

2 September 2021

Housing Policy team
Department of Planning, Industry and Environment
Parramatta Square, 12 Darcy Street
PARRAMATTA
NSW 2150

Re: Proposed Housing SEPP

We thank you for the opportunity to provide a submission in response to the recently exhibited Draft Housing State Environmental Planning Policy (Housing SEPP) 2021. This letter has been prepared on behalf of a number of our clients who have lodged a Development Application ('DA') for a Boarding House under the current Affordable Rental Housing State Environmental Planning Policy 2009 (ARH SEPP).

Transitional and/or Savings Provisions

TBA Urban have provided our clients with detailed planning advice in relation to boarding houses, as it is currently defined and controlled by the ARH SEPP, with a number of these clients having lodged DA's with the relevant consent authorities.

The significant design changes proposed in the draft Housing SEPP, for those applicants that are not registered Community Housing Providers, will likely cause financial hardship to those that have DA currently lodged, as many have paid land prices that are predicated on the fact that a DA for boarding houses can be considered and approved under the existing ARH SEPP.

In this regard, we request that appropriate and clear transitional and savings provisions are included as part of the Housing SEPP to ensure fair treatment for those who have current DAs under the current ARHSEPP and provide clear guidance to consent authorities in the consideration of the to be introduced Housing SEPP for existing boarding house DA's.

'Communal Living Area'

We also suggest clear definitions for 'communal living area' and 'communal open space' are incorporated in the Housing SEPP. Consideration should be given to the definitional treatment of internal and external communal living area (if external is applicable), and how it is different to communal open spaces.

Parking

We suggest that consideration be given for lower parking rates for co-living development within 400m of train station or other major transport facility.

This approach will support a number of strategic planning objectives, including:

- increasing public transport patronage,
- improved housing choice and diversity closer to major transport facilities and employment areas,
- to ensure an adequate supply of an appropriate range of housing types to meet the changing needs of people across the State.

We also suggest that the wording and direction of clause 64(f)(i) of the draft Housing SEPP is amended to make clear which land use definition would be applied to co-living housing when considering 'maximum number of parking spaces permitted under a relevant planning instrument'. Please refer to clause 7.5 of the Sydney Local Environmental Plan 2012 as an example.

Again, TBA Urban appreciates the opportunity to provide feedback on the Draft Housing SEPP.

Should you require clarification on the above, please do not hesitate to contact the undersigned.

Thanks again,

Megan Surtees

Megan Surtees
Planner
TBA Urban

Megan.surtees@tbaurban.com.au
M: 0405 651 287

Patrick Waite

Patrick Waite
Principal
TBA Urban

Patrick.waite@tbaurban.com.au
0424 598 495

From: noreply@feedback.planningportal.nsw.gov.au on behalf of Planning Portal - Department of Planning and Environment
<noreply@feedback.planningportal.nsw.gov.au>
Sent: Monday, 9 August 2021 9:28 AM
To: DPE PS Housing Policy Mailbox
Subject: Webform submission from: Proposed Housing SEPP
Attachments: 2021-nbcouncil_lep-dcp-discussion-paper-response.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

Submitted on Mon, 09/08/2021 - 09:26

Submitted by: Anonymous

Submitted values are:

Submission Type

I am submitting on behalf of my organisation

Name

First name

Diana

Last name

Pecar

Organisation name

Terrey Hills Progress Association

I would like my submission to remain confidential

No

Info

Email

thprogress@gmail.com

Suburb

Terrey Hills

Postcode

2084

Submission file

[2021-nbcouncil_lep-dcp-discussion-paper-response.pdf](#)

I agree to the above statement
Yes

TERREY HILLS PROGRESS ASSOCIATION

P.O. Box 267 TERREY HILLS 2084

President

Paul Davenport

Hon. Secretary

Diana Pecar

Northern Beaches Council

29th July 2021

Attn: Andrew Pigott, Executive Manager, Strategic & Place Planning

Dept of Planning & Place

andrew.pigott@northernbeaches.nsw.gov.au

RE: LEP/DCP Discussion Paper - Submission

On behalf of all the residents of Terrey Hills, we wish to submit our concerns on Council's LEP/DCP Discussion Paper in relation to the Rural Zones starting on page 60.

We are concerned in particular with the suggested proposals in the "Myoora Road Precinct" around possible re-zoning. We note that this Precinct covers the whole area from Mona Vale Road (South) to Larool Road (North) and Cooyong Road (East) to Myoora Road (West) which is an extremely large parcel of land that encompasses the majority of Myoora Road.

Myoora Road is one of only two egress points for all the residents of both Terrey Hills and Duffys Forest and is also used by Forest Coach Lines for each and every bus that services our region, as well as many cyclists in our area, the usual residential vehicular access to/from the area and large animal floats from our rural community using these roads.

In addition to the above, permission has been granted in recent years to many large businesses to build large premises within Area 18 under 'additional uses', which has resulted in a dramatic increase in traffic along the length of Myoora Road. This road is at capacity at the moment and, with cars parked on both sides, it means traffic can only pass in one direction at a time. Council would be well aware of the numerous letters sent by Progress regarding all these traffic and access issues along Myoora Road.

The Discussion Paper proposes three options with regard to RU4 and RU2 land, without any prior consultation with residents who will be affected if there are any changes to the zoning. On behalf of our members and the community, we advise that Progress is **opposed** to any changes to the current zoning and we request Council retain current zoning of RU4 with additional permitted uses.

Other reasons for our opposition include:


- the severe risk to residents and possible loss of human life if there is a catastrophic fire in one of the surrounding national parks due to the impact on our local streets resulting in the inability to safely exit the area. All current residents deserve the right to be safe and feel safe if our area is put under threat from a catastrophic fire.
- any additional building of factories/businesses in the Myoora Road Precinct will have a major impact on our residential population with more people, more traffic and the threat to our already vulnerable and old original infrastructure systems such as water, sewerage, power, telecommunications etc.
- the threat to sensitive environmental areas such as the Neverfail Creek which has its headwaters in this precinct. Also the threat to native fauna and flora which abounds over this huge area of rural land.

Progress also requests that any any further "permitted uses" in this vulnerable and sensitive RU4 zoning are fully advised to the community and prior to any consent being given and that full consultation is undertaken to determine the effects on our local area.

Regards

Diana Pecar (Hon. Secretary)

thprogress@gmail.com.au





THE HILLS
Sydney's Garden Shire

THE HILLS SHIRE COUNCIL
3 Columbia Court, Norwest NSW 2153
PO Box 7064, Norwest 2153
ABN 25 034 494 656 | DX 9966 Norwest

6 September 2021

Housing Policy Team
Department of Planning, Industry and Environment
Locked Bag 5022
PARRAMATTA NSW 2150

Via Email: housingpolicy@planning.nsw.gov.au

Our Ref: FP58, FP231 and
6/2021/PLP

Dear Sir/Madam,

SUBMISSION TO DRAFT HOUSING SEPP AND ASSOCIATED DRAFT AMENDMENTS

Thank you for the opportunity to provide comment on the draft Housing SEPP and associated amendments to the Standard Instrument (LEPs) and Environmental Planning and Assessment Regulation Act 2000.

It is noted that there was an Explanation of Intended Effect for the proposed changes which was exhibited between 29 July and 9 September 2020. The Department has indicated that over 270 submissions were received and that these submissions have been considered in the development of the proposed Housing SEPP. However no information detailing how the submissions have been considered or responses to the issues raised in submissions has been published.

The following letter was prepared by Council officers and has not been reported to the elected Council for an adopted position, due to the time constraints of the exhibition period. The comments are however reflective of Council's previous position and the comments provided on the associated Explanation of Intended Effect exhibited in late 2020, as well as separate correspondence provided to DPIE's Housing Policy team with respect to seniors housing, boarding houses and secondary dwellings. The Hills Shire Council has made many previous submissions regarding the key policy areas contained in the SEPP and it is disappointing that the elected Council are not able to participate further in the formulation of this State Environmental Planning Policy due to the timing of the public exhibition period.

Council's concerns and feedback on the Consultation Draft and supporting documents are provided below.

Consolidation of SEPPs

The proposed consolidation and reduction in the number of State policies is supported, as it reduces complexity in the planning system. However, more broadly, the one-size fits all approach of State policies in many instances does not adequately account for the different needs in various local communities. For example, while there are attempts to make local character a key consideration in SEPPs, this is often at odds with the numeric development standards which in most instances, take precedence over local character objectives or considerations. Council

advocates for local planning, with local controls which reflect the goals and aspirations of the community within Hills Shire.

Non-discretionary Standards

The draft SEPP includes non-discretionary standards for in-fill affordable housing, boarding houses, co-living, secondary dwellings and senior housing development, which are intended to prevent more onerous standards from being applied should development satisfy the relevant development standards. Further clarification is sought regarding how these clauses will operate. In particular, further detail is needed to clarify what is considered “onerous” as this may be interpreted as the same standards within Councils controls that exceed what has been prescribed in the SEPP, or separate, different, standards beyond the scope of the draft SEPP which Council may apply.

Further, provisions made to allow Councils the discretion to apply development standards as specified in ‘relevant planning instruments’ for boarding houses and co-living developments (with respect to landscaping and setback requirements) is acknowledged. However, these design element controls are generally specified in Council Development Control Plans (DCPs) which have previously not been considered ‘planning instruments’ and clarification is required as to whether the DCP controls (landscaping and setback requirements) will be able to be applied in conjunction with the non-discretionary standards clause. If they are not able to be applied, Councils should be given the opportunity to include these controls in their LEPs such that they can be applied with the Housing SEPP. Noting that it is Parliamentary Counsel’s preference to avoid the use of local provisions, guidance is sought on the mechanism for such development standards to be included in Council’s LEP.

Further, under the proposed design requirements clause it is stipulated that consent must not be granted for development that is not compatible with the local character. This will be difficult to regulate. As consideration of local character is generally regulated under Council DCPs, concern is raised with the weight of these considerations when read in conjunction with the non-discretionary standards clause.

Recommendations:

- Clarify how “onerous” will be interpreted in relation to development standards;
- Provide clarification of how development standards such as landscaping and setbacks will relate to the SEPP; and
- Provide greater certainty for the consideration of design requirements relating to local character with respect to applying Councils DCP.

Development Control Plan

▪ *Car Parking*

The proposed car parking rates of less than one space per dwelling (or private room) for all relevant development types in Greater Sydney is inadequate in the context of The Hills. As detailed in Council’s previous submission, car ownership is higher in The Hills compared to the rest of Greater Sydney. Further, requiring certain developments to be in close proximity to a business zone including key amenities and place of employment may not always correlate with readily or conveniently accessible public transport.

Notwithstanding this, inadequate parking rates may merely increase demand for on-street parking and impact the streetscape, local character, amenity, safety and the public domain and further discourage a pedestrian-friendly and permeable environment. It is therefore recommended that all development types under the draft SEPP be required to comply with the parking controls for the respective uses within the local Development Control Plan or, at a minimum, the rate in the draft SEPP be increased to at least one parking space per bedroom or private room.

- *Design Requirements*

As previously detailed, whilst it is acknowledged that the proposed design requirements clause and application of Council's LEP enable consideration be given to the local context, the weight of these provisions are uncertain when development is subject to the non-discretionary clause. Therefore it is critical that Council's DCP is given greater influence through the draft SEPP to ensure this intent is achieved.

Particular concern is raised with respect to the application of the 25% density bonus for manor houses and terraces available for in-fill affordable housing and the potential for non-compliance with Council's Development Control Plan requirements. Council's controls seek to ensure the character of these development typologies is consistent with the vision of the Sydney Metro Northwest Corridor as established through extensive precinct planning.

It is considered that development types permitted under the draft SEPP are capable of complying with Council's DCP without impeding the delivery of affordable and diverse housing to adequately address impacts on amenity and local character, particularly as the proposed SEPP seeks to permit higher density/yield uses beyond what is anticipated and serviceable under the applicable land zones.

Recommendations:

- Require on-site parking rates to comply with Council DCPs in order to ensure locally appropriate provision for car parking associated with all development types;
- Design requirements adhere to Councils' DCP with respect to parking, local character and manor house and terrace developments; and
- Reconsider the need for a 25% density bonus for manor houses and terraces.

Permissibility in B2 Local Centre Zones

- *Boarding Houses and Co-Living Housing*

Boarding houses are currently permitted in B2 Local Centre and B4 Mixed Use zones. Likewise, although co-living developments are not mandated for certain land zones, they are permissible in zones where shop-top housing and residential flat buildings are already permitted (including B2 and B4 zones).

Concern is raised that permitting such development types would prioritise residential development, detract from the core function of these zones for commercial and retail uses and erode the maximum achievable employment floor space, particularly with the proposed 10% bonus for co-living housing and 25% for boarding houses. In the context of The Hills, Council is on course to meet its housing targets, including provision for affordable housing. In contrast, Council is currently focused on creating opportunities and stimulating development to meet its jobs targets within what is a relatively limited amount of business zoned land within the Shire. As detailed in Council's previous submission, the permissibility of these development types should align with Councils' Housing Strategies which consider the local context, including demand, rental rates, local character and infrastructure capacity.

Further, given the demand for co-living housing in The Hills is limited, with the anticipated residential flat building developments able to accommodate the anticipated 3% increase in single-persons households by 2036, concern is raised with the unanticipated increase in density in the B2 zones, particularly where the proposed 10% density bonus is applied. It is acknowledged that a cap of 12 private rooms is identified for co-living housing in R2 zones, and it is recommended that Councils have the discretion to set a similar maximum room cap for co-living development occurring elsewhere to have regard to local circumstances and expectations.

- *Metropolitan Rural Area*

Council welcomes the recent amendment to the Seniors SEPP which revoked Site Compatibility Certificates (SCC) for seniors housing in rural lands on the basis that higher density development is inconsistent with the objectives of the MRA. However, maintaining their permissibility in the B2

zones demonstrates a discrepancy with DPIE's initial intent to discourage higher density development in rural lands and deviation from the strategic planning framework.

Within Council's rural areas there are local and neighbourhood centres, however these can have difficulty servicing the Shire's vast 27,600ha rural catchment. The issue in continuing seniors housing permissibility in the B2 zones in the MRA is twofold, being: 1- the increased demand for the limited services and community facilities and 2 - the erosions of key commercial and retail land required to accommodate the existing population as well as the potential additional growth that would be catalysed from permitting such development from occurring. Similar concern is raised with permitting co-living developments and boarding houses in the B2 zones.

Recommendations:

- Exclude co-living housing, boarding houses and seniors housing from the B2 zones, particularly where located within the MRA; and
- Enable Councils the discretion to apply a maximum cap on the number of private rooms for co-living housing developments, wherever permissible, to ensure density does not exceed that envisaged under the applicable planning controls.

Permissibility in the R2 Low Density Residential Zone

▪ *Boarding Houses*

Council appreciates the removal of boarding houses in R2 zones, an initiative that Council has consistently advocated for on the basis that the scale of built form produced by boarding house developments is more aligned with a medium density built form. However, the draft SEPP indicates an exception is made to this exclusion, should a boarding house be within 400m walking distance from a B2 zone, or an accessible area. As detailed in Council's previous submission, permitting boarding houses in R2 zones will impact the amenity of adjoining properties, diminish the local character and increase traffic and pressure on local infrastructure. Council does not support permitting boarding houses in the R2 zone, whether they are 'accessible' or not and Clause 22 (2) should be reworded to ensure that the permissibility of boarding houses is controlled by the LEP.

▪ *Seniors Housing*

Similar concern is raised with permitting seniors housing in R2 zones, particularly where located within the MRA. The dedication of existing R2 zoned land within the MRA carefully considers the limited facilities and infrastructure required to service the rural population. As articulated in the investigations undertaken by Council and Greater Sydney Commission, seniors housing development within the MRA would be inconsistent with the local character, increase demand on the already limited infrastructure and services, regardless of zoning, and ultimately undermine the intent of the MRA in preventing urban development from occurring. Consistent with the outcomes of the investigations, it is therefore recommended that the R2 zones be exempt from seniors housing development.

Recommendations:

- Revise Clause 22 of the SEPP to ensure that boarding house permissibility is established by the LEP; and
- Exclude seniors housing from the R2 zones, particularly where located within the MRA and unless otherwise permitted by an individual Council within its LEP.

In-fill Affordable Housing

The term 'residential development' is defined under the provisions for in-fill affordable housing, however no reference has been made to this term. The referenced term 'residential accommodation' has not been defined. To maintain consistency, it is recommended that references made to 'residential accommodation' be amended to refer to the defined term.

Recommendations:

- References made to 'residential accommodation' be amended to reflect the defined term 'residential development'.

Boarding Houses – Land and Housing Corporation

It is noted that boarding houses under Part 2 Division 2 are to be provided in perpetuity, however development undertaken by LAHC is not subject to the same requirements. Section 28 should include compliance with Section 25(1) to ensure that boarding houses are made affordable in perpetuity regardless of the developer.

As detailed above, boarding house development should be excluded from R2 and B4 zones, particularly in the MRA, regardless of the service provider. The same issues relating to bulk, scale and nature of use will occur irrespective of whether the development is undertaken privately or by LAHC. Objection is raised to the LAHC self-assessment process, however if this is to be pursued, boarding house development initiated by the LAHC should adhere to Councils' DCP to give effect to the design requirements clause that requires development be compatible with the local area.

Recommendations:

- Boarding houses provided by the LAHC be made affordable in perpetuity;
- Exclude boarding houses from the R2 and B2 zones, regardless of the service provider; and
- Self-assessment provisions for LAHC be removed or, at a minimum, the requirement be included for boarding house developments initiated by LAHC to adhere to Council's DCP.

Co-Living Housing

As reiterated in Council's previous submission, the Council Boarding House Working Group states the minimum apartment size should be no smaller than the Apartment Design Guide (ADG). As such, it is considered the proposed minimum room size of 12m² for a single bedroom or otherwise 16m² and minimum 30m² is inadequate and should be increased to adhere to the minimum apartment size of 35m² for a studio apartment, or otherwise stated in the ADG.

Recommendations:

- Co-living housing apartment sizes to adhere to the ADG apartment size.

Group Homes

It is noted that development standards for group homes generally remain in their current form and that a comprehensive review is to be undertaken in late-2021. The exhibited EIE and supporting plain English document proposed future amendments to provisions relating to converting an existing dwelling to a group home. As detailed in Council's previous submission, complying development should not be provided for group homes as it does not provide sufficient consideration for amenity impacts and cumulative impacts of increased densities, particularly in R2 zoned land.

It is acknowledged that greater consideration is to be given to group home developments on flood prone land. It is recommended that provision be made that consideration also be given to development in bushfire prone land.

Recommendation:

- Complying development pathway not be provided for group homes as it does not provide sufficient consideration for amenity impacts and cumulative impact of increased densities; and
- Bushfire provisions be made for co-living housing development on bushfire prone land.

Schedule 8 – Amendment of LEPs

Proposed amendments to The Hills LEP 2019 are not reflective of Council's resolved position regarding the maximum floor space of 110m² for secondary dwellings in the Rural area, as advised to DPIE's Housing Policy Team on 15 April 2021. Upon raising the matter to DPIE's Housing Policy team, it was advised that the discrepancy was an error and subsequently proposed that the nominated criteria be removed as part of the Housing SEPP post exhibition, given Council's initiated planning proposal to include this control would be completed prior. Council's separate planning proposal seeking to achieve the same development outcome has now been finalised and

the SEPP is not needed to amend the Hills LEP to reflect the rural secondary dwellings size criteria.

Thank you for providing the opportunity to provide comment on the draft Housing SEPP. Should you require further information please contact Gideon Tam, Town Planner on 9843 0188.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Nicholas Carlton', with a stylized flourish at the end.

Nicholas Carlton
MANAGER – FORWARD PLANNING

[REDACTED]

From: noreply@feedback.planningportal.nsw.gov.au on behalf of Planning Portal - Department of Planning and Environment
<noreply@feedback.planningportal.nsw.gov.au>
Sent: Wednesday, 4 August 2021 9:27 PM
To: DPE PS Housing Policy Mailbox
Subject: Webform submission from: Proposed Housing SEPP

Submitted on Wed, 04/08/2021 - 21:26

Submitted by: Anonymous

Submitted values are:

Submission Type

I am making a personal submission

Name

First name

[REDACTED]

Last name

[REDACTED]

Organisation name

personal submission

I would like my submission to remain confidential

Yes

Info

Email

[REDACTED]

Suburb

[REDACTED]

Postcode

[REDACTED]

Submission

I wish to express my concern regarding housing affordability for my children. We would be willing to subdivide our land if we could assist our children to build a dwelling. The current secondary dwelling size of 60 sq m is not large enough for a young family. We wish to do a duplex and our block is 669 sq metres. We live close to the village of Newport and within walk distance to shops and buses. With high costs of renting many families are living with multiple generations and bursting at the seams. It's very challenging for young people who have tried so hard to save a deposit and it's unaffordable to get into the market. Changes needs to be made to allow families to subdivide their land. This is essential for home security to ensure the development is separate. Please consider this challenge for families. One of our daughters has moved to Canberra for work and being able to afford a house. It makes it hard to support them with child care if kids are sick. Now with covid we have barely seen our family. Our next daughter is looking to move to Queensland as they can't afford to live in Sydney. Without change we are facing a family located across the country. We want to be part of our grandchildrens lives and housing affordability issues are impacting families. Sincerely, [REDACTED]

I agree to the above statement

Yes

Housing SEPP

I appreciate the opportunity to respond to the Explanation of Intended Effects (EIE) of a proposed Housing Diversity State Environmental Planning Policy (SEPP). I note the SEPP does not include the provisions from SEPP 21 and SEPP 36 but these will eventually be put into the SEPP. There is great opportunity for smaller areas of land being used for residential purposes with smaller homes offering another option to enter the property market. I would appreciate the opportunity to comment.

The intent of the SEPP is appreciated. Ensuring provision of affordable housing and increasing the diversity of housing options to fill community needs is strongly supported. While the intent is positive, few mechanisms to make this happen are clearly identified. Subjective and reactive development driven by developers instead of proper planned communities negatively impacting supply and reliability of affordable housing options has not been resolved or addressed. The movement towards multi use areas and consolidating legislative controls over shared zones is important. However, without the direction proper long term planning delivers, the system is both inefficient and insignificant to resolve the housing crisis. For a resident trying to be involved in their community, the development approval system is arduous yet volunteers submissions are put next to paid professionals submissions. The simplification of the system proposed in these changes seems minor compared to the overall complexity and difficulty. This complexity and developer driven outcomes has created a critical shortage of smaller villas and homes in my region leading to negative outcomes for the community. The painful truth is homes built today generally do not fill this space still as profits are higher for larger homes on small blocks. There are less than 1% of homes to rent that are considered affordable for a lower income family in the Coffs Harbour Region.

Specific points

- Housing for residential purposes in any form, including build to rent home types are currently specifically excluded from all B3 Commercial zones. Any change to this is not supported.
- Increases in electric charging requirements particularly for cars has not been well considered. Shared car space management should be included.
- Affordable housing should not be able to be transferred to strata and should stay affordable housing for the long term. Planning to affordable housing proportions over time do not decrease is suggested.
- Affordable housing is not always diverse housing and visa versa. These terms seem to be used interchangeably. This was inappropriate and confuses the situation. Please ensure all language is consistent and accurate.
- Parking use is an area of great change currently. Less cars on the road, new electric vehicles requiring charging at home and less people owning cars in areas close to the city with other transport options increasing. This area was not given the time and detail it deserves for the intended outcomes.

Thank you for the opportunity to comment

Timothy Nott

From: Roni Perlov <Roni.Perlov@truealliance.com.au>
Sent: Thursday, 26 August 2021 12:04 PM
To: Lewis Demertzi
Subject: Objection to Draft Housing SEPP (Seniors Housing)

Follow Up Flag: Follow up
Flag Status: Completed

Dear Mr Demertzi

I am writing to object to the Draft Housing SEPP currently on exhibition (Seniors Housing).

From my reading the policy I understand that Seniors Housing Independent Living units will **no longer be allowed** to be developed in R2 residential zone

This change in policy will have a detrimental impact to the aging residents in the Eastern Suburbs. I have lived in the Woollahra LGA for many years and there is a shortage of suitable accessible housing to downsize to. The standard units on the market are not designed for accessibility and do not offer the circulation (both within the unit and in common areas such as garages and lobbies) and "no step" guidelines of seniors living units. Nor do they contain design details like location of power points, night lights in the bathroom and suitable door handles etc are all the design features that makes everyday life so much easier and enable older people to stay independent and age in place.

The draft policy suggests that all the senior living units should be concentrated in vertical high rise in the middle of a shopping centre. I find this policy direction very restrictive and unsuitable for our LGA:

- Woollahra/Waverley LGA has one of the highest percentage of its residents over 55 year of age, hence more important to have the housing choice for downsizers
- Woollahra/Waverley LGA has a steep topography and currently there is no large unit zone sites, hence by restricting seniors housing units in R2, it will mean no housing choice
- Most people in this age group do not want to move to a large vertical development, which they find more isolating than a boutique development where residents have company and can care for each other

Recent government statistic show that:

- Most older people (95.3%) were living in households, with 4.6% (181,200 people) living in cared-accommodation.
-
- Of all older Australians:
 - men were more likely to be living in households (96.8%) compared with women (94.2%)
 - women living in households were almost twice as likely to live alone (33.7%) than men (18.1%)
 - the likelihood of living in cared-accommodation increased with age from 1.4% of people aged 65 to 79 years (similar to 2015) to 14.3% of people aged 80 years and over (a decrease from 16.1% in 2015)

The statistics show over 95% of older people are still living in households and the Housing SEPP policy should ensure there are suitable transition housing types rather than just focusing on the In-care accommodation for 4% of the older population.

Not only will low-rise boutique Senior Developments have a lesser visual impact, extended-families will find it much easier to visit/care for the residents.

As a downsizer, I want to remain in the familiar LGA and not be forced into an urban jungle of residential towers.

I sincerely hope NSW planning will take into consideration my concerns and many others in our local community that feels the same way.

Yours sincerely

Roni Perlov

Roni Perlov

Chief Financial Officer

true alliance

19 O'Riordan Street Alexandria

NSW 2015 Australia

T 61 2 8306 3203

F 61 2 9310 7479

M 61 4 1999 5098

roni.perlov@truealliance.com.au



Council Reference:
Your Reference: Proposed Housing SEPP



Customer Service | 1300 292 872 | (02) 6670 2400

7 September 2021

tsc@tweed.nsw.gov.au
www.tweed.nsw.gov.au



PO Box 816
Murwillumbah NSW 2484

Please address all communications
to the General Manager

ABN: 90 178 732 496

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

ATTENTION: Luke Walton

Dear Sir/Madam

Proposed Housing SEPP - Submission

Council welcomes the opportunity to respond to the proposed *State Environmental Planning Policy (Housing) 2021* (Housing SEPP), which seeks to ensure that the home building sector is well-placed to assist the economic recovery of NSW following the COVID-19 pandemic.

It is understood that the current exhibition is seeking comment on Phase 3 of a multi-phase process commenced in late 2020.

Phase 1 (18 December 2020) facilitated:

- the delivery of social and affordable housing by the Land and Housing Corporation (LAHC)
- changes to the size of secondary dwellings in rural zones
- changes to the operation of Part 3 of the *State Environmental Planning Policy (Affordable Rental Housing) 2009* (ARHSEPP)

Phase 2 (February 2021) introduced:

- new provisions for build-to-rent housing

Phase 3, now on exhibition, is the most extensive and proposes to:

- consolidate five existing housing-related SEPPs:
 - Affordable Rental Housing 2009
 - Housing for Seniors or People with a Disability 2004
 - No 70—Affordable Housing (Revised Schemes)
 - No 21—Caravan Parks
 - No 36—Manufactured Home Estates
- include the recently made provisions for short term rental accommodation and build-to-rent housing
- introduce provisions for co-living housing
- incorporate amendments to boarding houses and seniors housing provisions

This submission provides a response to the Phase 3 reforms.

Opportunity for a holistic housing approach

It is noted that:

“Provisions that are intended to be consolidated into the Housing SEPP generally in their current form, including group homes, supportive accommodation, caravan parks and manufactured homes are also not included within the Housing SEPP consultation draft, as amendments are not proposed at this time.”

Whilst Council is supportive of a simplified and consolidated housing policy, the issues are nonetheless very complex and diverse. It is debatable whether local or even regional governance has the legislative or other means to make a significant impression, particularly with the limited financial resources available to allocate toward housing affordability issues and its lesser ability to influence or incentivise the private sector. It would necessitate a targeted State policy with a balanced approach toward regulatory intervention and market based incentives; one that was capable of integrating readily into the complexities of the current planning system and in a way that empowered councils' effective implementation of it.

The impact of Covid-19 on the economy is understandable, and the need for recovery is recognised. However, Council believes there would be significant lost opportunities if this policy implementation were to proceed. This is a once-in-a-lifetime opportunity to consider a substantial and meaningful response to this priority issue, especially for regional Councils.

Regional Housing Taskforce

Council considers that the formation of the Regional Housing Taskforce is commendable, but feels that the scope of this potentially valuable initiative is diminished by the limited mandate of the Taskforce, and the unrealistic timeframe of September 2021 to have its report to the NSW Government.

Not all constraints to the provision of diverse and affordable housing are embedded in the land use planning system. This is well articulated by the Northern Rivers Joint Organisation (NRJO) in its submission to the Regional Housing Taskforce which states as one of its key messages:

“The factors contributing to the Northern Rivers, and essentially Australia-wide housing crisis extend well outside issues with the planning system and local government. To continue with an approach targeted at peripherally tweaking the planning system will NOT resolve the housing crisis.”

It is recommended that once formally released, the NRJO submission to the Regional Housing Taskforce (RHT) be considered alongside submissions to the proposed Housing Strategy.

It is also recommended that the Department liaise with the RHT to value-add policy, frameworks and provisions to be proposed by each and ensure integration where appropriate.

Council believes that there is still significant opportunity for generational change through a greater coordination of government housing-related initiatives, and while

some benefit may be derived from current initiatives, the potential for a more comprehensive whole-of-government review and response has not yet been realised.

Given the complexity of the housing issue, the narrow focus of current reform, and the short timeframe for consultation and implementation of reforms, Council looks forward to understanding the value in the public exhibition and the incorporation of feedback received.

This officer-based submission will be reported to the elected Council and further and additional qualification or supplementary information may then follow.

About the Tweed

The following points provide a snapshot of Tweed Shire, and have been extracted from Council's *Submission to the NSW Parliamentary Inquiry Committee on Community Services – Options to improve access to existing and alternative accommodation to address the social housing shortage*.

- In Tweed Shire, there is a cohort of 'new vulnerable' individuals and families who, even though employed, find that they cannot afford a mortgage or rental property.
- The issue of homelessness cannot be fixed through increasing supply of housing alone.
- The solution involves collaboration between all levels of government, the social and community services sector, and private enterprise.
- 2016 Homeless Population as a Percent of Total LGA Population – 0.49% (Cf. 0.11% for Sydney).
- 2016 housing stress – 13.1% (Cf. 11.7% for NSW)
- In 2016, **4,204 homes** were either **empty**, as holiday or second homes, or waiting tenants.
- The 2021 March Quarter NSW FACS report for Tweed shows the median weekly rent for new bonds was \$540. This increased by 10% compared to last year, and 8% compared to December 2020.
- Overall, there was also a drop in new rentals (new bonds for 2, 3 and 4 bedroom dwellings) by over 12% compared with last year, and 6% in last quarter.
- Median property value = \$665,000, an increase of 13% over six months.

Objectives of the Housing SEPP and scope of proposed legislative reform

Development of a housing policy which will apply throughout NSW is welcomed, especially if the policy reflects a whole-of-industry approach to housing supply, location, purpose and design, and considers social and socio-economic trends.

The NSW Housing Strategy 2041 (Housing Strategy) talks about the need for the right type of housing in the right location for the right stage of life, about promoting innovation and delivery of effective housing solutions, and "feeling like home"; however, the Housing SEPP seems to be operating on a more limited scope without paying attention to the full scope of housing opportunities.

While the Aims of the Policy talks about "*ensure an adequate supply of an appropriate range of housing types to meet the changing needs of people*", Aims (a)

to (f) talks predominantly about affordability, and the Housing SEPP focuses on specific housing typologies rather than exploring how to incentivise the innovation discussed in the Housing Strategy. Opportunities within greenfield and infill development proposals to better integrate diversity and affordability is not well addressed in the Housing SEPP.

Consolidation of the five existing housing-related SEPPs

As with the Department's previous consolidation of rural-related State Environmental Planning Policies (SEPPs), consolidation of the five housing-related SEPPs is supported as a means of providing a single point of contact for State-wide housing policy. However, the amendments appear to focus on housing affordability through housing types, rather than allowing the SEPP to generate desire from the development industry to be more fully engaged in the provision of the broader housing needs of the community.

Student housing

It is noted that Student housing has been taken out of the proposed (Housing SEPP).

The Draft Tweed Regional City Action Plan (RCAP) is soon to be placed on public exhibition and the right type of housing in the right location will be critical in reactivating the City following COVID-19.

Linked to the development of the RCAP is the current investigation into a light rail corridor to service Tweed Heads and Tweed Heads South. Of particular note is the potential expansion of the Southern Cross University campus at Gold Coast Airport and the ability of light rail to provide appropriate transport opportunities to students who may find living in the city centre a lifestyle opportunity. This would also provide support to a night economy proposed in the TRCAP.

As such, there is a real and timely need to support student housing and develop specific guidelines and planning provisions that ensure that opportunities are available for students on limited incomes to live in and contribute to the vitality of our city centre.

It is suggested that Student housing be reinstated into the final housing SEPP.

Short term rental accommodation and build-to-rent housing

As part of Phase 2 (February 2021), changes were made to the *State Environmental Planning Policy (Affordable Rental Housing) 2009* (the Affordable Rental Housing SEPP) and the *State Environmental Planning Policy (State and Regional Development) 2011* (the State and Regional Development SEPP), some 'build-to-rent' development will now be permissible, where previously it was prohibited.

New provisions have been introduced into the Affordable Rental Housing SEPP to enable certain residential accommodation to be used as build-to-rent housing, with a minimum number of 50 dwellings.

The new provisions apply to development for the purposes of multi-dwelling housing, residential flat buildings or shop top housing which can now occur:

- in any zone where residential flat buildings are permissible, and
- in any Zone B3 Commercial Core, and Zone B4 Mixed Use (regardless of whether residential flat buildings are permissible).

The new provisions make 'genuine' build-to-rent residential flat buildings and shop top housing permissible in all B3 zones.

A framework for short-term rental accommodation (STRA) will commence on 1 November 2021. Given that in 2016, 4,204 homes were either empty as holiday or second homes, or waiting tenants, Council is concerned that the STRA framework may exacerbate the affordable housing crisis in Tweed Shire.

