DRAFT HORNSBY AFFORDABLE HOUSING STRATEGY 2024

HORNSBY
SHIRE COUNCIL

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1 Introduction and purpose

The Commonwealth and NSW Governments have identified a housing crisis, with impacts across Australia, NSW, and Sydney. This housing crisis is driven by widespread macroeconomic factors, resulting in higher costs of construction, delays in approved construction starts, and shortfalls in housing delivery across market sectors. Likewise, demand for affordable housing and social housing has outpaced supply. Combined with inflationary pressures that have increased the cost of living for utilities, groceries and other necessities, these circumstances are placing extraordinary pressures on lower income households and the key workers that keep our cities functioning.

This Strategy identifies the current and future need for affordable housing in the Shire, with an evidence base drawing upon housing market trends, demographic and household analysis, and economic considerations. It provides actions across the public and private sectors for the delivery of more market rental, affordable, and social housing within the Shire. An emphasis has been placed on key workers, acknowledging the value of the many types of individuals and households that make up the current and future Shire community.

Ultimately, this Strategy seeks to reduce the level of housing stress experienced by residents across Hornsby Shire so that the community can thrive socially and economically by increasing the provision of affordable housing to purchase and rent. This document outlines a suite of planning mechanisms, facilitation options and advocacy initiatives that may be used by Hornsby Shire Council to grow the stock of affordable housing across the Shire.

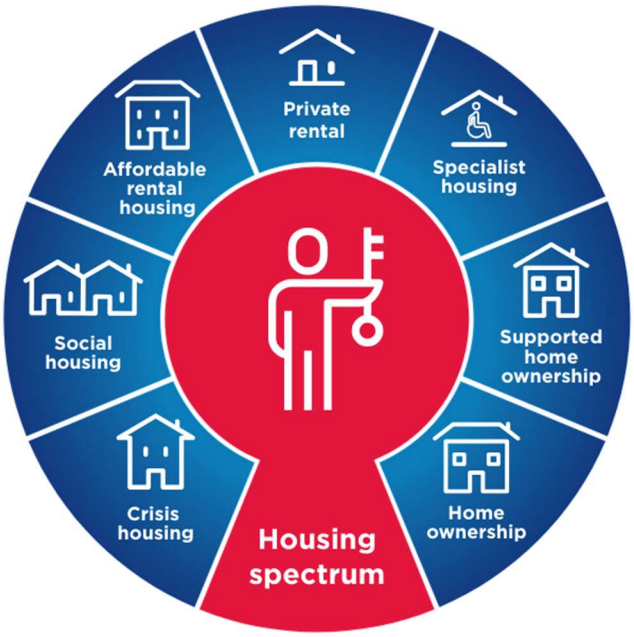
This Strategy focuses on actions that can be initiated by Council. However, many actions will only be achievable with the financial and policy support from outside stakeholders. These stakeholders include the NSW Government, including agencies such as Department of Planning Housing and Infrastructure (DPHI) and NSW Land and Housing Corporation (LAHC), community housing providers, developers, and landowners.

This document relates to the Hornsby Local Housing Strategy 2020, Hornsby Town Centre Masterplan, Affordable Housing Discussion Paper 2018 and draft Hornsby Precinct Affordable Housing Contribution Scheme which provides more analysis of Hornsby Shire's population, housing market, affordable housing stock and actions that have informed this strategy's principles and actions.

2 The housing spectrum

The housing spectrum outlines the diverse and dynamic range of housing options available to individuals and families at different stages of life. It takes a comprehensive view of housing, showing housing options that vary in terms of how secure, spacious, convenient, and affordable they are, and reflect the different needs of the community.

Figure 1: The housing spectrum



Source: Housing 2041, Department of Planning, Industry and Environment, 2021

Starting at one end of the housing spectrum is crisis housing. This includes emergency temporary accommodation, short-term crisis accommodation, and transitional housing. At the other end of the spectrum is home ownership, offering a high level of security of tenure for residents for the long-term.

This strategy focuses on three forms of housing in the middle of the housing spectrum: social housing, affordable rental housing and private rental housing, which are discussed further is Sections 2.1, 2.2 and 2.3, respectively. It examines what Council can do and the directions and actions Council will undertake to increase affordable housing stock in Hornsby Shire.

2.1 What is social housing?

Social housing is secure and affordable housing designed for people on very low to moderate incomes with a need for housing. Social housing dwellings encompass a wide variety of property types, including houses, apartments, and purpose-built accommodation such as boarding houses. Social housing is generally divided into three subcategories: public housing, community housing, and Aboriginal housing.

Public housing in NSW is built and maintained by the government owned LAHC, which maintains over 125,000 properties state-wide. These properties are leased to residents by the NSW Department of Communities and Justice (DCJ), or by community housing providers, which then manage the leases of residents. LAHC has no ongoing government funding, and as a result, is self-funded, meaning that existing properties are often sold to fund new redevelopments when they become too expensive to maintain or their land value rises.

As of June 2023, Hornsby has 672 public housing dwellings (1.2 per cent of LGA), with large holdings located around the Waitara (Waitara Ave) and Hornsby (Mildred Ave) precincts. Almost all the dwellings owned by LAHC in the Hornsby LGA are managed by a single community housing provider, Link Wentworth. Local Area Analysis

by LAHC[1] reveals a greater demand for smaller studio and one bedroom dwellings, with 78 per cent of the priority waitlist for dwelling with up to two dwellings.

Community housing is managed by registered, non-profit community housing providers. Operating in a similar manner to public housing, community housing providers manage properties that they own, properties owned by the government, and properties rented from private landlords. There are over 159 registered not-for-profit community housing providers operating in NSW.

Aboriginal housing is owned and maintained by the Aboriginal Housing Office (AHO), a statutory body established to ensure that Aboriginal and Torres Strait Islander people have equal access to quality affordable housing in NSW. Functioning similarly to how public housing is operated by LAHC, properties owned by the AHO are leased to Indigenous residents by the DCJ, or by community housing providers, which then manage the leases of residents.

2.2 What is affordable housing?

Affordable housing is housing that is priced below the local rental market rate, allowing households to meet their housing costs whilst still being able to afford other basic needs such as food, clothing, transportation, medical care, and education. It is usually developed with some assistance from government agencies, such as through the use of planning incentives, or from affordable housing contributions paid by developers, either monetary or through unit dedication.

The aim of affordable housing is to reduce the financial burden on households that spend a significant portion of their income on rent. If a household spends more than 30 per cent of its income on housing costs, it is considered to be experiencing housing stress. The provision of affordable housing aims to alleviate this stress by providing lower cost housing options. This allows households to maintain a better balance between their housing costs and other essential expenses.

State Environmental Planning Policy (Housing) 2021 (Housing SEPP) defines 'affordable housing' as housing for very low-, low- and moderate-income households. Table 1 outlines the household eligibility requirements for those categories. To determine affordability for households, the ratio of housing costs to household income is used as a measure. Eligibility for affordable housing is outlined by the NSW Government in the *NSW Affordable Housing Ministerial Guidelines*.

Table 1: Household income categories

Income category	Definition	Greater Sydney Median Household Income ($2,077 per week)[2]
Very low household	50% or less of median household income	$1,039 or less
Low household	50% to 80% of median household income	More than $1,039 but less than $1,662
Moderate household	80% to 120% of median household income	More than $1,662 but less than $2,492

Source: Department of Communities & Justice, Census 2021

2.3 What is private rental housing?

Private rental housing is housing that is typically owned by private individuals or entities and rented out to tenants. This sector plays a crucial role in the housing market, providing a diverse range of housing types for people, including those who may not qualify for social or affordable housing. While private rental housing offers flexibility

[1] https://www.dpie.nsw.gov.au/__data/assets/pdf_file/0009/569205/LAHC-Hornsby-LGA-Analysis.pdf
[2] Australian Bureau of Statistics, Greater Sydney, 2021 Census

and choice for residents, it can be insecure due to variations in market prices, contract periods and the individual choices of land owners.

Rental rates for private rental housing are typically determined by market forces, such as supply and demand, location, and the quality of the property. In recent years, there has been a substantial increase in rental rates across Greater Sydney, including Hornsby. This has made housing affordability a significant issue, particularly for low-income households. While NSW Government initiatives such as the DCJ's private rental assistance are available to some, more diverse market rate housing is needed to fill the gap for the long term.

Build-to-rent housing is one such example of diverse market rate housing. Introduced to the NSW planning system in 2021, build-to-rent housing is housing that is constructed on a large scale, specifically designed for renting. It is held and maintained under a single proprietor and managed by professionals, offering long-term rental stability to tenants. While not specifically affordable housing, the introduction of this development typology has the potential to assist in providing more rental housing choice in areas where people want to live.

Co-living is another form of market rate housing introduced by the NSW Government in 2021. Co-living is a form of housing where residents share living space but retain their own bedrooms. In NSW, co-living housing must contain at least six private rooms with access to indoor and outdoor communal spaces. As private rental housing, co-living may appeal to students, young professionals and key workers who wish to live in an area with services and amenities that has higher rental rates, but a low supply of properties that are within budget and suitably sized.

Over the past decade, the construction of secondary dwellings has become increasingly common, being permissible in some residential areas under the Housing SEPP. A secondary dwelling, also known as a granny flat, is a self-contained dwelling that is located within, attached to, or separate from another dwelling on the same lot. By allowing for low scale densification of residential areas, they have the potential to be an affordable housing option for renters looking for a more budget-conscious alternative to higher density living.

3 Policy framework

All levels of government can impact housing affordability. This chapter describes the general framework encompassing a wide range of plans, policies, and legislation that collectively influence the provision of affordable housing.

While the primary focus of this strategy is how Hornsby Shire Council can best assist at a Local Government level, it is important to acknowledge the broader context within which Council operates. State policies play a significant role in shaping the landscape of affordable housing. It dictates the parameters within which Council can work and heavily influence Council's ability to increase affordable housing stock in the Shire. While Federal policies have a lesser direct impact, they play an important part in setting the economic environment and overall direction for housing policy and can shape development outcomes and housing growth and affordability.

3.1 Federal Government

The Federal Government plays a large role in influencing the housing market through fiscal and monetary policy. As the primary entity responsible for the nation's economic stability, it uses these tools to shape the affordability and accessibility of housing.

3.1.1 Housing policy

In 2022, the Federal Government announced the National Housing Accord. The National Housing Accord aims to address housing supply and affordability on a national level, proposing a national target of, "one million new well-located homes over five years from 2024". Part of the accord is a commitment of $350 million of Federal funding to deliver 10,000 affordable homes, alongside a commitment from the NSW Government to build an additional 3,100 homes within the same period. Affordable housing is further prioritised within the accord through a commitment to collaborate with institutional investors and superannuation funds, who would be incentivised to invest capital in social and affordable housing projects, such as build-to-rent housing.

