



13 January 2023

Housing Policy Team
NSW Department of Planning and Environment
GPO Box 239
SYDNEY NSW 2001

Online submission at: <https://pp.planningportal.nsw.gov.au/housing-policy-eie>

Dear Sir or Madam

Re: SSROC submission to the Department of Planning and Environment on the Explanation of Intended Effect: Housing SEPP amendments

Thank you for the opportunity to provide feedback on the Explanation of Intended Effect: Housing SEPP 2021 amendments.

Southern Sydney Regional Organisation of Councils Inc (SSROC) is an association of twelve local councils in the area south of Sydney Harbour, covering central, inner west, eastern and southern Sydney. SSROC provides a forum for the exchange of ideas between our member councils, and an interface between governments, other councils and key bodies on issues of common interest. Together, our member councils cover a population of 1.9 million, one third of the population of Sydney, including Australia's most densely populated suburbs. SSROC seeks to advocate for the needs of our member councils and bring a regional perspective to the issues raised.

Introduction

Access to secure, affordable housing is a basic human need and key to a prosperous and equitable society. A lack of affordable housing compounds intergenerational inequality and harms social cohesion.

Although the urban growth of the SSROC area is unique, our region shares many issues and imperatives with many other urban areas managing continuous population growth sustainably while enhancing liveability. Because of its size and diversity, issues experienced within SSROC often reflect statewide trends like population growth supported by migration. The experience of strong growth and related development across highly urban as well as more suburban parts of Sydney has provided valuable insights and helped to shape this submission.

Councils recognise the importance of affordable and diverse housing. The recent Resilient Sydney Mayoral Summit on affordable housing, organised by SSROC and attended by the Mayors, Deputy Mayors and their delegates from 19 Sydney councils, clearly demonstrated that the issue is equally important to councils throughout metropolitan Sydney.

There is currently an urgent need for social and affordable housing in NSW and SSROC consistently advocates for changes to remedy this shortfall. The current chronic and entrenched housing affordability crisis is clearly the highest priority for Housing SEPP policy changes for NSW Government, but also for businesses dependent on essential workers for their workforce



needs and for communities of renters shut out of unaffordable housing markets and desperately looking for practical housing solutions.

SSROC supports the NSW Government's aims to:

- expedite the delivery of more diverse and affordable homes
- create new types of housing to meet changing needs
- provide the necessary certainty to attract the private investment in this housing type
- streamline the provision of social and affordable housing through the planning system
- expand and improve access to opportunities to provide diverse housing
- improve and simplify the Housing SEPP.

The NSW Government must do its part to ensure that everyone, especially the most vulnerable members of the community, has access to a safe and secure home. However, any changes to the Housing SEPP need to be carefully considered to ensure that the housing delivered is fit for purpose and achieves positive outcomes for future residents and existing communities in line with adopted local and regional planning strategies. The best results will come from working closely in partnership with local government.

It is important that the NSW Government keep trust at the centre of this planning reform. 'Top-down' agendas and abandoning policy that has gained community support will only undermine the trust in the planning system.

A reinvigorated reform agenda embodying streamlined processes needs to put better places and communities at its core. A partnership approach is also necessary, driven by clear upfront policy aims and underpinned by goodwill and the contribution of strategic plans and government-approved District plans, LEPs, and Local Housing Strategies, with the active involvement of the planning authorities: the Greater Cities Commission; the Department of Planning and Environment and local councils.

The EIE consultation process is therefore an important opportunity to:

- Renew the partnership approach with local councils to shape the reform agenda and collaborate on fixes to the housing crisis and shortfall in affordable housing supply
- Establish a clear policy framework to drive change and set system-wide improvement standards
- Strengthen existing strategic planning to set and embed outcomes, improve certainty and reduce costly ad-hoc decisions.

1 Our understanding of the amendments

The NSW Government proposes amendments to State Environmental Planning Policy (Housing) 2021 including:

- Further incentivising the uptake of in-fill affordable housing provisions, by increasing the floorspace bonus available to developments that include affordable housing,
- Changing the planning pathways for social and affordable housing by introducing a new State Significant Development (SSD) pathway for major development proposals so that proposals are assessed by the Department of Planning, not local council,
- Increasing the size of development proposals that can be self-assessed by the Land and Housing Corporation (LAHC) and Aboriginal Housing Office, with development by LAHC over a specific threshold to be assessed through the SSD pathway,
- Introducing a new streamlined approvals pathway for the meanwhile use of existing buildings for temporary supportive accommodation,



- Removing definitions of group homes and hostels and introducing new definitions for short-term housing and supported living,
- Updating the accessibility and usability standards for seniors independent living units,
- Revising provisions relating to boarding houses by allowing them in more low-density locations in regional areas.

