Sydney Metro City & Southwest:
Waterloo Over Station Development

Housing Affordability and Diversity Study

Applicable to:	Sydney Metro City & Southwest
Author:	HillPDA
Owner	Sydney Metro
Status:	Final
Version:	2
Date of issue:	9 November 2018
Review date:	9 November 2018

Table of Contents

TABLES

Figures

1.0 Introduction

1.1 Purpose of this report

This report accompanies a concept State Significant Development Application (concept SSD Application) submitted to the Department of Planning and Environment (DPE) pursuant to Part 4 of the *Environmental Planning and Assessment Act 1979* (EP&A Act). The concept SSD Application is made under Section 4.22 of the EP&A Act.

This report should be read in conjunction with the Nominated State Significant Precinct (SSP) Study – Waterloo, submitted to the Minister for Planning (the Minister) in July 2018. That study proposes new planning controls to facilitate the development proposed.

Sydney Metro is seeking to secure concept approval for over station development (OSD) above and adjacent to Waterloo Station including a podium and three taller buildings which include commercial, residential, and community land uses. The concept SSD Application seeks consent for a building envelope and use for residential, retail, commercial, entertainment, community and recreational purposes, maximum building height, maximum gross floor area (GFA), pedestrian and vehicular access, circulation arrangements and associated car parking and the strategies and design parameters for the future detailed design of development.

Sydney Metro proposes to procure the construction of the OSD as part of an integrated station development package, which would result in the combined delivery of the station, OSD and public domain improvements. The station and its public domain elements form part of a separate planning approval for Critical State Significant Infrastructure (CSSI) approved by DPE on 9 January 2017.

As the development is within a rail corridor, is associated with railway infrastructure and is for "commercial premises or residential accommodation" with a Capital Investment Value of more than $30 million, the project is identified as State Significant Development (SSD) pursuant to Schedule 1, 19(2)(a) of the *State Environmental Planning Policy (State and Regional Development) 2011* (SRD SEPP).

This report has been prepared to address the social and affordable housing needs of the precinct and specifically respond to the Secretary's Environmental Assessment Requirements (SEARs) issued for the concept SSD Application on 29th June 2018 which states that the Environmental Impact Statement (EIS) is to address the requirements in Table 1 below.

Table 1: Relevant SEARs

Reference	SEARs Requirement	Where Addressed in Report
1. Environmental Planning Instruments, Policies and Guidelines	The EIS mast address the following specific matters: • State Environmental Planning Policy No. 70 – Affordable Housing (Revised Schemes) or a new housing SEPP released by the Greater Sydney Commission and/or	Sections 4.1, 4.2, 4.3 and 4.4

Reference	SEARs Requirement	Where Addressed in Report
	Department • State Environmental Planning Policy (Affordable Rental Housing) 2009 • Sydney Local Environmental Plan 2012 • City of Sydney Affordable Housing Review (PP_2017_SYDNE_006_00) and any other relevant planning proposals	
2. Land Use and Infrastructure	Demonstrate that the proposal will meet the strategic objectives as identified in the relevant government policies and the environmental, social and economic needs of the Waterloo State Significant Precincts (including Waterloo Metro Quarter and Waterloo Estate Precincts) and the wider area. This shall include an assessment of the proposal's economic and social impacts to: • Demonstrate retail, services and employment needs of future residents and workers of the development will be met • Illustrate the social and economic impacts of the development to the wider area, including nearby local centres • **Consider the social housing and affordable housing needs of the precinct.**	Social and affordable housing considered in Sections 5.0, 5.7, 6.0. Other requirements in Item 2 are considered under a separate cover.
7. Staging and relationship with adjoining State Significant Precinct	• Identify the delivery of social/affordable housing and any proposed public benefits and contribution as relevant to each stage.	Section 6.5 and 7

1.2 Overview of the Sydney Metro in its context

Sydney Metro is Australia's biggest public transport project. A new standalone metro railway system, this 21st century network will deliver 31 metro stations and 66km of new metro rail for Australia's biggest city — revolutionising the way Sydney travels. Services start in the first half of 2019 on Australia's first fully-automated railway.

Sydney Metro was identified in *Sydney's Rail Future*, as an integral component of the *NSW Long Term Transport Master Plan*, a plan to transform and modernise Sydney's rail network so it can grow with the city's population and meet the future needs of customers. In early 2018, *the Future Transport Strategy 2056* was released as an update to *the NSW Long Term Transport Master Plan* and *Sydney's Rail Future*. Sydney Metro City & Southwest is identified as a committed initiative in the *Future Transport Strategy 2056*.

Sydney Metro is comprised of three projects:

Sydney Metro Northwest — formerly the 36km North West Rail Link. This $8.3 billion project is now under construction and will open in the first half of 2019 with a metro train every four minutes in the peak.

Sydney Metro City & Southwest — a new 30km metro line extending the new metro network from the end of Sydney Metro Northwest at Chatswood, under Sydney Harbour, through the CBD and south west to Bankstown. It is due to open in 2024 with an ultimate capacity to run a metro train every two minutes each way through the centre of Sydney.

Sydney Metro West – a new underground railway under consideration which will connect the Parramatta and Sydney central business districts. This once-in-a-century infrastructure investment is intended to double the rail capacity of the Parramatta to Sydney CBD corridor and will establish future capacity for Sydney's fast growing west. Sydney Metro West will serve five key precincts at Westmead, Parramatta, Sydney Olympic Park, The Bays and the Sydney CBD. The project will also provide an interchange with the T1 Northern Line to allow faster connections for customers from the Central Coast and Sydney's north to Parramatta and the Sydney CBD.

Sydney's new metro, together with signalling and infrastructure upgrades across the existing Sydney suburban rail network, will increase the capacity of train services entering the Sydney CBD – from about 120 an hour currently to up to 200 services beyond 2024. That's an increase of up to 60 per cent capacity across the network to meet demand.

Figure 1: Sydney Metro alignment map

Sydney Metro City & Southwest includes the construction and operation of a new metro rail line from Chatswood, under Sydney Harbour through Sydney's CBD to Sydenham and on to Bankstown through the conversion of the existing line to metro standards.

The project also involves the delivery of six (6) new metro stations, including at Waterloo, together with new underground platforms at Central. Once completed, Sydney Metro will have the ultimate capacity for a train every two minutes through the CBD in each direction - a level of service never seen before in Sydney.

On 9 January 2017, the Minister approved the Sydney Metro City & Southwest - Chatswood to Sydenham application lodged by TfNSW as a CSSI project (reference SSI 15_7400).

The CSSI Approval includes all physical work required to construct the CSSI, including the demolition of existing buildings and structures on each site. Importantly, the CSSI Approval also includes provision for the construction of below and above ground structures and other components of future OSD (including building infrastructure and space for future lift cores, plant rooms, access, parking and building services, as relevant to each site). The rationale for this delivery approach, as identified within the CSSI application is to enable the OSDs to be more efficiently built and appropriately integrated into the metro station structures.

The EIS for the Chatswood to Sydenham alignment of the City & Southwest project identified that the OSD would be subject to a separate assessment process.

Since the CSSI Approval was issued, Sydney Metro has lodged four modification applications to amend the CSSI Approval as outlined below:

- Modification 1 - Victoria Cross and Artarmon Substation which involves relocation of the Victoria Cross northern services building from 194-196A Miller Street to 50 McLaren Street together with inclusion of a new station entrance at this location referred to as Victoria Cross North. The modification also involves the relocation of the substation at Artarmon from Butchers Lane to 98 – 104 Reserve Road. This modification application was approved on 18 October 2017.
- Modification 2 - Central Walk which involves additional works at Central Railway Station including construction of a new eastern concourse, a new eastern entry, and upgrades to suburban platforms. This modification application was approved on 21 December 2017.
- Modification 3 - Martin Place Station which involves changes to the Sydney Metro Martin Place Station to align with the Unsolicited Proposal by Macquarie Group Limited (Macquarie) for the development of the station precinct. The proposed modification involves a larger reconfigured station layout, provision of a new unpaid concourse link and retention of the existing MLC pedestrian link and works to connect into the Sydney Metro Martin Place Station. It is noted that if the Macquarie proposal does not proceed, the original station design remains approved. This modification application was approved on 22 March 2018.
- Modification 4 - Sydenham Station and Sydney Metro Trains Facility South which incorporated Sydenham Station and precinct works, the Sydney Metro Trains Facility South, works to Sydney Water's Sydenham Pit and Drainage Pumping Station and

ancillary infrastructure and track and signalling works into the approved project. This modification application was approved on 13 December 2017.

The CSSI Approval as modified allows for all works to deliver Sydney Metro between Chatswood and Sydenham Stations and also includes upgrade of Sydenham Station.

The remainder of the City & Southwest alignment (Sydenham to Bankstown) proposes the conversion of the existing heavy rail line from west of Sydenham Station to Bankstown to metro standards. This part of the project, referred to as the Sydenham to Bankstown upgrade, is the subject of a separate CSSI Application (Application No. SSI 17_8256) for which an EIS was exhibited between September and November 2017. A Response to Submissions and Preferred Infrastructure Report was submitted to DPE in June 2018 for further exhibition and assessment. This application is subject to assessment and determination by DPE, taking into consideration a further Response to Submissions Report which was submitted to DPE in September 2018.

1.3 Nominated State Significant Precinct - Waterloo

Following the decision to locate a metro station in Waterloo, the Minister determined that parts of Waterloo are of State planning significance which should be investigated for urban renewal through the SSP process. Study requirements for such investigations were issued by the Minister on 19 May 2017.

Investigation of the Precinct is being undertaken by UrbanGrowth NSW Development Corporation (UrbanGrowth NSW), in partnership with Sydney Metro and the Land and Housing Corporation (LAHC). The outcome of the SSP process will be new planning controls that will enable future development applications for renewal of the Precinct.

The Precinct includes two separate but contiguous and inter-related parts:

- The Waterloo Metro Quarter (the Metro Quarter)
- The Waterloo Estate (the Estate)

A separate SSP Study for the Metro Quarter was lodged in July 2018 in advance of the SSP Study for the Estate to provide a planning framework for the construction of OSD within the Metro Quarter. The staged submission of the Metro Quarter SSP Study also facilitates the proposed development to be delivered concurrently with the metro station, as an integrated station development.

As this concept SSD Application relies upon the planning framework proposed in the Metro Quarter SSP Study, it is anticipated that the SSP Study and the EIS for the SSD Application will be exhibited concurrently.

1.4 Planning relationship between Waterloo Station and the OSD

While Waterloo Station and the OSD will form an integrated station development, the planning pathways defined under the EP&A Act require separate approval for each component of the development. In this regard, the approved station works (CSSI Approval) are subject to the provisions of Part 5.1 of the EP&A Act (now referred to as Division 5.2) and the OSD component is subject to the provisions of Part 4 of the EP&A Act.

For clarity, the approved station works under the CSSI Approval included the construction of below and above ground structures necessary for delivering the station and also enabling construction of the integrated OSD. This includes but is not limited to:

- demolition of existing development
- excavation
- integrated station and OSD structure (including concourse and platforms)
- lobbies
- retail spaces within the station building
- public domain improvements associated with the station
- access arrangements including vertical transport such as escalators and lifts
- space provisioning and service elements necessary to enable the future development of the OSD, such as lift cores, plant rooms, access, parking, retail, utilities connections and building services.

The vertical extent of the approved station works above ground level is defined by the 'transfer level' level (which for Waterloo is defined by approximately RL 33.1 over the northern station box and RL 35.1 over the southern station box), above which would sit the OSD. An example of this delineation is illustrated in **Figure 2**.

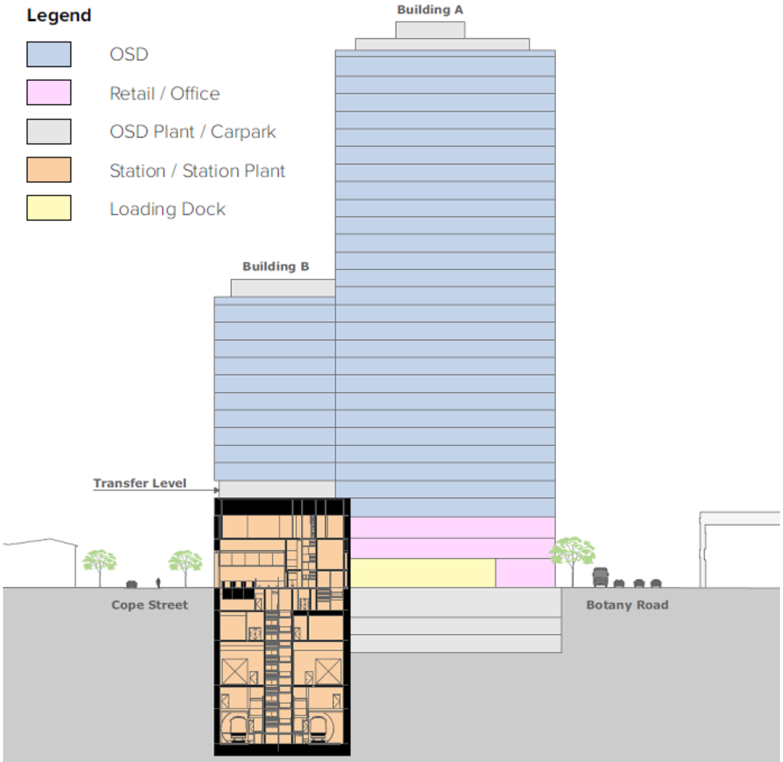


Figure 2: Delineation between the Metro station and OSD

It is noted that the structural and service requirements and space provisioning to support OSD vary from station to station. For example, based on the current level of design, Waterloo Station is not expected to provide for OSD lobbies, end of trip facilities and plant rooms. However, the detailed design may be amended to incorporate these elements as part of the integrated station development.

The CSSI Approval also establishes the general concept for the ground plane of Waterloo Station including access strategies for commuters, pedestrians and workers. In this regard, the main pedestrian access to the station would be via an entry located at the corner of Raglan and Cope Streets. The station design has continued to be developed having regard to its integration with the Metro Quarter OSD, and as a result, a second entrance to the station is to be provided from a proposed public plaza adjacent to Cope Street. Retail uses (approved under the CSSI Approval) would be located on the ground floor of the station development along the Cope Street frontage of the site.

Since the issue of the CSSI Approval, Sydney Metro has undertaken design work to determine the technical requirements for the structural integration of the OSD with the station. This level of design work, together with the planning and design undertaken for the remainder of the Metro Quarter has informed the concept proposal for the OSD. It is noted that ongoing design development of the works to be delivered under the CSSI Approval would continue with a view to developing an Interchange Access Plan (IAP) and Station

Design Precinct Plan (SDPP) for Waterloo Station to satisfy Conditions E92 and E101 of the CSSI Approval. The detailed design for the Metro Quarter would continue to evolve having regard to the IAP and SDPP.

Public domain improvement works immediately adjacent to Waterloo Station would be delivered as part of the CSSI Approval to support pedestrian movements between transport modes (including to new and relocated bus stops, bike parking on Cope Street, and taxi and kiss-and-ride bays on Cope Street), while other public domain works within the Metro Quarter are proposed as part of the OSD. Final details of public domain works for the OSD will be provided with the detailed SSD Application(s) following finalisation of the SDPP and IAP for the CSSI Approval.

1.5 The site

1.5.1 Location

The site is located within the City of Sydney Local Government Area (LGA).

The Metro Quarter comprises land to the west of Cope Street, east of Botany Road, south of Raglan Street and north of Wellington Street. The heritage listed Waterloo Congregational Church located at 103–105 Botany Road is within this block but is not part of the site.

The site has an approximate area of 1.287 hectares (refer to **Error! Reference source not ound.**).

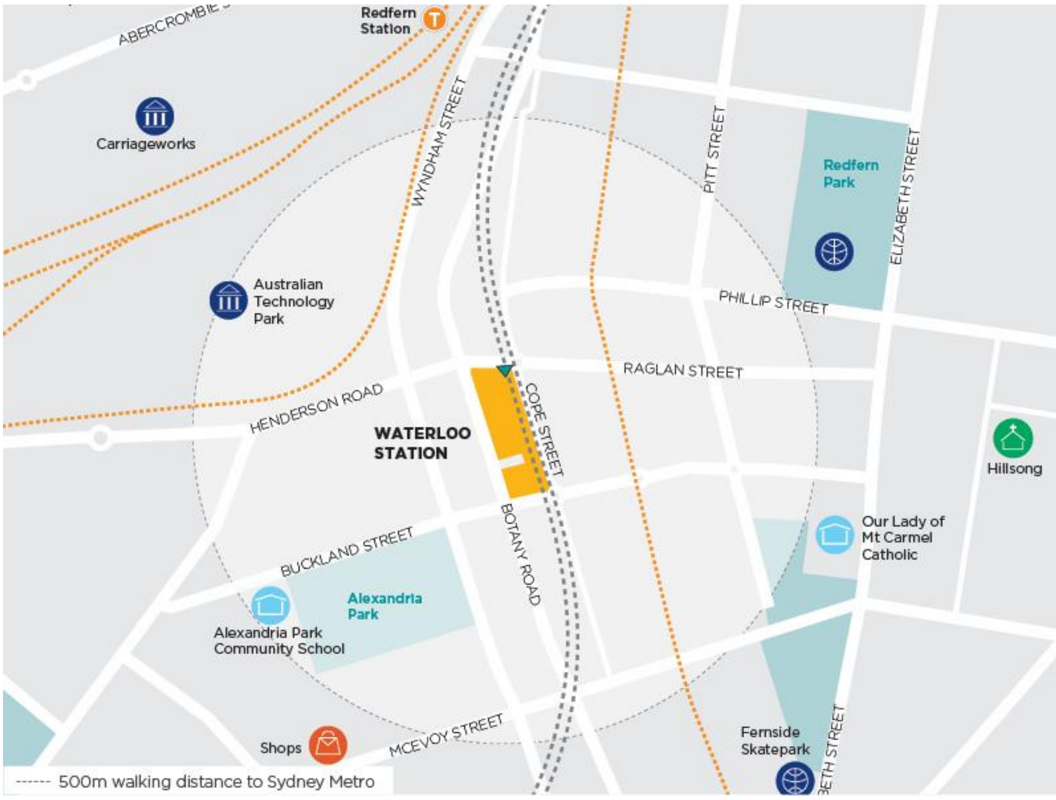


Figure 3: Waterloo Station location plan

1.5.2 Site context

The Metro Quarter is located in Redfern Street Village (see Figure 4) in the City of Sydney LGA approximately 3.3 kilometres south of Sydney CBD, 1 kilometre north of Green Square and less than 1 kilometre south of Redfern Station.

Directly east is the Waterloo Estate, which is owned by the NSW Government and is under the management of NSW LAHC. The Waterloo Estate comprises 2,012 social housing dwellings and a small number of private dwellings in medium and high density forms, ranging from single storey attached dwellings to apartment buildings of up to 29 storeys.

The Metro Quarter is less than 1 kilometre south-east of the Australian Technology Park (ATP), a technology micro-cluster that currently contains around 3,000 – 3,500 workers with a range of businesses in technology and creative industries; and a start-up/business incubator hub. It is set to grow into a business park that will soon accommodate new premises currently under construction (i.e. Commonwealth Bank Australia (CBA) has committed to two major office towers).

