

# Cumberland Affordable Housing Study: Strategic Summary Report



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**This report has been prepared for**

**Cumberland City Council**

by



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# PART A: HOUSING NEED AND AFFORDABILITY

## 1 Background

### 1.1 Overview

Cumberland Council has engaged Judith Stubbs and Associates (JSA) to prepare an *Affordable Housing Study* for the Cumberland LGA, to provide a thorough understanding of housing needs and issues in the LGA, and to examine and report on the most effective strategies and mechanisms that Council can employ to protect and increase the supply of affordable housing. This includes an examination of the viability of implementing an Affordable Housing Contributions Scheme under *State Environmental Planning Policy No. 70 (Affordable Housing)*.

Cumberland Council recognises the need for affordable housing locally, and has already demonstrated its commitment to affordable housing for the Cumberland community by endorsing the *Cumberland Interim Affordable Housing Policy* (2017). This Study seeks to provide the evidence base for a more detailed Policy and Affordable Housing Strategy in the future.

The broad aim of the *Cumberland Affordable Housing Study* is:

*To identify the need for affordable housing in Cumberland LGA, including affordable rental, social and market housing, and provide a robust evidence base to inform local policy options for meeting affordable housing needs for different groups in the community.*

### 1.2 The Evidence Base

The project has been reported in a number of stages, and the following reports produced by JSA:

- This ***Strategic Summary Report***, which draws together analysis and key findings from all research undertaken, and highlights the most effective strategies and mechanisms for Council to pursue in its strategic planning activities to increase the supply of affordable rental housing.
- ***Background Report Part 1: Needs Analysis*** provides a detailed analysis of the supply of, and need for, affordable housing within the local housing market context. It provides the rationale for Council engagement with affordable housing, and an overview of the local, state and national policy context relevant to the *Study*.
- ***Background Report Part 2: Assessment of Strategies*** provides a detailed assessment of the most effective strategies and mechanisms that can be used by Council, taking into account affordable housing need, the local housing market, economics and planning.
- ***Case Study Report*** on best practice in affordable housing design, development and management gives practical examples of initiatives from other areas.

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## 1.3 Overview of Recommendations

Thirteen recommendations are outlined in Part B of this *Strategic Summary Report*, based on the evidence in the *Affordable Housing Study*. Broadly summarised, these propose that Council undertake the following actions.

**Recommendations 1 and 2:** Adopt a **definition of ‘affordable housing’** and relevant benchmarks in accordance with statutory requirements and best practice;

**Recommendation 3:** Prioritise **affordable rental housing** rather than purchase, and **explore potential targets** based on an assessment of projected affordable rental housing need by income group and indicative housing types (2016-36);

**Recommendation 4:** Advocate to **increase the stock of social housing** (2016-36) to at least maintain the existing proportion of such stock amid increasing need from very low income renters, and the ongoing loss of stock through renewal, sale and redevelopment;

**Recommendation 5:** Consider reviewing the rates in the *Cumberland Planning Agreements Guidelines* in relation to **Auburn and Lidcombe precincts** as part of future policy reviews;

**Recommendation 6 to 9:** Future review of **constraints in EPs** to the development of lower cost and affordable housing types (Multi Dwellings Housing, RFBs and Shop top housing) in areas near town centres and transport nodes and corridors through:

- Review of permissibility in R2, R3, B1 and B4 zones;
- Review of planning controls in R4 zones within or adjacent to existing centres;
- Providing for additional Height and FSR in R4 zones in the SA2s of Auburn, Granville-Clyde, Guildford-South Granville, Merrylands-Holroyd and Regents Park;
- Review of parking rates to reflect actual vehicle ownership rates;
- Actively encouraging the development of New Generation Boarding Houses.

**Recommendation 10:** Consider mandating a proportion of **smaller strata dwellings** as part of specified developments in well-located areas to increase the supply of lower cost and affordable housing types;

**Recommendation 11:** Consider the development of a **SEPP 70 Affordable Housing Contributions Scheme** in conjunction with progressing planning proposals related to the Cumberland LEP in Auburn and Lidcombe town centres, Merrylands East centre, and potentially the Parramatta Rd Corridor and Woodville Rd Corridors, in B1, B2, B4, R3 and R4 zoned land;

**Recommendation 12:** Seek to ensure that it is fully informed about SEPPARH mechanisms, including that development applications are routinely assessed with regard to the potential loss of low rental accommodation and that appropriate conditions are put in place.

**Recommendation 13:** Explore opportunities to collaborate with registered Community Housing Providers in future redevelopment of suitably located Council-owned sites.

## 2 Definitions and Benchmarks

### 2.1 What is Affordable Housing?

‘Affordable housing’ has a **statutory definition** under the *NSW Environmental Planning and Assessment Act 1979 (NSW)*, being housing for very low, low or moderate income households. *SEPP 70* defines ‘very low-income’ households as those on less than 50% of median household income; ‘low-income’ households as those on 50-80% of median household income, and ‘moderate-income’ households as those on 80-120% of median household income for Greater Sydney. Housing is deemed to be ‘affordable’ to these groups where they pay **no more than 30% of gross household income** on their housing costs.

‘Affordable housing’ includes a wide range of housing products for various target groups. This can include housing that is **subsidised** in some way, from special needs accommodation such as group homes and social (community and public) rental housing for those most disadvantaged in the housing market; to ‘key worker’ (discount market rent) housing, and assisted or subsidised purchase for households who still need some assistance to enter the home ownership market. In *some* areas or housing markets, it also includes housing **delivered through the private market**, typically smaller, lower cost accommodation such as boarding houses, smaller apartments, secondary dwellings and the like.

The following table provides benchmarks that are used in this study when referring to ‘affordable housing’, in March 2019 dollars, and are consistent with relevant NSW legislation.

Table 2.1: Relevant Affordable Housing Income and Cost Benchmarks

	<b>Very low-income household</b>	<b>Low-income household</b>	<b>Moderate-income household</b>
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)	<\$913 per week	\$914-\$1,460 per week	\$1,461-\$2,190 per week
Affordable Rental Benchmarks (3)	<\$274 per week	\$275-\$438 per week	\$439-\$657 per week
Affordable Purchase Benchmarks (4)	<\$281,000	\$281,001-\$456,000	\$455,001-\$681,000

Source: JSA 2019, based on data from ABS (2016) Census indexed to March Quarter 2019 dollars

- (1) All values reported are in March Quarter 2019 dollars
- (2) Total weekly household income
- (3) Calculated as 30% of total household income
- (4) Calculated using ANZ Loan Repayment Calculator, using 13 May 2019 interest rate (4.76%) and assuming a 20% deposit for a 30-year ANZ Standard Variable Home Loan and 30% of total household income as repayments.

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However, the DPE (2019) *Guideline for Developing an Affordable Housing Contributions Scheme* include **only very low and low income households** in their consideration of local housing need, and for affordable housing funded from affordable housing contributions under SEPP 70.

## 2.2 Why is Affordable Housing Important?

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 rent 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.

## 2.3 Who are 'very low income households' in the LGA?

Very low income households include a diverse range of people in the local context, including:

- A person working full-time as an entry level aged care worker on \$700-\$760 per week.
- A lone person working full-time as a cleaner, also on around \$700-\$760 per week.
- A couple with a young child, with one person caring for the child and the other working full-time as a nursing assistant, who would be on an income of \$720-\$760 per week.
- A couple both working part-time, one in retail and the other as a waitperson, earning \$700-\$760 per week.
- An aged pensioner couple combined income of \$654 per week, including CRA.
- A single aged pensioner on \$434 per week, including CRA.
- A 50 year old man made redundant from his job who is not yet old enough to receive an Aged Pension, and on an income of \$262 per week.

Most people on very low incomes in Cumberland would be unlikely to be eligible for social housing, and would rely upon an increasingly expensive private rental market.

## 3 Socio-Economic Context

At the time of the 2016 Census, Cumberland LGA was home to around 216,000 people. The **demographic profile** of the LGA is quite different to that of Greater Sydney with regard to population growth, income, age and ethnicity.

