

2nd August 2020

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

Response to the proposed new Housing Diversity SEPP

I am writing on behalf of Tanert Pty Ltd and associated entities, a privately owned group with significant residential and commercial property holdings in NSW, in response to the new Housing Diversity SEPP.

The Government is commended for streamlining and simplifying the current planning regulations concerning housing and for looking at removing unnecessary 'red-tape' as a way of stimulating the NSW economy as we look to emerge from the COVID 19 pandemic. Having a single SEPP covering all parts of the housing system is welcome, as is the recognition of new formats of housing, in particular Student Accommodation, Co-living and Build-to Rent (BTR). While we welcome these proposed reforms, we believe there are some sections of the Explanation of Intended Effect (EIE) which should be amended and some other sections which should be reconsidered. While we commend the Government for this initiative our comments relate only to the issues around Build-to-Rent, which we currently have significant expertise and several decades of experience.

The desire of government to encourage this form of housing development is strongly supported. We support making this form of housing tenure in land zoned for Commercial Core and Town Centre and we support making this tenure unrestricted and for market rent.

However, the suggestion that this form of housing be limited to development with more than fifty (50) units should be reconsidered. While we understand the need for scale, to ensure that these properties can be professionally managed and operated, we do think there is scope for significantly smaller developments to be included in the scheme. We believe a minimum threshold of twenty (20) units is more appropriate. Furthermore, we believe companies which specialise in owning and managing BTR should be allowed to build BTR on a small scale if they already have the resources and scale to manage them appropriately.

We also question the need for 'on-site' management for BTR properties. While this is not clearly defined in the EIE, we presume this refers to having an onsite manager who lives in a caretaker dwelling. My client currently owns and operates several hundred properties which, if they were built today, would be classified as BTR. They are all managed professionally, have a rigorous and regular maintenance regime, and operate to a much higher standard than most privately owned rental properties. Our two top priorities of our

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company are to ensure the interests and needs of our tenants are met and that our assets are well maintained. Yet in none of our buildings have we ever felt there was a need for onsite management or for a permanent caretaker. This needs to be reconsidered or at least restricted to larger development over 100 units.

While we welcome the suggestion that these types of development should have a lower requirement for parking, we believe more flexibility should be allowed for developments which occur in the **B2, B3 and B8 zones** in the Sydney Metropolitan area. These zones only apply to areas which are currently very well serviced by mass transport, particularly in the Sydney metropolitan area. In many instances we believe the provision of less than 0.5 parking space per dwelling should be permitted.

We support in principle that these developments should be governed by the design guides set in SEPP 65 but believe they should be further refined through the future guidelines from the Department. We do not support the suggestion the Council should be allowed to determine specific height and FSR limits for BTR developments but believe that whatever the existing LEP allows should prevail. If given the opportunity many Councils will use their LEP's to restrict BTR in the future.

Finally, we believe there should be some flexibility on the length of tenure for rental agreements. Many of our tenants would balk at committing to three-year agreement and such long tenures often do not reflect many renters current wants or needs. While we understand the aim of the new policy is provide greater certainty for renters, a three-year minimum will not work for many people and may make future BTR developments unviable. We believe the intent of SEPP is best served by prohibiting rental agreements of less than one year.

We would welcome the opportunity of discussing this matter further with the Department and would be grateful if you could keep us informed of your deliberations. Should you have any queries please do not hesitate to contact me on **0417 238 212**.

Yours sincerely

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Submitted on Tue, 08/09/2020 - 14:13

Submitted by: Anonymous

Submitted values are:

Submission Type: I am making a personal submission

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Submission re: Proposed new Housing Diversity SEPP Explanation of Intended Effect

It is welcome that the NSW Government has recognised that student accommodation should be separated from other types of accommodations. However, the SEPP model itself has numerous flaws in that it does not apply the same regulations as for other developments, and overrides Council decisions. With only the developer having the right to appeal, and the Land and Environment Court approving nearly 100% of these appeals irrespective of the DA being compliant or not, SEPP has become very attractive to developers. It has led to a disproportionate number of boarding houses in some suburbs, not a healthy mix that makes communities thrive. The Proposed New Housing Diversity SEPP is an expansion of the current model. It includes welfare, and relies on non-government organisations to pick up the tab. Addressing the four new housing types below:

Build-to-rent-housing

The BRH type of housing is basically a re-dressing of the Department of Housing model, but without government subsidy to tenants. "Local provisions apply" seem to indicate rents in these units may be as high as in mixed housing developments, which questions the segregation of this type of housing rather than regulated as part of major developments. Affordability linked to Local provisions for this type of dwelling will be unaffordable for low and middle income earners (compare medium rent of \$500/week for a 15m² studio under current SEPPAAH).

Co-living

The Co-living type of housing is in effect a Boarding House, where it is expected that adults who may not know each other share a room and are expected to share facilities such as bathrooms and communal facilities. While this type may be useful as a temporary model, share accommodation for adults who may not know each other is less than satisfactory. With no ceiling regarding rent, this type of accommodation affordability is also questionable. Further, it removes the right to privacy and dignity of workers who contribute to our economy and society.

Student Housing

The 10m² is the size of a cage or a prison cell, not a room where students may spend 3 years of study. It does not allow for toilet and shower or basic cooking facilities. Common facilities do not compensate for a private space that meet our most basic needs, and are sometimes unsafe. Considering the proliferation of student housing under the SEPPAAH in recent years, and uncertainty of future student numbers able to afford the high rent of up to \$650/week, there is a great risk of creating ghost towns in suburbs around universities.

Boarding Houses. It is the only type of accommodation in the proposed SEPP model that has subsidised rent. It appears that this type now could be applied to employees on low wages, to seniors who cannot afford market rents, and as traditionally to people who for various reasons (e.g. mental health) are not able to hold a job.

Comments and Conclusions

The NSW Government in recent years have sold a large number of Department of Housing housing, and plans to sell off the Redfern complex that houses thousands of people. Admittedly, these have not been without problems. They also highlight the problem with concentration of one type of residence rather than a residential mix. The residents have individual units with essential facilities and privacy. Where are all these residents to go? SEPP boarding house type would seem their only option if the State Government farms off the responsibility for subsidised housing to nongovernment organisations.

Further, The Royal Commission regarding aged care should give a warning sign to not include the Senior SEPP. What happened to the multi-million dollars proceeds from the sell-off Department of Housing at prime sites in Sydney that was to be put into subsidised housing elsewhere? The SEPP model does not foster social inclusion or cohesion, but further divides society into the “haves” and “have nots”. It is a retrograde step. For example, a century ago there was a decision to provide housing for people in the Randwick Municipality who could not afford buying into the property market.

Hence, the Department of Housing projects such as Daceyville was created to provide low cost housing for ‘working-class people’. It showed government’s responsibility to provide subsidised separate dwellings to ensure decent living for all. It is rather ironic that the fast tracking of this project is to stimulate the economy hurt by the COVID-19, but in the planning not taking account the risks of shared accommodation and shared facilities as potential hotspots and spreaders of infectious diseases during this pandemic and in the future. SEPP should be scrapped and all developments incorporated under the same regulatory framework, and which give Councils the say in local development in consultation with the community.

The need for open space is increasing with an rise in population and public space and should not be allocated for SEPP developments. Margareta Keal 10/79 Houston Road Kingsford NSW 2032 8 September 2020

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

EIE Proposed new Housing Diversity SEPP - NSW Planning

7 September 2020

Sir/Madam

The overarching proposal to bring disparate SEPP's that focus on different elements of development into a single overarching Planning Policy appears to be sensible and the formalisation of Co-Living as a "thing" makes sense however **I have some concerns:**

This whole SEPP seems to have been designed to benefit large developers ***and to specifically make small scale development less viable.***

The proposed SEPP will have 2 key effects:

- 1. It will drive out new small scale developers who currently provide a diverse range of rental options.**
- 2. It will make affordable housing less affordable or require higher subsidies paid only to a select few to maintain affordability.**

Why is Rob Stokes against "Mum & Dad" and small developers ?

#1 The new boarding house element reduces the attractiveness of providing affordable housing in boarding houses by taking away FSR bonuses and forces management costs up by mandating outsourced corporate management.

The benefits being offered are only available to Land and Housing Corporations.
Why ?

Allow all boarding house developers to have access to the current benefits to encourage affordable housing

#2 Co-Living is only allowed where residential flats are permitted. This ignores the opportunity for small scale co-living in R2 zones. Co-Living of 2 storey development that respects neighbours privacy and enforces audio limitation by design* makes sense.

- * The design standards currently proposed mandate that each occupant has to have 4 sq m of private open space. Realistically that means a balcony for every flat, which will reduce affordability & privacy whilst increasing noise.

Co-Living requires a minimum of 10 private rooms ... Why ?

It makes sense to permit Co-living down to 3 or 4 dwellings.

#3 “Build To Rent”

The core aim of the “Build To Rent” part of this policy appears to be to save development companies (and their financial backers) from being lumbered with sites that due to Covid are no longer viable which is sensible.

My issue is that the requirement for 50+ units *means the benefits offered under this part of the SEPP would only be available to major developers and specifically excludes “Mum & Dad” and small developers.*

The further issue with developing only Large Scale “Build to Rent” housing is the Social Benefit of this is highly questionable.

Massive development of rental apartments in single locations is more likely to create over crowding issues and increase pressure on public infrastructure. Are you in danger of creating what we will in future call “Ghettos”?

It makes more sense to enable many small builders to build rental property (probably less efficiently than the major developers) and across a more dispersed area of the cities (including regional towns).

Offer small developers the same advantages and remove the need for on-site management on smaller developments.

The result would be more construction jobs, a wider choice for tenants and a better societal outcome.

NB: “Build to Rent” is not new, Harry Triguboff has been doing this for years.

I hope my submission will give you pause for thought and that you will amend some of your proposals prior to finalizing your proposal.

Kind Regards

A black rectangular box redacting the signature of the sender.

Thursday, 27 August 2020

**RESPONSE TO EXPLANATION OF INTENDED EFFECT
FOR NEW HOUSING DIVERSITY SEPP**

About Us

Mark Shapiro Architects is a boutique architectural practice based in Sydney. Since our inception in 2016 we have been involved in a number of “Next Generation Boarding House” Co-Living developments submitted and assessed under the ARHSEPP 2009.

We have one 40 studio exemplary Next Generation boarding house completed, dubbed “The Bondi Treehouse” and two more large boarding houses (co-living) under construction, with a few more in the pipeline.



‘The Bondi Treehouse’ Co-Living development

Another high amenity project currently under construction is ‘Urbico Glebe’, a 33 studio co-living development currently under construction.



‘Urbico Co-Living development

Further co-living developments under construction or in the pipeline include

- 'Bondi Pod' – 47 high quality studios in Bondi beach - under construction
- 'Urbico Randwick' – 16 studios in Randwick – construction to commence late 2020
- 'Casablanca' – 24 studio units – under assessment
- Randwick co-living – 33 studio units plus medical suites

Co Living Typology

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 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.

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.

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
- Ongoing management costs
- 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

The ARHSEPP 2009 included incentives to developers – with an FSR bonus and the ability to increase room yield with smaller but appropriately sized self-contained studio apartments. It is our experience that the `16-25sqm (including kitchen and bathroom) internal size are optimal.

These incentives had to date been achieving their objective in encouraging a housing stock that is by nature more affordable than larger rental apartments. In our experience, it has been 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.

Proposed Housing Diversity SEPP

We have reviewed the proposed provisions outlined in the explanation of intended effect document.

We commend the proposal for the recognition that there are in fact distinct typologies that were previously classified as boarding houses, such as Co-Living and Student Housing. We also commend 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.

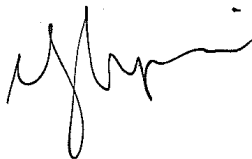
For example, should the proposal proceed, we expect our own workflow to decrease by at least 50% and we will likely have to lay off staff, some of whom have recently been hired.

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.

Rather than create housing diversity and promote affordability, it appears that the proposed Housing Diversity SEPP will result in the precise opposite.

