

*The Grange at Marsden Park, Winner 2019 UDIA NSW Awards for Excellence*

# **NSW HOUSING STRATEGY DISCUSSION PAPER**

**UDIA Response**

**July 2020**

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## ABOUT THE UDIA

Established in 1963, the Urban Development Institute of Australia (UDIA) is the leading industry group representing the property development sector. Our 500 member companies include developers, engineers, consultants, local government, and utilities. Our research and advocacy is focussed on developing liveable, affordable, connected cities.

## EXECUTIVE SUMMARY

The Urban Development Institute of Australia (UDIA) NSW is the peak body representing the interests of the urban development industry in New South Wales. We represent over 500 member companies that are directly involved in the industry, including developers, strata and community managers, planners and lawyers.

UDIA NSW makes this submission to the A Housing Strategy for NSW – Discussion Paper (May 2020). While many of our members have made direct submissions to the Discussion Paper, this UDIA NSW submission highlights key issues and provides overarching comments followed by feedback structured to respond to the four themes identified in the Discussion Paper. Recommendations are bolded and italicised. UDIA NSW has also prepared recommendations which includes actions for the NSW Government so that they can deliver the housing required to meet demand and growth.

UDIA NSW makes the following overarching comments.

1. The Discussion Paper raises some interesting questions; however, UDIA NSW is limited in its ability to provide constructive feedback until the actual Draft Strategy is available for review. Our members deliver, operate, and administer all housing types across the housing continuum. ***UDIA NSW strongly recommends the NSW Government commit to ongoing consultation and engagement with the industry in the preparation of the Strategy before its finalisation.***
2. The intended status of the future Housing Strategy should be articulated. UDIA NSW members seek certainty on what influence the Strategy may provide for future planning and development proposals. Conversely, the interpretation and application of the future Housing Strategy by planning authorities and regulators needs to be explicit. ***The status of the Housing Strategy needs to be defined, and roles and responsibilities across government for implementing the Housing Strategy require clarity.***
3. From a planning perspective, the Discussion Paper is silent on the three key housing sectors that the Regional Plans (and the District Plans in Sydney) all focus on – greenfield, infill and urban renewal. ***The future Strategy should align with now well-understood terms and definitions.***
4. A key concern for UDIA NSW members is the current gaps, impediments, and blockages to delivering housing. There is no real recognition of the development pipeline and translation pathways from identifying land, rezoning, development approval, construction, and the assumptions along the way. ***UDIA NSW would strongly encourage more robust recognition of these impediments to delivering housing, and the identification of initiatives that could unlock delivery.***
5. ***Transparent reporting and monitoring is a critical principle that should underpin the future Strategy.***
6. The housing continuum figure illustrated in Figure 1 on page 3 of the Discussion Paper has an implicit assumption that the ultimate housing goal is homeownership. However, homeowners can also experience housing stress and be pushed out of secure housing (e.g., not being able to keep up with mortgage repayments if there is a loss or significant reduction of income). The

goal should be secure and stable housing, whether it is housing that is owned or rented. ***The Housing Strategy should acknowledge and encourage diverse forms of tenure.***

Figure 1: Housing Continuum (page 3)



7. UDIA NSW supports a coordinated response within and beyond the NSW Government. UDIA NSW understands the Strategy will not have a planning focus; however, our members are concerned that there is no clear line of sight as to how the future Housing Strategy will interrelate to the established strategies and policies prepared and adopted by the Department of Planning, Industry and Environment, Greater Sydney Commission and the local housing strategies prepared by individual councils across the state. ***Clarification is sought from the NSW Government as to how the NSW Housing Strategy will be coordinated or implemented alongside local council housing strategies, including those local strategies that have already progressed*** before the Discussion Paper was released. The statement "The NSW Housing Strategy should not be an additional consideration to [Local Strategic Planning Statements and Local Housing Strategies]. Instead, its actions will inform strategic planning and support councils in their implementation" requires elucidation
8. UDIA NSW seeks to contribute constructively to the development of key policy outcomes and help identify opportunities for the joint delivery of the NSW Housing Strategy. This is to be achieved by industry working collaboratively with the NSW Government and providing ongoing feedback regarding the implementation and effectiveness of the Housing Strategy action plans. UDIA NSW can also provide data/research/insights to support responsive action plans. This includes providing unique data insights generated through our Urban Icon Research Program, real-life case study examples of a range of different projects, and ground-truthed feasibility and viability testing of proposals. ***UDIA NSW calls on the NSW Government to actively collaborate with the industry in the preparation and implementation of the Housing Strategy by inserting clear commitments in the Strategy to do so.***
9. UDIA NSW is concerned that land use planning and transport planning are not well integrated in NSW and this is having detrimental impacts on the efficiency, affordability and sustainability of new housing supply. This occurs on both ends: transport planning for major city shaping infrastructure such as Sydney Metro is often undertaken in apparent isolation of strategic land use planning; and new land use decisions such as rezoning are not quickly incorporated into transport planning. ***UDIA NSW calls for the Housing Strategy to signal the need for a more coordinated, joined-up and transparent forward agenda for land use and transport planning integration – in order to drive better outcomes for new housing production.***

## LIST OF RECOMMENDATIONS

UDIA NSW makes the following overarching recommendations:

1. ***UDIA NSW strongly recommends the NSW Government commit to ongoing consultation and engagement with the industry in the preparation of the Strategy before its finalisation.***
2. ***The status of the Strategy needs to be defined, and roles and responsibilities for implementing the Strategy require clarity.***
3. ***The future Strategy would benefit from aligning with now well-understood terms and definitions.***
4. ***UDIA NSW would strongly encourage more robust recognition of impediments to delivering housing, and the identification of initiatives that could unlock delivery.***
5. ***Transparent reporting and monitoring is a critical principle that should underpin the future Strategy.***
6. ***The Housing Strategy should acknowledge and encourage diverse forms of tenure.***
7. ***Clarification is sought from the NSW Government as to how the NSW Housing Strategy will be coordinated or implemented alongside local council housing strategies, particularly the strategies that have already progressed.***
8. ***UDIA NSW calls on the NSW Government to actively collaborate with the industry in the preparation and implementation of the Housing Strategy by inserting clear commitments in the Strategy to do so.***
9. ***UDIA NSW calls for the Housing Strategy to signal the need for a more coordinated, joined-up and transparent forward agenda for land use and transport planning integration – in order to drive better outcomes for new housing production.***

The following recommendations relate to the supply theme:

10. ***The Housing Strategy should have an action to finalise rezonings and approvals to deliver housing supply.***
11. ***Implement an Urban Development Program for Greater Sydney and for the Central Coast and continue support for UDPs in the Illawarra and Hunter.***
12. ***Release rolling five-year and ten-year housing and rezoning targets.***
13. ***Include an explicit objective in the Housing Strategy that infrastructure contributions do not impede housing supply and affordability.***

- 14. Develop a program to finance projects with presales at 50% of debt coverage.**
- 15. Develop a plan to unlock HAF funds.**
- 16. Include an objective in the Housing Strategy to match real housing demand and supply.**
- 17. Consider the impact of heightened uptake of permanent working from home on regional housing demand.**
- 18. Ensure that regions have their fair share of funding allocated to support development.**
- 19. Consider that any innovations and approaches that reduce cost inputs can apply for all parts of the State.**
- 20. The Housing Strategy should consider establishing critical metrics on site utilisation for all government departments on redundant/under-utilised land.**

The following recommendations relate to the diversity theme.

- 21. The Housing Strategy should identify key areas for legislative change at the State level as part of its priorities over the life of the Strategy.**
- 22. Continue to ensure that there is a SEPP to ensure seniors housing supply.**
- 23. Investigate the potential for a shared assessment resource for Seniors Living DAs.**
- 24. Encourage councils to make LEP amendments to further enable seniors housing.**
- 25. The Housing Strategy should include an action to develop an options paper to better align disability and accessible housing supply and demand.**
- 26. The Housing Strategy should include an action to amend the Standard Instrument to promote diversity.**
- 27. The Housing Strategy should include an action to create a framework to incentivise diverse housing.**
- 28. Create a Housing Diversity SEPP to ensure baselines for diversity housing are created.**
- 29. Amend the ARH SEPP to promote boarding houses to be delivered under a new name.**
- 30. The Housing Strategy should include an action to further enable the application of the Low Rise Housing Diversity Code.**

31. ***The Housing Strategy should include an action to support projects by contributing funding or NSW Government-owned land to develop housing models that support diverse housing for diverse needs.***

The following recommendations relate to the affordability theme.

