



# Public Exhibition of the Waterloo Estate (South) Planning Proposal and draft Waterloo Estate (South) Design Guide

## SHELTER NSW SUBMISSION

29 April 2022



## About Shelter NSW

Shelter NSW has been operating since 1975 as the state's peak housing policy and advocacy body. Our vision is to create a sustainable housing system that provides secure homes for all.

We pursue our vision through critical engagement with policy and practice and thought leadership. We provide systemic advocacy and advice on policy and legislation for the whole NSW housing system to resolve housing inequality.

We are especially concerned for low-income households which struggle to afford good-quality and well-located housing in the private market.

Shelter NSW is concerned about the housing crisis in NSW and the rising trends in homelessness; housing rental stress as well as the impacts of poor-quality housing, particularly on low-income households. Lower-cost properties are being steadily replaced with new ones at higher rents, and new concentrations of disadvantage have been created across our major cities and towns as low-income households are displaced. We advocate solutions that aim to make the housing system work towards delivering a fairer housing system for all.

We have an established interest in the development of social and affordable housing, including policies and practice around public housing estate renewal and associated property development. We have also been involved in the *Groundswell* coalition. *Groundswell* comprises a number of local community organisations from the Redfern and Waterloo area including REDwatch, Inner Sydney Voice, Tenants' Union of NSW and Shelter NSW. It acts as a point of liaison between NSW Government agencies and community members regarding the development of the broader Waterloo and Redfern. Our Senior Policy Officer Cathryn Callaghan also co-chairs the (resident-led) Waterloo Redevelopment Group (WRG).

Shelter NSW welcomes the opportunity to make a submission and thanks the Department of Planning for the opportunity.

## Executive Summary

The NSW Government ('the Government') is proposing to redevelop the Waterloo South housing estate which currently consists of approximately 749 public housing and 125 private dwellings. The proposal would see the loss of valuable public land and a vastly denser future precinct of over 3,000 dwellings<sup>1</sup> with just 28.2% social housing dwellings (26.5% of residential floorspace, about 847 dwellings) and 7.5% affordable rental dwellings (7% of residential floorspace, about 227 dwellings).

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<sup>1</sup> The availability of an additional 10% floorspace may add as many as 330 additional dwellings to the site. The eventual number of units to be delivered could be as high as 3300-3400.

The proposal to redevelop the Waterloo South Estate is '*one of the state's most significant redevelopment projects*' according to the NSW Government. We agree. There is a lot at stake for the current and future public/social housing residents; private residents (owners and renters); local communities and their affiliated community and public sector service network; and the broader City of Sydney and state.

The proposed development is on NSW public land, home to hundreds of public housing tenants and a long-standing Aboriginal community. As such, we believe the NSW Government has the responsibility and opportunity to build an exemplar community – one where people from all walks of life, cultures, ages and incomes can prosper; supported by a network of social, government and public services and facilities; living in well-built and designed homes, buildings and public spaces. This vision we contend, is worthy of direct Government investment, innovative thinking and whole-of-government planning rather than the narrow zero-sum game of 'financial feasibility' (the latter forcing many stakeholders commenting on this proposal to argue on the margins of planning and technical policy).

The City of Sydney has identified that it needs 14,000 additional affordable and social dwellings by 2036. This proposal could see as few as 100 additional social and 227 affordable housing dwellings delivered on the Waterloo South site over the predicted decade of its development. Unknown at this stage is how many additional tenants will eventually be offered social housing as a result of this development.

Given the massive disruption to current tenants, the cost of managing and advancing the proposal and the loss of a major public land asset we suggest that the proposal fails to stack up. On this basis we cannot support the proposal in its current form.

We believe there is a significant requirement that the proposal makes a substantial and far greater contribution to increasing the stock of social and affordable housing in the Sydney Local Government Area (LGA) – commensurate with a large and growing unmet demand and the capacity of Government to drive a better outcome in the broader public interest. We note that this aspiration is shared by many including elected local government representatives, independent committees, community and resident groups.

If it is to be privatised, this site needs to work harder for the people of NSW. And if the density of the site is to be substantially increased care must be taken to create a place where large numbers of vulnerable people and lower-income people in general can reasonably live.

The Government requires its Land and Housing Corporation (LAHC) to be self-funding. This has given rise to the public/private partnership '*Communities Plus*' model where LAHC sells valuable public land and dwellings in order to fund the expansion and upgrade of existing and new social housing stock across the state. It is our strong view that this business model, driven by NSW Treasury in particular, within which financial feasibility analyses for sites like Waterloo South are shoehorned, is holding the state back. It puts a cap on the ambition for these types of public housing renewal sites. Shelter NSW has recently released new research, calling on the NSW Government to rethink its traditional approach to public housing estate renewal. In this submission we will refer to that research and call on the NSW Government to

take a more innovative and long-term commercial public housing estate renewal approach in order to preserve valuable public land assets, while delivering more social housing.<sup>2</sup>

At Shelter NSW, we also advocate for Affordable Housing - in addition to social housing, not instead of it. It responds to an important group that is often overlooked – financially stressed renters in the insecure, private residential housing market (renters who otherwise generally don't qualify for social housing). And it also caters for important key workers, including many from the government's own workforces who are best placed if they live and work in the same area. Currently, these key workers (including from the Aboriginal community) are being displaced from the city and the communities they serve. We believe the Government has the opportunity to assure more affordable homes in the Waterloo South area for these types of workers.