Regards,



Mark Shapiro
Reg. 9789

9/9/20

The Hon. Melinda Pavey
Minister for Water, Housing and Property

Cc Housing Strategy Implementation Unit
Land and Housing Corporation
Department of Planning, Industry and Environment Locked Bag 4009
Ashfield BC, NSW 1800
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Dear Minister Pavey

I write as a long term resident of Glebe in consultation with many local residents and business operators.

Proposed changes

We have interest in the State Government's approach to a housing strategy for New South Wales. This is because we believe one of Glebe's strengths is diverse and affordable housing and we in principle support an aim to facilitate the delivery of diverse housing that meets the needs of the State's growing population and support the development of build-to-rent properties.

We understand that the proposed Housing Diversity State Environmental Planning Policy (Housing Diversity SEPP) consolidates three current SEPPs and updates some planning provisions in response to community and council concerns about boarding house and seniors housing development. Changes to facilitate more social housing are also proposed and three new diverse housing types – build-to-rent housing, student housing and co-living – would be introduced to provide more housing options for the people of NSW. We appreciate the Government's statement of intended effect.

Focus

We propose that the Government must focus on the need for Social Housing in our community and across the state. The reduced Social Housing availability results in further distress for many 'at risk' people in our community. The 'Australian dream' of home ownership for everyone has evaporated to a dual reality where ownership may be relevant for some but rental for most others – particularly younger and older people – is the new reality and future. In Glebe the shortage of Social Housing availability is clearly evident when residents of Elsie Refuge and Rainbow Lodge, whom community members support with Kitchen Starter Packs, are rarely able to 'graduate' to Social Housing despite being on the priority housing list. Provision of Community Housing for these people is transitional, and available for two years only. The current roll out is insufficient to the point of a desperate shortage.

Need

The issues in the residential development sector long predate the COVID-19 pandemic. Therefore while reference to the economic recovery of NSW following the pandemic are important this is surely not the major driver or reason for reform. The May 2020 discussion paper bears this out by saying "The NSW Housing Strategy will set a 20-year vision for housing". The vision and objectives of the proposed strategy are reasonable. What is critical are targeted and scheduled

outcomes to address the critical shortage of housing stock in both the social and affordable categories.

We have no argument with support for the recovering economy and the retention and creation of jobs. Nonetheless this policy direction is surely first and foremost about safe accessible housing for people.

Mixed sector response

We are not opposed to a blend of social, affordable and private market accommodation. However the provision of social housing cannot be slowed pending the ability of the private market to take up a required share to ensure a return on the investment.

We see no reason why modes of housing, in particular build - to - rent, should only be a private and community sector model. The Covid 19 experience demonstrated that in crises it is government that is actually the most substantial and agile responder. Few could argue that we are not in the midst of a housing crisis in New South Wales. When it is said that it is important to enable the market to develop housing it is important to note that in western democracies the public sector is a significant part of 'the market' in every respect. We suggest that the role of government extends beyond directly intervening or providing appropriate housing when the market cannot or where this will promote best practice (for example, crisis and social housing).

Notwithstanding the observation that "Data suggests that over the immediate/ short term there will be enough new homes to keep pace with population growth" our concerns include people vulnerable to shortcomings in housing supply; homeless people, older people forced to move away from their communities – a major issue in Glebe-, people with disabilities unable to refit their homes or find accessible accommodation within their communities, service workers priced out of their regions of work (the 'job containment rate'), people who are victims of violence and discrimination etc. Again this is where governments have a proactive role to play in creating supply directly. Developments on state-owned land should give top priority to increasing Social Housing availability.

We would argue that social and affordable housing supply targets could be set as government priorities within Housing Strategy action plans developed by NSW Government agencies.

Public sector roles

We submit that government owned land must be prioritised for social and affordable housing. On balance social housing ghettos are to be avoided. Pathways to affordable housing must be accepted as a social responsibility of every government of the day. For the benefit of city and regional social cohesion, the allocation of social housing must be spread across many areas.

We also note that many community members disagree with the governments proposition that "The housing system is beyond the responsibility of a single State agency or the NSW Government on its own." Many members of our community believe that while the private sector plays an important role it is government's role to address market failure.

What is the proposal for increasing the provision of public housing in New South Wales? Will this have outcomes and indicators to measure progress?

We note the comment that "Government-owned land is being used for social housing and for precinct-based integrated land use and infrastructure planning, design and development."

However we challenge the current proportion of state owned land devoted to social and or affordable housing. In the view of many community members social housing on government owned land should be at least 50% of housing developed on such land. Government owned land must be prioritised for social and affordable housing. The allocation of social housing quantities should be balanced with the infrastructure etc that assist people grow into affordable housing. If families from one generation to another remain within the social housing band, the social consequences as a whole may reach a point where community divisions are harmful to all members of a community. We also understand that each housing and infrastructure development may have particular nuances that would allow us to vary our assessment of the allocation.

Further the targets of 5–10 per cent for affordable rental housing for very-low and low-income earners, where viable in areas of uplift, as established in District Plans is minimal and should be expanded.

We recognise the theoretical observation that “providing new supply to meet demand considers the availability of land (a finite resource) relative to other land uses”. However in localities such as Glebe where retail business was previously concentrated on ribbon strip development there is more potential for new use of land. Many commercial properties in our community have been vacant for up to twenty years. Clearly current market settings are not sufficient to encourage property owners to rethink and seek to rezone their property to generate market returns. Part of this issue is the current settings whereby local government is not sufficiently motivated to change the market environment for property owners. Further, the requirement by local Councils that high rise residential developments include commercial and or retail usages on the ground level, reduces the potential for added social and affordable housing within that development, and in the process dilutes the performance of the existing (and often struggling) commercial and retail business in areas that are zoned for those usages. The requirement of the City of Sydney for commercial usages to the ground floor of a proposed Social Housing development on Wentworth Park Road, Glebe is a classic example of inappropriate planning requirements.

Many community members are interested in effective instruments which might revitalise existing commercial uses and or help to free up unused space for housing with appropriate planning controls that address the current crisis.

First Nations

The Strategy discussion paper noted that “Aboriginal people have a strong connection to Country, and require a supply of appropriately designed and affordable housing, particularly given the growth of the Aboriginal population in regional areas.” This is as true in urban and regional areas and we call on specific attention to be given to First Nations housing here on Gadigal country.

Ageing in place

We agree that “Helping older people to stay in their local area may require accessibility supports – physical or virtual healthcare or lower maintenance in their own home – and a greater mix of choices near easy-to-access places for people seeking to downsize. “ However a key factor is the availability of social and affordable housing in older people’s own community.

Disability

We agree that “Supply of social housing has not kept pace with demand.” Members of our community see this as a responsibility of government which is part of ‘the market’. The straightforward observation that “If appropriate independent housing is not available, young people

with disability may end up living in aged care facilities” calls for some public policy position from one or more levels of government. This situation is not acceptable and requires a holistic and adequate policy response; not merely ‘encouraging’ appropriate housing design.

Our community leaders support the work of Community Housing Providers and Aboriginal Community Housing Providers. We recognise that their operations are driven by their constituents’ needs and issues within these organisations resource constraints as contrasted to other providers drivers of profit/ market return. At the same time there appears to be a little explored dynamic in the relationship between the role of government and the not for profit sector in the generation of new and additional housing stock for social purpose. Further, the observation that “Social housing has evolved from supporting mostly working class families to now supporting very-low income and pension-dependent households whose long-term housing needs are not being met in private rental housing.” Is little interrogated in public discourse. How and why did this happen both in New South Wales and more widely? The shift (or perhaps drift) has led to a situation where “Older detached three or four-bedroom cottages make up a large proportion of the State’s social housing, while not necessarily matching the needs of current social housing tenants.” This comment focusses on the extant housing stock whereas the flipside the is focus of current housing policy priorities.

A number of our community have indicated interest in the potential of “meanwhile use” ie the temporary use of vacant land or dwellings for alternative uses until they are required for their end purpose. Glebe is one of many urban communities where properties used for retail purposes are now underused. Creative approaches to zoning, taxation treatments and other forms of government classification and regulation may foster greater use of infill properties including housing.

We support approaches to responsive and resilient housing canvassed in the consultation process. We reject views that the resourcing of social housing needs to choose between a ‘basic’ supply and one which includes the following which we would argue could become part of the mandatory requirements on all housing developments – social housing included:

- Inclusion of distributed energy and smart technology in new housing development
- Enhancements of the environmental sustainability of existing housing via subsidy and other provisions
- Developing housing and residential precincts responsiveness to natural hazards
- Fostering alternative transport approaches in major centres.

In relation to proposed changes we agree with requiring boarding houses to be affordable. We ask what regulatory and enforcement mechanisms would ensure this?

Build to rent

We respectfully suggest that the claim that “There are currently no impediments in the NSW planning system to the development of new housing for rental purposes” does not apply to inner city areas such as Glebe. These areas attract high rentals and many areas have lost substantial housing stock replaced by high density expensive developments. Consequently many people who were born and raised in local communities have been forced out of their own communities. Further urban areas are suffering severe constraints on service works from nurses to hospitality to creative industry workers because they cannot afford housing close to job centres.

We propose that a new housing strategy in this state can be positioned within a wider understanding of the role of housing in a modern Australian society and economy.

We are pleased that the State proposes to review the provisions of the new SEPP within 24 months of its introduction to ensure they are functioning as intended.

All the best

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Submitted on Wed, 09/09/2020 - 21:45

Submitted by: Anonymous

Submitted values are:

Submission Type: I am making a personal submission

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Submission: To address the severe (and growing) housing shortage and increase supply of affordable housing, the government needs the assistance from as many developers as with the choice of many diverse housing models as possible. These developers range from private Mum and dad's investors, small-scale development companies to larger corporations. Together, they can all do the bulk of the heavy lifting to fund and develop underutilised land in all zones to provide affordable housing in line with our governments objectives. Supply and demand ultimately sets the market rate for housing. If the policies incentivise developers to provide a diverse range of housing in large quantities, supply will increase and affordability will follow. One key driver common to all developers is the financial viability of the product. The proposed changes to New Generation Boarding Houses (NGBH) policy will discourage developers, reduce yield of the housing and will ultimately reduce the supply worsening the affordable housing shortage. Restricting permissible zones and most critically - requiring the NFP CHP to manage the NGBH are all backward steps. The R2 zone is a large and important zone that is required to rectify the affordable housing shortage. Smaller NGBHs (12 rooms) should be permissible in R2 whilst still maintaining character. The proposed reduction FSR bonus is all that is required to address council and the communities concerns for this product. COVID-19 has highlighted the importance of self contained accommodation. Fully self-contained NGBHs provide this safe and much needed form of housing. The new types of housing proposed are a progressive step and is supported. The requirement for co-living to have min 10 private rooms and a large min rooms size will restrict the number of sites where this type of development is possible. Once again lowering supply of this much needed type of housing. Providing a FSR bonus, reducing the min room size and POS will mitigate this roadblock. If these changes are implemented, co-living will be a great vehicle to solve housing shortages.

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



Submitted on Wed, 09/09/2020 - 22:01

Submitted by: Anonymous

Submitted values are:

Submission Type:I am making a personal submission

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Suburb/Town & Postcode: 2515

Submission file: [webform_submission:values:submission_file]

Submission: Further to my submission, As a Mum-and-Dad private property investor myself, who is currently serving the community by providing affordable housing I would like to offer my time to government free of charge. I have experience in developing NGBH and can add value from this perspective. If the issue of housing affordability is going to be solved promptly and sustainably, the government needs developers to fund and build diverse housing on mass. I am excited about the introduction of the co-living housing model, and feel with some careful consideration from both sides of the fence it will be a great vehicle to tackle the challenges we face. Regards Matt

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

Submitted on Mon, 17/08/2020 - 10:19
Submitted by: Anonymous
Submitted values are:
Submission Type:I am making a personal submission
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Suburb/Town & Postcode: Earlwood 2206

Dear Proponent for Housing Diversity SEPP.