32. ***Introduce a \$25,000 transfer duty discount for new and off-the-plan sales, regardless of whether a purchaser is a first-home buyer or not.***
33. ***Offer First Home Buyers first right of purchase for specifically identified affordable housing products within NSW Government-led projects or those on NSW Government-owned land.***
34. ***The Housing Strategy should include a range of actions to support the development of the build-to-rent sector.***
35. ***The Housing Strategy should place a moratorium on SEPP 70 until DPIE develops an appropriate incentive scheme.***
36. ***The Housing Strategy should include an action to develop an incentive scheme for affordable housing.***
37. ***The Housing Strategy should include an action to investigate creating an affordable housing investment class.***
38. ***The Housing Strategy should include an action to develop a social housing design guide for the CHP sector.***
39. ***The Housing Strategy should include a funding commitment for additional social housing.***
40. ***The Housing Strategy should include an action to develop a ‘meanwhile use’ strategy.***

The following recommendations relate to the resilience theme.

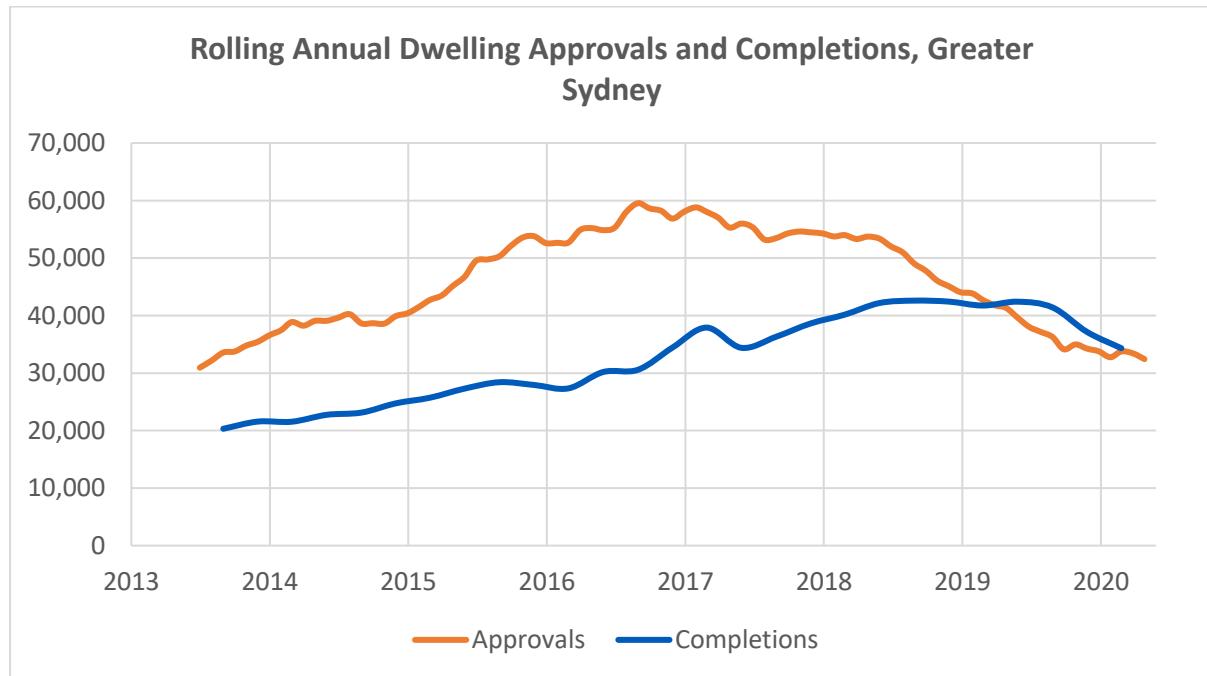
41. ***The Strategy should not propose any new resilience initiatives without rigorous regulatory impact statements and cost-benefit analysis.***
42. ***The Housing Strategy should recognise that the existing strategic planning process addresses these matters.***

## THEME 1 – HOUSING SUPPLY IN THE RIGHT LOCATIONS

We are currently facing some of the most significant risks since Federation. NSW is confronting unprecedented economic and health challenges, and it is unknown how these will impact longer-term housing demand, supply, typologies, and affordability.

With increasing financial uncertainty at an individual and aggregate scale, it is likely that affordability across Greater Sydney and the regions will continue to be challenging. There may be a growing reluctance for off-the-plan sales, which will lead to continued pressure on pre-sales and development financing.

The most recent dwelling approvals and completions data for Greater Sydney shows that Sydney has the lowest level of approvals since 2013. We are well below achieving the levels of supply contemplated in the strategy and there needs to be urgent actions to bolster our housing supply pipeline.

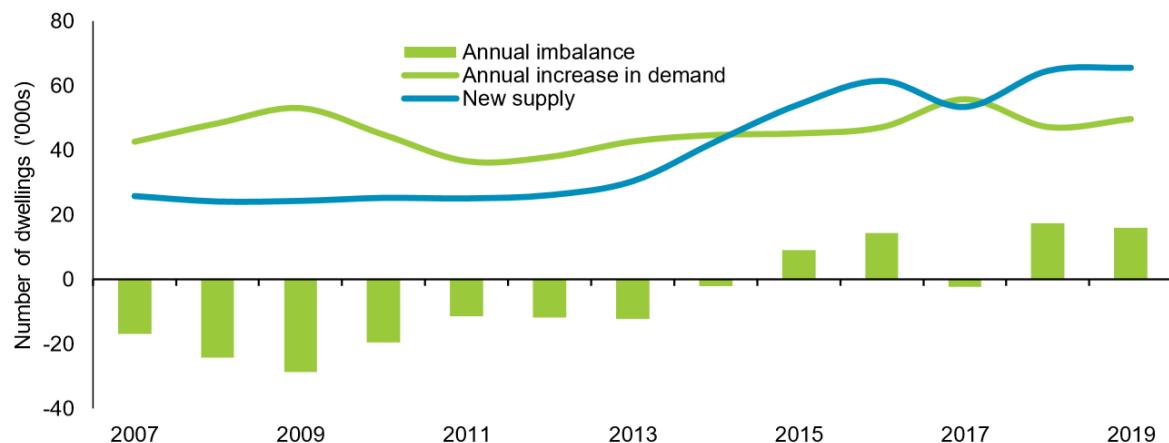


Source: UDIA NSW; DPIE

While there has been a significant decline in net overseas migration since our international borders have been closed in the immediate response to COVID-19, we expect there to be a recovery in migration levels once borders reopen. This means that we have a unique opportunity over the coming period to ramp approvals to help ensure that forward supply is able to meet underlying demand.

NSW Treasury continues to highlight that we have a large supply gap in NSW which is estimated to amount to a circa 100,000 cumulative undersupply of dwellings since the mid-2000s.

**Figure 2.7: Annual dwelling production and demand in New South Wales**



Source: ABS 6416.0, NSW Treasury

Within the context of a temporary period of lower migration created by COVID-19, a unique opportunity is presented to restock the housing supply pipeline and drive completions to close the gap between supply and underlying demand. This will require concerted actions from government to address these matters.

### Section 1.1 Maintain a Housing Supply Pipeline

UDIA NSW believes that there is urgent action required to restock the housing supply pipeline in NSW. As noted above we are facing serious levels of declining stock in the housing market. Key actions to maintain the pipeline are listed below.

#### FINALISE REZONINGS AND APPROVALS

There are many rezonings and approvals that need to be finalised. We support the recent establishment of a Planning Delivery Unit to unclog concurrences and referrals. The State should actively program and report on the progress for state-led rezonings to ensure the deadline that they are all complete by the end of next year is met.

UDIA will continue to advocate for broader planning system reform.

