

Draft Local Housing Strategy Guideline

A step-by-step process for producing a local housing strategy

2018

NSW GOVERNMENT | Planning & Environment

Local Housing Strategy Guideline

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Introduction



Executive Summary

This guideline has been produced to support councils to develop their Local Housing Strategies. The guidance is intended to assist local authorities in setting a clear plan for housing in their area, over the next 10 and 20 years.

Local Housing Strategies tie council's vision for housing with State Government led strategic plans. They present council's response for how the housing components of District and Regional Plans will be delivered locally. Where housing targets (including affordable housing targets) are part of Regional or District Plans, these should be addressed in the Local Housing Strategy.

In developing a Local Housing Strategy, councils will consider the evidence base including demographic factors, the supply and demand for housing, and local land use opportunities and constraints, among other factors.

To promote the efficient use of land and infrastructure, Local Housing Strategies should align housing growth with supporting infrastructure and social services, such as schools, health facilities and public transport. This approach can efficiently use existing infrastructure and plan for future needs.

Councils will lead the preparation of Local Housing Strategies and are encouraged to consider the means for implementation at an early stage. Councils should discuss potential planning proposals with the Department of Planning and Environment's Regional Team at the earliest opportunity.

Where possible, planning proposals can be prepared concurrently alongside the Local Housing Strategy.

The preparation of a Local Housing Strategy should not prevent councils from continuing to prepare planning proposals required to meet current housing needs.

The Local Housing Strategy Guideline sets out an approach that councils may choose to follow. The Local Housing Strategy Template (Appendix A), contains the structure that councils within Greater Sydney will need to use. For regional councils, variations to the template may be approved by the Department if sound justification for the departure is provided.

The final part of a Local Housing Strategy relates to monitoring and reviewing the local housing outcomes. When the evidence base or planning context changes, councils should update their Local Housing Strategies to ensure that they continue to plan effectively for local housing needs into the future.

While housing is directly linked to important planning issues such as employment and infrastructure, the Local Housing Strategy and this guideline focuses solely on housing. Local strategic planning processes will also consider issues such as employment, open space, and infrastructure provision. These elements can be part of Local Strategic Planning Statements, prepared by council. The Department has developed guidance for the suggested structure and content for Local Strategic Planning Statements.

The Steps to Produce a Local Housing Strategy

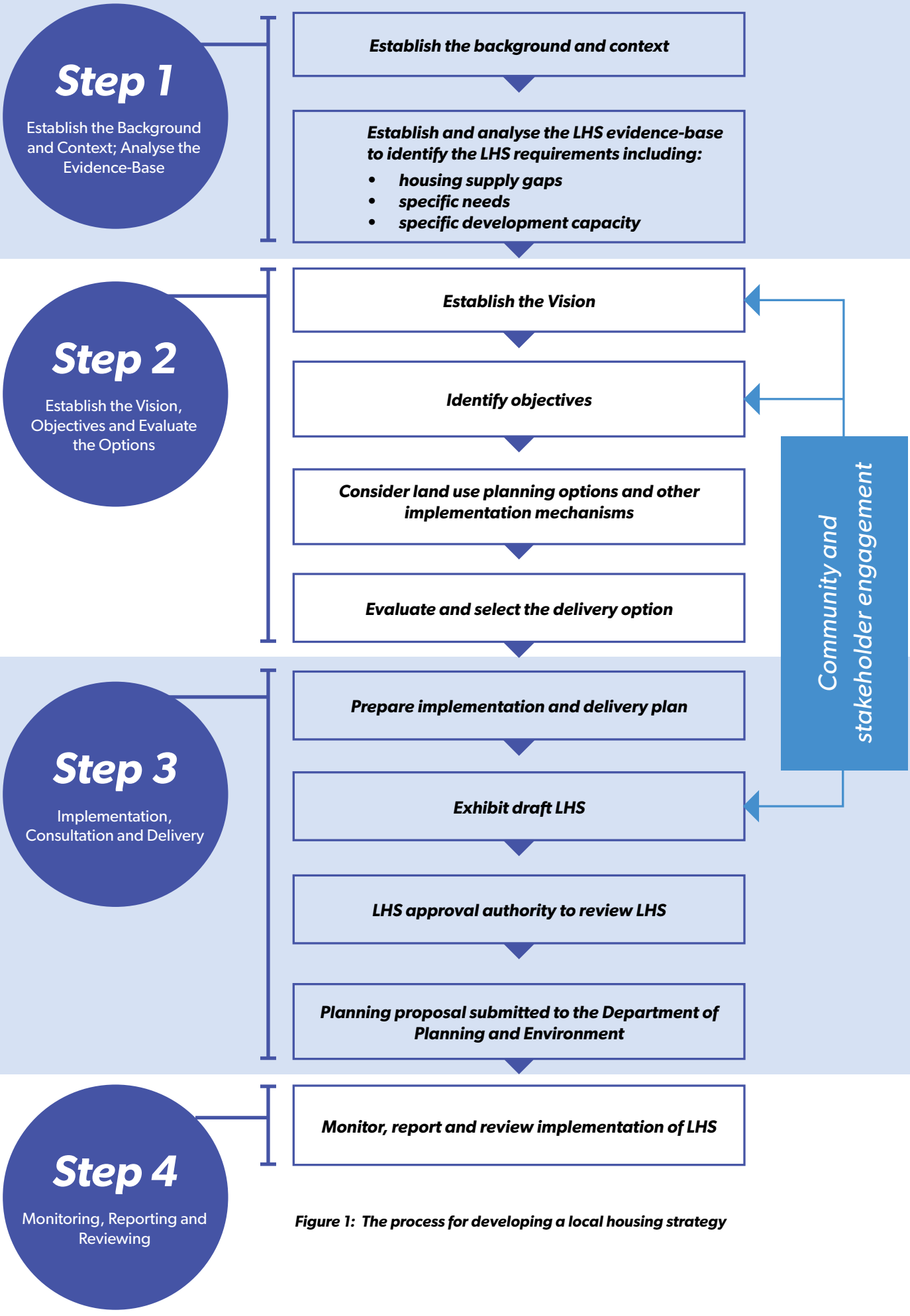


Figure 1: The process for developing a local housing strategy

The Value of Local Strategic Planning

Strategic planning is the basis of the NSW planning system. Strategic plans tell the story of a place: its background and history, its vision and aspirations for the future and plans to achieve these.

The Environmental Planning and Assessment Act 1979 provides for plans at the Regional and District level. Councils have the local knowledge and expertise in strategic planning that is necessary to translate higher-order planning objectives in Regional and District Plans into implementable plans at the local level.

