

## A Housing Strategy for NSW – Discussion Paper

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July 2020

### About the Committee for Sydney

The Committee for Sydney is an independent think tank and champion for the whole of Sydney, providing thought leadership beyond the electoral cycle. We bring people together to solve the problems of today and tomorrow.

With over 150 member organisations, we work on behalf of Sydney, not the interest of any industry or sector. Our goal is to build on our already strong history of shining a light on critical issues shaping our city and developing a suite of actions for a better future.

## Executive Summary

Over the next two decades, Greater Sydney will need to accommodate more than one million new homes. The solution to this is not simply to increase supply and deliver homes in the manner in which they have traditionally been but rather look to the types of typology, the diverse needs of their occupants, broad affordability relief and the resilience of the homes that are being delivered.

The biggest issue facing Sydney is simply that it is too expensive. The over-arching policy objective should be made to make it more affordable. The Committee recommends several strategies to achieve this:

- Increase supply;
- Decrease production cost of new dwellings, including through reducing parking requirements;
- Address the financialisation of housing;
- Increase subsidies for housing; and
- Make tenure for rental housing more secure.

The Housing Strategy cannot be a standalone policy. This Strategy will have an impact on broader Government decisions such as employment and parking. In developing the Housing Strategy further, reference should also be given to the UN's Sustainable Development Goals, which include targets relating to affordable housing and homelessness. Australia was a signatory to these goals.

The Committee for Sydney welcomes the opportunity to provide a submission in relation to 'A Housing Strategy for NSW'.

Our submission offers some proposals on delivering to these objectives, organised by the four themes identified in the discussion paper.

As a general principle, the Committee supports the NSW Government with their aims and objectives in these documents.

### Our Submission

Our submission makes general comments regarding the discussion paper and makes mention of several of our past reports, including:

- [Making Great Places: Density Done Well](#); and
- [Re-balancing the city: town centre renewal for Sydney](#).

The Committee believes that it is essential that the Government sets targets to ensure that the action out of this discussion paper are achieved. While there are many levers available to Government, the private sector and the community to help deliver a better housing system, without clear targets to aim for, we will too quickly fall back into business as usual.

A Governance model which will assist with the delivery of these target could be the establishment of a Sub-Cabinet Committee, similar to ERC and CIC. The Housing Committee should be chaired by the Minister for Housing, with the Treasurer, Minister for Planning, and the Minister for Families, Communities and Disability Services also participating. The various heads of the agencies, including the Chair of the Greater Sydney Commission, should report to this Committee on the progress of achieving these targets. From time to time peak bodies should be called upon to provide advice to the Sub-Cabinet Committee, including LGNSW and the Community Housing Providers sector.

## THEME ONE: HOUSING SUPPLY IN THE RIGHT LOCATIONS AT THE RIGHT TIME

Across NSW and in particular across Greater Sydney, our population is growing at an exponential rate. We will need to accommodate around one million homes over the next few decades. While we need to ensure the delivery of these new homes, we also need to ensure they are delivered in the best possible way.

The Committee believes this can be done with regard to the following key **objectives** on housing supply:

- With the delivery of more medium and high-density housing for Sydney to compliment to the existing number of units and free standing dwellings.
- The delivery of new homes situated within walking distance of good public transport such as train stations and high frequency bus services.
- Less low-density sprawl.
- Better use government land to deliver housing, with a focus on mixed-tenure communities.
- More clarity for developers on contributions. The Committee notes the work already underway by the Government.
- More strategic planning for infrastructure supporting density.

Our key **recommendations** to achieves these objectives are:

- Increase density and supply through rezoning in Transport Orientated Developments.
- Transition from Stamp Duty to Land Tax by the Federal Financial Relations Review.
- Remove or decrease the 50 sq/m requirement for apartment size in the Apartment Design Guide.
- Deliver a coordinated contributions scheme that bundles local and state contributions into costs that are known in advance.

- Maintain DA processing support for councils provided by DPIE during COVID. The Committee notes the work already underway by the Government.
- The Government should work with LGAs in the ongoing development of their Local Housing Strategies to encourage a diversity of new housing supply to meet local communities' housing needs.

## THEME TWO: DIVERSE HOUSING FOR DIVERSE NEEDS

Different people require different types of housing. The market needs to deliver a wide range of housing typologies – from units to free standing dwelling, and everything in between. Additionally, the market also needs to deliver for the diverse needs of different parts of our community, including the elderly, the indigenous community, those living with a disability and multi-family units, for example.

