CITY OF SYDNEY

11 May 2026

At the conclusion of the Environment and Climate Change Committee

Equity and Housing Committee

Agenda

1. **Confirmation of Minutes**

2. **Statement of Ethical Obligations and Disclosures of Interest**

3. **Post Exhibition - Planning Proposal - Affordable Housing Contributions Review - Sydney Local Environmental Plan 2012, Sydney Local Environmental Plan (Green Square Town Centre) 2013, Sydney Local Environmental Plan (Green Square Town Centre - Stage 2) 2013 and Draft City of Sydney Affordable Housing Program 2024**

CITY OF SYDNEY

Disclaimer, Terms and Guidelines for Speakers at Public Forums

Note: The Office of Local Government has mandated that public forums should not be held as part of a council or committee meeting. Council or committee meetings should be reserved for decision-making by the council or committee of council.

Committee reports are available at https://meetings.cityofsydney.nsw.gov.au/

Webcast

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Members of the public attending a public forum may have their image, voice and personal information (including name and address) recorded, publicly broadcast and archived for the balance of the council's term or at least 12 months after the meeting, whichever is the longer period.

Consent

By attending a public forum, members of the public consent to this use of their image, voice and personal information.

Disclaimer

Statements made by individuals at public forums, and which may be contained in a live stream or recording of the meeting are those of the individuals making them, and not of the City. To be clear, unless set out in a resolution of council, the City does not endorse or support such statements.

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Guidelines for City of Sydney Public Forums

1. The City of Sydney Council will hold a public forum prior to meetings of committees of the council for the purpose of hearing oral submissions from members of the public on items of business to be considered at the meetings of committees of the council.

2. Public forums will be held from 2pm for up to one hour, with meetings of committees of the council to commence at 3pm.

3. Public forums are to be chaired by the Lord Mayor or their nominee.

4. To speak at a public forum, a person must first register with the Secretariat in accordance with the information on the City's website. Applications to speak at the public forum must be received by 12pm on the day on which the public forum is to be held, and must identify the item of business on the agenda of the committee meeting the person wishes to speak on, and whether they wish to speak 'for' or 'against' the item. The chairperson will determine the order of speakers at the public forum (generally by order of agenda item and registration), as required.

5. If there are no registrations to speak at a public forum at 12pm on the day on which the public forum is to be held, the public forum will not be required and this will be noted on the City's website.

6. Speakers should avoid repeating what previous speakers have said and focus on issues and information that the Council may not already know. If there is a large number of people interested in the same item speakers should try to nominate 3 representatives to speak on their behalf and to indicate how many people they are representing.

7. Each speaker will be allowed 3 minutes to address the council. Speakers at public forums must not digress from the item on the agenda of the meeting they have applied to address the council on. If a speaker digresses to irrelevant matters, the chairperson is to direct the speaker not to do so. If a speaker fails to observe a direction from the chairperson, the speaker will not be further heard.

8. A councillor (including the chairperson) may, through the chairperson, ask questions of a speaker following their address at a public forum. Questions put to a speaker must be direct, succinct and without argument. The chairperson may limit the number of questions that can be asked of speakers to ensure as many registered participants as possible can be heard.

9. Speakers should address the public forum and Council with respect and refrain from inappropriate behaviour.

10. The chairperson may require people to leave the public forum if they are disrupting the meeting in accordance with Part 15 of the Code of Meeting Practice.

11. Councillors (including the Lord Mayor) must declare and manage any conflicts of interest they may have in relation to any item of business that is the subject of an address at a public forum, in the same way that they are required to do so at a council or committee meeting. The council is to maintain a written record of all conflict of interest declarations made at public forums and how the conflict of interest was managed by the councillor who made the declaration.

12. The rules for the conduct of public forums can be varied from time to time at the discretion of Council to ensure the efficient and effective conduct of the public forums. The failure to comply with these Guidelines does not constitute a breach of the Code of Meeting Practice or the Local Government Act 1993 and does not invalidate any subsequent decision of Council.

13. Public forums are recorded and webcast live on the City of Sydney website. Livestreaming is undertaken in accordance with clauses 5.35 to 5.55 of the Code of Meeting Practice.

Item 1.
Confirmation of Minutes

Minutes of the following meetings of the Equity and Housing Committee are submitted for confirmation:

Meeting of 16 March 2026

Item 2.
Statement of Ethical Obligations

In accordance with section 233A of the Local Government Act 1993, the Lord Mayor and Councillors are bound by the Oath or Affirmation of Office made at the start of the Council term to undertake their civic duties in the best interests of the people of the City of Sydney and the City of Sydney Council and to faithfully and impartially carry out the functions, powers, authorities and discretions vested in them under the Local Government Act 1993 or any other Act, to the best of their ability and judgement.

Disclosures of Interest

Pursuant to the provisions of the Local Government Act 1993, the City of Sydney Code of Meeting Practice and the City of Sydney Code of Conduct, Councillors are required to disclose and manage both pecuniary and non-pecuniary interests in any matter on the agenda for this meeting.

In both cases, the nature of the interest must be disclosed.

This includes receipt of reportable political donations over the previous four years.

Item 3.

Post Exhibition - Planning Proposal - Affordable Housing Contributions Review - Sydney Local Environmental Plan 2012, Sydney Local Environmental Plan (Green Square Town Centre) 2013, Sydney Local Environmental Plan (Green Square Town Centre - Stage 2) 2013 and Draft City of Sydney Affordable Housing Program 2024

File No: X099241

Summary

Sydney is Australia's second least affordable city after Perth although Sydney has the most expensive rents according to the Rental Affordability Index (RAI). The high cost of housing is an important economic and social risk, particularly within the City of Sydney local area where housing prices are amongst the highest in Australia.

Sustainable Sydney 2030-2050: Continuing the Vision maintains the target in the City’s Local Housing Strategy: Housing for All, for 7.5% of all private dwellings to be affordable housing. Based on a private dwelling target of about 156,000 to 2036, an estimated 12,000 affordable dwellings are required to achieve the City’s target to 2036.

In the face of the current housing affordability crisis, increasing the supply of housing is a key focus of federal, state and local governments. However, more supply is unlikely to decrease the cost of housing in the City of Sydney area, nor will new private market housing be delivered at a cost/price that is affordable for large segments of the community.

Affordable housing contribution schemes are an important planning lever available to local government to ensure that as the supply of market housing is increased, a percentage of affordable housing for lower income households is also increased. This ensures diversity in the housing supply but also ensures the diverse community can have their housing needs met.

In the City of Sydney, local environmental plans and the City of Sydney Affordable Housing Program (Program) provide a framework for 2 separate affordable housing contribution requirements that may apply to development in the local area, including:

- the low-rate broad-based affordable housing contribution (LGA-wide contribution), which is applied to all qualifying development in the local area approvals typically through a Development Application (DA); and
- the rezoning affordable housing contribution (rezoning contribution), which is applied only to new floor space that is achieved where there is a change to the planning controls creating an 'uplift'. This contribution is either secured in a planning agreement at the planning proposal stage or alternatively may be set out in a local environmental plan (LEP) and applied where there is a development application.

Affordable housing contributions (and other contributions) must be carefully calibrated to ensure they do not cause the delivery of market housing to become unviable. As it is market housing that is levied for affordable housing contributions, where that housing becomes unviable, contributions cannot be collected and affordable housing will not be built.

Since 1996, the City's affordable housing contribution schemes have resulted in about $495 million being passed to not-for-profit community housing providers (CHPs) to deliver affordable housing in the local area. This has contributed to 1,525 affordable dwellings that have been built or are in the planning stages in the local area (as at June 2025). A high-level analysis projects the City’s affordable housing contribution schemes, which now cover all of the local government area, will in time deliver a further 1,950 affordable dwellings. However, delivery of affordable housing will be strongly influenced by market conditions, the availability of other funding and subsidies from the state and federal governments and by the extent to which CHPs are able to leverage affordable housing contributions.

Following comprehensive review of the City's affordable housing contributions framework, in December 2024 the Central Sydney Planning Committee (CSPC) and Council approved Planning Proposal: City of Sydney Affordable Housing Contributions Review (planning proposal) to be submitted to the Minister for Planning and Public Spaces with a request for gateway determination and to be placed on public exhibition. The draft City of Sydney Affordable Housing Program Amendment 2024 (draft Program) was also approved for public exhibition with the planning proposal.

The effect of the publicly exhibited planning proposal and draft Program is to:

- simplify and, in most areas of the city, increase the rezoning contribution requirement, and require the contribution be satisfied by the dedication of built dwellings (in appropriate circumstances), instead of monetary contributions;
- require the LGA-wide DA contribution requirement be satisfied by making an equivalent monetary contribution, instead of dedication of built dwellings; and
- increase the equivalent monetary contribution rates (dollar rates) in the Program to reflect the actual cost of delivering housing.

On 30 July 2025, the Department of Planning, Housing and Infrastructure issued a gateway determination for the planning proposal and it, and the draft Program, were publicly exhibited from 25 August 2025 to 7 October 2025.

A total of 24 submissions were made to the public exhibition. Key matters raised include:

- the proposed increase to the rezoning contribution, with submissions from developers and peak development groups raising concern not enough forward notice has been given to the market to allow for adjustment (to land prices);
- the proposed increase to dollar rates, with submissions in support of the increase, as well as submissions in objection to, citing concerns about impacts on development feasibility; and

- the proposed requirement that, in certain circumstances, the affordable housing contribution must be satisfied by dedicating built dwellings in mixed-tenure buildings. Submissions from CHPs and peak housing bodies cited concerns about the potential for dedication of inappropriate housing, reduced opportunity to deliver purpose built affordable housing in stand-alone buildings, the impacts of high and uncontrolled strata costs, and the impact of the requirement on the overall quantum of affordable housing that would be delivered through the Program. Submissions from developers and peak development groups are concerned about extra complexity, cost and delay in the development process.

This report recommends approval of the planning proposal and draft Program, with post-exhibition amendments made in response to submissions. Key post-exhibition changes include:

- postponing the introduction of increased equivalent monetary contribution rates (dollar rates) for a further year, noting sustained high inflation in building costs, challenging market conditions and the potential for further economic headwinds arising from the war in the Middle East;

- preserving the option for a developer to satisfy the rezoning contribution as a built contribution (where it is secured in a voluntary planning agreement), but removing the mandatory requirement that, in certain circumstances, the rezoning contribution must be satisfied by dedicating built dwellings in mixed-tenure buildings due to the implementation issues outlined in this report;

- providing a framework in the Program for the consideration of any public benefit offer from a developer to provide built affordable housing in a mixed-tenure development in conjunction with a planning proposal (not a development application); and

- making additions to the types of development that are excluded from making an affordable housing contribution, to improve the feasibility of certain housing types generally accessed by low-income people or people with support needs, and to reduce the impact of the contribution requirement on low-scale residential development types.

This report also responds to the matters raised in a Resolution of Council regarding prevention of discrimination against affordable housing tenants in new housing developments (February 2026). Following consideration of the matters raised, and subsequent research and engagement with key stakeholders, an addition to the publicly exhibited "Standards for Affordable Housing Dwellings" in the draft Program is recommended, to ensure that separate entries are only to be provided to facilitate practical access needs. If separate entrances are used, they should be indistinguishable from one another, with no recognisable reduction in quality or appearance.

If approved, the planning proposal will be referred to the Department to amend the Sydney LEP and the Green Square Town Centre LEPs. The amendments will come into effect when published on the NSW Legislation website with the changes to the Program coming into effect at the same time.

Recommendation

It is resolved that:

(A) Council note the issues raised during the public exhibition of Planning Proposal - City of Sydney Affordable Housing Contributions Review as provided in the Summary of Submissions, shown at Attachment A to the subject report;

(B) Council approve the Planning Proposal - City of Sydney Affordable Housing Contributions Review, as amended following public exhibition, shown at Attachment B to the subject report, to be sent to the Department of Planning, Housing and Infrastructure to be made as a local environmental plan under Section 3.36 of the Environmental Planning and Assessment Act 1979;

(C) Council approve the City of Sydney Affordable Housing Program Amendment 2024, as amended following public exhibition, shown at Attachment C to the subject report;

(D) authority be delegated to the Chief Executive Officer to make minor amendments to the Planning Proposal - City of Sydney Affordable Housing Contributions Review and the City of Sydney Affordable Housing Program Amendment 2024 to correct any minor errors prior to finalisation by the Department of Planning, Housing and Infrastructure; and

(E) Council note the response to matters raised in the Resolution of Council regarding prevention of discrimination against affordable housing tenants in new housing developments, shown at Attachment H to the subject report.

Attachments

Attachment A.	Summary of submissions
Attachment B.	Planning Proposal - City of Sydney Affordable Housing Contributions Review
Attachment C.	City of Sydney Affordable Housing Program Amendment 2024 - post exhibition changes
Attachment D.	City of Sydney Affordable Housing Program Amendment 2024 - as exhibited
Attachment E.	Resolutions of Council and the Central Sydney Planning Committee for Public Exhibition
Attachment F.	Gateway Determination - dated 30 July 2025
Attachment G.	Resolution of Council regarding the prevention of discrimination against low-income tenants in new housing developments
Attachment H.	Response to the matter raised in the Resolution of Council regarding the prevention of discrimination against low-income tenants in new housing developments

Background

1. In June 2023, Council resolved to review the City's affordable housing contribution rates and consider what changes could deliver more affordable housing in the local area such as changes to policies and planning controls.

2. In February 2024, Council further resolved that the Chief Executive Officer, as a priority, report back on the findings of the City's review and advise Council of options to give the City the ability to require that affordable housing contributions be delivered on site, in appropriate developments.

3. The resolutions initiated a comprehensive review of the City's affordable housing contribution framework and recommended changes to the Sydney Local Environmental Plan 2012 (Sydney LEP), Sydney Local Environmental Plan (Green Square Town Centre) 2013 and Sydney Local Environmental Plan (Green Square Town Centre – Stage 2) 2013 (Green Square Town Centre LEPs), and the City of Sydney Affordable Housing Program (Program). The review and the resulting pre-exhibition planning proposal to amend the LEPs and Program are detailed in this report: https://city.sydney/affordable-housing-pdf

4. On 12 December and 16 December 2024, the Central Sydney Planning Committee (CSPC) and Council respectively approved for exhibition Planning Proposal: City of Sydney Affordable Housing Contributions Review (planning proposal) to be submitted to the Minister for Planning and Public Spaces with a request for gateway determination and to be placed on public exhibition. The draft City of Sydney Affordable Housing Program Amendment 2024 (draft Program) was also approved for public exhibition in conjunction with the planning proposal. The Council and CSPC resolutions are provided at Attachment E.

5. On 30 July 2025, the Department of Planning, Housing and Infrastructure (Department) issued a gateway determination for the planning proposal, provided at Attachment F. It determined the City will not be the local plan-making authority and set a timeframe for the LEP amendment to be completed by 30 July 2026. It also required a number of minor clarifications to the planning proposal prior to public exhibition, including:

   (a) to make clear that the 'drafting instructions' in the planning proposal are only one example of how the proposed amendments could be worded, with final wording subject to drafting and agreement by Parliamentary Counsel;

   (b) to amend the 4-year phase-in period for the new dollar rates so that it begins from when the LEP is made rather than when the Program is approved by Council;

   (c) to explain in the planning proposal how the proposed introduction of precinct-based contributions in the draft Program would apply to land that may be identified in the future in Environmental Planning Instruments other than Sydney LEP or the Green Square Town Centre LEPs; and

   (d) explain why only the Affordable Housing Principles of the Program need apply to clause 6.60B and 7.13A of Sydney LEP and not any other requirement of the Program.

6. These requirements were incorporated into the planning proposal and it, and the draft Program were then placed on public exhibition from 25 August 2025 to 7 October 2025.

7. A total of 24 submissions were made to the public exhibition. A detailed summary of submissions, and the City's response, is provided at Attachment A.

8. Following consideration of submissions, some changes are proposed to the exhibited planning proposal and draft Program, which are detailed later in this report.

9. This report recommends approval of the amended planning proposal and draft Program as amended, provided at Attachment B and Attachment C respectively.

Exhibited planning proposal and draft program

10. The Sydney LEP and the Green Square Town Centre LEPs, together with the Program, provide a framework for 2 separate affordable housing contribution requirements that may apply to development in the local area, including:

    (a) the low-rate broad-based affordable housing contribution (LGA-wide contribution), that is applied to all qualifying development in the local area approvals typically through a Development Application (DA); and

    (b) the rezoning affordable housing contribution (rezoning contribution) that is applied only to new floor space that is achieved where there is a change to the planning controls. This contribution is either secured in a planning agreement at the planning proposal stage or alternatively may be set out in a local environmental plan (LEP) and applied where there is a development application.

11. The publicly exhibited planning proposal and draft Program proposed 3 key changes to the City's affordable housing contribution requirements, including:

    (a) simplification of the rezoning contribution, and requiring the contribution be satisfied by the dedication of built dwellings (in appropriate circumstances), instead of monetary contributions;

    (b) requiring the LGA-wide DA contribution be satisfied by making an equivalent monetary contribution, instead of dedication of built dwellings; and

    (c) increase of the equivalent monetary contribution rates (dollar rates) in the Program to reflect the full cost of delivering housing.

Public exhibition

12. The planning proposal and draft Program were placed on public exhibition from 25 August 2025 to 7 October 2025. Public exhibition included

    (a) the Sydney Your Say webpage with a copy of the planning proposal and other key information about the consultation

(b) inclusion in the Sydney Your Say e-newsletters in August 2025 which was sent to 4,960 subscribers

(c) directly notifying 16 stakeholders, including 3 CHPs, 7 peak housing and development industry bodies, and 6 developers, by email

(d) notifying Homes NSW and the Department of Communities and Justice via the NSW planning portal and email

13. A detailed summary of submissions, and the City's response, is provided at Attachment A. A total of 24 submissions were received, including

    (a) 6 from individuals

    (b) 3 from community groups

    (c) 3 from organisations

    (d) 4 from peak housing bodies

    (e) 2 from industry peak bodies

    (f) 3 from community housing providers (CHPs)

    (g) 2 from developers

    (h) 1 from a government agency

Post-exhibition changes resulting from submissions

14. Following consideration of submissions, 3 key changes are recommended to the publicly exhibited planning proposal and draft Program.

Postponing the introduction of increased dollar rates

15. A post-exhibition change is recommended to the draft Program to postpone the implementation of the increased dollar rates.

16. The exhibited draft Program proposed a phase-in of increased dollar rates as follows:

    (a) 50% implementation of new monetary contribution rate 2 years following commencement of the LEPs that implement the updated Program; and

    (b) full implementation 4 years following commencement.

17. Assuming the amendment is finalised by the deadline of 30 July 2026, as stipulated in the Gateway Determination, 50% implementation of the increased dollar rates would be expected in mid-2028 and full implementation in mid-2030.

18. The recommended post-exhibition change is to further postpone the introduction of increased equivalent dollar rates for a further 12 months as follows:

    (a) 50% implementation of new dollar rates from 1 July 2029; and

    (b) full implementation from 1 July 2031.

19. The recommended post-exhibition change results from consideration of submissions from the Urban Taskforce, Property Council, Meriton and Urbis for GPT. The submissions question the basis of the "Review of Affordable Housing Contribution Rates" (economic review) that was prepared by Atlas Urban Economics in October 2024 and underpinned the proposed dollar rates in the exhibited planning proposal and draft Program. Submissions raised concern the increased dollar rates will impact on development feasibility, particularly at a time when residential feasibility is low. Key matters raised include:

    (a) the economic review relies on market growth during the phase-in of the dollar rate increases to ensure they can be tolerated, but there is no supporting evidence to indicate a market improvement in 4 years;

    (b) the development industry is concerned about the imposition of more costs when residential project feasibility is already low. Recent cost increases to materials and labour, increasing regulatory compliance obligations and higher infrastructure and public domain commitments squeeze margins too far to satisfy banks or investors. One submission highlights the downward trend in dwelling completions vs approvals;

    (c) even marginal increases cannot be tolerated, especially in the South and East precincts; and

    (d) a longer phase-in is required for projects already in-train, especially planning proposals and any subsequent development applications, so that feasibility is not impacted mid-project.

20. In considering these submissions, the City revisited the economic review that informed the dollar rates in the exhibited planning proposal and draft Program.

21. At the time the economic review was prepared (end of 2024), inflation and construction costs were trending downwards and there was an expectation there was pressure for a reduction of the cash rate. Analysis of long-run price movements indicated the following:

    (a) residential prices (strata) average 5.0% growth in Sydney LGA (2011-2021); and

    (b) construction cost increases average 3.2% in Greater Sydney (2011-2021)

22. This gave a net difference (positive) of 1.8% over the long term. The economic review assumed a +1% difference between revenue and cost, which was grounded in evidence.

23. However, it is acknowledged that inflation has returned since late 2025. Successive rate rises and a war in the Middle East has resulted in significant uncertainty, most likely to lead to further rate rises, flatter residential unit prices and increased construction costs. The +1% growth assumed in the economic review is less certain given these considerations.

24. As at June 2025 there were about 4,000 dwellings lodged and under development assessment and over 10,000 dwellings already approved in the City's development pipeline. These development applications would not be impacted by new dollar rates, noting that the dollar rate that applies is either the rate quoted in the condition of consent (if already approved) or the rate that was applicable in the version of the Program that was in force at the time of lodgement. There is therefore no risk of any impact from the proposed increase in dollar rates on the development pipeline.

25. Having regard to current market challenges and uncertainties, it is agreed there is a case for a delay to the implementation of the new dollar rates to allow longer notice for:

    (a) sites already purchased to be progressed and submitted in a development application; and

    (b) new sites to be negotiated and purchased and submitted in a development application within the National Housing Accord period (to June 2029).

Removing dedication requirements

26. The planning proposal and draft Program recommended by this report act to preserve the option for a developer to satisfy the rezoning contribution as a voluntary built contribution (where it is secured in a voluntary planning agreement) or as a monetary contribution (secured in the LEP and in the subsequent DA).

27. Currently, the Sydney LEP and the Green Square Town Centre LEPs allow for a developer to choose if they satisfy an affordable housing contribution by dedicating built affordable dwellings or by making an equivalent monetary contribution.

28. The exhibited planning proposal sought to:

    (a) amend Clause 7.13 of the Sydney LEP and Clause 6.5 of the Green Square Town Centre LEPs (the LGA-wide contribution) to require the contribution be satisfied by making a monetary contribution. Most land in the local government area is subject to these clauses;

    (b) amend Clause 7.13B of the Sydney LEP (the rezoning contribution) to require the mandatory contribution of dedicated built dwellings (in appropriate circumstances). The clause applies to land listed on Schedule 6C of the LEP where it has been the subject of a rezoning to increase development capacity and where the developer did not enter into a planning agreement to dedicate built affordable dwellings; and

    (c) retain Clause 6.70 of the Sydney LEP (land at Blackwattle Bay) as is to allow the developer to opt to satisfy the contribution by dedicating built affordable dwellings or by making an equivalent monetary contribution.

29. A post-exhibition change is recommended to the planning proposal and draft Program to remove the exhibited requirement in the LEP for mandatory dedication of built affordable dwellings in a development to satisfy the rezoning contribution.

30. The recommended post-exhibition change to the planning proposal is to:

    (a) amend Clause 7.13B of the Sydney LEP ("rezoning contribution") to require the contribution be satisfied by monetary contribution. This removes the proposed mandatory requirement to dedicate built affordable dwellings from the exhibited planning proposal; and

    (b) amend Clause 6.70 of the Sydney LEP (Blackwattle Bay), to require the contribution be satisfied by monetary contribution.

31. The recommended post-exhibition changes are consistent with the approach the exhibited planning proposal takes to the LGA-wide DA contribution requirement (at Clause 7.13 of the Sydney LEP), that will also allow monetary contributions only.

32. The effect of the post-exhibition change is that, going forward, where there is a DA, the contribution may only be satisfied by making a monetary contribution. For clarity, there will be no pathway set out in the Program to dedicate affordable housing in the DA process.

33. Notwithstanding the above, where a future planning proposal is lodged to rezone land to increase residential development capacity, the developer may opt to:

    (a) make a public benefit offer to enter into a planning agreement with Council to provide built affordable dwellings in accordance with the requirements set out in the Program, or

    (b) be listed on Schedule 6C of the Sydney LEP, that will require a monetary contribution on any future development consent.

34. In the case the developer opts to provide built affordable housing, the publicly exhibited draft Program is amended to:

    (a) clarify that only the rezoning contribution that is applied to the new floor space may be satisfied by providing built affordable dwellings, that is, any other contribution that is otherwise required by an LEP must be made as a monetary contribution. For example, where a future rezoning is proposed to increase residential floor space, if that site is already subject to a requirement under an LEP to make a 3% monetary contribution on that floor space, that requirement will remain, and the planning agreement may only relate to the agreed contribution on new residential floor space;

    (b) require that any public benefit offer to provide built affordable dwellings must:

        (i) be subject to a restrictive covenant requiring the affordable housing to remain affordable housing long term 'in perpetuity' and be rented for no more than 30% of household income;

        (ii) owned and/or managed by an Eligible CHP;

(iii) be rented to very low-, low- and moderate-income households, as defined by the Act; and

(iv) be subject to annual reporting.

(c) require a public benefit offer for affordable housing to outline:

(i) how the affordable housing will achieve the "standards for affordable housing dwellings" set out in the Program;

(ii) how CHPs will be consulted in the design and construction phase;

(iii) at what stage of the development the affordable housing will be provided.

(d) set out how Council will have regard to the public benefit offer, including consideration of:

(i) the nature and scale of the planning proposal;

(ii) the quantum of dwellings being offered;

(iii) the suitability of the dwellings being offered; and

(iv) any other public benefits offered in relation to the planning proposal.

35. The recommended post-exhibition changes to the planning proposal and draft Program follow consideration of submissions made during the public exhibition that stated a strong preference for monetary contributions, as opposed to dedication of built affordable dwellings, because monetary contributions:

(a) are a more efficient way of delivering affordable housing outcomes given the scale of this type of contribution;

(b) create certainty for longer-term opportunities and strategic land purchases to ensure a pipeline of development sites available for affordable housing;

(c) enable recipient CHPs to stack contributions and other sources of funding to deliver more housing than if dwellings were dedicated. When multiple funding sources are coupled with a number of tax concessions and exemptions (GST, land tax and rates) that CHPs receive, construction becomes cheaper and the funds collected go further still;

(d) enable the delivery of stand-alone self-managed affordable housing buildings, avoiding the complications, cost (known and unanticipated), and administrative challenges of managing a dwelling portfolio across multiple strata arrangements; and

(e) provide greater flexibility to build more appropriate housing – allowing for important differences in unit design, layout and materials compared with privately constructed dwellings – which has implications for long term rental ownership and operation.

36. Submissions from Community Housing Industry Association, City West Housing, Bridge Housing and Wayside Chapel raise concerns about a potential increase in dedicated affordable dwellings (versus monetary contributions), noting a number of policy, implementation and delivery issues, including:

    (a) housing that is delivered by developers, which typically seeks to minimise build cost to maximise returns and/or prioritise amenity for private owners and renters in the same development, is unlikely to provide the best outcomes for affordable housing residents. This also presents issues for long term rental ownership and management;

    (b) there have unfortunately been a number poorly constructed apartment buildings in Sydney in recent years. Managing initial defects with private developers is difficult when properties are transferred via council. Any ongoing issues with structural or other defects which appear after the typical time allowance for defect identification will make recouping costs very difficult/impossible and expensive to rectify;

    (c) dedication of built dwellings in a larger market strata scheme can lead to inefficiencies in management and operations, for example, receiving a small number of units in mixed tenure residential developments comes with associated high operating/management costs and multiple strata levies;

    (d) requiring built dwellings "where appropriate" (as proposed in the planning proposal) entertains too much uncertainty. More clarity is needed on how "appropriateness" will be determined and by whom. There needs to be certainty on type, location and possible quantum of dwellings;

    (e) even when strata costs are “reasonable”, ongoing costs cannot be controlled. Costs can escalate unexpectedly over time, especially when the CHP is not in control of the build quality. Assessment of the likely costs will be discretionary and/or subjective, which creates uncertainty;

    (f) time constraints for negotiation on design and legal terms will impact the suitability of dwellings being dedicated; and

    (g) there are currently obligations preventing CHPs from recycling properties should they become financially unstable or no longer meet tenant needs.

37. A submission from Meriton raises concerns with the requirement for dedication of built affordable dwellings in the planning proposal. They say the requirement for dedication will add significant time to the development process and strain development viability. They say the time added is inconsistent with the principles of the National Housing Accord to speed housing delivery.

38. Submissions from the Urban Taskforce, Property Council and Meriton say that how the contribution is satisfied (cash or dedicated built dwellings) should remain at the developer’s discretion so they may choose what works best for their development.

39. The City acknowledges the difficulties and risks that will be faced by CHPs receiving units that have been designed and constructed by third parties who have different target markets and commercial interests to them.

40. The City also acknowledges the concern raised by developers and industry peak bodies regarding the likely delays in the DA process where there is a requirement for dedication of built affordable dwellings within a development. The recommended post-exhibition changes to the planning proposal and draft Program, by requiring monetary contributions in the context of all development applications, will streamline application of conditions of consent for monetary contributions. This will ensure there are no delays in the development application process arising from the affordable housing contribution requirement and will allow timely decisions within the timeframes set out in the NSW Government's Statement of Expectations Order 2024.

41. The City further acknowledges the concern raised by developers and industry peak bodies regarding the potential impact on feasibility that could arise from any requirement for dedication of built affordable dwellings within the development. Where there is a planning proposal to increase residential capacity on land, the recommended post-exhibition changes to the planning proposal and Program will maintain a pathway for the transfer or dedication of built dwellings where the developer chooses but removes any planning requirement for dedication.

42. Support for the recommended post-exhibition changes is drawn from reconsideration of the matters raised about 'dedications' of built dwellings in initial consultation with CHPs and in the economic review by Atlas Urban Economics (both provided as attachments to the report to Council and CSPC in December 2024).

43. The recommended post-exhibition changes are also informed by internal consultation in relation to a development application lodged in 2020 on a site in Waterloo, conditions still to be satisfied, that involved one of the few examples of a developer opting to transfer or 'dedicate' built dwellings. The officers noted:

    (a) risks associated with property transfer for individual parties and the misalignment of the property transfer process with planning processes;

    (b) the additional cost and administrative burden on CHPs and proponents is substantial. They are generally required to engage specialist legal counsel to prepare non-standard contracts and manage lengthy negotiations for property transfer;

    (c) there is a substantial administrative burden on the City that may impact on costs and resourcing if dedications were to increase; and

    (d) significant complexity is added to the assessment process, resulting time delays in determination

44. It is also noted that since Council approved the planning proposal in December 2024 for public exhibition, the NSW Government announced the Housing Delivery Authority (HDA) and a new State Significant Development (SSD) pathway for residential development. The stated objective of the new HDA SSD pathway is to speed up development applications.

45. While there are over 5,400 dwellings currently in the HDA SSD pipeline in the local area (as at March 2026), none have yet been determined. It therefore remains uncertain how the requirements for affordable housing contributions in the City's LEPs will be applied, noting there is no explicit commitment from the NSW Government to apply the City's requirements to development approvals.

46. Given the above, introducing a provision in the Sydney LEP that requires additional steps and more complexity in the development approvals process makes it less likely the contribution requirement would be applied and would potentially incentivise more applications to proceed through an alternative pathway.

Additions to development that is excluded from making an affordable housing contribution

47. In addition to development that is already excluded from the requirement to make an affordable housing contribution, a post-exhibition change to the draft Program is recommended to also exclude floor area for the following development (as defined by Sydney LEP 2012) where it is provided by or on behalf of a charity or not-for-profit organisation:

    (a) hostels;

    (b) boarding houses;

    (c) group homes;

    (d) residential care facilities;

    (e) emergency services facility; and

    (f) places of public worship.

48. In addition, it is proposed any floor area for the development of a dwelling house, attached dwelling or dual occupancy, or which relates to alterations and additions to an existing attached dwelling, dual occupancy or dwelling house, is also excluded from the requirement for an affordable housing contribution.

49. It is also recommended that the current exclusion in the Program for development where the cost of construction is less than $100,000 (unindexed) be amended to $150,000, noting substantial escalations in construction costs over the last 5 years and likely future increases. It is not proposed to index this threshold at this time.

50. The recommended post-exhibition change to the Program results from consideration of submissions received from:

    (a) Grace City Church, specifically seeking an exclusion for not-for-profit organisations from the need to make an affordable housing contribution; and

    (b) an individual undertaking renovations, who requested Council consider excluding non-developer, owner-occupier family homes from the need to make an affordable housing contribution.

51. In the interests of equity, and cognisant of Section 7.32(3)(c) of the Act that says a dedication or contribution must be “reasonable”, broader consideration of development that might be excluded was undertaken.

52. Some housing types that are recommended for exclusion, include low cost accommodation such as hostels and boarding houses; as well as group homes and residential care facilities, while not technically defined as "affordable housing" is housing that is generally accessed by people on lower incomes, people with support needs and/or people receiving income support. Development applications for these housing types are not common in the City of Sydney. Excluding them from the need to make an affordable housing contribution may assist in supporting the viability of these development types where opportunity arises.

