

10 July 2020

Mr Simon Stroud
Engagement Officer
Wollongong City Council

Via email: engagement@wollongong.nsw.gov.au

Dear Simon,

Draft Housing and Affordable Housing Options Paper

The Urban Development Institute of Australia (UDIA) NSW is the leading industry body representing the interests of the urban development sector and has over 500 member companies in NSW. UDIA advocates for better planning, timely and affordable housing, and the building of vibrant communities to increase local job opportunities.

Thank you for the opportunity to comment on Wollongong City Council's Draft Housing and Affordable Housing Options Paper. UDIA acknowledges the critical need for more market housing and affordable housing in the Wollongong local government area - one of the least affordable housing markets in Australia. We commend Wollongong City Council for addressing this issue through the Paper because Council policies play a significant role in addressing affordability.

However, there are also other critical ways Council can address housing affordability. For example:

- The local infrastructure contributions paid by developers under the *West Dapto Contributions Plan* are currently the highest in NSW, adding more than \$50,000 to the price of a new home.
- The draft *Wollongong City Centre Urban Design Framework* proposes to prohibit residential development in some parts of the city centre, which would likely constrain apartment supply and put upward pressure on pricing.
- Faster rezonings and DA determinations would significantly reduce the holding costs associated with residential developments, with savings reflected in the price of new homes.

Affordable Housing Contributions Scheme

UDIA believes that applying an Affordable Housing Contributions Scheme under SEPP 70 in the Wollongong LGA (without providing additional incentives or upzoning) would increase the cost base of market housing. This would add to the pressure on housing affordability, rather than improve it.

UDIA supports an *incentive-based* approach to promote the development of Affordable Housing while also focussing on increasing supply for market housing, which will ease affordability pressures for everyone.

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Where Council wants to pursue non-market objectives such as Affordable Housing, it is critical Council incentivises the market or compensates the market for the cost of these objectives. Otherwise, the contribution is simply an additional tax on a site without any commensurate increase in site value. This leaves the developer with two options:

- Pass the additional tax on to buyers of market housing
- Not proceed with development as it is unfeasible.

Therefore, it is critical where any additional costs such as providing or contributing to Affordable Housing are retrofitted they are compensated through other means. Otherwise, new home buyers are paying increased prices either through costs passed on, or insufficient new housing supply.

Recommendation 1: Council should not introduce an Affordable Housing Contributions Scheme unless it is accompanied by increased yields or other incentives in the LEP that would offset the cost of the contribution.

UDIA also notes that Affordable Housing cannot be entirely market-led, as the whole spectrum of the housing continuum cannot be delivered by the market - there also needs to be government-led components.

The Paper has correctly identified that *uptake* of diverse housing types is one of the key issues in addressing housing affordability. UDIA believes Council controls and policies are preventing adequate uptake of:

- Multi dwelling housing
- Smaller lots
- Apartments

Multi-dwelling Housing

The Paper notes that only around 20% of R3 Medium Density zoned land in the LGA contains medium density housing types. Despite the high potential returns available to investors in this type of development, the uptake by the industry is very low. UDIA believes that the current development controls are a major hindrance to developing medium density housing in the Wollongong LGA. Some of the main issues are:

Parking

The parking rates required for multi-dwelling housing in the Wollongong LGA are too high and do not reflect modern vehicle usage rates in metropolitan centres like Wollongong. Our initial analysis suggests additional parking spaces add approximately \$20,000 to the price of a new home. UDIA recommends Council adopt a minimum requirement of one (1) space per dwelling for multi-unit housing. This is the rate adopted in other areas of NSW with similar development rates, including Campbelltown and Newcastle.

We also encourage Council to accept zero parking provision based on a case-by-case merit assessment in some areas of Wollongong with high levels of accessibility and public transport access.

Recommendation 2: Council should change the parking requirement for multi-dwelling housing to a minimum of one space per dwelling (regardless of size), with no parking required in some well-serviced and accessible locations based on merit.

Minimum Lot Widths

The current requirement of 18 metre minimum lot width for multi-dwelling housing is stopping many lots in the Wollongong LGA from being eligible for this housing type. Many lots were subdivided based on a 50- foot (15.24 metre) historic standard. UDIA notes that a 15 metre minimum lot width has been successfully applied to multi-dwelling housing in other jurisdictions, such as the Brisbane City Council Dwelling Code. 15 metres allows a front dwelling entry and garage (or two dwelling entrances without front garages) plus driveway and side setback/landscaping. Retaining the existing setback requirements in the DCP would ensure amenity is maintained.