2 Affordable Rental Housing in Perpetuity

This submission is made during an unprecedented national housing affordability crisis. Sydney is no exception, with a housing crisis for low income and increasingly middle-income workers in our community, who are finding it difficult to access housing that is affordable, and/or appropriate to their needs. This has unacceptable human impacts with people in our community facing constant housing uncertainty and financial stress, but also impacts our local economies where many workers cannot find housing or cannot work to their full potential because of their housing stress.

Housing rental affordability has proven to be a long-term problem that requires long-term solutions. The EIE notes that over the next 20 years approximately 45,200 new homes will need to be delivered each year to support New South Wales projected population growth. 1 in 13 households in Sydney (144,700 or 7.6%) has unmet housing needs¹, so there will be constant strong demand for both social and affordable housing well into the future².

The largest and most pressing need is housing for those in bottom quartile of household incomes. Streamlining housing supply needs to focus firmly on this part of the housing supply gap, where market rental offerings are unaffordable, and many households therefore need a non-market subsidised housing solution.

There is currently no Government policy position on affordable housing tenure. A sustainable solution needs much more permanently affordable housing. Time-limited affordable housing is welcome, but is also problematic and much less preferable to housing that is permanently affordable. It is a second-best option for governments that will continue to need to grow this type of supply, and for the households whose housing needs are often long-term. In a tight unaffordable rental market, ending the tenancy of an older, retired person can precipitate enormous financial and emotional stress and the risk of homelessness, putting pressure and costs on State services like NSW Health.

The current funding wind-down of the National Rental Affordability Scheme (NRAS) exacerbates this risk. The lives of entire households are upended when the affordable housing subsidy 10-year time limit is reached, presenting real hardship to vulnerable households. Community Housing Providers (CHPs) have the invidious task of choosing between rehousing their own former NRAS tenants or addressing the pressing needs of people at imminent risk of homelessness.

¹ Unmet housing needs includes those households either experiencing homelessness, in overcrowded homes or spending over 30% of their income on rent.

² Ryan van den Nouwelant, Lawrence Troy, Balamurugan Soundarara, Quantifying Australia's unmet housing need: A national snapshot November 2022, City Futures UNSW <https://www.communityhousing.com.au/wp-content/uploads/2022/11/CHIA-housing-need-national-snapshot-v1.0.pdf?x22076>

The *Housing 2041*³ outcomes-based approach recognises that “people live in diverse tenures based on their income and circumstances, and that housing should be affordable, stable and supportive of their aspirations and wellbeing.”⁴ Permanent affordable housing would enable CHPs to provide more flexible housing solutions that better match the duration of people’s housing need. Policy preference should be given to creating permanent affordable housing through the planning system wherever possible. Planning mechanisms that produce permanently affordable housing should take precedence over those that produce only time-limited affordable housing. Affordable Housing Contribution Schemes merit a higher preferred policy status than infill affordable housing that delivers a limited 15-year outcome. The number of affordable housing years likely to be produced could be used as one means of assessing the relative value of permanent and time limited affordable housing.

In SSROC’s August 2021 submission on the Housing SEPP, we recommended that “the additional floor space bonus for infill affordable housing be used for affordable housing in perpetuity, consistent with the requirement for boarding houses.” This conclusion has important, significant implications for the design of planning mechanisms that aim to increase social and affordable housing, and for the developer-driven use of planning incentives like bonus FSR and non-discretionary developer contributions. It is important to recognise that developers have markedly different business drivers to Government agencies with enduring community service obligations and imperatives.

