WAVERLEY COUNCIL

LOCAL HOUSING DISCUSSION PAPER

Contents

EXECUTIVE SUMMARY

The NSW Department of Planning and Environment (DP&E) require all Councils to prepare a Local Housing Strategy. This Waverley Local Housing Discussion Paper is a precursor to the strategy and provides a snapshot of housing issues, trends, drivers and opportunities for housing supply in Waverley. Its purpose is to establish the background and context, analyse the evidence base, and present land use planning options for future investigation to then be finalised in a Local Housing Strategy.

Extensive consultation was undertaken for the *Waverley Community Strategic Plan 2018-2029* and revealed community sentiment towards housing in Waverley. It was identified that there is a desire to develop a holistic vision with respect to sustainable growth and development, increase affordable and social housing, avoid further high rise development and address the impact of Airbnb. Additional challenges have also been uncovered throughout the preparation of this paper. The findings from this paper will be subject to further to community consultation.

Once this document has been exhibited for community feedback, the next steps would be to evaluate the land use planning options and prepare an implementation and delivery plan to be included in a planning proposal for any changes to the *Waverley Local Environment Plan 2012.*

This report comprises the following components: a local trends analysis, a demand forecast, a supply assessment and recommendations. The findings and recommendations of this report are summarised below.

Local trends

Waverley is younger and has a higher proportion of high household income earners working in professional scientific and technical services than the rest of Sydney. The largest local employers are retail trade, accommodation and food services, and health care and social assistance. Residents in Waverley are active and more likely to walk or use public transport, with lower car ownership, than the rest of Sydney.

Waverley has a smaller average household size reflecting the greater rate of lone person and couples without children households. Over the last ten years, there has been an overall decrease in the proportion of households living in detached housing and an increase in the proportion of households living in apartments.

The demographic profile is reflected in the current housing profile and how it has changed over time. Waverley has the second highest population density in NSW with 66% of residents living in flats, units or apartments, compared to the Greater Sydney average where about 60% of the population live in detached houses. Waverley's density is achieved via a number of different built-forms including high-rise, walk-up apartments and terraces.

Compared to Greater Sydney, Waverley has a high proportion of renters, which is linked to the predominant household types – including a younger demographic, more group homes and less couples with children compared to the Sydney average – and the higher percentage of apartments.

Overall, the larger proportion of higher density housing in Waverley, combined with locational features such as accessibility to Sydney CBD, retail amenity, services and leisure, attracts and retains the unique demographic mix of younger and smaller households.

The residential development history of Waverley has been influenced by distinct eras of development. The land boom of 1875-1889 promoted the subdivision of large estates near major transport routes for terrace rows, whilst areas further from transport were subdivided as larger sites for freestanding or semi-detached Victorian Italianate residences. In the early 20th Century, Waverley rapidly developed as 'tram stop' suburbs with retail service pockets at key locations.

Residential flat buildings in the form of two or three story walk-up apartments and freestanding houses were developed equally (usually on available land) in the early half of the 20th century as terrace houses went out of trend. The 1960s and 1970s saw the continued construction of three and four storey walk-up blocks (however during this period they were constructed on sites with existing freestanding houses, which were demolished). The 1970s and early 1980s saw the construction of a number of medium-rise towers throughout Waverley. The late 1980s and early 1990s witnessed the first high-rise residential towers in Bondi Junction.

Since the gazettal of the Waverley LEP 2012 there have been some incremental up-zonings in residential areas across Waverley and most significantly an increase in the size of the B4 Mixed Use zone in Bondi Junction (and subsequent decrease in the B3 Commercial Core zone), facilitating the development of additional residential towers.

The following noteworthy development residential trends have been occurring in Waverley:

- One and two bedroom apartments are the most common housing type being developed, driven by yield and the investment market. A high proportion of sales have been to foreign investors.
- Ancillary development such as studios above garages and secondary dwellings have made up 6.5% of new dwellings in the period between 2006 and 2016 in Waverley.
- There has been one CDC approved under the Low Rise Medium Density Housing Code since 1 July 2018. Council should investigate where the LGA should be exempt from the code.
- Rooftop additions are increasingly common upgrades to older style residential flat buildings.

Housing stress is a current and very real issue in Waverley. It has led to a significant loss of key workers across the Eastern District, placing Waverley in the top five LGAs in Greater Sydney to have the smallest key worker population.

Housing Targets

The District Plan requires that all Councils develop 6-10 year and 11-20 year housing targets. Based on Council's initial testing, a housing target of **3,461 dwellings to 2036** was developed. 1,250 of these dwellings are already in the supply pipeline, therefore an additional 2,211 dwellings will need to be provided to 2036. Dwelling capacity analyses of the current planning controls show that there is capacity to accommodate this dwelling target. Further modelling is recommended to understand the take up rate of the planning controls.

Recommendations for future investigation

The recommendations for future investigation alongside this discussion paper will be placed on public exhibition for public comment. Pending community consultation, the recommendations may be prioritised, amended or removed.

Based on the research findings of this report and community sentiment from the CSP, there are a number of areas identified for future investigation to ensure Waverley can deliver the diversity of housing opportunities for current and future residents up to 2036 and beyond.

A. Future supply opportunities

The following are future areas for investigation:

i. **Development capacity**. Complete further feasibility modelling to understand the take up rate of the current planning controls to ensure Waverley can meet the implied dwelling requirement to 2036.
ii. **Local character areas**. The NSW DP&E recently released guidelines for preparing local character statements and a supporting overlay in the WLEP 2012. Council could investigate this in line with an assessment on any areas suitable for future redevelopment.

B. Quality and range of housing supply (design)

Redevelopment in areas with small lots containing modest sized detached dwellings is difficult (due to the need to maintain solar access, satisfy best practice environmental standards; provide sufficient parking, private open space, and privacy; and to appropriately address the streetscape). Nevertheless, the housing preferences analysis suggests there is an appetite for compact housing forms that meet basic safety and size requirements. The changing Waverley demographic profile – with ageing households in some areas and a younger age profile in others – suggests that there is a local appetite. However, there is a strong desire to protect residential values and low density character. Therefore, interventions to facilitate change could include reviewing planning controls and guidelines to facilitate the 'missing middle' in areas where apartments are not necessarily appropriate or desirable. Recommendations are as follows:

i. **Encourage alternative secondary dwellings**. Review the DCP controls to allow greater flexibility in design, alternative housing forms, and renewal where possible. Also review LEP controls to consider Clause 4.4A Exceptions for secondary dwellings (a clause in the LEP that allows for exceptions to floor space or allows for additional floor space for certain development types or lot sizes).
ii. **Investigate any design issues with the Low Rise Medium Density Housing Code.** The Low Rise Medium Density Housing Code was introduced in 2018 to encourage complying development for medium rise development. Further investigation into how, where appropriate, Waverley LGA should be exempt from the code.

C. Affordable rental housing

This evidence base details the current affordability of available market housing and the supply of purpose built affordable housing under various schemes. An Affordable Housing Strategy that addresses the following points should also be developed in consultation with Waverley's Housing Programs and Community Support team and neighbouring Councils.

i. **Develop a detailed understanding of affordable housing need in the LGA**. Further work should be completed on understanding the current and projected future need for affordable housing, including whether what indicative waiting lists might be and specifically how many affordable dwellings are needed to meet demand.
ii. **Investigate affordable housing delivery vehicles.** In consultation with the Housing Programs and Community Support team, the most appropriate affordable housing delivery model/s need to be

identified including housing typology, acquisition and ownership.

iii. **Investigate appropriate funding mechanisms**. Investigate appropriate affordable housing mechanisms to increase the supply of affordable rental dwellings in the LGA.

1 INTRODUCTION

1.1 Background

Under section 3.8(3) and (4) of the *Environmental Planning and Assessment Act 1979* (EP&A Act), all Councils are required to undertake a comprehensive review of their local environmental plans (LEPs) to implement the Region Plan (A Metropolis of Three Cities) and District Plan (Eastern City District Plan) recently prepared by the NSW Government. A key component in the preparation of the draft LSPS was the findings from extensive community consultation to the *Waverley Community Strategic Plan* (CSP) *2018-2029* to develop planning priorities and actions. This revealed how the community felt about the current state and future goals for housing in Waverley. It was identified that there is a desire to develop a holistic vision with respect to sustainable growth and development, increase affordable and social housing, avoid further high rise development and address the impact of Airbnb. Under the draft LSPS direction 'Housing the City,' the objective is that "our area has a range of housing options which are accessible, sustainable and affordable."

The NSW DP&E requires that all Councils complete a Local Housing Strategy in line with the planning priorities and objectives from the draft LSPS. The Local Housing Strategy guideline details the steps and content required to prepare a Local Housing Strategy. This discussion paper is a precursor to the strategy as it provides a snapshot of housing issues, trends, drivers and opportunities for housing supply in Waverley. Its purpose is to establish the background and context, analyse the evidence base, and present land use planning options for future investigation to then be finalised in a Local Housing Strategy.

1.2 Scope and purpose

This project's primary purpose is to build an evidence base as a response to the Greater Sydney Commission's drafting of the Eastern City District Plan which sets out the State Government's growth strategy for the Local Government Areas (LGA) of Sydney. The drafting of the Eastern City District Plan presents an opportunity for Council to effectively plan for housing growth in Waverley, both up to 2036 and beyond.

This paper provides a snapshot of housing issues, trends, drivers and opportunities for housing supply in Waverley. It provides a robust evidence base upon which further investigations and policy decisions can be based. This report will also inform Waverley's future Local Housing Strategy as required by the District Plans.

The key matters that have been investigated as a part of this discussion paper include:

- An overview and assessment of the current housing situation in Waverley – particularly affordability, dwelling supply, housing types and housing sizes.
- Recent housing development trends.
- Waverley's changing demographics and associated implications for housing.
- Opportunities and constraints to accommodating future increases in the residential population.
- Potential planning policy mechanisms and other actions required to address identified housing challenges.

1.3 Report contents

This report contains the following chapters herein:

- Section 2 - Local Trends Analysis: looks at the current demographic and housing profile, residential development history in Waverley and recent development trends.
- Section 3 - Demand Forecast: reviews the latest population, dwelling and household projections from the NSW Department of Planning and Environment as well as the implications of Waverley's changing demographics for future dwelling types.
- Section 4 - Supply Assessment: looks at recent and future housing supply trends and compares these to projected demand to see if Waverley can accommodate future population growth.
- Section 5 – Recommendations for future investigation in the preparation of the final Local Housing Strategy and Affordable Housing Strategy.

2 LOCAL TRENDS ANALYSIS

Overview

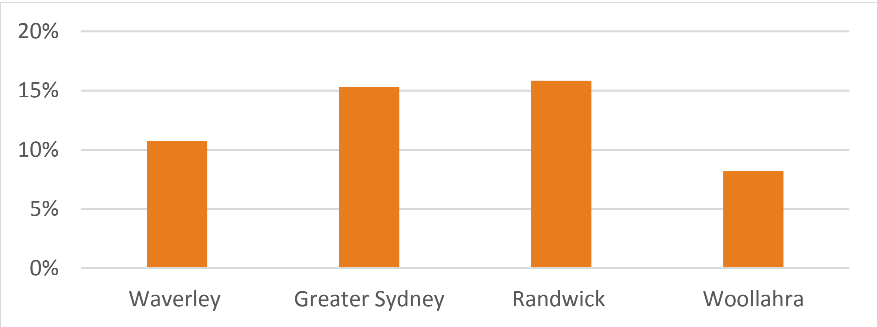
This section provides a demographic analysis to understand preferences for different housing types; information about the existing stock of dwellings such as type, size and tenure characteristics and a review of the residential planning history in Waverley as well as recent development trends.

2.1 Demographic profile

2.1.1 Age and Population

The population of Waverley is approximately 73,300 people. Waverley has experienced slightly less population growth (11%) compared to Randwick LGA (16%) and Greater Sydney (15%) in the last decade.

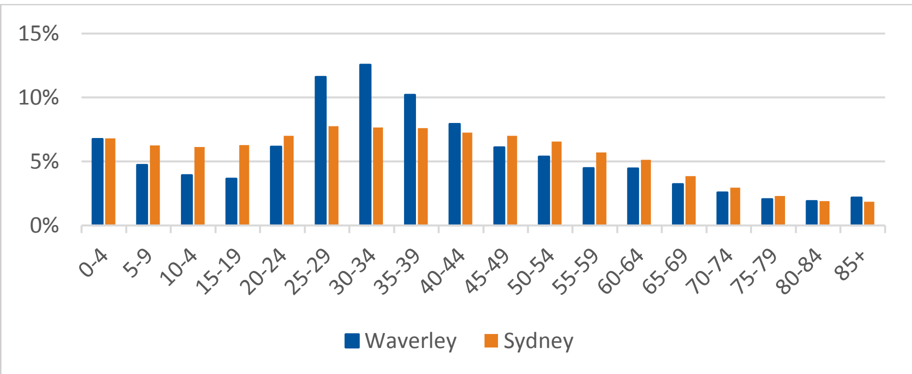
Figure 1 Percentage of Population Change 2006 – 2016.



Source: ABS Census, 2006, 2011 and 2016

Waverley's median age is around 35 years, which is slightly younger than all of Sydney (36 years). Waverley has a much higher proportion of 25 to 39 year olds than Sydney and a lower proportion of school aged children (5 to 19 year olds).

Figure 2 Waverley age profile against Sydney age profile.



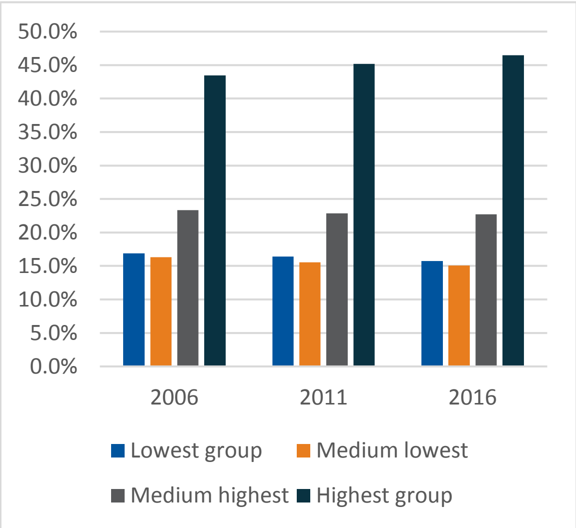
Source: ABS Census, 2016.

2.1.2 Income and employment

Waverley has a uniquely high proportion of high income households (39%) compared to Greater Sydney (28%).

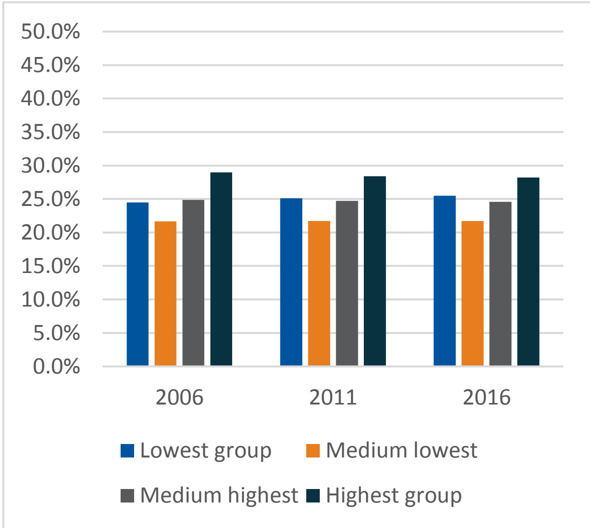
When drilling down to individual income quartiles, the highest income group was the only category that increased in Waverley over 2006 to 2016 (44% to 47% - a 9% increase). At the same time, there has also been a decrease in low income households (17% to 16% - a 6% decrease), as well as 2nd and 3rd quartile incomes. The trend has been the opposite for Greater Sydney, where even though there is a more even spread of income earners across the quartiles, there was a decrease in high income households (29% to 28% - a 3% decrease) and an increase (24% to 25% - a 4% increase) in low income households. This highlights that Waverley is gentrifying, losing low income households and attracting high income earners because they are more likely to afford living in this LGA.

