



**CUMBERLAND CITY COUNCIL
DRAFT HOUSING NEEDS ANALYSIS**



PREPARED BY PLANNING AND MEDIATION ADVISORY SERVICES FOR
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1. Introduction

Housing (shelter) has been identified as one of the basic human needs by the United Nations.

Together with health, education and policing (security), housing is one of the four key services the community expects governments to provide especially for the most vulnerable members of the community. Indeed, stable and affordable housing is considered a key cornerstone for transitioning vulnerable members of our community from social welfare dependency to independence.

Although the Federal government does not have a direct role in housing policy and development, it nevertheless contributes through tax exemptions/concessions and subsidies. This includes, for example, its National Rental Assistance Scheme and the National Housing Finance Insurance Corporation scheme.

The State Government is primarily responsible for housing policy. This is reflected in a wide range of housing policies and strategies that promote the growth and diversity of housing. For affordable housing in particular, the need to provide and maintain affordable housing is enshrined in legislation - the Environmental Planning and Assessment Act 1979.

Cumberland City Council, like other councils, recognises the importance of local government in the timely, cost effective and design quality of housing provision. This emanates from its dual role as a land use planner and development approval authority. It is from this perspective, and its role in implementing the State Government's housing agenda, that the Council has embarked on preparing a housing strategy and a review of its planning controls to guide housing for its current and future residents.

Cumberland City Council is well placed to respond to the challenge of providing a diversity of housing for its current and future residents and to meet the targets set by the Greater Sydney Commission.

A key finding of the investigations is that the projected housing targets cannot be achieved under the existing planning controls. But it is more than a question of planning intervention that is required. It is considered that success will also require collaboration with other levels of government, a preparedness by Council to make tangible contributions/incentives and to engage with the community on the benefits of increased housing and the need for affordable/social housing.

2. Local Housing Opportunities and Challenges

A local housing study has been prepared to inform future opportunities and challenges in supporting housing supply for the Cumberland area. Using the analysis from the study, the key opportunities include:

- About 57% of the local government area is zoned for residential purposes and future development can be accommodated without expanding into any other lands especially the employment and innovation lands;
- The residential lands are largely free from environmental constraints such as flooding, bushfires or heritage/conservation;
- Around 1,500 new apartments are under construction and due for completion in 2021 with a further 12,200 in development stage, approved or under construction for the period 2019-2025;
- Existing residential land along the major train lines serving the local government area is sufficient to support housing growth in a way that creates a 30 minute city;
- The projected growth in dwellings will exceed growth in the number of households;
- For the targeted areas (B4 and R4 zones), the proposed alignment of FSR and height controls would result in about 40,000 new dwellings, which is well above the target under the District Plan;

The study also highlights some of the challenges in meeting future housing supply for the Cumberland area. These include:

- The very small portion of land zoned R3 which limits the transition from R4 to R2 and needs to be considered in the context of the Government's "Missing Middle" policy;
- The lone person households and part of the population aged 65 and over are going to significantly grow over the planning period requiring a large proportion of small units;
- The area is undergoing significant gentrification resulting in the loss of affordable housing and the displacement of low to very low income households;
- There is a growing demand for, but a declining supply of, large (3 bedrooms+) dwellings; and
- The FSR and height controls in the R3, R4 and B4 are not aligned thus making redevelopment in some cases economically unfeasible resulting in planning proposals or reliant of Clause 4.6 variations.

3. Affordable Housing Opportunities and Challenges

An analysis has been undertaken to review the opportunities and challenges Council faces in facilitating the delivery and maintenance of affordable housing. This includes meeting the needs of its ever-growing part of the community that cannot meet its own housing needs. Some of the key findings are:

- There was a significant loss of the proportion of affordable rental housing for the low to very low income households between 2006 and 2016 from 53% to 34%;
- Around 19,000 households are experiencing housing stress, the majority (13,500) of which are in the rental market sector;

- Homelessness has been on the rise since 2011, with the local government area considered the second highest in the State. This is influenced by the number of households with a large number of people living in a dwelling;
- It is estimated that 8,100 new affordable housing dwellings will be required between 2016 and 2036, of which 50% will be for low to very low income households and of which 67% will need to be large dwellings;
- Only 7.7% of all dwellings are social housing (4,600 owned by the Land and Housing Corporation and 100 by the Aboriginal Housing Office). To maintain this level, an additional 2,300 will need to be provided by these agencies by 2036;
- There are currently 1,518 applicants on the waiting list for social housing, with the waiting period of 5-10 years for all housing size categories;
- The Community Housing sector represents a very small proportion of the affordable housing market with only 1,142 dwellings, suggesting that there is potential for growth;
- The market provision of affordable housing is generally limited to a narrow range of households with very little rental or purchase products available for low to very low income households, with the market largely focused on boarding houses for this cohort;
- The market can supply both affordable rental and purchase for medium to high income households who comprise only 16 % of the households experiencing housing stress. The lack of alignment between the FSR and height controls make development even for affordable housing economically unfeasible.

