



DRAFT CENTRAL WEST AND ORANA REGIONAL PLAN

Submission for the NSW Federation of Housing Associations

Community Housing and the role of the NSW Federation of Housing Associations

The NSW Federation of Housing Associations (the Federation) welcomes the opportunity to comment on the draft Regional Plan for the Central West and Orana.

The Federation is the peak industry body for community housing providers across NSW. Community housing providers are not-for-profit managers and developers of low cost housing. The Federation represents the interests of these organisations and provides support and resources for their further development.

Not-for-profit community housing organisations have been providing high quality rental housing for people on low to moderate incomes in New South Wales for over three decades.

Our NSW sector contains the largest, most accomplished, dynamic and professionally led community housing organisations in Australia. With over 38,000 tenancies, our 27 leading organisations manage more homes than Victoria and Queensland providers combined.

The Federation's Industry Strategy for Affordable Housing through the Planning System

In September last year, the Federation released its Industry Strategy entitled 'Affordable Housing through the Planning System'. The Strategy focuses on planning and related urban policy matters. Its purpose is to identify and advocate for measures to improve the capacity of the planning system to support sustainable communities with access to appropriate and affordable housing, and to enable community housing providers to more actively and effectively utilise the planning system in delivering affordable housing.

As recognised by the Industry Strategy, the planning system alone cannot meet the needs of communities for an adequate supply of appropriate and affordable housing but, used in combination with other approaches, planning can facilitate affordable housing where the market alone is not meeting existing needs or protecting existing affordable housing.

Critical areas addressed in the Industry Strategy include the need for:

- Strong strategic planning for housing including the establishment of affordable housing supply targets at all levels;
- Support, tools and planning powers to enable local government to foster inclusive communities and address housing issues in their local areas;
- Targeted strategies in non-metropolitan areas to build on local strengths and address housing affordability and supply issues;
- Better utilisation of opportunities on government land;

- Financial feasibility assessment to ensure that planning controls and facilitation for affordable housing are set at appropriate and viable levels.

Attachment 1 provides an outline of the key elements of the Community Housing Industry Strategy. For the complete Industry Strategy please visit [here](#).

Planning and Housing in Regional Areas

The Community Housing Industry Strategy gives focused attention to regional areas where income levels are generally lower than in metropolitan areas and where access to affordable and appropriate housing is often impacted by limited variety in existing housing stock and less access to jobs, services and other opportunities. For these reasons, and also because land values are generally lower, strategies which are effective in metropolitan areas may be of limited usefulness in regional communities. Furthermore, slower growth rates, accompanied by slower or less certain capital growth in land values can, in turn, undermine market confidence in housing development and also result in more stringent lending practices by financial institutions.

The upside of this is that many regional areas are not under the same growth pressures, or limits to their expansion, as are the State's metropolitan areas. If these areas can prosper and attract new residents they can assist in alleviating the pressure on land supply and cost in metropolitan areas and provide a desirable lifestyle alternative for their existing and new residents. To this end, the Industry Strategy advocates the development and implementation of regional development strategies to foster viable local economies and, by doing so, provide options for people wishing to remain in their communities or to relocate to regional areas.

Thus, the Federation's Industry Strategy focuses on:

- Building local economies in non-metropolitan areas to:
 - Support local communities and enable local people to remain in their home communities;
 - Reduce growth pressure in metro areas and provide more affordable alternatives to city living.
- Responding to regional areas experiencing housing affordability and supply pressures.

Attachment 2 provides details of the Industry Strategy's approach to encouraging better outcomes in regional areas.

Draft Regional Plan for the Central West and Orana

There is clear alignment between the Federation's Industry Strategy and the aim of the draft Regional Plan for the Central West and Orana to support the growth and diversification of the economy of the Region over the next 20 years, by strengthening cities, towns and villages and sustainably managing the Region's resources. Appropriately, the Plan recognises that fostering strong, resilient, adaptable communities will be a key to achieving the Plan's aim.

The Federation supports the approach of the draft Regional Plan to build on local strengths to foster sustainable economies and communities.

There are two other central planks of the Community Housing Industry Strategy that the Federation believes should also be implemented through the Regional Plan, they are the adoption of affordable housing supply targets and enabling planning authorities to utilise mechanisms to

promote and, where appropriate, require a range and diversity of housing types, sizes and price points to meet local needs.