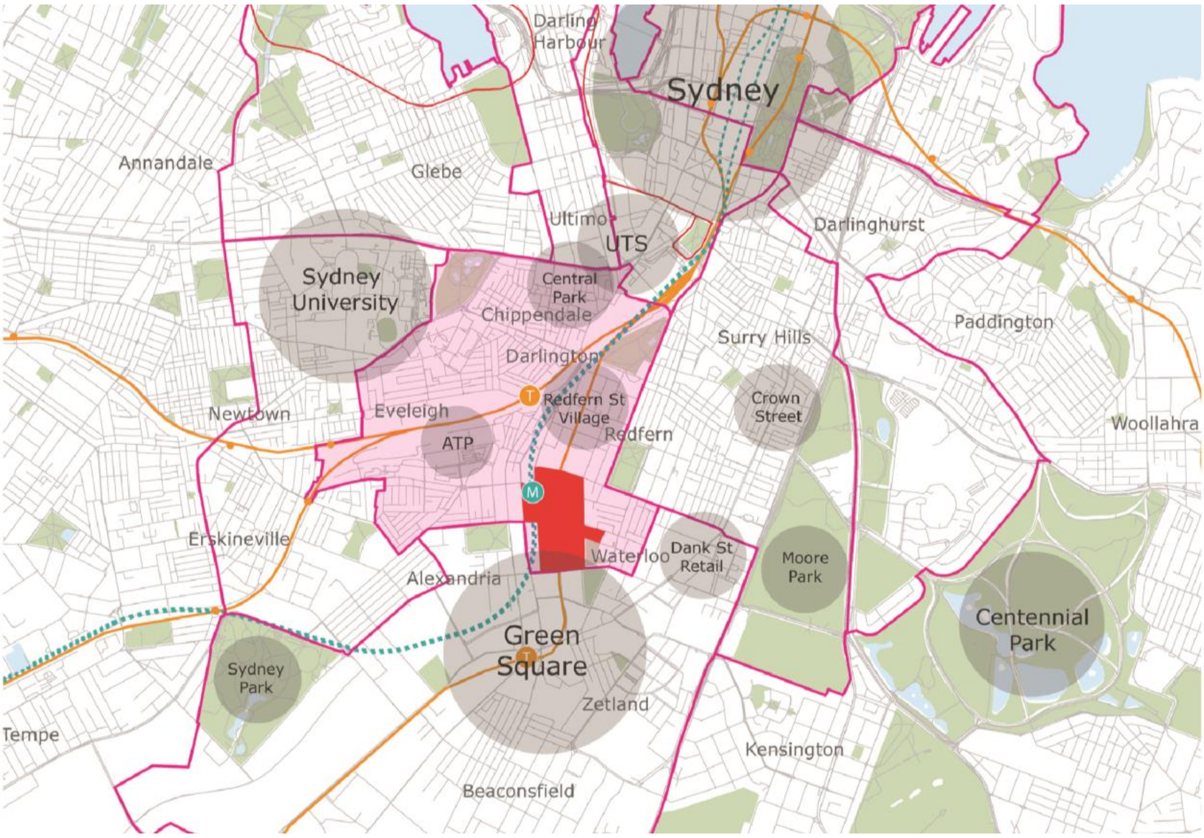


Figure 4: Location and site plan of the Waterloo State Significant Precinct (in red) and Redfern Street Village (in pink)

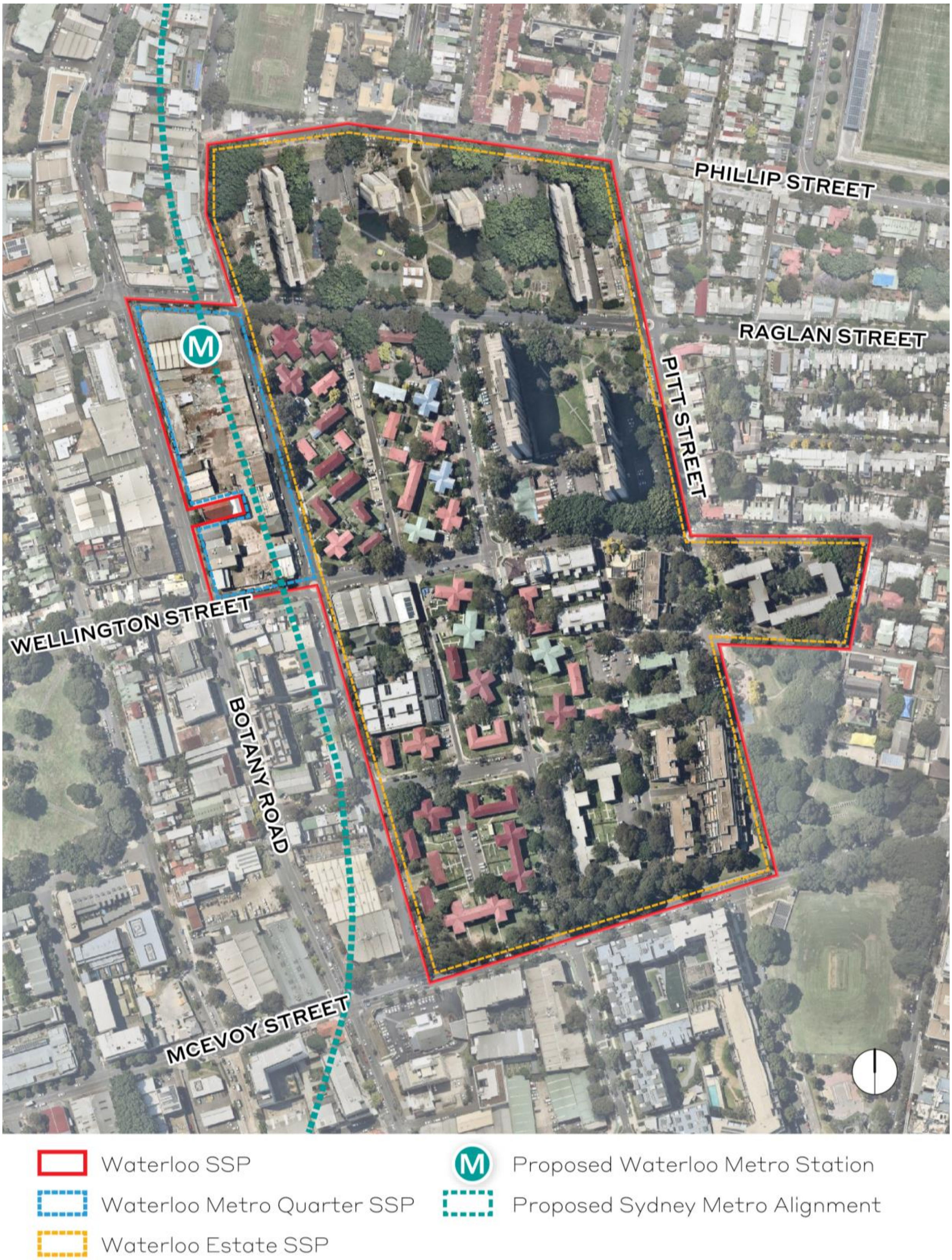


Figure 5: Nominate State Significant Precinct - Waterloo

The site comprises the following properties:

- 136B Raglan Street — Lot 4 DP 215751
- 59 Botany Road — Lot 5 DP 215751
- 65 Botany Road — Lot 1 DP814205
- 67 Botany Road — Lot 1 DP228641
- 124-128 Cope Street — Lot 2 DP228641
- 69-83 Botany Road — SP75492
- 130-134 Cope Street — Lot 12 DP399757
- 136-144 Cope Street — Lots A-E DP108312
- 85 Botany Road — Lot 1 DP27454
- 87 Botany Road — Lot 2 DP27454
- 89-91 Botany Road — Lot 1 DP996765
- 93-101 Botany Road — Lot 1 DP433969 & Lot 1 DP738891
- 156-160 Cope Street — Lot 31 DP805384
- 107-117A Botany Road — Lot 32 DP805384 & Lot A DP408116
- 119-121 Botany Road — Lot 1 DP205942 & Lot 1 DP436831
- 170-174 Cope Street — Lot 2 DP205942

The buildings and structures on the site are now demolished in accordance with the CSSI Approval with the exception of one building which is being used to support construction.

1.6 Overview of the proposed development

This concept SSD Application follows the submission of a SSP Study which supports a proposal to amend existing controls to facilitate the proposed development. The concept SSD Application will in turn comprises the first stage of seeking SSD development consent for the Waterloo OSD project. It will be followed by a future detailed SSD Application(s) for the design and construction of the OSD built form.

This concept SSD Application seeks approval for the planning and development framework and strategies to inform the future detailed design of the OSD. It specifically seeks approval for:

- maximum building envelopes, including maximum building heights, street-wall heights and ground and upper level setbacks.

- a maximum gross floor area (GFA) of 68,750 square metres, comprising:
  - approximately 56,200 square metres GFA of residential accommodation, providing for approximately 700 dwellings, including 5 to 10 percent affordable housing and 70 social housing dwellings
  - approximately 3,905 square metres GFA of retail premises and entertainment facilities
  - approximately 8,645 square metres GFA for business and commercial premises and community, health service and recreational facilities (indoor), including at least 2,000 square metres of floor space for community uses
- a three storey podium and a free standing building located within a public plaza, accommodating non-residential land uses
- residential uses above podium level in various building forms including three taller buildings of 23, 25 and 29 storeys (Relative Level (RL) 96.9, 104.2 and 116.9 metres Australian Height Datum (AHD) respectively)
- use of OSD space provisioning within the footprint of the CSSI Approval
- public domain works, including open spaces, through-site links, footpaths, provision for cycling facilities and enhanced pedestrian crossings and roads
- car parking for up to 427 vehicles
- cycle parking to support residential and non-residential land uses and visitors to the Metro Quarter. Approval is also being sought for space within the future basement for a bike hub which would also support future bike parking for Waterloo Station
- loading, vehicular and pedestrian access arrangements
- strategies for utilities and services provision
- strategies for managing stormwater and drainage
- a strategy for the achievement of ecologically sustainable development
- a public art strategy
- provision for future signage zones
- a design excellence framework
- the future subdivision of parts of the OSD footprint (if required).

It is noted that the Sydney Metro comprises GFA of approximately 8,415 square metres on the site, approved under CSSI Approval. The total GFA for the integrated station development, including the station GFA is approximately 77,145 square metres, which is equivalent to an FSR of approximately 6:1.

Key parameters of the concept proposal based on the current level of design development are indicated at Figure 6 and Figure 7.

Figure 6: Proposed massing, viewed from the west

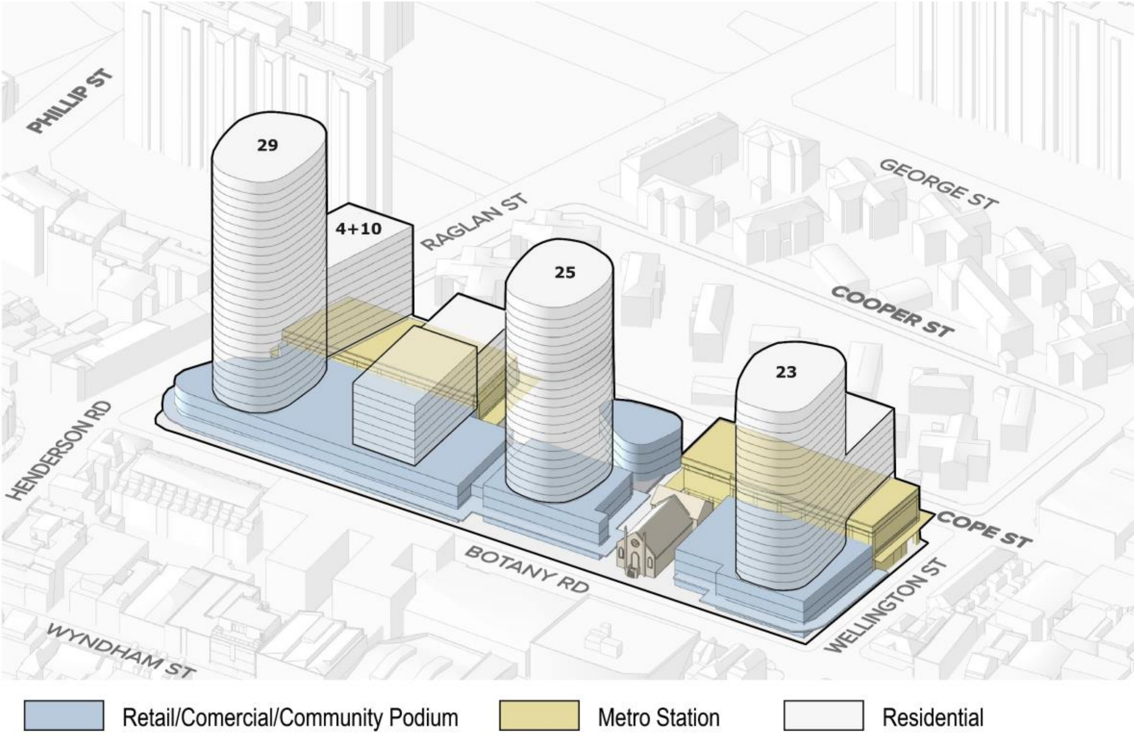
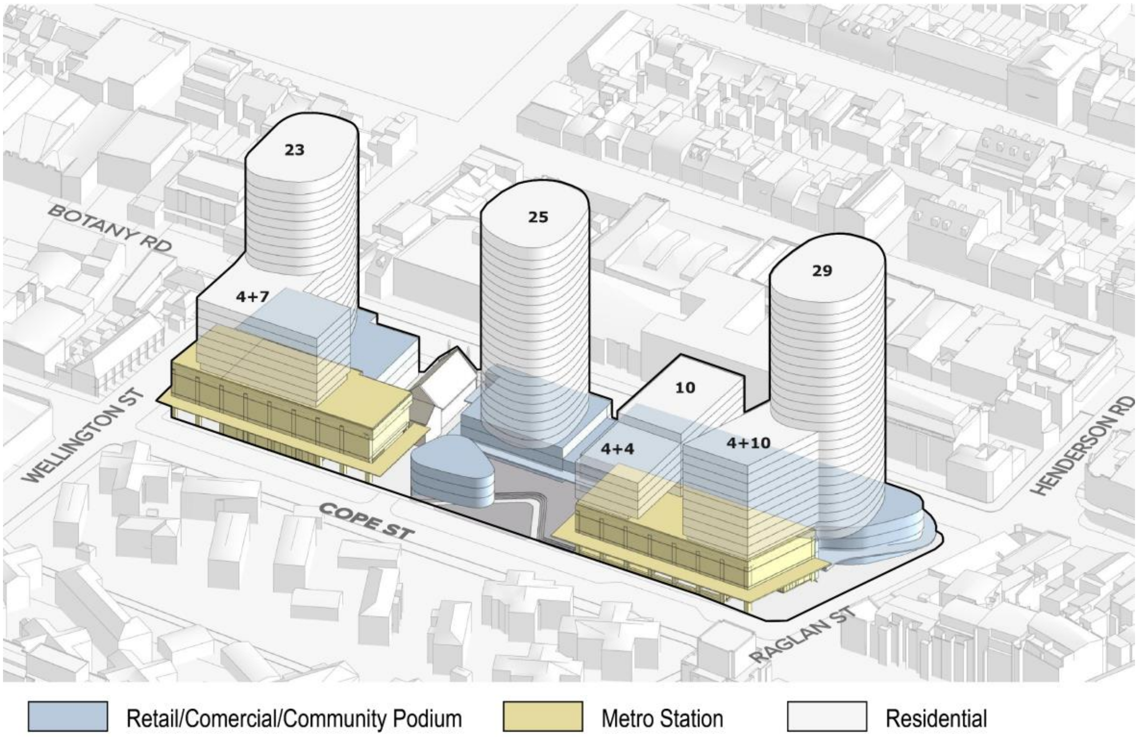


Figure 7: Proposed massing, viewed from the east



The proposal is a significant opportunity to contribute to the urban renewal process for the Waterloo SSP. The objective to deliver the Metro Quarter project as soon as reasonably possible after completion of the Sydney Metro works (earmarked to open 2024) would ensure buildings within the Metro Quarter are occupied to support maximum patronage of the proposed metro station.

The Metro Quarter would contain a mix of uses including residential, commercial, retail, community facilities and services and cultural opportunities sufficient for daily life to be provided for within the wider neighbourhood and to support the activation of the precinct. This would help make Waterloo one of the most connected and attractive inner-city places to live, work and visit.

1.7 Staging and framework for managing environmental impacts

Sydney Metro proposes to procure the delivery of the Waterloo integrated station development in one single package, which would entail the following works:

- station structure fit-out, including mechanical and electrical
- OSD structure fit-out, including mechanical and electrical.

Separate delivery packages are also proposed by Sydney Metro to deliver the excavation of the station boxes/shafts ahead of the integrated station development delivery package, and linewide systems (e.g. track, power, ventilation) and operational readiness works prior to the Sydney Metro City & Southwest metro system being able to operate.

For the purposes of considering construction related impacts, three possible staging scenarios have been identified for delivery of the integrated station development:

1. Scenario 1 – the station and OSD are constructed concurrently by constructing the transfer slab first and then building in both directions. Both the station and OSD would be completed in 2024.
2. Scenario 2 – the station is constructed first and ready for operation in 2024. OSD construction may still be incomplete or soon ready to commence after station construction is completed. This means that some or all OSD construction is likely to still be underway upon opening of the station in 2024.
3. Scenario 3 – the station is constructed first and ready for operation in 2024. The OSD is built at a later stage, with timing yet to be determined. This creates two distinct construction periods for the station and OSD.

The final staging for the delivery of the OSD would be resolved as part of the detailed SSD Application(s).

For the purposes of providing a high level assessment of the potential environmental impacts associated with construction, the following have been considered:

- Impacts directly associated with the OSD, the subject of this SSD Application
- Cumulative impacts of the construction of the OSD at the same time as the station works (subject of the CSSI Approval).

Given the integration of the delivery of the Sydney Metro City & Southwest metro station with an OSD development, Sydney Metro proposes the framework detailed in Figure 8 to manage the design and environmental impacts, consistent with the framework adopted for the CSSI Approval.

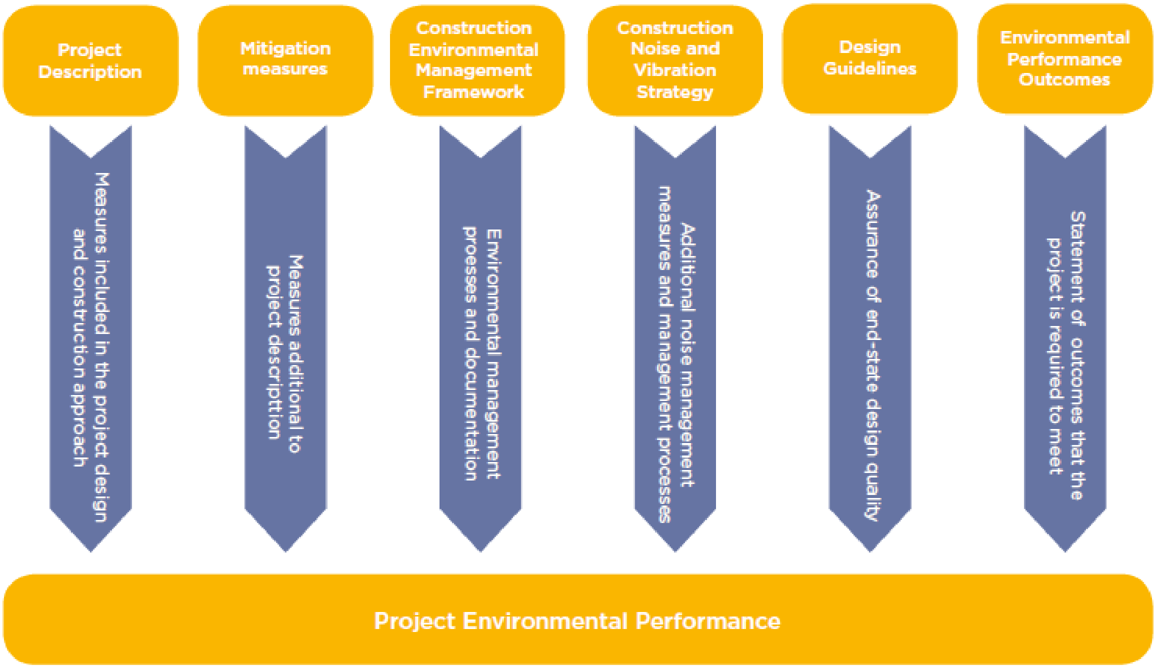


Figure 8: Project approach to environmental mitigation and management

This approach would be implemented until such time as completion of the station works (i.e. works under the CSSI Approval) is achieved. Beyond that point, standard construction environmental management practices would be implemented by the OSD developer in accordance with relevant guidelines and any conditions of approval.

2.0 The proposed development

This report relates to both a SSP Study to create a new suite of planning controls, and a concept SSD Application for the Metro Quarter integrated station development.

2.1 Proposed Planning Framework

The existing and proposed planning controls for the Metro Quarter are shown in Table 2:

Table 2: Metro Quarter planning controls

Metro Quarter planning controls	Existing	Proposed
Zoning	B4 Mixed Use	B4 Mixed Use
Height of Buildings	Part 12, Part 15 metres	Part RL 116.9 (AHD) – North Part RL 104.2 (AHD) – Central Part RL 96.9 (AHD) - South
Floor Space Ratio	1.75:1	6.1:1 (including Metro Station)

2.2 Proposed housing provision

The concept plan makes provision of a total of around 700 dwellings. This includes a mix of affordable housing, social housing and private housing in a variety of sizes, including 5 to 10 percent affordable housing and 70 social housing dwellings.

The indicative Concept Proposal indicates that over half of the dwellings provided on site will be studios (10 percent) and one bedroom (45 percent) (Table 3). All dwellings are larger than the minimum size requirement in the NSW Apartment Design Guide (ADG). The proposed mix of new home sizes will make a significant contribution to the supply of smaller dwellings, to address the need for additional smaller and affordable new homes, identified in Section 6.