The Federal Government also funds initiatives aimed at increasing the supply of social and affordable housing in Australia. One such initiative is the Housing Australia Future Fund (HAFF). The HAFF was established in late 2023 with a credit of $10 billion and is a dedicated investment mechanism, investing the money within the fund and using returns generated from investment to provide funding for social and affordable housing.

Another initiative is the Affordable Housing Bond Aggregator, which provides low-cost financing to registered community housing providers. This funding is used by community housing providers for social and affordable housing projects. Finally, the Social Housing Accelerator Fund provided $2 billion from the Federal Government to all state governments to invest in the construction of new social housing homes.

The Federal Government also influences housing affordability more directly in Australia by providing assistance directly to the general public through Commonwealth Rent Assistance, the Home Guarantee Scheme and the Help to Buy Scheme. These schemes subsidise market rate housing with the goal of making market housing more affordable.

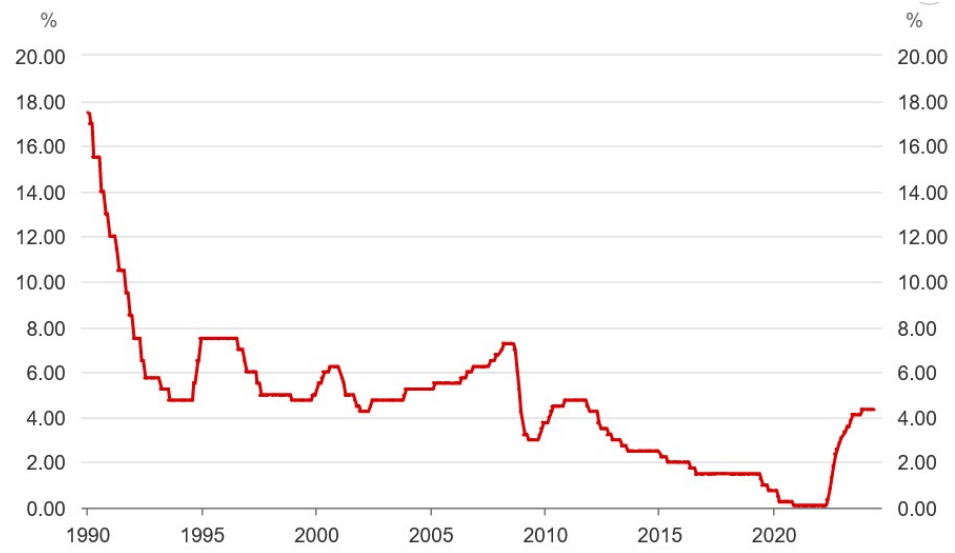
3.1.2 Monetary policy

The Reserve Bank of Australia (RBA) is responsible for setting the monetary policy agenda in Australia. A key tool at its disposal is setting the cash rate, better known as the interest rate. Interest rates have a direct impact on the housing market as they influence the cost of borrowing. When the RBA lowers interest rates, it reduces the cost of mortgage repayments, making it more affordable for people to buy homes, increasing demand for housing and driving up house prices.

As a response to Australia's recent inflation levels, interest rates have slowly been climbing from the historic lows seen during the COVID-19 pandemic. Combined with high inflation and cost of living pressures, this has meant that

mortgage repayments are becoming more expensive, increasing costs for current and potential homeowners over time. This may also have the impact of encouraging mortgaged property investors to increase rents to meet higher loan costs.

Figure 2: Cash rate target (1990 to 2024)



Source: RBA

3.2 NSW Government

The NSW Government plays an important role in shaping the housing landscape through strategic planning, legislation, the provision of funding and assisting councils. Through these mechanisms, the NSW Government influences housing supply, affordability, and diversity to meet the constantly changing housing needs of residents throughout NSW.

3.2.1 Strategic planning

The *A Metropolis of Three Cities* plan and *North District Plan*, released in 2017 and 2018 respectively, set several actions and targets for the state and local governments to meet regarding the supply of housing and affordable housing, including the establishment of a 20-year housing target for the North District of 92,000 between 2016 and 2036. One critical expectation of these plans is that changes to planning controls that increase densities should deliver between five and ten per cent affordable housing.

Housing 2041 is a comprehensive 20-year strategy released by the NSW Government in 2021 to address the diverse housing needs of residents in NSW. *Housing 2041* outlines the four pillars of supply, affordability, resilience, and diversity as being important when considering new housing in the state. The strategy puts an emphasis on the importance of delivering the right types of housing in the right locations and collaboration with the housing sector. It emphasises the value of increasing the levels of social housing and affordable housing in the community, and the benefits it can bring not only to residents in terms of housing security, but the wider community.

3.2.2 Legislation

The Housing SEPP, is a key piece of legislation in NSW that aims to enable the supply and delivery of affordable and diverse housing. It covers a range of housing types, including social and affordable housing, seniors housing, boarding houses, and build-to-rent housing.

The Housing SEPP offers bonuses as an incentive clause for developers to include affordable housing components in their projects, with projects that deliver over ten per cent of their floorspace as affordable housing for at least 15

years receiving height and density bonuses. Where these include projects have a capital investment value of over $75 million, *State Environmental Planning Policy (Planning Systems) 2021* classify the applications as State Significant Development, which can streamline the assessment process for developers.

Projects including at least ten per cent affordable housing will also be eligible for height and floor space ratio bonuses. The affordable housing component must be managed by a registered community housing provider, but must only remain as affordable housing for a period of at least 15 years. These provisions may help to make the introduction of affordable housing in private development more economical for developers, noting that ultimately, affordable housing stocks would be reduced after the 15-year period ended.

Pertaining to the subject of social housing, LAHC plays an important role in strategic planning for social housing in NSW. As a statutory body, it manages the NSW Government's housing social housing portfolio and implements strategies to increase the supply of social housing. This includes asset management, property development projects, and partnerships with community housing providers. New changes to the Housing SEPP mean that LAHC has the ability to now self-assess up to 75 dwellings, with the goal of making the delivery of social housing easier.

3.2.3 Funding

The NSW Government runs several funding initiatives that directly aid in making market rate housing more affordable for purchasers. However, as these programs effectively increase the purchasing power of their targeted groups, it also has the potential to increase the demand and cost of housing.

First home buyers may have access to the First Home Buyers Assistance scheme, which provides a full exemption or reduced rate of transfer duty for those looking to purchase a home in NSW who haven't owned property before. The may also able to access the First Home Owner (New Home) Grant. This grant provides $10,000 towards the building or purchase of a new or substantially renovated property.

The Shared Equity Home Buyer Helper scheme allows the NSW Government to contribute up to 40 per cent of the purchase price for a brand-new home or 30 per cent of an existing dwelling. Eligible participants may then secure a mortgage by reducing the deposit down to as little as 2 per cent.

The NSW Government has also introduced funding mechanisms aimed at stimulating construction. Launched in 2020 and forming a part of the larger Planning System Acceleration Program, the Accelerated Infrastructure Fund seeks to stimulate construction activity and encourage developers to act on development approvals. It does this by providing financial support for infrastructure projects, allowing development to proceed that would have otherwise been delayed until the infrastructure was place.

3.2.4 Housing targets

The NSW Government works closely with all Councils in Greater Sydney to implement policies that increase housing and affordable housing. In May 2024, the NSW Government released updated housing targets for the next 5 years, with a target of 5,500 homes set for the Hornsby LGA. These 5-year targets form part of the NSW Government's commitment under the National Housing Accord to deliver 377,000 new well-located homes across the state. Along with these targets, the NSW Government has proposed financial incentives for councils, with $200 million collectively available for councils to deliver infrastructure including roads, open spaces, and community facilities.

3.3 Local Government

Local Government can promote better housing outcomes, choices and diversity through strategic and land use planning.

Hornsby Shire Council guides the delivery of housing in the Shire through several strategic documents and statutory instruments. They ensure that housing aligns with the community's needs and the Shire's growth strategy. They also provide a framework for decision making, facilitating sustainable and inclusive housing development.

3.3.1 Community Strategic Plan

The Community Strategic Plan (CSP) is Council's highest-level plan and sets out a roadmap of where our residents want Hornsby Shire to be in 10 years. Released in 2022, it was undertaken with extensive consultation with local residents, other levels of government, community and sporting organisations, and businesses. The CSP outlines a need for housing choice and diversity, making sure that there is housing for key workers (nurses, police officers, fire fighters, etc.) and low- and moderate-income workers that is close to work, amenities, and family. It states that, while the extensive bushland within the Shire is an asset, it presents a significant bushfire risk which will affect future development.

3.3.2 Local Strategic Planning Statement

The Hornsby Local Strategic Planning Statement (LSPS) is a high-level statutory document that sets out a 20-year vision for land use. Released in 2020, it informs all strategic work that Council undertakes and sets out a range of priorities, including priorities for housing. It states that all future housing supply in the Shire should: protect the existing character of our suburbs, protect lower density suburbs from incompatible development, protect rural areas from inappropriate housing development, provide housing diversity and affordability, provide affordable housing for local residents who need it, and capture value for direct community benefit.

3.3.3 Affordable Housing Discussion Paper

The Hornsby Affordable Housing Discussion Paper (AHDP), published in 2018, looks at housing affordability in Hornsby Shire and the ways that local government can address these issues. A precursor to the Local Housing Strategy, the AHDP provides a snapshot view of the demographics and housing situation in Hornsby Shire in 2018, including aspects such as living, working, ageing, and affordability in the Shire. It discusses the role of the Federal and State Governments, and where Local Government's role lies in addressing housing affordability issues, putting forward a number of suggestions for Council to address housing affordability.

3.3.4 Local Housing Strategy

The Hornsby Local Housing Strategy (LHS) aligns with the LSPS, and reinforces the priorities of promoting diverse housing, protecting the landscape character of low-density neighbourhoods, and conserving and promoting natural, built, and cultural heritage. It establishes the vision for housing in Hornsby Shire as:

> *Support community well-being through the provision of housing that is affordable and appropriate to household needs and preferences in terms of choice and location, while protecting and enhancing local surroundings and the natural environment.*

The LHS also establishes the following objectives for housing:

- Promote design excellence to ensure new housing delivers high quality buildings and an urban realm that respects current and future desired local character, green spaces and landscaping.
- Ensure new housing development minimises environment impact and promotes ecologically sustainable development.
- Protect sensitive areas from development, and ensure new housing does not detract or erode an area's local character.
- Identify opportunities to encourage housing diversity including medium density, adaptable housing for the aging and multi-unit housing in areas of limited choice and availability.
- Promote sustainable locations for housing growth close to transport, which support the role of centres, have adequate infrastructure and maximise opportunities through collaboration.

Action LA17 seeks to *Prioritise the findings and recommendations from the Affordable Housing Discussion Paper including the preparation of an affordable rental housing scheme under SEPP 70*.