Local Housing Strategies (LHS) are one output of this local strategic planning process. They are strategic plans for housing in local government areas. They are produced by councils with input from the community and set the framework for the local government area's housing development.

An LHS provides councils and communities the opportunity to develop a strategy that influences how and where they will grow to support a growing population, ageing community, and a change in household structure.

Each council and their community will have the opportunity to establish a preferred outcome so that future growth can be delivered in line with the relevant Regional and District Plans.

By responding to the Regional and District Plans, councils will better integrate local level planning for housing with broader State and regional plans for infrastructure, employment, open spaces and other elements of the built and natural environments. Long term plans for housing will also better accommodate growth that is higher or comes sooner than expected.





Step 1

Establish the Background and Context, Analyse the Evidence Base

Step 1 in the process is focused on the local context and background, and analysing the evidence base to inform the next steps in the strategic planning process.

The main parts of this process are:

- the planning and policy context;
- the LGA snapshot; and
- an analysis of the evidence base.

Councils should meet with the Department of Planning and Environment regional team as soon as the decision is made to commence an LHS, to discuss the LHS scope, process and timeframes.

1.1 Planning and policy context

LHSs will be developed within the planning and policy context of the day. This includes the federal, state and local government legislation, State Environmental Planning Policies, Regional and District Plans and policies relating to planning, housing, infrastructure, and employment for the LGA (see Figure 2).

Councils will lead local strategic planning in their LGAs, which will include the development of Local Strategic Planning Statements. The statements will complete the strategic planning hierarchy and will set out the land use vision, priorities and actions for the local area. The Department has developed guidance for the suggested structure and content for Local Strategic Planning Statements.

While the focus of LHSs is housing, it is necessary to integrate planning for housing with broader local planning for infrastructure, employment and open space provision. Accordingly, LHSs may sometimes be developed alongside other council strategic plans. This Guideline forms part of the local planning toolkit where it is indicated in the relevant Regional Plan[i].

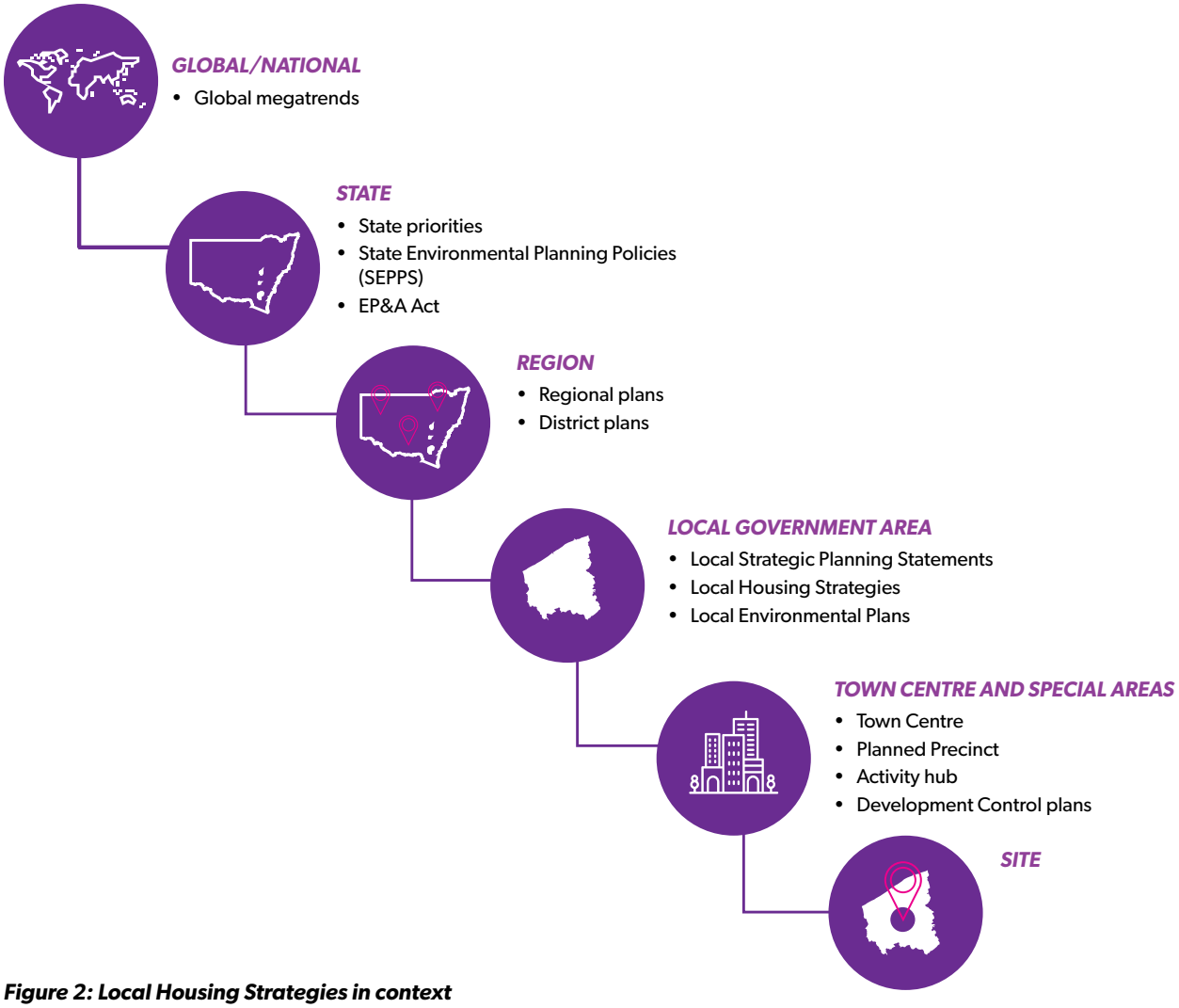


Figure 2: Local Housing Strategies in context

Step 1

1.2 LGA Snapshot

The LGA snapshot should comprise an overview and description of the area. It should consider the urban structure of the LGA and its role in the District and Region, including any cross boundary issues. It should identify social, environmental, and economic factors that are relevant to the LGA, or the wider region where relevant. For example, the transport network, centres, bushfire or flooding risks, heritage, or a significant industry-base within the LGA, or a neighbouring LGA.

The LGA snapshot can outline the work that councils have done to encourage housing supply. This may include working with State agencies to deliver land release areas or renewal in established areas. The LHS should also include a consideration of the existing housing stock in terms of its location, type, and tenure.

The LGA snapshot should acknowledge the infrastructure that is needed to support housing. It should identify the existing infrastructure, such as public transport (mode, routes and capacity), schools and health services (public/private, location, specialty, capacity), that support housing in the area and any planned and committed infrastructure projects. Where possible it should identify the capacity of the existing and future planned infrastructure, noting the additional capacity that will be created by future infrastructure to support additional housing.