Recommendation 3: Council should change the minimum lot width for multi-dwelling housing to 15 metres.

Tree Retention

Our understanding is that Council's interpretation of vegetation management and tree retention requirements in the Wollongong DCP is inconsistent between development applications. We encourage Council to clarify its interpretation of these policies in the context of multi-dwelling housing. If Council is to encourage medium density housing, it must acknowledge that trees that were planted in a low-density residential context may no longer be appropriate for the desired future medium density character.

Recommendation 4: Council should clarify its approach to tree retention in neighbourhoods it wishes to see transition from low density residential to medium density residential.

UDIA notes that these are just some of the issues with the detailed development controls for medium density housing in Wollongong. We are very keen to work with Council on addressing these issues in more detail to ensure that medium density development has high amenity and is also feasible to deliver.

Smaller Lots

UDIA acknowledges that minimum lot sizes of 300m² have been supported in some greenfield areas. However, the predominant minimum lot size across greenfield areas in Wollongong continues to be 450m². This is significantly higher than the minimum lot sizes in Sydney's Growth Centres. As a general rule, each additional square metre adds \$1000 to the price of a lot, so any further reduction in the minimum lot size would improve affordability.

Small lot housing is also desirable for downsizers looking for low maintenance and high accessibility. As the Wollongong population ages, there will be more demand for small lot single storey housing. By encouraging downsizing, Council would also encourage the release of existing larger housing stock for redevelopment into a more diverse range of housing.

Recommendation 5: Council should steadily reduce the average lot size across greenfield areas of Wollongong over time to reflect changing market demand and affordability.

It is also important that Council ensures its minimum lot size requirements align with the Low Rise Housing Diversity Code and Greenfield Housing Code to allow as many homes

as possible to be built through the complying development process. The significant reductions in time and increase in investment certainty from the CDC process would reduce the cost of a new home and increase supply.

Apartments

The Paper notes that affordability can be addressed in part by a diverse supply of housing, including apartments. Wollongong has undergone a recent boom in apartment supply, however this has occurred to address unmet existing demand rather than speculative new supply. There will continue to be strong demand for apartments and encouraging further supply will help to ensure they are affordable.

UDIA has made a detailed submission on the Wollongong City Centre Urban Design Framework. We support some of the proposed changes such as the removal of the ground floor commercial/retail requirement for apartment buildings. However, we do not support commercial-only precincts or further restrictions and design requirements for apartments.

In addition, UDIA believes the Paper should address several issues with apartment supply in Wollongong, including:

- Application of the Apartment Design Guide
- Basement parking requirements
- Minimum lot widths

Application of the Apartment Design Guide

The Apartment Design Guide is a guidance document to support SEPP 65 developments. UDIA is concerned that it is being applied too rigidly across NSW, including in Wollongong. We note the Minister for Planning is currently reviewing the ADG as well as other design guidance and we encourage Council to apply the ADG as a guidance document with discretion to support good design outcomes.

Recommendation 6: Council should apply the Apartment Design Guide with discretion to support good design outcomes.

Basement parking

Many areas of the Wollongong City Centre have geological conditions that make the provision of basement parking levels difficult and expensive. UDIA members report that in some cases Council has not supported alternatives to basement parking to address this issue. UDIA encourages Council to support alternative approaches to parking including above ground parking levels, off-site parking provision, or contributions to public parking provision in lieu of parking within the development.

Recommendation 7: Council should support alternative approaches to parking for residential flat buildings other than basement parking.

The current requirement of 24 metre minimum lot width for residential flat buildings is stopping many sites in the Wollongong LGA from being eligible for this housing type. UDIA notes that a 20 metre minimum lot width has been successfully applied to residential flat buildings in other jurisdictions, such as the Brisbane City Council Dwelling Code. Retaining the existing setback requirements in the DCP would ensure amenity is maintained.

Recommendation 8: Council should change the minimum lot width for residential flat buildings to 20 metres.

UDIA would be pleased to meet to discuss this recommendation, please contact me on 0435 243 182 or kthomas@udiansw.com.au to arrange.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'K. Thomas', with a stylized flourish at the end.

Keiran Thomas
Southern Region Manager