

Director, Housing Policy
Department of Planning and Environment
GPO Box 39
SYDNEY NSW 2001

Online submission

Dear Sir/Madam

**Submission – Proposed Amendment to State Environmental Planning Policy
(Affordable Rental Housing) 2009**

Thank you for the opportunity to comment on the proposed amendment to State Environmental Planning Policy (Affordable Rental Housing) 2009 (Proposed ARHSEPP Amendment). We commend the NSW Government's ongoing commitment to planning for affordable housing.

It is understood that the Proposed ARHSEPP Amendment will amend existing provisions regarding boarding houses in the R2 Low Density Residential zone (R2 zone) to address concerns of compatibility with typical built form.

The basis of Shoalhaven's submission is outlined below:

- The proposed limit of no more than 12 boarding rooms per boarding house in an R2 zone is supported. This amendment will ensure that boarding house developments are more compatible with the surrounding typical built form in low density areas.
- Although the Proposed ARHSEPP Amendment is clear that only 12 rooms are permissible **per boarding house**, the DP&E Media release (28 November 2018) notes that only 12 boarding rooms may be allowed **per site**. Clarification in this regard (12 rooms per building or site) would be appreciated as for example, two boarding houses (total of 24 rooms) would appear inconsistent with the proposed amendment.
- The permissibility of boarding houses in the R2 zone remains dependent on the proximity to an appropriate B2 Local Centre or B4 Mixed Use zone. Shoalhaven generally has limited public transport opportunities to enable adequate access to services and facilities out of centre without a private vehicle. As such, it is considered

appropriate that boarding houses should be located within 400m walking distance of a B2 or B4 zone.

- There would be value in including a mechanism in the ARHSEPP for housing built under the SEPP to remain “affordable” in perpetuity. This is consistent with Strategy 6.b. of the Shoalhaven Affordable Housing Strategy 2017 (attached).

It is noted that the submission period for the Proposed ARHSEPP Amendment (3 weeks) has not been sufficient for Council to provide a Council endorsed submission. This matter has been consistently raised with DP&E and it is again requested that a greater exhibition period be provided to accommodate council reporting cycles.

DP&E (Margaret Kirton) has provided written agreement for a Council staff submission to be received by the 19 December 2018 deadline, with a Council endorsed submission to be provided by the end of January 2019.

Thank you again for the opportunity to comment on the Proposed ARHSEPP Amendment. It is hoped that the comments raised within this submission will be fully considered and provide an opportunity for further dialogue in relation to the affordable rental housing needs of regional councils.

If you need further information about this matter, please contact Kaitlin Aldous, Planning Environment & Development Group on (02) 4429 3213. Please quote Council’s reference 31157E (D18/440379).

Yours faithfully



Jenna Tague
Coordinator - Policy Planning Team
18 December 2018

Shoalhaven Affordable Housing Strategy

December 2017

shoalhaven.nsw.gov.au    



Adopted by:

Shoalhaven City Council

11 December 2017



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Note: A range of background research and information related to this *Strategy* is available [here](#).

Foreword

It is with great pleasure that I present the *Shoalhaven Affordable Housing Strategy (Strategy)* that was adopted by Council in late 2017. The *Strategy* provides a range of effective policy solutions to facilitate additional affordable housing across the Shoalhaven local government area.

In the context of this *Strategy*, affordable housing is defined as:

Housing that is appropriate for the needs of a range of very low to moderate income households and priced so that these households are also able to meet other basic living costs such as food, clothing, transport, medical care and education. As a rule of thumb, housing is usually considered affordable if it costs less than 30 percent of gross household income¹.

Shoalhaven has the highest level of housing stress in the Illawarra-Shoalhaven Region and is also one of the least affordable areas. The Shoalhaven market is generally unable to provide affordably priced housing for most very low income renters and low income purchasers.

This *Strategy* has been designed to be implemented through a number of key stages over the next 10 years with short, medium and long-term strategies. The initial focus is on strategies that are most likely to have a practical impact on the supply of affordable housing, particularly the development of surplus or underutilised Council land in partnership with a community housing provider.

The *Strategy* also provides for ongoing and sustainable engagement of Council in affordable housing through long-term strategies related to relevant planning mechanisms, amendments to relevant planning instruments and monitoring its effectiveness against key performance indicators over time.

I would like to take this opportunity to acknowledge the role of Southern Cross Housing prior to and during the preparation of this *Strategy*.



A stylized, handwritten signature in dark ink, consisting of a series of loops and a long horizontal stroke extending to the right.

Amanda Findley

Mayor

Shoalhaven City Council

¹ Housing.nsw.gov.au. (2018). Centre for Affordable Housing - About Us. [online] Available at: <http://www.housing.nsw.gov.au/centre-for-affordable-housing/about-affordable-housing>

Contents

1	Rationale for the Strategy	5
1.1	Growing Demand for Affordable Housing	5
1.2	What is the projected need for affordable housing in the Shoalhaven LGA?	5
1.3	Council's Role and Statutory Responsibilities in Relation to Affordable Housing	7
1.4	Social, Economic and Environmental Benefits	8
2	Affordable Housing Definition, Principles and KPIs	9
2.1	What is 'Affordable Housing'?	9
2.2	What are Key Principles for Affordable Housing?	10
2.3	Locational Criteria for Affordable Housing	10
2.4	Key Performance Indicators for Monitoring Implementation	10
3	Strategies and Mechanisms to Deliver Affordable Housing	12
3.1	Overview of Mechanisms and Strategies	12
3.2	Summary of Strategies	13
3.3	Short-term Strategies (<3 years)	14
3.3.1	Provision of Affordable Housing on Council Land	14
3.3.2	Shared Equity Arrangements	16
3.3.3	Advocacy	17
3.4	Medium Term Strategies (3-5 years)	17
3.4.1	Provision of Affordable Housing on Council Land	17
3.4.2	Removing Planning Impediments and/or Opening up Development Opportunities for Smaller Strata Dwellings	18
3.4.3	Removing Planning Impediments and/or Opening up Development Opportunities for 'New Generation' and Supported Boarding Houses	19
3.4.4	Removing Planning Impediments and/or Opening up Development Opportunities for CVPs and MHEs	20
3.4.5	Incentive-based Variations to Facilitate Affordable Housing	20
3.5	Longer-Term Strategies (5-10 years)	22
3.5.1	Provision of Affordable Housing on Council Land	22
3.5.2	Mandating Affordable and Low Cost Dwelling Types	22
3.6	Administration and Maintenance	24
3.6.1	Administration	24
3.6.2	Maintenance	24

1 Rationale for the Strategy

1.1 Growing Demand for Affordable Housing

Council's *Affordable Housing Background Paper*² sets out the evidence that supports the *Shoalhaven Affordable Housing Strategy*, and should be read in conjunction with this *Strategy*.