**Recommendation 10: The Housing Strategy should have an action to finalise rezonings and approvals to deliver housing supply.**

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## DELIVER AN URBAN DEVELOPMENT PROGRAM

UDIA NSW supports the establishment of an Urban Development Program (UDP) for Greater Sydney and the Central Coast, in addition to the existing UDPs in the Illawarra and Hunter. A UDP seeks to create a rolling outlook for development and infrastructure requirements for an area. UDIA is currently undertaking a second stage pilot of the Southwest Sydney Urban Development Program in partnership with DPIE, Sydney Water, Endeavour Energy, Camden, Campbelltown and Liverpool Councils. The pilot aims to:

- Establish a robust and efficient collaborative methodology to uniformly track the take-up and forward supply of greenfield residential land supply;
- Establish a collaborative monitoring and agreed outlook of the pipeline of redevelopment projects across all established urban areas;
- Identify & help coordinate and prioritise the enabling servicing infrastructure required to realise supply in each project/precinct;
- Develop an agile digital platform for assisting with birthing a Greater Sydney wide UDP with input-output functionality;
- Solidify the cross-government/agency/LGA/industry support for a best-in-class UDP;
- Support the 2020 Planning Reform agenda with a beachhead collaborative project;
- Support the forward planning and the sustainable development of the Western Parkland City.

In collaboration with industry and servicing agencies, the SW Sydney UDP pilot will collate a comprehensive and robust 5-year outlook for development in the study area. The industry-vetted 'one source of truth' base layer will support development and service industry liaison to achieve an agreed understanding of the projected growth and servicing requirements across the LGAs. This model can be applied in the existing Illawarra and Hunter UDPs and rolled into the establishment of a UDP for the Central Coast or other areas.

***Recommendation 11: Implement a Urban Development Program for Greater Sydney and Central Coast and continue support for UDPs in the Illawarra and Hunter.***

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## RELEASE ROLLING FIVE-YEAR AND TEN-YEAR HOUSING AND REZONING TARGETS

UDIA recommends that rolling five-year and ten-year housing and rezoning targets are developed by the NSW Government. These targets should inform councils and industry with the priority locations for development.

The long-term nature of these targets is critical to ensure that the industry can adequately respond to the highly front-ended process of acquiring, rezoning, and seeking approval for sites, which can take between 7-10 years.

The Discussion Paper identifies that in the last five years, 80% of new housing in Greater Sydney was constructed in infill areas. This trend is considered to be in line with predicted population growth in the Fact Book provided. Notwithstanding the economic feasibility of each site within infill areas, there should be a discussion around metrics required for new housing in infill areas.

Similarly, the discussion paper says, "Medium density housing types such as dual occupancies, manor houses and terraces, as well as three and four-storey developments, can also achieve

greater densities". If drafted correctly, the Strategy could provide practical solutions to tailoring density to the character of local areas. For example, architecturally, it might be more amenable as a transition into higher density in locations where it is most needed (i.e., closer to transport nodes/CBDs which are more established and historically might have lower density, e.g., workers cottages/terraces).

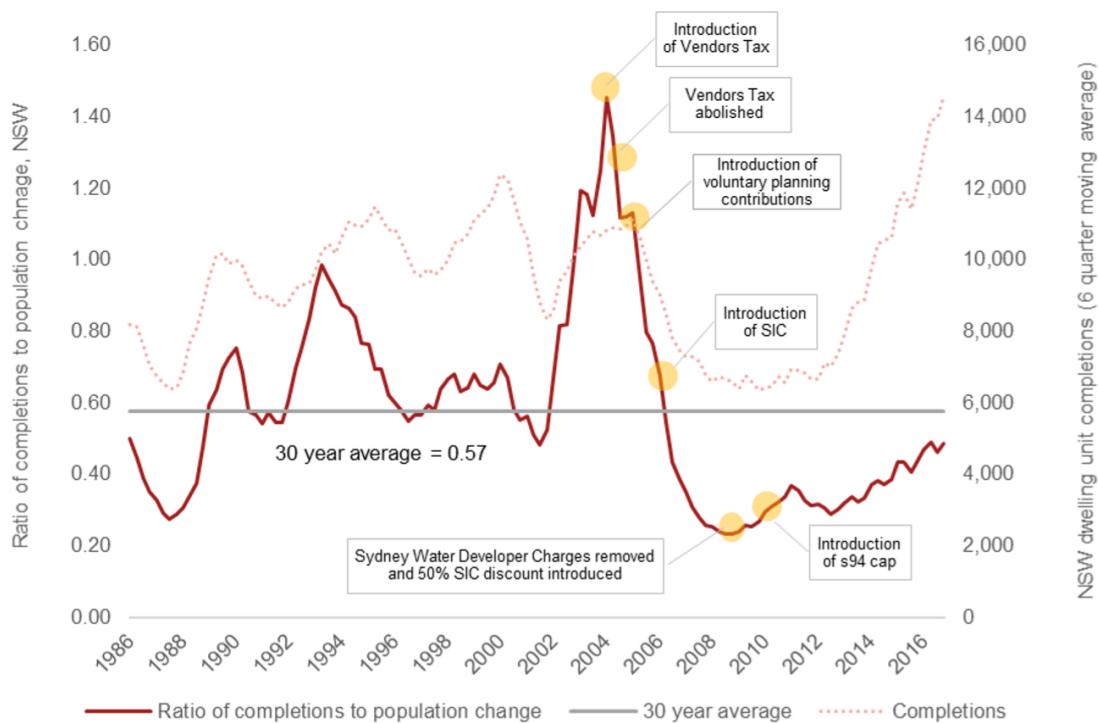
**Recommendation 11: Release rolling five-year and ten-year housing and rezoning targets.**

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## RESOLVE INFRASTRUCTURE FUNDING CHARGES

Infrastructure charges on development creates significant uncertainty. The cumulative taxes and charges on development in NSW are currently the highest in the country. The impact of taxes and charges are well-established. As illustrated in the below chart from PwC, when taxes increase, supply and demand have a corresponding decrease:

**Figure 5 - Ratio of dwelling completions to population change**



Source: ABS 2017, 8752.0, ABS 2017, 3101.0

Currently, with the uncapping of local infrastructure charges, there is the risk that:

1. Developers pass on the increased costs to maintain margins, which increases the price of new homes, or
2. New homes cannot be built as the development feasibility is eroded to the point that it is uneconomic to develop.

UDIA has modelled the impact of an increase in contributions, for a standard land subdivision of approximately 150 lots, assuming constant take-up rates.

Project Returns Impact - higher 7.11 and SIC Charges							
Increases in Govt Charges	RLV (\$M)	Margin (%)	Margin (\$)	IRR (%)	RLV Impact (%)	AVE Lot Price (\$) change*	AVE Lot Price (%) change*
Base line (\$30,000)	\$24.9	19.3%	\$10.1	20.0%	0.0%	\$436,500	0.0%
Plus \$25,000 (\$55,000)	\$21.0	8.7%	\$5.0	10.8%	-15.5%	\$475,800	9.0%
Plus \$35,000 (\$65,000)	\$19.5	4.9%	\$2.9	7.0%	-21.7%	\$491,500	12.6%
Plus \$45,000 (\$75,000)	\$17.9	1.4%	\$0.9	3.2%	-27.9%	\$507,200	16.2%
Plus \$55,000 (\$85,000)	\$16.4	-1.8%	<span style="color: red;">-\$1.2</span>	-0.7%	-34.1%	\$522,900	19.8%

Source: UDIA NSW

If contributions were to increase to \$85,000 per lot, then the developer would be required to accept a margin of -1.8%, which makes it unfeasible to develop. To retain the margin needed to develop, prices would need to increase by 19.8% or wholesale land would need to reduce by 34.1%. This modelling is on the conservative side; with some contributions plans exceeding \$100,000 per lot, further price increases would result.

The Accelerating Infrastructure Fund has provided some welcome certainty for the next six months; however, there is a need for more holistic policy change. UDIA is making a submission to the Productivity Commission's review into infrastructure funding reform, where we will make our detailed recommendations on this matter. The Housing Strategy should have an objective that infrastructure contributions do not impede housing supply.