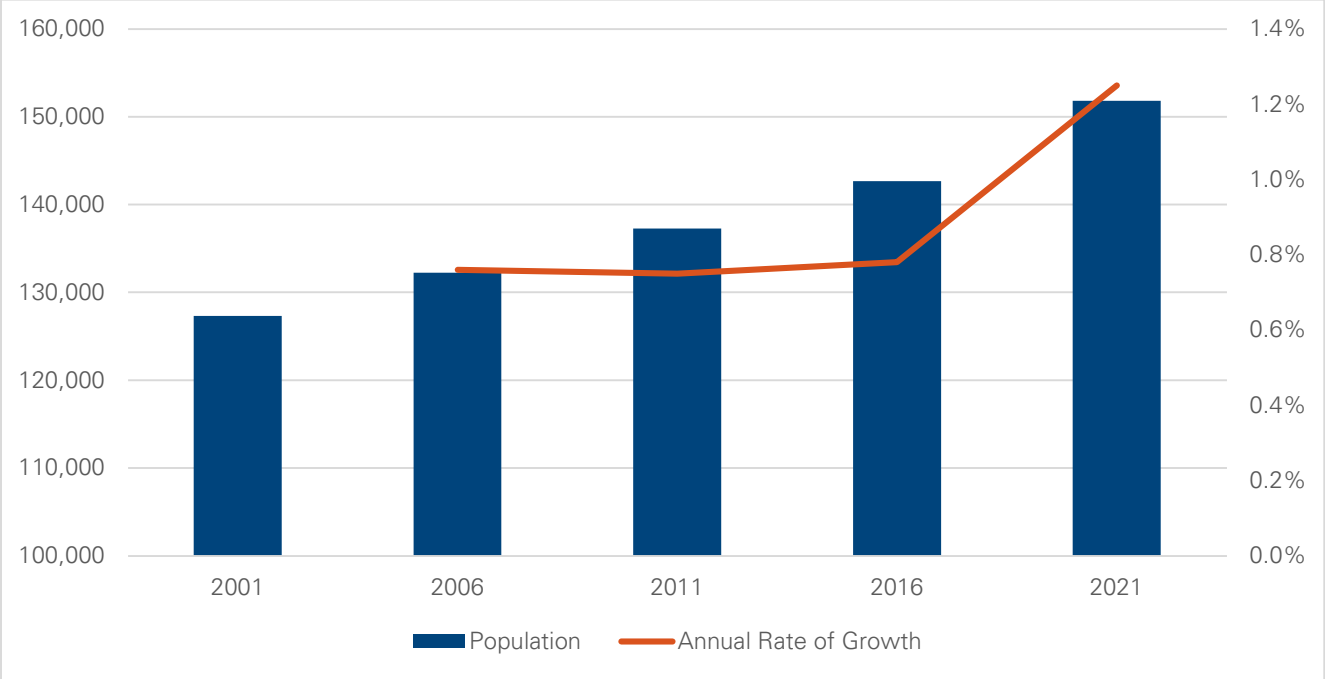
4 Demographic snapshot

According to the Australian Bureau of Statistics, between the 2001 and 2021 Census, the resident population of Hornsby Shire increased from 127,295 to 151,811 people, an increase of 24,516 people. This growth, along with the annual rate of growth, is shown in Figure 3.

Up until 2016, Hornsby Shire's rate of population growth was stable at about 0.75 per cent per annum, about 1,000 people per year. From 2016 to 2021, the population grew by 9,144 people, a growth rate of 1.25 per cent per annum. This growth aligns with the development of new apartment precincts, in line with Hornsby Shire's housing strategies and NSW Government housing targets.

This chapter examines characteristics of the Hornsby Shire population and housing and what they mean for affordable housing needs today and in the future.

Figure 3: Hornsby Shire Usual Resident Population, 2001 to 2021



Source: Profile .id, the population experts

4.1 Service age groups, households and homes

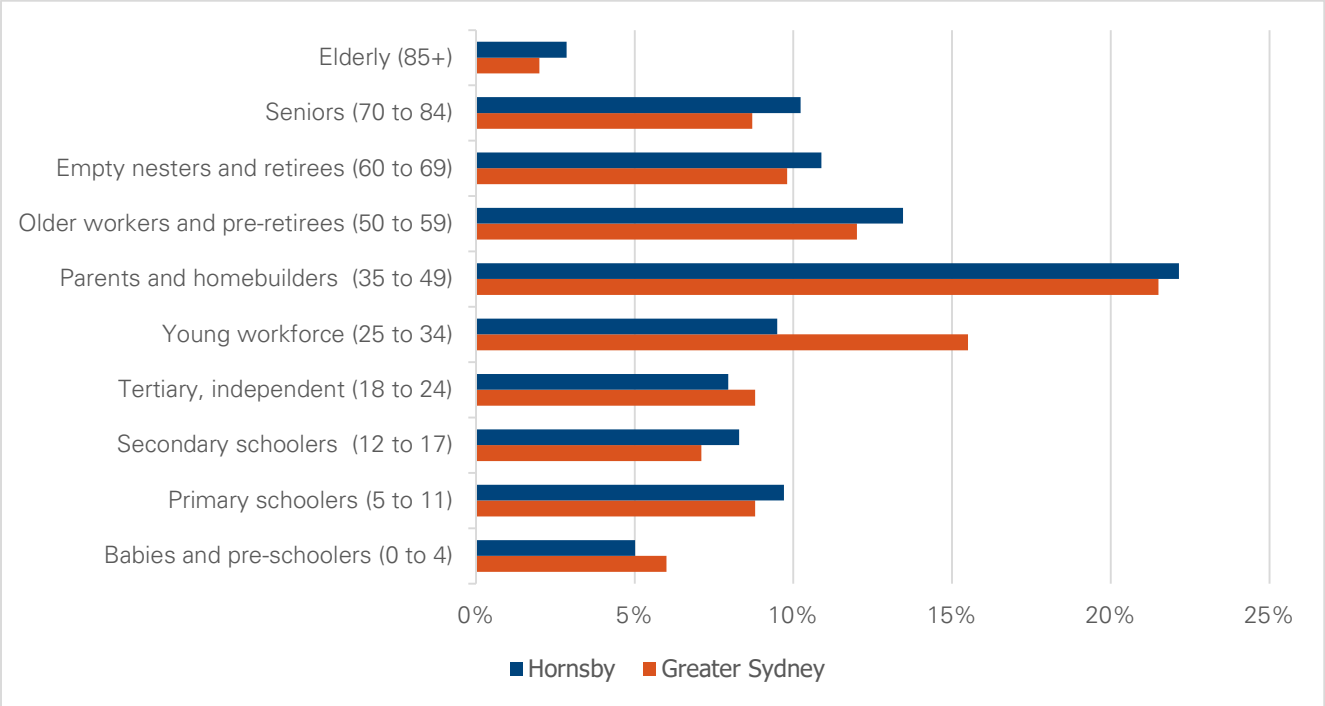
4.1.1 Age groups

Service age groups are age categories that reflect typical life stages and can indicate the level of demand for housing and services. In 2021, the largest service age group was 'Parents and homebuilders' aged 35 to 49. This age group made up about 22 per cent of the Shire's population, slightly overrepresented compared to Greater Sydney at around 21.5 per cent.

Older age groups, (groups aged 50 to 59, 60 to 69, 70 to 84 and 85+) were also overrepresented, compared to Greater Sydney. Combined, these groups made up about 37.5 per cent of the Hornsby Shire population, compared to 32.5 per cent of Greater Sydney. The younger age groups of 18 to 24 and 25 to 34 were underrepresented in Hornsby Shire, making up only 17 per cent of the population, compared to 24 per cent of Greater Sydney.

Together, this data suggests that the Hornsby Shire housing market is attractive for established professionals and families, but may not be affordable for young people that are early in their career. It also suggests that there is an ageing population in Hornsby Shire, who may be looking for smaller, more affordable option to age in place in.

Figure 4: Age structure - service age groups



Source: Profile .id, the population experts

4.1.2 Households

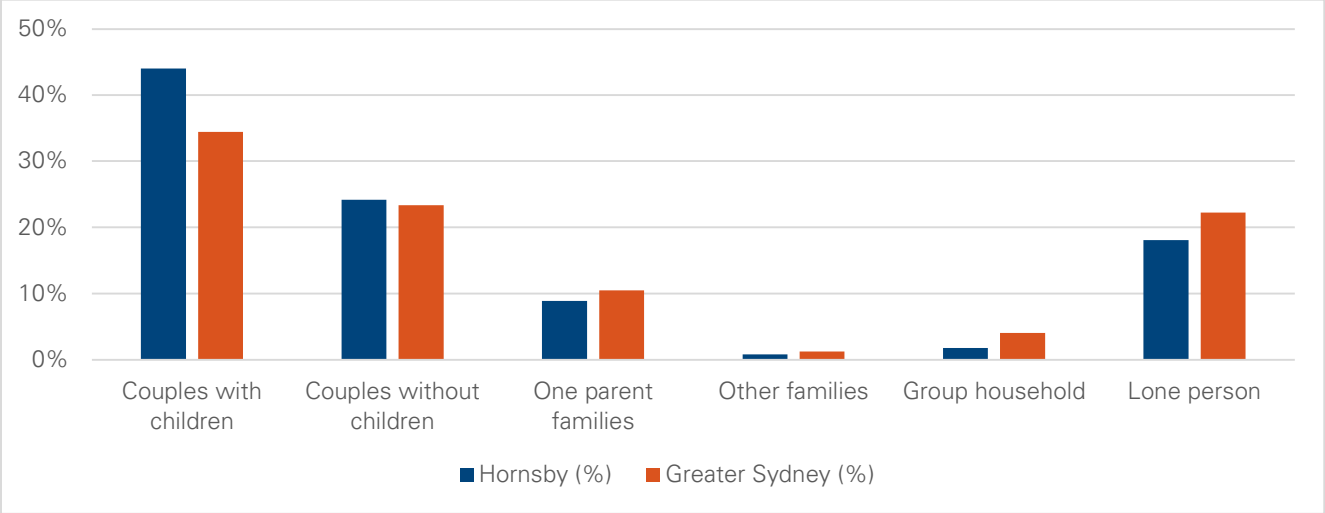
The number of households living in Hornsby Shire increased from 48,432 to 52,848 between the 2016 and 2021 Census, an increase of 4,416 households. During this time, the average household size reduced slightly from 2.9 to 2.8 people per household.

The proportion of households types in Hornsby Shire, with a comparison against Greater Sydney is shown in Figure 5. The local primary household type was Couple with children, making up 44 per cent of households, higher than Greater Sydney at 34 per cent. One parent families and lone person households were comparatively underrepresented, compared to Greater Sydney.

Figure 6 examines the change in Hornsby Shire households from 2016 to 2021. Lone person households saw a significant increase in both number and proportion of households (1,386 households and 5.3 per cent relative increase). Likewise, Couples without children increased significantly (+1,579 households) but remained relatively stable as a proportion of all households (+1.1 per cent), while Couples with children also increased but its overall proportion decreased (-1.4 per cent).

