

9th September 2020

NSW Department of Planning,
Industry And Environment.
4 Parramatta Square
12 Darcy Street
Parramatta NSW 2150

RE: SUBMISSION CO-LIVING AND NEW AGE BOARDING HOUSE
PROPOSED DIVERSITY SEPP

We would like to thank the DPIE for proposing a SEPP that creates definitions for new property classes as Built To Rent, Purpose Built Student Accommodation and Co-Living.

Our submission looks at the commercial viability of Co-living and how we believe the SEPP can address these matters so that this asset class grows, creating jobs for NSW and is an affordable rental option.

We believe the current proposal will stifle the private sector from developing New Age Boarding Houses (NABH). It is a major deterrent for developers. NABH are currently affordable. If the current guidelines for affordable accommodation are imposed on these properties, a segment of the current tenants will not meet the income requirements for very low, low and moderate income levels. Those tenants will be excluded from living within these developments. Community Housing Providers have limited financial resources based on the regulated loan to value ratio, we cannot see Community Housing Providers using these limited resources to build NABH.

Regards



Ltd

Jason Eggleton
Co Founder

About Us

Adjani is an Australian-based developer, owner and operator of co-living properties.

We are currently involved in two co living developments, Erskineville (which comprises 35 apartments) is about to start construction and is due to open in Q1 2022. Our second development, Dee Why (comprising 26 apartments) is currently being assessed by Northern Beaches Council.

We are currently in negotiation on 3 other sites that have the capacity to accommodate 300 micro apartments collectively.

Introduction

We strongly commend the NSW Department of Planning, Industry and Environment for its initiative in including co-living as a housing type within the newly proposed Housing Diversity SEPP.

Whilst the overall framework is very much heading in the right direction, we believe that in order to allow the creation of this important rental housing sector - and thereby to produce benefits for end users and the economy alike - a number of amendments to the proposed SEPP are required.

We will outline the following, some background on co-living, co-living providing moderate income affordability as a response for the need for affordable accommodation.

Co-Living Fills a Housing Need in NSW

Co-living is an emerging asset class that has rapidly gained popularity in major markets in North America, Asia and Europe over the last 7 years.

Whilst there are many different variants on the co-living model, the common themes tend to include:

- Fully furnished accommodation;
- Flexible medium term (e.g. 3+ month) rental periods;
- Buildings which includes shared/communal living spaces;
- Communal social/events programmes to foster a sense of community and social interaction between residents;
- Typically located in highly desirable areas that are rich in amenity and are located in close proximity to reliable public transport and/or places of work or study.

Co-living is ideally suited to upwardly mobile young professionals (typically aged 20 – 35), who in many cases are willing to trade size of living spaces for the features noted above.

However, the appeal of co-living is not exclusively limited to the “Millennials” demographic, and in other markets around the world this emerging form of housing has found popularity with people outside of this cohort that are drawn to the flexibility and lifestyle that co-living offers.

We consider the key demand drivers for co-living to include the following:

- Affordability challenges;

- Transient populations;
- Desire for community;
- Scarcity of flexible, fully furnished accommodation designed for medium term stays;
- Population growth;
- Urbanisation;
- Growth in single person households.

We firmly believe that co-living can provide a hugely valuable addition to the existing mix of housing stock in NSW.

Economic Benefit to NSW

Establishing a workable framework for development of the emerging co-living sector will deliver economic benefits to NSW in a number of ways:

- Investment into NSW – there are multiple well-capitalised local and foreign institutional investors that are known to be actively seeking to invest significant quantities of capital into the co-living sector in NSW.
- Construction industry – the economic drivers for co-living are slightly different to those of other property asset classes, which has been demonstrated by the continued demand from end-users during recent times (i.e. since the onset of Covid) when demand for other forms of new development (e.g. residential for sale, hotels, office, retail) have been very subdued. The formation of an established co-living sector would help create activity and jobs in the construction industry which are counter-cyclical.
- Ongoing jobs creation – given the enhanced service offering associated with a co-living property, jobs are created for onsite and offsite staff, namely: concierge, community managers, service providers for the communal/social programme, leasing managers, facilities managers, etc.
- Attractiveness for young workers – by enabling co-living to become a widely available common housing option, Sydney's relative attractiveness as a city can be elevated when compared against its interstate and global peers, and therefore assists in attracting young and talented people to live and work in Sydney and contribute to the NSW economy.
- Mental health – NSW currently allocates over \$2 billion per annum towards mental health services and this figure is trending upwards. Often associated with mental health issues are feelings of loneliness and a sense of isolation. Co-living makes a meaningful contribution towards combatting these issues, as enjoying a strong sense of community and the relationships that form from communal living are well established as being beneficial for a person's mental health.
- Re-allocation of housing stock – by offering a form of housing that is tailored to the lifestyles of younger renters, we believe that co-living can free up traditional housing stock (i.e. existing residential dwellings) for other users, assisting in improving general housing affordability in NSW.

Co-living Economic Model Under Current NSW Planning Controls

Whilst we believe that significant latent demand exists for this type of housing, there are various challenges to delivering commercially viable co-living developments.

These challenges include the following factors:

- In a co-living development, a significant proportion of the allowable floor area needs to be dedicated to the provision of (non-income generating) communal areas, placing a major financial burden on a development;
- Co-living properties carry a significant ongoing operating cost associated with providing on-site management, maintaining a high-quality service offering, and delivering a programme of communal/social events;
- Co-living projects are expensive to build - the small size of the apartments results in a high proportion of building areas being dedicated to more costly facilities, such as kitchens, bathrooms, joinery, mechanical and electrical services, fire compartments, etc;
- **Co-living properties are typically built to be retained for long term ownership by the developer, and are therefore built to a more rigorous standard of quality and environmental sustainability, than residential-for-sale developments which incentivise more short-sighted approaches from developers;**
- There is currently much greater difficulty in obtaining finance for co-living projects (being a relatively new asset class), as compared with other more established real estate asset classes; and
- The lack of a dedicated planning pathway for co-living has led to the use of the 'boarding house' designation, which has resulted in resistance by councils and neighbouring owners driven in part by a lack of understanding of the co-living product and target market vs the more traditional boarding house product.

Given the above factors, there have been significant commercial obstacles to delivering commercially viable co-living schemes in NSW, whilst offering rents which are affordable and represent a strong value proposition (relative to other accommodation options) for prospective customers.

This lack of commercial viability has been, ironically, most pronounced in the areas with greatest demand from end users for the co-living typology, namely the inner city / city fringe.

In these locations, co-living developers will generally struggle to justify paying competitive prices for development sites when competing with developers that are targeting alternative uses (e.g. residential for sale, hotel, retail, office, etc).

Notwithstanding the challenges listed above, the State Environmental Planning Policy (Affordable Rental Housing) 2009 (ARHSEPP) has until now provided a potential route to achieving a viable co-living project through the following critical elements:

Currently there is a floor space bonus in the ARH SEPP that applies to boarding house developments in zones where residential flat buildings are permitted.

- 0.5:1 if the existing maximum FSR is 2.5:1 or less.
- 20% of the existing maximum FSR, if the existing maximum FSR is greater than 2.5:1.

and

- The small allowable unit sizes of 12 – 25sqm (excluding kitchen and bathroom) have allowed operators to keep rental pricing at a relatively affordable level. It is our strong belief that these room sizes, if properly designed, are readily acceptable by the target market, many of whom have a willingness to trade size of living spaces for the other benefits offered by co-living (including access to desirable locations, flexible lease terms, and a communal lifestyle).

The current ARHSEPP controls have helped a small number of developers to launch small scale co-living schemes (typically less than 40 rooms).

However, we do note that making larger, institutional-scale co-living schemes financially viable in key urban locations has been extremely challenging in NSW, notwithstanding the incentives noted above.

It is noted that in general, residential-for-sale developments have the potential to generate significantly higher Internal Rates of Return (IRR's), as (i) dwellings can be pre-sold off-the plan, prior to commencing construction; (ii) there is a relatively deep market for senior and mezzanine finance for pre-sold projects, which enable developers to fund these projects with relatively smaller equity contributions; and (iii) the time that this equity funding is "out the door" on these projects is often relatively short (e.g. 2 – 3 years), given that home sales will typically settle at or shortly after the completion of construction. Given these factors, IRR's of 25% p/a or significantly greater are often achievable on residential for sale projects.

By contrast, co-living projects will typically: (i) be built by the developer for long term ownership, and will therefore have a much longer period where contributed equity remains "out the door" whilst a development is completed, the asset is leased up, and then enters into its stabilised operational phase; (ii) development funding (both senior debt and mezzanine debt) is far less readily available, given the absence of pre-sales and the status of co-living as a new emerging asset class; and (iii) there are higher costs associated with delivering and operating a co-living facility (as noted earlier in this paper), including provision of communal areas, on-site management, and a programme of social events.

As a result of the above factors, and given the differences in the respective profitability of residential-for-sale and co-living, it is extremely difficult - *even under the current ARHSEPP framework* - for co-living developers to pay competitive prices for development sites in suitable areas, whilst achieving even a more moderate IRR of say 15% p/a that would be commensurate with the project's likely weighted average cost of capital.

These challenges are evidenced in the fact that no larger scale co-living projects (e.g. 100+ beds) have been successfully delivered in the Sydney city/city fringe areas to date, despite there being a number of well capitalised institutions that are seeking to invest heavily into the sector in Australia.

If there is no FSR bonus this asset class will cease to exist and further damage housing affordability.

Co-living is the fastest growing residential property asset class globally, it is currently increasing annually at 200%. Source Coliving insights report No.2

Globally co-living micro apartments dwelling sizes are between 12 sqm to 30 sqm within major cities. The 30 – 35 sqm proposed within the Diversity SEPP is excessive compared to current co-living global standards.

Co- Living providing accommodation within the Gross Annual Household Income Moderate.

The majority of current co-living operations and new age boarding houses approved under the ARH SEPP excluding building operated as Purpose Built Student Accommodation (PBSA) rental rates are under the threshold for moderate income earners as defined in the **NSW Affordable Housing Ministerial Guidelines 2019 – 2020**.

Household Members	Gross Annual income Moderate
Sydney	
Single Adult	\$66,300
Each additional adult (18 years or over)	Add \$33,200 to the income limit

Extract from Table 2: Household income Bands by Household Size NSW Affordable Housing Ministerial Guidelines 2019 -2020

Weekly Rental maximum based on 30% of the Gross Annual Income Moderate

Weekly rental formulae = (Gross Annual Income Moderate X 30% / 52)

Single room weekly rate (size of room as defined under ARHSEPP) \$382.50

Double room weekly rate (size of room as defined under ARHSEPP) \$574.03

We acknowledge that current market rates do not fall within the guideline for Very Low and Low income thresholds.

The majority of New Age Boarding houses and Co-Living operators market rents are under this threshold. Note co-living operators and some New Age Boarding houses charge an inclusive rent covering internet, utilities and furnishings. Our market research indicates that the weekly outlay for these services are:

Internet \$21.90 Source – The New Daily Dec 2019

Utilities \$34.00 Source – Finder.co.au

Furniture \$25 Source -The Apartment Guide Aug 2019 over a 5 year period

This equates to an additional \$80.90 per week that should be subtracted from inclusive rents.

The Planning for Boarding House Development, Report to the Minister, from the Council Boarding House Working Group August 2019. Key Recommendation

Recommendation 1 - Amend the definition of boarding houses in the ARHSEPP to ensure that boarding houses are affordable.

We have demonstrated that the current moderate affordable income level as a weekly rent is defined as affordable. We believe there is no reason to impose a restriction on the rental pricing of boarding houses or co-living developments as they are currently within the ministerial guidelines for moderate affordability and residents income levels should not be a factor when applying to rent a new age boarding house or co-living development.

Co-Living and New Age Boarding Houses in R1 and R2 Low Density Areas.

We feel that co-living should not be permissible within these areas and should only be permissible in Medium to High Density Residential and Commercial Zones within close proximity to public transport and infrastructure.

We believe there is a need for New Age Boarding houses within Low Density areas that are close to public transport and infrastructure that are of a small scale and appropriately fit within the street scape and local context.

CHP as operators of New Age Boarding Houses.

We see new age boarding houses as an essential key to providing affordable accommodation as defined under the thresholds set by the ***NSW Affordable Housing Ministerial Guidelines 2019 – 2020***. We also see that New Age Boarding houses are an asset class that are suited to SMSF, investors and self-funded retirees.

We recently surveyed a number of Tier 1 CHP and none of them currently have any New Age Boarding houses under their management/ portfolio. None of the CHP surveyed had any plans to enter into this form of affordable housing.

We strongly advise the NSW Department of Planning, Industry and Environment NOT to make new age boarding houses only manageable by CHP. We would ask the department to liaise with CHIA to gather information on how many CHP manage new age boarding houses, how many will allocate financial resources towards producing and operating new age boarding houses given the restrictive covenants of a CHP debt to equity lending ratio.

We believe that the recommendations from ***The Planning for Boarding House Development, Report to the Minister, from the Council Boarding House Working Group August 2019***, if adopted into the Diversity SEPP will stifle the ability for new age boarding houses to be developed in the future.

Summary of Proposed Development Standards for Co-Living Micro Apartment Development

Development standard	Proposed by Adjani
Height of buildings	One storey increase in Commercial zones where FSR bonus is possible. No change to R3, R4 zones
Floor space ratio	FSR bonus as per ARHSEPP but only in B1, B2, B3, B4, B6 and B8. Where Residential Flat Buildings, Shop Top Housing or Serviced apartments are permissible.
Car parking	<p>Non-discretionary 'must not refuse' provision of 0.2 car parking spaces per room</p> <p>This would allow councils to approve a co-living development with less parking when appropriate.</p> <p>Provision of share car counting as equivalent to 6 private car spaces</p>
Dwelling size (Micro Apartment)	<p>Micro Apartment sizes of 16 – 30 sqm (including kitchen and bathroom)</p> <p>Note we envisage a 2 bedroom micro apartment could be 50sqm (including kitchen and bathroom) to create diversity and multi-generational living.</p>
Strata subdivision	As per current draft SEPP - Not permitted
Communal living space	9% of GFA up to 2,000 sqm, 5% if greater than 2,000 sqm
Private open space	No private open space requirement for individual units
Communal open space	<p>25% of site area, but can be relaxed on a merit-based argument, where one or more of the following factors apply to the development:</p> <ul style="list-style-type: none"> ○ it provides appropriate communal open space in a landscaped roof top terrace; ○ It provides internal common space in excess of the minimum requirements; ○ it provides private open space for many of the apartments; or ○ it demonstrates good proximity to public open space and facilities and/or provides contributions to public open space.

Building envelope controls	Merit-based concessions to be considered to accommodate the FSR bonus where appropriate
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Conclusion

We differentiate co-living from New Age Boarding Houses by the additional space allocated to communal use, the provision for active management and engagement/ activities curated for residents. Our residents ability to work within our vertical villages communal areas.

If there is no commercial competitive edge like an FSR uplift, ability to develop in Commercial zones that preclude Residential Accommodation so that Co Living can be an alternate to Build to Sell... This emerging market will never eventuate and the current space within the accommodation sector that it is filling, which is providing affordable dwellings for Millennials, key workers, temporary accommodation for divorcees, global nomads and migrating work force will sense to exist.

We commend the NSW Department of Planning, Industry and Environment for its initiative in including co-living as a housing type within the new Housing Diversity SEPP, but we strongly believe that the proposed definition and development standards for co-living encompassed in the SEPP should be amended to reflect the changes noted above, in order to foster the growth of this exciting new industry in NSW.

We acknowledge that parts of this proposal have been extracted from Urbico's proposal and we thank them for their efforts in putting forward a submission to help create a positive outcome so that co-living can thrive within NSW.

Refenced within the submission are:

NSW Affordable Housing Ministerial Guidelines 2019 – 2020.

The Planning for Boarding House Development, Report to the Minister, from the Council Boarding House Working Group August 2019



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Mr Jim Betts
Secretary
Department of Planning, Industry and Environment

Dear Mr Betts,

RE: Housing Diversity SEPP – Explanation of Intended Effect

Advantaged Care is a private aged care provider which has been dedicated developing new greenfield RACFs and to providing Aged Care services across the broader Sydney Metropolitan area for nearly 20 years. We currently have over 500 bed places across 6 sites, with 3 further sites in the development pipeline.

Advantaged Care is pleased to make this submission on the Housing Diversity SEPP - Explanation of Intended Effect (EIE) and on the whole is strongly supportive of the Department of Planning, Industry and Environment's (DPIE) intent of facilitating more diverse and affordable housing forms, particularly in the current economic climate, and the opportunity to review State Environmental Planning Policy (Housing for Seniors or People with a Disability) 2004 (Seniors SEPP).

As a smaller private aged care provider Advantaged Care is deeply concerned that the EIE as currently drafted will generate significant obstacles to obtain future approval for these forms of residential accommodation and that significantly reduce the future capacity of its existing sites, which will make further development unsustainable and jeopardises our future as a provider of care and housing for Seniors across the Metropolitan Sydney basin.

This submission focusses on the proposed amendments to the Seniors SEPP and discusses the following key concerns:

- The restriction of this valid housing option being residential aged care, which is a core essential service providing for a growing community need, with the ageing being the most significant demographic change impacting NSW now and in the future.
- The potential for Local Environmental Plans (LEP) to override the provisions of a State Environmental Planning Policy (SEPP) and the localisation of controls for seniors development.
- The limit on clause 4.6 variations to a maximum of 20%.
- The missed opportunities to update the controls and design guidelines within the current Seniors SEPP which are 30 years old and do not reflect modern design standards.



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- The lack of recognition of social and affordable housing providers other than the Land and Housing Corporation.