53. Places of public worship provided by or on behalf of a charity or not-for-profit organisation are recommended for exclusion to align with the Central Sydney Development Contribution Plan 2020 and the City of Sydney Development Contributions Plan 2015.

54. Emergency services facilities are recommended for exclusion to support the delivery of critical infrastructure to support the residential population.

55. Dwelling houses (single homes) and dual occupancies are recommended for exclusion to minimise the impact of the contribution on small scale residential development. Development applications for these housing types are not common in the City of Sydney and excluding this development type is likely to have little impact on the quantum of contributions collected. The contribution requirement can add considerable and disproportionate cost to small residential projects, and impact on the feasibility of building or renovating a family home and it is considered reasonable to exclude this form of development from the contribution requirement.

Other minor post-exhibition amendments

56. In addition to the above, several minor post-exhibition changes are proposed to the planning proposal and draft Program to:

    (a) further improve readability;

    (b) update information that is no longer current; and

    (c) provide updated and additional worked examples to demonstrate how elements of the program work in practice.

57. An amendment to the Community Housing Providers (Adoption of National Law) Act 2012 was passed on 15 August 2025 to provide for the registration and management of affordable housing by both a newly created category of mostly for-profit affordable housing managers in addition to largely not-for-profit CHPs. A minor change to the existing definition of "Eligible CHPs" in the Program is proposed post-exhibition to clarify that the intended recipient of affordable housing contributions under the Program and the appropriate managers of affordable rental housing are to be not-for-profit CHPs.

58. Also the way the new rezoning contribution rates are quoted in the draft Program has been updated post-exhibition.

59. The exhibited draft Program quoted the new rezoning contribution rates as:

    (a) 20% of any new residential floor area achieved via a planning proposal regardless of location in the LGA; and

    (b) 2% of any new commercial floor area achieved via a planning proposal in Central precinct.

60. These rates included the statutory contribution requirement under Clause 7.13 of Sydney LEP which also applies to the land - being 3% of all residential floor area and 1% of all non-residential floor area - that is otherwise applied in a development application.

61. Post-exhibition, these rates are now presented exclusive of this statutory contribution requirement, as follows:

    (a) 17% of any new residential floor space achieved via a planning proposal; and

    (b) 1% of any new commercial floor area achieved via a planning proposal in Central precinct.

62. In practice, the change does not alter the total contribution requirement, but simply more clearly differentiates between the two contribution components. This allows for the separate contribution requirements to be treated differently.

Summary of submissions

63. Other notable matters raised in submissions, that have not resulted in any recommended change to the publicly exhibited planning proposal and draft Program, are summarised below.

General support for the planning proposal and draft Program

64. Submissions from responding individuals (5), community groups (3) and organisations (3) expressed support for the proposed changes, many noting the City's trailblazing approach to delivering long-lasting and structural change and the robust evidence base which underpins the work.

65. Submissions from all responding housing peak bodies (4) and CHPs (2) and a submission from Homes NSW also support the proposed changes, expressing that:

    (a) the clearer direction around the appropriateness of monetary vs. in-kind contributions is supported and important, reflecting market realities and practical considerations for affordable housing delivery;

    (b) the proposed increased precinct-based dollar rates recognise increasing costs of delivery and current market conditions, whilst promoting equity and precinct sensitivity; and

    (c) capturing appropriate contributions where planning uplift occurs, as proposed, is essential to equitable long-term outcomes.

66. Many of the submissions from both the general community and the affordable housing sector recognise the current and ongoing challenge in the affordable housing space and urge for further action from all levels of government.

Response

67. The City notes the support and thanks the submitters for taking time to respond to the public exhibition. The City will continue to use all levers available to it to increase the supply of affordable housing in the local government area and to advocate for greater state and federal investment in social housing and stronger tenancy protections, making clear that levies are only one part of the solution.

Setting the equivalent monetary contribution - a difference in perspective between the development industry and the community housing sector

68. Submissions from the Urban Taskforce, Property Council, Meriton and Urbis for GPT highlight that the increased dollar rates will impact on development feasibility, with even marginal increases to the equivalent monetary contribution rate not able to be tolerated, especially in the South and East precincts.

69. An alternate view is offered by submissions from the Community Housing Industry Association, City West Housing and Bridge Housing, that raise concerns the increase in dollar rates is modest and should be higher to more accurately reflect the cost of delivering affordable housing in the various precincts, pointing to strong sales prices growth in recent times.

70. Both perspectives encourage revisiting the equivalent monetary contribution rates.

Response

71. Sydney local government area did experience sales price growth for the first half of 2025. However, this was less so for apartments and in the last 3 months, sales prices growth has stalled. Further rate rises, muted market conditions and growing uncertainty are likely to mean sales price growth will remain flat in the short term.

72. The dollar rates as proposed in the economic review remain appropriate, still being reflective of the actual cost to develop in each precinct. Each contribution precinct has a number of suburbs and areas, with varying values. The lowest end of the viable rate range is adopted to mitigate impact on low value areas within each precinct. The recommended phase-in period ensures development remains viable accounting for the proposed dollar rates. See above in this report for a broader discussion on feasibility and phase-in of the proposed rates.

Precinct-based contributions

73. A submission from the Urban Taskforce questions the approach to differentiating dollar rates by precinct and requiring contributions in Central precinct for non-residential floor space uplift.

74. The submission states differentiating dollar rates by precinct is a flawed approach because contributions collected in one precinct are not earmarked for delivery of housing in the same precinct. The precincts nominated for the highest increases already pay higher land prices, stamp duty and other contributions so that construction and compliance costs faced in these areas are higher.

75. Further, the submission feels the justification to introduce a commercial uplift contribution in Central precinct is also flawed because commercial floor space does not create need for affordable housing. The submission states that framing urban renewal in the CBD around its negative impact on housing affordability ignores the positive impact of investment and income generation in the CBD, which is the CBD's key function.

Response

76. The dollar rates are set to be 'equivalent' to the value of the affordable housing requirement at that location. If the affordable housing obligation is one dwelling, the equivalent monetary contribution is the value of that one dwelling. It could be $1 million in the West precinct or $2 million in the East precinct.

77. Developers in high value areas pay higher prices for land. They could also potentially pay higher construction costs (e.g. due to site constraints and/ or delivery of more premium finishes). In high value areas however, higher prices are also achieved. The cost impost of affordable housing is therefore proportionate to the cost/revenue profile of the particular development.

78. The proposed dollar rates sit at the lower range of prices within each contribution precinct. This is to ensure 'low value areas' within a precinct are not disproportionately burdened and stall development in those low value areas.

79. It is also noted that the community housing sector support differentiation of contribution rates by precinct.

80. The City acknowledges that a rezoning contribution rate has not previously been applied to non-residential development. It also recognises the importance of the CBD for generating growth and creating value in Sydney's economy. Ensuring its long-term sustainable growth is essential.

81. However, declining socio-economic diversity in the inner city, associated with inadequate social and affordable housing supply, has significant economic and social impacts and represents a risk to this growth. Evidence suggests the loss of low to middle income households from inner Sydney will result in essential sectors in the Australian economy finding it increasingly difficult to fill employment vacancies and staff shifts, hampering business productivity and economic growth.

82. A non-residential rezoning contribution is recommended in the Central precinct alone because of the substantial demand for housing for key workers created by increased employment floor space in Central Sydney.

83. The introduction of a rezoning contribution requirement for non-residential development remains consistent with the requirements set out in the Act relating to where a contribution requirement can be applied.

Flexibility in applying contribution requirements

84. Submissions from the development industry call for more flexibility around when and how contributions are required and satisfied. Key matters raised include:

    (a) the ability to reduce contributions on a case-by-case basis when viability is threatened;

(b) the ability to satisfy a contribution by providing affordable housing that can be held by the developer and offered as affordable housing for 15 years (the Housing SEPP model), with contributions beyond the base rate being incentive driven; and

(c) the developer retaining the choice whether to satisfy a condition via monetary or built affordable dwellings, preferring to be able to choose the more cost-effective option based on the individual circumstances of each development.

85. The submissions say that the development industry is facing a growing number of state and local contribution requirements and/or public benefit delivery requirements at a time when it is facing significant challenges to viability.

Response

86. The basis of the City's Affordable Housing scheme is a low, broad rate which applies to all eligible development in the local area.

87. Beyond the LGA-wide DA contribution, the City's policy also allows for contributions to be applied to new development capacity which is achieved via a planning proposal. The applicable rezoning contribution is negotiated on a case-by-case basis, using the approach outlined in the Program as a guide.

88. The City's Program is established in accordance with Section 7.32 of the Act. It delivers affordable housing long term 'in perpetuity', utilising a income based rental model, ensuring real affordability for tenants and a long-term supply of affordable housing in the local area. There are pathways available via the Housing SEPP for developers to deliver alternative affordable housing offerings under a discount-to-market rent, time-limited model, which also offer an incentive.

89. In the history of the City's affordable housing schemes, developers have overwhelmingly chosen to pay a monetary contribution to satisfy their requirement, with less than a handful of examples of dedicated built dwellings. This is because it is typically significantly cheaper for a developer to make a monetary contribution, rather than building and dedicating and forgoing any profit that dwelling may bring. This is confirmed in the Urban Taskforce submission that acknowledges that "[i]n most, but not all cases, a developer will choose to make a financial contribution to council rather than dedicate units, as it is a more cost-effective way of contributing".

90. If the proposed changes to the dollar rates result in a dedication offer becoming more financially attractive to developers in some circumstances, this can be facilitated through a newly introduced planning agreement pathway to support negotiations on this matter. This is discussed in further detail elsewhere in this report.

Timing of payments

91. Submissions from the Urban Taskforce, Meriton and Property Council say payment of the contribution at construction certificate can impact viability and request it be delayed to occupation stage. The submissions consider that moving payment to the occupation certificate stage would only see a short-term impact on the delivery of affordable housing.

Response

92. The City does not support payment of monetary contributions at the occupation certificate stage of a development. If development contributions were to be paid at the occupation certificate stage, then there would be a significant lag in the delivery of the affordable housing that is required to address the housing affordability crisis and would put CHPs behind the market in which they are competing.

93. In addition, the payment of contributions at occupation certificate stage would bring the small but real risk of delinquency by development entities and certifiers, as there is no strong incentive to ensure payment at the late stage. Even if measures were put in place to partially address risks in the City's experience with infrastructure contributions is that a small number of landowner development entities and private certifiers fail to properly attend to their obligations while others may go into administration, vanish or 'phoenix'. Councils, and ultimately their communities, would lose out if contributions are not paid and essential affordable housing is not delivered.

Other matters raised in submissions

94. Other matters raised in submissions, together with the City's response, are set out in detail at Attachment A. These include submissions about:

    (a) the relationship between affordable housing provided under the City's Program and affordable housing resulting from state government approval processes;

    (b) the ability to combine affordable housing with built-to-rent developments;

    (c) the indexation methodology;

    (d) the size of affordable housing dwellings;

    (e) applying the contribution to Total Floor Area versus Gross Floor Area; and

    (f) requests for administrative clarity on particular operational aspects of the Program.

Response to matters raised in the Resolution of Council regarding prevention of discrimination against low-income tenants in new housing developments

95. On 23 February 2026, Council resolved (Attachment G) that the Chief Executive Officer be requested to:

    (a) provide advice to Council about how Council's existing affordable housing program and policies protect against tenure-based, physical segregation, including 'poor doors' or restricted access to common areas and building services;

    (b) seek feedback and input from Council's Housing for All Advisory Panel;

    (c) include collated advice in the report-back to Council with the final recommendations from the Affordable Housing Contributions Review;

    (d) if needed, provide advice about possible amendments to the Sydney LEP 2012, Affordable Housing Program and relevant documents, to ensure future affordable housing developments, facilitated by the City, are 'tenure blind' and facilitate all residents to have equitable access to areas within residential buildings; and

    (e) refer this resolution, and any relevant later Council decisions, to Council's Design Advisory Panels and relevant Council staff who may be considering or assessing developments whose design proposes segregated entrances or services for lower income or affordable housing tenants.

96. A detailed response to the resolution, including a summary of feedback from key stakeholders, is provided at Attachment H.

97. Consultation with members of the Housing for All Advisory Panel found a range of views on the appropriateness of bans on separate entrances to access affordable housing dwellings in mixed tenure buildings. However, most members, including an experienced developer of residential and mixed-use projects, cited concerns about the potential stigma of separate differentiated entrances.

98. Research and consultation found that equality of access to services and facilities in mixed tenure buildings is not a key priority in affordable housing and would pose a significant risk to the financial viability of CHP management of this class of affordable housing, particularly in the context of income-based rents. Changes to the Program to require equal access to services and facilities are therefore not recommended.

99. To date, the City's Program has proven effective in delivering high quality, tenure-blind affordable housing through the distribution of monetary contributions. This has resulted in the delivery of purpose-built affordable housing in stand-alone buildings by CHPs. Where this occurs all tenants in the building have equal access to whatever services and facilities are available in the building.

100. It is noted this report recommends a reduced role for the dedication of built affordable dwellings than what was proposed in the exhibited planning proposal. This will reduce the extent of affordable housing in mixed-tenure buildings where the concerns raised in the Council resolution are most likely to arise.

101. Notwithstanding the above, it is recommended that a pathway for the provision of built affordable dwellings remains in the Program where there is a planning proposal to increase the residential capacity of the site and where the developer opts to make a public benefit offer to provide built affordable housing in the development. The Program sets out "Standards for Affordable Housing Dwellings" that the developer must address in making a public benefit offer.

102. Following consideration of the matters raised in the Council resolution, and subsequent research and engagement with key stakeholders, a post-exhibition addition to the publicly exhibited "Standards for Affordable Housing Dwellings" in the draft Program is recommended. The addition is to state separate entries are only to be provided to facilitate practical access needs. If separate entrances are used they should be indistinguishable from one another, with no recognisable reduction in quality or appearance.

103. In working with the developer to prepare a voluntary planning agreement, the City will look for early and meaningful consultation with a CHP in relation to strata levies and a satisfactory arrangement regarding the potential risk posed by strata levies to the viability of any affordable housing.

Strategic Alignment

Region and District Plans

104. The planning proposal and draft Program give effect to the infrastructure, liveability, productivity and sustainability priorities in the Greater Sydney Commission's Greater Sydney Region Plan and Eastern City District Plan.

Draft Sydney Plan

105. On 10 December 2025, the NSW Department of Planning Housing and Infrastructure (Department) published a “Draft Sydney Plan”. The draft Sydney Plan recognises the important role of local affordable housing contributions schemes to increase the amount of affordable housing in the region.

Sustainable Sydney 2030-2050 Continuing the Vision

106. Sustainable Sydney 2030-2050 Continuing the Vision renews the communities’ vision for the sustainable development of the city to 2050. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress.

Risks

107. The planning proposal and draft Program was publicly exhibited in accordance with the Council and CSPC resolution and the Gateway Determination issued by the NSW Government.

108. The recommended post-exhibition changes to the exhibited planning proposal and draft Program have been made following consideration of submissions and in accordance with NSW Government guidelines.

109. The recommended post-exhibition changes to the planning proposal and Program will help minimise delays in the development application process and minimise risk for disruption to our regulatory functions, allowing timely decisions within the timeframes set out in the NSW Government's Statement of Expectations Order 2024.

110. Progressing the planning proposal and draft Program in their amended form, taking into account matters raised through the public consultation process, is within the City's risk tolerance and appetite.

Critical dates

111. The Gateway Determination requires the planning proposal be made by 30 July 2026.

112. If approved, the planning proposal will be referred to the Department to be made as a local environmental plan. The amendment to the Sydney Local Environmental Plan 2012 and Green Square Town Centre LEPs will come into effect when published on the NSW Legislation website. The Program will come into effect at the same time.

Relevant Legislation

113. Environmental Planning and Assessment Act 1979.

114. Environmental Planning and Assessment Regulation 2021.

GRAHAM JAHN AM

Chief Planner, Executive Director City Planning, Development and Transport

Tamara Bruckshaw, Manager Green Square and Major Projects

Samantha Bird, Specialist Planner

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Attachment A

Summary of Submissions

Summary of Submissions - Planning Proposal: City of Sydney Affordable Housing Contributions Review and Draft City of Sydney Affordable Housing Program 2024

Introduction

This submissions table provides a summary of the 24 submissions received during the public exhibition period of Planning Proposal: City of Sydney Affordable Housing Contributions Review and Draft City of Sydney Affordable Housing Program 2024.

Submissions were received from a range of stakeholders including residents, community groups, industry peak bodies, community housing providers and a state agency, listed below:

Individual submissions (6)

Community groups (3)

- The Paddington Society
- Friends of Ultimo
- Paddington-Darlinghurst Community Group

Organisations (3)

- Inner Sydney Voice
- Wayside Chapel
- Grace City Church

Housing peak bodies (4)

- Community Housing Industry Association (CHIA)
- Tenants Union of NSW
- South Sydney Regional Organisation of Councils (SSROC)
- Shelter NSW

Industry peak bodies (2)

- Urban Taskforce
- Property Council (NSW)

Community housing providers (CHPs) (3)

- City West Housing
- Bridge Housing
- Common Equity

Developers (2)

- Meriton
- Urbis for GPT

Government agency (1)

- Homes NSW

Summary of submission	Response
General support	
All submissions from responding individuals (5), community groups (3) and organisations (2) support the proposed changes, especially: a) the robust, evidence-based, well-considered proposals; b) the City's trailblazing approach to delivering long-lasting and structural change – positioning us as one of the fairest and most socially responsible cities of our time; c) the commitment to securing affordable housing in perpetuity and not just for a few decades; d) delivering affordable housing through CHPs with appropriate income caps on rents i.e. not discount to market rent models; e) enabling some on-site delivery where appropriate to expedite affordable housing supply and social integration; f) the proposed increases to dollar rates - which are justified, ensure developers contribute fairly, and are essential to help council meets it delivery targets.	Support is noted. **Recommendation:** There are no proposed changes to the publicly exhibited planning proposal and Program because of these submissions.
Submissions from all responding housing peak bodies (4) and CHPs (2), and a submission from Homes NSW, support the proposed changes, with some of the key benefits being identified as: a) evidence-based policy, grounded in market realities and practical considerations for affordable housing delivery; b) proposed dollar rates recognise increasing costs of delivery and current market conditions;	Support is noted. **Recommendation:** There are no proposed changes to the publicly exhibited planning proposal and Program because of these submissions.

Summary of submission	Response
c) precinct-based dollar rates promote better equity and precinct sensitivity; d) capturing appropriate contributions where planning uplift occurs, which is essential to equitable long-term outcomes; e) proposed dollar rate increases will promote greater delivery; f) phases proposed dollar rates in to allow for market adjustment; g) continues to allocate funds to identified Tier 1 CHPs, allowing long term planning and delivery of pipeline; h) provides greater clarity for developers and CHPs on when a cash or in-kind contribution is required, aligning decisions to context; i) CHPs were consulted in developing the changes, ensuring they reflect important practicalities for affordable housing delivery – including consultation with CHPs before dedication, removal of the option to dedicate where it would not be the optimal outcome for CHPs, and removal of the upper limit on dwelling size enabling larger dwellings where appropriate; j) improves administrative efficiency and simplicity, for example the proposed change from Total Floor Area (TFA) to Gross Floor Area (GFA), and the standardised 20% uplift capture rate; k) continues to secure housing in perpetuity, ensuring affordable housing is provided into the future; l) retains the income-based rent requirement, promoting genuinely affordable outcomes; m) creates stronger alignment with City policy and targets.	

Summary of submission	Response
General support with some suggested changes	
Alongside the general support expressed, 3 individual submissions, 3 community group submissions and a submission from Wayside Chapel considered the proposal did not go far enough or needed some changes to facilitate better outcomes. The suggested changes are that: a) council should be more ambitious to meet the growing issue, including building its own affordable housing or buying and maintaining housing rather than having to rely on third parties; b) council should protect other low-cost housing, including the purchase and maintenance of boarding houses; c) the purchase of boarding houses would assist with speed of delivery and diversity of housing, with the existing affordable housing scheme too reliant on new builds given the current rate of building; d) council should support community housing growth, resourcing CHPs so that they can manage the increased delivery pipeline and expand partnerships to include Aboriginal-led and smaller providers; e) council should use funds to support co-operative housing and other alternative rental models to support the forgotten 'missing-middle' of the community, rather than continuing to support CHPs who already benefit from tax concessions and assistance from federal government; f) council should ban Airbnb's; g) council should publish regular reporting of contributions collected, homes delivered, waiting lists and progress towards the City's social and affordable housing targets;	a) The City opts to support CHPs to deliver affordable housing in our local area for few key reasons. CHPs are uniquely placed to stack funding, contributions and finance to efficiently deliver new social and affordable housing through state and federal government programs, philanthropic sources and private investment. These can be layered with tax exemptions to further reduce the cost of delivering new affordable housing supply. CHPs also have the systems and processes in place to manage social and affordable housing programs, including assessing and re-assessing eligibility, rent setting and collection, and tenancy management including breaches and supported exit planning for tenants who no longer meet program requirements. Taken together, working with CHPs maximises the affordable housing outcomes that can be delivered with collected funds and ensure that affordable housing is allocated fairly and in accordance with the significant regulatory requirements that are in place to guide its use. b) The City has strongly advocated to the NSW Government for over a decade for the review of state planning rules intended to help retain low-cost housing, including boarding houses. The City agrees the current approach set out in the NSW Governments Housing SEPP is not delivering on its intent. The City will continue to advocate for a review of these provisions. c) The City supports more affordable and diverse housing using three main levers. These include the provision of funding through the Affordable and Diverse Housing Fund, discounted land and property sales and the distribution of affordable housing contributions. The City relies on the expertise of housing delivery partners including community housing providers to access this

Summary of submission	Response
h) council should pair housing delivery with tenancy support and neighbourhood initiatives to foster community and connection as well as shelter; i) council should advocate for greater state and federal investment in social housing and stronger tenancy protections, making clear that levies are only one part of the solution; j) council should resist any attempt to dilute the scheme by developers.	support. Partners could utilise either the fund or the contributions to purchase boarding houses. Supporting delivery partners is the most efficient and effective way to increase the supply of affordable and diverse housing. d) The City supports innovation and knowledge fostered in the community housing sector to benefit both the sector and our community. The City supports the sector both through this affordable housing program - passing on developer levies to identified CHPs - and through other mechanisms - offering council owned land and properties at a discount for affordable rental housing and providing grants to smaller scale providers from our Affordable and Diverse Housing Fund. e) As noted at (a), working with community housing providers is the most efficient approach to maximise affordable housing outcomes in our local area. f) The City acknowledges the impact of short-term rental accommodation (STRA), such as Airbnb's, on housing availability, affordability and security. The City continues to advocate to the State government to improve the monitoring of STRA, enforce the day cap and address the commercialisation of rental homes. g) The City publishes the City of Sydney Housing Audit annually that includes information about the City's housing targets and affordable housing in the City of Sydney. To increase public reporting on affordable housing outcomes, the City has also recently published a new Affordable and Diverse Housing Update on its website. Community housing providers are responsible for the ongoing management and tenancy arrangements for affordable housing. It does not monitor waitlists for affordable

Summary of submission	Response
	housing, noting these are administered by individual CHPs. h) Community housing providers (CHPs) work to sustain tenancies. Most work in partnership with specialised support services to ensure that tenants can access the support they need. These arrangements can be formalised through memorandums of understanding based on the shared goals of both partners. The City also facilitates affordable housing by means other than the Program, including offering council owned land and properties at a discount for affordable rental housing and providing grants to smaller scale providers from our Affordable and Diverse Housing Fund. There are many examples of the affordable housing resulting from these approaches that are paired with bespoke wrap around services, for example, the Youth Foyer project in Chippendale that provide supported housing for young people exiting foster care. i) The City is a strong advocate for both improved social and affordable housing outcomes in the local area and more widely across the region. It makes multiple verbal and written representations to government wherever there is opportunity. The most recent example of this is the City's submission to the NSW Government's Draft Sydney Plan, though there are many other examples. j) Noted. **Recommendation:** There are no proposed changes to the publicly exhibited planning proposal and Program because of these submissions.
Preference for cash contributions (Community Housing Providers)	
Submissions from City West Housing and Bridge Housing state a strong preference for cash contributions, rather than dedication of built dwellings because:	The strong preference for cash contributions, in favour of dedicated dwellings, is noted.

Summary of submission	Response
a) cash contributions are a more efficient way of delivering affordable housing outcomes given scale of this type of contribution; b) cash contributions create certainty for longer-term opportunities and strategic land purchases to ensure a pipeline of development sites available for affordable housing; c) cash contributions maximise the capacity of recipient CHPs to layer contributions to deliver more housing than if dwellings were dedicated; d) when multiple funding sources (as above) are coupled with a number of tax concessions and exemptions (GST, land tax and rates) that CHPs also receive, construction becomes cheaper and the funds collected go further still; e) cash contributions provide greater flexibility to build more appropriate housing – with important differences in unit design, layout and materials compared with privately constructed dedicated dwellings – which has implications for long term rental ownership and operation.	**Recommendation:** Following consideration of matters raised in submissions, a post exhibition change to the planning proposal is recommended so that, in addition to contributions required pursuant to clause 7.13, contributions required pursuant to clause 7.13B (land listed on Schedule 6C of the Sydney LEP) and 6.70 (land at Blackwattle Bay) of the Sydney LEP are to be satisfied by making a monetary contribution. This removes any discretion in the development application process for the dedication of dwellings. Further support for this change is drawn from reconsideration of the matters raised about dedications of built dwellings in initial consultation with CHPs and in the economic review by Atlas Urban Economics that is provided in conjunction with this planning proposal (detailed above). It is also informed by internal consultation in relation toa development application lodged in 2020 on a site in Waterloo, conditions still to be satisfied, that involved one of the few examples of a developer opting to dedicate built dwellings. The officers noted: • risks associated with property transfer for individual parties and the misalignment of the property transfer process with planning processes; • the additional cost and administrative burden on CHPs and proponents can be substantial. They are generally required to engage specialist legal counsel to prepare non-standard contracts and manage lengthy negotiations for property transfer; and • there is a substantial administrative burden on the City that may impact on costs and resourcing if dedications were to increase; and • significant complexity is added to the assessment process, resulting in time delays in determination. It is also noted that since Council approved the planning proposal in December 2004 for public exhibition, the NSW Government announced the Housing Delivery Authority (HDA) and a new State Significant Development (SSD) pathway for residential development. The stated objective of the

Summary of submission	Response
	new HDA SSD pathway is to speed up development applications. While there are over 5,400 dwellings currently in the HDA SSD pipeline in the local area (as at December 2025), none have yet been determined. It therefore remains uncertain how the requirements for affordable housing contributions in the City's LEPs will be applied, noting there is no explicit commitment from the NSW Government to apply the City's requirements to development approvals. Given the above, introducing a clause in the Sydney LEP that requires additional steps and more complexity in the development approvals process makes it less likely the contribution requirement would be applied and would potentially incentivise more applications to proceed through the HDA pathway. Notwithstanding the above, where there is a planning proposal to increase the residential development capacity of land, the Program has been amended post-exhibition so that the proponent may make a public benefit offer to enter into a planning agreement with the City to provide built affordable housing in accordance with a revised Appendix B. The recommendation to maintain this pathway for delivery of housing is because, without the time pressures associated with the development application process, the planning proposal process provides more opportunity to resolve how the delivery of units can be achieved to the satisfaction of all parties.
A submission from City West Housing (CHP submission), while stating a strong preference for cash contribution, recognises some advantages to having in-kind dwellings if a CHP doesn't already have a supply of land purchased and in their pipeline.	Noted. The current *City of Sydney Affordable Housing Contributions Distribution Plan* identifies three Tier 1 CHPs all with active projects in the City of Sydney. **Recommendation:** Following consideration of matters raised in submissions, a post exhibition change is recommended so that affordable housing contributions required subject to LEP requirements can also only

Summary of submission	Response
	be satisfied by making a monetary contribution. See detailed response to “Preference for cash contributions (Community Housing Providers)” above.
Matters regarding dwellings dedication	
Submissions from CHIA, City West Housing, Bridge Housing and Wayside Chapel raise concerns about a potential increase in dedicated dwellings (versus monetary contributions), noting a number of policy, implementation and delivery issues, including: a) housing that is delivered by developers, typically seeks to minimise build cost to maximise returns and/or prioritise amenity for private owners and renters in the same development, is unlikely to provide the best outcomes for affordable housing residents. This also presents issues for long term rental ownership and management; b) there have been many poorly constructed market apartment buildings in the Sydney in recent years. Managing initial defects with private developers is difficult when properties are transferred via council. Any ongoing issues with structural or other defects which appear after the typical time allowance for defect identification will make recouping costs very difficult/impossible and expensive to rectify; c) dedication of dwellings can lead to inefficiencies in management and operations, for example, receiving a small number of units in mixed tenure residential developments comes with associated high operating/management costs and multiple strata levies; d) requiring built dwellings "where appropriate" (as currently proposed) introduces too much uncertainty. More clarity is needed on how "appropriateness" will be determined	The City notes the matters raised by CHPs and acknowledges the issues and risks associated with receiving dedicated dwellings, especially when they are designed and built by third parties with different target markets and commercial drivers. It also notes the significant complexities brought about by any dedication requirement, including, but not limited to, the need to manage risk, ensuring the stock is fit for purpose for affordable housing and the potential for unknown costs (including strata costs) for CHPs. It is acknowledged that addressing and resolving these significant complexities in the development application process will add time to the assessment process – potentially risking the City not meeting the Expectations for assessment timeframes published by the NSW Government Minister for Planning and Public Spaces. Early consultation with CHPs The City agrees that a CHP should be involved in the identification and design of appropriate dwellings to be dedicated at the earliest opportunity. However, the level of detail provided for consideration before a proposal reaches DA stage is typically too general to inform anything more than high-level decisions around dedication. Whilst the Program as exhibited built in a trigger to seek general CHP buy-in (or otherwise) at planning proposal stage, the City recognises that there is still inherent risk to the CHP as the project progresses. It will only be at DA stage (although it was agreed at the rezoning stage) that the details of the design are known, and the design process itself will not have involved the CHP.