Targets are of tremendous practical and symbolic significance in focusing attention on achieving desired outcomes. The Federation believes that affordable housing targets should be introduced to complement general housing supply targets for metropolitan and non-metropolitan areas. Ideally these should flow from state to regional level and on to sub regional and local levels. Targets should be informed by robust housing needs analysis and supported by requirements to report against their achievement at all levels.

General affordable housing supply targets should be complemented by more specific 'Affordable Housing Project' targets. 'Affordable Housing Projects' should be defined to ensure that effort is focused on housing that responds to regional and local affordable housing needs. This can be achieved by setting requirements for the profile of residents to be accommodated, housing cost and management.

The Federation would welcome the opportunity to work with the Department of Planning and Environment to assist in developing a framework for targets and for defining designated 'Affordable Housing Projects'.

A second key plank of the Industry Strategy is to provide for a range of measures/requirements to facilitate a diversity of housing types, sizes and price points to meet housing needs and to empower planning agencies at all levels to implement measures to facilitate and, where appropriate, require the provision of affordable housing. Currently the Environmental Planning and Assessment Act 1979 limits the ability of consent authorities to use planning mechanisms to require affordable housing. These limitations need to be revisited if the aim of the Regional Plan under Action 4.3.5 to enable Councils to require the inclusion of affordable housing is to be effective.

The Federation believes that a full range of planning mechanisms should be available to be utilised in response to regional and local conditions to encourage and require a range of housing, including appropriate provision of affordable housing.

Delivering the plan

Housing can support, or act as a catalyst to, a range of economic activities. It is well recognised that supply of appropriate and affordable housing is vital, not only to community well-being, but to ensuring that local businesses have access to a local workforce. A strong local community, in turn, supports the viability of local businesses.

In pursuing these outcomes, the Regional Plan proposes a Coordination and Monitoring Committee together with implementation mechanisms including regional collaboration across government, business stakeholders and the community. The Federation agrees that cross industry/community partnerships that harness and build on collective strengths will be vital to achieving required progress.

The Federation and its members operating in the Region would welcome the opportunity to be involved in the work of the Coordination and Monitoring Committee or other collaborative initiatives. This could include, for example, assisting the Committee in establishing the proposed framework for monitoring housing and other issues in the Region and in infrastructure planning.

Furthermore, community housing providers are well placed to work with local councils, non-government organisations and businesses to provide a diversity of housing to meet local and

regional needs. By necessity, their operations are flexible and efficient, making them attractive partners in joint initiatives.

Goal 1 – A growing and diverse regional economy

In addition to the general support for this Goal highlighted above, in relation to the specific directions set out under this Goal it is noted:

Under **Action 1.3.1**, that the impacts of mining activity on housing are a key consideration.

Under **Action 1.4.3**, it is important that the planning system provide sufficient viable land for tourist accommodation in order to limit the loss of regular residential accommodation to tourism. In this context, it is noted that growth in the popularity of 'airbnb' can be a significant factor in the loss of regular rental accommodation, particularly the smaller dwellings that are in much demand in the Region.

Goal 4 - Strong communities and liveable places that cater for the region's changing population

The aims and directions set out under this Goal are strongly supported by the Federation.

Set out below our comments in relation to some of the specific the Actions and Directions provided under this Goal.

Under **Action 4.1.2**, it is noted that resilient communities also depend on the quality and access to suitable, affordable housing.

In relation to **Direction 4.3 – Increase and improve housing choice to suit the different lifestyles and needs of the population**, whilst the analysis provides an overview, there are a number of key aspects of housing needs and housing supply that should be highlighted:

- While the **draft Regional Strategy identifies lower housing costs** in the Region, this **masks lower levels of affordability** as a result of lower prevailing incomes. Detailed housing needs analysis is required at a regional and local level to understand the dimensions of this and inform appropriate responses (see further below);
- The ability of **very low income households** to access suitable affordable accommodation is often worse in regional areas where very limited supply of affordable rental housing is often combined with access difficulties and limitations in housing diversity. These households can effectively be **trapped in a regional area**, as they lack the resources or support to move elsewhere for better access to services, jobs and housing;
- More mobile lower income earners will often move out of the region where there is limited availability of affordable and appropriate housing. This can create flow on problems as a result of the **lack of a suitable workforce**;
- There is a growing **mismatch between existing housing stock and housing needs** within the Region. The supply of smaller accommodation has dwindled across the Region at the same time that, in all areas experiencing growth, numbers of smaller households (1 to 2 persons) have increased. This is particularly a matter of concern with an ageing population, as is the case in the Central West and Orana Region;