The LGA experienced higher than average **population and housing growth** over the past decade, and has a much younger than **average age** profile, with a median age of 32 years in 2016 and a population that is becoming somewhat more youthful, which goes against the Greater Sydney trend. Accordingly, Cumberland also has a much higher than average proportion of families with children and of young adults, as well as multi-family and group households.

It is far more **ethnically diverse**, with this diversity increasing at above average rates. Half of those who moved into Cumberland in the past five years are recent arrivals from overseas, typically from China, India, England and Lebanon, with the balance mainly moving in from adjacent LGAs. People moving in were more likely to be on lower incomes and to be younger adults.

Household and personal **incomes are much lower than average**, with a much greater rate of people on very low and low incomes compared with Greater Sydney. The **work force** is generally lower skilled and lower paid than average, and rates of unemployment and of people with no post-school qualifications are relatively high. Unsurprisingly, the LGA has significantly higher than average levels of **community disadvantage**, and is within the most disadvantaged 22% of areas for Australia, with pockets of severe disadvantage that are within the most disadvantaged 4% of areas for Australia.

An analysis of **journey to work data** indicates that people who can afford to pay higher housing costs are more likely to live outside the LGA, with workers on lower incomes more likely to live in the LGA, and those on higher incomes more likely to commute in. As such, the housing market is not generally excluding key workers as would be the case in a more expensive area; however, a very high proportion of these workers are likely to be in housing stress and at **risk of displacement** from the area as housing costs increase.

**Private rental** is becoming more important for housing tenure in the local area. There has been strong growth in medium density development and flats and units, and particularly high growth in areas undergoing redevelopment in the LGA. These areas are associated with rapid growth in private rental, with the proportion of private rental much higher than the Greater Sydney average and increasing at a greater rate. Unlike Greater Sydney, there has been relatively low growth in purchasing households.

Although there is a higher than average rate of social housing in the LGA, this has decreased proportionally over the past decade and is not keeping pace with local need. More than 1,500 households in the LGA are on the NSW social housing waiting list, and there is more than 10 years waiting time for family accommodation.

**As noted, the cost of home purchase is generally out of reach of all very low and low income households, and most moderate income households in Cumberland. As far more people enter the long-term private rental market amid increasing rental costs, a net loss of affordable stock and increasing disadvantage; growing the supply of affordable rental housing is critical.**

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## 4 Housing Need, Cost and Affordability

### 4.1 Housing Cost and Affordability

#### 4.1.1 Overview

The areas that now comprise Cumberland LGA have historically provided lower cost housing for some of the most disadvantaged groups in Greater Sydney. However, there is evidence that this has been changing over at least the past decade, particularly in the western part of the LGA. It is likely that disadvantaged groups will be increasingly displaced from the local area as housing becomes more expensive if the supply of affordable rental housing is not significantly increased.

#### 4.1.2 Rental Cost

Although **median rents** in Cumberland are similar to Greater Sydney, median household income is 23% lower, and the LGA is far more socially disadvantaged than the State average. There is also a much higher than average proportion of very low and low income renters in the LGA, with very low income renters making up almost 40% of all renting households in the LGA compared with 30% for Greater Sydney. Median rents in the LGA grew at a much greater rate than median incomes from 2006-16 (24% growth in real (adjusted) rents compared with a 9% real increase in incomes). These rent to income ratios have also worsened far more than Greater Sydney.

There is also a significant difference in **rental trends** in the former Auburn and Holroyd LGAs, parts of which make up the current Cumberland LGA.<sup>1</sup> Whilst Auburn LGA generally tracked Greater Sydney over the past decade, the former Holroyd LGA, historically a much cheaper area, has grown at a much higher than average rate (92% for 1 bedroom units and 52% for two bedroom units compared with 24% and 37% for Greater Sydney respectively).

Although real rent increases for three bedroom houses were similar to Greater Sydney over the period, houses in the former Auburn LGA were more expensive than the Greater Sydney average.

#### 4.1.3 Rental Affordability

Median rent for all housing products was unaffordable to all very low income household, and to most low income households.

**Rents for separate houses in Cumberland are unaffordable for all very low income households and for most low income households**, as is the case across Greater Sydney, although the local affordability situation is worse than average, likely due to the lower income profile of renters in the LGA and of residents generally.

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<sup>1</sup> These former LGAs are used rather than Cumberland LGA as they provide for detailed longitudinal analysis.

Table 4.1: Rent Tables, Houses, December Quarter 2018

		<b>2 BR HOUSE Median</b>	<b>3 BR HOUSE Median</b>	<b>4 BR HOUSE Median</b>
<b>Cumberland LGA</b>	<b>Weekly Rent</b>	\$430	\$508	\$620
	<b>Affordability (Greater Sydney)</b>	Affordable to 5% of the low income band	Affordable to 68% of moderate income band	Affordable to 17% of moderate income band
<b>Greater Sydney</b>	<b>Weekly Rent</b>	\$450	\$500	\$625
	<b>Affordability (Greater Sydney)</b>	Affordable to 95% of the moderate income band	Affordable to 72% of the moderate income band	Affordable to 15% of the moderate income band

Source: NSW Department of Family and Community Services (2019) Rent & Sales Report No 126, Dec Qtr 2018; ABS (2016); ABS (2019) Consumer Price Index Australia, Dec 2018

Flats and units for rent in Cumberland LGA are more affordable than the Greater Sydney average, **but still exclude all very low income households and a majority of low income households from renting affordably in the LGA.**

Table 4.2: Rent Tables, Flats & Units, December Quarter 2018

		<b>2 BR FLAT/UNIT Median</b>	<b>3 BR FLAT/UNIT Median</b>	<b>4 BR FLAT/UNIT Median</b>
<b>Cumberland LGA</b>	<b>Weekly Rent</b>	\$345	\$430	\$550
	<b>Affordability (Greater Sydney)</b>	Affordable to 57% of low income band	Affordable to 5% of low income band	Affordable to 49% of moderate income band
<b>Greater Sydney</b>	<b>Weekly Rent</b>	\$490	\$550	\$730
	<b>Affordability (Greater Sydney)</b>	Affordable to 77% of moderate income band	Affordable to 49% of moderate income band	Affordable to higher incomes only

Source: NSW Department of Family and Community Services (2019) Rent & Sales Report No 126, Dec Qtr 2018; ABS (2016); ABS (2019) Consumer Price Index Australia, Dec 2018

It is also noted that relatively few New Generation Boarding Houses have to date been constructed in the LGA, and that a room in the three that were identified was affordable to **only the upper 50% of low income people**. This is significant given these are generally one of the most affordable forms of accommodation in the Sydney context.

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#### 4.1.4 Cost of Purchase

Although purchase prices for most housing products are less expensive than Greater Sydney, purchase price has grown more rapidly than Greater Sydney, and the eastern half of the LGA is more expensive for separate houses.

The median purchase price of dwellings is below the Greater Sydney average for most products (18% less for 'all dwellings', 13% less for non-strata dwellings, and 31% less for strata dwellings). Like rental, the former Auburn LGA is more expensive than Greater Sydney for the purchase of **separate houses**. Median sales for houses also increased at a higher than average rate (by 64% and 85% in Auburn and Holroyd LGAs respectively compared with 50% for Greater Sydney).

However, local median sale prices for **strata dwellings** have been consistently less than Greater Sydney over the period, likely due to the higher cost of inner ring locations of Sydney where a substantial proportion of new apartments have been constructed. Nonetheless, median sale prices for strata dwellings in the former Auburn and Holroyd LGAs also increased at a higher than average rate (by 62% and 66% respectively compared with 48% for Greater Sydney).

#### 4.1.5 Cost and Affordability of Purchase

All very low and low income households, and most moderate income households, are excluded from affordable purchase in the LGA.

Importantly, the purchase of **strata dwellings** in Cumberland LGA is unaffordable for all very low and low income households, and for around half of moderate income households.

The purchase of **detached houses** are affordable to only high income households.

Again, the lower incomes and higher levels of disadvantage of people in the LGA amid real increases in housing purchase prices and rents are underlying factors.

