



Blackwattle Bay Housing Diversity and Affordability

May 2021



HIIPDA
CONSULTING

Contents

1.0	Introduction	8
1.1	Blackwattle Bay State Significant Precinct	8
1.2	The proposal	9
1.3	Vision and principles	10
1.4	Study requirements	11
1.5	Definitions	12
2.0	Policy and regulatory context	16
2.1	NSW Government policies	16
2.2	City of Sydney policies.....	20
2.3	Regulatory framework	22
2.4	Implications.....	27
3.0	Assessment of housing needs	29
3.1	Defining housing need	29
3.2	A changing local environment.....	30
3.3	Blackwattle Bay catchment.....	31
3.4	Sydney Local Government Area	32
3.5	Housing affordability.....	36
3.6	Consideration of housing needs, affordability and delivery	47
3.7	Implications.....	52
4.0	Affordable housing mechanisms and models	54
4.1	Affordable housing.....	54
4.2	Build to rent	59
4.3	Social housing	59
4.4	Implications.....	60
5.0	Assessment	62
5.1	Consideration of relevant documents, strategies and policies.....	62
5.2	Housing needs and delivering diversity	64
5.3	Demonstrate how the proposed planning controls will support the achievement of housing tenure objectives.....	65
APPENDIX A :	Contributions Process	67

Tables

Table 1:	Study Requirements and location of the required information.....	11
Table 2:	Median Household Income Levels 2020-2021, by Income Band	13
Table 3:	Greater Sydney Region Plan Directions	16
Table 4:	SEPP (Affordable Rental Housing) provisions for infill development	23
Table 5:	Household income and affordability Greater Sydney (2016).....	42
Table 6:	Very low income household profile	42
Table 7:	Low income households	43
Table 8:	Moderate income households	44
Table 9:	Very low-income band household affordability against Greater Sydney median household income	45
Table 10:	Low income band household affordability against Greater Sydney median household income	45
Table 11:	Summary of economic and social issues for cities from poor housing diversity.....	46
Table 12:	Considerations of a unit by unit approach to mixing tenures.....	49
Table 13:	Considerations of a floor by floor approach to mixing tenures	49
Table 14:	Considerations of a building by building approach to mixing tenures	50
Table 15:	Affordable housing contribution baseline	55
Table 16:	Five per cent contribution across entire site.....	56
Table 17:	Five per cent contribution on existing SFM site and standard rates on private land owner sites.....	57
Table 18:	Alignment with PPPS goals for new housing.....	63
Table 19:	Housing needs assessment.....	64

Figures

Figure 1:	Blackwattle Bay State Significant Precinct	9
Figure 2:	Blackwattle Bay Precinct Plan	9
Figure 3:	Housing continuum initiative and programs.....	12
Figure 4:	Catchment area.....	31
Figure 5:	Proportion of population by service age groups, Sydney LGA 2016.....	33
Figure 6:	Change in household type 2011-2016, Sydney LGA.....	34
Figure 7:	Number of needed or spare bedrooms by dwelling type, Sydney LGA, 2016.....	35
Figure 8:	Affordable housing distribution	36
Figure 9:	Monthly housing loan repayments, Sydney LGA, 2016	37
Figure 10:	Non-strata median sale values 1991 to 2020 (\$,000)	38
Figure 11:	Strata median sale values 1991 to 2020 (\$,000).....	39
Figure 12:	Apartment weekly rental growth 1991-2020	40
Figure 13:	Weekly housing rental payments, 2016 Sydney LGA.....	40

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Reviewer

Signature		Dated	<div>24/05/21</div>
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Executive summary

This Housing Diversity and Affordability Study considers a proposed Precinct Plan relating to future development at Blackwattle Bay (Study Area). The study area has been identified by the NSW Government as a State Significant Site, largely due to the Study Area's important location which offers proximity to Sydney Harbour, a proposed new Metro station and high accessibility to jobs, services and infrastructure.

The Precinct Plan is required to facilitate the redevelopment of the Study Area for housing and associated commercial and community uses. The Precinct Plan seeks to maximise the housing potential of the Study Area in order to contribute to meeting the critical housing needs of the Sydney LGA. The Precinct Plan provides an opportunity to provide affordable housing and a mix of dwelling sizes in a high amenity environment. The Precinct Plan is being led by Infrastructure NSW.

The Precinct Plan is consistent with the strategic directions of the Greater Sydney Commission's *Greater Sydney Region Plan* and *Eastern City District Plan* by facilitating housing growth where supported by infrastructure, including transport, social and green infrastructure. The harbourfront location of the Study Area provides an opportunity to deliver urban renewal to Blackwattle Bay that will create great spaces and places for people to live, work and visit.

The Precinct Plan would amend *Sydney Local Environmental Plan 2012* to enable future development applications for the redevelopment of Blackwattle Bay.

The requirements for the Blackwattle Bay State Significant Precinct Study (SSP Study) were issued by the Minister for Planning for the Blackwattle Bay site. The requirements include several requirements relating to housing diversity and affordability. The required information and location within this report is indicated below:

Location of required information

Study requirement	Location
1.4 Consideration of City of Sydney planning documents, strategies and policies including, but not limited to:	Section 2
• City of Sydney Social Sustainability Policy and Discussion Paper', June 2016	Section 2.2.5
• Housing Issues Paper, April 2015	Section 2.2.3
6.1. Undertake a housing needs analysis for the precinct to identify the appropriate mix of dwelling types, tenures, sizes and price-points necessary to support a diverse, healthy and socially sustainable community. The analysis should have regard to the intended provision of affordable housing, consider the needs of renters, investors and owner occupiers and measures to ensure a diverse, inclusive, healthy, socially connected, liveable and sustainable community.	Section 3
6.2. Demonstrate how the proposed planning controls will support the achievement of housing and tenure objectives.	Section 5
6.3. Identify the range of mechanisms/models to provide affordable housing (including affordable rental housing for very low, low and moderate income households) and assess their feasibility. Maximise provision of affordable housing noting the target of 5%-10% of new floor space referenced in the draft Central District Plan or any greater target if NSW Government policy changes.	Section 4

This report provides comprehensive baseline investigations and assesses how the proposed planning framework amendments will impact on housing affordability and diversity. The analysis has found that the Precinct plan is:

- Consistent with City of Sydney *Housing Issues Paper* April 2015 and *City of Sydney Social Sustainability Policy and Discussion Paper* June 2016
- Consistent with more recent strategies, reports, policies and guides of City of Sydney Council including the *Local Housing Strategy* (2019) and *Local Strategic Planning Statement* (2020)
- Consistent with the Greater Sydney Commission's *Metropolis of Three Cities - Greater Sydney Region Plan* and *Eastern City District Plan*
- Responsive to the housing needs of the Sydney LGA by enabling:
 - An increase in the supply of housing generally
 - High quality housing within a high amenity environment
 - A mix of affordable and market housing
 - A development that can provide for a range of dwelling types, dwelling sizes, tenures and price points.
- Supportive of the delivery of a mixed tenure precinct that is tenure blind and provides equitable access to open space and community infrastructure, with opportunities to provide monetary contributions toward affordable housing elsewhere, in consultation with affordable housing providers during the detail design process.

Overall, the Precinct Plan offers substantial advantages for housing diversity and affordability at Blackwattle Bay.

INTRODUCTION

1.0 INTRODUCTION

Blackwattle Bay offers an extraordinary opportunity to reconnect the harbour, its surrounding neighbourhoods and the city; to showcase Sydney's living culture and stories of Country; to build an inclusive and iconic waterfront destination that celebrates innovation, diversity and community.

This Housing Diversity and Affordability report has been prepared by HillPDA on behalf of Infrastructure NSW, to form part of the Blackwattle Bay State Significant Precinct (SSP) Study. The SSP Study identifies the objects and potential impacts of a Precinct Plan that would result in new planning controls for Blackwattle Bay.

Blackwattle Bay presents a significant opportunity for urban renewal across 10.4 hectares of predominantly government owned land located approximately 1km from the Sydney CBD. The NSW Government is also investigating the delivery of a Metro Station in Pyrmont and has recognised the potential to transform the Pyrmont Peninsula with a new 20-year vision and planning framework through the Pyrmont Peninsula Place Strategy (PPPS).

In 2015 the NSW Government recognised The Bays Precinct as one of the highest potential urban transformation sites in Australia with the release of The Bays Precinct, Sydney Transformation Plan. Following this, the Minister for Planning identified the renewal of Blackwattle Bay and the broader Bays Precinct as a matter of State planning significance and to be investigated for rezoning through the SSP process. Study Requirements for the Blackwattle Bay (formerly known as 'Bays Market District') investigation area were issued by the Minister on 28 April 2017.

A critical part of Blackwattle Bay's revitalisation and vision has been the NSW Government's decision to relocate the Sydney Fish Market (SFM) from its existing location on Bank Street to the head of Blackwattle Bay. This was sought through a State Significant Development Application (SSDA) process and approved in June 2020. The new SFM was designed alongside the baseline Blackwattle Bay studies to ensure that key aspects of the project are consistent with the vision and principles for Blackwattle Bay.

The outcome of the Blackwattle Bay State Significant Precinct process will be a new planning framework that will enable further development applications for the renewal of the Precinct, connected to the harbour and centred around a rejuvenated SFM. The framework will also provide for new public open spaces including a continuous waterfront promenade, community facilities, and other compatible uses.

This report provides a comprehensive investigation of Housing Diversity and Affordability to address a part of the Study Requirements and support the development of a new planning framework for Blackwattle Bay.

1.1 Blackwattle Bay State Significant Precinct

The Blackwattle Bay SSP Investigation Area (Study Area) encompasses the land and water area, known as Blackwattle Bay, between Bank Street and the Glebe foreshore shown in Figure 1. The land is located within the City of Sydney local government area (LGA).

The land within the Study Area is approximately 10.4 hectares (ha) in size. It is largely government owned land containing the SFM (wholesale and retail), recreation and boating operations and facilities. There are three privately owned sites including a concrete batching plant operated by Hymix, seafood wholesaler Poulos Brothers and private developer Celestino which owns further wholesaling facilities. The Blackwattle Bay land area wraps around the southern and eastern edges of Blackwattle Bay and is bounded by Bridge Road to the south and Bank Street to the east. The Western Distributor motorway / Anzac Bridge viaduct is located adjacent to the eastern boundary before traversing over the northern section of the Study area. The water area of Blackwattle Bay is approximately 21 hectares.

Figure 1: Blackwattle Bay State Significant Precinct

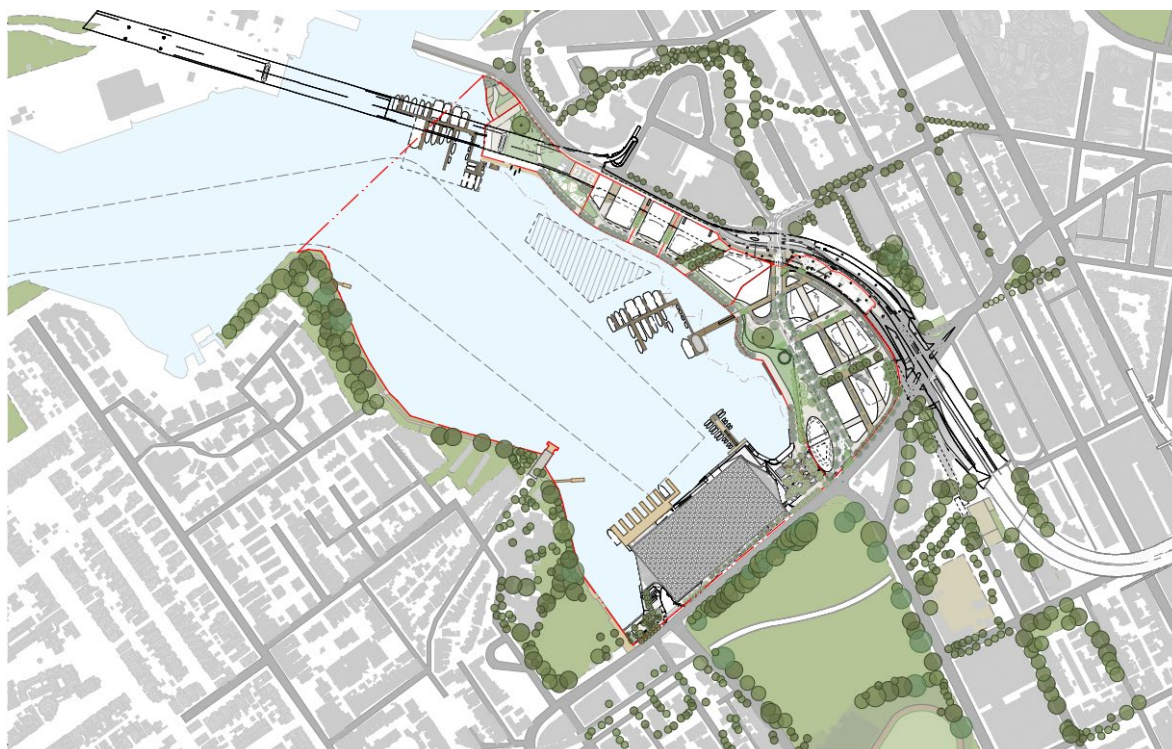


1.2 The proposal

The Precinct Plan is proposing to rezone Blackwattle Bay with a new planning framework and planning controls to enable its future urban renewal.

The Precinct Plan provides a conceptual layout to guide the development of planning controls for the precinct and has informed this report. The Precinct Plan is shown in Figure 2.

Figure 2: Blackwattle Bay Precinct Plan



Source: FJMT 2021

The Precinct Plan provides overarching guidance about how the area should be developed based on community and stakeholder input, local character and place, current and future demographics, economic and social trends, cultural and environmental considerations, and urban renewal aspirations and needs regarding land use, community recreation, transportation, housing, and jobs. Key characteristics of the Precinct Plan include:

- New homes, jobs and services close to the CBD including:
 - Approximately 5,600 jobs
 - Approximately 2,800 residents
 - Approximately 1,550 dwellings
- A continuous waterfront promenade – the missing link in an otherwise 15km foreshore walk from Woolloomooloo to Rozelle
- New active transport connections to bring the neighbourhood closer to the harbour through new and improved pedestrian and cycling links
- Improved public transport options and minimised vehicle usage strategies including:
 - Minimising car parking spaces with limited on-street parking.
 - Ferry wharf
 - Opportunity for buses to service through site link
 - Connections to the existing light rail
 - Access to a future Sydney Metro West Station in Pyrmont
- New parks and green space with 30,000sqm of new open space
- An authentic, and world class new SFM at the heart of Blackwattle Bay
- An authentic place that builds on Indigenous and industrial stories and celebrating the local character.

Once the Study Area is rezoned and the new planning controls are in place, future development will need to seek development approval through the relevant approval pathway. This will include detailed development proposals and further associated environmental, social and economic assessments.

The Precinct Plan and associated SSP Study respond to the Study Requirements issued for Blackwattle Bay (formerly Bays Market District) by Minister for Planning in April 2017.

1.3 Vision and principles

Principles for a future Blackwattle Bay were formed through extensive community consultation in August 2017. These were further developed in 2019, together with a vision for the precinct. Both are provided below. These have guided the development of the Precinct Plan and will continue to guide future development proposals within the Study Area.

Vision:

“Blackwattle Bay offers an extraordinary opportunity to reconnect the harbour, its surrounding neighbourhoods and the city; to showcase Sydney’s living culture and stories of Country; to build an inclusive and iconic waterfront destination that celebrates innovation, diversity and community.”

Principles:

- Improve access to Blackwattle Bay, the foreshore and water activities for all users.
- Minimise additional shadowing to Wentworth Park and Glebe Foreshore (in mid-winter) and create new places with comfortable conditions for people to enjoy.
- Pursue leading edge sustainability outcomes including climate change resilience, improved water quality and restoration of natural ecosystems.
- Prioritise movement by walking, cycling and public transport.
- Balance diverse traffic movement and parking needs for all users.
- Link the Blackwattle Bay precinct to the City, Glebe Island and White Bay and other surrounding communities and attractors.
- Mandate Design Excellence in the public and private domain.
- Integrate housing, employment and mixed uses to create a vibrant, walkable, mixed use precinct on the city's edge.
- Maintain and enhance water uses and activities.
- Allow for co-existence and evolution of land uses over time.
- A place for everyone that is inviting, unique in character, socially inclusive and affordable.
- Expand the range of recreational, community and cultural facilities.
- Plan for the future community's education, health, social and cultural needs.
- Deliver development that is economically, socially, culturally and environmentally viable.
- Embed and interpret the morphology, heritage and culture of the site to create an authentic and site responsive place.
- Foster social and cultural understanding and respect to heal and grow relationships.

1.4 Study requirements

On 28 April 2017, the Minister for Planning issued Study Requirements for the Precinct. Table 1 sets out the study requirements related to housing diversity and affordability and the location of information within this report.

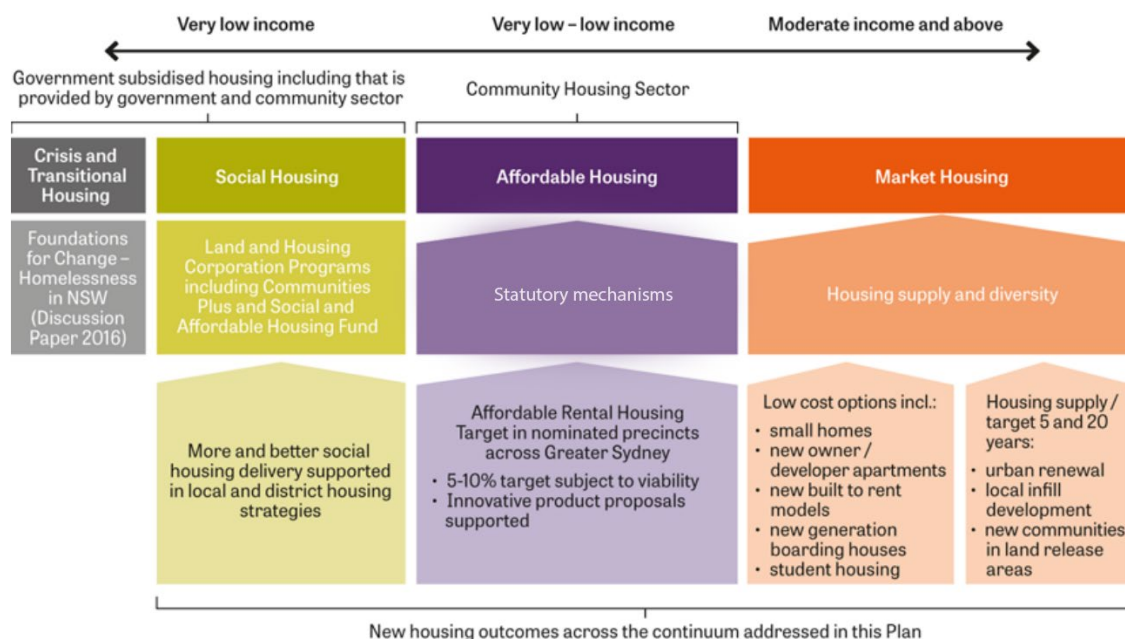
Table 1: Study Requirements and location of the required information

Study requirement		Location
1.4	Consideration of City of Sydney planning documents, strategies and policies including, but not limited to: <ul style="list-style-type: none"> City of Sydney Social Sustainability Policy and Discussion Paper', June 2016 Housing Issues Paper, April 2015 	Section 2 Section 2.2.5 Section 2.2.3
6.1.	Undertake a housing needs analysis for the precinct to identify the appropriate mix of dwelling types, tenures, sizes and price-points necessary to support a diverse, healthy and socially sustainable community. The analysis should have regard to the intended provision of affordable housing, consider the needs of renters, investors and owner occupiers and measures to ensure a diverse, inclusive, healthy, socially connected, liveable and sustainable community.	Section 3
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1.5 Definitions

The *Housing Issues Paper* (City of Sydney, 2015) and *Greater Sydney Region Plan* (Greater Sydney Commission, 2018) identify a housing supply continuum which provides a mix of housing types to meet the needs of a socio-economically diverse community (Figure 3 below). This includes a mix of housing provided by government, community and market sectors.