It is understood that these changes will now be carried forward and incorporated in the proposed Housing SEPP.

Provisions for co-living housing

Co-living housing, as a separate category of boarding houses with self-contained private rooms with access to communal living areas and other facilities, represent an affordable housing option that is seen as a constructive alternative in provision of greater housing diversity.

It is understood that co-living housing will be of a smaller scale than build-to-rent housing, and will only be permissible where residential flat buildings or shop top housing are permitted, but not in the R2 Low Density Residential Zone.

Within regional NSW, and in the Tweed, an ageing population and expectations of ageing-in-place are placing pressure on provision of services and facilities within and close to the home.

While touted as a lifestyle opportunity for Millennials, co-living arrangements closer to services and facilities could benefit a diverse and older section of our community.

Amendments to boarding houses and seniors housing provisions

Boarding houses

It is noted that development for the purposes of a boarding house must not be carried out on land in Zone R2 Low Density Residential or an equivalent land use zone unless all or part of the development is within 400m walking distance of land in Zone B2 Local Centre or Zone B4 Mixed Use, or an equivalent land use zone.

In response to the Low Rise Medium Density reforms of 2020, and strong public opposition to the then proposed reforms, Council amended Tweed Local Environmental Plan 2014 (LEP 2014) to ensure that in the R2 Low Density Zone medium density development did not occur, and density provisions were implemented to protect local character.

While LEP 2014 makes provision for smaller lot sizes close to business zoned land, the ability of boarding houses to dramatically impact character and the need for services and facilities beyond those provided in many small business zoned locations is of concern to Council.

The planning approach of a 400 metre 'walkable catchment' is supported; however, the role of business zoned land and integration with adjoining landuses should be considered through a broader investigation beyond the scope of the current proposed reforms.

Current applications for boarding houses, regardless of which zone they are in have raised substantial community feedback, generally not in support of this housing type in what are typically low density residential areas. As such, not just the perceived impacts but the final built-form outcomes will be important should this provision remain in the draft Housing SEPP.

At the Planning Committee Meeting of 6 May 2021, in response to the proposed Housing Diversity State Environmental Planning Policy, Council resolved to forward advice to the DPIE confirming its intent to retain boarding houses as a permissible use in areas covered by the R2 Low Density Residential zone in the Tweed Shire, this position of Council is maintained in this submission.

The impact of rent control (affordability rules) and requirement that such development is managed by a not-for-profit community housing provider on the willingness of developers to take on such development should be further considered and feedback from the development industry considered prior to finalising this aspect of the reform.

Seniors housing

With respect to seniors living, Council's Rural Land Strategy (RLS) has proposed consideration of an expansion of rural villages to enable living opportunities for seniors close to the farm and/or family.

These choices would need to be catered to the stage-of-life, and should only provide accommodation relevant to the ability of such developments and their residents to be serviced.

Protection of agricultural land is a planning principle of the RLS, and a significant focus of the Department of Primary Industries. Food security, in locations such as the Tweed, which is on the doorstep of South East Queensland and providing access to both local and international markets through Gold Coast Airport. The Tweed region has a favourable coastal climate and soils necessitating that development be restricted to ensure the long-term protection and access to productive agricultural land.

Phase 4 - Caravan Parks & Manufactured Home estates SEPPs

As was discussed during the Housing SEPP webinar of 25 August 2021, it is proposed to incorporate both SEPPs into the new Housing SEPP unchanged at this time.

The issue of what is a caravan park and what distinctions make a Manufactured Home Estate different under these two State Policies should be addressed, if not now, then in the near future to remove what has been an apparent confusion or conflict between the two policies.

Concluding commentary

While supportive of the intent of the package, the potential had existed to undertake a more holistic and whole-of-government review of housing and develop meaningful provisions to an issue that has long been in need of reform.

At a time when community attitudes might have supported a more broadly focused approach, a new way of thinking about housing, when all levels of government, Federal, State, Regional, and local are all committing to various initiatives, the opportunity had presented itself to undertake this once-in-a-lifetime review.

However, the Covid-19 crisis and political and economic expediency seem to have driven an agenda to implement reform that is narrowly focused and short term in its vision.

Unfortunately, the changes proposed are in large part considered superficial and lack the ability to incentive a change in direction to the housing market, on both supply and demand sides.

Notwithstanding this, it is hoped that the above response is useful in achieving the intent of the exhibition and in development of a more appropriate policy approach and strategy for the provision of housing through the land use planning system.

Should you have any queries or wish to discuss matters further please contact Council's Senior Strategic Planner Stuart Russell on (02) 6670 2455, or at srussell@tweed.nsw.gov.au.

Yours faithfully

Vince Connell
DIRECTOR PLANNING & REGULATION

27 August 2021

Ms. Sandy Chappel
Director, Housing Policy
Local Government and Economic Policy
Department of Planning, Industry and Environment
4 Parramatta Square, 12 Darcy St
Parramatta, NSW 2150

E: sandy.chappel@planning.nsw.gov.au

Dear Sandy,

Re: Draft Housing SEPP - Submission

Thank you for the opportunity to make this submission, on behalf of Twilight Aged Care, in relation to the proposed Housing SEPP.

Twilight Aged Care is a small, not-for-profit aged care provider with homes at Gladesville, Gordon, Hunters Hill, Mosman and at Beecroft. Twilight operates a boutique family model of care that supports a home environment and the personalised care of its residents.

Twilight has recently been recognised by Leading Age Services Australia (LASA) for its leadership and model of care, taking out the 2021 Excellence in Age Services (EIAS) Award for an Organisation.

Twilight's interest in the Housing SEPP is twofold – it is firstly concerned that the development potential of some of its sites may be adversely impacted by the new Housing SEPP and also that several of the proposed new provisions are confusing or misplaced. Secondly, Twilight is concerned that the retirement and aged care industry's capacity to deliver affordable care and independent living options for seniors may be thwarted by the new rules.

1. In relation to its current sites and assets Twilight raises the following concerns:

Issue A: The draft Housing SEPP introduces non-discretionary development standards to sites that are not presently constrained.

Twilight owns the Mosman Private Hospital and adjoining lands which are zoned SP2 – Health Services Facilities under Mosman LEP 2012. The site is not presently subject to an FSR or height of building (HOB) limit under either the LEP or the current SEPP. The draft SEPP introduces new HOB and FSR standards applicable to both aged care and independent living units. Twilight originally proposed to redevelop its Mosman site in 2019 but has been hampered in lodging a Development Application (DA) by the heritage conservation moratorium that continues to apply under the draft SEPP. Twilight has attended pre-lodgement discussions with Mosman Council and is confident that its development plans for the site will receive Council support. The new SEPP, however, introduces standards for which a clause 4.6 variation will need to be applied, endangering the willingness of Council to accept the plans that have already been drawn up and discussed.

Suggested Solution: The development standards introduced by the draft SEPP should be applied in residential zones only.

Existing LEP provisions for density and building height should prevail where seniors housing is proposed in other non-residential zones or new standards developed that reflect the size and location of SP-zoned sites.

Issue B: Several of the draft SEPP's provisions are confusing and/or misplaced.

- The definitions included at clause 72 (for hostel, in-fill self-care housing and services self-care housing) do not match the language of the SEPP and most of the controls it introduces – for independent living units and residential care facilities.

Suggested Solution: The definitions need to be revised. A simpler referral to independent living and dependent living would be appropriate.

- Different site area and building height standards are mentioned at clause 74 and in clause 96 (for residential care facilities) and clause 97 (for independent living units). Clause 74 refers to the criteria as 'general development standards' whereas clauses 96 and 97 refer to the criteria as 'non-discretionary development standards'.

Further, no reason is provided as to why a different FSR is applied to residential care facilities than to independent living units, particularly when they may take the same building form.

Suggested Solution: The provisions, if considered necessary, should be mentioned once only. The current SEPP standards and the manner in which they are referred to (i.e. as matters for which Council cannot refuse an application if met) are preferred.

- Clause 76 is titled 'Development standards for seniors housing—Zones RE2, SP1, RU5 and R2' but includes outright prohibitions in R2 zones and development restrictions in other zones – it is unclear whether these provisions are development standards that can be varied. No reason is provided as to why ILUs should be prohibited in R2 zones. Both forms of housing are eminently suited to all residential zones.

Suggested Solution: Clause 76 should be re-examined and re-titled to avoid confusion.

- Clause 76 also requires that 50% of a site zoned SP1 must adjoin a residential zone. It is assumed that this is measured by zone boundary distance, but this may need to be clarified. It is also not clear as to whether the provision is intended to apply to SP2 zones and RE2 zones, or why it doesn't.

Suggested Solution: Clarification of the measure and its intent is required.

- Clause 83 suggests that the on-site provision of services for residential care facilities is not allowed even though services are provided at existing facilities and are generally welcomed by residents.

- **Suggested Solution:** The on-site provision of services for residential care facilities should be allowed. Development standards can be introduced to ensure that services offered are in keeping with the scale of residential care facilities provided on site. The offering of services to the general public should also be encouraged where appropriate.

- The design principles listed at clause 87 include a requirement to “(c) complement heritage conservation areas and heritage items in the area”. The provision is appropriate and would seem sufficient, in combination with other criteria, to warrant removal of the extended moratorium in conservation areas.

It is understood that most, if not all, Councils have completed their housing strategies, the majority of which do not raise specific objection to seniors housing in conservation areas.

Suggested Solution: The heritage moratorium should be lifted with the making of the new SEPP. There is no need for it to be extended through to July 2022.

- The non-discretionary standards for ILUs, residential care facilities and for vertical villages are confusing – the standards for ILUs seem to be more applicable for development in a low-density residential zone, yet clause 74 prohibits ILUs from such zones. The standards for residential care facilities also seem relevant for a low-density residential zone but ignore the fact that such development is also permitted in other higher density residential zones and a range of other zones. The proposed non-discretionary standards for vertical villages suggest a building height that is more relevant to an R2 residential setting.

Suggested Solution: Relevant standards must reflect the residential zone in which the particular form of housing is proposed. Standards need to be developed for the R2, R3 and R4 zones.

Existing LEP provisions for density and building height should prevail where seniors housing is proposed in other non-residential zones, or separate common standards introduced for these zones as well.

2. In relation to its concerns that the industry’s capacity may be hampered by the new SEPP, Twilight makes the following observations:

Issue A: The draft SEPP proposes to prohibit the construction of independent living units in R2 Residential zones.

No reason is provided as to why ILUs should be discouraged in these zones. Their prohibition would remove a primary sector advantage, i.e. that seniors housing is permissible in low density zones and providers do not therefore need to compete with other housing providers for land in these zones.

The removal of this allowance is predicted to have a significant negative impact on industry capacity, particularly in regional locations where the R2 zone is prevalent.

Also, many elderly people currently live in R2 zoned areas and will seek to remain in their locality, and in a similar environment, when choosing to downsize into a retirement village. The humble ‘villa for over 55’s’ is a long-standing and accepted form of housing that can be found in most low-density suburbs and country towns. This form of housing choice is extremely popular and causes no adverse impact on its neighbours.

Suggested Solution: The prohibition should be removed from the final SEPP.

If there is some legitimate concern that seniors housing is ‘taking over the suburbs’ then specific controls should be introduced to limit this effect, e.g. minimum site areas or limits to

the number of ILU projects in specific locations. It is suggested that further empirical evidence be provided before such controls are considered.

Issue B: The new SEPP seems to be predicated on the principle of compensating for the prohibition of ILUs in R2 zones by incentivising the provision of seniors housing in high-density and business zones.

The proposed floor space and building height bonuses may be ineffectual in creating the intended outcome – primarily because all other forms of development are also encouraged to be sited in such locations. The measures are likely to be inflationary, leading to less affordable housing across the whole of the market, and ignore the potential of ‘in-between’ locations that are suited to residential in-fill opportunity.

Further, the SEPP cannot guarantee that the available bonuses will be achieved. It is difficult enough to attain current FSRs and building heights, let alone a bonus allowance. It is also noted that local Councils are often discouraging of seniors housing in ‘downtown’ locations given their aspirations to rejuvenate and enliven their LGA centres.

The bonuses also ignore those aspects of design that ought to be encouraged in vertical seniors housing projects and that may create better and more liveable spaces – they apply carte blanche instead of, for instance, applying a floor space discount for space allocated to communal activities or the provision of gathering / break-out areas on each floor of a vertical housing complex.

Suggested Solution: The incentives should be introduced but not at the expense of ILU projects in R2 zones. Further work with local Councils is required. Demonstration projects ought to be identified and encouraged. The bonuses need to be more targeted to reward good design, especially that which incorporates space for where seniors can gather communally.

Issue C: Some provisions of new SEPP (and old) do not apply to LAHC/social housing providers.

The SEPP or the Statement of Intended Effects does not provide any reason as to why some provisions should apply to part of the market but not to others.

Suggested Solution: The SEPP should apply the same rules for all development. If LAHC and social housing providers have a good track record of designing and building seniors housing projects that fit well in their locations, these projects should be shared as part of the intended seniors housing development guidelines.

It is clear to the industry that a common SEPP is needed to overcome the inconsistencies in LEPS in permitting and guiding the development of seniors housing. Previous versions of the SEPP have been successful in achieving this and in increasing the general availability of this form of housing.

It is especially important, therefore, that any new SEPP does not undermine what has become an important element of the housing market. Seniors housing is required to meet the needs of our ageing population – a steady, local supply of such housing underpins a strong and versatile housing market, encouraging housing churn and helping to ensure that our housing stock is efficiently used and suited to its households.

Twilight hopes that this submission is helpful in the Department's finalisation of the Housing SEPP and would be happy to discuss its concerns with the Department if required.

Twilight Aged Care looks forward to continuing to provide quality care and housing for its residents across the state.

Yours Sincerely



Wayne Gersbach | **Memphis Strategic**

29 August 2021

Mr Marcus Ray
Deputy Secretary, Planning & Assessment
Attention: Housing Policy Team
Department of Planning, Industry and Environment,
Locked Bag 5022,
Parramatta NSW 2124.

Via Planning Portal

Dear Mr Ray,

RE: Draft Housing State Environment Planning Policy

The Urban Development Institute of Australia NSW (UDIA) is the leading industry body representing the interests of the urban development sector and has over 500 member companies in NSW. UDIA NSW advocates for the creation of liveable, affordable, and connected smart cities.

We welcome the opportunity to provide comment on the Draft Housing State Environmental Planning Policy (Housing SEPP) and we are supportive of the intent to streamline and simplify the planning framework to apply to housing across metropolitan and regional NSW, including the proposed consolidation of five (5) existing SEPPs into one instrument. This submission has been informed by the wealth of experience and expertise from our members and a cross committee working group of industry leaders in diverse, affordable and seniors housing.

UDIA has been a strong supporter of the policy to provide diverse housing opportunities through simplified planning pathways and incentives, however the draft Housing SEPP as exhibited appears contrary to this intent, with the proposed standards and reduced incentives likely to have a detrimental impact on feasibility for diverse, affordable and seniors housing models. UDIA analysis indicates that the draft Housing SEPP is likely to deliver the opposite effect to the intent of the Housing SEPP, losing ground already made. We implore Government to listen to the housing providers and industry experts who build these products, to undertake the required modelling and implement the recommendations outlined within this submission.

To ensure the SEPP retains the objective of promoting and retaining diverse housing opportunities, the following recommendations should be incorporated into the policy prior to it being finalised:

Policy Intent

1. **Include a commitment to plan for the future housing needs and changing requirements of future communities, to ensure sites are not precluded by existing character considerations.**
2. **The proposed introduction of new development standards needs to be tested from both a design perspective and to determine any impacts to commercial feasibility.**
3. **Give further consideration to the way accessible locations are defined and the potential implications. The definition differs across metropolitan and regional NSW and across housing typologies. Accessible locations also vary between heavy rail, light rail and buses.**
4. **The promotion of several guides into statutory controls should be reconsidered, particularly as many of these are outdated and are understood to currently be under review.**
5. **Introduce a flexible assessment pathway to enable the adaptive re-use of serviced apartments/hotels, office and commercial buildings for affordable, diverse and seniors housing.**

Affordable housing

6. The Apartment Design Guide, particularly as proposed to be legislated through the Draft Design and Place SEPP EIE, should not apply to boarding houses or any form of affordable housing.
7. Any new or more stringent design requirements will significantly impact on development feasibility. This is an extremely important consideration for affordable housing developments, where the capacity to pass on price increases to purchasers does not exist. This should be considered as part of the financial modelling being undertaken to support the Design and Place SEPP EIE.
8. A 10 year timeframe for properties to be held as affordable should be identified throughout the draft Housing SEPP which aligns with investment decisions and enables operators to deliver a pipeline of projects.
9. The prohibition of boarding houses from the R2 Low Density Residential Zone will exclude co-operative housing (which relies on boarding house as a land use term) from the market as they cannot compete in higher density zones, due to high land values. This must be reversed to allow boarding houses and co-operative living in the R2 zone.

Diverse Housing

10. The cumulative impact of development, design, and resilience (bush fire) standards for secondary dwellings must be modelled to understand the impacts on financial feasibility.

Seniors Housing

11. Resolve the conflict between existing LEP provisions and the draft Housing SEPP provisions which will become mandatory for all Seniors developments. Detailed options are provided within the body of the submission.
12. The proposal to amend the definition of Seniors to increase the minimum age to access housing from 55 to 60 years old should not proceed.
13. The prohibition of seniors from the R2 Low Density Residential zone should be reversed. This will significantly affect the potential for new low density seniors housing and stymie renewal of existing retirement villages.
14. Clarification is required as to whether Chapter 3, Part 3 (Retention of existing affordable rental housing) captures retirement living, which is classified as in fill affordable housing.
15. Vertical village bonuses should be permissible in any zone where shop top housing is permitted. Incentives are key to new initiatives and adjustments are required to ensure they deliver feasible results.
16. The impacts of onerous development standards and guidelines on the financial feasibility of seniors living projects must be considered to ensure this does not tip the scales against seniors' developments and result in less housing for our ageing population. This must be modelled with the results released prior to the finalisation of the policy.

This submission does not make comment on all aspects of the draft Housing SEPP, but rather has focus only on the areas where UDIA believes there is immediate need for attention and where amendments are needed to ensure the intent of the policy is delivered.

UDIA is also collating a number of case studies for the Department's consideration which illustrate the concerns highlighted within this submission. To meet the exhibition period timeframes, we will provide these as a separate addendum.

Departure from the intent of the policy to promote diverse and affordable housing

The draft Housing SEPP as exhibited, is a departure from the intent of the policy to promote diverse and affordable housing. It is imperative that the policy is future looking and provides a sustainable framework for diverse and affordable housing typologies. It also needs to recognise that people want to stay in their community and age in place; while younger generations still hold on to home ownership, which will be key to their financial stability in their later years.

As currently drafted, the Housing SEPP is arguably protecting the status quo, contrary to the intent of the policy to enable diverse housing typologies. An obvious example of this is requiring consent authorities to consider local character, which is a 'soft' restriction on new housing types. This is likely to materially restrict supply and result in the phasing out of certain typologies or exclusion of particular social cohorts who desperately need housing.

UDIA recommends that the draft Housing SEPP includes to the development of a plan for the future housing needs and changing requirements of future communities. This will ensure that the diverse, affordable and seniors housing products are encouraged and not further hindered by overly restrictive standards or character considerations.

UDIA Recommends:

- 1. Include a commitment to plan for the future housing needs and changing requirements of future communities, to ensure sites are not precluded by existing character considerations.**

Pervasive issues with the Draft Housing SEPP

There are several issues that are consistent across the entire draft Housing SEPP that need to be rectified prior to the policy being finalised. While UDIA is generally supportive of standardisation as a means of achieving consistency and certainty, it is not appropriate in all instances. In this regard, the standardisation of development standards for diverse and affordable housing is not supportive for market operators. The one size fits all approach does not promote innovative market led solutions, which are essential in the industry to ensure they can remain viable.

Prioritisation of design and amenity over feasibility and affordability

The draft SEPP as exhibited prioritises design and amenity ahead of feasibility and affordability. Industry is inherently aware of the need to design diverse affordable and seniors housing to meet the needs of purchasers. It is these purchasers and residents who will determine the design which best suit their needs and the housing that is within their financial means. Neither the draft Housing SEPP, nor the information released with the policy, identifies how feasibility or affordability have been considered. It is imperative that the impact of new or more stringent design requirements are modelled prior to the finalisation of the Housing SEPP and that this information is released publicly to understand their impacts.

UDIA Recommends:

- 2. The proposed introduction of new development standards needs to be tested from both a design perspective and to determine any impacts to commercial feasibility.**

The relationship of the Draft Housing SEPP with other policies

The relationship between the development standards in the draft Housing SEPP and the EIE for the draft Design and Place SEPP, which is also undergoing redrafting, requires careful review and consideration. The relationship between the two draft policies is currently unclear. Any new design requirements or more

stringent design requirements will significantly impact on development feasibility. This is an extremely important consideration for diverse, affordable and seniors housing developments, where the capacity to pass on price increases to purchasers does not exist. This should be considered as part of the financial modelling being undertaken to support the Design and Place SEPP.

Definition and intent of accessible locations

Further consideration needs to be given to the way accessible locations are defined and the potential implications. The definition differs across metropolitan and regional NSW and across housing typologies. Accessible locations also vary between heavy rail, light rail and buses. The policy should ensure the definitions have been discussed with Transport for NSW and ensure they do not place unrealistic expectations on bus servicing provisions. Furthermore, the definition of accessible locations across all housing typologies severely limits sites available in lower density zones for lower scale affordable and seniors' projects. Accessible areas and sites are more likely to have other higher value competing land uses. Outside Greater Sydney, 400 metres to a business zone in regional centres is also more likely to attract higher value land uses.

UDIA Recommends:

- 3. Give further consideration to the way accessible locations are defined and the potential implications. The definition differs across metropolitan and regional NSW and across housing typologies. Accessible locations also vary between heavy rail, light rail and buses.**

Promotion of guides into statutory controls

The promotion of several guides into statutory controls is also questioned, particularly as many of these are outdated and are understood to currently be under review. These include the Seniors Living Policy: Urban Design Guidelines for Infill Development (Department of Infrastructure, Planning, and Natural Resources, 2014) referred to in clause 18.

UDIA Recommends:

- 4. The promotion of several guides into statutory controls should be reconsidered, particularly as many of these are outdated and are understood to currently be under review.**

Adaptive re-use as infill for affordable housing types

The draft Housing SEPP should consider adaptive re-use as infill for affordable housing typologies. The adaptive re-use of serviced apartments/hotels, office and commercial buildings for affordable, diverse and seniors housing have positive environmental, social and economic benefits. However, these buildings generally struggle to meet the requirements of the ADG and therefore there needs to be flexibility in the way it is applied (or not applied). Consideration should also be given to the ADG objectives for re-use projects rather than addressing prescriptive measures. UDIA acknowledges that this approach would require a merit assessment be undertaken and that challenges described elsewhere throughout this submission regarding local character would need to be balanced by assessing officers. It is evident that new measures need to be considered to support these housing typologies and this proposal is a viable way of achieving increased supply.

UDIA Recommends:

- 5. Introduce a flexible assessment pathway to enable the adaptive re-use of serviced apartments/hotels, office and commercial buildings for affordable, diverse and seniors housing.**

Affordable Housing

Development and design standards impact on feasibility

The financial feasibility for affordable housing is marginal and if the draft Housing SEPP proceeds as exhibited, it could unintentionally drive the affordable housing sector out of the market. This sector's fragility is particularly impacted by high land values, where land is not already owned, and materially increase construction costs caused by various design requirements, including increased limitations on floorplate population, ventilation and amenity requirements within the ADG. This has been further restricted in the Draft Design and Place SEPP EIE controlling product size and number of units per floor; and which for Residential Flat Buildings (RFB) cannot be built to feasible thresholds.

The ADG, particularly as proposed to be legislated through the Draft Design and Place SEPP EIE, should not apply to boarding houses or all forms of affordable housing at all. The planning system needs to recognise the significant contribution that boarding houses and affordable housing to make the city function and accordingly, these typologies should not be burdened with additional development costs that jeopardise feasibility or disproportionately impact on land values.

UDIA notes that the draft Housing SEPP is highly prescriptive and arguably discourages innovative design or the ability to respond to market preferences. The proposed introduction of new development standards needs to be tested from both a design perspective and to determine any impacts to commercial viability. By way of one example, Clause 17 identifies a range of non-discretionary development standards for infill affordable housing, an applicant would need to demonstrate compliance with the following development standards as part of a DA (including a subdivision):

- a minimum 450m2 site area (note: this is much larger than Landcom's typical compact product);
- 30% landscaped area;
- 15% deep soil zone of which at least 65% has to be at the rear of the property;
- 70% of all dwellings need to achieve at least 3 hours of solar access between 9am and 3pm in mid-winter to living rooms and private open spaces;
- specific car parking rates (which are different for a social housing provider versus a private developer);
- floor areas that comply with the Apartment Design Guide, Low Rise Housing Diversity Code or as identified within the draft Housing SEPP, depending on the typology proposed; and,
- must be used as affordable housing for minimum 15 years and managed by a registered community housing provider.

It is self-evident that the list of development standards is overly onerous and will severely impact on the ability of an affordable housing development to remain financially feasible. While ensuring affordable housing is appropriately designed to meet the needs of the residents is a sound objective, the policy as drafted is likely to adversely impact feasibility, reducing the supply of new affordable housing and deliver the opposite effect to the intent of the Housing SEPP.

UDIA Recommends:

- 6. The Apartment Design Guide, particularly as proposed to be legislated through the Draft Design and Place SEPP EIE, should not apply to boarding houses or any form of affordable housing.**
- 7. Any new or more stringent design requirements will significantly impact on development feasibility. This is an extremely important consideration for affordable housing developments, where the capacity to pass on price increases to purchasers does not exist. This should be considered as part of the financial modelling being undertaken to support the Design and Place SEPP EIE.**

Timeframe for properties to be held as affordable housing

UDIA notes that there are inconsistencies throughout the Draft Housing SEPP around the tenure of affordable housing. It varies between 10 years, 15 years and in perpetuity depending on the typology proposed. A 10-year timeframe should be identified throughout the Housing SEPP, which aligns with investment decisions and enables operators to go on to the next project. The requirement to retain products in perpetuity prioritises policy makers' ambitions to protect supply and provides mechanism to avoid re-stocking but does not acknowledge the commercial realities of delivering affordable housing.

UDIA Recommends:

- 8. A 10 year timeframe for properties to be held as affordable should be identified throughout the draft Housing SEPP which aligns with investment decisions and enables operators to deliver a pipeline of projects.**

Floor space incentives

The incentives proposed within the Draft Housing SEPP are not as facilitative as they could be. For example, under clause 16, an additional 0.5:1 FSR would be permitted on sites with an existing FSR of 2.5:1 or less (i.e. a maximum of 3:1) subject to 50% of all GFA being provided as affordable housing. An applicant would be entitled to a 0.5:1 FSR bonus but would need to provide 50% of its development as affordable housing. For sites with a FSR greater than 2.5:1, a 20% increase in permissible floor space is available but again, 50% of the entire development needs to be provided as affordable housing. These incentives should be modelled to ensure they do in fact encourage affordable housing, or the policy will fail.

Local character considerations

The proposed introduction of local character requires further clarification and consideration with respect to affordable housing. Any requirement to address local character should have regard to future character and should be limited to built form and material palette. As currently drafted, local character assessment could be used to hinder certain typologies from being developed on the basis that they could be argued to be inconsistent with existing character.

Prohibition of boarding houses from the R2 Low Density Residential Zone

The prohibition of boarding houses from the R2 Low Density Residential Zone will cut co-operative housing from the market, which relies on boarding house as a land use term, as they cannot compete in higher density zones due to high land values. This is a perverse outcome is contrary to the intent of the policy. This prohibition should be reversed.

UDIA Recommends:

- 9. The prohibition of boarding houses from the R2 Low Density Residential Zone will exclude co-operative housing (which relies on boarding house as a land use term) from the market as they cannot compete in higher density zones due to high land values. This must be reversed.**

Diverse Housing

Diverse housing products play an important role in the housing market in NSW and support the economic, environmental and social functioning of the city and regions. UDIA supports the intent of the policy to promote secondary dwellings, group homes and co-living housing. However, we feel that the policy as drafted, will have the opposite effect and is likely to further restrict these diverse housing products.

Secondary dwelling standards

The minimum lot requirements outlined in clause 48 of 450m² will preclude secondary dwellings on smaller lots and particularly those that have a rear lane and narrow frontage. This is currently a commonly delivered product. This lot size requirement would essentially preclude the award-winning Thornton development, Maitland NSW from proceeding given the lot sizes delivered in that development.

Bush fire prone land requirements for secondary dwellings

The provisions under clause 53 bushfire prone land are extensive. While the risk to residents needs to be assessed and considered, the cumulative impacts of these requirements also need to be calculated to ensure they do not effectively render developments unviable. Economic modelling of the cumulative impact of the standards on secondary dwellings should be undertaken.

UDIA Recommends:

10. The cumulative impact of development, design, and resilience (bush fire) standards for secondary dwellings must be modelled to understand the impacts on financial feasibility.

Co-living housing

The Draft SEPP appears to further restrict co-living products. It unduly prohibits co-living development in the R2 Low Density Residential Zone. Clause 65 of the Draft SEPP also reverts to LEP standards instead of the Code SEPP minimum lot sizes for Co-living product types. UDIA notes that many Councils are now amending their Standard Instrument LEPs to prohibit Manor Houses and the use of the Medium Density Code SEPP, therefore limiting co-living products completely. The State needs to take the lead in supporting these housing products and set state-wide objectives where local governments unduly restrict certain housing typologies which are greatly needed by the community.

Retention of existing affordable rental housing

Clarification is required as to whether *Chapter 2, Part 3 - Retention of existing affordable rental housing*, applies to retirement living which is classified as in fill affordable housing.

Seniors Housing

The policy, as exhibited, will reduce the opportunity to create new seniors housing to meet market expectations and growing demand. The draft Housing SEPP needs to be repositioned to promote all forms of seniors housing, including but not limited to hostels, independent living units (ILU), vertical villages and residential care facilities.

Draft SEPP provisions would become mandatory for all Seniors development

UDIA members have undertaken a legal review and have confirmed that the draft Housing SEPP provisions would become mandatory for all Seniors development, even where Seniors housing is permitted under an existing LEP. Currently, the Courts have confirmed that if you are not relying on the Seniors SEPP for permissibility, you can ignore the policy entirely. The issue with mandatory application is that in many cases where Seniors is permitted, particularly in higher order and business zones, the LEP and DCP would provide more generous development standards and controls than the Housing SEPP. As the Draft Housing SEPP controls would prevail over the LEP, this triggers what may be a series of significant Clause 4.6 variations for a range of development standards in the Draft Housing SEPP such as height, setbacks, deep soil etc. A satisfactory resolution of this issue is required prior to finalisation of the Housing SEPP, to either: limit the

application of the Housing SEPP to development which elects to utilise it (as is the current situation) or enable the flexible application of the Housing SEPP provisions in circumstances where local controls exist.

UDIA Recommends:

11. Resolve the conflict between existing LEP provisions and the draft Housing SEPP provisions which will become mandatory for all Seniors developments.

Change in minimum age from 55 to 60 to access Seniors Housing

The Draft Housing SEPP proposes to amend the definition of Seniors to increase the minimum age to access such housing from 55 to 60 years old. The FAQs being exhibited with the Draft Housing SEPP states that: "The minimum age threshold for Seniors is currently 55 years in the Seniors SEPP. This aligns with the 'preservation age' of the Superannuation Industry (Supervision) Regulations 1994. These regulations have recently been changed to increase the age that people can gain access to reserved superannuation funds from 55 years to 60 years in 2025. The Housing SEPP has been amended to align with the new age threshold."

UDIA does not support this change, and submits that the age should remain at 55, for reasons set out below:

- Access to super is not a planning matter. The justification provided in the FAQ for the proposed age increase raises a fundamental concern about the appropriateness of amending a long-standing State housing planning policy to align with a Commonwealth government financial regulation. There is no requirement that persons residing in Seniors housing must be self-funded retirees or on an Aged Pension and given the pressures to continue working well beyond 'traditional' retirement age, it is increasingly likely that residents will still be working. Tying it to superannuation access is therefore irrelevant.
- Seniors Housing provides important housing choice and supports financial goals for older people. The Seniors SEPP is currently aimed at housing for people who are at a stage in their life where they are considering downsizing. Retirement villages are an affordable housing option for many older people. This includes working older single people, particularly women.

The AHURI report 'Effective downsizing options for older Australians (February 2020)' research covered the 55+ age group. The research shows that downsizing, or 'rightsizing' as it is often termed, is an integral part of the current and future housing preferences of older Australians. The research found that 26% of over 55s had downsized, and a further 29% had considered downsizing. Older Australians perceive downsizing as more than just a reduction in dwelling size. Rather, it refers to internal and external spaces becoming more manageable, and a reduction in belongings. It also includes a financial benefit to the household.

Arbitrarily increasing the minimum age will create confusion and division. Changing the definition of Seniors will impact who can purchase or occupy Seniors dwellings going forward and will cause unnecessary confusion and division between different aged care facilities and seniors housing communities. Older villages could be occupied by 55 year old's, while alterations or additions to existing villages, or new villages, could only be occupied by 60 year old's.

To determine the maximum age for any village, it would be necessary to know the date of the lodgement of the DA for the original facility, as well as the date of the lodgement of any modifications or new DAs which may have extended the building or replaced existing conditions post-Housing SEPP commencement.

In relation to Residential Care Facilities, the proposed age increase will introduce a higher minimum age to occupation of the facility for aged persons. While it is 55 now, it is proposed to increase to 60, and may increase to 67 or more in the future, should the preservation age be increased again. This is in conflict with My Aged Care, which already provides subsidised aged care places for 50 years or older for Aboriginal or Torres Strait Islander people or those on a low income, homeless, or at risk of being homeless. The implications of this further increase should be carefully considered and subject to consultation with aged care providers and the Commonwealth government in relation to supply, demand and funding of aged care places.

As evidenced above, there is a complete absence of any clear planning basis to increase the age of persons who are able to access Seniors housing and care facilities and UDIA recommends the proposal to increase the age limit does not proceed.

UDIA Recommends:

- 12. The proposal to amend the definition of Seniors to increase the minimum age to access housing from 55 to 60 years old should not proceed.**

Seniors living should be permissible in the R2 Low Density Residential Zone

The Draft Housing SEPP as exhibited, would enable Councils to prohibit ILUs in the R2 Zone. UDIA recommends that government reconsider this exclusion and permit ILUs in the R2 Zone. Approximately two-thirds of LEPs across NSW already prohibit Seniors Housing in the R2 zone and the draft SEPP would only further reduce seniors housing supply if councils were given this option. When combined with the heritage conservation area and Metropolitan Rural Area (MRA) exclusions, the amount of land on which low to medium density seniors housing could be developed is severely curtailed. The exclusion from the R2 zone will also render countless existing ILU developments prohibited development and therefore reliant on existing use rights, a highly undesirable outcome which may restrict opportunities for renewal of outdated villages. This restriction does not recognise that Seniors living projects offer a range of care options from independent living through to dementia and high care in the same campus/project.