1.3 Establishing the evidence-base

Establishing the evidence-base enables the identification of where housing supply is adequate and where gaps will need to be addressed by delivering new housing or housing of a specific type.

The evidence-base may include consideration of factors beyond the LGA, such as work travel and migration patterns.

There are four components to consider when establishing the evidence-base:

- Demographic indicators of social and economic factors
- Housing demand trends and diversity
- Housing supply trends and diversity
- Land use opportunities and constraints.

1.3.1 DEMOGRAPHIC INDICATORS

Analysis of demographic indicators and projections provides insights into the current and future housing needs of the LGA's population. Information about the LGA's population change over time, age structure and household types should be considered in the preparation of an LHS. The indicators should be examined in the context of other relevant LGA information and compared with State or national level data. Data may also be required at a lower level, such as by suburb, to plan for the different parts of an LGA.

The information sources listed below should be used in the preparation of an LHS and can be supplemented with council's own data sources.



POPULATION AND HOUSEHOLDS

The NSW Population Projections Data[ii] and the NSW Household and Dwelling Projections Data should be used to consider the following factors:

- Population change: the historic and current populations and the projected population change, and the drivers of population change.
- Population age: the population by age grouping and the projected change over time.
- Dwelling requirements: the projected dwelling requirement.
- Households: the total number of households and how this has changed and is projected to change over time.
- Household types and family composition: the household types, such as lone parent, couples with or without children, and group households, and how these are projected to change over time.
- Average household size: the average household size for the LGA and how this is projected to change over time.

The Australian Bureau of Statistics (ABS) Community Profiles provide a thorough statistical picture of an area, providing data relating to people, families and dwellings. The Time Series Profile presents data from three Censuses, allowing meaningful comparisons to be made. Census data can provide information about the population and housing context with regard to factors including:

- Dwelling structure
- Number of bedrooms
- Tenure and landlord type
- Household income.

The Department of Family and Community Services (FACS) 'NSW Local Government Housing Kit'[iii] can assist councils to understand housing needs and issues in their region. The database includes timeseries data and provides information on a range of housing topics including: public housing stock; Commonwealth Rent Assistance; proportions of affordable rental and purchase for various income levels and housing stress, being defined as households incurring housing cost above 30% of their equivalised household income. The Rent and Sales Report[iv], also produced by FACS includes timeseries data and is the sole authoritative source of data on NSW rent movements.

1.3.2 HOUSING DEMAND

The analysis of housing demand should include a consideration of market preferences including where people want to live in the LGA and in which types of homes. Councils in Sydney can refer to the housing market areas set out in research by UNSW[v].

Housing demand will be influenced by factors in the broader housing market generally and by factors that influence demand for housing within local housing markets. These influences include household growth, infrastructure availability, local and regional amenity, employment opportunities, taxes, interest rates and immigration, many of which are outside of the control of local government.

Establishing housing demand requires an analysis of the:

- Underlying demand – which is the theoretical 'need' or number of new homes required based on the projected number of households. The level of underlying demand is primarily driven by migration and demographic factors; and
- Effective demand – which is the size, type and location of dwellings that people are willing and able to buy and rent. Councils may wish to consider both the 'stated' housing preferences (through a survey for example) and 'revealed' preferences, being the types of homes people actually choose.

Housing for particular needs also needs to be considered in the development of an LHS, including:

- seniors and people with a disability
- affordable rental housing
- students.

A consideration of social housing wait times should also be used to inform the understanding of housing demand. FACS releases information on the expected social housing waiting times by geographic regions. If the LGA includes social housing dwellings, councils may wish to discuss the potential redevelopment of elements of the portfolio with Land and Housing Corporation to help increase social housing supply.

DEMAND FOR AFFORDABLE HOUSING AND HOUSING AFFORDABILITY

LGAs will have differing demand for affordable housing and housing at a variety of prices.

Housing affordability refers to the capacity of individuals or households to enter the rental and privately owned housing markets, whereas affordable housing is defined in the *Environmental Planning and Assessment Act 1979* (the Act).

The *State Environmental Planning Policy (Affordable Rental Housing) 2009* (AHSEPP) defines a household to be a very low income household, low income household or moderate income household if the household has a gross income that is up to 20% above the median household income for the Greater Sydney Region (according to the Australian Bureau of Statistics) and pays up to 30% of that income in rent. In considering the demand for affordable housing councils may wish to consider aspects such as existing affordable stock, incomes, rent and sale prices, housing stress, employment and homelessness.

AFFORDABLE LIVING

To complement the consideration of affordable housing and housing affordability, councils may wish to consider the concept of affordable living. Affordable living recognises that there are additional costs for households associated with housing choices, besides rental or mortgage payments. The location and type of dwelling can impact ongoing household costs including costs related to transport and energy consumption. In some cases, these costs may offset the benefits of lower mortgage or rental payments. While affordable housing and housing affordability are measured by the cost of housing relative to income, affordable living considers the cost of housing in conjunction with the cost of accessing employment, services, and utilities.

Step 1

DEMAND FROM LOCAL WORKERS

In preparing an LHS councils should also consider the sources of employment for very low, low or moderate income earners who perform an important service within an area, but are unable to live nearby due to price constraints. The industries which these local workers are part of will vary, depending on location.

1.3.3 HOUSING SUPPLY

Housing supply is considered in terms of the total supply of housing and the amount of new housing.

For councils within Greater Sydney, the Department of Planning and Environment's Sydney Housing Supply Forecast[vi] provides information on where, when, and how many new homes are likely to be built. The forecasts are used across Government to inform infrastructure planning and service delivery to support new housing development. They also inform decisions on future land use zoning to ensure adequate levels of new housing supply are maintained.

The Forecast is one indicator of the extent to which additional demand can be met within existing planning controls and economic conditions. The Forecast takes into account current residential developments that are either under construction or approved, as well as analysis of likely future development under current zoning and planning controls. The Forecast also takes account of information gathered from local councils and industry.

For Sydney councils, detailed contemporary monthly data for both dwelling approvals and dwelling completions are available via the Metropolitan Housing Monitor Sydney Region and the Housing monitor reports. Councils in the Hunter and Illawarra Regions should discuss the local housing monitor programs with the Department's relevant Regional Team. Presently, a Department of Planning and Environment generated housing supply forecast is not available in other parts of the State. Councils outside of Sydney may consider preparing a forecast of housing supply to inform their LHSs.