Figure 3 Waverley Individual Income Quartiles by Census Year.



Source: ABS Census, 2006, 2011 and 2016.

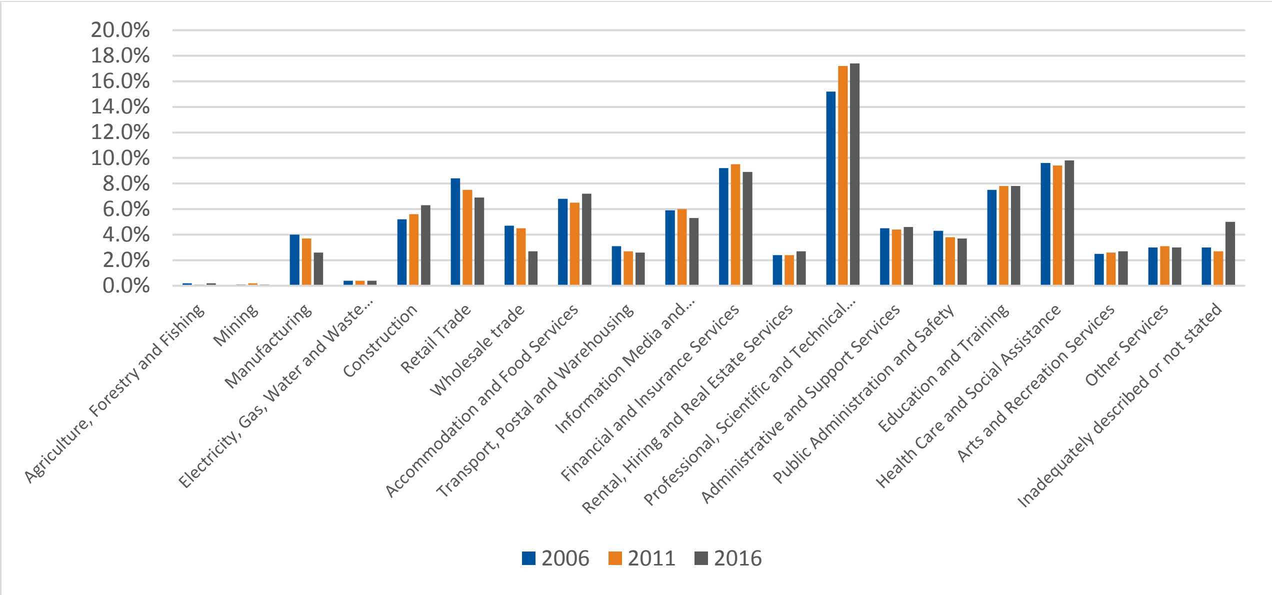
Figure 4 Greater Sydney Individual Income Quartiles by Census Year.



Source: ABS Census, 2006, 2011 and 2016.

It becomes clear that the high proportion of high income earners can be attributed to the occupations Waverley residents are employed in. Most people in Waverley are professionals (39% compared to 26% in Sydney) followed by managers (19.7% compared with 13.7% in Sydney). The largest industries where people worked were in professional, scientific and technical services, financial and insurance services and health care and social assistance.

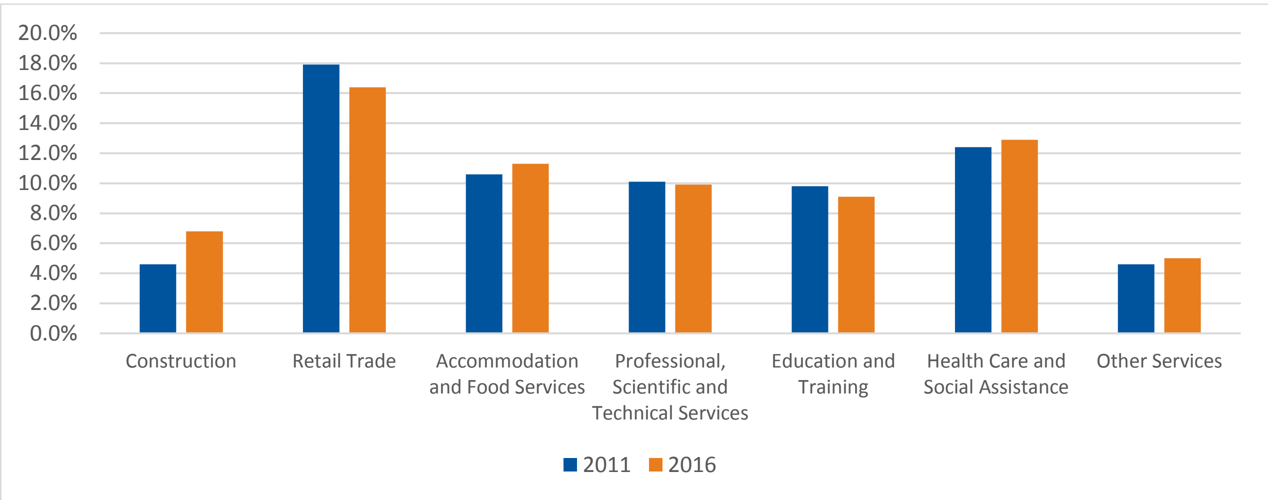
Figure 5 Industries where Waverley residents are employed.



Source: ABS Census, 2006, 2011 and 2016.

The analysis below shows the employment industries in the Waverley LGA. Waverley's biggest local industries are retail trade, health care and social assistance, and accommodation and food services. These industries make up a larger proportion in Waverley than they do across Greater Sydney (see second chart below). As the biggest local industries, it is considered that those who work in these industries are Waverley's key workers. The most predominant local industries in Waverley contrast with those that local residents are employed in. In other words, local professionals likely commute to the city for work, while local jobs are filled mostly by those outside of the LGA. These local workers may desire to live in Waverley LGA; however, this is increasingly difficult as Waverley continues to be a severely unaffordable LGA.

Figure 6 Employment industries in Waverley.



Source: ABS Census, 2006 and 2011

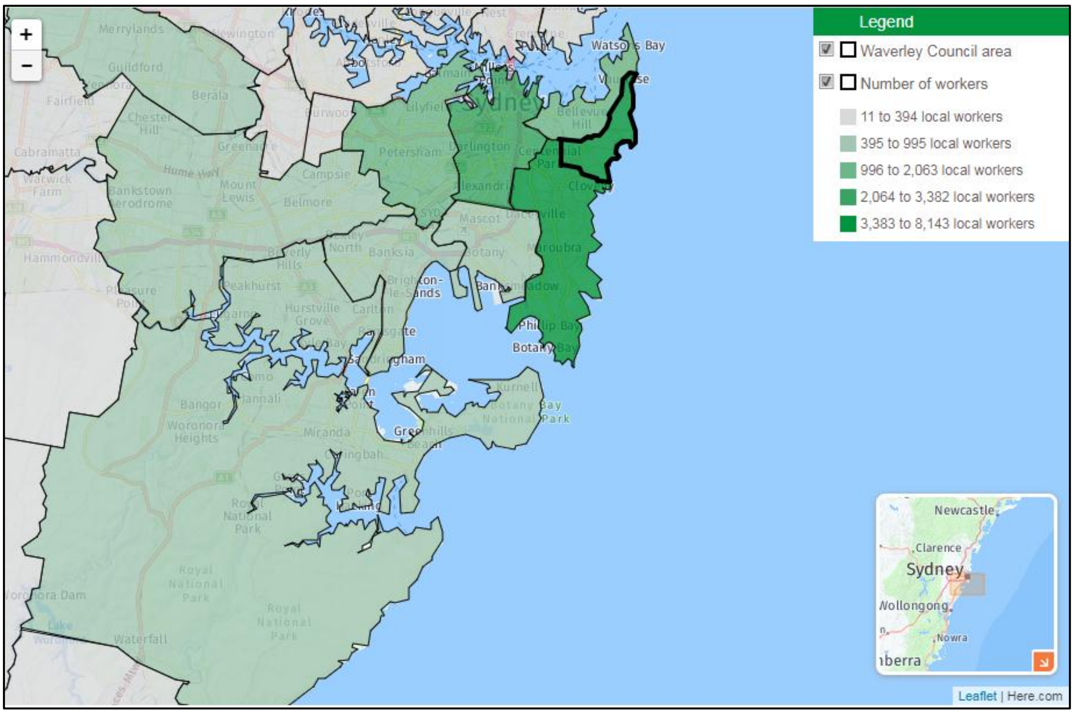
Note: this data is not available for 2006.

2.1.3 Travel Habits

Approximately 66.5% of workers within the Waverley LGA live outside of the area whilst 33.5% live and work within the LGA.[62] This means that a large proportion of the workforce has to commute to Waverley from surrounding LGAs. The image below shows places of residence of Waverley's working population.

Waverley's residents who work either in the LGA or elsewhere, are more likely to walk, cycle or use public transport as part of their journey to work (44%) compared to Sydney (31%). Waverley has a lower rate of multiple car ownership than Sydney and for non-work related trips people tend to walk in Waverley.[63] The established higher built-form density of Waverley and good access to public transport and amenities would likely foster such behaviour, and in turn attract future residents that value these attributes and who may or may not have a need for a car.

Figure 7 Place of residence of workers within Waverley.



Source: Transport for NSW Household Travel Survey 2019.

2.1.4 Household size

There has been a long-term trend across Australia for decreasing household sizes since the 1960s; influenced by increases in couple and single person households. The increase in couple households is partially due to the increasing propensity for couples to remain childless, but also the growing number of 'empty nesters'. However, the trend towards shrinking households has reversed in recent years. It is likely that affordability pressures have halted the decline in household size as new household formation has been temporarily deferred (with children at home longer, for example).

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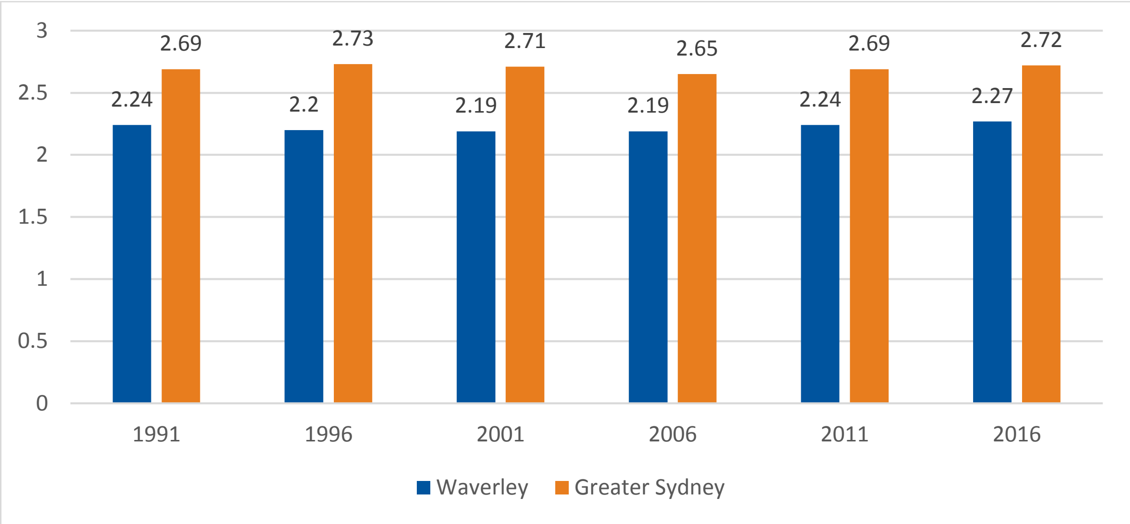
[62] Ibid

[63] Household Travel Survey, 2014, Transport for NSW.

The average household size in Waverley is 2.24 persons per dwelling, compared to the Sydney average of 2.69. Similar to the long term trend across Australia, the decreasing average household size is evident in Waverley. Interestingly, this trend has reversed since 2006. This recent uptick likely reflects the need to rely on a larger household – and a delay in new household formations – to afford higher priced housing.

Figure 8 Average household size - Waverley and Greater Sydney.



Source: ABS Census 2016

2.1.5 Household types

Household structure is one of the most important demographic indicators as it reveals an "area's residential role and function" and provides "key insights into the level of demand for services and facilities".[64] The most common household types in Waverley are lone person (24.7%), followed by couple with children (23.8%) and then couple only (23.5%). Waverley has a higher proportion of lone person, group and non-classifiable households than Sydney, but a significantly lower proportion of couples with children (Figure 9). This reflects the age breakdown in Figure 2 with the lower proportion of school children.

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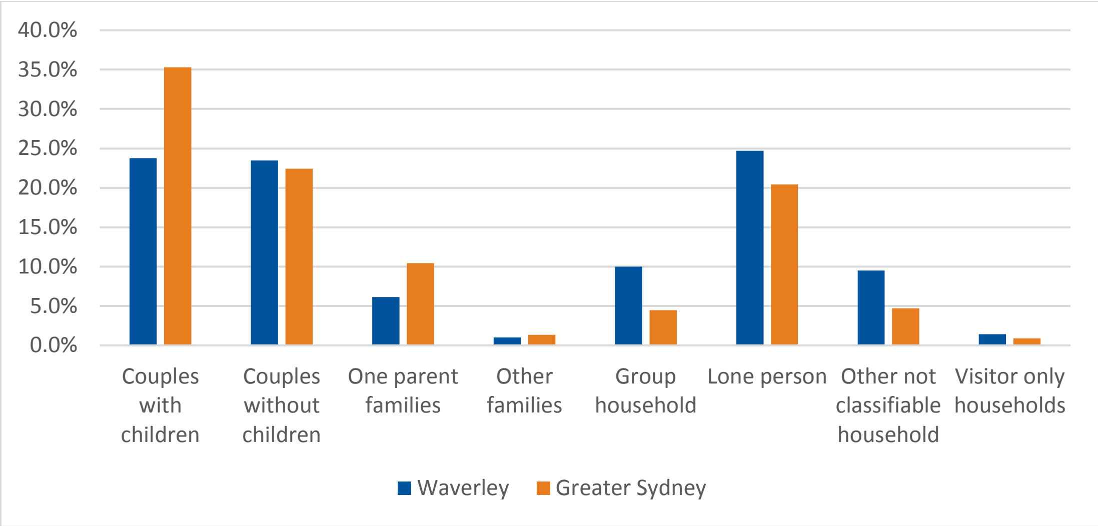
[64] I.D. Community Demographic Resources, *Waverley Council Housing Profile*, 2011.

