



Council of Social Service of New South Wales

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7 February 2007

Mr Robert Domm
Chief Executive Officer
Redfern Waterloo Authority
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Dear Mr Domm

Re: Draft RWA Affordable Housing Contributions Plan 2006

NCOSS welcomes this opportunity to comment on the Authority's Draft Affordable Housing Contributions Plan (the Draft Plan).

Need for affordable housing

It is well documented that low to moderate income households in Sydney are experiencing increasing housing affordability problems and that the supply of low rent private rental stock for low income households has been declining in both relative and absolute terms. The State Government's own figures show that there are some 175,000 low to moderate income households in Sydney in housing stress, in that they spend more than 30% of their income on housing costs. This group comprises 115,000 private renters and 60,000 home purchasers.

In relation to Redfern Waterloo, it is acknowledged in the Draft Plan that since the 1980s the area "*has experienced rapid gentrification which has had a polarizing effect on the community and has led to the creation of pockets of disadvantage and advantage. This has resulted in a loss of low cost private housing as rents and house prices have grown*" (p. 8). Further "*it is most likely that this future revitalisation of Redfern-Waterloo [following the adoption last year of the Built Environment Plan Stage One] will continue to produce upward pressures on property values placing further pressure on purchase and private rental accommodation costs beyond the means of very low, low and moderate income groups*" (p. 12).

This context provides a telling case for the adoption of an affordable housing strategy for Redfern Waterloo.

Application and rate of contributions

According to the Draft Plan, affordable housing contributions are to be required for development applications within the Authority's Operational Area where the Minister is the consent authority under either Part 3A or Part 4 of the *Environmental Planning and Assessment Act 1979*. We understand that this essentially involves the eight strategic sites that were identified in the Authority's Built Environment Plan Stage One (BEP1).

The BEP1 made provision for a range of office, residential and other forms of development providing for up to 18,000 new jobs and 2,000 new dwellings accommodating 3,200 new residents.

While expressed as an indexed dollar figure, the proposed contribution rate in the Draft Plan is said to be equivalent to 1.25% of the total gross floor area of development. NCOSS considers this rate to be manifestly inadequate.

As noted in the Draft Plan, “*research indicates that affordable housing contributions are generally pitched at levels greater than 1.25% of total floor space of development*” (p. 14). In this regard we note that the Authority proposes to enter into a voluntary Affordable Housing Planning Agreement with the owner of former Carlton United Breweries Site requiring the payment of a contribution of between 2.7% and 3.1% of the proposed project cost.

Under State Environmental Planning Policy 70 [Affordable Housing (Revised Schemes)] the affordable housing contribution rate payable for specified developments in Willoughby LGA and in Green Square is generally 4%. While a lesser contribution rate applies to development in Ultimo Pyrmont, this is offset by an additional levy on state government land sales and an upfront capital contribution of \$50 million from the previous Commonwealth Government under the former Better Cities Program. We note that the relevant Better Cities Agreement between the NSW and Commonwealth Governments sought to ensure that affordable housing comprised 7% of the final total dwelling stock in Ultimo Pyrmont. As at 30 June 2006, some 365 units of affordable housing had been provided in Ultimo Pyrmont, housing 670 people, with a further 81 units due to be completed this financial year.

NCOSS has repeatedly argued for a target of at least 10% of new housing in redevelopment areas and growth centres to be dedicated to affordable housing. We believe this is the minimum required to produce a diverse and socially sustainable community that is home to a range of household types, ages and incomes. NCOSS therefore recommends that the proposed affordable housing contribution rate be increased to 10%, payable through the provision of one or more complete dwellings or an equivalent monetary contribution.

Relationship to voluntary planning agreements

Clause 6 of the Draft Plan proposes that the standard contribution provisions would not apply in respect of any site for which there is a finalized voluntary planning agreement that makes provision for affordable housing, or where the Minister has agreed to an offer to enter into such an agreement.

As currently worded, this would appear to allow the Authority and/or the Minister to enter into particular agreements for each individual strategic site, regardless of the provisions of the Draft Plan. NCOSS is concerned that this would produce an unacceptable degree of inconsistency across the strategic sites and make it difficult to adopt a firm overall target for affordable housing.

In our view it would be more appropriate for all the strategic sites to be subject to the same minimum affordable housing contribution requirements. If any developer is willing to go beyond these minimum requirements then this could be dealt with by means of a voluntary agreement with the Authority.

Need for an affordable housing plan

While the Draft Plan sets out the basis for a system of *contributions* towards an affordable housing program for Redfern Waterloo, NCOSS is concerned that very little information has been provided to date on the likely nature and extent of the actual affordable housing *program* for Redfern Waterloo.

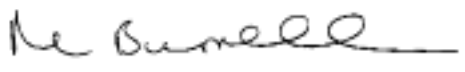
Apart from the background material contained in the Draft Plan, the most detailed outline of the proposed program to date has been the two-page fact sheet that was issued in connection with the release of the final Built Environment Plan Stage One. This fact sheet indicates that \$1 million of seed funding from the Authority and \$15 million of developer contributions will be allocated to an affordable housing program for Aboriginal residents of Redfern Waterloo. It goes on to say that developer contributions in excess of the \$15 million figure would be directed towards affordable housing initiatives for the broader community.

Given the affinity between the indigenous community and the Redfern area, NCOSS considers that it is quite appropriate to develop a designated indigenous affordable housing program as part of the Redfern Waterloo redevelopment. It is obviously essential that the Authority consults with the local Aboriginal community on the details of the proposed program and on options for suitable community-controlled management arrangements. There is also a need to clarify whether the Commonwealth Government intends to contribute to the program, in accordance with the provisions of the Commonwealth/State Redfern Waterloo Partnership Agreement. The Authority's fact sheet is ambiguous on this point.

At the same time there is a need to consult with the wider community on the overall affordable housing program. Amongst other matters clarification is required on how it is proposed to disburse the developer contributions between the two affordable housing streams, and how it is proposed to select the affordable housing provider for the broader community. We believe it would be appropriate to have the Authority's draft proposals on these matters in the public domain in the near future.

If you wish to clarify any aspect of this submission please do not hesitate to contact Warren Gardiner, Senior Policy Officer, on 02 9211 2599 ext 112 or warren@ncoss.org.au

Yours sincerely

A handwritten signature in black ink, appearing to read 'Michelle Burrell', followed by a vertical red line.

Michelle Burrell
Acting Director