What is clear, is that the *Communities Plus 70:30* approach (slightly modified in the case of Waterloo South) results in the dilution of social housing in any area. In this case, the dilution is amplified by the large increase in density. The combined proposed proportionate reduction of social housing communities across the Sydney LGA, including that of the future Elizabeth Street site, should be understood to be proposals that actively reduce the proportionate representation of lower socio-economic people in the local area and in doing so, changes the character of these suburbs entirely.<sup>3</sup> In Waterloo itself this includes a significant and long-standing Aboriginal and Torres Strait Islander population.<sup>4</sup> On any measure this development, as it stands, will continue the process of gentrification and displacement often associated with urban renewal projects, undermining the broader vision of Sydney that we share with many others: where people from all walks of life, cultures and incomes can reasonably live in diverse, well-supported communities.

Having focused on the relatively low proportion of social housing in the future Waterloo South precinct it is critical to understand that there will a significantly (and hopefully increased) number of social housing tenants living in what will be a very dense, high rise precinct.

The NSW Government acknowledges that's its tenancy populations are increasingly vulnerable, requiring significant support. While Shelter NSW does not assert that high-rise living is, by definition, unsuitable for lower income people, it is well understood that the downsides of this type of living are most keenly felt by that cohort. This is especially acute for those experiencing the compounding challenges associated with poor mental or physical

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<sup>2</sup> Murray, C. & Phibbs, P. (2021) *Reimagining the economics of public housing estate at Waterloo – a report for Shelter NSW* [access via shelternsw](#)

<sup>3</sup> Rogers D. & Darcy, M. (July 8, 2020) [Public housing renewal likely to drive shift to private renters not owners in Sydney](#), *The Conversation* online article

<sup>7</sup> Rogers & Darcy *ibid* analysis indicated that the proposed Waterloo redevelopment projects for example, would likely reduce the entire suburb's proportion of social housing dwellings from 30% to about 17%. Private renters might rise to be more than 50% of households; challenging suggestions in the original research that the benefits of the social mix were based on owner-occupied and public housing neighbourhoods not on a transient renting population.

<sup>4</sup> HillPDA Consulting, *Waterloo South Housing Diversity & Affordability*, prepared for Department of Planning, Industry & Environment March 2020. In 2016, 227 residents (or 6.2%) identified as Aboriginal and/or Torres Strait Islander, a far higher proportion than the 1.2% for the City of Sydney

health; loneliness and isolation. It is our firm view that if the NSW Government proceeds with this development it needs to formally and transparently justify (to the people of Sydney) that a precinct of this density and social makeup can support such a large, vulnerable population. Furthermore, we call on the Government to actively assess and commit the necessary funds that will be required to support the: successful relocation and return of current public housing tenants; the rapid influx of many thousands of new residents (social, private owners and renters) and the growth of a vibrant, supportive community, building on the cultural, social and community heritage of the suburb of Waterloo.

In this submission we will be calling on the NSW Government to:

- **increase its commitment to social and affordable housing to: one third social housing, one third affordable rental housing and one third private housing** commensurate with the current and growing demand for social housing and to support key community, public and social sector workers (nurses, teachers, police, paramedics, social workers, legal officers including from local Aboriginal services) to remain living in the area
- **commit at least 10% of social and affordable housing to the Aboriginal community**
- **commit to demonstrating a superior environmental performance in the redeveloped estate** (beyond minimum compliance prescribed by BASIX) to support the health and well-being of lower-income residents, reduce energy bills and generally increase the long-term resilience of the community
- **apply a more innovative commercial, funding and tendering model to the development of this site reducing the need to sell a large tract of valuable public land to private developers and enabling the involvement of the community housing sector**
- reconfirm how a future estate of this density can, initially and over time, support a vulnerable social housing community **by commissioning a Social Impact Assessment (and risk mitigation plan) as part of the planning proposal** (i.e., before the DA stage). And, in the case where the risks are high and or unmitigated, be prepared to **adopt a lower density for the site.**
- **Develop, implement and fund a Human Services Plan spanning current relocation and post development and beyond** - commensurate with a much larger Waterloo South population as well as the complexities that will arise from establishing a 'mixed' and predominantly lower-income community in a high-rise built environment.
- **Formally adopt the Compact for Renewal** as a means of ensuring best practice tenant engagement in the relocation and resettlement process.

## Scope and approach of our submission

- **Our submission is for the attention of the NSW Government (not just the Department of Planning).** While we understand that the proposal is being made by the NSW Department of Planning and environment, we will in the main, address our recommendations to the NSW Government – landlord of the current tenants; asset owner of the current public land and housing and provider/funder of many public and community services required to support such a large new development and community.
- **Given the focus of Shelter NSW, this submission will primarily focus on the social and affordable housing provisions described in the proposals.** We note however, that our affiliated community and resident organisations (within *Groundswell*, for example) as well as many local residents will provide valuable insight into factors such as public space, amenity and overall design. We encourage the consent authority to take heed of their feedback – as they represent a genuine source of information from a long-established diverse community. As residents they stand to be most-impacted by the proposed development. And of course, public housing residents, with a ‘right of return’ to the estate have keen interest in its development. In particular we endorse the submission made by Counterpoint Community Services which has consulted deeply and widely.
- **Over time the planning for the broader Redfern-Waterloo area has moved from the broader area to smaller elements.** This planning proposal for example, only considers Waterloo ‘South’ with North and Central subject to separate future proposals. Similarly, there are other active proposals for Government-led developments at the nearby 600 Elizabeth Street Redfern, Waterloo Metro and in nearby suburbs such as South Eveleigh and Glebe. While we appreciate that this may be easier for planners, financiers and future developers we do think this approach has restricted a more fulsome consideration of the cumulative opportunities and risks presented by the Waterloo South proposal. **In this submission we will often refer to data and considerations for the broader Sydney LGA.**

## 1 The stock of Social and Affordable needs to grow in the City of Sydney

In the decade 2006 – 2016, the City of Sydney reports that while the stock of social housing increased by 841 dwellings, the proportion of social housing stock compared to total households actually reduced from 11.7% to 9.2%.