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Submitted on Mon, 17/08/2020 - 10:19
Submitted by: Anonymous
Submitted values are:
Submission Type:I am making a personal submission
First Name: Matthew
Last Name: Gee Kwun Chan
Name Withheld: No
Email: matthew.gk.chan@optusnet.com.au
Suburb/Town & Postcode: Earlwood 2206

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Submitted on Mon, 14/09/2020 - 17:51
Submitted by: Anonymous
Submitted values are:
Submission Type: I am making a personal submission
First Name: Maurice
Last Name: Mandalinic
Name Withheld: No
Email: maurice@auroradesign.net.au
Suburb/Town & Postcode: North Manly 2100
Submission file:
[group-home-at-89-wyadra-avenue-north-manly.pdf](#)

Submission: With respect to Group Homes, please revise the existing SEPP AFR so that any Group Homes located in R2 Zoning - - Has maximum 2 storeys; - Design of the Group Home should fit into the character of the existing area. Otherwise detrimental outcomes such as the one illustrated (uploaded) at 89 Wyadra Avenue North Manly will arise. The detrimental outcomes for this example include - - Three storey Group Homes in an area that is restricted to two storeys max. - Concrete block facades that are alien to the character of the local area dominated by brick and weatherboard houses; - Flat roofs that are alien to the character of the local area dominated by sloping roofs; - GFA of 520 sqm that is an over development. The Housing Code of the SEPP permits a maximum of 290 sqm for this Lot; - Privacy is properly addressed. The Group Home example at 89 Wyadra Avenue, North Manly has direct overlooking of the Private Open Spaces of neighbouring properties at 87 Wyadra Avenue, 33 Thomas Street and 35 Thomas Street. The alternative idea is to remove Group Homes from the R2 zoning completely. Please consider this carefully as the current controls has permitted a very detrimental effect to the environment in our example. How could anyone live with no privacy in their Private Open space?

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



View from corner of Quilpie Street and Wyadra Avenue



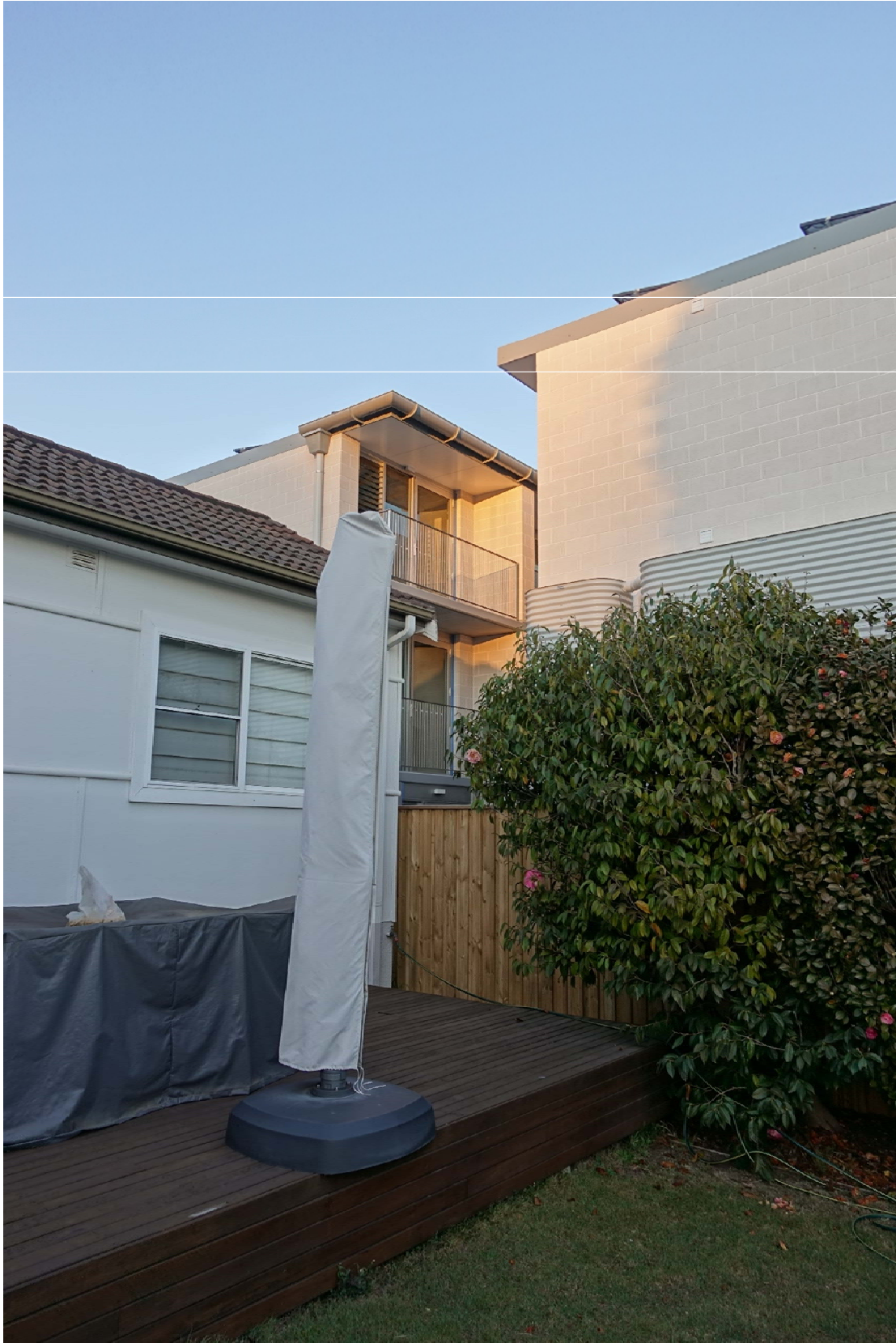
View from Quilpie Street



View of 89 Wyadra Avenue



View from POS – 87 Wyadra Avenue 01



View from POS – 87 Wyadra Avenue 02



View from POS – 33 Thomas Street



View from POS - 35 Thomas Street





View from Wyadra Avenue indicating some context




9 September 2020

NSW Department of Planning
Industry and Environment
4 Parramatta Square
12 Darcy Street
Parramatta
NSW 2150

Response to Proposed NSW Housing Diversity SEPP

 real estate investment firm, the principals of which have completed over \$2.9 billion of build-to-rent debt and equity investments in the US, Japan and Australia. Affiliates of  have invested in trusts which own two new generation boarding houses with 43 units in New South Wales and one co-living property with 45 units in Western Australia.

Comments on the Intended Effect for a new Housing Diversity SEPP


 has two comments regarding the intended effect on boarding houses and two comments with regard to co-living based on our experience as an investor in boarding house and co-living properties in Australia.


Boarding Houses

1. Requirement that boarding houses must be managed by a registered not-for-profit community housing provider (CHP)

A review of the New South Wales Boarding House Register indicates the vast majority of proprietors are private entities. In turn, it appears most of these properties are managed by local property managers and agents. Local property managers and agents should not be excluded from the process. They can leverage their existing infrastructure and know-how to ensure new boarding houses are operated efficiently and deliver the most affordable accommodations to tenants. The key determination of affordability should not be based on the manager, but rather on the forthcoming affordability guidelines.

2. Affordability and the Need for Privately Operated Boarding Houses to Remain a Viable Option in the Planning System

 acknowledges that the Report to the Minister from the Council Boarding House Working Group calls for an affordability requirement. To address this concern, boarding houses should be offered a continuum of tax and planning incentives in return for owners implementing various levels of rent limitations. Market-rate privately operated boarding houses should not be removed from the planning system and need to remain a viable option for accommodation properties.



Boarding houses provide the most affordable option in the housing market for private accommodations (excluding house shares). Boarding houses are significantly more efficient and less costly to operate than co-living properties, enabling boarding house rooms to be offered at a significantly lower rent than co-living units.

There are also a significant number of tenants who prefer to live alone in a boarding house and don't want to pay extra rent for communal areas in a co-living property. The income range for the tenants at our boarding houses range from a low of approximately \$800 per week to a high of over \$2,500 per week. Just as our boarding house tenants represent a broad spectrum of renters, the planning system should similarly accommodate a broad spectrum of housing options.

Co – Living

1. Minimum Lease Term – [REDACTED] would advocate that the minimum lease term be one month rather than three months based on actual occupancy agreements from the co-living property owned by our trust:

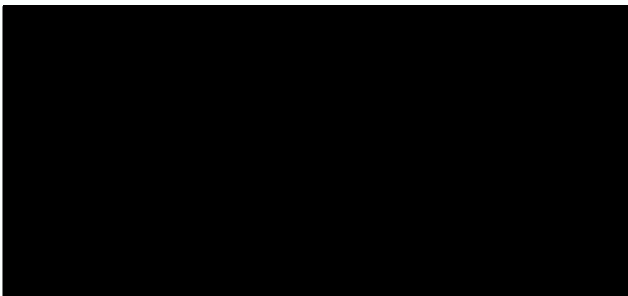
Term of Occupancy Agreement	Trailing 12 Months	From COVID Lockdown	
	through Aug 2020	Before COVID Lockdown	through Aug 2020
1 month	41%	29%	59%
2 month	9%	12%	6%
3 month	49%	59%	35%
Total	100%	100%	100%

Source: Meadpoint

As shown above, the percentage of one-month leases increased significantly from 29% prior to COVID to 59% from the commencement of the COVID Lockdown through August 31, 2020.

2. Room Size – the minimum room size requirements as stipulated in the State Environmental Planning Policy (Affordable Rent Housing) 2009 should apply to co-living properties, rather than the proposed 30 – 35 square meter room size. The larger room size will defeat the purpose of creating private sector affordable housing, while the requirements in the 2009 AHSEPP have been readily accepted in the rental market as indicated by the high average boarding house occupancy rates.

While [REDACTED] has other comments regarding the proposed Housing Diversity SEPP, [REDACTED] is cognizant that the Department of Planning, Industry and Environment will be receiving many submissions from market participants. Accordingly, [REDACTED] has focused its comments on those that it believes are the most important.



27 August 20

NSW Department of Planning, Industry and Environment
12 Darcy Street
Parramatta, NSW 2150

CC: Mission Australia
PO Box 3515, Sydney NSW 2001

To whom it may concern,

RE: Submission in support of proposed changes to group home development under draft State Environmental Planning Policy (Housing Diversity) 2020

NB: We request that the information detailed within this submission remain confidential.

Mecone have prepared this submission on behalf of Mission Australia in response to the exhibition of the draft *State Environmental Planning Policy (Housing Diversity) 2020* ('the draft SEPP'). Our submission offers in principle **support** for the changes proposed, specifically with respect to the intended simplification of group home applications through additional opportunities to utilise the complying development pathway, noting that the specifics of the proposed legislation has not been made available in the Explanation of Intended Effects.

ABOUT MISSION AUSTRALIA

Mission Australia are a national charity that provides a range of community services throughout Australia. For over 160 years, Mission Australia has provided a range of community services to people in need including homelessness crisis and prevention, social and affordable housing, addressing mental health issues, substance dependency, and supporting people with disabilities.

As part of their community services, Mission Australia provides a range of residential rehabilitation centres to help people manage their withdrawal and recovery from alcohol and other drug use, which are progressed as 'transitional group home' applications under the NSW planning framework. These rely on the provisions of the relevant local environmental plan or, where possible, the complying development provisions under the current *State Environmental Planning Policy (Affordable Rental Housing) 2009* ('the current SEPP').

An example of this development type includes the "Triple Care Farm Residential Rehabilitation Centre" in Robertson which specialises in treating clients with substance dependence and mental illness. The 18-bed program works with young people aged between 16 and 24 years, offering a 12-week holistic psychosocial rehabilitation program based on harm minimisation and health promotion.

IMPACT OF PROPOSED CHANGES

To continue providing community support programs, Mission Australia are identifying new sites for the provision of group homes throughout NSW. For example, investigations are currently taking place on a semi-rural property in the Batemans Bay area which is being considered for conversion to a facility modelled off the Triple Care Farm centre described above. The site in question is a residential property at 11429 Princes Highway, Surfside, located on 1.35 hectares and zoned E4 Environmental Living. A complying development consent pathway was explored for converting the property to a group home, however under the current SEPP the pathway requires a development application to the local council.