Figure 3: Housing continuum initiative and programs



Source: Greater Sydney Commission, Greater Sydney Region Plan (Figure 19), p. 69

This Study focuses on two components of the housing supply continuum - the market housing (i.e. residential dwellings for private sale or rent) and affordable housing (affordable rental housing, community housing and not-for-profit).

Government and community sector subsidised housing (social/public) does not form part of this Study as it is the responsibility of the State Government to provide and/or fund and deliver this type of housing. This type of housing is accessed through the State housing application system.

1.5.1 Market housing

Market housing delivered by the private sector, including private homes for sale to the broader community. It can also provide housing such as boarding houses and student accommodation. While some market rate housing can be lower cost, that lower cost is determined by the market, rather than by statute or policy.

1.5.2 Social housing

Social housing is a form of affordable housing that caters to households experiencing the highest housing stress and social disadvantage. Although social housing supply and renewal is being addressed through programs such as Communities Plus and the Social and Affordable Housing Fund, delivery needs to be accelerated to cope with the growing waiting list. At the same time, more affordable rental dwellings are needed as a stepping stone for people in social housing who are capable of entering the private rental market, thereby freeing up housing for those most in need.

1.5.3 Affordable housing

Affordable housing (commonly referred to as ‘affordable rental housing’) is an umbrella term that refers to housing that is within the financial means of residents. It is housing that is appropriate for the needs of a range of very low to moderate income households and priced so that these households are also able to meet other basic living costs such as food, clothing, transport, medical care and education.¹ It is a separate category of housing from market or social housing that is managed by the community housing sector (e.g. community housing providers) and rented to tenants.

The *Environmental Planning and Assessment Act 1979* defines affordable housing as:

"Housing for very low income households, low income households or moderate income households, being such households as are prescribed by the regulations or as are provided for in an environmental planning instrument."

The NSW Government’s *Affordable Housing Ministerial Guidelines* (Communities and Justice, 2020) defines affordable housing as:

"Affordable housing is housing that is appropriate for the needs of a range of very low to moderate income households and priced so that these households are also able to meet other basic living costs, such as food, clothing, transport, medical care and education². As a rule of thumb, housing is usually considered affordable if it costs less than 30% of gross household income.³"

The term ‘appropriate to the needs of a household’ not only incorporates location but also accessibility and proximity to jobs and services. Table 2 below shows the household median income for 2020-21 for Greater Sydney by income category as calculated by Communities and Justice.

Table 2: Median Household Income Levels 2020-2021, by Income Band⁴

Income Bands	% of Median Income	Annual Income Range (Greater Sydney) 2020-21 (upper end of range)
Very low income	50% median	\$49,300
Low income	50%-80% median	\$78,900
Moderate income	80%-120% median	\$118,300

Source: Communities and Justice, accessed February 2020

The term ‘key worker’ is also commonly used to describe the tenants that are targeted for affordable housing, however that term is not defined formally, with all workers within the income brackets being eligible. As an example of the potential key workers that may be tenants in affordable housing:

- Very low income key worker households may include aged care workers, cleaners, nursing assistants and hospitality and retail staff.
- Low income key worker households may include teachers, emergency services staff, retail workers and nurses
- Moderate income key worker households may include senior nurses and teachers and social and emergency/community service personnel.

¹ <https://www.facs.nsw.gov.au/providers/housing/affordable/about>

² This a national definition agreed by Australian housing, planning and local government ministers

³ While this figure provides a useful benchmark of housing affordability, the definition of affordability varies according to a household’s individual circumstances. Demands on the same gross income may differ significantly

⁴ <https://www.facs.nsw.gov.au/providers/housing/affordable/manage/chapters/household-median-incomes-2020-21>

Affordable rental housing may be owned by private developers or investors, local governments, charitable organisations or community housing providers. It is usually managed by not for profit community housing providers, and sometimes by private organisations.

Affordable housing in NSW has been developed in a range of ways and funded through a mix of sources including government (local/state/Commonwealth) grant or land contributions, planning incentives, philanthropic sources, community housing provider equity contributions and from finance secured against assets owned by community housing providers.

In this context, affordable housing refers to housing that has been developed with some assistance from the NSW and/or Commonwealth Governments, including through planning incentives. It may include a range of housing types and sizes, including single or multi-bedroom units or houses, as well as studio apartments. It is only available in some locations and eligibility criteria apply.

1.5.4 Adaptable and universal housing

Adaptable and universally designed dwellings are designed and constructed to meet the changing needs of occupants over time. They can incorporate elements such as levelled entrances to the street, wider doorways, and other elements that make it easier and the reduce the risk for people with diverse abilities or living situations to live in their homes.

Adaptable housing requirements are identified in Australian Standard 4299. As an Australian Standards, there are clear requirements for what must be included in the design of a dwelling for it to be considered adaptable housing. Importantly, design features are able to be modified to meet the requirements of an occupant at any particular time in their life without costly alterations. Typical design features include non-slip surfaces, easy to use door handles and reinforced bathroom walls that can be fitted with grab rails.

Universal housing is typically associated with *The Liveable Housing Design Guidelines* (Liveable Housing Australia, 2017), cited by the *Apartment Design Guidelines*. Unlike adaptable housing, universal housing guidelines promote incorporating design features in advance, rather than enabling future alterations. The guidelines identify design features that promote flexible housing for all community members. The most basic ‘silver’ design features include:

- Step-free and even pathways to entry doors
- Step-free and sheltered entries
- Suitably wide internal doorways and corridors
- Clear areas around toilets with potential to install grabrails in the future
- Slip resistant and hobless showers with the potential to install grabrails in the future
- Installation of handrails at stairways.

The guidelines also include ‘gold’ and ‘platinum’ features for other dwelling areas.

The guidelines, while designed to accommodate households including seniors or people with a disability benefit the community in general. They would have the potential to reduce injuries, support aging in place and support residents with temporary injuries.

REGULATORY CONTEXT

2.0 POLICY AND REGULATORY CONTEXT

Understanding housing needs requires an understanding of the local, policy and demographic contexts. This allows setting goals for housing affordability that build on current supply and service future populations.

The housing market is generally not providing affordable housing for households on very low, low or moderate incomes. Without government intervention there will continue to be little affordable rental dwellings available for lower income households, including key workers. Consequently, housing is the subject of legislation and policy across all levels of government. In NSW, the legislative and policy framework provides several options to achieve a diverse and affordable housing supply at the local level. City of Sydney has developed several relevant planning positions that identify preferred affordable housing delivery outcomes.

This section identifies the relevant State and City of Sydney strategies, policies, documents and regulatory frameworks relating to housing delivery that are relevant to the Precinct Plan.

2.1 NSW Government policies

2.1.1 Greater Sydney Region Plan

The Greater Sydney Commission's (GSC) Region Plan sets out a vision for a city where most residents live within 30 minutes of their jobs, education and health facilities, services and great places. The plan contains 10 Directions which establish the aspirations for the region over the next 40 years. Objectives 10 and 11 of the Region Plan and paraphrased quotes regarding the considerations for those objectives are provided in Table 3. The objectives and considerations are relevant to how housing diversity and affordability are anticipated to be delivered in the future.

Table 3: Greater Sydney Region Plan Directions

Direction: Housing the city	Key considerations
Objective 10: Greater housing supply	<ul style="list-style-type: none"> A range of housing types, tenures and price points will be needed to meet demand A range of housing types provides for the needs of the community at different stages of life and caters for diverse household types Planning can link the delivery of new homes in the right locations with local infrastructure Planning and designing for better places respects and enhances local character Councils are to work with the GSC and State agencies to establish agreed 6–10 year housing targets for their local government area Councils are to identify attributes that make local areas suitable for housing supply beyond 10 years Housing strategies are to be prepared by councils for a local government area or district and be given effect through amendments to LEPs.
Objective 11: Housing is more diverse and affordable	<ul style="list-style-type: none"> There is a strong need for a more diverse housing supply in Greater Sydney Greater housing choice, including affordable housing can reduce the need to enter social housing A diversity of housing types, sizes and price points can help improve affordability Increasing the supply of housing that is of universal design and adaptable to people's changing needs as they age is also increasingly important across Greater Sydney More affordable rental dwellings are needed as a stepping stone for people in social housing who are capable of entering the private rental market, thereby freeing up housing for those most in need Rental accommodation needs to be delivered close to public transport and centres, and offer the opportunity to include Affordable Rental Housing Schemes if viable Innovative approaches to achieve more affordable hoses could include smaller dwellings, shared facilities or apartments where car spaces are sold separately.

Source: Greater Sydney Region Plan (March 2018)

The GSC recognises the fundamental importance of household income on the ability to access housing of different types, cost and tenure (Figure 3). Providing housing diversity means providing housing for a range of income groups at various points on the housing continuum. The Region Plan recommends an Affordable Rental Housing Target, ‘generally in range of 5-10 per cent of new residential floor space’ in defined precincts prior to rezoning as a mechanism to provide additional affordable housing supply in Greater Sydney.

2.1.2 Eastern City District Plan

Blackwattle Bay is located within the GSC’s Eastern City District Plan. The District Plan is a 20-year plan to manage growth in the context of economic, social and environmental matters to achieve the 40-year vision for Greater Sydney. It contains the planning priorities and actions for implementing the Region Plan at a district level. Planning priority E5 is to *provide housing supply, choice and affordability, with access to jobs, services and public transport*. The District Plan sets a housing target of 46,550 additional dwellings in the District by 2021 of which 18,300 are to be in City of Sydney.

The District Plan encourages planning to support housing affordability and diversity, including measures such as:

- More compact housing, either on smaller land lots or through a proportion of smaller apartments of innovative design to support moderate-income households and particularly key workers and skilled workers in targeted employment areas such as health and education precincts
- New owner-developer apartment models that support lower cost and more flexible delivery of apartments for like-minded owner groups.

2.1.3 Pyrmont Peninsula Place Strategy 2020

The Study Area is located within the Pyrmont Peninsula. The NSW Government has prepared the *Pyrmont Peninsula Place Strategy 2020* which seeks to:

- Build and link a world class foreshore
- Enhance the opportunity to provide a vibrant 24 hour cultural and entertainment destination
- Realise the benefits of a new metro station
- Create a low carbon and high performance precinct
- More, better and activated public spaces across the peninsula.



The strategy identifies Blackwattle Bay as a key site where development will drive new jobs and deliver the above.

In terms of housing, the strategy recognises the current diversity of housing in the peninsular including social housing, affordable housing and the variety of dwelling types, sizes, tenures and price points. This focus means long-term residents can stay in places they know, and a greater mix of people with different skills, backgrounds or needs can be part of a socially diverse Pyrmont Peninsula. This is a defining characteristic of Pyrmont, which housed workers in industrial and early social housing, such as Ways Terrace.

There is also a risk that, through the area growing and changing, there could be unintended consequences for certain groups. As an area’s popularity increases and more people are attracted to it, competition for available space will normally see land values and rents rise. This can adversely impact existing residents and businesses who cannot compete on price. The Place Strategy recognises the need to retain the existing City of Sydney *Revised City West Affordable Housing Program* currently in place on the Peninsula. It also considers whether the program should be brought into line with similar strategies operating elsewhere in the City of Sydney, as well as

the Region Plan. The Place Strategy also identifies a need to cater for student housing and facilitate housing diversity and affordability through new mechanisms, such as build-to-rent.⁵

The strategy advocates for:

- Housing growth focussed primarily in residential areas, across the ridgeline village and along the western side of the Peninsula at Pyrmont Village, Pirrama, Blackwattle Bay, Wentworth Park and Ultimo (northern) sub precincts
- Outside of key sites, housing is expected to be incremental under the planning system and in smaller developments of lower-scale, and compatible with the historic nature of these areas.
- There may be opportunity for residential development in other locations where this does not undermine the vision of the area as a jobs hub and economic driver of Sydney (i.e. does not compromise the delivery of new commercial and employment floor space) in line with the Eastern City District Plan priority E7.
- **New housing:**
 - **Should deliver a diversity of housing types and tenures to suit different household sizes, configurations and needs**
 - **Should be affordable to ensure a mix of people can continue to live in the Peninsula.**
 - **Should aim to boost social and affordable rental housing with market housing**
 - **Should meet increasing sustainability objectives and performance targets for reduced environmental impact, better building performance (and cheaper running costs) and for improved health and social outcomes.**
- Reconcile the revised City West Affordable Housing Program with the City of Sydney's affordable housing approach as part of work to unify the planning framework
- Review and update the existing affordable housing contribution rates
- Investigate the opportunities for more social and affordable rental housing as part of sub-precinct master planning in line with current Government policy.

2.1.4 Future Directions for Social Housing in NSW

Future Directions for Social Housing in NSW identifies the NSW Government's vision for social and affordable housing. While that strategy is largely focussed on social housing, the strategy aims to deliver more affordable housing to help those who are able to transition out of social housing. It looks at the whole continuum of housing, from homelessness to the private market.

As part of the plan to provide additional social and affordable housing, the Government has indicated it will partner with both the private and not-for-profit housing sectors to increase the financing, ownership and management away from the public sector. The intent is to develop a dynamic and diverse housing system characterised by:

- *Greater involvement of private and non-government partners in financing, owning and managing a significantly expanded stock of social and affordable housing assets*
- *Expanded support in the private rental market, reducing demand on social housing and the social housing wait list*
- *More competition and diversity in the provision of tenancy management services through the expanded capacity and capability of community housing providers*



⁵ Pyrmont Peninsula Place Strategy (NSW Department of Planning, Industry and Environment, December 2020)

- *Housing assistance being seen as a pathway to independence and an enabler of improved social and economic participation for tenants living in vibrant and socioeconomically diverse communities.*⁶

The Government's approach to increasing the supply of social housing is focussed on the following implementation programs:

- *Communities Plus* involving the redevelopment of Land and Housing Corporation Sites into sustainable mixed tenure communities
- *Social and Affordable Housing Fund* which supports projects which deliver additional social and affordable housing stock through innovative partnerships between community housing providers, non-government organisations and the private sector
- *Social Impact Investment* whereby the NSW Office of Social Impact Investment is seeking to grow the social impact market and has delivered Australia's first two Social Benefit Bonds, seeking to deliver better services and results for families at risk.

2.1.5 NSW Affordable Housing Ministerial Guidelines

The *NSW Affordable Housing Ministerial Guidelines 2020/21* set out the policy framework for delivering affordable housing that has been developed with financial assistance from the NSW Government and is owned or managed by registered community housing providers. Ministerial Guidelines aim to ensure that affordable housing in NSW is delivered:

- To a range of income groups, including very low, low and moderate income households; and
- In a manner that generates sufficient income to meet associated finance and other operating costs.

One of the secondary aims of the Guidelines is to ensure that retained earnings and assets from managing affordable housing are used by community housing providers/councils to grow more affordable housing supply, wherever possible. The NSW Affordable Housing Ministerial Guidelines are endorsed by the Minister for Family and Community Services.

2.1.6 A Housing Strategy for NSW - Discussion Paper

The NSW Housing Strategy will set a 20-year vision for housing in NSW and outline the key priorities and actions the NSW Government will take to achieve this vision. The discussion paper was placed on public exhibition between 15 June and 24 July 2020 and submissions are under consideration. The Discussion Paper promotes:

- A pipeline of housing that creates a choice of housing for people and households at different price points to live in well-serviced locations
- New and existing housing must meet the changing and varied needs of NSW residents. This includes housing for people earning low to very-low incomes, older people, younger households, multi-generational households, people working in essential services and people with disability. Culturally appropriate housing must be available for people of all backgrounds, including Aboriginal people.
- Whether people own their own home with a mortgage, rent in the private market or live with support, they should be able to cope financially and live near local facilities, jobs and their networks.
- Housing as a long-lived and dominant asset, located away from high risk areas, that is safe and built to a high quality.

⁶ Future Directions for Social Housing in NSW, 2018, p. 5-6

2.2 City of Sydney policies

2.2.1 City Plan 2036, Local Strategic Planning Statement 2020

The *City Plan 2036*, the City of Sydney Local Strategic Planning Statement (LSPS) demonstrates how the City of Sydney will implement and manage the growth. Enabling new homes to cater for the needs of a diverse community is a priority. There is also a recognised need to support social housing, affordable housing, crisis accommodation and to address homelessness. The strategy sets out actions to encourage a diverse range of housing, including housing of different types, tenures, sizes and price points.

Adaptable housing and affordable housing are the most important housing types when increasing housing diversity and choice. By 2036, it is expected that over 80 per cent of people living in the city will live in apartments. As more people are living in higher-density developments, greater focus is needed to facilitate greater diversity and choice of housing that is fit-for purpose and addresses the social and cultural needs of specific groups.

The high cost of housing is an important economic and social issue in Sydney, particularly within the city where housing prices are among the highest in Australia. One of the biggest challenges to maintaining and enhancing socio-economic diversity is the increasing unaffordability of housing. The majority of lower income households who remain in the private housing market are increasingly in housing stress or crisis and will eventually be forced to move out of the local area as housing costs continue to escalate ahead of wage growth. Increasing the amount of affordable rental housing available for very low to moderate income households and ensuring an appropriate supply of social and supported housing for vulnerable people is an urgent priority for the City. As part of its affordable housing response, the LSPS sets an action for City of Sydney to advocate to the NSW Government to deliver a minimum of 25 per cent of floor space as affordable rental housing in perpetuity on all NSW Government sites.



2.2.2 Sustainable Sydney 2030, Community Strategic Plan 2017-2021

The current strategic plan for City of Sydney is *Sustainable Sydney 2030, Community Strategic Plan 2017-2021* (the CSP). Originally adopted in 2008, it is updated every four years to identify the community's main priorities and aspirations for the future and identify how to achieve them.

Sustainable Sydney 2030 establishes an ambitious target that in 2030, 7.5 per cent of all new housing in the LGA will be affordable rental housing delivered by not-for-profit and other providers. These proportions are to be retained over time as the total private housing supply grows. This means an increase of over 11,000 affordable rental housing dwellings to 2036.

2.2.3 City of Sydney, Housing Issues Paper, 2015

The Housing Issues Paper was prepared by City of Sydney to highlight the housing crisis in the LGA, identifying five key issues that need to be addressed:

- Policy reforms are needed to address declining housing affordability and rental security
- Affordable rental housing supply needs to grow significantly to ensure Sydney's social and economic sustainability
- Investment to expand innovative housing models is critical to ending homelessness
- Housing and infrastructure delivery need to be integrated through Sydney metropolitan planning for sustainable growth.