Recommendations for permanent affordable rental housing

Key Policy Implications for the Housing SEPP EIE and Housing 2041 Strategy Action Plans:

1. Affordable Housing Contribution Schemes producing permanently affordable housing must be promoted as one of the preferred, most important means of producing and building up affordable rental housing supply.
2. Affordable housing delivered on Government land or through its housing project partnerships should always deliver affordable housing in perpetuity. A Government policy position on affordable housing tenure is urgently needed to clarify and reinforce this commitment by Government agencies, especially the dedicated housing agencies such as LAHC, the Aboriginal Housing Office and Landcom.
3. The provisions proposed for a state significant development pathway that includes a minimum 20% affordable or social housing gross floor area (GFA) should stipulate that the affordable housing will be permanent.
4. The 15-year time limit on infill affordable housing with a higher floor space ratio (FSR) bonus should be reassessed with a view to it being affordable housing in perpetuity, or at least provide an option to convert a time-limited housing provision into affordable housing in perpetuity.
5. Should perpetuity not be mandatory where bonuses are applied, then the number of affordable housing years likely to be produced should be used in assessing the relative value of permanent and time limited affordable housing.

³ NSW Government, *Housing 2041 NSW Housing Strategy*, available: <https://www.planning.nsw.gov.au/Policy-and-Legislation/Housing/A-Housing-Strategy-for-NSW> accessed: 11/1/23.

⁴ *Housing 2041* p22

6. Establish a reporting and monitoring system for affordable rental housing created through and/or in association with the planning system. This should show geographic demand and available affordable housing supply, both permanent and time-limited, against the Government's aspirational supply targets. Definitions must enable affordable housing counts to be better distinguished from social housing numbers and different forms of housing that is considered affordable in the private rental market.

3 Housing Policy Framework to integrate and underpin the Housing SEPP

A strong policy framework could usefully inform the application of the Housing SEPP, which has inherited many disparate elements from the amalgamation of previous SEPPs combined with the proposed policy enhancements.

Lack of a clear framework would expose the system to new risks and embed some critical and likely costs for Government and communities. Key risks would be: confusion about competing strategies and policy measures (e.g. contributions and incentives); ad hoc planning decisions made by consent authorities and; exposure of developers to added complexity and delay as they navigate an arbitrary system that was intended to have been streamlined.

Recommendations for strong policy operating framework

7. A statement of Government's commitment and ambition to achieve greater diverse affordable housing provision through the NSW planning system, articulated in:
 - a. Scope definition: all stakeholders (state government agencies, local councils and private developers) have obligations to address growth, including integrated diversity and affordable housing targets and objectives. The strongest commitments should be by the state government on land that it controls.
 - b. An objective and a commitment to growing the supply of affordable housing with the primary objective being affordable housing in perpetuity.
 - c. A commitment to Government fast-tracking assessments of new Affordable Housing Contribution Schemes (AHCS) and related rezonings and State Significant Development (SSD) projects with significant Affordable Housing components.
8. Planning incentives should only apply to residential developments that adopt outcomes consistent with district and local strategies. These and other place strategies should shape the application and expression of housing and ensure that infrastructure is well coordinated and available in a timely fashion. Councils should be able to tailor the appropriate incentives to promote the right housing.
9. Priority and preference are given to consistent comprehensive spatial approaches like affordable housing contribution schemes over one off FSR bonuses on specific sites. Subsidiarity is therefore given by the SEPP to time-consuming and less efficient, less certain one-off incentives and decision-making.
10. A rigorous, comprehensive diverse and affordable housing data collection and outcome monitoring system is implemented that ensures that progress is known so that the effectiveness and timeliness of the measures can be finetuned over time. This is critical if new approaches are to be piloted.
11. The Housing SEPP adopt a policy operating framework that establishes responsibilities for all stakeholders to support the growth of affordable housing supply, set clear priorities



and manage, by focusing on better diverse and affordable housing outcomes, interconnections between any competing parts of the Housing SEPP.

4 Fairer Incentives framework

More refinement of the FSR Bonus for Infill Affordable Housing needs

The proposed Housing SEPP amendments include more generous Floor Space Ratio (FSR) bonuses and greater certainty on the application of clause 4.6 variations to improve access to the provisions for infill affordable housing and the uptake by industry.

This amendment aims to support the delivery of affordable housing by increasing the in-fill affordable housing floor space ratio (FSR) bonuses by 25% and adjusting the base FSR threshold for calculating bonuses from 2.5:1 to 2:1. These provisions would be available where 20% or more of a development's gross floor area (GFA) is delivered as affordable housing. They are intended to improve the uptake of the in-fill affordable housing provisions by offering better incentives to encourage delivery.