We understand that the draft SEPP will provide a complying development (CDC) pathway for the conversion of an existing dwelling to a group home. The specifics of the proposed legislation is not entirely clear in the Explanation of Intended Effects, however it is our expectation that many of the development standards that apply under the current SEPP for erecting a group home under CDC would be carried over to also apply to the conversion of an existing dwelling to a group home.

Whilst in the absence of more detailed development standards it is difficult to definitively comment on the provisions, nor understand how they impact the current site under investigation at Surfside, we wish to offer our in-principle **support** to the intent of simplifying the group home development process generally. This will introduce a quicker and easier process to allow an existing dwelling to be used a group home on suitable sites, ensuring Mission Australia can provide community support to those most in need whilst still ensuring key impacts on the environment and surrounding area are considered and mitigated.

As a part of the finalisation of the controls, we recommend that the Department relax the current site provisions for group homes under the CDC pathway, if these were indeed intended to be carried across to also apply to conversions of existing dwellings. These provisions, under Schedule 2, Clause 2A of the current SEPP provisions, restrict the CDC pathway to lots zoned R5 Large Lot Residential, RU1 Primary Production, RU2 Rural Landscape, RU3 Forestry, RU4 Primary Production Small Lots, and RU6 Transition. We recommend that this list of zonings be expanded to at least include other non-urban zones, such as the E4 Environmental Living Zone, given that the impacts of group home developments on such lots can be appropriately mitigated.

Conclusion

Thank you for the opportunity to provide a submission regarding the proposed changes to group home development pathways, planned for introduction under the draft SEPP. Should you wish to discuss any aspect of this submission further, including the services provided by Mission Australia, please feel free to contact me on 0423 264 278 or at jbelle@mecone.com.au.

Yours sincerely



Joseph Bell
Associate Director

Wednesday, 9 September 2020

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

Dear DPIE,

Submission to Explanation of Intended Effect for the new Housing Diversity SEPP

This submission has been prepared by Mecone NSW Pty Ltd on behalf of Signature Property Developments.

Signature are a local property developer specialising in residential development in Sydney's west and northwest. Signature aims to contribute to Sydney housing supply through the provision of well-designed and diverse housing products in strategic areas. Signature's development strategy ranges from small lot housing in greenfield subdivisions to boarding houses in urban infill areas.

We have reviewed the Explanation of Intended Effect (EIE) for the new Housing Diversity SEPP and have a number of significant concerns, as discussed below.

The EIE provides that housing affordability is a major issue across NSW, but particularly in the Sydney metropolitan area. It is noted that home ownership rates in NSW are falling and there is a widening gap between dwelling prices and incomes.

"In the rental sector, households are needing to spend a greater proportion of their income on housing. It is clear the housing needs and preferences of the community have changed over time and will continue to change....."

"In recent months, many people have found themselves unexpectedly out of work due to the COVID19 health and economic crisis. This has led to increased housing insecurity for many people."

The EIE notes that the new housing types proposed to be introduced as part of the new SEPP are designed to attract institutional investment and provide a more stable rental sector. Whilst that may be the intended outcome, a review of the EIE has indicated that the current provision of affordable housing attributed to small scale boarding houses is likely to be almost eradicated through the provisions proposed.

Elimination of a key affordable housing type

The new SEPP seeks to make the following key changes to land use definitions:

- Include affordability criteria in the definition of boarding house (i.e., must be managed by a registered not-for-profit community housing provider (CHP)); and
- Introduce three new land use definitions:

- Co-living housing;
- Build-to-rent housing; and
- Student housing".

These changes would effectively eliminate an important type of development permitted under existing controls; namely small-scale boarding houses not operated by registered community housing providers.

If the proposed changes are implemented, social housing providers would also be prevented from developing or operating small-scale boarding houses, as the definition for a social housing provider in the ARH SEPP is broader than registered community housing providers.

The ARH SEPP provides as follows:

social housing provider means any of the following—

- (a) the Department of Human Services,
- (b) the Land and Housing Corporation,
- (c) a registered community housing provider,
- (d) the Aboriginal Housing Office,
- (e) a registered Aboriginal housing organisation within the meaning of the [Aboriginal Housing Act 1998](#),
- (f) a local government authority that provides affordable housing,
- (g) a not-for-profit organisation that is a direct provider of rental housing to tenants.

If the proposed definition of a boarding house is implemented, several critical providers of social housing will not be able to meet the definition of a boarding house under the Housing Diversity SEPP. This will be potentially devastating for the most vulnerable members of the community as not-for-profit organisations that are not a registered community housing provider will no longer be able to propose or manage boarding houses.

The three new categories do not cater for this type of development. The build-to-rent category requires at least 50 dwellings; the co-living category requires relatively large rooms sizes (min. 35sqm); and student housing must be occupied by students.

There would be no opportunity for a private developer, such as Signature, to develop a site for the purposes of, for instance, a 10-bedroom boarding house with 12-25sqm rooms for a non-student population, unless the developer is prepared to hand over operation to a registered community housing provider (which would likely reduce the viability of the development).

Small-scale boarding houses by private developers are important contributors to housing choice and affordability.

The proposed changes to land use definitions would effectively eliminate this housing type and thereby eliminate a key mechanism for the delivery of affordable and diverse housing.

Reduction in sites available for diverse and affordable housing types

The new SEPP proposes the following provisions that would significantly reduce the sites available for diverse housing types:

- Remove the existing requirement for boarding houses to be mandated in the R2 zone; and
- Restrict the mandatory permissibility for co-living housing to wherever residential flat buildings are permitted.

The removal of the R2 mandate would result in many councils prohibiting boarding houses in the R2 zone, and the new co-living category would not be able to fill the gap, as residential flat buildings are rarely permitted in the R2 zone.

The EIE states that the removal of the R2 mandate is a response to “ongoing community concern”. However, we believe community concerns over boarding houses in low density areas are best addressed through design- and management-related controls, not through land use restrictions. The prohibition will not allow developments to be considered on merit where appropriate and will instead prohibit them in the R2 zone, unless a Council explicitly amends the LEP to permit the use.

We acknowledge it can be difficult to strike an appropriate balance between encouraging affordable housing and catering to the desires of existing local residents. However, we believe removal of the R2 mandate would tip the balance too far in favour of local residents and drastically reduce affordable housing options in low density areas.

In addition, the limitation of co-living to zones where residential flat buildings are permitted would essentially limit them to R4 zones within Sydney as the majority of Sydney LGAs do not permit residential flat buildings within the R3 zone.

A review of Western Sydney LGAs, where demand for affordable housings is greatest indicates the following LGAs do not permit residential flat buildings within the R3 zone:

Western City District

Campbelltown, Fairfield, Hawkesbury, Liverpool, Penrith

Central City District

Blacktown, Cumberland (Holroyd LEP + Auburn LEP), Parramatta, The Hills

It is clear from the above LEP review that without the benefit of co-living in the R3 zone and boarding houses in the R2 zone, the majority of LGAs will offer only opportunity within the R4 zone, where development sites are generally too expensive to consider development for the purpose of affordable housing.

The opportunity for a diversity of affordable housing will be severely restricted by the proposed measures, with limited opportunity for private industry investment in this sector.

Decreased incentives for delivering diverse and affordable housing types

Current boarding house provisions in the ARH SEPP allow for a 0.5:1 FSR bonus where residential flat buildings are permitted and the existing FSR is 2.5:1 or less, or a 20% bonus where the existing FSR is greater than 2.5:1. This is a logical, reasonable approach, as a percentage bonus lacks incentivising force at lower quantities. The new SEPP, however, would apply a standard 20% bonus regardless of existing FSR. This change would contradict the simple logic of the current bonus and works to disincentivise boarding houses on smaller sites. For instance, a 500sqm site with an FSR of 0.5:1 would receive only a 50sqm bonus, which may be insufficient for incentivising boarding house development.

The EIE explains that the standard 20% bonus is meant to avoid overly bulky development. However, we believe this aim is already effectively administered through existing boarding

house provisions, namely the 12-room limit for boarding houses in the R2 zone and the requirement that boarding houses be compatible with the character of the local area (cl. 30AA and 30A, respectively, of the ARH SEPP).

The proposed requirement for boarding houses to be operated by a CHP would also disincentivise diverse and affordable housing.

While community housing providers play an important role, they are not exclusive in their ability to provide diverse and affordable housing types. An apartment does not need to be rent controlled in order to be a viable housing option for a person on a low to moderate income. Owing to their small size, boarding rooms tend to attract much lower rent than typical apartments and therefore contribute to housing affordability and choice even without being rent controlled.

Conclusion and recommendations

In summary, we are concerned that the new SEPP will:

- Eliminate a key type of diverse and affordable housing (i.e., small-scale boarding houses not operated by a registered community housing provider);
- Reduce the sites available for diverse and affordable housing types; and
- Decrease incentives for the delivery of diverse and affordable housing types.

To address these concerns, we recommend the following changes to the new SEPP:

- Remove the requirement for boarding houses to be operated by a registered CHP;
- Maintain the requirement that boarding houses be mandated in the R2 zone;
- Maintain the existing bonus FSR structure for boarding houses; and
- Broaden the circumstances under which co-living housing can be permitted (i.e., allow co-living housing in some zones where residential flat buildings are not permitted).

Thank you for the opportunity to make this submission. If you have any questions or wish to discuss these matters further, do not hesitate to contact me at gsedgmen@mecone.com.au or 02 867 8668.

Yours sincerely,



Georgia Sedgmen
Associate Director

17 September 2020

Mr Marcus Ray
Deputy Secretary, Planning Services
Department of Planning and Environment
GPO Box 39
SYDNEY NSW 2001
By email: emma.heagney@planning.nsw.gov.au

Dear Mr Ray,

Proposed Housing Diversity SEPP – Explanation of Intended Effect (EIE)

We have reviewed the EIE and provide the following submission focusing on the proposed Build-To-Rent (BTR) provisions under the SEPP.

Essentially, we do not see why the favourable provisions for BTR cannot be applied elsewhere. Meriton has been doing this for many years within the existing planning and tax framework. Meriton is also very capable of delivering any project that is approved and as you would be aware, we have a 100% completion rate and have delivered over 75,000 apartments so any policy that is trying to stimulate the market must be applied as broadly as possible.

Accordingly, to create fairness, the planning benefits being applied to BTR must be equally applicable to all development whether they are BTR or not and must be applied immediately.

Specifically, we request the following:

- State Significant classification must apply to any development in excess of \$100M if it can be guaranteed that construction will commence within a certain timeframe upon approval.
- If specific requirements are to be retained on future BTR developments, the ownership and lease terms must be reduced. Furthermore, where a large multi-stage project that relies on a Concept Plan or the like, incorporates a minimum proportion of BTR (i.e. \$100M in capital investment value), then the project must be classified as State Significant.
- Any provisions should not exclude the City of Sydney (CoS). The planning process in the CoS can take years for relatively straight forward applications that are approved in 6-12 months elsewhere. The requirements for Stage 1 DA's, VPA's, Design Competitions etc stop progression of Stage 2 DA's and housing production. This is further exacerbated by the significant decline in housing approvals in the CoS shown under the DPIE's Housing Monitor. Accordingly, the state significant classification should not be excluded in the City.

Based on current housing supply needs and emerging Government policies and strategies, any benefits must be applied more broadly to stimulate construction and provide a more efficient pathway through the planning system.

Please advise what can be done as a priority given Meriton has many projects within the design phase or planning system which we would like to deliver as soon as possible.

Please call the undersigned on 9287 2691 should you require further information.

Yours sincerely

MERITON GROUP

A handwritten signature in blue ink, appearing to be 'M Lennartz', written over the printed name.