Establishing the housing supply that is already available in the LGA, considers an analysis of:

- amount and type of current and planned housing stock
- rental vacancies (where possible) and vacancy rate
- price and type of dwellings for sale
- capacity within the existing land use controls for additional housing
- potential displacement of existing housing due to redevelopment.

CURRENT AND PLANNED HOUSING

Current and planned housing includes provision of new housing from submitted development applications and commenced but not yet completed developments.

There will also be housing capacity created by state and local government actions, including:

- planning proposals,
- land release areas, especially serviced lots, and
- approved Planned Precincts, State Significant Precincts and Urban Renewal Corridors.



CAPACITY OF EXISTING LAND USE CONTROLS

Councils will need to identify the theoretical development capacity in their existing land use controls i.e. the number of additional homes permissible under the current planning controls.

There are many approaches to determining development capacity, however it essentially involves comparing the number of existing dwellings and the number of dwellings that would be delivered if the current land use controls were fully developed. The differential in dwelling numbers equates to development capacity. This analysis should also consider whether any of the existing planning controls (such as floor space ratios) are unnecessarily impeding the development of housing.

The theoretical development capacity then needs to be compared with what is likely to happen over the timeframe of the LHS, taking into account the feasibility of development and likely take up rates of the capacity identified. This consideration can be informed by:

- the number of sites that have development capacity and how much capacity will be used (assuming that a certain proportion may never be developed)
- the development approval and construction/occupation certificate data, which will help indicate the rate and types of housing that has been, and is likely to be, delivered
- input from the local development industry.

A housing supply forecast of the likely future rate of development under the current land use controls can then be made. The forecast can be compared with the housing demand data to identify supply gaps.

STATE GOVERNMENT-LED REGIONAL AND DISTRICT PLANNING

The LHS will need to respond to State Government initiatives that increase housing supply, including proposals in relevant Regional and District Plans. The State Government may deliver major housing development opportunities via:

1. Planned Precincts, State Significant Precincts and Urban Renewal Corridors that involve targeted rezoning and direct coordinated funding and delivery of supporting infrastructure
2. Investigation Areas where the State Government can work with local government to deliver on the housing requirement of Sydney
3. Urban transformation projects led by Urban Growth NSW and Transport for NSW that involve the development of large sites and significant amounts of government-owned land alongside the provision of new transport infrastructure
4. Land and Housing Corporation Developments by the NSW Land and Housing Corporation (LAHC)[vii] which is responsible for the management of the NSW Government's social housing portfolio
5. Surplus Government land. These sites may also present future housing opportunities.

The LHS will need to acknowledge any State government-led development programs identified within the LGA, and note the areas and the amount of housing that the programs aim to deliver.

1.3.4 LAND USE OPPORTUNITIES AND CONSTRAINTS

Different land use opportunities and constraints should be analysed across the LGA to identify areas with development capacity. In identifying and analysing the relevant opportunities and constraints for housing, alignment with the Regional or District Plan is a key consideration, along with the capacity of existing and planned infrastructure to support growth.

Opportunities may include:

- Existing residential development – type, age, dwelling density, condition, ownership pattern, urban design, scale, form and amenity
- Transport infrastructure – road, rail, light rail, bus, ferry, cycleways
- Urban form and liveability – scale, form, character, open-space, connectivity, walkability
- Employment centres – retail centres, business and industrial centres
- Social infrastructure – schools, parks, health services.

Constraints may include:

- Environmental factors – riparian zones, contaminated lands, hazardous activities, high fertility soils
- Natural hazards - flooding, tidal inundation, bushfire, slope, unstable land
- Incompatible uses – heavy industry, sewage plant, high voltage transmission lines, aircraft noise, agricultural land
- Lack of financial feasibility – due to market forces or planning controls
- Utility service availability – water, sewer, drainage, electricity, gas, telecommunications
- Conservation resources - places of ecological, scenic, heritage or archaeological value.

INFRASTRUCTURE

Providing the right infrastructure at the right time is key to supporting the development of housing throughout NSW. The importance of using existing and proposed infrastructure effectively needs to be understood to inform the development of an LHS.

Councils have a role in aligning delivery of local housing with infrastructure delivery through the funding of infrastructure via, for example, development contributions, grants, budget allocations, user fees and charges, and public private partnerships.

Regional Plans and District Plans are prepared with regard to any 20-year State infrastructure strategy, 5-year infrastructure plan and sectoral State infrastructure strategy statements. It is important for LHSs to be aligned with the infrastructure directions set out in these strategic plans to address the future population's needs. In some cases, the provision of new infrastructure projects by the State government and councils will be critical to delivering new housing supply. In other cases, an LHS will be able to direct housing growth to make better use of existing infrastructure.

Councils should engage with State government infrastructure agencies throughout the development of the LHS to ensure that current and future projects are incorporated into the LHS, and that the LHS is aligned with the provision of infrastructure and services. The Department can help facilitate council discussions with Government infrastructure agencies.

Finalised LHSs will assist infrastructure agencies by setting out where the long term housing growth is planned.

1.4 Analysing the evidence-base

The analysis of the evidence-base will provide insights about the demand for and likely delivery of housing in the LGA. It needs to determine if there are any gaps in housing supply and what is required, or is likely to be required, so that new housing supply can be facilitated to address those needs.

The evidence-base analysis needs to identify:

- gaps in general housing supply
- gaps in housing for specific needs – such as housing diversity and affordable rental housing
- any barriers to supply such as high land fragmentation or limited feasibility
- the areas with development capacity.

1.4.1 HOUSING SUPPLY GAPS

Some areas will be expected to meet or exceed the dwelling supply required by the future population. This positive outcome will place downward pressure on housing prices and will better allow the market to respond to unanticipated additional demand that arises from a major infrastructure project, for example.

If the forecast housing supply is lower than the projected housing need there is a gap between the housing supply and demand. The District Plans establish that the LHS is the mechanism for quantifying, and responding to identified gaps in housing supply across the LGA.

The analysis of demographic, housing and affordability data may also reveal the need for specific housing for key groups. It is important that the LHS aims to deliver a range of housing types at different price points to help meet local needs. The District Plans note that affordable housing is a key issue in Greater Sydney as house prices have risen over the past decade in comparison to income growth. Many Regional Plans also recognise this issue and contain actions to support a greater supply of affordable housing.

1.4.2 IDENTIFYING DIFFERENT AREAS WITH DEVELOPMENT CAPACITY

Analysis of the multiple opportunities and constraints factors across the LGA, from the evidence base established in 1.3.4, should identify different areas with capacity for development.

Development opportunity areas may consist of areas within the LGA that:

- are in council's view able to accommodate more development due to having strategic, environmental, amenity and/or infrastructure capacity, or
- have been identified under State Government regional and district planning processes.