***Recommendation 13: Include an explicit objective in the Housing Strategy that infrastructure contributions do not impede housing supply and affordability.***

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#### PROVIDE DEBT OR EQUITY INVESTMENT TO SUPPORT HOUSING DELIVERY

Support financing for projects with presales at 50% of debt coverage to unlock initial capital and get projects moving. With significant uncertainty in the employment market, it will be increasingly difficult to secure traditional pre-sale hurdles. The NSW Government should invest in projects by offering debt financing to enable projects to commence construction. Alternatively, equity financing could be offered with some affordable housing component.

***Recommendation 14: Develop a program to finance projects with presales at 50% of debt coverage.***

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#### UNLOCK HOUSING ACCELERATION FUNDS TO DELIVERY HOUSING

Currently \$688.7 million from the Housing Acceleration Fund (HAF) is committed out of a \$1.5 billion program. We understand that some of the remainder will need to be allocated to projects that are in the planning phase. However, we are keen to look for opportunities to unlock further funds for infrastructure provision acceleration. The Strategy should identify a plan for unlocking these funds.

***Recommendation 15: Develop a plan to unlock HAF funds.***

## SECTION 1.2 IMPROVE DATA COLLECTION, USE AND ACCESS

We have observed a mismatch between the location and type of planned housing supply and demand.

Since the Greater Sydney Commission prepared the Greater Sydney Region Plan in 2018, the GSC & DPIE have referenced research conducted by the City Futures Research Centre at UNSW; “City Futures Research Centre 2013, Implementing metropolitan planning strategies: taking into account local housing demand, Technical Report, City Futures Research Centre, UNSW, Sydney.”

The City Futures Technical Report is now outdated. It was completed in 2013, using 2006 census data and is being used to inform housing supply policy from 2020 onwards. The study was based on a survey of 2,200 owners / residential tenants – this seems like a low sample base assuming Sydney’s population is circa 4,700,000 people. We believe that DPIE should develop a more sophisticated method of measuring demand for different suburbs, LGAs or regions as well as types of housing across Sydney. Rather than rely purely on the education sector for this research, we recommend that industry be involved in informing this research, including REA Group and CoreLogic who have considerable knowledge and data surrounding consumer demand. This industry input should be applied across Sydney and NSW’s regions.

Matching real housing demand with supply should be the State Government’s objective.

***Recommendation 16: Include an objective to match real housing demand and supply.***

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## JOB CONTAINMENT

The Discussion Paper speaks about creating job containment for housing. Remote working is changing the concept of the 30-minute city. Employers and employees alike are aware of the efficiencies associated with working from home.

This concept could be an opportunity to measure the 30-minute city in a more technical and specific way. While a challenging balance, this could be required in new masterplan/precinct planning to encourage density in the right locations. Notwithstanding, the potential architectural design that accommodates home-offices and even co-share offices within strata complexes would create a zero-minute city, without any commute.

## SECTION 1.3 – COORDINATE REGIONAL DEVELOPMENT AND INVESTMENT

The Housing Strategy should acknowledge the important economic development opportunities that can occur alongside housing delivery in the regions.

The transformed nature of work with COVID-19, with an increased acceptance of working from home and other arrangements, means that there can be a greater promotion of continuing these arrangements in regional communities, providing a greater diversification of jobs.

***Recommendation 17: Consider the impact of heightened uptake of permanent working from home on regional housing demand.***

It is critical that there is a fair allocation of funding to the regions. Regional NSW is too often overlooked by government funding programs – with a case in point being that only 6% of the Housing Acceleration Fund (HAF) has been spent on the regions over the last decade

***Recommendation 18: Ensure that regions receive a fair share of funding allocated to support development.***

The Discussion Paper suggests that “Options like prefabrication and modular design may help to address shortages and delays”. While the statement is focussed on the regions, these sorts of construction innovations should also be promoted for all locations across NSW. Any reduction in housing production costs (construction being a significant cost in producing new housing) should translate to an increase in supply and a positive contribution to housing affordability in any location.

***Recommendation 19: Consider that any innovations and approaches that reduce cost inputs can apply for all parts of the State.***

#### SECTION 1.4 BETTER UTILISE NSW GOVERNMENT-OWNED LAND

We welcome comments that while recognising NSW Government-owned land is already used for housing, “the NSW Housing Strategy should consider how best to utilise other government-owned land that is appropriate for housing, either through a direct delivery, or by partnering with community housing providers and the wider housing sector”.

This is a huge opportunity and could be examined more closely to unlock new development opportunities in the right locations. The Government/Crown owns 40% of all land in NSW, and so there must be greater scope for repurposing and renewal of various sites. Examples of potential sites include housing above existing railway stations and appended to underutilised facilities such as Scout and Girl Guides Halls and former industrial land (which is now dormant) and far below its highest and best use.

***Recommendation 20: The Strategy should consider establishing critical metrics for site utilisation for all government departments on redundant/under-utilised land.***

## THEME 2 – DIVERSITY

UDIA NSW supports the moves to embrace housing diversity. We recognise family configurations are changing, and the tenure and typologies that people are demanding are also changing. We make comments about individual initiatives below. Some existing NSW planning laws inhibit the delivery of diverse housing for diverse needs.

***Recommendation 21: The NSW Housing Strategy should identify key areas for legislative change at the State level as part of its priorities over the life of the Strategy.***

### 2.1 IMPROVE HOUSING OPTIONS FOR OLDER PEOPLE

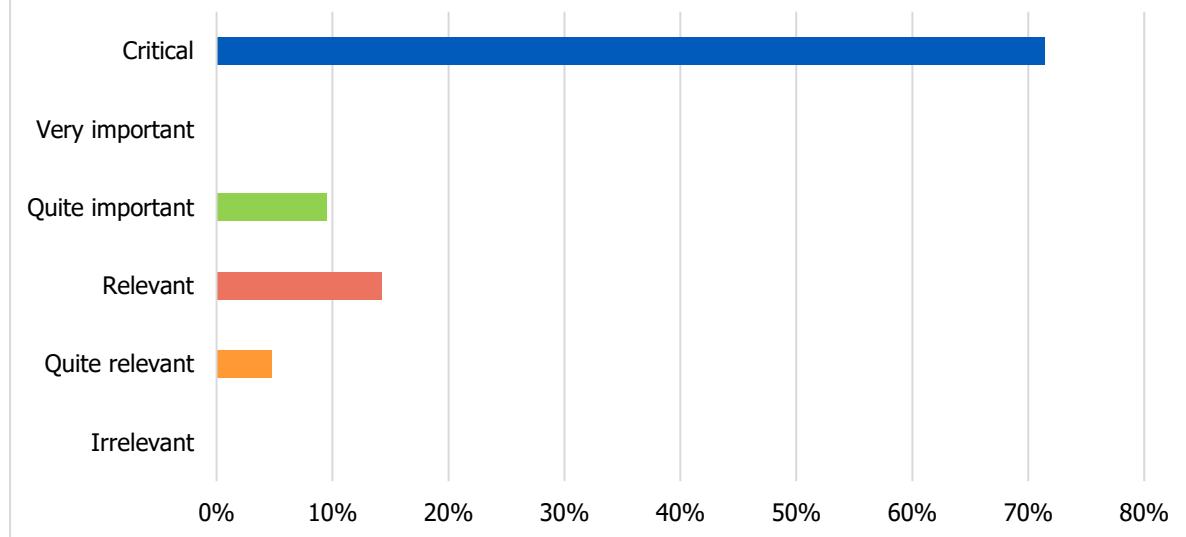
The Seniors SEPP is the predominant method of developing Seniors Housing. When the Department of Planning considered collapsing the SEPP into LEPs in 2016, UDIA surveyed its own Retirement and Aged Care Committee members regarding their utilisation and opinion of the SEPP Seniors Housing.

In all, 24 responses were received. 55% are from those who have operated in the industry for more than 15 years, and a third with more than 30 years' experience.

Many respondents are developers and operators in the industry, with architects and builders representing the next largest groups. All respondents are very familiar with the workings of the SEPP.

All industry respondents identify the SEPP as being important to their business model, with a resounding 72% seeing it as 'critical'. 92% of respondents acknowledge that the SEPP is an important tool for their business.