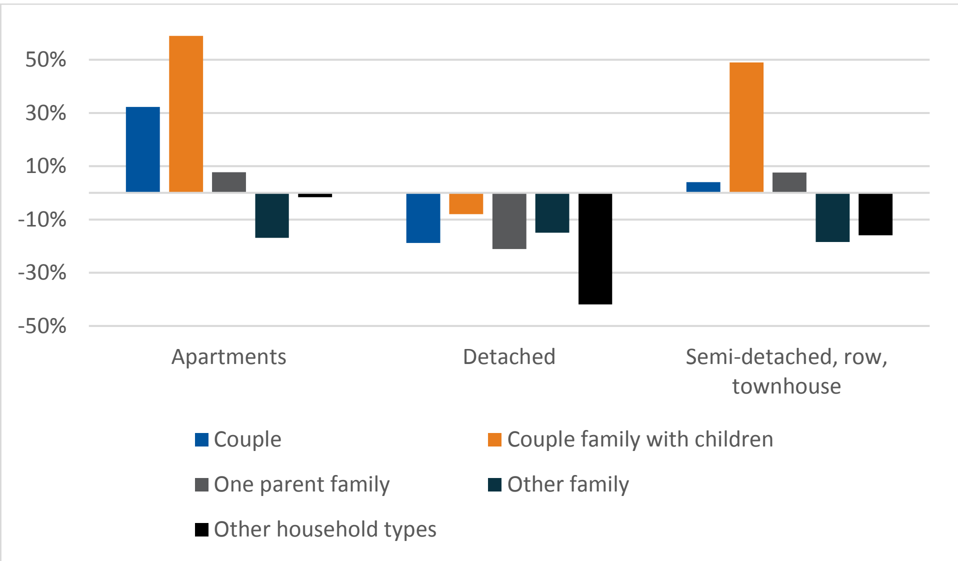
Figure 9 Household types in Waverley and Greater Sydney



Source: ABS Census, 2016.

Over time, there has been an increase in the proportion of families with children under 15 years old. This may be because families are choosing to live in smaller dwellings, where couples with children have been increasingly shown to trade-off a larger dwelling size (in a more suburban location) for a smaller dwelling in a more accessible location. There has also been a decrease in all households across detached housing, which has been a function of the ongoing demolition of these dwellings and replacement with apartments as the LGA continues to densify.

Figure 10 Changing dwelling preferences for all household types, Waverley 2006 -16.



Source: ABS Census 2006, 2011 and 2016

While the available data on empty nesters is only indicative, in 2016, 'empty nesters' made up 16% of households in Waverley, compared to 19% for Greater Sydney.

2.2 Housing profile

2.2.1 Housing types

In the 2016 census, Waverley had a population of 73,300 and a land area of 925 hectares (79 people/Ha). Waverley has the second highest population density in NSW following City of Sydney (87 people/Ha). This is reflected in its housing types where less than 20% of residents live in detached houses, around 20% live in terraces and duplexes, and the remaining 60% live in flats, units or apartments.[68] This differs to Sydney where about 60% of the population live in detached houses. The opportunity for growth in Waverley varies due to the differing levels of high density within the LGA. For example North Bondi has 125 people per hectare and is the 7th densest SA2 in NSW (along with Bondi), while areas such as Dover Heights have a population density of 42 people per hectare. Ostensibly, based on average densities there is opportunity for growth in areas such as Dover Heights and Vaucluse. However, Dover Heights is still in the top 5% densest SA2s in NSW (30th out of 576 SA2s), with the population density of other LGAs across Greater Sydney being much lower. Neighbouring Eastern Suburbs councils of Randwick (42 people/Ha) and Woollahra (48 people/Ha), are less dense than Waverley (Figure 11). From a more suburban context, Parramatta (30 people/Ha), Blacktown (15 people/Ha) and Liverpool (7 people/Ha) have much lower densities still. This analysis suggests, from a density perspective, there is much more ‘room to grow’ in other LGAs across Sydney and that naturally Waverley’s population projections would continually moderate as Waverley takes a lower share of Greater Sydney’s future population growth. Dwellings in Waverley are also smaller with an average of 1.9 bedrooms (compared to 2.7 bedrooms in Sydney).

It is interesting to note that the density of both Randwick and Woollahra is similar despite considerably different housing typologies. Woollahra achieves its density with a high proportion of semi-detached, terraces houses and towers; whereas Randwick achieves its density with apartments clustered in and around Coogee and Randwick. Moreover, the suburbs of Bondi Junction (107 people/Ha), Bondi Beach (118 people/Ha) and Paddington (116 people/Ha) all have a similar population density despite very different built-forms of high-rise, walk-up apartments and terraces, respectively.[69]

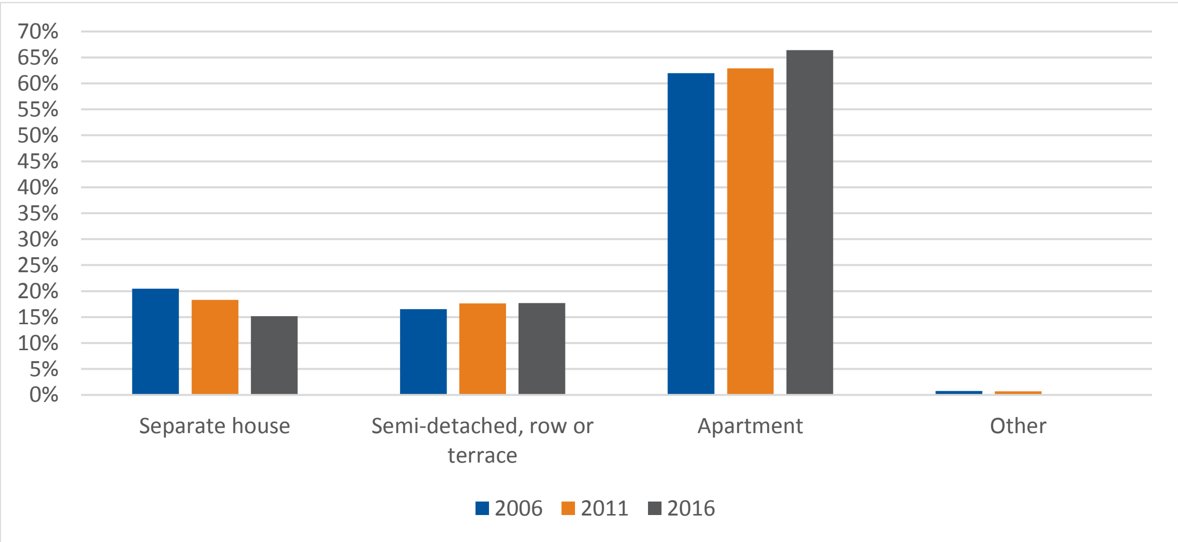
[68] ABS Census 2011.
[69] Ibid.

Figure 11 Housing types and population density: Waverley, Randwick and Woollahra.

Source: ABS Census, 2016.

A further breakdown of the dwelling types highlights why Waverley has one of the highest densities in Australia. Over the last ten years, apartments have grown from 62% to 66% of Waverley's housing stock; driven by the development of Bondi Junction. Meanwhile, separate houses has decreased from 20% to 15% in the same period. In an area that is already dense, it is not surprising that housing stock growth was dominated by apartments. A trend which will continue, with the replacement of detached dwelling stock with apartments.

Figure 12 Dwelling structure, Waverley 2006 -16.



Source: ABS Census 2016

Note: total does not add up to 100% because not applicable/not stated has been excluded.

Within each of the above housing type categories there is considerable variation of architectural styles, densities and built form (Table 1). This is especially apparent in Waverley where residential development occurred in ebbs-and-flows, influenced by changing trends in living, household structures, and architectural fashions. For example, a typical Californian Bungalow may have been converted and renovated several times with little remaining of its original form.

Table 1 Housing typologies across Waverley.

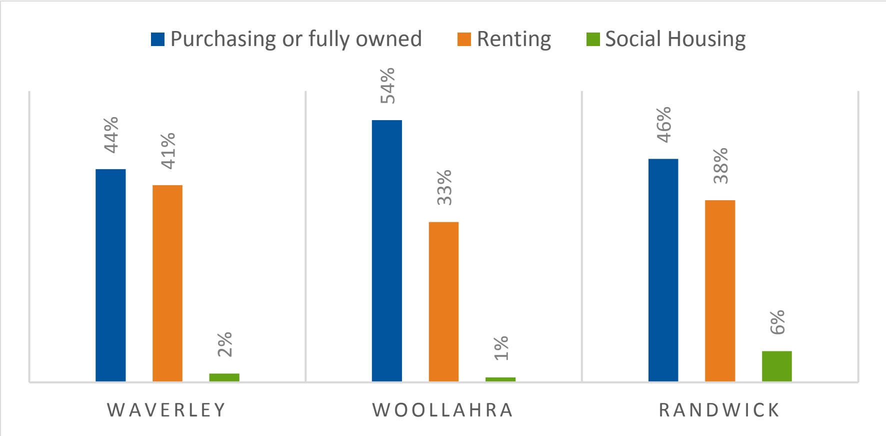
Inter-war Walk-Up 	Modernist Flat Building 	Art Deco Manor Home 
Art Deco Walk-Up 	Californian Bungalow[71] 	Victorian Terrace* 
Federation Terrace* 	50s-70s Mid Rise 	50s-70s Walk-Up 
80s Apartment Building* 	90s Apartment Building* 	Mid Rise Modern 
High-rise Modern* 	Shop Top 	Duplex (usually 50s)* 

[71] Source Google Street View

2.2.2 Housing tenure

Most households in Waverley have purchased or are paying off a mortgage (44%) followed by households who rent (41%) and households who live in social housing (2%). This is similar to the other Eastern Suburbs LGAs, however, Randwick has a considerably higher concentration of social housing (6%) compared to Waverley and Woollahra (Figure 13).

Figure 13 Housing tenure in Waverley, Woollahra and Randwick LGAs.

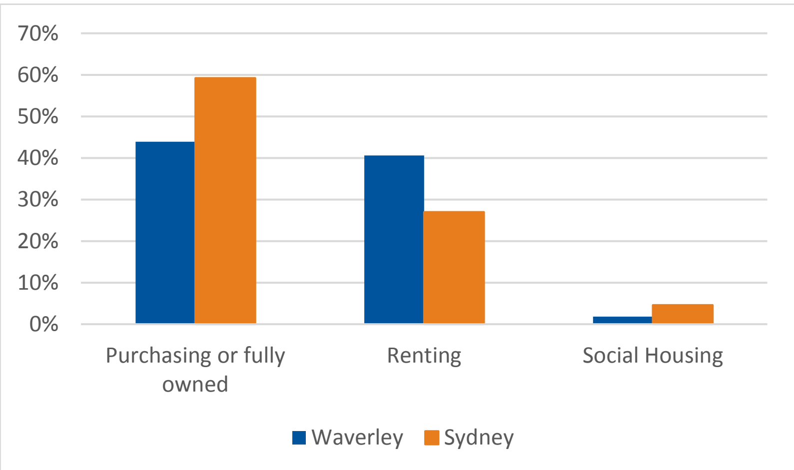


Source: ABS Census, 2016.

Note: total does not add up to 100% as 'Other tenure types' and 'Not Stated' has been excluded.

Compared to Sydney, Waverley (as well as Woollahra and Randwick) has a high proportion of renters (Figure 14), which is linked to the predominant household types – for example, younger demographic, more group homes and less couples with children compared to the Sydney average – and a higher percentage of apartments that are traditionally more likely to be rented than detached and semi-detached houses. The past four Census counts have shown that, with exception to the 2006 Census, the rental stock is remaining stable with only slight increases in stock from 2001 to 2016. Home ownership rates have seen a slight decrease since 2001, this trend and rental trends are similar to Greater Sydney which has also seen a slight decrease in home ownership and a slight increase in rates of rental.

Figure 14 Tenure types in Waverley and Sydney.



Source: ABS Census, 2016.

Note: 'other tenure types' and 'not stated' have been excluded.

The pattern of housing tenure in Waverley is spatially uneven, with very high rates of home ownership and mortgage holders in Dover Heights, Rose Bay, Queens Park, Waverley and Bronte. Conversely there is a much higher rate of rental properties in the Bondi basin (Bondi, Bondi Beach and North Bondi) and Bondi Junction.

2.3 Waverley residential development context

2.3.1 Residential zoning history

The earliest form of statutory land use planning in NSW was introduced with the gazettal of the *Local Government Act 1919.* This act empowered councils under Section 309 to regulate the use of land by means of 'Residential District Proclamations'. An amendment in 1928 extended the powers to the prohibition of residential flats, and a further amendment in 1940 added powers to regulate the permissible site coverage of flat buildings. Waverley took early advantage of the new powers under the act, with the first proclamation applying to the area bounded by Carrington Road, Salisbury Street, Henrietta Street and Victoria Street gazetted on 27 February 1920. Later came strategies and ordinances (now known as Local Environmental Plans) developed by Council to guide development with intermittent State Government influence. Since 2006 a standard template Local Environmental Plan, that is consistent across all local government areas, has been used in Waverley.

2.3.2 Residential development history

Waverley has grown into a densely populated area of Sydney, with permanent development starting as early as 1800. By the 1830s small groupings of residences and service buildings started to appear around transport routes. These small groupings became surrounded by terraces and smaller homes as land was subdivided between the 1850s and 1880s. Around Federation (1890-1910) development constraints grew and terrace buildings and the first residential flat buildings started to appear. By the 1920s residential flat buildings and single dwellings were the established norm, as opposed to terrace housing. By the late 1940s the construction of residential flat buildings and the return of servicemen after World War Two saw Waverley's population peak at 75,030 in 1951 – a figure not surpassed to the present.

Economic revival in the late 1950s and early 1960s saw a concentration of construction in peripheral areas of North Bondi and Dover Heights and on remaining mansion sites that were progressively demolished for subdivision. This helped alleviate Waverley's post World War Two housing stress resulting from 1951's peak population. More outlying areas particularly to the north, such as Vaucluse and Diamond Bay, were developed for freestanding housing, whilst further development around beaches and tram routes was particularly focused on three storey 'walk-up' flats. Declining household sizes and the very beginnings of gentrification saw Waverley's population decrease further in the 1970s.

By the late 1970s the population of Waverley stabilised (despite decreasing household sizes), with additional supply being introduced in the form of 'point block' apartment towers[72]; particularly around the beach and along transport routes. Development was slow after this period as people preferred freestanding houses in cheap suburban tracts of land, mostly to the west of Sydney. By the 1980s and 1990s apartment living was fashionable again, especially in well serviced areas and as Sydney reached the constraints of urban sprawl. The newly created Bondi Junction train line saw an increase of apartment developments around Bondi Junction which continues

[72] Typically eight-storey high apartment buildings with the circulation and services in the central core and apartments grouped around the core.

today. A detailed summary of Waverley residential development history is contained in Appendix 2.

2.3.3 Recent development trends

Consultation with the Waverley Development Assessment (DA) team was conducted to understand the built-form trends and issues that have been occurring across Waverley. These issues and trends are summarised below under their different headings.

No. of bedrooms

One and two bedroom apartments are the most common apartment types in high density areas and developers are reluctant to provide three bedroom apartments. The preference from developers for delivering this bedroom mix isn't necessarily driven by demand from the local population, but rather development profit margins. That is, providing a greater number of one and two bedroom apartments provides a greater return on investment (i.e. higher yield) for developers.

Discussions with developers have revealed that a significant proportion of unit sales in Bondi Junction have been to investors, with many of these being to overseas buyers from Asia. This adds credence to the suggestion that the bedroom mix of apartment development has been geared towards investors.

The Waverley DCP 2012 previously specified an apartment mix control which encouraged larger three bedroom apartments, although it was difficult to implement this control and could produce undesirable outcomes. For example, it was suggested developers would position the majority of one bedroom apartments on the northern side of the building and the three bedroom apartments on the southern side to satisfy the requirements of SEPP 65.

