

## 10.4. Affordable Housing and Heritage Planning - Council Priorities

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<b>ATTACHMENTS</b>	1. Housing and Heritage Priorities - Council report 9 October 2023 [10.4.1 - 6 pages]
<b>CSP LINK</b>	2. Our Built Infrastructure 2.2 Vibrant public domains and villages  3. Our Innovative City 3.3 Distinctive sense of place and design excellence  4. Our Social Vitality 4.3 North Sydney's history is preserved and recognised  5. Our Civic Leadership 5.1 Lead North Sydney's strategic direction

### PURPOSE:

The purpose of this report is to present to Council the competing strategic planning priorities of significant projects which cannot be pursued comprehensively and concurrently whilst maintaining a level of quality, timeliness, and meaningful stakeholder engagement.

This report presents the projects associated with affordable housing policy and planning, and a comprehensive heritage review, outlines why one should be prioritised over the other, and provides a potential way forward.

### EXECUTIVE SUMMARY:

- At its meeting on 9 October 2023, Council considered a report (Attachment 1) relating to competing planning priorities associated with the preparation of a comprehensive heritage review and pursuing greater levels of affordable housing through the planning system in North Sydney.
- That report outlined the resourcing and time challenges of pursuing both these worthwhile and topical projects within existing constraints and wider policy context.
- At that meeting, Council resolved to defer consideration of the report's recommendations, until the matter could be more fully discussed at a Councillor briefing. That briefing was conducted on 20 November 2023.
- Given the resourcing constraints for a small local government area like North Sydney Council, identifying priorities and resourcing them appropriately, is standard practice. In an increasingly complex planning environment, Council simply cannot embark on all

projects that may be desirable or beneficial and complete them in a timely manner and to a high standard.

- The report considered on 9 October 2023 discussed the relative priorities of affordable housing and heritage review work and identified that whilst both are important, they cannot be pursued concurrently and effectively within existing resources. It recommended that affordable housing be prioritised ahead of the comprehensive heritage review as a strategic policy priority.
- Importantly, at a time when the State Government is actively removing “barriers” (including heritage) to residential growth, pursuing a comprehensive heritage review that may recommend the listing of new heritage items and conservations areas will rely on the State Government to approve the exhibition of such changes. Such significant investment of time, resources, and community expectations is clearly risky in the current policy climate.
- This report proposes a compromise in approach which attempts to invest resources into exploring opportunities for affordable housing and housing generally in North Sydney, at the same time as pursuing a modified albeit more modest, heritage review process.

**RECOMMENDATION:**

**1. THAT** acknowledging the significant and growing emphasis on housing affordability and its various widespread economic and social impacts, Council note that additional planning resources will be devoted to housing issues in North Sydney with a focus on affordable housing and that the scope of the previously planned comprehensive heritage review, will be significantly reduced.

**2. THAT** the broad work associated with housing and housing affordability commence immediately and that the comprehensive heritage review not be pursued.

**3. THAT** in lieu of the comprehensive heritage review, Council pursue a narrower scope review that focusses on matters previously identified by Council staff as anomalous, or that merit new listing and that this scope be controlled to ensure that this work is appropriately resourced.

**4. THAT** the review outlined in 3 above, commence in late 2024.

**5. THAT** the North Sydney Local Strategic Planning Statement be amended to give resolution 1 above, effect.

## **Background**

Council considered a report on 9 October 2023 regarding the competing priorities of two significant planning projects being affordable housing and the comprehensive heritage review (Attachment 1). That report outlined that a sharp focus on heritage protection and conservation has characterised Council's planning work over the last three-four years. Arising from Council's Local Strategic Planning Statement (LSPS), Council allocated significant funding to a comprehensive heritage review over the next three years. Given, however, that the current housing crisis has activated much policy and funding activity by both Federal and State Governments, this report posed questions about the relative priorities of devoting immediate planning focus on these planning projects. It discussed whether Council should consider pivoting and reconsidering such priorities prior to embarking on the comprehensive heritage review.

Since that report was considered, the focus on housing has only sharpened, with some bold and immediate planning initiatives by the NSW Government, with warnings that heritage should not be used to limit increased housing densities and growth. In fact, the Transport Oriented Development (TOD) State Environmental Planning Policy (SEPP), which will commence operation in April 2024, will specifically apply its increased development capacity in Heritage Conservation Areas. In other words, these areas will not represent a constraint on development. Whilst this aspect of the SEPP will not immediately apply in North Sydney, it represents a significant signal from the NSW Government about its intent in relation to the competing interests of heritage conservation and housing supply, and their relative priorities in the context of the current housing crisis.