Developmental opportunities will be constrained by areas that:

- need to be conserved for reasons of cultural, environmental or heritage significance
- have less capacity to accommodate new growth.

AREAS WITH DEVELOPMENT CAPACITY

Areas that are identified as having capacity for further development within 10 years will be the primary focus for councils who are predicting gaps between supply and demand for housing.

In Sydney, the Greater Sydney Commission will work with councils to develop 6-10 year housing targets. Significant work has been undertaken by the councils and the GSC as part of the Technical Working Group meetings.

Councils may seek to encourage housing that offers diversity and choice and discourage inappropriate housing types, such as rural-residential development, in certain areas. Councils should also consider the aims of Regional Plans in terms of providing housing that is located near centres, supports walkability and addresses diversity needs.

Additionally, some areas may be able to provide housing beyond the next ten years. These areas could be retained for future redevelopment and identified as such, so as not to make future redevelopment at higher densities difficult.

AREAS TO BE CONSERVED AND ESTABLISHING FUTURE LOCAL CHARACTER

The LHS should identify any areas that have been previously identified as having cultural, environmental or heritage significance. LHSs will also have the opportunity to identify areas that, for reasons relating to infrastructure capacity and amenity, will have less capacity to deliver new housing. Opportunities to identify existing and desired future local character will be important considerations for the delivery of housing needs. Generally, good design outcomes should not preclude some additional housing in these areas.

In association with this, councils will need to demonstrate an overall capacity to deliver enough and the right types of homes in the right locations. Councils will also need to consider how the desired future character of local areas and neighbourhoods will be achieved through strategic planning, development controls, and development assessment. This will be supported by guidance to be released by the Department on identifying and supporting local character through the planning system.





Step 2

Establish the Vision, Objectives and Evaluate the Options

Step 2 is the process of identifying council's housing vision, the priorities for the council's stakeholders and its community, and identifying and evaluating the options for delivering new housing.

2.1 The housing vision

The housing vision for the local area will describe the community's priorities and aspirations for housing in the LGA over the next twenty years. The housing vision may be informed by council's broader strategic vision for the area, as expressed in its Community Strategic Plan or Local Strategic Planning Statement, when these are developed.

A vision recognises the story of a place – where it has come from, what it is like now, and what it will ideally be like in the future. It sets the benchmark against which decisions can be measured and assessed. The housing vision should be informed by the planning and policy context, LGA snapshot, and the evidence-base analysis, that are part of Step 1.

2.2 Identify stakeholder views and priorities

It is important for councils to understand the views of stakeholders. This process should involve a wide cross-section of stakeholders that is representative of the community.

Councils should aim to identify the views of stakeholder groups including (but not limited to) the local community, government agencies, housing providers, land owners, and the development industry. The stakeholders will often offer competing views, but will provide helpful information to councils prior to exhibition of the draft LHS.

The purpose of this stage of consultation is to establish:

1. the community and stakeholders' goals
2. the community's preferred land use planning approaches
3. The Government's infrastructure delivery priorities and plans from infrastructure delivery agencies.

2.3 The local housing strategy objectives

The LHS objectives are council's long term goals for housing in the LGA. The analysis of the evidence-base and the planning context (Step 1) should be considered alongside the stakeholder views to inform the development of LHS objectives.

The objectives will need to be consistent with the relevant Regional and District Plans. If any gaps in the housing supply have been identified, the objectives should include measures to close the gaps by providing for a sufficient supply of new housing.

Objectives should be based on consideration of:

- the demographic trends occurring in the area and how these trends will impact the quantity and form of housing required in the future
- the feasibility of delivering development within the capacity of the current LEP planning controls
- the quantity, type and affordability of existing housing in the area
- the gap between current needs and supply of rental accommodation for the very low income, low income and moderate income households
- the gap between underlying demand and supply for affordable purchase for the very low income, low income, and moderate income households.

The LHS objectives should include:

- Aligning the planned housing growth with the regional and district plans for housing, including housing and affordable rental housing targets (if applicable)
- Aligning housing growth with supporting infrastructure
- The amount and type of housing required to be delivered by the market to address a future 10-year need, and align with the 20 year strategic plan
- The amount and type of housing required to address particular needs, including:
    - affordable housing
    - adaptable housing
    - seniors and people with a disability
    - local workers
    - students
- Consideration of the areas within the LGA that:
    - have been identified under State Government regional and district planning processes for intensification, and the amount of housing they are intended to deliver;
    - are able to accommodate more development, due to having strategic importance, environmental, amenity and infrastructure capacity; or
    - are to be conserved for reasons of cultural, environmental, heritage or local character significance.

Step 2

2.4 Land use planning approaches

The land use planning approach is a key part of the LHS and will ultimately inform council's planning controls. Council needs to ensure that the land use planning controls support the local government area's required housing development.

The evidence-base analysis (from Step 1) will inform the land use planning options that are able to deliver the LHS objectives. The relevant strategic plan will guide the LHS in terms of the appropriate approach. Strategic plans may direct councils to focus new housing growth around particular centres with public transport, to improve walkability, or to observe certain settlement planning principles for instance. In certain areas rural-residential style development may be appropriate whereas, for example, in other areas a focus on housing for seasonal workers may be more warranted. The LHS will need to respond to the particular directions in the relevant strategic plan.

The potential land use planning approaches to help deliver additional housing, could consist of, for example:

- concentration of development within existing urban centres
- increased densities across broader existing urban areas
- land release.

The LHS should include maps that outline the land use planning approach and indicate the locations and amount of growth expected across the LGA.

BUILDING TYPOLOGIES

Part of the land use planning approach will include consideration of the building typologies that have the potential to deliver the amount and type of housing that is needed. Building typologies are the broad classifications of building types, such as low-density detached dwellings, medium-density townhouses, and high-density residential flat buildings.

It is important that the LHS includes a consideration of the expected building typologies in addition to the land use planning controls. This will assist the community and stakeholders to understand the likely built form outcomes of council's proposed planning control changes.

2.5 Selection of mechanisms

Planning mechanisms will generally be used to implement the LHS. Amendments to planning controls can help provide the conditions for industry to produce new housing. Whilst the options available to councils to facilitate the development of housing are broad, the primary mechanisms are likely to be through changes to the local planning controls via a planning proposal. Refer to the *Department's Guide to Preparing Local Environmental Plans and Guide*[viii] to Preparing Planning Proposals[ix] for more information about planning proposals. Changes to development control plans may also be required.

Councils should ensure that planning controls proposed in a planning proposal allow for sufficient housing development that is financially feasible. Housing development will only occur if it is both permitted under planning controls and financially feasible.