Table 3: Proposed dwelling size

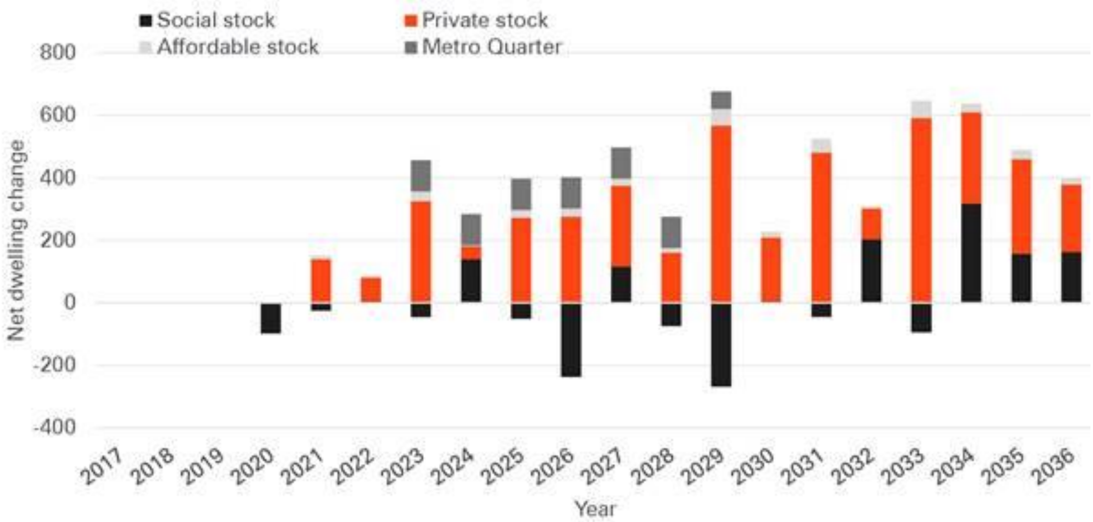
Type	Private		Social/affordable	
	Mix	Size	Mix	Size
Studio	2%	$42m^2$	10%	$40m^2$
1 Bedroom	27%	$52m^2$	45%	$50m^2$
1 bedroom + study	6%	$58m^2$	0%	$0m^2$
2 Bedroom	46%	$74m^2$	45%	$75m^2$
2 bedroom + study	4%	$82m^2$	0%	$0m^2$
3 Bedroom	10%	$98m^2$	0%	$95m^2$
3 bedroom + study	5%	$108m^2$	0%	$0m^2$

2.3 Likely future population

The concept plan for the Metro Quarter site (described above) will result in an increase in population on the site, particularly as previous uses on the site were predominantly employment related. Employment will continue on the site through the provision of retail, services and community uses. The additional population on the Metro Quarter site is expected to be approximately 1,300 people, with up to 280 social or affordable housing residents.

Planning for the adjoining Waterloo Estate redevelopment project is in preparation. The NSW Government has indicated that the redevelopment of the Metro Quarter site and the Waterloo Estate site combined is to provide a tenure mix of around 70 percent private owner occupier and investor dwellings and about 30 percent affordable dwellings or social housing. The anticipated change in dwelling stock is indicated in Figure 9 below.

Figure 9: Projected change in dwelling stock, Waterloo SSP



Source: id the Population Experts, Waterloo – Population and Employment Profile 2017 (November 2017)

Population and housing projections for Waterloo SSP have been prepared by .id. Key conclusions from the projections are summarised below and are detailed in

Table 4:

- The base scenario forecasts for the Waterloo Precinct see an increase in population from 3,241 in 2011 to 11,976 in 2036
- This forecast is based on an increase of 4,799 dwellings in net terms between 2011 and 2036
- Average household size is expected to increase from 1.60 in 2011 to 1.75 in 2036 based on the additional number of private dwellings of two or more bedrooms, attracting larger households.

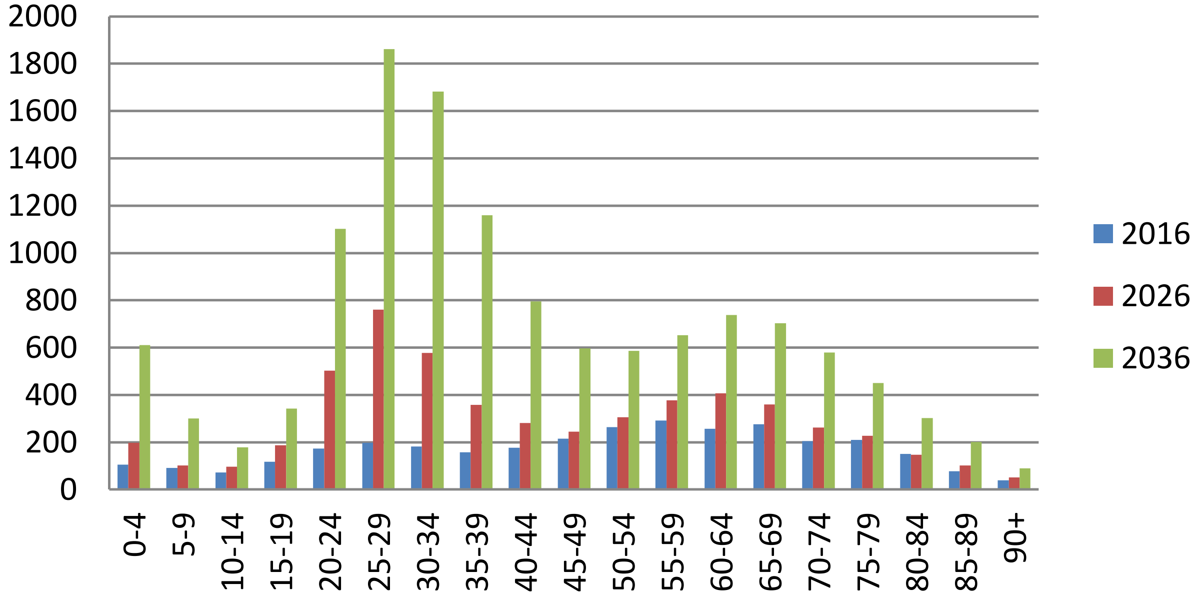
Table 4: Projected population and Dwellings, Waterloo SSP

	2011	2016	2021	2026	2031	2036
Population	3,241	3,259	3,600	6,368	9,423	11,976
Change in population (5 years)	190	18	341	2,768	3,055	2,552
Average annual change	1.2%	0.1%	2.0%	12.1%	8.2%	4.9%
Households	2,024	2,024	2,170	3,716	5,398	6,823
Change in households (5 years)	53	0	146	1,547	1,682	1,425
Average household size	1.60	1.61	1.66	1.71	1.74	1.75

Source: id the Population Experts, Waterloo – Population and Employment Profile 2017 (November 2017)

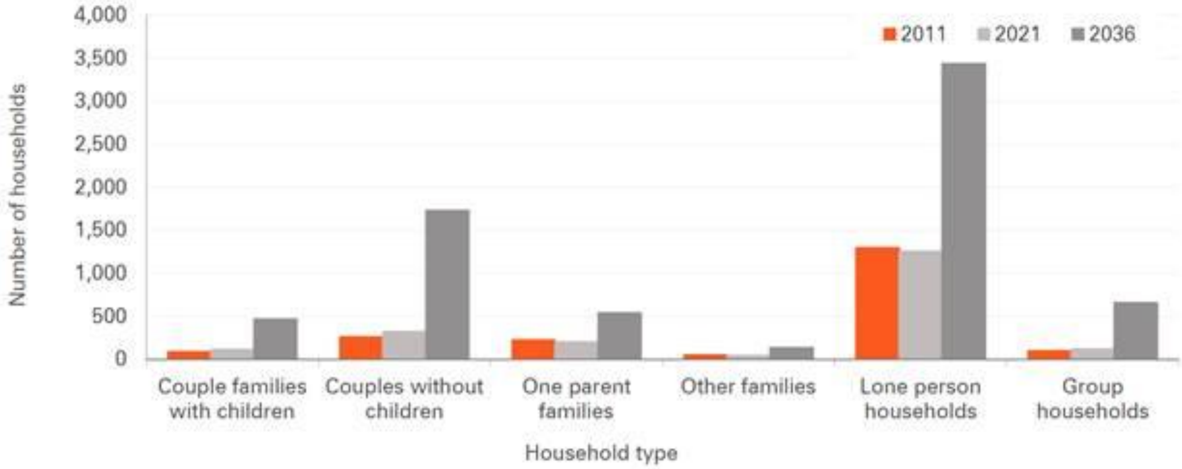
Of note is that the age structure for the Precinct is expected to attract younger age adults, primarily to the private dwellings, as well as a broader range of older ages to the affordable and social component. As Figure 10 shows, the largest forecast increase in age is in the 20-44 age group.

Figure 10: Forecast age structure, Waterloo precinct, 2011 – 2036



Source: id the Population Experts, Waterloo – Population and Employment Profile 2017 (November 2017)

While all household types are expected to increase, by 2036 the largest household group is expected to be lone person households. Couples without children households are expected to also increase from 262 in 2011 to 1,593 in 2036 (13 to 23 percent) as shown in **Error! eference source not found.**: Households by type, Waterloo precinct, 2011 – 2036



Source: id the Population Experts, Waterloo – Population and Employment Profile 2017 (November 2017)

3.0 Policy context

3.1 Greater Sydney Region Plan

The Greater Sydney Commission's Greater Sydney Region Plan sets out a vision for a city where most residents live within 30 minutes of their jobs, education, health facilities, services and great places. The plan contains 10 Directions which establish the aspirations for the region over the next 40 years. The directions (Table 5) are translated into objectives, with Objectives 10 and 11 being particularly relevant to housing diversity and affordability for the proposed redevelopment of the Metro Quarter and Waterloo Estate sites.

Table 5: Greater Sydney Region Plan Directions

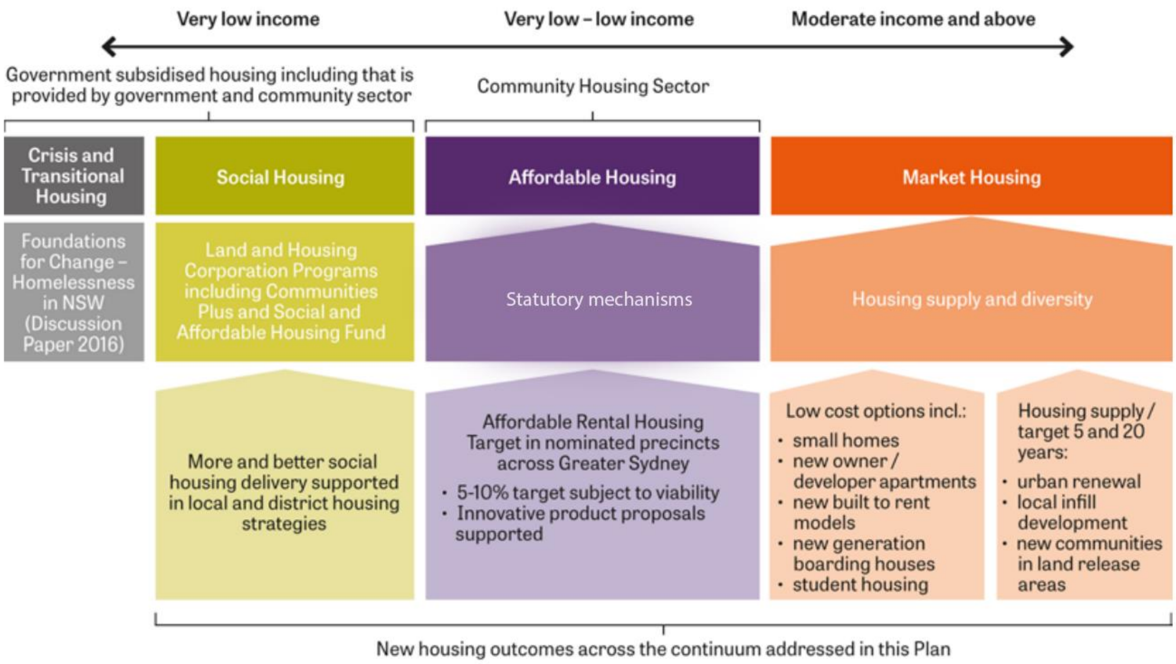
Direction: Housing the city	Implications
Objective 10: Greater housing supply	• As part of the current unprecedented level of supply, a range of housing types, tenures and price points will be needed to meet demand • A range of housing types provides for the needs of the community at different stages of life and caters for diverse household types • Planning can link the delivery of new homes in the right locations with local infrastructure • Planning and designing for better places respects and enhances local character • Councils are to work with the Greater Sydney Commission and State agencies to establish agreed 6–10 year housing targets for their LGA • Councils are to identify specific attributes that make local areas suitable for housing supply beyond 10 years • Housing strategies are to be prepared by councils for a LGA or district and be given effect through amendments to local environmental plans.
Objective 11: Housing is more diverse and affordable	• There is a strong need for a more diverse housing supply in Greater Sydney • Housing choices, including affordable rental housing reduces the need for people to go into social housing and also supports a pathway for people to move out of social housing • A diversity of housing types, sizes and price points can help improve affordability • Increasing the supply of housing that is of universal design and adaptable to people's changing needs as they age is also increasingly important across Greater Sydney • Social housing is a form of affordable housing that caters to households experiencing the highest housing stress and social disadvantage • Social housing delivery needs to be accelerated to cope with the growing waiting list. • More affordable rental dwellings are needed as a stepping stone for people in social housing who are capable of entering the private rental market, thereby freeing up housing for those most in need

Direction: Housing the city	Implications
	• Rental accommodation needs to be delivered close to public transport and centres, and offer the opportunity to include Affordable Rental Housing Schemes if viable • Foreshadows potential future innovative models to achieve more affordable homes through having smaller homes, shared facilities and having apartments and car spaces sold separately.

Source: Greater Sydney Region Plan (March 2018)

The Greater Sydney Commission recognises the fundamental importance of household income on the ability to access housing of different types, cost and tenure (Figure 11). Providing housing diversity means providing housing for a range of income groups at various points on the housing continuum.

Figure 11: Housing continuum initiative and programs



Source: Adapted from Greater Sydney Commission, Greater Sydney Region Plan (Figure 19), p69

Notably, the Plan recommends an Affordable Rental Housing Target, ‘generally in the range of 5 to10 percent of new residential floor space’ in defined precincts prior to rezoning as a mechanism to provide additional affordable housing supply in Greater Sydney.

The Target is referred to in a number of strategies and actions within the Greater Sydney Region Plan, which outline how this scheme is to be implemented and the types of development that it would apply to:

- Strategy 11.1 - Prepare Affordable Rental Housing Target Schemes, following development of implementation arrangements
- Strategy 11.2 - State agencies, when disposing or developing surplus land for residential or mixed-use projects include, where viable, a range of initiatives to address housing diversity and/or affordable rental housing
- Action 5 - Implement Affordable Rental Housing Targets, which will involve a range of measures including the development of a viability test.

The proposed development presents an opportunity to deliver on this commitment. The proposed provision of 700 dwellings in the Metro Quarter including 5 to 10 percent affordable dwellings and 70 social dwellings is within the range recommended by the Greater Sydney Commission. Further, the proposed development is consistent with the Commission's policy objectives by:

- Delivering a range of housing types including up to 10 percent as affordable housing
- Being part of a Government led, mixed use project involving a diversity of housing types
- Having regard for the range of affordable housing mechanisms available and feasibility testing (section 7).

Eastern City District Plan

The Metro Quarter and Waterloo Estate sites are located within the Greater Sydney Commission's Eastern City District Plan. The Eastern City District Plan is a 20-year plan to manage growth in the context of economic, social and environmental matters to achieve the 40-year vision for Greater Sydney. It contains the planning priorities and actions for implementing the Greater Sydney Region Plan, A Metropolis of Three Cities at a district level.

Planning priority E5 relates to "providing housing supply, choice and affordability, with access to jobs, services and public transport."

The Eastern City District Plan sets a housing target of 46,550 additional dwellings in the District by 2021 of which 18,300 are to be in the City of Sydney. The Metro Quarter and Waterloo Estate are able to make a significant contribution to these targets.

The plan identifies the need for further work by the Greater Sydney Commission to support the implementation of the Affordable Rental Housing Targets including consideration of allocation, ownership, management and delivery models. The plan commits the Department of Planning and Environment and the Greater Sydney Commission to jointly investigating ways to facilitate housing diversity through innovative purchase and rental models. The Plan indicates that affordable rental housing targets generally in the range of 5 to 10 percent of new residential floor space are appropriate subject to viability.

The District Plan encourages planning to support housing affordability and diversity measures include:

- More compact housing, either on smaller land lots or through a proportion of smaller apartments of innovative design to support moderate-income households and particularly key workers and skilled workers in targeted employment areas such as health and education precincts
- New owner-developer apartment models that support lower cost and more flexible delivery of apartments for like-minded owner groups.

The District Plan sets down an action for councils and other planning authorities to prepare local or district housing strategies to address the delivery of five year housing supply targets for each LGA. Councils and planning authorities are also to prepare Affordable Rental Housing Target Schemes.

While there are currently no housing strategies or target schemes in place that apply to the subject site, the proposed development has been formulated having regard for the affordable housing policies of the NSW Government and the City if Sydney Council.

3.2 City of Sydney, Housing Issues Paper, 2015

The City of Sydney prepared a Housing Issues paper in 2015 to highlight the housing crisis in this LGA, identifying five key issues that need to be addressed:

- Policy reforms are needed to address declining housing affordability and rental security
- Affordable rental housing supply needs to grow significantly to ensure Sydney's social and economic sustainability
- A sustainable model needs to be developed for social housing supply as a vital form of social infrastructure
- Investment to expand innovative housing models is critical to ending homelessness
- Housing and infrastructure delivery need to be integrated through Sydney metropolitan planning for sustainable growth.

The paper paints a picture of housing demand outstripping supply. Even allowing for the significant pipeline of 18,500 dwellings, housing supply and diversity are not meeting demand. Sydney status as a global city is contributing to rising housing costs. The paper indicates that Inner Sydney rents are outstripping income increases and most very low to moderate income households are experiencing housing stress, including two thirds of renters in the moderate income bracket. Evidence is also emerging of people living in overcrowded and poor quality housing.

The paper promotes delivery of innovative lower-cost housing designs and types through the planning system to:

- Enable smaller housing types, where appropriate and well designed, that provide affordable options
- Deliver housing types without 'added extras' such as car parking spaces, to provide affordable options

- Deliver rental housing models designed to meet the needs of particular markets, such as new-generation boarding houses and student housing that provides smaller private dwellings and communal spaces.

The proposed development is consistent with this policy by delivering a stock of smaller and more affordable dwellings that have been designed with regard to the affordability needs of the population.

3.3 What does this mean for the Metro Quarter?

The review of policy documents indicated that:

- Planning policy and legislation play a critical role in establishing mechanisms for providing and increasing the supply of diverse and affordable housing in Sydney
- All levels of Government are now seeking to address the need for more affordable housing and a range of mechanisms, from taxation arrangements through to inclusionary zoning targets, and being designed to address the need
- All strategic plans reviewed identify a need for delivery of affordable rental housing and for housing choice, including increasing the supply of social housing through urban renewal
- The City of Sydney has an established affordable rental program and is seeking to expand the number of social and affordable dwellings delivered
- The proposed development provides an opportunity to improve housing diversity and deliver a supply of smaller and more affordable dwellings.

4.0 Current planning controls

4.1 State Environmental Planning Policy (Affordable Rental Housing) 2009

The *State Environmental Planning Policy (Affordable Rental Housing) 2009* (Affordable Rental Housing SEPP) was introduced to increase the supply and diversity of affordable rental and social housing throughout NSW. Under the Affordable Rental Housing SEPP affordable rental housing is defined as housing for very low, low and moderate income earning households as follows:

6(1) In this Policy, a household is taken to be a very low income household, low income household or moderate income household if the household:

- *(a) has a gross income that is less than 120 percent of the median household income for the time being for the Greater Sydney (Greater Capital City Statistical Area) (according to the Australian Bureau of Statistics) and pays no more than 30 percent of that gross income in rent, or*
- *(b) is eligible to occupy rental accommodation under the National Rental Affordability Scheme and pays no more rent than that which would be charged if the household were to occupy rental accommodation under that scheme.*
- *(2) In this Policy, residential development is taken to be for the purposes of affordable housing if the development is on land owned by the Land and Housing Corporation*.

The Affordable Rental Housing SEPP includes provisions designed to retain or offset the loss of low cost rental housing. It also seeks to promote diversification and increase the utilisation of the existing housing stock in addition to incentives to encourage the production of affordable rental housing for lower income groups.

The Affordable Rental Housing SEPP would enable a floor space bonus to apply to the Metro Quarter site. The bonus is 0.5:1 or 20 percent, whichever is greater, on top of the existing maximum floor space ratio (FSR) allowed by the existing local planning controls. The amount of bonus floor area that a housing provider may be granted is dependent on both the existing maximum FSR allowable on the land and the percentage of affordable housing that will be offered as part of the housing development

The key provisions for infill development in the Affordable Rental Housing SEPP are considered in the context of the subject site in Table 6. The site is imminently suited to affordable rental housing given its highly accessible location.