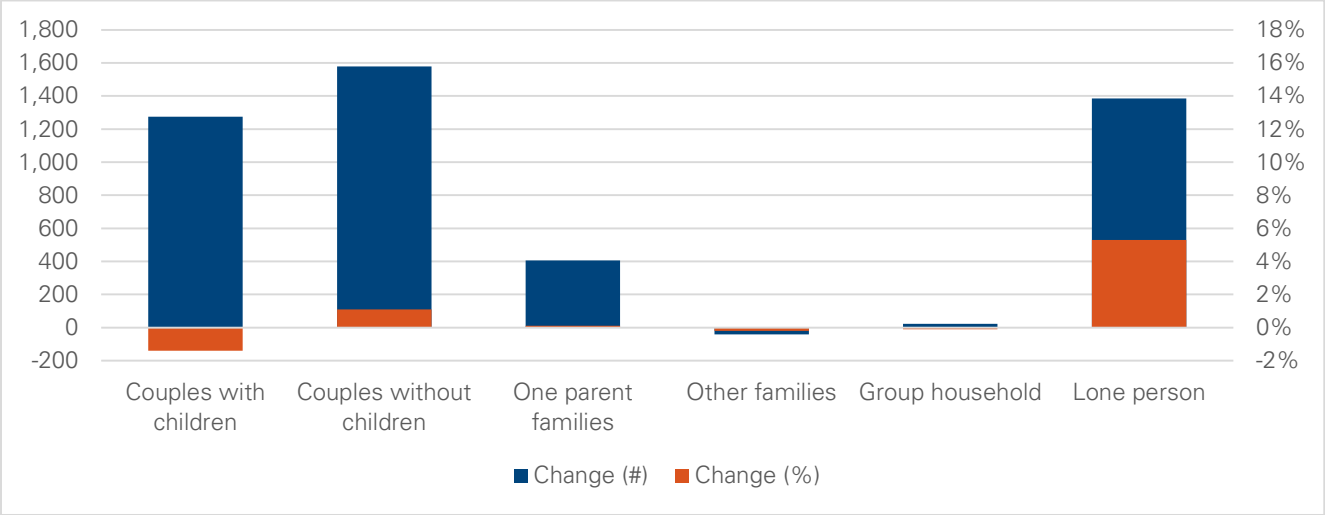
This may show a shortage in affordable housing for families with children in the Shire, the delivery of housing that is more suitable for smaller household types (eg 1-2 bedroom units), or be reflective of broader societal trends.

Figure 5: Proportion of household types, Hornsby Shire and Greater Sydney, 2021



Source: Profile .id, the population experts

Figure 6: Change in Hornsby Shire households, 2016 to 2021



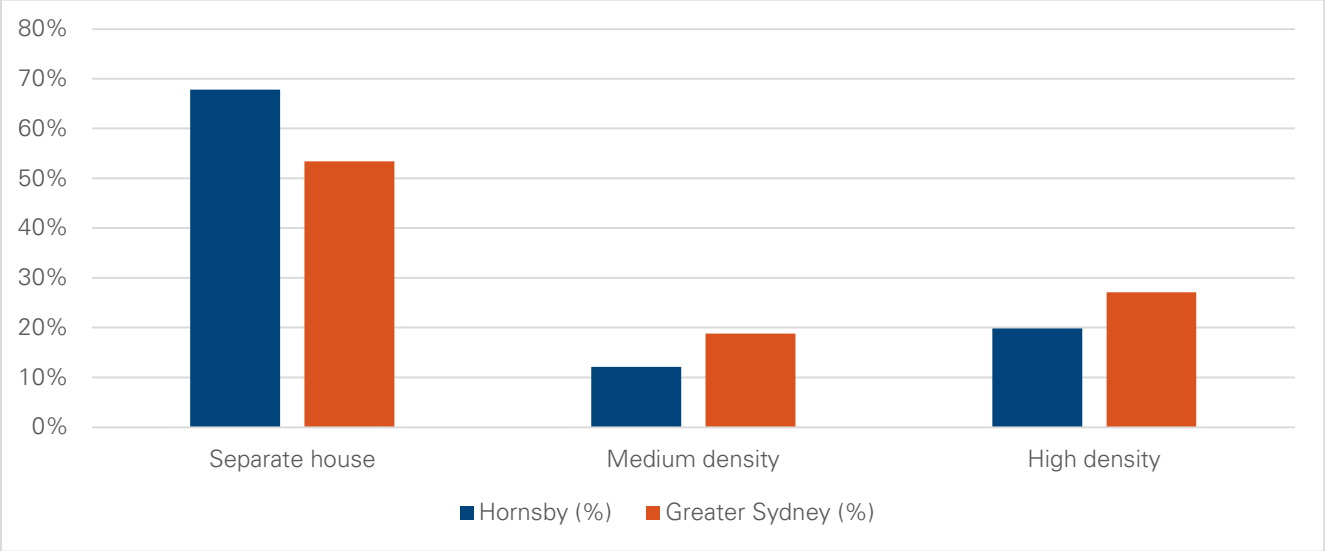
Source: Profile .id, the population experts

4.1.3 Housing

Between the 2016 and 201 Census, the number of dwellings in Hornsby Shire increased from 51,420 to 55,919, an increase of 4,499 dwellings. The dominant housing type was Separate house, making up 68 per cent of homes (37,886 homes) in 2021. This is an increase of 737 homes over the five year period, though the overall proportion of homes decreased by 4.5 per cent. High density housing increased by 3,439 homes during the period, making up 20 per cent of homes in 2021, an increase of 5 per cent. Medium density housing increased by 484 homes, maintaining a proportion about 12 per cent of all homes.

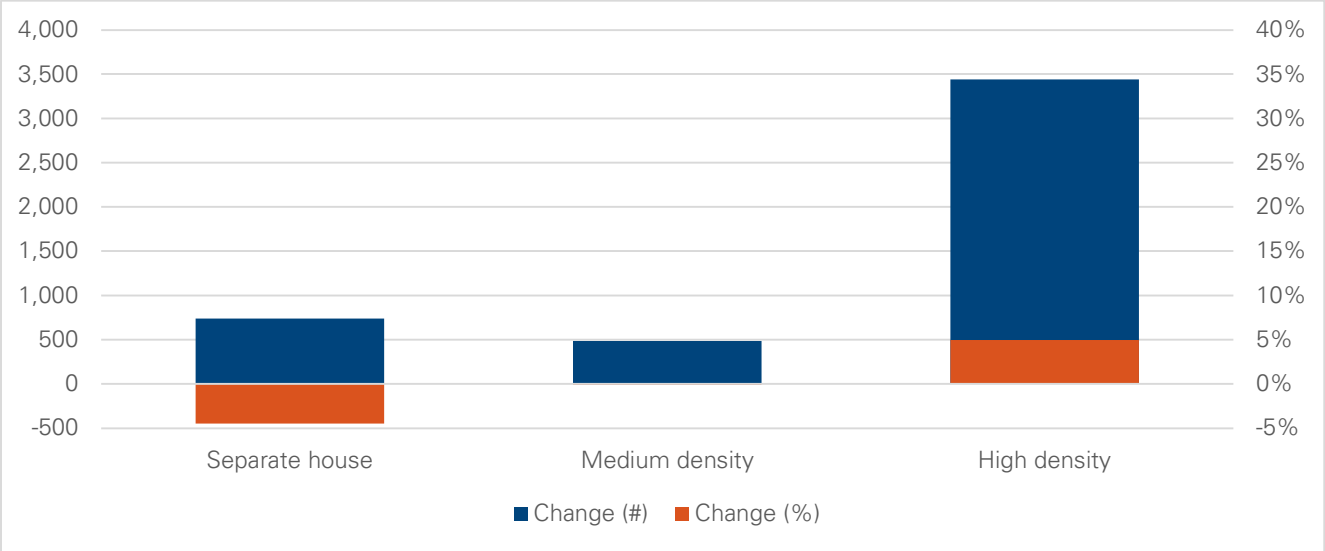
This indicates that there are opportunities for affordable housing both as medium and high density housing types. High density development may be the most efficient to build, with a mix of dwelling sizes to meet the needs of households. Affordable housing development at the medium density scale may be suitable in areas where lower intensity housing is preferred, or where a smaller scale project is more achievable than a high density development.

Figure 7: Proportion of dwelling types, Hornsby Shire and Greater Sydney, 2021



Source: Profile .id, the population experts

Figure 8: Change in Hornsby Shire dwelling types, 2016 to 2021



Source: Profile .id, the population experts

4.2 Industries and employment

The labour force participation rate during the 2021 Census was 63.5 percent, with 78,015 of 122,947 residents aged 15 or over being in the labour force. 45,247 residents were employed full-time and 22,812 were employed part time. 3,212 people were unemployed, resulting in an unemployment rate was 4.1 per cent, lower than the Greater Sydney rate of 5.1 per cent.

The top five industries that residents were employed in were:

- Health Care and Social Assistance (11,319 residents)
- Professional, Scientific and Technical Services (10,318 residents)
- Education and Training (8,234 residents)
- Financial and Insurance Services (5,952 residents)
- Retail Trade (5,830 residents).

In the 2022/23 financial year, the National Institute of Economic and Industry Research identified 51,369 jobs in Shire, with 85,244 employed residents. This resulted in a jobs to worker ratio of 0.6:1, meaning that for every 100 workers that live in the Shire, there were only 60 jobs.

The top five employment industries in Hornsby Shire were:

- Health Care and Social Assistance (10,746 jobs)
- Education and training (7,583 jobs)
- Retail Trade (5,419 jobs)
- Construction (5,095 jobs)
- Professional, Scientific and Technical Services (4,136 jobs).

4.2.1 Key workers

Key workers are vital for many different services that local communities need. The *BankWest Key Worker Housing Affordability Report, 2018* identifies key workers as *"occupations which provide essential services to all Australians including teachers, nurses, police and ambulance officers and those in fire and emergency services."* The paper *Key worker housing affordability in Sydney* focuses on the occupations of teachers, registered nurses, enrolled and mothercraft nurses, ambulance officers and paramedics, fire and emergency service workers and police.