The paper paints a picture of housing demand outstripping supply. Even allowing for the significant pipeline of 18,500 dwellings, housing supply and diversity are not meeting demand. Sydney's status as a global city is contributing to rising housing costs. The paper indicates that Inner Sydney rents are outstripping income increases and most very low to moderate income households are experiencing housing stress, including two thirds of renters in the moderate income bracket. Evidence is also emerging of people living in overcrowded and poor quality housing.

The paper promotes delivery of innovative lower-cost housing designs and types through the planning system to:

- Enable smaller housing types, where appropriate and well designed, that provide affordable options
- Deliver housing types without 'added extras' such as car parking spaces, to provide affordable options
- Deliver rental housing models designed to meet the needs of particular markets, such as new-generation boarding houses and student housing that provides smaller private dwellings and communal spaces.



2.2.4 Housing for All, City of Sydney Local Housing Strategy 2020

The City of Sydney Local Housing Strategy *Housing for all* was adopted by the Council in February 2020 and is currently under review by DPIE. It proposes strategies to manage 56,000 new dwellings to be built by 2036 in the LGA. Of these 11,690 are to be affordable dwellings based on the City's target that 7.5 per cent of dwellings should be affordable housing.

In planning for future dwellings City of Sydney seeks to support social and cultural diversity through increasing housing diversity and choice. This includes retaining and attracting residents on lower incomes, those who identify as part of the Aboriginal and Torres Strait Islander community, families with children, people with disability, older people, long-term renters, students, people living alone, shared households, and more. Some specific needs identified are:

- To address the need for adaptable housing, the City of Sydney requires larger-scale housing developments to incorporate adaptable dwellings and satisfy the NSW Apartment Design Guideline benchmark universal design features.
- Continuing to fund and collect contributions for affordable dwellings as well as embracing new, innovative and internationally successful approaches to deliver affordable housing in the inner city, where it is most needed.
- Increase housing diversity, universally designed dwellings, co-operative housing models and supported housing to assist people to age in place.
- Improving energy-efficient and climate-responsive outcomes, promoting health, comfort and affordability
- Support for build-to-rent residential noting that the model still faces a number of challenges and should not be incentivised over other forms of housing in the planning framework at present.
- Partnering with the community to advocate the provision of culturally-appropriate affordable and social housing dedicated to Aboriginal and Torres Strait Islander communities.
- Improving and promoting non-private dwellings, such as student accommodation and boarding houses, to provide additional diversity in the rental market.



The City of Sydney has identified a need to maximise benefits from urban renewal of government controlled sites. Creating great places on major urban renewal sites will be largely dependent on successful collaboration between the City of Sydney and the NSW Government. The City of Sydney encourages the renewal of Government owned sites to set an example for other development. Renewal sites should have a diversity of housing to meet varying household sizes, types, incomes and tenure preferences, including market and other housing types. The diversity of housing in these renewal sites should be benchmarked against comparable global cities.

On the topic of NSW Government led urban renewal and affordable housing, *Housing for All* states that:

NSW Government urban renewal sites should be viewed as an opportunity to reduce the deficit of social housing and affordable rental properties in the city. They should exceed the District Plan target of 10 per cent of all new residential floor space as affordable rental housing.⁷

2.2.5 Social Sustainability Policy

The City of Sydney *Social Sustainability Policy and Action Plan 2018-2028* (SSP) sets out the aspirations for a socially sustainable City of Sydney. It outlines the City of Sydney vision, agenda and principles in strengthening the wellbeing and resilience of the community, being those that live, work and visit City of Sydney. The Policy is divided into principles, directions and actions.

The principles relate to a range of issues that relate to how people live and interact with each other and the environment. The most relevant principle is 'Sydney is a just city that respects human rights and dignity,' where the city provides diverse affordable housing options, as inclusive education, jobs, services and facilities.

The Policy details four strategic directions and accompanying actions to deliver on the principles. The directions put forward policy positions that respond to the outcomes of community consultation and international best practice in the field. The most relevant direction is 'Inclusive city: social justice and opportunity.' As part of this direction, an inclusive city offers affordable housing choices for people on a range of incomes, relating to the above principle. Actions that relate to affordable housing are:

- 1.7 Increase supply of subsidised social, affordable rental and supported housing
- 1.8 Increase supply of housing that is universally designed for people of all ages and abilities
- 1.9 Improve housing choices for renters.

The Policy outlines opportunities for City of Sydney to have direct and collaborative approaches to achieving these actions, with strategies increasing the supply of subsidised housing for lower income earners. This includes subsidised land sales, grants to the community housing sector, as well as planning and property mechanisms. While the details of a levy or housing target are not provided, the policy provides guidance for increasing the supply of affordable housing for owners and renters across a range of demographics.

2.3 Regulatory framework

2.3.1 Environmental Planning and Assessment Act 1979

Section 7.32 of the Environmental Planning and Assessment Act permits councils to seek affordable housing as a development contribution, either through dedicate of land or payment of a monetary contribution. The provisions of Section 7.32 only applied to councils identified as having an affordable housing need, as outlined in SEPP 70. In February 2019, SEPP 70 was expanded to include all councils across NSW, with all areas of the State identified in SEPP 70 for the need for affordable housing (SEPP 70, Clause 9).

⁷ Housing for all: City of Sydney Local Housing Strategy (February 2020, City of Sydney)

2.3.2 State Environmental Planning Policy No 70—Affordable Housing (Revised Schemes)

Schedule 2 of SEPP 70 outlines affordable housing principles that are to be considered by consent authorities when applying a condition related to affordable housing. A requirement of SEPP 70 is that a condition for an affordable housing contribution can only be applied where the condition is authorised by a statutory plan, such as the Sydney LEP. Part 7, Division 3 of Sydney LEP 2012, sets out provisions for affordable housing in Ultimo/Pymont, Green Square and B7 Business Park zoned employment land. The subject site is within Ultimo/Pymont affordable housing scheme. Development on the site would be subject to the scheme.

Further information on affordable housing requirements in Ultimo/Pymont are provided in Section 3.3.7.

2.3.3 State Environmental Planning Policy (Affordable Rental Housing) 2009

The State Environmental Planning Policy (Affordable Rental Housing) (ARH SEPP) was introduced in 2009 to increase the supply and diversity of affordable rental and social housing throughout NSW. This SEPP includes provisions designed to retain or offset the loss of low cost rental housing. It also seeks to promote diversification and increase the utilisation of the existing housing stock in addition to incentives to encourage the production of affordable rental housing for lower income groups.

The ARH SEPP would enable a floor space bonus to apply to the site for the delivery of affordable housing. The bonus is 0.5:1 or 20 per cent, whichever is greater on top of the existing maximum FSR.

The amount of bonus floor area that a housing provider may be granted is dependent on both the existing maximum FSR allowable on the land and the percentage of affordable housing that will be offered as part of the housing development. The minimum amount of affordable housing a provider must offer in order to be granted a bonus floor space is 20 per cent of the total gross floor area for residential flat buildings.

The key provisions for infill development in the SEPP are set out in Table 4. These provide indicative standard for affordable dwelling design.

Table 4: SEPP (Affordable Rental Housing) provisions for infill development

Provision	Requirement
Accessibility	<ul style="list-style-type: none"> Within 800m walking distance of a railway station or a Sydney Ferries wharf Within 400m walking distance of a light rail station Within 400m walking distance of a bus stop used regularly between 6am and 9pm Monday to Friday, and 8am to 6pm on weekends.
Floor space ratio	<ul style="list-style-type: none"> As specified in the relevant local planning controls plus a bonus of a minimum of 0.2:1 and up to 0.5:1 (or 20%, whichever is greater)
Proportion of affordable housing	<ul style="list-style-type: none"> Between 20% and 50% of the gross floor area of the development.
Minimum dwelling sizes	<ul style="list-style-type: none"> 35m² for a bedsitter or studio 50m² for a 1 bedroom dwelling 70m² for a 2 bedroom dwelling 95m² for a 3 or more bedroom dwelling
Affordable housing management:	<ul style="list-style-type: none"> The affordable rental housing component is to be secured for a minimum of 10 years and managed by a registered Community Housing Provider (CHP).
Landscaped area:	<ul style="list-style-type: none"> Minimum of 30% of the site area.
Solar access	<ul style="list-style-type: none"> Living rooms and open spaces of 70% of the dwellings require a minimum of 3 hours direct sunlight between 9am and 3pm in mid-winter.
Deep soil zones:	<ul style="list-style-type: none"> Minimum of 15% of the site area Minimum dimensions of 3 metres At least two-thirds of the deep soil zone is to be located at the rear of the site

Source: Adapted from State Environmental Planning Policy (Affordable Rental Housing) 2009

The ARH SEPP was also amended in February 2021 to include provisions for build to rent housing in Division 6A. The provisions allow for the housing type to be permitted in any zone where a residential flat building is permitted and in the B3 Commercial Core, B4 Mixed Use and B8 Metropolitan Centre. As such, the build to rent housing type would be permitted via the Precinct Plan. Key provisions include:

- Build to rent components would not be subdivided into separate lots
- Build to rent components would be owned and controlled by 1 person and operated by one on-site managing agent
- A 15-year requirement for maintaining the above conditions
- Flexible application of design criteria outlined in the Apartment Design Guide (discussed further in Section 2.3.4)
- Specific consent authority consideration requirements for common space, shared facilities, configuration and variety of dwellings and internal relocation of tenants
- Active ground floor use requirements in business zones.

2.3.4 State Environmental Planning Policy No. 65 – Design Quality of Residential Apartment Development and Apartment Design Guide

Planning provisions for designing residential flat buildings and mixed use developments are contained in the Apartment Design Guide (ADG).

SEPP No. 65 aims to deliver a better living environment for residents who choose to live in residential apartments, while also enhancing streetscapes and neighbourhoods. It is intended that this be delivered through improved design quality that ensures sustainability, accessibility, amenity, safety, affordability and efficiency. The benchmarks that underpin these objectives are fully articulated in the ADG, which are then applied by design review panels, which are constituted to provide independent advice regarding development applications under the SEPP. SEPP No. 65 specifies the constitution and function of the design review panels.

The ADG specifies a number of design guidelines for apartments and apartment buildings which influences the number of and type of dwellings that can be delivered. This includes minimum apartment sizes, apartment mix, balconies and other amenity considerations.

The SSP Study seeks to establish the overall planning framework for the Study Area in the knowledge that the ADG will need to be satisfied at the detailed design stage. FJMT's design response to the Study Area considers the requirements of SEPP 65 and the guidelines outlined in the ADG and outlines how they can be achieved through the Precinct Plan.

2.3.5 Sydney Local Environmental Plan 2012

Clause 7.13 of Sydney LEP enables a consent authority to impose a condition requiring a contribution for affordable housing, when granting development consent in Ultimo-Pyrmont. While the subject site is within Ultimo-Pyrmont affordable housing area, the site is also within a State Significant Precinct and consequently the Minister for Planning will determine the appropriate planning controls for the site through the state significant planning process.

Barring an alternative, the Sydney LEP 2012 affordable housing provision for the Study Area would likely be the contribution required for future development in the study area. The Sydney LEP 2012 enables an affordable housing contribution as follows:

- 0.8 per cent of the total floor area of the development that is intended to be used for residential purposes and
- 1.1 per cent of the total floor area that is not intended to be used for residential purposes.

The term “total floor area” is defined as *the total of the areas of each floor of a building within the outer face of the external enclosing walls and including balconies, but excluding the following—*

- (a) columns, fins, sun control devices, awnings and other elements, projections or works outside the general lines of the outer face of the external walls,*
- (b) any area of a balcony that is more than the minimum area required by the consent authority in respect of the balcony,*
- (c) the maximum ancillary car parking permitted by the consent authority and any associated internal vehicular and pedestrian access to that car parking,*
- (d) space for the loading and unloading of goods.*

The LEP sets out that an affordable housing contribution may be made by way of:

- Dedication in favour of the Council of land comprising one or more dwellings (each having a total floor area of not less than 50 square metres) with any remainder being paid as a monetary contribution to the Council, or
- A monetary contribution to the Council.

The rate of the monetary contribution is to be equivalent to the floor area specified above and calculated in accordance with the *Revised City West Affordable Housing Program* published by the NSW Government in June 2010. As of the writing of this report, the contribution rate is:

- \$31.90/sqm of total residential floor area
- \$45.84/sqm of total non-residential floor area.

2.3.6 Planning proposal – City of Sydney Affordable Housing Review, 2018

The City of Sydney prepared a City of Sydney Affordable Housing Review (Affordable Housing Planning Proposal), a planning proposal that proposes a number of changes to the affordable housing provisions in the LEP. The planning proposal has recently been finalised, with the main outcome being an extension of affordable housing contribution provisions across the Sydney LGA. The amendments confirm that the relevant affordable housing program in the Ultimo-Pyrmont area is the *Revised City West Affordable Housing Program*.

2.3.7 Proposed State Environmental Planning Policy Housing Diversity (Explanation of Intended Effect)

As part of its COVID-19 response, and broader moves to more build-to-rent housing, the NSW government proposed reforms to ensure that state planning provisions are fit for purpose to facilitate the construction of affordable and well-designed residential accommodation. The government is proposing a new State Environmental Planning Policy (Housing Diversity) that intends to change the consolidate State planning provisions for affordable, seniors and social housing into one plan. although the draft has yet to be released, the NSW DPIE have released an Explanation of Intended Effect (EIE). As discussed in Section 2.3.3, changes related to build to rent have been incorporated into the ARH SEPP.

The EIE highlights the proposed changes will:

1. Introduce new definitions for build-to-rent housing, student housing and co-living
2. Amends some state-level planning provisions, particularly for boarding house and seniors housing development
3. Amends some state-level planning provisions to support social housing developments undertaken by the NSW Land and Housing Corporation (LAHC) on government-owned land; and
4. Consolidates three housing-related SEPPs:
 - State Environmental Planning Policy (Affordable Rental Housing) 2009

- State Environmental Planning Policy (Housing for Seniors and People with a Disability) 2004
- State Environmental Planning Policy No 70 – Affordable Housing (Revised Schemes) (section 2.3.2)

It is proposed that the new SEPP, when adopted, will provide new opportunities for institutional investment in residential development in NSW, creating jobs in planning, construction, and ongoing management. The SEPP will also make a number of changes to the existing provisions of the Affordable Rental Housing SEPP and the Seniors Housing SEPP, particularly around access and retention of existing affordable housing.

2.4 Implications

There are a number of ways that affordable housing can be delivered: by State agencies, community housing providers and local government. In relation to Blackwattle Bay the following has been identified as key matters for consideration:

- Planning policy and legislation play a critical role in establishing mechanisms for providing and increasing the affordable housing supply in Sydney. All levels of Government are now trying to address the housing affordability crisis by looking at various mechanisms from taxation arrangements through to inclusionary zoning targets.
- The need for affordable rental housing in the Sydney LGA has been demonstrated by the City of Sydney in their housing policy
- The Region and District plans both include actions for the identification of need and delivery of affordable rental housing as part of the urban renewal process.
- City of Sydney is seeking delivery of affordable rental housing, held in perpetuity through the urban renewal process/ The City of Sydney has well established affordable housing programs which have recently been expanded throughout the Sydney LGA through a planning proposal.
- The affordable housing contribution rates under the Sydney LEP 2012 do not align with District Plan.
- Planning agreements are another approach that can be used to deliver public benefit. VPAs have delivered affordable dwellings in the LGAs of the City of Sydney, Waverley, City of Canada Bay, Randwick and the Inner West. Planning agreements have proved successful in delivering affordable rental housing that otherwise would not have been provided. However, councils who regularly use them have all specified that they would prefer to use the inclusionary zoning process for the predictable delivery of affordable housing.

ASSESSMENT OF HOUSING NEEDS

3.0 ASSESSMENT OF HOUSING NEEDS

A holistic approach across housing – from homelessness to home ownership – helps us to plan for more people to be able to access the right type of housing at the right time, and to support people into the best housing option available.

3.1 Defining housing need

People's housing needs are dynamic. They change throughout their lives as they move back and forward along the housing continuum (Figure 1). Where they are at any one time and the degree of change throughout their lives depends on circumstances and preferences.⁸

New and existing housing must meet the changing and varied needs of NSW residents. This includes housing for people earning low to very-low incomes, older people, younger households, multi-generational households, people working in essential services and people with disability. Culturally appropriate housing must be available for people of all backgrounds, including Aboriginal people.

People's needs are influenced by their circumstance, lifestyle, and culture. As their circumstances change or their preferences evolve, they might change where they live or the type of home they live in. However, people's preferences do not always match availability and what they can afford. When planning for a diversity of housing, this difference between housing aspirations (what people ideally want) and expressed demand (where people choose to live) requires us to acknowledge various factors including financing, land availability, planning controls, infrastructure and higher demand in areas near centres, jobs or services.⁹

Bramley (2016) uses measures from the British Household Panel Survey (BHPS) to develop his housing demand¹⁰ model:

- Crowding: a combination of household type, number of adults, and number of children by age, and actual rooms is compared with required rooms.
- Concealed households: cases where couples or lone parent family units live within other household units, plus individual concealed potential households comprising other adult household members where the individual indicates a wish to move.
- Amenity: shared amenities by households based on sharing any of kitchen, bathroom or toilet, and lack of amenities where the household does not have available their own kitchen, bathroom or toilet.
- House condition: based on any of five problems with house like daylight, heating, condensation, leaks or rot.
- Affordability: based on combination of objective ratios (gross housing rent/mortgage cost-to-gross household income ratio over 25 per cent, or residual net income) and reported subjective financial difficulty.
- Suitability problems:
 - health-related (e.g. stairs, dwelling type, retirement, etc., and health/disability status)
 - family-related (e.g. having children under 12 and living in an apartment with no garden)
 - social-related (e.g. feeling isolated, unsafe, reduce travelling, or for family or privacy reasons).

⁸ Adapted from Housing I NSW Discussion paper cited at <https://www.planning.nsw.gov.au/-/media/Files/DPE/Discussion-papers/Policy-and-legislation/Housing/A-Housing-Strategy-for-NSW--Discussion-Paper-2020-05-29.pdf>

⁹ Ibid.

¹⁰ Bramley G (2016). "Housing need outcomes in England through changing times: demographic, market and policy drivers of change, Housing Studies". Volume 31, Number 3. Pages 246-247

- Neighbourhood problems: problems such as neighbour or traffic noise, pollution or vandalism, plus want to move for reasons, such as area unsafe, noisy or unfriendly

These factors have informed the framework used to determine housing need.