Table 6: SEPP (Affordable Rental Housing) provisions for infill development

Provision	Requirement	Application to site
Accessibility	• Within 800m walking distance of a railway station or a Sydney Ferries wharf • Within 400m walking distance of a light rail station • Within 400m walking distance of a bus stop used regularly between 6am and 9pm	• Site is located within 800 metres from proposed metro station and within 400 metres walking distance of bus stop

Provision	Requirement	Application to site
	Monday to Friday, and 8am to 6pm on weekends.	
Floor space ratio	• As specified in the relevant local planning controls plus a bonus of a minimum of 0.2:1and up to 0.5:1 (or 20 percent, whichever is greater)	• LEP FSR is 1.75:1. • Bonus provision would permit an FSR of 2.25:1 (or an additional 20 percent)
Proportion of affordable housing	• Between 20 percent and 50 percent of the gross floor area of the development.	• Concept plan is for 10 percent affordable housing and 10 percent social housing.
Minimum dwelling sizes	• 35m² for a bedsitter or studio • 50m² for a 1 bedroom dwelling • 70m² for a 2 bedroom dwelling • 95m² for a 3 or more bedroom dwelling	• The proposed concept plan includes are greater than the minimum
Affordable housing management:	• The affordable rental housing component is to be secured for a minimum of 10 years and managed by a registered Community Housing Provider (CHP).	• These arrangements are within scope
Parking requirements – social housing provider:	• 0.4 car spaces per 1 bedroom dwelling • 0.5 car spaces per 2 bedroom dwelling • 1 car space per 3 or more bedroom dwelling	• Separately considered
Parking requirements – private schemes:	• 0.5 car spaces per 1 bedroom dwelling • 1 car spaces per 2 bedroom dwelling • 1.5 car space per 3 or more bedroom dwelling	• Separately considered
Site area:	• Minimum of 450m²	• Site is 1.91 ha
Landscaped area:	• Minimum of 35m² for social housing providers, or 30 percent of the site area in all other cases.	• Determined at design stage
Solar access	• Living rooms and open spaces of 70 percent of the dwellings require a minimum of 3 hours direct sunlight between 9am and 3pm in mid-winter.	• Determined at design stage
Deep soil zones:	• Minimum of 15 percent of the site area • Minimum dimensions of 3 metres • At least two-thirds of the deep soil zone is to be located at the rear of the site	• Determined at design stage

Source: Adapted from State Environmental Planning Policy (Affordable Rental Housing) 2009

4.2 State Environmental Planning Policy No. 70 – Affordable Housing (Revised Schemes)

State Environmental Planning Policy No. 70 – Affordable Housing (Revised Schemes) (SEPP70) is a mechanism that allows specified councils to prepare an affordable housing contribution scheme for certain precincts, areas or developments within their LGA. SEPP70 works with Section 7.32 of the *Environmental Planning and Assessment Act 1979* permits consent authorities to seek affordable housing as a development contribution.

SEPP70 identifies that there is a need for affordable housing in certain LGAs, describes the kinds of households for which affordable housing may be provided and makes a requirement with respect to the imposition of conditions relating to the provision of affordable housing.

Key affordable housing principles specified by SEPP 70 include:

- Affordable housing is to be created and managed so that a socially diverse residential population representative of all income groups is developed and maintained in a locality.
- Affordable housing is to be made available to a mix of low and moderate income households.
- Affordable housing is to be rented to appropriately qualified tenants and at an appropriate rate of gross household income.
- Land provided for affordable housing is to be used for the purpose of the provision of affordable housing.
- Buildings provided for affordable housing are to be managed so as to maintain their continued use for affordable housing.
- Rental from affordable housing, after deduction of normal landlord's expenses (including management and maintenance costs and all rates and taxes payable in connection with the dwellings), is generally to be used for the purpose of improving or replacing affordable housing or for providing additional affordable housing.
- Affordable housing is to consist of dwellings constructed to a standard that, in the opinion of the consent authority, is consistent with other dwellings in the vicinity.

The City of Sydney is specified under the SEPP as one of those councils that can prepare an affordable housing contribution scheme. The scheme in operation in the City of Sydney is explained in further detail in 4.3.

The City of Sydney currently has affordable housing schemes operating in Ultimo/Pyrmont, Green Square and the Southern Employment Lands. Together the schemes in operation have resulted in 739 affordable rental dwellings for very low to moderate income households in the LGA. A further 314 dwellings are in the development pipeline and expected to be built by 2019 (Planning Proposal: City of Sydney Affordable Housing Review, March 2017). Dwellings are built and managed by City West Housing.

The site has not been identified as part of an affordable housing scheme under SEPP 70. .

4.3 Sydney Local Environmental Plan 2012

The *Sydney Local Environmental Plan 2012* (SLEP 2012) currently applies to the Metro Quarter site. Table 7 summarises the key planning controls that apply to the Metro Quarter site. These controls are proposed to be amended under the SSP Study for the process of urban renewal.

Table 7: Summary of key Sydney LEP 2012 provisions

Planning provision	Control	Comment
Land use zone	• B4 – Mixed Use	• This zone permits a range of uses including residential, commercial premises and tourist and visitor accommodation.
Floor space ratio	• 1.75:1	• Floor space ratio controls that apply to Metro Quarter.
Restricted Retail Development	• Identified in Map CL2_10	• Clause 7.23, large retail development outside of Green Square Town Centre and other planned centres applies which restricts the amount of retail floor space that can be approved.
Heritage	• Item I2069	• This item is a church which is located within the street block of Metro Quarter but is not included within the Metro Quarter site.
Height	• 12 metres at the Wellington Street frontage • Rest of the Metro Quarter – 15m	• Height provisions that apply to Metro Quarter. This translates to approximately four storeys on the Wellington Street frontage and five storeys for the remainder of the block.
Land Use and Transport Integration Map	• Category B	• These categories determine parking requirements.
Public Transport Accessibility Level	• Category E	• These categories determine parking requirements.

Source: Adapted from SLEP 2012

In terms of provisions for affordable housing, the Local Environmental Plan has special provisions for the Green Square and Pyrmont precincts as well as site specific controls relating to provision of affordable housing for an urban renewal precinct in Glebe.

There are currently no specific affordable housing provisions in the SLEP 2012 that apply to the Metro Quarter site. However there is currently a planning proposal currently under consideration that would expand these provisions across the rest of the LGA. This is detailed in Section 4.4.

4.3.1 Zoning

The Metro Quarter site is zoned B4 – Mixed Use pursuant to SLEP 2012 (Figure 4). The objectives of the zone are:

- *To provide a mixture of compatible land uses*

- *To integrate suitable business, office, residential, retail and other development in accessible locations so as to maximise public transport patronage and encourage walking and cycling*
- *To ensure uses support the viability of centres.*

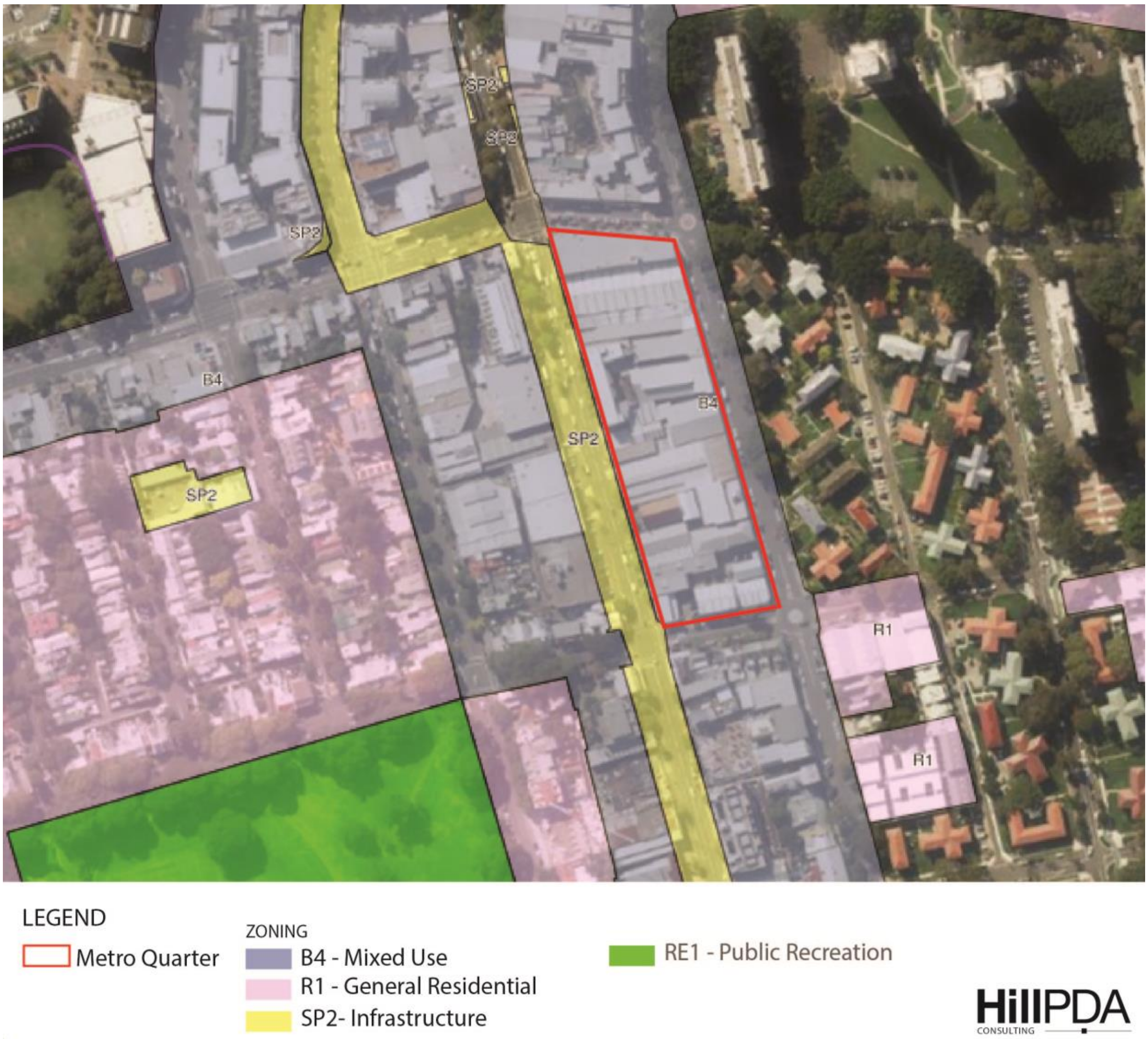
The following uses are permissible with consent in the B4 – Mixed Use zone:

> *Boarding houses; Centre-based child care facilities; Commercial premises; Community facilities; Educational establishments; Entertainment facilities; Function centres; Hotel or motel accommodation; Information and education facilities; Medical centres; Passenger transport facilities; Recreation facilities (indoor); Registered clubs; Respite day care centres; Restricted premises; Roads; Seniors housing; Shop top housing; Any other development not specified in item 2 or 4.*

The following uses are prohibited in the B4 – Mixed Use zone:

> *Extractive industries; Heavy industrial storage establishments; Heavy industries.*

Figure 12: Zoning Extract



Source: Source: NSW Planning Portal, Department of Planning and Environment

The development of residential flat buildings and affordable housing are permitted on the site with consent. The Proposal for a mixed use development including affordable and social housing is not inconsistentwith the objectives of the zone by being a mixed use development that will maximise access to existing transport and the proposed metro station.

4.3.2 Floor space ratio and height development standards

SLEP 2012 establishes a maximum floor space ratio of 1.75:1 on the Metro Quarter site.

The maximum building heights permitted range from 12 metres on the Wellington Street frontage to 15 meters for the remainder of the Metro Quarter, as indicated in Figure 13.

Figure 13: Height of building

Source: NSW Planning Portal, Department of Planning and Environment

The SSP application proposes revisions to the above planning framework to accommodate the proposed development on the site.

4.4 City of Sydney Affordable Housing Review Planning Proposal

The City of Sydney recently publicly exhibited a planning proposal, seeking to expand the affordable housing provisions within their local environmental plan to cover the entire LGA.

These provisions require the provision of an in-kind dedication of finished affordable housing dwellings or an equivalent monetary contribution. The amounts are set out in the draft provisions. It is proposed that these provisions are phased in over a period between 2020 and 2022 to allow the market to factor in these changes. The objectives of this planning proposal are to:

- Provide a transparent framework for development to make equitable affordable housing contributions
- Give effect to the intent of the Eastern City District Plan (district plan) to provide affordable housing on land where there is an increase in floor area, where need for affordable housing is identified and where development viability can be maintained
- Increase the amount of affordable housing in the LGA to achieve the City's affordable housing targets in Sustainable Sydney 2030
- Ensure affordable housing contribution rates do not impact on development viability
- Increase certainty for landowners and developers seeking to develop land in the LGA, and
- Align, streamline and simplify exiting affordable housing schemes that operate in the LGA.

Under these proposed controls, the subject site would be located within the 'residual lands' area to which this provision would apply.

These provisions would not apply to the subject site as the City of Sydney is not the consent authority for the redevelopment of the Metro Quarter. Regardless, the proposed development is generally consistent with the intent of the planning proposal and responds to the established need for affordable housing in the Sydney LGA.

4.5 Apartment Design Guide

Planning provisions for designing development of residential flat buildings and mixed use are contained in the ADG. The ADG specifies a number of design requirements for apartments and apartment buildings which influences the number of and type of dwellings that can be delivered. This includes minimum apartment sizes, apartment mix, balconies and other amenity considerations.

The City of Sydney Development Control Plan 2012 will not apply to the redevelopment of the Metro Quarter as the proposed development is State Significant Development.

4.6 What does this mean for the Metro Quarter?

The review of planning controls has identified the current situation in regard to affordable housing on the Metro Quarter site:

- The SLEP 2012 provisions currently do not require any affordable housing on the proposed redevelopment of the Metro Quarter site, although affordable housing provisions are in place in other parts of the LGA.
- The current SLEP 2012 controls that apply to the Metro Quarter permit a considerably lower scale of development than what is being considered in the proposed development. However, a review of the planning provisions to deliver the project objectives has resulted in a revised planning framework being proposed as part of the SSP Study.

- The proposed development is generally consistent with the planning intent of delivering more affordable housing in the Sydney LGA.

5.0 Population and housing

This section presents an analysis of the housing needs of the study area and the Sydney LGA. The analysis has been tailored to meet the requirements of the SEARs, specifically:

> ***Demonstrate that the proposal will meet the*** *strategic objectives as identified in the relevant government policies and the environmental,* ***social*** *and economic* ***needs of the Waterloo State Significant Precincts (including Metro Quarter and Waterloo Estate Precincts) and the wider area.*** *This shall include an assessment of the proposal's economic and social impacts to:*
>
> - *Demonstrate retail, services and employment needs of future residents and workers of the development will be met*
> - *Illustrate the social and economic impacts of the development to the wider area, including nearby local centres*
> - ***Consider the social housing and affordable housing needs of the precinct****.* (our emphasis)

5.1 The study area

Demography of the Study Area has been examined using the analysis contained in the Waterloo –Population and Employment Profile 2017 report prepared by .id for Australian Bureau of Statistics Statistical Area 1 (SA1) areas 1133801, 1133802, 1133804, 1133806, 1133838, 1133839 and 1133841. This area, referred to as the Waterloo SSP is indicated in Figure 14.

Figure 14: Waterloo State Significant Precinct SA1 areas

Source: HillPDA

A snapshot of the demography of the precinct is identified in Table 8.

Table 8: Demographic snapshot

Characteristic	Snapshot
Population	• At the 2016 census, Waterloo SSP had a population of 3,649 persons. The population in the precinct grew by 477 people or 15 percent between 2011 and 2016
Age structure	• Waterloo SSP has significantly above average proportion of the population in older age groups. Just under a third of residents were aged over 65 years in 2016, compared to 8 percent in the City of Sydney and 14 percent across Greater Sydney
Birthplace	• Waterloo is highly multicultural. In 2016, 58.3 percent of residents were born overseas. This is a significant increase from 2011, when 45 percent were born overseas. This compares with 54.6 percent for Sydney LGA and 39.1 percent for Greater Sydney
Aboriginal and Torres Strait Islander population	• The precinct has a significant Aboriginal and Torres Strait Islander population. In 2016, 227 residents (or 6.2 percent) identified as Aboriginal and/or Torres Strait Islander, a far higher proportion than the 1.5 percent average across Greater Sydney. This group has a high concentration of middle aged adults. There is also some evidence of young families, with a high proportion of children aged 10 to 14 years
Education	• Just over half of residents in the Waterloo Precinct completed Year 12 or equivalent, compared to 85 percent in the City of Sydney and 65 percent across Greater Sydney. However, this rate has improved since 2011. Almost one in five completed Year 9 or below, including those that did not attend school at all • In 2016, 43 percent of residents had a post school qualification, this contrasts with 65 percent for the City of Sydney, but is close to the Greater Sydney average (46 percent) • Of those with post school qualifications, most had a bachelor degree or higher (50 percent) but this was lower than the average for the City of Sydney (74 percent), and less than Greater Sydney (54 percent)
Disadvantage	• All SA1s within the Precinct fall within the SEIFA index of disadvantage 1st decile (most disadvantaged 10 percent) in NSW and Australia. Five of the seven SA1s the comprise the Precinct area are within the 1st percentile (most disadvantaged 1 percent) in NSW and one in particular is ranked the 28th most disadvantaged SA1 in NSW. In 2016, 12.5 percent of residents had need for assistance, much higher than the City of Sydney (2.4 percent) and Greater Sydney rates (4.9 percent). The majority in need were 65 or over (63 percent)
Dwellings	• In 2016 there were 2,545 dwellings in the Waterloo SSP. Just over 90 percent were high density with just 0.2 percent detached dwellings, compared to 55 percent across Greater Sydney
Dwelling size	• The Precinct has a significant proportion of one bedroom dwellings (32.3 percent), slightly lower the City of Sydney (32.9 percent) but significantly higher than the Greater Sydney (7.8 percent)
Tenure	• Most households (76 percent) in the Waterloo Precinct are rented from a State or Territory Housing Authority, compared to less than 5 percent across Greater Sydney. Private rentals and mortgages have increased since 2011. Around 9.4 percent are rented from a real estate agent, and around 5 percent are owned with a mortgage
Household structure	• Lone households dominate the Waterloo SSP where just under two thirds are lone person households compared to 37 percent for the Sydney LGA and around 22 percent for Greater Sydney. Around 16 percent of

Characteristic	Snapshot
	households are couples without children and another 10 percent are one parent families
Income	• Around half of residents earned between $300 and $649 per week. One in eight earned $1,000 or more per week, compared to 62 percent across the City of Sydney
Car ownership	• The majority of households (65 percent) in Waterloo do not own a motor vehicle. Car ownership is far lower than the rest of Greater Sydney
Labourforce participation	• Participation in the labour force is very low in the Waterloo SSP with 34 percent of residents in the labour force. This is representative of the older age structure in the Precinct. In 2016, the unemployment rate for those in the labour force was 18.6 percent, three times that experienced in the Sydney LGA (6.0 percent) and Greater Sydney (6.0 percent)
Employment	• The main industries of employment for working residents in the Waterloo Precinct are: Health Care and Social Assistance (13 percent), Professional, Scientific and Technical Services (13 percent) and Accommodation and Food Services (11 percent).