According to the City of Sydney Housing Audit<sup>5</sup> as at June 2020, there were:

- **9,630 Social** (including public) housing dwellings representing **8.1% of private dwellings** in the city (compared to 9,397 in 2007)
- **1,028 Affordable** rental housing dwellings representing **0.9% of private dwellings** in the city (compared to 447 in 2007).

Other evidence of unmet need for housing across NSW and Sydney:

- **Demand for social housing.** According to the Government's own social housing waitlist data<sup>6</sup> there was on June 30, 2021, 626 approved applications on the general social housing waiting list and 267 on the priority list in the 'inner city'. Wait times for one bedroom or studio time are one to ten years with wait times for two-bedroom units extending to ten plus years.
- **People seeking homelessness services being turned away.** As detailed in our Shelter NSW Pre Budget Submission<sup>7</sup>, close to 50% of the over 47,000 people seeking accommodation assistance from the Specialist Homelessness Sector (SHS) in NSW during 2020-21 were turned away<sup>8</sup>. This has steadily worsened since 2015-16 where 15,471 or 34.2% had the same experience. Over the last decade, each year, at least 45,000 people present at SHS services seeking help (with Aboriginal & Torres Strait Islander people consistently overrepresented at nearly a third of all SHS clients). Many of these SHS service operate in the City of Sydney and report the lack of medium-long-term social housing as a key barrier to resolving client needs.
- **(NRAS) Commonwealth scheme ending.** The National Rental Assistance Scheme (NRAS)<sup>9</sup> is expiring across the country<sup>10</sup>: 906 have already expired in NSW with a further 5,639 properties due to expire by 2026. Many of these properties will be in the City of Sydney.

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<sup>5</sup> City of Sydney (1 June 2020), *Housing for All – Local Housing Strategy – Technical Report* at p 46

<sup>6</sup> Department of Communities and Justice [Expected waiting times | Family & Community Services \(nsw.gov.au\)](#) accessed 27 April 2022. Allocation zone CS01. Note each application represents a household.

<sup>7</sup> Shelter NSW (2022) *Prebudget Submission to NSW Department of Treasury* available at [www.shelternsw.org.au](http://www.shelternsw.org.au)

<sup>8</sup> Productivity Commission (2021) *Annual Report on Housing and Homelessness*

<sup>9</sup> This is a Commonwealth & State program. Eligible NRAS applicants from low-moderate incomes attract a contribution for each approved home; rent is set at least 20% below the prevailing market rates

<sup>10</sup> Commonwealth Government (June 2021) [nras-quarterly-report-30-jun-2021.pdf \(dss.gov.au\)](#) at p3



– **Rental Stress (households paying more than 30% of income on rent) is chronic and widespread in Waterloo South.** According to a March 2020 report prepared for the Department of Planning, Industry and Environment on housing diversity and affordability in Waterloo South<sup>11</sup>, 43% of the renter households within the study area were experiencing rental stress (that is, paying 30% or more of their household income on their rental repayment). Importantly, the report notes that *the housing affordability challenge in Sydney is affecting more than just the socially disadvantaged or low income earners.... Households on very low or low incomes cannot afford to rent a 1 or 2 bedroom apartment in the Sydney LGA. Households on a moderate income could afford a 1 bedroom but not a 2 bedroom apartment* and, as a red flag for social harmony and equity (we think) *only more affluent households will be able to afford 2 or 3 bedroom dwellings....If left unabated the housing affordability gap will continue to widen.*

The NSW Government, via the Greater Sydney Commission released the *Greater Sydney Region Plan: A Metropolis of Three Cities and its Eastern City District Plan* in 2018. That plan required relevant Councils including the City of Sydney to prepare a 20-year local housing strategy. The City of Sydney released that plan<sup>12</sup> identifying the following targets, reflecting overall City targets: that of all private housing, 7.5 per cent will be affordable housing and 7.5 per cent will be social housing;

**Table 1:** adapted from *City of Sydney Housing provision to 2036*

<b>Housing in Sydney LGA</b>	<b>Total 2016</b>	<b>2016–2021 (0–5 year) target</b>	<b>2022–2026 (6–10 year) target</b>	<b>2027–2036 (11–20 year) contribution</b>	<b>Total 2036</b>
<i>Affordable</i>	835	+2714	+2714	+5428	11,690
<i>Social</i>	9,716	+494	+494	+987	11,690
<b>Total Dwellings</b>	<b>117,429</b>				<b>173,429</b>

The Independent Advisory Group (IAG) expert panel noted in its 2021 report<sup>13</sup> that *in the Waterloo precinct, there should ideally be more affordable housing than the 10% proposed due to the demography, the clear need and the income circumstances of the population in this area.*

<sup>11</sup> HillPD Consulting (March 2020), *Waterloo South – Housing diversity and Affordability*, prepared for the Department of Planning, Industry and Environment at p 56

<sup>12</sup> City of Sydney (2020) *Housing for All – Local Housing Strategy* access [Local Housing Strategy](#)

<sup>13</sup> Independent Advisory Group (2021) *Waterloo South Report* at p 55



## 1.1 Key and Essential Workers suffering acute housing stress across Sydney – especially in the inner city

Recent research by Gilbert, Nasreen and Gurrán<sup>14</sup> has highlighted the extent to which key workers in Sydney are struggling to find appropriate and affordable housing. These include teachers, nurses, community support workers; ambulance and emergency officers; delivery personnel and cleaners. These are the very types of workers needed to support the large and growing residential populations and commercial operations that exist across the Sydney LGA.