## 4.2 Evidence of Growing Affordable Housing Need

The amount of private rental stock that is affordable to very low and low income renting households in Cumberland has been declining over the past decade. This is having a serious impact on these households, increasing housing stress and homelessness, and leading to displacement of historical populations.

Despite considerable growth in private rental in the LGA over the past decade, there has been a **significant decline in the proportion of rental properties that are affordable to very low and low income renters**, and a greater than average loss of such dwellings. The proportion of rental stock affordable to **very low income renters** in Cumberland fell from 30% to 22% from 2006-16.

The **fall in rental stock that was affordable to low income households was far more dramatic**, declining from 53% to only 34% from 2006-2016. There was also a loss of such properties in absolute terms.

This likely reflects lower cost stock moving into more expensive rental ranges, driven up through increased pressure from other parts of Greater Sydney and overseas migration, as well as the higher

cost of new housing stock in redevelopment areas and the non-replacement of lower cost stock lost to redevelopment. This is occurring in the context of **relatively static local incomes**.

There has also been a **change in the profile of renting households** over the past decade, with very low income renters declining from 40% to 36% of all renters, and low income renters declining from 22% to 19% of renters.

However, the *number* of very low and low income renters increased in absolute terms. This indicates a continued movement into Cumberland of people from more expensive areas of Greater Sydney and from overseas. This is occurring at the same time as rental properties are being lost from the lower end of the market, and is placing **enormous demand upon remaining stock**, and increasing rates of housing stress and homelessness.

## 4.3 Housing Stress and Homelessness

### 4.3.1 Overview of Housing Stress and Homelessness

Cumberland LGA has one of the highest rate of homelessness in Australia as defined by the Australian Bureau of Statistics, and a large and growing number of people in housing stress, with the situation particularly bleak for very low income renting households.

A commonly used measure of underlying need for affordable housing is the number of very low, low and moderate income households in 'housing stress', that is, paying at least 30% of their income on their housing costs, and thus at risk of after-housing poverty. In total, there were around **19,000 households in housing stress** in the LGA in 2016, with around **70% in rental stress** and 30% in mortgage stress.

By far the most serious affordability problems are faced by **very low and low income renters**, who together make up almost two-thirds of households in housing stress. Very low income renters are far more likely than other target groups to be in **severe housing stress** (paying more than 50% of their gross household income in rent), with 59% of this group in severe stress compared to 13% of low income renters.

**Very low and low income purchasing households** make up 21% of those in housing stress, however, it is likely that such households have experienced a change in life circumstances after buying their home, as most very low and low income households would no longer be able to obtain a housing loan without significant capital or savings to enable purchase in the LGA.

It is not surprising that **homelessness increased dramatically** from 2011-16, and at three times the rate of NSW. There were **3,244 homeless people** in the LGA in 2016,<sup>2</sup> and an additional **4,327 people who were 'marginally housed'**. The rate of local homelessness was three times the NSW rate, whilst the rate of marginally housed people was six times the NSW average.

The very high rate of local homelessness was largely due to people living in **'severely overcrowded dwellings,'** defined by the ABS in the 2016 Census as needing at least 4 or more bedrooms, and most heavily concentrated in older flats and units in the suburb of Auburn and in unregistered

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<sup>2</sup> Auburn and Merrylands-Guildford SA3 areas, the closest Census approximation.

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boarding houses. This was also the case with the exceptionally high local rate of ‘marginally housed’ people in ‘**other crowded dwellings**’ (those needing 3 additional bedrooms).

Recent studies have found that experiences of overcrowding amongst newly arrived migrants is common in many Australian cities due to the lack of suitable and affordable housing, and is particularly an issue for large and/or multi-generational families. For many, it is not a choice and exacerbates existing social and mental health issues. Overcrowding can be aggravated due to migrant families feeling obliged to provide informal accommodation to other similar families.<sup>3</sup> Others have found that the lack of suitable housing has resulted in initial shared arrangements, that were intended to be temporary, being prolonged, and that living in overcrowded situations increased stress for families as they were forced ‘to crowd numbers of children into bedrooms, or for different generations to share one bedroom – a stressful situation which compounded the family stresses of adjusting to a new country.’<sup>4</sup>

Council’s (2018) *State of Homelessness Research Report* provides further analysis of these issues. It reports that many people living in overcrowded dwellings are migrants and refugees from non-English speaking backgrounds, who typically face very high levels of disadvantage, unemployment and trauma. Recent Federal Government policy changes to eligibility for income support and other benefits for those on certain types of visas has resulted in an increasing number of such people who are far more vulnerable to homelessness in the local housing market context.

## 4.4 Affordable Housing Targets

### 4.4.1 Overview of Current Affordable Housing Need

As outlined above, there were around 19,000 households in housing stress in 2016, with **13,500 (71%) of these renting households** on very low, low and moderate incomes.

In addition, there were around **7,550 people who were homeless or marginally housed**. Of these the vast majority were in ‘severely overcrowded dwellings’ or in ‘other crowded dwellings’, and the balance in primary homelessness, in boarding houses, improvised or temporary accommodation. Based on the breakdown of the housing situation and the type of household these people are in, it is estimated that this will require:

- 272 supported accommodation places/beds;<sup>5</sup>

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<sup>3</sup> Herath, S. & Bentley, R. (2018). Crowding, housing and health: An exploratory study of Australian cities. State of Australian Cities National Conference 2017, Adelaide: SOAC Research Network (pp. 1-16). Australia: Analysis and Policy Observatory. Dhanji, S. 2010. Social or Unsocial?: The Linkage between Accommodation, Health and Well-being among Former Horn of Africa and Sudanese Refugees Living in Australia. *Australasian Review of African Studies*, 31, 106-136. Zappia, G. & Cheshire, L. 2014. Addressing concentrations of disadvantage: Logan Central/Logan City case study report. Melbourne: Australian Housing and Urban Research Institute.

<sup>4</sup> Flanagan, J. (2007) *Dropped From the Moon: The Settlement Experiences of Refugee Communities in Tasmania*. Social Action and Research Centre, Anglicare, Hobart, Pg 67.

<sup>5</sup> Assumes that rough sleepers, people in tents and improvised dwellings, etc and those in supported accommodation are in need of ‘supported accommodation’.

- 6,277 smaller (studio, one and two bedroom dwellings), and 191 three or more bedroom/larger family dwellings.<sup>6</sup>

In addition, there were around 4,772 households in social housing, which was 7.7% of all occupied private dwellings in 2016. Unlike those in housing stress and who were homeless or at risk of homelessness, these households were assumed to be affordably housed due to the income and eligibility criteria used for determining rents in social housing.

#### 4.4.2 Estimating Projected Affordable Housing Need

At the time of the 2016 Census, there were 72,079 total dwellings in Cumberland LGA, with 67,816 of these occupied private dwellings and 4,263 (6.3%) vacant dwellings. An additional 28,519 dwellings are projected from 2016-36<sup>7</sup> (a 40% increase on existing dwellings).

Assuming current rates of housing stress among private renters and the rate of homelessness/marginally housed people and social housing households outlined above remain constant (likely a conservative assumption), the number of additional affordable rental dwellings required from 2016 to 2036 can be estimated by multiplying these rates by the proportional increase in total dwellings projected during this period.

This indicates that an **additional 10,744 affordable rental dwellings and 112 supported accommodation beds/places** will be needed between 2016 and 2036.

The breakdown of affordable rental accommodation required by income group and indicative dwelling type is shown in the following table.

Table 4-3: Projected (Additional) Affordable Rental Housing Need by Indicative Dwelling Type and Income Cumberland LGA 2016-36

	Smaller H/hs/dwellings (lone persons & couple only)	Larger H/hs/Dwellings (families with children & group h/hs)	Total Affordable Rental Dwellings Cumberland LGA
<b>RENTAL STRESS (1)</b>			
Very low income	1,524	1,870	3,394
Low income	465	1,317	1,782
Moderate income	138	518	656
<b>SUBTOTAL</b>	<b>2,127</b>	<b>3,705</b>	<b>5,832</b>

<sup>6</sup> Assumes that the remainder of people who are homeless or marginally housed are distributed in accordance with the 2016 Census household breakdown for these groups, that is, around 80% in need of one bedroom accommodation, 12% in need of two bedroom accommodation, and 8% in need of three or more bedroom accommodation.