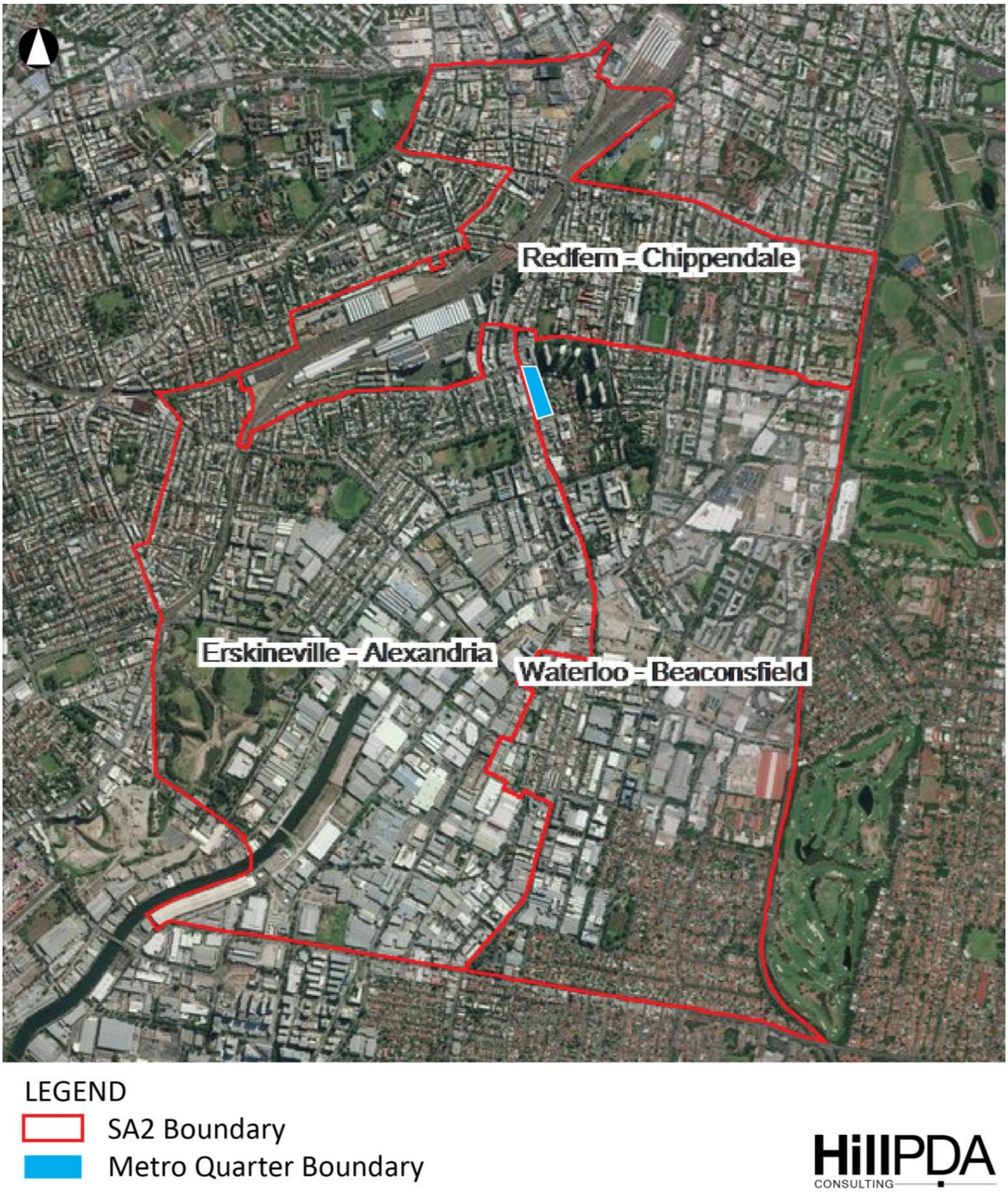
Source: ABS (2016)

5.2 The broader community

Further analysis of the demographic profile has been undertaken using a study area encompassing the Redfern – Chippendale, Erskineville – Alexandria and Waterloo-Beaconsfield SA2 areas[1], as indicated in Figure 15. . This area is representative of the broader community and it includes the study area (Figure 14) examined in Section 5.1. The demographic profile of the broader community with that of the City of Sydney and Greater Sydney provides a benchmark for the analysis and builds an understanding of the specific housing needs of those living in the broader community.

[1] The study area has been defined as an amalgam of Statistical Area Level 2 (SA2). An SA2 is one of the spatial units defined under the Australian Statistical Geography Standard (ASGS) and generally has a population range between 3,000 to 25,000 persons, and an average population of about 10,000 persons.

Figure 15: Study area



Source: HillPDA

The broader community contained 71,794 persons as of 2016, which comprised 34.4 percent of City of Sydney's (LGA) resident population. Table 6 details the breakdown of population by age group, comparing the study area with the City of Sydney, and Greater Sydney.

Key demographic indicators relating to the broader community obtained from the 2016 Census is summarised in Table 9.

Table 9: Key demographic indicators of the broader community

Indicator	Snapshot
Age profile	• The age profile of the study area was reflective of a young workforce and homebuilder resident population • In 2016, 66.7 percent of the population were within the ages of 15-44 years compared to 43.6 percent in Greater Sydney • The younger population was also reflected in the lower median age recorded within the study area (32 years) which was 3 years or 12 percent lower than that recorded for Greater Sydney (36 years). This runs contrary to the current situation in the Precinct where under one third of the residents were aged over 65 in 2011
Place of birth	• 44 percent of the residents in the study area were born in Australia, compared to 70 percent across Greater Sydney with 23 percent reporting their place of birth as Chinese compared to 17 percent in Greater Sydney. A further 9 percent were born in Europe
Number of dwellings	• The study area contained 36,955 dwellings as of 2016, which was 33.7 percent of Sydney LGA's private dwelling stock
Household size	• Households in the study area were on average smaller (2.1 persons per household) when compared to the wider Greater Sydney region (2.8 per household)
Dwelling type	• The majority of the dwelling stock within the study area was apartments (73.0 percent). However, this was a lesser proportion than the Sydney LGA (77.1 percent). The study area contained a larger proportion of townhouse dwellings (23.5 percent) when compared to Greater Sydney (12.8 percent) and Sydney LGA (21.2 percent) • The study area contained a greater proportion of detached dwellings than City of Sydney (4.2 percent and 7.4 percent respectively). However, this proportion was significantly below that recorded across Greater Sydney where 60.9 percent of dwelling stock was comprised of detached dwellings • In the study area the majority of all household compositions resided within apartment style dwelling which was reflective of the wider Sydney LGA
Number of bedrooms	• The majority of dwellings within the study area contained two bedrooms (47.9 percent), with the next most common bedroom number being one bedroom dwellings (27.9 percent)
Household composition vs dwelling type	• In relation to detached dwellings the majority (62.7 percent) contained couple families with children and couple families without children. This was also the case for townhouses although at a lower proportion (40.8 percent), while within apartment style dwellings the majority (55.6 percent) contained couple families without children and lone persons
Tenure	• The majority of dwellings within the study area were being rented (60.5 percent) as of 2016. This proportion was comparable to the wider Sydney LGA, where 62 percent of dwellings were being rented in 2016 • Of the 6,459 dwellings being rented from a State housing authority within Sydney LGA, 3,248 dwellings or 50.3 percent were located within the study area. Of these, 13 were detached dwellings, 410 were townhouses, 2,818 were apartments and 9 were not stated
Income	• The number of residents within the low income bands ($1-$399/week) decreased significantly from 22 percent in 2006 to 2 percent in 2016. Higher income groups, $2,000-$2,999/week and $3,000+/week have risen substantiality in 10 years from 14 percent to 23 percent and 6 percent to 34 percent respectively. Middle income earners ranging from $400/week to $1,999/week fell.

Table 10 summarises household composition. Household composition of the broader community is similar to the wider Sydney LGA. Couple families without children made up 30 percent in both the study area and Sydney LGA, significantly higher than Greater Sydney at 24 percent. Couple families with children made up 13 percent of the broader community, slightly higher than the 11 percent in Sydney LGA but much less than 37 percent in the Greater Sydney. One parent families made up 5 percent of both the study area and City of Sydney but made up 11 percent of Greater Sydney.

The area had a notably lower proportion of lone person households compared with the Sydney LGA, 33 percent versus 37 percent, but this was higher than the Greater Sydney average of 22 percent. The broader community also had a high proportion of group households (17 percent) which was higher than Sydney LGA (15 percent) and Greater Sydney (5 percent).

Table 10: Household composition – Study Area, City of Sydney, Greater Sydney

	Study Area	City of Sydney	Greater Sydney
Couple family without children	30%	30%	24%
Couple family with children	13%	11%	37%
One parent family	5%	5%	11%
Other family	2%	2%	1%
Lone person households	33%	37%	22%
Group households	17%	15%	5%

Source: ABS (2016)

5.3 Housing supply

Trends in housing typology, bedroom mix and incomes in the City of Sydney have been examined here and previous work undertaken by HillPDA on Housing Diversity[2]. This section describes how the housing market is changing and what factors are driving the change.

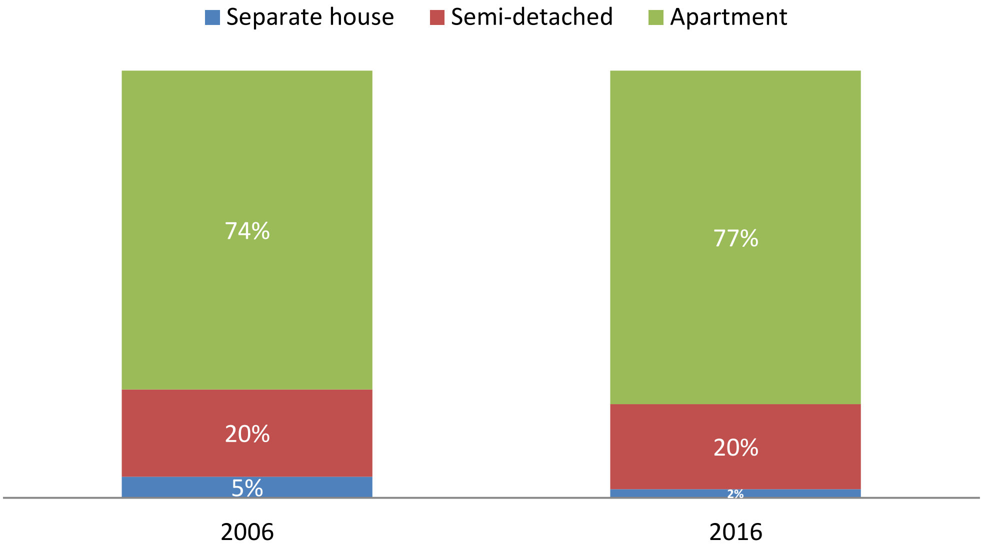
5.3.1 Housing diversity

There are 85,423 occupied private dwellings in the City of Sydney. Of these 85,423 dwellings, 77 percent are apartments, 20 percent are semi-detached and 2 percent are separate houses.

Over the last 10 years the proportion of apartments across the Sydney LGA as a proportion of total stock, has increased by 8.4 percent at the cost of semi-detached dwellings and separate houses (Figure 16).

[2] HillPDA, A Study of Housing Diversity 2015 prepared for UrbanGrowth NSW and the City of Sydney

Figure 16: Households by dwelling type (2006-2016)

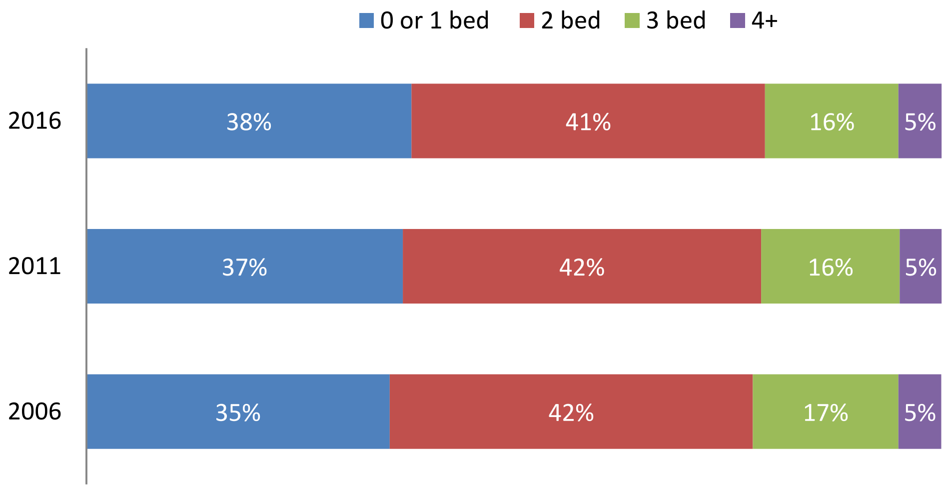


Source: ABS (2016)

5.3.2 Bedroom mix

illustrates the change in bedroom mix between 2006 and 2011 in the City of Sydney. The most common form of bedroom mix in the Sydney LGA in 2016 was 2 bedroom dwellings (about 41 percent). Despite this, the preceding 10 years saw a growth of households living in studio/one bedroom apartments (4 percent) while the share of households with 2 and 3 bedrooms fell over this period.

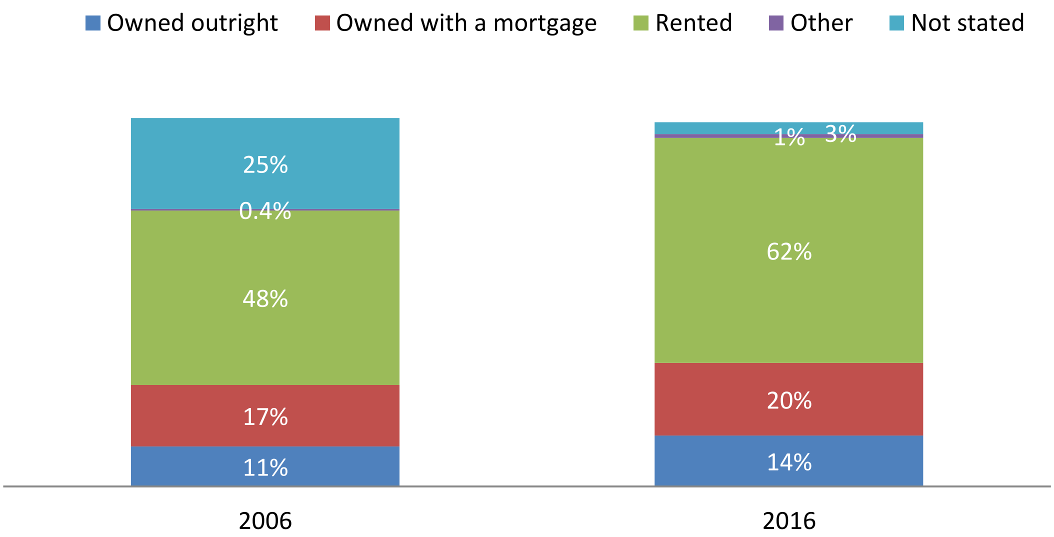
Figure 17: Proportion of dwellings by bedroom mix



Source: ABS (2016)

TenureFigure 18 demonstrates how in the 10 years between 2006 and 2016 there were notable changes in dwelling tenure. The share of homes owned with a mortgage and owned outright both grew three percentage points respectively. The share of rented homes also grew by 14 percentage points from 48 percent to 62 percent. The identified growth in rented has corresponded in a decline in 'not stated' which may indicate a change in how tenure status is reported or recorded.

Figure 18: Change in dwelling tenure



Source: ABS, HillPDA

5.4 Housing costs

Trends in housing costs in the Sydney LGA have been examined and are outlined in this section. The analysis builds on previous work undertaken by HillPDA on housing diversity for UrbanGrowth NSW and the City of Sydney Council[3]. This section describes how the housing market is changing and identifies the factors that are driving change.

5.4.1 Median sale value growth for non-strata dwellings

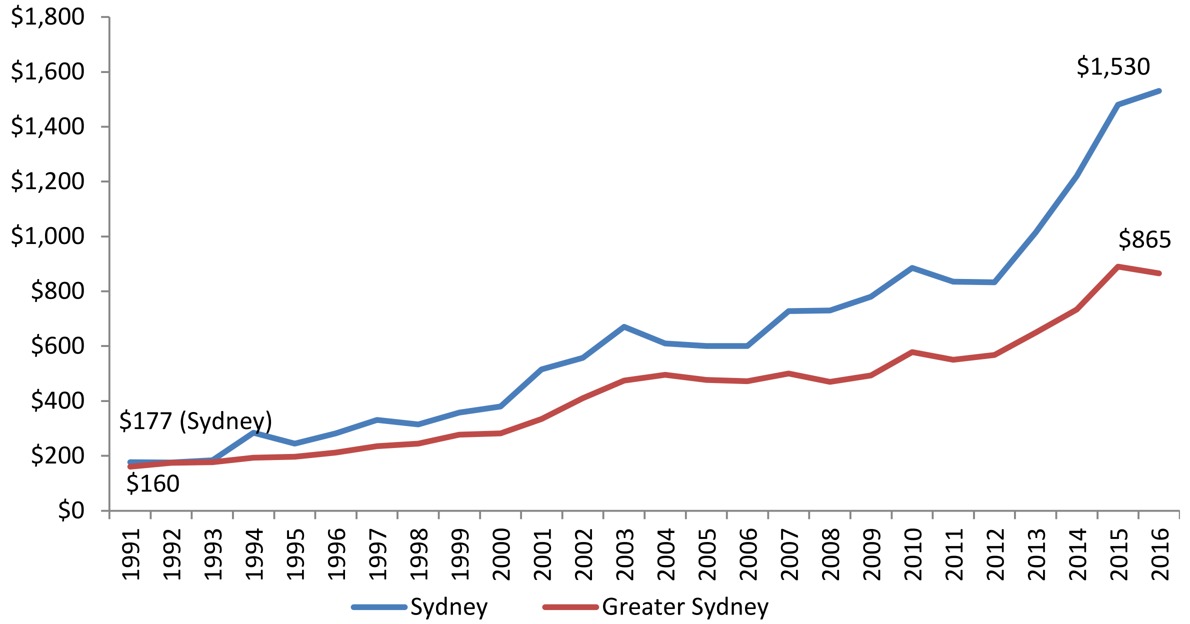
Since 1991, the median sale value for non-strata dwellings within the Sydney LGA has increased by $1.35 million or 764 percent, to a median value of $1.53 million in 2016. This was an average annual capital growth of 9 percent over the 25 year period. In comparison, the median sale value for Greater Sydney has increased by $705,000 or 441 percent over the same period, to a median of $865,000 in 2016. This was an average annual capital growth of 7 percent over the period for Greater Sydney.

In 1991 there was only a $17,000 or 11 percent difference in the median price between Sydney LGA and Greater Sydney. However, over the past 26 years this has increased to a

[3] HillPDA, A Study of Housing Diversity 2015 prepared for UrbanGrowth NSW and the City of Sydney

difference of $665,000 or 77 percent between the two areas. This is shown in Figure 19 below.

Figure 19: Non-strata median sale values 1991-2016 ($,000)



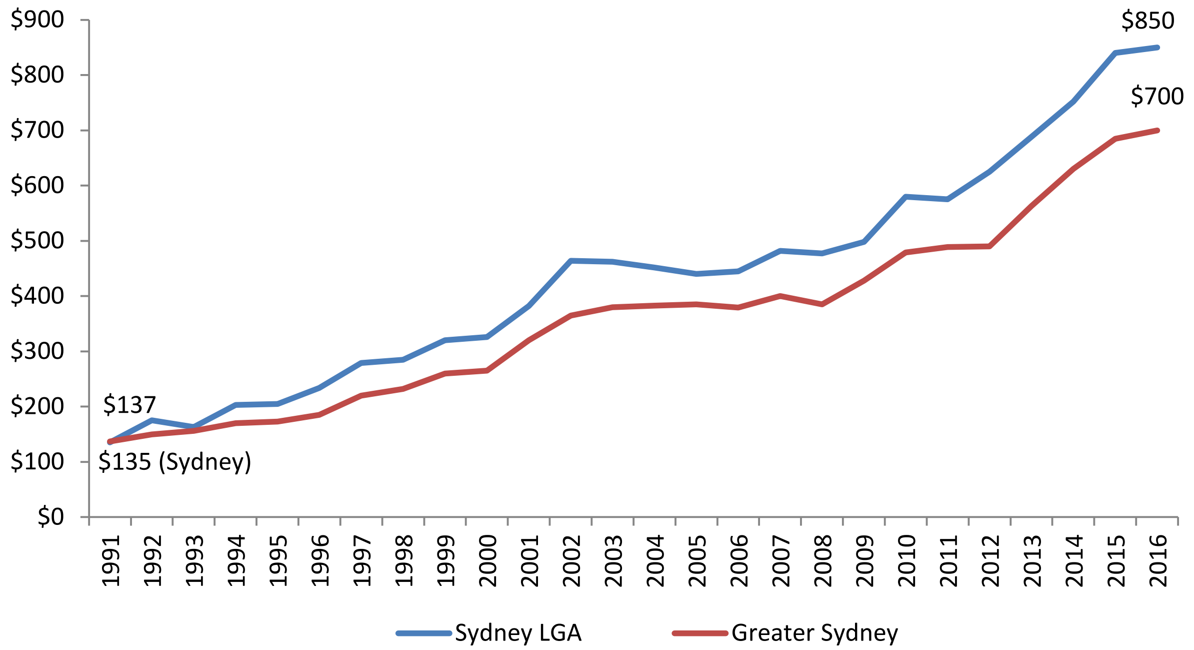
Source: NSW Department of Housing & HillPDA – September of each year

5.4.2 Median sale value growth for strata dwellings

The median sale value for strata dwellings within Sydney LGA has increased by $750,000 or 530 percent over a 25 year period from 1991, to $850,000 in 2016. This was an average annual capital growth of 8 percent over the period. In comparison, the median for Greater Sydney has increased by $563,000 or 411 percent over the same period, to $700,000 in 2016. This was an compound a annual capital growth of 7 percent over the period.

Interestingly, in 1991 the median value for a non-strata dwelling was $2,000 or 1 percent higher across Greater Sydney than that recorded for Sydney LGA ($135,000). However, over the 26 year period this has reversed, with Sydney LGA's median being $150,000 or 21 percent higher than that recorded for Greater Sydney ($700,000) in 2016. This is shown Figure 20 below.