The report has found that twenty per cent of key workers across Sydney experience housing stress, with much higher rates in inner subregions. Concerningly, the report notes that difficulties accessing appropriate and affordable housing is extending well beyond households traditionally considered in need of welfare into moderate incomes brackets. They found that there are no LGAs in the Sydney metropolitan region with a median house price that is affordable to an early career registered nurse, and only a few LGAs having affordable unit prices. (Refer *Appendix A* for more detail)

Community sector organisations operating in the inner city have noted to Shelter NSW that their effectiveness is greatly enhanced by having its workers deeply involved, at best, living within or close to the communities they serve. We can reasonably extrapolate this to apply to the broader public sector (police, teachers, nurses). The reality is for those occupational groups however, that not only will they be unlikely to be able to afford to live in the Sydney LGA, they will likely be forced to live in the very outreaches of Sydney or in satellite cities such as Wollongong or the Blue Mountains enduring lengthy commutes into the inner city each day or night depending on rosters.

## 1.2 Aboriginal people are currently well-represented in Waterloo

Waterloo is a critically important cultural and historical home to Aboriginal people – both for local residents as well as connected communities across Greater Sydney and NSW. According to a report prepared for the Department of Planning<sup>15</sup> the Waterloo Precinct has a significant Aboriginal and Torres Strait Islander population. In 2016, 6.2% identified as Aboriginal and/or Torres Strait Islander, a far higher proportion than the 1.2% for the City of Sydney. Additionally, this group has a high concentration of middle aged adults with evidence of young families, with a high proportion of children aged 10 to 14 years. Other Government data<sup>16</sup> points to a large representation of Aboriginal people amongst the current Waterloo Estate tenant population (around 10%)

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<sup>14</sup> Gilbert, C., Nasreen, Z. and Gurrán, N. (2021) *Housing key workers: scoping challenges, aspirations, and policy responses for Australian cities*, AHURI Final Report No. 355, Australian Housing and Urban Research Institute Limited, Melbourne, <https://www.ahuri.edu.au/research/final-reports/355>, doi:10.18408/ahuri7323901.

<sup>15</sup> HillPDA Consulting (March 2020), *Waterloo South – Housing diversity and Affordability*, op.cit. at p 33

<sup>16</sup> Cited in the cited in the Waterloo Metro OSD proposals (*Environmental Impact Statement Appendix AA - Social and Economic Assessment [SSD-10437 Southern Precinct]. Appendix A*

Shelter NSW endorses the position of the City of Sydney<sup>17</sup>, in its *Housing for All: Local Housing Strategy* (2020):

*The Strategy... highlights the need to support Aboriginal and Torres Strait Islander people maintain ties to the local community. This includes ensuring suitable social and affordable housing managed by Aboriginal community housing providers and led by Aboriginal people and organisations as a continued expression of self-determination. The Strategy notes that when the Redfern-Waterloo development area was established in 2004, one of the objects of the legislation was to promote, support and respect the Aboriginal community in Redfern-Waterloo, having regard to the importance of the area to the Aboriginal people*

In other Waterloo precinct consultations<sup>18</sup> concerns expressed by Aboriginal people have been documented. These include concerns that the extent of change and failure to ensure low-cost housing will in a practical sense displace Aboriginal people from the local area. By extension, Aboriginal people have called on the Government to ensure a *proportion of affordable housing should be targeted to Aboriginal people who are being forced out of the area.*

Shelter NSW supports the campaign [Aboriginal Affordable Housing Campaign](#) which calls for 10% of any housing developed on Government land be devoted to Aboriginal people and for affordable housing programs.

## Recommendations:

- **increase commitment to social and affordable housing to: one third social housing, one third affordable rental housing and one third private housing** commensurate with the current and growing demand for social housing; to address homelessness and chronic and widespread rental stress; and to support key community and social sector workers (nurses, teachers, police, paramedics, social workers, legal officers including from local Aboriginal services) to remain living in the area
- **ensure at least 10% of the total stock of social and affordable housing is dedicated to Aboriginal people** (the latter managed by an Aboriginal Community Housing provider) in order to prevent further displacement from the area and to support an ongoing vibrant community.
- **give special consideration for affordable housing to key workers** from the health, education, justice and community sector that currently and will in the future provide support to an expanded inner city community including Waterloo.

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<sup>17</sup> Ibid.

<sup>18</sup> Ibid at p162

## 2. Supporting a future hi-rise Waterloo South Community with many lower-income renters

According to AHURI research by Easthope et al<sup>19</sup>, 10% of the Australian population lives in an apartment (and increasing), mainly in capital cities (85%). Our interest at Shelter NSW is with the 39% of households living in high-density apartments from lower income households.<sup>20</sup> And while we are not against high rise living *per se* we note the research finds that these lower-income households, *over-represented compared to other dwelling types are disproportionately affected by challenges associated with apartment living*. Importantly these researchers have noted that, *“it’s not just the buildings, high-density neighbourhoods make life worse for the poor”*<sup>21 22</sup>

The experiences of apartment living for lower-income apartment residents are influenced by factors such *infrastructure provision, urban design, building design and management, neighbourhood amenities and facilities, and ongoing place management and community engagement*. Tensions can arise from a variety of sources – whether it be noise, conflict over shared spaces like gardens and laundries or the management of safety and security issues. And of course, these tensions are in many cases landing on people already stressed by the pressures of poverty, insecure work and any number of personal or health circumstances.

Navigating these issues is difficult for most people, but lower income renters whether social, affordable or private, have less flexibility and capacity to simply move if the situation becomes untenable. This is especially the case in a tight rental market with limited options for low-income people (let alone those with families, disabilities, carer responsibilities or other complicating factors).