While the DCP control has since been removed, it may be worthwhile investigating a mandatory apartment mix standard, particularly in light of a decision by the DP&E to allow Hills Shire to mandate at least 20 per cent of future apartment developments (in areas being up-zoned) to have three or more bedrooms.[73]

Ancillary development

Laneway development (above rear garages) and some ancillary development in backyards has been a relatively common development type in Waverley. These ancillary developments are often rented out to adult children of the existing residents and to this extent only represent an affordable housing option for these residents. Despite their popularity, these dwellings are said to create undesirable amenity issues, such as overlooking, with neighbours often objecting to development applications. Ancillary development can be applied for under the Affordable Rental Housing SEPP 2009. Between 2006 and 2016, 80 secondary dwellings have been approved in the Waverley LGA. This represents 6.5% of the total number of new dwellings in the same period.[74] All secondary dwellings during this period were approved as a development application, therefore are not technically required to be affordable. Regardless, they do provide some form of affordable housing for multi-generational households.

[73] The Hills Shire Council, 27 October 2016, More family-friendly apartments now in the mix for The Hills.

[74] Troy, L., van den Nouwelant, R. and Randolph, B (2018) *State Environmental Planning Policy (Affordable Rental Housing) 2009 and affordable housing in Central and Southern Sydney.* City Futures Research Centre, Faculty of Built Environment, UNSW Sydney Australia.

Low Rise Medium Density Housing Code

The Low Rise Medium Density Housing Code allows one and two storey dual occupancies, manor houses and terraces to be carried out under a fast track complying development approval so long as it complies with all the relevant requirements in the State Environmental Planning Policy (Exempt and Complying Development Codes) 2008. Since its introduction on July 1 2018, only one complying development certificate (CDC) has been approved under the code. It was for a dual occupancy in Dover Heights. Further investigation should be undertaken into where the code has unsuitable design controls relative to the surrounding area and where appropriate, should the LGA be exempt from the code.

Renewal - rooftop additions

There have been a number of rooftop additions to older blocks of flats. These can be in the form of additional rooms for the top level occupants (Figure 15), or whole new apartments (Figure 16). Rooftop additions are seen as an emerging market that are increasingly being used by the existing body corporate to pay for upgrades to the building, this form of urban renewal is becoming increasingly more viable. The additional level can often result in an increase in the pitch of the existing roof form, which can exceed development standards.

Figure 15 Rooftop addition, Brighton Boulevard, Bondi Beach.


Source: Google Streetview, 2016

Figure 16 Rooftop addition, Ramsgate Avenue, Bondi Beach.


Source: Google Streetview, 2016

2.4 Local affordability issues

2.4.1 Affordable housing

Affordable housing in Australia forms part of the wider housing system. The term affordable housing is used "somewhat ambiguously in Australia"[75] and can overlap with concepts of social, community and public housing. The NSW Affordable Housing Guidelines adopt the following definition of affordable housing: "housing that is appropriate for the needs of a range of very low, low and moderate-income households, priced to ensure households are able to meet other essential basic living costs."[76] Importantly, 'affordable housing' refers to a specific type or class of housing, compared to 'housing affordability' which refers to the general state of the market and is typically measured in terms of price-to-income ratios.

The benefits of affordable housing are based on the social and economic sustainability associated with a greater social mix. Quality of life and well-being are enhanced if people transact their citizenship in diverse communities rather than polarised districts. Health outcomes, engagement in civic process and social capital building are supposed to be superior for rich and poor alike in mixed communities. The failure to provide affordable housing permanently in well serviced locations as the city develops leads to the geographic isolation, and subsequent marginalisation of low income and at risk groups. There is evidence that concentration exacerbates disadvantage and diminishes the potential for involvement in training and work.[79]

2.4.2 Housing stress

Housing stress is a critical measure of the need for affordable housing, as it shows the interplay between housing costs (rental and purchasing) and income levels. Housing stress has generally been defined as those households in the lowest 40% of incomes (i.e. very low, low or moderate income households) who are paying more than 30% of their usual gross weekly income on housing costs (rental or purchasing). Increasing housing stress caused by the loss of affordable housing has detrimental ramifications such as the displacement of long term residents in gentrifying areas, loss of cultural and social diversity, and key workers struggle to afford high housing costs proportionally to low incomes.

To determine housing stress, the Greater Sydney gross median weekly household income has been used to benchmark what would be an affordable rent and affordable weekly mortgage repayment. The Greater Sydney median household income is used as opposed to the Waverley median household income because as highlighted in section 3.1 demographic profile Waverley has a higher proportion of high income earners than Greater Sydney. The table below is based off the gross median weekly household income of $1,750 for Greater Sydney in 2016. These have been used to determine the affordability of market housing in section 4.1.3.

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[75] Yates J, Evaluating social and affordable housing reform in Australia: lessons to be learned from history. International Journal of Housing Policy, 13(2), 2013.

[76] Housing NSW, NSW Affordable Housing Guidelines, Family and Community Services, July 2014

[79] Spiller M and Anderson-Oliver M, 'Revisiting the economics of inclusionary zoning', SGS Economics and Planning, April 2015.

Table 2 Greater Sydney median household income ranges.

	Very low income household	Low income household	Moderate income household
Income benchmark	<50% of Gross Median H/H income for Greater Sydney	50-80% of Gross Median H/H income for Greater Sydney	80-120% of Gross Median H/H income for Greater Sydney
Income range	<$875	$876-$1400	$1401-$2100
Affordable rental benchmarks	<$262	$263-$420	$421-$630
Affordable purchase benchmarks	$250, 000 - $562, 000[82]		

2.4.3 Key workers

The financial ability of key workers to live somewhere is often used as a measure of housing affordability because they are generally in lower-paid occupations and need to live close to their place of work because of irregular shifts (e.g. at night) or the need to respond to emergency situations. Typically, key workers are considered to be teachers, nurses, ambulance, paramedic and emergency services and police officers but they can be considered to be other workers that are vital to the economic function of a place. In Waverley, the demographic profile highlighted that the biggest local industries are retail trade, health care and social assistance, and accommodation and food services. Should these workers fall into the very low, low and moderate income household brackets then they could be considered Waverley's key workers.

Between 2006 and 2011, there has been a 15.2% net loss of these key workers in the Eastern Suburbs, and now Waverley is the fifth highest LGA with the lowest key worker population in Sydney.[83] The loss of key workers is telling of the broader picture that Waverley has grown as an increasingly unaffordable area for very low and low income households. This entrenches and exacerbates disadvantages as it 'can force long distance commutes and increasingly displace asset poor older and younger people from areas where they have historically lived; thereby excluding those who play a valuable role in the Waverley's economic and social fabric'.[84]

2.5 Local trends - summary and findings

The key findings from the local trends analysis are outlined below.

Demographic profile

Waverley is younger and has a higher proportion of high household income earners working in professional scientific and technical services than the rest of Sydney. The largest local employers are retail trade, accommodation and food services, and health care and social assistance. Residents in Waverley are active and more likely to walk or use public transport, with lower car ownership, than the rest of Sydney.

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[83] Gurran, N., Gilbert, C. Zhang, Y., Phibbs, P. 2018 "affordability in Sydney", Report prepared for Teachers Mutual Bank, Police Bank and My Credit Union, The University of Sydney, Sydney.

[84] Judith Stubbs and Associates, 2016, SSROC Affordable Housing Submission: Background report part 1 – demographic and housing market analysis

Waverley has a smaller average household size reflecting the greater rate of lone person and couples without children households. Over the last ten years, there has been an overall decrease in the proportion of households living in detached housing and an increase in the proportion of households living in apartments.

Housing profile

The demographic profile is reflected in the current housing profile and how it has changed over time. Waverley has the second highest population density in NSW with 66% of residents living in flats, units or apartments, compared to Sydney where about 60% of the population live in detached houses. Waverley's density is achieved via a number of different built-forms including high-rise, walk-up apartments and terraces.

Compared to Sydney, Waverley has a high proportion of renters, which could be attributed to household types – including a younger demographic, more group homes and less couples with children compared to the Sydney average – and the higher percentage of apartments.

Overall, the larger proportion of higher density housing in Waverley, combined with locational features such as accessibility to Sydney CBD, retail amenity, services and leisure, attracts and retains the unique demographic mix of younger and smaller households.

Residential development history and trends

The residential development history of Waverley has been influenced by distinct eras of development. The land boom of 1875-1889 promoted the subdivision of large estates near major transport routes for terrace rows, whilst areas further from transport were subdivided as larger sites for freestanding or semi-detached Victorian residences. In the early 20th Century, Waverley rapidly developed as 'tram stop' suburbs with retail service pockets at key locations.

Residential flat buildings in the form of three or four story walk-up apartments and freestanding houses were developed equally (usually on available land) in the early half of the 20th century as terrace houses went out of trend. The 1960s and 1970s saw the continued construction of three and four storey walk-up blocks (however during this period they were constructed on sites with existing freestanding houses, which were demolished). The 1970s and early 1980s saw the construction of high-rise towers throughout Waverley. The late 1980s and early 1990s witnessed the first high-rise residential towers in Bondi Junction.

Since the gazettal of the Waverley LEP 2012 there have been some incremental up-zonings in residential areas across Waverley and most significantly an increase in the development standards in Bondi Junction, facilitating the development of additional residential towers.

Recent development trends

The following noteworthy development residential trends have been occurring in Waverley:

- One and two bedroom apartments are the most common housing type being developed, driven by yield and the investment market. A high proportion of sales have been to foreign investors.
- Ancillary development such as studios above garages and secondary dwellings have made up 6.5% of new dwellings in the period between 2006 and 2016 in Waverley.
- There has been one CDC approved under the Low Rise Medium Density Housing Code since 1 July 2018. Council should investigate where the LGA should be exempt from the code.
- Rooftop additions are increasingly common upgrades to older style residential flat buildings.

Local affordability issues

Housing stress is a current and very real issue in Waverley. It has led to a significant loss of key workers across the Eastern District, placing Waverley in the top five LGAs to have the smallest key worker population.

3 DEMAND FORECAST

Overview

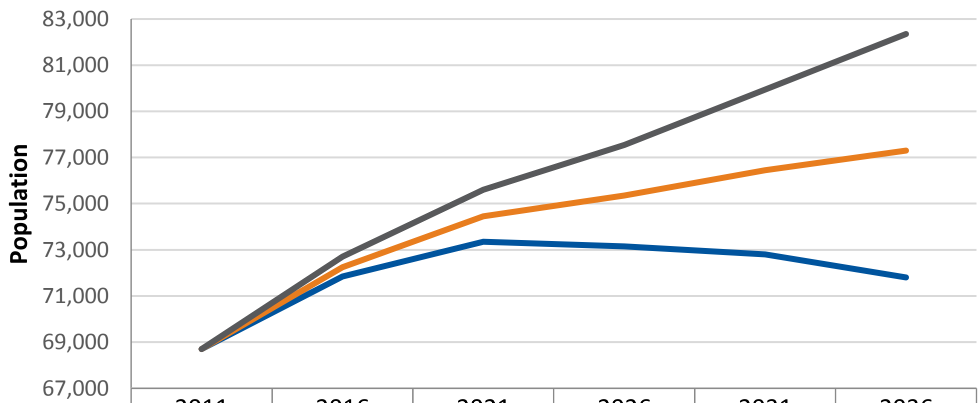
The demand forecast reveals the housing challenge facing Waverley up to 2036. This Section includes a review of the latest population, dwelling and household projections issued by DP&E, as well as Waverley's changing demographics and the associated implications for future dwelling types.

3.1 Population projections

3.1.1 Population projection scenarios

The DP&E latest released population projections[85] outlines a number of scenarios for each LGA in NSW. The projections include a 'main' projection, as well as 'high' and 'low' scenarios based on different assumptions on births, deaths, life expectancy and migration (Figure 17). The projection for Waverley shows an increase in population from 72,250 people in 2016 to 77,300 people by 2036; an annual average increase of 0.5%. The high projection outlines an increase in population to 82,350, while the low projection outlines a decrease in population to 71,800 people, most likely due to shrinking household sizes and affordability.

Figure 17 Population projections, Waverley.



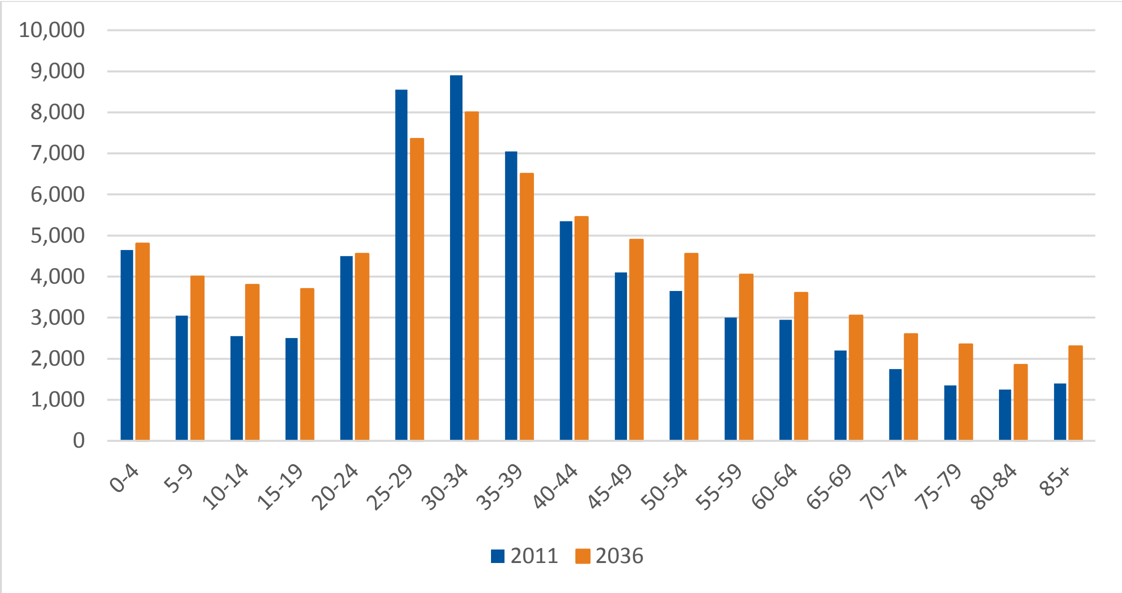
	2011	2016	2021	2026	2031	2036
Low series	68,700	71,850	73,350	73,150	72,800	71,800
Main series	68,700	72,250	74,450	75,350	76,450	77,300
High series	68,700	72,700	75,600	77,550	79,950	82,350

Source: DP&E, 'LGA Population Projections', 2016.

Waverley's population profile is also expected to change over the next 20 years to 2036 (Figure 18). The number of school aged (5 to 19 years) and over 45 year olds is expected to increase, while those aged 25 to 39 are expected to decrease. This would reflect an increase in the number of families and overall balancing out of the current spread of age groups.

[85] DP&E, NSW population and household projections, 2016.

Figure 18 Population age profile projection, Waverley.



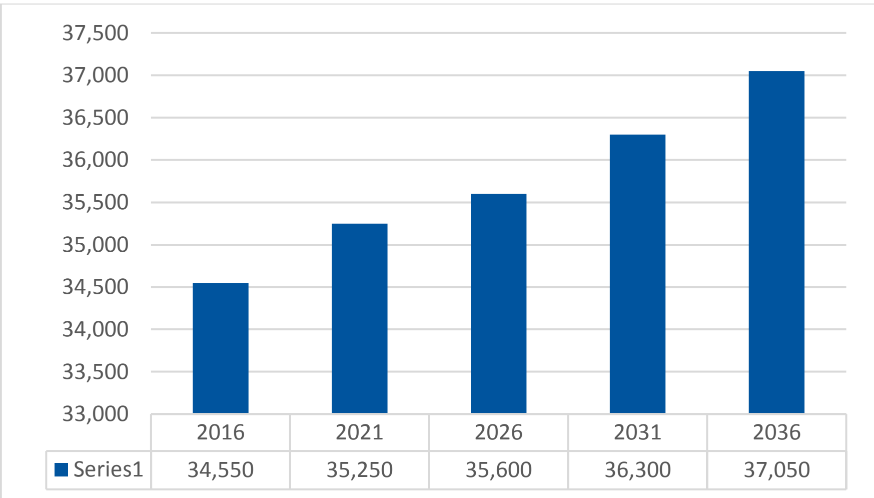
Source: DP&E, 'LGA Population Projections', 2016.