It is assumed that FSR bonuses would operate primarily in areas previously rezoned and so not compete or overlap with Affordable Housing Contribution Schemes.

The Housing SEPP currently has two scenarios that allow additional floor space ratio (FSR) where affordable housing is provided. The proposed new floor space bonuses provide an increase on the existing bonuses to provide a greater economic incentive.

FSR is a valuable tool used by local governments to implement strategic planning objectives and control the bulk and scale of new development⁵. Recognising that the Housing SEPP may override local government planning controls, the proposed increase in FSR bonuses could potentially deliver developments that conflict with strategic plans and the built form context of the area. It will also need to work in conjunction with height controls to establish the primary building envelopes for new development.

While supportive of the intent of the proposed 25% increase in FSR and lower threshold as a valuable incentive for delivery of affordable housing, SSROC asserts that this mechanism should not be generic and automatically imposed wherever the SEPP applies. This would deny regional/local strategic plans and precinct masterplans the opportunity for to adopt and deliver housing outcomes in line with place outcomes sought. There may be circumstances where higher bonuses are more effective, or where the bonuses impede the achievement of other outcomes.

While the EIE gives some detail of the proposed amendments to bonuses, the application of other related changes is still unclear. It would be helpful to have some illustrative case studies of the application of new bonuses and clause 4.6 variations in different housing markets. This would assist with assessing impacts and effectiveness of the mechanism for promoting the intended affordable housing outcomes.

The stronger, better integrated and more transparent policy framework of recommendation 6 above is required before this incentive could be properly assessed and fully supported. This assessment, in the context of the full framework, would also help to target the proposed bonus most beneficially to reinforce good strategic planning and place-based outcomes.

Developments taking advantage of the FSR provisions could produce built forms incongruent with strategic plans and local character, which would risk generating unnecessary opposition to

⁵ DPE LEP Practice Note PN 08–001



affordable housing by residents and the community. This could be addressed by provisions allowing councils with affordable housing contribution schemes to opt out of applying higher FSR bonuses. This provision would also create an incentive for concerned councils to establish a local contribution scheme and deliver affordable housing fully compliant with their development control plans but by other means than bonuses.

Recommendations on FSR bonuses

12. FSR bonus planning incentives should only apply to residential developments that adopt outcomes consistent with district and local strategies. District and Local Housing Strategies and other place strategies should shape the application and expression of housing and ensure infrastructure is well coordinated and timely.
13. Councils should be able to tailor incentives to promote the right housing through local development controls.
14. The 15-year time limit on infill affordable housing be changed to affordable housing in perpetuity. If this is not agreed, then the option of preferencing affordable housing provision made in perpetuity be encouraged as an option by using a clear, simple and attractive dedication pathway.

5 Bonus affordable housing floor space under existing controls

The NSW Planning system currently provides a pathway that allows consent authorities to flexibly apply development standards via clause 4.6 of the Principal Local Environmental Plan (the Standard Instrument LEP). The EIE flags reforms to clause 4.6 to make “variation requests simpler, provide consistency on the matters both consent authorities and applicants are required to consider and remove other consideration and concurrence requirements”⁶.

While supporting an outcome-based approach where social, economic and environmental planning outcomes are demonstrated, without further detail of this proposed change, SSROC cannot at this stage support this reform. It appears that the proposed change to clause 4.6 would have wider application than developments involving affordable housing. More information about the changes to clause 4.6 and the intended impacts needs to be provided and consulted upon. Guidance and explanatory material should therefore be made available to councils and other stakeholders for consultation prior to the adoption of such reforms.

This would help all stakeholders to understand the likely impacts of the removal of certain unspecified considerations. These consultations will be vital for councils, as one of the consent authorities, in an effective partnership between state and local government.

SSROC Recommendation

15. Further exhibition and public consultation about the proposed reforms to clause 4.6 in the Standard Instrument LEP, before any changes are progressed.

6 Guideline for developing an Affordable Housing Contribution Scheme (AHCS)

SSROC welcomes the Department’s acknowledgement of the pressing need to review the Affordable Housing Contribution Scheme Guideline.