Darcy and Rogers<sup>23</sup> observed in 2019 that higher density inner city areas have a higher proportion of private renters. Their 2020 research into the demographics of the suburb of Waterloo for example, revealed that *63% of private dwellings in the suburb of Waterloo (according to the 2016 census) are privately rented – double the Greater Sydney proportion*. While Waterloo is already a dense suburb dominated by renters this planning proposal will see that phenomena amplified, and, along with it, a potential escalation of the downsides of high-

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<sup>19</sup> Easthope, H., Crommelin, L., Troy, L., Davison, G., Nethercote, M., Foster, S., van den Nouweland, R., Kleeman, A., Randolph, B., and Horne, R. (2020) *Improving outcomes for apartment residents and neighbourhoods*, AHURI Final Report 329, Australian Housing and Urban Research Institute Limited, Melbourne, <http://www.ahuri.edu.au/research/finalreports/329>, doi: 10.18408/ahuri-7120701 [Improving outcomes for apartment residents and neighbourhoods—Executive Summary \(ahuri.edu.au\)](http://www.ahuri.edu.au/research/finalreports/329)

<sup>20</sup> Easthope, H., Troy, L. & Crommelin, L. (2017) AHURI research funded by Shelter NSW *Equitable Density: The place for lower-income and disadvantage households in a dense city* sourced from UNSW City Futures Research Centre: <https://cityfutures.adu.unsw.edu.au/research/projects/equitable-density-place-lower-income-and-disadvantage-households-dense-city/>

<sup>21</sup> Easthope, H., Troy, L. & Crommelin, L. (2017) *It's not just the buildings, high-density neighbourhoods make life worse for the poor* ([theconversation.com](http://theconversation.com)) article in The Conversation published 22 August, 2017 accessed 28/4/22

<sup>22</sup> Easthope, H., Troy, L. & Crommelin, L. (2017) *This is why apartment living is different for the poor* ([theconversation.com](http://theconversation.com)) article in The Conversation published 21 August, 2017 accessed 28/4/22

<sup>23</sup> Darcy, M. & Rogers, D. (2019) University of Sydney, The Henry Halloran Trust [Social Mix discussion paper](#) at p9

density apartment living. Furthermore, they forecast that the Waterloo South estate redevelopment would reduce the overall suburb's proportion of social housing dwellings from 30% to about 17%; private renters might rise to more than 50% of households and about 30% of households in the suburb would be owner-occupiers <sup>24</sup>.

At Shelter NSW, our focus is on people from the bottom two quintiles of household income Australia-wide. We are concerned that the failure to provide enough social and affordable housing across the entire suburb of Waterloo will see many thousands of lower income renters exposed to the insecurity and unaffordability of the private rental market as illustrated this month in the 2022 *Anglicare Rental Affordability Snapshot*<sup>25</sup>.

Beyond issues of affordability, we are also concerned that this development, effectively outsourced to the private sector, will not directly address the needs and concerns of future lower-income renters. And not just as ribbons are cut but over time as the Waterloo South community ages and changes. As Easthope et al note <sup>26</sup> *underpinning the high-density development of Australian cities is a policy orthodoxy that privileges market-led housing delivery and a reduced government role in direct housing provision and management... policy interventions directed at lower-income apartment residents have been limited*. They also note the narrow focus of developers, often catering more for investors when designing new apartment buildings leading to limited variation in apartment designs and sizes available.

We agree with and support the observation of Counterpoint Community Services in their submission, that the proposal does not anticipate or provide *any supported accommodation for homeless clients, transient communities, or aged and health supported accommodation units. The lack of care homes and housing for people living with disabilities to enable independent living is another example of the planning proposal not optimising the public asset for the public benefit*. We and they expect more from a government-led proposal. Furthermore, we note the Government's high focus on providing social housing studio or one-bedroom apartments and hope that this will not exclude larger dwellings required to support families to stay and grow in Waterloo (including the high number of Aboriginal families in the current precinct).

As noted by Easthope et al, successful high-density redevelopment needs to consider the impact on lower-income and vulnerable residents of factors at the building, neighbourhood and metropolitan scales. Given the risks of creating a future, denser precinct that makes *'life worse for the poor'* we encourage the Government to step in at this early stage and ensure the Waterloo South development puts lower-income people front and centre. Failure to attend to the needs of lower-income high-density residents risks undermining the prosperity and cohesion of Australian cities in future years <sup>27</sup>

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<sup>24</sup> Rogers. & Darcy. (2020) <https://theconversation.com/public-housing-renewal-likely-to-drive-shift-to-private-renters-not-owners-in-sydney-133352> article published on the online journal The Conversation, accessed 28/4/22

<sup>25</sup> Accessed 28/4/22 <https://www.anglicare.asn.au/research-advocacy/rental-affordability/>

<sup>26</sup> Easthope et al (2020) op. cit. Executive Summary at p3

<sup>27</sup> Easthope et al (2017) article in The Conversation op. cit.,

We are of the view that if the NSW Government proceeds with this development it needs to formally and transparently justify that a precinct of this density and socio-economic makeup can support such a large, lower-income renting population (including vulnerable people in social housing). Furthermore, we call on the Government to actively assess and commit the necessary funds required to support the: successful relocation and return of current public housing tenants; the rapid influx of many thousands of new residents (social, private owners and renters) and the growth of a vibrant, supportive community, building on the cultural, social and community heritage of the suburb of Waterloo.

## Recommendations

- reconfirm how a future estate of this density can, initially and over time, support a vulnerable social housing community **by commissioning a Social Impact Assessment (and risk mitigation plan) as part of the planning proposal** (i.e., before the DA stage). And, in the case where the risks are high and or unmitigated, be prepared to **adopt a lower density for the site**.
- **develop, implement and fund a Human Services Plan spanning current relocation and post development and beyond** - commensurate with a much larger Waterloo South population as well as the complexities that will arise from establishing a 'mixed' and predominantly lower-income community in a high-rise built environment.
- **ensure lower-income residents (overwhelmingly renters) whether in social, affordable or private dwellings are a key focus of future precinct, building and dwelling design considerations** (taking account of the overlaying housing diversity and adaptability needs that arise from disability, cultural considerations, family size and the desire to age in place).

