

Resolution of Council

27 October 2025

Item 10.7

NSW Report Highlights the Unequal Value of NSW Planning Affordable Housing Bonuses

Moved by Councillor Ellsmore, seconded by Councillor Maxwell -

It is resolved that:

(A) Council note:

- (i) Shelter NSW recently commissioned modelling and evaluation of the NSW Government's In-fill Affordable Housing density bonus scheme. The scheme provides property owners with up to a 30% extra density in exchange for providing up to 15% of the project's dwellings at 20% below market rent for 15 years;
- (ii) the results of the modelling were released in October 2025 in a report entitled "Density Deals: The unequal value of the In-fill Affordable Housing density bonus" by Prof Peter Phibbs and Dr Cameron Murray;
- (iii) the report considered a sample of 9 suburbs, from high value property areas in the eastern suburbs, to areas where property values are lower such as Regents Park in Western Sydney;
- (iv) the modelling shows that, where land and property values are high, the density bonuses which are provided by the NSW Government scheme are very profitable for the developers. The report conservatively estimates that developers have received up to a 79% profit accessing the scheme in areas where sales of the new apartments are at the top range of the market;
- (v) where land and properties values are not as high (e.g. Western Sydney), the density bonuses may only deliver a profit of 8%. In these circumstances, density bonuses may not even meet the profit feasibility threshold, which is often applied by developers, removing the incentive to build in those areas; and

- (vi) in the high value areas, 80% below market rent which has been offered as temporary “affordable housing”, generally exceeds the means of even moderate-income households. As a result, even where “affordable housing” is delivered, it can remain empty and untenanted;
- (B) Council further note:
- (i) the impact of a blanket policy like the NSW Government’s In-fill Affordable Housing density scheme - where the same density bonuses are applied regardless of local market conditions – can be to drive construction of new homes towards expensive areas, where the higher profits are available;
 - (ii) in areas where developers make the largest profit, the smallest proportion of that profit is returned for community benefit;
 - (iii) importantly – and perversely for the stated intentions of the policy - these are the same areas where the “affordable housing” delivered will be the least affordable, as the rent is based on a discounted rate of the most expensive local markets, and most likely to remain empty;
 - (iv) if the goal is to ensure more, genuinely affordable housing supply, a regionally tailored scheme is needed;
 - (v) schemes like the City of Sydney’s affordable housing program are based on an assessment of feasibility in the local area, including the variations across different suburbs within the Local Government Area;
 - (vi) the City of Sydney’s scheme was identified as an example of best practice and a better approach than the NSW Government’s scheme, at the recent presentation of the “Density Deals” report; and
 - (vii) the NSW Government’s scheme replaces and undermines key elements of existing affordable housing schemes where these have been established by local councils. This includes the City of Sydney’s mandatory inclusionary zoning provisions, which would capture a greater percentage of the uplift (depending on the suburb) and deliver affordable housing that was permanent (not temporary), and rented at a rate which is genuinely affordable for households on very low, low and moderate incomes (based on the household’s actual income, not a discounted market rate); and
- (C) the Lord Mayor be requested to write to the NSW Premier Chris Minns, NSW Planning Minister Paul Scully and NSW Housing Minister Rose Jackson:
- (i) noting the outcomes of the Shelter modelling; and
 - (ii) reiterating Council’s concerns that the In-fill Affordable Housing density bonus scheme be amended to ensure that affordable housing delivered meets or exceeds the quality, cost and amount of affordable housing that would have been delivered under local council affordable housing programs.

Carried unanimously.

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