Summary of submission	Response
and by whom. There needs to be certainty on type, location and possible quantum of dwellings; e) even when “reasonable” strata costs are deemed likely and ongoing costs cannot be controlled. Costs can escalate unexpectedly over time, especially when the CHP is not in control of the build quality. Assessment of the likely costs will be discretionary/subjective, so creating uncertainty; f) time constraints for negotiation on design and legal terms will impact the suitability of dwellings being dedicated; g) there are currently restrictions preventing CHPs from recycling properties should they become financially unstable or no longer meet tenant needs. The submissions raise that ***if*** **dwellings are to be dedicated**, the following points must be addressed: a) consultation with CHPs on the suitability of a dwelling for dedication is essential, and must be carried out much earlier in the process than currently proposed (at concept and design stage rather than pre-DA stage); b) the requirement for a separate stratum / separate building should be applied to all dedications and not just where high strata costs are anticipated (as proposed). If a separate stratum / building is not possible, a cash contribution instead is preferred; c) the process must ensure that developer-delivered units are durable, free from defects, and have manageable ongoing strata costs; d) CHPs should be involved in critical inspections throughout construction;	<u>Standardised dwelling specifications</u> The City notes the suggestions for standardised building specifications and supports the call for amenity standards achieving levels commensurate with the surrounding development. During our consultation with the three CHPs listed on the City’s Distribution Plan however, we found that each had their own preferences for build inclusions, positioning of units within a building and so on, and this could also change over time depending on the residents to be housed. While basic considerations for inclusions were agreed, and included in the publicly exhibited Appendix C, more nuanced requirements often diverged. Preferred positioning of units was also different across providers and depended on individual site circumstances and the particular needs of their tenants. In practice therefore, it is difficult to see how detailed dwelling specifications could be provided to meet all circumstances and the different needs of CHPs. <u>Difficulties gauging high strata costs</u> Whilst the ability to create a separate stratum or building is seen as the minimum requirement to avoid uncontrolled strata cost losses by CHPs, the City notes the feedback that there could still be unforeseen long term cost implications associated with build quality etc. even in a separate stratum. It also requires the physical separation of units from others in the development and potential exclusion from access to shared facilities in the building e.g. gyms. While this may be reasonable given the implications of high strata costs to CHPs, it has given rise to concern that those living in the affordable housing dwellings do not have equitable access to facilities. <u>Disposal of unsuitable units</u> In approving dwellings as affordable housing, the City would typically require a covenant be registered on the property title,

Summary of submission	Response
e) dedicated dwellings must have quality finishes and be indistinguishable from other dwellings. Appendix C of the Program (dwelling standards) should include a requirement for amenity commensurate with the broader development - e.g. cross - ventilation, solar access etc; f) the development of a standardised specification and performance schedule is recommended; g) studios are unsuitable in this area and should not be accepted / or be limited to <10% of total dwellings; h) the transfer of property title should be undertaken directly with the CHP, not via the City as a second transfer, which incurs extra time and cost; i) dedicated dwellings should not be subject to covenants that restrict sale. CHPs must have the ability to sell and consolidate scattered units into a single site.	pursuant to s88E of the *Conveyancing Act*, requiring: • the property remain affordable housing in perpetuity • the identification of the Council of the City of Sydney as the prescribed authority with the power to release, vary or modify the covenant terms. The City notes the call to allow dedicated dwellings to be sold on should they fail to be fit for purpose or become too costly to manage over time. Acknowledging this is a reasonable request, in practice this would require consideration on a case-by-case basis, a process that is likely to be administratively burdensome for both the City and the CHP. In balance, this is not an efficient approach to the long-term management of affordable housing and adds weight to the argument that monetary contributions should be favoured in the Program. <u>Contract negotiation and transfer of title</u> Involving CHPs in inspections during the construction phase and then enabling the CHP to influence construction should it not be to expectations, requires complex contract arrangements between the CHP and developer and will invariably slow the planning process. With regards to the submission asserting transfer of property title should be undertaken directly with the CHP, it is noted that <u>the Act requires the transfer of dedicated dwellings to the consent authority</u>. While there are mechanisms for the eventual transfer or peppercorn sale of property to a CHP, they are complex, challenging to enforce, require bespoke legal resolution to meet the needs and circumstances of the individual parties, and ultimately cannot entirely avoid inherent risks for both parties. **Recommendation:** Following consideration of matters raised in submissions, a post exhibition change is recommended so that affordable housing contributions required subject to LEP requirements can also only

Summary of submission	Response
	be satisfied by making a monetary contribution. See detailed response to “Preference for cash contributions (Community Housing Providers)” above. Notwithstanding, where there is a rezoning, the Program now allows for a public benefit offer to be made by the applicant to provide affordable housing. This option is only to be available at the planning proposal stage, and only where an applicant chooses to provide affordable housing rather than make a monetary contribution. The planning proposal process allows more time for consideration of the bespoke requirements of the development and the receiving CHP in how the affordable housing is delivered. The VPA process stepped out in the amended Program needs the applicant to have identified a CHP for the housing in question – essentially meaning that the applicant will have had to enter into discussions and agreements with potential CHP partners before a public benefit offer is made.
A submission from Meriton raises concerns with the requirement for dedication of built dwellings in the planning proposal. They say the dedication contribution requirement will add significant time to the development process and strain development feasibility. They point to the recent planning proposal for the Suttons site in Green Square and say that it was delayed because council wanted dedicated affordable housing. They say the time added is inconsistent with the principles of the Housing Accord to speed housing delivery.	Noted. The City agrees that there is potential for uncertainty, cost and delay where dwellings are being dedicated for affordable housing, especially where the developer changes their mind. **Recommendation:** Following consideration of matters raised in submissions, a post exhibition change is recommended so that affordable housing contributions required subject to LEP requirements can also only be satisfied by making a monetary contribution. See detailed response to “Preference for cash contributions (Community Housing Providers)” above.
A submission from Urban Taskforce comments that a financial contribution would be preferable where it is most cost-effective, providing built-to-rent as an example of “where dedication creates significant issues for the proponent”.	Noted. The City agrees that there is potential for uncertainty, cost and delay where dwellings are being dedicated for affordable housing. It notes the additional challenges that arise with build-to-rent. **Recommendation:** Following consideration of matters raised in submissions, a post

Summary of submission	Response
	exhibition change is recommended so that affordable housing contributions required subject to LEP requirements can also only be satisfied by making a monetary contribution See detailed response to “Preference for cash contributions (Community Housing Providers)” above.
A submission from the Property Council says that whilst dedications could be appropriate for large-scale rezonings, the criteria must be transparent and consistently applied to avoid delays and uncertainty. It requests that detailed guidance on criteria and process for dedication requirements be published.	Noted. The City agrees that there is potential for uncertainty, cost and delay without detailed guidance and consistent application around dedication requirements. **Recommendation:** Following consideration of matters raised in submissions, a post exhibition change is recommended so that affordable housing contributions required subject to LEP requirements can also only be satisfied by making a monetary contribution. See detailed response to “Preference for cash contributions (Community Housing Providers)” above.
Mandatory cash contributions	
Submissions from Urban Taskforce, the Property Council and Meriton say that how the contribution is satisfied (cash or dedicated built dwellings) should remain at the developer’s discretion so they may choose what works best for their development.	In the history of the City’s affordable housing schemes, developers have overwhelmingly chosen to pay a monetary contribution to satisfy their contribution requirement, with less than a handful of examples of dedicated dwellings. This is despite always having had the option to dedicate built dwellings. This is because it is typically significantly cheaper for a developer to satisfy a contribution requirement by making a monetary contribution, rather than building and dedicating a dwelling and forgoing any profit that dwelling may bring. This is confirmed in the Urban Taskforce submission that acknowledges that “[i]n most, but not all, cases a developer will choose to make a financial contribution to council rather than dedicate units, as it is a more cost-effective way of contributing”. However, given the proposed changes to the equivalent dollar rates, it is possible the

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	dedication offer may become more financially attractive in some circumstances and increase the likelihood of dedications being made. This prompted a more detailed consideration of the relative pros and cons of dedications, and how the process might be best managed going forward if more dedications were being proposed on a more regular basis. A proposed process has been set out in the publicly exhibited Program for CHP, industry and peak body feedback. **Recommendation:** Following consideration of matters raised in submissions, a post exhibition change is recommended to the publicly exhibited planning proposal and Program. The change is to require that affordable housing contributions required subject to LEP requirements can also only be satisfied by making a monetary contribution. See detailed response to “Preference for cash contributions (Community Housing Providers)” above.
A submission from Meriton says a broader stakeholder group should have been consulted before proposing the change to arrangements for when cash or dedication is required and objects to the fact only CHPs were consulted with.	As the recipients and long-term owners of any affordable housing to be dedicated under the City’s program, it was appropriate to gauge the interests and concerns of the City’s three recommended CHPs early in this process. Feedback from the development industry has been sought as part of the public exhibition and is being considered in finalising proposed changes to the planning controls and Program. **Recommendation:** There are no proposed changes to the publicly exhibited planning proposal and Program because of this submission.
Affordable housing in build to rent	
A submission from the Property Council says build-to-rent developments need to incorporate 10% affordable housing in the same building to qualify for a 15% managed investment trust withholding tax rate. The	It is noted that following consideration of matters raised in submissions, a post exhibition change is recommended to the publicly exhibited planning proposal and Program. The change is to require that

<table>
<tr><th>Summary of submission</th><th>Response</th></tr>
<tr><td>Property Council consider that the build-to-rent and affordable housing could be managed under a consistent framework, thereby avoiding the many challenges of a fragmented strata arrangement.</td><td>affordable housing contributions required subject to LEP requirements can also only be satisfied by making a monetary contribution.
See detailed response to “Preference for cash contributions (Community Housing Providers)” above.

However, where there is a rezoning, and where a public benefit offer is made by the applicant to provide affordable housing (instead of paying a monetary contribution), there is scope for consideration of the bespoke requirements of the development in how the affordable housing is delivered.

Recommendation: There are no proposed changes to the publicly exhibited planning proposal and Program because of this submission.</td></tr>
<tr><td colspan="2">Feasibility testing approach</td></tr>
<tr><td>Submissions from the Property Council, Urban Taskforce, Meriton and Urbis for GPT question the basis of the economic review. Key matters raised include:

a) the feasibility testing is flawed – costings do not seem realistic and doesn’t represent the true cost of development;

b) it is unclear if the economic review factors in the numerous other contributions payable under the City’s framework, including Design Excellence Competition process, Heritage Floor Space, public art, standard development contributions in addition to the Housing and Productivity Contribution;

c) the feasibility assessment should be peer reviewed, with industry bodies allowed time to review and scrutinise the report.</td><td>While testing is carried out on sample sites, which are selected based on their representative quality, it is noted feasibility ultimately depends on site-specific circumstances.

a) Construction cost rates assumed were per publicly available construction cost publications.

b) All costs associated with developing in the City are factored into the testing, including costs associated with design excellence, Housing and Productivity contributions, Heritage floor space (which only applies in Central Sydney), public art (where appropriate) and local contributions.

c) The economic review has been made publicly available for review and scrutiny during the 6 week public exhibition process. Comments and concerns raised in response to the economic review are addressed in this submissions table.

Recommendation: There are no proposed changes to the publicly exhibited planning</td></tr>
</table>

Summary of submission	Response
	proposal and Program because of this submission.
Increase to equivalent monetary contribution rates (dollar rates) and the phase-in period	
Submissions from the Property Council, Urban Taskforce, Meriton and Urbis for GPT question the basis of the economic review, highlighting that the increased contribution dollar rates will impact on development feasibility, particularly at a time when residential feasibility is low. Key matters raised include: a) the review relies on market growth during the phase-in of the rate increases to ensure they can be tolerated, but there is no supporting evidence to indicate a market improvement in 4 years. b) the development industry is concerned about the imposition of new charges when residential project feasibility is already low. Recent cost increases to materials and labour, increasing regulatory compliance obligations and higher infrastructure and public domain commitments squeeze margins too far to satisfy banks or investors. A submission highlights the downward trend in dwelling completions vs approvals; c) even marginal increases cannot be tolerated, especially in the South and East precincts; d) a longer phase-in is required for projects already in-train, especially planning proposals and any subsequent DAs, so that feasibility is not impacted mid-project.	At the time of preparing the economic review at the end of 2024, inflation and construction costs were trending downwards and there was an expectation that there was pressure relief on the cash rate. Analysis of long-term price movements indicated the following: • residential prices (strata) average 5.0% growth in Sydney LGA (2011-2021); and • construction cost increases average 3.2% in Greater Sydney (2011-2021) This gave a net difference (positive) of 1.8% over the long term. The economic review assumed a +1% difference between revenue and cost, which was grounded in evidence. However, it is acknowledged that inflation has returned in late 2025. Successive rate rises and significant uncertainty, most likely to lead to further rate rises, flatten residential unit prices and increase construction costs further. The +1% growth assumed in the economic review is less certain given these considerations. As at June 2025 there were about 4,000 dwellings lodged and under development assessment and over 10,000 dwellings already approved in the City's development pipeline. These development applications would not be impacted by new dollar rates, noting that the dollar rate that applies is either the rate quoted in the condition of consent (if already approved) or the rate that was applicable in the version of the Program that was in force at the time of lodgement. There is therefore no risk of any impact from the proposed increase in dollar rates on the development pipeline. Having regard to current market challenges and uncertainties, it is agreed there is a case to delay the implementation of the new dollar rates to allow longer for:

Summary of submission	Response
	• sites already purchased to be progressed and submitted for DA; and • new sites to be negotiated and purchased, and submitted in a DA within the National Housing Accord period (to 30 June 2029). **Recommendation:** Following consideration of matters raised in these submissions, a post exhibition change is recommended to the Program to delay the implementation of the increased dollar rates to: • a 50% introduction from 1 July 2029; and • 100% from 1 July 2031. This would put full implementation of the new dollar rates outside the Housing Accord period.
A submission from CHIA and submissions from City West Housing and Bridge Housing raise concerns that the increase in dollar rates is modest and should be higher to more accurately reflect the cost of delivering affordable housing in the various precincts. Submissions encourage revisiting the dollar rates. Specific matters raised include: a) given the value of projects and land in the City, the rate increases are modest and submissions question why the City has adopted the lower end of the viable rate range for the various precincts; b) there is sentiment that Sydney LGA has had strong sales prices growth in recent times and that construction costs growth has slowed. This should mean there is scope to revisit the proposed dollar rates without making housing projects unviable; c) given that the Program already states dollar rates will be adjusted to ensure they keep pace with delivery costs, the 4-year phase-in should be unnecessary – a warning to the market of potential increases is already provided. Market improvements (as above) give further reason that the phase-in is unnecessarily long.	a) Each contribution precinct has a number of suburbs and areas, with varying values. The lowest end of the scale was adopted to mitigate impact on low value areas within each precinct. b) This was true for the first half of 2025. In the last 3 months, sales prices growth has stalled and is likely to remain flat with further rate rises, muted market conditions and growing uncertainty. c) Dollar rates are subject to indexation in order that they keep pace with delivery costs in the LGA. However, these movements in rate are typically incremental and able to be tracked, if informally, by following the indexation mechanism that is quoted in the Program. The proposed change to the contribution rate represents a more marked increase to bring contributions back in line with the cost of housing delivery, which has diverged across the LGA over time. The objective of phased implementation is to allow proponents to purchase land at an appropriate price factoring-in the dollar rates. There would therefore be

Summary of submission	Response
	no imperative to recoup the rate increases in higher sale prices. **Recommendation:** There are no proposed changes to the publicly exhibited planning proposal and Program because of these submissions.
Precinct based contribution (dollar) rates	
A submission from Urban Taskforce says differentiating dollar rates by precinct is flawed because contributions collected in one precinct are not earmarked for delivery of housing in the same precinct. The precincts nominated for the highest increases already pay higher land prices, stamp duty and other contributions so that construction and compliance costs faced in these areas are higher.	Dollar rates are set to be 'equivalent' to the value of the affordable housing requirement. If the affordable housing obligation is one dwelling, the equivalent monetary contribution is the value of that one dwelling. It could be $1 million in the West precinct or $2 million in the East precinct. Developers in high value areas pay higher prices for land. They could pay higher construction costs (e.g. due to site constraints and/ or delivery of more premium finishes). In high value areas, higher prices are also achieved. The cost impost of affordable housing is therefore proportionate to the cost/ revenue profile of the particular development. The proposed equivalent dollar contribution rates sit at the lower range of prices within each contribution precinct. This is to ensure 'low value areas' within a precinct are not disproportionately burdened and stall development in those low value areas. **Recommendation:** There are no proposed changes to the publicly exhibited planning proposal and Program because of this submission.
Impact on housing affordability	
A submission from the Property Council raised concern that the new dollar rates could impact housing affordability, when a third of the cost of a new home is currently taxes and charges.	The intention of the phasing-in period is to allow for planning obligations, including the cost of the contributions, to be factored in so that a lower price is paid by the developer for the land, rather than passed forward to end purchasers. **Recommendation:** There are no proposed changes to the publicly exhibited planning

Summary of submission	Response
	proposal and Program because of this submission.
Affordable housing should be incentivised	
Submissions from the Property Council, Urban Taskforce and Meriton do not support affordable housing contribution requirements believing there to already be a range of options in the planning system which deliver affordable housing (referring to State planning pathways). Similarly to those state pathways, Urban Taskforce considers that council should be offering incentives for affordable housing delivery, not taxing it.	The long-standing objection to developer contributions generally, and affordable housing contributions specifically is noted. However, the characterisation of the contribution as a "tax" on development is not agreed. Notwithstanding the above, in most parts of the local area, the contribution was introduced at a time of significant rezoning where land values were increased to the benefit of landowners. In other areas (residual lands), the contribution applies only to new floor space. The contribution is applied in accordance with the Act and has successfully delivered a significant stock of long-term affordable housing in the local area. **Recommendation:** There are no proposed changes to the publicly exhibited planning proposal and Program because of this submission.
Additional contribution on uplift in planning proposals	
Submissions from Meriton and Urbis for GPT raise concerns with the proposed increase to the additional contribution that will be applied to uplift in planning proposals. Key matters raised, which echo much of the sentiment relating to the general increase in dollar rates, include: a) the proposed phase-in periods for the dollar rates protect development applications already in train, but, due to the lengthy timeframe of a planning proposal and time taken to reach development stage (when a contribution is to be made), phasing-in will have no effect for planning proposals. The proposed savings provisions do not protect current planning proposals or their subsequent development applications;	a) The concern that some planning proposals may be impacted by the increased rezoning rates because of the longer timeframes that apply from planning proposal lodgement, through to DA and completion, is noted. The underlying assumption in the submission is that there are sites that have been purchased prior to the City's intention to adjust the rezoning rate and monetary contribution rates (December 2024) that have not been factored into the price paid for the land and that these sites were purchased on the expectation that a rezoning would be approved. To test the impacts of the proposed rezoning contribution requirement on development viability, the economic review tested a worst-case scenario,

Summary of submission	Response
b) applying rates [to planning uplift] of this magnitude rigidly will erode feasibility and place projects at risk. The uplift increase should be reduced to 5% (in line with 5-10% range in Region Plan); and c) the rezoning uplift is framed as a 'soft' contribution rate but is rarely applied that way, even where there are significant other contributions to be made on a site.	where land is purchased at a price not reflecting the increase contribution requirement. The review found that in most circumstances development remains viable under the proposed rezoning contribution requirements, providing that the dollar rate is phased in (as recommended), and that the redevelopment of the site was feasible at the time of purchase. For clarity, this assumes that the price paid for the site reflected what could be developed on the site under the current planning controls, assuming a +1% market growth factor, and the proponent did not speculatively overpay for the site, assuming a higher development yield could be achieved via a planning proposal. Planning proposals/rezonings carry inherent planning risk which proponents should be aware of, and there has already been two years of notice to the market of the City's intentions to review this rate. b) The economic review demonstrates the proposed rezoning rates are viable. c) The City's policy allows for the contribution on floor space to be negotiated on a case-by-case basis, using the approach outlined in the Program as a guide. In agreeing an appropriate contribution rate the City can consider if any other significant public benefits are being provided, such as the delivery of public infrastructure that is not offset against infrastructure contributions. **Recommendation:** There are no proposed changes to the publicly exhibited planning proposal and Program because of this submission.
A submission from City West Housing says that the rezoning proposals should not need a phase-in at all, given that they benefit as a result of the rezoning with a land value uplift.	The rezoning rate will come into effect upon the approval of the Program. **Recommendation:** There are no proposed changes to the publicly exhibited planning proposal and Program because of this submission.

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A submission from Urban Taskforce says the justification to introduce a commercial uplift contribution in Central Sydney is flawed because commercial floor space does not create need for affordable housing. The submission states that framing urban renewal in the CBD around its negative impact on housing affordability overlooks the positive impact of investment and income generation in the CBD, which is the CBD’s key function.	It is noted that a planning proposal uplift rate has not previously been applied to non-residential development. The importance of the CBD for generating growth and creating value in Sydney’s economy is also recognised and ensuring its long-term sustainable growth is essential. However, declining socio-economic diversity in the inner city associated with inadequate social and affordable housing supply has significant economic and social impacts which represent a risk to this growth. Based on 2021 data, the lowest equivalised household income group would need to pay 147% of their income to afford a 2-bedroom dwelling. The medium lowest group would need to pay 81% of income and the medium highest group would need to pay half of their income in rent for a 2- bedroom dwelling. In April 2026 there were two private rentals which were affordable for low and medium equivalised income households in the City of Sydney and both were for rooms in a share house. Given the above, low and moderate income workers are forced to seek long distances from their places of work. Evidence suggests the loss of low to middle income households from inner Sydney will result in essential sectors in the Australian economy finding it increasingly difficult to fill employment vacancies and staff shifts, hampering business productivity and economic growth. A non-residential uplift rate is recommended in the Central precinct alone because of the substantial demand for housing for key workers created by increased employment floor space in Central Sydney. The introduction of a contribution requirement for non-residential

Summary of submission	Response
	development remains consistent with the requirements set out in the Act relating to where a contribution requirement can be applied. **Recommendation:** There are no proposed changes to the publicly exhibited planning proposal and Program because of this submission.
Administrative clarity	
A submission from the Property Council seeks some clarification and makes suggestions to improve administrative clarity. It says: a) the Central precinct should coincide with "Central Sydney" precinct for less complexity; b) exclusions previously embedded in TFA definition should also be replicated for GFA calculations; c) there should be clarity in the wording of requirements in the Program on the timing of contribution requirements where there are both 7.13 and 7.13B requirements on a site and both are to be made as monetary contributions. The submission recommends the flowchart in Appendix D also be updated to show this circumstance; and d) there should be stronger reporting requirements for use of contributions to speed delivery.	a) Whilst the boundaries of the Central precinct in the draft Program don't match exactly with those of "Central Sydney" as defined in the Central Sydney Planning Strategy, they have been set to coincide with all four precincts in the City's other contributions plans (7.11 and 7.12) for consistency and ease of application. b) These exclusion are set out in the draft Program, as exhibited. This is explained in the drafting instruction appended to the exhibited planning proposal. c) It is noted that following consideration of matters raised in submissions, a post exhibition change is recommended so that affordable housing contributions required subject to LEP requirements can also only be satisfied by making a monetary contribution. All monetary contributions are to be satisfied prior to a Construction Certificate being issued. This is clearly stated in the Program; d) The City publishes the City of Sydney Housing Audit annually that includes information about the City's housing targets and affordable housing in the City of Sydney. To increase public reporting on affordable housing outcomes, the City has also recently published a new Affordable and Diverse Housing Update on its website.

Summary of submission	Response
	Recommendation: There are no proposed changes to the publicly exhibited planning proposal and Program because of this submission.
Flexibility in applying contribution requirements	
Submissions from Meriton and the Urban Taskforce say more flexibility should be adopted when and where contributions are required. Key matters raised include: a) there should be the ability to reduce contributions on a case-by-case basis when feasibility is threatened; b) dollar rates should be low and broad, applying to whole growth areas or across an LGA; c) contributions beyond the base rate should be incentive driven; d) dollar rates should be clear and easy to calculate upfront and not subject to change over time; e) the cost of public benefits should be accounted for when calculating a contribution; f) the contribution should be able to be satisfied by providing affordable housing that can be held by developer and provided as affordable housing for 15 years (the Housing SEPP model).	The City notes the sentiment in the submissions that the development industry is facing a growing number of state and local contribution requirements and/or public benefit delivery requirements. The basis of the City's Affordable Housing scheme *is* a low, broad rate which applies to all eligible development in the local area. The Program clearly establishes what type and intensity of development will trigger a contribution and how that contribution will be calculated. The City has consistently indexed and reviewed the applicable contribution rate to ensure it keeps pace with the cost of development. This has always been clearly sign-posted in the City's policy. The proposed dollar rate increase, if adopted, will be phased-in to allow for market adjustment and ensure projects already in the development pipeline are not inappropriately impacted. Beyond the base rate contribution, the City's policy also allows for contributions to be applied to floor space uplift which is achieved via a planning proposal. The applicable contribution *is* negotiated on a case-by-case basis, using the approach outlined in the Program as a guide. In agreeing an appropriate rezoning contribution rate the City can take into account if any other significant public benefits are being provided, such as the delivery of public infrastructure not otherwise offset by infrastructure contributions. The City's Program is established in accordance with Section 7.32 of the Act. It delivers affordable housing in-perpetuity, utilising the income rental model, ensuring real affordability for tenants and a long-term

Summary of submission	Response
	supply of affordable housing in the local area. There are pathways available via the Housing SEPP for developers to deliver alternative affordable housing offerings under a discount-to-market rent, time-limited model. **Recommendation:** There are no proposed changes to the publicly exhibited planning proposal and Program because of this submission.
Removal of the 90sqm cap	
A submission from Urban Taskforce says removing the 90sqm cap suggests council will ask for larger dwellings and the change is therefore not supported.	A contribution requirement is phrased as a total amount of affordable housing floor space to be dedicated (or the equivalent cash contribution). This will not change with the proposed removal of the 90sqm cap on dwelling size. It simply means that there is no longer a limit on the size of dwellings that can be dedicated to or built by the City's recommended CHPs. If a developer is to provide built floor space, this may be in the form of fewer, larger apartments or more, smaller apartments, depending on the preference of the CHP. It will not alter the total contribution of floor space made by the developer. Notwithstanding the above, it is noted that changes are recommended to the publicly exhibited planning proposal to remove any pathway for dedications in the development application process. Where there is a public benefit offer for affordable housing, there is flexibility in that process for reaching agreement about appropriate dwelling sizes. **Recommendation:** There are no proposed changes to the publicly exhibited planning proposal and Program because of this submission.
Demand for larger apartments	
A submission from Shelter NSW says there is demand for 3+ bedroom dwellings in the LGA and that the City should establish an	The Program as exhibited proposes to remove the upper limit on affordable housing dwelling size (previously 90 square

Summary of submission	Response
evidence-based target for the provision of larger apartments to be informed by consideration of cultural need, family suitability and severe overcrowding.	metres). This would enable dwellings with 3+ bedrooms and is progressed to address those points raised by Shelter NSW. The identified CHPs that own, manage and often build the City's affordable housing keep their own lists of tenant need and are best placed to establish the demand for bedrooms in Sydney over time. Notwithstanding the above, it is noted that changes are recommended to the publicly exhibited planning proposal to remove any pathway for dedications in the development application process. Where there is a public benefit offer for affordable housing, there is flexibility in that process for reaching agreement about appropriate dwelling sizes. **Recommendation:** There are no proposed changes to the publicly exhibited planning proposal and Program because of this submission.
Affordable housing delivered under the Housing SEPP	
A submission from Shelter NSW says the City should be advocating to NSW Government that the 80% discount-to-market rent model is not affordable housing and that a 30% limit based on household income should be used for their rent setting framework in the Ministerial Guidelines. The submission says the City should explore how the time-limited affordable housing bonus in the Housing SEPP should be provided with cash to the City for distribution to genuine CHPs and managed with appropriate rent setting and in perpetuity.	The City shares the view that the discount-to-market rent model does not deliver genuinely affordable housing in the LGA. The City will continue to advocate to the NSW Government on the most appropriate mechanisms to achieve genuinely affordable, in perpetuity housing, including the suggestion from Shelter NSW for housing delivered in the City under Housing SEPP pathways to be aligned with the City's policies for affordable housing contributions. **Recommendation:** There are no proposed changes to the publicly exhibited planning proposal and Program because of this submission.
One community group (Friends of Ultimo) was unclear whether the policy could apply to NSW Government pathway projects, which it views to be "undemocratic emergency laws".	There are now a number of state planning pathways that seek to fast-track development opportunities and facilitate planning uplift outside of Council's statutory planning processes. In the City, these include infill bonuses for developments that

Summary of submission	Response
	include affordable housing and new rezoning processes via the Housing Delivery Authority (HDA). Often the affordable housing offered via these pathways is time-limited and offered at unaffordable rents, out of reach of very low- and low-income tenants. Whilst the City cannot directly determine the outcome of either pathway, we continue to advocate strongly for the State to follow our established policies for affordable housing contributions. **Recommendation:** There are no proposed changes to the publicly exhibited planning proposal and Program because of this submission.
Timing of payments	
Submissions from Urban Taskforce, Meriton and the Property Council say payment of the contribution at construction certificate can impact feasibility and that by moving payment to the occupation certificate stage it would only see a short-term impact on the delivery of affordable housing.	If development contributions were to be paid at the occupation certificate stage, then there would be a significant lag in the delivery of the affordable housing that is critically required to address the housing affordability crisis. In addition, the payment of contributions at occupation certificate stage would bring with it a risk of delinquency by development entities and certifiers, as there is no strong incentive for them to ensure payment at this stage. Even if measures were put in place to address this risk, in the City's experience with infrastructure contributions, a small number of developers and private certifiers will fail to properly attend to their obligations. Councils, and ultimately their communities, would lose out if contributions are not paid and subsequent essential affordable housing is not delivered. Given the above, the City does not support payment of contributions at the occupation certificate stage of a development. **Recommendation:** There are no proposed changes to the publicly exhibited planning proposal and Program because of this submission.

Summary of submission	Response
Income bands	
A submission from Bridge Housing (CHP submission) supports the Program’s cap on household income at 30%, but notes that key workers essential to the City may fall outside of our Program's strict income bands. Bridge suggests the City may wish to consider provisions that allow for flexibility in assessing household income in such cases, to enable access to affordable housing for those who fall outside strict eligibility but remain priced out of the expensive inner-city market.	The City shares Bridge’s concern that key workers are being priced out of the local area and has recently introduced a change to the Sydney LEP to ensure the retention of “naturally” occurring affordable housing (the dwelling retention clause). However, “affordable housing” is defined by the Act as housing for very low-income households, low-income households or moderate-income households, the defined income ranges for which are set out in the Housing SEPP. Affordable housing resulting from the contribution requirement in an LEP, must be allocated to eligible households in accordance with the Act. **Recommendation:** There are no proposed changes to the publicly exhibited planning proposal and Program because of this submission.
Exclusions from making an affordable housing contribution	
A submission from Grace City Church strongly supports the provision of affordable housing but asks that Council consider exempting not-for-profit organisations from the need to make affordable housing contributions, consistent with the exemptions provided to not-for-profits under Council’s other development contributions.	The City agrees it is reasonable that some not-for-profit organisations should be exempt from making an affordable housing contribution. **Recommendation:** Following consideration of this submission, a broader review of the current exclusions from making an affordable housing contribution in the draft Program was undertaken. The review was cognisant of Section 7.32(3)(c) of the Act that says a dedication or contribution must be “reasonable”. In addition to development that is already excluded from the requirement to make an affordable housing contribution, a post-exhibition change to the Program is recommended to also exclude any floor area for the following development (as defined by Sydney LEP 2012) that are provided by or on behalf of a charity or not-for-profit organisation: • places of public worship; • hostels; • boarding houses; • residential care facilities;

Summary of submission	Response
	• group homes; and • emergency services facility. Any floor area for the development of a dwelling house, attached dwelling or dual occupancy or which relates to alterations and additions to an existing attached dwelling, dual occupancy or dwelling house, is also excluded from the requirement to make an affordable housing contribution. In addition to the above, it is recommended the current exclusion in the Program for development where the cost of construction is less than $100,000 be amended to $150,000, noting significant recent escalations in construction costs and likely future increases resulting from recent shocks to oil supply that are expected to significantly impact prices in the short to medium term.
A submission whilst supporting the goal of increasing affordable housing, requested that Council consider excluding non-developer, owner-occupier family homes from the need to make an affordable housing contribution. The submission feels that at a time of escalating construction costs, labour shortages and a broader housing crisis, the required contribution makes development increasingly feasible only for well-capitalised developers, not ordinary owner-occupiers. A more targeted approach to applying a contribution requirement could preserve the policy objective without placing disproportionate pressure on working families.	The request to revisit the exclusions in the Program is noted. The City acknowledges that sometimes the scale of contribution can be disproportionately high for simple, single dwelling projects or for alterations and additions to existing dwellings. **Recommendation:** Following consideration of this submission, a broader review of the current exclusions from making an affordable housing contribution in the draft Program was undertaken. The review was cognisant of Section 7.32(3)(c) of the Act that says a dedication or contribution must be "reasonable". As a result of this, additional forms of development are added to the list of exclusions in the draft Program post-exhibition, as follows as defined by Sydney LEP 2012 and provided for or by a not-for-profit organisation or charity): • places of public worship; • hostels; • boarding houses; • residential care facilities; • group homes; and • emergency services facility;

Summary of submission	Response
	Any floor area for the development of a dwelling house, attached dwelling or dual occupancy or which relates to alterations and additions to an existing attached dwelling, dual occupancy or dwelling house, is also excluded from the requirement to make an affordable housing contribution.
Submissions from the Property Council and the Urban Taskforce are concerned contributions will be applied to any 'infill housing' component under the Housing SEPP. They do not support an additional affordable housing contribution on this floor space when already delivering affordable housing under the Housing SEPP.	The City does not support the introduction of an exemption from making an affordable housing contribution for affordable housing that is not provided in accordance with the affordable housing principles set out in the Program. This includes affordable housing provided pursuant to Chapter 2, Part 2, Division 1 or Chapter 3, Part 4 of the Housing SEPP (infill affordable housing) where the affordable housing: • is not provided in perpetuity; and • is not restricted to charging rents that do not exceed 30% of gross household income. It is noted the NSW Government's practice note for in-fill affordable housing says that any local requirements for affordable housing do not count towards the minimum required affordable housing component under the Housing SEPP in-fill affordable housing provisions. That is, the minimum affordable housing component under the Housing SEPP needs to be met in addition to any requirement specified under a local policy or any planning agreement with a public authority. The draft Program, as exhibited, allows for consideration of requests for exemption from the affordable housing contribution for infill affordable housing provided under the Housing SEPP where it is provided in perpetuity and where it is restricted to charging rents that do not exceed 30% of gross household income. **Recommendation:** Minor wording changes are proposed to the Program to clarify and strengthen the City's approach to exemptions of this nature.

Summary of submission	Response
Move from measuring contribution on Total Floor Area (TFA) to Gross Floor Area (GFA)	
A submission from City West Housing is concerned that the conversion rate from TFA to GFA is too conservative and should be a minimum 15% rather than the 10% used in the proposals.	The City acknowledges the assumed 10% conversion of TFA to GFA is a conservative measure, noting in some circumstances the difference may be more substantial. However, a conversion rate at the lower end of the range has been applied to ensure that development in the pipeline is not inadvertently impacted by the change. **Recommendation:** There are no proposed changes to the publicly exhibited planning proposal and Program because of this submission.
A submission from Meriton supports the change from TFA to GFA.	Support is noted. **Recommendation:** There are no proposed changes to the publicly exhibited planning proposal and Program because of this submission.
Allocation of contribution funds	
A submission from Common Equity, a Tier 2 CHP with 4 co-operatively managed rental properties in the City, supports the proposed changes and asks to be considered as a future recipient of contribution funds, noting co-operative housing supports housing diversity and choice.	Support is noted. The [City of Sydney Affordable Housing Contributions Distribution Plan] sets out a process for the review of the Plan every 5 years. Changes to recipients of contributions will be considered as part of that review. **Recommendation:** There are no proposed changes to the publicly exhibited planning proposal and Program as a result of this submission.
Indexation	
A submission from City West Housing requests that the method of indexing of the dollar rates going forward be re-considered to ensure they track appropriately with the cost of delivering new housing. As the current indexation method is based on median sales price, City West considers that over time indexing will fall short of the true costs of procuring new housing, pointing to the feasibility testing which	A review of median versus third quartile price growth indicates some difference in rate. However, this difference is not always greater than the median price growth. **Recommendation:** There are no proposed changes to the publicly exhibited planning proposal and Program because of this submission.