### 3. Environmental performance of the Waterloo buildings and homes

Across the general community there is a deepening realisation of the cost of living with rising temperatures and energy-inefficient homes and appliances; a challenge disproportionately felt by lower income households. These households have the least financial ability to adapt and respond<sup>28</sup> and spend a disproportionately large part of their disposable income on energy costs (6.4% versus 1.2%).<sup>29</sup> Beyond the financial impacts, these households are challenged to deal with the health and well-being impacts of rising temperatures and rising energy costs<sup>30</sup> Whether as private or social/affordable housing renters or low-income homeowners, these households often have little control over the energy efficiency of their homes and little financial capacity to upgrade old, inefficient appliances such as water and space heating/cooling systems.

Shelter NSW supports the recommendation made by the City of Sydney seeking to apply a BASIX 'stretch bonus' to relevant residential development in order to ensure a superior environmental performance. We support the city's assertion that the state government ought to be leader in this space especially given what is likely to be a large, predominantly low-middle income residential population which relies on well-built, designed and maintained buildings and dwellings in order to mitigate the impacts of climate change and rising energy costs.

As an aside, Shelter NSW supports proposals to renew the *NSW Appliance Replacement Offer program* to support lower-income households to replace inefficient appliances. This program ended in June 2021 and provided concession card holders access to a 40-50 per cent discount on a new fridge or television. This provided average savings on energy bills of \$325 per year.<sup>i</sup> This program should be renewed and extended to include other appliances such as portable air-conditioners and washing machines.<sup>31</sup> Funding for this program might be considered in the context of more general rebate programs currently offered by the NSW Government as a means of assisting low-income households to reduce their energy use in the first instance (and therefore reducing energy bills). Shelter NSW notes the opportunity offered by the future relocation of the current Waterloo public housing tenants to potentially offer this program (with relocation or return as determined by the tenant).

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<sup>28</sup> Deloitte (2021), *The economic impacts of the National Low-Income Energy Productivity Program*, report prepared for the Australian Council of Social Service [Link to report accessed 27 Jan 2022](#)

<sup>29</sup> Australian Energy Regulator 2019, *Affordability in retail energy market*, Commonwealth of Australia, Canberra.

<sup>30</sup> Grey, C.N.B. et al 2017, 'Cold homes, fuel poverty and energy efficiency improvements: A longitudinal focus group approach, *Indoor and Built Environment*, vol. 26, iss.7, pp.902-913. doi:[10.1177/1420326X17703450](#)

<sup>31</sup> NSW Government 2018, 'Appliance replacement scheme slashes power bills', media release, 30 July, accessed 9 November 2021,



## Recommendations

- **commit to demonstrating a superior environmental performance in the redeveloped estate** (beyond minimum compliance) to support the health and well-being of lower-income residents, reduce energy bills and generally increase the long-term resilience of the community
- as part of the public housing tenant relocation (from Waterloo) program and eventual growth of the new precinct, **incorporate a general appliance replacement program directed to lower-income households.**

## 4. Need for a more innovative and commercial business model

Shelter NSW has recently released new research calling on the NSW Government to rethink its traditional approach to supplying social housing across the state – an approach that we assert, is holding back its key agency LAHC and compromising the delivery of enough social housing to make a material difference to the housing crisis in NSW<sup>32</sup>. In our public commentary<sup>33</sup> we have observed that the *Communities Plus* model has become so entrenched (we believe) it has stymied creative thinking about how a project like the Waterloo South development could be delivered for the greater public good.

This research challenges the perceived requirement of Government to sell public land assets in order to fund more social housing. Rather, it asserts that retaining and leveraging public land could actually deliver more social housing in the long-term. It explores by way of illustration for Waterloo South, an alternative *model whereby 50% of new dwellings are public housing, 25% are retained by LAHC as build-to-rent housing at market prices, and 25% are sold by LAHC to the private market ... using low-cost leverage to generate positive cashflow and maximises exposure to long-term capital gains for LAHC.*

In a similar sense, Professor Bill Randolph and Dr Laurence Troy<sup>34</sup> in their submission to the Waterloo South Independent Advisory Group (IAG) have asked why the adoption of a private sector model, *as the only mechanism through which either plan is enacted* has not been debated? They make a strong case for a Not-for-Profit renewal of Waterloo South as a clear and viable alternative to the public-private partnership development model pursued under the current *Communities Plus* scheme. Under their proposal, delivery of a substantial component of Affordable Housing by the Community Housing sector would open new possibilities for the commercial, financial and operational delivery of the project.

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<sup>32</sup> Murray, C. & Phibbs, P. (2021) [https://shelternsw.org.au/news\\_items/reimagining-the-economics-of-public-housing-estate-renewal-and-the-role-of-government-new-research/](https://shelternsw.org.au/news_items/reimagining-the-economics-of-public-housing-estate-renewal-and-the-role-of-government-new-research/)

<sup>33</sup> Morton, R (March 5 2022) The Saturday Paper [Exclusive-leaked-documents-show-public-housing-plan-halved](#) (paywalled)

<sup>34</sup> Randolph, B. & Troy, L. (2021) [Appendix A Submission to the Waterloo South Independent Assessment Panel.pdf](#)



This would, we suggest, also challenge the treatment of this project as a 'superlot' in the tendering process rather than as a series of smaller staged parcels (the former only really attractive and viable for very large private developers). Given the complexities of the site including the requirement to relocate hundreds of current tenants it seems that a staged development will be required anyway. Why not formalise this in order to reduce the project and development risk and create more possibilities for collaboration especially, with the Not-For-Profit community housing development sector?