<sup>7</sup> Cumberland Council (2020) *Cumberland 2030: Our Local Strategic Planning Statement*, p. 15.

	<b>Smaller H/hs/dwellings (lone persons &amp; couple only)</b>	<b>Larger H/hs/Dwellings (families with children &amp; group h/hs)</b>	<b>Total Affordable Rental Dwellings Cumberland LGA</b>
<b>HOMELESS &amp; AT RISK PEOPLE (3)</b>			
Very low income	2,574	78	2,652
Low income	N/A	N/A	N/A
Moderate income	N/A	N/A	N/A
<b>SUBTOTAL</b>	<b>2,574</b>	<b>78</b>	<b>2,652</b>
<b>SOCIAL HOUSING (4)</b>			
Very Low income households	904	1,356	2,260
<b>SUBTOTAL</b>	<b>904</b>	<b>1,356</b>	<b>2,260</b>
<b>TOTAL AFFORDABLE RENTAL HOUSING</b>	<b>5,605</b>	<b>5,139</b>	<b>10,744</b>
<b>SUPPORTED ACCOMMODATION BEDS</b>			
<b>Very low income</b>	<b>112</b>	<b>N/A</b>	<b>112</b>

Source: Source: JSA calculations, using data from ABS Census of Population and Housing 2016; and Implied Dwelling Requirements and from Cumberland Council (2020) *Cumberland 2030: Our Local Strategic Planning Statement*.

- (1) Assumes the current number of households in housing stress, and existing proportions of very low, low and moderate income households and need for smaller versus larger dwellings, multiplied by 40% to reflect the share of additional dwellings from 2016-36. Numbers are adjusted to account for family type not stated and for vacant private dwellings at the 2016 Census, given these are **total dwellings** and not just occupied private dwellings.
- (2) See Section 4.3.1 above for estimated number of dwellings required by people who are currently homeless or marginally housed, multiplied by 40% to reflect the share of additional dwellings from 2016-36.
- (3) Calculated using pro-rata household growth from population projections per (1) and (2) above, and assuming current proportion of social housing in Cumberland LGA is maintained (7.7%).

### 4.4.3 Affordable Rental Housing Targets

#### Considerations in Developing Targets

There are two main considerations in the development of affordable housing targets. The first is whether to include affordable purchase as well as affordable rental housing. The findings of this

Study indicate that Council is likely to have only a limited impact upon the creation of affordable purchase housing, as State Government planning policies are largely directed toward facilitating affordable rental accommodation, and the affordability of home purchase is generally so far out of reach of very low and low income households in Cumberland that actions by Council are likely to have limited effect.

As such, the potential targets below, as well as the strategies that follow are **principally directed at creating affordable rental housing**.

The second main consideration is whether to include **total need** (both current and projected need) or **projected (additional) need only**. Total need provides a reasonable understanding of the extent of the issues facing the LGA, now and in the future. However, matters of equity arise, such as the reasonableness of expecting such a backlog to be met through new policy initiatives, so that many local and regional authorities choose to include only projected (or additional) need in their indicative targets as a reasonable and pragmatic approach to target setting. It is well understood that such aspirational targets are rarely if ever met in this difficult policy area.

An approach to developing affordable rental housing targets based on projected (additional) need from 2016-36 is therefore adopted in the potential targets, as shown in Table 4.3 above.

### Indicative Affordable Rental Housing Targets

Based on projections above, an **additional 10,744 affordable rental dwellings and 112 supported accommodation beds/places** will be needed between 2016 and 2036, with dwelling types and income groups also estimated. As noted, it would be **reasonable for Council to adopt these evidence based targets** for strategic planning purposes.

It is also noted that this is **around 30% of the total additional dwellings** projected to be developed by 2036. It would be ideal if this share of additional projected dwellings for the LGA was provided as affordable rental dwellings, as around **33% of all households in the LGA were very low, low and moderate income renting households** at the time of the 2016 Census.

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## PART B: MECHANISMS AND STRATEGIES

### 5 Overview of Mechanisms and Strategies

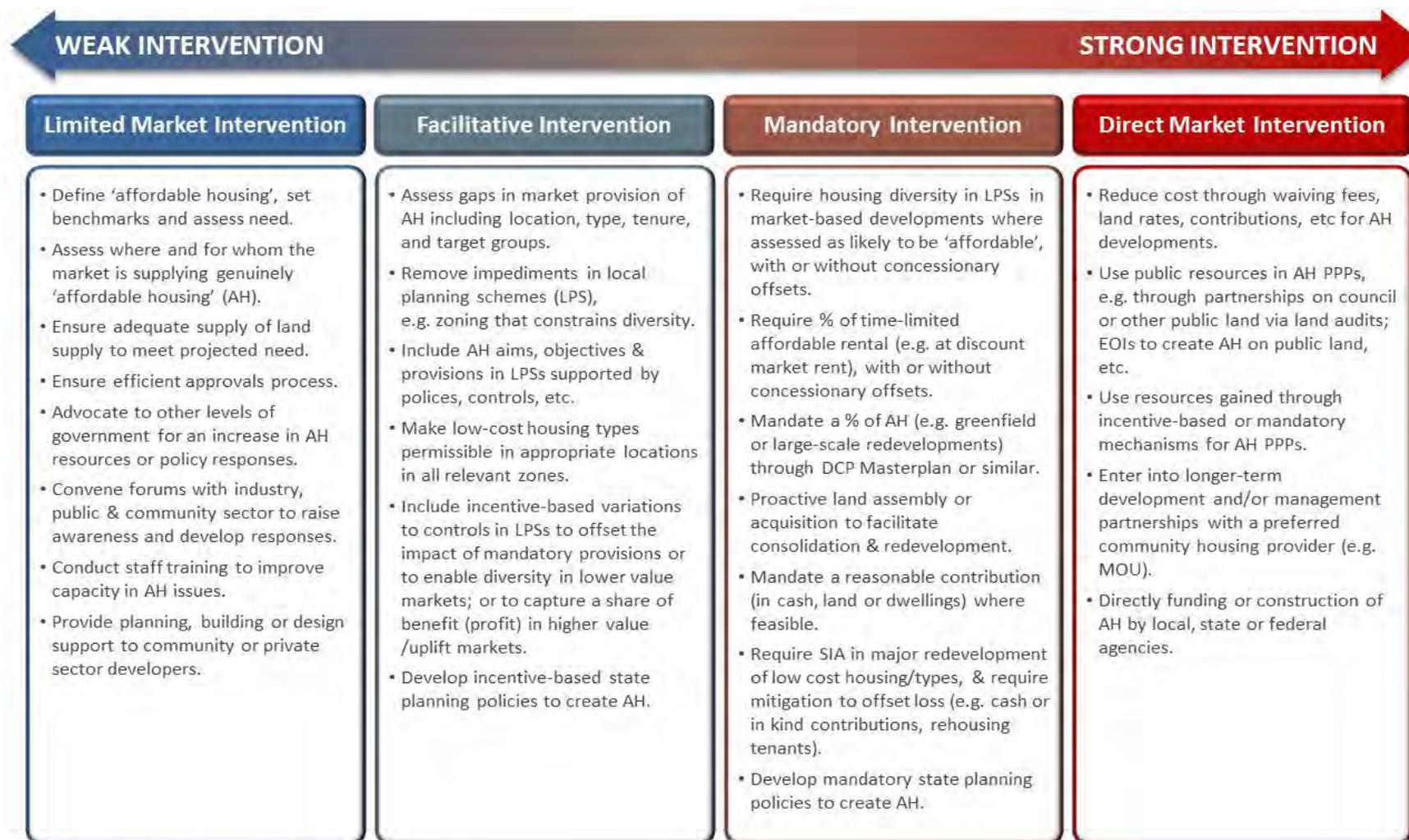
There are a wide range of strategies available to Cumberland City Council to promote affordable rental housing in the LGA. These strategies range from:

- **'light' planning intervention** such as conducting studies, and advocating to government (Column 1); and
- **'facilitative' intervention**, such as minimising planning impediments to the creation affordable and lower cost housing types, and providing incentives to the creation of affordable housing through varying controls, negotiating VPAs, etc (Column 2); to
- **'strong' intervention** in the market to strong intervention through mandatory planning provisions and development contribution (Column 3); and
- **'direct' provision** of affordable rental housing through making Council land available for partnerships with CHPs, and direct government funding (Column 4).