Mr Matthew Lennartz

Executive Manager - Planning and Government

9 Sept 2020

Housing Policy Team
NSW Department of Planning,
Industry and Environment

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mgs@mgsarchitects.com.au
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ABN 13 006 488 302

mgs

Re: Housing Diversity SEPP

I am an architect, urban designer and urban researcher specialising in affordable and diverse housing. My work has encompassed the regulation, design and financing of a range of development typologies locally as well as abroad, with a particular focus on Collaborative Housing models. As an extension of this work I have been developing a Cooperative Rental Housing model which was a winner of both the City of Sydney Alternative Housing Ideas Challenge, and more recently a Lord Mayors Charitable Foundation Affordable Housing Challenge grant.

I appreciate the opportunity to provide a submission to the Housing Diversity SEPP, an important policy tool to ensure appropriate definitions and tailored regulation for Boarding House typologies, which have not achieved the purported affordability outcomes. I explicitly support the decision to continue to support Boarding House typologies if they achieve prescribed affordability outcomes – if this can be delivered by both CHP and other non-profit delivery models.

I am writing to suggest two principal amendments to the Housing Diversity SEPP:

- The inclusion of collaborative housing in the SEPP to provide targeted support to increase the uptake of these models
- An amendment to the controls for secondary dwellings to secure minimum standards of amenity

Collaborative Housing

What is collaborative housing?

Collaborative Housing is an umbrella term used to describe housing where future residents actively participate in the design, development, and/or shared ongoing operation of their homes. This level of participation can range from buyer-funded townhouse or apartment developments (such as Baugruppe) where participation reduces following completion, through to intentional cohousing communities where residents collectively contribute to community operation. They can include rental models, such as cooperative rental housing or limited equity co-operatives, or models where residents own the title to their home. A key difference to corporatized models such as build-to-rent or co-living is the presence of active community management, and the absence of an ongoing profit-making entity in the operation of the housing.

Directors
Eli Giannini
Chris Jones
Cameron Lacy
Robert McGauran
Joshua Wheeler

What are the benefits of collaborative housing?

A significant body of research locally and internationally has established the benefits of Collaborative Housing models over other corporatized or government managed housing models. This can include greater affordability benefits for residents, more tailored homes to respond to complex needs, the establishment of higher resilience and social capital outcomes which accrue to the building and immediate neighbourhood, and consistently high sustainability outcomes. This research base has led to active government support in the form of the Resilient Melbourne 100 Cities program, where collaborative housing models in Melbourne are being promoted to enhance community resilience to environmental or economic shock.

Collaborative Housing models in Australia to date have mostly occurred within the private market through values driven organisations or non-profits with no government support. Some examples also exist with active CHP support including co-operative rental housing administered by Common Equity (NSW) and Common Equity Housing Limited (Victoria). By contrast, study into Collaborative Housing models in Northern Europe and North America has revealed a complex web of government support including discounted land provision or ground leases, favourable planning arrangements and government supported finance.

Collaborative Housing models in various forms have existed since the early 20th century at the fringe of mainstream urban development, but have experienced a renaissance since 2000 with a particular surge in uptake following the 2008/2009 Global Financial Crisis. This is particularly acute within Germany, Austria, The Netherlands, Belgium and Switzerland, with emerging hubs now in Spain, UK and Japan. For instance, immediately following the 2008/2009 Crisis, Baugruppe projects in Berlin accounted for up to 10% of all dwelling completions. The City of Zurich currently has 25% of all housing stock in co-operative ownership with an active program to grow this figure to 33% making it a mainstream way of delivering affordable, community-orientated housing.

As the strata title sector falters in response to the current economic shock, Collaborative Housing models are well placed to stimulate supply of high quality, more affordable housing outcomes, both within existing areas and urban renewal precincts. There are already a growing number of established models within the Melbourne context including Nightingale, Assemble, Property Collectives and start-up organisations Tripple, Codev and Third Way. Each of these models have taken hold in Melbourne due to a citizen backlash to poor apartment standards, clever marketing and increased awareness as well as favourable land values. In the NSW context these models have not yet taken hold, due to high land values, however this competition for land could be supported actively through tools such as FSR bonuses.

Recommendations

Introduce a definition for Collaborative Housing which could include:

- Innovation in the design and function of shared community space
- Evidence of resident participation in the design of project
- Evidence of resident contribution to the financing of project
- A formal commitment to the ongoing governance and operation of the project by residents
- Commitment to fossil fuel free in operation
- Minimum NatHers rating of 8 Star
- Commitment to decoupling parking from individual dwelling titles
- Commitment via legal agreement to secure perpetual affordability

Consider incentives to support Collaborative Housing such as:

- 10% FSR uplift
- Any FSR uplift to be contingent on the recommendations of the relevant Independent Design Review Panel
- Access to car parking reduction / waiver
- Commitment to active planning facilitation and assistance to expedite assessment and reduce resident exposure to holding costs

Secondary Dwellings

Secondary dwellings can provide housing diversity, especially in established suburbs. However, in some circumstances they can deliver low levels of amenity, with limited outdoor space, inadequate space for canopy planting and problematic relationships with neighbouring dwellings.

In recent years there have been several studies into improving the amenity and incentivising the uptake of secondary dwellings and group homes on un-subdivided land, such as the Right Size Service (finalist in the City of Sydney's Housing Ideas Challenge) and Cohousing for Ageing Well (University of SA). Additionally, the Victoria government is currently trialling the Secondary Dwelling Code to support secondary dwellings.

Recommendations

From the above examples there are several recommendations that could dramatically improve the amenity of these types of dwelling without negatively impact the viability of this important type:

- Increase maximum sizes to 75m² to improve liveability of the dwelling and tie the size more closely to demographic need.
- Increase minimum open space % to allow for increased amenity and to provide adequate space for deep soil planting.
- Ensure each dwelling has a dedicated private 'address' and high amenity pedestrian access.

Thank you for this opportunity to make a submission to the Housing Diversity SEPP. I am happy to discuss these concepts further with the Project Team.

Yours sincerely,



Katherine Sundermann

Associate Director

Mobile 0404 228300

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CAMDEN NSW 2570

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8 September 2020

Your Ref: PP/2019/11/1

Our Ref: 2020/74/3

The Secretary
NSW Department of Planning, Industry and Environment
Locked Bag 5022
PARRAMATTA NSW 2124

Dear Sir,

Re: Draft Housing Diversity SEPP including SEPP Housing for Seniors and People with a Disability, 2004 review

We represent Carrington Centennial Care a major provider of aged care services in South Western Sydney including aged care facilities in Grasmere (Camden LGA) and we are authorised to make the following submission.

The "Housing Diversity" review including the review of State Environmental Planning Policy (Housing for Seniors and People with a Disability) 2004 is a timely initiative.

The Seniors Housing SEPP has remained largely static since its inception, in an evolving housing landscape and one that is constantly changing with aged care and the type of accommodation for persons residing or wishing to reside in such facilities. Accordingly, a review as part of a housing diversity review is considered appropriate.

The merit of the initiatives is generally supported with the following exceptions.

Site Compatibility Certificates and the Metropolitan Rural Area

Carrington Centennial Care has land holdings at Grasmere (Camden) known as:

- (a) Lot 10 DP 845472 Werombi Road GRASMERE
- (b) Lot 201 DP 734620 Smalls Road GRASMERE

These properties are zoned for urban purposes and/or are designated for seniors living in Schedule 1 of the prevailing LEP, namely, Camden Local Environmental Plan 2010. Smalls Road; however, was rezoned in December 2019 to part R2 Low Density Residential and part B1 Neighbourhood Centre, to specifically permit seniors housing under the SEPP provisions.

Notwithstanding, the recent initiative to identify these areas as part of the Metropolitan Rural Area (MRA) is clearly inappropriate.

The Department is accordingly petitioned to amend the mapping of the MRA by removing the Carrington Centennial Care holdings, mentioned above. Such action should also be considered for all parcels that demonstrably reflect urban zoning, as deemed to be met under the SEPP, i.e. land adjoining land zoned for urban purposes.

Application of Land Development Standards

The move to accept the primacy of local provisions in the form of development standards is supported as a more nuanced initiative.

Notwithstanding, there are concerns in respect of the suggested limitations to local development standards. It is accordingly recommended that where an approved Concept Masterplan is in place under the provisions of Section 4.22 of the *Environmental Planning & Assessment Act 1979* that an exemption be granted from strict compliance with the local development standards.

We look forward to the Department's earnest consideration of this submission as it concludes its review of housing diversity.

Should you require clarification of any aspect of this correspondence please do not hesitate to contact me.

Sincerely yours,



M J BROWN
DIRECTOR
MICHAEL BROWN PLANNING STRATEGIES PTY LTD



Jim Betts
Secretary
Department of Planning, Industry and Environment
Locked Bag 5022
Parramatta NSW 2124
Sydney, 09 September 2020 – electronic submission only

Dear Mr Betts,

micro.space Submission on the Draft Housing Diversity SEPP Explanation of Intended Effects

micro.space is pleased to make this submission on the Draft Housing Diversity State Environmental Planning Policy (Housing Diversity SEPP) - Explanation of Intended Effect (EIE). We are a Sydney-based co-living developer and operator who are seeking to introduce large-scale, purpose-designed and built co-living communities to Australia modelled on international best practice.

micro.space is supportive of the Department of Planning, Industry and Environment's (the Department) intent of facilitating more diverse and affordable housing forms, and in particular provide specific recognition of co-living within the NSW planning framework. However, micro.space is seriously concerned that the EIE as currently drafted will prevent co-living from being developed in NSW and its intended outcome will not be achieved; in particular with respect to spurring new investment aiding in the post-Covid-19 recovery and providing more affordable and flexible housing options to residents that are currently not well-served by the rental market.

This submission **has been prepared in collaboration with Michael Rowe of Ethos Urban** and sets out our issues with the EIE to assist DPIE with understanding the changes that will be necessary if it wants to facilitate high-quality co-living developments in NSW.

1. Executive Summary

- The emerging co-living sector is different to New Generation Boarding Houses which are classified as 'Co-Living' under the EIE. As a result, the development provisions for co-living proposed in the EIE are not appropriate for the emerging co-living sector.
- To address this, New Generation Boarding Houses and Co-living should have separate definitions and associated planning provisions as set out in this submission.
- We have undertaken a financial analysis of several of the proposed planning provisions for one of the Sydney projects we currently have under consideration. The analysis shows that:
 - the removal of the FSR bonus alone would increase average rents by 12.5%
 - increasing the minimum room size alone would increase average rents by 45%.
- With the proposed planning provisions, we believe that the emerging sector of co-living will not be financially viable in NSW and that it is unlikely that meaningful investment can be attracted.
- In relation to the proposed planning provisions, micro.space specifically requests that co-living projects:
 - continue to receive an FSR bonus as this is critical for co-living to be commercially competitive against traditional residential flat buildings and shared housing;
 - have a minimum room size of 15m² and no requirement for private open space, as the requirement to provide the current provisions do not reflect the purpose of co-living and would make it completely unviable;
 - have no minimum stay provision to provide the flexibility that is sought by its residents;

- be a mandatory permitted use wherever residential flat buildings or shop top housing is currently permitted, to allow it to go in mixed use type zones on the basis it can provide activated street frontages;
- have a must not refuse requirement of 0 car spaces per room, but with the requirement to provide a of 1 car share space per 50 rooms.

2. Background on micro.space

micro.space was established with the goal of developing and operating a network of class-leading co-living communities in cities around Australia.

micro.space represent an innovative and necessary response to Sydney's current housing diversity and affordability market challenges, including declining home ownership patterns among core demographics of 25-34 year-olds, along with changing home ownership patterns and new models of living and working.

Our approach combines space, community, services and technology into one integrated product that delivers the best experience for residents and class-leading design and purpose-built construction strike a thoughtful balance between personal and shared space.

micro.space has developed a distinct product and investment strategy that gives it the potential to become a leading competitor in the co-living space in Australia, and possibly beyond. Our Phase 1 roll-out plan under this strategy is briefly outlined below.