- The Family and Community Services **Housing Market Snapshot for the Central West and Orana Region** identifies that as at the 2011 Census, **low income households comprised the largest proportion of all households in the Region**. The Snapshot reported “**strong increases in median rentals** over the short and long-term” and “**a decline in housing that is affordable for very low and low income households** both for rental and for purchase in every LGA in the Region between 2001 and 2014”.¹
- The Housing Market Snapshot identified a **growing gap between the supply and demand for appropriate housing for the community’s needs, noting that for low income households there is a poor match between household types and bedroom numbers**.

The lack of smaller accommodation is clearly highlighted by the Snapshot’s Key Regional Stats extracted below:

- Number of lone person households: 27,472
 - Number of couple only households: 27,967
 - **Number of studio dwellings: 93**
 - **Number of one bedroom dwellings: 480**
 - Increase in four bedroom dwellings between 2001 and 2011: 5,273
 - **Loss of studio, one, two and three bedroom dwellings between 2001 and 2011: 4,513**
- **Social housing needs analysis** provided by the Land and Housing Corporation for its Western NSW Region, which largely incorporates the Central West and Orana, forecasts that demand in the region is anticipated to grow over the next 10 years at an annualised rate of 1.4% concentrated in major regional centres and towns. In relation to the match between housing needs and housing supply, social housing shows a similar pattern to the general housing stock with a high proportion of under-occupied three bedroom dwellings and significant unmet demand for one- and two-bedroom dwellings.
 - As flagged above, there are added pressures on available housing stock in parts of the Central West and Orana Region from **itinerant/mining workers, students** and, in some areas, **tourists**.

The Federation suggests that the Department should conduct modelling to predict housing needs in the Region into the future including both social and affordable housing numbers. This research would explore questions including:

- How many properties are needed to meet affordable housing demand across the Region over the next five to ten years?
- Which locations are these properties needed?
- What sized properties are needed?
- Which segments of the population are in most need of affordable housing? In particular, the modelling should focus on a range of diverse groups including very low to moderate income

¹ Refer <http://www.housing.nsw.gov.au/centre-for-affordable-housing/for-planners-of-affordable-housing/housing-snapshots/housing-market-snapshot-central-west-and-orana-region>

earners, Indigenous households, students and young people, families, older and single person households.

In addition, the **guidelines proposed for local housing strategies** must ensure that sound housing needs analysis is undertaken including identification of the impacts and issues for very low, low and moderate income households, along with need for different sizes, forms and tenure of housing and support services.

Action 4.3.5

This Action details ways Councils can help improve affordable housing including through requirements for the inclusion of affordable housing in development. Broadening the capacity of local government to incorporate such responses is supported as discussed above. Note that mechanisms applied must be suitable for regional/local conditions. Project facilitation such as reductions in section 94 contributions and rate relief may be more effective in some regional locations than, say, inclusionary zoning.

In relation to this Action, the Federation also supports:

- The **availability of bonuses** for provision of affordable housing, but notes that such mechanisms can be more limited in their effectiveness in lower land costs/lower density areas;
- Encouragement of **secondary dwellings - this flexible housing option** can allow older residents to live in a more suitable dwelling in the same location, help boost rental housing supply and enable better utilisation of social housing properties. It is important that there is sufficient control over the use of such dwellings, particularly given the increasing prevalence such accommodation being used for 'airbnb' as discussed above;
- Encouragement of **new caravan parks and manufactured home estates** which provide an important affordable housing option;
- The actions proposed for NSW government to prepare guidelines for local housing strategies (see above), work with Councils to prepare such strategies and to update their planning instruments to respond to their local housing strategies.

Re Direction 4.4

It is noted that a diversity of well located housing, including a range of dwelling types and sizes, helps enhance a community's connectedness and supports healthy lifestyles.