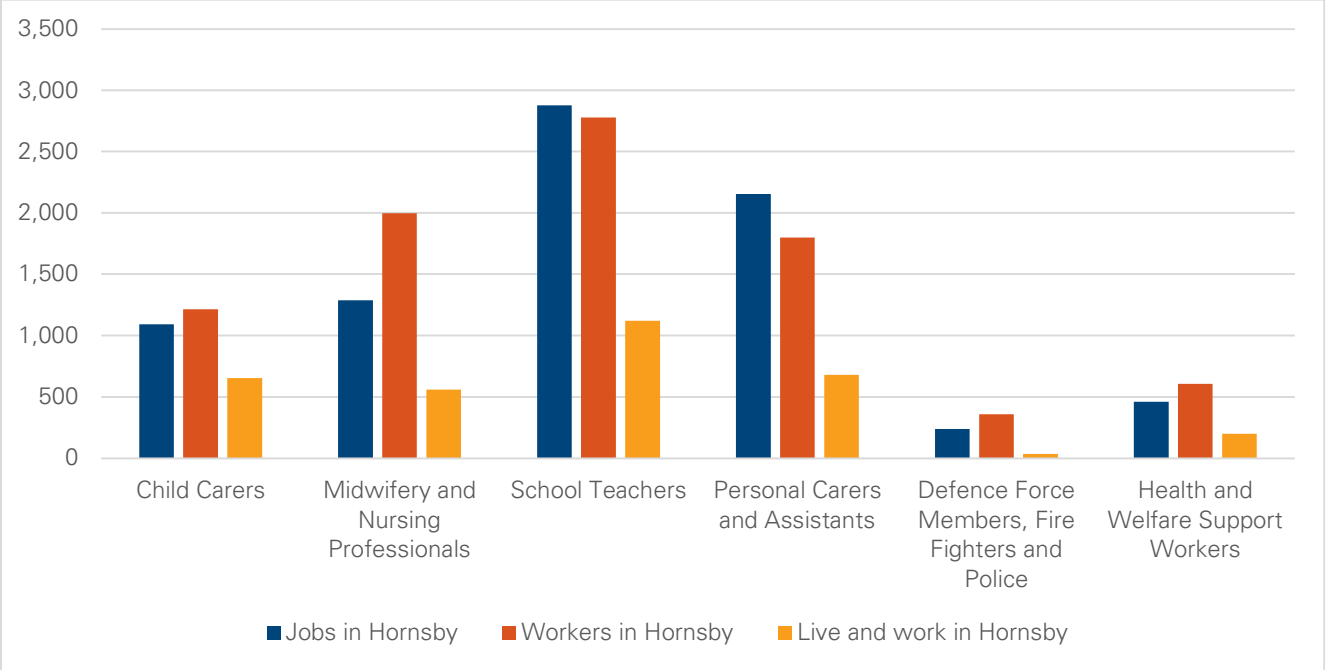
This list of key workers, based on Census occupation categories, can help measure how affordable housing is in a local area. These definitions may not cover other important workers who serve local communities, such as those in hospitality, retail or urban services, but they give an initial idea of overall affordable housing needs.

Table 2: Key worker occupations

» School Teachers	» Child Carers
» Midwifery and Nursing Professionals	» Health and Welfare Support Workers
» Personal Carers and Assistants	» Defence Force Members, Fire Fighters and Police

These key worker groups are examined in Figure 9, identifying the number of key worker jobs in the Shire, residents that are employed as key workers, and the number of key worker residents that are employed within the Shire. These figures reveal that only 40 per cent of key worker jobs are staffed by local residents, and only 37 per cent of local resident key workers are employed in the Shire. This indicates that a large proportion of key workers in the Shire are unable to afford to both live and work in the Shire. This may be due to lower wages in the Shire or higher housing costs. Journey to work and income data are discussed further in Section 4.2.2.

Figure 9: Key workers in Hornsby Shire, 2021



Source: Census 2021

4.2.2 Journey to work

The 2021 Census provides more information about journeys to work and commutes. Of the 44,039 people who identified that they worked in Hornsby Shire, 22,004 (50 per cent) also lived in the area. The top five LGAs where workers lived outside of the Shire included:

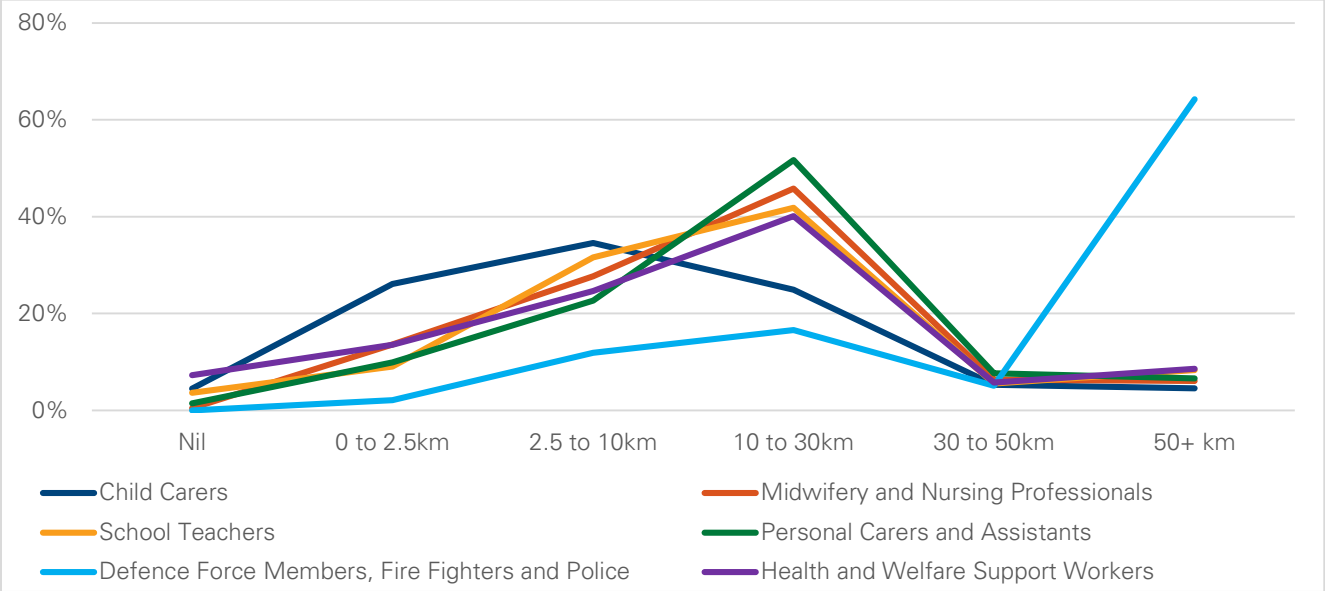
- The Hills Shire (9.7 per cent)
- Central Coast (8.0 per cent)
- Ku-ring-gai (5.4 per cent)
- Blacktown (5.3 per cent)
- Parramatta (5.0 per cent).

As of the 2021 Census, of the 74,744 Hornsby Shire residents who are employed, 50,176 worked outside of Hornsby Shire (67.1 per cent) and 22,004 (29.4 per cent) live and work in the area. The top five LGAs where Hornsby Shire workers were employed, outside of the Shire, included:

- City of Sydney (18.6 per cent)
- City of Ryde (6.9 per cent)
- Ku-ring-gai (6.0 per cent)
- Parramatta (5.8 per cent)
- Willoughby (4.9 per cent).

Figure 10 provides more information about travel distance for key workers employed in the Shire. It shows that over 57 per cent of those key workers travel over 10km to work in the Shire, with about 15 per cent traveling over 30 kilometres. Notably, 64 per cent of people employed as police and fire fighters travel over 50 kilometres to their place of work in the Shire. Additional affordable housing targeted towards these key workers would provide more options for them to live and work in the communities they serve.

Figure 10: Key workers travel distance



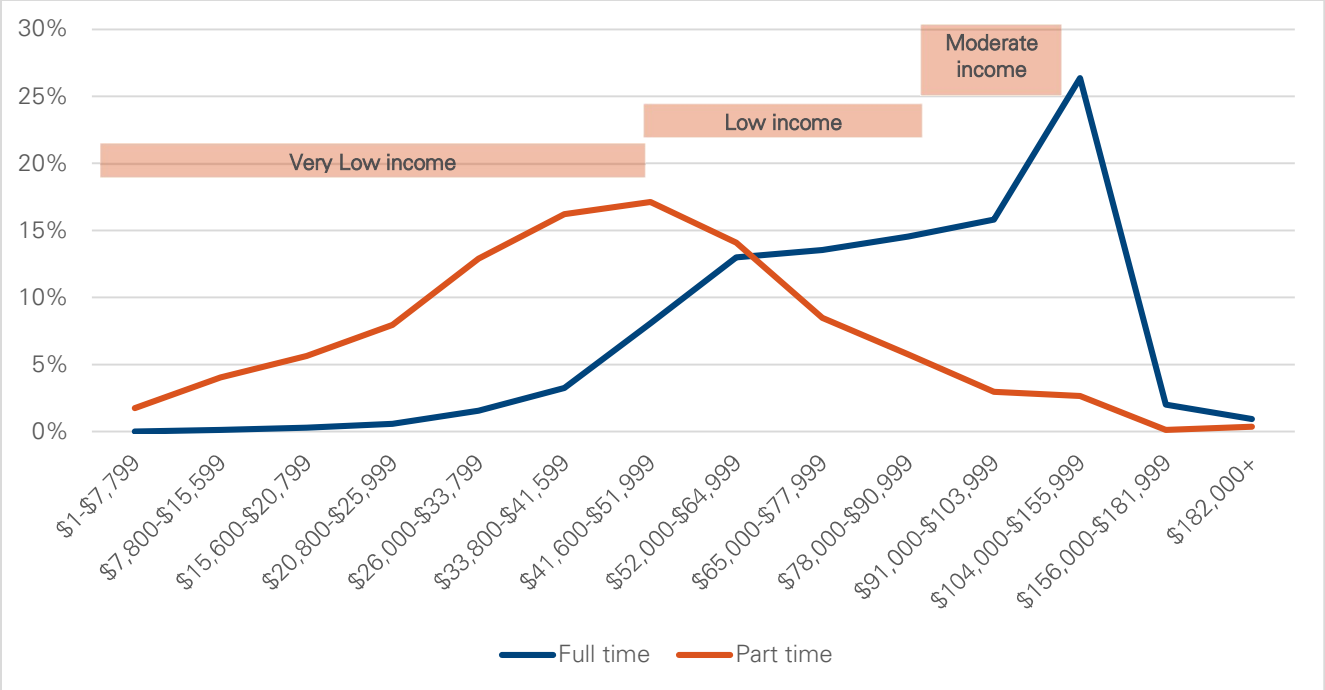
Source: Census 2021

4.2.3 Key worker income

The incomes earned for key workers employed in the Shire is shown in Figure 11, split by part time and full time employment. Indicative ranges are also provided for the income ranges for moderate, low and very low incomes in the Greater Sydney Region, as at the 2021 Census. As discussed in Section 2.2, these are the thresholds of eligibility for affordable housing.

As shown in the figure, 70 per cent of full time and 97 per cent of part time key workers earn below the median Sydney income of $108,000 per annum.