Summary of submission	Response
acknowledges new apartment prices as 30% more than existing dwellings. City West states that even if median priced dwellings are procured, they will have additional costs associated with higher maintenance. City West Housing points to the risk that if the settings aren't right, contributions will fail to cover the real cost of constructing or procuring even after this update. It suggests changes in the 75th percentile be compared with changes in the median sales prices to see if this would be a more appropriate indexation marker.	
Exemptions for Build-to-Rent and Co-living housing	
A submission from City West Housing is concerned there is little justification for the exemption for build-to-rent and co-living development.	The 5-year exemption for built-to-rent and co-living development seeks to encourage greater housing diversity and boost housing supply, recognising the current challenges of poor rental availability and dwindling stock of naturally cheaper residential housing product in the City. The exemption was intended to be a short-term measure focused only in Central Sydney to coincide with floor space incentive controls for these housing types that were being progressed at the same time in a separate planning proposal. These incentives were approved and published in the Sydney LEP in December 2024 and are also subject to a 5-year time limit. **Recommendation:** There are no proposed changes to the publicly exhibited planning proposal and Program because of this submission.

Attachment B

Planning Proposal – City of Sydney
Affordable Housing Contributions Review

CITY OF SYDNEY

Planning Proposal: Affordable Housing Contributions Review 2024

Contents

1. Background

1.1. Introduction

This Planning Proposal: Affordable Housing Contributions Review (this planning proposal) is to amend the affordable housing provisions in the *Sydney Local Environmental Plan 2012* (Sydney LEP 2012), the *Sydney Local Environmental Plan (Green Square Town Centre) 2013*, and *Sydney Local Environmental Plan (Green Square Town Centre – Stage 2) 2013* (the Green Square Town Centre LEPs).

The Sydney LEP 2012 and the Green Square Town Centre LEPs, together with the City of Sydney Affordable Housing Program (Program), provide a framework for the affordable housing contribution requirements that may apply to development in the local area, including those pursuant to:

- Clause 6.70 of Sydney LEP 2012, that sets out affordable housing contribution requirements at Blackwattle Bay;
- Clause 7.13 of Sydney LEP 2012 and Clause 6.5 of the Green Square Town Centre LEPs, that set out a broad-based affordable housing contribution requirement on all eligible development in the local area; and
- Clause 7.13B of Sydney LEP 2012, that sets out affordable housing contribution requirements on "planning proposal land" identified on Schedule 6C. Planning proposal land is identified on the schedule where new floor area is created following a rezoning.

Specifically, this planning proposal will amend the Sydney LEP 2012 and the Green Square Town Centre LEPs to:

- include provisions that will allow the consent authority to require a monetary contribution (instead of a dedication of built dwellings) where a site is subject to Clause 7.13 or Clause 7.13B or 6.70 of Sydney LEP 2012 or Clause 6.5 of the Green Square Town centre LEPs;
- ~~include provisions that will allow the consent authority to require the dedication of built dwellings (instead of a monetary contribution) where a site is subject to Clause 7.13B of Sydney LEP 2012;~~
- update provisions so that affordable housing contributions are to be calculated on Gross Floor Area (GFA), rather than Total Floor Area (TFA);
- update provisions so that the floor area required to be dedicated as dwellings is calculated as GFA, rather than TFA;
- remove the requirement that dedicated affordable housing dwellings must be no larger than 90 square metres (Clauses 6.70 and 7.13B of the Sydney LEP);
- include clarification about how the affordable housing principles set out in the Program apply to resulting affordable housing; and
- update provisions to make reference to an updated Program (all affected clauses). The Program will:
  - update equivalent monetary contribution rates (dollar rates) that will apply where a developer is to satisfy an affordable housing contribution by making a monetary contribution. Where currently only a single dollar rate is set out in the Program, the draft Program includes bespoke rates for various sub-precincts in the local government area

(LGA), specific to their individual market conditions. All rates are updated from the current rates. New (dollar) rates are to be phased-in over a period of four years;

- delay the increased dollar rates for build-to-rent and co-living housing in Central Sydney;
- ~~simplify the contribution requirements for where a rezoning results in increased development capacity;~~
- ~~set out where the dedication of built affordable housing dwellings is required;~~ and
- make various housekeeping amendments to clarify current processes or simplify readability.

A draft City of Sydney Affordable Housing Program (draft Program) is proposed in conjunction with this planning proposal. The draft Program is to replace the current Program that was adopted by the Council on 26 June 2023. The draft Program sets out the amendments described above.

This planning proposal has been prepared in accordance with the *Local Environmental Plan Making Guideline*, published by the Department of Planning and Environment in August 2023.

1.2. Affordable housing in the City of Sydney

Sustainable Sydney 2030-2050: Continuing the Vision and the City's Local Housing Strategy: Housing for All, includes a target that 7.5 percent of all private dwellings be affordable housing. Based on a private dwelling target of about 156,000 to 2036, an estimated 12,000 affordable dwellings are required to achieve the City's target to 2036.

As at 30 June ~~2024~~ 2025, the City has ~~1,447~~ 1,525 built affordable housing units in the local area, ~~556~~ 527 dwellings in the development pipeline and a further ~~1,385~~ 2,131 in the pre-application stage. ~~Over~~ Almost 60% of built dwellings have resulted from the contributions made pursuant to Clause 7.13 of the Sydney LEP and Clause 6.5. These contribution requirements are projected to deliver a further 1,950 additional affordable dwellings to 2036. However, this estimate will be heavily impacted by other matters outside of the City's control, including, but not limited to:

- the property market, that is, the amount of development that occurs. This is highly influenced by the market conditions of the day;
- the way land develops, for example if more land is developed for commercial premises, rather than housing, there will be less contribution funds;
- the ability of community housing providers (CHPs) to successfully leverage contribution funds and existing property portfolios, and their ability to attract funding under the Housing Australia Future Fund (HAFF) or other funding sources; and
- NSW Government policy directions.

The known built, pipeline, expected and projected affordable housing dwellings equal around 5,338 affordable rental dwellings and affordable diverse dwellings to 2036. This is less than half of the 12,000 affordable housing dwellings needed to achieve the City's target for 7.5% of all housing in be affordable housing.

In addition, the City continues to seek innovative ways to use our planning controls to increase the amount of affordable housing, for example, the preferential zoning scheme that applies in the City south in areas such as E3 Productivity Support zone, North Alexandria.

1.3. Planning proposal process

This planning proposal is to amend the affordable housing provisions in the Sydney LEP 2012 and the Green Square LEPs in the manner set out in Section 4 of this planning proposal.

This planning proposal ~~will be~~ has been publicly exhibited together with the draft Program, provided in conjunction with this planning proposal, that is proposed to replace the current Program.

The justification for the proposed amendments to the Sydney LEP 2012, the Green Square LEPs and the current Program is set out in Part 5 of this planning proposal.

~~Following public exhibition, submissions received from the public, and from government or government authorities, will be considered by the Council and the Central Sydney Planning Committee. Before finalising the Sydney LEP 2012, the Green Square Town Centre LEPs and the draft Program, further changes may be made because of matters raised in submissions~~

Submissions received from the public and from government authorities have been considered.

2. Existing planning controls

2.1. Affordable housing contribution requirements in the LGA

The Sydney LEP 2012 and the Green Square Town Centre LEPs, together with the City of Sydney Affordable Housing Program (Program), provide a framework for the affordable housing contribution requirements that may apply to development in the local area, including those pursuant to:

- Clause 6.70 of Sydney LEP 2012, that sets out affordable housing contribution requirements on Blackwattle Bay;
- Clause 7.13 of Sydney LEP 2012 and Clause 6.5 of the Green Square Town Centre LEPs, that set out a broad-based affordable housing contribution requirement on all eligible development in the local area; and
- Clause 7.13B of Sydney LEP 2012, that sets out affordable housing contribution requirements on “planning proposal land” identified on Schedule 6C. Planning proposal land is identified on the schedule where new floor area is created because of a rezoning.

Green Square, Central Sydney, Ultimo-Pyrmont, Southern Employment Lands and residual lands

Clause 7.13 of Sydney LEP 2012 and Clause 6.5 of the Green Square Town Centre LEPs, that set out a broad-based affordable housing contribution requirement on all eligible development in the local area. The LEPs:

- set out the different contribution areas (geographies) in the LGA, dividing the LGA into Green Square, Central Sydney, Ultimo-Pyrmont, Southern Employment Lands or residual land;
- set out the contribution requirement, being:
  - in Green Square, the Southern Employment Lands and Ultimo/Pyrmont, 1% of non-residential floor area and 3% of residential floor area.
  - in Central Sydney and on residual land, 0.5% of non-residential floor area for development applications lodged prior to 1 July 2022, and 1% thereafter, and 1.5% of residential floor area for development applications lodged prior to 1 July 2022 and 3% thereafter.
- allow for an equivalent monetary contribution to be made, instead of a dedication requirement, in accordance with the Program.

The purpose of the Program is to provide the operational and management requirements for the administration of the scheme, including:

- the principles by which affordable rental housing is to be provided and managed;
- an equivalent monetary contribution rate (dollar rate) a developer may contribute, in lieu of dedicating floor area;
- examples of how a monetary contribution is to be calculated in different contribution areas;
- the approach to indexing the dollar rate and a contribution requirement over time; and
- who receives contribution funds and how they must be used.

The equivalent monetary contribution rate (dollar rate) is $11,176.22/sqm of Total Floor Area (TFA) (up until 28 February 2025 when the rate will be indexed). The calculation of TFA is set out in the LEP clause.

Funds are distributed between three CHPs, being City West Housing, St George Community Housing and Bridge Housing, in accordance with the City of Sydney Affordable Housing Contributions Distribution Plan, adopted by Council on 11 March 2024.

This planning proposal is to make amendments to the above requirements, as described in Section 4 and 5.

Planning proposal land

Clause 7.13B of Sydney LEP 2012 sets out affordable housing contribution requirements on 'planning proposal land' identified on Schedule 6C. The contribution requirement varies on different land.

Planning proposal land is identified on the schedule where new floor area is created because of a rezoning. This planning proposal does not add any land to the schedule, nor does it make any change to the current contribution requirements in the schedule.

The Program provides in its appendices a standardised approach to establishing the contribution requirement that will be applied to new residential floor area. The contribution requirement is differentiated by precinct, recognising the different market characteristics and price hierarchy that exists between precincts. The rates are not currently established in any planning instrument, rather they are set out in the Program to act as a guide for negotiating an appropriate rate in the context of a planning proposal to increase development capacity.

The current contribution requirement is set out at Table 1.

Table 1: Current contribution requirement applied where a rezoning creates additional development capacity (applied to the new floor area)

Precinct*	Contribution requirement**
Central Sydney	13% subject to site specific viability testing
West precinct	12%***
South precinct	12%***
East precinct	21%***

* The precinct boundaries align with those shown in the City's Development Contribution Plans.

** The contribution applies to new residential floor area achieved on land zoned for residential purposes.

*** incorporates any requirement in an LEP for a 3% levy contribution to affordable housing. For example, the 21% requirement in the East precinct includes 18% for new residential floor area on planning proposal land, plus the 3% broad-based levy requirement. Where no other contribution requirement applies, the full 21% may be applied.

Blackwattle Bay

Clause 6.70 of Sydney LEP 2012 sets out the affordable housing contribution requirement on land at Blackwattle Bay. The LEP requires 7.5% of the Total Floor Area (TFA) of development be dedicated as affordable housing. It allows for an equivalent monetary contribution to be made, instead of a dedication requirement, in accordance with the City of Sydney Affordable Housing Program (Program).

Redfern Waterloo Authority lands

A contribution requirement applies to sites in the Redfern Waterloo Authority lands, pursuant to State Environmental Planning Policy (Precincts—Eastern Harbour City) 2021.

The Redfern Waterloo Authority Affordable Housing Contributions Plan 2006 sets out the affordable housing contribution requirements for any State Significant Development in the Redfern Waterloo Authority operational area.

The contribution equivalent to the estimated cost of the provision of affordable housing comprising 1.25% of the total gross floor area of the development.

The equivalent monetary contribution rate is established at the point of development application based on current property data.

Funds are remitted to Infrastructure NSW.

This planning proposal has no effect on this requirement.

Other requirements in Sydney LEP

Clause 7.13A of the Sydney LEP 2012 includes a clause facilitating the development of affordable housing in parts of its E3 – Productivity Support zone, that do not otherwise permit residential development.

This planning proposal has no practical effect on these requirements, other than referring to an updated Program and making a minor clarification about the application of the affordable housing principles in the Program.

3. Objectives and intended outcomes

3.1. Objectives

The objectives of this planning proposal are to amend the Sydney LEP 2012, the Green Square Town Centre LEPs and the City of Sydney Affordable Housing Program (Program), that is referred to by the LEPs, to:

- increase the amount of affordable housing provided in the local area;
- ensure that contribution requirements are equitable across different parts of the City;
- ensure equivalent monetary contribution rates (dollar rates) are equivalent to the true cost of building and dedicating affordable housing; and
- improve the efficacy and efficiency of the City's affordable housing requirements.

3.2. Intended outcomes

The intended outcomes of this planning proposal are to amend the Sydney LEP 2012, the Green Square Town Centre LEPs and the Program, that is referred to by the LEPs, to:

- ensure that where a monetary contribution is made to satisfy an affordable housing contribution requirement, that it is generally equivalent in value to any contribution that might otherwise be satisfied by dedicating built affordable housing dwellings;
- enable the consent authority to require a contribution requirement be satisfied in a particular way~~, depending on the nature of the contribution requirement~~;
- provide a clearer and more efficient approach for the calculation of floor area to which the contribution requirement applies; and
- remove any barrier to the delivery of affordable housing for families or for cultural groups that may require larger homes.

4. Explanation of provisions

4.1. Proposed amendment to Sydney LEP 2012 and Green Square Town Centre LEPs

This planning proposal is to amend Sydney LEP 2012 and the Green Square Town Centre LEPs to achieve the objectives and intended outcomes described in Section 3 of this planning proposal.

4.2. Drafting instructions

To achieve the objectives and the intended outcomes, this planning proposal is to amend the Sydney LEP 2012 and Green Square Town Centre LEPs as provided at Table 2.

Table 2: Drafting instructions

Ref	Drafting instruction	Explanation of provision
Sydney LEP 2012 and the Green Square Town Centre LEPs		
1.	In the Sydney LEP 2012 and Green Square Town Centre LEPs, change all references to the "City of Sydney Affordable Housing Program adopted by the Council on 26 June, 2023", to instead refer to "City of Sydney Affordable Housing Program adopted by the Council on XX XX XX" [date of adoption of Program to be inserted]. Current clauses requiring amendment include: • Sydney LEP 2012 – clauses 6.60B, 6.70, 7.13, 7.13A, 7.13B • Green Square Town Centre LEP 2013 – clause 6.5 • Green Square Town Centre LEP 2013 (Stage 2) – clause 6.5	The amendment is to update references in the Sydney LEP 2012 and Green Square Town Centre LEPs to the "City of Sydney Affordable Housing Program adopted by the Council on 26 June 2023", to "City of Sydney Affordable Housing Program adopted by the Council on XX XX XX", with the date of adoption of Program to be inserted when known. The City's Program is proposed to be amended to: • update equivalent monetary contribution rates that will apply where a developer is to satisfy an affordable housing contribution by making a monetary contribution; • ~~set out where the dedication of built affordable housing dwellings is required;~~ • update the contribution rates for planning proposal land; and • make various housekeeping amendments to clarify current processes or simplify readability.
2.	In the Sydney LEP 2012 and Green Square Town Centre LEPs, amend Clause 1.8A to ensure the amended planning controls are only to apply to development applications that are lodged after the amended planning controls come into effect.	Ensure the amended planning controls are only to apply to development applications that are lodged after the amended planning controls come into effect.

Ref	Drafting instruction	Explanation of provision
	Sydney LEP 2012	
3.	In the Sydney LEP 2012, amend the current clause 6.60B(7)(b) to require that any affordable housing provided pursuant to clause 6.60B will be provided in accordance with the affordable housing principles set out in the *City of Sydney Affordable Housing Program*, dated XX XX XXX.	The affordable housing principles in the Program provide guidance around how built affordable housing dwellings in the City are to be managed – including tenant mix and income levels – and secures those dwellings in perpetuity. The remainder of the Program details the mechanics of the City's affordable housing contribution schemes – notably how contributions are to be applied and calculated. Clause 6.60B operates outside of the City's affordable housing contributions scheme, instead linking the provision and quantum of affordable housing to specific floor space incentives detailed at 6.60B(7)(b). As such, only the principles of the City's Affordable Housing Program, around the management, quality and retention of built dwellings, are relevant to the affordable housing to be delivered under 6.60B. This amendment is therefore to clarify affordable housing provided pursuant to this clause need only be provided in accordance with the affordable housing principles in the City of Sydney Affordable Housing Program, and not any other requirement of the Program.
4.	In the Sydney LEP 2012, amend the current clause 6.70(4) to require the affordable housing levy contribution be satisfied by monetary contribution only.	The amendment will: • require the affordable housing levy contribution be satisfied by monetary contribution; and • remove the current ability for an affordable housing levy contribution to be satisfied by dedicating built dwellings.
5.	In the Sydney LEP 2012, amend the current clause 7.13A(1)(c) to require that any affordable housing provided pursuant to clause 7.13A will be provided in accordance with the affordable housing principles set out in the *City of Sydney Affordable Housing Program*, dated XX XX XXX.	As above, Clause 7.13A operates outside of the City's affordable housing contributions scheme. Clause 7.13A allows for a residential use in a Business Zone provided that residential use is for the purposes of affordable housing. It does not rely on the Program to qualify or quantify an affordable housing contribution. As such, only the principles of the City's Affordable Housing Program, around the management, quality and retention of built dwellings, are relevant to the affordable housing to be delivered under 6.60B.This amendment is therefore to clarify affordable housing provided pursuant to this clause need only be provided in accordance with the affordable housing principles in the City of Sydney Affordable Housing Program, and not any other

Ref	Drafting instruction	Explanation of provision
		requirement of the Program.
6.	In the Sydney LEP 2012, amend the current clause 6.70 to change all references to 'total floor area' to 'gross floor area'.	~~This amendment will update Sydney LEP clause 6.70 so that:~~ • ~~the calculation of the contribution is based on the amount of GFA in a building, rather than TFA; and~~ • ~~the dedication of any built floor area is to be provided as GFA, rather than TFA.~~ This amendment will update Sydney LEP clause 6.70 so that the calculation of the contribution is based on the amount of GFA in a building, rather than TFA.
7.	In the Sydney LEP 2012, amend the current clause 7.13 to: • remove the term / definition for 'total floor area'; and • change all references to 'total floor area' to 'gross floor area'	This amendment will update clause 7.13 of the Sydney LEP so that the calculation of the contribution is based on the amount of GFA in a building, rather than TFA. It is noted the definition of 'total floor area' currently excludes from its calculation any floor area related to affordable housing, public housing, community facilities and development in the E4 – General Industrial zone. It is proposed to detail these exclusions in the Program, rather than in the LEP.
8.	In the Sydney LEP 2012, amend the current Schedule 6C to change all references to 'total floor area' to 'gross floor area'.	This amendment will update Schedule 6C of the Sydney LEP so that the calculation of the contribution is based on the amount of GFA in a building, rather than TFA.
9.	In the Sydney LEP 2012, amend the current clause 7.13(3) to require the affordable housing levy contribution be satisfied by monetary contribution only.	The amendment will: • require the affordable housing levy contribution be satisfied by monetary contribution; and • remove the current ability for an affordable housing levy contribution to be satisfied by dedicating built dwellings.
10.	In the Sydney LEP 2012, amend the current clause 7.13B(4) to require the affordable housing levy contribution be satisfied by monetary contribution only. ~~In the Sydney LEP 2012, amend the current clause 7.13B(4) to allow the consent authority to require the dedication, in favour of the Council, of land comprising dwelling/s, in accordance with the requirements of the City of Sydney Affordable Housing Program, with any remainder being paid as a monetary~~	The amendment will: • require the affordable housing levy contribution be satisfied by monetary contribution; and • remove the current ability for an affordable housing levy contribution to be satisfied by dedicating built dwellings. ~~The amendment is to include a requirement in Clause 7.13B(4) of the Sydney LEP to allow the consent authority to require the affordable~~

Ref	Drafting instruction	Explanation of provision
	~~contribution.~~ ~~Where the Consent Authority does not require the dedication of dwellings, the landowner must satisfy the contribution requirement by making an equivalent monetary contribution (in accordance with the City of Sydney Affordable Housing Program).~~ ~~In making the above change, reference to 'one or more dwellings' should be removed in favour of a more generic reference to 'dwelling/s'. This is to remove any potential conflict with the Program, that may require dedication of built dwellings only where multiple dwellings are being provided.~~	~~housing levy requirement be satisfied by dedication of built affordable housing dwellings (in favour of a monetary contribution). Where dedication is not required, the requirement must be satisfied by making a monetary contribution.~~ ~~The City's Program is proposed to set out where the consent authority will require the dedication of built dwellings (see further explanation later in this planning proposal).~~ ~~It is also proposed to remove from the clause reference to 'one or more dwellings' in favour of a more generic reference to 'dwelling/s'. This is to remove any potential conflict with the Program, that may require dedication of built dwellings only where multiple dwellings are being provided~~
	~~In the Sydney LEP 2012, remove the maximum size of affordable housing of 90 square meters that is currently imposed by:~~ • ~~clause 6.70(4)(a)~~ • ~~clause 7.13B(4)(a)~~	~~The amendment is to remove the requirement in Clause 7.13B and 6.70 of the Sydney LEP that dedicated affordable housing dwellings must be no larger than 90 square metres.~~ ~~By removing the upper size limit, dedicated dwellings are only required to be no smaller than 35 square metres in size, with no limit on how large they are.~~
	Green Square Town Centre LEP and **Green Square Town Centre LEP – Stage 2**	
11.	In the Green Square Town Centre LEP and the Green Square Town Centre LEP – Stage 2, amend the current clause 6.5 to require the affordable housing levy contribution be satisfied by monetary contribution only.	The amendment will: • require the affordable housing levy contribution be satisfied by monetary contribution; and • remove the current ability for an affordable housing levy contribution to be satisfied by ~~my~~ dedicating built dwellings.
12.	In the Green Square Town Centre LEP and the Green Square Town Centre LEP – Stage 2, amend the current clause 6.5 to: • remove the term / definition for 'total floor area'; and • change all references to 'total floor area' to 'gross floor area'	This amendment will update the Green Square Town Centre LEPs so that: • the calculation of the contribution is based on the amount of GFA in a building, rather than TFA; and • the dedication of any built floor area is to be provided as GFA, rather than TFA. It is noted the definition of 'total floor area' currently excludes from its calculation any floor area related to affordable housing, public housing, community facilities and development

Ref	Drafting instruction	Explanation of provision
		in the E4 – General Industrial zone. It is proposed to detail these exclusions in the Program, rather than in the LEP.

The recommended detailed changes to the Sydney LEP and Green Square Town Centre LEPs clauses for the above drafting instructions are appended to this planning proposal. The recommended changes are only one example of how the proposed amendments could be worded, with the final wording subject to drafting and agreement by the Parliamentary Counsel's Office.

The justification for the above amendments is provided at Section 5 of this planning proposal.

4.3. Draft City of Sydney Affordable Housing Program

To achieve the objectives and the intended outcomes of this planning proposal, the Program, that has legal relevance by virtue of being referenced in the Sydney LEP 2012 and Green Square Town Centre LEPs, is proposed to be amended in the manner set out in the draft Program provided in conjunction with this planning proposal. Key amendments to the Program are set out, explained and justified in Section 5.

The Program applies to:

- land to which the Sydney LEP 2012, Sydney LEP (Green Square Town Centre) 2013 and Sydney LEP (Green Square Town Centre – Stage 2) 2013 applies; and
- planning proposal land identified in the above LEPs or any other Environmental Planning Instrument (EPI).

It will also apply to:

- development under the Redfern-Waterloo Authority Affordable Housing Contribution Plan 2006 in the event that that Plan is repealed; and
- other land in the City of Sydney where another EPI identifies the Program as applying.

The applicable contribution requirement is generally set out in the LEP, although may also be set out in another EPI. That requirement must be satisfied in accordance with the requirements of that plan.

If the EPI (or supplementary note / guideline) does not include the method for calculation, the contribution is to be calculated in accordance with the Program, that is –

a) the method for calculating the contribution requirement in different parts of the LGA; and
b) the relevant equivalent monetary contribution amount, based on the affordable housing contribution precinct that the development is located in, being South, East, West or Central (see Figure 1 and Section 5 for further detail).

5. Justification of merit

5.1. Proposed amendment to LEPs

This section includes justification for the proposed amendments to the Sydney LEP 2012 and the Green Square Town Centre LEPs.

It is noted that since public exhibition of this planning proposal, a rezoning proposal has been lodged via the Housing Delivery Authority pathway for all land subject to the Sydney Local Environmental Plan (Green Square Town Centre) 2013. The proposal seeks to remove the affordable housing requirement that applies to these sites from the LEP. The rezoning has not been finalised at the time of reporting this planning proposal back to Council for consideration. This may impact on the proposed amendments outlined in this Section and the suggested drafting instructions in Section 4.2 and the Appendix in so far as they relate to Clause 6.5 of the LEP.

Amendments to reference an updated Program

This planning proposal will amend all references in the Sydney LEP 2012 and Green Square Town Centre LEPs to the “City of Sydney Affordable Housing Program adopted by the Council on 26 June 2023”, to “City of Sydney Affordable Housing Program adopted by the Council on XX XX XX”, with the date of adoption of the Program to be inserted when known.

Effect

The proposed amendment will refer to an updated Program, that will:

- update equivalent monetary contribution rates (dollar rates) that will apply where a developer is to satisfy an affordable housing contribution by making a monetary contribution;
- update the contribution requirement for planning proposal land; and
- ~~set out where the dedication of built affordable housing dwellings is required; and~~
- make various housekeeping amendments to clarify current processes or simplify readability.

The proposed amendments to the Program are discussed in detail at Section 5.2.

Justification

This amendment to the Sydney LEP 2012 and the Green Square Town Centre LEPs is required to ensure contributions will be made in accordance with updated requirements in the City’s Program, as proposed in the draft Program that is provided in conjunction with this planning proposal, and the justification for which is provided at Section 5.2.

Amendments to require a contribution be satisfied by making a monetary contribution (Clause 7.13 and 7.13B and 6.70 of Sydney LEP 2012 and Clause 6.5 in the Green Square Town Centre LEPs)

This planning proposal is to amend Clause 7.13 and 7.13B and 6.70 of the Sydney LEP 2012 and Clause 6.5 of the Green Square Town Centre LEPs to require the affordable housing contribution requirement be satisfied by making a monetary contribution.

Effect

The current provisions in these clauses of Sydney LEP and the Green Square Town Centre LEPs allow a developer to choose whether they satisfy their affordable housing contribution requirement by making an equivalent monetary contribution, or by dedicating built affordable housing dwellings to council. Where the dedication of dwellings only partially satisfies a contribution requirement, any remainder must be paid as a monetary contribution to the Council.

The effect of this planning proposal is to ensure that the affordable housing contribution requirement that is required pursuant to Clause 7.13 or 7.13B or 6.70 of the Sydney LEP 2012 and Clause 6.5 of the Green Square Town Centre LEPs can only be satisfied by making a monetary contribution.

Justification

The City undertook targeted consultation with the Recommended community housing providers (CHPs) identified on the City of Sydney Affordable Housing Contributions Distribution Plan (Distribution Plan), adopted by Council on 11 March 2024. The purpose of the consultation was to understand the best approach for the receipt of contributions for the future – i.e. should dedicated dwellings be required, or are monetary contributions a better approach – and, to understand any issues associated with receiving dedicated dwellings. A summary of the City's consultation with CHPs to better understand where the dedication of dwellings is an appropriate outcome is provided in conjunction with this planning proposal.

The consultation revealed key considerations for, and challenges relating to, the receipt of affordable dwellings delivered by developers.

To maximise affordable housing outcomes, CHPs have advised that where contribution funds are well leveraged, they can be stretched much further to deliver more affordable housing. Moreover, the resulting affordable housing is typically more suitable for their needs. In the long term more, and more appropriate, affordable housing will result from CHPs developing their own sites. This is because where housing is developed by a CHP:

- there are a range of tax incentives available to CHPs, for example they are not subject to the Goods and Services Tax (GST), making delivery of housing cheaper;

- they can access low-cost finance from Housing Australia;

- they can apply for funding under the Australian Government's Housing Australia Future Fund Facility (HAFFF);

- when available, they can pair contribution funds with other grants that may be available from the federal or state government or from local government (such as subsidised land sales); and

- they are not subject to the same profit requirements that are generally needed by for-profit providers to achieve project viability.

To achieve positive affordable housing outcomes, including financial sustainability, CHPs raised the following key matters:

- management efficiencies – CHPs advised that the costs and inefficiencies of managing multiple properties scattered throughout various developments, can be considerable. These relate to the additional costs and resourcing associated with the administrative burden of managing multiple strata arrangements and requirements, the practical challenges of physically maintaining properties with different needs across a wide geographic area, and the reduction in community support facilities and services that can be feasibly provided to tenants. Concentrating efforts where more than a handful of dwellings can be delivered is more efficient.

- strata costs – it is not unusual for new development in the local area to incorporate on-site facilities for future residents, such as gyms, pools, high end lifts (sometimes multiple) and rooftop amenities, resulting in high strata fees that can absorb rental returns. This can increase where special levies are payable for significant works to the building and/or common property.

- where a CHP owns and manages the whole of the building, strata fees are not payable, leaving rental income available to maintain the property, service any debt on the dwellings and potentially for additional affordable housing. However, should CHPs be required to pay strata or management fees on dedicated apartments, this could absorb almost all rental income, particularly as the Program limits rents to no more than 30% of household income. If dedicated dwellings are received, CHPs indicated a preference for extracting the dedicated dwellings from future strata costs or to limit costs in some way.

Key issues were also raised by CHPs around the ability to influence the design and construction quality of dwellings they are to receive and ensure their long-term suitability, noting key decisions are often made by the developer before a CHP can be involved in the project. A CHP's considerations for design and construction include:

- geographic location – affordable housing should be well located so that tenants can access high frequency public transport, access to services, such as a reasonably priced grocery store, health services and so on, without needing to rely on a private vehicle. While this is a City-wide aspiration for all residential development, it is particularly important for affordable housing, whose tenants are less likely than the general population to have the financial capacity to maintain ownership of a private vehicle. It is also noted that affordable housing developments may also have a higher proportion of tenants who have a disability, increasing the importance of accessible access to public transport options and services;

- on-site access arrangements – it is common that affordable housing developments have a higher-than-average proportion of tenants who are living with a disability. It is therefore important that affordable housing dwellings are cognisant of access requirements, with particular attention paid to accessibility in situations where lifts are out of service;

- fit-out – durability and cost of maintenance is the main concern raised by CHPs with regards to the long-term management of dedicated affordable housing dwellings. For example, the durability and cost of the materials used in kitchens and bathrooms, with good quality materials with greater longevity being preferred, but also materials that are not very expensive to replace. For example, good quality laminate benches may be preferred to stone benches;

- flexibility and universal accessibility – CHPs note the importance of maximising flexibility so that a range of different tenants, including those who live with a disability, may live in the dwelling;

- dwelling size and mix - where possible a mix of one, 2 and 3 bedroom dwellings enables the provider to house a range of households and positions them to be able to meet future housing needs;

- servicing – while extensive parking may not be a requirement for affordable housing that is well located to transport and services, some parking and servicing is generally required for service vehicles, shared vehicles and for vehicle access for tenants living with a disability;

- design for reduced living cost – ensuring affordable dwellings are designed to minimise costs to future tenants is critical. For example, the installation of fans and maximising opportunities for cross ventilation will reduce the need for tenants to utilise expensive air-conditioning. CHPs also noted avoiding embedded networks and such is important to manage costs to tenants; and

- external appearance – whilst internal fit out needs to be specific to the needs of CHPs and their tenants, the quality of the external appearance of affordable housing dwellings, and the inclusion of visible external spaces such as balconies or courtyards, are generally required to match that of other dwellings in the development. This is to ensure that affordable housing cannot be visually differentiated as such.