3.1.2 Dwelling projections

Projected implied dwelling requirement

DP&E have provided implied dwelling projections for Waverley based on future household composition (Figure 19). The projection outlines growth of approximately 2,500 dwellings over the next 20 years (2016-2036); an average rate of 125 dwellings per annum. The projections assume an implied requirement for 700 dwellings between 2016 and 2021. The household projections inform the implied dwelling requirements, assuming no changes in living arrangements and occupancy rates. To this extent, the implied dwelling requirement is a 'top down' *demand* driven number (i.e. the expected future demand for dwellings), created by extrapolating macro-level trends across NSW and Sydney and applying these to Waverley.

Figure 19 Projected implied dwelling requirement, Waverley.



Source: DP&E 'LGA Household Projections and Implied Dwelling Requirements', 2016.

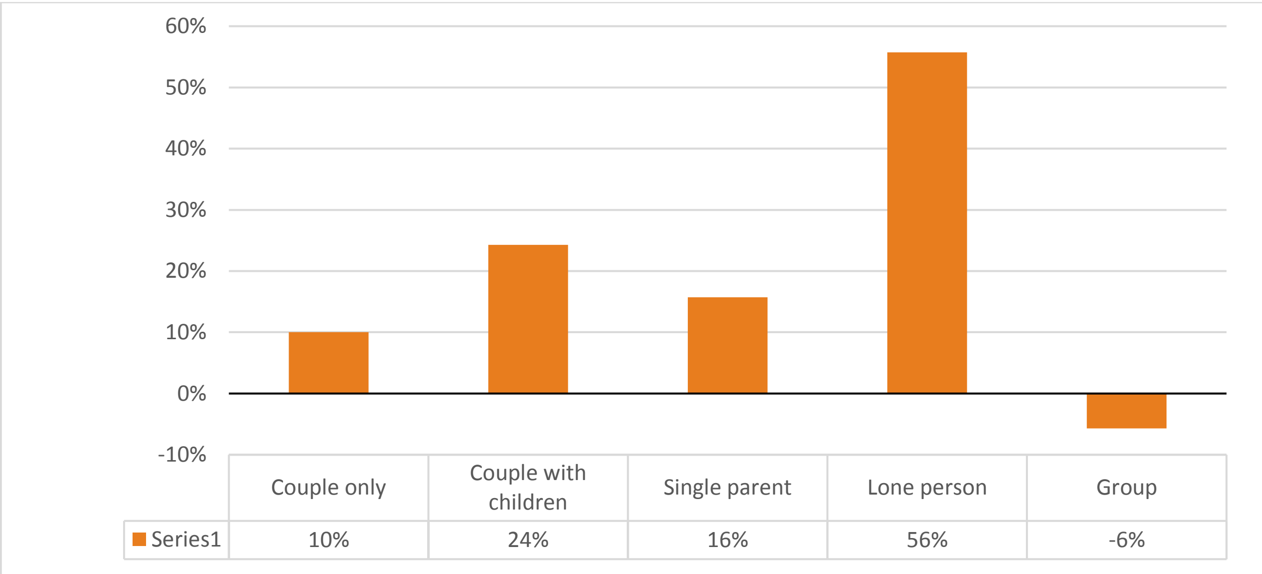
Housing Supply Forecast

DP&E have also produced housing supply forecasts. Unlike the above implied dwelling requirements, the forecasts are *supply* based (i.e. the expected future supply of dwellings). The supply forecast is built from the 'bottom up', taking into account current residential developments that are either under construction or approved, as well as likely future development under current zoning and planning controls. The forecast predicts that approximately 1,250 dwellings will be supplied between the years 2016 to 2021, 500 dwellings greater than the implied requirement outlined above.

3.2 Dwelling preferences

Looking at forecast changes to households in Waverley up to 2036, couples with children (24%) and lone person (56%) households are expected to comprise the highest proportion of growth. Group households (-6%) are expected to decrease. The total forecast household change is approximately 90% of the projected implied dwelling requirement; this assumes the current 90% occupancy rate continues into the future.

Figure 20 Forecast household change, Waverley 2016-2036.



Source: DP&E 'LGA Household Projections and Implied Dwelling Requirements', 2016.
Note: Multiple family and other family types are excluded as they make up a small number of total households.

3.2.1 Dwelling type projection

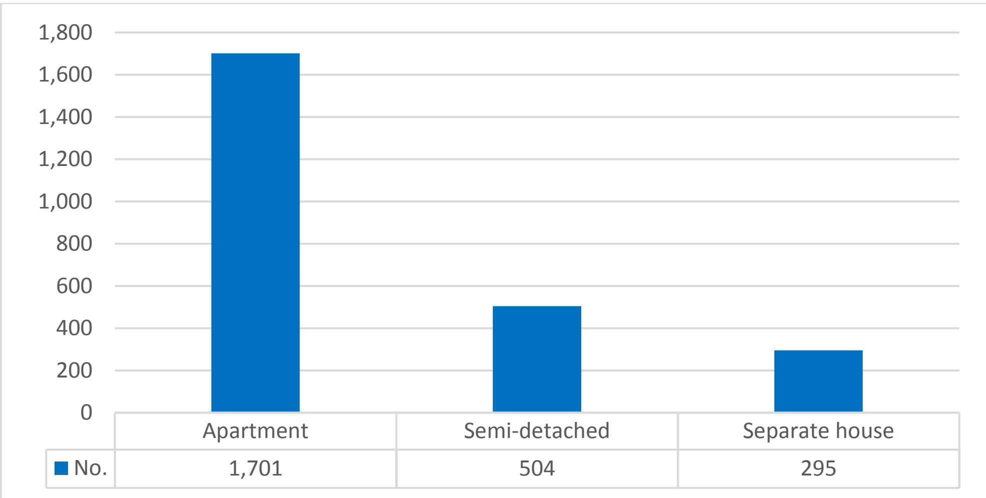
The housing choices that people ultimately make are based on a complex bundle of elements, with different households having a preference for, or willingness to trade-off, certain elements of this bundle for others. The economic theory suggests that the closer housing is to jobs and services the more likely households are to accept smaller, higher density housing. That is, they will 'trade-off' the cost of commuting with dwelling size. As well as the conventional 'economic' housing preference consideration (that is location versus dwelling size versus household budget), issues of tenure, lifecycle and lifestyle aspirations all contribute to both housing preference (unconstrained) and actual housing decisions.

Research by the Grattan Institute shows that households are prepared to make housing trade-offs driven by affordability and lifecycle factors, which would lead them to choose more compact housing if available. For a big share of households, factors such as 'proximity to work' and 'being near a school' were ranked lowly, the inference being that people may choose their housing location first, and employment and education location second. It is noted that this may represent a shift from earlier findings and could be attributable to the rise of double-income households and the frequency with which Australians change jobs.[86] Preferences varied within different segments of the population for different housing attributes. For example, while young families were focused on house size and type, older and single-person households were much more likely to think that the characteristics of where they live are more important.

Dwelling preferences have been changing over time to favour accessibility and location over dwelling size and form. That is, where people live (and associated amenity) is becoming more important than how people live (the type of dwelling). This changing preference is writ large in the rapid price increase of inner city suburbs relative to suburban areas.

The DP&E forecast does not project or forecast the typology of dwellings required for the future. However, they do provide the predicted changes to household types up to 2036. By extrapolating the existing household-to-dwelling-type relationship, and applying the 90% occupancy rate, there is expected to be demand for an additional 1,701 apartments (68%), 504 semi-detached (20%) and 295 detached houses (12%) (Figure 21). However, these numbers are a simple extrapolation of current trends and do not include 'other non-classifiable' and 'not applicable' households, but were not included in the DP&E forecast (it is assumed they have been apportioned to the other household categories). Furthermore, the preference for detached houses is skewed by the existing stock and an ageing population willing to downsize.

Figure 21 Waverley household requirement projections.



Source: ABS Census 2016

Adaptable housing

Beyond the typology of housing, accommodating an ageing population should be a significant consideration. Building adaptable housing is one way to address lifecycle changes, allowing buildings to continue to meet the changing needs of occupants as they age. The *Liveable Housing Design Guidelines* (Liveable Housing Australia)

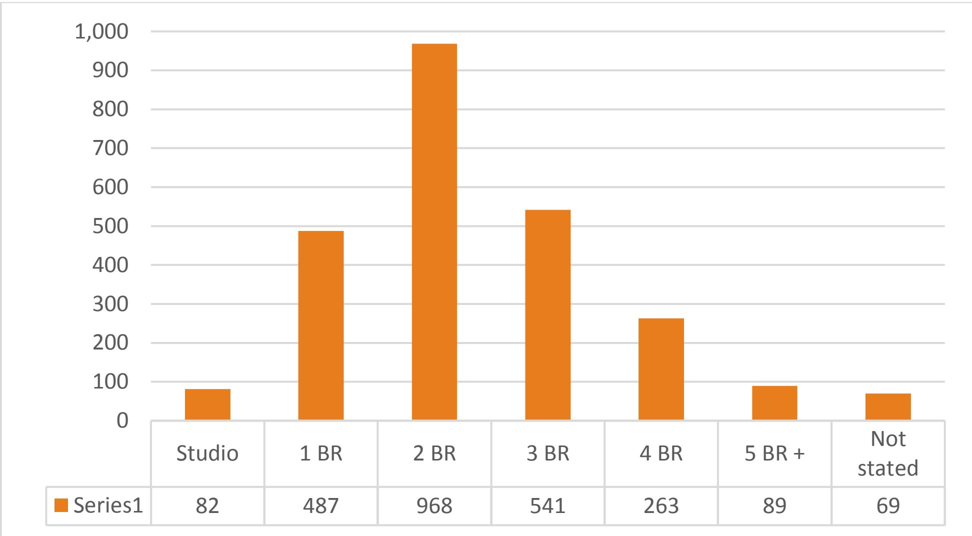
[86] Kelly J, The Housing We'd Choose, Grattan Institute, June 2011.

provides some guidance on internal configuration for adaptable dwellings. Furthermore, consideration should be given to expanding the supply of retirement and aged care living options throughout Waverley given that the people aged over 75 will increase to 2,500 by 2036.

3.2.2 Bedroom number projection

By extrapolating the existing household-to-bedroom number relationship, and applying the 90% occupancy rate, there is expected to be greatest demand for two bedroom dwellings (968 or 39% of future demand), followed by three bedroom (541 or 22% of demand) and one bedroom dwellings (487 or 19% of future demand) (Figure 28).

Figure 22 Dwelling projection by bedroom, Waverley 2011-2036.



Source: DP&E ‘LGA Household Projections and Implied Dwelling Requirements’, 2016.
Note: Multiple family and other family types are excluded as they make up a small number of total households.

3.2.3 Impact of short term stays on demand

There has been an increase in the use of private dwellings for short-term stays, manifest in the increasing ubiquity of sites such as Airbnb. Sydney is the 10th largest Airbnb market worldwide with listings concentrated in and around the Sydney CBD and the northern and eastern beaches.

Sydney is the 10th largest Airbnb market worldwide with listings concentrated in and around the Sydney CBD and the northern and eastern beaches. Given its tourist hotspots, including Bondi Beach and the Bondi to Coogee Coastal Walk, the Waverley LGA is attractive to tourist and visitor accommodation including traditional bed and breakfasts, hotels and backpackers’ accommodation. In recent years there has been a proliferation of informal STRA, due to the emergence of online booking platforms such as Stayz and, in particular, Airbnb.

Airbnb offers around 5,500 listings in Waverley (as at December 2018), representing around 8% of total housing stock in the LGA. While only the City of Sydney has more Airbnb’s than Waverley, as a percentage of total housing stock Waverley is the most penetrated market in Australia for Airbnb. At a suburb level, Tamarama has the highest percentage of dwellings listed on Airbnb in Australia, with one in five dwellings listed on Airbnb. The top four suburbs in Australia with the highest proportion of dwellings rented on Airbnb are in Waverley LGA (Tamarama, Bondi, North Bondi and Bronte); most of which are ‘entire home’ listings. It should be noted however, that most listings on Airbnb in Waverley are not available to rent all year round.

STRA has a number of impacts including housing affordability, displacement of long-term local residents, residential amenity and business impacts. There is increasing concern surrounding the impact of STRA on local housing markets, particularly its effect on rental levels. This impact, as well as the displacement of local residents, was the driving force behind a 'crackdown' on Airbnb and similar forms of STRA in Northern Europe and North America. In terms of the local impacts in Waverley, the number of entire dwellings listed on Airbnb is 350% higher than the residential vacancy rate of Waverley; constraining the supply of permanent rental housing and placing pressure on rents. In economic terms, the argument that STHL impacts on affordability is a simple one. STHL effectively subsidises the demand for housing (while not increasing the supply of housing). Subsidised demand increases aggregate demand. Increased aggregate demand increases houses prices.

Platforms such as Airbnb advocate that STHL provides mortgage relief to 'mums and dads' or allows tenants / owners to fund a holiday away. While this is demonstrably true, the upshot is that this additional revenue is also used to outbid long-term tenants or mortgagors – pushing rents and prices upwards. For instance, a household that rents out a spare bedroom for extra income will be able to pay more to rent a particular dwelling than similar households. A household that rents their dwelling out while on holidays is effectively increasing their disposable income, which in turn, increases their ability to bid the price of dwellings upwards.

Another common charge levelled against STRA is that it disrupts residential 'peace and quiet', with increased levels of noise and traffic generation.

In October 2018 the *Short-term rental accommodation Explanation of Intended Effects (EoIE)* were released following several investigations into short-term accommodation policy responses. The EoIE outlined the proposed amendments to the NSW planning system, stating that STRA would be classified as 'exempt development' (i.e. not requiring planning permission) under the *Exempt and Complying Development Codes SEPP* for homes where a host is present (i.e. renting out a 'spare room') and for 'entire homes' where a host is not present; up to a limit of 180 days per year for entire homes. Council is currently in the process of applying for a variation to the SEPP to limit the renting out of entire homes from 180 days to 90 days per year.

3.3 Summary and findings

DP&E's latest released population projections indicate that there could be an increase of 5,050 residents (2016-2036). Their implied dwelling projections (how many dwellings needed to accommodate the projected population) for Waverley are for approximately 2,500 dwellings over the next 20 years (2016-2036); an average rate of 125 dwellings per annum.

Assuming the current relationship between households and dwelling types remains constant, there is expected to be underlying demand for an additional 1,700 apartments, 500 semi-detached and 300 separate houses by 2036. However, the preference for detached houses is skewed by the existing stock and an ageing population willing to downsize, which will likely result in additional demand for apartments.

In terms of bedroom numbers, there is expected to be greatest demand for two bedroom dwellings (968 or 39% of future demand), followed by three bedroom (541 or 22% of demand) and one bedroom dwellings (487 or 19%).

To accommodate an ageing population and to meet diverse housing preferences, construction of adaptable housing is one way to address lifecycle changes, allowing buildings to continue to meet the changing needs of occupants as they age. Similarly, alternative dwelling forms may be an appropriate way to house incoming demand for single dwelling homes.

There has been an increase in the use of private dwellings for short-term stays, manifest in the increasing ubiquity of sites such as Airbnb. This has constrained the availability of private rental housing. Council is currently seeking a variation to the SEPP to limit the ability for whole dwellings to be rented out on AirBnB from 180 to 90 days.