- Australia's first network of large-scale, purpose-built co-living communities
- Sydney / Melbourne city-fringe locations
- \$100 million equity commitments - facilitating projects with an overall value of circa \$350 million, including circa \$200 million in construction contracts
- Origination, development, and operation of approximately 1,000 units across 4-5 projects, ranging in size between 150 and 350 units
- Category leadership with respect to design, amenities, value-for-money and environmental sustainability
- Origination of transactions to take place until the end of 2020, based on existing project opportunities
- First projects to become operational in 2022

We are now in the final stage of closing out our first fundraising round, with capital commitments sought from institutional investors, most likely based overseas with an existing Australian presence.

Whilst our fundraising efforts have certainly been slowed down by the global Covid-19 outbreak that started earlier this year, we believe that the challenges this outbreak has presented can be overcome. Larger investors in the institutional space share this view and, in many cases, see the disruption caused by the outbreak as an opportunity to deploy fresh capital into innovative new products and sectors. Overseas investors in particular already have a deep understanding of the co-living sector, typically based on existing investments in Europe and the United States, and are keen to deploy resources into the Australian market.

Nevertheless, recent discussions with potential investors have shown that the planning changes proposed under the Housing Diversity SEPP in NSW are now amongst the top reasons for not considering co-living investments, at least in New South Wales. The reasons for this are simple:

- Any affordability advantage vis-à-vis conventional rental accommodation is eliminated or in fact reversed
- Other, very prescriptive design requirements narrow the field of potential development opportunities
- A prolonged period of uncertainty until changes are approved, either in the proposed or an amended form, will result in projects being put on hold when many of these projects would otherwise be ready for commencement of construction within 6-12 months
- New activity in the entire sector, currently in its infancy, may become essentially unviable for the foreseeable future

Based on the feedback we have received from potential capital partners, it is likely that investors will either focus on opportunities in states other than NSW, or possibly even disregard Australia entirely as projects in its most populous state/city may no longer be worth considering.

3. Correctly defining Co-Living

The EIE identifies that the new affordability requirement proposed for boarding houses means that ‘new generation’ boarding houses would no longer be facilitated under the planning system and proposes a new definition and planning provisions for what are described as ‘Co-living’ developments.

Whilst ‘new generation’ boarding house (NGBH) have risen in popularity in recent years, attracting criticism from various stakeholders in relation to their impacts on the character of areas, quality and affordability, these boarding houses are very different from the emerging co-living asset class that micro.space is seeking to develop (herein after referred to as ‘co-living’).

This section of our submission explains what the emerging co-living asset class is, why the planning system needs to support it, gives some international precedents, and proposes an alternative definition for co-living that recognises the differences between Co-Living and NGBH.

3.1 What is Co-Living

Co-Living seeks to provide an all-inclusive communal living experience, with private bedrooms and large shared community spaces. The concept is driven by market need and inspired by co-living and co-working models increasingly emerging internationally in response to changing social, cultural and economic paradigms.

Co-living has a relatively short history in the United States, Europe, and Australasia. Starting off with small, re-purposed properties, it has become increasingly professionalised with the inflow of institutional capital and the development of larger, purpose-built projects. Despite the infancy of the co-living industry, several larger players have already emerged in Europe and the United States, complemented by traditional developers and specialised start-ups.

A brief Jones Lang Lasalle research report on the state of the European market has been included in **Attachment B**.

Individual projects, business models and strategies vary, often depending on location, planning environment and demographic factors. However, virtually all modern co-living projects feature or will feature the following:

- Purpose-designed and purpose-built designs (or extensive conversions of existing properties)
- Professionally managed, often influenced by hospitality sectors
- Single ownership
- Multi-tenanted with individual leases
- Not restricted to specific tenant or demographic groups
- Combination of smaller private spaces and significant shared communal space, complemented by amenities and services not typically found in conventional residential developments
- All-in rents that include utilities, internet connections, furniture, access to shared areas and other services
- Flexibility around lease terms and durations
- Use of technology, for instance to deliver better customer service or product performance
- Lower pricing compared to conventional residential accommodation options

In addition to the private and communal spaces, co-living can also include integrated co-working and community opportunities available to residents and local community members.

As the list above shows, co-living and the other emerging accommodation sector, Built-to-Rent, share many characteristics.

Unlike NGBH, achieving scale (between 150-350 rooms) is crucial for micro.space’s emerging co-living model as this helps deliver:

- Savings and efficiencies across the project's lifecycle that can be passed on to residents in the form of lower rents
- Aggregation of common space across larger numbers of residents yields better common space with increased functionality and utility
- Space can be dedicated to niche uses, for instance creative workspace or media suites that otherwise would not be offered
- Services and amenities can be spread across a larger number of residents, which will widen the range of potential offerings

To assist the Department with understanding what micro.space co-living looks like, we have included excerpts of our concept (see **Attachment A**) developed for a co-living scheme in Waterloo, Sydney, which demonstrates how space for 300 residents, complemented by extensive indoor/outdoor shared spaces, social, creative enterprise and co-working spaces available to both residents and local community members could be delivered. The plans for this scheme are provided at **Attachment A** and will be referenced throughout this submission to show how high-quality co-living can be effectively delivered in a Sydney city-fringe context, and the policy needed to support its delivery.

3.2 Why the Planning System needs to support Co-living

Co-living directly responds to key social sustainability drivers for enhancing social connectivity, addressing social isolation and providing desirable, diverse and affordable housing models for people who are renting, either by choice or necessity.

It therefore not only provides a viable, high-quality alternative to conventional rental apartments but also a superior option compared to the largely unregulated sector of sharing conventional residential apartments.

Co-living is not merely a scaled-down version of traditional rental accommodation but its own distinct product that fills specific requirements of residents for a limited period of time. For instance:

- Recent university graduates will be able to live closer to employment opportunities to start their careers
- People, who, for personal or professional reasons, require more flexible yet cost-competitive accommodation options are currently not served well by the conventional market for accommodation
- People that are currently locked out of conventional accommodation markets

We also believe that micro.space co-living can enable entirely new use cases or enhance access to opportunities, for instance:

- An excellent option for working from home, due to:
 - Superior technological infrastructure, e.g. office-grade internet connections
 - Dedicated work-space and meeting rooms
 - Opportunities for social interaction with other residents instead of spending entire workdays alone in one's house or unit
- A good place to start a business, due to:
 - Living and working in the same location saves time and money, which is crucial during early stages of a new business
 - Access to work-oriented events and programs to support professional development
 - Opportunity of offer member-to-member commercial services
- Improved access to inner-city economic or employment opportunities via shorter commuting times or enhanced flexibility around lease terms
- Expand access to amenities, services, and events that a co-living community offers to residents of the neighbourhood to foster better integration between the two groups

The Social Strategy prepared for micro.space's Waterloo project outlining the full benefits of the emerging co-living model has been included at **Attachment C**.

3.3 International and Domestic Precedents

There are a number of emerging global models of co-living in the US, UK and Europe, which provide relatively affordable market housing with community at its core. These schemes are characterised by smaller self-contained dwellings coupled with shared co-living and co-working spaces, typically with an additional range of social and recreational amenities and services. Key precedents include:

- The Collective – Old Oak, London, UK
- The Collective – Canary Wharf, London, UK
- The Collective – Long Island, New York, US
- Quarters – Berlin Germany
- Quarters – Chicago, US
- Open Door – Portland, US
- Ollie – Long Island, New York, US
- StarCity – Venice Beach, California, US

The Australian market is still in its infancy, with smaller projects - often converted existing properties or conventional residential buildings.

These co-living spaces vary in number and size of rooms, and have a large array of private and communal spaces, such as kitchens, spas, gyms, games rooms, cinemas, libraries, launderettes and co-working facilities. The key numerical information for these various co-living precedents are outlined in **Table 1**.

Table 1 Key numerical information – select international and domestic co-living precedents

Co-living example	Number of rooms / units / residents	Lease model	Room size / type
The Collective, Old Oak, London	550	3-12 months	10-16m ²
The Collective, Canary Wharf, London	705	Short and long term	12-25m ²
The Collective, Long Island, NY	123 rooms, plus 100 additional rooms proposed	Up to 30 days	21-98m ²
Quarters, Chicago	Multi-bedroom studios and houses	3+ months	Studio to 5 bedrooms apartments
Ollie, Long Island, New York	422	12 months	2-3 bedroom apartments (14m ²)
StarCity, Venice Beach, Los Angeles	30	5-9 months	Studios and multi bedrooms
Hmlet, St Peters, Sydney	82	1+ months	Multi bedroom apartments (8-16m ²)
UKO, Stanmore, Sydney	32	3+ months	Studios (25+m ²)
The Tide, Perth	90	1+ months	Studio to 2 bedroom (26m ² – 84m ²)

3.4 An alternative definition

The development provisions for co-living proposed in the EIE have clearly been developed to respond to NGBHs and the feedback provided by Councils in relation to the issues they are experiencing with those developments. As outlined in Section 4, **these development provisions are not appropriate for co-living and, if introduced, would prevent this new form of diverse housing from emerging in NSW.**

Whilst the proposed definition for co-living generally describes the emerging co-living sector use there is an important need to separately distinguish NGBH and Co-Living, to ensure that the associated development provisions are appropriate for each typology. Accordingly, we request that NGBH use the proposed definition for co-living in the EIE under the name NGBH, and a new definition and associated provisions be developed for co-living. We would recommend that the new co-living definition refer to a building held in single ownership that:

- includes on-site management;
- includes a communal living room and other shared facilities including kitchen and open space; and
- has at least 50 private rooms, some or all of which may have private kitchen and/or bathroom facilities, with each private room accommodating not more than two adults.

4. Proposed Planning Changes

Correctly separating NGBH's and co-Living necessitates the need to ensure the planning provisions that accompany the uses appropriately provide for those uses.

As highlighted below, if the current draft provisions are not amended it will prevent co-living from developing in NSW, undermining the positive housing diversity outcomes the Housing SEPP aims to achieve.

We have evaluated the financial impact of both FSR bonus removal and minimum room size requirements on rents. Other proposed planning provisions are also likely to have a detrimental impact on rents, for instance the requirement for personal open space and increase in minimum car parking requirements.

4.1 Removal of FSR bonus

Under the draft SEPP, the State Environmental Planning Policy (Affordable Rental Housing) 2009 (Affordable Housing SEPP) bonus previously available to co-living as a form of boarding house has been removed. It is understood from the EIE that the bonus has been removed on the basis there is no formal affordable housing being provided within the development and can lead to adverse impacts on adjoining uses.

As a relatively new housing typology, and in order to deliver alternative affordable housing opportunities, bonus floor space provisions are essential in ensuring co-living developments are feasible. Without an FSR bonus co-living cannot compete in the market for land against traditional private residential developers. Failure to acknowledge this and provide appropriate planning incentives will result in the Draft Housing Diversity SEPP failing to provide the diverse and affordable housing it set out to.

To exhibit the impact that a floor space bonus can have on the feasibility of a co-living development, the feasibility of the Waterloo proposal at **Attachment A** has been provided, both with and without the floor space bonus that currently applies under the Affordable Rental Housing SEPP. As outlined in **Table 2**, additional floorspace allows for more units, lessening the average rent price and directly impacting on the affordability of the housing. Critically, the removal of the FSR bonus closes the gap between the cost of what co-living can feasibly charge residents and the weekly median rent of a 1 bedroom apartment (\$575) in Waterloo, and therefore erodes the benefit co-living offers in terms of providing affordable housing options to the community.

Table 2 Feasibility and Affordability Impact of removing the bonus FSR

Measure	With bonus FSR (current design)	Without bonus FSR
Project cost	\$86 million	\$76 million
Residential GFA	6,777m ²	5,303m ²

Number of units	300	235
Average rent	\$482	\$543

Acknowledging the concerns raised by some stakeholders in relation to the quality of design of boarding houses and the conflict created by the FSR bonus, we suggest the Department consider introducing an associated provision that requires the development that receives the floor space bonus to demonstrate design and/or sustainability excellence against set criteria nominated in the SEPP. This approach would ensure co-living can be commercially competitive and improve housing affordability, whilst also delivering appropriate planning and design outcomes.