The consultation with CHPs has directly informed proposed amendments about how a contribution requirement must be satisfied, and in what circumstance. The reason and rationale for requiring monetary contributions to satisfy affordable housing contributions required under Clause 7.13, Clause 7.13B and Clause 6.70 of the Sydney LEP 2012 and Clause 6.5 of the Green Square Town Centre LEPs, and removing the ability for proponents to instead dedication of built dwellings, is as follows:

- ~~the size of the contribution (only 3% and 1% of residential and non-residential floor area respectively) is relatively small compared to a contribution required where new floor area has been created because of a rezoning, generally resulting in only modest amounts of floor area. Small numbers of affordable rental units spread across disparate development sites will create financially unsustainable outcomes for CHPs and present significant management challenges.~~

~~Viable affordable rental tenancies will be threatened by the financial cost of multiple strata schemes, which are notoriously difficult to predict, and exposure to future increases in strata costs;~~

- a monetary contribution can be better leveraged by CHPs to generate a greater number of affordable dwellings. The range of tax incentives, low-cost finance and complementary funding sources available to CHPs can stretch the City's contribution funds further when affordable housing is built by CHPs themselves;

- housing delivered by CHPs is generally better suited to the needs of their tenants, being designed specifically to minimise ongoing living costs. For example, the electrification of building and passive design are priorities for CHPs to reduce the living costs of their tenants. The design priorities of a build-to-sell developer may differ from that of a CHP;

- housing delivered by another party presents potential long-term financial and practical risks for a CHP, particularly where defects are identified post-handover. It also increases risk to developers should dwellings not be accepted at the end of the design and build process, potentially causing delays and adding costs;

- a condition of consent that requires a monetary contribution is significantly less complex than arranging dedicating dwellings. This is because a monetary contribution requirement is a straight-forward calculation that is simply inserted on the condition as payable before construction, however, a dedication requirement requires significantly more involvement, including:

  – further negotiations with the proponent and CHP to refine the design of the development to ensure the resulting housing is appropriate to be used as affordable housing; and

  – the need for extensive legal expertise and resources to draft appropriate and enforceable conditions of consent, as well as to draft, review and execute the necessary legal instruments needed to secure the affordable housing, for example, deeds of agreement, contracts of sale and/or voluntary planning agreements;

- the constrained assessment timeframes for a development application required of the City by the state government provides significantly reduced opportunity for a robust process which can deliver optimal affordable housing outcomes that meet the needs of CHPs. As benchmark assessment timeframes are further reduced by the state government, the complexities of requiring developers to dedicate affordable housing will mean assessment timeframes cannot be reasonably met; and

- an unintended consequence of requiring wide-scale dedication of dwellings could be to inhibit some forms of development in the City. This may be exacerbated by the potential impact on obtaining necessary financing when developments include affordable housing. Given the current economic climate and housing crisis in NSW, this would not be a desirable outcome.

Post-exhibition change

Following consideration of matters raised in submissions, a post-exhibition change has been made to this planning proposal to require contributions required pursuant to clause 7.13B (land listed on Schedule 6C of the Sydney LEP) and 6.70 (land at Blackwattle Bay) of the Sydney LEP can only be satisfied by making a monetary contribution.

Justification for post-exhibition amendment

The publicly exhibited planning proposal proposed:

- a change to the Sydney LEP to require that contributions made pursuant to Clause 7.13B be satisfied by dedicating built dwellings, unless the City otherwise requires a monetary contribution; and

- retention of the ability for contributions made pursuant to Clause 6.70 to be satisfied either as a monetary contribution or by dedicating built dwellings.

Significant concern was raised in public submissions regarding the requirement in some instances to dedicate built dwellings, including:

- from CHPs and peak housing bodies who say:
  - cash contributions are a more efficient way of delivering affordable housing, they create certainty for longer-term opportunities and strategic land purchases to ensure a pipeline of development sites, they maximise the capacity of recipient CHPs to layer contributions to deliver more housing than if dwellings were dedicated;
  - cash contributions enable the delivery of stand-alone self-managed affordable housing buildings, avoiding the complications, cost (known and unanticipated), and administrative challenges of managing a dwelling portfolio across multiple strata arrangements;
  - cash contributions provide greater flexibility to build more appropriate housing – allowing for important differences in unit design, layout and materials compared with privately constructed dwellings – which has implications for long term rental ownership and operation;
  - housing that is delivered by developers, which typically seeks to minimise build cost to maximise returns and/or prioritise amenity for private owners and renters in the same development, is unlikely to provide the best outcomes for affordable housing residents. This also presents issues for long term rental ownership and management;
  - there have unfortunately been many poorly privately constructed apartment buildings in the Sydney Metropolitan area in recent years. Managing initial defects with private developers is difficult when properties are transferred via council. Any ongoing issues with structural or other defects which appear after the typical time allowance for defect identification will make recouping costs very difficult/impossible and expensive to rectify;
  - dedication of dwellings can lead to inefficiencies in management and operations, for example, receiving a small number of units in mixed tenure residential developments comes with associated high operating/management costs and multiple strata levies;
  - requiring built dwellings "where appropriate" (as proposed in the planning proposal) introduces too much uncertainty. More clarity is needed on how "appropriateness" will be determined and by whom. There needs to be certainty on type, location and possible quantum of dwellings;
  - even when “reasonable” strata costs, ongoing costs cannot be controlled. Costs can escalate unexpectedly over time, especially when the CHP is not in control of the build quality. Assessment of the likely costs will be discretionary and/or subjective, so creating uncertainty;
  - time constraints for negotiation on design and legal terms will impact the suitability of dwellings being dedicated; and
  - there are currently restrictions preventing CHPs from recycling properties should they become financially unstable or no longer meet tenant needs.
- from a developer (Meriton), who raises concerns with the requirement for dedication of built affordable dwellings in the planning proposal. They say the dedication contribution requirement will add significant time to the development process and strain development feasibility. They point to the recent planning proposal in Green Square and say that it was delayed because council wanted dedicated affordable housing. They say the time added is inconsistent with the principles of the National Housing Accord to speed housing delivery

Notwithstanding the above, submissions from Urban Taskforce, the Property Council and Meriton say that how a contribution is satisfied (cash or dedicated built dwellings) should remain at the developer's discretion so they may choose what works best for their development.

It is noted that the matters raised in these submissions ultimately influence the success of the City's affordable housing scheme. Inefficient use of funds risk the delivery of fewer affordable housing units whilst inappropriate build standards will drive poor outcomes for the City's affordable housing residents.

The City acknowledges the difficulties and risks that will be faced by CHPs receiving units that have been designed and constructed by third parties who have different target markets and commercial interests to them. The recommended post-exhibition changes to the planning proposal and draft Program will minimise the dedication of built affordable housing dwellings in a mixed-tenure development in favour of monetary contribution.

The City acknowledges the concern raised by developers and industry peak bodies regarding the likely delays in the development application process where there is a requirement for dedication of built affordable dwellings within the development.

The recommended post-exhibition changes to the planning proposal and draft Program, by requiring monetary contribution in the context of all development applications, will enable simple application of conditions of consent for monetary contributions. This will ensure there are no delays in the development application process arising from the affordable housing contribution requirement and will allow timely decisions within the timeframes set out in the NSW Government's Statement of Expectations Order 2024.

The City acknowledges the concern raised by developers and industry peak bodies regarding the potential impact on feasibility that could arise from any requirement for dedication of built affordable dwellings within the development. Where there is a planning proposal to increase residential capacity on land, the recommended post-exhibition changes to the planning proposal and Program will maintain a pathway for the dedication of built dwellings where the developer chooses but removes any requirement for dedication.

Further support for the post-exhibition change is drawn from reconsideration of the matters raised about dedications of built dwellings in initial consultation with CHPs in the economic review by Atlas Urban Economics that is provided in conjunction with this planning proposal (detailed above).

It is also noted that since Council approved the planning proposal in December 2004 for public exhibition, the NSW Government announced the Housing Delivery Authority (HDA) and a new State Significant Development (SSD) pathway for residential development. The stated objective of the new HDA SSD pathway is to speed up development applications.

While there are over 5,400 dwellings currently in the HDA SSD pipeline in the local area (as at December 2025), none have yet been determined. It therefore remains uncertain how the requirements for affordable housing contributions in the City's LEPs will be applied, noting there is no explicit commitment from the NSW Government to apply the City's requirements to development approvals.

Given the above, introducing a clause in the Sydney LEP that requires additional steps and more complexity in the development approvals process makes it less likely the contribution requirement would be applied. Specifically, the proposed referral system to CHPs and the decision-making role of the City's Executive staff which are intended to determine the appropriateness of dedicated dwellings (as set out in the publicly exhibited planning proposal), combined with the need to prepare complex and non-standard planning agreements (to which the City may or may not be party) will add new, and potentially delaying steps to the process.

~~*Amendments to allow the consent authority to direct how a contribution requirement must be satisfied (Clause 7.13B of Sydney LEP 2012)*~~

~~This planning proposal is to amend Clause 7.13B of the Sydney LEP 2012 to allow the consent~~

~~authority to require the dedication of built dwellings, where it is in accordance with the requirements of the Program.~~

~~Where the consent authority does not require the dedication of built dwellings, it may require the contribution be satisfied by making a monetary contribution.~~

~~The City's Program is to be amended to include detailed criteria about where the consent authority will require the dedication of dwellings. Where the dedication of dwellings is not required, a monetary contribution will be required, that is the proponent cannot opt in to the dedication of dwellings.~~

~~The proposed amendment to the Program is discussed in further detail at Section 5.2.~~

~~Effect~~

~~The current requirement in Clause 7.13B of the Sydney LEP 2012 allows a developer to choose whether they satisfy their affordable housing contribution requirement by making an equivalent monetary contribution, or by dedicating built affordable housing dwellings to council. Where the dedication of dwellings only partially satisfies a contribution requirement, any remainder must be paid as a monetary contribution to the Council.~~

~~The effect of this planning proposal is to give the consent authority the ability to require that a developer must dedicate built dwellings to Council, but only where the circumstances of the development meet the criteria set out in the Program. The dwellings must be dedicated to Council to be used for affordable housing. The dwellings are then passed to a CHP in accordance with the City of Sydney Affordable Housing Contributions Distribution Plan, adopted by Council on 11 March 2024.~~

~~If the consent authority does not require the dedication of built affordable housing dwellings, because they do not align with the criteria in the Program, then the consent authority will require that a proponent must satisfy their contribution requirement by making an equivalent monetary contribution.~~

~~Justification~~

~~Sites that are subject to the requirements of Clause 7.13B in the Sydney LEP 2012 are listed on Schedule 6C of the LEP. The sites are referred to as "planning proposal land" and have been included on Schedule 6C because they have benefited from a rezoning that has created additional development capacity on the site.~~

~~Informed by consultation with CHPs, the reason and rationale for requiring dedication of built dwellings for planning proposal land (instead of monetary contributions), in appropriate circumstances, is as follows:~~

- ~~rezoning proposals are more likely to be of sufficient scale to deliver meaningful and financially sustainable numbers of affordable dwellings that can be more easily and viably managed by CHPs over the longer term;~~

- ~~the typical, longer timeframe of a planning proposal / rezoning process and higher-level nature of the development proposal at planning proposal stage provide the best opportunity to work through the detailed considerations of an on-site affordable housing offering;~~

- ~~rezoning proposals are typically supported by voluntary planning agreements, which is the preferred approach to delivering on-site affordable housing. These allow opportunity to resolve and secure specific agreements around deliverables, timings and expectations for any subsequent development, providing improved certainty for both the developer and receiving CHP on the final delivered outcome; and~~

- ~~requiring the dedication of built dwellings in defined circumstances can circumvent the need for CHPs to purchase land for the development of affordable housing. This can be challenging in the City of Sydney, where competition for land is very high.~~

~~Notwithstanding the above, it is important that built dwellings proposed for dedication are appropriate for affordable housing, in terms of location, built form, fit-out and sustainability of long-term management costs (in particular strata costs). The proposed parameters for where dedication~~

~~of dwellings will be required are to be included in the draft Program and are discussed in further detail at Section 5.2.~~

Amendments to remove references to 'Total Floor Area' in favour of 'Gross Floor Area'

This planning proposal is to replace references in the Sydney LEP and the Green Square Town Centre LEPs to 'total floor area' (TFA) with 'gross floor area' (GFA).

<u>Effect</u>

The common metric used to quantify floor area in an LEP is GFA. The method to calculate GFA, that establishes the elements of a building that are included and not included in the count, is set out in NSW Government's Standard Instrument – Principle Local Environmental Plan (2006 EPI 155a), and as such is a statewide standard applied consistently across all compliant planning instruments.

Currently, the contribution requirement in the Sydney LEP 2012 and the Green Square Town Centre LEPs is calculated based on a proportion of TFA. Total floor area is a bespoke definition that applies only in these LEPs to affordable housing requirements. TFA is defined differently to GFA, with the key difference being that balconies and internal circulation spaces are included in the calculation of TFA.

While it varies significantly across different developments, generally, the calculation of TFA in a residential development is at least 10 per cent more than GFA. That is, where a development application is lodged for a residential development with 10,000 square metres of GFA, the TFA in the same development will be at least 11,000 square metres. The contribution requirement would be 3% of 11,000 square metres, being 330 square metres of TFA that must be dedicated for affordable housing.

If a contribution is to be satisfied via a monetary contribution instead of a dedication of built floor area, an equivalent monetary contribution rate is applied to the total floor area requirement. The equivalent monetary contribution rate in the current Program is set at a dollar amount which would deliver an equivalent amount of TFA (rather than GFA) for affordable housing, that is, it would deliver an affordable housing unit with balcony and associated circulation space.

The effect of this planning proposal is to instead calculate the contribution requirement using GFA. Using the same example, the contribution requirement would be 3% of 10,000 square metres, being 300 square metres of GFA that must be dedicated for affordable housing.

In practice, the change from using TFA to GFA does not have a material impact on expected contributions, because where an equivalent monetary contribution is made to satisfy an affordable housing contribution requirement, the proposed contribution rate (discussed elsewhere in this planning proposal) reflects the cost of delivering a square metre of GFA, rather than TFA.

- ~~where dedication of a built dwelling is made to satisfy a contribution requirement, the same amount of internal living space is generally required, that is, in the example described above, 300 square metres of internal living space (GFA) is being provided; and~~
- ~~where an equivalent monetary contribution is made to satisfy an affordable housing contribution requirement, the proposed contribution rate (discussed elsewhere in this planning proposal) reflects the cost of delivering a square metre of GFA, rather than TFA.~~

It is noted that as a consequence of removing the definition for TFA from clauses in the Sydney LEP 2012 and the Green Square Town Centre, that any floor area for affordable housing, public housing, community facilities and development in the E4 – General Industrial zone would no longer be excluded from needing to make an affordable housing contribution.

It is proposed to amend the Program to clarify these types of floor area will continue to be excluded from having to make an affordable housing contribution, taking the opportunity in the Program to more clearly define the meaning of each type of development. The draft Program is discussed in further detail at Section 5.2.

<u>Justification</u>

This amendment to the Sydney LEP 2012 and the Green Square Town Centre LEPs is proposed to:

- simplify and streamline the development application process, allowing for a single measurement of floor area that is applied consistently across all LEP planning requirements i.e. a development application will only require one set of plans that calculate GFA, and not a second set of plans calculating TFA;

- make the requirement easier for proponents to understand and calculate;
- allow for consistency of understanding, application and benchmarking across other affordable housing provisions in the NSW planning framework, such as the infill provisions in the State Environmental Planning Policy (Housing) 2021.

~~*Amendments to remove the maximum floor area for dedicated dwellings (Clause 6.70 and 7.13B of Sydney LEP 2012)*~~

~~This planning proposal is to remove the requirement in the Sydney LEP that dedicated affordable housing dwellings must be no larger than 90 square metres.~~

~~Effect~~

~~Clause 6.70 and 7.13B of Sydney LEP 2012 currently require that where a dwelling is to be dedicated to council that is must be between 35 square metres and 90 square metres in size.~~

~~By removing the upper size limit, dedicated dwellings are only required to be no smaller than 35 square metres in size, with no limit on how large they are.~~

~~The size of the dwellings to be dedicated is agreed in the development application process. The size, together with their location in the development, and other minimum requirements, such as minimum fit-out requirements, are set out in a condition of consent and/or associated documents required by the condition.~~

~~Justification~~

~~This amendment to the Sydney LEP 2012 is proposed to allow for a diversity of dwelling sizes to be provided for affordable housing. The current limitation imposed on the size of dwellings means that larger dwellings that accommodate families, or that are needed to accommodate cultural groups that may need more space, cannot be provided under these requirements.~~

~~Therefore, the proposed amendment facilitates the delivery of affordable housing that is appropriate to diverse needs.~~

~~It is unlikely that the proposed amendment would have any significant negative impact on the overall quantum of affordable housing in the local area.~~

5.2. Proposed amendment to the Program

This section includes justification for the proposed amendments to the Program.

A draft City of Sydney Affordable Housing Program (draft Program) is provided in conjunction with this planning proposal. The draft Program is proposed for adoption by the Council and will replace the City of Sydney Affordable Housing Program, adopted by the Council on 26 June 2023.

Proposed amendments are explained below.

Updating the equivalent monetary contribution rate (dollar rate)

The Program establishes a monetary contribution rate (dollar rate) per square metre of total floor area (TFA) at which a monetary contribution is taken to be equivalent to a floor area dedication requirement.

The current dollar rate is based on the median strata dwelling price in the LGA and assumes that if a CHP is unable to purchase land in the LGA to develop affordable housing that a suitable dwelling could be purchased on the private housing market. The current dollar rate is $11,176.22 per square metre of 'Total Floor Area', and it applies consistently to all areas of the LGA.

However, this rate does not reflect the actual cost to a developer / landowner of delivering a square metre of built housing in the LGA. This has resulted in developers in key areas of the LGA not contributing equitably to the delivery of affordable housing.

<u>Proposed change to the Program</u>

The draft Program sets out the following proposed dollar rates as shown in Table 3 within the affordable housing contribution precincts which are shown in Figure 1.

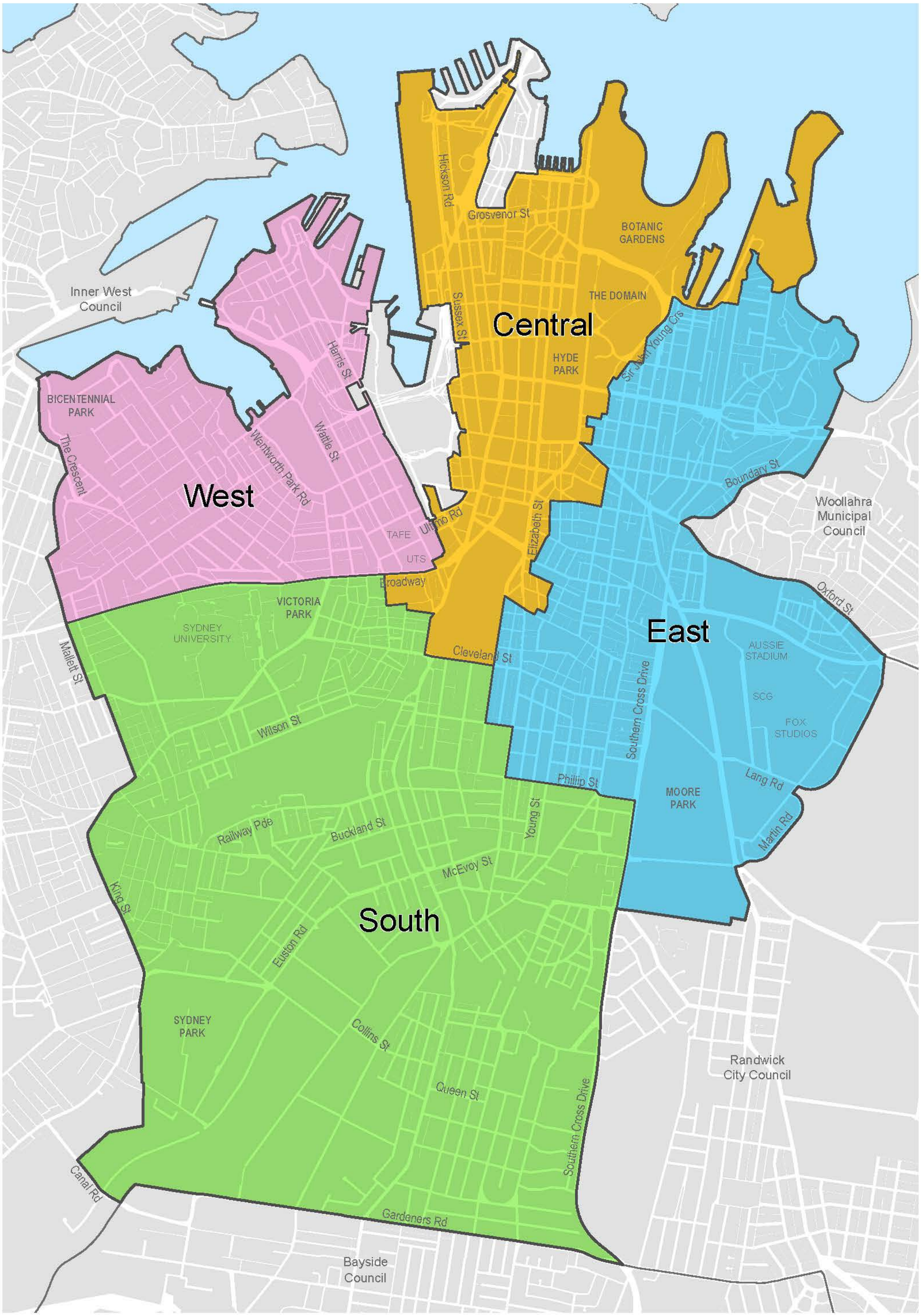
Table 3: Proposed equivalent monetary contribution amounts (dollar rates)

Affordable housing contribution precinct	**To 30 June 2028** ~~From immediate commencement of LEPs~~[1]	**From 1 July 2029** ~~2 years from commencement of LEPs~~	**From 1 July 2031** ~~4 years from commencement of LEPs~~
South	$12,293.84	$12,396.92	$12,500.00
East	$12,293.84	$16,146.92	$20,000.00
West	$12,293.84	$13,646.92	$15,000.00
Central	$12,293.84	$14,896.92	$17,500.00

Note:

1. It is noted the current rate in the Program of $11,176.22 per square metre of 'Total Floor Area' is equivalent to the 'From date LEP is first made' rate, which is expressed here as a per square metre of 'Gross Floor Area' rate. It is noted that development applications lodged prior to the commencement of the LEPs that implement this planning proposal will be subject to the current affordable housing provisions in the Sydney LEP 2012 and the Green Square Town Centre LEPs. This means, until that time the contribution requirement will continue to be based on the amount of 'Total Floor Area' in the development and the associated equivalent monetary contribution amount, as published on the City's website.

Figure 1: Affordable housing contribution precincts



The equivalent monetary contribution rates in Table 3 will be indexed annually to ensure they keep pace with the cost of providing housing. The method of indexing is set out in the Program and remains unchanged in the draft Program.

~~Allowing for standard planning proposal timeframes, approval of the Program and commencement of the LEPs is unlikely before early 2026, which would result in 50% implementation of the rate in early 2028 and full implementation in early 2030.~~

To allow the market to adjust to the new rates, 50% implementation of the rate is proposed on 1 July 2029 and full implementation on 1 July 2031. The current contribution rate would continue to apply, as indexed, prior to these phase-in dates.

Notwithstanding the dollar rates set out in Table 3, for development in Central precinct, that is entirely for the purpose of build-to-rent housing* or co-living housing**, the equivalent monetary contribution amount will remain at $12,293.84 per square metre (today's dollar rate adjusted to GFA), as indexed, until the date of the full implementation of the rates as set out in Table 3. From that time the concession rate for these housing types will end.

* Provided in accordance with the Housing SEPP.
** As defined in the Standard Instrument – Principle Local Environmental Plan.

<u>Requirement in practice</u>

The affordable housing contribution requirement is established in the development application process. It is at this stage that the amount of gross floor area in the development is known.

The equivalent monetary contribution will be calculated in accordance with the dollar rates (Table 3), requirements and examples set out in the Program. The proposed dollar rates will result in an overall increase in the payable contributions in all precincts. Some examples of how the proposed rates will increase the payable monetary contribution are provided below.

Example 1 – West precinct

<u>**Today**</u>

A 10,000sqm residential development in the West precinct of about 133 apartments will make an affordable housing contribution of $3.69m OR 300sqm built dwellings (4 dwellings).

<u>**From full implementation**</u>

The same development will make an affordable housing contribution of $4.5m (in today's dollars).

Example 2 – South precinct

<u>**Today**</u>

A 50,000sqm mixed use development (5,000sqm non-residential floor space / 45,00sqm of residential floor space) in the South precinct of about 600 apartments will make an affordable housing contribution of $17.2m OR 1,400sqm built dwellings (19 dwellings).

<u>**From full implementation**</u>

The same development will make an affordable housing contribution of $17.5m (in today's dollars).

Example 3 – Central precinct

<u>**Today**</u>

A 75,000sqm commercial development in Central precinct will make an affordable housing contribution of $9.2m.

<u>**From full implementation**</u>

The same development will make an affordable housing contribution of $13.13m (in today's dollars).

Example 4 – East precinct

<u>**Today**</u>

A 1,000sqm residential development of about 13 apartments will make an affordable housing contribution of $369k OR 30sqm built dwellings (that must be satisfied by paying a contribution because that resulting apartment would not meet the minimum dwelling size).

<u>**From full implementation**</u>

The same development will make an affordable housing contribution of $600k (in today's dollars).

Example 1 – West precinct

Today

A 10,000sqm residential development in the West precinct of about 133 apartments will make an affordable housing contribution of $3.69m.

From full implementation

The same development will make an affordable housing contribution of $4.5m (in today's dollars).

Example 2 – South precinct

Today

A 50,000sqm mixed use development (5,000sqm non-residential floor space / 45,00sqm of residential floor space) in the South precinct of about 600 apartments will make an affordable housing contribution of $17.2m.

From full implementation

The same development will make an affordable housing contribution of $17.5m (in today's dollars).

Example 3 – Central precinct

Today

A 75,000sqm commercial development in Central precinct will make an affordable housing contribution of $9.2m.

From full implementation

The same development will make an affordable housing contribution of $13.13m (in today's dollars).

Example 4 – East precinct

Today

A 1,000sqm residential development of about 13 apartments will make an affordable housing contribution of $369k.

From full implementation

The same development will make an affordable housing contribution of $600k (in today's dollars).

The value of the contribution requirement will be applied as a condition of consent and must be paid to the City prior to a construction certificate being issued.

Monetary contributions are then distributed to CHPs in accordance with the City of Sydney Affordable Housing Contributions Distribution Plan, adopted by Council on 11 March 2024, to build, own and manage affordable housing in the LGA.

Justification

The review of the dollar rates has been initiated to ensure they are genuinely equivalent to the actual cost to a developer of building and dedicating to Council a square metre of floor area for affordable housing.

To achieve this outcome, and to ensure any changes to the dollar rates do not impact on development viability, the City commissioned Atlas Urban Economics to undertake an economic analysis. The economic analysis is provided in conjunction with this planning proposal.

The City of Sydney LGA is made up of several distinct sub-markets, generally being the Central Sydney, East, West and South ‘affordable housing precincts’ shown in Figure 1. Each precinct is subject to its own planning opportunities, market drivers and underlying land values, all of which influence the highest and best use of a development site, the cost of delivering development, how much development will sell for, and what type of development will occur. For example, the East precinct lends itself to a premium housing product being delivered.

These sub-markets have implications for the current approach to rate-setting, notably:

- the current dollar rate, based on the Sydney local area median strata unit price, only enables the purchase of median priced (older) residential stock in the local area and not new residential units. This difficulty is greatest in the East and Central precincts where the current rate would be equivalent to only a fraction of new residential prices;
- the current dollar rate is not genuinely equivalent to the cost of delivering a square metre of floor area and has been too low in many areas of the City for some time, limiting the funds collected by the City's affordable housing scheme and the ability of CHPs to deliver dwellings; and
- applying a uniform rate across the local area places a disproportionate burden on development in different precincts. 'Lower value' areas in the West and South precincts contribute a significantly greater proportion of revenue compared with 'higher value' areas in the Central and East precincts, with these luxury markets having 'underpaid' proportionally for some time.

To address this, it recommends the uniform dollar rate be replaced with dollar rates for each precinct to better align it with the actual cost of delivering housing in the different precincts. The recommended proposed rates are shown in Table 3.

Detailed testing of development scenarios found that where development is already feasible, the recommended dollar rates are tolerated in all precincts when phased-in over three to four years. The testing examines the ‘worst case’, where land has already been purchased for development and the price paid would not have taken into account the new contributions in preparing their development feasibilities. It shows that a 50% introduction of the new precinct rates results in a relatively minor impact on feasibility, and in subsequent years natural market growth helps to offset any impact.

The Rates Review notes that if higher contributions were to be introduced without a phase in period that it would have significant impact on development feasibility and generally would not to be tolerated by many developments today. This is because of a number of headwinds that currently make it very challenging for development to be feasible. This is a result of the cumulative influence of high existing-use values (and therefore the cost to consolidate a development site), elevated construction costs, and relatively soft end sale values of completed product. As the economic environment stabilises, the phased introduction of increased dollar rates would give development markets the opportunity to adjust.

The phase-in period is important so as not to undermine the delivery of the City's housing pipeline and future housing supply – both market and affordable housing.

The proposed dollar rates in Table 3 are cognisant of other changes made by this planning proposal, specifically the proposal to replace references in the Sydney LEP and the Green Square Town Centre LEPs to ‘total floor area’ with ‘gross floor area’. The rationale and justification for these changes are made elsewhere in this planning proposal, however, it is relevant to note here the proposed dollar rates in Table 3 are equivalent to the actual cost of delivering a square metre of gross floor area, rather than total floor area.

The delayed introduction of the proposed dollar rates for build-to-rent housing and co-living housing in Central Sydney is cognisant of the City’s efforts (in a separate planning proposal) to incentivise and support the delivery of these specific housing types in Central Sydney for a period of five years, to address the post-pandemic rental housing shortage.

Post-exhibition change

Following consideration of matters raised in submissions, a post-exhibition change has been made to the phase-in schedule of the proposed new dollar rates in the draft Program. The dollar rates are to be phased-in more slowly than originally envisaged, so that 50% implementation is proposed in mid-2029 and full implementation in mid-2031. The proposed dollar rates in Table 1 remain unchanged.

Justification for post-exhibition amendment

Concern was raised in submissions from developers and the development industry that the economic review which supports the proposed rates assumes year-on-year improvements in market conditions to absorb the rate increases and that, in their view, current market indicators do not support this approach.

Given that the original economic review to support the proposed new rates was undertaken in October 2024, the City asked Atlas Economics (the consultant that prepared the study) to consider the submissions and provide further insight.

The proposed precinct-based dollar rates are still reflective of values in each precinct (in fact already being at the lower end of those values), however, it is acknowledged there has been a shift in market sentiment since 2024 and this has implications for the length of time needed for the market to adjust to the new rates.

At the time of preparing the economic review at the end of 2024, inflation and construction costs were trending downwards and there was an expectation that there was pressure relief on the cash rate. Analysis of long-term price movements indicated the following:

- residential prices (strata) average 5.0% growth in Sydney LGA (2011-2021); and
- construction cost increases average 3.2% in Greater Sydney (2011-2021).

This gave a net difference (positive) of 1.8% over the long term. The economic review assumed a +1% difference between revenue and cost, which was grounded in evidence.

However, it is acknowledged that inflation has returned at the end of 2025. Successive rate rises and a war in Iran has resulted in significant uncertainty, most likely to lead to further rate rises, flattened residential unit prices and further increased construction costs. The +1% growth assumed in the economic review is less certain given these considerations.

As at June 2025 there are about 4,000 dwellings lodged and under development assessment and over 10,000 dwellings already approved in the City's development pipeline. These development applications would not be impacted by new contribution rates, noting that the contribution rate that applies is the rate that is applicable when a DA is lodged. There is therefore no risk of any impact from the proposed increase in contribution rates on the development pipeline.

Notwithstanding the above, having regard to current market challenges and uncertainties, it is agreed there is a case to delay the implementation of the new dollar rates to allow longer for:

- sites already purchased to be progressed and submitted for DA; and
- new sites to be negotiated and purchased, and submitted in a DA.

As a result, a post-exhibition change is recommended to the Program to delay the implementation of the increased monetary contribution rates (dollar rates) to:

- a 50% introduction from 1 July 2029; and
- 100% from 1 July 2031.

This puts the full implementation of the dollar rates outside of the Housing Accord period.

Updating the contribution requirement on land where a rezoning has resulted in additional development capacity

The current Program (adopted June 2023) sets out an approach at Appendix B for how an "additional" affordable housing contribution may be applied where land has secured additional development capacity via a rezoning process. The rezoning contribution requirement is in addition to any other contribution that may apply, for example, under Clause 7.13 of the Sydney LEP.

The current Program provides a standardised contribution requirement for each precinct (Figure 1), stated as a percentage of new floor area, that will be applied to the new development capacity.