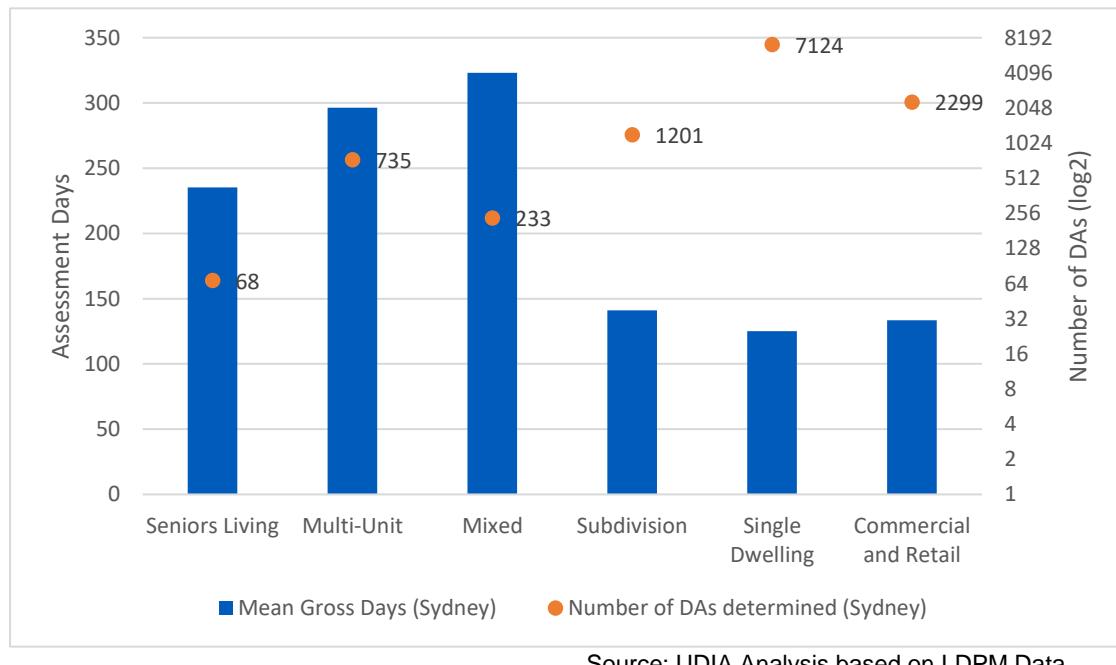
#### Importance of the Seniors' Housing SEPP in terms of Business Model's



Source: UDIA NSW

**Recommendation 22: Continue to ensure that there is a SEPP to ensure seniors housing supply.**

In FY18, 76% of Councils determined 2 or fewer Seniors Living Development Applications, and one third did not determine any Seniors DAs. In FY18 there were 68 Seniors Living Development Applications determined in Metropolitan Sydney. On average they took 235 days to assess.



Source: UDIA Analysis based on LDPM Data

Our Members report that this manifests itself with a lack of experience and expertise from Council planners assessing Senior Living Applications, as they have very few opportunities to assess an application and consequently are largely unfamiliar with the applications of the Seniors Living SEPP which accounts for a substantial portion of the approvals for Seniors Living.

As this is a specialised area, we would be keen to explore the possibility of a shared assessment resource that provides assessment services and expertise for local government in relation to Seniors Living Applications.

**Recommendation 23: Investigate the potential for a shared assessment resource for Seniors Living DAs.**

The Housing Strategy should recommend enhancing the adoption of the SEPP, while also encouraging councils to make LEP amendments that would further enable seniors housing.

**Recommendation 24: Encourage councils to make LEP amendments to further enable seniors housing.**

## 2.2 IMPROVE HOUSING OPTIONS FOR PEOPLE WITH A DISABILITY

The current adaptable design regime where Councils nominate a certain percentage of dwellings to be adaptable is not aligning supply with demand for housing people with disabilities. It is well documented that developers are completing thousands of apartments each year, with oversized bathrooms, bedrooms and galley kitchens which never end up being owned or occupied by persons with physical disabilities. An alternative response is required.

The demographics of our suburbs and towns differ significantly with areas with a 'greyer' profile indicating regions within Australia where retirees prefer to settle down in their latter stages of life. However, much apartment development occurs in inner city suburbs such as Surry Hills, Newtown and Zetland, which also have a higher percentage of young working professionals and a lower aging population profile than regional suburbs. Therefore, they are less likely to need to cater to an aging demographic.

Perhaps having a central depository database containing all new projects and apartments which are accessible adaptable would allow for elderly people desiring to purchase or rent such suitable dwellings can readily and easily find product within Australia.

***Recommendation 25: The Housing Strategy should include an action to develop an options paper to better align disability and accessible housing supply and demand.***

## 2.3 SUPPORT A RANGE OF HOUSING TYPES AND SIZES

### AMENDMENTS TO THE STANDARD INSTRUMENT

The Standard Instrument could be amended to support diverse housing for diverse needs. The following examples are illustrative of the kinds of changes that could achieve that goal:

1. The R2 – Low Density Residential zone does not make it mandatory to permit 'attached dwellings', 'community facilities', 'neighbourhood shops', 'group homes', 'semi-detached dwellings' or 'seniors housing'. This should be reviewed and, where appropriate, revised to include a broader range of housing types that improve housing options for people with a disability and older people and help to co-locate necessary services within the R2 zone. The Discussion Paper notes that some Regional Plans also identify the need for increased housing choice and diversity in regional areas;<sup>1</sup>
2. A range of zones in the Standard Instrument could include additional mandatory objectives that relate to diverse housing for diverse needs, specifically for older people and people with a disability; and
3. The Standard Instrument could include a mandatory provision concerning diverse housing whereby certain types of dwellings are required to comprise a percentage of different housing types.<sup>2</sup> The percentage mix of housing types (e.g. studio, one-bedroom, etc.) and the dwelling types to which such a clause would apply could be subject to council control and reflect the needs identified in the relevant council's Local Housing Strategy. This could

<sup>1</sup> Discussion Paper, p. 44.

<sup>2</sup> See, for example, *Leichhardt Local Environmental Plan 2013* cl. 6.13.

mitigate the trend identified in the Discussion Paper for investors to target smaller dwellings by ensuring a mix of apartment sizes are achieved that can support the increase in the number of families living in apartment buildings.<sup>3</sup>

Providing greater diversity in apartment sizes and flexibility in apartment layouts would promote affordability and innovation. Compact apartments can offer a stepping-stone for homeownership and are inherently more affordable for first home buyers.

***Recommendation 26: The NSW Housing Strategy should include an action to amend the Standard Instrument to promote diversity.***

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## INCENTIVISE DIVERSE HOUSING

The NSW Housing Strategy could guide councils to amend Local Environmental Plans (LEPs) to incentivise diverse dwelling types by providing, for instance, strategic backing for the introduction of Floor Space Ratio (FSR) incentives for development in areas identified for urban renewal.<sup>4</sup>

Local planning controls should support objectives identified in District Plans, Regional Plans and Local Housing Strategies for infill and urban renewal areas to encourage landowners and developers to facilitate diverse housing types.

Many regional areas have minimum lot sizes that are incompatible with diverse and contemporary housing typologies. For example, the minimum lot size in West Dapto is 450sqm.

***Recommendation 27: The NSW Housing Strategy should include an action to create a framework to incentivise diverse housing.***

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## COMPLEXITY, AGE AND NUMBER OF SEPPS RELATING TO HOUSING

In recognition of the range of State Environmental Planning Policies that relate to housing, each of which engages with the objective of diverse housing in its own manner, it would be a positive development if reform was aimed at combining or synthesising the various State-level policies into a single 'Housing Diversity SEPP'.

A single Housing Diversity SEPP could support councils and industry in navigating the multitude of housing SEPPs that apply to various forms of housing, and could ensure that opportunities identified in the Discussion Paper are given priority by consent authorities when assessing development applications, such as:

1. Ensuring baselines for diverse housing are achieved for different dwelling types by providing, for example, development standards that relate to diverse housing that a consent authority must take into account when assessing development comprised of one or more of those dwelling types; and
2. Ensuring that Local Housing Strategies are given priority and, therefore, permit flexibility for councils so that State-level controls are not rigidly applied where housing diversity needs have been appropriately identified as part of Local Housing Strategies.