Although the Shoalhaven LGA has historically been an affordable area, a range of factors has made this one of the least affordable areas in the Region for both low income purchasers and renters. It now has the highest level of housing stress in the Illawarra-Shoalhaven Region. Although housing in the Shoalhaven LGA is still lower in cost compared with much of the Illawarra, the incomes of local people are also much lower due largely to a very high level of older people on pensions and benefits, the influx of lower income households from Sydney seeking cheaper accommodation, and high levels of overall social disadvantage in the LGA.

Increasing pressure from the Sydney housing market is having a significant impact on local people, who are forced to compete in an increasingly competitive local housing market. In particular, local rents are increasing compared with local incomes in real terms, and the relative scarcity of rental accommodation at the more affordable end of the market means that real estate agents can be increasingly selective about who is housed. This is also contributing to homelessness and increasing the risk of homelessness among groups who would once have been in more secure accommodation.

Importantly, housing for purchase and rental that is affordable to very low and low income households is generally not being created through the market. Again, this is due to the increasing cost of housing and the income required to rent or purchase affordably. The need for strong intervention through the planning system and the direct creation of affordable housing, for example, on publicly owned land in partnership with a registered Community Housing Provider that can increase yield through maximisation of Commonwealth Rent Assistance, their ability to borrow, and access to other funding streams, is evident from the research that underpins this *Strategy*.

The need for smaller, well located dwellings is also apparent. This is to create lower cost (if not always 'affordable') housing near transport and services, and to meet the growing demand for such dwellings for a rapidly aging population, many of whom are living in low density dwellings in isolated areas. The need for a reasonable proportion of such dwellings to be adaptable to changing needs and abilities is also important.

With 4.7% of Shoalhaven's population identifying as Aboriginal, there is an identified need for culturally appropriate affordable housing opportunities for Shoalhaven's Aboriginal community.

Finally, the *Strategy* is aligned with Recommended Action 6.4.2 of *Council Economic Development Strategy 2017*:

'Affordable housing opportunities: Explore alternatives for implementation of affordable housing within the Shoalhaven through a range of opportunities and processes associated with a comprehensive approach.'

This *Strategy* therefore seeks to target the most effective policy solutions in the context of these local challenges and directions.

1.2 What is the projected need for affordable housing in the Shoalhaven LGA?

Using housing stress as a measure of unaffordability, and projecting forward current trends, the forecast need for affordable housing in the LGA by 2031 is for around 8,000 dwellings, with 73% for very low income households, 18% low income households and 9% moderate income households.

By far the most serious affordable housing issue facing the Shoalhaven LGA is **among very low income renters**, who currently make up 55% of all households in housing stress. This does not take into account the rapidly increasing number of older private renters and those in poorly located or more marginal housing in the LGA. These households will significantly increase demand for well-located low cost rental in the future. As such, it is likely that very low

² Judith Stubbs and Associates (2016) Shoalhaven Affordable Housing Background Report.

income renters would make up at least **60% of those in housing stress** over the coming decade or two.

For this group, a very narrow range of **market solutions** are likely to be affordable (1 bedroom dwellings, boarding houses and possibly site rental in manufactured home estates and caravan parks where the home is owned). As such, their needs are most likely to be met through **direct provision** of community and public housing, and **encouraging or facilitating** an increase in the market supply of smaller strata dwellings in key urban centres close to services and transport through the planning system.

The next priority target group is **low income purchasers** (18% of all households in housing stress), for whom the stock of dwellings that *could* be affordable (smaller strata dwellings, and as owner-renters in MHEs) is often in short supply, and where **planning intervention** to widen housing choice and increase affordability of *some* housing products would be beneficial. Development of **smaller project homes on small lots** would also be affordable to some low income families, as would **shared-equity arrangements**, although the latter is a relatively under-developed mechanism in NSW. Strategies to increase the supply of such accommodation would also benefit low income renters, although they only make up 3% of all households in housing stress currently.

Very low income purchasers would also benefit from planning intervention to increase the narrow range of products that are affordable to them, noting that they are 19% of all households in housing stress. However, affordable purchase is beyond the financial capability of most very low income households unless they have access to a reasonable capital base, or to a **specific product** (such as shared equity purchase arrangement). It is likely that many of those currently in housing stress are likely to have entered a purchase arrangement when their income was higher, so that their housing stress is as a result of changed personal circumstances. Many such households are likely to be long-term renters in the future.

Other groups (moderate income purchasers and moderate income renters) are relatively well catered for through the market in the Shoalhaven LGA, although of course these groups would also benefit from increased housing choice and affordability through strategies to increase housing diversity generally.

The following shows the breakdown of projected affordable housing need by tenure, income and household type. This indicates the potential scale and nature of the problem over the next 20 years without targeted intervention in the housing market.