The additional affordable housing contribution requirement ~~will be~~ is secured in the process of rezoning the land. The requirement may be set out in:

- an LEP, for example, the land may be identified as "planning proposal land" on Schedule 6C of the Sydney LEP 2012, with the additional contribution requirement being set out in the schedule; or
- a voluntary planning agreement, for example, the landowner may offer to enter into a voluntary planning agreement with the City to build and dedicate affordable housing; or
- some other environmental planning instrument.

~~Where the proposed development meets the criteria in the Program for where housing must be dedicated, Council will generally require the additional contribution be satisfied by the dedication of built dwellings.~~

~~Where the development does not meet the criteria, Council will require the additional contribution be satisfied by making a monetary contribution in accordance with Section 2 of the Program.~~

~~It is proposed to adjust the contribution requirement in the Program in the manner set out below.~~

Proposed change to the Program

~~This planning proposal does not identify any planning proposal land and does not require an affordable housing contribution on any planning proposal land. Rather, the Program is to be amended to include updated contribution requirements and to set out how the contribution will generally be required to be satisfied.~~

The Program is to be amended to update the rezoning contribution requirement in the manner set out in Table 4.

~~The proposed rates are shown in italics in Table 4, with the current rates struck through for comparison.~~ Explanatory notes follow the table. For comparison with existing rates see Table 1 of this planning proposal, noting the rezoning rates in Table 4 (proposed) are exclusive of other statutory affordable housing contribution requirements, while the rezoning rates in Table 1 (current) are inclusive.

Table 4: Proposed rezoning contribution requirement

Affordable housing contributions precinct	Contribution requirement – Planning Proposals lodged from 1 July 2029
Central precinct	17% residential gross floor area 1% non-residential gross floor area
West precinct	17% residential gross floor area
South precinct	17% residential gross floor area
East precinct	17% residential gross floor area

Explanatory notes: The rezoning contribution requirement shown at Table 4 is exclusive of any other statutory affordable housing contribution requirement that applies to the land. For example, the 17 per cent rezoning contribution requirement that will apply to all new residential floor area does not include the 3 per cent that applies under Clause 7.13 of Sydney LEP 2012, that is otherwise applied in the development application.

In the west, south and east precincts, the rezoning contribution requirement applies to new floor area that has the potential to be used for a residential purpose, that is, the residential contribution requirement will be applied to any additional floor area achieved on land where residential uses are permitted, unless the whole of that site is restricted in a planning instrument to a non-residential purpose only.

In Central precinct, because a rezoning contribution requirement also applies to new non-residential floor space, the rezoning contribution requirement will be applied using a proportional approach. That is, where there is a requirement in a planning instrument that restricts a proportion of the floor area to a non-residential purpose, then the non-residential rezoning contribution requirement will be applied to that same proportion of any new development capacity, and the residential rezoning contribution requirement to the remainder. For example, where a site is required by a planning instrument to provide 50% of the floor area in the building as non-residential development, then the non-residential rezoning contribution requirement of 1% would apply to 50% of the new floor area and residential rezoning contribution requirement of 17% would apply to the other 50% of new floor area.

Precinct[1]	Contribution requirement[2]
West precinct[2]	~~12%***~~ *20% residential floor space*
South precinct[2]	~~12%***~~ *20% residential floor space*
East precinct[2]	~~21%***~~ *20% residential floor space*
Central precinct[3]	~~13% subject to site specific viability testing~~ *20% residential floor space* *2% non-residential floor space*

1. Affordable housing contribution precincts are shown at Figure 1 of this planning proposal.
2. In the West, South and East precincts, the contribution applies to new floor area that may be used for a residential purpose, that is, the contribution requirement will be applied to any additional floor area achieved on land zoned residential purposes, unless the whole of that site is restricted in a planning instrument to a non-residential purpose only.
3. In Central precinct, the contribution requirement will be applied using a proportional approach. That is, where there is a requirement in a planning instrument that restricts a proportion of the floor area to a non-residential purpose, then the non-residential contribution requirement will be applied to that same proportion of any new development capacity, and the residential contribution requirement to the remainder. For example, where if site is required by a planning instrument to provide 50% of the floor area in the building as non-residential development, then the non-residential contribution requirement of 2% would apply to 50% of the new development capacity and residential contribution requirement of 20% would apply to the other 50% of new development capacity.

~~It is noted the above contribution requirements are inclusive of any other contribution requirement~~

~~that is applied in an LEP. For example, the 20 per cent rate that applies to all residential floor area includes 17 per cent for new residential floor area on planning proposal land, plus 3 per cent that applies under Clause 7.13 of Sydney LEP 2012. Where no other contribution requirement applies, the full 20 percent may be applied.~~

Requirement in practice

The contribution requirement is a ‘soft’ requirement, that is, it is not set out in a local environmental plan, rather it is a requirement that is negotiated as part of the rezoning process, allowing for adjustment on a case-by-case basis depending on the context of the proposed rezoning. If, for example, that site is also required to dedicate land for a park, then the contribution requirement might be adjusted down in recognition of the additional costs to the developer.

Notwithstanding the above, by expressing the contribution requirement in an adopted Council Program, it provides notice to the market of the City's expectations. This allows developers to adjust what they will pay for land in the full understanding of what affordable housing contribution requirements are payable.

Noting also that significant rezonings are proposed in all parts of the local area pursuant to the NSW Governments Housing Delivery Authority (HDA) State Significant Development (SSD) pathway, the rezoning contribution rates as proposed enable the City to continue to advocate for an appropriate additional affordable housing contribution requirement to be applied to new residential floor space where land is rezoned.

~~Where a contribution requirement is to be satisfied by an equivalent cash contribution t~~The dollar rates at Table 3 will be applied to the floor area requirement to establish the equivalent cash contribution requirement.

A uniform contribution requirement, differentiated by a precinct-based dollar rate to reflect the pricing hierarchy across the City, achieves an equitable outcome across the LGA. That is, regardless of location, a contribution requirement would make the same proportion (%) of affordable housing contributions per additional GFA enabled by the rezoning.

The contribution requirement will be in effect from the date the LEPs are made, noting that the accompanying cash-equivalent dollar rates in Table 3 are to be phased in over four years.

To date, only residential uplift has been identified as planning proposal land and required to make an additional contribution to the delivery of affordable housing. However, non-residential uplift secured via a planning proposal in Central precinct only will ~~now also~~ attract a 2% rezoning contribution requirement in future.

The Central precinct will be most impacted by changes to the contribution requirement because most planning proposals that rezone a site for more floor area are located in Central Sydney. Rezoning for more floor area is very uncommon outside of Central Sydney, with only a couple of examples over the past 10 years, none of which have significantly increased residential floor area development capacity. An example of how the proposed changes will impact planning proposals in the Central precinct is provided below.

Example

Today

A site in Central precinct is currently subject to planning controls that allow 70,000sqm of non-residential floor space.

A rezoning is proposed to allow an additional 40,000sqm of non-residential floor space. No residential development proposed.

Based on current approach, only the LGA wide contribution would be applied to all GFA when the development application is lodged. No rezoning contribution requirement would be applied because the new floor space is for non-residential purposes only.

The current requirement is therefore $13.5M (in today's dollars), calculated as (110,000sqm * 1% * $12,293)

From full implementation of dollar rates

The proposed change will apply the LGA wide contribution to the existing floor space and a rezoning contribution of 2% to the new floor space.

The same rezoning will therefore be required to make an affordable housing contribution of $26.3m (in today's dollars).

Justification

The economic analysis, prepared by Atlas Urban Economics, and provided in conjunction with this planning proposal, tested a series of development scenarios, applying assumed development margins and project Internal Rates of Return, to determine the tolerance of development in the different precincts to increased contribution requirements.

The review tested a worst-case scenario, that is where land has been purchased at a price that does not reflect the proposed uplift contribution requirements. It found that in most circumstances development will remain viable under the proposed requirements, provided that the accompanying equivalent dollar rates are phased in over three to four years (as provided in Table 3).

With notice to the market that the City will be seeking increased contributions to affordable housing where there is a planning proposal to create new floor area, developers have the opportunity to pay a price for land that reflects the various fees and charges that are payable, noting adjustment can be made to the contribution rate if justified.

A gradual implementation, achieved by phasing-in the equivalent monetary contribution dollar rates, will ensure that land values (and landowner expectations) adjust gradually. This is important to allow for planning decisions to be made by both government and proponents in a full understanding of what may be required where development uplift is facilitated through a planning proposal process.

It is noted that a contribution rate for planning proposal uplift has not previously been applied to non-residential development. It is now recommended in the Central precinct alone because of the substantial demand for housing for key workers created by increased employment floor space in Central Sydney.

The economic analysis found that in the commercial office sector, structural trends continue to change how users perceive and demand space. In a post-COVID environment, businesses and employees have much higher expectations of their workplaces, generally seeking high-amenity and high-quality spaces. This underpins demand for the development of contemporary space and an opportunity for commercial space in Central Sydney enabled by a planning proposal to contribute to affordable housing.

Post-exhibition changes

A post-exhibition change has been made to framing of the rezoning contribution rates in the draft Program so that it is exclusive of any other statutory affordable housing contribution that may also apply, noting that the rezoning rate previously expressed in the Program was inclusive of a 3% contribution requirement under cl.7.13 of Sydney LEP or cl.6.5 of the GSTC LEPs. As a result, the rezoning rate is presented as 17% instead of 20%.

Justification for post-exhibition amendment

Other changes recommended to the Planning Proposal post-exhibition (discussed earlier in this planning proposal) which ensure affordable housing contributions subject to LEP requirements can only be satisfied by monetary contributions necessitate a change to the framing of the rezoning contribution requirement so that it is exclusive rather than inclusive of any other statutory contribution requirement. This means that the rezoning contribution rate is now presented as 17% rather than 20%.

In practice, the change does not alter the total contribution requirement, but simply more clearly differentiates between the two contribution components. This allows for the separate contribution requirements to be treated differently.

Requirement for dedication of built dwellings for affordable housing

~~This planning proposal is to amend Clause 7.13B of the Sydney LEP 2012 to allow the consent authority to require the dedication of built dwellings where the requirements of the Program are met.~~

~~The Program is to set out the criteria for where the consent authority may require the dedication of built dwellings. Because the provisions in the LEPs are to make direct reference to the criteria in the Program, the consent authority cannot require the dedication of dwellings where the dwellings do not meet the criteria set out in the Program. In that instance, the consent authority must require the contribution be satisfied by monetary contribution.~~

~~Proposed change to the Program~~

~~The draft Program includes criteria for where an affordable housing contribution will be required by the consent authority to be satisfied by dedicating built dwellings, including where:~~

- ~~the development is predominantly for a residential purpose;~~
- ~~the development will (or in the case of a Stage 1 development application, may) result in a contribution requirement for more than 600 square metres of gross floor area that can be provided as eight or more dwellings;~~
- ~~the development is located in Category A or B area of the Sydney LEP 2012 Land Use and Transport Integration Map (if the development is subject to the Sydney LEP 2012);~~
- ~~in the opinion of the consent authority, affordable housing dwellings may reasonably be provided where they could avoid participation in a future strata scheme, if the quarterly costs of the scheme would likely be high* and render the management of the property for affordable housing as unsustainable**. This could reasonably be achieved where the dwellings to be dedicated could be provided:~~
  - ~~in a separate stratum in a building in the development, preferably with its own entry; or~~
  - ~~in a separate building in the development; and~~
- ~~in the opinion of the consent authority, the standards for dedicated affordable housing dwellings, provided at Appendix C, can be reasonably satisfied.~~

~~* Where the development incorporates amenities that are likely to result in high management costs, for example, a significant number of lifts, pool(s), gym(s), concierge facilities etc.~~

~~** Affordable housing may be 'unsustainable' where rents will not meet the costs of strata and other cyclical management costs of the dwelling over a 40 year ownership period.~~

~~In determining if it will require the dedication of built dwellings, the consent authority must consult with any Recommended CHPs, identified in any distribution plan adopted by Council as being the recipients of dedicated dwellings.~~

~~The consent authority may not require the dedication of built dwellings where any Recommended CHPs, identified in any distribution plan adopted by Council as being the recipients of dedicated dwellings, provides evidence that the proposed dwellings are unsuitable for use as affordable housing.~~

~~The City of Sydney Director of Planning, Development and Transport must provide written advice confirming the suitability of dwellings proposed for dedication prior to a condition of consent for dedication being applied to a development consent.~~

~~The standards that dedicated dwellings must achieve, set out at Appendix C of the Program, include:~~

- ~~long-term management requirements;~~
- ~~strata requirements;~~
- ~~dwelling mix requirements;~~
- ~~parking and servicing requirements;~~
- ~~access requirements; and~~
- ~~design requirements, including external design, design for reduced living costs and design for reduced cyclical management costs.~~

~~Requirement in practice~~

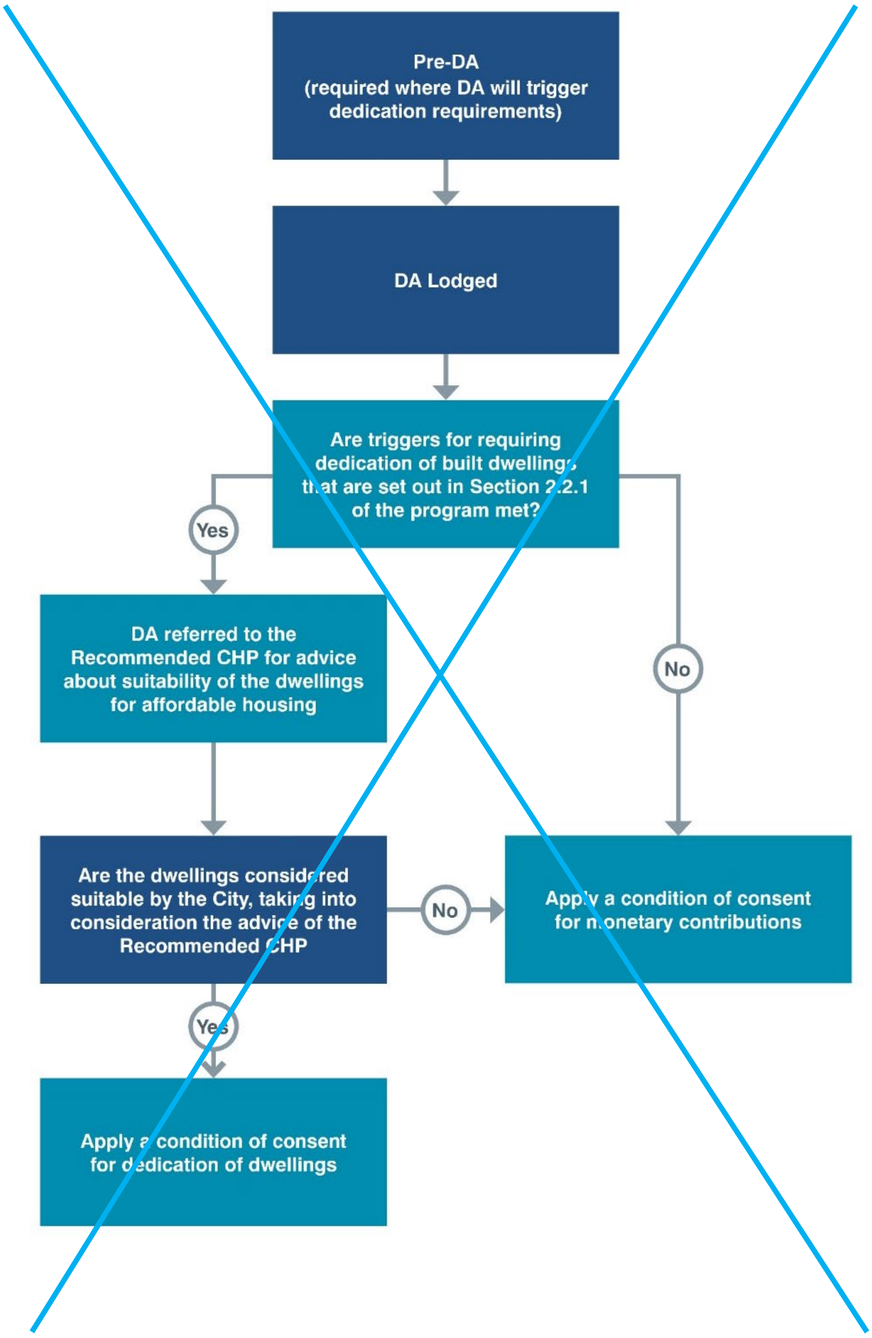
~~The consent authority's decision about whether a developer / landowner will be required to dedicate dwellings to satisfy an affordable housing contribution requirement will be made in the context of a lodged development application. Ultimately the requirement will be applied as a condition of consent.~~

~~Where the development application meets the requirements for dedication of dwellings, the application will be referred to the Recommended CHPs on the City's distribution plan for any comment about the suitability of the proposed dwellings for dedication for affordable housing.~~

~~The City's Chief Planner, Executive Director of Planning, Development and Transport will consider the advice of the Recommended CHPs and, where the proposed dwellings are considered suitable, confirm with the proponent they will be required to satisfy their monetary contribution by dedicating dwellings.~~

~~A simplified development application process is shown at Figure 2.~~

~~**Figure 2:** Development application process~~



~~Justification~~

~~The above criteria for dwelling dedication in the Program are informed by consultation with the CHPs that are identified on the City of Sydney Affordable Housing Contributions Distribution Plan, adopted by Council on 11 March 2024 (outlined earlier in this planning proposal). These CHPs will ultimately be in receipt of any dedicated dwellings. A summary of advice provided by CHPs is provided in conjunction with this planning proposal.~~

Post-exhibition change

The publicly exhibited planning proposal sought to amend Clause 7.13B of the Sydney LEP 2012 to allow the consent authority to require the dedication of built dwellings where the requirements of the Program are met.

The publicly exhibited Program set out the criteria for where the consent authority may require the dedication of built dwellings.

Following consideration of matters raised in submissions, some post-exhibition changes have been made to this planning proposal and the draft Program to:

- require Clause 7.13B and Clause 6.70 of Sydney LEP affordable housing contributions to be satisfied as a monetary contribution;
- remove from the draft Program the detailed criteria which had been introduced to guide processes and decisions about the suitability of dwellings proposed to be dedicated; and
- provide guidance in the draft Program to proponents wishing to make a public benefit offer for affordable housing under Clause 7.13B, including matters to be addressed in any offer, matters to be considered by Council, and a streamlined version of criteria to guide the delivery of affordable housing units resulting from a VPA.

The recommended post-exhibition changes are consistent with the approach that the exhibited planning proposal takes to the LGA-wide contribution requirement (at Clause 7.13 of Sydney LEP) that will also allow monetary contributions only.

<u>Requirement in practice</u>

The effect of the post-exhibition change is that, going forward, where there is a development application, the contribution may only be satisfied by making a monetary contribution – i.e. there is no pathway set out in the Program to dedicate affordable housing in the development application process.

Notwithstanding the above, where a future planning proposal is lodged to rezone land to increase development capacity, the developer may opt to:

- make a public benefit offer to enter in a planning agreement with Council to provide build affordable dwellings in accordance with the requirements set out in the Program, or
- be listed on Schedule 6C of Sydney LEP that will require a monetary contribution on any future development consent.

In the case that the developer opts to provide built affordable housing, the publicly exhibited draft Program is amended to:

- clarify that only the “rezoning contribution requirement” that is applied to the new floor space may be satisfied by providing build affordable dwellings; and
- require that any public benefit offer to provide built affordable dwellings must:
  - be subject to a restrictive covenant requiring the housing to remain affordable housing in perpetuity and be rented for no more that 30% of household income;
  - be owned and/or managed by an Eligible community housing provider;
  - be rented to very low-, low- and moderate-income households, as defined by the Act; and
  - be subject to annual reporting.
- require that any public benefit offer to provide built affordable dwellings to outline:
  - how the affordable housing will achieve stated built standards;
  - how an Eligible CHP will be consulted in the design and construction phase; and
  - at what stage of the development the affordable housing will be provided.
- set out how Council will have regard to the public benefit offer, including consideration of:
  - the nature and scale of the planning proposal;

  - the quantum of dwellings being offered;
  - the suitability of the dwellings being offered (with reference to the built standards); and
  - any other public benefits offered in relation to the planning proposal.

Justification for post-exhibition amendment

As discussed earlier in this planning proposal (at Section 5.1), submissions received during the public exhibition - from community housing providers, housing peak bodies, development industry peak bodies and developers - expressed concerns around the proposed approach to mandate the dedication of affordable housing dwellings, citing:

- a strong preference for cash contributions by CHPs;
- a strong preference for flexibility in contribution type from the development industry;
- difficulties standardising dwelling specifications, with resulting uncertainty for all parties; and
- the likely additional delays to development associated with negotiating appropriate outcomes across all development stages.

This prompted a more detailed consideration of the relative pros and cons of dedications, and how the process might be best managed going forward, given that:

- dedications could become more financially attractive in some circumstances given the proposed increases to the equivalent monetary contribution rates; and
- there is an overarching desire to speed up development applications, noting that since Council approved the planning proposal in December 2024 for public exhibition, the NSW Government announced the Housing Delivery Authority and a new SSD pathway for residential development .

As a result, a post-exhibition change is proposed (also discussed at Section 5.1) that will mean affordable housing contributions required subject to LEP requirements can only be satisfied by making a monetary contribution.

The Program is also amended post-exhibition to allow for a public benefit offer to be made by a proponent to provide affordable housing where there is a rezoning. This option is only to be available at the planning proposal stage, and only where an applicant chooses to provide affordable housing rather than make a monetary contribution, noting that the planning proposal process allows more time for consideration of the bespoke requirements of the development and the receiving CHP in how the affordable housing can be delivered.

The amended Program (post-exhibition) steps out the VPA process. It requires the proponent to have identified a CHP for the housing in question – essentially meaning that the applicant will have had to enter into discussions and agreements with potential CHP partners before a public benefit offer is made. The criteria included in the exhibited draft Program, which were intended to guide processes and decisions about the suitability of dwellings proposed to be dedicated, have been streamlined and reproduced in a new version of Appendix C: Standards for affordable housing dwellings, covering:

- size requirements;
- accessibility of the site;
- strata requirements;
- dwelling mix requirements;
- parking and servicing requirements; and

- design requirements, including external design, design for reduced living costs and design for reduced cyclical management costs.

Exclusions to contributions

(previously included at Table 5: Housekeeping amendments to the Program)

The Program currently outlines circumstances where development may be exempt from having to make a contribution towards affordable housing. These include where development has a construction cost of less than $100,000 or represents a change of use from one industrial use to another.

Certain uses are also currently excluded from needing to make a contribution in LEP clauses which define TFA in Sydney LEP 2012 and the Green Square Town Centre LEPs.

As a consequence of moving from TFA to GFA and removing the definition of TFA from those LEPs (discussed earlier in this planning proposal), the exhibited Program also included those specifically excluded uses in the list of exemptions:

- affordable or public housing;
- community facilities; and
- any development in the E4 General Industrial zone.

The meaning of each term was clarified in the exhibited Program to assist in the development assessment process, taking an approach generally consistent with the City's Section 7.11 and 7.12 contribution plans and clarifying any relationship with similar housing types under the Housing SEPP. The exhibited Program clarified that any affordable housing delivered under the Housing SEPP and which does not comply with the principles of the Program, is not exempted from the need to make an affordable housing contribution under the City's scheme.

<u>Proposed change to the Program (post-exhibition)</u>

A post-exhibition change is recommended to exclude additional types of development from the requirement to make an affordable housing contribution, where they are provided by or on behalf of a charity or not-for-profit organisation, as follows:

- places of public worship;
- hostels;
- boarding houses;
- residential care facilities;
- group homes; and
- an emergency services facility.

In addition, any floor area for the development of a dwelling house, attached dwelling or dual occupancy or which relates to alterations and additions to an existing attached dwelling, dual occupancy or dwelling house, is also excluded.

Land use terms are defined by Sydney LEP 2012 and the Housing Act 2001.

The current exclusion for development with an agreed cost of construction of less than $100,000 is also increased to $150,000.

<u>Requirement in practice</u>

If the requirement for an affordable housing contribution is triggered by Sydney LEP 2012 or the Green Square Town Centre LEPs, the consent authority may still exempt a development from the need to make a contribution, or reduce the applicable contribution, if it is satisfied that any of the circumstances listed in the Program apply.

Applicants must outline how their development is consistent with the relevant exclusion / reduction in their development application. If Council is satisfied that the development is consistent with the relevant exclusion / reduction, it will exclude / reduce the contribution as appropriate.

Post-exhibition:

- additional forms of development are added to those already identified in the Program; and
- the cost of construction which would trigger the need for a contribution is increased.

Justification

Submissions received during public exhibition sought clarity around exclusions to contributions. A submission from Grace City Church specifically sought an exclusion for not-for-profit (NFP) organisations and a submission from a responding individual requested that non-developer, owner-occupier family homes be excluded from the need to make an affordable housing contribution.

As a result of submissions, a broader review of the current exclusions in the draft Program was undertaken and additional specific forms of development are excluded post-exhibition. The review was cognisant of the need for equity and Section 7.32(3)(c) of the Act that requires a dedication or contribution be “reasonable”.

Some of the additional housing types that are recommended for exclusion, including hostels, boarding houses, and group homes and residential care facilities, while not technically defined as "affordable housing", are housing that is generally accessed by people on low incomes and/or receiving income support. Development applications for these housing types are not common in the City of Sydney. Excluding them from the need to make an affordable housing contribution is likely to have little impact on the quantum of contributions collected but may assist in supporting the feasibility of these development types where opportunity arises.

Places of public worship provided by or on behalf of a charity or not-for-profit organisation are recommended for exclusion to align with the Central Sydney Development Contribution Plan 2020 and the City of Sydney Development Contributions Plan 2015.

Emergency services facilities are recommended for exclusion to support the delivery of critical infrastructure to support the residential population.

Dwelling houses and attached dwellings (single homes) and dual occupancies are recommended for exclusion to minimise the impact of the contribution on small scale residential development. Development applications for these housing types are not common in the City of Sydney and excluding this development type is likely to have little impact on the quantum of contributions collected. However, given the contribution requirement can add considerable and disproportionate cost to small residential projects, and impact on the feasibility of building or renovating a family home, it is considered reasonable to exclude this form of development from the contribution requirement.

Increasing the construction cost trigger from $100,000 to $150,000 acknowledges significant recent escalations in construction costs and likely future increases that are expected to significantly impact prices in the short to medium term.

Housekeeping amendments

The draft Program includes various housekeeping amendments to clarify its operation or generally improve the readability of the Program, set out in Table 5.

Table 5: Housekeeping amendments to the Program

Proposed change	Reason / justification
Updating Affordable Housing Principles, including information about how the Principles are satisfied in practice	All affordable housing generated as part of the City’s affordable housing contribution scheme is governed by the Affordable Housing Principles detailed in the Program.

Proposed change	Reason / justification
	Requirements have been consolidated for ease of reference, with further detail provided for each contribution type to improve clarity of understanding.
Updating references to 'total floor area' (TFA) to 'gross floor area' (GFA) throughout	The planning proposal looks to move from TFA to GFA as the accepted measure for both calculating an affordable housing contribution and for satisfying a contribution if physical dwellings are to be dedicated. To reflect this change, all references to TFA are updated to GFA throughout the Program.
Incorporating additional forms of development in the existing list of exclusions from a contribution requirement ~~the exclusion of developments for affordable housing, public housing, community facilities and in the E4 zone from a contribution requirement~~	The existing definition of TFA at Clause 7.13 of Sydney LEP 2012, which details the floor space to which a contribution requirement is to be calculated, currently excludes from its calculation any floor area related to affordable housing, public housing, community facilities and development in the E4 – General Industrial zone. With the deletion of the definition of TFA (and proposed move to GFA as the applicable measure for floor space), these exclusions are now detailed in the Program. The meaning of each term has been made more fulsome to ensure clarity in the assessment process, taking an approach generally consistent with the City's Section 7.11 and 7.12 contribution plans. To avoid doubt, any relationship with similar housing types under the Housing SEPP is also clarified. Post-exhibition, additional uses have been incorporated in the list of exclusions to ensure the requirement for a contribution remains reasonable under the Act. This is discussed in more detail earlier in this planning proposal.
Updating examples in the Program	The Program contains simplified worked examples to demonstrate how a contribution requirement may be applied and satisfied in different circumstances. Examples are inserted / updated where necessary to reflect: • The change from TFA to GFA; • The updated monetary contribution rates, as they apply over time and across differentiated precincts; and • How the rezoning contribution requirement is determined. ~~The considerations for satisfying a contribution requirement via the dedication~~

Proposed change	Reason / justification
	~~of physical dwellings.~~
Providing clarification on how a contribution requirement is applied in the Central Sydney and residual land levy areas	The contribution levy is applied to 'new' and 'more intensely' used floor area in Central Sydney and residual lands. Following requests from the City's development assessment planners, clarification is provided on what these terms are taken to mean for the purposes of the City's affordable housing scheme.
Re-wording the considerations for refunding a development contribution payment	An existing facility in the Program to refund a development contribution payment has been re-worded to improve clarity.
Clarifying that contributions are to be used in accordance with any distribution plan adopted by council, and removing superfluous information otherwise covered by this arrangement	In March 2024 a distribution plan was adopted by Council which outlined the three CHPs that would receive affordable housing contributions arising from the City's affordable housing scheme over the next five years. It also made provision for the split of cash and in-kind contributions that would be distributed. The three CHPs identified in the Distribution Plan have entered into funding agreements in order to receive contributions from the City. The Program now makes clear that all contributions are to be used in accordance with the Distribution Plan, including any dedicated dwellings. Any information that is captured by the funding agreements signed by the three CHPs is superfluous to the Program and is removed.
Simplifying the requirements for affordable housing that is provided on employment land (and moving the information into a separate appendix - see Appendix D, below)	These requirements are generally covered by the Affordable Housing Principles included elsewhere in the Program.
A general re-ordering and streamlining of content, ~~especially for clarity around the two different routes for satisfying a contribution requirement in the City~~ especially to underline the City's preference for monetary contributions to satisfy contribution requirements in the LGA	The planning proposal seeks to enable the consent authority to require ~~the dedication of affordable rental dwellings where a site benefits from upzoning, with~~ a monetary contribution ~~being required in all other circumstances~~ to satisfy a contribution requirement. Previously there has been a choice between dedication of affordable rental dwellings or a cash contribution. The amended Program re-focuses existing content to make clear the City's requirement for monetary contributions. ~~this differentiation in approach clear.~~ Some other minor restructuring has also enabled ease of reading and understanding.

Proposed change	Reason / justification
	Section numbers and headings are updated as appropriate.
Improving the clarity of content in Appendix B – Contributions where land is rezoned	Explanatory detail around the mechanisms which secure a contribution requirement where land is upzoned is incorporated in Appendix B. Information on how to make a public benefit offer to provide affordable housing and how an offer may be considered by Council is included. ~~A cross-reference to the criteria which guide a requirement to dedicate built dwellings and~~ Updated worked examples are also provided.
Removing the existing Appendix C – Process for dedicating dwellings	Appendix C currently sets out the process for the dedication of dwellings. ~~Going forward, the process will instead be published on the City's website.~~ Going forward, this process will be via voluntary planning agreement and more detail is provided in the revised Appendix B (as detailed above).
Providing a new Appendix C – Standards for dedicated affordable housing dwellings	A new Appendix C is provided to establish the standards for ~~dedicated~~ affordable housing dwellings that may be offered as part of a VPA where land is rezoned. The standards include: • size requirements; • accessibility requirements; • long-term management requirements; • dwelling mix requirements; • parking and servicing requirements; and • ~~access requirements; and~~ • design requirements, including external design, design for reduced living costs and design for reduced cyclical management costs. The Standards also incorporate a requirement to ensure that separate entries in a development are only to be provided to facilitate practical access needs, and not an explicit aim to segregate affordable housing tenants from market housing tenants/owners. If they are to be provided, the Standards require that they be of similar design quality. This post-exhibition addition responds to matters raised in a Resolution of Council issued in February 2026 regarding the prevention of discrimination against low-income tenants in new housing developments and reflects subsequent research and engagement with key stakeholders (provided to accompany the post-exhibition report

Proposed change	Reason / justification
	to Council).
~~Providing an Appendix D – Development application process flowchart~~ Providing an Appendix D – Affordable housing on suitable employment land	~~A new Appendix is included to provide an overview of the decision-making process which will establish the requirement to dedication affordable rental dwellings.~~ A new Appendix is included to contain details relating to the provision of affordable housing on suitable employment land. The information has been moved out of the body of the Program, which now focuses on monetary contributions, not built dwellings, to satisfy contribution requirements in the City.
Clarifying the existing definition for 'Eligible Community Housing Provider'	An amendment to the Community Housing Providers (Adoption of National Law) Act 2012 was passed on 15 August 2025 to provide for the registration and management of affordable housing by a newly created category of for-profit affordable housing managers in addition to not-for-profit community housing providers. A minor change to the existing definition of Eligible CHPs is proposed to clarify that the intended recipient of affordable housing contributions under the Program and the appropriate managers of affordable rental housing in the City are to be not-for-profit CHPs.

