Newstart or Youth Allowance even in shared accommodation.¹
- a single person on minimum wage could find a suitable rental property only in Newcastle, Taree or the Upper Hunter but very little elsewhere.
- Single parents on Newstart or Parenting Payment Single with one child would not find an affordable or appropriate rental property in most of the Snapshot region. There were only 5 properties in Newcastle and 15 properties in the Upper Hunter for this income type.
- While families on the minimum wage had a greater amount of properties for rent than all the other income types the number in 2017 was an 8% decrease on amount of affordable and appropriate properties available for this income type in 2016.

Pacific Link sees working families and households on income support in housing stress who are struggling to keep housing connections to the places where they live or work.

Affordable rental housing is essential infrastructure and is critical to strong, diverse and livable communities. Well-located affordable rental housing means that people in lower paid jobs can live in the communities that they work in.

While the needs analysis undertaken by Randwick City, Inner West, Northern Beaches, City of Ryde and City of Canada Bay clearly demonstrate the need for more affordable housing within their respective local government areas, the situation is arguably worst in parts of our region.

In the former Wyong Shire, now part of Central Coast Council LGA, in 2011 26% of households were in housing stress compared with 23% in Greater Sydney. Local renting households were similarly disadvantaged, with 49% of very low, low and moderate income renters in housing stress compared with 41% for Greater Sydney.²

The same report on Wyong found that for affordable housing owners, “around 80% of very low, low and moderate income purchasers will not be catered for by the market in the future without market intervention” and for renters “there is likely to be a shortfall of around 6,600 affordable family dwellings for these target groups meaning that more than 90% of affordable rental dwellings for very low, low and moderate income earners will not be provided by the market without significant intervention”.

SEPP 70 as a mechanism for increasing supply of affordable rental housing

Pacific Link supports the proposed inclusion of additional Councils in SEPP 70. The experience in the City of Sydney and Willoughby City Council areas shows that including more Councils in SEPP 70 provisions will:

- deliver moderate increases in the supply of affordable rental housing supply in those areas
- not affect the viability of new housing supply developments in those areas
- provide certainty for landowners, developers and the community about the requirements around affordable rental housing contributions in developments in those areas
- remove the need to rely on Voluntary Planning Agreements which have had a very limited impact on affordable rental housing supply and are opaque.

¹ <http://www.anglicare.asn.au/docs/default-source/default-document-library/rental-affordability-snapshot-2017.pdf?sfvrsn=4>

² <https://www.wyong.nsw.gov.au/my-community/housing-choice>

Widespread application of inclusionary zoning provisions tailored to local housing markets, alongside the Federal government's initiatives through the National Housing Investment Corporation and Bond Aggregation Model accompanied by government guarantees will enable all levels of government, the private sector and the Community Housing sector to collaboratively contribute to the provision of a much needed increased supply in affordable housing.

Broadening the provisions of SEPP 70 further

Working with local communities, Pacific Link sees the need for affordable rental housing every day and we would expect that many more local Councils could demonstrate need for more affordable rental housing in their areas. Our organisation hopes that the process of extending the provisions of SEPP 70 to five additional Councils will be a trigger for other Councils, where there is need for affordable rental housing, to make applications for inclusion.

The development of clear guidelines to support Councils through this application process, establishing a consistent process for quantifying need, would be a welcome step.

Developing affordable housing contribution schemes

Pacific Link would welcome engagement with the local Councils proposed for inclusion in the provisions of SEPP 70 as they develop affordable housing contribution schemes.

The design of contribution schemes can have a significant impact on how effectively they turn developer contributions into affordable rental housing units. Well-designed contribution schemes which respond to local housing market conditions can mean that registered community housing providers are able to maximise the affordable rental housing that schemes deliver.

The State Government's FACS Centre for Affordable Housing (CAH) and the UNSW City Futures Research Centre have both developed methodologies that allow Councils to determine the value of additional zoning uplift provided and would enable Councils and developers to use a consistent approach to applying inclusionary zoning provisions. These could be explored by the Department of Planning and Environment to provide guidance that will avoid the duplication of effort and resources by Councils and provide a consistent approach for the development and community housing provider industries.