Figure 11: Key worker incomes, employed in Hornsby Shire



Source: Census 2021

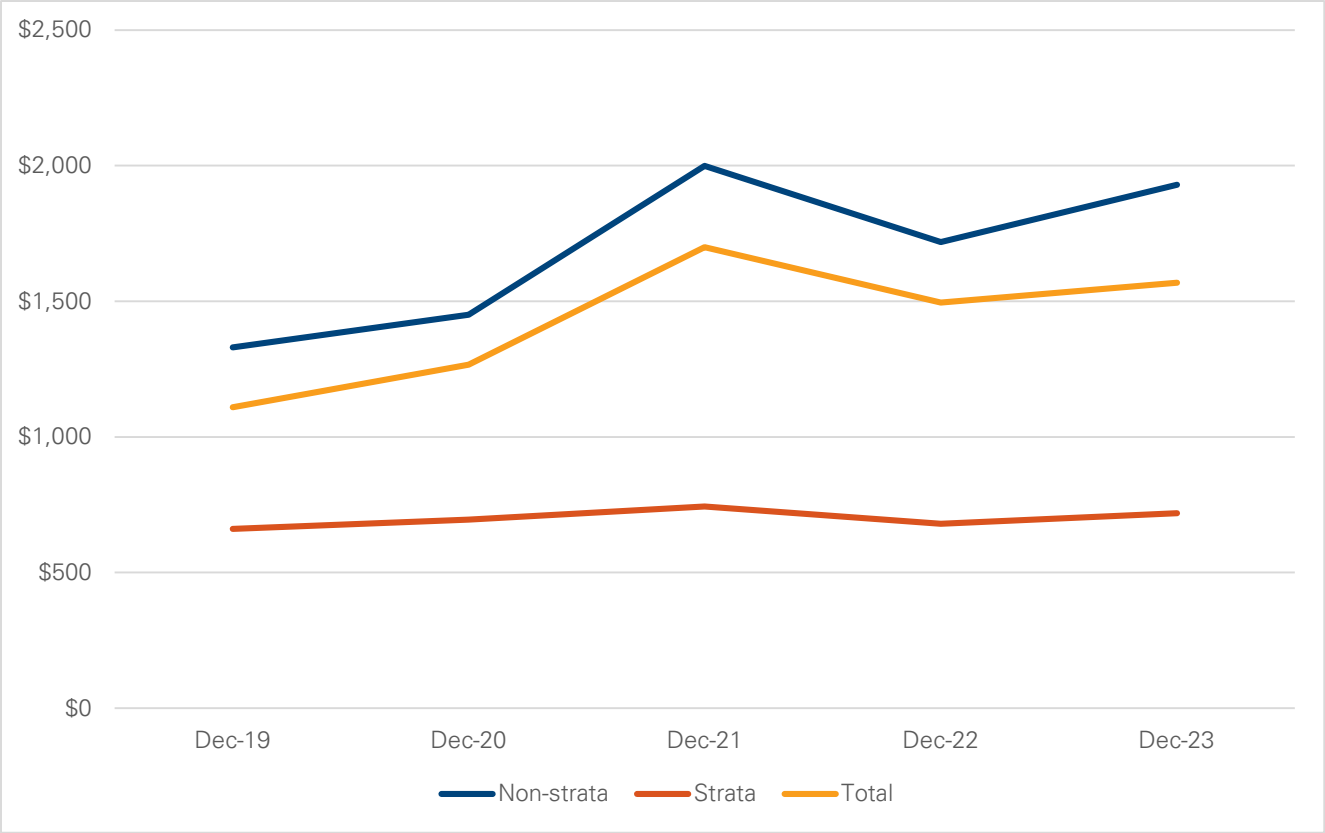
4.3 Housing costs

4.3.1 Mean sales and rental prices

The NSW Government's Communities & Justice Rent and Sales Report provides quarterly updates on the median sales and rental costs for local government areas across the state. Figure 12 and Figure 13 provide those figures for sales and rental costs, respectively for the December quarters from 2019 to 2023.

Sales prices are shown for non-strata (eg separate houses), strata (eg many medium and high density homes) and as total figures. From 2019 to 2023, median non-strata prices have risen steadily from $1.3 to $1.9 million, peaking at $2 million in December 2021. This represents a 9.8 percent annual growth rate over the entire period. The median strata sale price increased from $695,000 to $719,000 during the period, an annual growth rate of 0.9 per cent.

Figure 12: Median sales price in Hornsby Shire ($'000s)



Source: Communities & Justice

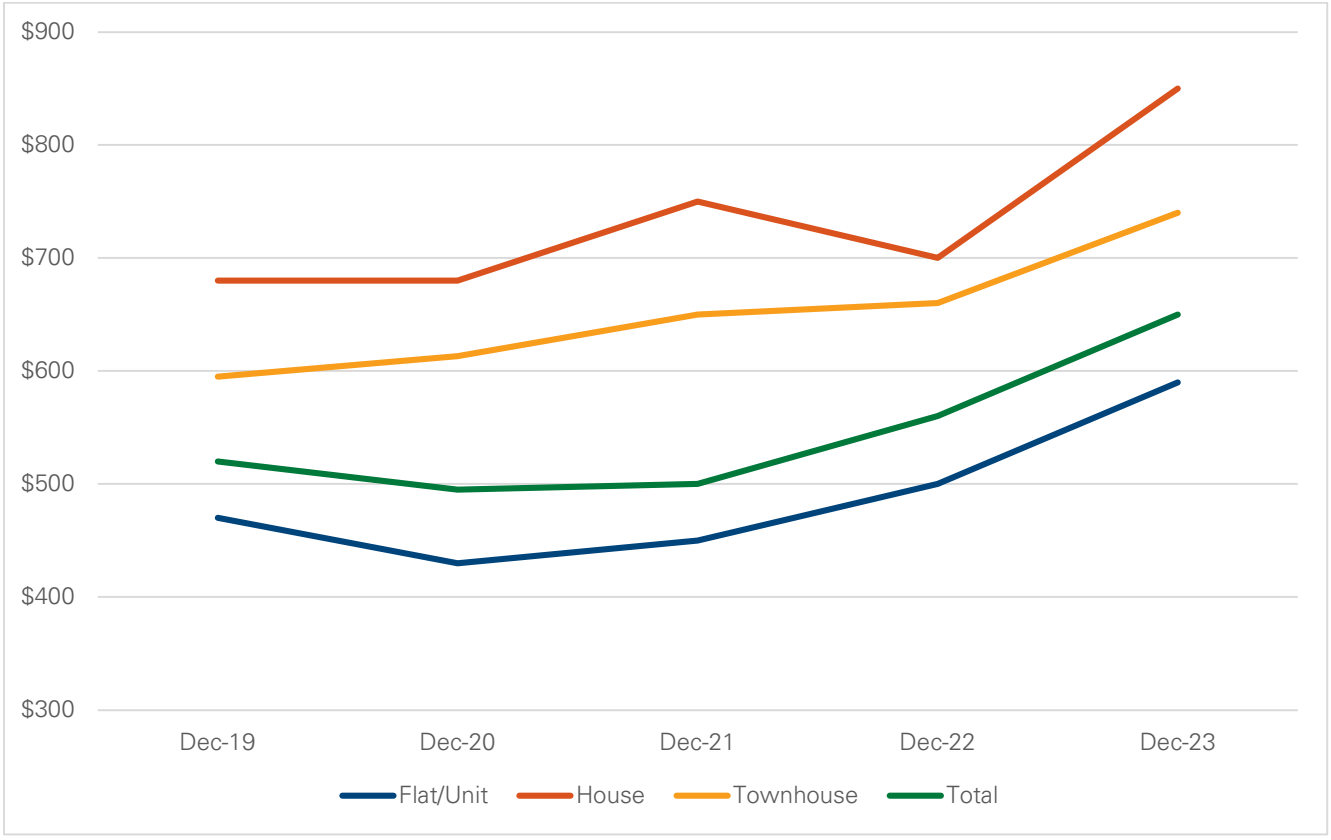
Weekly rental prices are shown for flats, houses, townhouses and total figures. Overall, prices have increased steadily from 2019 to 2023, with some deviation in 2020 and 2021, the height of the COVID-19 pandemic. Median prices from December 2019 to December 2023 have changed as follows:

- Flat: $470 to $590 – 5.9 per cent per annum
- House: $680 to $850 – 5.7 per cent per annum
- Townhouses: $595 to $740 – 5.6 per cent per annum
- Total: $520 to $650 – 5.7 per cent per annum.

As shown by the graphs, apartment purchase prices have remained relatively stable, while rental costs have steadily increased. This suggests that there are trends that specifically impact the rental market, beyond strictly supply. This may be due to mortgage servicing costs associated with increased interest rates being passed on to

renters, a low supply of rental properties compared to demand, or an increase in higher value apartment stock over time, or a combination of factors. It also suggests that interventions directly in the affordable housing market would assist in increasing affordability overall.

Figure 13: Weekly median rent



Source: Communities & Justice

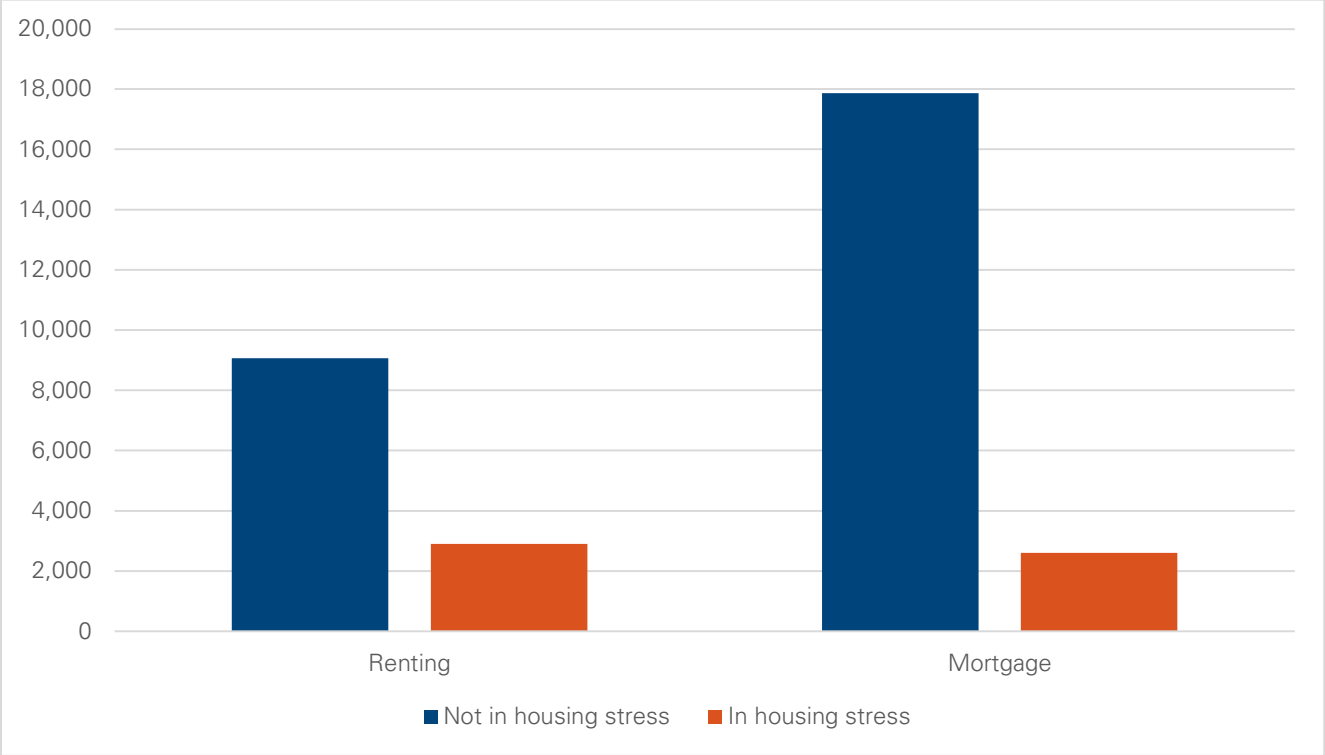
4.3.2 Housing stress

Housing stress is when a household may have trouble meeting their financial housing obligations, either as rent or mortgage payments. This strategy uses the housing .id definition as households in prescribed income brackets, spending more than 30 per cent of their gross household income on either rent or mortgage repayments. The income brackets used are 'Very Low', 'Low' and 'Moderate' as described elsewhere in this strategy. Households on higher incomes are not counted.