Our key recommendations are:

- That the SEPP continue to override LEP controls and continue to provide consistency and certainty in respect of controls applying to seniors developments.
- The existing framework and approach to Height and FSR be retained, and that developments cannot be refused on the basis of FSR or height if they meet the existing definitions and controls.
- That the incentives be retained and expanded to apply where shop top housing is permitted.
- That if DPIE is intent on returning controls to the local level that exemptions from the Seniors SEPP only be granted where it has been demonstrated that the local provisions will deliver seniors housing to meet the demand within the relevant Local Government Area. A new overarching seniors specific design guide should still apply, with an updated version of the 2004 Seniors Living Policy Urban Design Guidelines for infill development, if an exclusion is applied to ensure consistency is maintained and that local onerous controls are not implemented.
- Any exemption should be subject to a 3 yearly review process to demonstrate it is not adversely impacting the supply of seniors housing.
- That given the significant impact of these proposed changes and uncertainty of their implications on the development, construction and operation of seniors housing, that it is critical that any new SEPP be exhibited for further comment.

Localisation of Seniors Housing Controls

Of most concern relating to the proposed changes is the potential for LEPs to prevail over the Seniors SEPP. This proposed amendment is significant in that it reverses a long-standing legislative planning practice in NSW where, should there be any inconsistency between a SEPP and a LEP, the SEPP will prevail to the extent of any inconsistency, given it is the higher order and state wide instrument.

This proposed change will now mean that all development standards of an applicable LEP will prevail over the development standards of the Seniors SEPP where there is an inconsistency.



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So not only will the building height and FSR development standards of the LEP prevail, but this could lead to councils seeking to impose seniors housing specific development standards (such as access to services, increased parking rates etc) to further control or restrict seniors development in their respective LGA.

There has been a history of the issues associated with localised controls where exemptions the Senior Living Sepp were granted in previous Seniors Living Sepp reviews. In fact in previous reviews it was decided to remove some local council exemptions as the councils were not putting into place appropriate planning policies to allow development of RACFs and supply was not meeting the needs of the Ageing population. The proposed changes are taking planning back 15 years.

Explore the removal of the Sutherland Council exemption as a case study, you can refer back to Susan Sky, ex Dept of Planning. *Menai Land vs Sutherland Council* (L&E Court) where council imposed FSR controls of 0.45:1 for a proposed RACF.

The consequence of this is likely to make the provision of seniors housing more challenging than it is already. Seniors housing (both ILUs and RACFs) is typically larger than standard residential development due to mobility spatial requirements, and often require provision of onsite services required for elements of communal living and in the case of RACFs a sub-acute environment with facilities comparable to a hospital.

As such seniors developments typically generate lower yields when compared to standard residential apartments and are thus less financially competitive in the market.

The Seniors SEPP currently compensates for this by offering floorspace and height incentives on thresholds for which a development cannot be refused to make the development of Residential Aged Care Facilities to make a level playing field.

It also aids given the lack of familiarity many local planners have with the building topology and physical requirements of this type of building given they may only come across this type of assessment very occasionally.

Implications of Specific Changes

Definition of height

Currently the definition of height is defined from the existing ground to the upper level ceiling. Importantly this definition acknowledges that compared to the adjoining residential development, both ILU and RACF developments require accessible compliant lift access and larger amounts of plant, typically solar collectors, and the bulkier more energy efficient mechanical condenser units and centralised exhaust systems. The height definition to the ceiling ensures the scale of buildings is similar to



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the adjoining residential 2 storey dwellings but allows for lifts and plant, that are essentially always at the centre of a project but certainly require more height than standard residential buildings. The current definition is critical to this type of housing and linked the definition to the standard height within LEPs will significantly limit development.

Floor space

It appears that the proposal suggests that floor space will be determined by the LEP, as most low density residential zones have an FSR of 0.5:1 or lower this will mean a reduction in the permissible FSR of seniors development and in particular RACFs which will see a reduction in floorspace down from 1:1 to 0.5:1.

The impacts of this on viability of projects are immense and will certainly do the opposite of encouraging more production of seniors housing. This is just irresponsible as we are on the crest of the need of growth in this type of housing as the baby boomers are looming.

Aged care is already in a very tenuous position, with major funding cuts and COVID, 60% of the industry has recently been found to losing money, the investment paradigm in aged care is already currently tenuous at best, The changes as proposed could double the required site area, this will significantly reduce future viability RACF projects and also cripple the feasibility of sites already purchased by providers. The suggested Cl4.6 path to a potential maximum 20% increase lacks the certainty of the current instrument and falls significantly short of the stated objective to encourage and facilitate more delivery of Seniors Living projects

Limit of Clause 4.6 variations

Development standards within the Seniors SEPP have always been able to be varied via clause 4.6 or SEPP No. 1. This has been an important function of the Seniors SEPP and has allowed for site specific responses to be provided where appropriate and of merit.

DPIE has provided no rationale for proposing an arbitrary maximum possible 20% variation, which appears to be moving away from recent case law on Clause 4.6 variations that have reinforced the premise of merit and falls massively short of current arrangements which were put in place in recognition of the unique needs of RACFs as stated above in previous SEPP reviews.

Benefits associated with Social Housing Providers

All residential aged care providers under the current system are required to provide care to government fully financially assisted residents (usually between 25% – 50% of



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the residents onsite). Thus all residential aged care providers should receive the benefits outlined in the SEPP for Social housing providers.

1 Story Limit for RACFs in rear 25% of Site

The philosophy behind this clause is to stop oversteering in a traditional housing lot, in the context of planning from some 30 years ago.

The reality is most lots of 5000m plus required for a RACF (under existing FSR arrangements not proposed) are not a traditional housing lots, they have multiple street frontages, neighbours at multiple points and this clause does not address its intent, but rather causes nuisance in the planning process. Site design should be responsive to its local context in terms of setbacks and privacy, and a clause like this is impractical in its real-life application.

Distance to Bus Stops

The average age of a resident in a RACF is 85. The average stay prior to the resident passing away is 14 months. The reality is most people who live in RACFs have severely limited mobility, the vast majority of residents have a cognitive decline or dementia. Nearly no residents who live in RACFs are independently walking hundreds of meters to hop on a bus and go to the shops. All aged care facilities provide activities, excursions and bus trips using buses that come directly to the door that are supervised by facility staff. Any requirements for distance to a bus stop should be removed in recognition of required onsite or kerb side bus servicing arrangements.

Conclusion

In summary it is encouraging that DPIE is reviewing the Seniors SEPP, however we believe that it is crucial that the Seniors SEPP is retained with further incentive provisions and that it has precedence over LEP controls. Without this:

- Councils will be likely to impose more onerous controls which will affect the viability of seniors developments;
- Seniors Housing providers will not have any certainty as to the likely approvals they will be able to obtain; and
- Seniors Housing providers will be less likely to be able to compete in the market and provision of new seniors housing will likely reduce and therefore not meet the increasing demand for this type of accommodation.

We are currently at a pivotal point in terms of providing adequate supply of housing options for the ageing baby boomer generation. Having an appropriate planning framework to deliver sufficient accommodation which is specifically designed to the needs of an ageing population is essential.



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Seniors accommodation has specific design requirements, particularly in relation communal and onsite services and as such it cannot be compared to a standard residential development.

If it is to be delivered, consistent development standards need to be applied and incentives given to ensure that the market will cater for the demand.

The past has shown that the framework of the Seniors Living SEPP has worked, indeed we have delivered 6 projects under the SEPP and to remove this as is currently proposed would be a significant step backwards for the seniors housing.

The only project we have tried to deliver in a LGA where there was an exemption to the SEPP, we were unsuccessful until the exemption was ultimately withdrawn by the Minister. This delayed the project delivery by 5 years, to the expense of the community who were desperate for this type of community asset.

Rather than returning the controls to the local level, we should be reviewing the SEPP to see how we can make the document more streamlined and relevant to the modern day styles of housing. This would make the assessment of such applications easier.

Kind regards,

Michael Kresner
MANAGING DIRECTOR
Advantaged Care
ABN: 25 026 562 910



Wednesday 9th September 2020

[REDACTED]

[REDACTED]

[REDACTED]

I know you are missing some of the important facts. People don't contact you, when they are in Love, Happy and are Improving their life's and the life's of others around them. People winge, bitch and complain, because others are doing better than them. Who are you listening to?

We have a lot of people calling our accommodation home and have stayed with us since we have opened. The reason they do, is our asset is our people, we look after our people first. We make money and we reinvest these funds into more homes for people, we have a waiting list of people who want to move in with us.

What's the most important thing that has come out of the Covid19 hurdle, for people living is Boarding house accommodation? What you haven't ask them? As you don't seem to be addressing this issue

What have the people who live in this accommodation spoken to you about lately, what changes do they want to see in the next improved version of accommodation? What you haven't asked them? As you don't seem to be addressing this issue

Neighbourhood life cycle for Beresfield and Tarro and the Northern Environmental region. An additional 228 dwellings are required to accommodate another 361 people (222 households) in Beresfield, Tarro and the Northern Environmental Region by 2031. The majority of housing forms are single dwellings in these areas. In 2011, the dominant household type in Beresfield - Tarro - Northern Environmental Region was couples without dependents, which accounted for 30.7% of all households. The main changes in household type between 2011 and 2026 are forecast to be: - The largest increase is forecast to be in lone person households, which will increase by 76 households, comprising 27.9% of all households, compared to 26.6% in 2011. - In contrast group households are forecast to decrease by 2 households, to comprise 1.5% of all households in 2021, compared to 1.7% in 2011. Information shared from NCC Local Planning Strategy



[REDACTED]



SEPTEMBER 2020

Submission to NSW Department of Planning, Industry and Environment regarding the proposed new Housing Diversity SEPP – Explanation of Intended Effect

AHURI PROFESSIONAL SERVICES

About AHURI

As the only organisation in Australia dedicated exclusively to housing, homelessness, cities and related urban research, AHURI is a unique venture. Through our national network of university research partners, we undertake research leading to the advancement of knowledge on key policy and practice issues.

AHURI research informs the decision-making of all levels of government, non-government sectors (both private and not-for-profit), peak organisations and the community, and stimulates debate in the media and the broader Australian community.

Our mission is to inform and impact better housing, homelessness, cities and related urban outcomes through the delivery and dissemination of relevant and authoritative research. To achieve this mission we deliver four key programs.

National Housing Research Program

AHURI's National Housing Research Program (NHRP) invests around \$4 million each year in high quality policy-oriented housing research and associated activities. We broker engagement between policy makers, key stakeholders and researchers. This allows us to undertake research that is immediately relevant and actively contributes to national housing policy development.

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AHURI is actively broadening its scope to consider the role, functioning and policy questions facing Australian cities. We are enhancing our significant evidence base on housing and homelessness policy and solutions, and consolidating our role in delivering integrated and robust evidence to guide policy development. We are investing in and developing partnerships for an Australian Cities Research Program. AHURI is working with governments and relevant stakeholders to expand our role in delivering research that informs urban policy and the shaping of cities in Australia.

Professional Services

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There are currently eight AHURI Research Centres across Australia:

- AHURI Research Centre—Curtin University
- AHURI Research Centre—RMIT University
- AHURI Research Centre—Swinburne University of Technology
- AHURI Research Centre—The University of Adelaide
- AHURI Research Centre—The University of South Australia
- AHURI Research Centre—The University of New South Wales
- AHURI Research Centre—The University of Sydney
- AHURI Research Centre—University of Tasmania.

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Executive summary

This submission draws on Australian Housing and Urban Research Institute (AHURI) research evidence to provide commentary on the new Housing Diversity SEPP that the NSW Department of Planning, Industry and Environment is preparing, to consolidate and update several of the NSW Government's housing-related planning policies. Proposed changes include introducing three new land use terms to help facilitate housing projects intended to stimulate economic recovery, and amending the existing Affordable Rental Housing SEPP provisions, Seniors SEPP provisions, and the provisions of SEPP 70 (concerning social housing). The new Housing Diversity SEPP is also a response to the COVID-19 pandemic in order to accelerate projects that support employment and economic development. The changes to the planning system also aim to provide greater certainty for all stakeholders.

The proposed new SEPP aims to deliver a planning framework that:

- will assist NSW's economic recovery following COVID-19;
- consolidates existing State-level housing-related planning provisions into a single instrument;
- is in a format capable of being expanded and amended as future needs may require; and
- facilitates the delivery of housing that meets the needs of the State's growing population.

This submission provides a summary of AHURI evidence relevant to the planning of housing in NSW and Australia and focusses on developing a diverse housing stock that meets future needs in NSW, the provision of affordable and social housing, and the proposed new land use definitions. This submission is structured into four chapters as follows:

General comments on the new Housing Diversity SEPP

- Planning provisions, such as inclusionary planning mechanisms, can improve the diversity of housing stock, including affordable housing
- Diversification of housing products and choices can help to meet changing population needs

Proposed new land use definitions

- Built-to-rent housing has the potential to increase the supply of private rental housing, but institutional investors face barriers to enter Australian market
- Purpose-built student housing provides students with a more secure tenure option, but needs to be affordable
- Co-living developments diversify the housing stock and cater for the needs of key workers and young professionals, but are unaffordable to low-income brackets

Proposed changes to the existing Affordable Rental Housing SEPP provisions

- Affordability requirements for boarding houses can provide better housing affordability outcomes
- Regulations needs to ensure quality of housing and security for residents, but also needs to be carefully designed for providers to register boarding house

Proposed changes to social housing provisions (SEPP 70)

- Social housing should be viewed as infrastructure
- Tenure mix approaches need to take vulnerable residents into account
- Diversify affordable housing choices for older people
- Lack of accessible and adaptable housing options for people with disability

General comments on the new Housing Diversity SEPP

AHURI welcomes the opportunity to comment on the new Housing Diversity SEPP that the NSW Department of Planning, Industry and Environment is preparing. AHURI is supportive of planning provisions aiming to increase housing diversity, in particular a greater range of rental tenure types. AHURI research evidence also stresses the role of planning provisions to facilitate the supply of affordable and social housing to accommodate changing future housing needs.

The NSW Government is developing the new Housing Diversity SEPP alongside its new Housing Strategy. AHURI's submission to the Housing Strategy discussion paper highlights the increased need for affordable housing supply and the constraints upon housing choices that exists for most households in NSW. Recommendations by AHURI include for the Housing Strategy to focus on the whole housing system, be framed more around housing needs by addressing the aspirations of households and be more integrated with other policy areas.

The following submission presents AHURI evidence on improving housing diversity. The proposed new land-use definitions built-to-rent housing, purpose-built student housing and co-living housing increase the range of private rental types. By providing more planning certainty for institutional investors the supply of private rental housing can be enhanced (Newell et al. 2015). For tenants living in long-term rental housing this could mean more tenure security (Hulse et al. 2018). Yet, AHURI research also highlights the need of the planning system to regulate accessible, good-quality housing and provide more affordable and social housing (Parkinson et al. 2018).

The following sections address AHURI research relating to optimal planning approaches and to affordable housing and housing needs.

Consolidation of housing-related planning provisions

The NSW Government is intending to develop a new Housing Diversity SEPP to better reflect current housing needs and emerging land use forms by consolidating housing-related planning provisions in one single instrument. AHURI supports the use of the planning system to increase and diversify the supply of new housing, particularly the provision of quality, well-located affordable and social housing. Actual provision of social and affordable housing will also require coordination with non-planning policy measures.

SEPP mechanisms improve housing diversity

AHURI research has reviewed planning approaches to deliver affordable housing in Australia, focusing on models applied in urban renewal contexts in Adelaide, Brisbane and Sydney (Davison et al. 2012). The research evaluated the introduction of planning mechanisms, such as the Affordable Rental Housing SEPP (A-SEPP) in NSW, which is the predecessor of the current affordable housing SEPP (ARHSEPP). The evidence showed that the A-SEPP introduced an innovative approach to improve the diversity of housing stock, such as supporting a greater mix of housing types including more affordable rental options (Davison et al. 2012). The research states that enabling the delivery of more diverse housing stock, specifically in middle suburbs with low densities, is a strategic benefit of the A-SEPP.

The A-SEPP provided insufficient opportunities for affordable housing

The same AHURI research presents some criticism of the A-SEPP, including that it does not generate sufficient opportunities for affordable housing, in particular in high density, inner city areas and in complex redevelopments. The A-SEPP also lacks strategic integration and implementation mechanisms in coordination with local government authorities, leading to opportunities for affordable housing developments being inappropriately located (Davison et al. 2012). This research adds that other planning mechanisms, like mandated inclusionary zoning, are perceived to deliver greater certainty for developers (Davison et al. 2012).

There is scope to consider inclusionary zoning mechanisms in high growth areas to increase affordable housing

AHURI research examined inclusionary planning mechanisms to enable access to land and resources for affordable housing development supporting the supply of affordable housing (Gurran et al. 2018). This research argues in particular that for high growth residential areas of metropolitan Australia there is scope to increase the use of mandatory inclusionary planning mechanisms. The research found that inclusionary planning mechanisms to subsidise social housing development were limited to a few central city schemes (inner Sydney, Perth), where financial contributions were able to be levied in support of local affordable housing programs. To have wider application of inclusionary planning mechanisms, these would need to be designed and coordinated with planning incentives that support and encourage overall housing supply targeted to local market conditions. Inclusionary targets or requirements would need to reflect both the market context and the continuum of housing needs and options. The research concludes that planning mechanisms, like inclusionary planning, provide an opportunity to better align planning policy for affordable housing with other government housing policies, programs and initiatives (Gurran et al. 2018).

Planning for future housing needs

The new Housing Diversity SEPP aims to provide a planning framework that facilitates the delivery of housing that meets the needs of the NSW's growing population both in terms of diversity and affordability.

Planning required to create diversity of housing types and tenures

Recent AHURI research examining the quantity, composition and distribution of new housing supply across Australia 2006–2016 shows that there is an ongoing mismatch between composition of housing stock and changing population needs (Rowley et al. 2020). New housing supply tends to provide larger (four- and five-bedroom) homes, rather than smaller dwellings that are the expressed preference of the population. A more responsive housing system would focus more on changing population needs and provide more diverse housing options. More involvement by governments in land and housing development would help to diversify housing products and provide more stable patterns of new supply (Rowley et al. 2020). This could entail facilitating new initiatives to diversify housing products and choices as well as expanding and sustaining the affordable and social housing sector, including the following options:

- purpose-built rental accommodation
- deliberative (resident-led) or cooperative forms of housing development
- low-cost / shared-equity forms of ownership.