***Recommendation 28: Create a Housing Diversity SEPP to ensure baselines for housing mix and diversity are created.***

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<sup>3</sup> Discussion Paper, p. 44.

<sup>4</sup> The Hills Local Environmental Plan 2012 cl. 7.12.

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## ARH SEPP

The *State Environmental Planning Policy (Affordable Rental Housing) 2009* (ARH SEPP) suffers from its name and stigma associated with it.

The following examples are illustrative of the kinds of changes that could achieve that goal:

1. The use of the term 'boarding houses' has a social stigma that does not describe the true nature of the use characterised by modern boarding houses, which is directed at a wide variety of persons, only some of which have complex needs (e.g., people with a disability or people with drug or alcohol problems). Despite the critical nature of housing for such groups, unwarranted opposition to such developments could be avoided by renaming 'boarding houses' to an alternative name that is more socially acceptable and appropriately describes the development. Such opposition also fails to provide housing for persons with a disability, which the Discussion Paper identifies as being primarily comprised of private housing;<sup>5</sup>
2. Development standards for boarding houses are overly prescriptive and generate uniform housing types in circumstances where more varied housing types are possible and appropriate for diverse needs. For example, the limit of two adult lodgers to any boarding room<sup>6</sup> narrows the scope of this form of development from achieving diverse housing and prevents smaller families or couples caring for persons with a disability from accessing affordable housing with local amenity and located near services necessary to support diverse housing for diverse needs; and
3. The recent change to the non-discretionary development standard contained in the ARH SEPP relating to the number of car parking spaces required for boarding houses (excluding boarding houses developed by social housing providers) is contrary to the objective of the ARH SEPP and the objectives of District Plans and Regional Plans in relation to infill and urban renewal and should be revised down.<sup>7</sup>

**Recommendation 29: Amend the ARH SEPP to promote boarding houses to be delivered under a new name.**

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## LOW RISE HOUSING DIVERSITY CODE

The Low Rise Housing Diversity Code and the Low Rise Housing Diversity Design Guide aim to facilitate a diverse range of housing utilising the State Environmental Planning Policy (Exempt and Complying Development Codes) 2008 (Codes SEPP). The Low Rise Housing Diversity Design Guide contains design provisions related to disability-appropriate housing.

The Codes SEPP contains exemptions that limit the application of the Low Rise Housing Diversity Code and these should be reviewed and potentially revised in recognition of the importance of the "infill" housing sector under the District Plans and Regional Plans. Application of the Codes SEPP to land that is within a heritage conservation area or draft heritage conservation area is one example of where the Codes SEPP could be reviewed and potentially revised.<sup>8</sup> Removing this

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<sup>5</sup> Discussion Paper, p. 47.

<sup>6</sup> State Environmental Planning Policy (Affordable Rental Housing) 2009 cl. 30.

<sup>7</sup> State Environmental Planning Policy (Affordable Rental Housing) 2009 cl. 29.

<sup>8</sup> State Environmental Planning Policy (Exempt and Complying Development Codes) 2008 cl. 1.19

barrier in limited and appropriate circumstances could provide greater housing diversity in areas located close to key services (typically more numerous in densely populated areas) that are necessary to support diverse housing for diverse needs.

Local Housing Strategies could be utilised by the Codes SEPP to identify areas where infill development is appropriate and given a clear status within the Codes SEPP so that councils have a level of control over the application of the Low Rise Housing Diversity Code.

***Recommendation 30: The Housing Strategy should include an action to further enable the application of the Low Rise Housing Diversity Code.***

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## DRIVE INNOVATION

The NSW Government should support projects by contributing funding or surplus government land to develop housing models that support diverse housing for diverse needs.

The following examples are illustrative of the kinds of changes that could achieve this goal:

1. Identifying sites owned by the State Government (e.g., NSW Land and Housing Corporation)<sup>9</sup> that can be leveraged to provide developers, social housing providers, architects, planners, urban designers and councils with the means to experiment and strive for best practice. This is through harnessing innovative models that support diverse housing for diverse needs that would typically be unachievable because of limitations on financing such projects (e.g., different modes of tenure such as build-to-rent and community land trusts) or housing typologies which are untested in the market to date.
2. Funding pilot projects in collaboration with developers, councils, planners and architects aimed at developing housing products tailored to diverse housing.<sup>10</sup> The NSW Housing Strategy could support the collaboration of relevant industry stakeholders and councils in developing innovative housing models by raising the status of those projects through competitions and other initiatives that can accelerate the development of diverse housing products.

***Recommendation 31: The Housing Strategy should include an action for the NSW Government to support projects by contributing funding or NSW Government-owned land to develop housing models that support diverse housing for diverse needs.***

## THEME 3 – AFFORDABILITY

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<sup>9</sup> The Discussion Paper identifies the Communities Plus 'Build to Rent' site in Redfern as an example of the State Government demonstrating diverse housing types.

<sup>10</sup> The City of Sydney's 'Alternative Housing' project is an example at the local government level of innovative housing initiatives being developed on a collaborative basis that can be recognised and potentially deployed by industry in service of diverse housing <<https://www.cityofsydney.nsw.gov.au/vision/planning-for-2050/alternative-housing>>.

UDIA supports Theme 3: Housing with Improved Affordability and Stability, and agrees that housing should be affordable, stable, and supportive of people's aspirations and wellbeing, and accommodate diverse tenures.

It is noted that 31% of Greater Sydney and 25% of regional households are accommodated in private rental housing. There needs to be a suite of specific policies to deal with security of tenure and longer leases for private renters. This policy setting will also provide more certainty for the build-to-rent sector to secure project finance and help establish build-to-rent as a viable investment asset class.

UDIA recognises that the CHP and affordable rental housing sector requires subsidies to provide housing at below-market rents, whether social or affordable rental housing. UDIA supports the Housing First model as an effective means of reducing homelessness. The Federal Government's NHFIC assists the CHP sector with providing finance for projects, but there are no ongoing funds for affordable housing on a national or state level. Subsidised housing requires a subsidy, and the provision of these subsidies are necessary to enable the development of more affordable housing.

### SECTION 3.1 PROVIDE ADDITIONAL SUPPORT FOR FIRST HOME BUYERS

Greater Sydney is increasingly less affordable for home purchasers, with high dwellings prices out of reach for many on moderate incomes. The new Commonwealth HomeBuilder program has demonstrated the small number of new homes or apartments available within the \$750,000 ceiling in metropolitan Sydney.

Policy settings in the NSW Housing Strategy need to robustly address the 'Affordable Living' equation – cheaper housing needs to be accompanied by good access to transport, jobs and services. It is critical that workers on moderate incomes, including Key Workers (nurses, police and retail workers in food supply and other critical sectors) can afford to live within a reasonable and safe commute from their place of employment.

UDIA recognises that one reason First Home Buyers are often priced out of the market is that there is a lack of moderately priced housing supply. The Strategy needs to identify key locations where affordable housing options can be incentivised, noting the scarcity of infill development sites close to work and services.

A reason for this is that potential downsizers are not selling their properties due to the cost of purchasing their next property that would better suit their needs. The main contributor to the purchasing costs is stamp duty on transfers. Therefore, UDIA renews calls for a \$25,000 transfer duty discount for new and off-the-plan sales, regardless of whether a purchaser is a first-home buyer or not.

***Recommendation 32: Introduce a \$25,000 transfer duty discount for new and off-the-plan sales, regardless of whether a purchaser is a first-home buyer or not.***

UDIA supports the consideration to offer First-Home-Buyers first right of purchase of specifically identified affordable housing products within NSW Government-led projects or those on NSW Government-owned land.

**Recommendation 33: Offer First Home Buyers first right of purchase for specifically identified affordable housing products within NSW Government-led projects or those on NSW Government-owned land.**

## SECTION 3.2 ENSURE APPROPRIATE RIGHTS, RESPONSIBILITIES AND CHOICE FOR TENANTS

UDIA NSW identifies the need for a build-to-rent sector to become established in the housing market in order to provide a broader range of long term, secure rental options. Build-to-rent has not yet emerged at scale in Australia. The taxation and planning system is geared toward build-to-sell development and acts in concert as an inhibitor to build-to-rent.