Information in this section is based 2021 Census. As such, it reflects information strictly relevant to that point in time. Housing costs have increased substantially since the 2021 Census, as noted in Section 4.3.1. It is likely that housing stress figures have worsened over the period.

Of the 52,852 households living in Hornsby Shire as of the 2021 Census, 5,505 were in housing stress, being over 10 per cent of all households. Figure 14 shows the number of households in housing stress, renting or mortgaging their homes. Of the 11,963 rental households, 2,902 were in rental stress (24 per cent). Of the 20,166 mortgage households, 2,603 (11 per cent) were in mortgage stress. This reinforces the need for affordable housing options that are targeted to renting households.

Figure 14: Households in housing stress, 2021



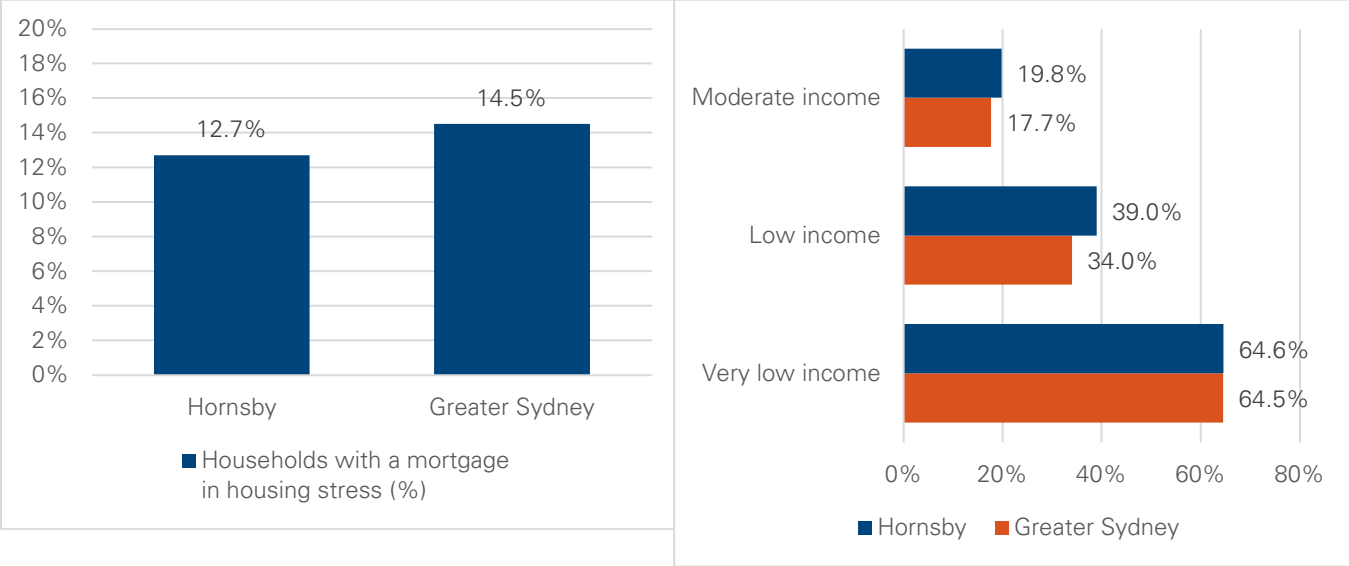
Source: Profile .id, the population experts

More details regarding mortgage stress in Hornsby Shire is provided in Figure 15. It shows that while there are a fewer proportion of Hornsby Shire households with a mortgage in mortgage stress than Greater Sydney (12.7 vs 14.5 per cent), there is a higher proportion of households with a mortgage in housing stress for each of the income band. This means that there are likely to be a higher proportion of higher income households that would not be in mortgage stress, offsetting the additional mortgage stressed households in the Shire. This is important context, as the lower overall figure has the potential to hide the greater exposure of these households.

As shown in Figure 16, rental stress in Hornsby Shire is also significant. Over a quarter of renting households are in rental stress, with almost a quarter of moderate, half of low income renting households and 90 per cent of very low income renting households in rental stress. These figures are similar to Greater Sydney, and as noted above, likely more severe than reported in 2021.

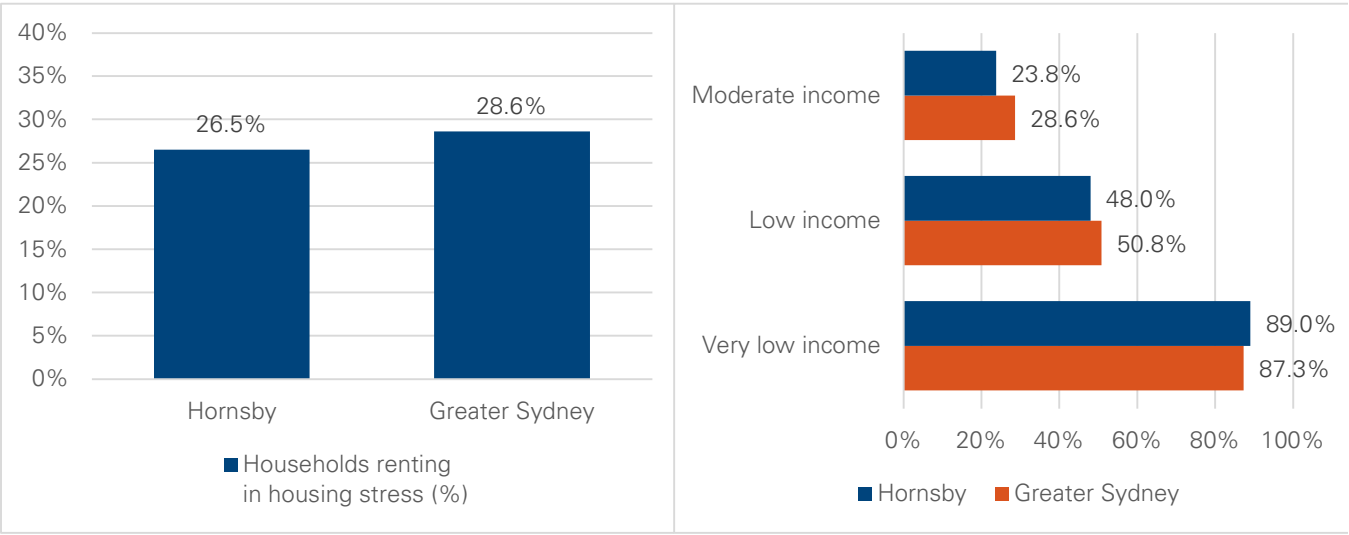
Of those households in housing stress, over half (757) were families and 233 were couples. Lone person households made 382 households. The remainder of households needing affordable housing were either homeless or marginally housed.

Figure 15: Mortgage stress in Hornsby Shire, 2021



Source: Profile .id, the population experts

Figure 16: Rental stress in Hornsby Shire, 2021



Source: Profile .id, the population experts

5 What can local government do?

5.1 Plan for supply

One of the most effective ways to keep housing affordable in a local area is to maintain a steady supply of homes to meet demand. In the Shire, additional supply should be planned in areas where additional density can be accommodated where there is access to jobs and services and the overall bushland and garden setting would be retained. This means prioritising growth near existing centres, primarily around major public transport routes.

The NSW Government, on a regular basis, establishes housing targets for local government areas. These targets are typically set in the context of State-wide strategies. The *A Metropolis of Three Cities* regional plan and *North District Plan* established a Council delivery target of 4,350 dwellings from 2016 to 2021 and required to develop its own six to ten year target. This resulted in Council's development of its LHS, where it identified a target of a further 3,800 dwellings to 2026.

The LHS also prioritised how and where supply would best be prioritised into the future. It found that the Hornsby Town Centre, a Strategic Centre of Greater Sydney, was best placed to be masterplanned to accommodate the bulk of housing supply in the 2026 to 2036 period. Council's reviews had identified the potential for the centre to leverage its access to major public transport infrastructure, existing mix of retail and services and capitalisation. The reviews had also identified key issues to be considered, such as transport infrastructure delivery and funding, design considerations and community infrastructure.

This has resulted in the development and Council's adoption of the Hornsby Town Centre Masterplan, which identified the potential for 4,900 additional homes in the Centre. These homes would be accompanied by more local businesses and employment, public transportation upgrades to the surrounding areas, public space and public domain upgrades. Significant infrastructure upgrades have also been identified for Council and the NSW Government

5.2 Promote housing diversity

Local government is responsible for establishing planning controls that achieve a variety of outcomes. While the NSW Government identifies the primary land uses that are permitted in different land use zones, councils identify what other land uses might be suitable in that zone locally, as well as where the zones should be applied. Other controls, such as height, density and local design controls in Development Control Plans establish what development will look like and what they will contain. By applying these controls carefully, councils can promote the delivery of different types of homes, such as houses, townhouses and apartments.

Chapter 4 of this Strategy discussed the different types people, households, housing stock and housing tenures in Hornsby Shire, establishing that there is demand for a range of housing types suitable for different needs. This finding was also supported by the Hornsby LHS, which found that there was a critical need for housing types for smaller households. This could be achieved through additional high density housing around areas like the Hornsby Town Centre or through more medium density housing precincts. This could be achieved through rezoning certain precincts to allow for the delivery of new housing types, or adapting existing design controls to require a mix of types and sizes of dwellings in future development.

5.3 Local land use permissibility

Local environmental plans outline the land uses that are permitted in different zones and principal development standards for their design, such as maximum heights and densities. Typically, land use permissibility is uniform across a zone, meaning that what is permitted in one neighbourhood's medium density residential zone is the same as another's. However, there are circumstances where a certain neighbourhood or site can be a good fit for a land use, that would not be typically permitted. These can be permitted through additional local provisions or additional permitted uses.