There are a spectrum of strategies to support affordable housing, ranging from limited market intervention (e.g. ensure efficient approval processes) at one end and direct market intervention (e.g. reducing Council related development costs) at the other.

4. Addressing Present and Future Housing Needs

The provision of diverse and equitable housing is a complex problem. It deals with a wide spectrum of housing needs. It involves a multiplicity of players with competing and at times conflicting priorities. It involves making decisions about the best use of the limited land resource. It evokes emotional responses from communities. And it is an area in which Cumberland City Council does not hold all the answers. Nevertheless, Council can take a leadership role in putting in place processes and building relationships that will ensure that housing is provided for all its existing and future residents.

Council's leadership role is based on five pillars:

- Planning intervention;
- Policy enhancement;
- Collaboration;
- Contribution; and
- Community Engagement.

4.1. Planning Intervention

A review of the two studies highlight a number of areas that need planning intervention - aligning FSR and height controls, the extent of the R3 zone and urban design.

Aligning FSR and Height Controls

A number of case studies undertaken for both studies suggest that there is a lack of alignment between the FSR and height controls especially in the R4 and B4 zones. In the main, it is evident that the height controls limit the ability to achieve the maximum FSR which can be critical to a project's economic viability. This is particularly the case where the bonus FSR under the State Environmental Planning Policy (Affordable Rental Housing) 2009 applies but there is no commensurate bonus in height to achieve the FSR, the applicant has to argue for a height variation under Clause 4.6 with varying degrees of success.

Experience at the Land and Housing Corporation also suggests that this lack of alignment extends to the R3 zone.

Review of R3 Zone

The majority of the residential land is zoned R2 with dual occupancy as the highest and best use. This has benefits of maintaining a pool of large housing to address some of the affordable housing needs. However, it has the potential to place pressure on the extending the R4 zones into the R3 zones and or requiring higher density and height controls in the R4 and B4 zones.

For new social housing provided by the Land and Housing Corporation, the challenge is that the majority of their land holdings within Cumberland is currently zoned R2. To address the demand for social housing, the Corporation has to achieve an uplift ratio of 4:1 which therefore means multi-unit housing or low rise high density development that cannot be achieved in an R2 zone.

Council should also collaborate with the Land and Housing Corporation on other strategic/targeted locations for expansion and/or mechanisms that can enable it to meet its ever growing demand for social housing which requires an uplift ratio of 4:1 in its redevelopment projects. One such measure would be a review of the minimum dwelling site requirements.

Design Excellence

A renowned urban designer, Oliver Wendell Holmes once said that:

"In a hundred years after we are gone and forgotten, those who never heard of us will be living with the results of our actions".

The Council's decision to establish a Design Excellence Review Panel reflects its commitment to create inclusive and vibrant communities and to enhance its residents' experience. It is also a recognition that its housing policy and strategic initiatives will result in the transformation of large parts of its residential environment.

Experience also suggests that social and affordable housing is perceived to be inferior to private sector housing. Opportunities for the use of the Design Excellence Panel for future social and affordable housing projects would support the integrate of this form of development within the communities in which they are located.

4.2. Policy Enhancement

The State Government has enacted a number of State Environmental Planning Policies to assist in the delivery of affordable housing and in particular:

- State Environmental Planning Policy (Affordable Rental Housing) 2009 (ARH SEPP);
- State Environmental planning Policy (housing for Seniors or People with a Disability) 2005 (Seniors SEPP); and
- State Environmental Planning Policy No. 70 - Affordable Housing (SEPP 70).

ARH SEPP

The Policy reinforces the objective of the Environmental Planning and Assessment Act of providing and maintaining affordable housing. It allows a range of housing types (e.g. boarding houses and group homes) where they are prohibited under local planning controls. It also provides bonus FSR for high density residential development which incorporates affordable housing but with a potential sun set clause of 10 years for the affordable housing component.

There have been approximately *390 development applications in the Cumberland area under the Policy, the majority (82%) of which have been for secondary dwellings with boarding houses accounting for 2% and multi-unit /RFBs accounting for 15%. Of the 396 applications, 79% have been approved, 11% refused and 10% withdrawn. To date, only 180 dwellings and four group homes have been completed and occupied of which 88% are secondary dwellings.