The recently completed UDIA NSW Roy Sheargold Scholarship Paper, *Build-to-Rent in Sydney NSW: Financial Feasibility*, looked at enabling build-to-rent from an industry feasibility perspective and outlined what is broadly required in terms of:

- Minimising upfront development costs
- Maximising operating revenues
- Keeping operating costs to a minimum

There is a key role for NSW Government land to enable build-to-rent products, as well as advocating fairer taxation arrangements from the Federal Government. Specific actions for the NSW Government include:

1. **Lower Construction Costs.** The cost of construction has significant feasibility impact on build-to-rent projects, which can be reduced by:
  - a. **Eliminate parking requirements.** Located near railway stations, as part of transit-oriented development and focussed on younger demographics, parking is less critical for these developments. City Futures Research Centre (CFRC) at UNSW estimates that this can improve the feasibility by about 1.2 basis points.
  - b. **Allow smaller apartment sizes.** Build-to-rent focuses on shared living and greater community amenity. This means that efficiencies can be gained by reducing apartment sizes which would allow for more apartments and improved shared space. CFRC estimates that reducing unit floorplates by 20% would improve the feasibility by between 1.3 and 7 basis points.
2. **Provide Planning Incentives for build-to-rent.** Build-to-rent needs to compete for land purchasers with higher yield build-to-sell products. Accordingly, there needs to be either planning incentives or discounted land provided to make build-to-rent stack-up financially including:
  - a. **Provide height and floor space bonuses for build-to-rent.** This will place build-to-rent in a position to compete with build-to-sell for site acquisition and could also help achieve affordable housing objectives.

- b. **Create a SEPP for build-to-rent.** The focus on design and the criteria used for design guidance, including balconies, private open space, and apartment depths and mix is designed for build-to-sell development. The commercial focus of build-to-rent lends itself for greater homogeneity and focus on shared areas, which might be enabled through its own SEPP.

3. **Support discounted market-rent apartments in projects.** With a focus on long term rental and durability, build-to-rent typologies lend themselves to discounted housing and 'affordable housing' products. However, they need support, such as outlined above, to be able to deliver these benefits.
4. **Remove land tax on build-to-rent.** If a build-to-rent product is held by a range of individual landlords, instead of a consolidated holding, it would not be levied land tax. However, a consolidated holding is a levied land tax. Removing this additional land tax is critical to providing a fair playing field for build-to-rent.
5. **Advocate for MIT Withholding Tax for foreign capital.** Managed Investment Trusts are the primary vehicle for real estate assets in Australia because they provide a 15% tax rate instead of a 30% corporate tax. Disallowing foreign capital to access the lower rate of tax provides a significant barrier to investment into build-to-rent.
6. **Advocate GST credits on development costs.** Commercial, residential assets such as student accommodation, hotels and motels can claim credits for GST paid on development costs. Build-to-rent is classified as rental residential premises, so is currently unable to claim tax credits for GST paid on development costs. Conversely, build-to-sell new residential premises can receive GST credits. This puts build-to-rent at a disadvantage and should be reformed to line up with student accommodation, hotels and motels.

UDIA NSW's report looking at the parametric feasibility of build-to-rent is attached, and provides detailed analysis of policy interventions to enable build-to-rent in NSW.

***Recommendation 34: The Housing Strategy should include a range of actions to support the development of the build-to-rent sector.***

### SECTION 3.3 MODERNISE AFFORDABLE HOUSING POLICIES AND SCHEMES

Affordable Housing Policies in NSW must recognise that subsidised market housing requires government subsidies and other forms of incentives. We make the following recommendations to modernise affordable housing.

#### PLACE A MORATORIUM ON SEPP 70

SEPP 70 operates as an inclusionary zoning mechanism, which places an additional tax on development. SEPP 70 requires the direct provision of dwellings for affordable housing provision (or a cash equivalent contribution).

The impact of additional taxes and charges on development is discussed in the infrastructure contributions section. Further to those comments, placing a 5-10% requirement on developments to provide affordable housing is unreasonable and will compromise affordability. Where it is a

dedication, it is likely to compromise all development feasibility. Where the affordable dwellings can be sold, it might be more manageable. We believe there needs to a discussion about how this might impact market affordability.

We know from empirical research in the United States that the imposition of inclusionary zoning policies compromises market affordability:

*The analysis found that inclusionary zoning policies had measurable effects on housing markets in jurisdictions that adopt them; specifically, the price of single-family houses increase and the size of single-family houses decrease.*

**Bento et al (2009), 'Housing Market Effects of Inclusionary Zoning' Cityscape: A Journal of Policy and Research 11(2), US Department of Housing and Urban Development.**

Bento et al. (2009) found that where inclusionary zoning was adopted, housing prices increased approximately 2 to 3 percent faster than in cities that did not implement such policies.

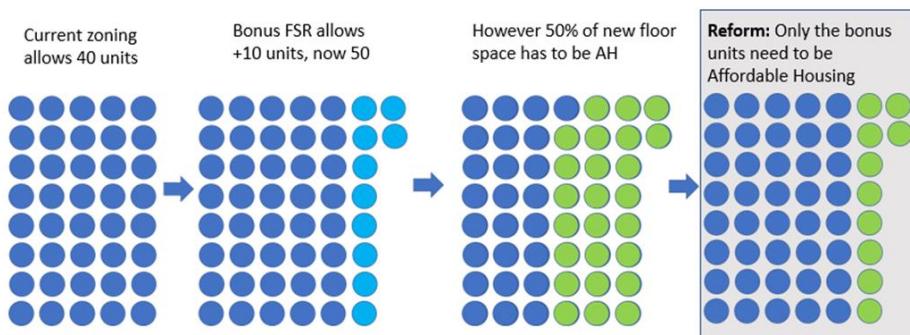
***Recommendation 35: The Housing Strategy should place a moratorium on SEPP 70 until DPIE develops an appropriate incentive scheme.***

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## CREATE AN INCENTIVE SCHEME FOR AFFORDABLE HOUSING

UDIA NSW supports an incentive scheme to deliver affordable housing. The existing incentive provided by the Affordable Rental Housing SEPP (ARHSEPP) offers a 0.5 FSR bonus floorspace (however, not any leniency in building envelope) with a requirement that 50% of the total floorspace is dedicated to Affordable Housing.

### Example: FSR Bonus – how it works



UDIA modelling suggests that the current approach results in the internal rate of return (IRR) being reduced by about 5% through the incentives provided by the ARHSEPP. This means the ARHSEPP does not provide an incentive for the industry.

There are a couple of alternative options for providing affordable housing:

1. If half the bonus were affordable, then the IRR would be reduced by 1.5%.
2. However, if half the bonus were affordable, then the IRR would be equivalent, and the market housing would not subsidise affordable housing.

To ensure the industry can realise FSR bonuses, equivalent adjustments need to be made to the building envelope.

***Recommendation 36: The Housing Strategy should include an action to develop an incentive scheme for affordable housing.***

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## DEVELOP A TRADEABLE AFFORDABLE HOUSING SCHEME

UDIA NSW supports the development of a privately owned tradeable affordable housing sector. With the appropriate protections on the title, there is the potential for an affordable housing sector to exist as a new investment asset class. This would better allow the development sector to monetise affordable housing contributions.

In making investment decisions, property investors are seeking yields to meet a specific hurdle rate. Where the rent for affordable housing is between 20-30% below that of market housing, the yield can be maintained if the capital value is similarly lower. Additionally, the Federal Government provides an additional ten percentage point capital gains tax (CGT) discount for resident individuals who invest in affordable housing. These concessions help support the possibility of privately-owned affordable housing as a commercial investment product.

***Recommendation 37: The Housing Strategy should include an action to investigate creating an affordable housing investment class.***

## SECTION 3.4 INCREASE AND IMPROVE HOW SOCIAL HOUSING IS BUILT AND MANAGED

The NSW Government could create a Social Housing design guide (drafted by the Government Architect) to provide a guide for developers of social and community housing and assist the CHP sector in developing design guidelines and best practice directions for the social housing sector.

***Recommendation 38: The Housing Strategy should include an action to develop a Social Housing design guide for the CHP sector.***

UDIA NSW recognises the current model for delivering social housing is unsustainable as it relies on selling stock to maintain existing stock and build new stock. Social housing is a heavily subsidised housing product, and the Land and Housing Corporation requires heightened funding and ongoing subsidies to maintain and expand their asset base.