The Committee believes this can be done with regard to the following key **objectives** on housing for diverse needs:

- To make it easier to deliver denser housing typologies in Sydney – including apartments, terraces, townhouses, duplexes and secondary dwellings.
- To provide more options for different times of life – including more family housing in dense areas.
- To support flexibility in housing models, including co-housing, community land trusts and adaptive housing for changing circumstances.
- To provide different housing typologies that adequately accommodate different sectors of our community ie. People with a disability, aboriginal peoples, and the elderly. Reference should be given to housing design in line with the Social Housing Outcomes Framework.

Our key **recommendations** to achieves these objectives are:

- A Housing Diversity SEPP to provide planning controls for different types of tenure.
- Create a new class of “boarding houses” that meet minimum standards in support and Not-For-Profit status that receive greater planning allowance on height.
- Government pilots of new models of housing tenure – building on the build-to-rent pilot to try other models like community land trusts.
- In relation to Build-to-Rent, the Government should consider:

- Equalising land tax between BTR and BTS products;
- Removing foreign stamp duty and land tax surcharges for BTR products;
- Accelerated planning approval processes by DPIE. We note the work already underway in this space; and
- Encourage flexibility in Apartment Design Guidelines to facilitate this asset class.

### THEME THREE: HOUSING WITH IMPROVED AFFORDABILITY AND STABILITY

One of the biggest issues facing Greater Sydney is housing affordability. There is a growing disparity between those that own to those who rent. It is accepted that the percentage of our community who rent is growing. A small part of this may be due to the personal preference of the renter, however, the majority is a result of being priced out of the market.

The Committee believes this can be done with regard to the following key **objectives** on housing affordability:

- Make housing across NSW affordable for all the community.
- Recognition of the housing continuum and the different needs of our community.
- Better understanding of the changing nature of the demand in housing tenure and typology.
- Deliver social and affordable housing at scale – to bring the percentage of sub-market housing up to over 10% (noting London sits at 14%).

Our key **recommendations** to achieve these objectives are:

- Government incentives (including taxation measures) for downsizing to increase supply of larger family sized homes.
- Taxation reform measures such as negative gearing, stamp duty and land tax.
- Remove minimum parking requirements for housing within 800m of train stations.
- Set a target of increasing net social and affordable housing by 5,000 dwellings per year and adopt a goal of increasing social and affordable housing to 10% of overall supply.
- Use government land to deliver social and affordable housing, including land held by the transport, health, and education agencies.
- Continue to transfer public housing to Community Housing Providers, with a minimum of 40-year leases allowing for better strategic asset

management and financial leverage for the Community Housing Providers.

#### THEME FOUR: RESPONSIVE AND RESILIENT HOUSING

How and where we build our homes is increasingly important. With the devastation bushfires over the recent summer, we may reflect on the location of many homes in bushfire prone areas. We may also reflect on the materials used and the design of these homes. Additionally, our homes should be as sustainable and resilient as possible. Not only to reduce footprints but also to ensure the longevity of our housing stock.

The Committee believes this can be done with regard to the following key objectives on resilience:

- A more sustainable and resilient housing sector.
- Better designed houses that are resilient to their local environment and related conditions.
- More efficiently designed houses that use materials that that better insulate and heat.

Our key recommendations to achieves these objectives are:

- Examine the current BASIX requirements with a view to increasing standards. While this would increase the cost of construction, done right it could overall reduce the cost of housing through energy savings for tenants.
- The Government should also consider if there are any areas across Greater Sydney or NSW that housing should not be placed. Consideration should be given to:
  - Implement an Urban Growth boundary. The Committee notes that while this would reduce the amount of land used to supply new housing, we believe that this would address urban sprawl and ensure housing is appropriately located.
  - Car centric suburbs with no existing or proposed transport infrastructure. Density in these areas should not increase until transport infrastructure is at an appropriate level; and
  - Outside the 30 min concept from the Greater Sydney Commission's district plans. Consideration needs to be given to the strategic planning instruments and their overall objectives.

Additional consideration: Getting Parking Right

The provision of parking in new housing has a significant impact on many of the issues discussed above:

- On average, a Sydney household spends over \$10,000 per year on car ownership and use, this includes the costs of fuel, insurance and maintenance.
- An underground parking space can up to \$100,000 to the cost of a new home and cost between \$50,000 and \$200,000 per space to build.
- The shared lighting and ventilation energy costs of underground parking are approximately \$300 per parking space, contributing to household bills and building strata fees.
- Minimum parking requirements can require site amalgamation, reducing the feasibility of terraces and townhouses.