3.2 A changing local environment

The *Blackwattle Bay Population Demographics Report 2020* (Demographics report), prepared by .id Consulting provides a demographic and employment analysis, that will help to inform the development of the SSP masterplan. The key findings and strategic drivers for urban renewal such as Blackwattle Bay are as follows:

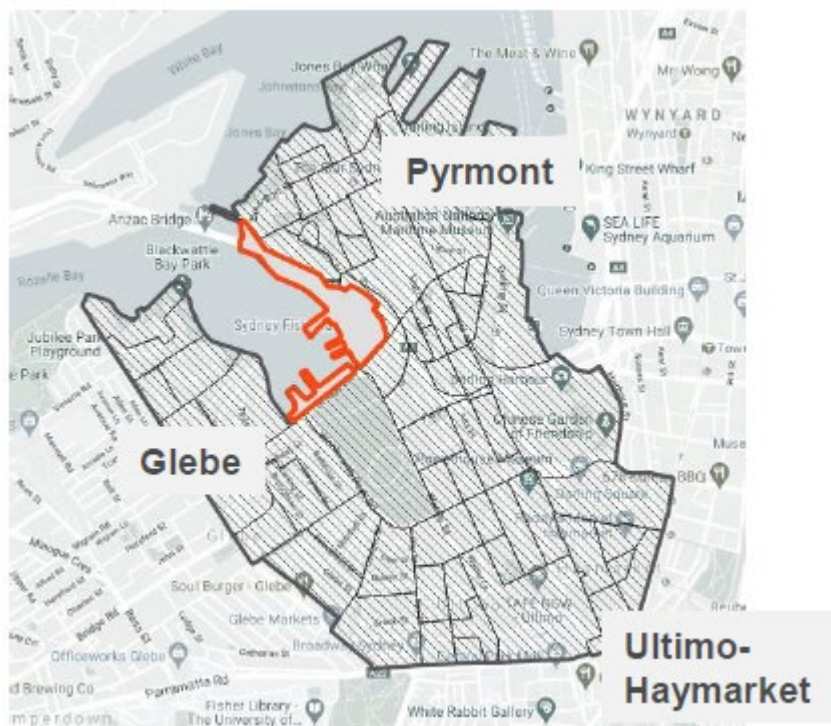
- Greater Sydney and the City of Sydney LGA have experienced substantial population growth over the last decade, exceeding rates experience by the country as a whole.
- Inner city locations are experiencing a resurgence as young workers and some downsizing retirees seeks greater access to employment and essential services.
- Population growth is driving large increases in property values. Both the median property price and median rent in City of Sydney have more than doubled in the last ten years.
- City of Sydney is the largest employment agglomeration in NSW by far and its influence has increased over time. In 2011, it supported 15 per cent of the employment, however in the last five years it generated 38 per cent of the employment growth.
- This jobs growth is increasing the divergence between where people work compared to where they live in Sydney. City of Sydney has a substantial 'Jobs Surplus' – more jobs than employed workers.
- Driving this growth is an increase in jobs requiring more cognitive and non-routine skills that often necessitate higher qualified employees. These jobs are often concentrated in CBDs and other major employment nodes.
- Knowledge based industries generate a large amount of these jobs and gain productivity benefits from agglomeration and access to deep labour pools.
- High density development around major transport nodes support access to labour for businesses, and jobs for residents. The NSW Government has announced that a new metro station will be provided in Pyrmont within walking distance of Blackwattle Bay.
- The Blackwattle Bay is planned to generate a substantial increase in residents in an area that has strong accessibility to education and employment opportunities, as well as being close to a major transport node.
- The COVID-19 pandemic and policy responses enacted to contain its spread have had an enormous economic and social impact. Some considerations in the short and longer term include:
 - Substantial fall in local employment in inner Sydney in 2020 and continuing into 2021 due to COVID restrictions on work and recreation impacting how office work is conducted and placing substantial limitations on the hospitality sector. As of early September, the Statistical Area 2 of Inner Sydney still had the lowest fall in payroll jobs in NSW from that experienced in early March.¹
 - Fall in population growth across the Sydney due to reduced international migration. For example, the Australian Government Budget papers assume national growth of around 1.2 per cent in 2019-20, but only 0.2 per cent in 2020-21 and 0.4 per cent in 2021-22. Lower fertility rates are also expected in the short to medium term due to socio-economic uncertainty.
 - Businesses have improved their policies to support and encourage flexible working arrangements to allow more people to work from home during the pandemic. This transition is expected to slowly continue even post-pandemic influencing the need for more liveable mixed use environments which allow people to live and work in smaller contained communities.

3.3 Blackwattle Bay catchment

3.3.1 Population

The Blackwattle Bay profile establishes a district demographic catchment for analysis, as Blackwattle Bay currently has no population and limited employment. The demographic catchment is shown in Figure 4 below as hatched lines:

Figure 4: Catchment area



Source: .id the population experts

The key population characteristics identified in The Demographics report, prepared by .id Consulting are:

- *The resident population in the Blackwattle Bay Catchment has a similar age profile to the broader CoS with a high share of 20 to 39 year olds.*
- *The area is very multicultural with a high population of Asian immigrants, especially Chinese, due to a large student population.*
- *Education attainment is very high with the majority completing school and going on to attain degree qualifications.*
- *The catchment has a mixture of highly advantaged and highly disadvantaged small areas.*
- *The predominate dwelling stock is high density housing, largely occupied by lone person households and couples. Most households (50%) are rented privately.*
- *Participation in the labour force was less than the CoS rate and the unemployment rate was above that in the CoS, but this was primarily due to the student population in Ultimo.*
- *The main industries of employment for working residents in the Blackwattle Bay Catchment are Professional, Scientific and Technical Services, Accommodation and Food Services, and Financial and Insurance Services.*

- *In 2016, 1 in 3 residents worked in Sydney's CBD and another 14% in the catchment area which led to high rates of active commuting (35% walked or cycled to work)*
- *The largest employing industries in 2016 were Education and Training and Information Media and Telecommunications.*
- *The main occupation was Professionals in Education, Business Services and Creative areas.¹¹*

3.3.2 Housing forecasts

The Demographics Report builds upon the population profile of similar developments to provide an indication of the likely characteristics of the future population of Blackwattle Bay and their housing needs. The Demographics Report includes population and housing forecasts as follows:

- *The forecasts for the Blackwattle Bay Study Area see an increase in population from 0 in 2016 to 2,795 in 2036. This forecast is based on an increase of 1,546 dwellings in net terms between 2024 and 2032.*
- *Average household size is expected to decrease from at 1.99 in 2026 to 1.90 in 2036.*
- *The area is expected to attract a range of markets including both younger adult age groups driven by all the classic attributes of inner city areas: fast access to CBD jobs in finance, banking and professional services, as well as a range of entertainment and cultural options either on site or within a short walk. There is also expected to be a sizeable component of older working adults and retirees, attracted by waterfront property with close proximity to the new Sydney Fish Market as well as a range of transport options and waterfront trails.*
- *The largest forecast increases by age are in the 25 39 age bracket by 2036. This is partly the result of people migrating to the District in those age groups, as well as the ageing of early movers to the site in their 20s. There are also significant increases in the 50 to 64 age group.*
- *Without the planned SSP development, it is forecast that population and dwelling levels would remain zero within the Blackwattle Bay Study Area.*
- *The forecasts for Blackwattle Bay Catchment see an increase in population from 33,623 in 2016 to 46,127 in 2036.*
- *Without development, population in the catchment is forecast to only reach 43,332 in 2036.¹²*

3.4 Sydney Local Government Area

This section considers some of the key indicators of housing demand in the Sydney LGA.

3.4.1 Age structure

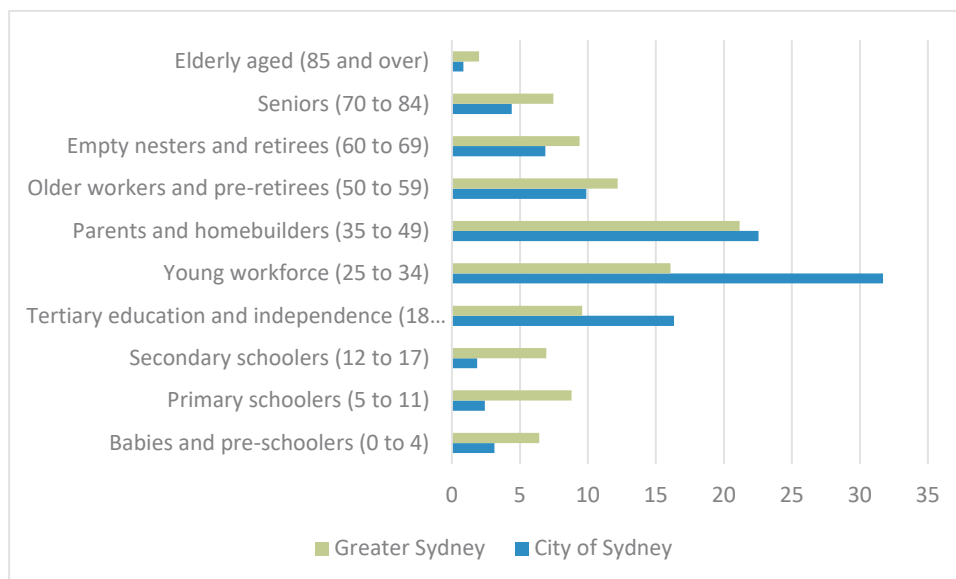
Inner urban life is attractive to a range of ages, particularly, young workers are seeking opportunities to be in walking distance to work, cafes, bars and other entertainment areas. Housing that is suited to the young working population is likely to be in strong demand. Typically this will be smaller more affordable dwellings located close to jobs and entertainment with high levels of local amenity.

While less significant, older people are also looking to age in place and some retirees are learning the benefits of downsizing to apartments close to health and transport facilities.

¹¹ Blackwattle Bay Population Demographics & Workforce Profile (.id, 2020)

¹² Blackwattle Bay Population Demographics & Workforce Profile (.id, 2020)

Figure 5: Proportion of population by service age groups, Sydney LGA 2016



Source: Profile .id

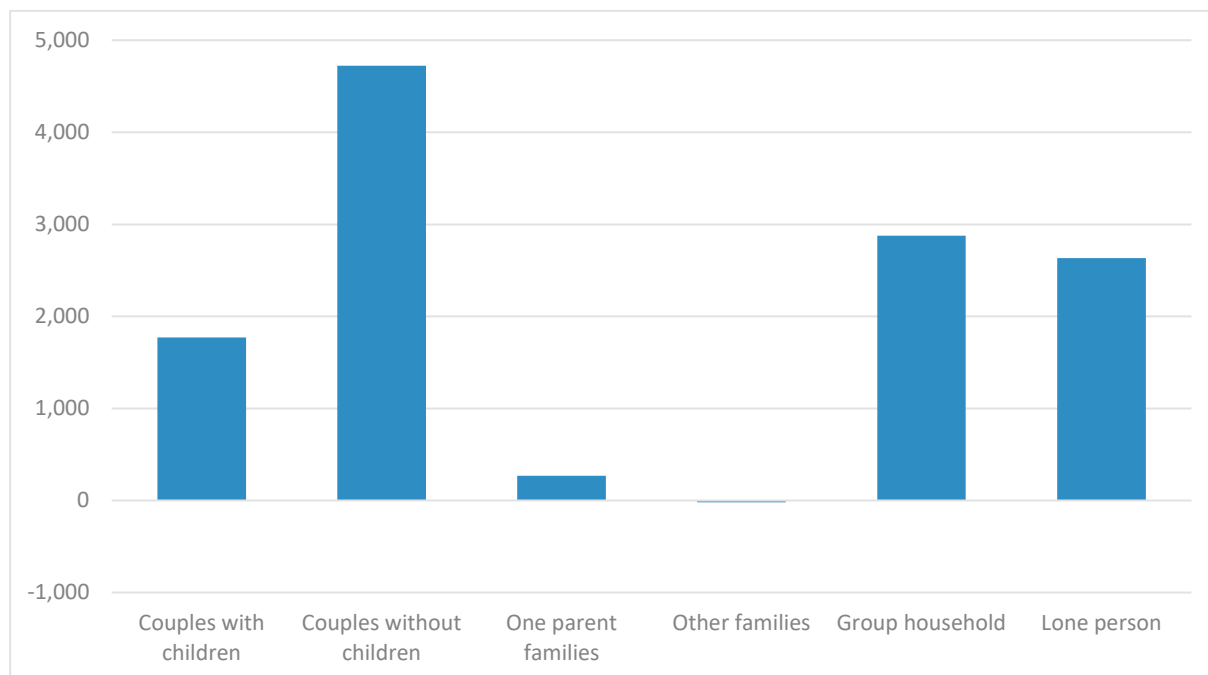
3.4.2 Households

The City of Sydney's household and family structure reveals the area's residential role and function and provides key insights into the level of demand for housing. In 2016 the City of Sydney had around 98,000 households, up 12,854 households from the 2011 Census.

The City of Sydney has a significantly different household structure to most of Greater Sydney with 32.5 per cent of households being lone person households and 25.9 per cent were couples without children, compared to 20.4 per cent and 22.4 per cent respectively. Only 9.5 per cent of households in the LGA were couples with children compared to 35.3 per cent in Greater Sydney. This suggests a strong need for smaller dwelling of one or two bedrooms.

The fastest growing household types in the LGA are couples without children. Between 2011 and 2016 this group increased by 4,722 household which was 36.7 per cent of the total household increase. Group households had the second greatest increase in households (Figure 6).

Figure 6: Change in household type 2011-2016, Sydney LGA



Source: Profile .id

The size of households in general follows the life-cycle of families. Households are usually small at the stage of relationship formation (early marriage), and then increase in size with the advent of children. They later reduce in size again as these children reach adulthood and leave home. Household size can also be influenced by a lack (or abundance) of affordable housing. Overseas migrants and indigenous persons often have a tradition of living with extended family members which significantly affects household size.¹³

In 2016, 37 per cent of households in the City of Sydney contained only one person, compared with 21.6 per cent in Greater Sydney, with the most dominant household size being 2 persons per household.

In City of Sydney, the average households size has increased from 1.95 at the 2011 Census to 1.97 in 2016. An increasing household size in an area may indicate a lack of affordable housing opportunities for young people, an increase in the birth rate or an increase in family formation in the area.¹⁴

3.4.3 Tenure

In the City of Sydney the 2016 Census recorded that 30 per cent of households were purchasing or fully owned their home, 47.3 per cent were renting privately, and 8.0 per cent were in social housing. Compared to Greater Sydney, the LGA has significantly more households renting with 27.6 per cent of household renting in the private markets compared to 27.6 in Greater Sydney. Between 2011 and 2016 Censuses, the number of households renting was increasing and there was a slight decline in the number of households with a mortgage.

The City of Sydney's Housing Tenure data provides insights into its socio-economic status as well as the role it plays in the housing market. For example, a high concentration of private renters may indicate a transient area attractive to young singles and couples, while a concentration of home owners indicates a more settled area with mature families and empty-nesters (Household Summary). Tenure can also reflect built form (Dwelling Type), with a significantly higher share of renters in high density housing and a substantially larger proportion of home-owners in separate houses, although this is not always the case.

¹³ <https://profile.id.com.au/sydney/household-size?WebID=10&EndYear=2011&DataType=EN&BMID=20>

¹⁴ <https://profile.id.com.au/sydney/household-size?WebID=10&EndYear=2011&DataType=EN&BMID=20>

In conjunction with other socio-economic status indicators in the City of Sydney, Tenure data is useful for analysing housing markets, housing affordability and identifying public housing areas.

3.4.4 Housing suitability

The ABS produces 'housing suitability' data that relates to the number of residents, their relationships and the number of bedrooms in a dwelling. This data is compared to provide a general estimate of how many spare bedrooms or how many extra bedrooms are required in a dwelling. The data provides a metric for understanding overcrowding, however, it is limited by the assumptions made to determine when a bedroom is required. The assumptions are:

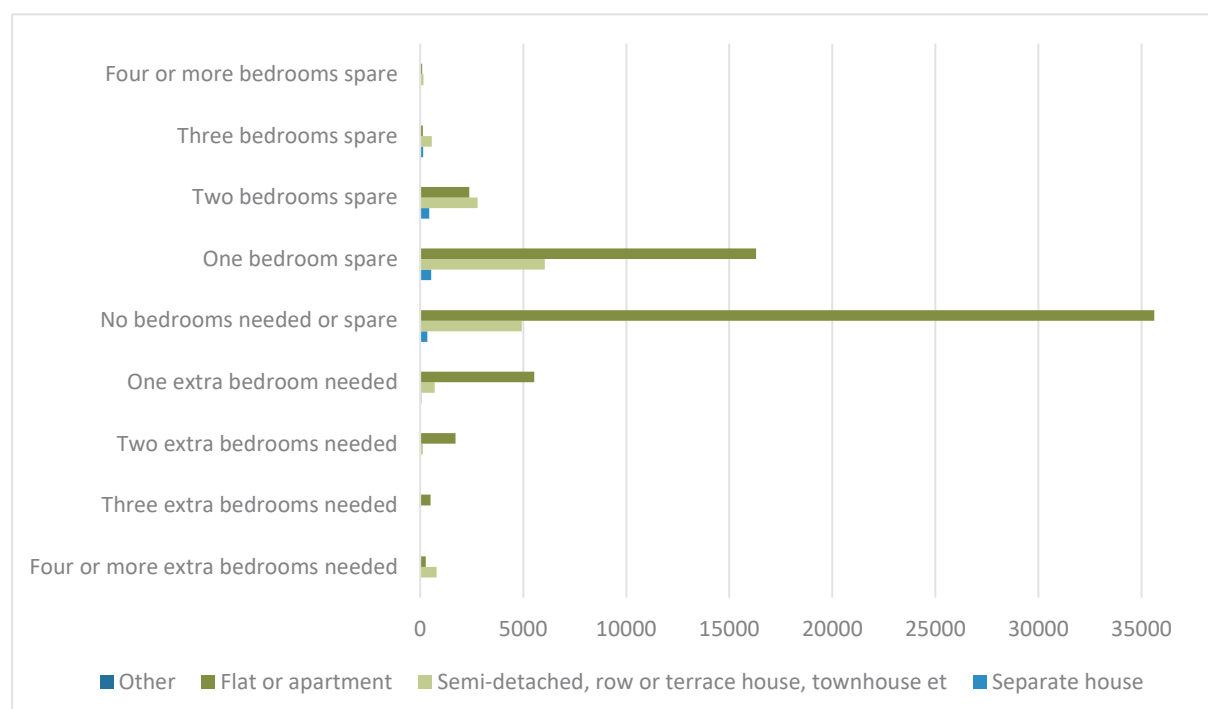
- There should be no more than two persons per bedroom
- Children less than five years of age of different sexes may reasonably share a bedroom
- Children less than 18 years of age and of the same sex may reasonably share a bedroom
- Single household members 18 years and over should have a separate bedroom, as should parents or couples, and
- A lone person household may reasonably occupy a bed sitter or one-bedroom dwelling.

The data overwhelming shows that homes which have no bedrooms needed or spare with a large representation of flats and terraces with one spare bedroom. The area has a low representation of separate dwelling homes with most homes being flat/apartments or semi-detached, row or terrace houses. There is unlikely to be a large degree of surplus bedrooms in semi-detached, row or terrace houses, or townhouses due to the smaller form these medium density housing types take.

Only a small portion of housing stock appears to not have suitable capacity of bedroom for the current population most likely due to the popularity of the area for 20to 39 year old's who are less likely to require rooms for dependents.

A summary of the housing suitability findings for City of Sydney is shown in Figure 7.