## **Report**

Attachment 1 is the previous report considered by Council in October 2023 and outlines the housing affordability crisis facing Sydney and indeed the nation more broadly. It described the urgency of addressing this growing problem, and the significant economic and social implications of not doing so.

The report also outlined the important role that heritage management plays in North Sydney's unique character. It is an aspect of the urban character that is highly valued by residents and visitors, and one that makes North Sydney quite unique in the Sydney Metropolitan context.

Some expressed a view that it would be desirable to approach these competing priorities with a degree of compromise. In that context, this report recommends that housing affordability issues, and housing generally, be prioritised and pursued but that a scaled-down version of the breadth of heritage review also be undertaken. These priorities and broad matters to be further researched and resolved are summarised below.

### Housing Affordability

There is much work to be done in both the housing affordability area and housing generally. As previously discussed, this is a very challenging area for all levels of government which

requires holistic and multi-faceted responses. In addition, the NSW Government's policy commitment to accelerated housing supply for example, has taken a fairly extreme turn as evidenced with its various housing reforms identified in the TOD program and the *Low to Mid Rise Housing Policy* proposals (as discussed in a separate report to Council). This raises various challenges and requires thoughtful responses from local government.

With a renewed focus on housing affordability and housing generally, the following will need to be undertaken in the next 2-3 years:

- prepare an updated Local Housing Strategy. This was previously adopted by Council in 2019 and based on 2016 Census data;
- prepare an Affordable Housing Contributions Scheme;
- explore partnerships with community housing providers, Government agencies, and others;
- explore opportunities through Council-owned land; and
- further explore Voluntary Planning Agreements in the contributions mix to deliver affordable housing.

### Heritage Review

As was previously reported, a comprehensive and well-considered local government-wide heritage review will draw significant resources for a prolonged period of time. It will require careful scoping, consultation, detailed investigation, and review. It is likely to draw significant and sustained levels of community and stakeholder interest given the character of North Sydney and particularly its relationship to development and growth expectations in the future. The need for genuine and comprehensive community engagement throughout this process is therefore critically important. For these reasons, the comprehensive heritage review is likely to take three or more years to complete in a consultative and comprehensive manner and will represent a process that will draw very mixed community and landowner responses.

Since the previous report to Council on this subject in October 2023, the housing policy environment has changed dramatically and quickly. The NSW Government is intent on providing as much housing growth opportunity as possible, seemingly regardless of local character, constraints, and other sensible planning considerations. A significant and prolonged investment in a comprehensive heritage review will raise certain expectations within the community. The ultimate implementation tool of such work would be a planning proposal that seeks inclusion (or removal) of heritage listings and possibly heritage conservation areas throughout North Sydney. It should be remembered the Department of Planning will be required to approve the exhibition of any such planning proposal. In the current policy climate of removing planning barriers to enable new housing development, it is questionable whether that State Government approval process can be relied upon. It is also worth noting that North Sydney's rich heritage is well represented in the current 1,120 heritage listings and 25 heritage conservation areas.

A scaled-down review of a limited number of properties that may have heritage significance is considered a better option in the current environment. These have been compiled over time from various sources.

Staff have systematically been identifying matters that may have heritage relevance/significance through various sources over time. A list has been developed which includes corrections/anomalies and potential new items. The list is a dynamic one and at present includes approximately 30-40 entries.

It will be very important to ensure that such a process does not facilitate unlimited opportunities to nominate potential new heritage items and or conservation areas and facilitate scope “creep”. Doing so will evolve into a project with widening boundaries and scope and will certainly draw the resources that this report is attempting to conserve and redeploy. We have seen recently that such processes can be both very time-consuming and costly, with no guarantee of “success”. A more detailed project plan will be developed to clarify process, scope, and manage expectations.

### Options

Council has the following options in relation to this matter:

1. Do nothing/take no action – undertake the comprehensive heritage review as currently budgeted.
2. Redirect priority and funding to affordable housing and do not undertake the comprehensive heritage review.
3. Funding for the heritage review to be redirected to the affordable housing planning/policy/implementation process and a more modest heritage update to be completed.

These options are assessed in the table below.

Option	Finance/Resourcing	Risk/Opportunity	Consultation
1.	The heritage review is scheduled to commence this financial year and \$250K is budgeted for this work in 2023/24.	Given the enormous scope and interest that this will elicit, staff resources will be heavily absorbed into the longer term to conduct this work effectively. In the context of underlying responsibilities and priorities, any new priorities of significance will not be able to be accommodated effectively.	This work will require very significant and comprehensive levels of community and stakeholder consultation. Given the subject matter and the extent of scope, it is expected that there will be multiple points of wide-ranging consultation over the next few years, which will attract significant levels of input and interest.