UDIA Recommends:

- 13. The prohibition of seniors from the R2 Low Density Residential zone should be reversed. This will significantly affect the potential for new low density seniors housing and stymie renewal of existing retirement villages.**
- 14. Clarification is required as to whether Chapter 3, Part 3 (Retention of existing affordable rental housing) captures retirement living, which is classified as infill affordable housing.**

Vertical Villages

Vertical village bonuses should be permissible in any zone where shop top housing is permitted to ensure that vertical villages are encouraged in a range of town centres, mixed use and business zones where RFBs are typically prohibited.

UDIA Recommends:

- 15. Vertical village bonuses should be permissible in any zone where shop top housing is permitted. Incentives are key to new initiatives and adjustments are required to ensure they deliver feasible results.**

Floor Space Ratios disincentivise seniors housing

The 0.5:1 default FSR on land without FSR standards will act as a disincentive for Seniors housing, such as in R4 High Density Residential zones, and many R3 Medium Density Residential and R1 General Residential zones, where prevailing built form and density controls result in development far in excess of a 0.5:1 FSR. There is no opt out of the provision, should you meet the requirements (i.e. RFBs permissible and 2,000sq/m site), so an ILU development in an R4 High Density Residential zone without an FSR would have a 0.75:1 FSR forced upon it, essentially resulting in the opposite of the intent of the provision.

Prescriptive standards will limit seniors housing

The Seniors housing provisions outlined in clauses 67-100 may hinder development by reducing the areas where the Housing SEPP is applicable, providing ill-conceived incentives with limited application and through overly prescriptive development standards. For example:

- a minimum lot size of 1,000m² and 20m road frontage is required.
- in residential zones where residential flat buildings are not permitted, Seniors housing will be limited to 9m height and 2 storeys.
- for independent living units, a maximum FSR of 0.5:1, 30% landscaped area, 15% deep soil zone and private open space requirements (clause 97).

The cumulative impact of these provisions must be modelled to ensure that they do not adversely impact development feasibility, effectively sterilising seniors housing in NSW.

UDIA Recommends:

16. The impacts of onerous development standards and guidelines on the financial feasibility of seniors living projects must be considered to ensure this does not tip the scales against seniors' developments and result in less housing for our ageing population. This must be modelled with the results released prior to the finalisation of the policy.

Strict compliance with guidelines will limit seniors housing

The strict application of the Seniors Living Policy: Urban Design Guidelines for Infill Development to exemplar projects delivered in the last 5-10 years would mean those projects would never have been delivered.

The UDIA National winner for Seniors Living & Aged Care - The Terraces at Paddington, and finalist The Royce at Penrith, are both examples of residential aged care facilities and ILUs in the one project. Both projects have the residential aged care facilities integrated into the structure, as are the hotel services.

The Royce has all its open space in an internal courtyard, which is sheltered. But it has little if not nil deep soil planted landscaping. Both of these projects are highly successful developments and highly regarded by residents and families but demonstrate how prescriptive guidelines, including the need for deep soil planting may render development unviable. Additional space for deep soil will result in a loss of yield as the basement car parks needs to be tighter or deeper.

The impacts of the guidelines on the financial feasibility of projects must be considered to ensure this does not tip the scales against Seniors' developments and result in less housing for our ageing population.

Amendment of other environmental planning instruments

UDIA welcomes the inclusion of residential care facilities as State significant development under the State Environmental Planning Policy (State and Regional Development) 2011. However, the requirement for the residential care facility component of the proposed development to have a value of at least 60% of the capital

investment value of the proposed development, is onerous and does not support the trends for co-location with ILUs or mixed-use developments. It is recommended that the percentage should be for any combination of Seniors housing for ILUs and residential care facilities.

Conclusion

UDIA remains supportive of the original policy's intent to promote and support diverse, affordable and Seniors housing products. However, we are greatly concerned that the Draft Housing SEPP as exhibited is a significant departure from this intent and if implemented, will significantly hinder the supply of these housing typologies. We implore Government to listen to the housing providers and industry experts who build these products, to undertake the required modelling and implement the recommendations outlined within this submission.

Thank you for the opportunity to make a submission. Please contact Michael Murrell, Planning Policy Manager at mmurrell@udiansw.com.au or 0413 221 195 with any questions.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Steve Mann', with a stylized, cursive script.

Steve Mann
Chief Executive
UDIA NSW

From: noreply@feedback.planningportal.nsw.gov.au on behalf of Planning Portal - Department of Planning and Environment
<noreply@feedback.planningportal.nsw.gov.au>
Sent: Monday, 23 August 2021 2:40 PM
To: DPE PS Housing Policy Mailbox
Subject: Webform submission from: Proposed Housing SEPP
Attachments: uko-fsr-presentation_issued-14052021(email_f.pdf)
Follow Up Flag: Follow up
Flag Status: Flagged

Submitted on Mon, 23/08/2021 - 14:30

Submitted by: Anonymous

Submitted values are:

Submission Type

I am submitting on behalf of my organisation

Name

First name

Rhys

Last name

Williams

Organisation name

UKO Coliving

I would like my submission to remain confidential

No

Info

Email

rhys@veriu.com.au

Suburb

Sydney

Postcode

2000

Submission file

[uko-fsr-presentation_issued-14052021\(email_f.pdf\)](#)

Submission

I represent UKO Coliving which is the largest operator of Coliving sites in NSW.

This is our third submission on the proposed SEPP changes.

The proposed Coliving SEPP will fail for the following reasons.

1. The 10% FSR bonus which ceases in 2024 is more restrictive than the .5 FSR bonus. This means development will not stack up now and will be even worse after 2024. Any change to the .5 FSR bonus will sink coliving before it starts as per the attached presentation.

2. Part 64, 2(f): parking ratio is 0.5 parking space for every private room. There isn't a provision which grants exemptions for developments situated in close proximity to major transport hubs. Local councils will simply use this parking ratio to sink any Coliving developments before they can get off the ground.

If the proposed SEPP is adopted it will drive rental prices higher as there will be less supply created AND developers will need to charge higher rents in order to make a satisfactory return.

I agree to the above statement

Yes

24 August 2021

NSW Government

Department of Planning Industry and Environment

By electronic transmission

Attention: To whom it may concern

Dear Sir / Madam

Housing SEPP Submission

UniLodge Australia have prepared this submission in response to the Housing SEPP consultation draft, currently on exhibition and inviting submissions through 29 August 2021.

By way of introduction, UniLodge Australia is the oldest and largest operator of student housing in Australia. From our vantage point in the sector working for multiple private clients and Universities in every state of Australia we can see in fine detail the operation of student housing properties, what appeals to tenants, and what does not. We see firsthand the nexus between amenity, affordability and feasibility in student housing and have directly delivered or assisted the delivery of 20,000 student beds over a 20 year history.

The submission focuses on **“Student Housing”** as per the Explanation of Intended Effect (EIE) for a new Housing Diversity SEPP discussion paper of July 2020, and the subsequent deletion of that term from the draft instrument. The submission offers a broad review and comment on the proposed controls applicable to *student housing/Co- living Housing*.

1. Draft Housing SEPP – Student Housing deletion

Definition for student housing?

The draft provides:

“Following consideration of stakeholder feedback, it is no longer proposed to introduce a separate definition or development standards for student housing. Instead, on campus accommodation will continue to be facilitated through the State Environmental Planning Policy (Educational Establishments and Child Care Facilities) 2017, which will be amended to expand student accommodation to accommodate people associated with the education facility (i.e. not just students). Off campus student housing developers will use the co-living housing provisions. This approach recognises the similarities between co-living and student housing typologies and responds to concerns expressed by both educational establishments and private sector developers”

The decision to remove Student Housing as a defined asset class from the instrument is our opinion is a retrograde move. Student housing or as it is referred to by acronym “PBSA” has been one of the fastest growing asset classes in Australia of recent times. The sector has attracted global investors who bring best practice to developments to appeal to a discerning tenant base. The features of student housing projects are unique, owing to the target cohort, their situation, their length of tenancy and the propensity of tenants to afford payment of rent.

Without having public access to the stakeholder feedback, it is difficult to understand the deletion of a defined *Student Housing* from the proposed instrument. The statement from the draft instrument places expectations that on campus *Student Housing* will be provided under the Education SEPP, and off campus *Student Housing* will be provided under the provisions of *Co-living Housing* controls. This makes no sense as the student housing product on and off campus differs only in its location, not in its typology and are both different from a “Co-living” product.

The requirement that *Boarding Houses* are to be managed as *Affordable Housing* for the lifetime of the development removes the current approvals pathways for private *Student Housing*, often approved under the existing *Boarding Houses* provisions.

The replacement *Co-living Housing* provisions fail to adequately cover the intended provisions of *Student Housing*, and will require larger room sizes, increased communal open space, increased communal space, and dramatically increased car parking spaces compared to that exhibited under the EIE and which in our opinion do not best serve the needs of students.

A brief analysis of the disparity of the *Student Housing* controls as exhibited under the EIE and the *Co-living Housing* controls currently exhibited under the Housing SEPP is shown in Table 1.

TABLE 1

Comparison of EIE to Draft SEPP	EIE – Student Housing	Draft SEPP – Co-Living Housing
Car Parking	0 if justified	1/room outside of Greater Sydney
Pushbike Parking	1/3 rooms	1/room
Motorbike Parking	1/5 rooms	1/5 rooms
Minimum Room Size	10sqm, or less if justified	12sqm not including Kitchen/Bathroom facilities
Communal Area (Indoor)	15sqm/12 students	30sqm/6 rooms, plus 2sqm per additional room
Communal Area (Outdoor)	Potentially nil within 400m campus / 2.5 m2 of outdoor space per student.	Minimum 20% site area

2. Parking

Per the FAQ that accompanies the Housing SEPP consultation draft, *off campus student housing developers will use the co-living housing provisions. Co-living will be able to have as few as six private rooms but will be more likely to involve buildings containing 30 – 40 private rooms. Co-living will typically be built in highly connected areas, where residents have convenient access to work, study, and recreation opportunities.*

The FAQ is contradictory, stating that *“Co-living (which includes student housing – our addition) will typically be built in highly connected areas, where residents have convenient access to work, study, and recreation opportunities”* whilst simultaneously requiring that car parking is provided at a rate of 1 parking space for each private room. Even at the low yield indicated, being 30 – 40 rooms, the corresponding requirement to provide parking at a rate of 1 for 1 is a barrier to development that is likely to result in abandonment of dedicated *Student Housing* projects anywhere in the state outside of the Greater Sydney region.

The car parking rate specified for *Co-living* Housing is in fact greater than that specified within SEPP 65 and the ADG, which relies on the lesser of either the applicable Council controls, or the Guide to Traffic Generating Developments (The Guide). The applicable rate for *High Density Residential Flat Buildings*, defined as *“a building containing 20 or more dwellings. High density residential flat buildings are usually more than five levels, have basement level car parking and are located in close proximity to public transport services. The building may contain a component of commercial use.”* is 0.6 spaces per 1 bedroom unit.

Given other elements of the ADG now also apply to *Co-living Housing* (C64(d)), it makes little practical sense to require a higher parking rate than that required for residential apartment development as well as when the characteristics of the tenant cohort are considered. It would seem more opportune for private developers to construct residential apartment buildings than to develop high density *Co-living Housing*, given the reduced parking rates required.

Notwithstanding and in addition to the comments above, we note that the tenants of student housing typically do not own vehicles and therefore do not have a requirement for parking. This varies depending on capital city and access to public transport but in general holds true and applies equally to motorcycles and to motor cars. Our experience at UniLodge is borne practically, across the country, in many cities and over many years. If the opportunity presents, we will gladly share with NSW DPIE quantitative data which indicates carpark provision and usage in all of our (circa) 100 individual student housing projects (and 30,000 beds) we manage to support these comments.

To put it bluntly, as drafted, the provisions would cause student housing projects to become unfeasible, and if they were constructed, carparks and motor bike parks would likely sit unused and empty through lack of demand. But, if there was demand for carparks, then market drivers would simply cause those potential tenants to rent elsewhere where carparks were available. Ultimately it is the developers risk whether his target tenants need those carparks.

3. Minimum Room Size

The EIE discussed minimum room sizes for *Student Housing* in detail, stating that *“The minimum room size is based on similar standards in other jurisdictions and reflects current industry practice, which is to provide a range of room options in a single development, including rooms that have an area of less than 10 m². The proposed 10 m² standard will be a discretionary standard. This will allow developers that wish to, to demonstrate that a smaller area has adequate internal amenity and that shared facilities are available to compensate for the smaller room size.”*

This statement made perfect sense and allowed developers competent in the delivery of high quality *Student Housing* internationally to design and implement rooms capable of providing necessary amenity commensurate with the facilities offered in the wider complex. The line *“The minimum room size is based on similar standards in other jurisdictions and reflects current industry practice”* implies that the authors had spent time reviewing international best practice and acknowledged the practice of smaller, comfortable rooms being the industry standard.

Unfortunately, between the EIE and the current Draft Housing SEPP the minimum room size of *Student Housing* has been lost, instead a minimum room size of 12sqm (not including any kitchen or bathroom facilities within the room) now applies. In practice, this will drive yield of developments intended for *Student Housing* down, with a development previously capable of providing 18 / 10sqm rooms now limited to providing 15 / 12sqm rooms. Therefore bigger (12m²) rooms will require tenants to pay higher rents or projects will not be built. In many cases a 12m² room is significantly larger than the room the tenant had in their homes prior to becoming a tenant, and which are greater than the average bedroom size. This measure does not include allowance for access to amenity spaces such as break out study areas, media and games rooms, gyms and fitness areas, communal kitchens, laundries to name a few. Often tenants prefer to rent a smaller space but have access to these communal facilities.

The draft assumes no bathroom or kitchen facilities are provided within the room, which are not counted toward the minimum room size. Including a basic kitchenette, or toilet in the calculation for minimum area would increase the room size closer to 15sqm, further reducing the yield compared to the exhibited sizes within the EIE.

4. Communal Open Space (Indoor)

Communal Area (Indoor) for *Student Housing* within the EIE was indicated to require 15sqm per 12 students, which if single rooms were to be provided would equate to 15sqm / 12 rooms. At 1.5m² per room, we can confirm this is reasonable and in line with our experience and other jurisdictions.

The Draft Housing SEPP specifies that *Communal Area (Indoor)* is provided at a rate of 30sqm/6 rooms, plus 2sqm per additional room, which if single rooms were to be provided would equate to 42sqm per 12 rooms or 3.5m² per room.

This increase is considered excessive and unaffordable to both developers and to tenants, particularly when considered with the increased minimum room sizes.

For comparison, the minimum area required to provide 12 rooms, inclusive of *Minimum room size* and *communal area (indoor)* under the *Student Housing* proposed controls of the EIE was 135sqm. The same arrangement of 12 rooms under the draft Housing SEPP would require 186sqm (not inclusive of any kitchen or bathroom facilities provided within rooms). The difference is 51sqm of area to provide the same outcome.

5. Communal Open Space (Outdoor)

Communal Area (Outdoor) for *Student Housing* within the EIE was indicated to require potentially no area within 400m of a campus (if demonstrated that campus facilities would be available for use), or 2.5sqm of outdoor space per student.

The Draft Housing SEPP specifies that *Communal Area (Outdoor)* is provided at a minimum 20% of the site area which is comparable to the requirements of SEPP 65 and the ADG, which detail Communal Open Space being provided at 25% of the development.

For high density city blocks with high site coverages ratios and high FSR there must be some acknowledgement that Outdoor space requirement is somewhat aspirational considering the planning constraints of these sites. There may simply be the space available to achieve these sorts of ratios and will rule out many projects because of that.

6. Elevation of Non-Statutory Controls

The elevation of ADG and DCP controls to be quasi statutory instruments is concerning, and leads to an experience that gives too great an influence to controls designed to be supporting documents that guide development.

The Draft Housing SEPP specifies, at Clause 65

Standards for co-living housing (1) A consent authority must not consent to development to which this Part applies unless it is satisfied that:

(c) the front, side and rear setbacks for the development are not less than—

(i) for development on land in Zone R2 Low Density Residential or Zone R3 Medium Density Residential—the minimum setback requirements for multi dwelling housing under a relevant planning instrument,

(ii) for development on land in Zone R4 High Density Residential—the minimum setback requirements for residential flat buildings under a relevant planning instrument, and

(d) if the co-living housing exceeds 3 storeys—the building will comply with the minimum building separation distances specified in the Apartment Design Guide

The words “*Must not*” result in the non-statutory controls, considered guidelines in general planning terms, to suddenly be non-negotiable statutory controls. Problems arise when older DCP documents specify setback controls well in excess of those within the ADG, and are further compounded if those controls of the ADG are expected to be complied with in entirety to gain consent. It is common practice for the ADG to be considered as a guide, with ideal site outcomes achieved through good design and consideration of site-specific opportunities and constraints. The wording of the Draft Housing SEPP implies that these guidelines are to be taken as firm, immovable directions, further stifling development opportunities available under different planning controls for the same site.

Yours sincerely



Executive Chairman
UniLodge Australia Pty Ltd

30 August 2021

NSW Government

Department of Planning Industry and Environment

By electronic transmission

Attention: To whom it may concern

Dear Sir / Madam

Housing SEPP Submission

I refer also to the submission by UniLodge Australia dated 24th August 2021. This further submission seeks to expand on and provide additional supplementary information to the 24th August submission made by UniLodge Australia.

To repeat, UniLodge Australia is the oldest and largest operator of student housing in Australia. From our vantage point in the sector working for multiple private clients and Universities in every state of Australia we can see in fine detail the operation of student housing properties, what appeals to tenants, and what does not. We see firsthand the nexus between amenity, affordability and feasibility in student housing and have directly delivered or assisted the delivery of 20,000 student beds over a 20-year history.

1. Minimum Room Size – impact on room typology feasibility

UniLodge has the benefit of working on projects in development across all jurisdictions in Australia. There are a range of guidelines on minimum room sizes which I presume DPIE have made themselves familiar with ranging from no controls at the relaxed end of the spectrum through to those proposed in the draft SEPP which are the highest. By way of example:

Melbourne: Sets 10.8m² minimum as a guideline but it is not hard and fast and this minimum generally applies to studio apartments only. The planning authorities down there recognise the contribution to amenity of cluster apartments and assess bedroom sizes accordingly.

Brisbane: no minimum room sizes are stipulated

Perth: no minimum room sizes are stipulated

By setting a minimum room size, it does not consider the flexibility of providing different student room typologies. Typical student rooms have been provided in the following configurations:

1. **Studio Apartments** – single occupant, bathroom, kitchen, study and sleeping. No lounge or dining area included within the room.
2. **Cluster or Multishare Apartments** – multiple occupants, from 2 -10. Each with own bedroom, sometimes ensuited or sometimes communal bathrooms. A communal lounge and cooking area is provided for the use of the apartment occupants.
3. **Dormitory Room** – simply a bed and a desk provided, with occupants having access to communal bathrooms and communal cooking
4. **Twin Share** – can be provided in all the above typologies, offering a shared sleeping environment for a lower rental price point

As drafted the Housing SEPP imposes the minimum room sizes on all the above typologies effectively rendering Type 2 Cluster apartments and Type 3 Dormitory apartments unfeasible. This is because the minimum room size does not take into account access to communal facilities either provided in the apartment or the wider building. And it does not take into account the capacity of tenants to pay rent on larger space when the preference would be to pay less but with access to more shared space.

2. Car Parking provisions

In our experience we see very little demand from students for car and motorbike parking.

Carparks increase the cost of the development, with little chance of receiving a return on this increased cost because there is little demand from renters. For developers the only way costs can be recovered is through increasing room rents making them less affordable for students, which is clearly not desirable.

High Frequency and extensive public transport

If the policy encouragement of walking, cycling and the use of public transport is a long-term planning objective, then an automatic minimum requirement for car parking in preference to public transport in well located circumstances is counter intuitive. This must be a factor in approving student accommodation developments

Strategic location for student accommodation

One of the key design criteria for student accommodation is to be located near to campuses. It is located where it is so student do not need a car and can therefore exist without the expense of running a car.

“.....everything they need within 10 minutes without a car....!”

Car share provision

Providing car share for the residents in the property is often a very economical and well patronised way of providing “user-pays” car access. Planning considerations should recognise this as a valid option for developments without stipulating minimum provisions.

Summary of Existing UniLodge Accommodation Parking Numbers

Across the UniLodge portfolio we have many buildings which operate successfully with minimum or no parking requirement by students. Some time ago for another project, we prepared a summary of a selection of UniLodge properties and the carpark provision at each of them. At the time, the survey covered approximately 10,000 student beds, with a total carpark provision of 1,000 carparks (10%), and with a leased take up of approximately 200 (2%). We are in the process of updating this survey and would expect the provision and the take up to fall when compared with the earlier figures, noting that many thousands of beds have been constructed since, particularly in Melbourne, with no requirement in that jurisdiction for any carparking to be provided.

In our view there should be no minimum number of carparks specified in the Housing SEPP

3. Motorcycle Parking provisions

The motorcycle provisions included in the draft Housing SEPP are simply not supported by resident demand and will be an unnecessary impost on a project for no benefit. This submission has been prepared with some haste, and we would be able to further expand on our detailed experience and extract more quantified data in due course, but in the time we have had to submit, we have complied the following qualitative summary from our property managers across the country in support of our submission. I note UniLodge currently manages 25,000 student beds across the country.

Melbourne (7,000 residents)

No expressed interest in motorcycle parking from residents.

Adelaide (1500 residents)

Less than 5 requests for motorcycle bays in the last 2 years of operation

Brisbane

No more than 3 per motor bikes parked year in both Park Central (1600 residents) and Southbank (850 residents).

Sydney

Very rarely get requests for motorbike parking from residents at Broadway (700 residents) with no motorcycles parked now.

We have received no requests for UNSW in Kensington (235 residents)

No requests at Wattle St (58 residents) or UniLodge Ultimo (85 residents).

Perth (1500 residents)

Only 3% of the parking (about 16 bays) is dedicated for motorbikes. Only approximately half (ie 8 bays) are ever booked.

Northern Region

All Northern properties (Darwin (300 residents), Cairns (300 residents) Townsville (900 residents) only have 1-3 residents max each who request motorbike parking per year.

Canberra (total residents 7,000)

Approximately only 2 or 3 per year request motor bike parking. One property currently has 3 bikes and that is the highest in our 15 year history of management

Yours sincerely



Executive Chairman
UniLodge Australia Pty Ltd



27 August 2021

Ms Sandy Chappel
Director, Housing Policy Team
Department of Planning Industry & Environment

Dear Sandy.

RE: Submission on draft State Environmental Planning Policy (Housing) 2021

Thank you for the opportunity to comment on the exhibition draft of State Environmental Planning Policy (Housing) 2021, known as the Housing SEPP.

As one of the largest community housing providers in NSW, Uniting supports the aims of the draft Housing SEPP *“to encourage the development of housing that is designed and located in a manner that meets the needs of residents, especially seniors or people with a disability”*.

Whilst Uniting supports the opportunity to review and refresh policy settings to reflect modern needs and practice, we are concerned the draft SEPP as exhibited will not achieve the intended aims. The existing Seniors SEPP includes controls to incentivise the development of seniors housing across the state. The draft Housing SEPP as exhibited does not appear to respond to the market’s needs nor appropriately facilitate the delivery of seniors housing.

In its current form, the draft Housing SEPP does not strike the right balance between development controls and incentives. Tighter restrictions on location (for example prohibition of ILUs in the R2 zone and removal of Site Compatibility Certificates (SCCs)) together with additional restrictions on heights, reduced FSR bonuses, and 2,000sqm minimum lot size for vertical villages will constrain the market’s capacity to deliver seniors housing. The draft Housing SEPP will result in it being more difficult to deliver seniors housing which is contrary to the policy aims and the needs of an ageing population.

The following comments predominantly relate to Part 4 of Chapter 3 regarding Seniors Housing.

Clause 76 Development standards for seniors housing – Zones RE2 SP1 RU5 and R2

The provision of Independent Living Units (ILUs) within the R2 zone provides a valuable housing typology that services a need within the market. The provision of ILUs within the R2 zone supports the principle of ageing in place and allows seniors to transition to a more appropriate housing type without moving away from their former (typically detached housing) place of residence. If a local supply of ILUs is not available for seniors to transition to, they will be forced to either leave the region and their network to find suitable accommodation, or they may choose to remain in the family home for longer, which seems contrary to objectives of improving housing diversity.

Head Office
ABN 78722 539 923
Level 4 / 222 Pitt Street
Sydney NSW 2000
PO Box A2178

Sydney South NSW 1235
T 1800 864 846
E ask@uniting.org

It is understood some communities are concerned about the potential impact on local character arising from the inclusion of ILUs in the R2 zone. Rather than prohibit all types of seniors development, other than Residential Aged Care Facilities (RACFs), in the R2, the control should focus on delivering seniors housing that is compatible with the area. The controls within the SEPP should then focus on ensuring the seniors development is consistent with the area, not what the type of housing it is.

It is acknowledged that some providers have in the past exploited the Seniors SEPP pathway to deliver ILU development that bears little difference to a residential flat building. However, the impact of a blanket exclusion of ILUs in the R2 zone is disproportionate compared to the perceived impact on local character. The prohibition of ILUs from this zone will significantly compromise an existing delivery pipeline geared to providing housing diversity across NSW. Approximately 37% of Uniting's portfolio currently comprises land zoned R2. This would be a similar situation for other providers as the market.

Seniors living has existed in R2 zones for many years without community opposition. Much of the older stock in these areas does not meet contemporary standards and urgently needs to be replaced. Typically, the replacement accommodation requires more floorspace per dwelling, so operators need a larger footprint just to replace existing stock, let alone meet any growth in demand.

The application of the R2 prohibition will have a significant impact on seniors housing providers who have been purchasing adjoining sites with the intent to redevelop or expand existing facilities. Uniting is one of many providers across the state which has purchased R2 land adjoining existing facilities with this intent and there are no provisions within draft Housing SEPP to allow these sites to be developed for seniors housing. For example, should Uniting consider expanding its existing development at 61 Bungarribee Road, Blacktown (identified in yellow) into the four adjoining sites it has acquired for this purpose (identified in red), a proposal would not be able to proceed as no existing use rights exist over these adjoining lots.



Figure 1: 61 Bungarribee Road, Blacktown (zoning extract)

Suggested amendment:

It is recommended that the Department consider the removal of the prohibition of ILUs in the R2 zone due to the significant impacts it will have on the supply of seniors housing.

If this prohibition is to proceed, the following is considered a more suitable approach:

1. Inclusion of an additional provision that allows the development of ILUs in the R2 zone if they are compatible with the existing character of the area. This could build on local character analysis already undertaken by DPIE and local Councils;
2. Recognition of existing use rights for seniors development on R2 zoned land to support future redevelopment of outdated facilities. This should be extended to expressly include any future amalgamation of adjoining sites for seniors development;
3. Sunset provision to allow existing owners of R2 zoned land up to 5 years to utilise the Draft Housing SEPP prior to the R2 prohibition coming into effect.

Clause 71 Seniors housing permitted with consent

Clause 71 supports the permissibility of seniors housing under an existing local environmental plan. However, as previously noted, Clause 76 does not allow ILUs to be developed within the R2 zone.

Therefore, if serviced self-care housing (ILUs) is a permitted use within an EPI for an R2 zone, it is unclear if an application can be lodged under the draft Housing SEPP for this use.

The interaction of these two clauses has the potential to restrict uses that would otherwise be permissible under a local instrument. As the intention of the draft Housing SEPP is to increase housing diversity, it is considered this was not the intended outcome.

Suggested amendment:

Clause 71 should be strengthened to remove any ambiguity and maintain the permissibility of ILU development within the R2 zone where it currently exists under a local environmental plan.

Clause 98 and 99 – Development for vertical villages permitted with consent

Clause 98 allows vertical villages to occur where residential flat buildings are permissible. It is important to recognise that there are often uses such as shop top housing that could present opportunities for the utilisation of the vertical villages provisions. Under the draft Housing SEPP, seniors housing is permissible within all of the business zones. The provision of seniors housing above ground floor retail presents a great opportunity to achieve activation of a site through the patronage of ground floor cafes or restaurants by the building's residents. Often where shop top housing is listed it does not expressly state that residential flat buildings are permissible and hence bonuses do not apply.

Clause 99 states that if proceeding with a vertical village, a bonus FSR may be granted to the 'maximum permissible floor space ratio'. The definition under Clause 99(4) states that applicable FSR is either defined under an existing EPI or, if not specified, the FSR is 0.5:1.

Thus, where Councils have chosen not to apply FSR provisions (e.g. North Sydney, Hornsby and Lake Macquarie Councils) a ratio of 0.5:1 would result, which is far more restrictive than what is ordinarily permissible on the site.

An example where the lack of underlying FSR presents an issue can be seen at Uniting's 27 Tiral St, Charlestown site which is subject to the Lake Macquarie LEP 2014, which does not specify any FSR controls. The site has a 48m height control and is a prime opportunity for a vertical seniors development. Pursuing a

vertical village ILU development on the site using the draft Housing SEPP would only allow an FSR ratio of 0.65:1. At 0.65:1 FSR, Uniting would barely reach a height of 10m on the site. It is recommended that the bonus FSR provisions for seniors development do not apply to sites that have no applicable FSR. It is important to note that if a site has no FSR under an EPI, there is no need for a bonus. Other benefits such as additional height would provide an equivalent benefit.

The new 2,000m² site area provision will limit the intended use of the vertical villages provisions. Acquisition of a site this size is becoming increasingly difficult within the urban setting and is becoming increasingly difficult to achieve without amalgamation. This control creates an additional hurdle to delivering seniors development to which other land uses are not subject.

The additional FSR offered through the vertical villages provision is a significant reduction to that offered under the current Housing SEPP. For the 15% bonus offered through the draft Housing SEPP to deliver a similar bonus FSR to that offered through the Seniors SEPP, a site would need a base FSR of 3.3:1. Very few sites in NSW have an FSR of greater than 3:1. Less than 1% of Uniting's 367 land holdings have an FSR greater than 3.3:1. Seniors housing and other provisions also adds considerable cost. The 15% FSR vertical villages bonus is not substantial enough when the additional costs associated with seniors development are taken into consideration (such as larger floor plates, accessibility requirements and threshold-less access construction techniques). This limits opportunities to compete in the marketplace with developers who intend to proceed with residential flat buildings.

Where providers have purchased a site relying on the yield available under the existing Seniors SEPP to justify a price and are yet to obtain planning consent, the downgrading in available yield may cause significant economic impact. Where a bonus floorspace may have incentivised a redevelopment, the reduction in floorspace will eliminate this development potential.

As an example, Uniting purchased a site at 1-7 Carlotta Ave Gordon. We purchased the site knowing we could develop it at 1.8:1 FSR being 1.3:1 FSR under the LEP and 0.5:1 under the SSEPP as RFBs are permitted in the R4 zone. At a 15% FSR bonus the site would yield 1.495:1. On this site, the proposed provisions would result in a loss of 4900m² of GFA or approximately 49 dwellings. In this instance the whole development could have fitted within the envelope controls for the site. The economic and supply impact would be worse for sites with lower FSR controls. This reduced developability outlined within the example above is inconsistent with the direction the Department is providing Councils with endorsed Local Housing Strategies. The Department's letter on endorsement regarding the Ku-Ring-Gai Local Housing Strategy (relevant to the site above) focusses heavily on the need to improve supply, diversity and affordability, of which the proposed changes to vertical villages will not deliver.

As there is no definition of 'vertical villages' the term tends to lead to the connotation that the proposed development will be high in nature. The additional 3.8m or 1 storey in height offered through Clause 99(2)(b) is not reflective of the intent to deliver 'vertical' development. The application of a numerical height standard is not responsive to the varying zones and height controls in which seniors development is permissible.

The removal of the current Clause 45(4) which allows for gross floor area of on-site support services from the calculations up to 50% further undermines the facilitation of seniors development. This bonus encourages a far better outcome for residents of these facilities. We would recommend re-insertion of this provision in the final instrument but with a lesser, more reasonable provision of up to 20% of the total GFA

Suggested amendment:

The assumed 'maximum permissible floor space ratio' of 0.5:1 for vertical villages should be increased to a value commensurate to deliver the 'vertical' intent of the clause, that being to encourage a higher/vertical form of development where residential flat buildings commonly occur. If no FSR is permitted on site under

an EPI, the clause should not seek to impose one due to the inability of a single controls' to be reflective of every site within the state.

The height offered through (2) (b) could be reflected through a 'whichever is greater' provision. For example, "... by no more than 3.8m or 30% additional height, whichever is greater". This would be bonus provision to respond to the setting of the proposed development. E.g. an area where a 20m height was permissible, would allow 26m height.

In addition, the inclusion of a definition of vertical villages would assist community and industry expectations of the intended outcome. The definition could recognise the intent to provide a higher form of seniors development in areas where high density development (e.g. residential flat buildings) are occurring.

The addition of bonus floorspace on sites where larger or apartment-type accommodation is expected / permitted – such as shop top housing would be advantageous to the supply of seniors housing rather than relying solely on residential flat buildings being permitted. These zones could include B4 and other B zones not solely for commercial uses, SP2 where bulky buildings could be expected etc.

To encourage supply and not reduce the existing provisions, change the current drafting to retain the bonus FSR at 0.5:1 OR a percentage uplift – whichever is higher – and apply this to more land uses as above.

Clause 74, 97 and 99 & need for a Clause 4.6 Exception to development standards

The application of Clause 99 allows a bonus building height and FSR to the permitted standards under a relevant EPI. If an applicant sought to apply the vertical villages building height bonus to the standard permitted within an EPI that exceeded the development standard outlined in Clause 74 (9m) and Clause 97 (9m), it is unclear whether a Clause 4.6 variation would be required.

For example, as Clause 99 allows a 3.8m building height bonus be applied to the maximum height permitted under a relevant EPI (as per the dictionary), if the relevant EPI permitted a building height of 10m, the proposal would be seeking to apply the vertical village bonus to a height that exceeded the development standards outlined within Clause 74 and 97. In this scenario, the current drafting does not stipulate if a Clause 4.6 variation is required to seek the height bonus provisions outlined under Clause 99.

Furthermore, Division 3 is titled 'Development Standards', which suggests any clause within this Division is capable is being altered through a Clause 4.6 variation. It is recommended that further consideration be given to the drafting of this section if it is not the Department's intent that clauses 78, for example, be altered through Clause 4.6 variations.