Table 1.1: Affordably priced housing required in 2011 and additional affordably priced housing required in 2031 by housing type and income group for the Shoalhaven LGA

		Renting Households		Purchasing Households	
		Suitable for Lone Persons or Couples without Children	Suitable for Families	Suitable for Lone Persons or Couples without Children	Suitable for Families
Total Currently Required (2011)	• Affordable to Very Low Income Households	1,900	1,600	700	500
	• Affordable to Low Income Households	100	100	400	600
	• Affordable to Moderate Income Households	0	0	200	300
Additional Required 2011-2031	• Affordable to Very Low Income Households	400	400	200	100
	• Affordable to Low Income Households	0	0	100	100
	• Affordable to Moderate Income Households	0	0	100	100
Total Required in 2031	• Affordable to Very Low Income Households	2,300	2,000	900	600
	• Affordable to Low Income Households	100	100	500	700
	• Affordable to Moderate Income Households	0	0	300	400

Source: JSA calculations, using data from ABS Census of Population and Housing 2011 and New South Wales Government Planning and Environment *New South Wales State and Local Government Area Household and Implied Dwelling Projections: 2014 Final*.

1.3 Council's Role and Statutory Responsibilities in Relation to Affordable Housing

The creation of affordable housing for very low, low and moderate income households through the planning system becomes more important in the context described in Section 1.1 above.

The inability of the market to provide for most very low income renters and low income purchasers is noted, and is a particular focus of this Strategy. The growing number of homeless people is also important for this Strategy.

There are significant opportunities for local government to support the creation and maintenance of affordable housing through core planning legislation and policies in NSW, and a statutory requirement for local government to consider this issue. Local government has an implicit role in affordable housing and an impact on affordability through land use zoning, controls, the timing of land release, location of services and facilities, and the levying of rates and development contributions.

Local government can also choose to play a more proactive role in the creation and retention of affordable housing through active intervention in the market through the development of appropriate planning mechanisms and strategies.

In NSW, objects and a range of related provisions have been progressively included in the *Environmental Planning and Assessment Act 1979*, including section 5(a)(viii) (now s1.3(d)) which provides that an objective of the Act is the 'maintenance and provision of affordable housing'. There are likewise definitions and benchmarks related to

‘affordable housing’ in core legislation and related policies which have been adopted in this *Strategy*.

It is also a requirement of the Act that a consent authority take into account the **social and economic impacts** of a development application as part of a merits assessment under s79C(1)(b) (now s4.15(1)(b)). This has obvious applicability to development applications that may result in the loss of affordable or low cost housing, as well as the assessment of the benefits of an application involving the creation of affordable housing.

Likewise, a consent authority is required to consider whether a proposed development is in the **public interest** under s79C(1)(e) (now s 4.15(1)(e)), and a growing body of case law has likewise determined that it is in the public interest to give effect to the objectives of relevant legislation, including *‘the maintenance and provision of affordable housing’* under s5(a)(viii) (now s1.3(d)) of the Act.

S93F (now s7.4) of the Act provides for the making of a **voluntary planning agreement** in relation to a proposed amendment to a planning instrument or development application. Under such a planning agreement, the developer is required to dedicate land free of cost, pay a monetary contribution, or provide any other material public benefit, or any combination of them, to be used for or applied towards a public purpose. ‘Affordable housing’ as defined in the Act is one of the listed ‘public purposes’.

As such, local government has a role and indeed a statutory responsibility to seek to preserve and create affordable housing through the planning and assessment process.

1.4 Social, Economic and Environmental Benefits

There is a common misconception that ‘affordably priced housing’ refers only to social (public or community) housing. However, many residents facing affordability problems in the Shoalhaven LGA are likely to fall outside the eligibility criteria for such housing, or be unlikely to access it due to long waiting times for social housing.

Anyone in the community could need affordable housing. This includes a young person seeking to live near where they grew up, a recently separated or divorced person with children for whom conventional home ownership may no longer be economically viable, households dependent on one (or even two) low or median waged, key worker jobs, or an older person on a reduced retirement income, including after the death of a spouse.

Lack of affordably priced housing not only affects the quality of life of individual families, who may be sacrificing basic necessities to pay for their housing; it also has a serious impact on **employment growth and economic development**. The loss of young families and workers in lower paid essential service jobs can adversely affect local economies, and is contributing to labour shortages in some regions of NSW. The displacement of long-term residents reduces social cohesion, engagement with community activities (such as volunteering), and extended family support.

As well as impacting on the health and wellbeing of low income families and older and younger people; this can contribute to a lack of labour supply among ‘key workers’ who are essential to various services including childcare, aged services, health care, tourism, hospitality and emergency services, but whose wage increasingly does not allow them to access rental or purchase housing close to where they work. Affordably priced housing is thus an important form of community infrastructure that supports community wellbeing and social and economic sustainability, including a diverse labour market and economy, and strong and inclusive communities.

Finally, the **location of affordably priced housing is a key issue** in terms of social equity and sustainability. Providing for a mix of affordably priced housing for different target groups provides for social mix and reduces the potential stigma that can be associated with such accommodation. Locating such housing close to transport and services also provides for the needs of key groups including those with a disability and the frail aged, and reduces car dependency and the cost of transport, which can be a significant impost on very low, low and moderate income households and on the environment. As such, the *Strategy* and the research that underpins it focuses on areas within **400-600 metres of the main urban centres of the LGA (Nowra-Bomaderry, Vincentia and Milton-Ulladulla)**.

2 Affordable Housing Definition, Principles and KPIs

2.1 What is 'Affordable Housing'?

Housing is generally considered to be 'affordable' when very low, low and moderate income households are able to meet their housing costs and still have sufficient income to pay for other basic needs such as food, clothing, transport, medical care and education. This is generally accepted to be where such households pay less than 30% of their gross household income on housing costs, although other factors such as cost of transport and access to services are also important considerations.

Affordable housing includes a wide range of housing products, methods of tenure (rental or purchase) and price points. This includes, but is not limited to, social (public and community) housing.

It is preferable that affordable rental housing is managed by a registered community housing provider.

The following table provides relevant benchmarks for 'affordable housing' for the purpose of this *Strategy*. These are consistent with definitions and benchmarks in the *NSW Environmental Planning and Assessment Act 1979*, and related policies.