Councils should undertake a high-level consideration of the applicable planning policies and legislation that will apply to development under subsequent plans, such as the provisions of State Environmental Planning Policy 65 Design Quality of Residential Flat Development that outline the context for apartments. This will ensure that the LHS options are consistent with relevant policy and legislation from an early stage.

Non-planning mechanisms can also be used to implement LHS objectives. These generally involve council policies or initiatives directly involved in the delivery of housing, such as partnering with community housing providers or other organisations to deliver types of housing for groups with specific needs or housing development on council owned land.

The following issues should be considered when selecting the most appropriate way to implement the LHS objectives:

- is the mechanism (e.g. a planning proposal) appropriate, supportive and consistent in relation to other strategic planning goals at the local, regional or state level?
- would the adoption of the mechanism result in additional complexity in regulation?
- is the mechanism equitable? Does it unfairly disadvantage a particular group or individual?
- can the mechanism be adopted and implemented in a transparent manner?
- is there stakeholder support for the adoption of mechanism?
- does the mechanism support the principles of sustainability?

2.6 Planning mechanisms

The evidence-base analysis should include a consideration of the capacity for additional housing in the existing planning controls. This analysis should also identify any existing development standards or development control plan provisions that impede residential development. In some cases, these may be obvious, such as low dwelling density and large lot size, frontage and setback requirements. Often their impact may be unintentional, cumulative and vary with market conditions. Consultation with stakeholders in the development industry may be effective in identifying barriers of this type. The benefits of barrier removal will need to be balanced against urban design and planning considerations.

CHANGES TO LOCAL ENVIRONMENTAL PLANS

The most common ways to facilitate the delivery of new market price housing are by increasing the permitted density of existing residential land and adjusting development controls to remove barriers impeding development. In some cases, non-residential

land may be appropriate to rezone, however each site would need to be considered on its merits and in light of the relevant District and/or Regional Plan.

The LHS evidence-base will have identified areas that have feasible additional development capacity. This may include existing residential areas in which dwelling density and the range of permissible housing types can be increased to deliver greater overall housing supply and diversity.

Amendments to land use zones (other than via a rezoning) can allow types of housing where they were not previously permissible. This might include allowing secondary dwellings, residential flat buildings, medium density development, or boarding houses in a broader range of zones.

Increased housing diversity may arise in response to such amendments. The resulting increased density may also improve the viability of retail, services and public transport and thereby improve amenity.

CHANGES TO DEVELOPMENT CONTROL PLANS

Councils may also be able to implement elements of their LHS through changes to development control plans. This could include amendments that encourage housing diversity by introducing separate standards to suit the characteristics of particular types of housing and particular locations. An example is the variation of car parking standards in areas with good public transport or walkability.

2.6.1 MECHANISMS TO DELIVER SPECIFIC HOUSING TYPES

Variations to local planning controls are currently applied by the State Environmental Planning Policies to encourage the delivery of different types of affordable rental housing and housing for seniors and people with a disability. Due to current housing affordability challenges in parts of the State there is growing interest in how councils may encourage the development of more affordable housing in their areas. It is important to consider the development of affordable housing approaches in the broader context of overall housing supply and affordability.

INCLUSIONARY ZONING

Inclusionary zoning mechanisms enable the consent authority to require contributions towards affordable housing where a need for such housing has been demonstrated. Countries including the United States and the United Kingdom have mandatory inclusionary approaches which support social inclusion in new housing developments and redevelopments.

In NSW inclusionary zoning is facilitated by Division 7.2 of the *Environmental Planning and Assessment Act 1979* which enables a consent authority to levy contributions for affordable housing where a local government area has a demonstrable need for affordable housing and the council is identified within a state policy. This policy is *State Environmental Planning Policy No 70 (Revised Schemes)* (SEPP 70).

To facilitate affordable housing through an inclusionary zoning policy a council must first seek inclusion within SEPP 70 by demonstrating a need for affordable housing within their local government area. The council is then required to develop an affordable housing contribution scheme in accordance with the principles set out in SEPP 70 and insert provisions within its Local Environmental Plan to give effect to the scheme. Councils need to ensure any inclusionary zoning schemes that will provide affordable rental housing are feasible for the market to deliver.

Affordable housing contribution schemes are already operating within the City of Sydney LGA, such as the Green Square Affordable Housing Program. The Department of Planning and Environment can advise councils in relation to potential inclusion in SEPP 70. By addressing any proposed inclusionary zoning in the LHS, council will give the market advanced notice of the proposed changes. This will assist the development industry in planning for future developments.

2.7 Non-planning mechanisms

Non-planning mechanisms are intended to deliver housing by working in partnership with industry and other organisations. For example, delivering affordable or local worker housing by working with community housing providers.

Possible mechanisms include:

- Community education and advocacy
- Social housing policy
- Affordable housing policy and affordable rental housing targets
- Housing component within an economic development strategy.

2.8 Evaluating the options

This is the process of evaluating the range of potential planning and non-planning options for implementation of various aspects of the LHS objectives.

To assist with the evaluation process councils should test the different mechanisms against the LHS objectives and stakeholder priorities and determine the best delivery mechanisms with a consideration of timing, cost, and triple bottom line factors (social, environmental and economic).

Step 3

Implementation, Consultation and Delivery



Step 3 is the process of producing the LHS using the LHS Template (Appendix A), preparing an implementation and delivery plan in which the mechanisms to deliver the priorities are operationalised, and approval of the LHS. Councils should ensure that the production of an LHS does not delay existing planning proposals that will be required to meet current housing needs.

3.1 The implementation and delivery plan

The LHS should include an implementation and delivery plan that will identify when and how housing will be delivered over the life of the LHS, what type of housing will be delivered, where it will be located and the mechanism for delivering it. This might comprise incremental change across parts of or the whole LGA and/or areas that have been identified as having specific development capacity.

The implementation and delivery plan component of the LHS should include:

- the delivery mechanisms by which the LHS recommendations will be delivered, including an outline of supporting planning proposals
- the stakeholders who will deliver the needed housing
- timeframes
- benefits
- risks and mitigation measures
- monitoring indicators.

It should also set out clear actions and be integrated with council's other work practices, policies and programs.

The implementation and delivery plan component of the LHS will differ from council to council based on the level of existing and projected housing to occur within that local government area and the projected benefits of preparing an LHS.

3.2 LHS exhibition

The draft LHS should be publicly exhibited so that the wider community have the opportunity to provide comment. Any preceding community and stakeholder engagement process should be clearly communicated. Council may decide to also exhibit a draft supporting planning proposal, or the council's Local Strategic Planning Statement at the same time.