This is shown in more detail in **Figure 5.1** below.

The level of planning intervention depends on the housing need, housing market and planning context, and the preference and priorities of Council. In reality, a **suite of mechanisms and strategies along the continuum is likely to be needed** to address the range of affordable housing needs and issues in most local government areas.

Each of these mechanisms and strategies has been discussed in more detail in the *Background Paper Part 2: Strategies* (JSA 2019). Those that are most likely to be effective in the Cumberland context are the focus of discussion and strategic recommendations below.



Source: Stubbs (2003); JSA (2011)

Figure 5.1: Mechanisms and Strategies to Create Affordable Housing along a Continuum of Planning Intervention

# 6 Priority Mechanisms and Recommendations

## 6.1 Overview

This section provides an overview of mechanisms and strategies most likely to be effective in the Cumberland context. It is based on the evidence set detailed in JSA’s (2019) Affordable Housing Study *Background Report Part 2: Assessment of Strategies*.

The following focuses principally on the strategies and mechanisms most likely to be effective in the local context from the evidence, and proposes a set of **priority strategies** for Council. It sets these out in accordance with the framework outlined in Figure 5.1 above.

## 6.2 Limited Market Intervention

### 6.2.1 Adopt Definitions and Benchmarks

#### Rationale

There is a compelling need for Council to be actively involved in the maintenance and creation of affordable housing through the planning and approvals process, and the direct creation of affordable housing, given the market is likely to provide virtually no affordable rental dwellings.

#### Recommendation

1. It is **recommended that Council** adopt the following definition of ‘affordable housing’ in accordance with statutory requirements and best practice:

Housing is ‘affordable’ when very low, low and moderate income households pay **no more than 30% of gross household income** on their housing costs, with income groups defined in *State Environmental Planning Policy N. 70 (Affordable Housing)*.

2. The following benchmarks, indexed annually for CPI, should be used for planning and analysis.

Table 6-1: Relevant Affordable Housing Income and Cost Benchmarks

	<b>Very low-income household</b>	<b>Low-income household</b>	<b>Moderate-income household</b>
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)	<\$913 per week	\$914-\$1,460 per week	\$1,461-\$2,190 per week
Affordable Rental Benchmarks (3)	<\$274 per week	\$275-\$438 per week	\$439-\$657 per week

Affordable Purchase Benchmarks (4)	<\$281,000	\$281,001-\$456,000	\$455,001-\$681,000
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Source: JSA 2019, based on data from ABS (2016) Census indexed to March Quarter 2019 dollars

## 6.2.2 Consider Potential Affordable Rental Housing Targets

### Rationale

The development of targets provides a way of monitoring progress of actions to create affordable rental housing, and understanding the extent to which strategies are effective. Considerations in the development of targets are extent and nature of affordable housing need, equity and reasonableness, as set out in Sections 4.3.3 and 4.3.4 above.

### Recommendation

3. Based on the extent and nature of need and of current policy directions, it is recommended that that Council:

- Prioritise **affordable rental housing** as a focus for strategic action; and
- Consider setting **targets to 2036** with reference to projected affordable rental housing need by income group and indicative housing type, as set out in the table below.

Table 6-2: Indicative Affordable Rental Housing Cumberland LGA 2016-36

	Smaller H/hs/dwellings (lone persons & couple only)	Larger H/hs/Dwellings (families with children & group h/hs)	Total Affordable Rental Dwellings Cumberland LGA
<b>RENTAL STRESS (1)</b>			
Very low income	1,524	1,870	3,394
Low income	465	1,317	1,782
Moderate income	138	518	656
<b>SUBTOTAL</b>	<b>2,127</b>	<b>3,705</b>	<b>5,832</b>
<b>HOMELESS &amp; AT RISK PEOPLE (3)</b>			
Very low income	2,574	78	2,652
<b>SUBTOTAL</b>	<b>2,574</b>	<b>78</b>	<b>2,652</b>
<b>SOCIAL HOUSING (4)</b>			
Very Low income households	904	1,356	2,260

	Smaller H/hs/dwellings (lone persons & couple only)	Larger H/hs/Dwellings (families with children & group h/hs)	Total Affordable Rental Dwellings Cumberland LGA
<b>SUBTOTAL</b>	904	1,356	2,260
<b>TOTAL AFFORDABLE RENTAL HOUSING</b>	5,605	5,139	10,744
<b>SUPPORTED ACCOMMODATION BEDS</b>			
<b>Very low income</b>	112	N/A	112

Source: See Section 4.4 above for rationale.

### 6.2.3 Advocate to Increase Social Housing

#### Recommendations

4. Given the serious and growing housing affordability problems facing **very low income renting households** in the LGA, and the ongoing loss of social housing and long waiting times, it is recommended that **Council advocate to State Government** to:

- Ensure that there is **no future loss of social housing** in the LGA, including through sales or redevelopment of existing stock that results in a net loss;
- Encourage Land and Housing Corporation to identify sites/developments that would be suitable for **transfer of title or long-term lease to a Registered Community Housing Provider (CHP)** to undertake gradual redevelopment to reconfigure stock and increase net stock numbers, including through leveraging CHP's access to funding, resources, borrowing capacity and CRA maximisation;
- **Maintain the current proportion of social housing stock** amid urban growth, real rent increases, ongoing gentrification and the growing numbers of long-term very low income renters, as set out in the following table.

Table 6-3: Projected (Additional) Social Housing Required in Cumberland LGA 2016-36

	Smaller dwellings (lone persons & couples)	Larger Dwellings (families with children & group h/hs)	Total Affordable Rental Dwellings Cumberland LGA
<b>SOCIAL HOUSING</b>	904	1,356	2,260
<b>SUPPORTED ACC. BEDS/PLACES</b>	112	N/A	112

Source: See Section 4.4 above for rationale.

## 6.3 Facilitative Intervention

### 6.3.1 Incentive based variations

Based on preliminary economic modelling conducted for the *Affordable Housing Study*, there are opportunities to create significant benefit for developers through rezoning, additional height and/or density within the LGA, which can be captured as voluntary or mandatory affordable housing contributions (see **Section 1.3.4** and *Appendix B* of *Background Paper 2*).

Cumberland Council has in place the *Cumberland Planning Agreements Policy* supported by the *Cumberland Planning Agreements Guidelines*. The *Policy* provides an opportunity for Council to obtain a public benefit from a 50% share of the uplift created as a result of a Planning Agreement.

The *Guidelines* provide for a minimum contribution of 5% of additional residential floor space as affordable housing for very low and low income households, and 5% of the total development contribution for implementation of the *Duck River Masterplan* as part of the 50% value sharing position under this policy. The *Guidelines* propose a Residual Land Value approach, with a 50% split of uplift between the developer and a public purpose.

Preliminary modelling conducted by JSA for the *Affordable Housing Study* generally supports the contribution rates in the *Cumberland Planning Agreements Guidelines*. However, although the lowest contribution rate in the *Guidelines* is in **Lidcombe**, this precinct has the highest median strata prices in the LGA, and so should have the highest contribution rate. Conversely, **Auburn** has the highest contribution rate in the *Guideline*, but has strata prices below the LGA median. The contribution rates in these two areas should be revisited.

The findings of preliminary modelling in the *Affordable Housing Study* are shown in the table below.