2.	The funding for the heritage review could be redirected to the affordable housing planning/policy/implementation process.	The current and ongoing focus on affordable housing throughout Sydney and indeed Australia, is extremely topical and all levels of Government have shifted significantly in a policy and funding sense towards this. There is an opportunity to maximise this momentum by Council also shifting priorities to take advantage of this. Whilst unquestionably worthwhile, the advantage of reduction of priority of the heritage review, is that it occurs in the context of North Sydney enjoying some of the highest density of heritage items and conservation areas of the Sydney Metropolitan area.	Whilst the affordable housing project(s) will require a significant degree of community and stakeholder consultation, it builds on a high degree of awareness and momentum already established in the wider community.
3.	Some of the funding for the heritage review may be redirected to the affordable housing planning/policy/implementation process and a more modest heritage update to be completed.	The risks and opportunities are similar to option 2 above, however, the opportunity to embark upon a more limited and scaled down version of a heritage update can be accommodated. The time and resource investment of this option is limited and managed.	As per option 2 above and a consultation process will be undertaken for the more modest heritage update.

Option 3, is recommended for the following reasons:

- Not draw additional resources and seek to address a wider and more immediate policy area that is widely described as an urgent crisis.
- Build on momentum developing at the Federal and State level to both recognise the affordable housing crisis and fund solutions.

- Free up resources internally to pursue the work required to conduct housing planning work in a manner that is comprehensive, exhaustive, and collaborative. Both these priority areas are important, but they are also very resource-intensive and cannot be conducted effectively and concurrently.
- This option provides for a level of attention to the heritage work that was originally proposed, albeit in a more modest, focussed manner.

### **Consultation requirements**

Community engagement is not required for the purposes of a decision on this policy priority. Different types and levels of community engagement will be required for the affordable housing and heritage related projects.

### **Financial/Resource Implications**

Funding allocated to the Comprehensive Heritage Review for this financial year and the next, is significant and some of this may be re-directed to the employment of a temporary housing officer to oversee the functions outline din this report.

### **Legislation**

The legislative framework for both these planning priorities is provided by the Environmental Planning and Assessment Act and the Heritage Act.

## 10.7. Affordable Housing and Heritage Planning Council Priorities

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<b>ATTACHMENTS</b>	Nil
<b>CSP LINK</b>	2. Our Built Infrastructure 2.1 Infrastructure and assets meet diverse community needs  4. Our Social Vitality 4.1 North Sydney is connected, inclusive, healthy and safe

### PURPOSE:

The purpose of this report is to present to Council the competing strategic planning priorities of very significant projects which cannot be pursued concurrently whilst maintaining a level of quality, timeliness, and meaningful stakeholder engagement.

This report presents the projects associated with affordable housing policy and planning, and the comprehensive heritage review, and outlines why one should be prioritised over the other.

### EXECUTIVE SUMMARY:

- Affordable housing throughout Sydney and indeed Australia is a high-profile urban priority for which has been the subject of much renewed focus over the last 6-12 months for all tiers of government.
- Both affordable housing and heritage conservation are identified as priorities in the North Sydney Local Strategic Planning Statement endorsed by Council in 2020.
- This report discusses the relative priorities of affordable housing and heritage review work that whilst both important, cannot be pursued concurrently and effectively within existing resources. It recommends that affordable housing should be prioritised ahead of the comprehensive heritage review as a strategic policy priority.
- Reprioritisation will not draw additional resources but will seek to address a wider and more immediate policy area, build on momentum developing at the Federal and State level to both recognise the affordable housing crisis and fund solutions, and free up resources to conduct this in a manner that is comprehensive, exhaustive, and collaborative. Both these priority areas are important, however, they are also very resource-intensive, and cannot be conducted effectively and concurrently.

### RECOMMENDATION:

- 1. THAT** Council reprioritise its work programme to pursue affordable housing policy, planning and implementation, ahead of the comprehensive Local Government Area wide heritage review.
- 2. THAT** the North Sydney Local Strategic Planning Statement be amended to give resolution 1 above, effect.



## Background

A sharp focus on heritage protection and conservation has characterised Council's planning work over the last three - four years. Arising from Council's Local Strategic Planning Statement (LSPS), Council has allocated significant funding to a comprehensive heritage review over the next several years.