3.3 Consideration of supporting planning proposals

LHSs are likely to make recommendations for changes to the planning controls or to other planning instruments in order to be implemented. Councils are encouraged to prepare planning proposals during the LHS preparation process once it has become clear that they will be needed for the delivery of housing under the LHS. Councils may wish to stage the delivery of their LHS by delivering multiple planning proposals.

Councils are advised to discuss their intentions for a planning proposal with the Department of Planning and Environment regional team at the earliest opportunity.

Given the importance of ensuring supporting infrastructure delivery is aligned with new housing supply, the Department will facilitate council contact with infrastructure agencies, if required. Councils should continue to process planning proposals during preparation of their LHS.

3.4 LHS approval

All LHSs will need to be approved. The approval of LHSs will help ensure a high level of quality and consistency across the State, while allowing for necessary local variations. Approved LHSs can also be used to support planning proposals and will provide an evidence base for planning proposals.

The Department of Planning and Environment will be the LHS approving body. For Sydney Councils, the Department will consult with the GSC prior to approval, to ensure the GSC's long term planning directions have been appropriately addressed in the LHSs. Councils in Sydney will need to follow the format set out in the Template. For regional councils, variations to the template may be approved by the Department if sound justification for the departure is provided.

An approved LHS will:

- Contain the information required in the Local Housing Strategy template to an acceptable standard
- Demonstrate how housing supply will be sufficient to meet the needs of the future population and provide information in such a way that it is able to be independently verified
- Provide the evidence base for a supporting Planning Proposal, if required.

3.5 Development approval pathways

Councils should ensure that their communities understand the development approval pathways that exist, in order to facilitate development that is consistent with the LHS. A council may wish to set out the key development approval pathways (including development applications and complying development) particularly for the benefit of people who interact with the planning system infrequently. This information could be contained in an LHS, on the council's website, or set out during consultation for instance.

In preparing such information, councils may wish to draw on the Department's "Your guide to the Development Application process for small housing" which has been designed to help people navigate the planning system. The Guide is available on the NSW Planning Website. Councils may also wish to direct readers to the NSW Planning Portal which contains information about complying development, the fast-track approval process for straightforward residential development.


Step 4
Monitoring, Reporting
and Reviewing

Step 4 establishes a monitoring and reporting process for the purpose of informing reviews of the LHS. This will help to ensure the ongoing improvement and relevance of the LHS.

The delivery of housing in Sydney is currently monitored by the State Government and this will continue to occur. Approval rates and completions identify where, when and what type of housing is being delivered.

Monitoring housing outcomes measures the success of the strategies and can determine if the mechanisms put in place have been successful or need to be reviewed.

Councils should establish regular monitoring and reporting to inform a review program that includes:

- annual reviews of housing delivery and supply against the implementation and delivery plan to ensure that the LHS and the LEP are delivering the LHS objectives in a timely manner;
- five-yearly reviews of the evidence base and housing stock against the broader aims of District and Regional Plans to ensure that the LHS is aligned with the housing needs;
- a ten-year review of the LHS to ensure the 20-year vision statement, the evidence base and the strategic and planning contexts are aligned with the goals of the community, the broader aims of district and regional plans, and the LHS implementation and delivery plan.

Whenever regular monitoring identifies considerable changes in the housing supply or demand, or demographic, economic or environmental conditions, the LHS may need to be holistically reviewed.



Appendix A

Draft Local Housing Strategy Template

A standard format for local housing strategies



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Local Housing Strategy Template

Notes:

- The Local Housing Strategy Template has been structured around the sections, steps and recommended approach to producing a Local Housing Strategy as established within the guideline.
- The headings contained within the template form the structure of a Local Housing Strategy. Councils within Greater Sydney must use the structure as set out within the template, and regional councils may apply to the Department's regional team to vary the structure if there is sound justification.
- In preparing an LHS, councils are to use the information sources prescribed in the Local Housing Strategy Guideline or Template (see Annexure 2). All other data and information sources should be made available to the approval authority, and referenced and made publicly available on council's website.



SECTION 1 - Introduction

1.1 Executive Summary

The executive summary will provide the key findings and recommendations for the LHS. The Executive Summary will describe the process followed by the council in developing its LHS.

1.2 Planning Policy and Context

FROM STEP 1.1 OF THE GUIDELINE

This section describes the relevant federal, state and local government legislation, strategies, plans and policies (including SEPPs) that establish the planning and policy context within which the LHS will be developed.

1.3 Local Government Area Snapshot

FROM STEP 1.2 OF THE GUIDELINE

This section should provide a high-level overview of the area for which the LHS will be developed. It should describe the relevant characteristics of the area including its size, geographical features, major constraints, urban structure, and regional context.

1.4 Housing Vision

FROM STEP 2.1 OF THE GUIDELINE

The LHS establishes the council's long term housing vision for the local area. It recognises and responds to evidence about what types of housing will be needed for future populations and where it is best located.

SECTION 2 – The Evidence

This section establishes the demographic, housing and affordability context for the Local Government Area. It comprises an overview analysis of data on population, housing, and infrastructure that is required to inform the type of housing that is needed in the area. This section may include maps, graphs and other relevant visual representations. See detailed considerations at Annexure 1.

2.1 Demographic Overview

FROM STEP 1.3.1 OF THE GUIDELINE

This section analyses demographic data and information to identify changes and trends within the population, and to understand the housing need of the future population. See Annexure 1 for detail.

2.2 Housing Demand

FROM STEP 1.3.2 OF THE GUIDELINE

This section analyses the demand for new housing to identify the type and level of housing needed to support the local government area. See Annexure 1 for detail.

2.3 Housing Supply

FROM STEP 1.3.3 OF THE GUIDELINE

This section analyses the supply of housing, the capacity and feasibility of the existing planning controls, and other sources of new housing. See Annexure 1 for detail.

2.4 Land Use Opportunities and Constraints

FROM STEP 1.3.4 OF THE GUIDELINE

This section should include identification of opportunities and constraints that are relevant to new housing in the LGA. Land use opportunities and constraints may be best presented with maps.

2.5 Analysis of the Evidence-Base

FROM STEP 1.4 OF THE GUIDELINE

This section analyses the data presented in the previous sections to determine what the current housing need is, where the gaps are and where the gaps are likely to be in the future.

2.5.1 Housing Supply Gaps

FROM STEP 1.4.1 OF THE GUIDELINE

This section needs to identify any gaps between expected population growth and housing supply trends, and identify types of housing that are required to address particular needs

2.5.2 Identifying areas with development capacity

FROM STEP 1.4.2 OF THE GUIDELINE

This section should identify areas with development capacity, and areas to be conserved.

SECTION 3 – The Priorities

The section describes how all of the previous information has been brought together to produce an integrated picture of what the current context is, what the future state should be and what the roadmap is for getting from one to the other.