Higher proportions of social and affordable housing at Waterloo South have been deemed to be financially unfeasible under the current business models adopted by the Government . Given the size and significance of the Waterloo South Estate development and the opportunity to leverage this site (well-located to transport, education, employment and human services) there is, we believe, a strong case for a more innovative funding and development model as well as an extra case for additional targeted Government funding. This would ensure the delivery of enough social and affordable housing on this site to make a real difference to the NSW social housing waiting list and to address the costly homelessness crisis the NSW Government is otherwise required to respond to.<sup>35</sup>

## Recommendations

- **apply a more innovative commercial and funding model to the development of this site** reducing the need for LAHC to sell a large tract of valuable public land to private developers, enabling a far greater proportion social and affordable housing on the site
- **if necessary, apply additional targeted Government funds to ensure sufficient social and affordable housing is actually delivered** balanced against funding that is already required to support homelessness services and other costs that emerge due to a lack of social housing (within the areas of domestic violence response; health; and corrections)

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<sup>35</sup> As an aside, the Independent Expert Panel noted in its report at p55 that *the Redfern-Waterloo Affordable Housing Fund holds \$24m and is potentially available to contribute towards affordable housing on this site.*

## 5. Compact for Renewal – what tenants want from renewal

The eventual transfer processes connected with the current *Communities Plus* projects in the Sydney LGA will be very disruptive to the lives of existing tenants. The disruption has already begun for the current Waterloo South public housing residents. Years ago. They are already feeling the impact of being told that they will need to leave their current homes and community. Some are employed and wonder how this renewal will affect their employment. Many are highly engaged in the social and community networks of the suburb and their neighbourhood and wonder what will happen when they move. Many worry about how they will maintain practical access to trusted doctors and other support services they have come to rely on. Some are houseproud and wonder how their personal investment in their homes will be recognised and compensated.

With the benefit of having observed the progress and impact of a number of *Communities Plus* renewal projects, Shelter NSW encourages the NSW Government to actively engage and support community members, but especially current residents in the design of their future homes and community. We have heard directly from public housing tenants who have or are already part of an estate renewal project in other parts of Greater Sydney. They have told us what works well, and what doesn't – for residents and the overall project.

Shelter NSW recognises that the level of engagement we are advocating for requires the partnership between the Departments of Planning, LAHC and the Department of Families, Communities and Justice (DCJ), the 'landlord' of any current and future social housing residents across the life of the project. We offer the [Compact for Renewal](#)<sup>36</sup> as a template for how the NSW Government might best engage with the Waterloo South community from this early stage right through to relocation and possible return. Additionally, we ask that the compact be formally considered.

## Conclusion

At Shelter NSW we sense the government's frustration with the progress of this project. But still, we call on the government to rethink its approach, unshackle LAHC and work on the basis that the Waterloo South proposal should be seeking to produce a much fairer and accessible community with much more substantial outcomes for more affordable, diverse and accessible homes. To do otherwise risks at best, sub optimising, and at worst, creating a stressed hi-rise community that will, in the long-run be difficult and expensive to support.

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<sup>36</sup> *Compact for Renewal – What Tenants Want from Renewal*. These are the principles for a proposed *Compact for Renewal* between agencies undertaking urban renewal and social housing tenants affected by renewal. The Compact is the result of consultations with social housing tenants under a project carried out by Shelter NSW, Tenants' Union of NSW and the City Futures Research Centre at UNSW

## Appendix A - Key workers and the rental crisis

Although there is no commonly accepted definition for ‘key worker’ industries in Australia<sup>37</sup>, research by AHURI to date has demonstrated that workers in lower paid (yet essential) professions are increasingly being priced out of the very same suburbs and LGAs in which they are required to work. For instance, the following Table<sup>38</sup> makes it clear that in Greater Sydney, few LGAs are ‘affordable’ to rent in for critical workers such as laundry attendants, delivery drivers, early career emergency workers, and childcare educators:

Table 2: Number of LGAs with affordable median rent—Sydney

	Weekly wage	Annual Equivalent (full-time)	Indicative salary for	Affordable median rent (number of LGAs)		
				1 bedroom	2 bedrooms	3 bedrooms
Q2 (low)	\$ 790	\$ 41,080	Laundry worker	2	0	0
Q2 (low-mid)	\$ 960	\$ 49,920	Commercial cleaners, delivery drivers, fire and emergency workers (early career)	11	0	0
Q2 (mid)	\$ 1,150	\$ 59,800	Enrolled nurse, ICT Support technicians, child carer,	17	6	0
Q2 (high)	\$ 1,350	\$ 70,200	Social worker, aged and disability carer, community welfare worker	23	18	5
Q3 (low)	\$ 1,500	\$ 78,000	RN/midwife (early career), tram and train driver	27	19	12
Q3 (mid)	\$ 1,850	\$ 96,200	Teacher (early career)	39	28	20

Source: Authors; salary and rental price information derived from Australian Government 2020 and NSW Department of Communities and Justice 2020.