Table 6-4: Value uplift as a percentage of additional apartments

Precinct	Equivalent Apartments using Guidelines	Equivalent Apartments using JSA modelling
Wentworthville	14%	15%
Westmead	14%	15%
Holroyd	11%	10%
Merrylands	12%	10%
Guildford	12%	Not assessed
Auburn (PRUTS)	11%	10% (Does not include allowance for SIC)
Auburn	16%	10%
Lidcombe	10%	19%

Source: Cumberland Planning Agreements Guidelines, JSA calculation, JSA modelling.

## Recommendations

5. It is recommended that Council:

- Note the findings of preliminary modelling in **Section 1.3.4 and Appendix B** of *Background Paper 2* of the *Affordable Housing Study*;
- Review its contribution rates in the *Cumberland Planning Agreements Guidelines* in relation to **Auburn and Lidcombe precincts** in consideration of these findings.

### 6.3.2 Facilitating Market Delivery of Affordable Housing Types

#### Rationale

##### Overview

While there are market opportunities for increasing the supply of affordable housing through the planning system, at best the market **can meet only 20% of the need** for affordable housing in Cumberland LGA, mostly for moderate income households and some smaller low income households.

One way of increasing affordability for *some* target groups is to **actively seek to increase the supply of well-located smaller dwellings through the market**. In the Cumberland context, this is most likely to be provided by Boarding Houses, Residential Flat Buildings and Shop Top Housing.

There are also likely to be benefits from increasing the number of apartments *per se*, as can be seen from recent decreases in Sydney rents as large numbers of apartments have entered the market.<sup>8</sup> Given two-thirds of apartments in Cumberland are in private rental, increasing the supply of apartments will increase private rental stock and likely affordability for some low and many moderate income households.

Modelling on the feasibility of redevelopment of older low density stock to Multi Dwelling Housing *may* be economically feasible in a few areas, in particular, **Lidcombe SA2** due to the higher sale price of strata dwellings in this area.

There are variable results of modelling feasibility of redevelopment of older stock for **Residential Flat Buildings (RFBs)**, with quite high uplift required for feasibility in the SA2s of Granville-Clyde and Guildford-South Granville (requiring additional height above six storeys). However, modelling indicates that the construction of RFBs is likely within existing controls in the **SA2s of Berala, Greystanes-Pemulwuy, Guildford West-Merrylands West, Lidcombe, Merrylands-Holroyd, Pendle Hill-Girraween and Wentworthville-Westmead**. Expansion of opportunities for the construction of RFBs in these areas would likely increase in the supply of affordable rental accommodation for low and moderate income households.

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<sup>8</sup> Median rents for flats/units in Cumberland LGA fell from \$450 per week and 10,929 bonds in September 2017 to \$430 per week and 11,418 bonds in March 2019, based on Rent and Sales report data at [https://public.tableau.com/profile/facs.statistics#!/vizhome/Rentandsales\\_15565127794310/Rent](https://public.tableau.com/profile/facs.statistics#!/vizhome/Rentandsales_15565127794310/Rent) accessed 2 August 2019.

As such, the first facilitative strategy is to ensure that there are **no impediments** to the development of such dwellings in Council's planning instruments, and to **actively seek to provide opportunities** for their development in appropriate locations through appropriate zoning and controls.

The second facilitative strategy is to **provide incentives** for the development of types of dwellings likely to be affordable when provided through the market.

## Remove Impediments to the Supply of Smaller Strata Dwellings

A review of impediments to the development of smaller strata dwellings in Multi Dwellings Housing and RFBs was **undertaken** as part of the *Affordable Housing Study* and reported at **Section 1.3.3** and **Appendix A** of the *Background Paper Part 2*. The following are key issues.

### Zoning Issues

Whilst it is positive that there is relatively liberal permissibility of Boarding Houses in residential and commercial zones, there are significant **zoning constraints** to the development of Multi Dwelling Housing, and **particularly RFBs**, under the three relevant LEPs (Parramatta, Auburn and Holroyd), including:

- No use of R1 General Residential zoning, which would often allow for a wide range of residential land uses;
- Multi Dwelling Housing is not permitted in R2 zones, although it is permitted in this zone in a range of metropolitan Council areas facing affordability problems, such as Ryde, Botany Bay, Sutherland, Manly and Wollongong, with amenity concerns addressed by a DCP controls regarding minimum lot width, setbacks, etc;
- RFBs are permissible only in the R4 zone, and not permissible in R2, R3 zones;
- Although Shop top housing is permitted with consent in B1, B2 and B4 zones, RFBs are not, and there is evidence that the structure of the retail sector is changing. There is thus an increasing risk that reduced viability of ground floor commercial/retails uses will constrain the development of apartment style development in key centres.

### Height and FSR Issues

The provision of appropriate **Height and FSR** is required to ensure that redevelopment for RFBs is economically viable. The preliminary economic analysis conducted for the *Affordable Housing Study* indicates that Height and FSR controls in R4 zones in the SA2s of Auburn, Granville-Clyde, Guildford-South Granville, Merrylands-Holroyd and Regents Park may need to be reconsidered.

Table 1.7 of *Background Report: Part 2: Strategies* provides an overview of the analysis.

### Parking Issues

Parking also adds significantly to the cost of strata dwellings, and thus reduces their viability and affordability. Each additional parking space adds \$30,000 (7%) to the sale price of strata dwellings; and each underground parking space adds \$80,000 to the cost of a unit in a multi-storey RFB. The *Draft Cumberland DCP 2020* controls are in excess of actual car ownership rates in for **studio and one bedroom apartments**, and are likely to provide an economic impediment to development and affordability.

Provisions in the *Draft Cumberland DCP 2020* could be further reviewed to improve viability and affordability of smaller dwellings in RFBs and Shop top housing, particularly near town centres, railway stations and bus routes.

## Boarding Houses

Boarding Houses are one of the most affordable options for small low income households, with rent on rooms affordable to around 70% of low income renting households. They are also a low cost option for smaller very low income renting households. There is a very limited supply of New Generation Boarding Houses in the LGA, and it is likely that increased supply would reduce the cost of rental, and expands their affordability. Quality build and management is important, and case studies below provide examples of best practice in this form of accommodation.

While SEPPARH sets out acceptable parking standards for Boarding Houses, Council could have a lesser requirement in well located areas to provide an additional incentive to construct Boarding Houses.

## Recommendations

In consideration of the impact on cost, affordability and viability of potentially lower cost and affordable housing types, it is recommended that Council considers the following actions.

**6.** With respect to **zoning**, it is recommended that Council:

- Consider amending R2, R3 and B4 zones to make RFBs permissible with consent, with appropriate DCP controls;
- Consider amending B1 and B2 zones to make RFBs permissible with consent, noting concerns regarding future viability of commercial/retail development, and further noting that ground floor residential could be made adaptable for future conversion;
- Consider amending R2 zones to make Multi Dwelling Housing permissible with consent, and with appropriate DCP controls;
- Consider the introduction of R1 rather than R2 zoning in areas close to town centres and transport nodes and corridors.

**7.** With respect to **FSR and Height**, it is recommended that Council:

- Reconsidered Height and FSR controls in R4 zones in the SA2s of Auburn, Granville-Clyde, Guildford-South Granville, Merrylands-Holroyd and Regents Park to encourage the development of RFBs.

**8.** With respect to **parking** it is recommended that Council:

- Reduce parking standards to be no more than the average number of vehicles per dwellings in ABS Census (2016) data, reported in Table 6.6 above, and adopt lower requirements in areas close to town centres, and transport hubs and corridors;
- Reduce parking for Boarding Houses developed under SEPPARH to 0.2 spaces per room in areas close to town centres, and transport hubs and corridors;

**9.** That Council note the important affordability role that **Boarding Houses** developed under SEPPARH can provide, and:

- Actively promote the development of well-designed and managed Boarding Houses in the LGA through community and industry education, and the development of good practice guidelines.

## Case Studies on New Generation Boarding Houses

### Overview

The following case studies provide examples of purpose built New Generation Boarding Houses developed under the provisions of SEPPARH, and owned and/or managed by a registered CHP.