Schedule 4 – Environmentally sensitive land

Clause 68 (1)(b) states that any land that contains characteristics identified in Schedule 4, is excluded from the application of the draft Housing SEPP.

Particular focus is drawn to the identification of '(a) flood planning' within an EPI as a draft Housing SEPP exclusion. The intent of the provision, that being to not locate vulnerable individuals within high hazard locations, is supported. However, application of the clause and schedule may result in an unnecessarily restrictive outcome.

Uniting currently holds a number of sites where part or all of the site is identified within an EPI as a having some form of flood affectation. However, through the application of design solutions, supported by the appropriate hydrological studies, the flooding impacts can be entirely mitigated, and safe egress provided.

Uniting's site at Bateau Bay on the Central Coast (outlined in red in Figure 2) is located next to significant drainage infrastructure and due to the varying topography of the site has a handful of areas where water pools during significant rainfall events. Under the existing Seniors SEPP, seniors development is permissible

on the site as it is not identified as Floodway or High Hazard. Under the draft Housing SEPP, the site would be excluded under Schedule 4 due to the Flood Planning Areas. A well-designed proposal could easily minimise the flooding characteristics of the site and deliver a safe outcome for occupants.

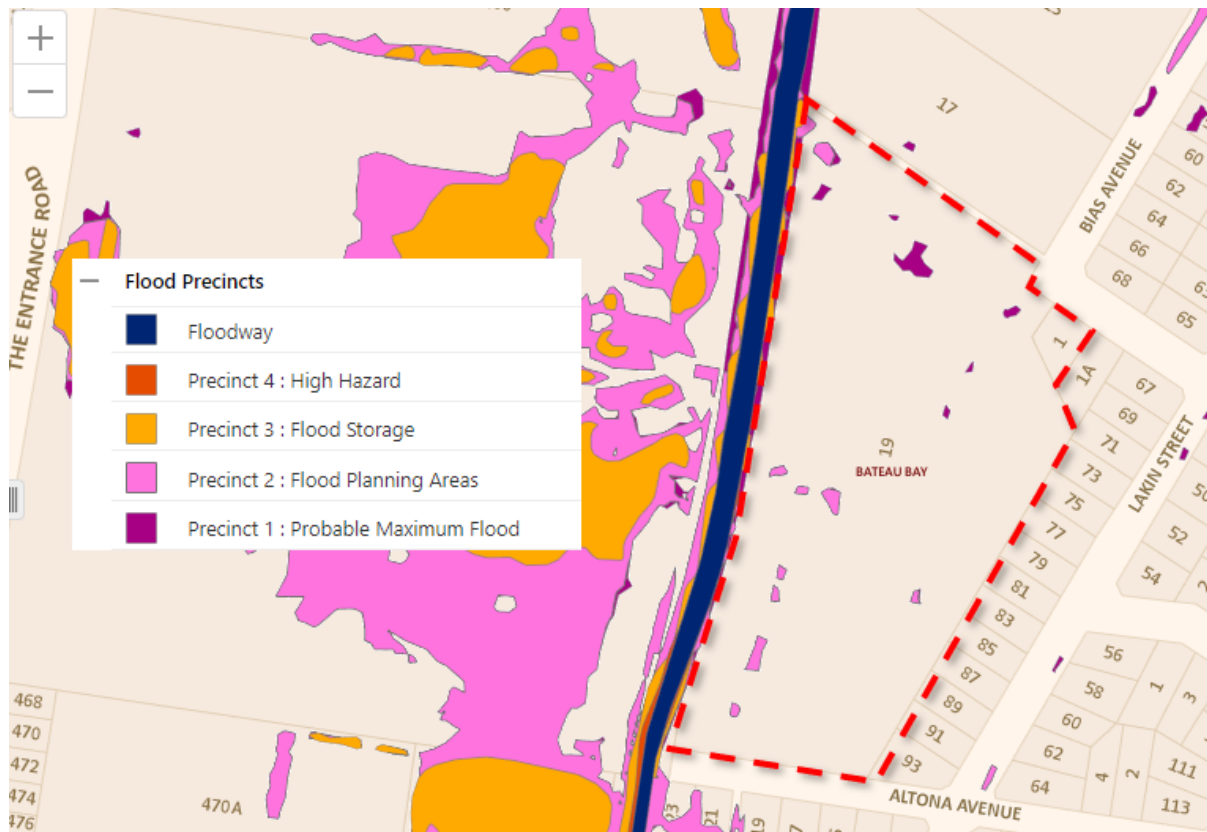


Figure 2: Uniting Bateau Bay (flood affectation)

A second example of a Uniting project where the Schedule 4 flood changes will have an impact is 24a Kingscliff St, Kingscliff. The area is well developed, and the site is identified within Council's flood planning area. The surrounding road network is located at a level which offers safe access during flood events. This safe access has allowed neighbours to fill sites and build above the floor planning level with consent from Council. Under the Seniors SEPP, Uniting could implement a number of mitigation measures (such as fill or building above the necessary levels) to mitigate any potential flooding risk to the site. Under the draft Housing SEPP, the site would be excluded due to it being identified as 'flood planning' with no opportunity to justify that the development can occur safely.

Suggested amendment:

Schedule 4 should be amended to remove the exclusion if it can be demonstrated that the risks associated with the environmental layers can be appropriately mitigated.

A more appropriate solution may be to link the draft Housing SEPP to an applicable Flood Plain Risk Management Plan that identifies the flood planning area and outlines measures that can be employed to mitigate flooding impacts. In addition, flooding could be more appropriately be addressed through the introduction of a new Division 4 Site- related requirement, similar to how bushfire protection is addressed.

Schedule 7 – State significant development

The two-part criteria outlined within Clause 7.1 which requires RACF to be 60% of the CIV is articulated in a way that very few projects will qualify for the State Significant development pathway. It will also preclude the use of this development pathway for development projects that are undertaken in discrete stages.

The 60% investment percentage required for a joint RACF/ILU development likely to trigger very few joint developments being considered SSD. If the intent is to ensure notable RACF developments are considered state significant, the clause should be rewritten to state “if the RACF component of the seniors development equates to \$XXm in value...”.

In addition, the relatively low threshold value of \$20m/\$30m will mean there is a disproportionately large cost impost for small scale RACF developments, shifting them from regional development to state significant, with the additional cost of seeking SEARs, preparing EIS, state design review panel, etc.

Suggested amendment:

The criteria in Clause 7.1(b) for inclusion in the SSD pathway should be reviewed.

I trust this information is of assistance in finalising a suitable suite of housing policy initiatives. If you would like any further detail on the content of this submission, please do not hesitate to contact Adrian Ciano on 0405 252 652 or aciano@uniting.org.

Yours sincerely,



Adrian Ciano
Head of Property Development
Uniting



Juliet Grant
Executive Director
GYDE Consulting



16 September 2021

The Hon Rob Stokes MP
Minister for Planning and Public Spaces
52 Martin Place
SYDNEY NSW 2000
office@stokes.minister.nsw.gov.au

Dear Minister

NSW Planning Housing Diversity SEPP for Seniors Housing

About Uniting

Uniting NSW.ACT is the service and advocacy arm of the Uniting Church NSW/ACT and is a committed advocate for the disadvantaged. Uniting provides innovative and person-centred services that last year supported over 100,000 people at all stages of their lives, including the aged, vulnerable children, young people and families, early learning, and people with disability.

We are the largest provider of aged care services in NSW and the ACT. Uniting NSW.ACT owns and operates 97 aged care homes and retirement living facilities across NSW and the ACT, and has recently acquired another 4 in regional areas. Last year, over 7,000 residents called our residential aged care facilities home, and almost 3,000 people lived in our independent living units.

Previous submissions

Uniting has had lengthy and, we consider, constructive, involvement in the development of the proposed State Environmental Planning Policy (Housing) 2021. In relation to the current proposed changes:

- Uniting made a 10 September 2020 response to the Explanation of Intended Effect document released by the Department of Planning, Industry and Environment to outline the intended merging of several State Environmental Planning Policies (SEPPs) into one document.
- We also wrote to the Department on 21 May 2021 in response to the Department's presentation of proposed changes to the Seniors State Environmental Planning Policy.
- We met with Departmental officials on a number of occasions.

Head Office

ABN 78722 539 923
Level 4 / 222 Pitt Street
Sydney NSW 2000
PO Box A2178

Sydney South NSW 1235
T 1800 864 846
E ask@uniting.org

Uniting's overview of the currently proposed reforms

As one of the largest community housing providers in NSW, Uniting supports the aims of the draft Housing SEPP "to encourage the development of housing that is designed and located in a manner that meets the needs of residents, especially seniors or people with a disability".

The mandate from the Premier within the Environmental Statutory Planning space is to foster supply of all housing. The role of a SEPP is to intervene where a market or planning system has not been capable of meeting community needs, especially for the supply of critical items such as seniors housing, residential aged care, affordable housing, and community infrastructure.

Uniting, like many other providers and industry studies, sees a substantial need for purpose built, contemporary accommodation and services meeting a sustained and increasing demand for seniors housing in almost all areas of NSW.

The Seniors SEPP was an instrument that, despite having some issues, was broadly working to deliver supply within the sector. However, the Draft Housing Diversity SEPP - while introducing some positive changes which should be retained - does for the most part constrain the supply of seniors housing.

Uniting NSW.ACT has relied on the existing Seniors SEPP to introduce new supply into the market. It is in the community's interest to ensure that providers such as Uniting are able to use their own land to redevelop existing sites; develop land to increase the supply to meet market demand; or to be able to adequately compete for scarce land resources in order to meet this demand. A sound statutory planning system with supportive Environmental Planning Legislation is a major part of this.

Specific concerns

We have included more detail in our submission to the Draft Housing Diversity SEPP as recently exhibited, and are open to discussing the matter or providing more real examples from our portfolio.

Location restrictions

37% of Uniting's land holdings are on R2 zones, either supporting existing operations or acquired to allow for contiguous expansion. Many of our services have been operating on this zoned land for many years, and are coming to the end of their useful life, not meeting contemporary demand expectations or functional requirements. The community has been used to these services operating as part of their local area - to be able to renew or even expand these services where they exist presently would be important to the community as a whole, retaining local fabric and allowing seniors to transition to a more appropriate housing type while remaining in a similar area with familiar character to their former residence.

Focussing instead on seniors developments that minimise impact to an area, and that are not out of character, would provide a better balance between providing appropriate options for seniors and protecting the character of residential communities from potential exploitation from developers of unsympathetic structures.

We also consider that existing use, grandfathering and sunset provisions are warranted to provide greater market and planning stability.

Floorspace incentives

In some instances, Uniting relies on the bonus floorspace incentives to be financially viable to redevelop services or to be able to compete against other market sectors for new land holdings to provide new services. These are being significantly reduced under the Draft SEPP and will significantly constrain supply. This is further exacerbated by introducing a minimum land size constraint of 2000m² before incentives can be applied.

Flood affected sites

The exclusion of flood affected sites from being able to use the Draft SEPP even when these issues can be mitigated is a further constraint which effects a number of Uniting's sites – even ones which are being operated now.

For Uniting, this would affect a range of sites, such as Uniting's site at Bateau Bay on the Central Coast, which is located next to significant drainage infrastructure and subject to varying topography, but where a well designed proposal could easily minimise the flooding characteristics of the site and deliver a safe outcome for occupants.

Unintended impacts and missed opportunities

There are other issues that may just require drafting reviews, which are perhaps unintended consequences, that are apparent to providers such as ourselves as they consider their application on our development pipeline.

These include the introduction of a floor space ratio on sites where no floor space ratio exists for floor space ratio bonuses, which may end up with a development which is much smaller in scale than if it were another use, such as strata residential. This would be the case where Councils have chosen not to apply floor space ratio provisions, such as North Sydney, Hornsby and Lake Macquarie Councils.

There are also perhaps missed opportunities which could be considered, such as bonuses where residential flat buildings are not specifically listed as a use but larger format developments are anticipated, such as in the SP2 zone or within business zones where mixed use or shop top housing are permitted. This could have very favorable symbiotic outcomes with other neighbouring uses. Providing seniors housing above ground floor retail or within business zones presents a great opportunity to achieve activation of a site through the patronage of ground floor cafes or restaurants by the building's residents, while creating a more vibrant seniors community.

In summary

As NSW's largest aged care provider and second largest seniors housing provider and as a community housing provider with over 1500 social and affordable housing dwellings, Uniting remains committed to continuing to provide these services to the communities we serve and who need services we, and other organisations like us provide. We rely on a statutory planning system that recognises the need for new supply and redevelopment of existing services which no longer meet contemporary service expectations or functionality.

Our commitment to the space is significant. Our 10 year plan anticipates investment of over \$2 billion in property development in NSW. We are the only provider to be delivering community housing in both tranches of the Social and Affordable Housing Fund for the Department of Communities and Justice, with over 600 dwellings being made available. We are presently under construction delivering 9 sites and the last 12 months have completed 6 other major developments and numerous minor capex projects.

The system must allow for development where people want it. It must allow providers to source land in a competitive marketplace. It must afford opportunities for redevelopment of existing services when needed or expansion of services to meet market demand. It must allow the sector to develop services which meet community needs - hence the effective functioning of the statutory planning system and Environmental Planning documents such as the Seniors SEPP and Housing Diversity SEPP which allow this to occur are in the interest of the communities we serve or will seek to serve in the future.

Mr Adrian Ciano, Head of Property Development, is available to discuss any aspect of this in further detail, on 0405 252 652 or aciano@uniting.org.

Yours sincerely



Tracey Burton
Executive Director
Uniting NSW.ACT

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

Re: Proposed State Environmental Planning Policy (Housing) 2021 – Public Consultation
Draft

Thank you for the opportunity to provide feedback on the public consultation draft of State Environmental Planning Policy (Housing) 2021 (the 'Housing SEPP'). We make the following comments in addition to our earlier submission in response to the *Explanation of Intended Effects* for the draft instrument, exhibited last year.

Our comments are focused on provisions relating to contributions for affordable housing under Local Environmental Plans; Boarding houses; and co-living provisions. We also reiterate our previous remarks in relation to infill affordable housing; short term rental housing and data collection, monitoring and compliance.

1. Affordable housing conditions

The draft SEPP carries forward the provisions of the current SEPP 70 which permits contributions for affordable housing provided that these are authorised by an LEP.

Schedule One articulates principles for these contributions; principle 4 and 6 which imply that contributions must be for rental housing only and that buildings funded by these contributions must be retained for affordable housing in perpetuity. While unchanged, in our view, these principles are unnecessarily narrow; precluding the potential for future inclusionary planning approaches to deliver a range of affordable housing options, including low cost home ownership.

Our own research finds that inclusionary planning approaches requiring affordable housing to be included in new development typically allows a range of models to be delivered. The scale and location of the development, market conditions and the availability of other government subsidy for affordable housing construction can all influence the optimum mix of affordable units able to be delivered in a given situation. Therefore we suggest reconsidering the implication that affordable housing must be a particular tenure.

We further note that international best practice emphasises the provision of land for affordable housing, rather than cash contributions in lieu. This approach provides for genuinely mixed communities and overcomes the need for non profit affordable housing developers needing to compete in the open market for residential land. The principles could be updated to emphasise cash contribution requirements for smaller developments and or a higher rate for developers who provide a financial payment rather than land.

We recommend amending the principles accordingly.

2. Boarding houses and “co-living”

We note that there have been quite considerable changes between the *Explanation of Intended Effects* and the draft Housing SEPP now on exhibition, particularly in relation to the boarding houses and co-living provisions.

We make the following comments.

1. We do not support the unilateral change to make boarding houses an optional land use in the R2 zone of the standard instrument. This is a backwards step, since the original intent of the boarding house provisions of the current *State Environmental Planning Policy Affordable Rental Housing 2009* was to ensure that boarding houses could be retained and redeveloped in residential zones (without needing existing use rights) as they had been historically. We recommend that boarding houses continue to be a mandatory permissible use in the R2 zone.
2. We support the proposal to require boarding houses to include affordable housing. However, we are concerned that the new provisions appear to limit the development type to social housing providers only. This seems unnecessarily prescriptive. As we understand it, the objective of the proposed changes – that is – to make sure that generous planning concessions and bonuses support an affordable outcome – could be delivered by mixed tenure projects built or managed in partnership with a private provider. The new provisions appear to preclude this outcome.

In addition, this approach runs the risk of further stigmatising both boarding houses and social housing development. Community concern and opposition is likely to increase.

3. We are perplexed that the new ‘co-living’ provisions appear for all intents and purposes to be identical to the boarding house standards. The primary difference seems to be in the amount of density bonus provided, with a smaller bonus available for co-living developments until 2024.

We would suggest that the nomenclature for both boarding houses and co-living developments be standardised. If there is an appetite to shift terminology away from ‘boarding houses’ perhaps describe both development types as ‘co-living’ with ‘affordable co-living’ as a sub category attracting the density bonus. This would be consistent with the infill affordable housing development provisions.

We note however concern emerging internationally about the rise of “co-living” developments which are being equated to the tenement style housing of the early twentieth century. The extremely small size of these units mean that developers are able to increase yield at a much lower cost which is not typically passed on to tenants who are often required to pay more for a range of wrap around ‘services’.

Consequently, we would caution reliance on this housing form as “part of the State’s COVID recovery”, which is implied in the explanatory material. The COVID-19 period has underscored the importance of good quality housing offering space and flexibility which is not necessarily delivered by this housing type.

Overall, it will be important to monitor development trends in this sector and to review rental costs and tenant outcomes in the short and medium term.

3. In-fill affordable housing

Our own research suggests that there has been steady increase in developments which incorporate affordable rental housing, utilising the density bonus incentive. Affordable rental housing provided in this way requires no additional subsidy and can be delivered directly by the market; by a community provider; or as a partnership.

As well as providing important rental supply for lower income workers; the approach provides a secure rental lease for eligible tenants who otherwise face competition and uncertainty in the rental market.

We are potentially supportive of the proposed extension of the affordability requirement to 15 years, however we are unaware of the evidence base on which this extension is founded. We would strongly urge some review of the current and projected take up of the bonus and sensitivity testing to ensure that private providers will continue to take up the incentive with the additional affordability period requirement.

4. Monitoring and compliance

Publicly available data on the outcomes of current housing SEPPs is lacking. This is a missed opportunity and reflects the wider lack of differentiated data on housing development in NSW.

Residential development reported in the Local Development Performance Monitor, should distinguish each of the housing types identified in the SEPP. This includes in-fill affordable rental housing units produced (as a proportion of total dwellings in multi-unit projects); boarding house developments and rooms, and secondary dwellings (reported separately to the current category which conflates secondary dwellings and dual occupancy developments). Bedroom configurations as an indicator of dwelling size should also be recorded. With the increasing use of electronic lodgements, much of this information could be captured electronically which would increase both the timeliness and the accuracy of the monitoring data.

There is a need to capture approvals as well as determinations within each of these categories, as well as to record units which are lost through demolition/redevelopment. Dwellings in manufactured home estates and or residential parks must also be monitored.

Monitoring and compliance provisions are needed to ensure that the infill affordable rental housing projects and boarding houses comply with affordability requirements under the SEPP.

We recommend that a database of approved projects be established so that compliance can be more easily monitored. Standard conditions of consent requiring any changes to the designated community housing provider responsible for managing the affordable housing units to be notified to the consent authority or to a centrally maintained electronic register should be operationalised.

5. Short term rental accommodation

Finally, we note that the proposals around short-term rental accommodation have not yet been fully activated. We note the increasing rental crises in many regional areas which have also seen a recent rise in the diversion of housing into the short-term rental market.

Consequently, we recommend that affected local governments with tight rental housing pressures be permitted to prevent ongoing conversion of existing or new homes to the short term rental market via appropriate local provisions for nightly caps in residential areas. Ninety days is the maximum period regarded internationally as the threshold for protecting housing for residential uses.

We would be happy to elaborate on these remarks or provide any other assistance in relation to these matters.

Yours sincerely,

Professor Nicole Gurrán

Dr Caitlin Buckle

Dr Catherine Gilbert

Dr Pranita Shrestha

Dr Zahra Nasreen

29 August 2021



UNIVERSITY
OF WOLLONGONG
AUSTRALIA

Draft Housing SEPP consultation

NSW DEPARTMENT OF PLANNING INDUSTRY AND ENVIRONMENT

SUBMISSION FROM UNIVERSITY OF WOLLONGONG

SEPTEMBER 2021

Executive Summary

The University of Wollongong (UOW) thanks the Department of Planning, Industry and Environment (DPIE) for the opportunity contribute to the current review of the draft State Environmental Planning Policy (Housing) 2021 (draft Housing SEPP).

Universities are a significant stakeholder within the NSW development sector and rely on efficient planning settings that streamline the planning system, reduce unnecessary red tape and referrals, and cost savings through provisions such as exempt development for various categories of university development.

UOW would like to raise two significant concerns with the draft Housing SEPP currently on exhibition:

1. The proposed changes to the **permissibility of seniors living within Special Purpose zones** will have implications for all universities in across NSW, as well as raising the implications for our specific major project underway for a Health and Wellbeing Precinct (H&WP) at UOW's Innovation Campus, North Wollongong.
2. The **omission of all references to definitions and standards for Student Accommodation** from the draft Housing SEPP, which is a reversal of the commitment by DPIE to provide clarity regarding the definition and standards that apply to Student Accommodation, and leaves a number of unresolved planning issues in relation to definition and consistency between planning instruments.

For simplicity and ease of reference for DPIE's consideration, the relevant divisions and clauses of Part 4 of the draft Housing SEPP are discussed below and recommendations for adjustments provided. The key amendments we seek can be summarised as follows:

Clause 76:	apply the SP1 provisions to SP2 zones and exclude Australian university land from the 50% surrounded by residential zoned land test.
Schedule 6:	provide in the savings provision for future detailed DAs related to a concept DA
Student Accommodation	the finalisation of the draft Housing SEPP be deferred until such time as a resolution is achieved between the university sector and DPIE in accommodating a definition and associated standards for Student Accommodation; or the Education SEPP is reviewed to include Student Accommodation.

About the University of Wollongong

The University of Wollongong (UOW) is a research intensive university that has built a strong international reputation for world-class research and exceptional teaching quality, and is ranked amongst the top 1% of Universities worldwide (QS World Rankings 2021), and is the 14th best modern university in the world (QS Top 50 Under 50 Rankings 2021). In 2020 UOW had over 36,000 total student enrolments across its global campus network and more than 2,690 staff.

UOW was founded on the donations of local people who had a vision of a brighter future for our region. Since then, we have acted in partnership with our communities to not only make an impact in the Illawarra, but to address society's critical economic, environmental, social and medical challenges.

UOW have a track record of taking an innovative approach to partnerships with the government and private sector to deliver new initiatives that advance teaching and research objectives of the university. Clarity and flexibility of the planning system is critical in supporting the ability of universities to pursue initiatives that foster innovation, research and collaboration with industry and government.



Seniors housing

UOW notes that the proposed changes in the draft Housing SEPP seek to limit the development of seniors living in Special Purpose (SP) zones. The two SP zones have been applied interchangeably and provide for most tertiary institutes and university zones in NSW. It is noted that SP zones are generally well located within urban areas in relation to the infrastructure and services that seniors housing also benefits from, such as hospitals and health facilities.

The draft Housing SEPP proposes to limit the development of seniors housing in SP2 Infrastructure zone only where the zone is identified for 'Hospital' use. This presents a significant risk of stifling innovation and precinct development which is key part of developing the capacity of the NSW research and innovation ecosystem.

There is an emerging trend in the Australian network of universities to co-locate health facilities, seniors housing, child care, research and commercial uses in health precincts, in order to advance research, health and education outcomes. There are a number of active projects currently under development in NSW and in other jurisdictions across Australia, including:

- University of Canberra – Moran Health Development includes a residential aged care facility, child care, rehabilitative hospital and primary health clinic.
- Griffith University – Health and Knowledge Precinct includes two hospitals, research and commercial health cluster, and residential community.
- La Trobe University – Health and Wellbeing Hub which includes private hospital, aged care, primary care and childcare.
- James Cook University – Discover Rise which includes retirement villages, aged care, and student accommodation.

Notably the establishment of retirement villages on campus has been proven to be extremely successful in the United States, as it offers the residents the ability for ongoing learning, volunteer work, participation in university activities and research and intergenerational opportunities. It is a model which offers enormous possibilities for ageing residents in Australia and should be encouraged, rather than discouraged.

In late 2020, the Department exhibited a review of State Environmental Planning Policy (Educational Establishments and Child Care Facilities) 2017. As part of this, the Department noted the importance of university innovation precincts:

“innovation spaces/hubs within existing tertiary institutions are spaces that contribute to the growth and diversification of the economy and create jobs. Innovation hubs bring together multidisciplinary experts to find new ways to utilise talent, resources and technology and to support innovation and commercialisation through the cross-fertilisation of ideas between the academic sector and the private and/or public sector(s).”

Furthermore the Action Plan *“Turning Ideas Into Jobs – Accelerating R&D in NSW Jan 2021”* of the NSW Innovation Policy presents the case for seizing a critical and timely opportunity for NSW to accelerate R&D and turn ideas into jobs through the implementation of five Priority Actions, with 4 specifically noting:

“4 Target strategic support for NSW universities – collaborate on research that will drive the state’s future strategic growth industries and research-led attraction of industry, and form partnerships to better leverage Commonwealth Government research funding.”

In the case of the Health and Wellbeing Precinct (H&WP) at the UOW Innovation Campus, in July 2018 the NSW Minister for Education specifically varied the positive covenant which directs suitable land uses on the campus. The covenant was varied to allow for seniors housing (both independent living and aged care) on the Innovation Campus. Again, this illustrates that the preliminary policy position put forward by DPIE in the draft Housing SEPP is inconsistent with the Government’s own actions in seeking to promote senior housing and create intergenerational innovation campuses.



UOW RECOMMENDATION – CLAUSE 76

It is recommended that Seniors Housing be a permissible use (both Independent Living Units and Residential Aged Care Facilities) in both the SP1 and SP2 zone on land which is owned by an Australian University.

The following is recommended for clause 76 with text deleted being strike through and new text added being **bold**

76 Development standards for seniors housing—

Zones RE2, SP1, **SP2** and RU5 and R2

(1) Development consent must not be granted for development for the purposes of seniors housing unless the consent authority is satisfied as follows—

(a) for development on land in Zone RE2 Private Recreation—

- (i) the development is carried out on land used for the purposes of an existing registered club, and
- (ii) at least 50% of the site adjoins a residential zone,

(b) for development on land in Zone SP1 Special Purpose—

(i) development for the purposes of a place of public worship, an educational establishment, a hospital or seniors housing is permitted on the land, and

(ii) at least 50% of the site adjoins a residential zone **(except for land that is owned by an Australian university)**,

(c) for development on land in Zone SP2 Special Purpose—

(i) **development for the purposes of a place of public worship, an educational establishment, a hospital or seniors housing is permitted on the land, and**

(ii) **at least 50% of the site adjoins a residential zone (except for land that is owned by an Australian university), ...**

CASE STUDY – HEALTH AND WELLBEING PRECINCT, UNIVERSITY OF WOLLONGONG

UOW expresses significant concern that the proposed SEPP changes will stifle the ability for UOW and other NSW universities to develop such precincts with health research and education aligned with seniors living uses, at a time where the development of innovation precincts represent an important part of the diversification in the delivery of tertiary institutions. The restriction placed on SP1 zoned land where at least 50% of the site must adjoin a residential zone would render UOW's Health and Wellbeing Precinct currently under assessment by Wollongong City Council, a prohibited development. This is despite the land being clearly within an existing urban environment and campus in North Wollongong with substantial existing infrastructure and services.

The University of Wollongong (UOW) in partnership with Lendlease Retirement Living, are currently developing a Health and Wellbeing Precinct at the Innovation Campus in North Wollongong. The precinct seeks to co-locate health and seniors living uses on a university campus in order to create a Living Lab environment focused on key challenges facing the community in relation to healthy ageing in place, patient-centred health care delivery, and providing best-practice immersive clinical education for current and future practitioners.

The hub of the precinct will be a primary community health clinic, which is planned to deliver primary and allied health services, specialists, diagnostic imaging, pharmacy and dentistry. It will be dedicated to being a centre of excellence in integrated health research, education and delivery of patient centred health care. The development also includes two Independent Living Apartment Buildings, a Residential Care Facility, child care, green open space and ancillary retail.



All operators of the seniors living, child care and health care facilities will enter into a collaboration agreement with UOW that will outline the education and research activities to be undertaken in partnership, such as research projects, student placements, student and graduate job opportunities, continuing professional development, volunteering and mentoring activities. The collaboration agreements will be tied to the ground lease, and will thus be legally enforceable.

In January 2021, the University of Wollongong (in conjunction with LL-RL) lodged a Concept Development Application with Wollongong City Council. The development application has been lodged on the basis that H&WP meets the SEPP criteria for being land zoned primarily for urban purposes in view of the permitted uses, and existing development at the University of Wollongong Innovation Campus, the zone objectives, and that both 'educational establishments' and 'hospitals' are permitted with consent in accordance with Clause 4(1) of SEPP Seniors. Under clause 4 of the SEPP Seniors, the SEPP applies to land within NSW that is zoned primarily for urban purposes. The H&WP site complies with these requirements in light of the permitted uses, and existing development at the Innovation Campus, the zone objectives, and that both 'educational establishments' and 'hospitals' are permitted with consent in accordance with Clause 4(1) of SEPP Seniors.

UOW RECOMMENDATION – SCHEDULE 6 SAVINGS AND TRANSITION PROVISIONS

The general savings provisions of the draft Housing SEPP do not appear to cover future detailed DAs related to concept DAs. This is problematic as a concept DA could have approved (or be under assessment) for the building envelopes and seniors housing uses of a site, however should the draft Housing SEPP make seniors housing a prohibited use on the site, then future detailed DAs lodged in accordance with the Concept DA approval could be considered prohibited development.

This is relevant for the UOW H&WP as the current draft Housing SEPP prohibits seniors housing on the site. Whilst the concept DA we understand will be covered by the general savings provision, the future detailed DAs of the H&WP may not be covered and therefore could be prohibited development.

The following amendment to this provision is therefore proposed:

The following is recommended for Schedule 6 with text deleted being ~~strike through~~ and new text added being **bold**

2 General savings provision

The former provisions of a repealed instrument continue to apply to the following—

(a) a development application made, but not yet determined, on or before the repeal day,

(b) a subsequent development application not yet made, that relates to a concept development application consent that has not lapsed,

~~(c)~~ a development consent granted on or before the repeal day

Student accommodation

UOW contributed to and agrees with the submission made by the NSW Vice-Chancellors Committee. UOW notes its concern regarding the omission from the draft Housing SEPP of all references to definitions and standards for Student Accommodation despite the close work between DPIE and NSW universities in developing a definition and associated standards over the past 16 months.

The omission of definition and standards for Student Accommodation in the draft Housing SEPP results in the following unresolved planning issues:



- a) Definition of Student Accommodation
- b) Inconsistency with the Education SEPP provisions for Student Accommodation
- c) Student Accommodation as Affordable Housing

University student accommodation is not and cannot be facilitated through the Education SEPP. Consequently, Student Accommodation remains open to interpretation by any local Council and consequently undefined and unresolved under this draft Housing SEPP.

UOW sites a number of benefits that would be realised by the inclusion of university Student Accommodation definition and standards:

- Student accommodation will be recognised as a bespoke form of educational establishment accommodation, and linked to associated educational services and facilities;
- University student accommodation can be recognised as “affordable housing” and can contribute to the outstanding State and local Government demand for affordable housing. University student accommodation significantly relieves the pressure on the surrounding rental market, especially in Metropolitan areas;
- Campus student accommodation promotes modal share of transport policy (walking, cycling, public transport etc) and discourages the need on-site parking, which is normally required for other forms of site-specific accommodation;
- The draft SEPP could streamline and fast-track the NSW planning approval process by allowing universities to self-determine small scale additions and alterations to student accommodation facilities. These currently require Development Applications to be lodged with a local Council, unlike other forms of university development (teaching, research, sporting, ancillary).

UOW RECOMMENDATION – STUDENT ACCOMMODATION

A) the finalisation of the draft Housing SEPP be deferred until such time as a resolution is achieved between the university sector and DPIE in accommodating a definition and associated standards for Student Accommodation;

or

B) alternatively, Student Accommodation be incorporated into the SEPP (Educational Establishments & Child Care Facilities) 2017 (the “Education SEPP”) by:

- (i) including the definition for “student accommodation” that was developed between DPIE and the student accommodation sector in May 2021;
- (ii) deleting Education SEPP Clause 44 Development for the purpose of student accommodation which negates development for student residential accommodation;
- (iii) including the same “development permitted without consent” provisions and criteria for student accommodation as already exists for all other categories of university development under clause 46 Universities—development permitted without consent; and
- (iv) expediting the review of the Education SEPP as a matter of priority. DPIE’s review has been outstanding since 2017.

C) DPIE consider that Seniors Housing be recognised a permissible use (both Independent Living Units and Residential Aged Care Facilities) in both the SP1 and SP2 zone on land which is typically owned by an Australian University.



Conclusion

UOW welcomes the exhibition of the draft Housing SEPP and the opportunity to provide a submission. UOW is supportive of the intent of the draft policy to simplify seniors housing planning legislation in NSW and to incentivise seniors housing where suitably located in relation to urban facilities and services.

UOW remains however extremely concerned on the implications of the restrictive approach taken to SP zones for the future potential of universities and innovation precincts, and in particular and critically, for our current proposal for a Health and Wellbeing Precinct.

Notwithstanding this, with the modest adjustments proposed to the relevant provisions contained within this submission, UOW is confident that the draft Housing SEPP could be a transformative planning policy to deliver modern seniors housing in NSW for the next 20 years and to enable this significant H&WP project to more easily navigate the NSW planning system.

UOW also remains concerned regarding the lack of inclusion of Student Accommodation in the draft Housing SEPP given the extensive collaboration with DPIE and across the sector to achieve consensus on definitions and standards. The NSWVCC remains prepared to work closely with DPIE to make adjustments to either the Housing SEPP or Education SEPP to provide consistency and clarity required for this category or university development.

We would be happy to discuss this further with you or make ourselves available to expand upon this submission. UOW seeks that the above submission and recommendations are thoroughly considered by DPIE in finalising the draft Housing SEPP.

Contact: Jancey Malins, Senior Manager, Commercial Development Unit, UOW
jancey@uow.edu.au 4221 5677



26th August 2021

Title: **Draft Housing SEPP**

Submission: **housingpolicy@planning.nsw.gov.au**

To whom it may concern,

I commend the Government for the initiative as a step in the right direction to allow opportunities for innovation in housing to create diversity that suits our evolving population and ever-changing lifestyle needs.