AHURI research investigating evidence-based principles and strategies to increase the supply of affordable housing, highlights the importance of diversifying housing products, which includes delivering a variety of dwelling types and tenures, to meet the continuum of housing need (Gurran et al. 2018). The research emphasised that interventions to supply affordable housing depend on market conditions and a range of government subsidies, like incentives or investments in land or investments, alongside policy priorities (Gurran et al. 2018).

Planning policies should calibrate housing need

AHURI research has modelled Australia's housing need (Rowley et al. 2017). In this approach, housing need is defined as:

the aggregate of households unable to access market provided housing or requiring some form of housing assistance in the private rental market to avoid a position of rental stress (Rowley et al. 2017: 1).

AHURI research argues that the focus of policy development should shift to identify needs along the housing continuum (Randolph et al. 2018). Delivery across the housing needs continuum helps to meet overall social and tenure mix objectives as well as providing opportunities to improve project viability through cross subsidy (Randolph et al. 2018).

To project future housing needs and measure current housing needs at a national and state or territory level, AHURI has developed a sophisticated methodology that considers a range of factors in estimating demand:

- household formation decisions
- tenure choice
- housing market behaviours (including house prices)
- labour market status of households
- labour market earnings of people in households.

The research measures housing need arising from the interaction of demographic effects (population projections combined with propensities of different groups of people to form new households) and the effects of the labour market and housing system. Using this methodology, AHURI research estimated in 2017 that almost 373,000 households were in housing need in New South Wales, and that this would rise to 678,000 in 2025 (Rowley et al. 2017).

Other recent AHURI research shows that the provision of social housing is limited, and its market share is declining (Lawson et al. 2018). The research estimates the unmet need for social housing and projects need to the year 2036. This shows that unmet housing need in NSW will rise from 135,800 in 2016 to 212,700 houses by 2036. Needs will be especially apparent in Sydney where they will rise by 61,500 over the period. The estimates consider the projected increased demand for social housing due to population growth, as well as existing and projected unmet needs from those who are homeless (manifest need) and those in rental stress (evident need) (Lawson et al. 2018). The research argues that, for the social housing stock to grow and improve, a more sustainable pathway is required (Lawson et al. 2018).

Proposed new land use definitions

A proposed intent of the new Housing Diversity SEPP is to introduce new definitions into the Standard Instrument —Principal Local Environmental Plan (Standard Instrument LEP) for build-to-rent housing, student housing and co-living housing.

AHURI evidence supports the diversification of housing products and tenures to meet the needs of a changing population. The proposed new land use definitions provide more certainty for institutional investors to fund residential developments, such as build-to-rent housing, and have the potential to increase the supply of rental housing. Across Australia long-term renting is highest in NSW indicating the need for greater tenure security in private rental market (Stone et al. 2013). Planning regulations need to ensure that these new housing products provide residents with secure and good-quality housing. For housing tenure types, such as purpose-built student housing or boarding houses, catering mostly to medium to low-income households affordability should be a key requirement for planning provisions.

Build-to-rent housing

The proposed definition for *'Build-to-rent housing'* would refer to a building or place that contains at least 50 self-contained dwellings that are offered for long term private rent; is held within a single ownership; is operated by a single management entity; and includes on-site management.

Institutional investment in build-to-rent housing can increase supply of rental housing

Australian institutional investors currently play a negligible role in the private rental market (Newell et al. 2015). Even though institutional investors, such as superannuation funds, are major players in Australian capital and financial markets, they focus primarily on commercial properties. Thus, they represent a potential source of capital to fund rental properties (Milligan et al. 2013). To identify challenges and opportunities for institutional investors to increase their level of residential property in Australia into their property portfolio, the project authors conducted a survey (Newell et al. 2015). A key finding was that for institutional investors, such as superannuation funds, key considerations are the performance of the residential property and its contribution to the overall investment portfolio. However, key deterrents for investors are potentially low returns, poor market information and low-quality portfolios (Newell et al. 2015). Other impediments for build-to-rent to become more common in Australia include tax settings, in particular land taxes. The inability to defer GST costs on construction materials also makes retaining dwellings unprofitable (AHURI 2019a).

Housing affordability could be improved by build-to-rent housing

Build-to-rent has the potential to increase the construction and supply of private rental housing—affordable housing for low-income households in particular (Newell et al. 2015). AHURI research suggests that developing a built-to-rent sector in Australia is a strategy to improve housing affordability for renters (Hulse et al. 2018). Institutional investors are potentially better equipped to provide new housing supply in well-located areas, offer more professional and efficient property management, and provide renters with more secure tenancies (Hulse et al. 2018). To successfully implement build-to-rent in Australia will require adequate regulation to promote investment and ensure tenants enjoy a good housing experience (AHURI 2019a). Institutional investors could provide affordable housing through build-to-rent by working together with the not-for-profit sector. A share of the units could be set aside for affordable housing, or governments could incentivise investors to head lease housing to groups like key workers (Hulse et al. 2018).

Purpose-built student housing

The new Housing Diversity SEPP is proposing to define a new category of purpose-built student housing and introduce planning provisions to promote its supply. The provisions would seek to provide well-located housing to support the higher education sector in NSW. 'Student housing' would be contained within the Standard Instrument LEP. It is proposed that it be defined to mean a building that provides accommodation and communal facilities principally for students enrolled to study at an education establishment during teaching periods; and may incorporate some fully self-contained dwellings.

Potential of purpose-built student housing to diversify rental housing supply

Purpose-built student housing is one form of build-to-rent housing, owned and operated by large corporate landlords designed to cater for the needs of students and is already emerging in Australia despite the lack of regulation over its development (Parkinson et al. 2018). Purpose-built student housing to date is relatively undersupplied relative to Australia's high intake of international students, at least prior to the current COVID-19 pandemic. This housing segment also provides additional scope for international investors to invest in residential developments and diversify their property portfolio (Hulse et al. 2018).

Purpose-built student housing needs to be affordable and of good quality

At present, many students not being able to find secure and affordable housing are forced to enter marginal forms of housing, such as unregistered boarding houses small apartment dwellings, granny flats and rooms rented out by individuals and families. These kinds of living arrangements offer students little security of tenure while the actual dwelling may be overcrowded and unsafe (AHURI 2019b). Regulating increasing investment in the purpose-built student housing would need to ensure dwellings are of decent and suitable quality and are managed safely (AHURI 2019b).

However, AHURI research investigating the experience of students and housing service provider staff emphasises that despite the growth in supply of purpose-built accommodation with good facilities for many students, these dwellings are not affordable. Rather, students report of moving out of purpose-built accommodation once they have become more familiar with their surroundings to lower their housing costs (Parkinson et al. 2018). Ensuring that purpose-built student housing is comparatively affordable would help to improve housing outcomes compared to students' experiences in marginal housing, and would be easier to regulate than informal rental pathways with lots of smaller private landlords (AHURI 2019b).

Co-living housing

The NSW Government is proposing to introduce a new definition for co-living developments and planning provisions to support their development. Co-living developments, otherwise known as 'new generation' boarding houses, provide residents with private rooms that are self-contained, including private bathroom and kitchenette facilities, and access to communal living areas and other facilities. Co-living housing would mostly be funded by institutional investors. Planning provisions would need to address co-living housing as one form of build-to-rent housing.

Co-living housing is accommodating other resident cohorts than 'traditional' boarding houses

AHURI research on the future of boarding houses highlighted that 'new generation' boarding houses are a new housing option that are expanding fast in certain parts of Sydney (Dalton et al. 2015). This includes apartments and detached houses being re-purposed as well as some purpose-built accommodation both in suburban locations and inner-city areas. Boarding houses have generally been catering to the needs of low to moderate income working adults (Dalton et al. 2015). The research shows that tenants of 'new generation' boarding houses differ markedly from the traditional norm, with many being key workers or young professionals, who pay substantially higher rents than the norm for traditional boarding house accommodation (Pawson et al. 2015).

Specific regulation for co-living housing is needed

The 'new generation' boarding houses differ from more 'traditional' boarding houses by generally being fully self-contained, with no shared facilities (like cooking or bathroom facilities) and are effectively a block of small 'studio apartments'. This form of housing has been designated as 'boarding houses' for the purpose of planning approval to be exempt from standard requirements; such as on room size and car parking provision (Dalton et al. 2015). The research highlights the need for regulation to consider future trends in the growing and diversifying boarding house market (Dalton et al. 2015). Even though these 'new generation' boarding houses have in general rising standards of provisions, they are on average more expensive and less affordable for people on lowest income (Dalton et al. 2015). The issue of housing affordability of boarding houses is addressed in more detail in the next chapter.

Proposed changes to the existing Affordable Rental Housing SEPP provisions

The new Housing Diversity SEPP is planning to amend the planning provisions in the existing Affordable Rental Housing SEPP provisions. Key proposed changes include:

- introducing an affordability requirement for boarding houses
- introducing a simplified process to allow for an existing dwelling to be used as a group home

The following section discusses AHURI research where it is relevant to these proposed changes focusing on the affordability requirement for boarding houses and increasing housing choices for people with disability in the form of group homes.

Boarding houses

The key proposed change in the new Housing Diversity SEPP is to amend the boarding house definition to include a requirement that boarding house rooms are to be affordable.

Regulations can achieve better housing affordability outcomes

AHURI research is generally supportive of these changes. For example, it finds that if boarding house provisions include requirements around eligibility and rental affordability, this may deliver better housing affordability outcomes (Gurran et al. 2018). The research also emphasised that better affordable housing outcomes may be achieved by limiting planning concessions to affordable housing providers (Gurran et al. 2018).

There will continue to be challenges and opportunities for policy makers in regulating a viable and effective boarding house sector into the future as the market supplying boarding house accommodation continues to grow. The sector will require systematic and regular review to develop clearer standards to ensure safety and quality of life for residents (Dalton et al. 2015).

Careful design of regulation is required to ensure compliance

However, increased regulation also potentially enhances the likelihood of boarding house providers not registering their premise to avoid complying with regulations. AHURI research indicates that the number of establishments running as boarding houses, but not registered at either the state or local level, is believed to be substantial (Pawson et al. 2015). The research highlights that a consolidated approach is needed to identify unregistered boarding houses and ensure that they are encompassed within a coherent regulatory regime (Dalton et al. 2015). The research recommends governments carefully design regulation to incentivise registration of boarding houses and ensure that compliance, particularly in relation to 'access to premises standards', is not too onerous (Dalton et al. 2015).

Applying a risk management framework is needed to protect vulnerable residents

According to stakeholders consulted in AHURI research, boarding house residents are exposed to increased risks by unregistered premises effectively operating as boarding houses, but under the radar of the local authority because of the lack of planning approval for such activity (Dalton et al. 2015). Beyond incentivising boarding houses to be registered, regulation needs to be sensitive to the needs of vulnerable residents and the risks associated with living in boarding houses. The research recommends applying a risk management framework prioritising the needs of vulnerable residents and increasing the transparency of the boarding house market (Dalton et al. 2015).

Use of existing dwellings as group homes

The NSW Government is proposing to introduce a quicker and easier process to allow an existing dwelling to be used as a group home to increase housing choices for people with a disability or who are socially disadvantaged. Evidence by AHURI is emphasising the need to increase housing options for people with a disability and provide more affordable and social housing.

Limited access to adequate housing

AHURI research shows that people with disability experience considerable differences in their housing and living arrangements to the rest of the population by facing additional barriers in accessing adequate and affordable housing, in particular in the private rental market (Wiesel et al. 2015). These barriers in the private rental market include unaffordable housing options, disadvantage compared to other potential tenants competing for rental housing, limited supply of adequate housing for people with disability and insecurities in rental tenancies (Wiesel et al. 2015).

Group homes can be a valid housing choice when it is preferred by the person involved. Yet, the shortfall of group homes limits the options residents have in choosing their living arrangements, such as the location of the dwelling and other household members. AHURI evidence researching the lived experience of people with a disability suggests that incompatibility between residents is common in group homes many would rather choose to move if alternative housing and support is available (Wiesel et al. 2015). However, the ability to move to more appropriate and suitable housing is not only limited because of housing constraints, but as well because people with disability rely on their proximity of carers or their support services are attached to the group homes (Kroehn et al. 2007).

Proposed changes to social housing provisions (SEPP 70)

The new Housing Diversity SEPP is amending the social housing provisions aiming to better support the NSW Land and Housing Corporation (LAHC), to allow for a combination of social, affordable, and private housing dwellings on a single site.

The following section discusses AHURI research where it is relevant to these proposed changes emphasising the need for more social housing, proposing to view social housing as infrastructure and discussing tenure mix approaches in redevelopments.

Social housing should be viewed as infrastructure

AHURI evidence highlights that safe, adequate, affordable and appropriate housing is critical to health, wellbeing and social and economic security. Yet, the social housing system, supporting many Australians not able to find housing in the private market, is under-resourced and does not meet demand (Lawson et al. 2018). Over the past decades funding and other support for the social housing system has led to its market share gradually declining. By addressing the shortfall in social housing, a better housing market across tenures types can be achieved (Lawson et al. 2018). The research views social housing as an essential form of infrastructure providing safe, secure and affordable housing on the basis of need (Lawson et al. 2018). The research recommends that social housing requires an infrastructure investment pathway finding that needs based capital investment supplemented by efficient financing provides the most cost-effective pathway for Australia (Lawson et al. 2018).

Tenure mix approaches need to take vulnerable residents into account

AHURI research on affordable, urban renewal and planning cautions the assumption that achieving a social mix of residents in renewal strategies of previously disadvantaged areas leads to better social outcomes, in particular for disadvantaged residents living in social housing (Davison et al. 2012). The research highlights the importance of including strategies in redevelopment processes to prevent the displacement of existing residents (Davison et al. 2012). Furthermore, to improvements for disadvantaged people made through social mix policies are more likely gained on a wider neighbourhood level (Atkinson 2008). Key gains stemming from tenure-mix policies is their ability to reduce the stigmatisation felt by social housing tenants. This AHURI research recommends to achieve this to have no visible distinctions between different tenure types when building both market housing and social housing (Atkinson 2008).

Proposed changes to the social housing provisions of the Seniors SEPP

The Seniors SEPP includes planning concessions for social housing, in which seniors and people with disability account for approximately 20% of LAHC's property portfolio. To meet the growing demand for this type of accommodation LAHC has advised that these provisions are critical to the future pipeline of projects that LAHC needs to deliver its housing targets as set out in Future Directions. Proposed changes are:

- Parking concessions for seniors housing
- Clarify application of lift access exemption

Diversify affordable housing choices for older people

AHURI research looking at the rental housing provisions for lower income older Australians emphasises that social housing is a major provider of affordable rental housing for older people (Jones et al. 2007). The research predicts that provision of social housing will remain a main significant housing tenure for older people and the supply, diversity and quality of provided housing is needed to be further developed (Jones et al. 2007). Yet, the research shows that the social housing system is unlikely to meet the housing demands from older renters due to a growth of older households renting and their competition with other population growth (Jones et al. 2007). Based on a limited capacity to increase supply, further private sector investment is needed integrating the community aged care sector better with parts of the social housing sector. To enhance housing outcomes for older residents the research recommends establishing a renewal program based on ten initiatives including:

- Establish the objective of providing affordable housing for older Australians who have not yet achieved home ownership as a *policy focus* linked to the wider policy agendas emphasising the need to ensure that all older Australians are provided the opportunity to 'age well'.
- Develop a new initiative to build the extensive stock of independent living units provided through church and community organisations in the community *aged care* sector into an affordable housing system linked to wider policies relating to the provision of housing and care for older people.
- Develop *regulatory processes* appropriate to the diversity of housing forms for older people that are now emerging to address housing quality, consumer protection and urban planning issues (Jones et al. 2007).

Lack of accessible and adaptable housing options for people with disability

AHURI research focusing on the housing careers with people with disability emphasises the limited supply of accessible or adaptable housing. (Beer and Faulkner 2008). Those with mobility impairments in particular find it hard to move in the housing market to find more suitable accommodation, if their present housing is inappropriate (Kroehn et al. 2008). AHURI research shows that many people with mobility impairments (42%) had not moved house for over a decade and a further 29 per cent had only made one move. Despite this lack of movement, around one fifth felt their present house did not meet their needs, and almost 30 per cent feeling the house would not meet future needs (Beer and Faulkner 2009).

Besides finding appropriate housing people with disabilities living in private rental housing experience difficulties to get permission from landlords to make modifications. Lack of available suitable stock for people with disabilities was more acute in regional areas. Based on interview people with people with disabilities and their carers AHURI research suggest considering legislative approaches for accessible design in new housing a way forward (Kroehn et al. 2008). Further AHURI research proposes to focusing on developing innovative products including new methods of vertical travel, such as lifts, inclined stair lifts and platform lifts, which have the single greatest impact on the feasibility and cost of providing accessible two storey dwellings (Judd et al. 2010).

Housing and economic recovery following COVID-19

The Explanation of Intended Effect articulates the intention that the proposed changes will ensure that the residential development sector is well-placed to assist the economic recovery of NSW following the COVID-19 pandemic.

The AHURI projects listed below are due to report in the second half of this year. Each of these may be relevant to the new Housing Diversity SEPP (AHURI, 2020).

AHURI is presently completing research on COVID-19 research

AHURI is presently undertaking eight projects on housing outcomes associated with the pandemic, the impact of policy responses to the pandemic, and the capacity of housing policy to stimulate economic recovery. These projects are due to report in the second half of this year. Each of these may be relevant to the new Housing Diversity SEPP (AHURI, 2020). Project topics include:

- **After the pandemic, can building homes rebuild Australia?**

Examining what policies are most effective in utilising the construction industry, does the industry have the capacity to respond and what form should this response take?

- **Renting in the time of COVID-19: understanding the impacts**

Many in the rental market face uncertainty, tenure insecurity and financial hardship. This project rapidly generates a nationwide dataset and essential reporting on the impact of COVID-19 on tenants.