Figure 7: Number of needed or spare bedrooms by dwelling type, Sydney LGA, 2016

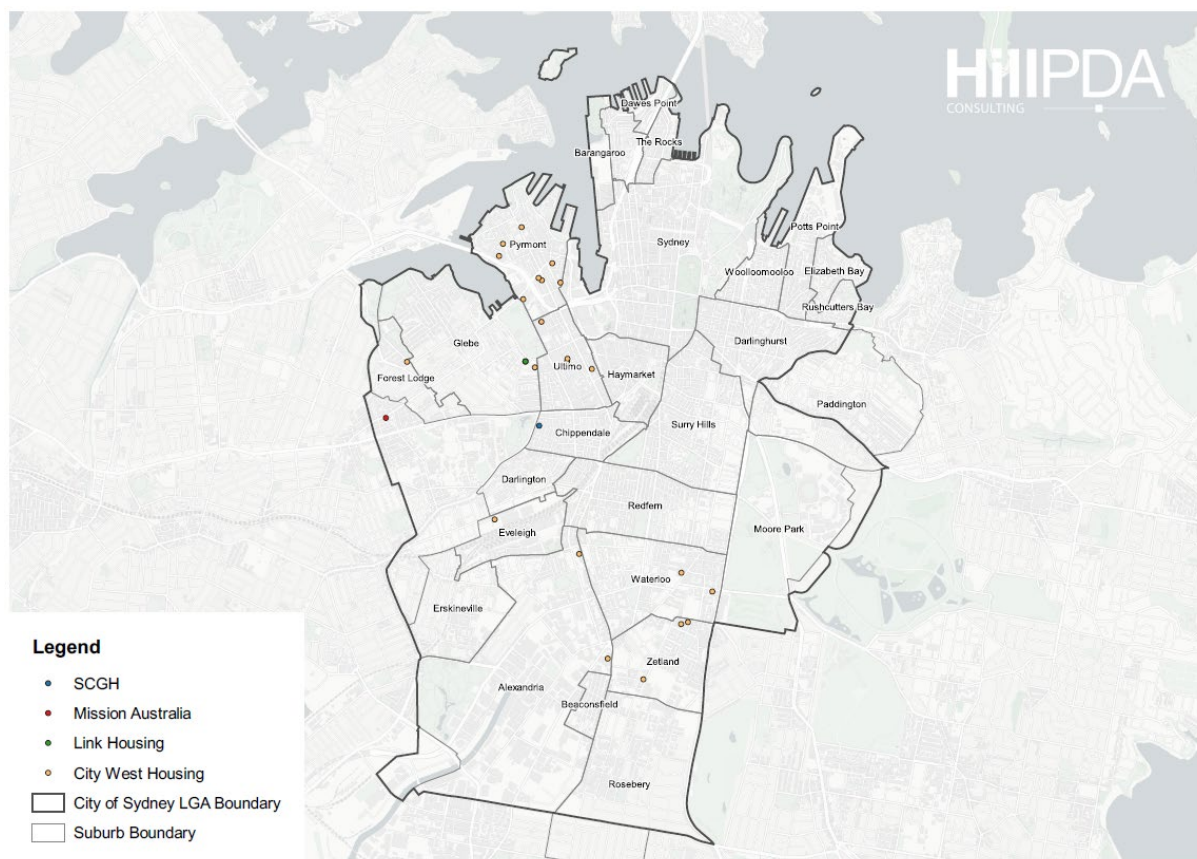


Source: ABS Tablebuilder 2016

3.4.5 Current affordable housing supply

The distribution of the affordable housing supply in the Sydney LGA is shown in Figure 8. As shown in the figure, the distribution of affordable housing is located primarily in the Ultimo/Pymont and the Waterloo/Zetland areas. This is reflective of the current affordable housing schemes in operation, which focus on those areas. Affordable housing is primarily provided by City West Housing, which focuses on unit-style development. Link Housing, SCGH and Mission Australia are also community housing providers active in the area, focusing on a mix of dwelling houses, individual units and whole-building affordable housing developments. Noting the sensitivity and anonymity issues related to disclosing the details of affordable housing assets, HillPDA has identified approximately 30 affordable housing development in the Sydney LGA, with around 900 individual units identified.

Figure 8: Affordable housing distribution



3.5 Housing affordability

As reported in the Demographics Report, the rising population and a growing desire from more affluent households to live close to inner city Sydney is having an impact on house prices and rents. The median property price has doubled in the last decade and the median rent increased by 30 per cent before levelling off due to the completion of some major high density developments. The impact of COVID on the inner city has led to a weakening of the market in 2020. This section describes how the housing market is changing and what factors are driving the change.

3.5.1 Mortgage repayments

Analysis of the monthly housing loan repayments of households in the City of Sydney compared to Greater Sydney in 2016 shows that there was a larger proportion of households paying high mortgage repayments (\$2,600 per month or more), and a smaller proportion of households with low mortgage repayments (less than

\$1,200 per month). Overall, 44.9 per cent of households were paying high mortgage repayments, and 15.0 per cent were paying low repayments, compared with 36.5 per cent and 17.3 per cent respectively in Greater Sydney.

Figure 9: Monthly housing loan repayments, Sydney LGA, 2016



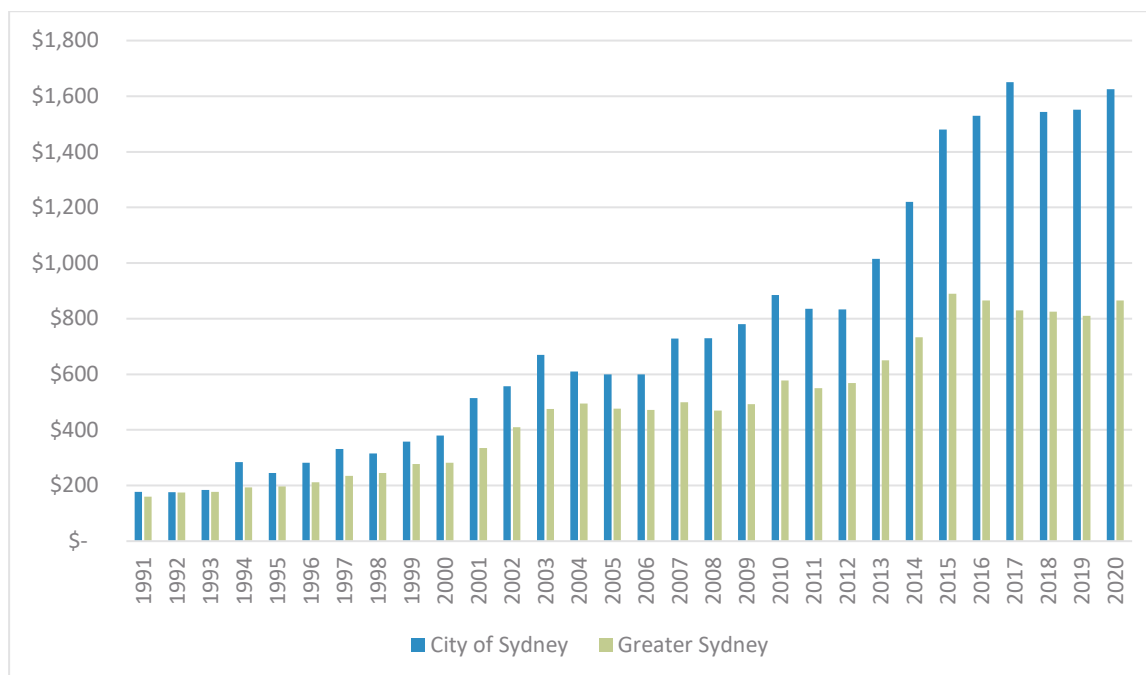
Source: .id City of Sydney Community profile

3.5.2 Median sale value growth for non-strata dwellings

The median sale value for non-strata dwellings within Sydney LGA has increased from \$177,000 to \$1,625,000 between 1991 and 2020. This is an increase of \$1.45 million, or over 800 per cent over the period. . This represents an annual compound growth rate of approximately 7.95 per cent. In comparison, the median for Greater Sydney has increased from \$160,000 to \$866,000 during the same period. This is an increase of \$706,000 or about 440 per cent. This represents an annual compound growth rate of approximately 6 per cent.

In 1991 there was only a \$17,000 or 11 per cent difference in the median price between Sydney LGA and Greater Sydney, with the Sydney LGA being the higher value. However, the difference has increased to \$759,000, with the Sydney LGA median price being about 88 per cent higher than Greater Sydney's median. This is shown in Figure 10 below.

Figure 10: Non-strata median sale values 1991 to 2020 (\$,000)



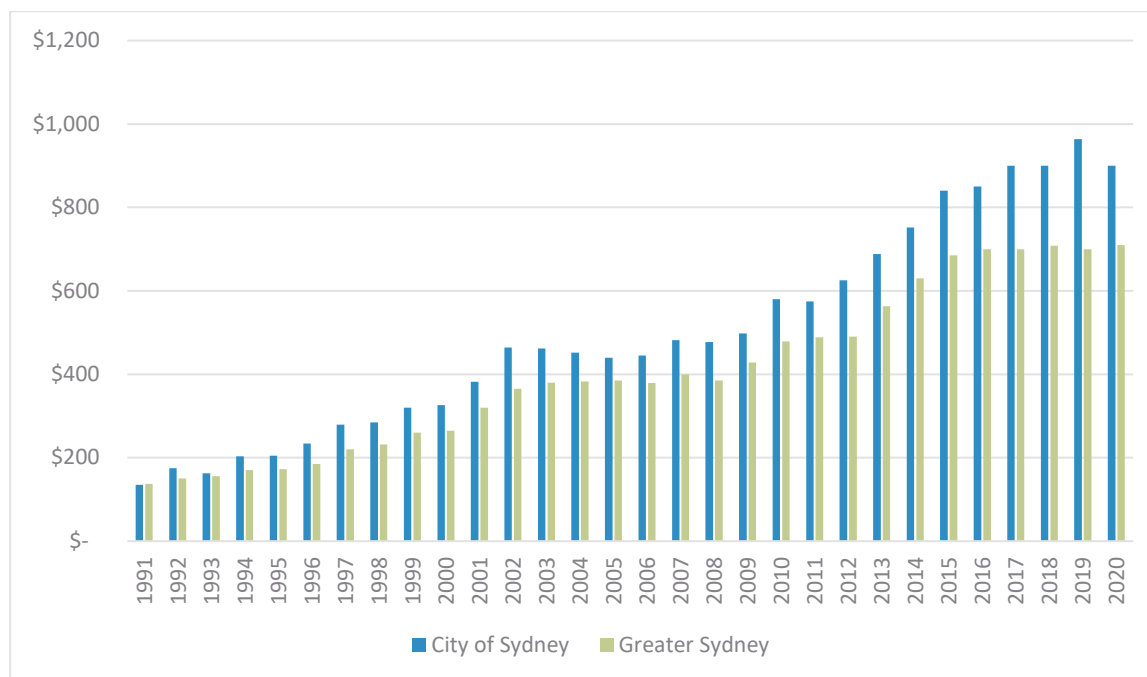
Source: NSW Department of Housing & HillPDA – September of each year

3.5.3 Median sale value growth for strata dwellings

The median sale value non-strata dwellings within Sydney LGA has increased from \$135,000 to \$900,000 between 1991 and 2020. This is an increase of \$765,000, or about 560 per cent over the period. This represents an annual compound growth rate of approximately 6.76 per cent. In comparison, the median for Greater Sydney has increased from \$137,000 to \$710,000 during the same period. This is an increase of \$573,000 or about 420 per cent. This represents an annual compound growth rate of approximately 5.84 per cent.

In 1991 there was only a \$2,000 or 1 per cent difference in the median price between Sydney LGA and Greater Sydney, with Greater Sydney having a higher median price. Since that time, the Sydney LGA median price has become the higher value, with the difference being \$190,000 or about 28 per cent higher. This is shown in Figure 11 below.

Figure 11: Strata median sale values 1991 to 2020 (\$,000)



Source: NSW Department of Housing & HillPDA – September of each year

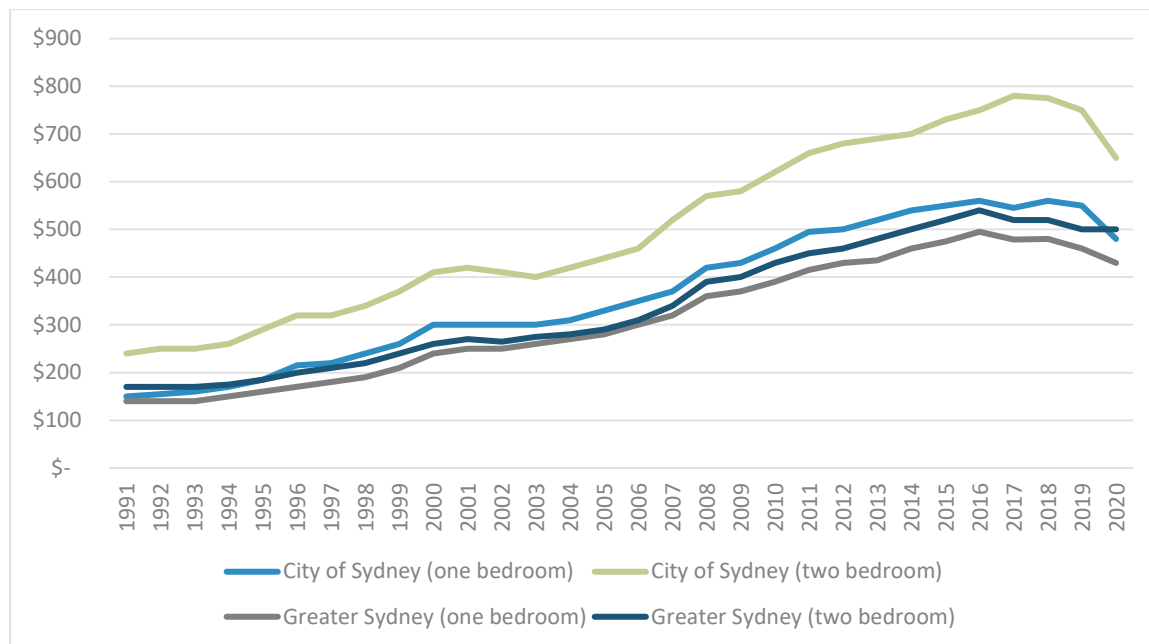
3.5.4 Apartment weekly median rental value growth

Changes in apartment weekly median rental values in the Sydney LGA and Greater between 1991 and 2020, based on number of bedrooms, are shown in Figure 12. Key findings include:

- One bedroom value:
 - Sydney LGA: Increase from \$150/wk to \$480/wk (\$330/220 per cent increase)
 - Greater Sydney: Increase from \$140/wk to \$430/wk (\$290/210 per cent increase)
- Two bedroom value:
 - Sydney LGA: Increase from \$240/wk to \$650/wk (\$410/170 per cent increase)
 - Greater Sydney: Increase from \$170/wk to \$500/wk (\$330/190 per cent increase)

The above reveals that as of 2020, the median rent for a one bedroom apartment within Sydney LGA was \$50/week or 17 per cent higher than that recorded across Greater Sydney, while the median rent for a two bedroom apartment within Sydney LGA was \$150/week or 45 per cent higher than that recorded across Greater Sydney.

Figure 12: Apartment weekly rental growth 1991-2020



Source: NSW Department of Housing & HillPDA – September of each year

With the exception of recent changes since 2018, the above reveals a consistent increase in the median price of housing across housing sizes. This is likely to be due to constant (and growing) demand for property in the Sydney LGA as a consequence of its desirability as a place to live as well as generally more expensive new product being brought onto the market, compared to more historic stock. Trends since 2018 may be reflective of increased competition throughout the LGA and other inner and middle ring suburbs more generally as more transit-oriented development has come online, placing a downward pressure on local prices.

3.5.5 Average annual rents

In 2016, average rents in the study area were around \$1,150 per annum lower than that recorded in the wider City of Sydney. However, over the next ten years average rents increased at a faster rate in the study area, becoming comparable with that across the City of Sydney in 2016.

Figure 13: Weekly housing rental payments, 2016 Sydney LGA



Source: .ID community housing profiles

3.5.6 Market trends

This section summarises the implications of trends in housing supply, housing costs and income for owner occupiers, investors and tenants.

Tenants

- Tenants are increasingly being squeezed out of the Sydney LGA's periphery markets, especially in terrace houses and large apartments by owner - occupiers
- There is a major gap between tenants in the CBD, who are attracted to small one bedroom and studio apartments and tenants in other suburbs who are after broader range of dwelling types including 2, 3 and 4 bedroom dwellings
- Investors are increasingly looking to rent out smaller apartments of less than 50sqm which have a higher yield. Owner-occupiers on the other hand are increasingly purchasing dwellings with 2 and 3+ bedrooms
- Rental growth has been especially strong in the CBD, where the \$/per square metre rate is considerably higher than in outer villages of the Sydney LGA.

Investors

- 20-40 per cent of the purchasing market are investors whose interest is generally spread throughout the Sydney LGA
- Local investor interest is concentrated in village centres and the southern areas from Redfern to Alexandria whilst offshore investment is heavily concentrated around the CBD with particular demand for smaller dwellings from 40-60sqm
- Dwellings at a lower price point attract strong investor interest, especially those with small internal living areas.

Owner occupiers

- The owner occupier market is split between first homeowners, established residents upsizing or downsizing and high net worth individuals looking for executive inner city living
- First homeowners are overwhelmingly interested in 1 and 2 bedroom apartments
- Upsizers and downsizers have a preference for two and 3 bedroom units with greater interest for higher value precincts
- High net worth individuals and households make up a sub-sector of the market and are interested primarily in larger semi-detached or executive apartments, generally near the harbour with a floorplate of greater than 90sqm
- Agents confirmed there is generally high demand for, yet low supply of town houses and semi-detached dwellings in the Sydney LGA. This is partially due to a lack of significant new supply of these dwelling types whilst demand has remained relatively constant. This market does not detract from the very significant demand for 1 bedroom dwellings.

3.5.7 Demand for affordable housing

NSW Family and Community Services outline the eligibility criteria for affordable housing in their 2019/20 *NSW Affordable Housing Ministerial Guidelines*. In this document household income is the defining criteria for affordable housing eligibility, with the median income for Greater Sydney used as a benchmark.

The 2019/20 Guidelines define affordable housing for very low, low, and moderate income households. These categories have been applied to this analysis and are as follows:

- Very low-income household – less than 50 per cent of median household income for Sydney or rest of NSW as applicable
- Low-income household – 50 per cent or more but less than 80 per cent of median household income for Sydney or rest of NSW as applicable
- Moderate income household – 80 – 120 per cent of median household income for Sydney or rest of NSW as applicable.

Table 5 identifies the 2016 median household income in Greater Sydney, according to the ABS. Based on this estimated household income the affordable housing thresholds have been calculated below.

Table 5: Household income and affordability Greater Sydney (2016)

Category	Upper threshold of category	Household income	
		Weekly	Yearly
Median income in Greater Sydney		\$1,926	\$100,345
Very low household income in Greater Sydney	\$963	\$963	\$50,172
Low household income in Greater Sydney	\$1,541	\$1,541	\$80,276
Moderate income household in Greater Sydney	\$2,311	\$2,311	\$120,414

Source: ABS, Cat. 6401.0 Consumer Price Index, Australia; HillPDA

Very low income household affordability

A very low income household within Sydney LGA, that is, a household that earns 50 per cent of the Greater Sydney median could afford to pay \$289/week¹⁵ on rental repayments in 2016 (Table 6).

This was only 52 per cent of the amount required for a one bedroom apartment in Sydney LGA (median market rent) and 39 per cent of the amount required for a two bedroom apartment (median market rent).