4 SUPPLY ASSESSMENT

Overview

A supply side analysis has been completed to understand recent and future housing supply trends and compare these to projected demand. A capacity assessment looks at the capacity constraints across Waverley, with a particular focus on Bondi Junction.

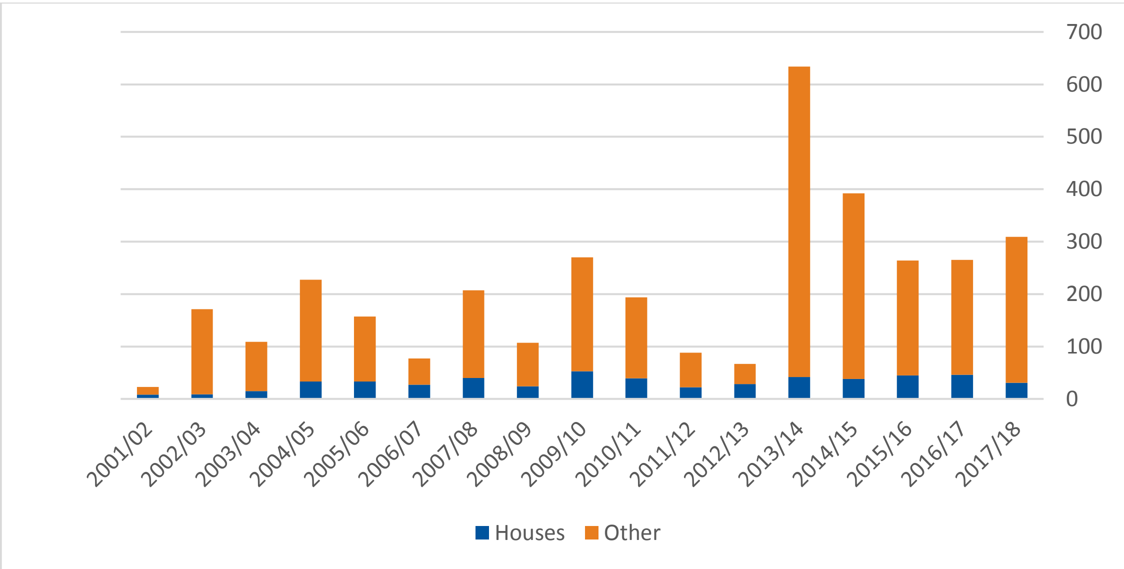
Overall, the supply assessment presents recent supply trends and how these correspond to existing residential settlement patterns, their relationship to demand and implications for future policy directions.

4.1 Recent supply trends

4.1.1 Recent supply

A review of recent dwelling approvals in Waverley show that there have been fluctuations in approvals – likely driven by large development sites – with an average of around 120[88] dwellings approved per annum since 2001 (excluding the fluctuations in supply from Bondi Junction). From the 2013/14 financial year, approvals have increased dramatically peaking at 643 dwellings, driven by several large tower approvals in Bondi Junction (Figure 23). This points to the declining availability of sites where the preference is to rebuild a new house as opposed to a dwelling type that would return more than one dwelling.

Figure 23 Residential building approvals, Waverley.



Source: ABS, Building Approvals Cat. No. 8731.0.

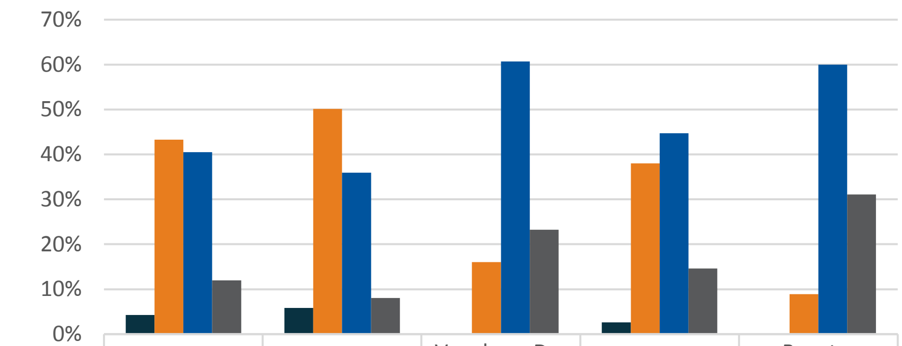
Note: 'Other' includes non-detached forms of housing and is likely to be mostly comprised of apartments.

The dwelling supply over the past five years has been split by bedroom numbers and suburb. One bedroom apartments are the most prevalent bedroom type being supplied across Waverley (43%), followed closely by two bedroom apartments (40%). One bedroom apartments are the predominant type in Bondi Junction, which

[88] This is an approximate that would be subject to further refinement to get a more accurate number.

also has a higher share of studio apartments than the rest of Waverley. Conversely, Bondi Junction has the lowest proportion of three bedroom plus apartments in Waverley. The northernmost suburbs of Vaucluse and Dover Heights as well as Bronte and Tamarama have a much higher proportion of two and three bedroom dwellings than the rest of Waverley; albeit off a relatively low base (Figure 24).

Figure 24 Residential building approvals, by bedroom and suburb.



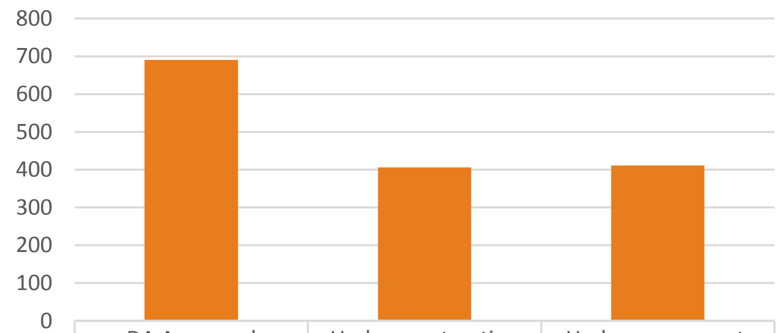
	Waverley LGA	Bondi Junction	Vaucluse, Dvr Heights	Bondi basin	Bronte, Tamarama
Studio	4%	6%	0%	3%	0%
1BR	43%	50%	16%	38%	9%
2BR	40%	36%	61%	45%	60%
3BR+	12%	8%	23%	15%	31%

Source: Cordell Connect, 2016.

4.1.2 Bondi Junction supply pipeline

Reflecting the above approvals, there is a large supply pipeline of developments in Bondi Junction expected to be delivered in the coming years. Figure 25 shows that there are approximately 406 apartments under construction and another 690 apartments in the pipeline as approved but construction has not commenced and 411 apartments under assessment totalling approximately 1,500 apartments in the Bondi Junction supply pipeline.

Figure 25 Supply pipeline, Bondi Junction.



	DA Approved	Under construction	Under assessment
Apartments	690	406	411

Source: NSW Department Planning and Environment, 2019.

4.2 Capacity assessment

A capacity assessment has been completed to identify what lots still have capacity to accommodate additional dwellings on a lot by lot basis. Three scenarios were developed, two using data collected from the Waverley Architectural Mapping Project and one using the DP&E's *Housing Mapping Scenario Tool (HSMT).*

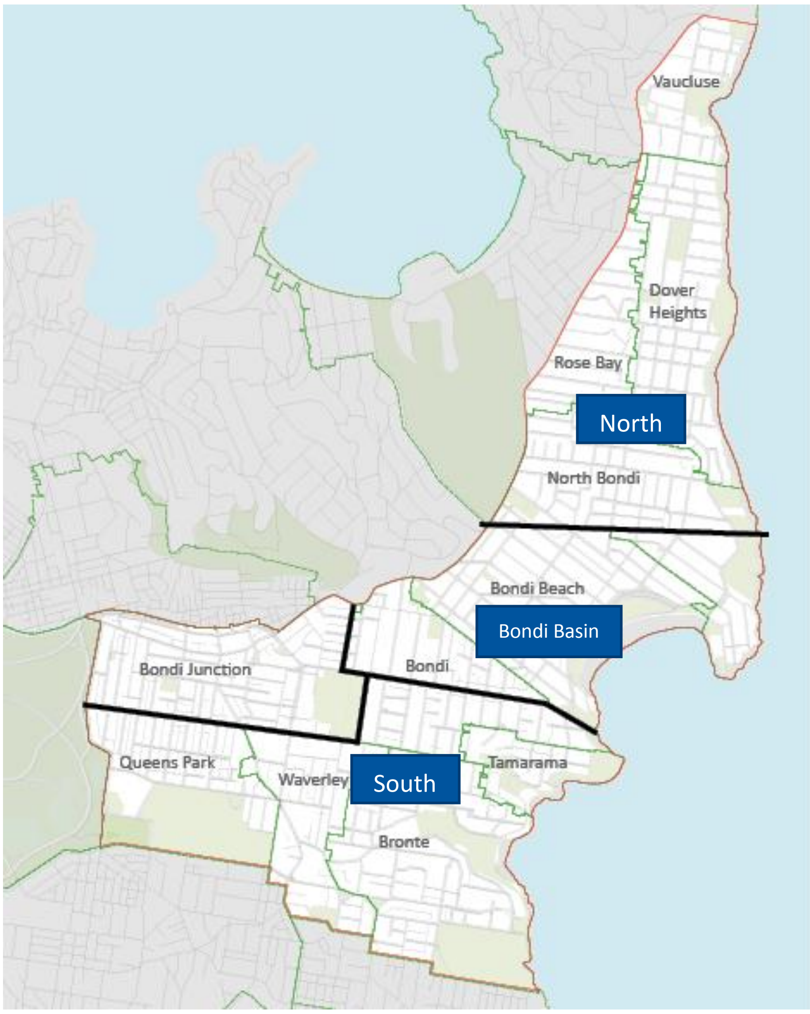
4.2.1 Bondi Junction

Beyond the supply pipeline above, there are a few remaining sites left in Bondi Junction. Using the HSMT, these sites collectively have a theoretical capacity of 200 dwellings.

4.2.2 Areas outside Bondi Junction

Three scenarios, differentiated by their base assumptions, were developed for the LGA outside Bondi Junction. The LGA was split into three areas North, Bondi Basin and South as shown in the image below.

Figure 26 Areas outside Bondi Junction.



Methodology – Council approach

Two scenarios were developed by Council utilising data from the *Waverley Architectural Mapping Project,* which mapped urban typologies and architectural styles across the LGA. The capacity assessment was two-fold: 1.

Identify lots that were most likely to be redeveloped and 2. Work out the dwelling yield achievable on those lots under current controls.

Developable lots

Lots that were most likely to be redeveloped met the following assumptions:

- Title – only Torrens lots were included. Strata and company title lots were deemed too difficult amalgamate or build anything that would significantly increase dwelling yield;
- Zoning – include lots zoned R2 Low Density Residential, R3 Medium Density Residential, B1 Neighbourhood Centre and B4 Mixed Use. Excluded all other zones;
- Storeys/building height – included properties that were 2 storeys or less;
- Dwelling type
    - Scenario 1: only lots with detached dwellings (single, freestanding house).
    - Scenario 2: above and lots with dual occupancies / semi-detached.
- Architectural style – using the architectural style, properties that were recently constructed were excluded;
- Heritage – heritage items were excluded
- Lot size – lots had to be equal to or greater than the minimum lot size under the *Medium Density Design Guide* for a dual occupancy[92]

Net dwelling capacity

Lots in R2

Where lots met the assumptions above, the net capacity was one dwelling. This assumes a duplex is built, which equals one additional dwelling after factoring the demolition of the existing dwelling.

Lots in R3, B1, B4

The maximum gross floor area (GFA) was calculated by multiplying the floor space ratio (FSR) control by the existing lot size. The development yield was then extracted by dividing the GFA by an average apartment size. The net capacity was then worked out by subtracting the existing dwelling.

Methodology – Housing Mapping Scenario Tool

The DP&E released the *Housing Mapping Scenario Tool* (HMST) to assist Councils with the preparation of their *Local Housing Strategies.* To identify developable lots, lots that were strata titled and heritage items were excluded from the capacity assessment.

Results

The results in the table below show that Waverley theoretically has the capacity to develop further under the current planning controls. The methodology developed by Council for scenarios one and two, identify the remaining 'low hanging fruit,' i.e. ideal developable sites that are not already heavily capitalised. These sites are older single detached homes less than two storeys under scenario one and older detached, semi-detached, terraces and dual occupancies less than two storeys under scenario two. Adding semi-detached, terraces and dual occupancies to scenario two identified additional capacity for 500 dwellings.

[92] 60% of the relevant LEP minimum lot size.

It is important to note that these figures are theoretical capacity estimates and not theoretical supply estimates, therefore it does not assume that Waverley will develop to maximum capacity.

Table 3 Theoretical dwelling capacity results.

	Theoretical dwelling capacity estimate including alternative secondary dwellings		
Area	Scenario One	Scenario Two	HMST
Northern suburbs + Southern suburbs + Bondi Basin	2,001	2,565	3,774
Bondi Junction	200	200	200
Total Dwelling Capacity	2,201	2,765	3,974

Source: Waverley Architectural Mapping Project 2018, Waverley LEP 2012, NSW State Government Housing Mapping Scenario Tool.

4.2.3 Draft housing targets

The District Plan requires that all Councils develop 6-10 year and 11-20 year housing targets. The section outlines the development of a draft housing target.

Target development

The following dwelling demand and supply data were analysed to develop an appropriate target that accounts for projected demand and historical completions.

- *Implied dwelling projections* – these are produced by the DP&E based on populations projections.
- *Constant share of GSC target* –Waverley's share of the 0-5 year District Plan GSC housing target was 2.7%, with 2.4% of this share based on dwelling delivery in Bondi Junction. The dwelling supply during this 0-5 year period was more than double the dwelling completions in the last 20 years. This was mainly due to the large-scale redevelopment of Bondi Junction and redevelopment of large sites across the LGA. This was a unique spike in the number of dwelling completions that won't be repeated in the next 20 years, given that Bondi Junction is nearing capacity and there are no further large urban renewal type sites in the LGA. Therefore, the current 2.7% share of the District Plan target would be unreasonable to apply for the 6-10 years and the overall 20 year target.
- *Historic annual completions* - assumes that 6-10 year period (2021-26) includes medium term pipeline in Bondi Junction (i.e. dwellings currently under assessment) and the annual average historical take-up rate outside of Bondi Junction. The 11-20 year target is made up of the remaining capacity in Bondi Junction (approximately 200 dwellings) and the annual average historical take up rate of dwellings.

Capacity sense-check

The purpose of the capacity sense-check section is to understand Waverley's capacity to meet a devised target. The 1,250 dwellings is based on existing supply pipeline and the remaining capacity (from Table 3 above) was spread evenly across the 6-10 year and 11-20 year time periods.

Draft target

A draft housing target of 3,461 dwellings to 2036 has been derived (Table 4). Of this 3,461 dwellings, 1,250 are already in the supply pipeline to be delivered in the 0-5 year period. This draft targets makes up 2.2% of the total Eastern District target and can be delivered under the current planning controls, even in the most 'conservative' capacity scenario one.

- *0-5 year (2016-2021)* – existing supply pipeline of 1,250 as outlined in the District Plan.
- *6-10 year* (*2021-2026)* – includes the medium term supply pipeline of 411 dwellings under assessment in Bondi Junction + the DP&E implied projection for the same period.
- *11-20 year* (*2026-2036)* – DP&E implied projection.

Table 4 Draft housing targets.