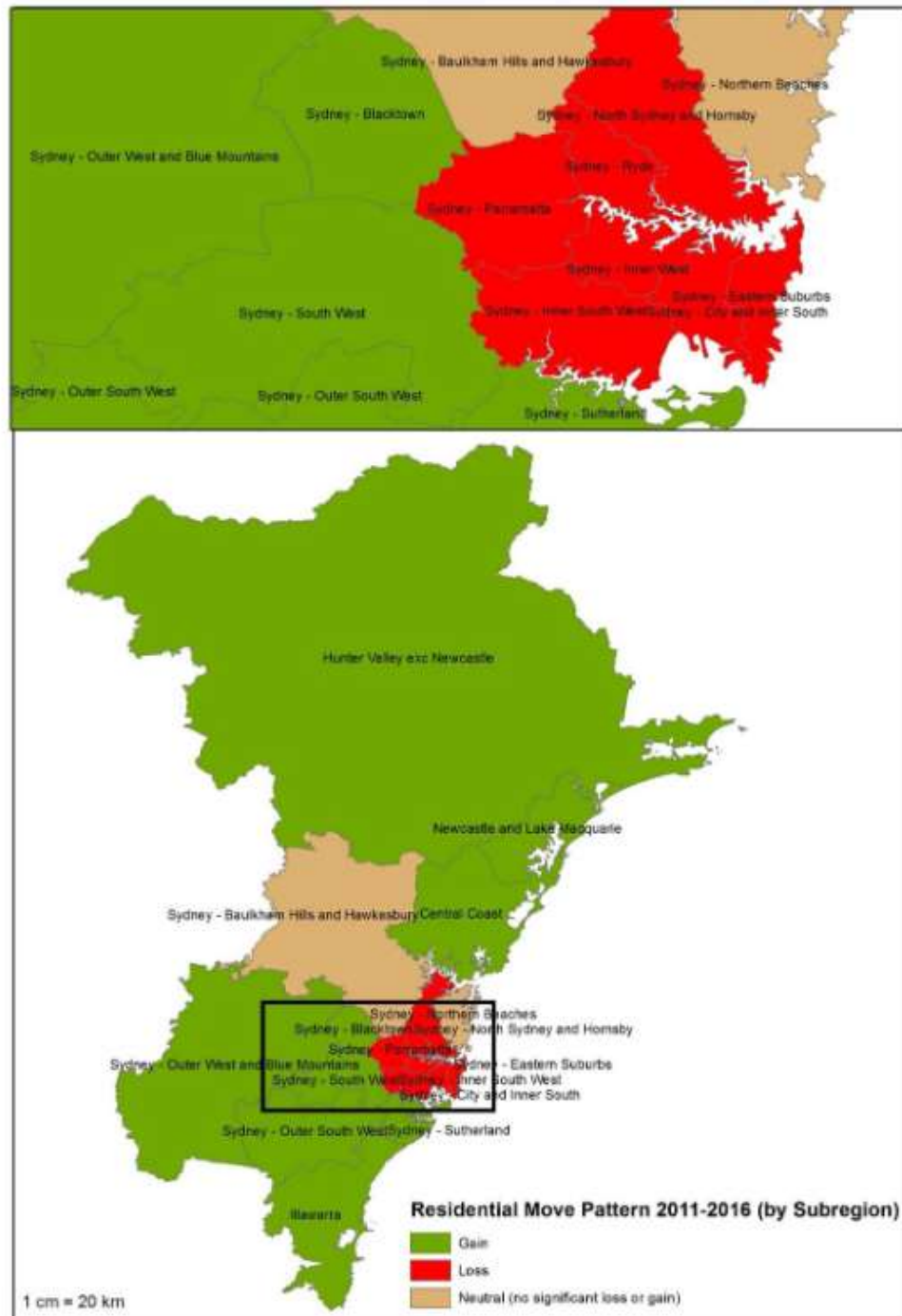
Note: There were 43 LGAs included in our analysis.

<sup>37</sup> Gilbert, C., Nasreen, Z. and Gurran, N. (May 2021). *Housing key workers: scoping challenges, aspirations, and policy responses for Australian cities*. AHURI Final Report No. 355. Retrieved from <https://www.ahuri.edu.au/research/final-reports/355>

<sup>38</sup> Ibid, p. 31

Of particular concern is the 2011-to-2016 trend of key workers, such as nurses and aged care workers, needing to move further afield from their places of employment (i.e., inner city key workers needing to move to outer suburbs)<sup>39</sup>. This trend is likely to have worsened since 2016, as the cost of renting has increased by 10+ per cent across Sydney in the past 12 months alone<sup>40</sup>:

Figure 27: Key workers residing in each subregion in 2016 relative to 2011—Sydney



Source: Authors; data derived from ABS 2016q.

<sup>39</sup> Ibid, pp. 64-65

<sup>40</sup> SQM Research. (April 2022). *Weekly rents: Sydney*. Retrieved from <https://sqmresearch.com.au/weekly-rents.php?region=nsw-Sydney&type=c&t=1>

Abundant affordable, below-market rental housing is necessary to reverse the trend of key workers having to commute long distances to perform jobs – or having to altogether abandon performing critical work in affluent suburbs. The latest *SGS Economics Rental Affordability Index*<sup>41</sup> found low to middle income key workers in the following locations face “unaffordable to severely unaffordable” renting constraints:

Suburb, postcode	Household profile	Annual income	Rental affordability Index (50 or less = extremely unaffordable, 200 or more = very affordable)
Redfern, 2016	Single-income, single-person, 1-bedroom dwelling	\$45,000 (akin to full-time laundry worker)	80 (severely unaffordable)
	Dual-income couple, no dependents, 2-bedroom dwelling	\$95,000 (akin to 2x full-time early career emergency workers)	88 (unaffordable)
Waterloo, 2017	Single-income, single-person, 1-bedroom dwelling	\$45,000 (akin to full-time laundry worker)	52 (severely unaffordable)
	Dual-income couple, no dependents, 2-bedroom dwelling	\$95,000 (akin to 2x full-time early career emergency workers)	84 (unaffordable)
Alexandria, 2015	Single-income, single-person, 1-bedroom dwelling	\$45,000 (akin to full-time laundry worker)	54 (severely unaffordable)
	Dual-income couple, no dependents, 2-bedroom dwelling	\$95,000 (akin to 2x full-time early career emergency workers)	84 (unaffordable)
Glebe, 2037	Single-income, single-person, 1-bedroom dwelling	\$45,000 (akin to full-time laundry worker)	60 (severely unaffordable)
	Dual-income couple, no dependents, 2-bedroom dwelling	\$95,000 (akin to 2x full-time early career emergency workers)	81 (unaffordable)

<sup>41</sup> SGS Economics. (November 2021). *Rental Affordability Index: Key Findings*. Retrieved from <https://www.sgsep.com.au/sgs-lab/rental-affordability-index> [interactive map]