5.3. Matters for consideration

This section provides a response to the 'matters for consideration' described in Table 3 of the Local Environmental Plan Making Guideline, published by the Department in August 2023, that are to be taken into account when describing, evaluating and justifying a planning proposal.

Section A - Need for the planning proposal

Q1. Is the planning proposal a result of an endorsed LSPS, strategic study or report?

This planning proposal is informed by Sustainable Sydney 2050: Continuing the Vision, and the City of Sydney Local Strategic Planning Statement: City Plan 2036 and Local Housing Strategy: Housing for All, that set out targets for affordable housing.

Q2. Is the planning proposal the best means of achieving the objectives or intended outcomes, or is there a better way?

A planning proposal is the only way to amend the affordable housing provisions in the Sydney LEP 2012 and the Green Square Town Centre LEPs.

Section B - Relationship to the strategic planning framework

Q3. Will the planning proposal give effect to the objectives and actions of the applicable regional or district plan or strategy (including any exhibited draft plans or strategies)?

Draft Region Plan

On 10 December 2025, the NSW Department of Planning Housing and Infrastructure (Department) published a “Draft Sydney Plan”, a new regional plan for the 33 Local Government Areas (LGAs) that make up the Greater Sydney Region. It has a 20-year horizon (to 2045) and once finalised will replace the current Greater Sydney Region Plan.

The draft Sydney Plan recognises the important role of local affordable housing contributions schemes to increase the amount of affordable housing in the region.

This planning proposal does not conflict with the objectives and actions set out in the draft Sydney Plan.

A Metropolis of Three Cities – the Greater Sydney Region Plan

A Metropolis of Three Cities – the Greater Sydney Region Plan is the NSW Government’s overarching strategic document for growth and change in Sydney. The 20 year plan with a 40 year vision seeks to transform Sydney into a metropolis of three cities being the Western Parkland City, the Central River City and the Eastern Harbour City. The City of Sydney LGA is positioned within the Eastern Harbour City.

The plan identifies key challenges facing Sydney including a population increase to eight million by 2056, 817,000 new jobs by 2036 and a requirement for 725,000 new homes.

The plan aspires to deliver the following outcomes:

- liveability – enhancing cultural and housing diversity and designing places for people;
- productivity – developing a more accessible and walkable city and creating conditions for a stronger economy;
- sustainability – valuing green spaces and landscape, improving efficiency of resources and creating a resilient City; and
- infrastructure – ensuring infrastructure supports new developments and governments, community and businesses collaborate to realise the benefits of growth.

To achieve the vision, the plan proposes 10 directions, 40 objectives and associated strategies. Objectives of particular relevance to this Planning Proposal include: 10 - Greater housing supply and 11 - Housing is more diverse and affordable.

This planning proposal is consistent with several relevant directions, objectives and strategies of the plan. Specifically, it will increase the supply of affordable housing and improve housing diversity and choice.

Eastern City District Plan

The Greater Sydney Commission released the District Plans for the Greater Sydney Metropolitan Region in March 2018. The City of Sydney is in the Eastern City District. The District Plans set out how A Metropolis of Three Cities – the Greater Sydney Region Plan applies to local areas.

The district plan has set a 20-year strategic target for housing and employment growth within the district, including a 2036 target of 157,500 dwellings and a short-term (5 years) housing target of 46,550 new dwellings. In the City of Sydney LGA, 18,300 dwellings are to be delivered.

The district plan requires councils to develop local housing strategies and actions to address the range of housing needs in their LGAs, including affordable housing.

The district plan nominates an affordable rental housing target of five to 10 per cent, subject to viability, in urban renewal and land release areas, noting that the application of the target should not prejudice other approaches to secure affordable housing in areas outside of urban renewal and land release areas. A critical focus of the plan is that any mechanism that is introduced to secure affordable housing should be cognisant of the impact on development viability.

This planning proposal supports the district plan’s priority of ‘Housing Diversity and Affordability’ by facilitating the delivery of affordable rental housing in the city through the planning framework.

Q4. Is the planning proposal consistent with a council LSPS that has been endorsed by the Planning Secretary or GSC, or another endorsed local strategy or strategic plan?

Sustainable Sydney 2050

In April 2022 Council adopted for exhibition the draft Sustainable Sydney 2030-2050. This continues the vision of Sustainable Sydney 2030.

Sustainable Sydney 2030 is a vision for the sustainable development of the City to 2030 and beyond. It includes 10 strategic directions to guide the future of the City, as well as 10 targets against which to measure progress.

Sustainable Sydney 2030 establishes an ambitious target that in 2030, 7.5 per cent of housing will be social housing and 7.5 per cent of housing will be affordable housing. To achieve the City's target approximately 12,000 affordable housing dwellings, out of a total projected 148,000 dwellings, are required in the LGA.

The planning proposal aligns with the following strategic directions and objectives:

- Direction 6 - Resilient and inclusive local communities - the planning proposal and proposed amendment to the Program, will continue to support the provision of affordable housing in the local area, which is essential for a resilient and inclusive local community.
- Direction 8 - Housing for a Diverse Population - the planning proposal and proposed amendment to the Program will promote the delivery of affordable housing in the City of Sydney.

City Plan 2036 - Local Strategic Planning Statement

The City of Sydney Local Strategic Planning Statement (planning statement), adopted by Council in February 2020, sets out the land use planning context, 20-year vision and planning priorities to positively guide change towards the City's vision for a green, global and connected city. The planning statement explains how the planning system will manage that change to achieve the desired outcomes and guides future changes to controls.

In giving effect to the planning statement, this planning proposal and the draft Program delivers on the following priorities and actions by:

- contributing to housing supply, choice and affordability in the City of Sydney;
- providing housing that is close to employment and services, contributing to the aspiration for a '30-minute city'; and
- enabling vibrant and diverse communities and economies.

Housing for All – City of Sydney Local Housing Strategy

The City of Sydney Local Housing Strategy: Housing for All provides the City's objectives and actions for the delivery of diverse housing in the local government area.

In giving effect to Housing for All, this planning proposal and the draft Program delivers on the following priorities and actions by:

- contributing to the City's housing targets, in particular the delivery of affordable housing; and
- increasing diversity and choice in housing in the City of Sydney, providing more affordable housing for people on very low to moderate incomes.

Q5. Is the planning proposal consistent with any other applicable State and regional studies or strategies?

No other state and regional studies or strategies are applicable.

Q6. Is the planning proposal consistent with the applicable State Environmental Planning Policies?

This planning proposal is consistent with all applicable State Environmental Planning Policies (SEPPs) and Regional Environmental Plans (REPs), as summarised at Table 6.

Table 6: Consistency with State Environmental Planning Policies (SEPPs)

State Environmental Planning Policy	Comment
SEPP (Biodiversity and Conservation) 2021	Consistent
SEPP (Exempt and Complying Development Codes) 2008	Consistent
SEPP (Housing) 2021	Consistent. This planning proposal does not hinder the application of the SEPP and is consistent with the requirements set out for affordable housing provided under Section 7.32 of the Act.
SEPP (Industry and Employment) 2021	Consistent
SEPP (Planning Systems) 2021	Consistent
SEPP (Precincts–Central River City) 2021	Not applicable
SEPP (Precincts–Eastern Harbour City) 2021	Consistent. This planning proposal does not impact on Redfern Waterloo Authority sites that remain excluded from the Sydney LEP 2012.
SEPP (Precincts–Regional) 2021	Not applicable
SEPP (Precincts–Western Parkland City) 2021	Not applicable
SEPP (Primary Production) 2021	Not applicable
SEPP (Resilience and Hazards) 2021	Consistent
SEPP (Resources and Energy) 2021	Consistent
SEPP (Sustainable Buildings) 2022	Consistent
SEPP (Transport and Infrastructure) 2021	Consistent

Q7. Is the planning proposal consistent with applicable Ministerial Directions (section 9.1 Direction) or key government priority?

This planning proposal is consistent with all applicable Ministerial Directions issued under section 9.1 of the Environmental Planning and Assessment Act 1979, as summarised in Table 7.

Table 7: Consistency with Ministerial Directions

Ministerial Direction	Comment
Focus area 1: Planning Systems	
1.1 Implementation of Regional Plans	Consistent

Ministerial Direction	Comment
1.2 Development of Aboriginal Land Council land	Not applicable
1.3 Approval and Referral Requirements	Consistent. No amendment includes concurrence, consultation or referral provisions or identifies any designated development.
1.4 Site Specific Provisions	Consistent. This planning proposal does not include any site-specific provisions.
1.4A Exclusion of Development Standards from Variation	Consistent. This planning proposal does not propose to exclude a development standard from variation under clause 4.6.
Focus area 1: Planning Systems – Place-based	
1.5 Parramatta Road Corridor Urban Transformation Strategy	Not applicable
1.6 Implementation of North West Priority Growth Area Land Use and Infrastructure Implementation Plan	Not applicable
1.7 Implementation of Greater Parramatta Priority Growth Area Interim Land Use and Infrastructure Implementation Plan	Not applicable
1.8 Implementation of Wilton Priority Growth Area Interim Land Use and Infrastructure Implementation Plan	Not applicable
1.9 Implementation of Glenfield to Macarthur Urban Renewal Corridor	Not applicable
1.10 Implementation of the Western Sydney Aerotropolis Plan	Not applicable
1.11 Implementation of Bayside West Precincts 2036 Plan	Not applicable
1.12 Implementation of Planning Principles for the Cooks Cove Precinct	Not applicable
1.13 Implementation of St Leonards and Crows Nest 2036 Plan	Not applicable
1.14 Implementation of Greater Macarthur 2040	Not applicable

Ministerial Direction	Comment
1.15 Implementation of the Pyrmont Peninsula Place Strategy	Consistent. This Planning proposal does not hinder the application of the Pyrmont Peninsula Place Strategy.
1.16 North West Rail Link Corridor Strategy	Not applicable
1.17 Implementation of the Bays West Place Strategy	Not applicable
1.18 Implementation of the Macquarie Park Innovation Precinct	Not applicable
1.19 Implementation of the Westmead Place Strategy	Not applicable
1.20 Implementation of the Camelia-Rosehill Place Strategy	Not applicable
1.21 Implementation of the South-West Growth Structure Plan	Not applicable
1.22 Implementation of the Cherrybrook Station Place Strategy	Not applicable
Focus area 2: Design and Place	
No directions in place.	
Focus area 3: Biodiversity and Conservation	
3.1 Conservation Zones	Consistent. The planning proposal will not adversely impact the conservation of environmentally sensitive areas.
3.2 Heritage Conservation	Consistent. The planning proposal will not adversely impact the ongoing conservation of heritage items.
3.3 Sydney Drinking Water Catchments	Not applicable
3.4 Application of C2 and C3 Zones and Environmental Overlays in Far North Coast LEPs	Not applicable
3.5 Recreation Vehicle Areas	Not applicable

Ministerial Direction	Comment
3.6 Strategic Conservation Planning	Not applicable
3.7 Public Bushland	Consistent. The planning proposal does not adversely impact the protection of bushland in urban areas.
3.8 Willandra Lakes Region	Not applicable
3.9 Sydney Harbour Foreshores and Waterways Area	Not applicable
3.10 Water Catchment Protection	Not applicable
Focus area 4: Resilience and Hazards	
4.1 Flooding	Consistent
4.2 Coastal Management	Consistent. The planning proposal is consistent with the objects of the Coastal Management Act 2016 to support the cultural and economic well-being of the area, through the provision of affordable housing which will support social cohesion and provide accommodation for key workers who are essential to the efficient functioning of the economy in the LGA. The planning proposal will have no impact on the coastal environment - it supports a levy scheme on development already permitted under the City of Sydney's planning controls and does not introduce or intensify development in itself.
4.3 Planning for Bushfire Protection	Not applicable
4.4 Remediation of Contaminated Land	Consistent. The planning proposal will not adversely impact the remediation of contaminated land. It supports a levy scheme on development already permitted under the City of Sydney's planning controls and does not introduce or intensify development in itself.
4.5 Acid Sulfate Soils	Consistent. Whilst some areas of the LGA are impacted by acid sulfate soils the planning proposal supports a levy scheme on development already permitted under the City of Sydney's planning controls and does not introduce or intensify development in itself.

Ministerial Direction	Comment
4.6 Mine Subsidence and Unstable Land	Not applicable
Focus area 5: Transport and Infrastructure	
5.1 Integrating Land Use and Transport	Consistent. The planning proposal supports a levy scheme on development already permitted under the City of Sydney's planning controls and does not propose new or more intense development in itself. It will support the delivery of affordable housing across the City of Sydney that is well served by public infrastructure and services.
5.2 Reserving Land for Public Purposes	Consistent. The planning proposal does not relate to the reservation of land for public purposes.
5.3 Development Near Regulated Airports and Defence Airfields	Not applicable
5.4 Shooting Ranges	Not applicable
Focus area 6: Housing	
6.1 Residential Zones	Consistent. This planning proposal will: • broaden the choice of housing by facilitating more affordable housing; and • increase the amount of affordable housing in the City of Sydney, that is well serviced by public infrastructure and services.
6.2 Caravan Parks and Manufactured Home Estates	Consistent. The planning proposal does not relate to development for caravan parks or manufactured home estates.
Focus area 7: Industry and Employment	
7.1 Employment Zones	Consistent. The planning proposal does not propose any changes of zoning.
7.2 Reduction in non-hosted short-term rental accommodation period	Not applicable
7.3 Commercial and Retail Development along the Pacific Highway, North Coast	Not applicable

Ministerial Direction	Comment
Focus area 8: Resources and Energy	
8.1 Mining, Petroleum Production and Extractive Industries	Not applicable
Focus area 9: Primary Production	
9.1 Rural Zones	Not applicable
9.2 Rural Lands	Not applicable
9.3 Oyster Aquaculture	Not applicable
9.4 Farmland of State and Regional Significance on the NSW Far North Coast	Not applicable

Section C - Environmental, social and economic impact

Q8. Is there any likelihood that critical habitat or threatened species, populations or ecological communities, or their habitats, will be adversely affected because of the proposal?

No.

Q9. Are there any other likely environmental effects of the planning proposal and how are they proposed to be managed?

No.

Q9. Has the planning proposal adequately addressed any social and economic effects?

An important outcome of this planning proposal is to increase the amount of affordable housing in the local area. The social benefits of providing affordable housing are well documented and generally understood by government and the community to be overwhelmingly positive.

The economic impacts of this planning proposal have been discussed in Part 5.

Section D - Infrastructure (Local, State and Commonwealth)

Q11. Is there adequate public infrastructure for the planning proposal?

This planning proposal does not propose an increase in density and is not expected to result in any additional burden on existing public infrastructure.

Section E - State and Commonwealth interests

Q12. What are the views of state and federal public authorities and government agencies consulted in order to inform the Gateway determination?

No consultation has been undertaken with federal public authorities and government agencies prior to preparing this planning proposal.

6. Mapping

There are no proposed changes to maps in the Sydney LEP 2012 or the Green Square Town Centre LEPs.

7. Community consultation

This planning proposal ~~is to be~~ has been exhibited in accordance with the gateway determination ~~once~~ issued by the Department of Planning, Housing and Infrastructure on 30 July 2025 and with the City's Community Participation Plan and the principles in the City's Community Engagement Strategy.

Some changes to this planning proposal have been made in response to consideration of submissions and are explained above.

~~It is anticipated the gateway determination will require public exhibition for a period of not less than 28 days.~~

~~The public consultation will be undertaken in accordance with the City's Community Participation Plan and the principles in the City's Community Engagement Strategy.~~

~~Notification of the public exhibition will be via the City of Sydney website.~~

~~Exhibition material will be made available on the City of Sydney website and at Town Hall House at 456 Kent Street, Sydney.~~

~~Consultation with relevant NSW agencies, authorities and other relevant organisations will be undertaken in accordance with the gateway determination.~~

8. Project timeline

The anticipated timeline for completion of this planning proposal is as shown in Table 8.

Table 8: Anticipated timeline

Stage	Timeframe
Council / CSPC decision	December 2024
Gateway determination	~~August~~ July 2025
Pre-exhibition	August 2025
Commencement and completion of public exhibition period	August 2025 – October 2025
Consideration of submissions	October 2025 – ~~December 2025~~ April 2026
Post-exhibition review (consideration by Council and CSPC)	~~February~~ May 2026
Submission to the Department for finalisation (where applicable)	~~February~~ May 2026
Gazettal of LEP amendment	~~February – March~~ July 2026

Appendix - Drafting Instruction

These drafting instructions are provided as an example of how the proposed amendments in this Planning Proposal may be achieved and are subject to drafting and agreement by the Parliamentary Counsel's Office.

Note: Post-exhibition changes to this instruction are not shown in blue for ease of reading (they are also detailed elsewhere in this planning proposal).

Proposed	Comment
Sydney Local Environmental Plan 2012 – 1.8A Savings provisions relating to development applications	
(9) The amendments made to clause 6.60B, 6.70, 7.13, 7.13A, 7.13B by Sydney Local Environmental Plan Amendment (XXXX) 20XX do not apply to a development applications that are made but not finally determined before the commencement of the amendments.	This amendment is to ensure the amended planning controls are only to apply to development applications that are lodged after the amended planning controls come into effect.
Sydney Local Environmental Plan 2012 – 6.60B Botany Road Precinct Opportunity Land	
…	
(7) Subclauses (3) and (4) do not apply to development involving the provision of affordable housing unless the consent authority is satisfied— (a) the affordable housing will be owned and managed by a registered community housing provider, and (b) the affordable housing will be provided in accordance with the Affordable Housing Principles of the City of Sydney Affordable Housing Program, adopted by the Council on ~~26 June 2023~~ XX XX 202X, and (c) the development will not reduce the capacity of adjoining sites used or intended to be used for non-residential purposes, and (d) the development is compatible with the existing and approved uses of land near the development, having regard to the following— (i) the impact the development, including its bulk, scale and traffic generation, is likely to have on the existing and approved uses, (ii) the services and infrastructure that are or will be available to meet the demands resulting from the development, (iii) the impact the uses are likely to have on the health, well-being and amenity of residents of buildings resulting from the development, and	This amendment is to: • clarify affordable housing provided pursuant to this clause need only be provided in accordance with the affordable housing principles in the City of Sydney Affordable Housing Program, and not any other requirement of the Program; and • update the adoption date of *City of Sydney Affordable Housing Program* so it refers to the new Program.

(e) the following part of the building will be used only for non-residential purposes— (i) for a building on Lot 11, DP 219505 and Lot 2, DP 136012, 74–88 Botany Road, Alexandria—the ground floor, (ii) for a building on other land—the ground floor and the first floor.	
…	
Sydney Local Environmental Plan 2012 – 6.70 Division 7 – Blackwattle Bay Precinct – Affordable Housing	
(1) This clause applies to the erection of a new building with a gross floor area of more than 200m2 on the following land at Pyrmont in the Blackwattle Bay Precinct— (a) Lots 7–11, DP 803160, 21–29 Bank Street, (b) Lots 20–22, DP 811844, 31–35 Bank Street, (c) Lots 24 and 25, DP 815847, 37–39 Bank Street, (d) Lot 100, DP 836204, 41–45 Bank Street, (e) Lot 2, DP 827434, Lot 1, DP 836351, Lot 1, 734622, Lot 1, DP 74155, Lots 1 and 2, DP 125720 and Lot 17, DP 1027254, 56–60 Pyrmont Bridge Road.	Retain as existing.
(2) Subclause (1) applies— (a) whether the floor area was in existence before, or is created after, the commencement of this clause, and (b) whether or not the floor area replaces an existing area.	Retain as existing.
(3) The consent authority may, when granting development consent to development to which this clause applies, impose a condition requiring an affordable housing levy contribution equivalent to 7.5% of the ~~total~~ gross floor area of the building.	The definition of *total floor area* (TFA) is deleted, noting future contributions are to be calculated on Gross Floor Area.
(4) A condition imposed under this clause must only require the payment of a monetary contribution to the Council. ~~permit a person to satisfy the contribution by way of one or both of the following—~~ ~~(a) a dedication, in favour of the Council, of land comprising 1 or more dwellings, each having a gross floor area of at least 35m2 but no more than 90m2,~~ ~~(b) a monetary contribution paid to the Council.~~	This amendment seeks to remove the current ability for a developer to choose to satisfy an affordable housing contribution by dedicating built dwellings OR making monetary contribution and instead require a monetary contribution only.
(5) A monetary contribution must be calculated	This amendment is to update the reference to

in accordance with the *City of Sydney Affordable Housing Program* adopted by the Council on ~~26 June 2023~~ XX XX 202X.	the City of Sydney Affordable Housing Program to reflect the newly amended Program.
(6) The demolition of a building, or a change in the use of land, does not give rise to a claim for a refund of a contribution.	Retain as existing.
(7) Clause 7.13 does not apply to development to which this clause applies.	Retain as existing.
Sydney Local Environmental Plan 2012 – 7.13 Contribution for purpose of affordable housing	
(1) This clause applies to the following development— (a) development on land at Green Square or Ultimo-Pyrmont, or on southern employment land or residual land that involves— (i) the erection of a new building the gross floor area of which is more than 200 square metres, or (ii) alterations to an existing building that will result in the creation of more than 200 square metres of gross floor area that is intended to be used for the purpose of residential accommodation, or (iii) alterations to an existing building that will result in the creation of more than 60 square metres of gross floor area that is intended to be used for a purpose other than residential accommodation, or (iv) the demolition of existing floor area and the subsequent creation, whether for the same or a different purpose, of more than 200 square metres of gross floor area, (b) development on land at Green Square or Ultimo-Pyrmont, or on southern employment land, that involves a change of use of more than 60 square metres of existing floor area of a building, (c) development on residual land that involves a change of use of existing floor area from other than residential accommodation to residential accommodation or tourist and visitor accommodation, (d) development on land at Central Sydney that involves— (i) the creation of more than 100 square metres of gross floor area, or (ii) the demolition of existing floor area and the subsequent creation, whether for the same or a different purpose, of	Retain as existing.

more than 100 square metres of gross floor area, or (iii) a change of use of existing floor area from other than residential accommodation to residential accommodation or tourist and visitor accommodation.	
(2) The consent authority may, when granting development consent to development to which this clause applies, impose a condition requiring a contribution not exceeding the applicable ***affordable housing levy contribution,*** for the development provided for in subclause (2A) or (2C).	This amendment facilitates the change from total floor area to gross floor area as the basis for floor area calculations, to provide consistency with all other floor area measures in the City and across the City's affordable housing provisions.
(2A) The ***affordable housing levy contribution for development*** on land at Green Square or Ultimo-Pyrmont or on southern employment land is— (a) 3% of the ~~total~~ gross floor area of the development that is intended to be used for residential purposes, and (b) 1% of the ~~total~~ gross floor area of the development that is not intended to be used for residential purposes.	This amendment facilitates a change from total floor area to gross floor area as the basis for floor area calculations, to provide consistency with all other floor area measures in the City and across the City's affordable housing provisions.
(2B) (Repealed)	
(2C) The ***affordable housing levy contribution*** for development on land at Central Sydney or on residual land is as follows— (a) for development applications lodged before 1 July 2022— (i) 1.5% of the ~~total~~ gross floor area of the development that is intended to be used for residential purposes, and (ii) 0.5% of the ~~total~~ gross floor area of the development that is not intended to be used for residential purposes, (b) for development applications lodged on or after 1 July 2022— (i) 3% of the ~~total~~ gross floor area of the development that is intended to be used for residential purposes, and (ii) 1% of the ~~total~~ gross floor area of the development that is not intended to be used for residential purposes.	This amendment facilitates the change from total floor area to gross floor area as the basis for floor area calculations, to provide consistency with all other floor area measures in the City and across the City's affordable housing provisions.
(3) A condition imposed under this clause must only require the payment ~~permit a person to satisfy the *affordable housing levy contribution* --~~ ~~(a) by way of a dedication in favour of the~~	This amendment seeks to remove the current ability for a developer to choose to satisfy an affordable housing contribution by dedicating built dwellings OR making monetary contribution and instead require a monetary contribution only.

~~Council of land comprising one or more dwelling/s (each having a total floor area of not less than 35 square metres, and not more than 90 square metres) with any remainder being paid as a monetary contribution to the Council;~~ ~~(b) if the person so chooses, by way~~ of a monetary contribution to the Council.	
(4) The rate at which a monetary contribution is to be taken to be equivalent to floor area for the purposes of this clause is to be calculated in accordance with the ***City of Sydney Affordable Housing Program*** adopted by the Council on ~~26 June 2023~~ XX XX 202X.	This amendment is to update the adoption date of *City of Sydney Affordable Housing Program* so it refers to the new Program.
(4A) (Repealed)	
(5) To avoid doubt— (a) it does not matter whether the floor area, to which a condition under this clause relates, was in existence before, or is created after, the commencement of this clause, or whether or not the floor area concerned replaces a previously existing area, and (b) the demolition of a building, or a change in the use of land, does not give rise to a claim for a refund of any contribution.	Retain as existing.
(6) In this clause— ***residual land*** means the land identified as “Residual Land” on the *Locality and Site Identification Map*. ~~***total floor area*** means the total of the areas of each floor of a building within the outer face of the external enclosing walls and including balconies, but excluding the following—~~ ~~(a) columns, fins, sun control devices, awnings and other elements, projections or works outside the general lines of the outer face of the external walls,~~ ~~(b) that part of a balcony that exceeds the minimum area required by the consent authority in respect of the balcony,~~ ~~(c) ancillary car parking permitted by the consent authority and associated internal vehicular and pedestrian access to that car parking,~~ ~~(d) space for the loading and unloading of goods,~~ ~~(e) the floor area of a building, including balconies, that is—~~ ~~(i) on land in Zone E4 General Industrial, or~~	The definition of *total floor area* (TFA) is deleted, noting future contributions are to be calculated on Gross Floor Area. The current exclusions from TFA of development on land in Zone E4 or floor area used to provide affordable housing, public housing or community facilities are instead to be incorporated in the City’s Program.

~~(ii) used to provide affordable housing or public housing, or~~ ~~(iii) used for the purpose of community facilities.~~	
Sydney Local Environmental Plan 2012 – 7.13A Affordable housing in Business Area	
(1) Despite any other provision of this Plan, development for the purposes of a residential flat building or a mixed use development that contains shop top housing may be carried out with development consent on land identified as “Business Area” on the *Locality and Site Identification Map* if the consent authority is satisfied that— (a) the residential flat building or shop top housing to which the development application relates will be used for the purposes of affordable housing, and (b) the affordable housing will be provided by or on behalf of a public authority or social housing provider, and (c) the affordable housing will be provided in accordance with the Affordable Housing Principles of the City of Sydney Affordable Housing Program adopted by the Council on ~~26 June 2023~~ XX XX 202X, and (d) the development is compatible with the existing uses and approved uses of land in the vicinity of the development having regard to the following matters— (i) the impact that the development (including its bulk, scale and traffic generation) is likely to have on the existing uses and approved uses of that land, and (ii) the services and infrastructure that are or will be available to meet the demands arising from the development, and (iii) the impact that those uses are likely to have on the health, wellbeing and amenity of residents of the development by reason of noise, dust, lighting, truck movements, operating hours or otherwise, and (e) no part of the ground floor of the residential flat building or mixed use development that fronts a street will be used for residential purposes, and (f) the development is not likely to have an adverse effect on the environment and does not cause any unacceptable environmental risks to the land concerned.	This amendment is to: • clarify affordable housing provided pursuant to this clause need only be provided in accordance with the affordable housing principles in the City of Sydney Affordable Housing Program, and not any other requirement of the Program; • update the adoption date of *City of Sydney Affordable Housing Program* so it refers to the new Program.

(2) In this clause— ***street*** includes an area of land that is identified in a development control plan made by the Council as land that is proposed to be used for the purposes of a street.	Retain as existing.
Note— Development for the purpose of shop top housing may be carried out with development consent on certain land identified as “Business Area” on the *Locality and Site Identification Map*, without the shop top housing being used for the purpose of affordable housing, because of clause 1AA of Schedule 1.	Retain as existing.
Sydney Local Environmental Plan 2012 – 7.13B Additional affordable housing contribution for certain development on Planning Proposal Land	
(1) This clause applies to development on Planning Proposal Land involving one or more of the following— (a) the erection of a new building with a gross floor area of more than 200m2, (b) alterations to an existing building resulting in the creation of more than 200m2 of gross floor area intended to be used for residential accommodation, (c) alterations to an existing building resulting in the creation of more than 60m2 of gross floor area intended to be used for a purpose other than residential accommodation, (d) a change of use of an existing building to residential accommodation.	Retain as existing.
(2) Subclause (1) applies— (a) whether the floor area was in existence before, or is created after, the commencement of this clause, and (b) whether or not the floor area replaces an existing area.	Retain as existing.
(3) The consent authority may, when granting development consent to development to which this clause applies, impose a condition requiring an ***affordable housing levy contribution*** equivalent to the contribution specified for the land in Schedule 6C (the ***contribution***).	Note earlier commentary on need for definition of *affordable housing levy contribution.*
(4) A condition imposed under this clause must only require the payment of a monetary contribution to the Council. ~~permit a person to satisfy the contribution by way of one or both of the following—~~	This amendment seeks to remove the current ability for a developer to choose to satisfy an affordable housing contribution by dedicating built dwellings OR making monetary contribution and instead require a monetary

<table>
<tr><td>

~~(a) a dedication, in favour of the Council, of land comprising dwellings, each having a gross floor area of at least 35m² but no more than 90m²,~~

~~(b) a monetary contribution paid to the Council.~~

</td><td>contribution only.</td></tr>
<tr><td>(5) A monetary contribution must be calculated in accordance with the City of Sydney Affordable Housing Program ~~adopted by the Council on 26 June 2023~~.</td><td>Removal of date of City of Sydney Affordable Housing Program, noting a definition is to be included in 7.13B(8).</td></tr>
<tr><td>(6) The demolition of a building, or a change in the use of land, does not give rise to a claim for a refund of a contribution.</td><td>Retain as existing.</td></tr>
<tr><td>(7) ~~A word or expression used in Schedule 6C has the same meaning as in clause 7.13.~~ Repealed</td><td>This sub-clause may be repealed. There are no longer any shared definitions between clause 7.13 and clause 7.13B.</td></tr>
<tr><td>(8) City of Sydney Affordable Housing Program means the City of Sydney Affordable Housing Program adopted by the Council on XX XX 202X.</td><td>The addition of a definition for City of Sydney Affordable Housing Program is now necessary given that the document is to be quoted in several clauses to save repeating the date it is adopted each time and ease reading of those clauses.</td></tr>
<tr><td colspan="2">Sydney Local Environmental Plan 2012 –
Schedule 6C - Contribution requirement for certain development on Planning Proposal Land</td></tr>
<tr><td>
<table>
<tr><th>Planning Proposal Land</th><th>Contribution requirement</th></tr>
<tr><td>Land identified as “Area 1” on the Affordable Housing Map</td><td>The total amount of—
(a) the contribution applying to the development under clause 7.13, and)
(b) if the part of a building intended to be used for a purpose other than residential accommodation has a floor space ratio of less than 1.5:1—9% of the gross floor area equivalent to the amount by which the floor space ratio of the building exceeds 1.5:1</td></tr>
<tr><td>Lot 15, DP 10721, 111 Cooper Street, Waterloo</td><td>The total amount of—
(a) for 87.5% of the ~~total~~ gross floor area of all buildings—the contribution applying to the development under clause 7.13, and
(b) for 12.5% of the ~~total~~ gross floor area of all buildings—9% of that total floor area.</td></tr>
</table>
</td><td>These amendments reflect the change proposed to Sydney LEP 2012 7.13 which removes reference to total floor area (with associated definition) as the basis for contribution calculations in favour of gross floor area as the basis for calculations moving forward.</td></tr>
</table>

Lots 6, 7 and 9, DP 10721 and Lot 8, DP 1147179, 221–223 Cope Street, Waterloo	The total amount of— (a) for 67% of the ~~total~~ gross floor area of all buildings—the contribution applying to the development under clause 7.13, and (b) for 33% of the ~~total~~ gross floor area of all buildings—9% of that total floor area.
Lots 1–41, SP 79210, 233 Cope Street, Waterloo	The total amount of— (a) for 73% of the ~~total~~ gross floor area of all buildings—the contribution applying to the development under clause 7.13, and (b) for 27% of the ~~total~~ gross floor area of all buildings—9% of that total floor area.
Lots 1–58, SP 69476, 110 Wellington Street, Waterloo	The total amount of— (a) for 68% of the ~~total~~ gross floor area of all buildings—the contribution applying to the development under clause 7.13, and (b) for 32% of the ~~total~~ gross floor area of all buildings—9% of that total floor area.
Lots 10 and 11, DP 10721, 116 Wellington Street, Waterloo	The total amount of— (a) for 66% of the ~~total~~ gross floor area of all buildings—the contribution applying to the development under clause 7.13, and (b) for 34% of the ~~total~~ gross floor area of all buildings—9% of that total floor area

Sydney Local Environmental Plan (Green Square Town Centre) 2013 – 1.8A Savings provisions relating to development applications	
(8) The amendments made to clause 6.5 by Sydney Local Environmental Plan (Green Square Town Centre) Amendment (XXXX) 20XX do not apply to development applications that are made but not finally determined before the commencement of the amendments.	This amendment is to ensure the amended planning controls are only to apply to development applications that are lodged after the amended planning controls come into effect.
Sydney Local Environmental Plan (Green Square Town Centre) 2013 – 6.5 Affordable housing	
(1) This clause applies to development that involves— (a) the erection of a new building the gross floor area of which is more than 200 square metres, or (b) alterations to an existing building that will result in the creation of more than 200 square metres of gross floor area that is intended to be used for the purpose of residential accommodation, or	Retain as existing.