Target periods	2016-2021	6-10 year	11-20 year	2036 cumulative	Share of District Target
Target development					
Implied projections	*700*	350	1,450	2500	1.6%
Constant share of GSC target	*1,250*	993	1,986	4229	2.7%
Historic annual completions	*1,250*	1,011	1,400	3661	2.3%
Capacity sense-check					
Scenario 1	*1,250*	734	1,467	3451	2.2%
Scenario 2	*1,250*	922	1,843	4015	2.5%
Scenario 3 (HMST)	*1,250*	1,325	2,649	5224	3.3%
Draft target					
Draft target	*1,250*	761	1,450	3461	2.2%

Limitations to increasing dwelling capacity

A vital piece of the capacity story in Waverley is the existing density. As outlined in section 2.2 housing profile, Waverley is the second densest LGA in Sydney at 79 people/Ha. In relatively less dense parts of the LGA such as Dover Heights, the population density of 42 people/Ha still places it in the top 5% of most dense SA2s in NSW (30th out of 576 SA2s). This reflects the skew of dwelling types towards apartments where they now make up 66% of housing stock in Waverley. Waverley's density is apparent when compared to neighbouring and suburban LGAs. Neighbouring Eastern Suburbs councils of Randwick (42 people/Ha) and Woollahra (48 people/Ha), are less dense than Waverley. From a more suburban context, Parramatta (30 people/Ha), Blacktown (15 people/Ha) and Liverpool (7 people/Ha) have much lower densities still.

Over the last 100 years, Waverley has taken a significant share of dwelling growth, proportionate to the size of the area, across Sydney. This analysis suggests, from a density perspective, there is much more 'room to grow' in other LGAs across Sydney and that naturally Waverley's population projections would continually moderate as Waverley takes a lower share of Greater Sydney's future population growth.

Beyond being already significantly dense, there are number of additional constraints to any further growth above current capacity. There is only so much 'low hanging fruit,' i.e. feasible and profitable sites left and these have been picked up in the capacity assessment. Once these sites are redeveloped, a high number of existing sites are predominantly strata titled reducing the amount of developable areas. The feasibility of these remaining non-strata areas is limited because much of these are Heritage Conservation Areas, heavily capitalised or in locations where single dwellings attract a higher premium compared to apartments (i.e. some apartment complexes have been converted to single dwellings). Furthermore, all of these factors do not account for infrastructure limitations. Therefore, there is limited opportunity for large scale upzoning to existing residential areas in Waverley.

Inclusion of affordable dwelling forms to absorb dwelling capacity in Waverley

As highlighted in section 2.3.3, 80 secondary dwellings were approved between 2006 and 2016, which is approximately 10 secondary dwellings per year. That means approximately 200 secondary dwellings could be delivered in the next 20 years (10 x 20 years). Since the introduction of the ARHSEPP, 73 boarding house rooms have been approved in the Waverley LGA; approximately 9 rooms per year. Extrapolating this forward means approximately 180 (9 x 20 years) boarding house rooms could be delivered in the next 20 years.

Affordable dwelling forms have not been factored into the table above but are important to meeting the overall housing target to 2036. Affordable dwelling forms did not form part of the capacity assessment which looked at net additional dwellings through dual occupancies in R2 and apartments in R3, B4 and R4. These would be subject to different requirements which was not completed in this discussion paper. Notwithstanding, these should be monitored alongside dwelling completions into the future as they fill a gap in the spectrum of housing options. Consideration should also be given to how much one affordable dwelling form compares to a typical dwelling in terms of meeting demand.

Downzoning in Diamond Bay

A Councillor motion was passed in June 2018 to investigate downzoning the Diamond Bay area from R3 Medium Density Residential to R2 Low Density Residential. This would apply to Diamond Bay Road and Isabel Avenue (Craig Avenue is already R2). Both streets have a predominant medium density character with multi-dwelling housing and residential flat buildings. In the capacity assessment, it was found that the Diamond Bay area has a net dwelling capacity of 12 dwellings. This is not a significant increase to the existing number of dwellings in the area and the uptake of this capacity would not significantly impact on local character or infrastructure provision, given that it would be such a relatively small increase. Therefore, downzoning is not recommended as it would not prevent overdevelopment of this area, given the remaining development opportunities are so limited, and would also be inconsistent with the prevailing medium density character of the area.

4.3 Affordable housing supply

4.3.1 Affordable housing delivery in NSW

In urban areas where the population is growing and preferences and needs are diverse, housing sub-markets will develop and – however 'efficient' the housing production system is – it is likely that not all needs will be met. Given that general increases in housing supply have only a limited trickle-down effect in creating more affordable housing, there is a need for a more targeted approach to redress 'market failure' – via the delivery of dedicated affordable housing – especially for low income groups. Waverley's house prices and rents are well above the Sydney average. Affordable rental housing is a key strategy here. The inclusion of affordable housing can be justified to avoid the social dysfunction and foregone human capital experienced when affordable housing is not provided in areas with good access to opportunity. Affordable rental housing should be provided in perpetuity, as the factors creating unaffordable housing for low income groups are structural, not cyclical.

The NSW *Environmental Planning and Assessment Act 1979* has explicitly aimed to promote and retain affordable housing. State and local governments in New South Wales have a relatively long history of addressing affordable housing through planning legislation and policy, much of which was developed during the 1990s. The focus has been on protecting existing sources of low-cost housing, especially in metropolitan areas; overcoming barriers to diverse housing forms contained in local planning schemes; and allowing planning authorities some limited opportunities to seek contributions towards affordable housing programs.[96]

A key avenue for planning authorities to gain contributions for affordable housing is offered via provisions for planning agreements under Section 7.4 of the EP&A Act. Planning authorities (local or state government authorities) may enter into agreements with developers for any public purpose, including "the provision of (or the recoupment of the cost of providing) affordable housing" (s7.4(2)(b)).

The EP&A Act provides some support for the mandatory collection of affordable housing contributions, via inclusion under State Environmental Planning Proposal 70 (SEPP 70) – Affordable Housing (Revised Schemes). All Councils have recently been announced to be included in SEPP 70 however, very tight prescriptions confine the use of these provisions to areas where there is an identified "need for affordable housing."

The Affordable Rental Housing State Environmental Planning Policy (ARHSEPP) 2009 was introduced to encourage the provision of new affordable housing developments and where low cost housing is lost, requiring a monetary contribution to offset the impact. The ARHSEPP applies to all LGAs in Greater Sydney and provides bonus floorspace provisions if new development provides a portion of new stock as affordable housing for a fixed-term of 10 years.

4.3.2 Loss of traditional 'low cost' affordable housing

The (ARHSEPP) 2009 was introduced to encourage the provision of new affordable housing developments and where low cost housing is lost, require a monetary contribution to offset the impact. However the ARHSEPP has a number of flaws which means it fails to do what it was introduced to do.

The ARHSEPP requires that where the demolition or strata subdivision of affordable rental housing is proposed, it must be offset by monetary contributions to be applied towards affordable housing. In the first instance, there is a major operating flaw in the SEPP where developers can avoid paying contributions by not providing historical data on the low rental status of the building as at 28th January 2000. Furthermore, where contributions are collected, these are transferred to Housing NSW after which point, the location of where the funds are spent is unknown.

In the 2017 / 2018 financial year six development applications were approved that required developers to offset the loss of affordable housing being lost in either the form of more in-kind affordable units or a monetary contribution. Five of these applications resulted in a loss of a total of 58 low cost, affordable rental dwellings. To offset the loss of these dwellings, $1.8 million was collected for affordable housing but has not been reinvested back into the Waverley LGA. Due to the flaws in the ARHSEPP, the numbers above are only indicative of the

[96] Gurran N et al. New directions in planning for affordable housing: Australian and international evidence and implications, Australian Housing and Urban Research Institute (AHURI), June 2008

development applications that had contributions levied, as developers can bypass this requirement by not providing historical data on the low rental status of the building as at 28th January 2000. The ARHSEPP does provides bonuses for development if affordable housing is provided as part of redevelopment. For example, a recent development will provide 31 units at a discounted affordable rate for 10 years, after which these dwellings are lost for affordable housing in the long term.

4.3.3 Boarding houses

To encourage new affordable housing, the ARHSEPP provides a floor space bonus for boarding house development. In response to the ARHSEPP, there has been a number development applications for new boarding houses – a proportion of which are conversions or knock-down rebuilds of existing apartment buildings.

Research by City Futures demonstrates that boarding house developments generated under the bonus ARHSEPP provisions cater to a different market than traditional boarding houses. The research demonstrated that of the 9,000 rooms provided by boarding house developments in the SSROC region, around 50% were targeted student accommodation (typically clustered around university campuses). Of those boarding houses not specifically targeting student accommodation, the tenants are typically young, skilled and from a migrant background with a modest income. These boarding houses are low cost rentals, but are only marginally cheaper than one bedroom units. Therefore new boarding houses are catering to a market for low cost housing, albeit not at the substantially discount rates of older style boarding houses. In the period from 2009 to 2017, 73 boarding house rooms were approved in the Waverley LGA. These new rooms will fill a gap in the market for low cost housing and it is expected that in the longer term will become relatively more affordable compared to existing stock.

4.3.4 Affordable dwelling forms

Smaller dwellings have traditionally been viewed as apartments and studios, however, there are many small housing types that exist which are more affordable than traditional dwellings. Granny flats, laneway development, quadplexes and tiny homes are becoming increasingly popular. Examples of current alternative dwelling forms that may be appropriate in low density areas are discussed below.

Granny flats require access via a primary house or via a shared outdoor space with the primary house. Granny flats often act as a secondary dwelling for teenagers (before they move out of the family home), the elderly and as a second income stream to the primary household. It is common for occupants of a granny flat to have a relationship with the occupants of the primary dwelling.

Laneway developments are often studios positioned above garages (or independently) on rear lanes or secondary streets. They are common in parts of Waverley. Like granny flats, if these spaces have limited independent amenity they are restricted to households that have a relationship with the primary household.

Rooftop additions to residential flat buildings not only provide additional dwellings or rooms for existing apartments, they often finance structural and fire safety upgrading of the building (refer to Figures 35 and 36 in Section 2.3.3).

As household sizes shrink there is opportunity to convert large single houses into duplexes or Manor Homes (quadplexes and triplexes) without significant development costs (Figure 50). There are limitations relating to building codes (such as ensuring any conversion meets the Building Code of Australia), parking restrictions (such as those contained in Waverley DCP) and the permissibility of these medium density development types in the R2 Low Density zone. Any development of this type needs to be carefully designed to ensure a limited impact on environmental amenity, especially in low density residential areas. In some circumstances it may also be appropriate for developers to knock down an existing single dwelling home and replace it with what presents to the street a large home that actually contains four independent apartments (known as a Manor Home).

Figure 27 Quadplex conversion, Glasgow Avenue, Bondi Beach.

Source: Google Streetview, 2016.

4.3.5 Affordability of market housing

To determine what kind of housing in each suburb of the LGA were affordable to very low, low and moderate income households, the median of each housing type by suburb was assessed. In section 2.2 housing profile, it was outlined that 44% of the LGA either own or are paying a mortgage and 41% of the LGA rents. Given the almost even split in housing tenure types, properties available to purchase and rent are looked at in this section.

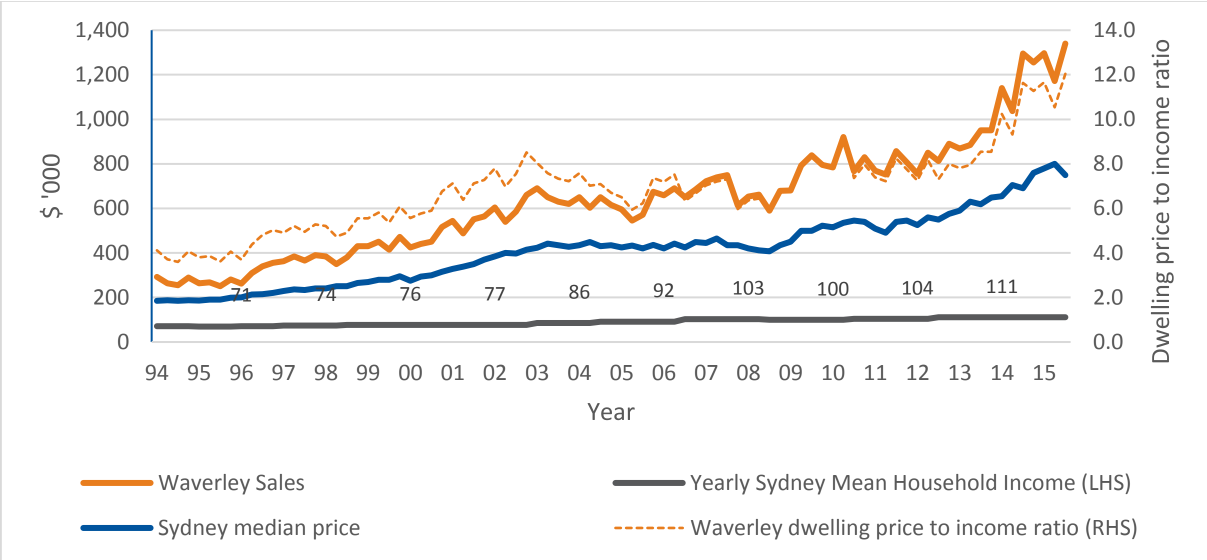
<u>Purchasing</u>

To set the context for what would be deemed affordable, the affordable purchase range in is **$250, 000 - $562, 000 based on the Sydney median household income.**

Median household wage growth in Sydney has remained relatively stable, however house prices continue to climb resulting in a widening house price to income ratio (Figure 28). In Waverley the household income[97] to house price ratio has risen from 4 in 1994 to 12 in 2016.

[97] Sydney income used to assess the relative affordability against Sydney.

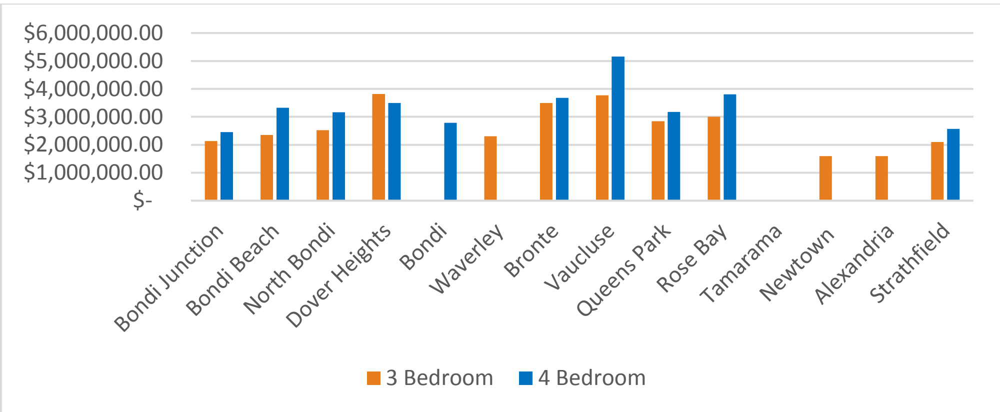
Figure 28 Waverley house price growth in context.



Source: HNSW Rent and Sales Reports 1994-2016 / ABS 1994-2011 Income Data
Note: Income extrapolated for years after 2011.

A further analysis of separate house sale prices indicate that sale prices in the Waverley LGA were significantly higher than other Sydney suburbs. All available detached houses available at the time of data collection were above $2,000,000 and as high as above $5,000,000 in Vaucluse. The graph below shows that these sale prices are significantly high when compared to other Sydney suburbs. This could be due to the decreasing availability of detached houses across the LGA and buyers are willing to pay a premium for highly desirable areas. This is clearly unaffordable based on the affordable purchase range above.