- **Supporting Australia's housing system: modelling pandemic policy responses**

This project will deliver the rapid redevelopment of economic and housing system modelling to provide deep policy insights into COVID-19 housing interventions, focussing on impacts to employment, and outcomes for owners, renters and investors.

Housing affordability stress during COVID-19

This project will take a longitudinal qualitative approach to examine differential impacts of COVID-19 for those in housing affordability stress across tenures, housing types and household composition.

- **Pathways to regional recovery from COVID-19**

Regional recovery from COVID-19 may follow a different trajectory to that of large cities. This project will generate data on regional housing and household experiences arising from the pandemic.

- **Policy coordination and housing outcomes during COVID-19**

The pace of policy interventions to support Australians during COVID-19 is unprecedented. This project will systematically map policy-making activities, across government levels and non-state actors, to understand how well coordinated these efforts are, and which housing-related outcomes and impacts should be evaluated to assist policy-making through the crisis.

- **Post pandemic landlord-renter relationships in Australia**

This project will provide insight into the economic and mental well-being of landlords and tenants affected by the COVID-19 pandemic.

- **Marginal housing during COVID-19**

This project investigates health and related risks associated with informal and unregulated accommodation in the COVID-19 context. Policy options for expanding housing system capacity during health and other emergencies, serving vulnerable populations or essential workers, are also canvassed.

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 Australian Housing and Urban Research Institute

Dear Planning NSW

In regard to the Housing Diversity SEPP that is being exhibited, I would like to register my feedback on the proposal to remove Boarding Homes from the R2 residential zone. Broadly, this aspect of the proposed SEPP is inconsistent with the long-term status quo and other regulation. After reading the included report from the Council Working Group, it also appears ill-conceived.

The reasons for introducing the code governing Boarding Houses in 2009 was to address the fact that rooms for let was commonplace, that it had been for the longest time, that it was not realistic to 'ban' this practice as it constituted a form of affordable housing, and that it was therefore a better option to regulate it in order to improve the quality of it. The reasons given in the provided information memorandum, for now removing it as a permitted use in R2 zoning, fail to address these aspects and are using several incorrect assumptions.

1. That R2 boarding homes are high density. While there has been many 'large' such instances approved since the Affordable Housing SEPP was introduced, this was due to a historical limitation of the SEPP which only recently set a maximum size for a new development. The traditional 'rooms for let' model – which one assumes is essentially being banned by this proposal – is inherently low density as it operates within a normal house. Under the new 12 room limit the traditional, low-density boarding house model is enforced.
2. That these developments are massively profitable and therefore an opportunity to regulate lower rent. In actual fact, because Co-Living and Student Housing is being proposed, and in the case of Co-Living having no controls over who can rent, those other developments will be built instead and no lower rent will be achieved. In the R2 zone specifically, there is no development over 12 rooms and no developers lining up for this type of low-return minor project.
3. That the community opposes small-scale development in the R2 zone. Rather, community concern is around inappropriately large developments, including those that have occurred in the past in the R2 zone.
4. That the 'bulk and scale' is inconsistent with the R2 zone because this zone is 'low density'. This incorrectly assumes R2 is the only low-density zone option - the common "Environmental Living" zone and heritage overlays are already available to restrict large portions of low density suburbs to stay substantially 'as is', should local councils advocate those zonings instead of R2. R2 would be better served to be consistent with the low-density R1 zone and medium density R3 zones, which have Boarding House as a permitted use.

The reasons Boarding House should remain a permitted use in R2 are

1. Boarding Homes are already permitted small scale as ‘unregistered’ boarding houses (up to 5 rooms for let). However, if the building is larger than 300m² then such use is non-compliant with the building code concerning occupant safety. By banning any such development the department is effectively declaring that these uses must in many cases must be within buildings that do not meet the safety standards of the BCA.
2. Banning Boarding House development will result in unnecessarily reduced living standards for the occupants in a rooms-for-let model, such as having inadequate bathroom or kitchen facilities. The Information Memorandum fails to address this – other than perhaps to imply that such tenancies will move to larger co-living development, which is not achieving housing diversity.
3. The small-scale Boarding House ultimately has the same similar aspects in terms of impacts and building code as the AirBNB use. If NSW will permit up to 6 people for short term rental accommodation, the same standard should be applied to the Boarding House use, to achieve consistency.
4. As has been pointed out, Boarding House use in R2 zone has been refined twice in recent years, to require one parking spot per two rooms (down from five) and a maximum of 12 rooms. These changes were only introduced recently and the Council Working Group reported before these changes had made an effect on the development pipeline, but since these two reforms, it is not possible to find evidence of R2 zones are being overdeveloped under this code, and the benefits of these tweaks to the code have not had time to produce positive effect.

Or put differently, it is not clear that this restriction actually solves any current problem. This leaves an absence of reason for increasing the restrictiveness and prescriptiveness of the planning system – especially given those restrictions will act to reduce living standards.

Thankyou



Submitted on Wed, 09/09/2020 - 08:59
Submitted by: Anonymous
Submitted values are:
Submission Type: I am submitting on behalf of my organisation
First Name: Chris
Last Name: Graham
Name Withheld: No
Email: cgraham@alburycity.nsw.gov.au
Suburb/Town & Postcode: Albury
Submission file: [webform_submission:values:submission_file]

Albury City would like to thank the NSW Department of Planning, Industry and Environment (DPIE) for the opportunity to peruse and provide comment on the Explanation of Intended Effect for a new Housing Diversity SEPP.

Albury City recognises changing housing needs attributed to general population growth, increases in the ageing demographic and a widening gap between dwelling prices and incomes. Accordingly, AlburyCity supports the introduction of new housing types (inclusive Build To Rent housing, Purpose-built student housing and Co-living developments) to assist with both housing diversity and supply. Please refer to specific comment, as follows:

- To provide further incentives to develop new affordable housing types it is intended to provide concessions against normal parking requirements. Whilst this is considered appropriate in metropolitan areas that have readily available access to public transport and other services, a concession against normal parking requirements may be problematic (land use conflict associated with overflow parking on-street) in a regional setting where the same level of public transport services is not readily available and where the regional population remains dependent on the private motor vehicle.
- The proposed definition for Build-to-rent housing stipulates a minimum of 50 self-contained dwellings. This would constitute a very large development in a regional setting that would only very rarely be achieved. It is suggested that further distinction is provided between metropolitan (50 self-contained dwellings) and regional (25 self-contained dwellings) Build-to-rent housing standards relating to minimum dwelling numbers in recognition of varying market conditions. Current standards (in the absence of further amendment) may serve as a dampener to Build-to rent housing being used to facilitate housing diversity in a regional setting.
- It is proposed to allow Councils to determine the relevant height and Floor Space Ratio (FSR) controls for Build-to-rent housing, Purpose-built student housing and Co-living developments through LEPs. This is an impost on Council, especially when unfamiliar with such large scale developments. Accordingly, it is suggested that the SEPP should incorporate default height and FSR provisions with an option for Council to depart via LEP amendment to accommodate local circumstances (where required).
- It is proposed to allow Councils to determine permissibility for Purpose-built student housing through their LEPs. This is an impost on Council, especially when unfamiliar with such development. Accordingly, it is suggested that the SEPP should incorporate default land use permissibility via either zoning or locality based criteria (i.e. proximity to campus, public transport nodes etc.) provisions with an option for Council to depart via LEP amendment to accommodate local circumstances. AlburyCity appreciates the opportunity to provide further input to assist the preparation of the Housing Diversity SEPP and are

comfortable in participating in any further engagement ongoing. Should further information and/or clarification be required, please contact Senior Strategic Planner, Mr Chris Graham, at cgraham@alburycity.nsw.gov.au or on PH 02 6023 8148.

Submitted on Thu, 30/07/2020 - 10:22

Submitted by: Anonymous

Submitted values are:

Submission Type: I am making a personal submission

First Name: Alex

Last Name: McDougall

Name Withheld: No

Email: mcdougall.a.g@gmail.com

Suburb/Town & Postcode: Marrickville

Submission:

I am a town planner with 10 years of experience assessing development applications. These comments are my own and not those of my employer. I note the EIE suggests allowing BTR to be strata subdivided and sold after 15 years. If the intention is to give concessions on apartment sizes and dimensions, this will create a back door for long term poor quality units.

Minimum parking for BTR is contrary to some Council controls which now seek to implement maximum parking limits. If the intention is for BTR to be in areas of high public transport accessibility and be cheaper units to build and thus rent, minimums seem counterintuitive. I suggest that the controls should at the least defer to the local controls where there are maximums or lower minimums.

Further, if the concern relates to impacts on street parking, most CBDs capable of housing such development have on street parking controls which would stop resident spill over into the surrounding streets.

I note the suggestion that BTR will become a permissible land use in commercial core zoning. This seems at odds with making hub centres, such as Parramatta, commercial centres. Further, the ability to convert these units to regular RFB/Shop-top housing after 15 years will erode the commercial core. There is significant B4 and R4 land in proximity to most centres which the scheme can utilise.

A \$100 million threshold for State Significant development seems to be too low. A significant number of developments in CBDs would be over this figure and present a way for developers to bypass local control. I suggest a \$200 million figure may be more appropriate. Will BTR be considered a change of use from RFB/Shop-top housing? If so this could make it difficult to convert existing approvals into BTR. Perhaps the controls could clarify this point.

Thank you for your consideration.



7 September 2020

Department of Planning Industry and Environment
Locked Bag 5022
Parramatta
NSW 2124

Dear Sir / Madam,

SUBMISSION ON CO-LIVING - PROPOSED NEW HOUSING DIVERSITY SEPP

We are a specialist investor and operator of co-living spaces, having worked in the co-living sector since 2017. It is great to see the co-living sector gain recognition as an asset class in the proposed New Housing Diversity SEPP. Our collective experiences in co-living has given us insight into the design, development and operation of co-living properties and through this knowledge we provide the following feedback, specifically to the co-living section of the proposed SEPP.

As we learnt with our co-living project located at 601 King St, Newtown NSW - a successful co-living project requires thoughtful building design to create a sense of community amongst residents. We have found that co-living residents are typically 20 to 30 years old with a mix of young professional locals and expats, consisting of a tenancy profile that is quite different to typical boarding house residents and students.

Having had early success in launching co-living projects in NSW, we would like to provide the feedback as follows;

Permissible Zones – In addition to the R3, R4 and B4 Zones mentioned, we believe co-living projects should also be permissible in B2, B5 & B6 zones, as the asset profile of co-living is compatible with these zonings.

FSR – An FSR bonus is required to help activate co-living projects. Without an FSR bonus, co-living is unlikely to be the highest and best use for a site. Co-living will therefore struggle to gain traction and it will become an asset class that is not financially viable. We believe a FSR bonus of 0.5 needs to be provided, or there needs to be a correlation between FSR bonus and communal living area space provided.

Parking – The suggested ratio of 0.5 spaces per room will completely ruin the viability of co-living. Applying this rate as a 'must not refuse' condition won't work in many Council's as they adopt this as a 'must comply' rate. Our experience with new generation boarding houses suggests that only 18% to 25% of tenants have cars – and therefore the same ratio should apply to co-living projects. We also believe there needs to be a clear framework to provide leniency on car parking requirements based on proximity to local amenity, employment and transport.

Room Size – The suggested range of 30-35sqm is too big. Typical room sizes in existing projects are approximately 20sqm – which has proven to offer exceptional liveability and amenity while also still encouraging residents to step out of their rooms to connect via common spaces.



Private Open Space – Minimum 4m² per room as per the ADG requirement for studios has been suggested in the draft controls. Two points need to be made here. If ADG is applied to the building design, these requirements will be too restrictive and again co-living projects will not be viable, and secondly, our experience is that balconies are not preferred as it can lead to noise complaints. We believe common outdoor space is a more appropriate use of open space within the context of a co-living project.

Communal Open Space – 25% of the site is suggested. If this can be achieved by a rooftop then it could potentially work. However - if this is required to be garden area at ground level, then this requirement may become prohibitive to the viability of a co-living project. We believe there should be an exception to the 25% rule for smaller sites.

It is noted in the Introduction section of the explanation paper that there is a focus to ensure the planning system supports the recovering economy, and introduces new classes to accelerate projects in a response to Covid-19. However, we are extremely concerned that the suggested draft controls will severely affect the viability of co-living. This is not only our opinion, but a view shared by other organisations who we liaise with in the co-living sector.

Recently, we have been working to establish a co-living fund to drive investment and development into the co-living sector. Our objective with this fund is to coincide our investments with the recovery of the NSW economy to therefore boost:

- Employment, via hiring of consultants, construction staff and hospitality staff
- Taxes, via stamp duties, council contributions, land taxes & rates, GST & capital gains tax
- Housing Diversity, by offering NSW residents with much needed optionality within the private rental market

In order for the co-living sector to be able to become a valuable contributor to the NSW economy, we must work together to ensure that any planning mechanism for co-living takes into accounts the feedback of all industry stakeholders to develop a planning framework that is viable in NSW.

We would welcome the opportunity to meet and discuss the above.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Andrew Boyd'.

ANDREW BOYD
Director
0423 009083

My Say

I would like to provide share housing to people who need it. It is a worthy cause and a passion.

I feel the proposed SEPP will make it more unaffordable for people like myself to develop share housing. Moreover, if the newly proposed SEPP eventuates, we will not be able to meet the growing demand for affordable housing. It will not solve the issue in a sustainable manner

There is generally a housing shortage and there is less construction now. This is not including the shortage of affordable houses. Specifically, the shortage of affordable houses for singles and couples is growing

Especially now with COVID-19 and beyond there is an increase in lower income earners

Just to keep up with demand, we will need 40 thousand new houses each and every year for at least 20 years

What is a Sustainable approach?

- Share housing should be allowable in R2 Zones
- There should not be a minimum of 10 private rooms per property
- Management of share housing should not be only managed by CHP

By considering these points above, developers such as myself will be able to afford and pitch in toward solving the housing affordability issue we have today

To: The Department of Planning

Re Housing Diversity SEPP

Following are brief comments on some aspects of the proposed Housing Diversity SEPP.

Re Non-urban land

Seniors Housing, Boarding Houses and other forms of urban development should be excluded from non-urban (deferred) land in Warringah LEP 2000 (WLEP2000).

The deferred land includes non-urban land in Middle Harbour Catchment and Narrabeen Lagoon Catchment. (A standard zone equivalent would be E3 – Environmental Management.)

The Planning Assessment Commission Report (2007) recommended that non-urban land in Narrabeen Lagoon Catchment should be protected from urban encroachment.

Re Boarding Houses Provisions

I support removing the requirement for boarding houses to be mandated within the R2 – Low Density Residential zone.

Boarding houses should be excluded from metropolitan rural areas and non-urban land.

The SEPP for Affordable Rental Housing (boarding houses) lists the standard zones in which boarding house development is permitted.

The non-urban (deferred) land in Warringah LEP 2000 is a place based LEP that does not have standard zones. A specific reference is required to exclude this non-urban land.

Re Seniors SEPP

I support an update of the provisions of Schedule 1 – Environmentally sensitive land.

Schedule 1 should be updated to include environmentally sensitive areas that have been recommended for inclusion. This includes riparian land and sensitive catchments.

Re Build-to-rent housing (BTR)

Locational requirements

The proposal to make BTR housing a compulsory permitted use in B3 – Commercial Core, B4 – Mixed Use and B8 – Metropolitan Centre zones is likely to compromise other land uses and objectives of these zones.

Commercial and other uses associated with the Business zones should remain dominant to provide employment and a range of services.

State Significant Development

I do not support the proposal that BTR housing would be assessed as State Significant development (SSD) in metropolitan or regional areas.

It is important that the planning assessment gives due consideration to social and environmental

impacts of the proposal.

Re Proposed changes to the social housing provisions of the ARHSEPP

I am concerned about the proposal to speed up development, allow concessions to planning controls, and increase the maximum number of dwellings that LAHC can self-assess from 20 to 60.

Developments for social housing warrant due process, consideration of social and environmental issues, adherence to good planning controls, and independent assessment.

In conclusion, economic recovery appears to be a prime motivator for some of the proposed changes. However, in addition to the economy, other objectives are to achieve positive social and environmental outcomes that will be sustainable.

Ann Sharp

Submitted on Mon, 07/09/2020 - 22:13

Submitted by: Anonymous

Submitted values are:

Submission Type: I am submitting on behalf of my organisation

First Name: [REDACTED]

Last Name: [REDACTED]

Name Withheld: Yes

Email: [REDACTED]

Suburb/Town & Postcode: Kensington 2033

Submission: To the DEP, We own 3 key sites in the Randwick LGA which are all ideal (and are currently being considered for) Co-Living and Student Housing. Although the changes in the SEPP to create four new definitions is a welcomed idea, some critical areas within these proposed controls must be considered. Some of the items in the EIE, if in fact are adopted, will most definitely create reduced developer confidence in providing this type of affordable housing.

Key Comments on the EIE

The high cost of land and competing vs Residential development - The FSR bonus MUST remain for Student accommodation and Co-Living. This is critical here otherwise proponents will simply look at standard residential / strata schemes. The 20% bonus (in some capacity) provides just enough incentive to compete for good properties in Sydney to provide affordable housing.

Co-Living should have MAXIMUM parking rates of 0.2-0.5 and zero minimums - or align the parking rates closer to proposed

Student Housing rates with 0 required. 0.5 parking rates across the board will severely deter any future projects in Co-Living sector. Perhaps proximity test (eg 400m) from transport should be considered for zero parking (at LEP level not council level).

Too much disparity between Student Housing and Co-Living, why would a developer look at Co-Living when they can do student housing smaller rooms, no parking. Proponents understand the need for SOME parking in Student Accommodation projects or Co-Living but this is only for loading area, and a few spaces maximum. New SEPP needs to heavily promote and encourage car sharing either privately supplied or using companies ie GoGet etc Existing car parks within built 'New Generation Boarding Houses' that have been built for current operational boarding houses are barely used, a quick study of Sydney Metro LGAs will prove this.

In Summary Incentives

– Maintain an incentive for Student Housing and Co-living given the focus to deliver this new housing in the current economic climate. Affordability – seek to avoid strict affordability requirements given this housing is meant to be incentivised.