⁶ DPE Housing SEPP Amendments Explanation of Intended Effect, page 12.



SSROC has long supported steps to set minimum requirements for the provision of affordable housing as part of new developments. Over the past two years, SSROC has been proactively assisting Resilient Sydney, our member councils and other stakeholders to work with metropolitan councils to provide some additional resources to help council planning officers prepare Affordable Housing Contribution Schemes (AHCS) in ways that complement the DPE AHCS Guideline.

Inclusionary zoning mechanisms, such as affordable housing contributions schemes, help to ensure that the full range of housing needs are met. They could be an efficient and effective mechanism for securing additional permanent affordable housing. They provide certainty to the community and developers, enabling local councils to plan for and fund affordable housing in partnership with not-for profit organisations such as CHPs.

However, many councils are keen to improve affordable housing outcomes in the local community, but the complexity of the process and the cost and time investment required are major barriers to developing a comprehensive AHCS. A simpler, more streamlined, approach is needed to improve AHCS effectiveness and facilitate their timely implementation, so SSROC strongly supports DPE's intention to simplify the process and create more flexibility in scheme application.

Rules for demonstrating housing need should be streamlined. Generally, a council's Local Housing Strategy (LHS) should be accepted as demonstrating housing need for a scheme. Should the LHS be deemed insufficient for this purpose, a local housing needs supplement in a standard format should then be provided.

The EIE identifies two pathways to be considered as part of a future update to AHCS Guideline. New pathways should not add complexity or additional steps to the process of adopting a scheme. Commitments in a council's Local Strategic Planning Statements should give certainty to the market that AHCS will be put in place upon rezoning new precincts.

Our consultations with councils show that the current requirement for site-by-site viability testing is a significant burden and challenge for local councils. The viability assessment tool has had the unintended outcome of becoming a major barrier to the establishment of new schemes, working to frustrate the adopted *Housing 2041* outcomes. A simpler approach is urgently needed.

Where a developer proposes a contribution rate as part of a planning proposal, councils need help to ensure that the rate accurately reflects the ability to contribute. Setting standard or benchmark rates (e.g. 10% flagged by the Greater Cities Commission for new rezonings where there is an uplift of residential development), would assist councils, provide clear advice to developers, give advance notice to the market, and more certainty to communities.

To further support market consistency and reduce the administrative burden on local councils, SSROC recommends consideration of regional schemes that allow for a flat rate across a region or sub-region.

The update of the AHCS Guideline needs to include the option of a modest levy being applied to development outside areas being up-zoned, subject to sufficient notice being provided to the market. This would help to ensure a more even distribution of affordable housing supply where people need the accommodation. It may also help avoid the need, costs and time required for any developer-initiated planning proposals that seek to uplift a site and propose a levy, as noted in the EIE.

It has been demonstrated in NSW and internationally that a broad-based contribution requirement does not impede development, as developers incorporate the contribution into the



land purchase cost⁷. The Centre for International Economics, in its evaluation of infrastructure contributions reforms, also concluded that over time infrastructure costs are factored into lower land values, rather than higher housing prices.⁸

The City of Sydney Affordable Housing Policy demonstrates that broad based contribution schemes can operate without detrimentally affecting desirable development, without complex individual site viability testing. The approach captures land that is to be rezoned in the future. So land prices paid by developers factor contributions into acquisition costs. It recognises that, as our city grows, land will be progressively up-zoned and this more strategic approach will help dampen land speculation and moderate land price rises.

Given development feasibility constraints, a lower requirement may be necessary in the initial years of a scheme. But a higher target is likely to be supported in the future as development returns increase and requirements are costed into land purchases.

The AHCS Guideline should actively support the feasibility of affordable housing requirements by establishing a clear policy position about required minimum targets, circumstances in which they will apply, and support for phasing in higher targets.