This would then better allow LAHC to pursue commercial partnerships to deliver new housing instead of a disposal strategy that cannibalises the stock.

***Recommendation 39: The Housing Strategy should include a funding commitment for additional social housing.***

## SECTION 3.5 BETTER UTILISE AVAILABLE GOVERNMENT-OWNED LAND TO ADDRESS HOMELESSNESS

The development of ‘meanwhile uses’ on underutilised government land to help address homelessness works if the accommodation provided is adequate and there are plans to transition from the temporary shelter to permanent housing before the accommodated are required to leave the property (e.g., prior to commencement of permanent development). The best solution in this circumstance is to provide adequate housing as per the Housing First model.

UDIA NSW supports the concept of ‘meanwhile uses’ on government-owned and privately-owned land where it is suitable and economical to deliver. Delivering ‘meanwhile use’ has significant potential to provide a range of rental products ranging from market build-to-rent and affordable housing to transitional housing.

A ‘meanwhile use’ strategy would help put these in a coherent plan to identify the level of economic return the NSW Government would seek, and the commerciality of delivering a range of land-lease type products. DPIE should develop a complying development pathway for ‘meanwhile uses’, noting that they are temporary, and so have a limited long-term impact on the site. The new path could help enable a range of uses to ensure that they are delivered quickly instead of waiting for an excessive period for planning approval.

***Recommendation 40: The Strategy should include an action to develop a ‘meanwhile use’ strategy.***

## THEME 4 – RESILIENCE

UDIA supports Theme 4: Responsive and Resilient Housing, and agrees that housing needs to match community and environmental needs.

UDIA contends that Theme 4 should also acknowledge the need for future housing development to be orderly, economic, and commercially viable.

To truly ensure responsiveness and resilience, UDIA suggests the NSW Housing Strategy needs to:

- a. be sufficiently flexible to be able to adapt to evolving circumstances,
- b. support and encourage innovation,
- c. promote the creation of opportunities in times of economic change,
- d. provide a framework that instils industry and community confidence through potential initiatives and actions that offer consumer protection, lead to positive reforms and modernised legislation and improved housing design, and
- e. provide a pathway for reducing barriers to supply, diversity, affordability, and residence.

The industry is delivering outcomes and knows what works and what is feasible. Regulators and industry must partner to ensure that any proposal remains feasible and promotes our shared objectives. Supporting this it is vital to provide education and training to upskill planners, regulators and practitioners to enable the delivery of responsive and resilient outcomes. A key focus of the NSW Housing Strategy could be providing the framework/pathway for how that education piece could occur.

The NSW Government can build an evidence-based and in-depth understanding of how technology and innovation are driving changes to more sustainable outcomes through improved energy efficiency, amenity, and liveability in line with community needs.

### SECTIONS 4.1 AND 4.2 CONTINUALLY IMPROVE THE QUALITY AND RESILIENCE OF NEW HOUSING, IMPROVE THE ENVIRONMENTAL SUSTAINABILITY OF EXISTING HOUSING

The UDIA supports the continued improvement in the quality and resilience of housing and the heightened environmental sustainability of existing housing. UDIA members acknowledge and advocate for the many and wide-ranging benefits, including higher-performing homes with more affordable annual energy bills, and improved health, comfort and community efficiency benefits. We also know that the industry is already building well above minimum standards, demonstrating higher performance is possible and cost-effective.

Responding to the resilience and sustainability challenge, UDIA has developed the EnviroDevelopment assessment scheme for new development. EnviroDevelopment is an independent rating tool which rigorously assesses and certifies new development projects across six dimensions – Ecosystems, Waste, Energy, Materials, Water & Community. EnviroDevelopment serves to make it easier for purchasers to recognise, and thereby select more environmentally sustainable developments and lifestyles.

There are more than 180 EnviroDevelopment certified developments across Australia which have all been carefully designed to protect the environment and use resources responsibly, whilst offering a range of benefits to homeowners, industry and government.<sup>11</sup>

Over the past decade industry learning rates, innovation and adaptation, adoption of least-cost techniques, and economies of scale have reduced the cost of environmental innovation.

Many future changes may require fundamental rethinks of design and compromise liveability objectives. For example, the most cost-efficient way of delivering thermal comfort is sealing a building that is oriented south. Thereby compromising the existing cross ventilation, solar access, and balcony requirements.

UDIA would caution against the NSW Housing Strategy mandating specific initiatives without a clear understanding of the implications for feasibility and liveability. The energy efficiency pathway has been established. UDIA NSW is concerned about any attempts to increase the mandated pathway, as the industry requires long-term certainty to inform investment decisions. Without any rigorous regulatory impact statement, or detail cost-benefit analysis, UDIA cannot support changes.

***Recommendation 41: The Strategy should not propose any new resilience initiatives without rigorous regulatory impact statements and cost-benefit analysis.***

#### SECTION 4.3 IMPROVE ENVIRONMENTAL SUSTAINABILITY AND RESILIENCE IN RESIDENTIAL PRECINCTS

The requirement for precinct-scale outcomes needs to be place-based. Many local planning controls promote precinct-scale technologies without having a clear understanding of their spatial needs, benefits, and day-to-day operations.

The first step is to complete a SWOT and lessons learnt analysis of delivered precinct-scale technologies (e.g., Barangaroo and Central Park) before the Strategy mandates precinct-based planning approaches. Noting that these precincts generally provide a premium housing product, detailed cost-benefit analysis and regulatory impact statements needs to be completed before introducing these changes.

UDIA reiterates recommendation 41 (above).

#### SECTION 4.4 SUPPORT HOUSING AND RESIDENTIAL PRECINCTS THAT ARE RESPONSIVE TO NATURAL HAZARDS

Responding to natural hazards is business as usual (BAU) for our UDIA members. The UDIA believes natural hazards are sufficiently addressed through the NSW strategic planning process, LSPS actions/targets and DA reporting requirements. In this context, UDIA believes there is not a need for the NSW Housing Strategy to heavily focus on this initiative.

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<sup>11</sup> See <http://envirodevelopment.com.au/>

**Recommendation 42: The Housing Strategy should recognise that the existing strategic planning process addresses these matters.**

UDIA NSW is concerned about proposals to increase requirements for flooding on land above the 1:100 flood planning level. Where they have been proposed, such as in West Schofields, we have seen additional cost burden that is not commensurate with the level of risk from flood events above the flood planning level. The proposed resilient building standards would protect buildings from flood events that have an extremely low likelihood of occurring during the expected lifetime of the building.

If the guideline *Reducing Vulnerability of Buildings to Flood Damage* were to be imposed, UDIA estimates it would add more than \$50,000 to the cost of a new home, as follows:

<b>Component</b>	<b>Anticipated Increased Cost to Conform with 96 Hour Immersion Specification</b>
Walls Support Structure	\$8,560
Wall and Ceiling Linings	\$24,500
Roof Structure	\$6,200
Doors	\$6,500
Windows	\$5,400
Insulation	\$2,150
Bolts, Hinges, Nails & Fittings	\$400
<b>Anticipated Increased Cost Per lot</b>	<b>\$53,710</b>

Source: UDIA NSW

Given flood events above the flood planning level have a less than 1% chance of occurring in any given year, these costs do not align with the level of risk or insurance implications. Therefore, we caution against any moves to increase the requirements in this space.

**SECTION 4.5 CONSIDER ALTERNATIVE TRANSPORT APPROACHES IN MAJOR CENTRES**

UDIA raises no objections to promoting alternative transport approaches. Again, this is BAU and perhaps does not need to be a core focus of the NSW Housing Strategy.

## CONCLUSION

Housing is a fundamental component of the NSW economy. We are supportive of measures to improve access to housing needs for all members of the community across the entire housing continuum. We believe we can work collaboratively with the NSW Government to prepare a cohesive Housing Strategy that provides certainty for our members, regulators, and the broader community.

We are keen to discuss how we can collaborate. Please contact Sam Stone, Manager, State Policy and Government Relations on 0401 213 899 or [sstone@udiansw.com.au](mailto:sstone@udiansw.com.au) to arrange a meeting.

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