For efficient and affordable housing, we must get parking right.

The Committee believes this can be done with regard to the following key **objectives** on parking:

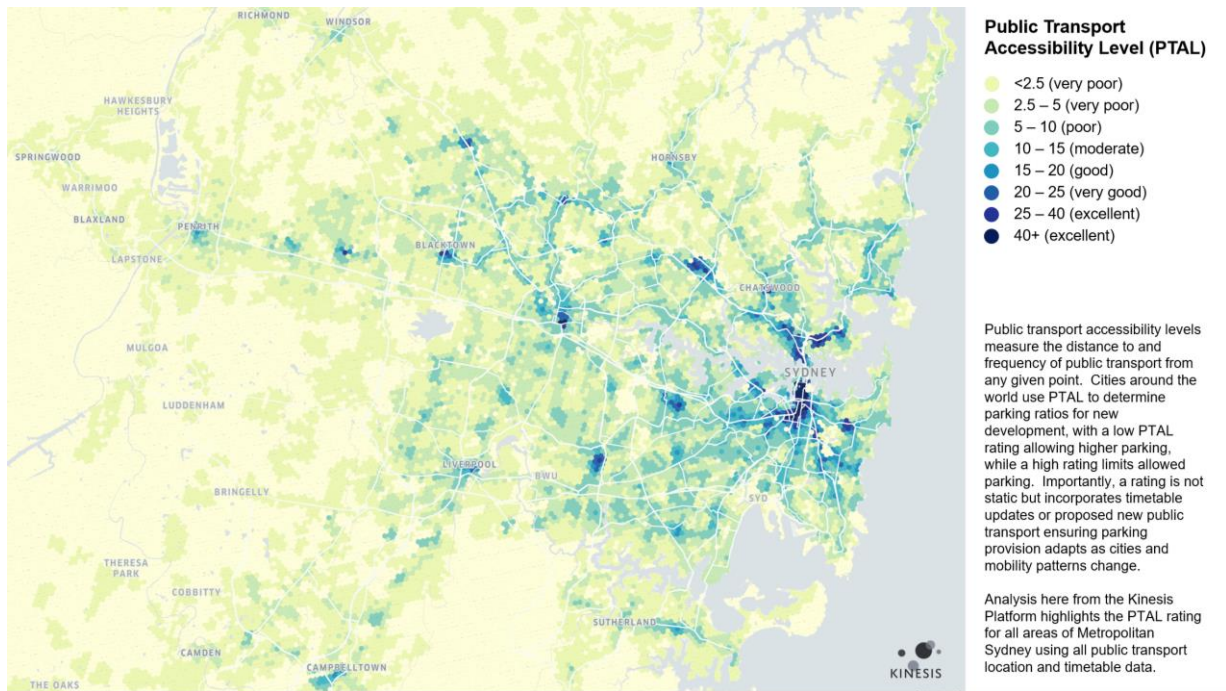
- A Metropolitan, uniform methodology for parking requirements.
- Provisions for adaptive parking that responds to changing mobility patterns and emerging mobility solutions.

Our key **recommendations** to achieves these objectives are:

- Remove minimum parking requirements.
- Adjust maximum parking requirements based on best practice international methodologies for accessibility (see PTAL analysis below)
- Establish best practice provisions and guidelines for flexible parking development controls, including decoupled parking, unbundled parking and car share.

The below map outlines public transport accessibility levels (also known as PTAL) for Metropolitan Sydney. The map highlights that accessibility is not uniform and parking should respond to this, ensuring we do not build more parking than required, adding costs to construction and housing.

The methodology used to develop these ratings is drawn from international best practice for establishing parking rates in major cities, including the City of London, and is already adopted by the City of Sydney for establishing maximum parking rates.



The Committee looks forward to the outcome of this discussion paper and welcomes the further opportunity to discussion the implementation of the Government’s recommendations.

## Conclusion

The Committee for Sydney welcomes the opportunity to provide feedback on ‘A Housing Strategy for NSW’ discussion paper.

The Committee is aware of the complexities in creating an efficient and manageable housing continuum. However, we believe that this presents us with an immense opportunity to ensure that we plan strategically for how housing is deliver into the future.

We urge the urge the Department of Planning, Industry and Environment to consider our submission and implement our recommendations.

Should the you require further information, please reach out to Eamon Waterford, Director of Policy, at [eamon@sydney.org.au](mailto:eamon@sydney.org.au) or 0431 534 790.