SSROC Recommendations

16. The AHCS Guideline be urgently reviewed as part of the Government's commitment to streamline the delivery and increase the supply of affordable rental housing.
17. The revised AHCS Guideline must establish a clear policy position on minimum targets, circumstances in which they apply, and timetable for phasing in any higher targets.
18. SSROC supports a 10% target as a minimum for up-zonings, but recommends that alternative, complementary approaches are investigated for LGAs with limited rezoning opportunities, including low-rate city-wide schemes.
19. Develop and maintain a shared evidence-base for councils to facilitate the implementation and monitoring of affordable housing contributions schemes.
20. Consider developing tools and enablers for councils to:
 - assess viability in a more efficiently,
 - more easily establish contribution rates that reflect both local housing need and capacity of developers to accommodate the contribution, and
 - provide sufficient notice to enable contributions to be factored into to developers' land acquisition decisions.
21. In amending the Guideline be guided by the need for it to function to:
 - build the capacity of council officers to develop and implement AHCS

⁷ Gurran, N., Gilbert, C., Gibb, K., van den Nouwelant, R., James, A. and Phibbs, P. (2018) Supporting affordable housing supply: inclusionary planning in new and renewing communities, AHURI Final Report No. 297, Australian Housing and Urban Research Institute Limited, Melbourne, <http://www.ahuri.edu.au/research/final-reports/297>, doi: 10.18408/ahuri-7313201.

⁸ The Centre for International Economics, (2020) Evaluation of infrastructure contributions reform in New South Wales - Final Report, prepared for the NSW Productivity Commission.



- provide shared tools and resources to help streamline the preparation of affordable housing schemes by councils.

7 SSD pathway for large scale projects

The EIE proposes amendments to introduce a new State Significant Development (SSD) pathway for large residential development with a capital investment value (CIV) of more than \$100 million that includes a minimum 20% affordable or social housing gross floor area (GFA) along with a new SSD pathway for affordable housing to be delivered by the Transport Asset Holding Entity (TAHE) on its land through the TAHE Affordable Housing Pilot Program.

SSROC supports steps that promote minimum requirements for the provision of affordable housing as a component of new major developments. All forms of social and affordable housing make a vital contribution to meeting the housing needs of NSW residents and generate economic benefits. However, this increase in the scope of SSD carries the risk of development that is inconsistent with local council and community wants, needs and preferences. It further erodes the planning role of councils, which are elected by local communities to deliver local amenity.

This mechanism could only be made acceptable with the condition that the developments must be consistent with local strategies and include affordable housing in perpetuity. District and Local Housing Strategies and other place strategies should shape the application and expression of housing and ensure that infrastructure delivery is integrated and well coordinated.

Should this proposal be adopted, then design input and approval from social- and affordable-housing managers should be required as part of the SSD pathway process, in addition to the input of the State Design Review Panel, in order to achieve good design outcomes and effective integration. This requirement need not apply where not-for-profit housing providers are the proponents.

Wherever the SSD pathway is available, the affordable housing should be made available in perpetuity, (not just the proposed 15 years) and managed by a Community Housing Provider. This would be necessary to realise long-term community benefits.

Furthermore, with no clear consistent NSW policy on affordable housing tenure on Government land, there is potential for large developer-initiated rezoning proposals to deliberately use social and affordable housing solely as means to avoid the local Council becoming the consent authority. The 20% affordable and social housing in perpetuity provision would mitigate that risk.

To ensure that trade-offs between public benefits are made while respecting established place-based plans, the SEPP (or a related planning strategy) should identify where the SSD pathway is available.

SSROC notes a pathway for affordable housing to be delivered on Transport Asset Holding Entity (TAHE) land is also proposed. SSROC looks forward to further advice and opportunity to comment on this proposal.

SSROC Recommendations

22. The application of the SSD pathway be restricted to proposals that are:

- fully compliant with residential development planning requirements
- consistent with adopted place outcomes in the district and local strategies

- at least 25% social and affordable housing in perpetuity
23. The SEPP or a related planning strategy should identify where the SSD pathway is available.

8 Planning pathways for social housing

SSROC notes the amendments to help the NSW Land and Housing Corporation (LAHC) and the Aboriginal Housing Office (AHO) to deliver social housing, including expanded self-assessment and SSD pathways. This expansion would enable the LAHC and AHO to assess residential development of up to 75 dwellings and a maximum building height up to that permitted under the relevant LEP. This change would support in-fill social housing delivery within residential areas, up to the height limit already adopted by the local council.

A new SSD threshold would be established for development by the LAHC containing more than 75 dwellings. The proposed threshold roughly equates to a CIV of \$30 million, consistent with thresholds for some other types of SSD.