Figure 20: Strata median sale values 1991-2016 ($,000)



Source: NSW Department of Housing & HillPDA – September of each year

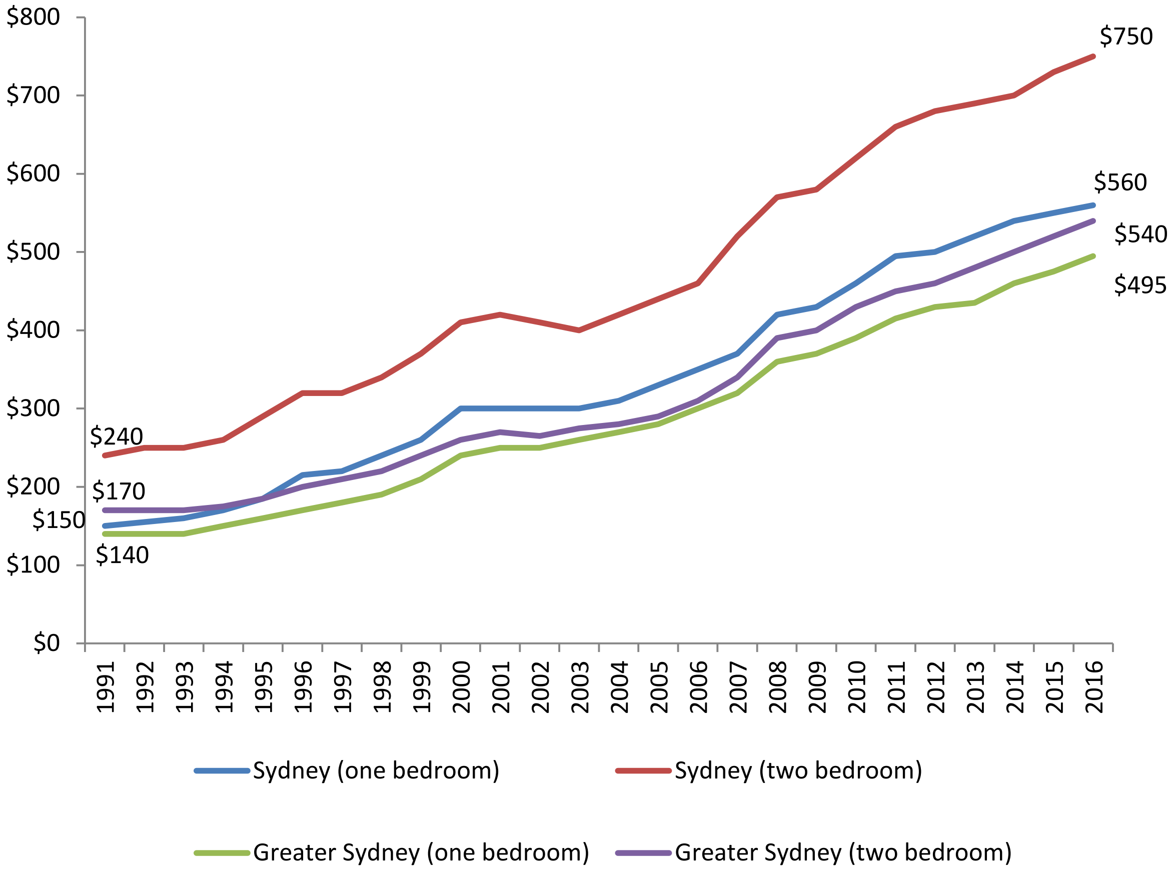
5.4.3 Apartment weekly median rental value growth

Figure 21 shows median rents over a 26 year period for a one bedroom apartment in Sydney LGA. Median rents increased by $410/week or 273 percent over the period to reach $560/week in 2016. In comparison, over the same period the median rent for Greater Sydney increased by $355/week or 254 percent to reach a median of $495/week in 2016.

The median rent for a two bedroom apartment within Sydney LGA increased by $510/week or 213 percent, reaching $750/week in 2016. In comparison, over the same period the median rent for Greater Sydney increased by $370/week or 218 percent, reaching a median of $540/week in 2016.

In September 2016, the median rent for a one bedroom apartment within Sydney LGA was $65/week or 13 percent higher than that of Greater Sydney ($495/week). While the median rent for a two bedroom apartment within Sydney LGA was $210/week or 39 percent higher than that of Greater Sydney ($540/week).

Figure 21: Apartment weekly rental growth 1991-2016 ($,000)



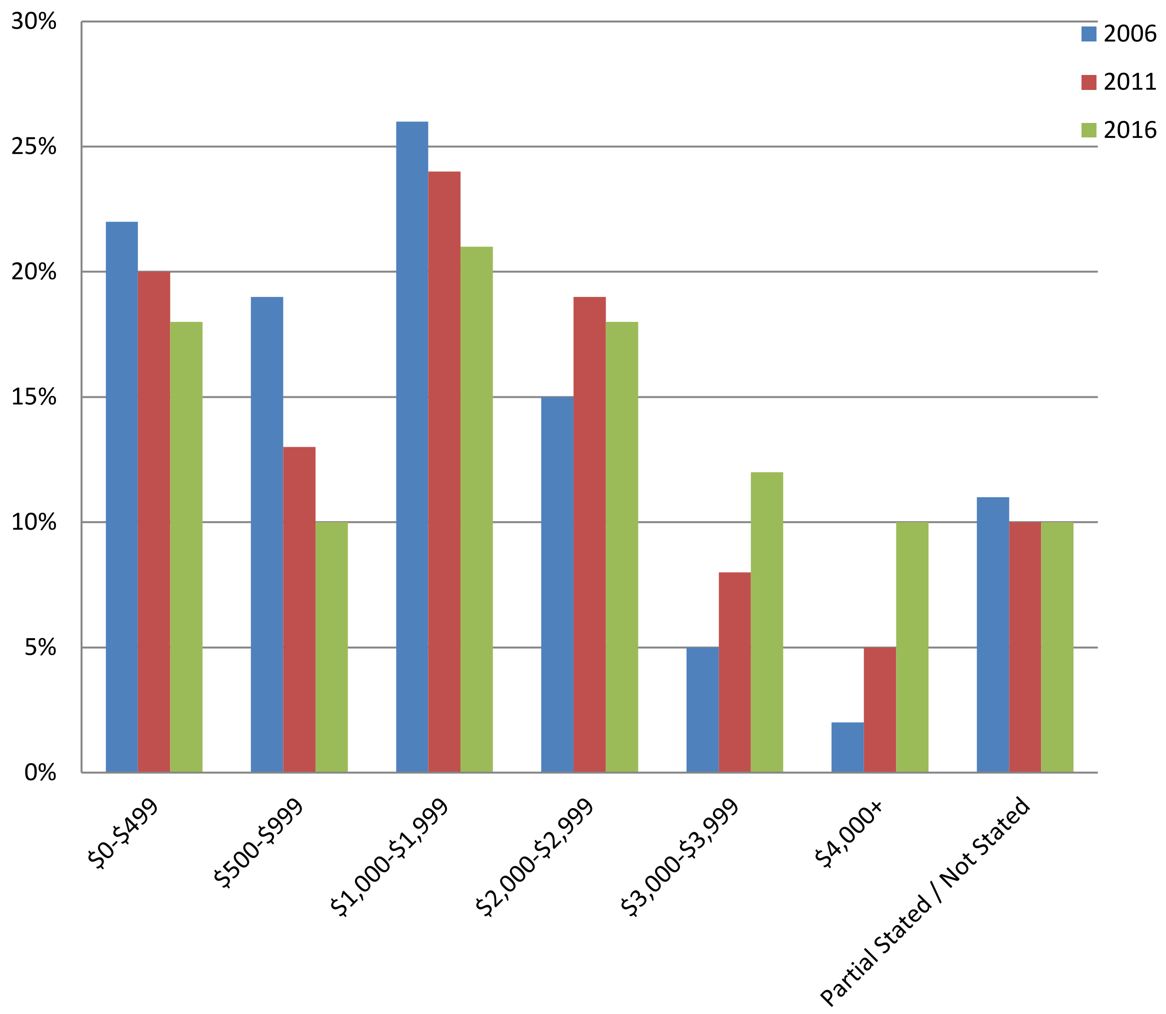
Source: NSW Department of Housing & HillPDA – September of each year

The strong increase in median housing prices is likely to be due, in part, to the increasingly expensive new product being brought onto the market. In addition, the constant and growing demand for property in the Sydney LGA, as a consequence of its desirability as a place to live, will be a contributing factor. Consequently, median dwelling prices for the Sydney LGA have shown less volatility than the Greater Sydney average over the same period.

5.5 Income

Figure 22 indicates that the proportion of households in lower income brackets in the Sydney LGA has decreased. Most notably those with a weekly income of $500-$999 decreased from 19 percent to 10 percent of all households. The proportion of households in the higher weekly income brackets (an income of $2,000 and upwards per month) has risen. The largest rise was seen in households with an income of $4,000+ which increased from 2 percent to 10 percent of all households.

Figure 22: Weekly household income changes 2006-2016



Source: ABS, HillPDA

5.6 Implications for owner occupiers, investors and tenants

This section summarises the implications of trends in housing supply, housing costs and income for owner occupiers, investors and tenants.

Tenants

- Tenants are increasingly being squeezed out of the Sydney LGA's periphery markets, especially in terrace houses and large apartments by owner - occupiers
- There is a major gap between tenants in the CBD, who are attracted to small one bedroom and studio apartments and tenants in other suburbs who are after broader range of dwelling types including 2, 3 and 4 bedroom dwellings

- Investors are increasingly looking to rent out smaller apartments of less than 50 square metres which have a higher yield. Owner-occupiers on the other hand are increasingly purchasing dwellings with 2 and 3+ bedrooms
- Rental growth has been especially strong in the CBD, where the $/per square metre rate is considerably higher than in outer villages of the Sydney LGA.

In the *Study for Housing Diversity, 2015* HillPDA interviewed local industry experts to identify key buyer preferences, investment interest and demand for different housing typologies across the Sydney LGA. The experts generally differentiate the market into three key groups being - investors, owner-occupiers and tenants. The key findings of the interviews are pertinent to understand in the housing needs in Sydney LGA and the potential role of the proposed development in meeting housing needs. Key findings are summarised below:

Investors

- 20-40 percent of the purchasing market are investors whose interest is generally spread throughout the Sydney LGA
- Local investor interest is concentrated in village centres and the southern areas from Redfern to Alexandria whilst offshore investment is heavily concentrated around the CBD with particular demand for smaller dwellings from 40-60 square metres
- Dwellings at a lower price point attract strong investor interest, especially those with small internal living areas.

Owner occupiers

- The owner occupier market is split between first homeowners, established residents upsizing or downsizing and high net worth individuals looking for executive inner city living
- First homeowners are overwhelmingly interested in one and two bedroom apartments
- Upsizers and Downsizers have a preference for two and three bedroom units with greater interest for higher value precincts including King Street, Oxford Street and Potts Point / Woolloomooloo
- High net worth individuals and households make up a sub-sector of the market and are interested primarily in larger semi-detached or executive apartments, generally near the harbour with a floorplate of greater than 90 square metres
- Agents confirmed there is generally high demand for, yet low supply of town houses and semi-detached dwellings in the Sydney LGA. This is partially due to a lack of significant new supply of these dwelling types whilst demand has remained relatively constant. This market does not detract from the very significant demand for 1 bedroom dwellings.

5.7 Housing diversity

This section presents the findings from an analysis of the housing diversity gap within the study area. The analysis identifies rates of housing (mortgage and rental) stress. The information in this section is considered in association with the information above on sale and rental price movement over time, within the Sydney LGA. Trends are also examined to determine household affordability for very low, low and moderate income earners.

5.7.1 Housing diversity and affordability defined

Housing diversity refers to a mix of housing that supports healthy, thriving and socially cohesive communities. The full spectrum of housing diversity incorporates market and non-market housing for rent and sale together with crisis accommodation, student housing, boarding accommodation and affordable rental and ownership. Housing diversity relates to an adequate supply and a suitable mix of housing types, tenures, sizes and price points to collectively create diverse and balanced communities as well as quality lifestyles.

There are three key components of the housing supply continuum being social housing, market and non-market (community housing and not-for-profit) sectors as shown in Figure 23. The Proposal outlined in Section 2 proposes that the Metro Quarter site should deliver a range of housing across this continuum.

Figure 23: Housing supply continuum

Source: HillPDA

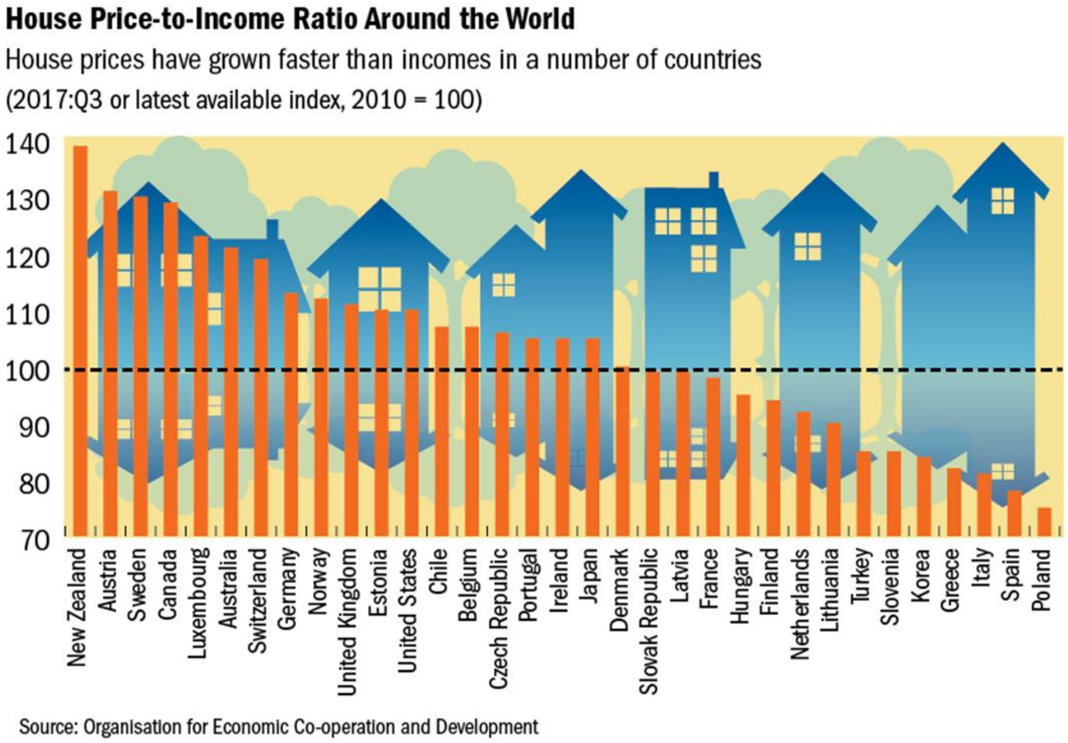
Non-market housing is often referred to as affordable housing. Affordable housing is housing that is appropriate for the needs of a range of very low to moderate income households and priced so that these households are also able to meet other basic living costs such as food, clothing, transport, medical care and education. In this context, affordable housing refers to housing that has been developed with some assistance from the NSW and/or Commonwealth Governments, including through planning incentives. It may include a range of housing types and sizes, including single or multi-bedroom units or houses, as well as studio apartments. It is only available in some locations and eligibility criteria apply.

Affordable housing can be available for purchase, however, it is most commonly available for rent. Affordable rental housing may be owned by private developers or investors, local governments, charitable organisations or community housing providers. It is usually managed by not for profit community housing providers, and sometimes by private organisations.

5.7.2 Household income vs dwelling price

Housing affordability is largely driven by income[4] with the ratio of household income to house price being one comparative measure of affordability. Figure 22 indicates the average ratio of Australian household incomes to house price was the sixth highest of the 33 countries listed. This establishes the importance of housing affordability in the Australian context.

Figure 24: Ratio of income to house price by city

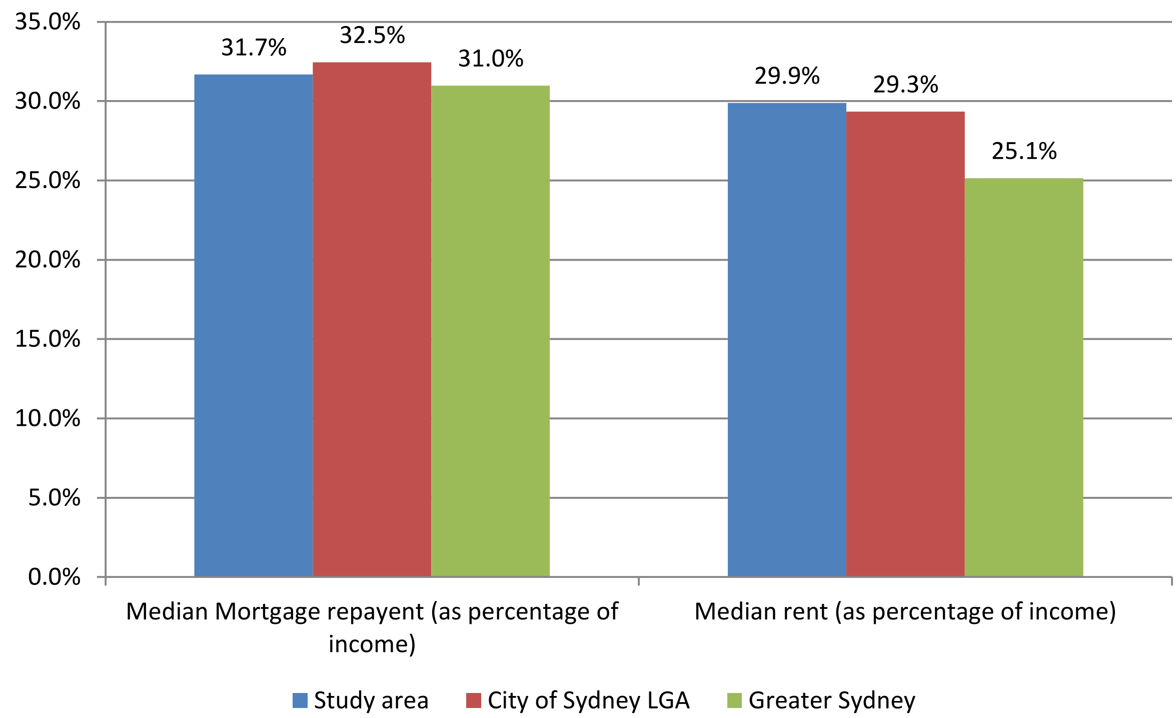


Source: International Monetary Fund, Global Housing Watch, Q3 2017

[4] Whilst household income is generally a major factor in a household's ability to afford a property it should also be noted that existing assets, investments or inheritance may also have an influence.

The ratio of household income to dwelling price in the City of Sydney and the study area indicates that housing is relatively less affordable than in Greater Sydney (Figure 25). Although the median household income within the study area was $8,788/annum higher than the median for Greater Sydney (2016), mortgage repayments were $3,432/annum and rental repayments were significantly higher at $6,916/annum than that recorded across Greater Sydney. The proportion of household income spent on mortgage and rent can be seen in Figure 23 below.

Figure 25: Mortgage/rental repayments as a proportion of household income



Source: ABS, HillPDA

5.7.3 Housing stress

Housing stress is defined as a situation where a household's rent or mortgage repayments are 30 percent or more of gross household income[5].

Housing stress has been calculated by cross tabulating total household weekly income by mortgage repayments. The midpoint for these income and repayment brackets was used to approximate the amount of income used by a household to make their repayment.

Using the above method, it was found that of the 5,922 households within the study area that were paying a mortgage, 1,567 households or 26 percent were experiencing stress. That is,

[5] NSW Affordable Housing Ministerial Guidelines 2016-2017

26 percent of households were paying 30 percent or over of their household income on their mortgage repayment (Table 11).

This proportion was reflective of the wider Sydney LGA as well as Greater Sydney.

Table 11: Number of households experiencing mortgage stress

Households	Study area	Sydney LGA	Greater Sydney
Total households	36,795	110,062	1,858,657
Total households not applicable*	30,873	95,705	1,407,165
Total households applicable	5,922	14,357	451,492
Total households in stress (Proportion that spend 30% and over of income on a mortgage repayment)	1,567	3,799	118,767
	26%	26%	26%

Source: ABS, HillPDA – *household income stated as Partial income stated, All incomes not stated, Not applicable and repayments stated as Not stated and Not applicable

Of the 14,472 households within the study area that were renting, 6,379 households or 43 percent were experiencing housing stress (Table 12). That is, 43 percent of households were paying 30 percent or over of their household income on their rental repayment. This proportion was 1 percent less than that experienced across Sydney LGA and the same as that recorded for Greater Sydney.

Table 12: Number of households experiencing rental stress

Households	Study area	Sydney LGA	Greater Sydney
Total households	36,780[6]	110,005	1,858,529
Total households not applicable*	22,051	65,823	1,388,180
Total households applicable	14,729	44,182	470,349
Total households in stress (Proportion that spend 30% and over of income on a mortgage repayment)	6,379	19,249	173,083
	43%	44%	42%

Source: ABS, HillPDA - *household income stated as Partial income stated, All incomes not stated, Not applicable and repayments stated as Not stated and Not applicable

5.7.4 Housing affordability

Eligibility criteria for affordable housing is established by NSW Family and Community Services in *2016/17 NSW Affordable Housing Ministerial Guidelines*. Household income is the defining criteria for affordable housing eligibility, with the median income for Greater Sydney used as a bench mark.