I have endeavoured to be a positive influence on the creation of the Housing SEPP and appreciate the opportunity to provide this opinion piece.

The intent of this correspondence is to assist Policy Makers by highlighting the areas of concern that will unduly constrain innovation. In preparing this correspondence, I am looking through the lens of an environmental planner, a developer, a builder and an operator, of which I am all within the coliving and boarding house space.

Our submission focuses on the impacts of the changes that will ensue from the Boarding House changes and the 'effect' that the proposed changes will have on the emerging coliving market. We have not responded to other aspects of the SEPP that we are less familiar to us.

Upon reflection of the Draft SEPP, what seems to be so close, remains so far away from what industry requires, with several key dealbreakers proposed. Unfortunately, there is no way to sugar coat the likely outcomes from the Draft Housing SEPP. It seems like a policy favouring local government politics over substance and a policy inviting an increase of appeals in the land and environment court. We had hoped for a different outcome and a better customer focussed outcome.

After responding to the EiE back in May, we highlighted the concerns we had for this policy, however we maintained hope that the Policy may turn around when common sense was applied to the earlier path. It appears that the draft policy has moved in the opposite direction to what we had hoped with seemingly no material gain in the policy outcomes.

It does appear that this policy has erred away from Planning rationale into a document seemingly more swayed by local and state politics.

I believe that the Policy could be significantly improved by the Department and the Planning Ministers office sitting down with industry players in a workshop environment to showcase examples of real development models, to analyse the impacts and lost opportunities of the intended policy settings. Had this process taken place, we believe that the policy setters would have had a better understanding of the impacts and the opportunities to create meaningful change.

I am well aware of the responses coming your way from the UDIA, Property Council, Urban Taskforce and I am privy to the thoughts of the major operators in this space. I am also aware of the opinions of the major planning consultancies and legal counsel that work in this space. It is so amazing that a policy could be created with such negativity towards it and create a nett loss in housing diversity in the process.

We all know that every decision has a 'cause' and an 'effect'. Throughout this opinion piece, we will set out the effects of each clause of the current draft policy.

At a high level, the Policy as it stands has a terminal effect on our vision, putting an end to \$2 billion dollars of investment in the Sydney market over the next 10 years and more importantly, the loss of high-quality housing for thousands of people who this policy is meant to support. The fact is that it does not have to be this way and I hope that the Policy Setters may be swayed to reconsider their position on key clauses. NSW is my home state and we want to make our product a home grown success, without the need to invest our capital elsewhere.

Perhaps of greater importance to the government is the **loss of \$180 million in GST revenue** over the next 15 years on our projects. A federal tax that flows down to the states. The bigger the pot, the bigger the amount of pie for the states.

There is also a missed opportunity of over **\$69 million in Stamp Duty lost** until such time as other development fills the breach lost by our departure. We cannot keep building the same product and assume the demand will stay the same. A diversity in supply is what will raise demand and speed up development lifecycles.

There is also in excess of **\$10 million per year in Land Tax lost** (at the 50% BTR rate) until such time as other development fills the breach lost by our departure.

Then you have the **loss of employment and the associated tax** that goes with that.

Considering that these amounts above are losses from our business alone, imagine the impact across the sector from this policy decision.

I believe that if policy setters did care about the customers who would be the future residents, this policy would be in a very different form to what it is today.

We believe there are very strong and compelling reasons for policy setters to fully comprehend the impacts of their decision making and if there is any good intent in the preparation of this policy outside of politics, we implore you to reconsider the current Policy.

We want to be part of the solution. We want to provide benchmark developments in the coliving space that elevate the benefits of good planning, design and place making and we want our customers to benefit from the aspirational places that we create. But we cannot do that without congruency with planning legislation and unfortunately it is the planning that remains our number 1 roadblock.

We hope that it is not too late to make the changes necessary to make this policy a success.

Regards

A handwritten signature in black ink, appearing to be 'R. Garnett', written in a cursive style.

Russell Garnett
Ba. Environmental Planning

BOARDING HOUSE CHANGES – THE LOST OPPORTUNITY

It is extremely disappointing that Policy Makers were unable to proactively find ways to improve the existing ARHSEPP. Rather than seek and search for the opportunities within the existing policy, the alternate and preferred approach has been to effectively destroy it in its new form within the Housing SEPP.

The success of coliving has been and is intrinsically intertwined with the existing boarding house provisions. Over the past 10 years or so, there have been many innovators in this space. The ARHSEPP has allowed the early stage coliving developers and operators the ability to provide high quality and affordable housing solutions. Whilst there are some examples of poor boarding house outcomes, in many instances the quality of the boarding house product is higher than the neighbouring RFB's whilst facing constant scrutiny. For every bad boarding house there are 100 bad RFB's.

It is abundantly clear that the Department and Planning Ministers' office was not willing or incapable to improving the policy and instead has chosen to make the boarding house provisions so onerous that the outcome is that the product is now commercially unviable. We have to assume that it is deliberate.

Like everything in life there is cause and effect. The effect is that 70-80% of innovators in the coliving space will be wiped out as soon as the policy is enacted. Some amazing concepts and operators will cease to exist and the supply of these innovative products will go by the wayside. This eventuation was completely avoidable, had the industry been consulted properly and policy setters made an effort to understand the good developments rather than solely focussing on the bad ones of the past.

Not only will these proposed boarding house changes impact on the existing players, it wipes out the emerging and future innovators in this space as well by sectioning them into new provisions that do not make any commercial sense outside of a vacuum.

There is only one certainty that will come from these proposed changes and that is there will be an emergence of Quasi CHP's that will effectively be bottom draw entities, akin to a CHP 'black market', that will be created to skirt around these proposed rules. These black market CHP's will be attractive to the poor developer/operators and they will fill the void that was once filled by the high quality developer/operators with more bad product. The likely eventuation is a higher percentage of poor boarding house developments managed by poor Quasi CHP's who add no value or service offering to the customer, but they will provide the compliance checklist that the legislation requires and be rubber stamped. When this happens, the current policy will be confirmed as the failure that the industry experts already foresee and we await the day that the politicians state that the effects were unforeseeable and have to change the policy again. The legacy will be evident, but the policy setters will be long gone.

The following page will set out the clauses within the proposed SEPP and we make further comment and recommendation:

Division 2 - Boarding houses	Sub Section	Comment	Recommendation
23 Non-discretionary development standards—the Act, s 4.15	(1) <i>The object of this section is to identify development standards for particular matters relating to development for the purposes of a boarding house that, if complied with, prevent the consent authority from requiring more onerous standards for the matters.</i>	The following 'must not refuse' standards are so onerous that they make it unreasonably difficult to obtain approval.	<ul style="list-style-type: none"> - See below
	(c) <i>for development on land in Zone R2 Low Density Residential or Zone R3 Medium Density Residential—the minimum landscaping requirements for multi dwelling housing under a relevant planning instrument,</i>	<p>Boarding houses are not Multi dwelling housing and comparing them is not appropriate in this manner.</p> <p>Many councils have landscape requirements that are unreasonable in the context of a boarding house:</p> <p>e.g. A house or duplex can be setback at 900mm. This proposed standard is effectively increasing a setback for a boarding house to around 5-6m.</p> <p>The landscape control for MDH in many councils require 2m of hedging to the perimeter of the property. You would need a 21m+ wide block to fit most boarding houses allowing for a 3m side setback, leaving just 1m of usable space for use. This leads to poor use of space and poor design outcomes for no benefit.</p> <p>The only thing that the clause is encouraging is more unusable space when we should be encouraging more usable shared space.</p> <p>e.g. Many properties have an easement down a side boundary. Adding hedging to the perimeter 2m wide will cause future issues with servicing and maintenance and planting in easements is discouraged by utility providers.</p>	<p>Remove this clause from the SEPP and allow landscaping to be designed on a site specific basis rather than a development standard that will cause inherent problems.</p> <p>Landscape requirements should be no more stringent than those placed upon any other form of development for the site.</p> <p>The SEPP should be encouraging:</p> <ul style="list-style-type: none"> - native and drought tolerant planting - prescribing to site coverage maximums in line with any other form of development permissible to the site. - Percentages of deep soil - Percentage of landscaped area to planting area ratios.
	(l) <i>at least 1 bicycle parking space for each boarding room.</i>	<p>Excessive in many instances.</p> <p>Some customers simply do not like riding bikes. Particularly if the area is not bike friendly.</p>	<ul style="list-style-type: none"> - Maintain the current controls at 0.5:1 as the non-discretionary standard and leave it up to the operator to provide more as demand requires.
	(2) <i>The following are non-discretionary development standards in relation to the carrying out of development to which this Division applies—</i> <i>(a) for development on non-heritage land in a zone in which residential flat buildings are permitted—a floor space ratio not exceeding—</i>	<p>Seems to indicate that a boarding house in not permissible on heritage land. This seems to be further enforced at Division 1 infill development.</p>	<ul style="list-style-type: none"> - Remove this requirement. - See infill development below for justification.

Division 2 - Boarding houses	Sub Section	Comment	Recommendation
24 Standards for boarding houses	<i>(a) the design of the development will be compatible with the character of the local area, and</i>	<p>The most misused and manipulated clause by local government in the previous SEPP.</p> <p>This is the main reason for so many unnecessary L&E court claims.</p>	<ul style="list-style-type: none"> - Leave the clause in place but mandate that council is responsible to pay for every L&E court proceeding if they go over a 50% failure rate. This will stop council from making so many spurious refusals with fanciful defences. - Alternatively remove the clause.
	<i>(b) no boarding room will have a gross floor area, excluding an area, if any, used for the purposes of private kitchen or bathroom facilities, of more than 25m², and</i>	It is difficult to provide quality 'accessible rooms' under this mandate.	<ul style="list-style-type: none"> - Make accessible rooms an exception to this clause.
	<i>(i) the front, side and rear setbacks for the development are not less than—</i> <i>(i) for development on land in Zone R2 Low Density Residential or Zone R3 Medium Density Residential—the minimum setback requirements for multi dwelling housing under a relevant planning instrument,</i>	<p>This is completely unworkable for most sites.</p> <p>Many councils have a min.6m side setback for multi dwelling housing.</p> <p>This requirement will force boarding house developments to acquire a minimum of two properties side by side to make any form of design workable which is inefficient and commercially unviable.</p> <p>This will make boarding houses have the lowest GFA of any form of development permissible on the site.</p> <p>What if the neighbour already has a wall on the boundary, it is pointless to have an excessive setback, it is better to abutt it.</p>	<ul style="list-style-type: none"> - 3m side setbacks offer a very reasonable setback for boarding houses and their adjoining neighbours, so we propose that this is a more suitable standard in most instances for R3. - Have an exception for sites with neighbouring zero lot lines.
	<i>(j) if the boarding house exceeds 3 storeys—the building will comply with the minimum building separation distances specified in the Apartment Design Guide</i>	<p>Completely unworkable and discriminatory.</p> <p>This is unreasonable in most instances.</p> <p>If a neighbouring property is built on the boundary or within 900mm as is otherwise permissible, this could require up to 12m separation.</p> <p>If we require 12m off each side, a 40m wide block is potentially required to fit a 16m wide building.</p> <p>If overshadowing is not onerous on the neighbour and fire engineered solutions are in place, there is no justifiable reason to have this requirement.</p>	<ul style="list-style-type: none"> - Remove requirement.

Division 2 - Boarding houses	Sub Section	Comment	Recommendation
25 Must be used for affordable housing in perpetuity	<i>(1) Development consent must not be granted under this Division unless the consent authority is satisfied that from the date of the issue of the occupation certificate and continuing in perpetuity—</i>	Operators are already doing this in most instances without the requirement of a mandate. All this is doing is limiting the financiers willing to fund projects.	- Remove requirement.
	<i>(b) the boarding house will be managed by a registered community housing provider.</i>	Our experience is that CHP's are unwilling and incapable of delivering the level of service offering that our customers expect. On the whole they provide inferior service to market-based operators. They provide no value proposition outside of politics. This requirement will only lead to 'Black Market' Quasi CHP's selling their wares to the less honourable operators, whilst killing off the good operators. The outcome will be more of the product that the SEPP is trying to reduce. Will kill off the coliving innovators. Will reduce funding options.	- Remove requirement.

DEVELOPMENT FOR AFFORDABLE HOUSING	Sub Section	Comment	Recommendation
Division 1 In-fill affordable housing			
15 Development to which Division applies	<i>(1) This Division applies to residential development if— (a) the development is permitted with consent under another environmental planning instrument, and (b) the development is on non-heritage land, and</i>	<p>We assume that is the affordable housing mandate applies to boarding houses, then it is highly likely that the boarding house will fit into this requirements and therefore boarding houses would not be permissible on heritage sites.</p> <p>This is a silly requirement.</p> <p>There is no reason why a boarding house cannot be a suitable use on heritage land.</p> <p>What makes a boarding house have a greater environmental impact on a heritage item than say a restaurant or a doctor's surgery that have hundreds of people flowing in and out every day and are otherwise permitted uses and commonly used in heritage properties?</p> <p>Many schools area heritage listed items and have boarding houses. What is the problem with that?</p>	<p>- Remove requirement to allow boarding houses on heritage land on merit.</p>

CREATING THE UNFAIREST PLAYING FIELD POSSIBLE

The proposed coliving provisions I assume are supposed to be designed to fill the void that the market based boarding house developers/operators will vacate and supposed to offer a pathway for emerging innovators into this space.

Whilst the Policy has been spruiked as the champion for housing diversity and choice, the outcome will be the opposite.

The Draft Housing SEPP is proposing to single-handedly create the unfaireset development platform possible. We make this statement based upon three likely eventuations:

1. Loss of a perfectly suitable planning pathway for existing coliving and boarding house developers and operators.
2. Loss of existing planning and taxation alignment.
3. The creation of an unfair playing field between opposing uses – RFB's vs coliving.

Not only have the established taxation regimes been lost, the outcome is that coliving will not only get a lot dearer, but it will become expensive and unviable to the customer in the process.

Coliving had the ability to offer a real alternate housing affordability solution, now through this policy it will be forced to be offered at above market rental product.

Whilst we keep hearing that Treasury is being consulted about the taxation issues, we know that the solution was provided to the Planning Minister's office in 2016, 2018 and 2019. I know this because I was the one who provided it in the form of my own private ruling approved by the Tax Commissioner. Implementing the coliving portion of the SEPP without the new taxation regime confirmed and at the same time getting rid of the boarding house pathway makes the entire provision worthless until such time as they are known.

The Housing SEPP had the opportunity to be a policy that both planning and treasury worked in concert. We provided the solution on a plate to the Planning Minister's office for the entire industry to benefit from. Instead, the policy setters have been determined to shut the door on the solutions, whilst pointing blame at their federal counterparts. In no uncertain terms 100% of the blame sits on the state government, because there are already perfectly suitable federal tax laws available for coliving to thrive, but the state is now closing off, solely because of their own policy setting and lack of understanding of the tax law.

If the taxation regime was known and if coliving product were delivering the affordable outcomes intended by the original boarding house provisions, the same taxation provisions should apply and the majority of issues raised by the proposed SEPP would go away. Unfortunately, these provisions are not available and therefore the new Housing SEPP is the problem. Had I known that this would be the eventuation I would have never proposed this coliving SEPP back in 2016.

Moving beyond the boarding house policy issues, when considering the 'cause' and 'effect' of the proposed land use zoning decisions, we must remove ourselves from Silo's to understand the true impact of the constraints being implemented and therefore the effect on coliving must be analysed in competition with build to sell RFB's.

I believe it is universally acknowledged in the industry that this policy effectively kills off the viability of coliving in R2, R3 and B3 zones. Considering that Coliving has effectively been limited to land zoning where RFB's are permitted, we MUST therefore assess the viability of a Coliving project against the viability of an RFB Development. If the RFB development option offers a higher return, they will always be able to offer a higher price for the land, pricing the coliving developer out of the market.

Before getting into the detail of the Policy, I thought it best to highlight the eventualities that come as an effect of the controls and standards imposed.

The greatest failure of The Housing SEPP is that it will increase the cost of a coliving development by 25-35% when compared to the current ARHSEPP (Boarding House), whilst providing ZERO benefit to the customer.

Here is a list of the negative constraints that the draft Housing SEPP proposes to impose on coliving:

- Loss of 'Commercial Residential Premises' status for coliving projects that is otherwise already afforded to developments under the ARHSEPP.
- Loss of GST treatment that is otherwise already afforded to developments under the ARHSEPP.
- Loss of Land Tax exemption for coliving when compared to the current ARHSEPP – even if we provide housing that satisfies the definition of Affordable Housing.
- Reduction and/or loss of FSR bonus.
- Parking requirements that are the highest ratio of any form of residential accommodation on a per person and per m² basis, far exceeding the requirements for RFB's.
- A coliving development is required to have bedrooms that are up to 77% larger than the requirements of an RFB, whilst ignoring that a coliving development is offering substantially more common spaces than an RFB – effectively double dipping.
- Changing the room occupant limit from '2 Adults' to '2 Occupants' in a coliving development where there is no restriction on an RFB forces the operator to kick customers out when they have a baby. Does this seem like a socially responsible thing to do??
- Requiring Deep Soil zones with the level of parking imposed makes it almost impossible to comply.

Whilst all of the negative outcomes have now been introduced with the new Housing SEPP, these are compounded by the unfair playing field that already exists, such as:

- RFB's can use the GST Margin Scheme, Coliving and BtR cannot. This adds over \$14 million dollars to each of our projects on an equivalent project basis, just because we are a rental product.
- Financiers will generally allow an RFB development to be funded at 60-80% of LVR, Coliving and BtR get funded at 50-60% TDC which corresponds to about a 30-40% reduction in funding capacity for coliving.
- This funding restriction then limits the type of funding that a Coliving and BtR development can secure, typically meaning that funding is more expensive and has less favourable terms.
- Coliving developments under the ARHSEPP are scrutinised by local government more than any other form of development.
- Land valuation does not presently have comparable sales for coliving compared to RFB's, making valuations lower.
- Typical build to sell RFB's have deep opportunities for 'equity investment' and 'debt' options, coliving currently has very limited options.
- There is little or no requirement for RFB's to be managed.

Most of the issues raised above were already resolvable with the existing policy settings. The proposed policy settings have now created new issues and exacerbated the old issues. Instead of encouraging coliving the draft policy has simply made the situation worse.

Under all of the circumstances raised above, new and proposed, how can policy setters have an expectation that coliving could be viable at scale?

Part 3 - Coliving

Part 3 of the draft Housing SEPP responds to a new housing typology known as coliving.

The issue with limiting coliving effectively to sites that have RFB's as a permissible use has been addressed above.

The policy fails to acknowledge that coliving is starting from a position so far behind an RFB and fails to make any substantive effort to level that playing field. The Policy has provided no levers to level the playing field for coliving and in doing so favours RFB's in a significant way.

We remain concerned how this housing SEPP will flow into the Design and Place SEPP and how coliving will be treated in relation to it being a subset of Build to Rent. It is very likely that local government will endeavour to draw coliving into a Build to Rent typology and demand the ADG to apply as it applies to Build to Rent. We base this suspicion on our own experience with local government on boarding house projects. Whilst it appears from this portion of the Housing SEPP that the ADG will not apply to coliving, we foresee that there will be battle grounds drawn on this point. In an effort to make our position clear, we make the following points to ensure that there is no ambiguity across the spectrum of planning instruments currently under development.

The ADG was created with the express mandate to guide design for RFB's to be built as a 'Build to Sell' housing typology. When it was prepared, it had no consideration for 'Build to Rent' housing or coliving. Accordingly, the ADG in its current form is outdated, fails to consider the inherent difference in how a building must be designed for a rental housing product and the ADG is incapable of guiding housing specifically designed for rental.

The ADG is inherently creating inefficiency in design, inefficiency in lifecycle and operational costs, will result in inferior environmental outcomes and an inferior customer experience, all resulting in an unviable development product.

Applying the ADG to coliving developments and boarding houses would be akin to building an ‘EV car’ with the Government mandating the use of specifications of an ‘airplane’. Just because they are both forms of mobility, it does not make them the same.

We should not be relying on court appeals to clear this matter up, it should be made very clear in the Housing SEPP and transferred across to the Design and Place SEPP.

The following pages will set out the clauses within the proposed SEPP and we make further comment and recommendation.

Coliving Principles

- Principle 1: Coliving seeks to get people out of their private rooms and sharing and collaborating is a primary objective.
- Principle 2: Coliving offers more shared space to offset the need for large private spaces.

A key deal breaker ‘Standard’ is relating to proposed rooms sizes and we will highlight why it is an unreasonable standard to place on coliving.

It is proposed that Coliving developments will be required to satisfy the Housing SEPP:

- *12m² for a single occupant room and 16m² in any other case.*

No other form of development has this type of onerous requirement.

It is generally accepted that a bedroom may be defined as a minimum of a 3m x 3m space = 9m².

The result is that a coliving development is effectively being mandated to provide bedrooms up to 77% larger than an RFB is required.

This mandate is unnecessary.

The Housing SEPP does not provide acknowledgement of the layering of common/shared spaces.

We note that a coliving development will generally offer the following shared spaces:

- Common shared space within each unit, to be shared by the residents of that shared apartment only.
- Common internal shared space required within the building to be shared by all residents of the building.
- Common open space external of the building to be shared by all residents of the building.

Coliving is also intended to be a more affordable housing option due to its focus on encouraging the sharing of spaces, whilst reducing the size of independent living spaces. Instead, the Policy seeks to heap on requirements to increase independent spaces and this can only occur at the expense of shared space which is counter to the entire philosophy of coliving.

“If you have more space than you need, we build a bigger table rather than building more fences” .

Unfortunately, the SEPP wants to ‘build more fences’.

Recommendations:

- We strongly recommend the removal of the minimum room size requirements or reduce it down to the standardized norm of minimum 3m x 3m if necessary. This provides ample independent space whilst ensuring that residents do not lock themselves in their room for too long throughout the day.
- If a room size is to be applied, it should incorporate the common/shared space that is shared within the unit. This will encourage more shared space within the unit rather than within the bedrooms which provides greater amenity for all residents.

Car Parking and mobility options

Coliving provides policy makers with the perfect opportunity to rethink how parking is considered by all stakeholders.

Sustainability targets will not be met and traffic congestion will continue to be a burden on time, productivity and pollution if we do not start to tackle the issues in a progressive way. The predominant demographic of the customers of Coliving is a perfect place to trial meaningful innovation.

Whilst a 0.5:1 car parking spaces per room is pitched as a concession, it does not play out that way in most instances. The chart below highlights that 0.5:1 ratio of parking is the default parking ratio per bedroom for all housing typologies.

Coliving Typologies	Household size	Typical parking ratio	Typical parking requirement	Parking per bedroom	Parking per unit m ²
5 bed apartment	5 beds	0.5:1	2.5	0.5	1:50-55m ²
4 bed apartment	4 beds	0.5:1	2	0.5	1:45-50m ²
3 bed apartment	3 beds	0.5:1	1.5	0.5	1:60-65m ²
2 bed apartment	2 beds	0.5:1	1	0.5	1:78-85m ²
1 Bed apartment	1 bed	0.5:1	0.5	0.5	1:48-55m ²
Studio apartment	1 bed	0.5:1	0.5	0.5	1:35-45m ²

When compared with other residential housing typologies

Typology	Household size	Typical parking ratio	Typical parking requirement	Parking per bedroom	Parking per unit m ²
Residential Dwelling	3-4 beds			0.5-0.66	1:100-1000m ²
Fonzi flat	1 bed	0	0	0	0
Granny flat	2 beds	0	0	0	0
Studio apartment	1 bed	1:1	0-1 space	0-1	1:35-45m ²
1 Bed apartment	1 bed	1:1	1 space	1	1:48-55m ²
2 bed apartment	2 beds	NA	1 or 2 spaces	0.5-1:1	1:35-85m ²
3 bed apartment	3 beds	NA	1 or 2 spaces	0.3-1:1	1:48-90m ²
4 bed apartment	4 beds	NA	2 spaces	0.5:1	1:60-70m ²

The outcomes lead to the highest rate of 'parking per room' of any form of residential development and the highest rate of 'parking per unit m²'.

On top of the residential component, councils are likely to mandate a parking requirement to be added to any coworking space that may be incorporated into the development. If it is a true mixed-use development, there may also be a restaurant, or some form of dining experience and parking will be further loaded up. Bicycles and motor bikes are good alternatives but instead of replacement of parking, they are further added which are often not required in typical RFB's and multi-dwelling housing typologies at the rates required for Coliving.

Car parking also has other negative environmental consequences that cannot be ignored:

- Car parking space are wasted space for 75% of the day.
- It is irrational to require a roof over a car.
- They are an unnecessary expense – approximately \$50-60k per space or 15-20% of the cost of a coliving lodging.
- They create massive land fill burden.
- They create soil salination issues.
- They create water related issues in buildings.
- They consume unnecessary energy – as ventilation and artificial lighting costs are required.
- They make construction slower – making building cost more.

In conclusion, whilst a ratio of 0.5:1 is painted as an incentive for Coliving it does not provide any incentive at all and in many instances is more onerous than all other forms of residential development.

Recommendations

1. Policy makers need to completely break the paradigm of parking and recognise that we cannot reduce traffic congestion by housing cars. We need to break the reliance on private ownership of cars.
2. Implement incentives for developers and operators to encourage the reduction in reliance on a private motor vehicle.
We can do this by changing the required metric for parking from a constraint to an incentive-based system by setting a prescribed target to reduce the reliance on car use through measures such as:
 - Decoupling parking from the unit
 - Car sharing
 - Car pooling
 - Access to public transport, walkability

- Drone landing for parcel pickups to encourage parcel delivery over rat running.
- Parcel delivery allocation and technology systems to encourage parcel delivery over rat running.
- Provision for bicycle spaces to improve cyclability is supported.
- Provision for motor bike use as an alternative mobility option is supported but not if the 0.5:1 ratio is not resolved as this becomes a penalty on coliving that other forms of development are not burdened with.
- Use of digital parking monitors so that customers can share parking spaces at time of non-use.
- Split use of parking spaces between commercial and residential uses as they are used at different times of the day.
- Multi modal transportation options such as on demand buses
- Mixed us developments reduce the daily rat running so if coworking, leisure or learning is provided within close proximity or in the development, private motor vehicle use is less required.

If a principle-based approach to reduction in private vehicle use was created which incorporated an incentive to a developer and operator to provide improved mobility options for their customers, we will go a long way to reducing our reliance on private vehicle use, reduce the need for parking and reduce traffic congestion on our roads. A metric for each suggestion above could be implemented as a ratio-based discount for each different initiative that is provided by the developer and operator.

e.g. for every car share space and vehicle provided there is a reduction of 4-5 private parking spaces.

e.g. if the operator financially contributes to a community on demand bus service, a reduction in private parking space is offered

e.g. if the operator provides a car sharing platform, then there is a 5-space reduction for private vehicles.

It should not matter whether the development is located close to public transport or in a transport desert as long as high-quality amenity is within walking distance. There is an argument that developments in transport deserts need a higher incentive to reduce the reliance on private motor vehicle use rather than being disincentivised and in the process making this issue worse.

It should be considered that the saving of purchasing a private vehicle accelerates a customer's ability to saving for a deposit on purchasing a home.

Consideration should be given to proposed transport options that are approved but not constructed. It is pointless to pay a premium to buy land next to or near a future transport mode only to be penalised with extra parking mandates due to a delay in a piece of infrastructure.

Part 3 Co-living housing	Sub Section	Comment	Recommendation
64 Non-discretionary development standards—the Act, s 4.15	<p>(1) <i>The object of this section is to identify development standards for particular matters relating to development for the purposes of co-living housing that, if complied with, prevent the consent authority from requiring more onerous standards for those matters.</i></p> <p>(2) <i>The following are non-discretionary development standards in relation to the carrying out of the development under this Part—</i></p> <p>(ii) <i>an additional 10% of the maximum permissible floor space ratio if the additional floor space is used only for the purposes of co-living housing,</i></p>	<p>Not sufficient to compete on land price with an RFB and therefore are required to design it bigger and hope that council will support it which is unlikely in most instances.</p> <p>The only feasible option is to seek out development sites that do not have an FSR control.</p> <p>Without the taxation resolution a 40% uplift in FSR will still not level the playing field with RFB development.</p>	<ul style="list-style-type: none"> - Change to 25% FSR increase - Allow a maximum building height increase to cater for the FSR uplift.
	<p>(i) <i>the maximum number of parking spaces permitted under a relevant planning instrument, or</i></p> <p>(ii) <i>0.5 parking space for each private room,</i></p>	<p>Excessive parking</p> <p>Excessive land fill</p> <p>Excessive mechanical ventilation</p> <p>Excessive environmental impact</p>	<ul style="list-style-type: none"> - Lower the mandated parking requirements to 0.4:1 - Provide further dispensation for operators providing multi modal transport options and high walkability.
	<p>(h) <i>for development on land in Zone R2 Low Density Residential or Zone R3 Medium Density Residential—the minimum landscaping requirements for multi dwelling housing under a relevant planning instrument,</i></p>	<p>Effectively kills off coliving in R2 & R3 zones in many LGA's.</p> <p>Many councils have landscape requirements that are unreasonable in the context of a boarding house:</p> <p>e.g. A house or duplex can be setback at 900mm. This proposed standard is effectively increasing a setback for a boarding house to around 5-6m.</p> <p>The landscape control for MDH in many councils require 2m of hedging to the perimeter of the property. You would need a 21m+ wide block to fit most boarding houses allowing for a 3m side setback, leaving just 1m of usable space for use. This leads to poor use of space and poor design outcomes for no benefit.</p> <p>The only thing that the clause is encouraging is more unusable space when we should be encouraging more usable shared space.</p> <p>e.g. Many properties have an easement down a side boundary. Adding hedging to the perimeter 2m wide will cause future issues with servicing and maintenance and planting in easements is discouraged by utility providers.</p>	<p>Remove this clause from the SEPP and allow landscaping to be designed on a site-specific basis rather than a development standard that will cause inherent problems.</p> <p>Landscape requirements should be no more stringent than those placed upon any other form of development for the site.</p> <p>The SEPP should be encouraging:</p> <ul style="list-style-type: none"> - native and drought tolerant planting - prescribing to site coverage maximums in line with any other form of development permissible to the site. - Percentages of deep soil - Percentage of landscaped area to planting area ratios.
	<p>(j) <i>at least 1 bicycle parking space for each private room,</i></p>	<p>Excessive in many instances.</p> <p>Some customers simply do not like riding bikes. Particularly if the area is not bike friendly.</p>	<p>Maintain the current controls at 0.5:1 as the non-discretionary standard and leave it up to the operator to provide more as demand requires.</p>

Part 3 Co-living housing	Sub Section	Comment	Recommendation
	(3) Subsection (2)(a) is repealed on 1 August 2024.	What is the point?	- Remove the requirement
65 Standards for co-living housing	<p>(1) A consent authority must not consent to development to which this Part applies unless it is satisfied that—</p> <p>(a) each private room has a gross floor area, excluding an area, if any, used for the purposes of private kitchen or bathroom facilities, of at least—</p> <p>(i) for a private room intended to be used by a single occupant—12m², or</p> <p>(ii) otherwise—16m², and</p> <p>(c) the front, side and rear setbacks for the development are not less than—</p> <p>(i) for development on land in Zone R2 Low Density Residential or Zone R3 Medium Density Residential—the minimum setback requirements for multi dwelling housing under a relevant planning instrument, for multi dwelling housing under a relevant planning instrument,</p>	<p>See explanation above.</p> <p>Sizes are unnecessary and do not account for the shared space within the coliving space.</p>	<ul style="list-style-type: none"> - Remove the minimum room size requirement or allow the shared space within the unit to be counted in the calculation - See explanation above on page 13-14
	<p>(c) the front, side and rear setbacks for the development are not less than—</p> <p>(i) for development on land in Zone R2 Low Density Residential or Zone R3 Medium Density Residential—the minimum setback requirements for multi dwelling housing under a relevant planning instrument, for multi dwelling housing under a relevant planning instrument,</p>	<p>This is completely unworkable for most sites.</p> <p>Many councils have a min.6m side setback for multi dwelling housing.</p> <p>This requirement will force developments to acquire a minimum of two properties side by side to make any form of design workable which is inefficient and commercially unviable.</p> <p>What if the neighbour already has a wall on the boundary, it is pointless to have an excessive setback, it is better to abutt it?</p>	<ul style="list-style-type: none"> - 3m side setbacks offer a very reasonable setback, so we propose that this is a more suitable standard in most instances for R2 & R3. - Have an exception for sites with neighbouring properties with zero lot lines.
	(i) each private room will be used by no more than 2 occupants.	- Unnecessary.	- Change to two Adults to accommodate couples with a new born baby.

What the Housing SEPP must address

Institutional money is demanding environmentally sustainable development outcomes.

Developers want to provide environmentally sustainable product.

Our customers want to live in environmentally sustainable developments.

Our customers want shared spaces and community engagement.

Our customers want access to services and amenities that they cannot afford on their own but can through sharing and collaboration.

Our customers want to live in professionally managed developments that offer true value and service.

Our customers want socially responsible development.

Our customers care about their health and wellness.

Our customers want access to amenities and services at affordable prices in great locations.

We need save ARHSEPP that affords operators the ability to access suitable taxation regimes until such time as they are transitioned for access for coliving operators.

We need to get serious on cark parking mitigation by reducing parking mandates t a more responsible ratio.

Sir Frank Lowy once famously stated that:

‘Planning is cyclical’ in that it fixes up the planning errors that were created by planning policy of 50 years ago’.

Let’s avoid making the same mistakes.

Our customers do not care about their bedroom size and they do not care about the size of their living room, they care about experiences.

Our customers do not want Community Housing Providers operating their homes because they know they cannot and will not deliver the services they provide.

We do not need to be a CHP to provide housing that is affordable.

We need policies that are not politically driven and need to be focussed on the customer experience.

CONTACT

Russell Garnett
Ba. Environmental Planning
Adv. Dip Building & Construction Management
Managing Director – Urban Revolutions
Managing Director - Vuvale

Mobile 0414 243 292
Email russell@urbanrevolutions.com.au

29th August 2021

Mr Luke Walton
Executive Director
Department of Planning, Industry and Environment
Locked Bag 5022, Parramatta NSW 2124

Online submission

Dear Mr Walton

Draft Housing SEPP

Introduction

I write in relation to the *draft Housing SEPP* (the draft SEPP) placed on public exhibition by the Department of Planning, Industry and Environment (the Department) for comment until 29th August 2021.

Urban Taskforce does not support proceeding with this SEPP as exhibited. We understand that deferring progress with this SEPP for 12 months is a position supported by industry peaks. This deferral period should be used to progress the changes and other policy initiatives suggested by Urban Taskforce in this submission.