One of the Boarding Houses (at Summer Hill), was originally the subject of strong community opposition and was approved on appeal by the NSW Land and Environment Court following refusal by the then Ashfield Council. Four years later, a post occupancy study showed a high level of community acceptance, with many interviewed within the street not knowing the property was actually a Boarding House.

One of the case studies was developed as part of a long-term partnership between a council and a local community housing provider, and included a high level of investment from the council.

### Tetris Village at Guildford



Tetris Village at Guildford is an innovative, modular built four storey ‘New Generation Boarding House’ of 23 studio apartments, including four accessible units for people with disability and a caretaker’s unit, delivered by Evolve Housing in 2018.

Tetris Village is home to up to 36 residents with 13 units for social housing tenants (including six for women affected by family and domestic violence), 8 units for affordable housing tenants (including the on-site manager) and 2 units for young people aged 18-24 years.

Figure 6.1: Tetris Village Guildford, Evolve Housing © Timothy Hartridge

The development used off-site modular construction, including for bathrooms and kitchens. Site preparation took place at the same time as the modules were being constructed off-site, saving an estimated 3–4 months. Only minimal work, such as floor coverings and ceilings, was completed after the modules were installed on-site. Three levels of the four-storey development were installed in just two days.

The development also integrates transforming furniture, including fold-down beds that are concealed in a joinery wall unit, to maximizing the interior space of the apartments and improve spatial amenity and flexibility for residents.

The Tetris Village project is part of Evolve Housing's vesting commitment to the NSW Government. The NSW Asset Vesting Program (AVP) was a result of the Federal Government stimulus spending in response to the GFC in 2009. The site is owned by Evolve Housing.

## Wollstonecraft Boarding House Development



Figure 6.2: New Generation Boarding House developed by North Sydney Council and Link Housing in 2016 (2nd from the right)

The development of the Wollstonecraft 'New Generation' Boarding House is an example of a strong partnership between CHP, Link Housing, with a proved track record of affordable housing development and management in the local area, and North Sydney Council (NSC), with a long-term commitment to maintaining affordable rental housing and income diversity in one of Sydney's most expensive housing markets.

Once home to many very low and low income people, North Sydney has been gentrifying for many years. It has lost most of its low cost flats buildings and all but 20 of 100 low cost boarding houses over the past two decades, despite the provisions of SEPP ARH that aim to protect such stock. Amid this serious decline, Council has been able to expand its affordable housing stock portfolio through a range of strategies and its strong commitment and leadership.

The site of the new Wollstonecraft Boarding House previously contained an older two-storey single family home that was part of Council's affordable housing portfolio. The cottage had been rented to one social housing household for many years, and managed by Link Housing. Council identified the site as a good opportunity for more efficient land use under its Strategic Asset Management Plan. This approach was also supported by Council's *Affordable Housing Strategy 2008*; and *2015*. Council utilised provisions in the SEPPARH to develop the new two-storey Boarding House. As part of the planning and design process, NSC and Link Housing pro-actively engaged with neighbours, providing information on the project prior to lodging the application, and an opportunity to comment early on the design.

Once the DA was lodged, Council addressed the few concerns raised by neighbours through architectural solution to the problem.

In 2016, Link Housing and NSC successfully completed the seven-room Boarding House, accommodating up to 14 very low income tenants.

## Hume Community Housing New Generation Boarding House Case Study



The Boarding House at Pembroke Street, Ashfield was developed under SEPPARH by a private developer, and is managed rated by Hume Community Housing. It offers quality accommodation with a high level finish throughout at affordable rents, mainly to low income working single people and couples.

Figure 6.3: New Generation Boarding Houses managed by Hume Community Housing

Each studio apartment features well-appointed living areas, with a fitted fridge-freezer, washing machine and tumble dryer and ducted air conditioning. The studio offers a good-sized bedroom area with built in robes and well-appointed bathroom and kitchen. They each have their own balcony or courtyard; and there is also a common area lounge and a common area garden.

To be eligible, prospective residents must meet a range of income and eligibility criteria, including working or studying, having links to the area, and being willing to enter a 12 month lease.

## 6.4 Mandatory Intervention

### 6.4.1 Mandating Dwelling Types /Housing Diversity

#### Rationale

Mandating of housing diversity is likely to be an effective mechanism for the creation of affordable housing. This will be equitable where the mandating of such dwellings does not constitute an undue impost on the viability of development.

### 6.4.2 Mandating Housing Diversity

#### Existing areas

The NSW Apartment Design Guide (ADG) contains provisions relating to dwelling mix. The ADG is applied in the assessment of relevant development applications. Housing diversity and suitable dwelling mix are particularly important to provide for an increase in dwellings that are affordable for low income households.

**One bedroom strata dwellings** are affordable to low income purchasers and renters and all moderate income households in most SA2s in Cumberland LGA, and where they are available,

they tend to enter the private rental market. Further, the size and amenity of dwellings generally increases price, so that smaller dwellings with one bathroom are likely to increase affordability. Such properties are likely to be particularly attractive to low income older people as they become less able, or need to move from a less well-located area.

Council could consider **mandating a proportion** of one bedroom, one bathroom dwellings with a maximum floor area of 50 or 55 m<sup>2</sup> in Multi Dwelling Housing and RFB developments in areas within 400 metres of town centres and transport nodes and corridors (for example, one dwelling in ten and 10% of dwellings).

**Two bedroom strata dwellings** are affordable to some low income renting households and all moderate income households. Again, supply and amenity (dwelling size, appointment and location) are likely to impact on price and affordability for dwellings that have the potential to be more affordable.

As well as encouraging an increased supply of two bedroom strata dwellings, and ensuring that there are no planning impediments to their development, as recommended above, Council could consider **mandating a proportion** of two bedroom, one bathroom dwellings with a maximum floor area of 70 or 75 m<sup>2</sup> in Multi Dwelling Housing and RFB developments in areas within 400 metres of town centres and transport nodes and corridors (for example, one in five or 20% of dwellings).

## Recommendations

**10.** In consideration of their affordability to some low income and all moderate income renting households, it is recommended that Council continue to review the dwellings mix in RFBs and Multi Dwelling Housing, in particular:

- Consider mandating that at least 10% of strata dwellings in developments of 10 or more dwellings in Multi Dwellings Housing and RFB development within 400 metres of town centres, transport nodes and corridors be studio and one bedroom units of no more than 55m<sup>2</sup>;
- Consider mandating that at least 20% of strata dwellings in developments of 10 or more dwellings in Multi Dwellings Housing and RFB development within 400 metres of town centres, transport nodes and corridors be two bedroom units of no more than 75m<sup>2</sup> with one bathroom.

### 6.4.3 Mandatory Contributions (SEPP 70)

#### Rationale

**Mandatory development contributions** are one of the only mechanisms through which the needs of the vast majority of those in need of affordable rental housing in the LGA will be met.

*SEPP 70 (Affordable Housing)* has recently been revised to include all LGAs in NSW. This means that Council can apply to the Department of Planning, Industry and Environment to levy mandatory affordable housing contributions, where changes to planning controls will result in increased density, provided Council can demonstrate need and economic viability under *Guideline for Development of an Affordable Housing Contribution Scheme* (DPIE 2019).

The matter of ‘**need**’ is likely to be a relatively easy requirement for Cumberland Council to satisfy, given the findings of this *Affordable Housing Study*.

‘**Economic viability**’ of an Affordable Housing Contribution Scheme is likely to depend on the degree of land value uplift from changes to zoning and planning controls. Preliminary economic analysis conducted for the *Affordable Housing Study* indicates that there are likely to be opportunities for value capture in the LGA in town centres, rezoning of industrial and commercial land, and rezoning of existing B6 land in the Auburn Precinct of the Parramatta Road Corridor. The modelling indicates that redevelopment of existing housing would not be viable for RFBs of 3-5 storeys, but would be viable at greater densities.

It is understood that little or no rezoning of commercial and industrial land is recommended under the Draft Cumberland LEP at this stage, and that it is not intended to include residential uses such as Shop top housing in B6 zoned land. As such, the **major opportunity for value capture will be in Auburn, Lidcombe, Merrylands, Granville and Wentworthville town centres**, with Lidcombe providing the highest potential contribution rates.