For a very low income household to pay market rent for a one bedroom apartment (\$560/week) they would need to apportion 58 per cent of their income (\$50,172/annum) towards rent. 77 per cent of their household income (\$50,172/annum) would be needed to pay market rent for a two bedroom apartment (\$750/week).

Table 6: Very low income household profile

2016	Very low household income in Greater Sydney	
Greater Sydney median household income (2016)	\$100,345	
Very low household income (50% of median)	\$50,172	
Rental affordability of median household income (30% of weekly household income)	\$289	
	1 bedroom apartment	2 bedroom apartment
Market rent (Sydney LGA)	\$560	\$750
Proportion of market rent household could afford	52%	39%
Proportion of household income required to afford market rate	58%	77%

Source: HillPDA, adapted from ABS data

¹⁵ 30% of annual income directed towards rental repayment

Low income household affordability against Greater Sydney median

A low income household within Sydney LGA, that is, a household that earns 80 per cent of the Greater Sydney median could afford to pay \$463/week¹⁶ on rental repayments in 2016 (Table 7).

This was 93 per cent of the amount required for a one bedroom apartment in Sydney LGA (median market rent) and 62 per cent of the amount required for a two bedroom apartment (median market rent).

For a low income household to pay market rent for a one bedroom apartment (\$560/week) they would need to apportion 36 per cent of their income (\$80,276/annum) towards rent. Forty-nine per cent of their household income (\$80,276/annum) would be needed to pay market rent for a two bedroom apartment (\$750/week).

Table 7: Low income households

2016	Low household income in Greater Sydney	
Greater Sydney median household income (2016)	\$100,345	
Low household income (80% of median)	\$80,276	
Rental affordability of median household income (30% of weekly household income)	\$463	
	1 bedroom apartment	2 bedroom apartment
Market rent (Sydney LGA)	\$560	\$750
Proportion of market rent household could afford	83%	62%
Proportion of household income required to afford market rate	36%	49%

Source: HillPDA, adapted from ABS data

Moderate income households

A moderate income household within Sydney LGA, that is, a household that earns 120 per cent of the Greater Sydney median could afford to pay \$695/week¹⁷ on rental repayments in 2016 (Table 8).

This was 124 per cent of the amount required for a one bedroom apartment in Sydney LGA (median market rent) and 93 per cent of the amount required for a two bedroom apartment (median market rent).

For a moderate income household to pay market rent for a one bedroom apartment (\$560/week) they would need to proportion twenty-four per cent of their income (\$120,414/annum) towards rent. Thirty-two per cent of their household income (\$120,414/annum) would be needed to pay market rent for a two bedroom apartment (\$750/week).

¹⁶ 30% of annual income directed towards rental repayment

¹⁷ 30% of annual income directed towards rental repayment

Table 8: Moderate income households

2016	Moderate household income in Greater Sydney	
Greater Sydney median household income (2016)	\$100,345	
Moderate household income (120% of median)	\$120,414	
Rental affordability of median household income (30% of weekly household income)	\$695	
	1 bedroom apartment	2 bedroom apartment
Market rent (Sydney LGA)	\$560	\$750
Proportion of market rent household could afford	124%	93%
Proportion of household income required to afford market rate	24%	32%

Source: HillPDA, adapted from ABS data

3.5.8 Rental housing stress

Housing stress is a metric used to describe a situation where the cost of housing is high relative to the household income. As a rule of thumb, housing stress is defined as where a household's rent or mortgage repayments are 30 per cent or more of gross household income.¹⁸ People on lower incomes may be priced out of the rental market in the City of Sydney given the high price of rents relative to income.

To assess the ability of very low income and low income households to meet the median rental repayment for the City of Sydney, the following methodology was applied:

1. Identified median household income for Greater Sydney
2. Multiplied those household incomes by 30 per cent and divided by 52 to calculate the weekly rent that households can reasonably afford to pay without experiencing housing stress
3. Compared Step 2 to the comparable LGA market rent in that year.

A very low income household within City of Sydney, that is, a household that earns 50 per cent of the Greater Sydney median could afford to pay \$269/week¹⁹ on rental repayments in 2018. This was 48 per cent of the median market rent for a one bedroom apartment in City of Sydney and 34 per cent of market rent for a two bedroom apartment.

For a very low income household to pay market rent for a one bedroom apartment they would need to proportion 63 per cent of their income towards rent. While 87 per cent of their household income would be needed to pay market rent for a two bedroom apartment.

This is shown in Table 9 below:

¹⁸ NSW Affordable Housing Ministerial Guidelines 2016-2017

¹⁹ 30% of annual income directed towards rental repayment

Table 9: Very low-income band household affordability against Greater Sydney median household income

Year	Median household income (year)	Very Low household income at 50%	Rental affordability at 50% of median household income	1 bedroom apartment market rent (City of Sydney)	Rental affordability as proportion of market rent	2 bedroom apartment market rent (City of Sydney)	Rental affordability as proportion of market rent
2011	\$75,389	\$37,694	\$217	\$495	44%	\$660	33%
2012	\$76,694	\$38,347	\$221	\$500	44%	\$680	32%
2013	\$78,843	\$39,422	\$227	\$520	44%	\$690	33%
2014	\$81,070	\$40,535	\$233	\$540	43%	\$700	33%
2015	\$82,375	\$41,187	\$237	\$550	43%	\$730	32%
2016	\$83,450	\$41,725	\$240	\$560	43%	\$750	32%
2017	\$85,750	\$42,900	\$247	\$575	43%	\$780	32%
2018	\$93,375	\$46,700	\$269	\$565	48%	\$780	34%

Source: ABS and HillPDA

A low income household within City of Sydney, that is, a household that earns 80 per cent of the Greater Sydney median could afford to pay \$431/week²⁰ on rental repayments in 2015.

This was 76 per cent of the median market rent for a one bedroom apartment in City of Sydney and 55 per cent of market rent for a two bedroom apartment.

For a low income household to pay market rent for a one bedroom apartment they would need to proportion 39 per cent of their income towards rent. While 54 per cent of their household income would be needed to pay market rent for a two bedroom apartment. This is shown in Table 10:

Table 10: Low income band household affordability against Greater Sydney median household income

Year	Median household income (year)	Low household income at 80%	Rental affordability at 80% of median household income	1 bedroom apartment market rent (City of Sydney)	Rental affordability as proportion of market rent	2 bedroom apartment market rent (City of Sydney)	Rental affordability as proportion of market rent
2011	\$75,389	\$60,311	\$347	\$495	70%	\$660	53%
2012	\$76,694	\$61,355	\$353	\$500	71%	\$680	52%
2013	\$78,843	\$63,075	\$363	\$520	70%	\$690	53%
2014	\$81,070	\$64,856	\$373	\$540	69%	\$700	53%
2015	\$82,375	\$65,900	\$379	\$550	69%	\$730	52%
2016	\$83,450	\$66,760	\$384	\$560	69%	\$750	51%
2017	\$85,750	\$68,600	\$398	\$575	69%	\$780	51%
2018	\$93,375	\$74,700	\$431	\$565	76%	\$780	55%

Source: ABS, HillPDA

3.5.9 Social and economic consequences

With respect to population or demand side factors, the Sydney LGA is characterised by two notable trends:

²⁰ 30% of annual income directed towards rental repayment

- A growing divide between wealthy and poor households
- A continuing mismatch in age profile with Greater Sydney, which a high proportion of 20 to 39 year olds.

Similar to demand factors the Sydney LGAs supply of housing stock is also characterised by two overarching trends:

- A growing mismatch between demand and supply
- A growing disparity between affordability and cost.

This means that there is a growing attraction of inner city living to younger population, wealthier, professional family households with children and downsizers. This is further examined in Chapter 4 which looks at the population profile for Blackwattle Bay and surrounding area.

Sydney's affordability and diversity pressures are generating productivity losses arising from local labour market effects. These locational barriers reduce the depth of the potential labour force meaning that firms have a smaller number of potential applicants for positions. This spatial mismatch between homes and jobs contributes to urban congestion, furthering the housing and job distance imbalance. In addition to the environmental and economic costs of urban congestion, (with long commuting times also undermining productivity), it detracts from liveability.

Sydney's affordability and diversity pressures are making it increasingly difficult for essential employment sectors to fill vacancies and staff shifts. According to the City of Sydney in its *Review on Affordable Housing, 2017* (Planning Proposal), there are 49,500 essential workers (or key workers) across the public and private sectors currently working in the City. Public sector essential workers are estimated at 25,000, comprising 6.2% of the City's total workforce. This includes teachers, nurses, police, community service workers and ambulance and public transport workers²¹. Additionally, the City of Sydney has highlighted that jobs in hospitality, retail and tourism are essential for the functioning of a global city and are important service sectors, but ones that traditionally pays lower wages. Musicians and artists are also considered key workers who are essential to the social, economic and cultural vitality of the City and the City of Sydney is concerned that these workers are increasingly being squeezed out of the housing market.

A failure to provide a diversity of housing options generates productivity losses for the economy. Table 11 below summarises the social and economic issues arising from the lack of housing diversity and affordability.

Table 11: Summary of economic and social issues for cities from poor housing diversity

	Declining affordability
Economic issues from poor housing diversity	Low income households forced out of market.
	Loss of talent, essential and professional workers.
	Skilled labour shortages
	Reduced productivity, creativity, innovation.
Social issues from poor housing diversity	Rising inequalities within cities
	Increasing social disadvantage
	Loss of engagement and participation between people in a mixed community - social cohesion
	Loss of cultural vitality - artists and musicians
	Loss of social bonds/links - i.e. stay in an area longer; variety/diverse housing offers options for different life stages.
	Less safety, needs more police, greater investment in mental health etc.

Source: HillPDA

²¹ These figures have been collated from the 2011 ABS Census as part of the City's current investigations into affordable housing.

3.6 Consideration of housing needs, affordability and delivery

3.6.1 Reducing housing costs by reducing car parking requirements

Housing affordability has historically been declining in the Sydney LGA, as discussed in Section 3.5. Measures to reduce the cost of housing in the Study Area may provide improve affordability outcomes without the delivery of formal affordable housing. The Study Area is located in an area that is highly accessible by public transport with plans for a proposed Metro station in the area. This creates the potential to investigate reducing parking requirements in the Study Area. DPIE has previously noted that *'parking rates can be a significant driver for amalgamation. On sites with good public transport accessibility and limited opportunities for amalgamation, a reduction in parking rates should be considered.'* The marketability of units without parking spaces in Blackwattle Bay could be investigated.

The Apartment Design Guide also recommends reduced car parking requirements on:

- Sites that are within 800m of a railway station or light rail stop in the Sydney Metropolitan Area or
- Land zoned, and sites within 400m of land zoned, B3 Commercial Core, B4 Mixed Use or equivalent in a nominated regional centre.

The Study Area satisfies these requirements and as such, considerations should include an investigation of the impact of reduced parking requirements on the:

- Feasibility of development
- Marketability of apartment developments.

Alternative car parking options that could be considered may include:

- Reduction of residential car parking including no car parking for Studio and 1 bedroom apartments
- Shared residents/public car parks which allow residents to access the public car parking stations after hours with a security pass
- Car sharing spaces which allow people to hire cars within close proximity to their residences such as through car share operators include such as GoGet
- Bike Sharing station located in the Study Area, including the public realm.

The above investigations could inform the development of a parking strategy for the Study Area, with the goal of increasing the overall affordability of market rate housing.

3.6.2 A mix of dwelling sizes

The housing needs analysis identifies a strong and growing need for dwelling suited to young couples and single person households. The NSW Government's ADG encourage a range of apartment types and sizes is provided to cater for different household types now and into the future. The guideline states *flexible apartment configurations support diverse household types and stages of life including single person households, families, multi-generational families and group households*. Development at the Study Area should also support a diversity of housing types and sizes.

City of Sydney has previously introduced site specific controls in their DCP to encourage an appropriate dwelling mix. For example, the housing outcomes achieved through the redevelopment of Harold Park Raceway where largely determined by Sydney Development Control Plan (Harold Park) 2011. Section 5.5 sets out requirements of building typology, design and dwelling mix including:

(5) Development that creates more than 20 dwellings is to provide dwellings within the following proportional ranges:

(a) Studio dwellings – 5 to 10 per cent of total dwellings;

(b) 1-bedroom dwellings – 10 to 30 per cent of total dwellings;

(c) 2-bedroom dwellings – 40 to 75 per cent of total dwellings; and

(d) 3-bedroom dwellings or larger - 10 to 30 per cent of total dwellings.

In response to this format and the growth in lone person and smaller housings, a similar approach is recommended, with a larger mix of studio and one-bedroom units:

- Studio dwellings: 10 per cent
- 1 bedroom dwellings: 40 per cent
- 2 bedroom dwellings: 40 per cent
- 3+ bedroom dwellings: 10 per cent.

Planning controls that permit smaller affordable and/or market rate housing dwellings would allow for more affordable housing that otherwise could be achieved by increasing supply and introducing a housing type with a lower selling point.

3.6.3 Adaptable and universal dwellings

The Blackwattle Bay Catchment and Sydney LGA have an aging population and a significant population with a need for assistance. In the City of Sydney, 32.2 per cent of people reporting a need for assistance were in households who were purchasing or fully owned their home, 15.9 per cent were renting privately, and 45.4 per cent were in social housing in 2016. For people with a need for assistance due to a disability, housing needs may differ significantly in some areas from the general population.

As discussed in Section 1.5.4, adaptable and universal dwellings are different standards that seek to ensure that dwellings are able meet the changing needs of occupants over time. Adaptable dwellings are required to include design and engineering solutions that allow for dwellings to be modified for the purpose with minimal cost. Universal design is an international design philosophy that enables people to carry on living in the same home by ensuring apartments are able to change with the needs of the occupant. The NSW Government's Apartment Design Guideline recommends that developments achieve a benchmark of 20 per cent of the total apartments incorporating the Liveable Housing Guideline's silver level universal design features. It is also advantageous for universal housing to be located on the ground floor as it provides easier access to residents.

It is appropriate for adaptable and universal dwelling standards to apply to residential development in the Study area with the goal of promoting housing affordability within the housing type. In particular, including adaptable dwellings would increase the overall supply of the dwelling type, placing a downward pressure on adaptable dwellings in the wider market, while also normalising the delivery in the market overall. Universal dwellings would also serve this purpose, but do not benefit from the same Australian Standard requirements at this time, potentially resulting in uneven application of the Liveable Housing Guideline standards, unless design standards were set ahead of time, potentially through a DCP requirement.

3.6.4 Mixing tenures

Delivering a successful community on in the Study Area will require different tenures to be seamlessly integrated.

From a design and development perspective, this often hinges on the decision around the degree of integration of the market rate and affordable housing tenure categories. This section focuses on the integration between these housing types.

The way in which integration occurs has significant implications for the ongoing management and maintenance. There are a number of possible approaches to integrating affordable housing within a development. Common approaches and key considerations are outlined below.

3.6.4.1 Unit by unit

Unit by Unit mix of tenures disperses affordable and privately owned dwellings throughout a single building. The approach is also referred to as ‘salt and pepper.’ It is considered by some academics as the ‘optimum’ mix, where properties are indistinguishable from each other in terms of appearance and residents live side by side and share communal property. The approach offers a high degree of tenure mix. Table 12 sets out the various advantages and disadvantages of the approach.

Table 12: Considerations of a unit by unit approach to mixing tenures

Benefits	Challenges
<ul style="list-style-type: none"> Higher likelihood of high quality construction due to tenure blind nature of the build process High degree of integration, encouraging for expanded networks across demographics Sharing of benefits associated with social advantage Reduced impacts associated with high concentration of social and affordable housing 	<ul style="list-style-type: none"> Developers may fear that marketability of private dwellings may be difficult due to the presence of affordable housing tenants, although this can be reduced through tenure blind development Affordable housing providers have reported they have less control over design and the standard of housing, despite intentions for a tenure blind development at the outset Dwellings would be located in various strata and (perhaps) community title schemes necessitating an obligation to pay strata fees for social and affordable housing Increased management costs due to the dispersal of dwellings and to maintenance and repairs of common property (which may include pools, highly landscaped areas and the like) Would require involvement of a community housing provider in a Body Corporate for each building.

In general, developers are reluctant to support this approach due to perceptions regarding the implications for marketability and returns. Assuming the perception reflects reality, reduced marketability would impact on the feasibility of overall development. Regardless, the approach has potential for increased development and ongoing management and maintenance costs for community housing providers due to the complexity of mixed private and affordable housing management requirements.

3.6.4.2 Floor by floor

The floor by floor approach to tenure mix allows groupings of tenures within a building. This approach is also referred to as a “stacked approach” as tenures are typically grouped by floor (e.g. social housing on levels 1-3, affordable housing on levels 3-4 and private housing above). Consideration could be given to locating affordable housing within a single podium in the Study Area.

Table 13: Considerations of a floor by floor approach to mixing tenures

Benefits	Challenges
<ul style="list-style-type: none"> Residents of the same tenure live together on determined floors within the same building allowing existing support networks to be maintained As the affordable housing occupies part of a stratum arrangement there are less onerous obligations than strata schemes Community housing providers may be able to control the design and standard of their dwellings within their respective stratum Significant tenure mix is achieved although not integrated as unit by unit above 	<ul style="list-style-type: none"> Perceptions regarding marketability of private apartments may still be an issue due to the presence of affordable housing tenants within the same building There is potential for increased construction costs if additional, separate lift cores and separate entrances are provided Potential for separate sections of buildings may result in reduced access to amenities and facilities Increased management costs due to stratum arrangement (strata management statement) Management and sharing of communal open space can be contentious

- There is some concentration of social and affordable housing tenants in comparison to unit by unit above, although the potential for negative implication is not known.

The approach can lead to conflicts between tenure groups if private communal space and facilities are provided for private residents only and not made available to affordable housing tenants, leading to an increase in perceived social disadvantage. Locating affordable housing tenants on lower floors may also lead to increase in perceived social disadvantage, although this may be necessary to allow the development to benefit from the higher sales value of upper levels which can be used to finance the affordable housing. To minimise the potential for conflict, communal/internal spaces should be equitable in access and maintained to consistent standards. This can lead to a higher management and maintenance costs for the community housing provider.

3.6.4.3 Building by building

A building by building approach allows grouping of tenures in different buildings to achieve a mix across a site, although each building may contain a single tenure group. This approach has most commonly been adopted by Land and Housing Corporation in its redevelopment of social housing estates into mixed tenure neighbourhoods. This approach has been favoured in part, because it minimises maintenance and management costs.

Table 14: Considerations of a building by building approach to mixing tenures

Benefits	Challenges
<ul style="list-style-type: none"> • Tenure mix still achieved across a site • Developers more likely to support this approach because the separation of tenures is easier to explain allocation of funding/finance can be more straightforward • Social and affordable housing is not part of a strata scheme with private owners (excepting in a situation of shared basement and communal open space) • A community housing provider is able to determine dwelling design/size of apartments and fit out dwellings • Lower management costs for the affordable housing buildings in comparison to the approaches described above • The risk of management difficulties is minimised. 	<ul style="list-style-type: none"> • Tenure mix is achieved although with less integration than the above approaches • Managing shared communal open space can be challenging given competing needs and uses by different tenure groups • Risk of incorporation of different qualities of amenities and facilities between tenure types • May be part of a strata/community management scheme if communal (private) open space is available to all residents (market and private) and basement is shared

Of all approaches examined, the building by building approach presents the lowest level of risk and offers the great control for a community housing providers to deliver a cost effective product.