Since the EIE was published, there has been a wholesale exodus from the delivery of affordable, private housing among Urban Taskforce members. The process of policy review has produced a range of very damaging outcomes for the feasibility of development of lower cost housing types. The practical effect of this Draft SEPP is to force affordable housing types like boarding houses and co-living into competition with market apartment housing. Worse, the Draft SEPP reduces FSR bonuses for co-living, rendering this housing type unfeasible. This will result in the production of less affordable and lower cost housing.

Urban Taskforce Submission to the EIE

The policy intent of the Explanation of Intended Effects (EIE), formerly known as the Housing Diversity SEPP, as exhibited during August 2020, was broadly welcomed by the Urban Taskforce.

Urban Taskforce welcomed the EIE in so far as it acknowledged new and important housing types that, within the right planning framework, had the potential to help meet Sydney's dwelling targets, provide more affordable and flexible housing options, and help support a post COVID-19 economic recovery.

In our response to the EIE provided to DPIE on 9th September 2020, the Urban Taskforce provided practical feedback, case studies and suggested improvements

to the proposed definitions and planning provisions.

A copy of our submission to the EIE, including this detailed feedback, and subsequent advice provided as part of the post exhibition engagement is attached. While we note that a small number of our suggestions, such as the lowering of minimum room sizes for co-living have been incorporated, many of our recommendations have not been reflected in the draft SEPP. Urban Taskforce believes that it is only through a genuine dialogue with industry players that an outcome can be delivered which will support the delivery of housing diversity.

Housing Affordability is in Crisis in NSW

Since the exhibition of the EIE the NSW Productivity Commission released its White Paper. The Productivity Commission identified that in *"Rebooting the Economy"*, that there is a need to *"pursue policies and regulation to increase the supply of the right types of housing, in the right places, at the right times"*.

Key findings of the NSW Productivity Commission White Paper (page 14) include:

"Housing supply has failed to keep up with demand. That has led to an undersupply of housing, increasing the cost of living for households and making New South Wales a less attractive place to live and work".

and

"Regulations on apartment design and car parking requirements add to the cost of housing and are out of step with the needs of the community"

Consistent with the findings of the NSW Productivity Commission, a Housing SEPP for NSW should seek to drive growth in housing supply and meet all the different demands by facilitating a broad range of housing typologies, across different price points throughout different locations. Indeed, these were the sentiments of Minister Robert Stokes when the new Housing Diversity SEPP was first announced (now named the Housing SEPP in his assertion that *"what you earn shouldn't stop you from living in any suburb"*¹).

The draft SEPP has been developed and released at a time when housing prices continue to grow. According to the Frontier Centre for Public Policy for the Urban Reform Institute: *Demographia International Housing Affordability Report 2021 (p.7)* Sydney is the third-least affordable city in the world for housing².

Our members advise that this draft SEPP, if made, will actually reduce housing diversity, limit supply and worsen the current disastrous housing affordability crisis. The Draft SEPP makes the provision of affordable housing by the private sector

¹ O'Sullivan M, 2021, 'What you earn shouldn't stop you from living in any suburb: Stokes', Sydney Morning Herald, August 27, 2020.

²Cox W, February 2021, 'Demographia International Housing Affordability Report 2021', Urban Reform Institute and the Frontier Centre for Public Policy, Canada

uneconomic. This is completely at odds with the original intention of the Housing Diversity SEPP and the direction recommended by the Productivity Commission.

The affordability impact of the SEPP has the potential to be even more pronounced in regional areas of NSW where there is a proportionately higher demand for new housing that is affordable. The *Domain Rent Report, June quarter, 2021*³ states that weekly rents in more than 20 regional markets have jumped by 10 per cent or more in the space of one year. The escalation of rents reflects the high demand for housing and the manifest undersupply across much of Regional NSW.

By significantly undermining the feasibility of existing affordable housing types, the draft SEPP will result in less, not more, affordable (lower cost) and less diverse housing supply.

It is for these reasons that the Urban Taskforce calls upon the NSW Government to postpone proceeding further with this SEPP for at least 12 months.

During this deferral period other initiatives that would allow for the swift production of housing that is affordable should be considered.

The **Manufactured Homes and Estates SEPP**, which has the potential to create both housing diversity and affordability is languishing in the Department of Planning despite the exhibition of a discussion paper in 2015. Increased permissibility of manufactured homes, particularly across Regional NSW, would be an efficient, progressive and responsive policy outcome. Manufactured homes, by being affordable and quick to deliver, have the capacity to almost immediately provide the new homes needed in many parts of NSW.

SEPP 36 has been effectively incorporated into the new Draft SEPP unchanged. The Department has advised that it will look to complete this work by the end of 2021. This is a model of ownership that should be urgently reviewed – as it effectively represents a halfway house between build to rent property and standard house and land package sub-division ownership.

Manufactured homes evolved from provisions for caravan parks in regional communities. They have long since outlived that classification and now offer a low to medium cost option which involves the purchase of the physical home along with a long term rental agreement for the land.

The legacy of the historic link with caravan parks means that the SEPP requires that the home be “transportable”. This adds unnecessary cost and is, in the experience of our members, never used.

This product is attractive to retirees who wish to downsize and free up funds for their retirement. There is no reason why this type of estate or ownership model could not be applied to any land where residential housing is permitted.

³ Domain, powered by APM, June 2021, 'Domain Rental Report', accessed 25th August 2021, <<https://www.domain.com.au/research/rental-report/june-2021/#sydney>>

Conversion of Serviced Apartments into new homes

As a consequence of the COVID 19 pandemic, the global and domestic travel restrictions, there are empty apartments in Greater Sydney and beyond. Many of these are serviced apartments and were designed and built to comply with the Apartment Design Guide (ADG) of the day for residential apartments.

Swift conversion of these serviced apartments for use as residential apartments, perhaps sold at a discount as affordable housing for key workers, would enable a fast track to housing supply. However, this would require a special exemption from having to update these buildings to comply with current zoning and ADG obligations (hence the rationale for a discount / affordable housing for key workers designation).

Urban Taskforce recommends DPIE urgently:

- Re-draft the Manufactured Homes and Estates SEPP to facilitate a significant increase to the permissibility of this housing type and remove the current, outdated and expensive requirement for the manufactured home to be transportable.
- Investigate a time-limited opportunity for the conversion of serviced apartments into new affordable homes without the need to comply with updated ADG guidelines.

Urban Taskforce comments on the proposed changes in the Draft SEPP:

Boarding Houses and Co-living

The draft SEPP, by not mandating that Boarding Houses are permissible with consent in the R2 Low Density Residential zone, has effectively killed the feasibility of boarding houses.

Our members have already advised they will be leaving this sector of the market because without R2 zoned land, the land acquisition costs will be too high, and the returns will not justify the investment to construct a boarding house.

The draft SEPP does not change the status quo at all. It proposes that Councils can choose to have include boarding houses as permissible in R2 zoned land. However, regrettably, history and experience shows us that this is highly unlikely to occur.

Currently there is a negative perception in many communities that all boarding houses are for people collecting welfare with anti-social behaviour. This is not the case. By removing incentives to participate in the market, the provision of boarding houses will remain in the hands of not-for-profit community housing providers. This sector, while well intentioned, has failed to overcome the current negative stereotypes.

This sector of the housing market desperately needs the private sector to increase the supply of well designed and built boarding houses. However, the draft SEPP

does nothing to achieve this. It imposes costly development standards for a wide range of matters which simply drives up the cost. It fails to facilitate the conversion of un-used buildings to low cost housing such as boarding houses. It is totally over prescriptive and inflexible.

It will perpetuate socio-economic divisions rather than mitigate them. Recent research is showing that the most significant area of demand in many areas for affordable housing is for single women over 50. This policy will have the perverse effect of continuing to drive up housing prices and limit supply to those in our community who need it most.

Even more perverse is the distortion imposed on the market by allowing the Government owned business, Land and Housing Corporation to build boarding houses on any land including R2 zoned land **without development consent!**

Not only is this contrary to ordinary principles of competitive neutrality, it totally disincentivises the private sector from entering the market and increasing supply. It will result in the Government and not for profits carrying the burden of boarding house accommodation. This is a farcical situation.

Similar arguments apply to Division 5 of the Draft SEPP which limits participation of the private sector in the provision of additional housing supply in particular areas. We do not understand the logic of limiting this Division to development by LAHC and community housing providers.

In terms of the Government's preferred replacement for boarding houses, being co-living, the draft SEPP by reducing the Floor Space Ratio (FSR) bonus from 20% down to 10% (and only until August 2024) and again effectively prohibiting this housing type from the R2 low density residential zones as well as including mandated car parking requirements - destroys its feasibility.

The level of prescription proposed for co-living, particularly that relating to car parking, is clearly at odds with the findings of the NSW Productivity Commission. Further, as articulated in the earlier Urban Taskforce submissions, this requirement is contrary to co-living residents' needs and preferences. Put simply, car parking is not required by many of those who need low cost housing.

Urban Taskforce recommends the Housing SEPP mandate boarding houses/co-living as permissible in all residential and business zones to facilitate a broader range of housing typologies, across different price points throughout different locations.

Urban Taskforce recommends that DPIE work with NSW Treasury to complete a full regulatory impact assessment and cost benefit analysis of the draft Housing SEPP's impact on the delivery of more affordable housing options such as boarding houses and co-living developments before the SEPP is further considered. The cost benefit analysis should cover a range of projects, both existing and proposed; in metropolitan, rural and coastal NSW.

Seniors' Housing

The Urban Taskforce welcomes a partial backtracking by Government on the exclusion of seniors housing from some of the land covered by the Metropolitan Rural Lands overlay.

Additional proposals broadly supported by the Urban Taskforce include:

- Additional FSR bonuses for 'vertical villages' (albeit only in areas where residential flat buildings are permissible)
- The inclusion of B3 to B8 Zones as being suitable for senior's housing
- State Significant Development pathway for larger projects (albeit where at least 60% of the CIV of the development is for a residential care facility)
- Changes to building heights to better align with industry standards
- Reduction in landscaped area requirements
- Removal of site compatibility certificate (SCC) requirements, although noting this has consequences for seniors housing when adjoining sites zoned RE2, SP1 and SP2.

Urban Taskforce members report that approximately 80% of seniors housing is currently delivered on land zoned R2 Residential or Rural. Low density residential and accessible rural areas are presently preferable locations for new seniors housing in terms of market preferences and because lower land costs allow for more affordable options to be provided.

As such, irrespective of the proposals under the draft SEPP supported by Urban Taskforce, we remain strongly concerned about the broader permissibility and feasibility impacts of the draft policy, particularly when a residential care facility is not included as part of the development.

Blanket prohibitions will not deliver the seniors housing required to meet the needs our aging population. Instead of reducing the areas where seniors' housing is permissible the Government should be looking for more areas to facilitate an increase in the supply of housing for seniors.

Urban Taskforce asserts there is significant and appropriate development potential for seniors housing on well located and accessible land zoned R2 Residential and Rural, irrespective of whether a residential care facility is included. This is the case at present. No study we have seen shows that it is necessary to mandate the inclusion of a residential care facility.

Indeed, for many market participants, the provision of residential care facilities is not part of their business.

The provision of independent living units (ILUs) complements and reduces the need for residential care facilities. People living in independent living units enter aged care around 5 years later than people living in their own home⁴.

⁴ Grant Thornton for the PCA, 2014, 'National overview of the retirement village sector', Property Council of Australia, October 2014.

However, even ILUs are larger and more expensive to build than traditional apartments. Further there are design requirements and on-going operational costs that are unique to Seniors Housing. Urban Taskforce members report that decision makers are generally unaware and unreceptive to the consideration of these factors. For supply to meet the demand of the ageing population, this will need to change.

Urban Taskforce notes floor space and height bonuses are proposed to be limited to areas where residential flats are permissible. The introduction of larger floor space bonuses in B3 to B8 zones will be needed to allow seniors housing to compete for land in those zones and facilitate the development of seniors housing that is conveniently located and reduce the reliance on residential care facilities.

Further, the need for and impacts of residential care facilities and ILUs are comparable, so the permissibility and bonuses for both should be the same. The development assessment process exists to allow merit assessment of whether a particular site is suitable for seniors housing in its various forms.

Urban Taskforce recommends that in finalising the Seniors Housing provisions in the SEPP, DPIE:

- Includes the same prescribed zones for independent living units that are proposed for residential care facilities
- Includes rural land zones as a prescribed zone
- Ensures sites adjoining RE2, SP1 and SP2 are not disadvantaged by the removal of the SCC process
- Floor space bonuses similar to those proposed in areas where residential flats are permissible should be provided in the B3 to B8 zones
- Planning Panels determining seniors housing applications should include experts in the operations, social impact as well as architects with experience in the design of seniors housing.
- The provisions relating to 'non-discretionary standards' should be modified to make clear the intent of the clause where LEP provisions are less onerous than the standards in the SEPP.
- Applications that include ILU's and are over a certain dollar threshold should also qualify for the SSD pathway for approval especially if they include innovation and / or affordable disability housing

If the Housing SEPP allows Councils to determine where certain housing types are permitted, the feasibility and ultimately the supply of different housing typologies will be threatened.

Issues of affordability and equality of access to housing across the State are too important to be left to individual councils. It was councils' failure to deliver adequate choice, supply and diversity that drove the need for SEPPs in these areas in the first place. Handing powers to Councils protects the interests of current occupants but rarely (if ever) leads to meeting the public demand for more affordable housing or the needs of future populations who are essential to our economic growth.

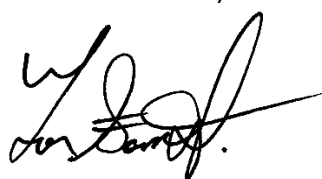
Conclusion

On balance, the practical outcome from the draft SEPP is that the limited permissibility, prescriptive controls and extra costs will reduce the relative feasibility of delivering a range of housing types to market. Ultimately, this will have the effect of limiting both supply and affordability.

Table 1 includes a summary of Urban Taskforce submissions.

The Urban Taskforce is always willing to work closely with the Government to provide a development industry perspective on barriers to housing supply and choice in NSW.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tom Forrest', with a stylized flourish at the end.

Tom Forrest

Chief Executive Officer

Attachments:

1. Urban Taskforce post EIE exhibition industry engagement advice – Seniors
2. Urban Taskforce post EIE exhibition industry engagement advice – Co-living
3. Urban Taskforce submission to Housing Diversity EIE

Table 1:
Summary of Urban Taskforce recommendations

	Urban Taskforce recommendation
Broad recommendations to deliver on the intent of the SEPP	
1.	<p>Urban Taskforce calls upon the NSW Government to postpone proceeding further with this SEPP for at least 12 months.</p> <p>During this deferral period other initiatives that would allow for the swift production of housing that is affordable should be urgently considered. (See recommendation 2.)</p>
2.	<p>Urban Taskforce recommends DPIE urgently:</p> <ul style="list-style-type: none"> • Re-draft the Manufactured Homes and Estates SEPP to facilitate a significant increase to the permissibility of this housing type and remove the current, outdated and expensive requirement for the manufactured home to be transportable. • Investigate a time-limited opportunity for the conversion of serviced apartments into new affordable homes without the need to comply with updated ADG guidelines.
Specific comments on the proposed changes in the Draft SEPP:	
3.	<p>Urban Taskforce recommends the Housing SEPP mandate boarding houses/co-living as permissible in all residential and business zones to facilitate a broader range of housing typologies, across different price points throughout different locations.</p>
4.	<p>Urban Taskforce recommends that DPIE work with NSW Treasury to complete a full regulatory impact assessment and cost benefit analysis of the draft Housing SEPP's impact on the delivery of more affordable housing options such as boarding houses and co-living developments before the SEPP is further considered. The cost benefit analysis should cover a range of projects, both existing and proposed; in metropolitan, rural and coastal NSW.</p>
5.	<p>Urban Taskforce recommends that in finalising the Seniors Housing provisions in the SEPP, DPIE:</p> <ul style="list-style-type: none"> • Includes the same prescribed zones for independent living units that are proposed for residential care facilities • Includes rural land zones as a prescribed zone • Ensures sites adjoining RE2, SP1 and SP2 are not disadvantaged by the removal of the SCC process • Floor space bonuses similar to those proposed in areas where residential flats are permissible should be provided in the B3 to B8 zones

	<ul style="list-style-type: none"> • Planning Panels determining seniors housing applications should include experts in the operations, social impact as well as architects with experience in the design of seniors housing. • The provisions relating to 'non-discretionary standards' should be modified to make clear the intent of the clause where LEP provisions are less onerous than the standards in the SEPP. • Applications that include ILU's and are over a certain dollar threshold should also qualify for the SSD pathway for approval especially if they include innovation and / or affordable disability housing
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ATTACHMENTS

- 1. Urban Taskforce post EIE exhibition industry engagement advice – Seniors**
- 2. Urban Taskforce post EIE exhibition industry engagement advice – Co-living**
- 3. Urban Taskforce submission to Housing Diversity EIE**

21st May 2021

Ms Sandy Chappel, Director Housing Policy
Department of Planning, Industry and Environment
Locked Bag 5022, Parramatta NSW 2124
E: housingpolicy@planning.nsw.gov.au

Dear Ms Chappel

Seniors' housing provisions for the new Housing SEPP

I write in relation to the proposed planning provisions for seniors housing for inclusion in the Housing SEPP presented to Urban Taskforce on 12th May 2021.

Urban Taskforce thanks the Housing Policy team for the opportunity to comment on the draft provisions.

NSW has an ageing population that is expected to continue to increase over the next decade. By June 2021, it is estimated that around 1.9 million of the population of NSW will be aged 60 years and over. This number is expected to grow to around 2.4 million, or nearly 1 in 4 of the population of NSW by 2031.

It is imperative that the NSW Planning System facilitates the delivery of homes to accommodate the changing needs of our aging population. This need was identified in the most recent NSW Intergenerational Report:

*"Housing and infrastructure investments need to accommodate broader societal needs. For example, appropriate housing will be required for older and retired Australians wishing to downsize in their local suburb ... This will not only free up existing housing stock but also provide for the desired lifestyle changes and contribute to wellbeing."*¹

The supply of housing options for older residents is already not keeping up with demand, with "product availability" (or lack thereof) identified as "a significant impediment to seniors' downsizing."²

Instead of the Seniors Housing policy, in its various iterations, keeping up with demand it has been amended over time have limited the commerciality of development under the SEPP.

Most recently this was evident in the Government's amending of the SEPP to exclude any land covered by the Metropolitan Rural Lands overlay. This amendment effectively enabled the prohibition of Seniors Housing from the entire Blue Mountains LGA,

¹ NSW Treasury, Budget Paper no. 5 Intergenerational Report, NSW Budget 2016-17

² Judd, B. et. Al. in Annand K, Lacey W, & Webb E. (2015) Seniors downsizing on their own terms: Overcoming planning, legal and policy impediments to the creation of alternative retirement communities. National Seniors Productive Ageing Centre

approximately 70% of the Hills Shire LGA as well as swathes of land across another 11 council areas.

Urban Taskforce members are reporting, particularly in the context of rising land prices and the recent amendments made, the Housing for Seniors SEPP is facilitating very limited opportunities for feasible development. Opportunities for affordable Seniors Housing in Sydney under the SEPP are virtually non-existent.

If Government is genuine about meeting the demand for affordable Seniors' Housing, policy makers should be looking for more, not less, areas and opportunities to facilitate this housing type.

A number of the changes to the existing policy and the partial back-tracking of the Metropolitan Rural Areas exemption are supported. However, the Urban Taskforce remains very concerned that the policy as is currently being prepared, with permissibility being limited to higher commercial value land use zones without sufficient development yield, is a missed opportunity in terms of improving seniors' housing supply, diversity and overall affordability.

Permissibility

The proposal to permit the application of the seniors housing provisions on land zoned R1, R2 and R3 irrespective of the Metropolitan Rural Areas overlay is welcomed.

However, to ensure there are ample opportunities for seniors housing on appropriately located sites further 'prescribed zones' need to be included. Alternatively, the provisions that allow for such developments on sites adjoining land zoned primarily for urban purposes should be retained. It is particularly important to facilitate seniors housing on 'non-urban land' in the context of escalating land prices, not just in Greater Sydney and surrounds, but also increasingly in regional areas. Further, Urban Taskforce members advise that it is these types of areas to which there is a demand for older people seeking an affordable lifestyle change.

In terms of housing diversity and affordability it is imperative that more land use zones, not less are opened up for seniors housing.

In finalising the permissibility of seniors housing a review of the current prohibition arising out of land being identified as part of a water catchment area needs also needs to be removed. In the Wollondilly LGA and sections of the Southern Highlands – the SEPP does not apply due to being in a water catchment area. This is far too broad and excludes entire areas that are not at risk of flooding or materially impacting water quality.

Additionally, the Greater Sydney Commission's review of the "retain and manage" advice for industrial land should consider whether these sites are appropriate for accommodating seniors housing as part of a mixed use development.

Controls, Incentives & Feasibility

Urban Taskforce members report that in the context of the prescribed zones and the other proposed development controls the proposed incentives are commercially insufficient.

Additional consultation is required with those in industry delivering seniors housing to model the controls and incentives against land prices. This testing should be undertaken on non-urban as well as well-located infill sites.

The practical outcome of most of the proposed provisions for seniors housing is the reduction to the relative feasibility of delivering co-living to the Greater Sydney Housing market. Ultimately, this will have the effect of limiting both broader housing supply and affordability.

Development Assessment Pathway

While the proposed SSD pathways for seniors housing development is very much supported the proposed criteria will mean that very few projects are captured.

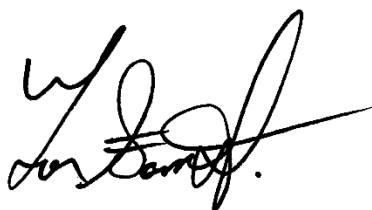
The commercial reality of most seniors housing developments is that the provision of independent living units (ILUs) partially offsets the considerable cost of providing residential care facilities (RCF).

Furthermore, with the Federal Government moving towards aged care being delivered in existing homes, ILUs will provide a unique structure to facilitate the rapid implementation of these services in a controlled and cost effect environment.

It would therefore be appropriate for all seniors housing that provides in care services to receive nomination as state significant development if they contain a component of residential aged care facilities and/or in house care services.

The Urban Taskforce urges you to closely consider this feedback in the finalisation of the seniors housing provisions to be included in the Housing SEPP.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tom Forrest', with a stylized flourish extending from the end.

Tom Forrest
Chief Executive Officer

14th May 2021

Ms Sandy Chappel, Director Housing Policy
Department of Planning, Industry and Environment
Locked Bag 5022, Parramatta NSW 2124
E: housingpolicy@planning.nsw.gov.au

Dear Ms Chappel

Co-living provisions for the new Housing SEPP

I write in relation to the proposed planning provisions for co-living for inclusion in the Housing SEPP presented to Urban Taskforce on 5th May 2021.

Urban Taskforce thanks the Housing Policy team for the opportunity to comment on the draft provisions. Urban Taskforce members report that Departmental officers visited a selection of recently completed co-living developments in an attempt to better understand this new housing product. The effort and time commitment in undertaking these visits is acknowledged and appreciated.

A number of the changes from the exhibited EIE are supported. However, the Urban Taskforce remains concerned that many of the other proposed provisions will result in the inhibition of supply, which would be a missed opportunity in terms of improving housing supply, diversity and overall affordability.

Users, Definition & Permissibility

Co-living is a viable and sought-after option for a range of people that are looking to live in areas that are located in close proximity to reliable public transport and/or places of work or study, that are seeking fully furnished accommodation with flexible medium term (3 – 12 month) rental periods or are looking to live in a setting which offers a sense of community and social interaction between residents.

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

Co-living also caters to the specific needs of various other groups that are not well serviced by the existing housing market, including regionally based workers who are employed in the city during the week; recently separated people; key-workers including nurses and emergency workers; people from regional areas temporarily located to the city for short term work opportunities or for medical treatments; fly-in fly-out (FIFO) workers from interstate (not all FIFO workers work in remote areas); and those seeking short term accommodation including people escaping domestic violence environments.

In light of the actual users of co-living the proposal to require the room to be the occupant's principal place of residence is not supported. While Urban Taskforce

support the concept that co-living can, and should, provide occupants with a principal place of residence, it should not be mandated.

Further, as was highlighted at the recent industry workshop, co-living developments have been approved and are successfully operating with less than 6 private rooms.

The proposed permissibility of co-living being wherever RFB, shop-top or multi- dwelling housing is permitted is too limited. Government needs to be more open minded in considering where co-living could be an affordable and well located option. This should include all zones that are well located in terms of access to a train, metro, ferry or light rail stop.

In the interest of housing diversity and matching housing type to housing needs greater flexibility is needed to be incorporated into the definition and permissibility.

Room Sizes

Urban Taskforce acknowledges the reduction to the minimum room size from 30-35m² to 12m² (single occupancy) and 16m². This provision is supported.

However, in order to cater for a variety of market preferences the maximum room size of 25m² is considered too restrictive. Existing, larger sized co-living rooms that are accommodating couples or families are closer to 30m².

Feasibility

The cumulative effect of the proposed open space requirement, parking and need to comply with LEP height and FSR controls results in questionable feasibility of development. These combined provisions in the absence of incentives will seriously compromise the commerciality of co-living throughout most of Sydney.

Open Space

The proposed 25% of site area being available for communal open space is difficult to achieve on small lots, sites within business zones, or in dense urban areas. Accordingly, a more merit based approach needs to be applied to considering open space, when the development:

- provides internal common space in excess of the minimum requirements
- includes private open space for a proportion of rooms
- demonstrates good proximity to public open space and facilities, and/or
- provides contributions to public open space

Parking

Urban Taskforce believes that the prescription for a minimum parking standard of 0.5 spaces per room is excessive. Our members tell us that the cost of purchasing the extra land for car parking spaces and the costs of constructing them is too prohibitive, particularly in light of the cost of land on well located sites within Greater Sydney.

We reiterate our suggestion for a sliding scale of parking ranging from zero spaces per room: for example where the site is within an accessible area radius (for example, up to 800m) from a train, metro, ferry or light rail stop; to 0.5 car spaces per room where a site is considered outside of a centre/accessible radius. In light of recent research suggesting one car share parking space can replace more than 10 vehicles¹, car share spaces should be included in the sliding scale.

FSR Incentives

Many existing co-living developments have been realised under the Boarding House provisions in the Affordable Rental Housing SEPP (ARH SEPP) that includes an FSR bonus.

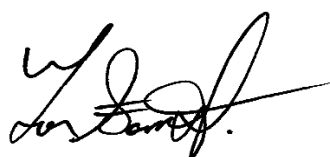
Urban Taskforce members tell us that the pro-rota costs of building co-living accommodation is greater than the cost of constructing standard apartment dwellings. There are proportionately more wet areas (e.g.: bathrooms, kitchens), usually more corridor space and the requirement to provide communal space and front office/on site workspace. The latter two requirements do not earn rental income.

Without an FSR bonus, comparable to that applying to Boarding Houses, and in the context of still needing to comply with Council LEP height and FSR controls most co-living developments will NOT stack up commercially. If the development is not commercial - the housing product simply won't be delivered by the private sector.

The practical outcome of most of the proposed provisions for co-living is the reduction to the relative feasibility of delivering co-living to the Greater Sydney Housing market. Ultimately, this will have the effect of limiting both broader housing supply and affordability.

The Urban Taskforce urges you to closely consider this feedback in the finalisation of the co-living provisions to be included in the Housing SEPP.

Yours sincerely



Tom Forrest
Chief Executive Officer

¹ Dorima Pajani et. al, 2017, 'Freeing up the huge areas set aside for parking can transform our cities', in 'The Conversation' <https://theconversation.com/freeing-up-the-huge-areas-set-aside-for-parking-can-transform-our-cities-85331>

9th September 2020

Mr Luke Walton
Executive Director
Department of Planning, Industry and Environment
Locked Bag 5022, Parramatta NSW 2124
E: Luke.Walton@planning.nsw.gov.au

Dear Mr Walton

Draft Housing Diversity SEPP- Explanation of Intended Effect

I write in relation to the *Proposed new Housing Diversity SEPP Explanation of Intended Effect (July 2020)* (the draft SEPP) placed on public exhibition by the Department of Planning, Industry and Environment (the Department) for comment until 9th September 2020.

The Urban Taskforce welcomes the intention of a Housing Diversity SEPP

The Housing Diversity SEPP (draft SEPP) is broadly welcomed in so far as it acknowledges new and important housing building types that, within the right planning framework, have the potential to help meet Sydney's dwelling targets, provide more affordable and flexible housing options, and help support a post COVID-19 economic recovery. Urban Taskforce welcomes the Government's messaging around 'housing diversity'.

The new Housing Diversity SEPP, when made, should be about facilitating a broad range of housing typologies, across different price points throughout different locations. Diversity gives people housing choice for different stages of their life and their household journey. It offers the choice to upsize or downsize; either to in a different locality or within the same one.

However, Urban Taskforce members are very concerned that the details in the draft SEPP could actually work against providing housing diversity and choice in NSW. It may be worth considering implementing the new SEPP in stages while industry works with government to resolve any unintended consequences noted below.

The drive to deliver more affordable housing types is contradicted by the draft SEPP's removal of FSR bonuses and the application of some prescriptive minimum standards which will drive prices up and render many of these affordable housing types unfeasible.

By restricting permissibility (by allowing Councils to determine where certain housing types will be permitted), the feasibility and ultimately the supply of the different housing typologies included in the SEPP is threatened. Issues of affordability and equality of access to housing across the state are too important to be left to individual councils. It was councils' failure to deliver adequate choice, supply and diversity that drove the need for SEPPs in these areas in the first place. The Productivity Commission has further stated that the key driver of housing prices (and therefore un-affordability) in Greater Sydney is the lack of supply. This, according to both the Reserve Bank of Australia and the NSW Productivity Commission (an arm of NSW Treasury) is due, primarily, to over regulation by the NSW Planning system – that is: by the Department of Planning and Councils.

The NSW Productivity Commission has also clearly advised the NSW Government that complexity drives prices up. This Draft SEPP is complex.

A number of
the proposed

provisions in the draft SEPP, in particular those relating to co-living, boarding houses and seniors' housing; add yet another layer of regulation and in some cases effective prohibition of these new housing types.

Notwithstanding our concerns Urban Taskforce is determined to work with DPIE and the Government to highlight what we believe to be unintended consequences, so the proposed changes do not result in the inhibition of supply and further reductions in affordability.

Aims of the draft SEPP

The draft SEPP aims to deliver a planning framework that:

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

Urban Taskforce contends that the proposed provisions of the draft SEPP fail to deliver on these worthy objectives.

While the NSW Government states the draft Housing Diversity SEPP has been prepared in the context of ensuring "an adequate supply of new dwellings that are affordable, well-designed and located in places that people want to live" the draft SEPP in its current form will actually work against this broad objective and specific aims as set out above.

The contradictions of between the SEPP's aims and its draft provisions are detailed below.

Co-living

The draft SEPP correctly describes the relatively new class of dwellings that can be defined as Co-living. However, not only does it not respond to consumer demand for Co-living, it completely misreads the market for this product.

Co-Living is a viable and sought-after option for a range of people that are looking to live in areas that are located in close proximity to reliable public transport and/or places of work or study, that are seeking fully furnished accommodation with flexible medium term (3 – 12 month) rental periods, or are looking to live in a setting which offers a sense of community and social interaction between residents. Co-living is ideally suited to mobile young workers (typically aged 20 – 35), who in many cases are willing to trade size of living spaces for the features noted above. Co-living also caters to the specific needs of various other groups that are not well serviced by the existing housing market, including regionally based workers who are employed in the city during the week; recently separated people; key-workers including nurses and emergency workers; people from regional areas temporarily located to the city for short term work opportunities or for medical treatments; fly-in fly-out (FIFO) workers from interstate (not all FIFO workers work in remote areas); and those seeking short term accommodation including people escaping domestic violence environments.

The prescriptive planning and design controls in the draft SEPP do not reflect the requirements of all the possible users of co-living. They appear to have been drafted to reflect a permanent residence scenario of long term rental only, and they do not recognise the willingness of co-living users to trade size of living spaces for the various other attributes that this form of housing offers.

Co-living and Open Space

The proposed provision of open space is excessive. The currently proposed provision of private open space to every room (4m² per room) in addition to the communal open space (minimum 25% of the site area) will destroy the feasibility of co-living on most sites.

Urban Taskforce members who are developing in the co-living space advise that requiring private open space to all rooms, on all sites, will be hugely prohibitive and often contrary to consumer preferences.

Any mandated, minimum open space requirement should be focussed on communal areas. However, the proposed 25% of site area being available for communal open space is difficult to achieve on small lots, sites within business zones, or in dense urban areas. Accordingly, a more merit based approach needs to be applied to considering open space, when the development:

- includes communal open space via a landscaped roof top terrace
- provides internal common space in excess of the minimum requirements
- includes private open space for a proportion of rooms
- demonstrates good proximity to public open space and facilities, and/or
- provides contributions to public open space

Co-living and Parking

Urban Taskforce believes that the prescription for a minimum parking standard of 0.5 spaces per room is unnecessary. Our members tell us that co-living developments generally only work when located close to public transport and market experience suggests that car ownership and usage rates in co-living developments are far lower than those in residential flat buildings.

We suggest a sliding scale of parking ranging from zero spaces per room: for example where the site is within an accessible area radius (for example, up to 800m) from a train, metro, ferry or light rail stop; to 0.5 car spaces per room where a site is considered outside of a centre/accessible radius. In light of recent research suggesting one car share parking space can replace more than 10 vehicles¹, car share spaces should be included in the sliding scale.