With larger social housing developments, public domain outcomes (e.g. high quality public open space, active transport site permeability, and community infrastructure) must be adequately considered and planned for in close consultation with local councils and any existing tenant groups, with reference to best practice urban design guidelines.

Consideration should also be given to the provision of affordable housing alongside social housing to create more diverse social and income mixes, especially in Community Plus projects (with usually 30% social and 70% private housing) as an opportunity to increase the affordable housing supply on Government owned land.

SSROC Recommendations

24. Opportunities to provide additional permanently affordable rental housing as a component of larger social housing projects should be realised, with a minimum 10% affordable housing target.
25. Affordable housing delivered on Government land or through its housing project partnerships should always be permanently affordable housing.

9 Group homes

The EIE proposes to replace existing land use definitions of group homes and hostels with two new housing types:

- High support accommodation, for drug and alcohol rehabilitation and refuges or crisis accommodation for men, women, children, or young people, including intensive therapeutic transitional care.
- Supported living, for seniors or people with a disability.

The proposed definitions are intended to reduce uncertainty and duplication in land use definitions, and to facilitate streamlining of planning pathways. However, some services have raised concerns that the proposed definitions do not adequately reflect the full range of supportive accommodation models they deliver.



SSROC generally supports simplified definitions that are consistently applied, but the proposals risk creating confusion amongst operators, councils and the community as to the form supportive accommodation can take and the right planning pathway to be used for different models. Further investigation and consideration are therefore recommended.

SSROC Recommendation

26. Closer analysis of the implications of the new definitions, and revision to ensure that any confusion arising from the implications is avoided.

10 Boarding house provisions

SSROC supports the proposal to expand the FSR bonus for boarding houses to apply on land on which shop-top housing is permitted, subject to compliance with planning controls. On these sites, the proposed FSR bonus would improve the viability of affordable housing projects and enable greater and more diverse housing options in these locations.

11 Common definition of “affordable housing”

In addition to issues raised in the EIE, SSROC advocates for a consistent definition of the term “Affordable Housing” across environmental planning instruments. The geographic basis proposed for setting household income benchmarks in the Housing SEPP would negatively affect affordable housing provision and prospective tenants in some areas.

Incomes vary significantly across regions and using broad statistical areas to define eligibility thresholds does not sufficiently reflect this. In some locations, the current definition results in people in housing need being unable to access affordable housing. Underestimating median incomes could also impact the feasibility of affordable housing by limiting the mix of rents that can be charged.

SSROC Recommendation

27. The definition of “Affordable Housing” adopts a more granular approach to establishing median household incomes for different regions. Ideally, appropriate statistical areas should be specified for each region or City.

Conclusion

SSROC member councils cover a large portion of Greater Sydney and have a direct interest in supporting and advocating for changes to improve and sustain place-making and urban design and amenity. Affordable housing forms a key part of a community’s social infrastructure. A diverse range of housing will help ensure all residents have access to the type of housing they need and can afford.

SSROC would encourage the SEPP EIE review to use the recommendations in this submission to strengthen the proposals by continuing to support local councils’ strategic planning role.

Local planning strives to achieve sound planning and design principles in place-making, that respond to their local contexts while improving social outcomes. Councils are best placed to manage the complex interrelationships with their built and natural environments, to better meet local community and business needs and aspirations while responding to the challenges of population growth and a changing climate. The proposed amendments are multifaceted, and



ambitious, but not yet fully detailed, particularly reforms to clause 4.6 of the Standard instrument LEP and proposed SSD pilot projects.

Therefore the SEPP amendments should continue to be developed with extensive participation by local councils to correctly navigate all the intersections of the SEPP with local plans, so that new affordable and diverse housing and their resident households will be well integrated.

SSROC is eager to participate in reforms that will put better places and communities at the reforms' core. The planning system can deliver better housing outcomes for all community members, when reform is based on trust in a shared agenda and does not undermine local council capacity to undertake good strategic planning.

The amended SEPP's provisions, successfully implemented, should effectively facilitate an increase in the supply of diverse and affordable housing and enhance local councils' role in delivering and implementing changes to support of good housing outcomes for more resilient, inclusive communities.