It is evident that despite the offer of bonus FSR, the Policy has not stimulated the multi-unit and RFB market. The lack of alignment may be one factor. The other factor may be locational considerations.

The original Policy allowed residential flat building, subject to meeting certain criteria in locations close to rail transport in the metropolitan area. Council could consider the efficacy of adopting such a policy around key centres and corridors or just making low rise RFBs permissible in the R3 zone in certain locations.

Another anomaly is that any affordable housing arising from the bonus FSR can revert to market rental after 10 years subject to Council's approval. This appears inexplicable given that the need for affordable housing in the development or the locality is likely to be perpetual and not time limited.

**Figure stated does not include development applications lodged with Auburn Council between 2009 to February 2017.*

Seniors SEPP

The Policy, among other things, allows low rise (2 storey) residential flat buildings close to transport and services provided other requirements are met. The Policy also provides certain exemptions to the Land and Housing Corporation in terms of minimum lot sizes and lift requirements as well as development contributions for social housing providers such as the Community Housing Sector.

Evidence suggests that this form of housing, if it is properly managed, attracts less resistance from the community. There is an opportunity for Council to consider, in collaboration with the Department of Planning, Industry and Environment:

- Providing the same concessions to the Community Housing Sector as afforded the Land and Housing Corporation; and
- Allowing the private sector to undertake low rise RFBs in accessible or target areas.

These two measures would have to work hand in hand with any review of planning controls.

SEPP 70 – Affordable Housing

The policy enables Cumberland City Council to levy mandatory affordable housing contributions. This approach to the provision and maintenance of affordable housing has been around for decades and its success remains to be fully demonstrated.

Initial analysis undertaken on key strategic centres and found that neither the existing planning controls nor rezoning of existing residential land to increase uplift to generate affordable housing was unlikely to lead to significant value uplift and limited or no opportunity for value capture for affordable housing.

The analysis also found that the value capture would mostly occur on the conversion of employment and innovation land which is unnecessary and not aligned to State and local policies.

Given the above, and considering the long-term management of such assets or generated funds, Council should approach the use of the Policy in a cautious and discerning way.

4.3. Collaboration

The delivery of housing will be a collation between the development industry, the State Government and the Community Housing Sector

For the private sector, the alignment of the FSR and height controls, a review of the minimum dwelling site and size requirements and opportunities for the R3 zone may be the critical factors in Council meeting its housing targets. They equally apply to the Land and Housing Corporation and the Community Housing sectors.

For the affordable housing part of the equation, Council needs to form greater collaborative relationships with the Land and Housing Corporation and the Community Housing sector.

The Land and Housing Corporation is one of, if not the largest, land owners in the local government area. It is also the largest provider of affordable housing and will play a pivotal role in enabling Council to meet its affordable housing targets.

As indicated before, the majority of the Corporation's lands are currently zone R2. The opportunities for uplift are therefore limited. Council will need to work with the Corporation on a strategic framework that will achieve mutually beneficial outcomes.

The other area of potential collaborative benefit is with the Community Housing Sector. As indicated before, the sector has a very limited presence in the Cumberland local government area. The sector has access to Federal funding that the private sector does not. It is currently in partnership with the Land and Housing Corporation. This partnership could be extended to Council in the redevelopment of Council's underutilised operational lands such as developing the airspace above Council landholdings located within town centres.

4.4. Council's Contribution

Council is demonstrating in word and deed its commitment to the growth of its housing stock to meet the needs of its current and future residents. Initiatives to date and those in the pipeline include:

- Preparation of the Local Strategic Planning Statement;
- Preparation of a local housing strategy;
- Completion of a homelessness study;
- Introduction of a new consolidated local infrastructure contributions plan;
- Preparation of a new consolidated Local Environmental Plan;
- Preparation of a new consolidated Development Control Plan;
- Establishment and application of an Interim Affordable Housing Policy; and
- Analysis of affordable housing need.

4.5. Community Engagement

The growth in housing is going to transform key centres and corridors in Cumberland. However, some of the community may not be receptive to change. Added to the case of housing is the stigma attached to affordable and social housing.

For the housing strategy to succeed, Council needs to prepare the community about the changes that are going to occur. Importantly, Council needs to develop a narrative about the need to grow the housing portfolio of the area, with the focus on:

- Addressing the needs of the people who live in the area and want to continue living and working in the area;
- Addressing overcrowded housing and escalating homelessness;
- Providing homes for people who want to live and work in the area;
- Creating more healthy and sustainable communities now and into the future; and
- Supporting local businesses.