Co-living - Room Sizes

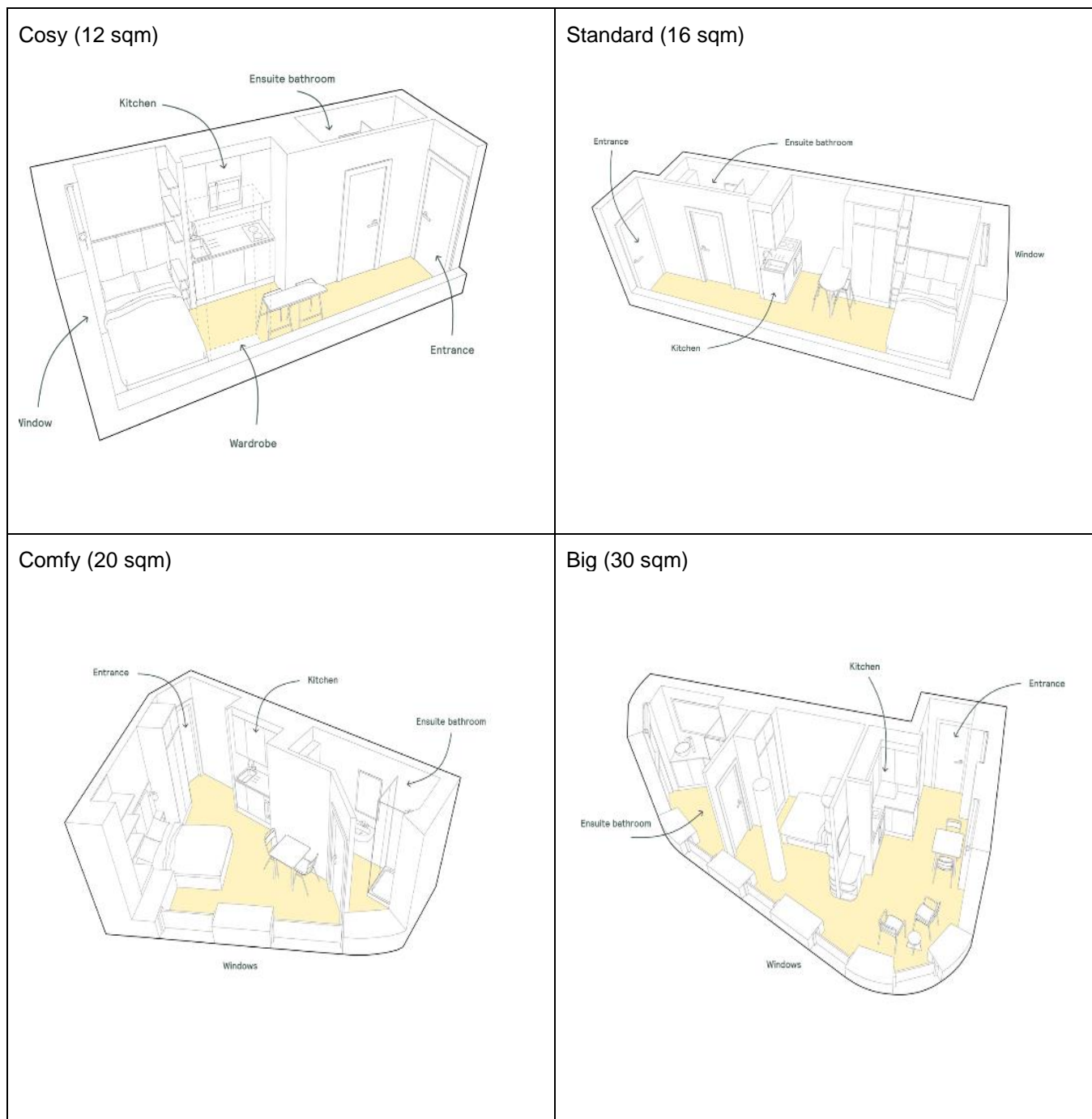
Urban Taskforce members have strongly advised that the co-living model cannot and will not be financially viable if minimum room sizes of more than 20m² are prescribed. It is noted that small unit sizes are absolutely fundamental to making the co-living affordable for residents, and a financially viable model for developers/operators.

The minimum room size of 30-35m² appears to have been derived from an assumption that the co-living inhabitants will be long term. It also fails to recognise the willingness of co-living users to accept small room sizes in exchange for the locational, flexibility, community benefits and access to communal areas that co-living offers.

The proposed standards are far in excess of not just internationally accepted standards (which are closer to an average of 20m²), they are in excess of approved and successfully operating co-living buildings that already exist in Sydney.

¹ Dorima Pajani et. al, 2017, 'Freeing up the huge areas set aside for parking can transform our cities', in 'The Conversation' (accessed September 2020) <https://theconversation.com/freeing-up-the-huge-areas-set-aside-for-parking-can-transform-our-cities-85331>

For example, the highly lauded 700 bed 'The Collective' at Canary Wharf, London has room sizes ranging from 12m² to 30m². The Collective room plans are shown as below:



The Collective at Canary Wharf has been at almost full occupancy since its opening, demonstrating occupiers' willingness to accept smaller room sizes in return for all the other benefits that co-living offers.

Locally, one of the first co-living operators in Sydney, UKO (currently operating locations in Stanmore, Paddington, and Newtown) offers room sizes ranging from 18 to 28m². These would not be allowed under this draft SEPP.

It is noted the proposed minimum room size 35m² correlates with the minimum dwelling size for a studio under SEPP 65. Co-living is not just a collection of studio apartments. The desire of occupants

to benefit from an organised communal approach to living, along with the provision of on-site shared facilities and spaces - and the need for the product to be affordable - must be recognised in determining room sizes.

Consistent with known, local market preferences, some Urban Taskforce Members suggest a minimum room size closer to 15m². An alternative or accompanying suggestion is a control that supports a mix of room sizes, like in residential flat buildings (where there is a control on the number of studio, one-bed, two-bed, and three-bed ratios per building). Such a provision could allow for a mix of smaller Co-living rooms and some larger ones. This approach would be beneficial in responding to local consumer preferences and would ultimately allow for greater architectural flexibility and improved design outcomes.

Co-Living - FSR Incentives

We note that existing co-living developments have been realised under the Boarding House provisions in the Affordable Rental Housing SEPP (ARH SEPP). These provisions include an FSR bonus that ranges from 20-100%. Urban Taskforce believes that a flat percentage bonus would be a better tool for supporting co-living developments, given:

- a significant proportion of allowable floor area will need to be dedicated to non-revenue generating communal areas
- the Government's stated desire to encourage the supply of affordable housing broadly
- the Minister's messaging around affordable and diverse housing options being available to all - irrespective of location and income.

Urban Taskforce also suggests that merit-based concessions be considered in the application of any building envelope controls for residential flat buildings to co-living developments, in order to accommodate the FSR bonus.

Build to Rent

Urban Taskforce congratulates the Government for supporting supply of this positive initiative by recognising this housing product in the draft SEPP and further supporting its delivery through the discount on land tax. The State Significant Development pathway for BTR developments with a value of greater than \$100 million is supported. A similar pathway should be considered for all developments of this value in the interests of job creation and meeting the demand for new housing in Greater Sydney.

It is critically important that the draft SEPP does not effectively *disadvantage BTR housing* projects compared to existing rental properties. A motif of this draft SEPP is the over-prescriptive planning, which in the case of BTR, pushes up costs and reduces feasibility and thus supply. We are concerned that the draft SEPP tries too hard to create long-term rental housing options and forgets about the need to offer choice to all those in the market. The draft SEPP fails to fully realise the opportunity that BTR could deliver in terms of housing supply and affordability.

BTR - Tenure, Ownership & Management

The draft SEPP is proposing to impose more stringent conditions on the owners of BTR rental properties than those existing for landlords in the usual rental market. For example, the draft SEPP proposes a minimum tenancy of 3 years or more. This provision acts to limit feasibility, choice, and supply. It works against the stated objectives of the SEPP.

There are no such restrictions in the general rental market. Urban Taskforce acknowledges that this requirement will work for some tenants in giving them certainty, but many tenants would be

deterred by locking into a fixed 3-year rental agreement. So, the provision will make BTR dwellings harder to rent – therefore reducing their viability in an uncertain economic, rental and property market. There needs to be flexibility for both the tenant and the owner.

The Urban Taskforce also disputes the proposal to require on-site management for BTR. In practice, most rental properties are managed by real estate agents off-site. Strata body corporate management is also typically off-site. The standards should reflect the current system where the tenants have direct access to a property manager and the body corporate, but these management services do not always need to be located on-site.

The final SEPP should recognise that if BTR is built in the Business zones (B3, B4 and B8) as is proposed, a flexible approach that allows the commercial and retail components of the mixed development to be strata subdivided and sold separately. The residential component could still be mandated to be in single ownership.

BTR - Permissibility and FSR Categorisation

Opportunities should be explored of including BTR as a permissible use in the IN1 General Industrial Zone and IN2 Light Industrial zones. In these cases, criteria could be provided to ensure BTR housing is only permitted in locations which are amenable to such a use, and are appropriately located in proximity to everyday services, facilities, and transportation. Criteria may include:

- site must be within 800m of railway/metro station/light rail or transit way stop
- site must include a fixed percentage of employment (broadly defined) floor space at ground level
- the residential component of the site cannot be subject to future strata subdivision.

In the interests of facilitating investment in BTR in commercial centres, BTR should be included as part of the 'non-residential' component, when calculating FSR. Such an approach is consistent with that applied to serviced apartments. The feasibility of BTR in commercial centres is destroyed when included as part of the residential component of a development when calculating FSR. When BTR is included as the residential component, the feasibility is simply not there – as is the case for Urban Taskforce members trying to develop BTR within the existing planning framework, including sites within the higher density areas under the Crows Nest St Leonards 2036 Plan.

BTR - Minimum number of dwellings

The draft SEPP proposes BTR should have a minimum of 50 dwellings. This proposal should be removed as any minimum number of dwelling requirements will deter the production of BTR on the exact kind of sites that suit this asset class. Well located in terms of transport and employment opportunities, such sites are often smaller, with limited capacity for site consolidation.

BTR - Parking

The draft SEPP states "BTR housing is generally... situated in well-located areas, close to transport and amenity". Accordingly, the proposed car parking standard of 0.5 spaces per dwelling is excessive and unnecessary. In practice, in many urban areas the requirement for car spaces is decreasing. The City of Sydney, for example have approved residential dwellings with zero on-site car parking provision in select areas.

Whilst the Urban Taskforce agrees that consideration of car parking provision is required, we believe the proposed standard of 0.5 per dwelling is too high. As with co-living, a sliding scale of car parking

requirements dependent on the site's distance from public transport and inclusive of car share parking spaces should be considered.

Purpose Built Student Housing

The proposed provisions relating to purpose built student housing are generally supported, although meeting demand and market price points will be challenged if height and FSR controls are determined on a council by council basis and no FSR bonus is made available.

Boarding Houses

Modern or next generation boarding houses are becoming an increasingly attractive option for people because they are affordable, are increasingly well-designed and are salt-and-peppered among the suburbs so they do not stand out. The market has delivered these outcomes despite the mismanagement of policy controls in this field.

Under the existing planning regime boarding houses are a borderline feasible option for development as they are incentivised by floor space ratio bonuses and being permissible on sites where regular apartments are prohibited.

It is acknowledged that it is usually the old-style boarding houses that are regarded with fear and trepidation by neighbours. Unfortunately, this deep seeded NIMBYism seems to be evident in the policy development for the draft Housing Diversity SEPP.

If the Government is committed to delivering affordable and diverse housing types, why discourage private sector investment in a housing type that has been providing an affordable housing option for many, often vulnerable, people for decades.

Boarding Houses - Definition

It is clear that the draft SEPP has been framed to disincentivise the private development and operation of Boarding Houses. The proposed definition of 'boarding house' as meeting 'affordability' rules in terms of its rental, requiring it to be managed by a not-for-profit community housing provider and removing any incentives to build a product that has traditionally been delivered to market with comparatively low profit margins will unfortunately render this housing type unfeasible. Accordingly, the current workable definition under the Affordable Rental Housing SEPP (ARH SEPP) should be retained.

Currently there is a negative perception in many communities that all Boarding Houses are just social welfare housing and that all boarding house residents are on welfare with most residents having anti-social behaviours. These perceptions are regularly raised during assessment of Boarding House DAs. **This is not the case** and many private operators are working hard to change those community perceptions as well as helping-out the most vulnerable in our community. If the Government redefines Boarding Houses to only being provided by not-for-profit community housing providers, the Government will be entrenching, or re-enforcing, those negative, or stereotype, community attitudes that all boarding house residents are welfare dependent. Some Urban Taskforce members suggest a change to the name of this housing product may assist in facilitating altered community perceptions. Suggestions include 'Micro Housing', 'Mini House' or 'Tiny Housing'.

Boarding Houses - Permissibility and FSR Bonus

Boarding houses, are generally developed on the basis of a lower profit margin than most other forms of residential development and are able to be delivered to market on the basis of the current

floor space bonus of between 20 to 100% and their permissibility in the R2 Residential Zone. Additionally, boarding house development applications cannot be refused on the grounds of density and scale if they comply with the maximum floor space ratio for any form of residential accommodation on the site (plus the bonus, if any). These existing provisions protect boarding house developments from being penalised relative to other forms of residential development. The draft SEPP will all but eliminate this housing type and thus works directly against the stated objectives of the Minister and the draft SEPP.

The Urban Taskforce understands that there may be areas zoned R2 considered unsuitable for Boarding House developments due to location and comparative bulk and scale, particularly when the full FSR bonus of up to 100% is realised. We recommend that Boarding Houses remain permissible in the R2 zone when the site is within 400m of a train or metro station and that the FSR bonus remain, but at a flat percentage rate (e.g. a 50% bonus) irrespective of the local control.

Boarding Houses – Parking

In finalising the Housing Diversity SEPP, a review should be undertaken of actual car parking demand from boarding house developments. Urban Taskforce members report the existing, and proposed to be retained, standards are too onerous, not just in terms of feasibility but also, in terms of user take-up.

As with the other housing models under the draft SEPP, we suggest a sliding scale of parking ranging from zero spaces per room: for example where the site is within an accessible area radius (for example, up to 800m) from a train, metro, ferry or light rail stop; to 0.5 car spaces per room where a site is considered outside of a centre/accessible radius. The standard should apply to both private operators and community housing providers and should include car share spaces.

Seniors' Housing

The Government appears to be sending a clear signal that providing a range of affordable and diverse housing for seniors is not a priority, by straight out amending the Seniors Housing SEPP to exclude any land covered by the Metropolitan Rural Lands overlay. The Urban Taskforce condemns the complete lack of consultation with industry or with seniors' groups on this amendment. This is contrary to the open approach to policy development hitherto espoused by the NSW Government during the COVID-19 period.

The amendment has effectively prohibited Seniors Housing from the entire Blue Mountains LGA, approximately 70% of the Hills Shire LGA as well as swathes of land across another 11 council areas. There is enormous unmet demand for seniors housing in many of these Council areas, the outcome being that this SEPP amendment alone could force elderly people out of the communities they have lived in all their lives.

The SEPP, as drafted, will negatively impact the supply of housing for seniors. This is particularly concerning when the proportion of people aged 65 and over double by 2054-55² and the supply of housing options for older residents is already not keeping up with demand, with "product availability (or lack thereof) identified as a significant impediment to seniors downsizing."³

If the Government is genuine about meeting the demand for affordable Seniors' Housing, and evidence base is critical for decision making. The Government should be looking for more, not less, areas to facilitate this housing type. Urban Taskforce believes there is additional potential for Seniors

² Commonwealth of Australia (March 2015) 2015 Intergenerational Report Australia in 2055.

³ Judd, B. et. Al. in Annand K, Lacey W, & Webb E. (2015) Seniors downsizing on their own terms: Overcoming planning, legal and policy impediments to the creation of alternative retirement communities. National Seniors Productive Ageing Centre

Housing on land currently zoned R2 Residential where it immediately adjoins sites zoned SP2 – Infrastructure, particularly those hosting schools or hospitals. Seniors Housing next to schools and hospitals recognises many of these sites' accessibility to transport and other local infrastructure and services, as well as a range of health and well-being co-location opportunities.

Development Standards

The ARH SEPP has to date allowed Seniors Housing developments to be carried out 'despite the provisions of any other environmental planning instrument'. The proposal to reverse this so that 'development standards in an LEP prevail to the extent of any inconsistency' will allow councils who are fundamentally opposed to new seniors housing developments in the LGAs to use local provisions to refuse these applications to exclude seniors from remaining in their communities. Further to this, the proposed limit of 20% to allowable departures from a development standard under Cl4.6 will additionally constrain Seniors' Housing development and is inconsistent with the general position for all other types of development where there is no limit to a Cl4.6 variation.

Adding to the likelihood of a dwindling supply of Seniors' Housing is the proposal to remove point -to point transport options in meeting site access related requirements. This proposal is ill-considered, particularly when it come to sites with challenging gradients and/or those that include a residential aged care facility component, where pedestrian foot traffic to and from the site is limited.

The proposed changes to the policy bely the need for the SEPP in the first place – that was – Councils were failing to meet demand for this housing type. The changes proposed in the draft SEPP are contrary to the objectives of the SEPP and work against a clear demographic need for more housing for this growing cohort.

'Loss of affordable rental housing' Levies

The draft SEPP will alter the trigger point for the charging of 'affordable housing' levies that are imposed when development applications are lodged in relation to 'low-rental residential buildings' for their demolition or upgrade. This levy is additional to any other affordable housing levies that are routinely charged by councils. It is proposed BEFORE the NSW Productivity Commission has completed its review into infrastructure fees and charges. At the same time as the Minister has called for a review into levies and charges, this draft SEPP effectively introduces a new tax (levy).

The impact of the existing regime is limited by the fact that it only applies to buildings that were 'low-rental residential buildings' as of 28 January 2000, so the scheme does not presently apply to any building that becomes a low-rental residential building after that date.

This is crucial as it means that any building where quality has degraded in the last 20 years (such that it recovers rental at or below the 'median' level) is not subject to this existing levy regime on re-development. The draft SEPP will remove this date restriction. This effectively means that the levy regime will be extended to apply to the re-development of existing buildings that were previously exempt, by reason that their deterioration post-dated the year 2000.

Further, because the median rent is determined on an entire LGA basis where there are often a range of markets (like the Northern Beaches Council for example), rental housing in entire suburbs will be below the "median" rents level for that LGA. This provision taxes the upkeep or improvement or redevelopment of those properties. This is akin to saying, "we want to keep the quality down, so it remains affordable". A better solution is to increase supply.

This provision as proposed will increase costs and reduce feasibility. This new regime, as proposed, represents a tax of any upgrade. The draft SEPP as proposed would create a perverse incentive for some landlords to take active steps to ensure that their buildings do not rent out at or below median

market rents (even at the expense of bringing forward minor upgrades to make rents more expensive). This may actually reduce the availability of affordable housing.

Design Guidelines

The draft SEPP states that Design Guidelines will be developed for BTR, co-living and student housing. Further, the draft states that when assessing development applications for BTR, the consent authority should be “guided by design quality principles in SEPP 65”.

It is essential that a pragmatic and cost focussed approach be taken in developing specific design guidelines for each typology under the draft SEPP. Put simply, much needed smaller and affordable room sizes will not and cannot comply with the existing ADG.

Savings and Transitional Provisions

In the interests of avoiding uncertainty for the planning and development sector and minimising the perception of investment risk in NSW, it is recommended that the final SEPP includes saving and transitional provisions for development applications under assessment at the time of the SEPP commencement.

Conclusion

While the stated intent of the draft Housing Diversity SEPP is supported by the Urban Taskforce, many of the proposed provisions are not supported as they will deliver the opposite to the stated intent. The practical outcome from the draft SEPP is the addition of prescriptive controls and extra costs that will reduce the relative feasibility of delivering a range of housing types to market. Ultimately, this will have the effect of limiting both supply and affordability.

The proposed additional regulation will mean reduced choice.

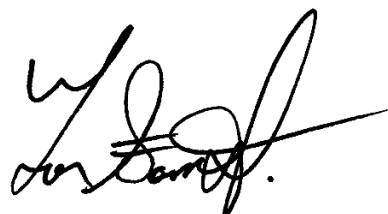
Handing powers to Councils protects the interests of current occupants but rarely (if ever) leads to meeting the public demand for more affordable housing or the needs of future populations who are essential to our economic growth.

Prescriptive controls for each category of housing simply reduces viability and feasibility.

Urban Taskforce welcomes the policy intent of the draft Housing Diversity SEPP and we are determined to work with the Government to ensure that the positive intent is realised.

The Urban Taskforce is always willing to work closely with the Government to provide a development industry perspective on these issues.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tom Forrest', with a stylized flourish extending from the end.

Tom Forrest
Chief Executive Officer

Montefiore

**SUBMISSION: DRAFT
STATE
ENVIRONMENTAL
PLANNING POLICY
(HOUSING) 2021**

Client: Montefiore
August 2021

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We acknowledge, in each of our offices, the Traditional Owners on whose land we stand.

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Urbis staff responsible for this report were:

Director	Peter Strudwick
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Project code	P0034219
Report number	1

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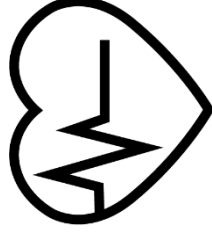
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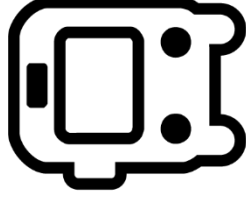
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1. ABOUT THIS SUBMISSION AND MONTEFIORE

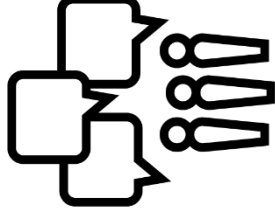
About This Submission	About Montefiore
<p>This submission has been prepared by Urbis in consultation with Sir Moses Montefiore Homes ('Montefiore'). It relates to the draft seniors housing provisions contained within Part 4 of the Draft State Environmental Planning Policy (Housing) 2021 ('draft Housing SEPP').</p> <p>Montefiore congratulates the DPIE in progressing the draft seniors housing provisions within the Housing SEPP- there are many positive items within these provisions.</p> <p>This submission addresses various matters of concern that we believe require further attention to deliver on the objectives set out in the draft legislation. It also provides recommendations for the DPIE to consider in further progressing the Draft Housing SEPP:</p> <p>In summary, the matters identified in this submission relate to:</p> <ul style="list-style-type: none"> Vertical Village Bonus Provisions State Significant Development Pathway Prohibition of ILUs within R2 zones <p>Urbis and Montefiore have been active in participating in the discussion on various reforms that affect seniors housing, including the recently released employment zones reforms.</p>	<p>Montefiore is one of Australia's oldest and most respected seniors living providers and has won many awards for both its care and for the architecture of its buildings.</p> <p>Montefiore's vision for seniors living is to better integrate seniors living and residential aged care and is looking to provide a range of accommodation and care options at a single location. These locations should be:</p> <ul style="list-style-type: none"> close to amenities (eg shops and restaurants) and services (eg medical and allied health) close to transport options for its aged care workforce, independent residents and visitors vibrant, allowing seniors to strengthen their connections with their community <p>Increasingly seniors are looking to be in close proximity to town centres rather than in outer suburban locations, however we acknowledge the importance of maintaining and improving existing seniors houses wherever they are located.</p> <p>The following sections of this submission provide our comments and recommendations in relation to the key issues identified above, which are of key concern to Montefiore.</p>



Close to amenities and allied health



Close to public transport



Strengthening community connections

2. KEY ISSUES DISCUSSION

2.1 Vertical Village Bonus Provisions

While some of the draft provisions improve the competitiveness of vertical villages, there are several issues that should be reconsidered.

From a market viewpoint, it is difficult for seniors housing to compete against conventional residential development, and therefore the provision of zoning flexibility and an effective bonus system is critically important to allow the availability of sites for well-located seniors housing in highly accessibility locations. The existing 'vertical village' provisions under Clause 45 of the Seniors SEPP have been used on very few occasions and have failed to incentivise this critical land-use class.

When read in concert with the tightening of other seniors housing provisions (discussed later in this submission), the proposed bonus provisions (at certain FSR thresholds) are actually less than what is currently available under Clause 45.

There are 3 matters that require re-consideration:

- a) The zones where bonuses can be applied
- a) The minimum 2,000sqm site area threshold, as well as the 1 storey height allowance to accommodate the additional GFA
- a) The methodology used to calculate bonus FSR



Vertical village provisions- further consideration required

(a) The zones where bonuses can be applied

The proposed bonus provisions do not apply to key zones that are ideally located to accommodate seniors housing development.

The bonus FSR and height provisions identified in Clause 98 of the Draft SEPP only apply in zones where 'residential flat buildings' (RFBs) are permitted. As many LEPs do not permit RFBs in B3, and B4 zones (which coincide with town centre or high-density areas with good access to transport and services), the bonus provisions for seniors housing are not available in these zones- arguably the locations where the vertical and denser format of this land-use is most appropriately located for staff, residents, and visitors.

A vertically integrated seniors housing building (ie combining either residential aged care and/or allied medical and community services at its ground and lower podium levels, while accommodating ILUs above) is no different to 'shop-top housing' which is a land-use permitted in many B4 zones- yet this form of seniors housing will not benefit from any bonus provisions to compete against conventional shop-top housing.

Unlike residential development the integrated form of seniors housing does not 'lock up' the commercial core of centres (usually B3 zones) as it remains owned by a single entity. Like 'built-to-rent housing', the integrated form provides a land-use mix that addresses immediate needs from both a commercial and residential perspective, but also allows longer term adaption.

Vertical villages provide significant employment opportunities at the ground and lower levels (ie through the residential care facility and allied medical and community uses) as well as providing "un-strata-ed" dwellings above that can be designed to allow commercial conversion in the longer term.

Applying the bonus provisions to both B3 and B4 zones will allow the land use flexibility and incentives to foster greater site opportunities and feasibility for seniors housing- improving location opportunities

If the DPIE is concerned at the potential subdivision of the ILU component of an integrated facility within the B3 zone, then it is open for the DPIE to prevent such subdivision to be applied to the ILUs within the Draft SEPP, to ensure land fragmentation does not occur within this zone.

Recommendation

Clause 98 should be amended to allow the bonus provisions associated with vertical village to apply to both the B4 and B3 zones.

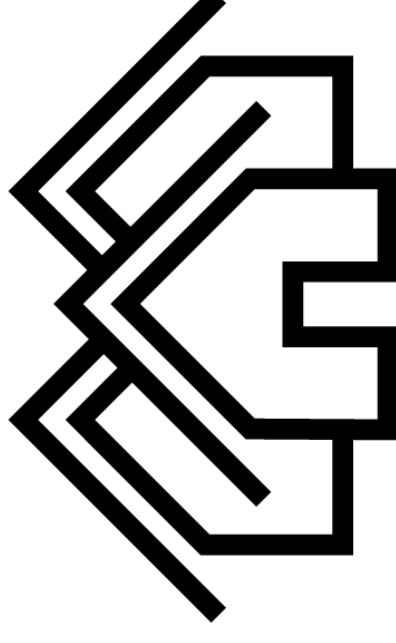
98 Development to which Division applies

This Division applies to development for the purposes of a vertical village on land to which this Part applies if development is located in either a B3 or B4 zone or where for the purposes of a residential flat building is permitted under another environmental planning instrument

(b) The minimum 2,000sqm site area threshold (and 1-storey height allowance)

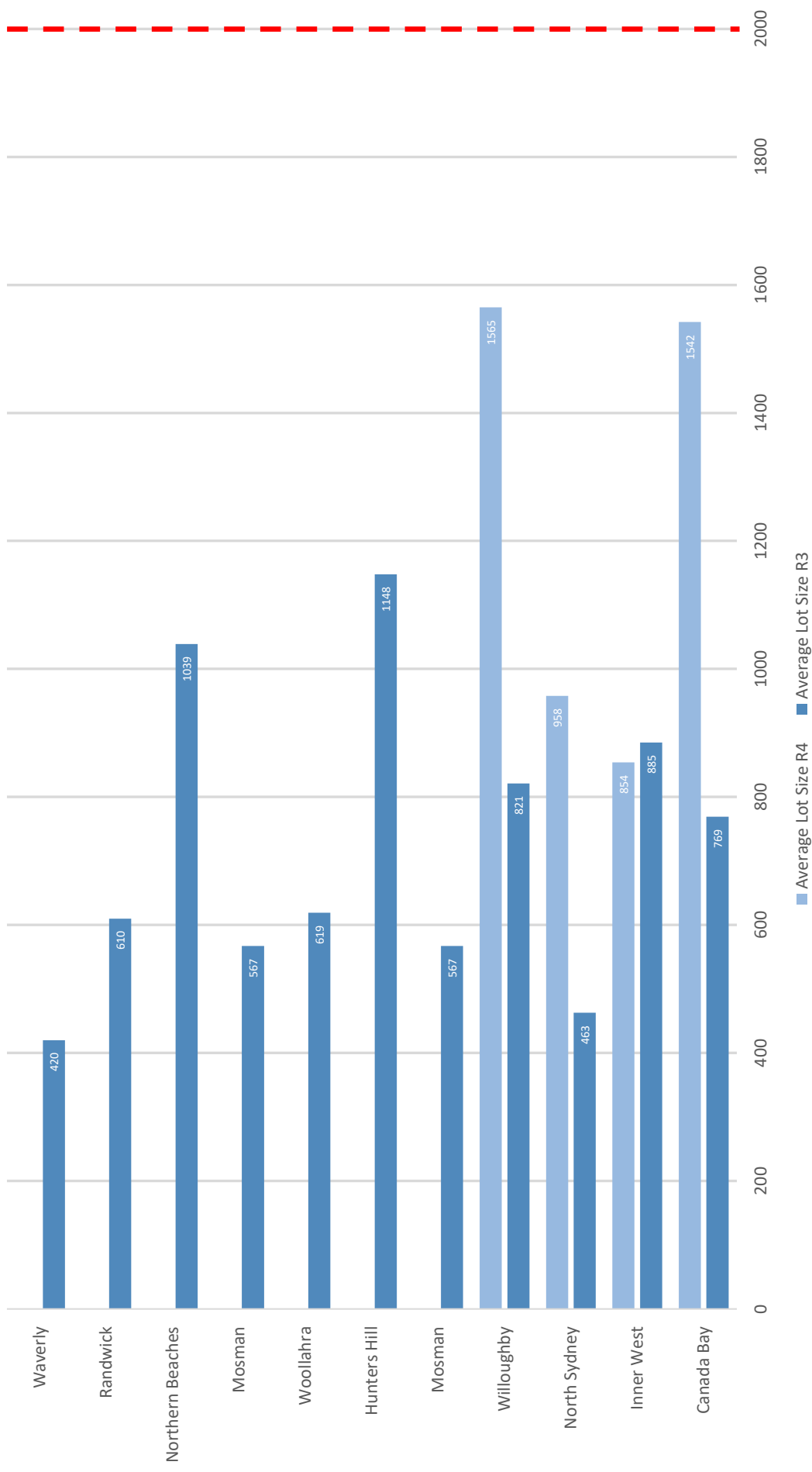
While the 2,000sqm min lot size may be appropriate for a more 'suburban' locations, it presents significant constraints for site availability near and within town centre locations within inner urban locations.

An analysis of 10 inner-ring LGAs has identified that the average lot size of R3 and R4 zoned land ranged between approximately 500-1,500sqm (ie far less than 2,000sqm) in all of these LGAs. This analysis is shown in Chart 1 below:



Reduced lot size threshold will provide greater opportunities

**Chart 1 – Average Lot Size: Inner Ring LGAs
(within 10km radius CBD)**

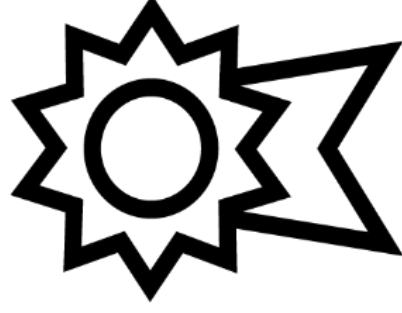


Reducing this minimum site area to 1,500sqm to inner ring LGAs would allow a greater level of site eligibility for the bonus criteria, and hence a greater level of incentive for seniors housing in metropolitan areas with high degrees of access to public transport and major services and amenities. Further, this 1,500sqm minimum site would still be sufficient to allow adequate building separation for upper levels, as well as achieving design excellence outcomes.

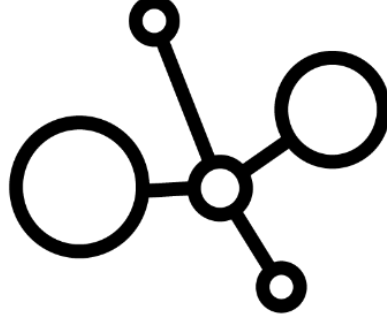
Given the average lot sizes within these areas, amalgamation of sites would need to occur to achieve the current 2,000sqm minimum, and hence the bonus. This minimum lot size restricts this ability and has the potential to drive up land prices per sqm, ultimately affecting housing affordability.

Unless these incentives options are readily available, there will be an inherent feasibility issue for seniors housing developers to compete with the conventional residential developers, affecting supply of seniors housing in the most populated area of Sydney, with the greater access to public services and facilities.

We also note that the proposed bonus provisions only make an allowance of 3.8m (1 storey) to accommodate the additional GFA arising from the bonus. Whilst this may be sufficient for larger sites within more suburban locations, it may not be possible for some inner urban sites within specific zones to accommodate this bonus space over 1 level, especially if they are in a more tightly constrained building environment.



Design excellence maintained



Access to Public transport, major services and amenities

(c) The methodology used to calculate bonus FSR

The proposed methodology to calculate bonus FSR bonuses leads to a lower bonus FSR than the current provisions for sites with a lower base FSR.