In order to make this submission within the timeframe for receiving comments, it has not been possible for it to be reviewed by councils or to be endorsed by the SSROC. I will contact you further if any issues arise as it is reviewed. If you have any queries, please do not hesitate to contact me or Mark Nutting, SSROC Strategic Planning Manager on 8396 3800 or ssroc@ssroc.nsw.gov.au.

Thank you for the opportunity to comment on the Explanation of Intended Effect: Housing SEPP 2021 amendments.

Yours faithfully

A handwritten signature in black ink that reads "H Sloan".

Helen Sloan
Chief Executive Officer
Southern Sydney Regional Organisation of Councils



SSROC Recommendations on the EIE of Housing SEPP amendments

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 - A commitment to Government fast-tracking assessments of new Affordable Housing Contribution Schemes (AHCS) and related rezonings and State Significant Development (SSD) projects with significant Affordable Housing components.
8. Planning incentives should only apply to residential developments that adopt outcomes consistent with district and local strategies. These and other place strategies should shape the application and expression of housing and ensure that infrastructure is well coordinated and available in a timely fashion. Councils should be able to tailor the appropriate incentives to promote the right housing.
9. Priority and preference are given to consistent comprehensive spatial approaches like affordable housing contribution schemes over one off FSR bonuses on specific sites. Subsidiarity is therefore given by the SEPP to time-consuming and less efficient, less certain one-off incentives and decision-making.
10. A rigorous, comprehensive diverse and affordable housing data collection and outcome monitoring system is implemented that ensures that progress is known so that the effectiveness and timeliness of the measures can be finetuned over time. This is critical if new approaches are to be piloted.



11. The Housing SEPP adopt a policy operating framework that establishes responsibilities for all stakeholders to support the growth of affordable housing supply, set clear priorities and manage, by focusing on better diverse and affordable housing outcomes, interconnections between any competing parts of the Housing SEPP.
12. FSR bonus planning incentives should only apply to residential developments that adopt outcomes consistent with district and local strategies. District and Local Housing Strategies and other place strategies should shape the application and expression of housing and ensure infrastructure is well coordinated and timely.
13. Councils should be able to tailor incentives to promote the right housing through local development controls.
14. The 15-year time limit on infill affordable housing be changed to affordable housing in perpetuity. If this is not agreed, then the option of preferencing affordable housing provision made in perpetuity be encouraged as an option by using a clear, simple and attractive dedication pathway.
15. Further exhibition and public consultation about the proposed reforms to clause 4.6 in the Standard Instrument LEP, before any changes are progressed.
16. The AHCS Guideline be urgently reviewed as part of the Government's commitment to streamline the delivery and increase the supply of affordable rental housing.
17. The revised AHCS Guideline must establish a clear policy position on minimum targets, circumstances in which they apply, and timetable for phasing in any higher targets.
18. SSROC supports a 10% target as a minimum for up-zonings, but recommends that alternative, complementary approaches are investigated for LGAs with limited rezoning opportunities, including low-rate city-wide schemes.
19. Develop and maintain a shared evidence-base for councils to facilitate the implementation and monitoring of affordable housing contributions schemes.
20. Consider developing tools and enablers for councils to:
 - assess viability in a more efficiently,
 - more easily establish contribution rates that reflect both local housing need and capacity of developers to accommodate the contribution, and
 - provide sufficient notice to enable contributions to be factored into to developers' land acquisition decisions.
21. In amending the Guideline be guided by the need for it to function to:
 - build the capacity of council officers to develop and implement AHCS
 - provide shared tools and resources to help streamline the preparation of affordable housing schemes by councils.
22. The application of the SSD pathway be restricted to proposals that are:
 - fully compliant with residential development planning requirements
 - consistent with adopted place outcomes in the district and local strategies
 - at least 25% social and affordable housing in perpetuity
23. The SEPP or a related planning strategy should identify where the SSD pathway is available.
24. Opportunities to provide additional permanently affordable rental housing as a component of larger social housing projects should be realised, with a minimum 10% affordable housing target.
25. Affordable housing delivered on Government land or through its housing project partnerships should always be permanently affordable housing.
26. Closer analysis of the implications of the new definitions, and revision to ensure that any confusion arising from the implications is avoided.
27. The definition of "Affordable Housing" adopts a more granular approach to establishing median household incomes for different regions. Ideally, appropriate statistical areas should be specified for each region or City.