3.1 The Local Housing Strategy Objectives

FROM STEP 2.3 OF THE GUIDELINE

The LHS Objectives are informed by community and stakeholder consultation and the evidence base analysis.

3.2 Land Use Planning Approach

FROM STEP 2.4 OF THE GUIDELINE

This section should include maps of the proposed housing growth.

3.3 Mechanisms to Deliver the Options

FROM STEPS 2.4-2.7 OF THE GUIDELINE

This section should describe the mechanism/s that will deliver the LHS objectives and explain the reasons for the selection of the various mechanisms.

3.4 Evaluation of the Options

FROM STEP 2.8 OF THE GUIDELINE

The section describes how all of the previous information has been brought together to identify the current situation, what the future housing should look like and what the roadmap should be to get there.

SECTION 4 – Actions

4.1 Implementation and Delivery Plan

FROM STEP 3.1 OF THE GUIDELINE

This section is an implementation and delivery plan, which sets out how the mechanisms to deliver the priorities will be operationalised. A structured plan should be undertaken that identifies the actions and timeframes for amending the LEP, DCP or other council documents.

4.2 Planning Proposal (if applicable)

FROM STEP 3.3 OF THE GUIDELINE

4.3 Monitoring and Reviews

FROM STEP 4 OF THE GUIDELINE

The LHS should include a statement about when monitoring and reviews of the document will occur.

Annexure 1 – Demographic and Housing Information

Demographic Overview

Evidence required to inform an LHS includes:

POPULATION CHANGE

- The number of people living in the area and surrounds
- The Department of Planning and Environment projected population forecast
- Any population trends such as growth or decline
- Trends and future population forecast, locally and in neighbouring areas

POPULATION AGE

- The age structure of the population by age and gender
- Is the population ageing or getting younger?

DWELLING REQUIREMENTS

- The implied dwelling requirement

HOUSEHOLDS

- The total number of households and how is this projected to change over time

HOUSEHOLD TYPES AND FAMILY COMPOSITION

- Whether the average household is ageing or getting younger
- Whether the number of young children per household is increasing, stable or decreasing
- Whether the number of sole person households or 'empty nesters' is increasing, stable or decreasing

AVERAGE HOUSEHOLD SIZE

- Whether the household size is increasing, stable or decreasing

DWELLING STRUCTURE

- The mix of different types of dwellings, overall and per area or precinct

NUMBER OF BEDROOMS

- The average number of bedrooms, overall and per dwelling type and household type

TENURE AND LANDLORD TYPE

- The mix of tenure in the LGA and neighbouring LGAs and how this has changed over time
- Whether private rental stock is increasing, stable or decreasing
- Whether affordable private rental stock is increasing, stable or decreasing
- The number and percentage of residents living in mobile homes or boarding houses and possible underlying drivers

HOUSEHOLD INCOME

- The median and range of household incomes per household type
- The number and percentage of very low, low and moderate income earners and whether this is increasing, stable or decreasing

RENTAL AND MORTGAGE STRESS

- The percentage of low income renters who are in housing or mortgage stress and, any changes over time
- Any particular household types or age groups that are overly represented in housing or mortgage stress

EMPLOYMENT AND 'LOCAL' OR 'KEY' WORKERS

- The main occupations of residents and any structural occupational changes over time
- The main LGA employment generators and sectors, and whether these require 'local' or 'key' workers
- The unemployment rate and any changes over time
- Any possible cyclical unemployment (such as seasonal employment occupations) or structural unemployment
- The average and median travel to work distances and times
- Any undersupply of affordable housing for 'local' or 'key' workers

Housing Demand

This section analyses housing data and information to identify the type and level of housing needed to support the local government area. Considerations include:

PROJECTED DWELLING DEMAND

- The Department of Planning and Environment projected dwelling need

RENTS AND PROPERTY SALES PRICES

- The median dwelling rent and sales prices per dwelling types
- The rent and sales price trends per dwelling types
- Social housing wait times

HOUSING FOR PARTICULAR NEEDS

- The population from culturally and linguistically diverse backgrounds
- The population that is indigenous
- The number of people who have special needs
- Whether homelessness is increasing, stable or decreasing and possible underlying drivers

Housing Supply

Considerations include:

CURRENT AND PLANNED HOUSING

- The number of dwellings in the area and the proportion of the overall number by type
- The overall amount and relative proportion of each housing type and whether this has changed over time
- The number and types of development approvals and completions and whether this is increasing, stable or decreasing
- The proportion and availability of stock that is theoretically affordable for low income renters and for low income purchasers
- The proportion and availability of social housing and whether this is increasing, stable or decreasing relative to need
- The proportion and availability of housing for indigenous communities and whether this is increasing, stable or decreasing relative to need
- The potential number of dwellings that could result from approved land release areas
- The potential number of dwellings that could result from approved Planned Precincts, State Significant Precincts and Urban Renewal Corridors

RENTAL VACANCIES

- The rental vacancy rate in the region and whether this has changed over time

CAPACITY OF THE LAND USE CONTROLS

- The potential amount and type of development that the council land use controls would deliver if it were developed to its full current capacity
- Financial feasibility testing of areas that have not been developed to their full capacity

Annexure 2 Information sources

REFERENCES

[i]Central Coast Regional Plan and Hunter Regional Plan refer to the preparation of a local planning toolkit to provide additional guidance on preparing local land use planning strategies.

[ii]*http://www.planning.nsw.gov.au/Research-and-Demography/Demography/Population-projections*

[iii]*https://www.facs.nsw.gov.au/resources/nsw-local-government-housing-kit*

[iv]*http://www.housing.nsw.gov.au/about-us/reports-plans-and-papers/rent-and-sales-reports*

[v]City Futures Research Centre, 2013. Implementing metropolitan planning strategies: taking into account local housing demand, Technical Report, UNSW

[vi]Sydney Housing Supply Forecast *http://www.planning.nsw.gov.au/Research-and-Demography/Sydney-housing-supply-forecast*

[vii]Future Directions (Social Housing Strategy) *https://www.facs.nsw.gov.au/reforms/social-housing/future-directions* Communities Plus *https://www.facs.nsw.gov.au/reforms/social-housing/communities-plus*

[viii]*http://www.planning.nsw.gov.au/Plans-for-your-area/Local-Planning-and-Zoning/~/media/FC9BDEEC8CFA4BCD85FFDAAF7BFCBE63.ashx*

[ix]*http://www.planning.nsw.gov.au/Plans-for-your-area/Local-Planning-and-Zoning/~/media/0DC6DBBCCED34FAD8CFFF87174928B44.ashx*

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