Table 2.1: Relevant Affordable Housing Income and Cost Benchmarks

	Very low-income household	Low-income household	Moderate-income household
Income Benchmark	<50% of Gross Median H/H Income for Greater Sydney	50-80% of Gross Median H/H Income for Greater Sydney	80%-120% of Gross Median H/H Income for Greater Sydney
Income Range (2)	<\$788 per week	• \$789-\$1,260 per week	\$1,261-\$1,891 per week
Affordable Rental Benchmarks (3)	<\$236 per week	\$237-\$378 per week	\$379-\$567 per week
Affordable Purchase Benchmarks (4)	<\$224,000	\$224,001- \$358,000	\$358,001- \$538,000

Source: JSA 2015, based on data from ABS (2011) Census indexed to September Quarter 2015 dollars



2.2 What are Key Principles for Affordable Housing?

Key Affordable Housing Principles underpin this *Strategy*, as set out below.

- **Legal** – affordable housing strategies are able to be implemented within existing legislative frameworks;
- **Economically feasible** – strategies will not unduly constrain market development of housing;
- **Appropriately located** – strategies will prioritise affordable housing developments around key urban centres with good access to services that are likely to be required by a low income and aging population, understanding that this need will increase with ongoing demographic change;
- **Socially sustainable** – affordable housing developments will be designed and located so as to promote social diversity and equity, including being well integrated with the existing community and urban fabric, and (in the case of larger developments) as part of mixed tenure and/or mixed use developments where possible. Housing will be designed to respond to cultural needs (where appropriate) and meet the future expectations and preferences of prospective residents;
- **Engagement and partnerships** – affordable housing strategies will often require excellent community engagement and partnerships to ensure that developments are appropriate to local needs, and make the best use of community resources.

2.3 Locational Criteria for Affordable Housing

The location of affordably priced housing is a key issue in terms of social equity and sustainability. Providing for a mix of affordably priced housing for different target groups in **well-located areas** provides for social mix and reduces the potential stigma that can be associated with such accommodation. Locating such housing **close to transport and services** also provides for the needs of key groups including those with a disability and the frail aged, reduces car dependency and the cost of transport, which can be a significant impost on very low, low and moderate income households³ and on the environment.

Ideally, housing that meets the needs of very low, low and moderate income households, including older private renters, families and those with special needs should be located **close to larger service centres** with a comprehensive range of retail, health, recreation and support services and facilities, and where possible, public transport.

As such, **the focus of research and strategies is on precincts within 400-600 metres of the urban areas of Nowra-Bomaderry, Vincentia and Milton-Ulladulla.**

2.4 Key Performance Indicators for Monitoring Implementation

The implementation of this *Strategy* will be monitored by assessment and reporting against the following Key Performance Indicators (KPIs) as part of Council's annual reporting requirements. Monitoring of KPIs over time should see an overall increase in affordable rental housing and reduction in homelessness and households in housing stress.

- Number of affordable rental dwellings for very low and low income households created as a result of partnerships between Council and community housing providers and/or the private sector. Data can be collected by Council;
- Net change (loss/gain) in Social (Public and Community) Housing. Data can be obtained from FACS – Housing NSW and local community housing providers;
- Number of affordable rental dwellings for very low and low income households created through other agencies or mechanisms, including FACS – Housing NSW and Community Housing Providers. Data can be collected by Council;
- Number of affordable housing dwellings for very low and low income renters and low income purchasers provided through the market. Data can be obtained from FACS – Housing NSW Rent and Sales Reports;

³ See for example Gleeson, B. and Randolph, B. (2002) 'Social disadvantage and planning in the Sydney Context', in *Urban Policy and Research Vol. 20(1)* pp101-107; and Kellett, J. Morrissey, J. and Karuppannan, S. 2012. 'The Impact of Location on Housing Affordability', *Presentation to 6th Australasian Housing Researchers Conference*, 8-10 February 2012, Adelaide, South Australia.

- Increase in supply of lower cost housing types/products created through the market. Data can be obtained from FACS – Housing NSW Rent and Sales Reports;
- Reduction in local homelessness, including appropriate accommodation of rough sleepers, people living temporarily with others, or living in inappropriate, unsafe or severely over-crowded accommodation. Data can be provided by agencies such as the Homeless Hub;
- Reduction in the proportion of very low and low income households in housing stress. Data can be obtained from the Census every five years;⁴
- Retention of diverse income, age and employment groups in the LGA. Data can be obtained from the Census every five years;
- Increase in supply of culturally appropriate housing for Shoalhaven's Aboriginal community. Data can be obtained from community housing providers and others.



⁴ Note that levels of housing stress on very low and low income households can be reduced if increasing housing costs cause these people to be displaced. Consequently this KPI must be considered in the context of changing demography as set out in the next KPI.


3 Strategies and Mechanisms to Deliver Affordable Housing

3.1 Overview of Mechanisms and Strategies

There are a wide range of potential strategies available to Shoalhaven City Council to increase affordable housing in the LGA. These strategies range from 'light' planning intervention in the market (Column 1 in the table below), to strong intervention (Column 3), or direct provision of affordable housing (Column 4), as shown in Figure 3.1.

As noted in the *Affordable Housing Background Paper*⁵, some of these strategies are more likely to be effective in the local housing market context. **Those likely to be most effective, and that are most favoured by Council from consultations, are the focus of this Strategy**⁶.

Figure 3.1: Mechanisms and Strategies to Create Affordable Housing along a Continuum of Planning Intervention



