

MEDIA RELEASE

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Housing SEPP – Scrap it and start again

The proposed new Housing State Environmental Planning Policy (SEPP) was officially released by the State Government today with the grandiose claim that it will “drive housing choice and supply”. Urban Taskforce has analysed the policy in detail and has found that this new policy will do the opposite.

There were far more opportunities to deliver affordable housing two years ago than there are now or under this SEPP. In the meantime, housing prices have gone through the roof. If the NSW government really supports housing diversity and more affordable housing choice, they should scrap this draft policy and start again.

The new draft Housing SEPP, was originally to be named the “Housing Diversity SEPP” when it was released with much fanfare by Minister Stokes in August last year when he declared “*what you earn shouldn't stop you from living in any suburb*”.

Since that bold declaration, DPIE has developed a policy which has systematically undermined housing affordability at the low-cost end of the housing market. It is no wonder they changed the name of the SEPP from “Housing Diversity” to just “Housing”.

For many years a diverse and affordable housing option was allowable in any suburb under the Boarding House planning rules. But the draft Housing SEPP, by no-longer mandating boarding houses can be delivered in low-density residential areas (with R2 zoning), has effectively killed the feasibility of this housing type.

The Government appears to have caved-in to Councils who say they want affordable housing but oppose it at every turn. The Minister has championed “co-living” as a smaller and thus more affordable housing type.

At the same time as praising the potential contribution of co-living housing, this new SEPP actually reduces the Floor Space Ratio (FSR) bonus from 20% down to 10%. Co-living development needs to be supported by FSR bonuses because of the extra costs associated with the delivery including the costs of shared common areas.

Worse, co-living is prohibited in R2 (low density residential) zones, thus forcing co-living developments into competition with apartment developments in higher density zones. Co-living developments, like boarding house developments, cannot be subject to strata thus reducing flexibility for developers. If any developer has a choice between building an apartment and building co-living, the maths will dictate that they will build apartments every time. That is why co-living must be allowed in R2 zones or the FSR bonus needs to be greater if co-living is to be developed at all

It gets worse: the proposed new co-living rules include mandated parking space requirements. Why? This is contrary to the pursuit of more sustainable housing, is not supported by market preference and adds to the cost of delivering new, affordable co-living homes. Far from promoting a new housing type, this draft Housing SEPP kills it.

The cost of providing underground carparking is typically over \$60k per car spot. Mandating extra carparking where it's not required doesn't make for an affordable outcome. This feels like a tool to ensure this housing type is simply not developed at all.

The Government has made some modest improvements to Seniors Housing development provisions from their earlier emasculation of housing supply in this area in late July 2020. This is welcome.

The above can be attributed to Tom Forrest, CEO, Urban Taskforce.

The **Urban Taskforce Australia** is a property development industry group, representing Australia's most prominent property developers and equity financiers.

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