Co-living/Student Housing –

Remove minimum tenancy lengths, remove minimum parking requirements, provide flexibility for standards such as room sizes, communal and private open space. This will create less restrictions within the framework.

Property owners and Co-living/

Student accommodation developers are already competing with shop top housing and traditional residential developers for Sydney land.

Note: Our sites are within the Randwick LGA (Randwick and Kensington) and - when built , would provide approx. 350 co living self contained rooms. Please do not hesitate to contact the undersigned [REDACTED]

URL: <https://pp.planningportal.nsw.gov.au/proposed-new-housing-diversity-sepp>

Submitted on Fri, 28/08/2020 - 15:26
Submitted by: Anonymous
Submitted values are:
Submission Type: I am submitting on behalf of my organisation
First Name: agi
Last Name: sterling
Name Withheld: No
Email: agi@sterlingarchitects.biz
Suburb/Town & Postcode: waverley
Submission file: [webform_submission:values:submission_file]

Submission: On behalf of our numerous members, the ACA NSW (Association of Consulting Architects) would like to make a submission re proposed overhaul of a number of policies, including affordable housing and Senior Living SEPPs.

Co-living is an emerging asset class that has rapidly gained popularity in major markets in North America, Asia and Europe over the last 7 years. Whilst there are many different variants on the co-living model, the common themes tend to include: Fully furnished accommodation Flexible medium term (e.g. 3+ month) rental periods Buildings which includes shared/communal living space Communal social/events programs to foster a sense of community and social interaction between residents

Typically located in highly desirable inner city / city fringe areas that are rich in amenity and are located in close proximity to reliable public transport and/or places of work or study. Co-living is ideally suited to upwardly mobile young professionals (typically aged 20 – 35), who in many cases are willing to trade size of living spaces for the features noted above. The appeal of co-living is not exclusively limited to the “Millennials” demographic, and in other markets around the world this emerging form of housing has found popularity with people outside of this cohort that are drawn to the flexibility and lifestyle that co-living offers.

It is our firm belief that co-living can and does provide a valuable addition and typology to the existing housing stock in NSW. Apart from increasing stock, it also provides a viable alternative to those who have graduated from share house but are unable or unwilling to pay for larger rental apartments. Whilst these co-living developments have attracted much community opposition, it is my strong opinion that this is largely due to the unfortunate nomenclature “boarding house” in the ARHSEPP 2009, attracting negative connotations, and a lack of community education and understanding as to the potential quality and reality of the development type. Co-Living under ARHSEPP controls.

There are various challenges to delivering commercially viable Co-Living developments. A significant proportion of the development being apportioned to common, non-income generating areas. Expensive relative build cost due to the following Higher proportion/number of kitchens, bathrooms, services and facilities A more rigorous standard of build as they are typically developed for long term retention Greater difficulty in obtaining finance from financial lenders, in comparison to more established asset classes. Community opposition and council resistance, based on the misplaced ‘boarding house’ designation A16- 25sqm (including kitchen and bathroom) internal size are optimal. The incentives to date been is encouraging a housing stock that is by nature more affordable than larger rental

apartments. The FSR incentive in particular that has made Co-living commercially viable and encouraged development of this asset class. Whilst there clearly have been some examples of unsuitable boarding houses, developed by unscrupulous developers, these are in the minority and on the whole the asset class has been of positive benefit. The comments re the proposal are for the recognition that there are in fact distinct typologies that were previously classified as boarding houses, such as Co-Living and Student Housing. It is recommended the re-classification of boarding houses to their more originally intended purpose as social housing. Whilst the intent is positive, the proposed implementation will destroy co-living as a typology in practice.

Of specific concern are the proposed controls for co-living which propose:

1. That no FSR bonus is offered, despite the fact that a significant proportion of allowable floor area will need to be dedicated to non-revenue generating communal areas. We strongly believe that an FSR bonus is required for any future viability of this typology in order to make them financially feasible.
2. That rooms will have a minimum size of 30 to 35 sqm; this is approaching the minimum 35sqm studio size as required by the ADG. We have successfully designed co-living rooms that are 16-18sqm for single lodgers and 20-25sqm for double lodgers. We strongly believe that the smaller unit sizes are required in order to create a viable unit yield for this typology.
3. That the proposed car parking requirement will be 0.5 car spaces per room. In general, particularly in locations close to public transport, we believe car ownership rates are significantly lower than 1 per 2 rooms. Despite this control having not been mandatory, in our experience local councils have utilised it to curb boarding house developments. The net effect is large and expensive basement excavations which have a significant flow on effect to development cost.
4. That the requirement for private open space will be 4 sqm for each private room; this will similarly render many developments where juliet balconies or windows are a more appropriate response to be unviable.
5. That building envelope controls for residential flat buildings under the relevant DCP could apply. The controls proposed in the statement of intended effects, in our opinion, will mean that co-living developments will become commercially unviable. They will simply not stack up in a financial feasibility analysis against a residential flat building off-the plan development, or other more established development types. In particular, the boutique scale of co-living development, which according to co-living developers create the best scale in terms of delivering amenity and community experience, will be most affected. The flow on effect goes beyond developers – it impacts architects, planning professionals, engineers, builders and sub-contractors involved in the sector. It is particularly concerning to us that such curtailment of development could be proposed in the midst of a pandemic, where construction activity has already been reduced by 27% according to the Master Builders Association. We do understand that the intention of the Housing Diversity SEPP is to encourage diversity of housing through a more principle based approach, however, in our opinion without specific planning incentives it is unlikely the more diverse typologies will get off the ground in a significant manner.



Proposed - New Housing Diversity
State Environmental Planning Policy

September 2020

www.australianhousinginitiative.com.au

PO Box 1584
Buderim. QLD. 4556

As founder of the Australian Housing Initiative I appreciate the opportunity to provide comment and feedback on the proposed new Housing Diversity State Environmental Planning Policy (SEPP).

More than ever, a growing variety of demographic groups are unable to access affordable housing either at all, or in their preferred location, meaning they often have to leave their community of families, friends and support networks, to find somewhere they can afford to live

What we continue to find in our research is that 60 to 80 percent of the people that are looking for rental accommodation are singles and couples (this is a growing demographic). At the same time, 60 to 80 percent of the rental properties available on the market today, are three, four and five bedroom houses. Australians are not yet ready to live vertically, which is why we have an oversupply of units around most of the capital cities in the country.

The government's role will always be pivotal in the provision of affordable housing, however, the responsibility to resolve the housing crisis is not their sole responsibility.

Through our networks, we emphatically encourage the input from investors in the Private sector to assist the Governments in their ability to address the issue of Housing Affordability and believe that this would be highly successful if strategies were developed for successful collaboration and partnerships between the Government, Private Sector and the Community Housing Organisations and that leverage investment into the supply of more affordable housing.

<https://theconversation.com/informal-and-illegal-housing-on-the-rise-as-our-cities-fail-to-offer-affordable-places-to-live-116065>

The Australian Housing Initiative (AHI) sole purpose is to increase the supply of affordable housing by the private sector to those who need it most.

The AHI works across Australia with Government (Federal, State and Local); Industry and Community Groups and the private sector to understand the state of affordability and implement practical solutions in partnership with local communities and would welcome the opportunity of further discussion that may entail from this submission.

Yours sincerely,

Ian Ugarte

Founder

ian@australianhousinginitiative.com.au

The AHI agrees with the amalgamation of the 3 existing housing SEPPs as it will make it easier for assessment from mum and dad investors, full time investors, institutional investors and government.

Housing Shortage

Even before the COVID-19 pandemic, figures released in January from the Australian Bureau of Statistics showed that in NSW, over the September quarter, commencements of new housing had already dropped to their lowest level in five years.

Compared to the previous year, there was a 34% drop in new construction activity and a 26% drop in detached house commencements.

<https://www.realestate.com.au/news/housing-shortage-looming-new-building-projects-drop-to-lowest-level-in-five-years/>

Australian Housing and Research Institute (AHURI) Research

At the end of 2019, according to the Australian Housing and Research Institute (AHURI), demand for affordable rental properties for the bottom 20% of income earners, exceeded supply by around 212,000 homes.

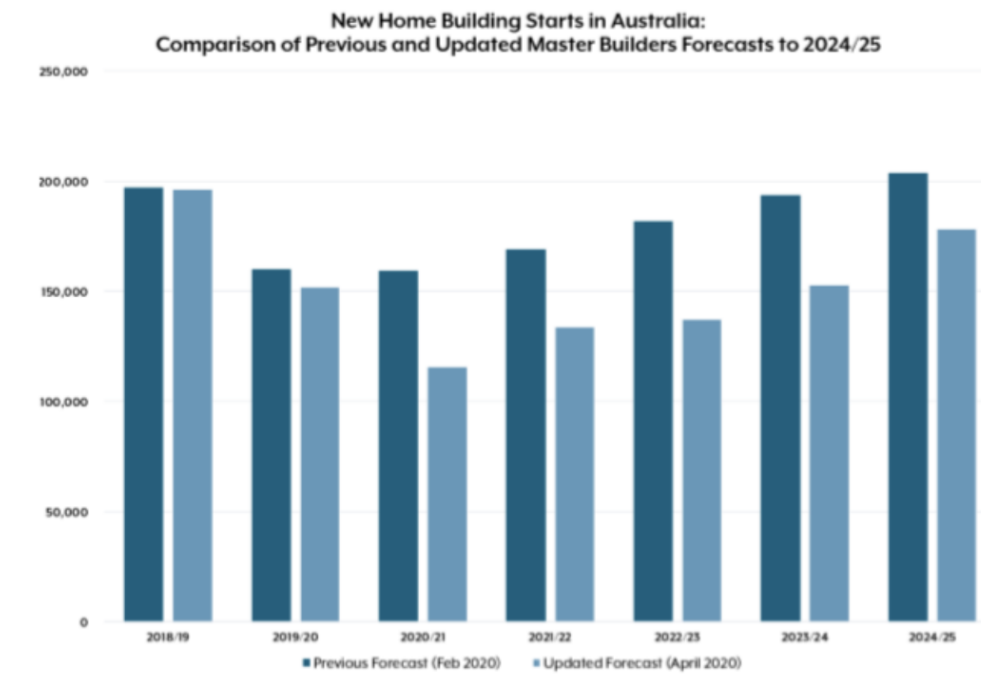
And, with Greater Sydney expecting to reach a population of about 7 million by 2041, the government estimates about 40,000 new homes will be needed each year in Sydney for the next 20 years to meet that growth.

AHURI, in their latest policy brief states that “..... there was a shortage of 478,000 affordable and available private rental dwellings for low-income households in 2016”

For very low-income households who earn up to \$673 a week, there is a shortage of 305,000 homes that are available and affordable and for low-income households who earn from \$674 to \$1200 a week, there is a shortage of 173,000 homes appropriate for their circumstances

Master Builders Association (MBA)

The Master Builders Association anticipates that new home buildings will be just under 116,000 in the 2020 – 21 period compared to their original forecasts of 159,000.



The MBA has also stated that the number of people employed directly by the construction industry is 1.2 million and those in other sectors dependent on construction work number 440,000.

They envisage that 464,300 construction jobs could be lost with another 171,600 lost in those other jobs depending on construction as a result of COVID-19.

As the below chart shows, the MBA's April Survey indicates an average 40% drop in contracts across all sectors.

**Comparison of Master Builders Forecasts for New Home Building:
Before & After COVID-19**

	Pre COVID-19 Forecast (February 2020)	Updated Master Builders Forecasts (April 2020)	Forecast Downgrade	Forecast Downgrade (%)
2019/20	160,132	151,772	-8,360	-5.2%
2020/21	159,268	115,822	-43,446	-27.3%
2021/22	169,026	133,719	-35,307	-20.9%
2022/23	181,838	137,425	-44,413	-24.4%
2023/24	193,632	152,922	-40,709	-21.0%
2024/25	203,909	178,220	-25,689	-12.6%

Source: Master Builders Australia analysis

<https://www.masterbuilders.com.au/Resources/Industry-Forecasts>

The Housing Industry Association similarly echoes the MBA with their recent Home Building Recovery Plan, forecasting that “half a million jobs being at risk and the market looking to fall to a level lower than the 1990’s recession in December this year (2020).

<https://hia.com.au/-/media/HIA-Website/Files/covid19/hia-home-building-recovery-plan-covid-19.ashx?la=en&hash=6E7C7CFE191BF509FEBF2128FC06417177B528A8>

Need for social and affordable homes by state

State	Social housing shortfall 2019	Affordable housing shortfall 2019	Projected extra social housing needed by 2036	Projected affordable housing needed by 2036	Total needed by 2036
NSW	137,000	79,400	76,100	24,100	316,766

SOURCE: UNSW CITY FUTURES RESEARCH CENTRE, CHIA NSW

https://www.ahuri.edu.au/_data/assets/pdf_file/0027/36972/Australia-will-need-1-million-more-social-affordable-homes-by-2036.pdf

COVID has markedly slowed down the building industry which will mean that there are less houses on the market which will create an increase in rental and property prices making them more unaffordable.

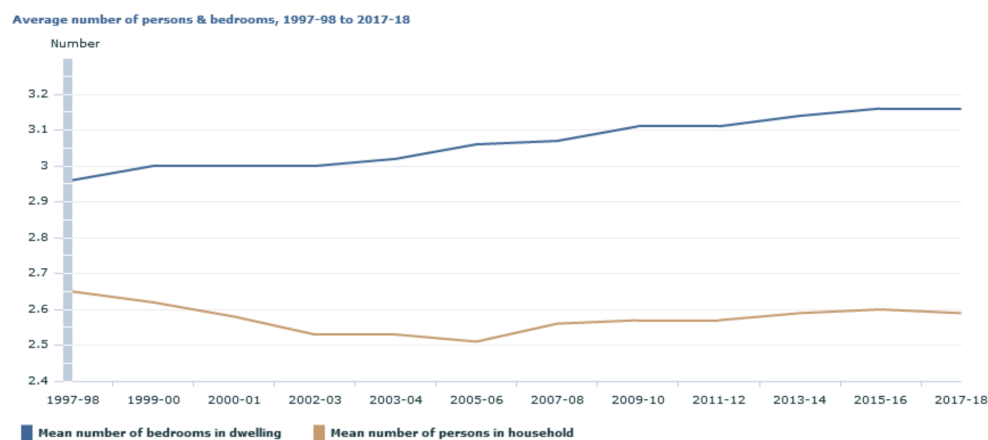
Australian Bureau of Statistics

There has been a continual decline in the proportion of family households. In 2016, 71% of Australian households were made up of families down from 77% in 1986.

As well as the decline in family households, their size is also reducing. In 1911, the average number of people per household was 4.5. In 2017-18 it was down to 2.6.

During this same period, single-person households increased from 19% to 24%.

Yet, there was an **increase in the number of bedrooms** per dwelling from 3.0 in 1997-98 to 3.2 in 2017-18.



Annotation(s): Note: Survey not run in 1998-99, 2001-02, 2004-05, 2006-07, 2008-09, 2010-11, 2012-13, 2014-15 or 2016-17. Values have been interpolated for these years.

Source(s): Survey of Income and Housing

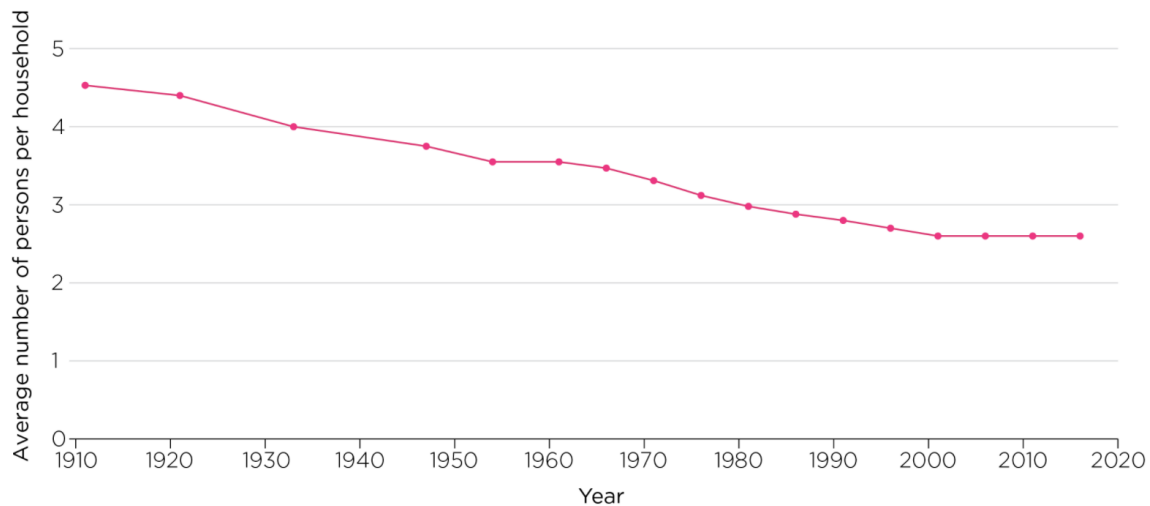
Specifically in NSW, the 2016 census found that 24% of households had one person and 33% had only two people. A combined number of 57% of households that required only one or 2 bedrooms.

Even though there is no shortage of detached family dwellings, the ABS' key statistics (2017-18) show that more than three quarters (79%) of households had **at least** one bedroom spare.

Then, if we look at the change in households in NSW between 2011 and 2016, the number of those without children increased by a figure of 69,183.

With a dramatic shortage of appropriate housing stock for one and two person households this further highlights the need for flexible housing options.

Average household size, 1911–2016



Sources: Hugo, G. (2001). A century of population change in Australia (ABS – Yearbook 2001 Australia (Catalogue no. 1301.0)).
ABS 2011 & 2016 Censuses – Time series Profile (Census No. 2003.0)

<https://aifs.gov.au/facts-and-figures/population-and-households>

We believe that part of the SEPP, and from our point of view, the major component, is in relation to New Generation Boarding Houses, and the ARHSEPP, which has worked well.