4.2 Minimum room sizes and balconies

Under the new definition of co-living, the Draft Housing Diversity SEPP requires that all units have a minimum area of 30-35m², and a private open space area of 4m². The EIE suggests that this is in line with the Apartment Design Guidelines and would fill a gap between boarding house rooms and studio apartments. However, these requirements to effectively provide self-contained dwellings fail to recognise the fundamental concept of co-living, which is that people choosing this housing typology are doing so because they are prepared to sacrifice private dwelling space in return for high quality shared internal and outdoor communal spaces and the associated community that goes with them, complemented by amenities and services not typically found in conventional residential developments.

It goes without saying that the requirement to build each room at 30-35m² with a 4m² balcony has a significant cost implications, which at best will result in the removal of the high quality communal spaces and the social attributes that make co-living an attractive option, and at worst will make co-living completely unviable.

To exhibit the impact that a minimum room size of 30-35m² can have on the feasibility of a co-living development, the feasibility of the Waterloo proposal at Attachment A has been assessed considering room sizes. As outlined in Table 3, requirements of a larger room size result in a significantly higher rent, that will exceed the median rental price for a 1 bedroom apartment in Waterloo (\$575) and therefore remove any aspect of affordability and render the project uncompetitive.

Table 3 Feasibility and Affordability Impact of removing the bonus FSR

Measure	No minimum size (current design)	Minimum size
Average room size	22.6m ²	34.2m ²
Number of units	300	198
Average Rent	\$482	\$700

Given the catastrophic impact of the proposed size requirements, micro.space strongly requests that the minimum room size for co-living of 15m², and there be no private open space requirement.

4.3 Minimum length of stay

The Draft Housing Diversity SEPP proposes that tenants of a co-living development must stay a minimum of three months. It is not clear from the EIE why a minimum 3 months has been nominated, other than it would prevent its being used as short-term accommodation. This principal is at odds with the intention of the co-living typology that is designed to provide maximum flexibility for its users as a diverse form of housing. As noted in Section 2, the residents who choose to live in a co-living development and their circumstances can be highly variable, and 3 months is an unnecessary restriction for a demographic group that is specifically seeking greater flexibility in housing.

micro.space's residential lease model goes beyond the traditional 6/12-month paradigm and will feature:

- a variety of lease durations to fit requirements of residents;
- a bias towards longer leases (1+ years) that help maintain the community spirit of a project;
- limited costs or penalties if residents unexpectedly need to break leases early;

- limited short-term accommodation, mainly with the goal of decreasing short vacancies that are likely to occur between longer leases. Decreasing or eliminating gaps between longer-term residents will ultimately contribute to lower rents for residents on longer leases.

In addition, micro.space will provide its tenants with the flexibility to visit and stay at any of the micro.space in Sydney or Australia communities without having leases tied to a particular location.

For example, a micro.space resident who has a startup tech company may want to spend the majority of her time in Sydney, but also needs the flexibility to spend 2 months of the year in Melbourne when meeting with partners. This model allows this person to move around, as required, without being locked into rigid leases, but also provides with certainty in tenure, consistency in quality, and the opportunity for on-going social cohesion.

In light of the above, micro.space requests that the minimum stay provision be removed.

4.4 Permissibility with shop top housing

The EIE indicates that co-living will be a mandatory permitted use where residential flat buildings are permissible, but not where shop top housing is permissible. It is understood that this is because boarding houses do not provide ground floor activation in the same way shop top housing does, and therefore, may not be appropriate in zones where only shop top housing is available.

However, the co-living typology can be designed to incorporate co-working and community spaces at ground level to provide street activation in a similar way to shop top housing (see Waterloo Project at **Attachment A**). Given that a large amount of the land that is best suited to co-living would be urban zones where Shop top housing is permissible, but not necessarily residential flat buildings, it would be an unfortunate outcome to not facilitate co-living from going into these areas. Accordingly, we request that co-living be a mandatory permitted use wherever residential flat buildings or Shop top housing is currently permitted. The SEPP could be accompanied by an associated provision that requires the ground floor of the building to provide activation on the ground level to any street frontage.

4.5 Minimum car parking rates

Under the Draft Housing Diversity SEPP, a discretionary 'must not refuse' car parking provision of 0.5 spaces per room is proposed for co-living developments.

As reflected in the micro.space Waterloo project, micro.space's model seeks to provide very limited resident car parking. This reflects the demand / needs of the types of residents seeking to live in a Modern co-living developments, who typically have very low car ownership and want to live in co-living developments due to the flexibility they provide, price point and central location with proximity to public transport and local services.

Whilst it is understood the 0.5 spaces per room standard is a must not refuse criteria and in areas such as the City of Sydney there would be no expectation to provide no car parking spaces, Councils in many areas of Sydney which benefit from excellent public transport still have high expectations for car parking and no experience with the co-living model, and therefore in the absence of an alternative rate will expect the 0.5 spaces be provided. Based on the 300 room model, the requirement to provide 150 basement car spaces which will not be utilised by the residents will have a significant and undesirable impact on both the feasibility of co-living projects and the affordability of such projects.

Therefore, whilst the proposed standard may be appropriate for NGBH's in suburban areas, it does not suit co-living. Accordingly, we request that co-living have a must not refuse requirement of 0 car spaces per room, but with the requirement to provide a of 1 car share space per 50 rooms.

5. Conclusion

Australia and Sydney in particular have the opportunity to be at the global cutting edge of alternative accommodation models, whilst at the same attracting much-needed investment and providing additional high-quality rental housing that is more flexible and affordable in the aftermath of the CoVid-19 pandemic. micro.space is supportive of the Department's intent of facilitating more diverse and affordable housing forms, and in particular provide specific recognition of co-living within the NSW planning framework.

However, micro.space is seriously concerned that the EIE as currently drafted will prevent co-living from being developed in NSW and its intended outcome will not be achieved. Specifically, the development provisions for co-living proposed in the EIE are not appropriate for the emerging co-living sector and to address this New Generation Boarding Houses and co-living must have separate definitions and associated planning provisions.

We appreciate the opportunity to provide feedback and would welcome the opportunity to provide further detailed information on co-living housing projects.

Yours sincerely,



Michael Ossege, Founder & CEO, micro.space

micro.space

**ETHOS
URBAN**

6 September 2020

NSW Department of Planning

Re: Draft State Environmental Planning Policy (Housing Diversity) 2020

This letter provides a submission in relation to the proposed changes affecting boarding house provisions. I am a town planner with experience working in Councils, State Government and private sector. I have assessed a number of boarding house proposals, including both 'traditional' boarding houses and 'new generation' boarding houses, across various LGA's in the greater Sydney region.

It is understood that the proposed changes are being introduced to:

- Accelerate projects that support employment and economic development
- Provide greater certainty for all stakeholders within the planning system

However, the following concerns are raised with respect to the proposed changes to boarding house provisions:

- No independent analysis of boarding house rents across Sydney and NSW has occurred to substantiate that overall boarding house rents are not affordable compared to other types of available self-contained, fully furnished and serviced rental accommodation. Whilst some 'outliers' may occur, it appears likely that overall boarding house rents cater to a significant proportion of lower market rental accommodation across Sydney noting for example the land tax exemptions applicable for boarding houses with capped rents.
- No evidence has been provided that the proposed new housing types will lead to institutional investment and a more stable rental sector given other regulatory changes outside of the planning system are likely to be necessary in order to facilitate build-to-rent housing.
- Removal of boarding house development across all R2 zones and restricting the provision of boarding houses to affordable housing (as defined) managed by Community Housing Providers only will result in a substantial reduction in the provision of this form of housing, which is likely to significantly reduce provision for this type of lower market rental accommodation.
- It is considered that the supply of boarding house accommodation by the private sector should be maintained in the R2 zone for up to 12 occupants (consistent with a Class 1b dwelling, as opposed to 12 rooms) as it currently provides a proven and viable lower market rental accommodation option. However, in order to address council and community concerns in relation to amenity, bulk and scale, and compatibility, the provisions should be subject to local planning controls in relation to FSR, building height, setbacks, landscaped area, private open space and parking, which, together with the 12 person limit equivalent to a class 1b dwelling, will mitigate any potential cumulative impacts.
- Separate controls with additional incentives can be developed for the provision of boarding houses to be managed by registered community housing providers if necessary, but it is unclear whether the provision of boarding houses by community housing providers is feasible without delivery by private developers where a limited proportion of rooms are rented as affordable with the majority rented at the applicable market rate and may lead to potential amenity, bulk and scale, compatibility and cumulative impacts.

-
- A minimum of 10 rooms for 'Co-Living' unnecessarily removes the potential for smaller scale co-living development of less than 10 rooms, whereas smaller scale new generation boarding house developments are currently permitted.
 - In the absence of the proposed detailed design guidelines, there is insufficient explanation of the intended effect of the proposed changes to boarding houses. This is critical in understanding the proposed changes to the existing provisions and implications for amenity, affordability, and cumulative impacts.
 - Whilst the removal of reference to 28 January 2000 for the purposes of establishing whether an older building currently containing low rental dwellings was a low-rental residential building as at that date is appropriate, it is considered that the new provisions should not retrospectively apply in relation to pre-existing low-rental buildings built after 28 January 2000.
 - Whilst the proposed changes to facilitate construction of social housing and build-to-rent housing have been identified as an opportunity for stimulus, it appears that the other proposed changes in relation to boarding houses are likely to lead to less certainty and economic investment.
 - Any changes to the boarding house provisions should be deferred until the above issues are fully and properly resolved and re-exhibited for public comment given it appears likely that the proposed changes would lead to less certainty for stakeholders and jeopardise employment and economic development and a viable form of lower market rental accommodation from current boarding house developments.
 - No indication is provided as a part of the proposed changes that a savings provision will be included to ensure that applications or appeals made, but not finally determined, prior to commencement of the new provisions will not be subject to the new Policy. This is necessary to provide certainty for all stakeholders within the planning system and allow projects that support employment and economic development currently under consideration to proceed.

Should you have any queries, please do not hesitate to contact me.

Yours truly,

[Redacted]

[Redacted]

Miletic-Mieler Development Consultants Pty Ltd

[Redacted]

[Redacted]



9th September 2020

Department of Planning, Industry and Environment
GPO Box 39
SYDNEY NSW 2000

Dear Sir/Madam,

RE: SUBMISSION – PROPOSED HOUSING DIVERISTY SEPP

Please accept this submission to the Proposed Housing Diversity SEPP – Explanation of Intended Effect which has been publicly exhibited by the NSW Department of Planning, Industry and Environment (DPIE). MMJ Wollongong has prepared this submission on behalf of our clients.

1. Wollongong LGA and Housing Affordability

We are generally supportive of the changes proposed in the Proposed Housing Diversity SEPP and agree that housing affordability is becoming an increasing concern for all levels of Government. Like the rest of Australia, Wollongong LGA is feeling the consequences of the pandemic with job losses, impacts to businesses and the reduction of international student numbers at the University of Wollongong.

The NSW Government forecasts that Wollongong's population will increase by 33, 000–45, 700 persons by 2036, those future residents will need to be housed in an additional 14, 600–23, 800 dwellings. Theoretically, the predicted dwelling yield in Wollongong's urban release areas can provide housing to meet projected growth, however a greater supply of smaller and affordable dwellings to meet the needs of the ageing population, lone person households and for very low, low and moderate income households is urgently needed in Wollongong closer to the CBD and services. It is important that affordable housing can be provided close to public transport, services, commercial centres and education to ensure that residents can gain access to the services they require.