Given, however, that the current housing crisis has energised much policy and funding activity by both Federal and State Governments, this report poses questions about the relative priorities of devoting immediate planning focus on these planning projects and whether Council should consider pivoting prior to embarking on the comprehensive heritage review.

## Report

### Affordable Housing

Sydney faces a severe housing affordability crisis, with continuing increases in property and rental prices and a widening gap between income levels and housing costs. All levels of government throughout Australia are prioritising affordable housing policies and initiatives that seek to address these issues.

At its meeting on 14 November 2022, Council considered a Mayoral Minute on affordable and diverse housing and resolved:

- 1. THAT Council urgently prioritise seeking funding partners (including State and Federal Governments) to deliver the Parraween Street affordable housing/early childhood health centre/public park project and take all steps necessary to ensure the project can proceed as soon as possible.*
- 2. THAT Council undertake a review of Council landholdings and identify whether there is land that has potential for affordable housing provision in partnership with a community housing provider.*
- 3. THAT once such land is identified, Council consider community needs and who Council ought to work with to deliver more diverse and affordable housing.*
- 4. THAT Council review whether the work undertaken by Resilient Sydney, including data being collated, may require Council to amend any planning controls and development contributions schemes to increase affordable housing within the North Sydney local government area.*
- 5. THAT Council work with Resilient Sydney to jointly advocate to the Federal and State Governments to establish effective policies and programmes for the delivery of more affordable housing.*

Council's LSPS highlights the shortage of affordable housing units in North Sydney and the ever-widening gap of demand and supply for such housing. The LSPS identified that for the 1,908 very low- and low-income households experiencing rental stress, there were only 96 rental properties in the North Sydney LGA that would be affordable for these households. This gap has no doubt widened since the preparation of that Strategy several years ago. As

affordable housing options have narrowed, a significant group of residents, particularly low and very low-income households, are being priced out of living in North Sydney. While some affordable rental is available for moderate income households, this largely consists of studio and one-bedroom apartments.

Since 1984, at least 2,400 affordable bed spaces have been lost in the North Sydney LGA due to the redevelopment and conversion of boarding houses into single residences or apartments. In 2019, when the Housing Strategy was first prepared, social housing accounted for only 1.8% of dwellings in the North Sydney LGA, down from 2.0% in 2001. By comparison, the average number of social housing dwellings in Greater Sydney was 5.5%.

The LSPS specifically identifies the following actions associated with affordable housing:

*L1.8 – On confirmation of a consistent viability test for the Affordable Rental Housing Targets and implementation mechanisms by the GSC, investigate the establishment of an Affordable Housing Contribution Scheme and associated amendment to NSLEP 2013 to enable a mechanism for the delivery of local affordable housing.*

*L1.9 – Continue to collaborate with State Government agencies and community housing providers to strengthen the long-term sustainability of affordable housing in the North Sydney LGA.*

All levels of government have recognised that housing, and in particular reduced affordability, are critically important issues.

Social and affordable housing in North Sydney is important for a range of diverse reasons.

**Social Equity, Inclusion and Cohesion:** Affordable housing promotes social equity and inclusion by ensuring that residents, regardless of income, have access to safe and affordable homes. It helps reduce socio-economic disparities and fosters more inclusive neighbourhoods and places.

**Economic Viability:** A lack of affordable housing can deter individuals and families from moving to or staying in the LGA, potentially impacting workforce and economic growth, especially for essential workers like teachers, nurses, cleaners, and other important professions and trades.

**Government Commitment:** Both the federal and NSW Governments have recently shown commitment to addressing affordable housing challenges through various policies and funding initiatives that are transferring to tangible potential changes “on the ground”. Whilst councils play a smaller role in the affordable housing challenge, prioritising and planning for affordable housing aligns with national and state objectives and government support can be leveraged now more than ever.

**Housing Diversity and Resilience:** Prioritising affordable housing can lead to a more diverse housing stock, catering to a wider range of needs and preferences within North Sydney’s population.

**North Sydney Council as a Leader:** North Sydney currently manages 130 affordable housing units in the LGA. It enjoys a long-term partnership with Link Wentworth Housing, a “tier one” recognised Community Housing Provider, and is well placed to develop this leadership role in the local government sector further at this crucial time in the affordable housing space.

### **North Sydney Heritage Review**

The urban character of North Sydney is heavily influenced by the heritage conservation of its built environment. It is an aspect of the urban character that is highly valued by residents and visitors, and one that makes North Sydney quite unique in the Sydney Metropolitan context.