In saying that, however, we feel that there needs to be refinement along with a targeted approach.

The AHI firmly supports the notion of unity between investors, the community and more importantly those who struggle to pay rent each week.

We do agree with the Build to Rent provision, and we also believe that there should be greater ability for investors of all natures to take up the opportunity for development.

In relation to the new housing diversity SEPP (NHDSEPP) we would like to address the following points:

Definition of Affordability –

Under the context of affordability, we would like to ask what set of provisions would be required to determine that a boarding house is affordable?

We believe there needs to be a set of rules and guidelines that clearly sets out what affordability is.

An affordable housing option cannot consist of just a set figure because, as we know, the definition of affordability is paying no more than 30% of a person's gross wage

In which case, a property in the Eastern suburbs of Sydney would of course have a different definition of affordability to that of a property in the Western Suburbs of Sydney.

The AHI would suggest that a definition of affordability be created, based on the income earnings of the applicant moving down to a minimum set figure for rent.

If an applicant had an income of over \$50,000 then, that would mean that 30% of their gross wage would be charged in rent. That is \$300 per week. They would then need to pay for their utilities on top of the \$300.

A single occupied room in a boarding house that is \$300pw with services means that they are far better off than in the standard definition of "affordable".

In saying that, it doesn't mean that someone earning \$100,000 would have to pay \$600 per week, because the market itself will then dictate the maximum chargeable amount for someone living in a boarding house.

Location and Access

Accessibility requirements are important – especially in relation to parking.

Amending the SEPP. For the council LEP to prevail we believe is an issue in NSW to create affordable accommodation. Councils act on the basis of the local community and their voice. Community voice and pressure based on assumptions and presumptions is the key driver for council decision making.

If we have the local council overriding the SEPP then decisions will be based on the emotion and fear of the community rather than the reality of very little post construction complaints.

Proposed amendments to Part 3 of the ARHSEPP

The proposed SEPP will ... allow a council to levy monetary contributions to offset the loss of dwellings that were low-rental at any time within the 5 years preceding the lodgement of the development application.

The AHI interprets this to mean that, as a condition of any DA consent, going forward, any rental property, at any stage, in the 5 years prior to a development application whose rental slips below the comparable median rent will be liable to a monetary levy.

These types of levy's must be removed as they are catastrophic and will discourage supply of housing under the median rent and therefore crush affordable supply.

Added to this we believe that all development that is conducted under this SEPP be excluded and exempt from any section 94 council contributions.

Build to rent

The AHI already has Build to Rent properties in Australia which are owned and controlled at cost neutral.

Our Build to Rent property includes lifetime tenure and a reduction in the rental amount. In some cases this is up to 75% of the standard rent for the area.

We do agree that the Build to Rent component is a good opportunity to create secure tenure for tenants. We would like to add that we believe the requirement of a minimum of 50 self-contained dwellings should be reduced in number to 12, and also allow privately owned unit trusts as a single ownership vehicle in order that the private investor industry can continue to contribute in creating better housing outcomes for NSW.

The AHI does not fully understand the \$100m capital investment value.

As a state significant development, we understand that the integration of 50 self-contained units would make only a small difference to the marketplace

There are very few \$100m State Significant Development's that are created in the marketplace and large-scale investors would at best only put the minimum 50 dwellings into their development.

We would suggest that the minimum value be reduced to \$10m. with at least 60% of the properties produced, to be made available as build to rent and that the titles held by a single owner unit trust have caveats placed on them that minimises the sale for a set period of time.

Also, we suggest that the occupiers of Build to Rent housing have the option to pay rent at a higher rate so that over a 15 year period, it would work towards the deposit on the property they are in.

Should that resident who is paying extra rent not actually purchase the property in the future, any money that is held by the unit trust be repaid to that tenant as well as any interest earned less the banking fees at the Reserve Bank Interest Rate.

Purpose Built Student Accommodation

AHI agrees there is a need for Purpose Built Student Accommodation.

In its current form, properties are being used illegally (in share-house arrangements). These illegal uses are putting the safety of residents at risk because the buildings are without adequate fire and safety installations.

We believe there should be 2 levels of Share Housing

1/ - Up to 6 people allowable in a R2 Zone as a CDC approval process so it can be approved through a private certifier

2/ - 6+ in R2 Zoning requires council Development Application

Properties build prior to May 2011 – No universal access via an exemption applied for by the NSW State Government to the Federal authority of the DDA.

The AHI is adamant that co-living properties be allowable in R2 residential zones and that for any of those houses built pre May 2011 the upgrades need to be in line with 1b Building class without universal access upgrade if less than

50% of the floorplan is altered. We also believe that the NSW State government should include an exemption for Universal Access for existing stock.

For up to, and including, 5 people living together, the minimum standards of the property should be in alignment with the Queensland (Mandatory Part) MP 5.7 – Building Standards.

We also believe that there should be precincts set up around major education hubs and also allow for precincts within 400m from – public transport in accordance with the current access requirements for New Generation Boarding Houses in the current R2 zone .

The AHI believes there should be a simple application process for a registered training organisation to apply for inclusion as a precinct.

This would mean that houses within a 400m radius of the main entrance can now provide student housing under the above conditions.

Within the proposed provision of no car parking, it is likely to create community backlash to offset this, we would suggest that there should be 2 car spaces for up to 5 people (with a maximum of 5 bedrooms).

We agree with the bicycle parking spaces but do not believe it necessary that a provision be made for motorcycle spaces.

Co – Living

With the average house in Australia being approximately 250 m², theoretically, It would be possible to fit 22.6 Hong Kong houses and 56.5 people from Hong Kong into one Australian house.

At the same time, our average household sizes are decreasing, now to just over 2.5 people. Consequently, with about 10 million households in Australia, we have around **13.5 million empty or underutilised bedrooms** and yet we have a housing shortage?

The UNSW City Futures Research Centre and Community Housing Industry Association (CHIA) Report NSW shows that of the deficit of social and affordable homes will grow from the current number of 651,300 to nearly 1,024,000 by 2036 with nearly a third of that being in NSW.

But, by better utilising space in our homes, to enable multiple people (or family units) to share a dwelling, it unlocks a range of very exciting possibilities.

Everyone in Australia should be able to save one third to one half of their normal weekly rent, and which is what this style of property offers. Meaning that within three to five years, with some good savings put in place, someone can buy their own property simply by renting something that's just a little bit smaller.

These properties are more accessible and affordable and bring a sense of community and security that otherwise would not be present. It enables people to remain in their local community in spite of life event or personal circumstances.

Housing Utilisation by Household Type

	Extra Bedrooms Required		Bedrooms Spare		
	One+	None	One	Two	Three +
Family with dependent children	6%	27%	43%	21%	3%
Multi-gen families	26%	35%	21%	12%	6%
Couple	0%	4%	19%	45%	32%
Lone Person	0%	13%	30%	40%	17%
Average	4%	18%	33%	32%	13%

Property Type	Extra Bedrooms Required		Bedrooms Spare		
	One+	None	One	Two	Three +
Detached House	3%	13%	30%	37%	17%
Townhouse, villa or Duplex	4%	22%	47%	25%	2%
Apartment	9%	44%	41%	6%	0%
Average	4%	18%	33%	32%	13%

The AHI agrees with the preamble that the New Generation Boarding Houses that are self-contained have met the requirements of the increased growth of single person household in NSW.

We also agree with the conclusion that many people are willing to trade size for access to desirable living locations and, we would add – at an affordable rate.

We are also happy to see the introduction of a new definition for co-living properties.

However, we feel that rather than the suggested minimum number of 10 private rooms, that having 5 rooms and a maximum of 6 people for each property will serve to encourage smaller investors to fix the housing affordability issue.

Also, the effect of having a minimum of 10 rooms will mean an increased number of illegal share-housing in ALL zones – predominantly in the R2 Zones.

The best way to address the illegal share-house market is to create regulation that defines the minimum standards. This will allow council to have no grey area when a complaint is registered with a compliance officer.

Please see attached [Addendum A](#)

These policies have been addressed by the AHI in their advisory role with many government and councils across the country.

Renting smaller compartments of a house to individuals or couples gives the ability for the investor to receive a better return than a normal rent as it does not act in a ratio return, gives better outcomes for community and demographic mix and also assists the Government by removing the “white collared homeless” from putting pressure on the social housing stock.

As a specialist in this area, if we look at the change in Brisbane alone, in the amount of rental percentage drop from 2014, when that policy was introduced in the Brisbane City Council area, we have had a 10 percent reduction across the board for the median rent of properties.

Approvals

With our experience, what we have found around the country, is that the ability to gain approval for Rooming (Boarding) Houses is much easier, if the Private Certification Process can be implemented below a certain number of occupants. For example, in the Brisbane City Council area, you can create a rooming house with up to five occupants by using the Private Certification Model, which is the Complying Development Certificate equivalent model in New South Wales.

*** Co-Living

Pre May 2011 –

- No universal access but upgraded to 1b standard
- Up to 6 people
- No more than 5 bedrooms

Post May 2011 –

- Universal access required CDC approval up to and including 6 people
- 6+ people not permissible in R2 zone and requires a Development Application with council

See Addendum A

In R2 zone

- Up to and including a maximum of 6 people
- Maximum of 5 bedrooms
- No unrelated parties to share a room. To be a couple or siblings

Pre May 2011

- Exemption of disability access
- Upgrade to a 1b Building Class

Post May 2011

- Up to and including a maximum of 6 people
- Maximum of 5 bedrooms
- Requires universal access as normal 1b Building Class
- Silver Level LHA minimum

Both Pre and Post May 2011 to be approved through a CDC process by a private certifier for up to 5 rooms.

We agree with the car parking requirements of .5 spaces per room with CDC discretion to approve less car spaces according to access to public transport.

The AHI is of the opinion that, each resident should be able to have their own bathroom, kitchenette (sink with no fixed cooking equipment) but can also share the facilities within the dwelling (i.e. bathrooms).

The dwelling must contain a full working kitchen as a minimum requirement for a communal area which is in alignment with the Queensland Development Code MP (Mandatory Part) 5.7 Building Standard.

See Addendum B

Room Sizes

We propose that the rooms sizes be in alignment with New Generation Boarding House Policy for

- A Single person room minimum of 12 – 16m²
- A 2 person/couple room to be a minimum of 16 – 25 m².

If the room includes an ensuite and a kitchenette the maximum room size should be – 35m².

Private Open Space

Existing Dwellings

In existing dwellings that were built Pre May 2011, we would suggest that the area of private open space should be the lesser of the current available private open space on the property or 4m² per room.

Private open space for existing dwellings should be allocated as a communal open space which will be the lesser of 20m² or 4m² per room.

New Builds

With newly built dwellings, we agree with the recommendations for both private open space and communal open space.

We would also add that for clarity every m² extra that is provided as private open space can be removed from the required m² of the 25% of the site.

For example:

6 rooms with 4m² each = 24 m² Private open space

We provide them with 40m² of private open space which exceeds the minimum requirement by 16m²

R2 Zones –

Communal open space to be reduced to 10% of the site area.

Communal space on 400m² block of land
X 10% = 40 m² less 16 m² private open space
= 24m² of communal open space

Affordable Rental Housing SEPP (ARHSEPP)

The AHI completely supports the New Generation Boarding House Policy in all seven (7) zones with some very strategic adjustment within the R2 zone.

We do not agree with the views of the community and councils that ARHSEPP created unaffordable New Generation Boarding House rooms.

The reason those rooms available to the market are considered unaffordable is because of the restriction of approvals from the councils because of the pressure they felt from the community.

The original policy was created to increase the amount of 1 and 2 bedroom dwellings. The net effect of non-approvals has meant that we have an undersupply for a style of property that has 'overdemand'.

In any market when demand outstrips supply there is likely to be a stability and sometimes an increase in rent.

We also disagree that this style of property didn't create affordable accommodation. People would not rent these properties if they had more options both financially and desirability.

In the proposed new definition, we do not agree that smaller style boarding houses are to be managed by Community Housing Providers.

In relation to car parking, with options like car sharing and Uber increasing, car ownership is in decline.

In metro areas near quality public transport nodes, we feel that the parking requirement should be lowered to 0.2 for Boarding Houses.

Affordability

The AHI agrees that the size and bulk of properties in the R2 zones have had an effect on the character in some suburbs and therefore created negative sentiments from within those communities.

We also agree that diverse housing should be permitted as broadly as possible, and would suggest that there be a size restriction like that of the current 12 room maximum in R2 zones.

By establishing a maximum number of rooms will help to manage the amenity impacts on adjoining and nearby properties.

Please see [Addendum A. re allowance of co-living properties in R2 Zones](#).

With the proposed requirement of New Generation Boarding Houses to be rented for 10 years at an affordable rate, and then reverting back to normal market rates, it is unclear what the definition of 'Affordable' really means.

The affordability of a property in Rose bay is very different to what is considered an affordable property in Chipping Norton.

In relation to removing boarding houses from the R2 zones, the AHI considers that this proposal is unfair, unjust and not with the spirit of creating a diverse demographic of residents within a neighbourhood and will instead lead to an increase in illegal share-houses.

The removal of boarding houses in R2 zones should only be considered if co-living properties are then allowable in R2 Zones.

The AHI would suggest that there be an independent study and report conducted on the residents of New Generation Boarding houses to determine their experiences.

We would also suggest the same be conducted that shows the comparison between the numbers of community complaints Pre-approval and Post-construction.

Sale at Market Rate

If the property is to be offered for sale to a resident at Market Rate, we would ask how Market Rate will be determined?

Would that be through the Valuer General, an individual valuation or on 2 individual valuations?

In order for these types of developments to be attractive to a developer, the AHI would also like to ask how there can be an assurance that the arrangement will benefit both parties? As there is no incentive for someone to develop and then make or loss and have to sell below the market rate?

Car Parking

We agree that the car parking requirements should remain at .5 or .2 for Community housing providers.

Private Market

Strategies can be implemented to ensure that developers are not just building to capitalise on the provision in the affordable housing policies for monetary return as a prime motive. Rather build to benefit community needs and also be able to continue to make a profit.

Some of the advantages of housing that is produced by private developers include the fact that they already have the knowledge, experience and flexibility in the creation of a product and the ability to independently produce something with creative design and intelligent use of space.

This reduces cost on Government and of the Community Housing Sector who would have to train or employ staff who have the necessary knowledge to create a quality and workable product, and mitigates constraints created by inter-departmental ownership.

In addition, due to a property being under their personal radar, private investors are much more likely to be aware of maintenance issues when they arise, to have invested in an area that they see is attractive to tenants and be able to create diversification in their product as demand arises as opposed to the conditions that have underutilised social housing that is currently vacant.

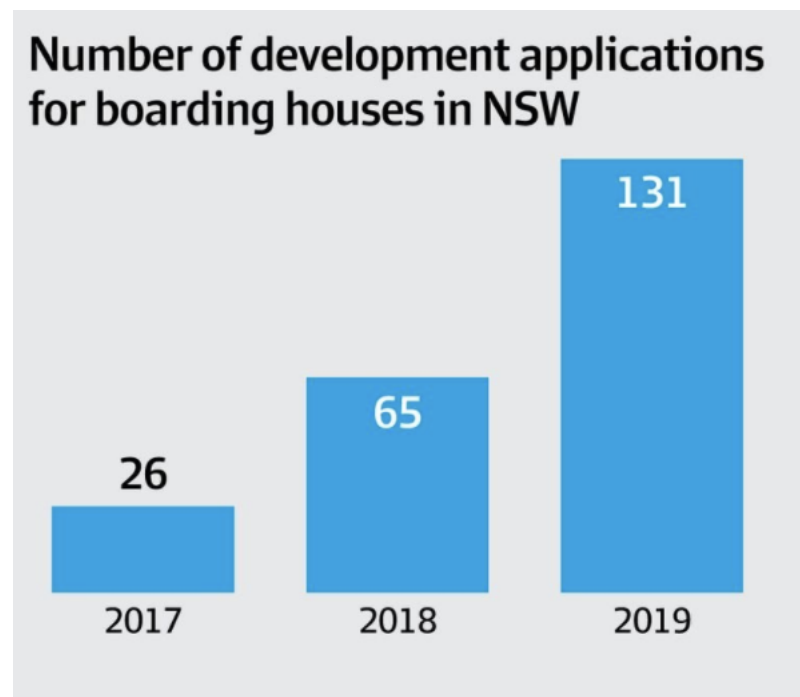
These proposed changes would see the pendulum further swinging away from private middle-class developers. With Australia having the greatest middle class in the world which is underpinned by property investment.

We do not believe that the private market should be excluded from owning and managing boarding houses.

Many families have owned, run and contributed extensively to boarding houses in NSW for Multiple generations.

These families, the 'Mum and Dad' investors of Australia are not necessarily rich or wealthy but have simply invested for the financial security of their family.

The restrictions and requirements that are being suggested in the changes will preclude the average investor due to the size and significant cost of creating these developments.



<https://www.afr.com/property/commercial/the-mum-and-dad-revolution-in-boarding-houses-20200213-p540fy>

Group Homes

The AHI agrees that existing dwellings should be added for exempt and compliant development pathways to ensure that the private market and industry can supply those properties to the market.

We are in support of secondary dwellings in the rural zones as they are an important part of diversity within the community.

Incentivisation

Co-Living and Boarding Houses

The question we would like to pose is, why could the Government not use the incentives similar to what has been made available to developers and investors in the establishment of New Generation Boarding Houses, Brisbane City Council Rooming Houses and Victorian State Government Exemption approvals for Share Housing and move it across all areas of Affordable Housing?

In order to stimulate greater diversity and create more affordability, especially in the mid-range affordable market, the AHI believes that concessions in the form of land tax or development concessions should be applied. Added to this we believe that all development that is conducted under this SEPP be excluded and exempt from any section 94 council contributions.

Rather than applying the suggested punitive levies, incentives could also be paid directly to suppliers who meet the rental targets with a set minimum amount that can rise in line with that particular LGA's market rents.

These concessions on sites that have multi-dwellings would reduce the current drain that the public and social housing model has on tax payers money.