Limited Market Intervention	Facilitative Intervention	Mandatory Intervention	Direct Market Intervention
<ul style="list-style-type: none"> Define 'affordable housing', set benchmarks and assess need. Assess where and for whom the market is supplying genuinely 'affordable housing' (AH). Ensure adequate supply of land supply to meet projected need. Ensure efficient approvals process. Advocate to other levels of government for an increase in AH resources or policy responses. Convene forums with industry, public & community sector to raise awareness and develop responses. Conduct staff training to improve capacity in AH issues. Provide planning, building or design support to community or private sector developers. 	<ul style="list-style-type: none"> Assess gaps in market provision of AH including location, type, tenure, and target groups. Remove impediments in local planning schemes (LPS), e.g. zoning that constrains diversity. Include AH aims, objectives & provisions in LPSs supported by policies, controls, etc. Make low-cost housing types permissible in appropriate locations in all relevant zones. Include incentive-based variations to controls in LPSs to offset the impact of mandatory provisions or to enable diversity in lower value markets; or to capture a share of benefit (profit) in higher value/uplift markets. Develop incentive-based state planning policies to create AH. 	<ul style="list-style-type: none"> Require housing diversity in LPSs in market-based developments where assessed as likely to be 'affordable', with or without concessionary offsets. Require % of time-limited affordable rental (e.g. at discount market rent), with or without concessionary offsets. Mandate a % of AH (e.g. greenfield or large-scale redevelopments) through DCP Masterplan or similar. Proactive land assembly or acquisition to facilitate consolidation & redevelopment. Mandate a reasonable contribution (in cash, land or dwellings) where feasible. Require SIA in major redevelopment of low cost housing/types, & require mitigation to offset loss (e.g. cash or in kind contributions, rehousing tenants). Develop mandatory state planning policies to create AH. 	<ul style="list-style-type: none"> Reduce cost through waiving fees, land rates, contributions, etc for AH developments. Use public resources in AH PPPs, e.g. through partnerships on council or other public land via land audits; EOLs to create AH on public land, etc. Use resources gained through incentive-based or mandatory mechanisms for AH PPPs. Enter into longer-term development and/or management partnerships with a preferred community housing provider (e.g. MOU). Directly funding or construction of AH by local, state or federal agencies.

⁵ JSA *op cit*.

⁶ Refer JSA (2016) *Shoalhaven Affordable Housing Strategic Discussion Paper* for a discussion of the effectiveness of different mechanisms in the Shoalhaven context.

3.2 Summary of Strategies

Based on the evidence and Council's expressed preferences, the main strategies that are likely to be effective in the local context have been summarised into short, medium and longer-term actions.

- **Short-term** (within 3 years):

- Adoption of the *Shoalhaven Affordable Housing Strategy*, including definitions, benchmarks, KPIs and reporting mechanisms;
- Dedicate the Council owned site at 42-46 Coomea Street, Bomaderry as the preferred short-term site for an affordable housing partnership, investigate potential opportunities for expansion to include additional land in the precinct;
- Investigate and identify another two sites owned by Council or another public authority for affordable housing partnerships in the medium and longer-term, potentially one for a mixed tenure affordable housing development, and one for a manufactured homes estate that includes provision for the 'Tiny Homes' concept;
- Completion of the *first* affordable housing development on the Coomea Street site in partnership with a Community Housing Provider;
- Preparatory work on the other two other identified affordable housing sites;
- Development of a shared equity model in conjunction with a Community Housing Provider;
- Investigate and advocate for temporary affordable housing opportunities on NSW Government land that is awaiting future development;
- Advocate for the NSW Government to revise the Affordable Rental Housing State Environmental Planning Policy (SEPP) and SEPP 70 Affordable Housing (Revised Schemes) to include Shoalhaven.

- **Medium-term** (within 3-5 years):

- Completion of the residential CVP/MHE affordable housing development including a 'Tiny Homes' component on a site owned by Council or another public authority in partnership with a Community Housing Provider and relevant support agencies;
- Ensuring sufficient zoned land in R1, R3 and B4 zones around key centres;
- Provide a sufficient quantity of R1 zoned land in release areas land around major centres;
- Increase FSR for multi dwelling housing to 0.5:1 within 600 metres of nominated centres within R3 and B4 zones within 600 metres of key centres;
- Consider the size of secondary dwellings through the review of Clause 5.4(9) of Shoalhaven Local Environmental Plan 2014 to encourage affordability;
- Provide planning incentives with respect to parking requirements in multi-dwelling housing in R1, R3 and B4 zones within 600 metres of key centres;
- Promote good quality boarding house developments within 600 metres of key centres;
- Develop DCP guidelines for 'new generation' boarding houses;
- Provide opportunities for permanent sites in caravan parks;
- Develop a Voluntary Planning Agreement;
- Reduce parking requirements for smaller one and two bedroom apartments;
- Expand the area covered by Council's existing 'parking discount';
- Pursue incentives to encourage the creation of land for affordable housing and the provision of affordable housing developments generally, including potential variation to planning controls tied to affordable housing outcomes.

- **Longer-term** (within 5-10 years):

- Completion of a *third* affordable housing development on a site owned by Council or another public authority, preferably around Milton-Ulladulla, in partnership with a Community Housing Provider;
- Mandate affordable and low cost dwelling types in appropriate developments/locations in R1, R3 and B4 zones within 600 metres of key centres.

These are now set out in more detail below.

3.3 Short-term Strategies (<3 years)

3.3.1 Provision of Affordable Housing on Council Land

Rationale

The vast majority of demand for affordable housing in the Shoalhaven LGA is likely to come from very low income households (small and family). Affordable rental is particularly important for these groups; however, the evidence indicates that the private housing market is not providing affordable accommodation for this group. There is also evidence of growing local homelessness and an inability to respond effectively to this problem largely due to a lack of appropriate, affordable housing options.

The **direct creation of social and affordable rental housing** for diverse groups including lower income key workers, older pensioners and retirees, people with a disability, people at risk of homelessness, and very low and low income families will be necessary to meet the growing need for such housing in the future. In essence, this is the only effective strategy in the current and projected housing context.

An effective way of delivering affordable housing is through development of such housing on public land as a development and/or management partnership with a registered community housing provider (CHP) and/or the private sector. Partnering with a registered CHP is the preferred option due to their experience, management expertise, access to government grant funding and their own revenue raising capacity.

Such land can be developed under a variety of contractual arrangements - by Council acting alone; or in conjunction with a partnering agency or agencies, such as a CHP and/or private sector partner. Financially, the arrangement can be structured in a number of ways, depending on Council's preference. Likewise, risk can be shared at a level appropriate to the needs and preferences of partnering agencies.

Preliminary economic modelling was carried out on several development options on Council sites in Nowra-Bomaderry, Jervis Bay – St Georges Basin and Ulladulla from a list provided by Council staff. Each option modelled could at least break even, or provide a small profit. This depends on the mix of dwellings and controls governing the site, and whether a New Generation Boarding House component is included, with the latter tending to improve the financial viability of the development due to the higher dwelling yield.