The *Draft Cumberland LEP* proposes changes to Auburn and Lidcombe town centres, Merrylands East centre and the Parramatta Rd and Woodville Rd Corridors under the Gateway Submission.<sup>9</sup> Where zoning includes B1, B2, B4, R3 and R4 zoned land, this is likely to include opportunities for higher density residential uses including Shop top housing and/or RFBs.

As such, there may be opportunities for the development of a SEPP 70 Affordable Housing Contributions Scheme in these precincts, depending on proposed changes in density. **It is noted that a Contributions Scheme would need to be developed in conjunction with the planning proposals to increase density in these areas, and other smaller town centres.**

(See also *Background Paper Part 2: Strategies* at Section 1.4.4 and Table 1.10).

## Recommendations

11. It is recommended that Council:

- Conduct further feasibility modelling using the **DPIE Viability Calculator** in conjunction with progressing planning proposals related to the Cumberland LEP in relation to Auburn and Lidcombe town centres, Merrylands East centre, and potentially the Parramatta Rd Corridor and Woodville Rd Corridors in B1, B2, B4, R3 and R4 zoned land;
- Develop an Affordable Housing Contributions Scheme in conjunction with relevant planning proposals where viability is supported;
- Conduct feasibility modelling in relation to any future changes to controls in town centres and commercial or industrial areas, and rezoning in other areas that increases density or allows for the construction of RFBs.

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<sup>9</sup> Draft Cumberland Local Environmental Plan, March 2020, Gateway Submission.

## 6.4.4 Protect low cost housing

### Rationale

There is likely to be major pressure for the conversion of older residential flat buildings to strata title followed by sales and consequential loss of affordable rental housing. Given very high local rates of severe overcrowding associated with older flat and units, it is likely that this form of development is providing one of the few forms of affordable rental to very low income people in the private rental market.

Protection of low cost housing is important across metropolitan Sydney, as housing continues to become increasingly unaffordable. Part 3 of *SEPP Affordable Rental Housing 2009* provides a mechanism for the protection of low rental residential buildings, and its provisions need to be implemented to the fullest extent possible in relation to Development Applications for strata subdivision, redevelopment or conversion of this stock.

### Recommendations

**12.** Council seek to ensure that it is fully informed about SEPPARH mechanisms that protect low cost housing, and that development applications are routinely assessed with regard to low rental accommodation and that appropriate conditions are put in place.

## 6.5 Direct Creation of Affordable Housing

### 6.5.1 Provision of Affordable Housing on Council or Public Land

#### Rationale

#### Most affordable rental housing will need subsidies

Despite strategies to increase the supply of diverse, lower cost and affordable housing above, there will be a significant shortfall in affordable housing for key target groups compared with current and projected need.

The vast majority of demand for affordable rental housing, based on current housing need and affordability analysis is likely to come from very low income households, as well as low income households, both smaller and family households. Provision of affordable housing for this group will often require reasonable subsidies, either through subsidised housing such as public or social housing where rent is calculated as a proportion of income, or affordable rental housing, where rent is provided at a market discount.

#### Partnerships on public land

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 (CHP) provider. The land may be owned by Council, or by another public authority, and have the potential for development due to being vacant, having a redundant use or being underutilised. It can be developed as a standalone affordable housing development, or as part of a mixed use and/or mixed tenure development.

Such land can be developed under a **variety of contractual arrangements** - by Council acting alone; or in conjunction with a partnering agency or agencies, including a CHP. The **desired outcomes** for the land can be specified by Council, for example, under a competitive EOI process, with performance criteria related to number and mix of dwellings, target groups to be accommodated, expected returns, sharing of risk, title sharing arrangements, etc.

**Financially**, the arrangement can be structured in a number of ways, depending on Council's preference. It can involve an effective contribution from Council (e.g. in the form of part or all of the capital cost of the land); can be cost neutral (e.g. where some of the units are sold to recoup the cost of the land); or even revenue raising in some markets (for example, where some units are sold to fund the cost of development, and income generating uses such as residential, commercial or retail provides for a specified rate of return). The site can also be a 'recipient' site for income generated through contributions to affordable housing generated off site through the planning system, described above.

Likewise, **risk can be shared** at a level appropriate to the needs and preferences of partnering agencies. A community housing provider can be involved as a partner in the development process under various legal arrangements, can take the lead on development, or can simply be the manager of social and affordable housing created as part of the development process.

Council has more direct control of the future redevelopment of sites which it owns, manages and/or otherwise controls. However, there are also opportunities to make the redevelopment of **other publicly owned sites** more attractive to government authorities through the planning system and proactive approaches to such authorities.

## Recommendations

13. Given findings that most affordable housing need in the LGA will not be met through the market, it is recommended that Council:

- Identify potential Council owned sites that could be dedicated to affordable housing developments; and
- Explore opportunities to include affordable rental housing and collaborate with a registered Community Housing Provider (CHP) in future redevelopment of suitably located Council-owned sites.

## 6.5.2 Case Studies

### 148-150 Great Western Highway, Westmead



In 2018, SGCH successfully delivered 67 social and affordable housing units at 148-150 Great Western Highway, Westmead.

The site was purchased and is owned by SGCH. The development was undertaken with funding through the NSW Government's Social and Affordable Housing Fund (SAHF) and includes units delivered to meet SGCH's commitment to NSW Government vesting program. The six storey development includes a mix of one and two bedroom units, ground floor retail and commercial space.

The development is built to a 7-star rating under the Nationwide House Energy Rating Scheme (NatHERS). The building uses a range of energy efficient measures including commercial grade high performance glass, shading elements to windows, high performance insulation in the floors, walls and ceilings and ceiling fans. These measures reduce the need for artificial cooling and heating; and ensure that household running costs are reduced. This project was the winner of the 2019 Urban Taskforce Affordable Housing Award.

### City of Perth Affordable Housing Case Study

City of Perth recently undertook the redevelopment of an inner city carpark owned by Council to construct 48 units of affordable housing mainly allocated to key workers at discount market rent (around 70% of market rent), and four units allocated to social housing (where very low income households pay 25% of their income in rent).<sup>10</sup>

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<sup>10</sup> See for example, <http://www.watoday.com.au/wa-news/perth-builds-affordable-housing-for-city-workers-20120516-1yqj0.html>

In this case, Council used its own resources to construct the housing in anticipation of short-term cash flow and longer-term return on capital. Income and other target groups criteria applies to allocation of units (for example, working in local employment), and there is a time limit on occupancy period for the affordable housing units so as to provide a 'stepping stone' for workers.

Access Housing Australia was successful in a competitive EOI process as the housing/tenancy manager, and looks after all maintenance and tenancy issues on a fee-for-service basis.



Figure 6.4: City of Perth Affordable Housing Development. Managed by Access Housing  
313-319 Marrickville Road, Marrickville (Patyegarang Place)

In 1995, the former Marrickville Council acquired the disused Marrickville Hospital site at 313-319 Marrickville Road, Marrickville, for the purpose of constructing a new civic and community precinct including a library. After an extensive process led by the Council to determine the best use of the significant community site (11,482.4m<sup>2</sup> in size), Mirvac was chosen as the project developer to redevelop the site into a mixed use development that would include civic and community facilities as well as mixed tenure residential units including private and affordable housing. In 2019, the now Inner West Council officially opened the library and pavilion at what is now known as Patyegarang Place.

Patyegarang Place includes the library, over 1,200 square metres of garden space, a café with indoor and outdoor seating, as well as three new residential flat buildings with 212 private and 9 affordable housing dwellings. The affordable housing dwellings are part of Inner West Council’s affordable housing portfolio and managed by a CHP.



Figure 6.5: Mirvac Design, Proposed library from the corner of Marrickville Road and Lilydale Street, JBA Planning



Figure 6.6: Mirvac Design, RFB (Building A1) from the corner of Marrickville Road and Livingstone Road, JBA Planning