Access to land

Closely linked to community connectedness, is access to well located land for housing. Land can provide an important catalyst for housing development, particularly in areas where project viability is marginal or where growth pressures are significant. There is a strong case for government to use available surplus land holdings to initiate projects to address identified undersupply in housing. In appropriate locations, tenders for the sale of government land should include a requirement for a set and ambitious component of social and affordable housing to be incorporated in the development. Developers should be required to partner with a community housing provider to deliver these social and affordable housing targets.

Councils should also be encouraged to identify suitable land for affordable housing/mixed use projects. This could be on their own sites or where Council acts to broker a mixed-use project on private land. These kinds of opportunities for Council to play a role as broker are often prevalent in regional areas.

Continued involvement

In closing the Federation would like to reiterate its interest in working in partnership on cross sectoral initiatives in the Region and with the Coordination and Monitoring Committee on the development and implementation of the Regional Plan.

The Federation and its members would also be most willing to provide input to the development of affordable housing targets and housing needs assessment methodologies, as well as in the preparation of guidelines for local housing strategies and the other areas highlighted in this response.

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COMMUNITY HOUSING INDUSTRY STRATEGY: SUMMARY OF KEY PROPOSALS



PROPOSED ENHANCEMENTS TO THE PLANNING SYSTEM & RELATED POLICY

PRIMARY ELEMENTS

Affordable housing supply targets to complement general housing supply targets:

- > Flowing from state > metro/non metro > sub-regional > local
- > High level supply targets could be combined with more specific project targets

Inclusive Communities

Sharing the benefits cities offer by substantially increasing housing yields in prime, accessible locations and diverting some of the resulting increases in land values to affordable housing and other community benefits through inclusionary zoning provisions or another value capture/sharing mechanism. A specified component of affordable housing, say 30%, should be incorporated in development projects.

SUPPORTING ELEMENTS

Strategic planning for housing including:

- > Recognition in all relevant planning instruments of the crucial role of housing
- > Consistent and robust methodology for the assessment of housing needs
- > Hierarchy of interlinked state to local level plans integrating housing with infrastructure planning

Development and approval frameworks

- > State Planning Policy on *Housing Affordability and Supply* that:
 - Includes requirements for an *Affordable Housing Strategy* and complementary sub/regional strategies and *Local Housing Strategies*
 - Facilitates a diversity of housing types, sizes and price points to meet housing needs
 - Recognises affordable housing as essential infrastructure with accompanying relief from requirements to contribute towards amenities and services under S94 of the EP&A Act
 - Specifies as a right development standards for designated 'affordable housing projects'
 - Extends complying development provisions for 'affordable housing projects'
 - Requires government agencies to consider opportunities for affordable housing when preparing rezoning or development proposals for any surplus land
- > Fast track approval processes for designated "affordable housing projects"
- > Up front community input on development of the hierarchy of plans coupled with:
 - More limited consultation requirements and objection rights for individual development applications (DAs)

- Specific provisions for "affordable housing projects" which limit grounds for refusal of DAs

Financial feasibility assessment of planning controls to:

- > Test the feasibility of delivering desired development form, mix and type under existing/proposed planning controls in local planning instruments
- > Assess the impacts of planning controls and S94 contributions on housing affordability

Regional development strategies to:

- > Build local economies in non-metropolitan areas to:
 - Support local communities and enable local people to remain in their home communities
 - Take pressure off metro areas and provide more affordable alternatives to city living
- > Respond to regional areas experiencing housing affordability and supply pressures

Optimise use of Government land

- > The principles and guidelines covering the rezoning development and sale of government land be amended to require housing potential and affordable housing needs to be taken into account

Local Government Facilitation

- > Remove impediments to the use of planning mechanisms to facilitate or protect affordable housing
- > Set requirements for Councils to report annually on their activities and proposed strategies to address affordable housing needs in their areas
- > Encourage Councils to offer a package of incentives for affordable housing projects eg: dedicated officer, fast tracking of DAs, land contributions, targeted services, reduced fees, graduated standards

COMMUNITY HOUSING INDUSTRY STRATEGY: SUMMARY OF KEY PROPOSALS



STRATEGIES FOR ADVOCACY, ALLIANCES AND COLLABORATION

ADVOCACY AND COMMUNICATIONS

Development of a Communication Strategy to:

Explain to all sectors of the economy, all levels of government and the wider community what affordable housing is, why it is important and the role community housing plays in meeting housing needs