The most challenging aspect of the approach relates to the use of public areas and communal open space, potentially resulting in increased management costs if the community housing providers has to contribute to management/maintenance of open space. Careful design for communal open space is required to avoid perceived social disadvantage, particularly if social and affordable housing tenants are denied access to communal facilities.

Further, dedication of an entire building has the potential to realise significant opportunity costs. A new building would result in additional setbacks, a lower development yield than surrounding lands and other design related issues. The potential fragmentation of the study area resulting from the implementation of a building by building approach within the study area would likely have a major impact on development yield and a reduction in the quantity or quality of solar access, open space and similar public amenities.

3.6.5 Strata fees and ongoing maintenance costs

The waterfront location of the Study Area will attract high quality development at the upper end of the market with substantial strata fees. High strata fees and high dwelling maintenance costs can make these types of dwelling ineffective for a community housing provider to maintain and operate. A review of strata fees associated with units with similar waterfront qualities has revealed that quarterly strata fees generally range as follows:

- One bedroom: \$1,300 to \$2,700
- Two bedroom: \$1,900 to \$3,500
- Three bedroom: \$3,000 to \$6,000.

The highest strata fees are associated with new builds in the Barangaroo area. Ultimately, strata fees would be reflective of the level of amenity and ongoing maintenance costs associated with the developments. While community housing providers may be able to negotiate lower strata fees, they are likely to remain relatively high and an ongoing cost burden. Given the limits associated with affordable housing rents, this represents a real risk that community housing providers would not be able to feasibly operate affordable housing units in the Study Area if highly integrated with market rate housing.

Dwellings provided on-site as part of tenure-blind and highly integrated development are also at a higher risk of not being built to the community housing provider's standards. This may take the form of high cost fittings and finishes, reduced robustness and other factors that would increase maintenance frequency and cost.

As an alternative, a cash contribution reflective of the value of the floorspace associated with affordable housing could provide a greater number of affordable dwellings in nearby areas. These may be provided as lower priced dwellings purchased by the community housing provider or as contributions to purpose-built housing led by a community housing provider focused developer. As such, cash contributions to community housing providers Blackwattle Bay has the potential to result in more and more sustainable affordable housing than the dedication of dwellings in the Study Area.

3.6.6 Management of affordable rental housing

Under Section 7.32 of EP&A Act, titles for dedicated affordable housing and/or monetary contributions are usually transferred to consent authorities. It is common practice for councils to outsource the day to day management of the properties. These arrangements are often guided by an adopted council policy/program. In the case of City of Sydney, rather than holding affordable housing, land is transferred to community housing providers.

A non-profit housing organisation has been set up by the State Government, known as City West Housing Pty Ltd to originally manage and deliver affordable housing in the Ultimo Pyrmont area and now for Green Square. The process for collection and payment of affordable housing contributions is shown in Appendix 1. City West Housing is incorporated under the Corporation Law and is independent from, but still accountable to the Government. The Company has an expertise-based Board and is able to manage additional affordable housing stock.

City West Housing does not receive any ongoing funding from Government and therefore relies on developer contributions to deliver affordable housing. Developers can either provide their contribution through a cash contribution or in-kind. It should be noted that the dwellings delivered through this program are held in perpetuity and any money collected must be used for the purposes of affordable housing. Dwellings in the future may be sold but again the proceeds must be used for the purposes of affordable housing.

At present City West Housing is the preferred community housing provider for the affordable rental stock delivered from development in the City of Sydney, as discussed in Section 3.4.5. The City of Sydney has identified

that before adding more community housing providers a strategy will need to be developed for how funds would be divided amongst multiple providers.

3.7 Implications

The following have been identified as key matters:

- The population profile for Blackwattle Bay catchment is reflective of the City of Sydney population profile (ABS 2016)
- Retaining and/or improving housing choice within the study area and City of Sydney is a real and growing challenge for lower income earners
- Whilst historically a range of factors have enabled a diversity of dwelling and household types to be located within the City of Sydney (lower entry costs etc.), its growing attraction as a place to live is increasing property prices which in turn increases barriers to affordability and therefore diversity
- People on very low or low incomes cannot afford to rent a 1 or 2 bedroom apartment in the City of Sydney. People on a moderate income could afford a 1 bedroom but not a 2 bedroom apartment
- The household types that would be able to afford a 1 or 2 bedroom dwelling in the City of Sydney would be more affluent increasing the proportion of residents in the higher income bands at the expense of those in the lower. As a result these new residents are also more likely to be middle aged and higher income earning residents at the expense of a younger population
- This lack of affordable rental housing has the effect of skewing the population of the City of Sydney where very low to low income households are denied entry to living in the area. This has the knock on effect of reducing a socially diverse and healthy community and access to key workers. In addition, this may result in the following costs to business and the wider community:²²
 - Local industry will face additional costs with consequent impacts on competitiveness (e.g. job retention, recruitments costs etc.)
 - Workers face additional costs in the form of transport or housing, resulting in a fall of disposable income
 - There is a significant net migration out of the area of younger people. This age cohort is tending to leave family, friends and community networks to move to areas with lower priced housing and better access to jobs, education and entertainment
 - Workers may change their place of work to be closer to home, further reducing the labour force pool available to support the local economy and community.
- Effectively, very low and low income households are locked out of the rental housing market in the City of Sydney.
- An approach to delivering affordable housing that enables an appearance of equity in housing across tenures can help remove the stigma associated with affordable housing
- A building by building approach which clusters affordable housing within a single building but achieves a mix of tenure across the Study Area is the most acceptable on-site option. It offers fewer risks and can deliver better housing outcomes to affordable housing tenants and community housing providers because:
 - The approach has been accepted by developers, most recently at Ivanhoe Estate, and presents fewer risks in terms of potential for social housing to detract from market housing
 - The approach enables lower maintenance and management costs compared to the unit by unit approach
 - It avoids the complications of strata dwellings such as the need for affordable housing providers to participate in body corporate arrangements and to pay regular fees to the body corporate which are likely to be high given the waterfront location of the development.
- Cash contributions to community housing providers Blackwattle Bay has the potential to result in more and more sustainable affordable housing than the dedication of dwellings in the Study Area.

²² Affordable Housing Discussion Paper and Action Plan, Warringah Council, Nov 2015

DELIVERING HOUSING DIVERSITY

4.0 AFFORDABLE HOUSING MECHANISMS AND MODELS

Housing diversity relates to not only an adequate supply but also a suitable mix of housing types, tenures, sizes and price points which collectively create diverse and balanced communities as well as quality lifestyles.

This section considers mechanisms and models for delivery of affordable housing and the feasibility of those mechanisms and models as they relate to the Blackwattle Bay SSP.

4.1 Affordable housing

Affordable housing in NSW has been developed in a range of ways and funded through a mix of sources including government (local/State/Commonwealth) grant or land contributions, planning incentives, philanthropic sources, community housing provider equity contributions and from finance secured against assets owned by community housing providers. Mechanisms for delivering affordable housing in Blackwattle Bay are outlined below.

4.1.1 Inclusionary zoning

Inclusionary zoning is where a planning instrument requires development within a designated zone or area to make a contribution towards supplying affordable housing according via:

- A prescribed per centage of the affordable housing development or
- A financial contribution to offset the impact of a project on affordable housing demand or supply or
- Variations to planning rules, such as an increase in height or FSR, in return for affordable housing.

An inclusionary zoning for Blackwattle Bay Study Area would set a statutory requirement for a percentage of dwellings or GFA on the site to be affordable housing. Development would then be required to include the specified proportion of dwellings or GFA as affordable dwellings (typically specified as a percentage of all dwellings). The affordable dwellings would be dedicated to a consent authority or other organisation to be made available to low to moderate income households. The developer could opt to provide a cash contribution in lieu of providing a portion or all of the required dwellings on-site.

Inclusionary zonings have been in operation in Sydney, Waverley and Willoughby Local Government Areas. This approach has also become widely used in the United Kingdom and United States. The approach has been very effective in achieving affordable housing delivery.

4.1.1.1 Current affordable housing scheme

The City of Sydney has an inclusionary zoning in place for Ultimo Pyrmont via the Sydney LEP 2012 which enables an affordable housing contribution a contribution as follows:

- 0.8 per cent of the total floor area of the development that is intended to be used for residential purposes; and
- 1.1 per cent of the total floor area that is not intended to be used for residential purposes.

Under the current *Revised City West Affordable Housing Program*, an alternative monetary contribution is permitted. As of February 2020, the rates are \$31.90/sqm of total residential area and \$45.84/sqm of total non-residential floor area. These rates apply to the development as a whole, not the 0.8 and 1.1 contribution rates identified above.

Using the Sydney LEP 2012 and *Revised City West Affordable Housing Program*, the contributions that could potentially be generated under the Precinct Plan would be:

- 2,175 sqm of affordable housing; or
- Approximately \$8.9m in monetary contributions towards affordable housing.

The affordable housing contribution represents approximately 1.7 per cent of the total residential floorspace under the Precinct Plan.

This mechanism reflects current and long standing adopted affordable housing policy in the area. It would be the minimum provision that would be planned for in the Study Area and therefore has a high feasibility of resulting in affordable housing provision via monetary contributions. In-kind contributions in the form of floorspace within developments would have a moderate feasibility, given the complexities associated with mixing tenures discussed in Section 3.6.4.

4.1.1.2 Affordable Housing Planning Proposal

The Affordable Housing Planning Proposal, discussed in Section 2.3.6, initially proposed a value-capture mechanism for affordable housing across the City. The Planning Proposal (as exhibited) proposed that 12% of any GFA uplift associated with new planning proposals be provided as affordable housing. This mechanism was not reflected in the amendment.

The Planning Proposal also sought a standard monetary contribution rate for the entire Sydney LGA of \$9,788/sqm (as of 2017) for affordable housing GFA. HillPDA understands after indexation, the current rate would be \$10,588/sqm. The finalised amendment did not apply this rate to the Ultimo-Pyrmont area.

As the Affordable Housing Planning Proposal does not change the floorspace or monetary contribution rates for the Study Area, it does not reflect a different affordable housing outcome for the Study Area beyond that described in section 4.1.1.1.

4.1.1.3 Alternative site specific rates

The GSC has stated that targets generally in the range of 5 to 10 per cent of new residential floor space are viable when a planning proposal increases residential capacity. The GSC further note that other key parameters for the successful implementation of Affordable Rental Housing Targets have been identified, such as the consideration of charges for essential local and state infrastructure so that communities do not forgo local amenity and services from development contributions. Table 15 establishes a baseline for how large government and private sector projects have delivered against this GSC target. While that these projects and data do not strictly align with the above mentioned target (some consist of development applications, not planning proposals, and data is provided as units, not GFA), they provide an understanding of contemporary affordable housing provision via major developments.

Table 15: Affordable housing contribution baseline

Development	Total units	Affordable housing units	Affordable housing (%)
Ivanhoe Estate Redevelopment (Full concept)	3,300	128	3.9
Waterloo Metro Quarter (2019 Concept Plan)	700	35*	5
St Leonards South Planning Proposal	1,947	42	2.2

Source: NSW Planning Portal and legislation.nsw.gov.au

Note: * Concept plan states minimum 5 per cent of residential GFA

In addition to the above, the 2016 Barangaroo Building R5 development (SSD 6966) included approximately 3,355 sqm of affordable housing GFA, equating to about 48 units. This comprised about 2.3 per cent of the overall approved residential GFA at the time.

Delivery of 5 per cent of residential GFA as affordable housing on the site would exceed the proportion of affordable housing delivered in other major projects and development areas. It is noted that the Ivanhoe and Waterloo projects include a social housing component. Social housing is not identified in the GSC target and is a different housing type that is not available to the market in the same way affordable housing is. It is also noted that the government led planning proposal at St Leonards South relies on the private sector to deliver the housing. As such, the lower rate represents the market conditions that restrict affordable housing delivery.

For the reasons discussed in Section 3.6.4 and 3.6.5, direct dedication of floorspace for affordable housing to community housing providers has risks associated with suitability of housing to meet the needs of community housing providers, integration with amenities and facilities, complications in overall management and ongoing costs. Consultation with City West Housing during preparation of this report has confirmed these concerns.

Direct cash contributions to fund delivery of more suitable or purpose-built housing managed by community housing providers in nearby areas helps alleviate these issues while also likely providing a larger amount of affordable housing. This is similar to City of Sydney current practice. Under this mechanism, the future planning proposal process would consider appropriate monetary contributions by analysing the fair market value of residential units at the time, or the potential for funds to be used towards a new purpose built development.

Potential affordable housing contributions associated with 5 per cent of residential floorspace being contributed towards affordable housing are shown in Table 18. A cash contribution rate of \$3,987.50/sqm of affordable housing GFA has been derived from the current contribution rate published on the City of Sydney's website (\$45.84/sqm, which reflects a contribution for 0.8 per cent of total residential GFA).

Table 16: Five per cent contribution across entire site

	Existing Sydney Fish Market site	Private land owner sites	Total precinct
Total residential GFA	94,169	33,873	128,042
Five per cent of residential GFA	4,708	1,694	6,402
Cash contribution equivalent	\$18,774,944	\$6,753,429	\$25,528,374

Source: City of Sydney, Infrastructure NSW

An alternate provision is identified in Table 17, with the existing Sydney Fish Market site delivering five per cent of residential GFA as affordable housing. The remaining private development sites have been apportioned the contribution rates associated with current Sydney LEP 2012 rates, as identified in Section 4.1.1.1. As identified in Section 4.1.1.2, these rates have recently been re-adopted through the recently made amendments to Sydney LEP 2012 via the Affordable Housing Planning Proposal.

Table 17: Five per cent contribution on existing SFM site and standard rates on private land owner sites

	Existing Sydney Fish Market site	Private land owner sites	Total precinct
Total residential GFA	94,169	33,873	128,042
0.8 per cent of residential GFA	-	270	270*
Cash contribution equivalent	-	\$1,080,548	\$1,080,548*
Total non-residential GFA	67,073	37,508	104,581
1.1 per cent of non-residential GFA	-	412	412*
Cash contribution equivalent	-	\$1,719,343	\$1,719,343*
Total GFA contribution	4,708	681	5,389
Total cash contribution equivalent	\$18,774,944	\$2,799,893	\$21,574,837

Source: City of Sydney, Infrastructure NSW

Note: *Private land owner site only

Overall, the feasibility of this mechanism is high, as it allows a future planning proposal to identify site-specific rates that are viable and responsive to the needs of the community, while also considering the overall public benefit generated by the Study Area. It would also allow for incorporation of requirements set out in the Affordable Housing Planning Proposal, representing affordable housing policy in the Sydney LGA, as endorsed by the State. The precise quantum of affordable housing dedicated through this mechanism (e.g. rates identified in Table 16, Table 17 or another mix) would be determined through the detail design process.

4.1.1.4 Land dedication

As an alternative to providing in-kind affordable housing within future developments or cash contributions, the NSW Government could identify a parcel of land in Study Area which is suitable for development as a stand-alone affordable housing building as part of the master planning process to be developed by or on behalf of a community housing provider. City West Housing has identified this as a potential affordable housing solution.

Provision of land would likely be achieved via subdivision, dedication of land to an affordable housing provider and a contractual arrangement (planning agreement or similar) that would ensure a quantum of affordable housing would be provided on-site. Delivery of the affordable housing would be the responsibility of the affordable housing provider. This mechanism would likely be required to be combined with cash contributions to help ensure the required quantum of affordable housing is delivered.

Any land dedicated for the purpose of affordable housing should provide adequate amenity, noting that the affordable dwellings would benefit from the overall community benefit in the precinct plan.

The land would be developed to the needs of the community housing provider, enabling them to have control over the standard, mix and fit out of dwellings developed on-site. This would allow dwellings to be designed and fitted out for use affordable housing while minimising ongoing expenses such as maintenance costs and strata levies.

The mechanism would avoid many of the negative impacts associated with mixing tenures within a building and market pressures associated with inclusionary zoning. However, development of scale would represent significant costs for the community housing provider. Depending on financing options, additional funds may be required through direct public funding. This may result in delayed or under development. Further, unless such an asset were identified in the master planning process early, it is unlikely that a separate site would be suitable for such a development.

Unless these issues were able to be resolved, the feasibility of the mechanism to reliably deliver affordable housing would be low, reflecting the design and financing challenges associated with delivering a development

that equates to 5 to 10 per cent of the residential GFA of the Study Area while also respecting the design characteristics of the remainder of the site.

4.1.2 Planning agreements

Section 7.3 of the Environmental Planning Assessment Act 1979 enables negotiated planning agreements to deliver an affordable housing contribution. Planning agreements have provided a useful vehicle in the provision of affordable housing.

Planning agreements provide planning authorities and developers the opportunity to negotiate flexible outcomes, either at the planning proposal or development application stage. Planning Agreements are negotiated between planning authorities and developers in the context of applications by developers for changes to planning instruments or for consent to carry out development.

A fundamental principle in the operation of planning agreements is that planning decisions cannot be bought or sold. Planning Agreements usually facilitate an increase in development yield and so changes to planning instruments or consents must be acceptable on planning grounds and environmental impacts. The negotiations are commonly based on the uplift in value received from an increase in height or FSR.

Councils such as the City of Canada Bay, City of Ryde, Waverley and Randwick have successfully negotiated numerous Planning Agreements to deliver a range of public benefits including affordable housing. The supply of affordable housing via this mechanism can vary greatly, be opportunistic and is dependent upon development occurring and the good will of developers. As City of Sydney is included in SEPP 70, the use of Planning Agreements would be considered as an alternative means for delivering affordable housing in Blackwattle Bay.

For the Study Area, an agreement with the State Government to provide affordable dwellings on-site in return for an increase in FSR or height controls. However, the height and FSR controls are already being determined through a stringent urban design process. Any potential incentives that involve an increase in height and FSR would need to be factored into the urban design. As with the inclusionary zoning approach, any dwellings dedicated as affordable dwellings are unlikely to be built to the community housing providers standards and may be unsustainable due to high strata fees and on-going maintenance costs, being at the higher end of the market.

Alternatively, a Planning Agreement could be used to offset one of the mechanisms above by varying requirements for affordable housing. Such a variation would be made in exchange for monetary contributions or provision of in-kind development, such as infrastructure.

Given the uncertainty of the Planning Agreement process, the limited ability to provide consistent incentives associated with concessions and the competing nature of affordable housing and other public benefits, the overall feasibility of this mechanism to reliably provide affordable housing on-site is low. However, using a Planning Agreement to provide a monetary contribution towards affordable housing would have a high feasibility.

4.1.3 Special infrastructure contributions

Special infrastructure contributions (SIC) help fund regional infrastructure that supports different communities across the State. They partially fund State or regional roads and land required for special infrastructure such as schools, health care and emergency services. SICs can also include the provision of affordable housing. SICs are subject to a special infrastructure scheme, applied within a special contribution area, as declared under Schedule 5A of the EP&A Act. This is achieved by way of an order made by the Planning Minister and is published on the NSW Legislation website under Section 7.25 of the EP&A Act. SICs can include cash contributions and in-kind contributions.