Based on further analysis, preferred sites have been ranked with regard to their likely suitability for affordable housing (location, relevant constraints, size, etc), and their likely yield. It is proposed that Council dedicate one site for an affordable housing partnership in the short-term; and identify two other sites owned by Council or another public authority for affordable housing partnerships in the medium- and long-term. This will ensure that these sites are available as the *Strategy* is rolled out over the next 10 years, and that it provides for the staged development of these sites over the life of the *Strategy*.

Strategies

Strategy 1

For the purpose of this *Strategy*, Council adopts:

- The definitions and benchmarks for 'affordable housing' as set out in Table 2.1 above;
- The principles set out in Section 2.2 above;
- The KPIs set out in Section 2.4 above.

Strategy 2

Council will dedicate one Council-owned site for affordable housing partnerships in the short-term in Nowra-Bomaderry, with the potential to expand development opportunities on additional land in this precinct; and will investigate other Council or publicly owned sites that could be dedicated to affordable housing partnerships in the medium- and longer-term (see sites in Strategies 3, 7 and 20 below).

Strategy 3

- a. Council will facilitate a mixed tenure development on Council-owned land in the Nowra-Bomaderry area in partnership with a registered Community Housing Provider on the preferred site outlined below.

Table 3.1: Preferred Affordable Housing Project Site: Nowra - Bomaderry

Address	Lot/DP	Area (m2) and zoning	Current usage	Comments
42-46 Coomea Street Bomaderry	Lots 22 and 23, Sec 25 DP2886; and Lot 1 DP1084362	2,441 m2 B4	Two separate houses and a carpark	A large well located parcel of land, close to Bomaderry Railway Station, associated bus services and Bomaderry shopping centre

Source: Shoalhaven City Council and JSA (2016-17)

- b. The Nowra-Bomaderry development will be a mixed tenure development targeted to very low income renting households and low income purchasing households, and will seek to include:
- A new generation boarding house providing rental accommodation to very low income renting single person or couple households;
 - A two or three storey residential flat building including one and two bedroom apartments providing rental accommodation to very low income social renting single, couple and smaller family households and/or shared equity purchase to low income households;
 - Adequate provision for Adaptable Dwellings on the ground floor per AS 4299;
 - Culturally appropriate housing.
- c. Council will seek to develop the site through a competitive tendering process (an Expression of Interest) or preferred partnering arrangement with a registered Community Housing Provider that clearly specifies requirements for the site including maximisation of affordable housing yield, indicative dwelling type and tenure mix, risk apportionment and long-term management and maintenance arrangements.

Strategy 4

Council will investigate the potential for development of small lot housing on a privately owned Greenfield site, and appropriate mechanisms, funding and legal agreements to implement an appropriate model or demonstration project including opportunities for shared equity approaches.

3.3.2 Shared Equity Arrangements

Rationale

One of the main ways that low income purchasers requiring a larger home, especially those at the lower end of the band, and all very low income households without a substantial asset, can enter the home purchase market is through some form of shared equity arrangement.

Typically, a purchaser will enter a shared equity arrangement with a community housing provider where they own 25-75% of the equity in the home on the basis that they will sell the home back to the provider if they wish to exit the arrangement, as well as a pre-agreed share of the capital gain. Under some schemes, they can increase their share of equity over time.

This ensures that the home stays as affordable purchase in perpetuity, and that the first purchaser does not obtain a windfall profit from the sale of a home where there has been a public subsidy (as is often the case in more standard subsidised home purchase arrangements). Partnering with a community housing provider rather than a bank or private sector developer tends to keep costs lower for the purchaser, although the latter could be involved in a 3- or 4-way partnership.

This type of arrangement is not generally as well-developed in NSW as it is in some other Australian and international jurisdictions, and there are no government supported schemes in NSW. However, it is likely to work well in the local context, and a scheme similar to ones that operate in other jurisdictions could be developed by a Community Housing Provider such as Southern Cross Community Housing, potentially in partnership with a financial institution, and/or on Council-owned land.

Strategies

Strategy 5

Council will develop a locally appropriate shared equity purchase model to facilitate the purchase of housing by low income households, in conjunction with a Community Housing Provider.



3.3.3 Advocacy

Rationale

The long term security of affordable housing is essential to ensure affordable rental housing stock is not diminished over time. Whilst the NSW Government supports affordable housing through policies such as the Affordable Rental Housing State Environmental Planning Policy (SEPP), there is no provision for retention of affordable housing nor is there currently any mechanism to enable Council to mandate developer contributions for the purpose of providing affordable housing.

In addition to the consideration of affordable housing on Council land (Section 3.3.1), land in the ownership of the NSW Government could provide additional land opportunities, even as an interim measure until the land's development potential for other purposes is realised.

Strategies

Strategy 6

- a. Investigate and advocate for temporary affordable housing opportunities on NSW Government land that is awaiting future development.
- b. Advocate for the NSW Government to revise the Affordable Rental Housing SEPP so that housing built under this SEPP remains affordable in perpetuity.
- c. Advocate for the NSW Government to revise SEPP 70 Affordable Housing (Revised Schemes) to include Shoalhaven to effectively mandate provision of contributions for affordable housing where appropriate/required.

3.4 Medium Term Strategies (3-5 years)

3.4.1 Provision of Affordable Housing on Council Land

Rationale

Refer Section 3.3.1 above.

Strategies

Strategy 7

- a. In the **medium term**, Council will facilitate the development of a residential caravan park or MHE development on Council or other publicly owned land in the Nowra-Bomaderry area in partnership with a Community Housing Provider, providing opportunities for the 'Tiny Houses' model, subject to further feasibility assessment, on one of the sites listed below.
- b. The MHE/Tiny Homes development will be targeted to very low income renting households, and will include:
 - Onsite cabins for rent in line with the "tiny houses" model;
 - Sites for use by owner-renters, that is, those who own their own MHE or van and rent a site in the Caravan Park or MHE.