[6] HillPDA notes that dwelling numbers vary due to inconsistency in census data

The 2016/17 Guidelines define affordable housing for very low, low, and moderate income households. These categories have been applied to this analysis and are as follows:

- Very low-income household – less than 50 percent of median household income
- Low-income household – 50 percent or more but less than 80 percent of median household income
- Moderate income household – 80 – 120 percent of median household income.

Table 13 identifies the 2016 median household income in Greater Sydney, according to the ABS. Based on this estimated household income the affordable housing thresholds have been calculated below.

Table 13: Household income and affordability Greater Sydney (2016)

Category	Upper threshold of category	Household income	
		Weekly	Yearly
Median income in Greater Sydney		$1,926	$100,345
Very low household income in Greater Sydney	$963	$963	$50,172
Low household income in Greater Sydney	$1,541	$1,541	$80,276
Moderate income household in Greater Sydney	$2,311	$2,311	$120,414

ABS, Cate6401.0 Consumer Price Index, Australia, HillPDA

5.7.4.1 Very low income household affordability

A very low income household within the Sydney LGA, that is, a household that earns 50 percent of the Greater Sydney median could afford to pay $289/week[7] on rental repayments in 2016 (Table 14). This was only 52 percent of the median market rent for a one bedroom apartment in Sydney LGA and 39 percent of market rent for a two bedroom apartment.

For a very low income household to pay market rent for a one bedroom apartment they would need to apportion 58 percent of their income towards rent. Ninety-four per cent of their household income would be needed to pay market rent for a two bedroom apartment.

[7] 30% of annual income directed towards rental repayment

Table 14: Very low income households

Year	Median household income (year)	Very low household income at 50%	Rental affordability at of median household income*	1 bedroom apartment market rent (Sydney LGA)	Rental affordability as proportion of market rent	2 bedroom apartment market rent (Sydney LGA)	Rental affordability as proportion of market rent
Very low household income in Greater Sydney	$100,345	$50,172	$289	$560	52%	$750	39%

Source: HillPDA based on ABS data

5.7.4.2 Low income household affordability against Greater Sydney median

A low income household within Sydney LGA, that is, a household that earns 80 percent of the Greater Sydney median could afford to pay $463/week[8] on rental repayments in 2016 (Table 15).

This was 83 percent of the median market rent for a one bedroom apartment in Sydney LGA and 62 percent of market rent for a two bedroom apartment.

For a low income household to pay market rent for a one bedroom apartment they would need to proportion 39 percent of their income towards rent. While 49 percent of their household income would be needed to pay market rent for a two bedroom apartment.

Table 15: Low income households

Year	Median household income (year)	Low household income at 80%	Rental affordability at 80% of median household income*	1 bedroom apartment market rent (Sydney LGA)	Rental affordability as proportion of market rent	2 bedroom apartment market rent (Sydney LGA)	Rental affordability as proportion of market rent
016	$100,345	$80,276	$463	$560	83%	$750	62%

Source: HillPDA based on ABS data

5.7.4.3 Moderate income households

A moderate income household within Sydney LGA, that is, a household that earns 120 percent of the Greater Sydney median could afford to pay $695/week[9] on rental repayments in 2016 (Table 16).

[8] 30% of annual income directed towards rental repayment
[9] 30% of annual income directed towards rental repayment

This was 124 percent of the median market rent for a one bedroom apartment in Sydney LGA and 93 percent of market rent for a two bedroom apartment.

For a moderate income household to pay market rent for a one bedroom apartment they would need to allocate 24 percent of their income towards rent. While 32 percent of their household income would be needed to pay market rent for a two bedroom apartment.

Table 16: Moderate income households

Year	Median household income (year)	Moderate household income at 120%	Rental affordability at 120% of median household income	1 bedroom apartment market rent (Sydney LGA)	Rental affordability as proportion of market rent	2 bedroom apartment market rent (Sydney LGA)	Rental affordability as proportion of market rent
2016	$100,345	$120,414	$695	$560	124%	$750	93%

Source: HillPDA based on ABS data

5.8 What does it mean for the Metro Quarter?

- Apartment living is becoming more prevalent despite the interest in semi-detached and townhouses
- The Sydney LGA is living smaller as shown by the predominance of 1 and 2 bedroom dwellings (38 percent and 41 percent respectively). This trend is also related to the growing predominance of single person and couple only households within the study area and the Sydney LGA
- The study area as with the Sydney LGA generally is growing and becoming wealthier with the gap between income, rental costs and housing costs widening. As a consequence owner occupiers are increasingly mortgage holders, while renters and outright owners have declined. Very high income households have increased in the Sydney LGA from 10 percent of households to 42 percent from 2001 to 2011, whilst the proportion of low and medium income households has continued to decline
- There has been a growing disparity between broader income growth and the rental and sale prices of dwellings in the Sydney LGA.

These general trends are in turn influencing the Sydney LGA's target markets including:

- Offshore investors who are attracted to smaller apartments in, or within, close proximity of the CBD. These investors are comfortable with more compact, inner city investments
- Local investors who are seeking a similar product to offshore investors yet are more attracted to middle and outer villages of the Sydney LGA owing to their lifestyle and public transport appeal
- Young professionals and first home buyers together with more mature professional couples with young children who are attracted to 1 and 2 bedroom apartments with convenient access to employment and lifestyle attractions in villages close to public transport

- Middle age, professional and wealthy ‘upsizers’ or older wealthy ‘downsizers’ predominantly seeking larger 2 bedroom and 3 bedroom dwellings within the prestigious areas of Sydney such as CBD North, King Street, Oxford Street and Potts Point / Woolloomooloo
- A major market segment is likely to relate to higher income earning professionals (> $2,500/week) seeking smaller dwellings suited to lone person and couple only households. This group will increasingly be in the 30 to 40 year age group and from a broader array of cultures, having particular regard to South East Asia. This market is likely to be more attracted to compact and inner city housing opportunities than other household types
- Whilst demand for dwellings that are suitable for families will grow significantly from existing levels (+500 percent from 2011 to 2036), the overall demand will remain modest by Greater Sydney standards (i.e. at 12 percent of all households). Furthermore these families will generally be represented in higher income groups with parents employed as professionals at the expense of lower income households who without intervention cannot afford to live in the future Waterloo SSP
- The existing mismatch between the Waterloo SSP, study area, Sydney LGA and Greater Sydney’s population with respect to age and income are likely to not only remain but widen. The Sydney LGA’s population is anticipated to continue to be distinctively younger than the average for Greater Sydney with key age groups between 15 and 45 years (particularly 30 – 34 years) with an actual increase in residents over 45 years but not a significant proportional increase.

The housing affordability analysis indicates that:

- Retaining and/or improving housing choice within the study area and the City of Sydney is a real and growing challenge
- Whilst historically a range of factors have enabled a diversity of dwelling and household types to reside within the Sydney LGA (such as social housing, lower entry costs etc.), its growing attraction as a place to live is positively influencing property prices which in turn increases barriers to affordability and therefore diversity
- Of the households within the study area that were renting, 36 percent were experiencing rental stress. That is, 36 percent of household were paying 30 percent or over of their household income on their rental repayment. This number has been increasing since 1991 in Waterloo.
- The housing affordability challenge in Sydney is affecting more than just the socially disadvantaged or low income earners
- People on very low or low incomes cannot afford to rent a 1 or 2 bedroom apartment in the Sydney LGA. People on a moderate income could afford a 1 bedroom but not a 2 bedroom apartment
- Owing to a combination of demographic changes, affordability issues and the characteristics of existing housing stock, the most significant actual forecast demand will be for studio and one bedroom dwellings
- The household types that will be able to afford 2 or 3 bedroom dwellings will be more affluent increasing the proportion of residents in the higher income bands at the expense of those in the lower. As a result these new residents are also more likely to be middle aged

and higher income earning residents at the expense of a younger population - a demographic that is already well represented in the Sydney LGA

- If left unabated the housing affordability gap will continue to widen. This will lead to less social and economically diverse communities and in turn have the knock on effect to Sydney's productivity and appeal as a global city.

6.0 Delivering considerations

The key findings from the previous chapters have demonstrated that there is need for housing diversity and affordability for people across the whole of the housing continuum. The proposed development is will include 10 per social housing and up to 10 per affordable and social housing in an effort to address these needs. Delivery models to achieve the most efficient delivery of affordable housing have been examined and the findings are presented in this section.

6.1 Planning mechanisms

The range of planning mechanisms to encourage affordable housing development on the site has been considered as part of the SSP application. A summary is provided in Table 17 below.

Table 17: Contribution Mechanism Overview

Contribution Mechanism	Advantages	Disadvantages
Affordable and social housing requirement	• Directly contributes to the delivery of affordable housing • Dedicated free of cost to the planning authority • Asset is owned by Council but managed by a community housing provider • Likely to be more valuable than a monetary contribution taken at Construction Certificate stage in a rising market • Still retains the flexibility to sell the asset if not appropriate or if strata premiums are considered too high • Offers a range of housing choice across the LGA • Less resource intensive as management is transferred to a Community housing provider.	• Affordable housing provided in high-end buildings would incur expensive strata fees which may be unsustainable over the longer term • Requires management of the 'life-cycle' of dwellings - so that assets remain suitable for their use • Distribution of affordable housing across multiple buildings can create management inefficiencies.
Bonus schemes	• Creates opportunity to develop affordable housing in suitable developments • Creates a pool of money which can	• Does not guarantee the delivery of affordable housing • Hands decision making over the number of affordable dwellings to be

Contribution Mechanism	Advantages	Disadvantages
	be invested in additional affordable housing • Applicable for small developments where the percentage of affordable housing floor space would not meet the minimum 50m² requirement for dedication.	provided to the developer • Delays in the delivery of affordable housing e.g. finding suitable accommodation, in the right location at the right price point • The management of finance and expenditure of funds on suitable dwellings would be resource intensive • In-house property management skills may be required.
Voluntary Planning Agreements	• Responsive to change and is site specific • No nexus required under the EPAA 1979, although the Practice Notes (2015) recommend that the public benefits should have a relationship to the development • A possible fall back mechanism should development parameters exceed the planning threshold at any point in time.	• Can be administratively onerous • Less reliable than inclusionary zoning targets • Reliant on developer's willingness to volunteer an offer • Industry/community resistance.

Source: HillPDA

While each of the mechanism has advantages, the best solution will be dependent upon the "capacity to pay." For example, voluntary planning agreements can improve flexibility and deliver positive public benefit but if not executed properly they can also add significant costs to a project. Ultimately this can mean uncertainty around developments and in some situations, poor community infrastructure outcomes.

6.2 Delivery approaches

Providing affordable housing in the Metro Quarter site will require appropriate management and implementation. This section explores some of the management approaches currently available. A decision on the most appropriate method will be made at a later stage.

6.2.1 Community housing providers

There are over 140 not-for-profit CHPs[10] across NSW that provide housing assistance to eligible people on low incomes or who are unable to access appropriate housing in the private market. This includes social housing, affordable housing and supported housing. CHPs work with NSW Department of Family and Community Services and other non-government organisations, local councils and the private sector to develop, deliver and manage these three housing products. There is a National Regulatory System for CHPs which aims to ensure a well governed, well managed and viable community housing sector

[10] http://www.housing.nsw.gov.au/community-housing/community-housing-providers

that meets the needs of tenants and provides assurance for government and investors[11]. The NSW Government also sets a regulatory framework for CHPs for local housing needs and funding.

City West Housing was established in 1994 with a charter to provide affordable housing for rent in Ultimo/Pyrmont to people on low to moderate incomes. As a result of its initial success City West Housing was invited to expand its operations to the Green Square area of South Sydney and then in 2009 through changes to the City of Sydney local planning instruments, undertook a further expansion of its boundaries to encompass the whole of the City of Sydney. The affordable rental housing is delivered through the City of Sydney's affordable rental housing program (inclusionary zoning) as part of urban renewal projects, such as Green Square.

City West Housing is a not-for-profit, community based housing organisation and is managed by an independent Board of Directors with a team of staff responsible for the daily operations. The State Government retains the ownership of the assets through the Treasurer and Minister for Housing as ordinary shareholders with the power to intervene or recall the assets in the event of a failure by the company to meet its objectives and performance criteria. City West Housing does not receive any ongoing funding from Government nor does it receive or manage housing stock on behalf of LAHC and therefore relies on developer contributions to deliver affordable rental housing. Developers can either provide their contribution through a cash contribution or in-kind.

In addition, City West Housing develops and builds affordable housing. The City of Sydney, for example, sold more than 8,900 square metres of surplus land to community housing providers. Under the terms of the discounted sale, City West Housing will purchase the larger part of a site on Botany Road Alexandria, delivering 200 apartments and ground floor commercial space. A caveat on the land title will ensure that the land is used in perpetuity for affordable housing.

6.2.2 Affordable housing bond aggregator for the not-for-profit community housing sector

The Commonwealth Government, recognising the problem of housing diversity and affordability, announced in the 2017 Budget the creation of an affordable housing bond aggregator, based on the UK's Housing Finance Corporation. The National Housing Finance and Investment Corporation (NHFIC) will have the ability to raise money at lower rates from the wholesale bond market for not-for-profit community housing providers. The Government will provide $63.1 million over four years from 2017–21 (including $4.8 million in capital) to establish and run the NHFIC.

The NHFIC is based on AHURI[12] research into bond aggregator models presented in a report from the Affordable Housing Working Group (AHWG) to Federal, State and Territory treasurers as part of the Council on Federal Financial Relations in late 2016.

This program is designed to aggregate and source large amounts of capital loans to not-for-profit community housing providers) developing housing for lower income households. The

[11] http://www.nrsch.gov.au
[12] Australian Housing and Urban Research Institute

intention is that money would be raised efficiently with reduced financing costs rather than in expensive one-off transactions such as when borrowing from a bank. The dwellings financed from this model are to be managed by community housing providers and rented to people working in lower paid jobs. This provides the opportunity for CHPs to expand their housing portfolios and increase their ability to become more involved in redevelopment opportunities such as the Waterloo precinct.

6.2.3 Deliberative housing models (architect led)

As a way to reduce costs across the whole of the housing continuum, there are moves towards investment arrangements and design solutions that lead to dwellings being sold at a lower price point. Pocket Living in London and Nightingale in Melbourne are examples of such approaches. These examples can be considered in the delivery of affordable housing within the Metro Quarter.

6.2.3.1 Pocket Living London

Pocket Living is marketed as a property developer with a difference and provides starter homes for city makers - selling to moderate income, single or couple households ($150,000 pa) who reside in London and who are purchasing for the first time. Pocket Living build compact (38 square metres) one bedroom apartments which are sold at 20 percent lower than the market value. Pocket Living works with local councils to free up urban sites that are in good locations. All sites are close to public transport and amenities. Bike storage is provided rather than car parking. Annual checking ensures the dwellings remain in the affordable arena, in perpetuity.

Floor plan of a typical Pocket Living apartment

Projects include Wynne Road in Brixton which delivered 25 affordable one bedroom homes to local first time buyers in March 2017.

Fourteen developments have been completed since 2008, delivering 358 compact apartments, four projects are currently under sale and four are in the planning stages. The Greater London Authority has supported Pocket Living since 2013 in a public-private partnership providing £21.7 million in equity funding.

6.2.3.2 Nightingale Housing

Nightingale Housing is an architect led, not-for-profit social enterprise, set up by Breathe Architects, in Melbourne. It was created to support, promote and advocate for high quality housing that is ecologically, socially and financially sustainable as shown in

Table 18. The housing is designed for owner occupiers who have say in the design of their apartments.

Table 18: Nightingale model

Affordability	Transparency	Sustainability	Deliberative Design	Community Contributions
Capped project profits Designed to reduce operating and maintenance costs Removal of marketing activities and display suites Covenant on resale to ensure affordability is passed on	Transparent project costs to investors and purchasers Transparent governance and decision making processes	100 percent fossil fuel free building operations Minimum 7.5 star NatHERS thermal rating Water harvesting and productive gardens	Meaningful and informed participation from future home owners across the project from design through to settlement Purchasers given real cost information during the design process to support informed decisions	Contribution back to the local urban community through the creation of connected communities, active street frontages, fine-grain and tactile pedestrian experience for passers-by, and engagement with tenants who can provide 'third spaces

Source: Nightingale Housing Limited 2018

The apartments are compact and have no car parking or air-conditioning; owners can choose not to have a private laundry or a second bathroom. A roof top garden is available to all residents. Their first development was the Commons in Brunswick Melbourne. As with Pocket Living the Nightingale model works on connecting directly with potential owner-occupiers to reduce the marketing budget which, with the design, leads to a lower purchase price. Twenty percent of housing in Nightingale is prioritised for:

- Key Service Workers: police officers, teachers, nurses, firefighters and ambulance officers
- Individuals with a disability or registered full-time carer
- Aboriginal and Torres Strait Islander peoples.

The Commons Melbourne

The Nightingale model has reached Freemantle in Western Australia with EHDO Architecture obtaining a license to build 12 apartments, 250 square metres of commercial space and a large communal area on the roof.

Pocket Living and Nightingale are examples of boutique developers who have specific financial models to develop these buildings and keep costs down for home purchasers, in the private market. The Nightingale model does not receive funding or support from government. Investor profit margins are limited to 15 percent and investors cannot hold an investment as a leased property as they are designed for owner occupiers.

6.3 Socially integrated neighbourhoods

Sustainable, diverse and affordable housing supply is essential to the social and cultural life, economic activity and the liveability of a global city, such as Sydney. Where this housing is to be located, closeness to jobs and its diversity in terms of type and price are all important aspects for consideration.

6.3.1 Spatial organisation of tenures

Models for spatial organisation of various tenures (social, affordable and private) within the redevelopment project were considered. Two main design principles were explored to deliver tenure mix within the proposed development being ‘salt and pepper’ or ‘block by block’. The former creates a fine grained mix within buildings and streets, whereas the latter balances the demographics at a wider, neighbourhood scale but retains homogeneity of tenure within individual buildings or blocks. Both methods have advantages and disadvantages.

A literature review found that clusters of social housing spread throughout developments is the preferred approach for the following reasons:

- There appears to be no clear evidence of successful integration of salt and peppering (or the integrated model) where owned and social and affordable dwellings are located next door to each other
- Developers do not favour the salt and pepper approach within the same building due to the perception that private dwellings would be hard to market/sell (on the basis that private owners would not wish to be located next door to social housing tenants)
- Housing authorities indicate that the management costs are increased in the salt and pepper model.

Anecdotal evidence suggests that projects where government has ‘handed over’ estates to the private sector have been subject to significant controversy, for example Carlton Estate, Melbourne. The property disposal early-on in the development led to demands from developers for separated public and private buildings. This concentrated disadvantage in one building separated from the other, establishing real and perceived class segregation. It is therefore important that the NSW Government continues to play an ongoing role in planning and development to ensure that proposed social outcomes are delivered.

In both the renewal of the former Heywood Estate, (now known as Elephant Park), Elephant and Castle, London and Regent Park in Toronto, Southwark Council and the City of Toronto respectively, have remained actively involved in the regeneration of the social housing estates. Both estates are providing a mix of private and social housing, as well as community facilities and open space, and existing residents have been involved in the planning process. Regent Park has a Social Development Plan developed by Toronto Community Housing Association (TCHA), the City of Toronto, residents and social service providers. In addition, the TCHA commissioned the University of Toronto to develop a neighbourhood integration framework for Regent Park.

6.3.2 Design quality of affordable and social housing

Design principles to promote a socially integrated neighbourhood and avoid and potential barriers to their implementation have been examined.

A literature review evaluation of the strategic and policy context for mixed tenure housing development and neighbourhood renewal found that:

- Well managed, mixed tenure estates can facilitate social interaction between residents
- Existing residents are not normally aware of tenure as an issue in selecting where they live and who their neighbours are
- There is little evidence that mixed tenure adversely affects house prices or the ability to rent or sell property
- Mixed developments require careful management and monitoring - e.g. good ongoing maintenance of streets and public spaces.

The quality and design of new housing developments is crucial to the success of any renewal project. It is important that there is little or no difference in the quality and appearance of social housing as compared to private housing. The risk of mixed tenure estates being difficult to sell, or that property values are affected, can be eliminated by ensuring quality of all other aspects of the development.

6.3.3 Nature of public open and shared spaces

Overall design of a development can promote rather than discourage social interaction. A hierarchy of spaces ranging from the private to the public realm where residents are able to socialise with people from their own social group or alternately mix with people from other groups is desirable. Public parks, shops and streets appeared to represent the most appropriate places for across group interaction.

6.4 Implementation

The proposed development appropriately seeks to provide a significant component of social and affordable housing to address the housing diversity gap identified in Section 5.

The planning framework for the Metro Quarter site proposes steps to ensure that eventual development on the site delivers on the social and affordable housing objectives established above. The proposed implementation strategy for delivery of affordable housing on the Metro Quarter Site is set out in the SSP application.