The North Sydney LSPS contains numerous references to this character and the need to preserve and enhance it. The specific actions relating to this arising from the LSPS are:

*L3.4 – Conduct a comprehensive LGA-wide review of North Sydney’s heritage items and conservation areas to reduce uncertainty around potential heritage significance and protect places and items that are of significance.*

*L3.5 – Review/update NSDCP 2013 to ensure heritage controls provide clear and effective guidance for conservation, adaptation and infill.*

A budget of \$250,000 in funding was allocated for the 2023/24 year to commence the Local Government Area (LGA)-wide review referred to in action L3.4 above. That work will require a significant level of careful scoping, consultation, detailed investigation, and review. It is likely to draw significant and sustained levels of community and stakeholder interest given the character of North Sydney and particularly its relationship to development and growth expectations in the future. The need for genuine and comprehensive community engagement throughout this process is therefore critically important. For these reasons, the comprehensive heritage review is likely to take three or more years to complete in a consultative and comprehensive manner.

### **A Way Forward**

While heritage preservation and its underpinning role in the character of North Sydney is acknowledged and supported, addressing the affordable housing challenge in the current climate is a more time-critical priority. As already mentioned in this report, the pursuit of a comprehensive heritage review, whilst no doubt worthwhile and important, will be very resource-hungry and demand sustained and concerted resourcing for a long period of time.

Both affordable housing and heritage review are identified as priorities, but within existing resources, they cannot be pursued concurrently without significantly pressuring the quality of the outcomes of both. Council will need to determine the relative priorities of these projects in order that internal resources can be deployed accordingly.

Given the time-critical nature of the affordable housing issues and momentum being developed by all tiers of government, in combination with the fact that Council is richly endowed with over 1,100 listed heritage sites and 25 heritage conservation areas, it is recommended that the affordable housing emergency be prioritised, with resources devoted

accordingly. This will mean that funding budgeted for the comprehensive heritage review could be transferred to studies and strategies that pursue greater awareness of the current housing situation and trends, and statutory/partnership opportunities to achieve greater levels of affordable housing in North Sydney.

### Options

Council has the following options in relation to this matter:

1. Continue to scope and commence work on the comprehensive LGA wide heritage review; or
2. Reprioritise affordable housing and shift the heritage review to be pursued in the longer term.

These options are assessed in the table below.

Option	Finance/Resourcing	Risk/Opportunity	Consultation
1.	The heritage review is scheduled to commence this financial year and \$250K is budgeted for this work in 2023/24.	This work can continue but given the enormous scope and interest that this will elicit, staff resources will be heavily absorbed into the longer term to conduct this work effectively. In the context of underlying responsibilities and priorities, any new priorities of significance will not be able to be accommodated effectively.	This work will require very significant and comprehensive levels of community and stakeholder consultation. Given the subject matter and the extent of scope, it is expected that there will be multiple points of wide-ranging consultation over the next few years, which will attract significant levels of input and interest.
2.	The funding for the heritage review could be redirected to the affordable housing planning/policy/implementation process. New funding or resourcing will not be drawn.	The current and ongoing focus on affordable housing throughout Sydney and indeed Australia, is extremely topical and all levels of Government have shifted significantly in a policy and funding sense towards this. There is an opportunity to maximise this momentum by Council also shifting priorities to take advantage of this. Whilst unquestionably	Whilst the affordable housing project(s) will require a significant degree of community and stakeholder consultation, it builds on a high degree of awareness and momentum already established in the wider community.

		worthwhile, the advantage of reduction of priority of the heritage review, is that it occurs in the context of North Sydney enjoying some of the highest density of heritage items and conservation areas of the Sydney Metropolitan area.	
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Option 2, is recommended for the following reasons:

Re-prioritising affordable housing as a strategic policy priority ahead of the comprehensive heritage review, will:

- Not draw additional resources and seek to address a wider and more immediate policy area that is widely described as an urgent crisis.
- Build on momentum developing at the Federal and State level to both recognise the affordable housing crisis and fund solutions.
- Free up resources internally to pursue the work required to conduct this in a manner that is comprehensive, exhaustive, and collaborative. Both these priority areas are important, but they are also very resource-intensive and cannot be conducted effectively and concurrently.

#### **Consultation requirements**

Community engagement is not yet required.

#### **Financial/Resource Implications**

The recommendations of this report are cost neutral. Funding allocated to the Comprehensive Heritage Review can be invested in the housing work that this report outlines if Council wishes to reprioritise these projects.

#### **Legislation**

The provisions of the Environmental Planning and Assessment Act will largely provide the legislative framework for the work proposed.