One recent example of an additional local provision included in the Hornsby Local Environmental Plan 2013 was introduced through the 7 City View Road Planning Proposal. That planning proposal allowed for additional land uses of 'residential flat building' if a development resulted in non-residential land uses (e.g. employment uses) and seniors housing. It was also accompanied by a Planning Agreement that would require the dedication of affordable housing. In this instance, the change in land use permissibility would result in positive outcomes for the community and the developer, while also aligning with the characteristics of the local area.

Future owner initiated planning proposals, developed in consultation with Council, may offer similar substantial community benefit, strategic merit, and site specific merit.

5.4 Incentive provisions

Incentive provisions in local environmental plans may offer bonuses to developers who include certain features in their developments. The Hornsby LEP includes a type of incentive clause in certain E1 Local Centre zones that offer additional height when non-residential floorspace makes up a portion new development.

Bonus provisions for affordable housing in the Housing SEPP are one example of current affordable housing provisions. On a local government level, the City of Sydney's *Build-to-rent housing and co-living housing in Central Sydney* planning proposal seeks to increase alternative forms of market rate housing. This planning proposal seeks to amend the Sydney Local Environmental Plan 2012 to provide a floor space incentive to encourage build-to-rent housing and co-loving housing in Central Sydney.

Incentive clauses may make affordable housing more financially viable for developers by increasing the delivery of more profitable forms of development, such as market rate housing. In this way, they have the potential to increase the supply of multiple types of housing.

5.5 Affordable Housing Contributions Scheme

Affordable housing contribute schemes are council-led documents that set out how, where at what rate development contributions can be collected by councils for affordable housing. The requirements for their development and justification are outlined in the NSW Government's *Guideline for Developing an Affordable Housing Contribution Scheme, 2019*. As outlined in the guideline, a scheme should identify an area for potential densification and examine the feasibility for developers to contribute a percentage of developed land as affordable housing.

As part of the (then) Department of Planning, Industry and Environment's approval of Council's LHS in 2021, it required Council to develop such a scheme, in accordance with the guideline. The approval noted that the evidence base provided with the strategy was sufficient to justify a scheme.

As part of the development and implementation of the Hornsby Town Centre Masterplan, Hornsby Shire Council has prepared an evidence base to support an affordable housing contribution scheme. The Hornsby Affordable Housing Contributions Scheme (the AHC Scheme) would provide for the collection of development contributions, in line with a future amendment to the Hornsby LEP.

The AHC Scheme would set out where and at what rate development contributions can be collected for the purpose of affordable housing, delivering on the objectives of the Hornsby Town Centre Masterplan.

5.6 Partner with housing providers

Monetary contributions received through the AHC Scheme, or by any other means, could enable the acquisition or development of affordable housing within the Hornsby Shire LGA. Development could be undertaken by Council or in partnership with CHPs through an expression of interest process. Arrangements could be undertaken on Council land, in partnership with NSW Government landowners, or as public/private initiatives.

Alternatively, monetary contributions could be used to acquire existing housing and repurpose it as affordable housing. This could be directly acquired from the open market or form a partnership with a CHP that will enable the CHP to acquire housing and manage it on behalf of Council.

5.7 Management of dwellings

Councils may acquire dwellings directly as part of voluntary planning agreements entered into as part of development applications or planning proposals outside of an affordable housing contribution scheme. Dedication of affordable housing dwellings would be transferred in property title to Hornsby Shire Council for consideration of management process.

An affordable housing management policy would be prepared and outline how properties are managed, including whether they are managed by Council or a CHP. The management policy would also outline how funds raised/property assets provided under the scheme would be used and reported on, in line with best practice.

5.8 Advocacy and awareness

Local governments regularly advocate for the delivery of high quality market rate, affordable and social housing. This includes the development of masterplans, housing strategies and actively lobbying the NSW Government to increase affordable housing provision in areas experiencing high rates of housing stress. This includes assessing the effectiveness of affordable housing initiatives and policies and advocating for adjustments to state and local policies.

Councils also monitor and report on the delivery of housing, providing local and relevant information with the NSW Government to aid in the development of policies. As affordable housing units are delivered, reporting on key metrics such as the number of new affordable housing units created, housing affordability indicators, and resident satisfaction would aid in evidence based policy across all levels of government. Providing this information to the community, developers and internal stakeholders can also create new advocates for affordable housing by sharing successes and highlighting opportunities for projects.

LAHC's holdings in Hornsby Shire form an important part of the social housing portfolio in the North District. An open dialogue with LAHC and its management partners would ensure that advocacy for high quality and suitably resourced housing meets the needs of its residents and the community.

6 Guiding Principles

Council's Housing vision has been informed by State Government requirements, Council goals and Hornsby's Community Strategic Plan and seeks to:

> "Support community well-being through the provision of housing that is affordable and appropriate to household needs and preferences in terms of choice and location, while protecting and enhancing local surroundings and the natural environment."
>
> *- Hornsby Local Housing Strategy 2020*

Hornsby Shire Council is committed to ensuring diverse, accessible and affordable housing in well located areas throughout Hornsby Shire. As identified in several of Council's key documents including the Hornsby Local Strategic Planning Statement, Local Housing Strategy, Community Strategic Plan and Affordable Housing Discussion Paper, there are some guiding principles for the delivery of more affordable housing in Hornsby Shire. These include:

1. Increase the supply of affordable housing in Hornsby Shire
2. Locate affordable housing near or within established centres to allow residents greater access to transport, jobs and services
3. Focus on alleviating housing stress for very low, low, moderate income households and key worker accommodation
4. Establish processes for the delivery of affordable housing in perpetuity through monetary contributions or dedication of dwellings/land
5. Establish an internal framework for the management of affordable housing contributions and dwellings

7 Directions and Actions

The following directions and actions are proposed to encourage the delivery of affordable housing and maintain a supply pathway in Hornsby Shire. The proposed actions have been categorised into three key directions – planning, facilitation and advocacy.

7.1 Planning

Planning mechanisms are essential for the collection of delivery, management and monitoring for affordable housing in Hornsby Shire. As outlined in the tables below, four areas within the planning sphere can assist with affordable housing, including statutory planning mechanisms, administration and fund management, planning support and review and monitoring of affordable housing provisions.

Further, the Hornsby Affordable Housing Discussion Paper, Hornsby Local Housing Strategy and Local Strategic Planning Statement define areas of exploration for providing affordable housing in Hornsby Shire. Actions for planning are as follows:

Planning	
Proposed action	
P1	Finalise and implement an Affordable Housing Contributions Scheme that identifies sites/precincts where affordable housing contribution are required and the rate of the contribution (land and/or monetary). Initially this would apply to the Hornsby Town Centre, however further sites and precincts will be added to the scheme as planning proposals are received and/or strategies are prepared.
P2	Promote affordable housing as a community benefit via planning agreements where it has not been provided for under the Affordable Housing Contribution Scheme
P3	Continue to promote diverse housing to assist in providing greater housing choice, needs and accessibility for various households. This would be achieved by examining opportunities across a range of housing types and tenures, providing alternative housing opportunities that reflect the character of Hornsby Shire.
P4	Undertake regular reviews of the contribution rates in the Affordable Housing Contribution Scheme with an aim to increase affordable housing contributions, subject to feasibility testing and markets considerations.
P5	Regularly review the adopted Affordable Housing Strategy and report on the delivery of affordable housing and collection of monetary contributions under the strategy

7.2 Facilitation

Direct facilitation and establishing clear provisions for affordable housing in Hornsby Shire are a key direction to ensuring that the Hornsby community's needs are met.

Reviewing Council's asset to find potential opportunities for affordable housing sites and establishing a working relationship with a community housing provider/s are two options for further progressing the provision of affordable housing in Hornsby Shire. Suggested action for this type of facilitation are as follows:

Facilitation	
Proposed action	
F1	**Undertake a Council asset review** to identify opportunities for surplus sites that may be developed for affordable housing by or with a community housing provider
F2	**Prepare a draft Affordable Housing Portfolio Management Policy** to outline responsibilities of Council and any CHPs selected to partner with or manage housing stock.
F3	**Prepare a Community Housing Provider Management Plan** for managing the process of engaging a CHP, and either develop an affordable housing site with or as a tenancy agreement.

7.3 Advocacy

As the need for affordable housing in Hornsby Shire has been established through various planning documents, advocating for greater opportunities is needed to assist planning and facilitation of affordable housing.

Although the primary responsibility for meeting the communities housing needs is with the State and Federal Government, Council is a key stakeholder for ensuring localised issues are addressed appropriately by providing access and information on the delivery of affordable housing, as well as advocating for more financial assistance from higher levels of government. Suggested actions for advocacy are as follows:

A.2 – ADVOCATE AND ADVERTISE	
Proposed action	
A1	**Prepare affordable housing specific webpage on Council's website** with key information and documentation.
A2	**Promote Council's role in delivering affordable housing for Hornsby Shire** residents through various channels including (but not limited to): • Councils' webpage • Council's Facebook page • Council's e-news Media releases – online and local newspapers
A3	Seek to ensure that all **affordable housing provided on private or government owned sites are affordable in perpetuity**.
A4	Allocate appropriate resources to **ensure ongoing maintenance and oversight of affordable and social housing** in Hornsby Shire.

8 Affordable housing management considerations

Affordable housing will be managed to prioritise the following principles.

1. Affordable housing is maximised
2. Delivery is expedited
3. Risk to Council is minimised

To deliver on these principles, Council allows for three methods for delivery of affordable housing in Hornsby Shire:

1. Dedication of affordable housing units on site – build and dedicate free of charge
2. Monetary contribution – a monetary contribution that is equivalent to the required 'per square metre' affordable housing rate
3. A combination of dedication of affordable housing units and monetary contribution.

Management of these method is outlined below.

8.1 Management of monetary contributions

Monetary contributions received are to be pooled, managed and allocated by Hornsby Shire Council.

As sufficient funding becomes available, Council will consider opportunities to develop affordable housing on a case-by-case basis. Council may choose to purchase or develop, or seek proposals from eligible CHPs for projects for the development of affordable housing within the LGA.

Proposals are required to align with any Management Policies prepared by Council which set out affordable housing development or acquisition options, including a requirement to ensure that any financial return resulting from the management of funds in waiting is to be used for the purpose of development affordable housing.

Proposals will be required to demonstrate how funding will be leveraged to maximise the quantum of affordable housing dwellings In Hornsby Shire and a demonstrated ability and commitment to achieve Council's objectives.

8.2 Management of dedicated dwellings

Dedication of affordable housing dwellings are to be transferred in property title to Hornsby Shire Council for consideration of management process.

Council may outsource the management of the affordable housing dwellings to a Community Housing Provider (CHP) with demonstrated experience and expertise in the management of affordable housing or undertake the management of affordable rental housing itself. Council's affordable housing portfolio would be managed in accordance with any Management Policies prepared by Council setting out how property assets are to be used.

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SHIRE COUNCIL