In brief, it is proposed that

- Affordable housing diversity is delivered through a condition within the Contract of Sale: The inclusionary zoning target for affordable housing while mentioned in the Greater Sydney Region Plan and the Eastern City District Plan, is yet to be finalised and ultimately would be subject to feasibility testing. It is therefore recommended that the provision of 5 to10 percent affordable housing and 70 social housing dwellings on the site be specified as a condition within the Contract of Sale.

- The intent of delivering a diversity of housing should also be reiterated through the social and affordable housing requirement specified within:
  - *Amendments to State Environmental Planning Policy (State Significant Precincts) 2005*
  - A precinct specific Development Control Plan.
- 45 percent of dwellings on the site could be provided as studios or one bedroom apartments.
- The minimum internal areas established by the ADG are considered appropriate as follows

Apartment type	Minimum internal area
Studio	$35m^2$
1 bedroom	$50m^2$
2 bedroom	$70m^2$
3 bedroom	$90m^2$

Source: Apartment Design Guide

- To encourage a high design quality the affordable and social housing is encouraged to:
  - Have reasonable orientation, views and outlook (i.e. not only south facing dwellings)
  - Include quality finishes and fixtures that are commensurate with other dwellings in the building
  - Have access to all facilities within the development (e.g. gardens, BBQs, pools)
- The affordable dwellings are 'tenure blind', meaning that they should look no different to the private dwellings and all residents should be given access to facilities.
- It is recommended that all affordable dwellings be managed by a CHP to facilitate:
  - The completed affordable housing being delivered in a reasonable timeframe after construction, for immediate rental
  - Adequate allocation of skills and resources to efficiently and effectively manage affordable housing.
- The affordable housing would be rented out to very low, low or moderate income households. As a general rule of thumb housing is considered affordable if it costs less than 30 percent of gross household income.
- The rents from the affordable housing should fund the ongoing management and maintenance of the portfolio on the Metro Quarter site. Surplus rental funds should be placed in a reserve to fund ongoing maintenance and the purchase of new affordable housing. Any money gained from sale of affordable housing stock in the longer term should be used to purchase new affordable housing. Additionally, dwellings that are sold should be replaced within 12 months of sale to safeguard that the affordable portfolio is not substantially diminished.

- It is recommended that the following information be included in any condition of consent:
  - The dedicated affordable dwelling must be shown on approved plans, and referenced in the affordable housing condition
  - An agreement to transfer title must be finalised prior to granting of a Construction Certificate for the development.
- Provide housing without added extras such as car parking to reduce housing costs

6.5 What does this mean for the Metro Quarter?

In order to implement a successful socially integrated community social, affordable and private dwellings are to be located throughout the whole redevelopment site:

- Socially integrated communities work best when social mix is implemented throughout a larger area with limited concentration
- The external appearance (quality and design of all buildings) should not demonstrate any significant degree of difference (if any) in external appearances for the various tenures, social, affordable and private. In particular, that social housing design should not be identifiable as such, as this may lead to stigma against their tenure
- To avoid the potential for conflict, a hierarchy of private-public spaces is recommended, including parks, shops, and community facilities
- The continuation of the role of Government is an important consideration to ensure that the housing objectives are upheld and delivered to ensure that social integration outcomes are achieved
- Smaller, well designed apartments could create housing at around 20 percent less than current market prices
- A reduction of onsite parking or no parking could reduce development and buildings costs. The Metro Quarter in particular, is suitable for reduced car parking given its location above the new metro station.

7.0 Assessment

The section assesses the merits of the proposed development against the relevant SEARS In general, the SEARs requirements relate to the housing needs of the existing and future population. They include the need to assess the proposed development against the following:

1. Certain Environmental Planning Instruments, Policies and Guidelines
2. The social housing and affordable housing needs of the precinct
7. Staging and relationship having regard for the adjoining State Significant Precinct.

The below assessment has regard for the baseline evidence, policy context and the existing and proposed planning framework.

7.1 SEARs 1: Consistency with relevant policies

The SEARs requires that the proposed development be considered against:

- *State Environmental Planning Policy No. 70 – Affordable Housing (Revised Schemes)* or a new housing SEPP released by the Greater Sydney Commission and/or Department
- *State Environmental Planning Policy (Affordable Rental Housing) 2009*
- *Sydney Local Environmental Plan 2012*
- City of Sydney Affordable Housing Review (PP_2017_SYDNE_006_00) and any other relevant planning proposals

Each of the above policy documents was considered in section 4. The proposed development is consistent with each of the above policies as summarised in Table 19.

Table 19: Compliance with relevant planning instruments

Policy	Location of assessment in this report	Assessment
State Environmental Planning Policy (Affordable Rental Housing)	The proposed development is consistent with the requirements of the SEPP, noting that some SEPP requirements cannot be satisfied at the concept stage. (See section 4.1).	The proposed development is **consistent** with the policy
SEPP 70 (Affordable Housing)	There is currently no affordable housing scheme applying to the subject site pursuant to SEPP70. Regardless the proposed development is consistent with the principles and intent of the SEPP. (See section 4.2.	The proposed development is **not inconsistent** with the policy
SLEP 2012	Detailed assessment under a separate cover. There are currently no specific affordable housing provisions in the LEP that apply to the Metro Quarter site. However there is a currently a planning proposal currently under consideration that would expand these	Generally consistent

Policy	Location of assessment in this report	Assessment
	provisions across the rest of the LGA. This is detailed in Section 4.4.	
Affordable Housing Planning Proposal	Under the proposed controls, the subject site would be located within the 'residual lands' area. The provisions would not apply to the subject site as the City of Sydney is not the consent authority for the redevelopment of the Metro Quarter. Regardless, the proposed development is generally consistent with the intent of the planning proposal and responds to the established need for affordable housing in Sydney LGA.	The proposed development is generally consistent with the intent of the planning proposal

7.2 SEARs 2: Consider the social housing and affordable housing needs of the precinct.

The proposed development has been formulated having regard for the housing needs of the Precinct. The NSW Government has established that the redevelopment of the Waterloo SSP is to:

- Ensure that the current number of social housing units is maintained and endeavor to increase provision within the Precinct
- Ensure that affordable housing targets set in the draft Central District Plan (now Eastern City District Plan) be a minimum requirement for the renewal of this Precinct; and
- Ensure the redevelopment process delivers a mix of affordable, social and market housing as well as essential tenant support services to promote equity, social cohesion and inclusivity

In addition, the analysis identified that the study area and the wider Sydney LGA have critical housing needs including:

- A continuing supply of social housing to meet those with critical housing needs
- Additional affordable housing suited to key workers
- More affordable rental housing in the private market.

These needs are being driven by changes in demography and the housing market whereby the overall study area and Sydney LGA is growing and becoming wealthier with the gap between income and housing costs widening. The proportion of very high income households is increasing as a proportion of all households. Owner occupiers and mortgage holders are also increasing while renters are declining. The disparity between broader income growth and the rental and sales prices of dwellings is increasing. Just over one quarter of all households who are purchasing their dwelling are living in housing stress. More significantly, over 40 percent of renters in the study area and Sydney LGA are living in housing stress.

An analysis of demographic changes, housing affordability and the existing housing stock indicates that demand for new dwellings will be strongest for studio and one bedroom dwellings. An assessment of the proposed housing mix is provided in Table 20.

Table 20: Assessment of proposed housing mix

Criteria	Assessment
Tenures	The proposed development will provide a mix of housing tenures including 700 dwellings with 5 to10 percent affordable housing and 70 social dwellings. The proposed tenure mix is appropriate to the housing needs of the study area and Sydney LGA as it: • Provides a significant proportion of both social and affordable dwellings, far exceeding the Greater Sydney Commission's target of 5 to 10 percent • Provides a significant proportion of smaller more affordable dwellings (see below) on the private market that are suites to the investor/rental market.
Sizes	The proposed Concept Proposal will provide an indicative mix of dwelling types as follows, but is appropriately targeted to smaller households: • 22 studios • 294 one bedroom apartments • 314 two bedroom dwellings • 70 three bedroom dwellings. The above mix represents 50 per cent two bedroom apartments and approximately 45 per cent studio and one bedroom apartments over the whole development. The proposed dwelling mix is consistent with the baseline evidence which demonstrated a need for smaller dwellings.
Price-points	The indicative Concept Proposal provides for dwellings at a variety of price points noting: • 5-10 percent of all dwellings will be affordable dwellings and there will be 70 social dwellings • The significant supply of studios and one bedroom dwellings is likely to appeal to first home buyers and investors • The significant supply of smaller dwellings will appeal to renters seeking to live close to work and public transport • Bedroom plus study options will be attractive to owner occupiers. The proposal is likely to be attractive to investors and home purchasers.
Inclusive and socially connected	The indicative Concept Proposal provides for a socially inclusive development by providing: • A mix of dwelling types and tenures • A community square to provide space end encourage all residents to interact • Community services to support the future population including child care, community centre, and community health • Approximately 4,000 square metres of GFA for retail premises and entertainment facilities • Approximately 8,500 square metres of GFA for business and commercial premises and community and recreation facilities (indoor) (e.g. fitness/banks and commercial spaces). Having a range of facilities and service on site will encourage residents to interact, regardless of their tenure. In particular the public plaza will be a focal point for the local community, providing space for residents to meet and interact. Local service providers and retailers will also interact with future residents. The provision of community facilities on site will assist community development and provide support to future residents. Principles have been proposed to encourage an appropriate location of affordable and social dwelling throughout the development, so that these tenure groups are not disadvantaged.

Criteria	Assessment
Liveable	The Concept Proposal is for a liveable development as it: • Promotes health and wellbeing through the provision of on-site community services, fitness facilities and public outdoor space • Promotes development of a sustainable community with a future population that will be diverse and inclusive of a range of income groups, household types and cultural backgrounds. • Provides community space and a physical environment that will be pleasant and with good amenity • Encourage a “well supported” community by providing community facilities and services on the site • Delivers housing in s a location which is highly accessible with immediate access to major employment locations via the proposed metro line and existing bus network.
Energy efficient	The indicative Concept Proposal demonstrates that an energy efficient development can be achieved. In particular separation between towers providing sunlight access to most living areas. The indicative Concept Proposal will be required to meet BASIX requirements which will be demonstrated at the detailed development application stage.
Sustainable community.	The indicative Concept Proposal promotes a sustainable community as: • The mix of dwelling types and tenures will attract a wide range of residents and household types • The future population will be diverse and inclusive of a range of income groups, household types and cultural backgrounds.

7.3 SEARs 7: Identify the delivery of social/affordable housing and any proposed public benefits and contribution as relevant to each stage.

Section 6.0 of this report evaluates a range of planning mechanisms to ensure that the proposed development will maximise the affordable housing target specified by the Greater Sydney Commission. This included consideration of planning mechanisms, delivery mechanisms and design mechanisms to achieve a socially inclusive community. Section 6.0 sets out a strategy to implement the mechanisms and provides actions to ensure that the housing objectives for the site are met.

Having assessed the various options, the mechanisms proposed seek to exceed the Greater Sydney Commissions target of 5-10 percent dwellings being affordable by delivering 5-10 percent of dwellings as affordable and 70 social housing dwellings. The mechanisms proposed include:

- An inclusionary zoning to establish a statutory need for the delivery of affordable and social housing on the site
- A requirement for 5 to 10 percent of dwellings on the site to be affordable dwellings
- A requirement for 45 percent of dwellings to be studios or one bedroom apartments
- Amenity principles to encourage the provision of affordable housing integrated with market housing

- A requirement for affordable dwellings to be managed by a CHP
- Principles to ensure the long term delivery, management and maintenance of affordable housing for positive housing outcomes.

The proposed mechanisms will allow the delivery of the proposed development including 5 to 10 percent affordable housing and 70 social housing dwellings. This will make a significant contribution to the affordable housing stock in Sydney LGA. In addition, the inclusion of affordable and social housing in the proposed development will:

- Contribute to the diversity of the housing stock in Sydney LGA
- Support the continued provision of low cost housing in Waterloo
- Support the continuation of a diverse community in Waterloo with a mix of housing needs
- Contribute to the continuation of social housing provision in Waterloo.

In addition, the provision of affordable and social housing in a location with excellent access to jobs and services will benefit residents through reduced travel times and increased efficiencies leaving more time for leisure and recreation, with associate health benefits. In addition the benefits of mixed tenure development have been well documented in the literature and addressed in Section 6.3.

The development of the Metro Quarter in advance of the Waterloo Estate redevelopment will provide operation benefits to assist Family and Community Services to appropriately manage the temporary relocation of tenants from the Waterloo Estate. The proposed social housing on the Metro Quarter site will allow some social housing tenants to remain in the neighbourhood during the redevelopment period. This will allow some existing tenants to maintain community ties throughout the construction of the Waterloo Estate redevelopment project and potentially relocate to the Estate site, if appropriate.

8.0 Conclusion

The analysis of delivery models demonstrates there are several options to encourage housing diversity within the development. It will be key for further modelling to be undertaken as part of the detailed development application/s and negotiation of any voluntary planning agreements to ensure that the targeted proportion of affordable housing can be achieved. This approach is consistent with that outlined in the Greater Sydney Commission's Eastern District Plan.

The proposed Metro Quarter development will deliver approximately 56,200 square metres GFA of residential accommodation, with the potential for approximately 700 dwellings, comprising a mix of housing including 5 to 10 percent affordable housing and 70 social housing dwellings. The proposed housing provision will make an important contribution towards a more diverse housing stock in the Sydney LGA and go some way to addressing the current critical shortage of smaller more affordable dwellings. The provision of affordable housing will contribute to the long term supply of affordable accommodation for key workers and households on lower incomes. Overall, the proposed development will deliver housing in close proximity to transport, jobs and services benefiting residents and promoting improved liveability. The community benefits of the proposed development can be substantial.

References

The Age (2015) Architects and investors hope to revolutionise apartment living in Melbourne, http://www.theage.com.au/victoria/architects-and-investors-hope-to-revolutionise-apartment-living-in-melbourne-20150114-12o699.html.

Bailey N., Manzi T., 2008 Developing and sustaining mixed tenure housing developments. Joseph Rowntree Foundation.

Ball, M. (2014). Core renters in London's New-Build Market and the Future of the London Economy London: Get Living London.

Committee for Sydney (2014) “Adding to the dividend, ending the divide”

City of Sydney - Housing Issues Paper (2015)

City of Sydney – Housing Summit Report (2015)

Davis, G., N. Gurran, et al. (2012). Affordable housing, urban renewal and planning: Emerging practice in New South Wales, South Australia and Queensland. Melbourne, AHURI.

Florida, R. (2003). The Rise of the Creative Class. Melbourne, Pluto Press

Gurran, N., V. Milligan, et al. (2008). New Directions in planning for affordable housing: Australian and international evidence and implications. AHURI Final Report Series. Melbourne, AHURI.

Grattan Institute (2013) “Productive Cities: opportunity in a changing economy”

Housing Corporation (2006) Neighbourhood and Communities Strategies London: the Housing Corporation.

Jupp B (1999) Living Together: Community Life on Mixed Tenure Estates. London Demos

Maynard Architects. (2015). Nightingale. http://www.maynardarchitects.com/Site/houses_1/Pages/Nightingale.html

New York City (2014). Housing New York: A Five Borough, Ten-Year Plan. New York, New York City Housing.

Syrett, S. and L. Sepulveda (2011). "Realising the diversity dividend: population diversity and urban economic development." Environment and Planning A 43(2): 487-504.

Definitions

- **Affordable Housing:** is housing that is appropriate for the needs of a range of very low to moderate income households and priced so that these households are also able to meet other basic living costs such as food, clothing, transport, medical care and education. As a rule of thumb, housing is usually considered affordable if it costs less than 30 percent of gross household income.

  In this context, affordable housing refers to housing that has been developed with some assistance from the NSW and/or Commonwealth Governments, including through planning incentives. It may include a range of housing types and sizes, including single or multi-bedroom units or houses, as well as studio apartments. It is only available in some locations and eligibility criteria apply[13].

- **City Makers:** refers to professionals, knowledge and key workers that support and enhance the effective operation of a global city.
- **Compact Housing:** dwellings across a mix of bedroom types that are designed to a good level of quality and amenity yet smaller than standard market sizes.
- **Dwellings:** A dwelling is a structure which is intended to have people live in it, and which is habitable on Census Night. Some examples of dwellings are houses, motels, flats, caravans, prisons, tents, humpies and houseboats. All occupied dwellings are counted in the Census. Unoccupied private dwellings are also counted.
- **Essential Urban Workers:** persons employed by the public and private sectors in jobs such as teaching, nursing, cleaning and bus driving that are essential to the operation of the City.
- **Flat, unit or apartment:** This category includes all dwellings in blocks of flats, units or apartments. These dwellings do not have their own private grounds and usually share a common entrance foyer or stairwell. This category also includes flats attached to houses such as granny flats, and houses converted into two or more flats.
- **Greater Sydney:** Greater Sydney is the Greater Capital City Statistical Region as defined by the ABS. This area is generally consistent with the Sydney Metropolitan area used by the Department of Planning and Environment in their projections.
- **Housing Affordability** measures the financial outcome for a household of renting or purchasing the dwelling they need or wish to occupy. That financial outcome can be expressed as the percentage of household income required to obtain a dwelling, or the amount of household income left after paying for housing costs. There are different measures for different purposes. Some focus on whether households have sufficient incomes to save to enter home purchase; others focus on whether households have sufficient income to sustain their housing payments; still others focus on whether households have sufficient income after paying for their housing to buy the basic necessities of life[14].
- **Household Composition:** This variable describes the type of household within a dwelling. Household composition indicates whether a family is present or not and whether or not

[13] http://www.housing.nsw.gov.au/centre-for-affordable-housing/about-affordable-housing
[14] Chapman, P AHURI, Research & Policy Bulletin, Issue 68 Housing Affordability in Australia, February 2006

other unrelated household members are present. A maximum of three families can be coded to a household. Lone person households can contain visitors. Visitor only households can contain overseas visitors. The 'Other not classifiable' category includes those households which the Census collector determined were occupied on Census Night but where the Census collector could not make contact; households that contained only persons aged under 15 years; or households which could not be classified elsewhere in this classification because there was insufficient information on the Census form.

- **Housing diversity** is defined as a mix of housing that supports healthy, thriving and socially cohesive communities whilst enabling the efficient and effective operation of the Sydney LGA as a core component of a competitive Global Sydney[15]. Housing diversity therefore not only relates to adequate supply but a suitable mix of housing types, tenures, sizes and price points which collectively create diverse and balanced communities as well as quality lifestyles.

- **Housing Tenure:** refers to the financial arrangements under which someone has the right to live in a house or apartment.

- **Income:** Total income, also referred to as gross income, is the sum of income received from all sources before any deductions such as income tax, the Medicare Levy or salary sacrificed amounts are taken out. It includes wages, salaries, regular overtime, business or farm income (less operating expenses), rents received (less operating expenses), dividends, interest, income from superannuation, maintenance (child support), workers' compensation, and government pensions and allowances (including all payments for family assistance, labour market assistance, youth and student support, and support for the aged, carers and people with a disability).

- **One-Parent Family:** A one-parent family consists of a lone parent with at least one child (regardless of age) who is also usually resident in the household and who has no identified partner or child of his/her own. The family may also include any number of other related individuals.

- **Other Families:** Other family is defined as a group of related individuals residing in the same household, who cannot be categorised as belonging to a couple or one parent family. If two brothers, for example, are living together and neither is a spouse/partner, a lone parent or a child, then they are classified as another family. However, if the two brothers share the household with the daughter of one of the brothers and her husband, then both brothers are classified as other related individuals and are attached to the couple family.

- **Pocket Living Ltd:** is a London based Development Company specialising in the provision of compact, well designed apartments. The company has received financial support (£21.7 million equity funding) through the Mayor of London’s Housing Covenant to enable the construction of 400 pocket living homes in two years.

- **Separate house:** This is a house which is separated from other dwellings by at least half a metre. A separate house may have a flat attached to it, such as a granny flat or converted garage (the flat is categorised under Flat, unit or apartment - see below). The number of storeys of separate houses is not recorded. Also included in this category are occupied accommodation units in manufactured home estates which are identified as separate houses.

[15] Housing diversity incorporates market and non-market housing for rent and sale together with student housing, boarding accommodation and affordable rental and ownership

- **Semi-detached, row or terrace house, townhouse,** etc.: These dwellings have their own private grounds and no other dwelling above or below them. They are either attached in some structural way to one or more dwellings or are separated from neighbouring dwellings by less than half a metre.

- **Social housing** is rental housing provided by not-for-profit, nongovernment or government organisations to assist people who are unable to access suitable accommodation in the private rental market. Social housing includes public, Aboriginal and community housing, as well as other housing assistance products such as bond loans. The system was developed in the 1940s for working families with low incomes. Today the system supports a different demographic – the most vulnerable people in our community who need a safety net[16].

- **Sydney Metropolitan:** The Sydney Metropolitan is the geographical region as defined by the Department of Planning and Environment in their 2014 Population and Dwelling Forecasts. This area is generally consistent with the Greater Sydney area as defined by the ABS.

[16] http://www.housing.nsw.gov.au/social-housing