Even though this may not address the demand for the very low cost housing market, this is where the government will have the ability to specifically target that segment.

Attached Addendums A& B

Addendum A

TOWARDS A NEW HOUSING STRATEGY FOR NSW

In this document, the AHI would like to outline how NSW can dramatically improve housing affordability and support vulnerable elements of the community. This can be achieved at no additional cost to the Government and will ensure all residents of NSW can live in the community of their choosing in an affordable manner.

GOALS

Goal 1 – Reduce Homelessness

Goal 2 – Strengthening Social Housing Assistance

Goal 3 – Increase affordable rental housing

An excess in demand for 'hidden' segments of the community

Affordable housing is a key challenge across Australia. The government is struggling to ensure that sufficient, safe, affordable and secure housing is accessible for all NSW residents. Unfortunately, a variety of demographic groups are placed at significant risk of homelessness and social dislocation.

Despite public perceptions, these groups are not limited to the stereotypical "public housing" - those living in public housing or seeking support from Government. There is a silent cohort that exists – young people seeking to leave home; young professionals arriving in (or returning to) NSW, and the largest (and potentially most concerning) demographic of homelessness across Australia being the 55-year-old plus single women.

A shortage of supply of the right housing stock

The housing market is tailored for larger property developers, who produce four-bedroom, two-bathroom houses. It is now common for houses to be built as big as land area and planning laws allow. The larger a property, the more expensive it is, and the less affordable it becomes. Yet, much of this space goes unused.

As an example, one university study followed 32 families around their house over four years. The majority of the space used is the dining room, the kitchen, part of the bathroom, the entrance, the bedroom, and family room. We have these extra living areas like a formal dining room which is simply not used.

OPPORTUNITY

We have studied housing policy globally and domestically and understood who needs housing stock most. By looking at the development and operation of housing stock carefully we understand how a greater number of more affordable housing stock can be generated that builds community. We have applied this practice across Australia and have seen the win-win-win it presents for Governments, residents and investors.

Not only are these properties more accessible and affordable, they bring a sense of community and security that otherwise would not be present. It enables people to remain in their local community in spite of life event or personal circumstances.

We see an important need and opportunity to apply this learning in NSW. The NSW Government can stimulate the delivery of housing that meets the above criteria. Our approach is applying the policies, practices and experiences that we have seen work well across Australia.

We are able to demonstrate how, with minor amendments of existing Government policies, regulations and standards we can unlock under-utilised stock and maximise undeveloped land for the benefit of your target market segments. These strategies do not require funding from the Government, or dramatic changes in policy, legislation and regulation.

PURPOSE

This overview document seeks to provide an outline of the changes required to the NSW planning, housing and building legislation, regulation, standards and codes to unlock a significant increase in affordable housing.

Existing planning tools could be used to ensure affordable housing is applied in the context of inclusionary zoning through the application of precinct codes and maps that allow affordable housing as an assessable residential use in certain numbers in suitable zones

BACKGROUND

Current state of market:

- One of the tightest rental markets in Australia coupled with very strong demand for affordable housing (rental and purchase) in multiple locations across NSW.
- The greater percentage of the housing portfolio is 2-4 bedroom dwellings; whilst 80% are seeking 1-2 bedroom dwellings.
- Public and Social housing has a growing waiting list and unmet need.

<https://cityfutures.be.unsw.edu.au/research/projects/filling-the-gap/>

Table 1. Summary of National Social and Affordable Housing Need by Sub-region (households)

Section of Australia	Baseline figures			Current unmet need			Projected unmet need			Total additional need		
	Current hhds	Projected hhds (to 2036)	Current SH (met need)	Q1 (SH)	Q2 (AH)	Total	Q1 (SH)	Q2 (AH)	Total	SH	AH	Total
Greater Sydney	1,704,600	631,400	82,400	80,800	55,300	136,100	60,400	20,500	80,900	141,200	75,800	217,000
Rest of NSW	1,034,200	156,600	47,500	56,300	24,100	80,400	15,700	3,600	19,400	72,000	27,700	99,700

OUTCOMES

- Target a 'hidden' element of the housing stock and an 'undervalued' segment of the property market.
- Deliver more affordable rental properties (for those wanting to rent) and profitable housing ownership (for those wanting to own properties).
- Co-living and communal micro apartments (with minimum standards as per QLD MP 5.7) provides an effective avenue to provide affordable housing.

BENEFITS OF RECOMMENDATIONS

INCREASING AFFORDABLE RENTAL HOUSING

The utilisation of our proposed form of accommodation has the potential to reduce the Public and Social Housing, waiting list by as much as 40% and provide key relief to the private rental market.

It provides a solution to:

- Women and children escaping domestic violence
- Aboriginal & Torres Strait Islander Communities
- Young People leaving care
- Students looking for a place to live while they work and study
- Professionals arriving (and returning to) to NSW for the first time while they get settled
- Young couples trying to save for their first home
- Older singles (such as the +55 year divorced or widowed women) who want to remain in the community they have spent most of their life in.

This will take further pressure off public housing system by stopping people slipping into the system, or feeling as though they have no other choice but to apply for public housing.

The key benefits of the recommendations are:

- The ability to support a large proportion of the community seeking long-term rental accommodation
- To fill an important gap between existing Government policy and initiatives including the Government's Planning; building; rental; and affordable housing reforms.
- Increasing supply in the marketplace at no additional cost to Government.
- Reducing the pressure on the public housing waiting list and relieve pressure from the private rental market.
- Offering significant financial savings and reducing the pressure on the State Government's public housing
- Stimulation of construction and economic activity in a new sector
- It assists in meeting the need of changing demographic of the community (smaller household size; increase rate of single person households).
- It is complementary to the national disability reform.

CASE STUDY – THE COST AND BENEFITS OF PUBLIC HOUSING VS. ADDITIONAL PRIVATE RENTAL STOCK

1. The Cost of State-owned Public Housing

If the NSW Government were to construct and operate 5 units at a capital cost of \$250,000 each and an annual management cost \$1,200/property for 25 years, it results in an annual \$8,000 loss per property per year on a full-cost recovery model, or \$1,000,000 over the life of the assets.

2. The benefit of stimulating additional private residential construction

Conversely, if the Government were to Build new supply, economic activity. 1000 properties, \$100m+ investment x 2.9 multiplier = \$350M investment. No ongoing cost to Government; tax benefits (stamp duty etc).

- Each bedroom can contain an en-suite if desirable but not a kitchen or kitchenette.
- Tea making facilities can be provided as long as there are no cooking facilities installed.
- Two fully shared kitchens are possible in one house as long as each area does not define as a separate dwelling (no separate access).
- If a new residence or additions and/or alterations are designed to satisfy the Rules of the Single Dwelling code then the proposal can be put through CDC process and given straight to a private certifier for building approval.

Co-Living:

- CDC approval process

DESIRED OUTCOME:

- Streamline/enable approval/usage process to increase affordable accommodation across NSW.
- Learn lessons from other Governments around the country to deliver the best micro apartment / communal residence policy in Australia.
- Ensure a high-quality sector underpinned by best-practice standards.
- Provide accommodation in the area tenants choose to live - close to employment and social network for no more than 30% of gross weekly wage.

DETAILED INFORMATION

1. Co-Living

- Investment property be made available as a communal house giving exclusive use of their bedrooms and sharing a communal area.
- 5BR house let as a full lease or sub-lease arrangement, each room with its own door lock and tenancy agreements;

Exempt from universal access; without conversion to a 1b Building classification.

Each resident should be able to have their own bathroom, kitchenette (sink with no fixed cooking equipment) but can also share the facilities within the dwelling (i.e. bathrooms).

Each room can be provided with its own bathroom, food preparation area and bedroom area.

Pre May 2011 –

- No universal access but upgraded to 1b standard
- Up to 6 people
- No more than 5 bedrooms

Post May 2011 –

- Universal access required CDC approval up to and including 6 people
- 6+ people not permissible in R2 zone and requires a Development Application with council

In R2 zone

- Up to and including a maximum of 6 people
- Maximum of 5 bedrooms
- No unrelated parties to share a room. To be a couple or siblings

Pre May 2011

- Exemption of disability access
- Upgrade to a 1b Building Class

Post May 2011

- Up to and including a maximum of 6 people
- Maximum of 5 bedrooms
- Requires universal access as normal 1b Building Class
- Silver Level LHA minimum

Both Pre and Post May 2011 to be approved through a CDC process by a private certifier for up to 5 rooms.

http://livablehousingaustralia.org.au/library/help/Livable_Housing_Design_Guidelines_Web1.pdf

The seven core design features elements in the silver level are:

A safe continuous and step free path of travel from the street entrance and / or parking area to a dwelling entrance that is level.

Internal doors and corridors that facilitate comfortable and unimpeded movement between spaces.

A toilet on the ground (or entry) level that provides easy access.

A bathroom that contains a hobless (step-free) shower recess. Reinforced walls around the toilet, shower and bath to support the safe installation of grabrails at a later date

A continuous handrail on one side of any stairway where there is a rise of more than one metre.

At least one, level (step-free) entrance into the dwelling

Building requirements:

Minimum standards need to be met such as:

- Linked smoke detectors in all habitable areas
- Fire evacuation plans on the back of all residents rooms and communal areas
- Approved and tested fire extinguishers
- Exit door hardware to comply with exit standards keyless exit
- All installed and certified by qualified persons
- Approval via "No Permit Required"
- Minimum standards in line with BCC MP 5.7 and MP 2.1 of QLD codes

The dwelling must contain a full working kitchen as a minimum requirement for a communal area which is in alignment with the Queensland Development Code MP (Mandatory Part) 5.7 Building Standard.

Addendum B

https://www.hpw.qld.gov.au/_data/assets/pdf_file/0016/4831/qdcmp5.7residentialservicesbuildingstandard.pdf

<p>A kitchen must have-</p> <p>(a) adequate food preparation areas; and (b) suitable capacity to cater for the number of residents expected to prepare meals; and</p> <p>(c) unencumbered area and safe access to the kitchen at all times; and</p> <p>(d) fixtures and finishes which maintain the safety and wholesomeness of food; and</p> <p>(e) suitable cooking appliances and refrigerator space sufficient for the number of meals being prepared; and</p> <p>(f) suitable cleaning-up facilities for washing and cleaning of utensils; and</p>	<p>(a) Where residents prepare their own meals, a kitchen– (i) has a minimum floor area of-</p> <p>(A) 0.65m² per person; or</p> <p>(B) where combined with a dining room – 1m² per person; and in any case, not less than 16m²; and</p> <p>(ii) has the floor covered with a durable, impervious material finished to a smooth even surface free of cracks and crevices; and</p> <p>(iii) has walls and ceilings finished with a durable light coloured impervious material, having a smooth even surface free of cracks and crevices; and</p> <p>(iv) has walls behind each stove and cooking appliance ceramic tiled or</p>
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<p>(g) adequate storage facilities to prevent contamination of food and utensils.</p>	<p>lined with a smooth impervious material; and</p> <p>(v) has food storage facilities and cupboards of 0.06m³ per resident adequate to prevent contamination of food, and cooking or eating utensils, by dirt, dust, flies or the like; and</p> <p>(vi) has a space of-</p> <p>(A) for a refrigerator- 50 litres per resident; and</p> <p>(B) for a freezer- 5 litres per resident for the storage of perishable goods; and</p> <p>(vii) has a sink with a drainer and reticulated hot and cold water; and (viii) has electric or gas stoves and ovens in accordance with the following-</p> <table><tr><td>No of Residents</td><td>Ovens</td><td>4 burner stoves</td></tr><tr><td>1-15</td><td>1</td><td>1</td></tr><tr><td>16-30</td><td>1</td><td>2</td></tr><tr><td>31-45</td><td>2</td><td>3</td></tr><tr><td>46-60</td><td>2</td><td>4</td></tr><tr><td>Over 60</td><td>2</td><td>4 + 1 for each additional 15 residents (or part thereof) over 60</td></tr></table> <p>(b) Where a food service is provided, a kitchen complies with the ANZFA National Food Safety Standards 3.1.1; 3.2.2 and 3.2.3.</p>	No of Residents	Ovens	4 burner stoves	1-15	1	1	16-30	1	2	31-45	2	3	46-60	2	4	Over 60	2	4 + 1 for each additional 15 residents (or part thereof) over 60
No of Residents	Ovens	4 burner stoves																	
1-15	1	1																	
16-30	1	2																	
31-45	2	3																	
46-60	2	4																	
Over 60	2	4 + 1 for each additional 15 residents (or part thereof) over 60																	
<p>Adequate laundry and clothes drying facilities must be provided in a space having a durable and hygienic floor and wall and ceiling finishes to cater for the number of residents.</p>	<p>(a) Where laundering is done on the premises for residents – (i) a laundry is provided and is equipped with- (A) one five (5) kg capacity, automatic washing machine to handle incidental loads; and in addition, one</p>																		

	<p>ten (10) kg capacity, automatic washing machine for each 20 residents or part thereof; and (B) one domestic dryer to match the 5kg washer; and in addition, one ten (10) kg capacity dryer for each of the ten (10) kg capacity washers and (C) one large laundry tub. (ii) the laundry has- (A) the floor covered with a durable, impervious material finished to a smooth even surface free of cracks and crevices; and (B) walls and ceilings finished with a durable light coloured impervious material, having a smooth even surface free of cracks and crevices. (b) Where residents do their own laundry, a laundry is provided and is equipped with- (i) one seven (7) kg fully automatic washing machine per 15 residents or part thereof; and (ii) one wash trough per 15 residents or part thereof; and (iii) clothes drying facilities comprising – (A) 7.5m clothes line per resident; or (B) a heat-operated drying cabinet or appliance in the same room as the washing machine; and (iv) cold water reticulation to each wash trough; and (v) hot and cold water reticulation to each washing machine provided.</p>
<p>Common Areas – Adequate common areas and facilities must be provided for general relaxation and socialisation and may be a mix of indoor and outdoor areas.</p>	<p>(a) Common areas are provided with a floor area of at least 0.5m² per resident; and (b) External common areas are roofed or covered</p>

<p>Bedrooms must provide adequate personal space facilities for each resident.</p>	<p>(a) The minimum unencumbered floor area for each bedroom is- (i) for one person – 7.5m² ; or (ii) for two people – 11m² ; or (iii) for three people – 16.5m² ; or (iv) for more than three people 16.5m² plus an additional 5.5m² per additional person; and (b) where more than one person sleeps in a room there is a minimum of 900mm provided between beds; and (c) each bedroom is separately accessible without passing through any other bedroom; and (d) each bedroom is provided with - (i) a general purpose outlet; and (ii) storage for each resident with minimum dimensions of 300mm wide and 450mm deep and 900mm high; and (e) protective hanging space of 0.6m per resident for clothing; and (f) bedding is provided for each resident which includes- (i) a bed frame or base; and (ii) a mattress; and (iii) a mattress protector.</p>
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Australian
Institute of
Architects

Housing Diversity State Environmental Planning Policy Discussion Paper – AIA NSW Response

Submission to
Department of Planning, Industry and Environment

Submission issued
September 2020



SUBMISSION BY

Australian Institute of Architects ABN 72 000 023 012

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PURPOSE

- This submission is made by the Australian Institute of Architects' NSW Chapter (the Institute) in response to the Discussion Paper: A Housing Strategy for NSW (May 2020) and Explanation of Intended Effect for a new Housing Diversity SEPP (July 2020) on behalf of the Department of Planning, Industry and Environment (DPIE).
- Comments have been prepared with the assistance of the NSW Chapter's Built Environment Committee and Policy and Advocacy Manager, NSW, Lisa King.
- At the time of this submission, the Chapter President of the Institute is Kathlyn Loseby.
- The State Manager is Kate Concannon.

INFORMATION

The Australian Institute of Architects (Institute) is the peak body for the architectural profession in Australia. It is an independent, national member organisation with around 12,000 members across Australia and overseas. More than 3,000 of these are based in NSW.

The Institute exists to advance the interests of members, their professional standards and contemporary practice, and expand and advocate the value of architects and architecture to the sustainable growth of our communities, economy and culture.

The Institute actively works to maintain and improve the quality of our built environment by promoting better, responsible and environmental design.

Introduction

We thank you for the opportunity to provide this response with respect to the important proposed reforms outlined in the *Explanation of Intended Effect for a new Housing Diversity SEPP (July 2020)*. We understand the Department of Planning, Industry and Environment (DPIE) intent is to implement a single, comprehensive instrument which would consolidate the Seniors or People with a Disability SEPP, the Affordable Rental Housing SEPP and SEPP 70 and at the same time update these instruments to better reflect current and future community requirements. The Institute of Architects (the Institute) recognises the importance of diverse, affordable housing and holds that housing is a fundamental human right. We support the Minister and the DPIE in their aims to secure an adequate supply of new dwellings, provide consolidated, clear and concise planning instruments which remove unnecessary barriers for consent, facilitate diversity in the housing market, and provide a social housing sector which meets current and future demand in our community.

The Institute shares the DPIE aims of ‘affordable, well-designed’ homes ‘in places people want to live’ along with ‘a strong social housing sector’. A central objective of the new SEPP and its assessment process should be to encourage quality design outcomes. Planning policy should, therefore, preserve design flexibility and assessment must be capable of recognising this.

Whilst many of the new proposed reforms target large institutional investors, and we welcome more of this form of investment, we are concerned that proposed changes will lead to the loss of many small and medium sized enterprises (SME) who actively drive innovation in this market. Furthermore, we would ask the DPIE how planning regulation will support the opportunity for new models of home ownership for ordinary community members who seek this? We believe by reducing the many restrictions on specific typologies, innovation will drive new models of housing which will benefit both investors and aspiring homeowners at all levels of the market. Of significant importance is the amenity and congruency of new housing with existing communities. Coherent design guidelines and the successful use of design review panels will be imperative. The Institute recommends the reduction of land use terms, believing this will assist in reducing the stigma of development types such as the boarding house. Guidance will be required to clarify the process when applications do not meet the standards.