- > Draw attention to the pressing need for affordable housing and the critical role it plays in the social and economic sustainability of New South Wales by:
- > Highlight the important and influential role the planning system plays in housing outcomes and build acceptance for the use of the planning system to support affordable housing

- > Build awareness amongst local government of the real and influential part that councils can play in facilitating affordable housing and support local government's role
- > Position the community housing sector to press for further reforms to improve the responsiveness of the planning framework to affordable housing needs by:
 - Highlighting the capacity and commitment of community housing providers and articulating what sets community housing providers apart from private developers and government
 - Emphasising the collective contribution of providers to housing supply
 - Identifying strategies to build awareness of issues and advocate change

ALLIANCES AND PARTNERSHIPS

- > The Industry Strategy provides a platform to build alliances and partnerships with a range of organisations and advocates interested in better outcomes for business and communities including local government, business, the development industry, allied peak groups, academic/research institutions, professional associations and trade unions.

- > Critical in forging these alliances will be:
 - The identification of common objectives and benefits
 - Working to build consensus amongst the players around the key areas for action
 - Identifying scope for joint advocacy programs or simply common messaging
 - Leveraging expertise and networks from within the community housing industry

COLLABORATION, FACILITATION AND SUPPORT

- > Facilitating continuous development and improvement and the sharing of experiences, expertise and success stories by:
 - Developing support and facilitation tools including, for example:
 - Creation of a website page to enable sharing of information, links and networking
 - Federation supported network to exchange information or other approaches
 - Preparation of targeted guidance materials and checklists
 - Guest speakers, training, workshops with local government and others, focused networking sessions

- > Identifying existing approaches of value to community housing providers in delivering affordable housing and documenting case studies and examples of where they are most applicable
- > Preparing guidance materials and case studies
- > Developing a consistent approach/message as a starting point for negotiations
- > Sharing experience, expertise and keys to success amongst community housing providers
- > Encouraging collaboration and joint initiatives



Attachment 2: Extract from the NSW Federation of Housing Associations Industry Strategy for Affordable Housing through the Planning System

Regional development strategies should be implemented to build viable local economies and by doing so provide options for people wishing to remain in their communities and remove some pressure off affordable housing supply in metropolitan areas.

- It is recognised that not all regional areas have potential to grow and prosper, and that some will inevitably decline as their industry base dwindles or the dominance of other centres prevails. Nevertheless, many regional areas have the capacity to sustain and build viable successful local economies with the right encouragements.
- Over recent decades in NSW, urban policy has been focused on metropolitan areas. Some mining, tourism and winery regions have prospered without much government intervention or support. However, beyond these limited examples, opportunities to build on local strengths have not generally been exploited and little recognition has been given to the potential of regional areas, not only to support viable communities, but to provide alternatives to metropolitan living.
- Outside major cities, housing costs are generally lower, though limited supply and diversity of affordable housing can be a problem in areas, which are experiencing limited economic growth. By encouraging more buoyant economies outside major cities, there is potential to deflect metropolitan demand and also to provide opportunities for people to remain in their local communities, rather than being forced to move elsewhere in search of suitable employment and/or housing. Stimulating regional growth will remove a portion of the pressure off existing metropolitan areas and their surrounding rural fringe.
- Thus targeted strategies are required to build local economies in non-metropolitan areas to:
 - Support local communities and enable local people to remain in their home communities;
 - Alleviate pressure on metro areas and provide more affordable alternatives to city living.
- These strategies should aim to **build on local/regional strengths**, to protect valuable farmland or other attributes and to address employment, training opportunities and transport, as well as encouraging housing diversity.
- Along the **State's borders**, development patterns and housing demand can be distorted as a result of planning and other policies of neighbouring state or local governments. A **collaborative approach to planning** in such areas is required so that policies complement, rather than clash with each other.
- Planning controls in regional areas limit the variety of housing available. Review processes for local plans should ensure that a **range of housing is permissible** in

relevant zones. Furthermore, in areas where the market is delivering predominantly conventional detached housing, a **diversity of housing may need to be actively encouraged** through incentives or requirements for a mix of dwelling sizes.

- **Some regional areas are experiencing affordability and supply pressures,** particularly along the coast and close to centres. Specific strategies to address these needs should be incorporated in local and regional planning instruments.