3.4.2 Removing Planning Impediments and/or Opening up Development Opportunities for Smaller Strata Dwellings

Rationale

Enabling the proper operation of the market is important in ensuring that diverse and affordable housing products can be delivered to key target groups, and the wider Shoalhaven community. It is important to ensure that there are no impediments to the operation of the market in delivering the type of housing that is affordable to the highest need target groups, and opening up opportunities for market delivery where possible.

General affordability will be increased through increasing the supply of smaller (one and two bedroom) strata dwellings, particularly within 600 metres of B2 and B3 zoned land in the main urban centres. A high proportion of this stock is likely to enter the private rental market at the lower cost end.

Some impediments to the development of such stock were identified in the Affordable Housing Background Report. Addressing these as medium-term strategies would be an effective way of increasing lower cost and affordable housing through the market.

Strategies

Strategy 8

Council will ensure that sufficient developable land zoned R1, R3 and B4 is available within 600 metres of land zoned B2 and B3 in the Nowra-Bomaderry, Jervis Bay – St Georges Basin, and Milton-Ulladulla town centres to provide market opportunities for development of residential flat buildings and multi dwelling housing.

Strategy 9

Council will ensure that there is sufficient developable land zoned R1 in future greenfield release areas to provide market opportunities for development of residential flat buildings and multi dwelling housing.

Strategy 10

Council will review existing controls in appropriate areas within 600 metres of land zoned B2 and B3 in Nowra-Bomaderry, Jervis Bay-St Georges Basin, and Ulladulla town centres to increase the FSR for medium density development (multi dwelling housing) to 0.5:1 (as allowed for dwelling houses) from the current 0.35:1, with specific recommendations on relevant provisions in Environmental Planning Instruments (EPIs) and Shoalhaven Development Control Plan 2014. Character and design controls should also be considered to ensure that new development is appropriately designed.

Strategy 11

Council will investigate the size of secondary dwellings in Clause 5.4(9) of Shoalhaven Local Environmental Plan 2014 to ensure standards do not hinder affordability.

Strategy 12

Council will investigate effective ways of reducing parking requirements for smaller one and two bedroom apartments where those apartments are close to town centres and public transport in Nowra-Bomaderry, Jervis Bay-St Georges Basin, and Ulladulla, and/or extending the current parking discount to these areas, and/or increasing the parking discount.

3.4.3 Removing Planning Impediments and/or Opening up Development Opportunities for 'New Generation' and Supported Boarding Houses

Rationale

Increasingly, boarding houses, particularly 'New Generation' boarding houses under State Environmental Planning Policy (SEPP) (Affordable Rental Housing) 2009 are providing affordable accommodation to diverse very low and low income households. These are likely to fill an important gap for a range of very low and low income retirees, workers, and other singles and couples without an asset.

Traditional boarding houses should only be considered as temporary or medium term accommodation due to the reduced amenity often associated with this form of housing. The improved amenity and regulation of 'New Generation' boarding houses provided for by SEPP Affordable Rental Housing 2009 and the *Boarding Houses Act 2012* acknowledges that 'New Generation' boarding houses now often play a longer-term role in the housing market, so that design excellence, management and security of tenure are all important considerations.

Despite the important role that boarding houses could play in fulfilling a major affordability gap for very low and low income single people and couples, including key workers, there is currently only one registered in the LGA. There are good models of boarding houses, and these can be adapted in the Shoalhaven context, both in terms of guidelines for private and community sector proponents, and as part of a model development on public land.

Strategies

Strategy 13

Council will actively promote and support the development of high quality, 'new generation' boarding houses in appropriate locations in the three main urban centres with developers and the community through means such as publication of guidelines, production of promotional material, educational materials and favourable consideration of applications.

Strategy 14

Council will develop DCP guidelines consistent with State Government Policy and Legislation to support the development of good design and management of 'new generation' boarding houses taking into account local needs and the housing market context.

3.4.4 Removing Planning Impediments and/or Opening up Development Opportunities for CVPs and MHEs

Rationale

Caravan parks are an important source of affordable accommodation in Shoalhaven. On-site vans and manufactured homes, and sites which are rented where residents place their own home, have the potential to be affordable to all low income households and some very low income households. However, there appears to be a decreasing supply of permanent sites through conversion to tourist uses in some areas; and there appears to be demand/price pressure on parks and manufactured home estates (MHEs) that offer a reasonable level of permanent sites. Caravan Parks and Manufactured Home Estates also provide an opportunity to deliver affordable housing using the “tiny houses” model by providing single bedroom demountable cabins with self-contained cooking and ablution facilities. List prices for such dwellings are around \$22,000, or \$16,000 where ablutions are provided centrally.⁷ This approach to “tiny houses” has the advantage that BCA compliance is not required.

Strategies

Strategy 15

Council will develop guidelines to encourage a higher proportion of permanent sites within caravan parks and MHEs that are principally tourist-oriented developments, and provide for a higher proportion of such sites in licensing arrangements.

3.4.5 Incentive-based Variations to Facilitate Affordable Housing

Rationale

Market-based incentives, where an opportunity to vary planning controls is provided to a developer and tied to a demonstrated affordable housing outcome, may facilitate provision of affordable housing. For example, reduced parking requirements may be provided where strata dwellings of a minimum size (e.g. one bedroom apartments of 50 m²) are provided in specified areas or precincts. These dwellings are provided through the market, but are more likely to remain lower cost or more affordable in the context of the local housing market, especially in lower cost localities.

It is preferred that the mechanism is clearly set out in a Council Policy (for example, a Voluntary Planning Agreement Policy) for transparency and consistency, and is subject to a formal agreement.

Strategies

Strategy 16

Council will develop a Voluntary Planning Agreement Policy with regard to incentive-based approaches to affordable housing.

Strategy 17

Council will consider reduction of parking requirements in similar locations to those set out in SEPP (Affordable Rental Housing) 2009 where smaller one and two bedroom apartments are constructed (for example, in accordance with the SEPP plus 10%).

⁷ AJC Portables Price Guide, October 2016

Strategy 18

Council will consider expansion of the areas covered by Council's existing 'parking discount' where such dwellings are constructed in Nowra-Bomaderry, Jervis Bay – St Georges Basin, and Ulladulla within 400 metres of the town centres, and/or a further increase in the discount.