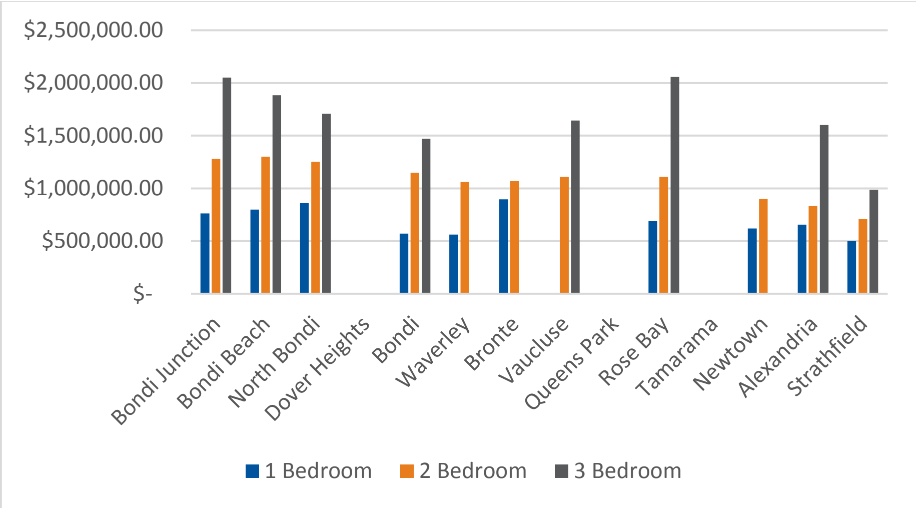
Figure 29 Detached house sale price comparison - Waverley suburbs vs Sydney suburbs.



Source: Realestate.com

The median apartment sale price was closer to the affordable purchase range, where moderate income households could afford a one bedroom apartment in Bondi and Waverley. The most significant finding from this apartment sale comparison is the price difference between two and three bedroom apartments, highlighting demand for three bedroom apartments across the LGA.

Figure 30 Apartment sale price comparison - Waverley suburbs vs Sydney suburbs.



Source: Realestate.com

<u>Renting</u>

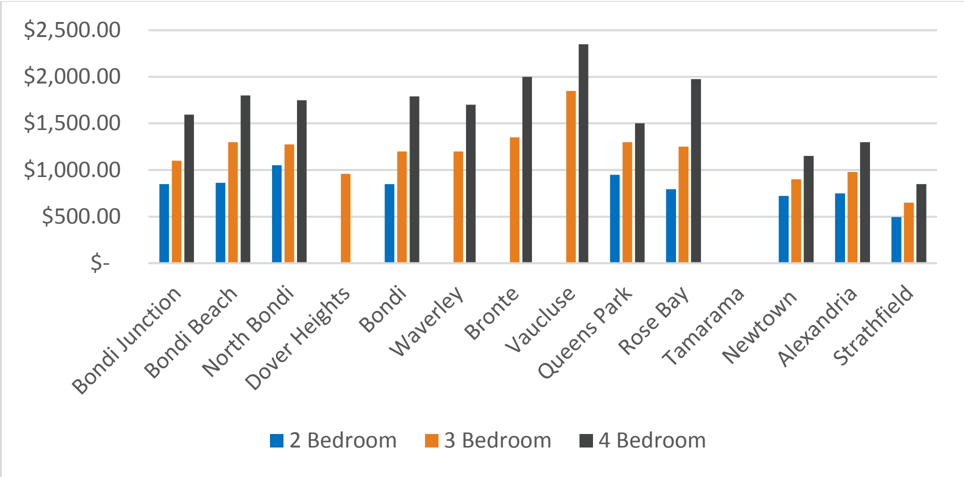
Waverley's rent (for all dwellings) is 30% higher than the Sydney average (Figure 31 Rent levels indexed against Greater Sydney average rents.). It should be noted that for freestanding houses (non-strata dwellings) this difference is 60% higher than the Sydney average and for three bedroom dwellings the price is twice the Sydney average. Higher rents for freestanding houses and dwellings with three or more bedrooms in Waverley could be attributed to the fact that most of Waverley's current housing stock is skewed towards smaller dwellings. This places additional affordability pressures on households who require larger dwellings and potentially forces relocation for those residents who cannot afford these dwellings.

Figure 31 Rent levels indexed against Greater Sydney average rents.

Source: HNSW Rent and Sales Report Issue 117.

All separate house rentals were unaffordable for very low, low and moderate income households. In comparison to benchmarked Sydney suburbs, the price disparity becomes significantly larger for three and four bedroom houses.

Figure 32 Separate house rental price comparison - Waverley suburbs vs. Sydney suburbs.

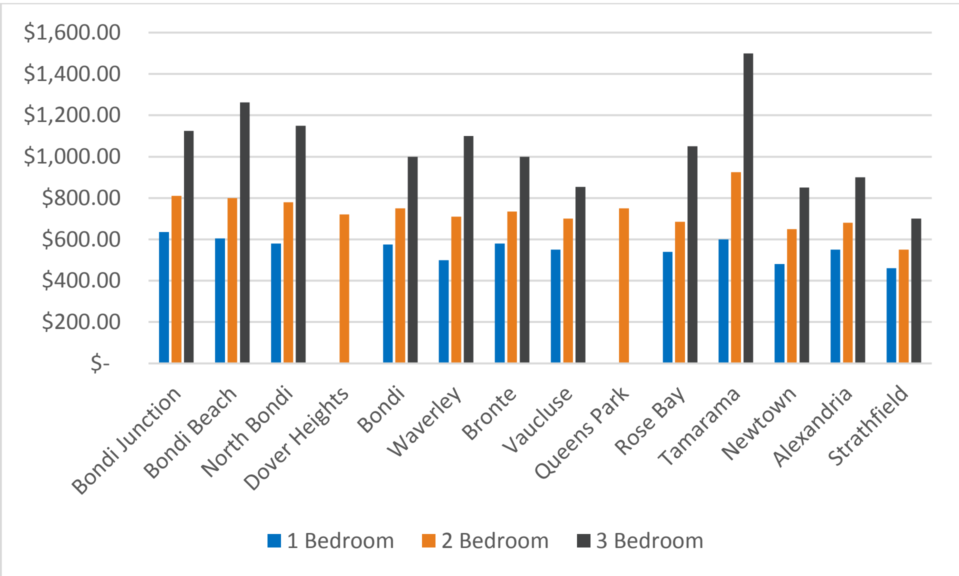


Source: Realestate.com.

Note: excludes not stated, not applicable, nil or negative responses.

Conversely apartment rents aren't too dissimilar between Waverley suburbs and the benchmarked Sydney suburbs (Figure 33). The higher rents for 3 bedroom units reflect the demand for this kind of housing in desirable locations with high level amenity i.e. Tamarama, Bondi Beach, North Bondi. Moderate income households would be able to afford renting one bedroom apartments.

Figure 33 Apartment rental price comparison – Waverley suburbs vs. Sydney suburbs.



Source: Realestate.com.

Note: excludes not stated, not applicable, nil or negative responses.

4.3.6 Waverley's housing programs

Council in collaboration with Bridge Housing own and manage a number of properties across the Eastern Suburbs targeted at assisting particular groups of very low to moderate incomes. The distribution of properties and targeted groups are summarised below.

Affordable Housing Program

Portfolio
25 units

Targets

Ordinary working people on **low to moderate incomes** who can demonstrate a connection to Waverley

---

Waverley Housing for Older People

Portfolio
47 units

Targets

People 55+ on **very low incomes** who can demonstrate a strong connection to Waverley

---

Waverley Housing for People with a Disability

Portfolio
3 units

Targets assistance to

Clients of Waverley Council's Community Living Program for people with an intellectual disability with **very low to low incomes**

4.3.7 State government housing

Social housing is understood to be "rental housing provided by not-for-profit, non-government or government organisations to assist people who are unable to access suitable accommodation in the private rental market".[98] While social housing has traditionally been provided by the State and Territory governments in Australia, not-for-profit community housing providers now play an important role in delivering housing for low to moderate-income or special needs households. Social housing makes up around 5% of the housing system in Australia and at present is predominantly financed with public funds.[99]

Social housing supply has dropped drastically in the last 10 – 20 years. This lack of new supply is the consequence of changing government policy towards the provision and delivery of social housing, as well as a lack of funding. The NSW Department of Family and Community Services allocates housing to registered applicants via 'allocation zones.' Waverley LGA falls within CS02 – Eastern Suburbs Allocation Zone which roughly aligns with the boundaries of Bayside (fka Botany), Randwick, Waverley and Woollahra LGAs. The expected waiting time for social housing in this allocation zone is as below:

Table 5 Expected social housing wait times in Waverley LGA

Dwelling type	Expected waiting time
Studio/1 bedroom property	5 to 10 years

[98] Productivity Commission, Report on Government Services 2015: Housing, Chapter 17, Volume G, Australian Government, 2015.
[99] Milligan V et al. Innovation in affordable housing in Australia: Bringing policy and practice for not-for-profit housing organisations together, AHURI, 2009.

2 bedroom property	10+ years
3 bedroom property	10+ years
4+ bedroom property	10+ years

Source: NSW Department of Family and Community Services 2018.

Waiting times for general applicants on the register in the Greater Sydney and Illawarra region are either 5-10 years or over 10 years in the majority of allocation zones. Applicants waiting for social housing dwellings are generally reliant on the private rental market. The Snapshot highlights that individuals and families surviving on government benefits and searching for affordable rental accommodation are extremely limited in their options in and around Sydney. Approved applicants for social housing who are experiencing current lengthy waiting times generally do not have an affordable alternative. Lengthy waiting times for social housing can exacerbate anxiety, depression, domestic violence, homelessness and lack of social connectedness.

4.3.8 Recommendations to improve affordable housing supply

This section on affordable housing supply focuses on the Waverley LGA. Further consultation with neighbouring Councils prior to the finalisation of the strategy will be crucial to painting the picture of affordable housing need in the Eastern Suburbs and the Eastern District more broadly.

This evidence base details the current affordability of available market housing and the supply of purpose built affordable housing under various schemes. An Affordable Housing Strategy that addresses the following points should also be developed in consultation with Waverley's Housing Programs and Community Support team and neighbouring Councils. To build upon this evidence base, further work should be completed on understanding the current and projected future need for affordable housing, including what indicative waiting lists might be and specifically how many affordable dwellings are needed to meet demand. Additionally, investigation into the effectiveness of current affordable housing delivery models should be undertaken as well as developing strategies going forward on the most appropriate affordable housing delivery models including housing typology, acquisition and ownership. Lastly, further work should be completed on what would be the most effective affordable housing mechanisms to increase the supply of affordable rental dwellings in the LGA.

4.4 Supply assessment – summary and findings

Summary of recent supply trends

- Most residential development has been delivered through residential towers in Bondi Junction.
- Approximately 120 dwellings per annum have been approved since 2001, with the exception of 2013/14 FY which coincided with approvals of several apartment towers in Bondi Junction
- 83% of new approvals are for one and two bedroom apartments.

Capacity assessment

Waverley theoretically has the capacity to develop further under the current planning controls. The methodology developed by Council for scenarios one and two, identified the remaining developable sites that are not already heavily capitalised. These sites are older single detached homes less than two storeys under scenario one and older detached, semi-detached, terraces and dual occupancies less than two storeys under scenario two. Adding semi-detached, terraces and dual occupancies to scenario two identified Waverley as having capacity for an additional 500 dwellings.

Housing targets

The District Plan requires that all Councils develop 6-10 year and 11-20 year housing targets. The following elements have been used to devise the draft housing target of **3,461 dwellings to 2036.** Of which 1,250 are already in the supply pipeline.

Any changes to planning controls would place unreasonable development pressures on an already dense LGA and is not recommended.

Affordable housing supply

An analysis of available market housing shows that housing is severely unaffordable in Waverley. Higher rents and sale prices for freestanding houses and dwellings with three or more bedrooms in Waverley could be attributed to the fact that most of Waverley's current housing stock is skewed towards smaller dwellings. Further work would be required to analyse the number of affordable dwellings required for the projected population.

Location is less important for families who are more focussed on dwelling size and features (rather than location); hence, families are more likely to move to a location further away to satisfy this preference. This preference for larger dwellings combined with very high rental levels for three bedroom apartments in Waverley, corresponds with demographic profile where there was as much lower proportion of school aged children and couples with children in Waverley compared to Sydney.

Waverley Council has a total of 75 units its housing portfolio for low to moderate income earners, older people 55+ on very low incomes and those with an intellectual disability on very low to low incomes. The NSW Department of Family and Community Services manages social housing across the state. In the Eastern Suburbs Zone, the wait for a social housing property can range from 5 to 10+ years.

The main planning mechanism that addresses affordable housing is the Affordable Rental Housing SEPP. Its main function is to offset the loss of low cost housing with the requirement for monetary contributions and encourage new affordable housing. It is currently not operating to its full potential due to a number of loopholes that allow developers to bypass paying contributions and where contributions are collected, there is no guarantee it is reinvested in Waverley.

5 RECOMMENDATIONS

The recommendations for future investigation alongside this discussion paper will be placed on public exhibition for public comment. Pending community consultation, the recommendations may be prioritised, amended or removed.

Based on the research findings of this report and community sentiment from the CSP, there are a number of areas identified for future investigation to ensure Waverley can deliver the diversity of housing opportunities for current and future residents up to 2036 and beyond.

A. Future supply opportunities

The following are future areas for investigation:

i. **Development capacity**. Complete further feasibility modelling to understand the take up rate of the current planning controls to ensure Waverley can meet the implied dwelling requirement to 2036.

ii. **Local character areas**. The NSW DP&E recently released guidelines for preparing local character statements and a supporting overlay in the WLEP 2012. Council could investigate this in line with an assessment on any areas suitable for future redevelopment.

B. Quality and range of housing supply (design)

Redevelopment in areas with small lots containing modest sized detached dwellings is difficult (due to the need to maintain solar access, satisfy best practice environmental standards; provide sufficient parking, private open space, and privacy; and to appropriately address the streetscape). Nevertheless, the housing preferences analysis suggests there is an appetite for compact housing forms that meet basic safety and size requirements. The changing Waverley demographic profile – with ageing households in some areas and a younger age profile in others – suggests that there is a local appetite. However, there is a strong desire to protect residential values and low density character. Therefore, interventions to facilitate change could include reviewing planning controls and guidelines to facilitate the 'missing middle' in areas where apartments are not necessarily appropriate or desirable. Recommendations are as follows:

i. **Encourage alternative secondary dwellings**. Review the DCP controls to allow greater flexibility in design, alternative housing forms, and renewal where possible. Also review LEP controls to consider Clause 4.4A Exceptions for secondary dwellings (a clause in the LEP that allows for exceptions to floor space or allows for additional floor space for certain development types or lot sizes).

ii. **Investigate any design issues with the Low Rise Medium Density Housing Code.** The Low Rise Medium Density Housing Code was introduced in 2018 to encourage complying development for medium rise development. Further investigation into how, where appropriate, Waverley LGA should be exempt from the code.

C. Affordable rental housing

This evidence base details the current affordability of available market housing and the supply of purpose built affordable housing under various schemes. An Affordable Housing Strategy that addresses the following points should also be developed in consultation with Waverley's Housing Programs and Community Support team and neighbouring Councils.

i. **Develop a detailed understanding of affordable housing need in the LGA**. Further work should be completed on understanding the current and projected future need for affordable housing, including whether what indicative waiting lists might be and specifically how many affordable dwellings are needed to meet demand.
ii. **Investigate affordable housing delivery vehicles.** In consultation with the Housing Programs and Community Support team, the most appropriate affordable housing delivery model/s need to be identified including housing typology, acquisition and ownership.
iii. **Investigate appropriate funding mechanisms**. Investigate appropriate affordable housing mechanisms to increase the supply of affordable rental dwellings in the LGA.