Wollongong City Council (WCC) is proactive in providing high level strategic visions for Housing Affordability in Wollongong LGA and has recently exhibited a Draft Housing and Affordable Housing Options Paper which closed for submissions on 10th July 2020. The draft Paper provided an Affordable Housing Needs Analysis (pre COVID-19) for Wollongong LGA which indicates the following:

- *There is a large and growing gap between the number of low income households and private rental housing that is affordable for these households (Figure 3.2);*
- *Wollongong LGA is trending towards an increasing mismatch between household size and number of bedrooms per dwelling. Between 2001 and 2016 there has been a decrease in one, two and three bedroom housing stock and a large increase in four bedroom stock;*
- *The cost of housing has increased substantially in Wollongong LGA over the last decade. Median house prices have increased by 84% and median unit prices have increased by 65% between 2008 and 2017. Median rents have increased 3.5 times since 1990, with most of this increase being since 2001;*
- *There has been sharp increase in the proportion of households in Wollongong LGA who cannot afford to rent or purchase housing in the LGA.*
- *The number of full time equivalent jobs in Wollongong LGA has decreased while the number of lower income workers and casualisation of the workforce has increased.*
- *Section 3.6.4 draft housing affordability*

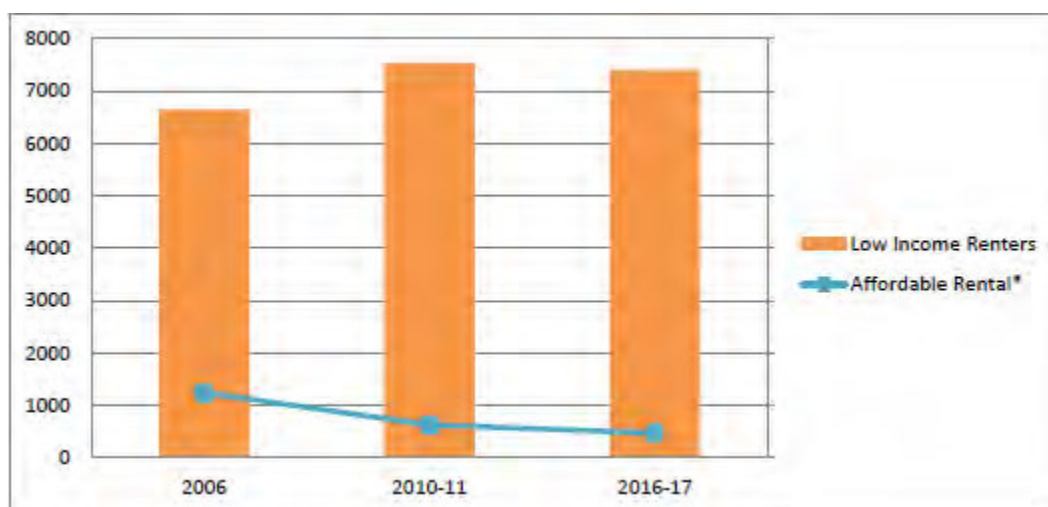


Figure 1: Comparison between the number of low income renters and the number of affordable private rental properties (Source: Wollongong City Council, 2020)

Section 3.6.1.1 of the Paper outlines that more than half of all households in Wollongong LGA (53%) were described as being in the affordable housing income ranges as defined by the Environmental Planning and Assessment Act 1979, in 2016 Wollongong LGA:

- *There were 84,071 households;*
- *There were 44,853 households in the affordable housing income range, with 21,317 very low, 15,491 low and 8,045 moderate income households (Figure 3.3)*
- *Of the 44,853 households in the affordable housing income range, 49% were in housing stress.*



- The overall proportion of households in housing stress (rental and mortgage) in the LGA in the affordable housing income range increased by 5% between 2006 and 2016 (Figure 3.4);
- 7.4% of existing housing stock comprises social housing and there were long waits of between 2 and 10 years for people to gain access to social housing (Table 3.5). Since 1996 there has been a 2.7% decrease in the proportion of social housing available in Wollongong LGA;
- 496 people were homeless.

The table below from this Paper shows the expected social housing wait times which shows a clear undersupply of social housing with high wait times of 2-10 years (see Figure 2). With increasing numbers of the population facing housing stress following the COVID 19 pandemic, the number of households that will be included on this wait list and the waiting period is expected to increase.

Area	1 bedroom	2 bedroom	3 bedroom	4 bedroom
Wollongong LGA City Zone	2 to 5yrs	10+yrs	5 to 10yrs	5 to 10yrs
Wollongong LGA South Wollongong	2 to 5yrs	5 to 10yrs	5 to 10yrs	5 to 10yrs
Shellharbour LGA	5 to 10yrs	10+yrs	5 to 10yrs	10+yrs

Figure 2: Expected Social Housing wait times (Source: Wollongong City Council, 2020)

The Future Directions for Social Housing in NSW sets out the Government's 10-year vision for social housing. We hope that the proposed SEPP will enable the Future Directions three strategic priorities:

- More social housing
- More opportunities, support and incentives to avoid and/or leave social housing
- A better social housing experience.

Under the Future Directions, the Government is moving towards a system where housing assistance is seen as a pathway to independence and an enabler of improved social and economic participation for tenants living in vibrant and economically diverse communities. We believe that increased permissibility/application of the Housing Diversity SEPP and clear application of incentives provides better opportunities to give those in need of social housing and affordable housing the opportunity to integrate into the community in accessible locations that are close to jobs, education, and services.

WCC has also been successful in achieving federal funding for delivery of affordable housing in Wollongong through a funding agreement made in 2012. This is a great program and the proposed SEPP should support initiatives at all levels.

2. Affordable Housing in the B6 Enterprise Corridor, Wollongong

There is currently limited opportunity to provide Affordable Housing close to the Wollongong CBD due to the land zoning under Wollongong Local Environmental Plan (LEP) 2009 (see Figure 3) and the current provisions of State Environmental Planning Policy (Affordable Rental Housing) (ARHSEPP). The potential for affordable housing under the Wollongong LEP 2009 is limited to Shop Top Housing as a permissible use in the B6 Enterprise Corridor zone where the development is not proposed under Division 5. Residential Flat Buildings, Multi-Dwelling Housing and Dual Occupancies are not permitted in the B6 zone which appears to prevent the application of Division 1, in addition limited land in the B6 zone is within 400m walking distance of the B2 and B4 zoned land and therefore does not meet the current accessibility criteria in the ARHSEPP.

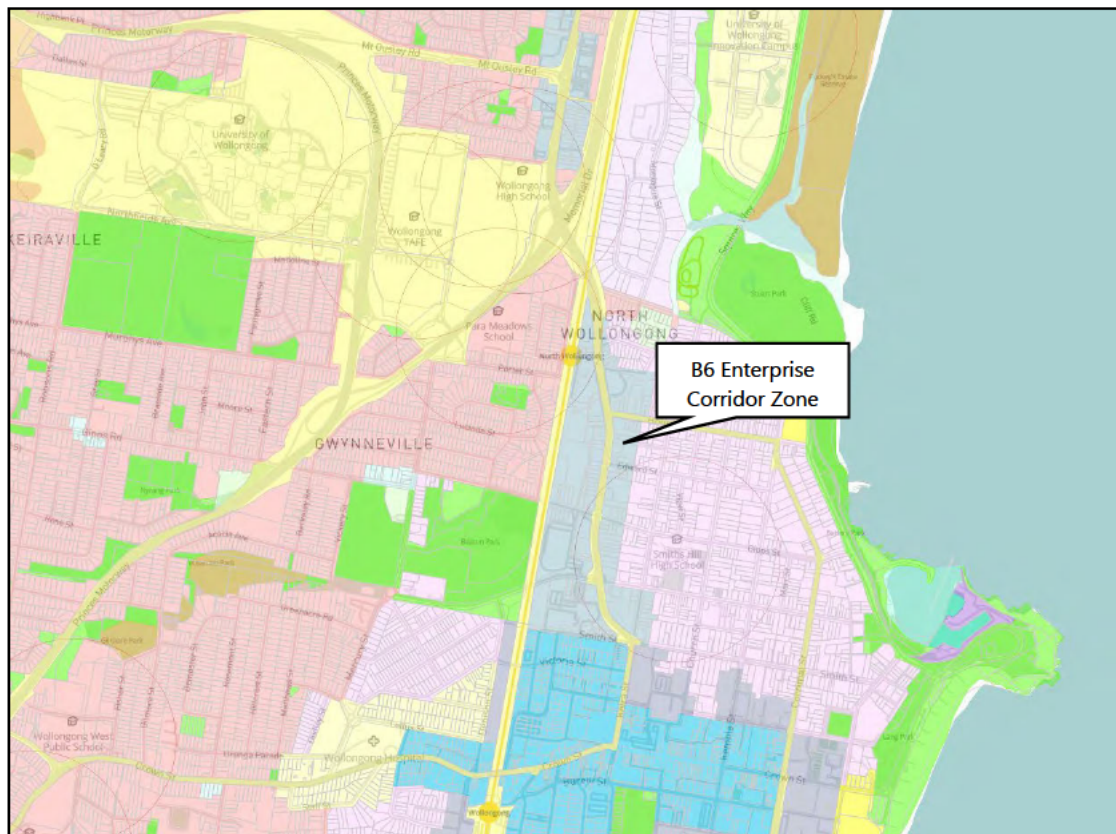


Figure 3: Land Zoning Map

The B6 zoned land between Wollongong and North Wollongong is close to Smiths Hill High School, Fairy Meadows School, Wollongong CBD, Wollongong TAFE Campus, University of Wollongong Campus and University of Wollongong Innovation Campus and walking distance to large recreational areas at Beaton Park and Stuart Park (see Figure 3 above). A large portion of Flinders Street is within 800m walking distance to North Wollongong Station or the B3 or B4 zone. Flinders Street has regular buses to various locations and is one of the main bus routes for the Wollongong CBD.



3. Division 1 In-fill affordable housing

Division 1, Clause 10 (1) of the ARHSEPP outlines that Division 1 is applicable to development for the purposes of dual occupancies, multi dwelling housing or residential building if the development is permitted with consent under another environmental planning instrument.

It is requested that Clause 10(1) be amended to include shop-top housing. Shop-top housing is a form of residential accommodation under the Standard Instrument LEP group term and is a common form of housing in Wollongong with considerable growth in this form of development over recent years. Where shop-top housing is permitted, Division 1 should apply to encourage affordable housing in accessible areas that are close to public transport and centres. The residential component of shop-top housing is similar in form to a residential flat building/multi dwelling housing and has the capacity to provide affordable housing in the form of studio apartments and smaller units with 1-2 bedrooms. The ability for joint ventures and community housing providers to include affordable housing in mixed use building should be incorporated into the draft SEPP. Consistent with the NSW State Government's Future Directions, the intention is to "move towards a system where housing assistance is seen as a pathway to independence and an enabler of improved social and economic participation for tenants living in vibrant and economically diverse communities".

Subclause 10(3) of the ARHSEPP describes that accessible areas are within 400m walking distance of land zoned B2 Local Centre or B4 Mixed Use, or within a land use zone that is equivalent to any of those zones. This provision should be expanded to include B3 Commercial Core and B6 Enterprise Corridor.

4. Division 5 Residential flat buildings—social housing providers, public authorities, and joint ventures

Division 5 of the ARHSEPP currently permits residential flat building in accessible areas where they would otherwise be prohibited if they are undertaken by or on behalf of a public authority, social housing provider or the Land and Housing Corporation.

For Division 5 development, the in-fill density bonus provided in Division 1 does not appear to apply by virtue of subclause 10(1). This should be clarified and potentially rectified if the intention is to also provide density bonuses to Division 5 development.

It is also requested that Division 5 be reviewed to confirm if affordable housing can be undertaken in a shop top housing/mixed use development if the development will partly contain "residential flat buildings".

5. Accessibility Criteria

The proposal to increase the walking distance for the accessibility criteria to include land within 800m of a public entrance to a railway station or Sydney ferry wharf and to include 400m



distance from a regular bus stops is supported. The application of infill affordable housing bonuses to all “accessible areas” across the State is an incentive that has proven to work and should be encouraged. The amended definition of “accessible areas” should also be applied to Division 5 for consistency.

6. Draft SEPP

It is understood that DPIE intends to finalise the proposed SEPP – Housing Diversity in a short timeframe, however the detail in a draft SEPP should also be published in addition to the Explanation of Intended Effects to provide further clarification on a variety of matters. Stakeholders should be given the opportunity to review the draft SEPP legislation prior to notification.

Should you have any further questions in relation to this matter, please contact [REDACTED]

Yours faithfully,
MARTIN MORRIS & JONES PTY LTD

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