The Institute strongly supports the DPIE aims of stimulating the construction sector and the creation and continuity of employment for this sector. We note that the more cumbersome and labour-intensive the planning process, the greater the non-productive costs of housing become, and the longer the delays in bringing this much-needed housing to fruition. Better, more streamlined policy, assessment and approval processes, mean better and faster outcomes. We ask the DPIE to consider the current word-count, number of checklists and tools in use when reviewing these instruments to ensure the outcome is a concise and efficient tool which improves the quality and affordability of the built environment. We believe the new SEPP should, above all, improve the affordability of housing for all residents of NSW through increased choice, amenity and value for money.

Introducing new housing types

Build-to-rent housing:

- We are not aware of any current planning system barriers to the creation of Build-to-rent housing
- We do not see the need for additional regulation of this form of housing
- There are current participants in this sector i.e. Meriton who do not need to benefit from further subsidy
- The proposed specification of 50 self-contained dwellings with single ownership will remove SMEs from the sector and restrict the application to larger institutional developers with the potential to limit rather than create supply and innovation
- The power imbalance of landlord to tenant currently experienced in the market can and should be addressed through reform of the Residential Tenancies Act rather than the planning system
- Should the Build-to-rent model proceed, future subdivision should be clearly linked to the life expectancy of the building itself to avoid poor quality, limited lifespan construction being developed, and building maintenance being reduced as the subdivision date nears, culminating in poor consumer outcomes

- Should the Build-to-rent model proceed, it should have equivalent standards to the current SEPP 65 to ensure minimum amenity when it reverts to market

Purpose-built student housing:

- We understand the current use of boarding house legislation for student housing has not resulted in the intended affordable housing outcomes needed
- We understand this has also led to contentious outcomes in terms of scale and development incongruous with existing streetscapes and neighbourhoods
- We support the proposal to align floor space ratio with the relevant LEP
- We strongly recommend access to open space to support the mental health of occupants
- We strongly support the development of design guidelines to address current issues of amenity, scale, context and form
- Should the model include self-contained dwellings, which we recommend, we believe the minimum size 10m² will be too small
- We see this housing typology as having the potential to also meet the needs of other cohorts such as empty nesters moving to inner city locations and the growing number of single occupants living in cities today. There are examples of this in other global cities such as New York i.e. www.ollie.co This company uses both a Co-living and a Co-lodging model with Co-living being longer term tenants and Co-lodging shorter term

Co-living:

- We strongly support the existence of a co-living typology in the housing market
- We suggest this typology is not only an ideal rental product, but also may provide an option for buyers (who would not normally be able to afford to purchase an apartment) to enter the market
- We propose this model consists of self-contained dwellings with communal facilities and outdoor spaces as required
- We believe minimum size of dwellings should align with current boarding house models to allow the market to determine the mix and configuration, this should also be the case with the number of units allowable
- We do not support a minimum of 10 private rooms and assert children should also be able to live in this typology
- We would encourage further consultation with regard to the definition and model of the co-living typology be undertaken with key stakeholders such as ourselves, Co-housing Australia and Community Housing Groups to assist in establishing a product which provides long term rental or ownership options with resident-led (or Community Housing Providers in the case of affordable housing) management onsite. Additionally, Community Land Trust models should be considered here to encourage options which provide those currently locked out of the housing market an option to become future buyers
- We believe the co-living typology should include projects such as those of small and medium scale currently being developed under the New Generation Boarding House legislation

Updating existing provisions

Boarding house provisions of ARHSEPP:

The Definition

- We strongly support limiting the definition of boarding house under the ARHSEPP as Affordable on the condition that new alternate pathways are created under the co-living typology to preserve the emerging innovation and diversity in this sector
- We note evidence suggests rooms should be self-contained with the addition of communal and outdoor spaces
- We do not support the return of boarding houses to market rates after 10 years as this will be detrimental in terms of the security of tenure the tenants desire, will undermine the aim of delivering desperately-needed affordable housing, and will lead to poorer quality construction outcomes

R2 Low Density Residential Zone

- We strongly disagree with the proposal not to mandate boarding house development in the R2 Low Density Residential Zone
- We urge the DPIE to show leadership on this issue and argue that a 12 room boarding house has the equivalent footprint and scale of a large project home
- Managed by Community Housing Providers who have stringent operational guidelines, these dwellings pose no threat to surrounding communities
- This typology is capable of providing much needed keyworker housing in locations close to their work which is highly desired and currently rarely available in Sydney leading to better community outcomes
- We note the Housing Strategy Discussion Paper's recognition of 'the need for older people to stay in their community'. We believe this typology can assist in delivering on this aim
- We note current boarding houses have an 'accessible location' test (SEP ARH 27) which already limits which parts of R2 are suitable

Proposed 20% FSR bonus

- We understand the unintended impact of current FSR outcomes such as the 0.5:1 ratio resulting in the doubling of the size of the development, and accept the 20% FSR bonus as a reasonable amendment

Car parking

- The issue of car parking will be addressed in the Additional Provisions section of this submission

Proposed amendments to ARHSEPP provisions:

- We support the proposed amendments to ARHSEPP as outlined in the EIE

Proposed amendments to seniors housing or people with a disability provisions:

We recognise the current Seniors or People with a Disability SEPP is an outdated instrument which requires appropriate updating and it is important to emphasise it is *heavily* relied upon in the planning pathway for new Residential Aged Care and Independent Living developments.

The essential benefits of the current Seniors or People with a Disability SEPP include:

- The 1:1 FSR for Residential Aged Care buildings (RAC) in residential zonings
- The 8m height control definition being to the underside of the topmost ceiling. This is because an RAC floorplate which is often large (to allow for feasible number of beds for care staff ratios) has to be on a continuous level for accessibility and cannot step to accommodate sloping sites, or have loft or attic storeys.
- It is important to ensure the benefits of these provisions are not lost with the proposed deference to the LEP definitions

Some of the conflicts in the Seniors or People with a Disability SEPP against the SEPP objectives include:

- The requirement for the rear 25% of the site area to be single storey. We understand the objective is to protect the amenity of residential neighbours, however, often the 'rear boundary' is difficult to define (on irregular shaped or corner sites) or does not serve the purpose of protecting neighbours (if the rear faces a park for example). A distribution of 25% of the site area against residential shared neighbouring boundaries or alternative means of achieving this objective would be considered more appropriate

In the face of the significant change currently occurring in the Aged Care sector, the SEPP could include the provision for 'Assisted Living Units' in place of the outdated 'Hostel' definition. There is increasing demand for this type of accommodation, but it currently has no planning definition or assignment.

We welcome the integration of the Seniors or People with a Disability SEPP into a Housing Diversity SEPP and the potential to co-locate Seniors or People with a Disability housing with other types of multi-generational community living.

- Please see Appendix A for a comprehensive response regarding current seniors or people with a disability housing provisions
- We support the Seniors or People with a Disability SEPP advantages over other developers in terms of permissibility. Without this we recognize that many Seniors or People with a Disability housing projects could not be feasibly developed
- As the Seniors or People with a Disability SEPP was established in 2004, we believe an extensive re-examination of this SEPP is required to align it with current and future community needs and we welcome future engagement along with other relevant stakeholders to assist in this process. We see vertical villages being developed, surface carparking disappearing, and the potential for Seniors or People with a Disability housing and residential aged care facilities integrating with larger mixed-use developments as just some of the issues which must be addressed in the near future to accommodate the exponential growth in this sector

Proposed changes to the social housing provisions of the ARHSEPP:

- We support the proposed changes to the social housing provisions of the ARHSEPP
- Please see Additional Provisions section for comments regarding car parking

Proposed changes to the social housing provisions of the Seniors or People with a Disability SEPP:

Parking concessions for seniors or people with a disability housing

- The issue of car parking will be addressed in the Additional Provisions section of this submission

Clarify application of lift access exemption

- We strongly disagree with the removal of the requirement for lift access for Seniors or People with a Disability on or above the second floor
- We note the LAHC already holds a number of dwellings which house tenants whose mobility needs are not currently catered for in their existing accommodation
- We highly recommend the development of future-proof Seniors or People with a Disability housing which allows residents to age-in-place and is designed for the accessibility of those with all levels of mobility

Proposed changes to the social housing provisions of SRD SEPP

- We support the simplification of pathways for LAHC project assessment and trust it will be utilised to provide much-needed social housing

Additional Provisions

Car parking

- Car parking requirements are a contentious topic. The Institute strongly recommends the future-proofing of projects across all typologies through the abolition of minimum car parking requirements. With maximum requirements in place, the market can determine when, how and why car parking is required. We understand there are clear cases where car parking is vital and necessary; from students with a disability, families needing to ferry children to weekend sport, to the need for ambulances to access Seniors or People with a Disability housing. We also understand that mandating large numbers of car park spaces to development is counter to both principles of sustainability and affordability
- We encourage the accommodation of bicycle parking, ride share drop off points and limited parking allocated flexibly on an 'as needs' basis



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Summary

Thank you for the opportunity to review the *Discussion Paper: A Housing Strategy for NSW (May 2020)* and *Explanation of Intended Effect for a new Housing Diversity SEPP (July 2020)* and to provide our feedback and recommendations. We consider that a streamlined, concise and well-conceived Housing Diversity SEPP can effectively deliver agility, amenity, innovation and much-needed affordability into the NSW housing sector. We welcome the opportunity for continued consultation as this new SEPP evolves and we offer the Institute's support in assisting the DPIE to achieve high quality housing outcomes for all in NSW.

Appendix A: Seniors or People with a Disability Housing recommendations

1 General observations

Relevant Clause	Issue	Discussion	Recommendation
Clause 3 - Interpretation	The existing definitions are not aligned with the Standard LEP template and some of the terminology is outdated or misunderstood. (for example; the Gross Floor Area/GFA is measured to the outer face of the external wall)	For consistency the terminology within the Seniors or People with a Disability SEPP should reflect the SI LEP and be recalibrated. The definition of height is also not aligned currently with the SI LEP.	Update CI 3 to align with the SI LEP and be recalibrated.
Clause 12 - Hostels	Outdated term and accommodation typology. The need by providers to provide Assisted Living accommodation is highly sought after although no planning model is currently in place for this.	Hostels built for low care are outdated and no longer built	Revise this concept of low care aged accommodation as part of self-care and co-living with the availability of limited on site care services - suggestion: Assisted Living
Clause 31 – Design of Infill Housing Guidelines	These guidelines were published in 2004 and relate to Infill development.	These guidelines need to be updated and given weight to reflect consistency with other standards and relevance to the scale and typologies that the market is calling for. In current form they are often ignored by consent authorities including L&EC.	Guidelines referenced in the Seniors or People with a Disability SEPP – need to relate to typologies and densities.
Part 7 - Development standards that cannot be used as grounds to refuse consent	These deemed to comply provisions are sometimes considered 'Standards'.	Part 7 needs to be clear as to whether they are standards or deemed to comply provisions.	Part 7 needs to be referred to as development criteria.
Clause 41(2) – Standards for hostels	Currently this clause provides dispensation	The clause removes compliance with	The same concessions need to be offered for



and self-contained dwellings	for social housing providers in delivering self-contained dwellings but not hostels.	various standards if the applicant is a social housing provider but only for self-contained dwellings and not hostels.	hostels as they are for self-contained dwellings in clauses 2, 7, 8, 9, 10, 11, 12, 13 and 15-20 in Schedule 3.
Schedule 1 - Environmentally sensitive land	The land identified in schedule 1 does not align with the Standard LEP template and as such, is difficult to determine applicability.	Schedule 1 outlines land to which the SEPP does not apply. Those descriptors need to align with the Standard LEP template in order for those descriptions or expressions to be readily interpreted. For example, what is 'high flooding hazard' or floodway?	Align the exclusions in Schedule 1 with standard definitions that are contained with LEP template or mapping protocols.
Schedule 3 - Standards concerning accessibility and useability for hostels and self-contained dwellings	AS 1428.1 relates to standards for access and mobility for people between 18 and 60 in a residential context.	There is ambiguity between standards for people with disabilities and standards for seniors.	Until the Australian Standards are updated to reflect specific research on housing needs for Seniors or People with a Disability, then AS1428.1 and 1428.2 should be used as suggested guidelines only .
Schedule 3 - Standards concerning accessibility and useability for hostels and self-contained dwellings – car parking	Lack of clarity with respect to the percentage of parking spaces required for persons with a disability in independent and hostel accommodation	Provision of ALL car spaces as disabled spaces for independent and hostel residents was not required in previous iterations of the SEPP and is not required in practice.	Confirm the requirement for accessible spaces for people with a disability to AS2890 standards at 5% of required spaces.

2 Matters that require reworking

Relevant Clause	Issue	Discussion	Recommendation
Clause 4 (c) - building located in the rear 25% area of the site	This standard generates inefficiency in terms of	This standard does not address the site-specific elements of	If the driver is to transition scale and bulk between land



must not exceed 1 storey in height	development potential of the site. In most cases (corner sites, irregular shaped sites and land without residential neighbours) the 'rear of the site' is difficult to define.	solar orientation, relationship to adjoining land uses and likely privacy issues.	uses, then it may be preferable to have some performance guidelines such as setbacks.
Clause 26 - Location and access to facilities	This clause does not distinguish readily between aged care and retirement living and the provision of services and facilities to the residents. It is outdated for Aged Care which is now very much 'high care', dementia care and end of life care where residents will not be physically able to access public transport.	This requirement does not discern the differing needs of retirement living and aged care residents. Those in retirement living may still drive, hence, not reliant on walking to gain access to facilities and services. However, residents in aged care often cannot independently gain access to facilities and services. Consequently, many of these services and facilities are provided on site or a bus scheduled regularly to take residents to various locations.	The requirement of being no more than 400m from services and facilities is removed provided the proposed development can demonstrate there are services and facilities provided on site and/or regular transport is available for residents to have access to facilities and services.
Clause 40 – development standards- minimum sizes and building height.	The 8 metre or less height restriction is outdated now with many typologies seeking to deliver 2.7m floor to ceiling heights. The height control measured specifically to the ceiling however is particularly helpful in seeking compliance.	That coupled with lift overruns, solar panels and mechanical ventilation systems do impact on the ability to achieve the height requirement. It should be noted that the definition of height in the Seniors or People with a Disability SEPP is useful as it recognizes these additional height elements above the ceiling height.	The height remains defined under the Seniors or People with a Disability SEPP and increased to 9m for land zoned R2. In other zones, the height relates to the LEP Height Map.

3 Opportunities to respond to emerging trends

Clause	Issue	Discussion	Recommendation
CI 45 – Vertical Villages	There is no definition of a vertical village in clause 3, nor design guidelines for interpretation and application.	There is an opportunity to provide a platform for the industry to deliver a range of housing types that is well located, encourages co- location of services and facilities and explores the opportunity for other land uses.	Vertical Villages need to be defined to deliver both aged care and/or seniors or people with a disability housing with and without an affordability component. Its application should be broadened to include other zonings where employment generation is an objective along with the co- location of other compatible uses such as childcare, retail and commercial.
CI 48 and 50 - FSR	To reflect the increasing densification of Sydney so appropriate housing forms remain competitive to develop and deliver.		Regardless of the vertical village opportunity, it is recommended that the FSR for RACF is amended to permit a 1.5:1 in R1, R3 and R4 zones. For self-contained dwellings the SEPP is amended to permit an FSR of 1:1 if co located with a RACF and 1.5:1 in R1, R3 and R4 zones.
Schedule 3 - Standards concerning accessibility and useability for hostels and self-contained dwellings – car parking	To reflect the trend towards car sharing	Car sharing such as Go Get is becoming a more usual means of transport in many city areas	Propose a reduction in required car spaces if car sharing systems are part (or in the immediate vicinity) of a development



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9 September 2020

Response to Proposed Housing Diversity SEPP - Explanation of Intended Effect

The Australian Tiny House Association (ATHA) fully supports a housing strategy that addresses the broad spectrum of housing needs, and recognises the growing problem of homelessness. We welcome the inclusion of three new diverse housing types, being build-to-rent housing, student housing and co-living, and recommend that tiny houses be incorporated as another housing type, as already proposed in the discussion paper. We agree that a coordinated response between housing policy and planning is needed, and welcome the opportunity to engage with planners and housing to facilitate this response.

We believe, as do many planners¹, researchers and housing advocates², that tiny houses have an important place in the diverse housing mix that NSW needs, providing the opportunity for affordable home ownership and stability for many who have been excluded from the property market, as well as affordable rental options in areas with greater employment prospects. We also believe that the policy changes to enable those who choose to live tiny could be quite straight forward, for example a rewording of Clause 79 of the Local Government (Manufactured Home Estates, Caravan Parks, Camping Grounds and Moveable Dwellings) Regulation 2005, to specifically include tiny houses as registrable moveable dwellings that can be permitted under Section 68 of the Local Government Act, with a corresponding (yet to be developed) definition.

Tiny houses appeal to many who want the benefits of home ownership, such as retaining some of the value of money spent on housing, and a measure of independence – without the cost of traditional home ownership which is out of the reach of many young people and a growing cohort of older women and men. Their small physical footprint is a benefit to both the environment and the neighbourhoods in which they are placed. Their mobility enables owners to move their houses when work becomes available in another place, without the costs of buying and selling property or the disruption of packing up a household. With some changes to policy, tiny houses could be permitted as small clusters on single lots to enable people to live in community, potentially even under the existing boarding house or proposed co-living provisions.

Tiny houses also provide an affordable and flexible means of housing those experiencing homelessness, enabling the short term use of undeveloped land while more permanent provisions are made, as is happening in Victoria.

Perhaps one of the greatest benefits of tiny housing is that this form of housing empowers individuals with limited means to secure their own housing, reducing the burden on government and social housing schemes, as tiny houses are more affordable and generally privately owned. In many cases no additional land is needed, as tiny homes can be placed in the back yards of existing dwellings, which also provides the opportunity for those home owners to generate additional income from their properties while living there. Truly a win-win situation.

ATHA can provide more detail on the benefits of tiny houses as required, and welcomes the opportunity to engage in conversation to facilitate this form of diverse housing.

Kind regards,

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