As shown in the Table 1 and Chart 2 below, the calculation methodology used for bonuses under the draft provisions provides lower bonus FSRs (when compared to the existing Clause 45 scenario) in situations involving the following:

- ILU development up to a FSR of 4:1
- RCF development up to a FSR of 3.0:1
- Combines ILU and RCF development up to 2.5: 1

We also note the existing provisions within Clause 45 of the Seniors SEPP exclude certain floor space associated with the delivery of on-site support services. Clause 45(4) states:

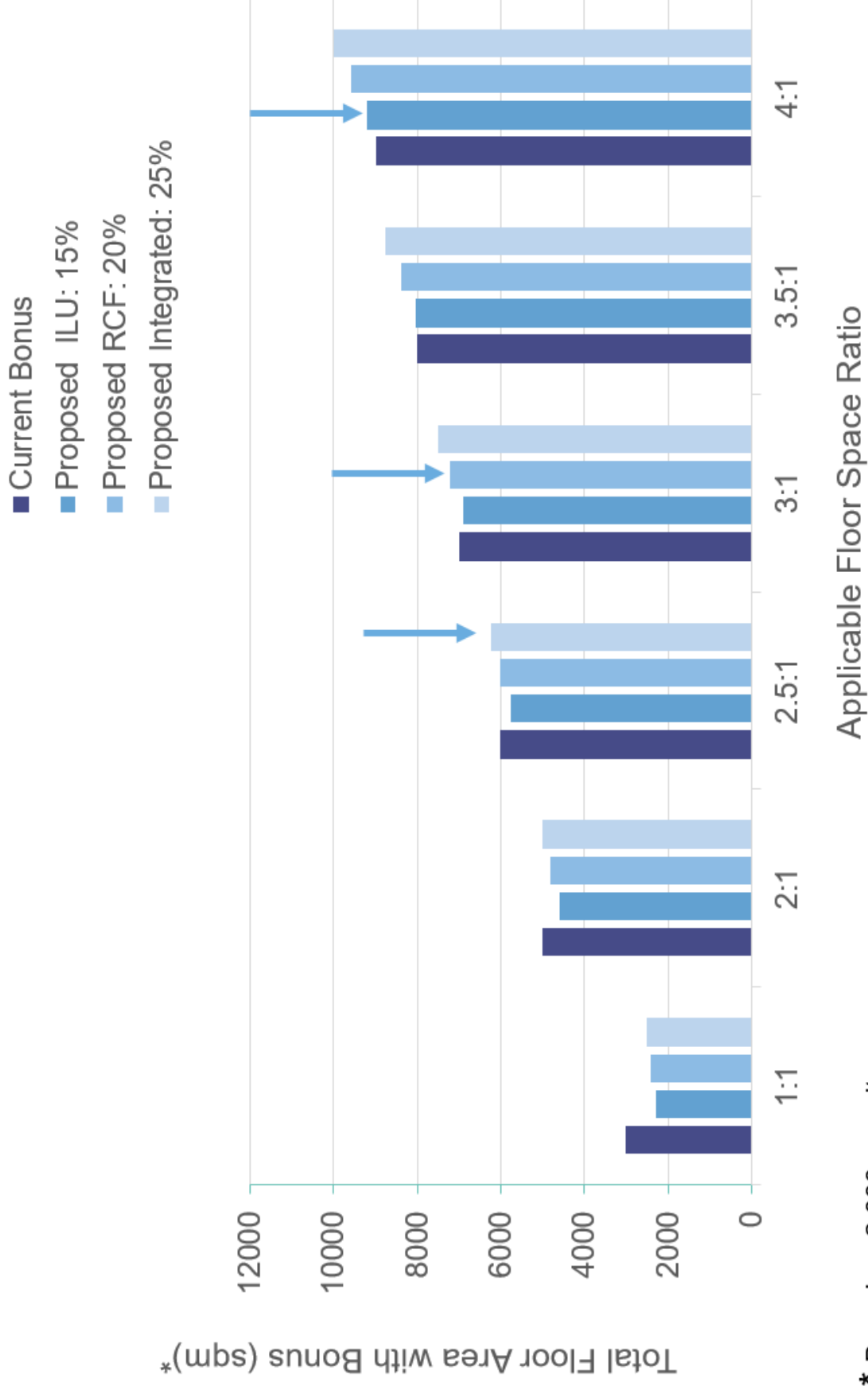
In calculating the gross floor area for the purposes of subclause (2), the floor space used to deliver on-site support services (other than any floor space used to deliver communal or residents' living areas) is to be excluded

The equivalent exclusion is not contained in the draft provisions which dilutes the effectiveness of the proposed bonus. It is recommended this exclusion be re-instated within proposed clause 99.

Table 1 – Current Bonus v Proposed Bonus Comparison (A Case Study)

FSR (Assuming 2000m ² site)	Current Bonus (add 0.5: 1 to base)	Proposed Bonus for ILU proposal- 15%	Proposed Bonus for RCF proposal- 20%	Proposed Bonus for integrated proposal- 25%
1:1	2000 + 1000 = 3000	2000 + 300 = 2300	2000 + 400 = 2400	2000 + 500 = 2500
2:1	4000 + 1000 = 5000	4000 + 600 = 4600	4000 + 800 = 4800	4000 + 1000 = 5000
2.5:1	5000 + 1000 = 6000	5000 + 750 = 5750	5000 + 1000 = 6000	5000 + 1250 = 6250
3.0:1	6000 + 1000 = 7000	6000 + 900 = 6900	6000 + 1200 = 7200	6000 + 1500 = 7500
3.5:1	7000 + 1000 = 8000	7000 + 1050 = 8050	7000 + 1400 = 8400	7000 + 1750 = 8750
4.0:1	8000 + 1000 = 9000	8000 + 1200 = 9200	8000 + 1600 = 9600	8000 + 2000 = 10000

Chart 1 – Current Bonus v Proposed Bonus Comparison (A Case Study)



* Based on 2,000sqm site area

When this trend is overlaid with the existing FSR patterns for bonus-eligible zones within 10 inner-ring LGAs it shows that:

- All R1 zoned land has a base FSR of less than 2:1 and therefore does not attract any of the new draft bonus provisions
- All R3 zoned land has a base FSR of less than 2.15:1 and therefore does not attract any of the new draft bonus provisions
- R4 zoned land has a base FSR of predominantly between 1.5 and 3.5: 1 and therefore does not attract the new draft bonus provisions for ILUs. Only two sites within the Willoughby LGA had an FSR exceeding 3.5:1 and were greater than 2,000sqm. This means that, in practice, the bonus provisions cannot be readily achieved in this zone.

Further, in the event an eligible zone does not have an FSR control, the assumed 'base FSR' under the bonus provision clause is 0.5:1, meaning that large 'eligible' sites that do not have an FSR will not be incentivised to accommodate seniors housing given the low assumed base FSR.

Those sites within 'bonus-eligible zones'—particularly the R4 zone, and also the B3 and B4 zones as recommended within this Paper, where there is no FSR control within an LEP or DCP (such as within North Sydney LGA) should be afforded a greater base FSR than 0.5:1. It is recommended that this default base FSR within these zones be at least 1:1.

Recommendation

To provide a more genuine opportunity for the eligibility of FSR bonuses, particularly those that apply in inner ring areas, various changes are recommended to Clause 99.

99 Development for vertical villages permitted with consent

- (1) Development consent must not be granted for development to which this division applies unless the site area of the development is at least:

~~(a) 2,000m²~~ 1,500m²

- (2) Development consent may be granted for development to which this division applies if the development will result in a building with—
 - (a) the maximum permissible floor space ratio plus **either 0.5:1, or as derived within**

(i), (ii) or (iii) below (whichever is the greater amount)—

- (i) for development involving independent living units—an additional 15% of the maximum permissible floor space ratio if the additional floor space is used only for the purposes of independent living units, or
- (ii) for development involving a residential care facility—an additional 20% of the maximum permissible floor space ratio if the additional floor space is used only for the purposes of the residential care facility, or
- (iii) for development involving independent living units and residential care facilities—an additional 25% of the maximum permissible floor space ratio if the additional floor space is used only for the purposes of independent living units or a residential care facility, or both, and

- (b) a building height exceeding the maximum permissible building height by no more than 3.8m.

- (3) Development consent must not be granted under this Division for development on land to which an interim heritage order or listing on the State Heritage Register under the Heritage Act 1977 applies.

- (4) In this section—

maximum permissible floor space ratio

means

(a) the maximum floor space ratio permitted for the land under a relevant planning instrument, or

(b) if a maximum floor space ratio is not specified under a relevant planning

Instrument **for the R4, B3 and B4 zones 0.5:1—1:1.**

(c) if a maximum floor space ratio is not specified under a relevant planning

Instrument **for all other eligible zones—0.5:1.**

- (5) In calculating the gross floor area for the purposes of subclause (2), the floor space used to deliver on-site support services (other than any floor space used to deliver communal or residents' living areas) is to be excluded.

An alternate to the suggested approach above could be to specifically identify the inner ring LGAs where the 1,500sqm applies. If this alternate approach were taken, we'd recommend those LGAs where the average lot size for the R3 and R4 zoned land was found to be less than 1,500sqm—being Canada Bay, Inner West, Hunters Hill, Mosman, North Sydney, Northern Beaches (specifically the former Manly LGA), Sydney City, Randwick, Waverley, Willoughby and Woollahra

2.2 State Significant Development Pathway

The eligibility of residential care facilities being classified as 'state significant development' is compromised in situations where they are proposed with ILUs.

It is encouraging to note that a state significant development pathway is available for residential care facilities with a capital investment value (CIV) of at least \$30 million. This is stipulated in part (a) of the proposed schedule (to be inserted within the State and Regional Development SEPP 2011). This pathway is supported given the contribution and significance facilities of this scale and value will provide to the Sydney Region.

However part (b) of the proposed schedule also requires the value of the residential care component of the overall development to be at least 60% of the total CIV. For example, where an integrated facility is proposed (containing both residential care and ILUs) with a value of 100M, the value of the residential care component must be at least \$60 million before it is considered state significant- ie twice the value compared to a project that involves a stand-alone RCF of \$30 million that would be considered state significant. This does not make sense.

This 60% value threshold is an unnecessary requirement for state significant development and does not reflect the ratios of value between residential care and ILUs in an integrated model.

An integrated care and accommodation model seeks to provide adaptable dwellings to suit the

needs of its various age cohorts and to also provide convenient access to on-site services that are provided as part of the residential care facility. These services are 'brought in' to those dwellings as people age. Rather than 'build more' residential care accommodation as people need additional services (which has significant building, staff and regulatory costs attached), the integrated model promotes residents to age in their own apartment and to increase their level of in-home services as they require them. For this reason, the proportion of capital investment value of large integrated projects is likely to be higher in the ILU component than the residential care component.

If retained, the proposed 60% minimum threshold will prevent many significant integrated seniors housing projects from being considered under the state significant development pathway. This in turn denies these projects the advantages associated with this pathway, including stronger agency coordination and certainty and timing of approval time-frames.

Given NSW (and Australia's aging population) and the significant advantages that integrated seniors housing projects will play in meeting the needs of our seniors population, it is critical that an appropriate state significant pathway be available for these types of projects, and that the pathway criteria reflect the integrated models within the marketplace.

Recommendation

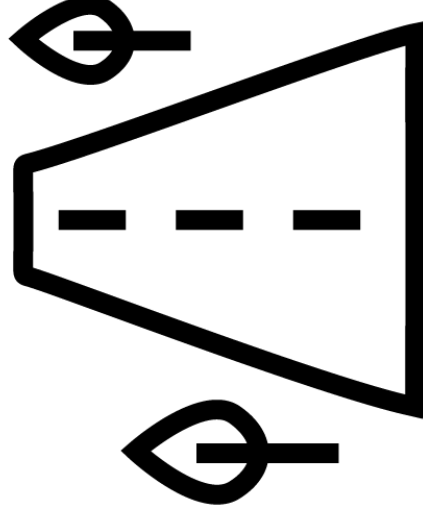
Residential care facilities

Development for the purposes of residential care facilities *(whether or not they are incorporated with other forms of seniors housing)* if—

(a) the development has a capital investment value of—

- (i) for development on land in the Greater Sydney region—\$30 million, or
- (ii) otherwise—\$20 million, and

~~(b) the residential care facility component of the proposed development has a value of at least 60% of the capital investment value of the proposed development.~~



State significant development pathway

2.3 The Prohibition of ILUs within R2 zones

The draft provisions now prohibit ILUs from being located in R2 Low Density Residential zones. This is a significant change in existing policy. It was not included in the original EIE (exhibited in July 2020). At a recent information session provided by the DPIE, the DPIE Officers explained that this change was introduced as a result of poor development examples in low density neighbourhoods.

We concur that, historically, there have been some inappropriate ILU developments approved within low density zones, however a 'blanket prohibition' is not the best way to address this concern. A better approach would be to allow ILU developments, provided they meet appropriate design and neighbourhood character criteria.

While being a low-density zone, the ability for ILUs to be located within the R2 zone is still very important. There are two major implications of the intended prohibition, being:

- Restricting housing options to 'age in place'
- Relying on existing use rights to renew existing seniors housing developments

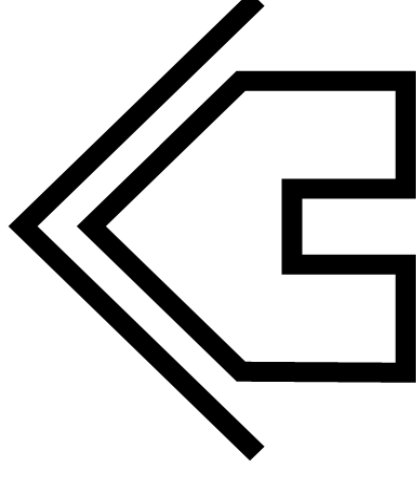
Ageing in Place

One of the aims of the new Housing SEPP is to ensure an adequate supply of an appropriate range of housing types to meet the changing needs of people.

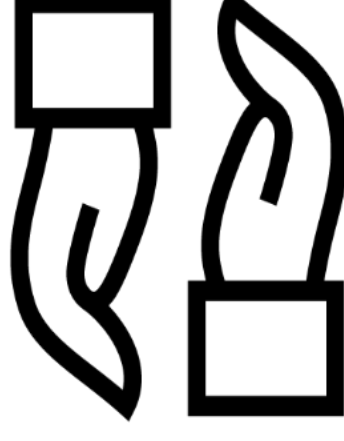
Restricting ILUs in the R2 zone will likely force people to move out of their community and the familiarity of their social and health service networks. It may also discourage people downsizing from their existing single dwellings- these homes may be inappropriate or unsafe for their stage of life.

Under the current Seniors SEPP, a modest apartment-styled building containing ILUs approximately 8m in height with an FSR of 0.5:1 can be accommodated in R2 zones. There are no major advantages in terms of height or density arising from the current controls for ILU developments in the R2 zones. However, this type of development is a minor increase in density that provides appropriate housing for seniors and the opportunity for people who have lived a long time in their communities to remain living in the area and connected to existing family, friends, and health service networks.

Separating residential care facilities and ILUs is not efficient as they should have the opportunity of being co-located on the same site or otherwise co-existing in the same neighbourhood, thereby providing appropriate housing options for seniors and an efficient servicing network. If people are living in ILUs and get to a stage where they require certain care or services, there should be an option for those residents to gain convenient access to those services- either by those services being 'brought in', or otherwise the ability for those residents to transition to the residential care facility when their needs dictate.



Promoting ageing in place



Keeping established friends, family and health networks in place

Reliance and Constraints associated with 'Existing Use Rights'

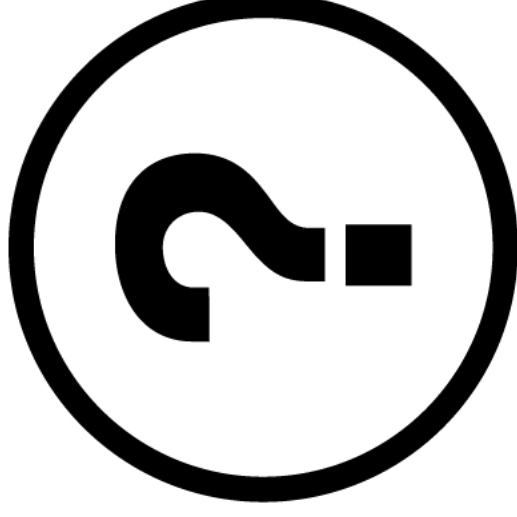
If ILUs are prohibited in R2 zones, this will create significant uncertainty for existing seniors housing developments in R2 zones. A large number of existing retirement villages are located in R2 zones and need of upgrade or redevelopment.

Under this draft Housing SEPP, any future development for ILUs will need to rely upon the existing use rights provisions within the Environmental Planning and Assessment Act. This is subject to interpretation and creates uncertainty. It could mean prohibition of new ILUs on existing sites (where they did not exist) or otherwise constrain the redevelopment of existing ILU stock. This will limit the growth and opportunities for a variety of housing types located on existing and established social infrastructure.

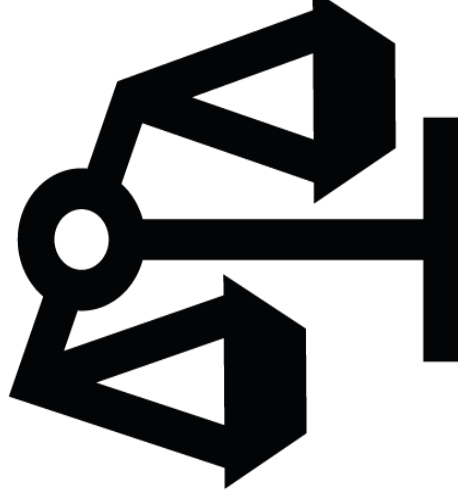
The draft Housing SEPP may also prevent the growth of existing sites in cases where retirement villages have purchased adjoining lots to enable future growth.

Recommendation

Given prohibition of ILUs from R2 zones undermines the intent of the draft Housing SEPP to provide an adequate supply of an appropriate range of housing types to meet the changing needs of people, it is recommended the Department reconsider this matter by permitting ILUs within the R2 zone. Control of ILU developments in R2 zones should be controlled through appropriate design and neighbourhood character criteria.



Reliance on existing use rights
creates uncertainty



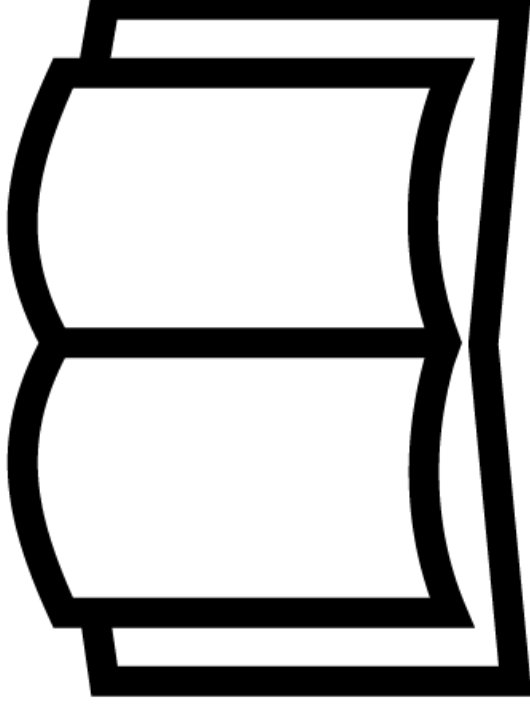
Design and neighbourhood criteria
rather than 'blanket prohibition'

3. SUMMARY

Once again, Montefiore wishes to congratulate the DPIE for progressing the seniors housing provisions within the Draft Housing SEPP- there are many positive items within these provisions.

This submission highlights various matters of concern that we believe require further attention to deliver on the objectives set out in the draft legislation. It also provides recommendations for the DPIE to consider in further progressing the Draft Housing SEPP:

We welcome the opportunity to further engage with the DPIE on these matters.



Improvements can be made to the proposed legislation to provide an even more effective outcome

COVID-19 AND THE POTENTIAL IMPACT ON DATA INFORMATION

The data and information that informs and supports our opinions, estimates, surveys, forecasts, projections, conclusion, judgments, assumptions and recommendations contained in this report (Report Content) are predominantly generated over long periods, and is reflective of the circumstances applying in the past. Significant economic, health and other local and world events can, however, take a period of time for the market to absorb and to be reflected in such data and information. In many instances a change in market thinking and actual market conditions as at the date of this report may not be reflected in the data and information used to support the Report Content.

The recent international outbreak of the Novel Coronavirus (COVID-19), which the World Health Organisation declared a global health emergency in January 2020 and pandemic on 11 March 2020, is causing a material impact on the Australian and world economies and increased uncertainty in both local and global market conditions.

The effects (both directly and indirectly) of the COVID-19 Outbreak on the Australian real estate market and business operations is currently unknown and it is difficult to predict the quantum of the impact it will have more broadly on the Australian economy and how long that impact will last. As at March 2020, the COVID-19 Outbreak is materially impacting global travel, trade and near-term economic growth expectations. Some business sectors, such as the retail, hotel and tourism sectors, are already reporting material impacts on trading performance now and potentially into the future. For example, Shopping Centre operators are reporting material reductions in foot traffic numbers, particularly in centres that ordinarily experience a high proportion of international visitors.

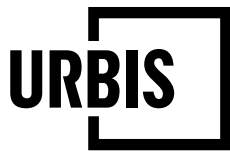
The Report Content and the data and information that informs and supports it is current as at the date of this report and (unless otherwise specifically stated in the Report) necessarily assumes that, as at the date of this report, the COVID-19 Outbreak has not materially impacted the Australian economy, the asset(s) and any associated business operations to which the report relates and the Report Content.

However, it is not possible to ascertain with certainty at this time how the market and the Australian economy more broadly will respond to this unprecedented event. It is possible that the market conditions applying to the asset(s) and any associated business operations to which the report relates and the business sector to which they belong could be (or has been) materially impacted by the COVID-19 Outbreak within a short space of time and that it will have a lasting impact. Clearly, the COVID-19 Outbreak is an important risk factor you must carefully consider when relying on the report and the Report Content.

Any Report Content addressing the impact of the COVID-19 Outbreak on the asset(s) and any associated business operations to which the report relates or the Australian economy more broadly is (unless otherwise specifically stated in the Report) unsupported by specific and reliable data and information and must not be relied on.

To the maximum extent permitted by law, Urbis (its officers, employees and agents) expressly disclaim all liability and responsibility, whether direct or indirect, to any person (including the Instructing Party) in respect of any loss suffered or incurred as a result of the COVID-19 Outbreak materially impacting the Report Content, but only to the extent that such impact is not reflected in the data and information used to support the Report Content.





**ANGEL PLACE
LEVEL 8, 123 PITT STREET
SYDNEY NSW 2000**

URBIS.COM.AU
Urbis Pty Ltd
ABN 50 105 256 228

2 Septemebr 2021

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

Dear Housing Policy Team,

DOYALSON WYEE RSL CLUB – SUBMISSION TO DRAFT STATE ENVIRONMENTAL PLANNING POLICY (HOUSING DIVERSITY) 2020

1. INTRODUCTION

This submission has been prepared on behalf of Doyalson Wyee RSL Club Ltd, trading as Doylo Lifestyle Group (DLG) in response to the public exhibition of the draft *State Environmental Planning Policy (Housing) 2020 (Housing SEPP)* currently on exhibition by the NSW Department of Planning, Industry and Environment (DPIE).

DLG has been working closely with Central Coast Council, DPIE, TfNSW, Subsidence Advisory NSW and Jemena (in addition to a number of other stakeholders detailed in Section 3 of this letter) since 2017 on its Planning Proposal (PP-2021-4334), which received Gateway Determination on 25 August 2021. The Planning Proposal seeks to rezone DLG's land to RE2 Private Recreation and R2 Low Density Residential to deliver an integrated residential, medical, childcare, retail, recreation and community precinct, centred around Doyalson Wyee RSL Club.

A key component of the Planning Proposal is the ability to deliver seniors housing in the form of independent living units (ILUs) on the proposed R2 and RE2 zoned land. The public benefit of this is to increase affordable housing for seniors. The Planning Proposal will provide in the order of 220 new seniors living dwellings to help meet regional housing needs and contribute to retail expenditure at Central Coast LGA. The Central Coast Regional Plan anticipates the Central Coast region will increase by 75,500 people by 2036, with 55% of this growth across people aged 65 years and older.

The draft Housing SEPP proposes to prohibit ILUs in the R2 zone, which completely undermines DLG's Planning Proposal, and the four years of technical investigations, extensive and proactive stakeholder engagement and \$3 million investment that has gone into it.

The removal of ILUs from the Zone R2 Low Density Residential is a major retrograde step that will also undermine the sound aims and objectives of the current Seniors Living SEPP and the draft housing SEPP.

DLG therefore does not support the Housing SEPP as it is currently drafted and requests that DPIE includes ILUs as a permitted use in the R2 zone. To support this request, this letter includes background on DLG and its Planning Proposal.

2. DOYALSON WYEE RSL CLUB

Founded in 1958, Doyalson Wyee RSL Club Ltd (DLG) has over 35,000 members. Facilities at the existing Club include dining and entertainment outlets, a wellness facility, sporting fields, “Raw Challenge” recreation facility and spaces for members, visitors and our wider community to enjoy our social and recreational experiences.

The Club is a not-for profit, Registered Club organisation that plays an important community role on the Central Coast. It has contributed significant funding via the Club Grants program of \$1.5m in the last year and over \$7.5 Million in the last 5 years – directly assisting veterans, disability groups, community groups, sporting teams and a range of charities.

DLG is very keen to diversify the mix of uses on its significant site to reduce the Club’s reliance on gaming as a revenue stream, which is important for future proofing and ensuring the Club can continue to support the local community.

DLG’s site forms an estate located on 80 – 120 Pacific Highway and has an overall site area of 44.31 Ha. The Registered Club currently occupies 80-90 Pacific Highway, which was purchased from the trustees of Doyalson Wyee RSL Sub- Branch to DLG in late 2019 after 20 years of negotiation. DLG is now the owner of the entire estate at 80 – 120 Pacific Highway.

It has already invested in its diversification into its Active Fitness HQ wellness facility (2015) and its Broad acre activity challenge event business (2017) such that it is already 35% EBITDA diversified.

3. DLG PLANNING PROPOSAL

3.1. DEVELOPMENT ASPIRATIONS

The DLG Planning Proposal seeks to facilitate the future redevelopment of the Estate site for an integrated medical, childcare, retail, recreation, community and residential precinct, centred around Doyalson Wyee RSL Club. A master plan has been developed to guide the redevelopment. In current value terms the masterplan has a CIV of circa \$180 million. The master plan is shown on the following page.

The Planning Proposal seeks to deliver a broader range of retail, tourism, medical, fitness, recreation, community and residential uses by changing the zoning in *Wyong Local Environmental Plan 2013* (WLEP 2013) from RU6 Transition to R2 Low Density Residential and RE2 Private Recreation with an additional permitted use schedule.

DLG has worked closely with Council staff since 2017 and DPIE staff since 2020 to get the Planning Proposal to Gateway Determination (issued 25 August 2021).

DLG has completed 13 months of flora and fauna surveys a Stage 2 contamination assessment to give certainty that the site is suitable for the development.

DLG extensively consulted with stakeholders to make sure all interests were captured in the master plan. The engagement involved over 15 government agencies and community groups, including meetings with DPIE and a community Open Day in November 2018. DLG actively consulted with its significant land holding neighbours, Generator Property Management Pty Ltd (NSW Government

owner of the former Lake Munmorah Power Station at Colongra) together with Darkinjung Local Aboriginal Land Council.

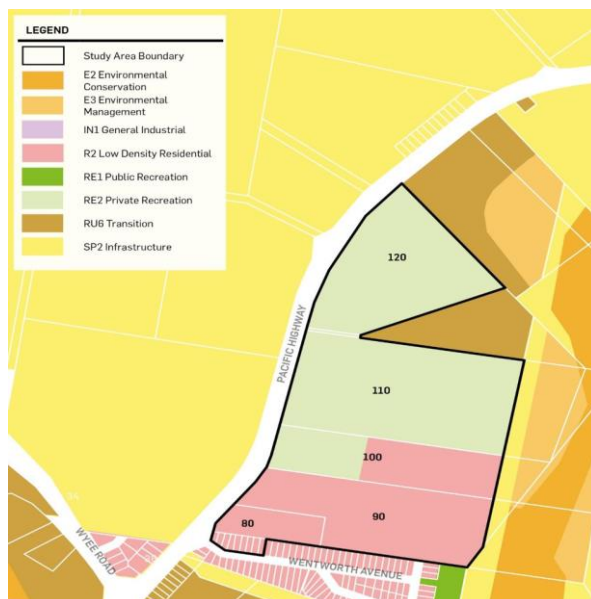
DLG resolved in writing its mining constraint with Centennial Coal before lodging the Proposal to give Council staff certainty that the density and siting of development within the master plan are robustly based.

Critically, DLG resolved in writing its gas pipeline hazard constraint with Jemena prior to Gateway Determination to give DPIE staff certainty that the hazard risk had been appropriately assessed. Jemena confirmed in writing that it has no objections to the proposed planning changes in proximity to its high pressure Licenced pipeline including the seniors living dwellings and other proposed sensitive land uses.

DLG has also engaged with Kathryn Duncan, Hunter and Central Coast Business Development Manager at Department of Regional NSW, who supports the Planning Proposal for the significant economic and investment benefits it will bring.

DLG's master plan was founded on comprehensive environmental, economic and social research, which demonstrated there is a strong case for change and a genuine need to broaden the land use planning on the site. The economic research included a drive time analysis and highest and best use analysis to shortlist viable short, medium- and long-term land uses. The mix of land uses shortlisted will generate significant employment opportunities and create a viable and vibrant community. The rezoning will generate significantly higher job density than the existing land uses onsite. The environmental investigations have concluded that the site can support the land uses determined in the economic research. Council has come to this same conclusion by resolving to proceed with the Planning Proposal and DPIE has come to the same conclusion by issuing Gateway.

Figure 1 Proposed zoning and master plans



Picture 1 Proposed Zoning



Picture 2 Proposed Master Plan

The draft Housing SEPP now means that DLG needs to reassess its Planning Proposal before it goes on public exhibition. The options being considered are:

- An additional permitted use schedule to permit ILUs on the site. This is a poor planning outcome in the context of Central Coast Council progressing its consolidated LEP. Council is actively trying to avoid scheduled permitted uses. This would also require DPIE to issue a new Gateway, adding additional time to an already protracted planning process.
- Changing the R2 to R3 medium density on the site. This is unlikely to receive support from Council given the low scale character of the area. Importantly, a change in the proposed zoning would require going back to the Council administrator for endorsement, adding significant time to an already protracted planning process.
- Lodging a concept development application to preserve the land uses on the site in reliance of the savings provisions. Given DPIE's intention to adopt the Housing SEPP in October, this does not provide sufficient time to lodge a well-considered development application. Further, it provides no certainty as DPIE may alter the savings provisions upon gazettal.

Clearly the draft Housing SEPP is placing DLG's Planning Proposal under enormous and unnecessary uncertainty.

3.2. PUBLIC BENEFIT

The Planning Proposal will result in key social benefits in terms of housing, seniors included:

- **Increase residential dwelling offering for the community** – Provision of 141 residential dwelling lots will provide a more diverse local residential offering, with access to communal open space, car parking, health facilities, childcare and food outlets.
- **Increase affordable housing for seniors** - Provision of 220 new seniors living dwellings to help meet regional housing needs and contribute to retail expenditure at Central Coast LGA. The Central Coast Regional Plan anticipates the Central Coast region will increase by 75,500 people by 2036, with 55% of this growth across people aged 65 years and older.

The Planning Proposal will also have broader social and economic benefits for the local community and wider Wyong Local Government Area, including:

- **Inject jobs into the local economy, closer to home** – Approximately 920 jobs will be created, including the existing jobs at the Club (185 jobs). This is significantly more than the 518 jobs required the North Wyong Shire Structure Plan. Construction could generate up to 184 full-time, part-time and temporary jobs annually over the development timeframe. Employment uplift equates to approximately 2.3% of the jobs targets and 5.6% of tourism and recreation job targets within the Central Coast LGA.
- **Deliver an expanded recreation offer for the community** – Existing recreation uses will be expanded and enhanced. New recreation opportunities will be explored that reflect the change in needs
- **Enhanced landscape setting** – Permanent protection and incorporation in the landscape design of sensitive ecological areas, to protect habitat, natural attributes and the visual aesthetics of the site.
- **Create a destination venue to boost tourism to the area** – Uses such as go karting, Raw Challenge, recreation warehouse, tourist accommodation and Club will make this a place where visitors can come to play and stay.

- **Diversify the food and beverage and retail offer in the area** – Creation of a new neighbourhood service centre, which is co-located with a service station, retail and restaurant offerings to serve the local community as well as passing trade.
- **Improve safe access to, from and within the site** – Provide a new signalised intersection, upgraded accesses and an internal road network.

These benefits will not be realised if a key component of the master plan, seniors housing, is prohibited in the R2 zone. The draft SEPP needs to recognise this and be amended to permit ILUs in R2.

4. SENIORS HOUSING

The aim of the *State Environmental Planning Policy (Housing for Seniors or People with a Disability) 2004* is to encourage the provision of housing that will:

- (a) *increase the supply and diversity of residences that meet the needs of seniors or people with a disability, and*
- (b) *make efficient use of existing infrastructure and services, and*
- (c) *be of good design.*

The aims of the draft Housing SEPP of relevance to seniors housing are:

- (a) *to ensure an adequate supply of an appropriate range of housing types to meet the changing needs of people across the State, including the following—*
 - (i) *seniors,*
 - (b) *to provide greater clarity and certainty for the housing sector,*
 - (c) *to encourage the development of diverse and affordable housing types by—*
 - (ii) *providing incentives for certain types of development,*
 - (f) *to encourage the development of housing that is designed and located in a manner that meets the needs of residents, especially seniors or people with a disability.*

Housing 2041: NSW Housing Strategy recognises the State-wide significance of housing for older people as older people make up a growing share of the community with number of people aged 65 and older to increase by 85% in the next 25 years.

The aims of the NSW Government to increase the supply of well designed and appropriately located seniors housing and to create certainty for the industry are commended.

Given the underlying aging population trend and evidence that a good proportion of the aging population want to age in place and that housing supply is required to address a significant shortage in housing, DLG has significant concerns about the proposal in the Draft Housing SEPP prohibiting ILUs in R2 Low Density Zones.

The removal of ILUs from the Zone R2 Low Density Residential is major retrograde step that will undermine the sound aims and objectives of the current Seniors Living SEPP and the draft housing SEPP.

5. PROHIBITION OF ILUS IN R2 LOW DENSITY RESIDENTIAL ZONE

The draft Housing SEPP now prohibits ILUs from being located in R2 Low Density Residential zones. This is a significant change in existing policy. It was not included in the original EIE (exhibited in July 2020). At a recent information session provided by the DPIE, DPIE Officers explained that this change was introduced because of poor development examples in low density neighbourhoods.

Historically, there may have been some inappropriate ILU developments approved within low density zones, however a 'blanket prohibition' is not the best way to address this concern. A better approach would be to allow ILU developments, provided they meet appropriate design and neighbourhood character criteria.

While being a low-density zone, the ability for ILUs to be located within the R2 zone is still very important to allow housing options to 'age in place'.

Given most of the residential zoned land in NSW is R2 Low Density Residential, with an underlying aging population trend and evidence that a good proportion of the aging population want to age in place and that additional housing supply is required to address a significant shortage, to restrict ILUs from these zones is of significant concern. The removal of the ability to develop suitable housing of a scale and density that is consistent with what is permitted in the R2 zone is a major retrograde step and is considered a blunt instrument approach that will undermine the aims and objectives of the current Seniors Living SEPP and the draft housing SEPP.

6. CONCLUSION

The draft Housing SEPP as it is currently drafted is not supported. The removal of ILUs completely undermines the aims of the current Seniors Living SEPP and completely undermines the Planning Proposal Gateway that DLG has just received after four years of investment, technical investigation and stakeholder engagement.

We provide the following recommendations:

- **Recommendation 1** - Retain the ability to develop ILUs in Zone R2 Low Density Residential for the reasons discussed throughout this submission.
- **Recommendation 2** - DPIE to further investigate a variety of options and incentives to encourage housing diversity, in particular seniors housing, through the new Housing SEPP.

We thank you for the opportunity to contribute and collaborate on the Draft Housing SEPP and we welcome any opportunity to meet DPIE officers to discuss the concerns raised. We look forward to the DPIE's consideration of the matters raised and please do not hesitate to contact me with any questions of clarification.

Kind regards,

A handwritten signature in blue ink, appearing to read "Elaine Roff".

Alaine Roff
Director
+61 2 8233 9927
aroff@urbis.com.au