Strategy 19

Council will consider the inclusion of provisions in Shoalhaven Development Control Plan 2014 to incentivise the creation of land for affordable housing and provision of affordable housing generally. Council will also consider potential variations to existing controls tied to specified affordable housing outcomes with associated design and character controls, e.g.:

- Increase of the FSR for medium density development (multi dwelling housing) to 0.5:1 in appropriate areas within 600 metres of land zoned B2 and B3 in Nowra-Bomaderry, Jervis Bay – St Georges Basin, and Ulladulla where a developer provides a specified proportion of smaller one and two bedroom dwellings (for example, with floor area in accordance with the SEPP plus 10%).
- A more fine-grained analysis of the feasibility of density and/or height bonuses, or other planning incentive schemes, in high value markets such as Huskisson and parts of Ulladulla, and strategies related to relevant areas and development of provisions as appropriate.



3.5 Longer-Term Strategies (5-10 years)

3.5.1 Provision of Affordable Housing on Council Land

Rationale

Refer Section 3.1.1 above.

Strategies

Strategy 20

- a. In the **longer-term**, Council will undertake a mixed tenure development on Council owned land in the Milton-Ulladulla area in partnership with a Community Housing Provider, subject to further feasibility assessment on part or all of the site below.

Table 3.2: Affordable Housing Project Site: Ulladulla

Address	Lot/DP	Area (m2) and zoning	Current usage	Comments
19 Boree Street Ulladulla	Lot 2 DP552504	1,012 m2 B3	Car Park providing 36 spaces	Situated in Ulladulla shopping centre

Source: Shoalhaven City Council and JSA 2016

- b. The development will be targeted to very low income renting households. The development will include:
- A new generation boarding house providing rental accommodation to very low income social renting single person households; and
 - A 'seniors housing' building including one and two bedroom dwellings providing rental accommodation to very low income social renting single and couple households.

3.5.2 Mandating Affordable and Low Cost Dwelling Types

Rationale

Setting DCP targets for the types of dwellings that are affordable to those most in need of affordable housing is likely to be an effective mechanism for creation of diverse housing for the wider community. Such mechanisms are equitable where mandating such dwellings does not constitute an undue impost on the viability of development for relevant target groups. One and two bedroom strata dwellings are the most affordable conventional housing types in the local housing context. Entry level project homes (3 bedrooms, with 1 bathroom and 1 car space) on smaller lots are also likely to be affordable to low income purchasers.

Strategies

Strategy 21

Council will mandate a proportion of 1 bedroom, 1 bathroom dwellings with a maximum floor area of 50-55 m2 in multi dwelling housing developments and residential flat developments in areas within 600 metres of land zoned B2 and B3 in Nowra-Bomaderry, Jervis Bay – St Georges Basin and Ulladulla (for example, 1 dwelling in 5 or 20% of dwellings).

Strategy 22

Council will mandate a proportion of 2 bedroom, 1 bathroom dwellings with a maximum floor area of 70-75 m² in multi dwelling housing developments and residential flat developments in areas within 600 metres of land zoned B2 and B3 in Nowra-Bomaderry, Jervis Bay – St Georges Basin and Ulladulla (for example, 2 dwelling in 5 or 40% of dwellings).

Strategy 23

Council will mandate a proportion of adaptable dwellings in multi dwelling housing developments and residential flat developments in areas within 600 metres of land zoned B2 and B3 in Nowra-Bomaderry, Jervis Bay – St Georges Basin and Ulladulla (for example, 1 dwelling in 5 or 20% of dwellings).

Strategy 24

Council will develop a Masterplan DCP approach to Greenfield developments in accordance with Part 6 of Shoalhaven Local Environmental Plan 2014, potentially including the following types of requirements:

- A proportion of lots to be allocated to multi dwelling housing (for example, 10% of lots), with mandatory provisions for smaller 2 bedroom stock (i.e. 2 bedroom, 1 bathroom dwellings with a maximum floor area of 70 or 75 m²);
- A proportion of lots be allocated as smaller lots (for example, 10% of lots or 5% of the masterplan area as 350 m² lots);
- A proportion of separate houses of a specified size (for example, 2 and 3 bedroom dwellings with 1 bathroom and a maximum floor area of 110 m²).

Strategy 25

Council will develop a performance criteria-based approach in an early stage of new release areas, with criteria related to housing type and affordability benchmarks.

Strategy 26

Council will further investigate the potential to facilitate a demonstration project on a larger site owned by Council or that of another public authority to show good practice in regard to lower cost housing types and affordability benchmarks.

3.6 Administration and Maintenance

3.6.1 Administration

Rationale

There is a need for transparent reporting and accountability with regard to administration of Council's affordable housing program, and to ensure that the *Strategy* is effective in achieving its objectives. Adequate responsive, recurrent and planned maintenance is also vital to ensure the amenity of the properties and locality, and the longevity of stock.

Strategies

Strategy 27

Council will establish required administrative mechanisms to ensure proper monitoring, management and administration related to the *Strategy*, and any Affordable Housing Program resulting from this, including:

- Annual reporting against KPIs;
- Transparent processes for the selection of affordable housing partners, whether on the basis of competitive tendering on individual projects, or a preferred partner basis;
- The establishment of a separately accounted and reported Affordable Housing Trust Fund to hold any resources generated through the *Strategy* (for example, affordable housing units created in perpetuity).

3.6.2 Maintenance

Rationale

Adequate provision for responsive, recurrent and planned maintenance is also vital to ensure the amenity of the properties and locality, and the longevity of stock.

Strategies

Strategy 28

Council will ensure that partnering and management arrangements with a Community Housing Provider include adequate budgetary provision and planning for maintenance and facilities management including:

- Responsive maintenance within the required timeframe;
- Recurrent maintenance, such as minor works, gardening, etc to ensure high quality amenity; and
- Planned maintenance, such as external painting, roof and fence replacement, including a planned maintenance schedule and regular asset condition audits.