To date, no proposed or implemented SICs have included affordable housing contributions. Notably, the proposed Rhodes East SIC (2017 to 2018 exhibition) did not include affordable housing, with the view that a SEPP

70 contribution would apply. As there is not an established model for identifying, collecting and distributing affordable housing related contributions, this mechanism would be more difficult to implement than an inclusionary zoning cash contribution mechanism. It would also be subject to separate negotiation and administrative processes outside of the planning proposal process. As such, the overall feasibility of the mechanism is moderate.

4.2 Build to rent

Build-to-rent is a relatively new residential housing delivery framework for NSW that is capable of providing access to broader housing choices. Established in overseas markets such as the UK and the USA, locally, build-to-rent has significant scope to provide increased rental housing supply and the opportunity for investment in residential housing in NSW. To date there has been very limited take up of the build to rent model in the market with investors and developers often highlighting feasibility constraints in part due to Australian taxes.

To address these limitations, the NSW Government recently introduced new measures via amendments to the *State Revenue Legislation Amendment (COVID-19 Housing Response) Act 2020*, the *Duties Act 1997* (NSW), the *Land Tax Act 1956* (NSW) and the *Land Tax Management Act 1956* (NSW). Surcharge purchaser duty and surcharge land tax will not apply to land on which build to rent properties are or will be constructed. In addition the taxable value of eligible build to rent land will be reduced by 50% for land tax purposes (subject to conditions). The new package is intended to improve the development feasibility of build to rent scheme but as yet, is relatively untested.

Given the relatively untested nature of this mechanism and the uncertain statutory and policy environment, its feasibility to reliably deliver affordable housing as part of the development of the Study Area development is uncertain. Until the mechanism is further developed, the feasibility in the Study Area would be low under standard market conditions. Alternatively, INSW could pursue development of a build to rent product being delivered in the Study Area as a priority.

4.3 Social housing

Social housing programs provide rental housing at below market rates to those who may otherwise struggle to find affordable housing. Social housing includes community and Aboriginal housing. Public housing is managed by Department of Communities and Justice (DCJ) while community housing is managed by non-government organisations. Aboriginal housing is specifically for Aboriginal people and these properties are managed by DCJ or community housing providers, including Aboriginal community housing providers. Equity principles dictate that the Study Area should be considered for social housing.

The NSW Government's current program for social housing delivery is set out in *Communities Plus*. The program is largely devoted to redevelopment of established social housing estates and smaller scale infill developments. While Blackwattle Bay is not currently in the Communities Plus program, the Study Area offers a number of advantages for social housing including its location close to jobs and services as well as offering the ability to offer a positive social housing experience for tenants. This is reflected in LAHC's submission to the recent draft Pymont Peninsula Place Strategy where it indicated broad support for improved outcomes for social housing residents across the peninsula, principally by redeveloping existing LAHC sites.

Infrastructure NSW has consulted with Land and Housing Commission (LAHC) regarding the potential for social housing in the Study Area. While LAHC has provided indicative support for developing a stand-alone property in the Study Area, HillPDA understands that LAHC has not identified a strategy that would deliver that outcome.

As LAHC's goals are principally for the redevelopment of existing LAHC sites, with no explicit plan or budget to develop new sites, the feasibility of this option is low. However, there may be an opportunity to support social housing elsewhere as part of the PPPS initiatives, separate to the Precinct Plan.

4.4 Implications

Maximising the delivery of housing diversity and affordability on the subject site will require the establishment of a planning framework that encourages the delivery of a variety of dwelling sizes and enables an affordable housing contribution that is consistent with the relevant affordable housing policy.

A review of mechanisms to reliably deliver affordable housing has identified the following levels of feasibility:

- **High feasibility:**
 - Current Sydney LEP provisions (monetary): Approximately 1.7 per cent of new residential floorspace
 - Site specific floorspace or monetary contributions with a target of 5 per cent of new floorspace implemented through Sydney LEP 2012
- **Moderate feasibility**
 - Current Sydney LEP provisions (floorspace): Approximately 1.7 per cent of new residential floorspace
 - Special infrastructure contribution, requiring floorspace or monetary contributions to the value 5 (private development) to 10 (public development) per cent residential GFA, implemented through Sydney LEP 2012
- **Low feasibility**
 - Planning agreements (providing affordable housing in exchange for uplift)
 - Land dedication for on-site stand-alone community housing provider-led affordable housing development
 - Land dedication for LAHC-led social housing development
 - Build to rent (until uncertainty regarding product delivery is resolved).

ASSESSMENT OF PROPOSED PLANNING CONTROLS

5.0 ASSESSMENT

This section assesses the merits of the Precinct Plan against the relevant SSP Study Requirements. In general, the requirements relate to the housing needs of the existing and future population. They include the need to assess the proposed development against the following:

- 1.4: Consideration of relevant documents, strategies and policies
- 6.1: The housing diversity needs of the precinct
- 6.2: How the Precinct Plan would support the housing and tenure objectives
- 6.3: The feasibility of mechanisms and models to provide affordable housing.

The SSP Study requirements are stated in full in Section 1.4. The assessment below has regard for the baseline evidence, policy context, the existing planning framework and the Precinct Plan. It considers the SSP Study Requirements above, with the exception of Item 6.3, which is discussed in detail in Section 4.0.

5.1 Consideration of relevant documents, strategies and policies

City of Sydney documents, strategies and policies have been reviewed in Section 2.2. In summary the following themes are identified:

- City Plan 2036 (LSPS):
 - New homes should cater for the needs of a diverse community
 - Adaptable and affordable housing are the most important housing types for increasing diversity
 - Ongoing increases in the market rate of housing is resulting in increasing housing stress or crisis
 - Advocate to the NSW Government to deliver a minimum of 25 per cent of floor space as affordable rental housing in perpetuity on all NSW Government sites
- Sustainable Sydney 2030 (CSP):
 - By 2030, 7.5 per cent of all new housing in the LGA will be affordable rental housing
 - By 2036, 11,000 affordable rental housing dwellings will be located in the LGA.
- Housing issues paper
 - Affordable rental housing supply needs to grow significantly to ensure sustainability
 - Housing and infrastructure delivery need to be integrated for sustainable growth
 - Smaller, well design and affordable housing are required
 - Housing diversity includes providing housing without ‘added extras’ to support affordability
- Housing for All (LHS)
 - Large scale development should incorporate adaptable dwellings and support aging in place
 - Continue to fund and collect contribution for affordable dwellings
- Social Sustainability Policy:
 - Increase the supply of social, affordable rental and supporting housing
 - Increase supply of housing and housing choice.

In response, the Precinct Plan would:

- Make a substantial contribution towards floorspace or monetary contributions for the purpose of affordable housing, at a minimum aligning with the established statutory framework that applies to the Pyrmont area
- Provide a range of sizes of apartments, with a particular focus on smaller dwellings required to meet the needs of the most underserved populations
- Provide for housing with reduced or no car parking options, reducing cost and increasing affordability
- Deliver a substantial supply of market rate housing, placing further downward pressure on rental costs in the LGA and thereby contributing to a reduction in housing stress across the spectrum.

With respect to the City of Sydney's advocating for 25 per cent of NSW Government sites to deliver a minimum of 25 per cent of floor space as affordable rental housing, the Blackwattle Bay Precinct Plan process has been in progress well in advance of the LSPS drafting process. Further, it will result in the delivery of significant public infrastructure in the Pyrmont area, increasing the amenity of surrounding affordable housing development. Further, Precinct Plan will make contributions to affordable housing in line with City of Sydney and State policy.

The Precinct Plan's alignment with PPPS goals for new housing is discussed in Table 18.

Table 18: Alignment with PPPS goals for new housing

Goal that new housing:	Response
Should deliver a diversity of housing types and tenures to suit different household sizes, configurations and needs	The Precinct Plan has been designed to provide a range of housing sizes, with a focus on smaller dwellings currently in short supply. It would also support affordable housing provision via contributions through the relevant City of Sydney affordable housing scheme of the day. This would result in the Precinct Plan delivering a diversity of housing sizes and tenures to meet the needs of future populations.
Should be affordable to ensure a mix of people can continue to live in the Peninsula. ›	The Precinct Plan would deliver a range of smaller market rate dwellings that would be more affordable for the lone person and couple households that are currently underserved. Likewise, it would result in contributions toward affordable housing, which is an established housing type in the Ultimo/Pyrmont area.
Should aim to boost social and affordable rental housing with market housing	The Precinct Plan would boost affordable housing by making contributions towards affordable housing, as per the affordable housing scheme of the day. Future development would also contribute to social housing in the area, pending formalisation of a contribution scheme, in line with LAHC's stated goals as part of the PPPS consultation.
Should meet increasing sustainability objectives and performance targets for reduced environmental impact, better building performance (and cheaper running costs) and for improved health and social outcomes.	The Precinct Plan has been designed to deliver a mix of residential, commercial and community uses across the site. It also incorporates measures designed to increase active and public transport use. Combined, this would result in a community with reduced environmental impacts by promoting reduced transport related impacts. Other environmental and sustainability outcomes are discussed in supporting technical reporting, including <i>Ecologically Sustainable Development Report: Blackwattle Bay State Significant Precinct</i> (AECOM, 2021)

Pending the outcomes of the PPPS a LAHC, future development may also result in contributions towards social housing development in Pyrmont should a SIC or similar instrument be put in place.

Overall, the Precinct Plan responds to the housing issues raised by the City of Sydney and would result in the delivery of affordable housing and more affordable market housing. While the Precinct Plan is unlikely to result in the delivery of social housing on-site, it would likely result in contributions associated with a potential future PPPS delivery program, in line with LAHC strategies.

5.2 Housing needs and delivering diversity

An analysis of housing needs is provided in Section 3.0. Key themes that identified in that analysis are provided in Section 3.7, with key concerns relating to housing in the Sydney LGA:

- Significant numbers of households are living in housing stress, with large portions of incomes dedicated to housing
- The ability for people on very low to moderate incomes reliability being able to rent one or two bedroom apartments,
- Increasing property prices pricing people out of house ownership, outpacing Greater Sydney
- The impacts to local industry, business and workers relating to increases costs, transport demands and liveability
- Negative net migration resulting from people seeking more affordable housing, resulting in reduced diversity
- Complications in management associated with unit by unit and floor by floor mixed tenure models and potential long term management/financial impacts
- Strong demand for studio and one bedroom dwellings.

As such, there is a need both for affordable housing, as provided by a community housing provider, and more affordable market rental housing.

An assessment of the Precinct Plan's response to the needs analysis, as measured against the criteria Study Requirements is provided in Table 19.

Table 19: Housing needs assessment

Criteria	Assessment
Tenures	<p>The Precinct Plan will directly enable the development of affordable housing and market rate housing in the Sydney LGA. Market rate housing would allow for a mix of owner occupied and rental housing. As discussed further below, this is likely to result in more affordable housing and help control the escalation of private market prices. Alternatively, NSW could pursue a build to rent product being delivered in the Study Area.</p> <p>The Precinct Plan would also result in either on site affordable housing or monetary contributions to affordable housing. While a dedicated on-site affordable housing development would be a socially beneficial on-site tenure option, it would result in fragmentation of the Study Area and associated design challenges. This would increase the likelihood of unsustainable ongoing operation and maintenance costs, potentially diverting community housing provider funds to those costs.</p> <p>A monetary contribution provided by the Precinct Plan could enable the development of a purpose built building in the area, or otherwise enable community housing provides to acquire housing nearby.</p>
Sizes	<p>The Precinct Plan would result in the delivery of a mix of dwelling sizes as follows:</p> <ul style="list-style-type: none"> ● Studio dwellings: 10 per cent ● 1 bedroom dwellings: 40 per cent ● 2 bedroom dwellings: 40 per cent ● 3+ bedroom dwellings: 10 per cent. <p>This mix directly addresses the need for smaller and more affordable dwellings, as detailed in Section 3.0.</p>
Price points	<p>A detailed consideration of price points will be provided following detail design.</p> <p>The high mix of studio and one bedroom dwellings would result in lower price points overall, with a large supply of dwellings helping control prices in the surrounding area. Continued downward pressure on rentals would help promote delivery of more affordable rentals in proximity to jobs and transport options.</p>

Criteria	Assessment
Inclusive, healthy and socially connected	The Precinct Plan includes a mix of housing, non-residential, community and open space in an area that is experiencing a shortage of those land uses. Providing for a mix of uses in proximity to high quality public domain, community and recreation options would result in opportunities for interactions between residents of different tenures and demographics. In particular, purpose built community facilities on-site would assist with community development efforts. Further, provision of high quality public domain and other amenities would be accessible to near by social housing promoting inclusion of existing and future residents in those tenures.
Liveable	The Precinct Plan would promote liveability as the Study Area would: <ul style="list-style-type: none"> Be centrally located, promoting active transport Be nearby existing and future mass transit options, promoting sustainable transport to employment and entertainment options Incorporate high quality public domain and open space options, promoting active and passive recreation options and associated mental and health benefits
Sustainable community	The Precinct Plan would promote a sustainable community as it would allow for a mix of dwelling types of different market rate tenures. If monetary contributions towards affordable housing are pursued instead, the Precinct Plan would result in significant funds, potentially enabling delivery of purpose built affordable housing.

5.3 Demonstrate how the proposed planning controls will support the achievement of housing tenure objectives

The Precinct Plan would result in provision of housing across the housing continuum, with direct support for an increase in affordable housing and a needed mix of smaller market rate housing. As discussed in Section, it is not anticipated that the Precinct Plan would result in contributions to social housing on-site, but would be subject to the outcomes of the PPPS, including the potential for contributions towards the redevelopment of social housing in the surrounding area, in accordance with LAHC plans.

5.3.1.1 Affordable housing

Section 4.0 provides an overview and assessment of mechanisms and models to maximise the affordable housing provision associated with the Precinct Plan. The SSP Study will be proposing new planning controls for the precinct which will be incorporated into the Sydney LEP 2012. The existing LEP affordable housing controls for Ultimo Pyrmont will therefore apply to the Study Area (refer section 2.3.5). This has been confirmed through, recent amendments to Sydney LEP 2012.

Section 4.1.1.3 has outlined two potential scenarios for alternative site specific rates that align with the GSC's target of 5 to 10 per cent of residential GFA achievable through a planning proposal to be affordable housing. This analysis has shown that a 5 per cent dedication would be beyond what has been achieved through multiple large projects, including government-led development. Depending on the scale of the 5 per cent contribution, between approximately 5,389 and 6,402 sqm of affordable housing would be generated by the site, or a monetary contribution between \$21.5m and \$25.5m. Finalisation of a rate and contribution method would be achieved through the Precinct Plan process.

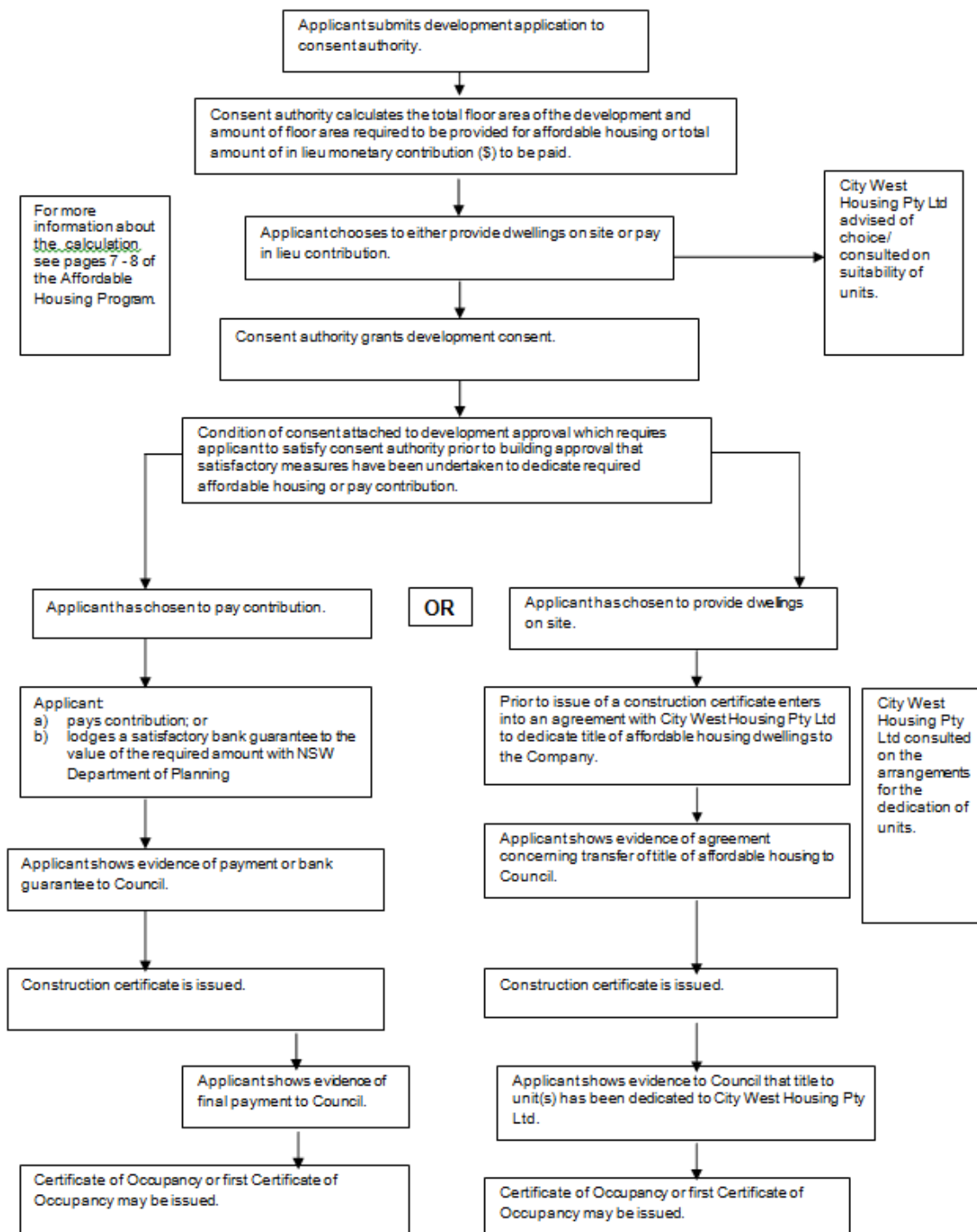
5.3.1.2 Market housing affordability

As discussed in Table 19, the Precinct Plan would result in a mix of dwelling sizes that directly addresses the need for smaller, more affordable, dwellings in the Sydney LGA. This is anticipated to attract a mix of owner occupiers and investors catering to renters. Both of these segments are underrepresented, with the increase in housing supply anticipated to place a downward pressure on ownership and rental prices.

Other options delivering lower cost private dwellings would be developed during the detail design phase including:

- A requirement for a minimum of 20 per cent of the total apartments to incorporate the *Liveable Housing Guideline's* silver level universal design features.
- Environmental and energy efficient building design
- Alternative car parking options be incorporated into the precinct design to reduce housing costs such as:
 - Reduction of residential car parking including, particularly for Studio and 1 bedroom apartments
 - Shared residents/public car parks which allow residents to access the public car parking stations after hours with a security pass
 - Car sharing spaces which allow people to hire cars within close proximity to their residence
 - Bike sharing stations located in the public realm.

APPENDIX A : CONTRIBUTIONS PROCESS



Source: NSW Government Planning, Revised City West Affordable Housing Program 2010

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