(c) alterations to an existing building that will result in the creation of more than 60 square metres of gross floor area that is intended to be used for a purpose other than residential accommodation, or (d) the demolition of existing floor area and the subsequent creation, whether for the same or a different purpose, of more than 200 square metres of gross floor area, or (e) a change of use of more than 60 square metres of existing floor area of a building.	
(2) The consent authority may, when granting development consent to development to which this clause applies, impose a condition requiring a contribution not exceeding the ***applicable affordable housing levy contribution***, being— (a) 3% of the ~~total~~ gross floor area of the development that is intended to be used for residential purposes, and (b) 1% of the ~~total~~ gross floor area of the development that is not intended to be used for residential purposes.	This amendment facilitates the change from total floor area to gross floor area as the basis for floor area calculations, to provide consistency with all other floor area measures in the City and across the City's affordable housing provisions.
(3) A condition imposed under this clause must only require the payment ~~permit a person to satisfy the~~ ~~***affordable housing levy contribution***~~ ~~—~~ ~~(a) by way of a dedication in favour of the Council of land comprising one or more dwellings (each having a total floor area of not less than 35 square metres) with any remainder being paid as a monetary contribution to the Council;~~ ~~(b) if the person so chooses, by way~~ of a monetary contribution to the Council.	This amendment seeks to remove the current ability for a developer to choose to satisfy an affordable housing contribution by dedicating built dwellings OR making monetary contribution, and instead require a monetary contribution only.
(4) The rate at which monetary contribution is taken to be equivalent to floor area for the purposes of this clause is to be calculated in accordance with the ***City of Sydney Affordable Housing Program*** adopted by the Council on ~~26 June 2023~~ *XX XX 202X*.	This amendment is to update the reference to the City of Sydney Affordable Housing Program to reflect the newly amended Program.
Note— The program is made available by the Council on its website (www.cityofsydney.nsw.gov.au)	Retain as existing.
(5) To avoid doubt— (a) it does not matter whether the floor area, to which a condition under this clause relates, was in existence before, or is created after, the commencement of this clause, or whether or not the floor area concerned replaces a previously existing area, and (b) the demolition of a building, or a change	Retain as existing.

in the use of the land, does not give rise to a claim for a refund of any contribution.	
(6) ~~In this clause—~~ ~~total floor area means the total of the areas of each floor of a building within the outer face of the external enclosing walls and including balconies, but excluding the following—~~ ~~(a) columns, fins, sun control devices, awnings and other elements, projections or works outside the general lines of the outer face of the external walls,~~ ~~(b) that part of a balcony that exceeds the minimum area required by the consent authority for the balcony,~~ ~~(c) ancillary car parking permitted by the consent authority and associated internal vehicular and pedestrian access to that car parking,~~ ~~(d) space for the loading and unloading of goods,~~ ~~(e) the floor area of a building, including balconies, that is—~~ ~~(i) on land in Zone IN1 General Industrial, or~~ ~~(ii) used to provide affordable housing or public housing, or~~ ~~(iii) used for the purpose of community facilities.~~ Repealed	This amendment is to remove any reference to "Total Floor Area", noting that the contribution requirement will be calculated on Gross Floor Area going forward. The current exclusions from TFA of development on land in Zone E4 or floor area used to provide affordable housing, public housing or community facilities are instead to be incorporated in the City's Program.
Sydney Local Environmental Plan (Green Square Town Centre – Stage 2) 2013 – 1.8A Savings provisions relating to development applications	
(8) The amendments made to clause 6.5 by Sydney Local Environmental Plan (Green Square Town Centre – Stage 2) Amendment (XXXX) 20XX do not apply to a development applications that are made but not finally determined before the commencement of the amendments.	This amendment is to ensure the amended planning controls are only to apply to development applications that are lodged after the amended planning controls come into effect.
Sydney Local Environmental Plan (Green Square Town Centre – Stage 2) 2013 – 6.5 Affordable housing	
(1) This clause applies to development that involves— (a) the erection of a new building the gross floor area of which is more than 200 square metres, or (b) alterations to an existing building that will result in the creation of more than 200 square metres of gross floor area that is intended to be used for the purpose of residential accommodation, or (c) alterations to an existing building that will result in the creation of more than 60	Retain as existing.

square metres of gross floor area that is intended to be used for a purpose other than residential accommodation, or (d) the demolition of existing floor area and the subsequent creation, whether for the same or a different purpose, of more than 200 square metres of gross floor area, or (e) a change of use of more than 60 square metres of existing floor area of a building.	
(2) The consent authority may, when granting development consent to development to which this clause applies, impose a condition requiring a contribution not exceeding the ***applicable affordable housing levy contribution***, being— (a) 3% of the ~~total~~ gross floor area of the development that is intended to be used for residential purposes, and (b) 1% of the ~~total~~ gross floor area of the development that is not intended to be used for residential purposes.	This amendment facilitates the change from total floor area to gross floor area as the basis for floor area calculations, to provide consistency with all other floor area measures in the City and across the City's affordable housing provisions.
(3) A condition imposed under this clause must only require the payment ~~permit a person to satisfy the~~ ~~***affordable housing levy contribution***~~ ~~—~~ ~~(a) by way of a dedication in favour of the Council of land comprising one or more dwellings (each having a total floor area of not less than 35 square metres) with any remainder being paid as a monetary contribution to the Council;~~ ~~(b) if the person so chooses, by way~~ of a monetary contribution to the Council.	This amendment seeks to remove the current ability for a developer to choose to satisfy and affordable housing contribution by dedicating built dwellings OR making monetary contribution, and instead require a monetary contribution.
(4) The rate at which monetary contribution is taken to be equivalent to floor area for the purposes of this clause is to be calculated in accordance with the ***City of Sydney Affordable Housing Program*** adopted by the Council on ~~26 June 2023~~ XX XX 202X.	This amendment is to update the reference to the City of Sydney Affordable Housing Program to reflect the newly amended Program.
Note— The program is made available by the Council on its website (www.cityofsydney.nsw.gov.au)	Retain as existing.
(5) To avoid doubt— (a) it does not matter whether the floor area, to which a condition under this clause relates, was in existence before, or is created after, the commencement of this clause, or whether or not the floor area concerned replaces a previously existing area, and (b) the demolition of a building, or a change in the use of the land, does not give rise	Retain as existing.

to a claim for a refund of any contribution.	
(6) ~~In this clause—~~ ~~total floor area means the total of the areas of each floor of a building within the outer face of the external enclosing walls and including balconies, but excluding the following—~~ ~~(a) columns, fins, sun control devices, awnings and other elements, projections or works outside the general lines of the outer face of the external walls,~~ ~~(b) that part of a balcony that exceeds the minimum area required by the consent authority for the balcony,~~ ~~(c) ancillary car parking permitted by the consent authority and associated internal vehicular and pedestrian access to that car parking,~~ ~~(d) space for the loading and unloading of goods,~~ ~~(e) the floor area of a building, including balconies, that is—~~ ~~(i) on land in Zone IN1 General Industrial, or~~ ~~(ii) used to provide affordable housing or public housing, or~~ ~~(iii) used for the purpose of community facilities.~~ Repealed	This amendment is to remove any reference to “Total Floor Area”, noting that the contribution requirement will be calculated on Gross Floor Area going forward. The current exclusions from TFA of development on land in Zone E4 or floor area used to provide affordable housing, public housing or community facilities are instead to be incorporated in the City’s Program.

Attachment C

City of Sydney Affordable Housing Program Amendment 2024 – post exhibition changes

Draft City of Sydney Affordable Housing Program

Adopted XX XXX XXXX

CITY OF SYDNEY

CONTENTS

1. About the Program

The City of Sydney Affordable Housing Program (this Program) is to provide the background, requirements and operational detail for various affordable contribution provisions in local environmental plans (LEPs) that operate in the City of Sydney.

This Program was adopted by Council on XX XX XXX and came into effect on XX XX XXX.

1.1 Program Objectives

The objectives of this Program are to:

- recognise affordable rental housing as critical infrastructure necessary to support; sustainable and diverse communities and long-term economic growth in the City of Sydney local government area (city);
- ensure that, as the cost of housing increases in the city, affordable rental housing is provided for ~~very low to moderate income~~ very low-, low- and moderate-income households;
- ensure there are opportunities for ~~very low to moderate income~~ very low-, low- and moderate-income, who have an historical connection with the city, to live in the city;
- ensure there are opportunities for very-low to moderate-income ~~earners~~ people who work in the city to live in the community in which they are employed; and
- facilitate opportunities for government and community housing providers (CHP) to supply affordable housing within the city.

1.2 Relationship to other Programs

This Program, on the day it came into effect, repeals and replaces the City of Sydney Affordable Housing Program, adopted by Council 26 June 2023.

Any development applications determined prior to the commencement of this Program are not altered by the commencement of this Program.

1.3 Where does this Program apply?

This Program applies to land to which the *Sydney Local Environmental Plan 2012,* the *Sydney Local Environmental Plan (Green Square Town Centre) 2013* and *Sydney Local Environmental Plan (Green Square Town Centre – Stage 2) 2013* applies.

This Program also applies to 'Planning Proposal land' where it is identified in the abovementioned local environmental plans (LEPs) or any other Environmental Planning Instrument (EPI).

The Program may not apply to:

- development to which the Redfern-Waterloo Authority Affordable Housing Contributions Plan 2006 applies, where the plan is still in effect; and
- other land in the City of Sydney, unless otherwise identified as applying in another EPI, where *Sydney Local Environmental Plan 2012*, *Sydney Local Environmental Plan (Green Square Town Centre) 2013* or *Sydney Local Environmental Plan (Green Square Town Centre – Stage 2) 2013* do not apply.

1.4 Legislative basis for affordable housing contributions

This Program applies in accordance with the requirements in the Act ~~*Environmental Planning and Assessment Act 1979* (the Act).~~

The State Environmental Planning Policy (Housing) 2021 recognises that all local government areas within NSW are areas where there is a need for affordable housing.

Local environmental plans contain controls for the calculation, levying and management of affordable housing contributions in the City of Sydney.

1.5 Affordable Housing Principles

The City of Sydney affordable rental housing principles are informed by the Housing SEPP. The affordable rental housing principles are:

- affordable rental housing is to be provided and managed in the City of Sydney LGA so that a socially diverse residential population, representative of all income groups, is maintained;
- affordable rental housing that is provided is to be made available to a mix of households on very low-, low- and moderate-incomes ~~very low to moderate incomes~~;
- affordable rental housing that is provided is to be rented to very low-, low- and moderate-income ~~very low to moderate income~~ households at no more than 30% of gross household income;
- dwellings provided for affordable rental housing are to be managed so as to maintain their continued use for affordable rental housing; and
- affordable rental housing is to consist of dwellings constructed to a standard which, in the opinion of the City, is consistent with other dwellings in the LGA.

The affordable housing principles are generally satisfied where:

- an affordable housing contribution ~~(monetary or in-kind contribution)~~ is distributed in accordance with any distribution plan adopted by Council;
- resulting affordable rental dwellings are subject to ongoing monitoring of compliance with the requirements of this Program;
- the continued use of resulting affordable rental dwellings, as affordable rental dwellings, is legally secured. This is generally by way of a restrictive covenant on the title of the property, though other approaches may be considered;

- resulting affordable rental dwellings are rented to very low-, low- and moderate-income households for an absolute maximum of 30 per cent of gross household income;
- any CHP that is to own and/or manage resulting affordable rental dwellings, must have a mix of very low-, low- and moderate-income tenants across their portfolio;
- all rent received after deduction of management and maintenance costs will be used only for the purpose of improving, replacing, maintaining or providing additional affordable rental housing in the LGA. This includes the investment of monies to meet cyclical maintenance costs and all rates and taxes payable in connection with the dwelling; and
- resulting affordable rental dwellings are designed and constructed to a standard which, in the opinion of Council, is generally consistent with other dwellings in the LGA, that is, they are of a similar design quality so as to not be externally differentiated as affordable housing compared with the design quality of other housing.

While the affordable housing principles apply to affordable housing contributions received pursuant to 7.32 of the Act, where the City has made a substantial contribution to other affordable housing, the affordable housing principles may still apply.

1.6 Amending this Program

Amendment to this Program will generally require amendment to LEPs, or other EPIs, that directly refer to this Program as dated.

Amendment and/or update to the information provided at the appendices may occur from time to time and does not require an amendment to LEPs or EPIs.

1.7 Terms used in this Program

Act

A reference to the **Act** is a reference to the *Environmental Planning and Assessment Act 1979.*

Affordable housing

Affordable housing is defined by the **Act** ~~*Environmental Planning and Assessment Act 1979*~~ as:

"housing for very low-income households, low-income households or moderate-income households, being such households as are prescribed by the regulations or as are provided for in an environmental planning instrument".

Affordable rental housing

Under this Program, **Affordable rental housing** or **Affordable rental dwelling** is **affordable housing** that is owned and managed by government, a **Recommended Community Housing Provider**, or an **Eligible Community Housing Provider** and rented to **very low to moderate income households**.

City of Sydney Local Government Area

The City of Sydney Local Government Area (LGA) refers to the area within the "LGA Boundary" shown in the *Sydney Local Environmental Plan 2012* Land Application Map, as published in the NSW Government Gazette on 14 December 2012, as updated from time to time.

Council / City / city / consent authority

References to **City** are references to the City of Sydney organisation.

References to the **Council** are references to the Council of the City of Sydney, that is, the elected representatives and their delegates.

References to the **city** are references to the City of Sydney local government area.

References to the **consent authority** are references to the authority responsible for the approval of a development application.

Developer

References to the **developer** in this Program are references to the proponent of any development application that requires an affordable housing contribution.

Development application

References to **development applications** in this Program refer to both development applications and any application for the modification of a development consent.

Distribution Plan

Distribution Plan refers to any plan adopted by the City of Sydney Council for the distribution of affordable housing contributions arising from this Program.

Eligible Community Housing Provider

Eligible Community Housing Providers are not-for-profit community housing providers that are classified as a Tier 1 or Tier 2 providers under the National Regulatory Code.

Environmental Planning Instrument (EPI)

An Environmental Planning Instrument (EPI) is a reference to a state or regional environmental planning policy or a local environmental plan.

Local Environmental Plan (LEP)

Reference to various **LEPs** in this Program apply to any LEP that replaces it, so long as the affordable housing provisions remain substantially unamended.

Planning Proposal Land

Planning Proposal land refers to land that is defined in Schedule 6C of Sydney Local Environmental Plan 2012.

Recommended CHPs

Recommended CHPs are those providers identified in a distribution plan as Recommended CHPs.

Housing SEPP

References to the **Housing SEPP** are references to State Environmental Planning Policy (Housing) 2021, or any replacement of that policy.

Very low-, low- and ~~to~~ moderate-income households

Very low-, low- and ~~to~~ moderate-income households are those households whose gross incomes fall within the following ranges of percentages of the median household income for Greater Sydney—Greater Capital City Statistical Area or the Rest of NSW—Greater Capital City Statistical Area according to the Australian Bureau of Statistics:

- Very low-income household - less than 50%
- Low-income household – 50% or more but less than 80%
- Moderate-income household – 80% to 120%

2 Affordable housing contributions

This Section describes how an affordable housing contribution may be satisfied, the equivalent monetary contribution amounts, how the contribution will be applied in the development application process and how it will be managed for the provision of affordable housing.

2.1 Contribution requirement

Local environmental plans (LEPs), or another EPI[1], will establish the affordable housing contribution requirements that apply to land in the LGA and the type of development to which a contribution requirement might apply.

Contribution requirements are generally set out in a local environmental plan, although may also be set out in another environmental planning instrument.

The contribution requirement must be satisfied in accordance with the requirements of the LEP or EPI.

[1] On land identified in an EPI (other than an LEP) where this Program is applied, where the method for calculation is not otherwise set out in the EPI or in a supplementary note / guideline, the contribution will be calculated in accordance with this Program, that is, in accordance with:

- the relevant equivalent monetary contribution amounts; and
- the method for calculating the contribution requirement in the different parts of the LGA.

2.2 Satisfying a contribution ~~requirement by making an equivalent monetary contribution~~

An affordable housing contribution must ~~The Section sets out how an affordable housing contribution can~~ be satisfied by making an equivalent monetary contribution to Council.

The equivalent monetary contribution amount differs depending on the affordable housing contribution precinct the development is located in. The affordable housing contribution precincts are shown in Figure 1.

The equivalent monetary contribution amounts as at 1 March 2024 to 28 February 2025 are set out in Table 1.

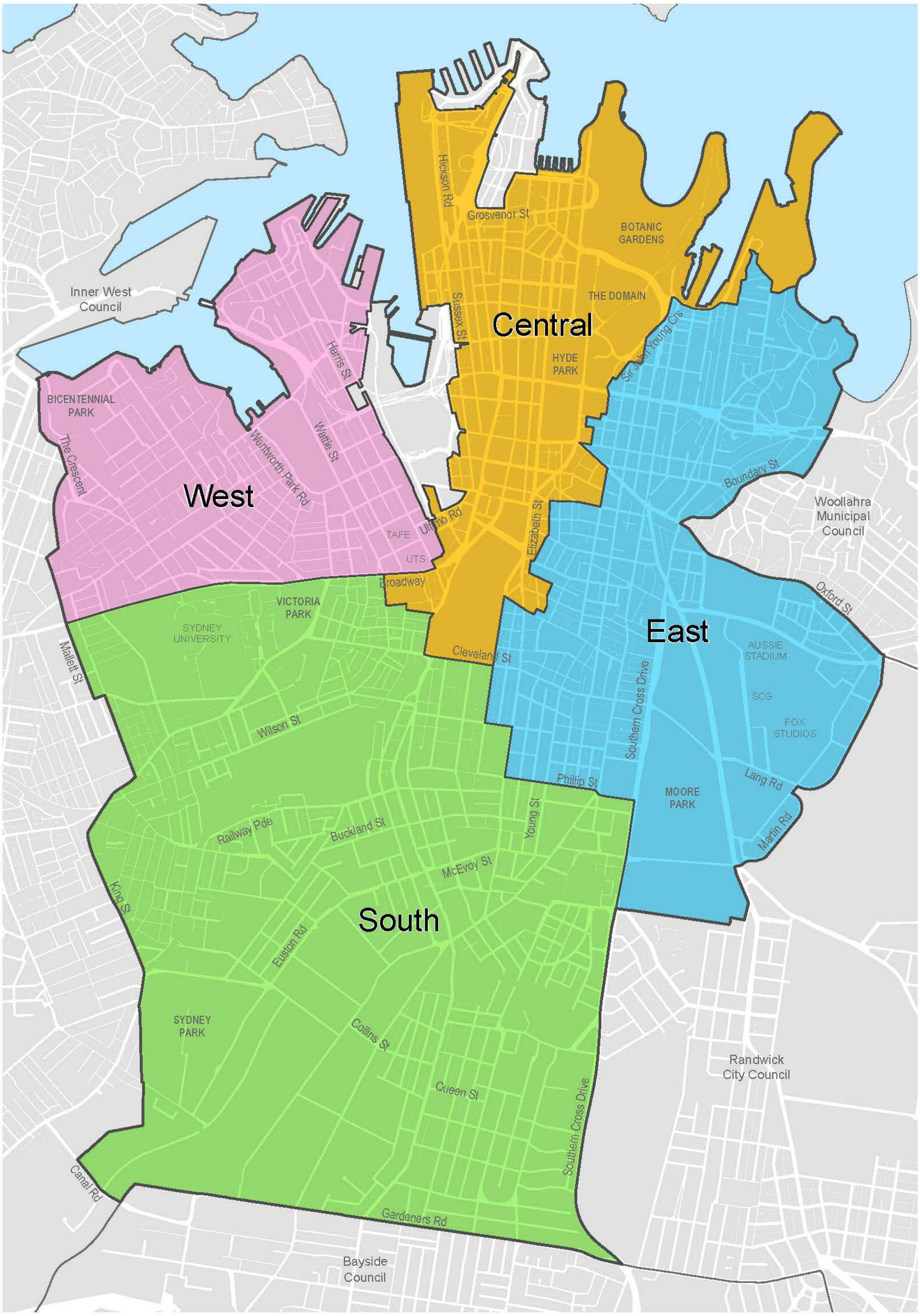
Adjustments are made to the equivalent monetary contribution amounts on an annual basis in accordance with this Program. Monetary contribution amounts, as indexed, are published on the City of Sydney website.

Table 1: Equivalent monetary contribution amounts

Affordable housing contribution precinct*	To ~~XX-XX-XXXX~~ 30 June 2028 [Rate A]	From ~~XX-XX-XXXX~~ 1 July 2029 [Rate B] (50% implementation)	From ~~XX-XX-XXXX~~ 1 July 2031 [Rate C] (Full implementation)
South precinct	$12,293.84	$12,396.92	$12,500.00
East precinct	$12,293.84	$16,146.92	$20,000.00
West precinct	$12,293.84	$13,646.92	$15,000.00
Central precinct	$12,293.84	$14,896.92	$17,500.00

Notwithstanding the equivalent monetary contribution amounts set out in Table 1, for development in Central precinct, that is entirely for the purpose of build-to-rent housing (provided in accordance with the Housing SEPP) or co-living housing (as defined in the Standard Instrument – Principle Local Environmental Plan), the equivalent monetary contribution amount will remain at $12,293.84 per square metre, as indexed, until the date of the full implementation of the rates as set out in Table 1. From that time the concession rate for these housing types will end.

Figure 1: Affordable housing contribution precincts



2.2.1 Calculating the contribution in Ultimo-Pyrmont, Green Square, the Southern Employment Lands and on Planning Proposal lands

In Ultimo/Pyrmont, Green Square (including the Green Square Town Centre), the Southern Employment Lands and on planning proposal lands, the contribution requirement applies because the areas were rezoned. Over time, all floor area in these locations will make a contribution to affordable housing, because all floor area has benefited from the rezoning.

The contribution is therefore calculated on all of the gross floor area in the building to which the development application applies.

Example A development application in Green Square (south precinct) for a new 10,000sqm development, comprises 1,000 square metres of non-residential gross floor area and 9,000sqm of residential gross floor area. The affordable housing contribution is calculated as: (1% x 1,000sqm x $12,293.84) + (3% x 9,000sqm x $12,293.84) = $3,442,275 equivalent monetary contribution Note: This is a simplified example based on the contribution requirement set out at Clause 7.13 of Sydney LEP 2012. No exemptions have been applied. The starting monetary contribution rate, Rate A, has been assumed for the purpose of this example.

Example A development application for a warehouse conversion in the Southern Employment Lands (south precinct) includes a new mezzanine level comprising 1000sqm of non-residential gross floor area. The existing gross floor area in the warehouse is 2000sqm. The affordable housing contribution is calculated as: (1% x 3,000sqm x $12,293.84) = $368,815 equivalent monetary contribution Note: This is a simplified example based on the contribution requirement set out at Clause 7.13 of Sydney LEP 2012. No exemptions have been applied. The starting monetary contribution rate, Rate A, has been assumed for the purpose of this example. ~~Note: In-kind contribution will not be suitable in a non-residential development.~~

Example

A development application in Blackwattle Bay, Pyrmont (west precinct) for a new 20,000sqm development is lodged. The affordable housing contribution is calculated as:

(7.5% x 20,000sqm x $12,293.84) = $18.4m equivalent monetary contribution

Note: This is a simplified example based on the contribution requirement set out at Clause 6.70 of Sydney LEP 2012. No exemptions have been applied. The starting monetary contribution rate, Rate A, has been assumed for the purpose of this example.

Example

A development application on Planning Proposal land in Waterloo (south precinct) for a new residential development is lodged (there is no non-residential floor area proposed).

The site was previously rezoned to increase the development capacity from 10,000sqm to 15,500sqm, an increase of 5,500sqm. When the site was rezoned, an additional affordable housing contribution requirement for the "new" floor space was put into effect. The clause required:

- a 3% contribution requirement on the residential floor space that was available before the rezoning (~~65% of the development capacity~~ 10,000sqm) and on the "new" residential floor space (5,500sqm); and
- a ~~20%~~ 17% contribution requirement on the "new" residential floor space (~~35% of the development capacity~~ 5,500sqm).

The affordable housing contribution is calculated as:

((3% x ~~(65% x~~ 15,500sqm~~)~~) + (~~(20%~~ 17% x ~~(35% x 15,500sqm)~~ 5,500sqm)) x $12,293.84 = $17.~~1~~2m equivalent monetary contribution

Note: This is a simplified example based on a fictional contribution requirement set out at Clause 7.13B and Schedule 6C of Sydney LEP 2012. No exemptions have been applied. The starting monetary contribution rate, Rate A, has been assumed for the purpose of this example.

See Appendix B for more information about how a Planning Proposal land contribution requirement may be established.

2.2.2 Calculating the contribution in Central Sydney and on residual land

In Central Sydney and on residual land (where it is not identified as Planning Proposal land), the contribution requirement applies to new or more intensely used floor area only, because the areas were not rezoned at the time when the contribution was introduced.

The contribution is therefore calculated only on the floor area to which the development application directly relates.

For the purposes of this Program:

- demolition and replacement of the same floor area is considered to be new floor area;
- the extent of improvement works to a building as a whole will be considered to determine whether the nature of works proposed will result in an essentially new building; and
- more intensely used floor area is required to make an affordable housing contribution due to the overall gentrifying effect that is observed as sites change use over time. More intensely used floor area is therefore considered to be triggered with a change from industrial floor area to commercial floor area and from commercial floor area to residential floor area.

Example

A development application on residual land in Newtown (west precinct) for the demolition of an existing building and a new building comprising a gross floor area of 10,000sqm of residential gross floor area will be calculated as:

3% x 10,000sqm x $12,293.84 = $3,688,152 equivalent monetary contribution

Note: Existing gross floor area that is demolished and replaced is not 'credited' against the contribution requirement.

Note: This is a simplified example based on the contribution requirement set out at Clause 7.13 of Sydney LEP 2012. No exemptions have been applied. The starting monetary contribution rate, Rate A, has been assumed for the purpose of this example.

Example

A development application in Darlinghurst (east precinct) for a new mezzanine level comprising 200sqm of non-residential gross floor area, is made for an existing commercial building. The existing gross floor area in the warehouse is 2,000sqm. The affordable housing contribution is calculated as:

(1% x 200sqm x $12,293.84) = $24,588

Note: This is a simplified example based on the contribution requirement set out at Clause 7.13 of Sydney LEP 2012. No exemptions have been applied. The starting monetary contribution rate, Rate A, has been assumed for the purpose of this example.

Example

A development application for one new residential storey on top of an existing building is made in Central Sydney (Central precinct). The new development comprises a gross floor area of 800sqm. The affordable housing contribution is calculated as:

3% x 800sqm x $12,293.84 = $295,052 equivalent monetary contribution

Note: This is a simplified example based on the contribution requirement set out at Clause 7.13 of Sydney LEP 2012. No exemptions have been applied. The starting monetary contribution rate, Rate A, has been assumed for the purpose of this example.

2.2.3 Conditions of consent for making monetary contributions

A contribution requirement will be set out in a condition of development consent. Evidence that the condition of consent has been satisfied is required prior to the issue of a construction certificate.

In circumstances where no construction certificate is required, evidence the condition of consent has been met will be required before commencement of use / occupation.

2.2.4 How to make a payment

Payment will be by unendorsed bank cheque or other approved means to the City of Sydney Council prior to issue of any construction certificate. In circumstances where no construction certificate is required, payment is required prior to commencement of use/occupation. The procedure for making payment is provided in the condition of consent.

If a development requires multiple construction certificates, the City will require payment prior to the release of the first construction certificate relating to the development consent on which the contributions were levied.

~~2.3 Satisfying a contribution requirement by dedicating built dwellings~~

~~This Section sets out where an affordable housing contribution must be, or is proposed to be satisfied, in part or in full, by the dedication of built dwellings.~~

~~2.3.1 Where a dedication of built dwellings may be required by the consent authority~~

~~This Section sets out the criteria to determine where an affordable housing contribution will be required by the consent authority to be satisfied by dedicating built dwellings (only where an LEP, or other EPI, empowers the consent authority to make such a requirement).~~

~~An affordable housing contribution will be required by the consent authority to be satisfied by dedicating built dwellings where:~~

- ~~the development is predominantly for a residential purpose;~~
- ~~the development will (or in the case of a Stage 1 development application, may) result in a contribution requirement for more than 600 square metres of gross floor area that can be provided as eight or more dwellings;~~
- ~~the development is located in Category A or B area of the Sydney LEP 2012 Land Use and Transport Integration Map (if the development is subject to the Sydney LEP 2012);~~
- ~~in the opinion of the consent authority, affordable housing dwellings may reasonably be provided where they could avoid participation in a future strata scheme, if the quarterly costs of the scheme would likely be high* and render the management of the property for~~

~~affordable housing as unsustainable**. This could reasonably be achieved where the dwellings to be dedicated could be provided:~~

- ~~in a separate stratum in a building in the development, preferably with its own entry; or~~
- ~~in a separate building in the development; and~~
- ~~in the opinion of the consent authority, the standards for dedicated affordable housing dwellings, provided at Appendix C, can be reasonably satisfied.~~

~~* Where the development incorporates amenities that are likely to result in high management costs, for example, a significant number of lifts, pool(s), gym(s), concierge facilities etc.~~
~~** Affordable housing may be 'unsustainable' where rents will not meet the costs of strata and other cyclical management costs of the dwelling over a 40-year ownership period.~~

~~In determining if it will require the dedication of built dwellings, the consent authority must consult with the Recommended CHP, identified in any distribution plan adopted by Council as being the recipient of dedicated dwellings.~~

~~The consent authority may not require the dedication of built dwellings where the Recommended CHP, identified in any distribution plan adopted by Council as being the recipient of dedicated dwellings, provides evidence that the proposed dwellings are unsuitable for use as affordable housing.~~

~~The City of Sydney Executive Director City Planning, responsible for development applications, must provide written advice confirming the suitability of dwellings proposed for dedication prior to a condition of consent for dedication being applied to a development consent.~~

~~The development application process for development that may be required to dedicate built dwellings is provided at Appendix D.~~

~~Where the above criteria cannot be met, the consent authority will require the affordable housing contribution be satisfied by making a monetary contribution in accordance with Section 2.2 of this Program.~~

~~2.3.2 Conditions of consent for dedicating dwellings~~

~~An affordable housing contribution requirement for the dedication of dwellings will be set out in a condition of development consent. Evidence that a condition of consent has been satisfied is required prior to the issue of any occupation certificate in the development.~~

~~2.3.3 Floor area to be dedicated for affordable housing dwellings~~

~~The floor area to be dedicated to Council is to include:~~

- ~~dedicated dwellings (including any associated private spaces, such as balconies and courtyards); and~~
- ~~any required horizontal circulation spaces that form part of a stratum that allow access to the dwelling/s.~~

~~2.3.4 How dedicated dwellings are to be used~~

~~Affordable rental housing resulting from a dedication requirement is to be allocated in accordance with any requirements set out in any distribution plan adopted by Council.~~

2.3 Development that may be excluded ~~exempt~~ from making a contribution, or may have a reduced contribution requirement

This section sets out development that is excluded from making an affordable housing contribution or may have a reduced contribution requirement.

Applicants should outline how their development is consistent with the relevant exclusion / reduction in their development application. If Council is satisfied the development is consistent with the relevant exclusion / reduction, it will exclude / reduce the contribution requirement. In the case of complying development, Council must first verify any exclusions / reductions in writing.

The following development is excluded from making an affordable housing contribution:

- any floor area for the following development[1] that is provided by or on behalf of government, a charity or not-for-profit organisation[2:]
  - social housing[3];
  - places of public worship;
  - hostels;
  - boarding houses;
  - residential care facilities;
  - group homes; and
  - emergency services facility.
- any floor area for the development of affordable housing[4] provided in accordance with the Affordable Housing Principles[5].
- any floor area for infill affordable housing provided under Chapter 2, Part 2, Division 1 of the Housing SEPP, but only where it is provided in perpetuity and rented to very low- to moderate-income households at no more than 30% of gross household income in accordance with the Affordable Housing Principles of this Program;
- any floor area for the development of a dwelling house, attached dwelling or a dual occupancy within the meaning of the Sydney Local Environmental Plan
- alterations and additions to an existing dwelling house, attached dwelling or dual occupancy;
- any new floor area or alterations and additions to floor area on land in Zone E4 General Industrial;
- City of Sydney development – development undertaken by or on behalf of the City of Sydney[6]
- where the cost of construction is less than $150,000; and
- where development is for a change of use from:
  - a commercial use or light industrial use to a general industrial use or heavy industrial use; or
  - a general or heavy industrial use to another general industrial use or heavy industrial use.

Where a building is predominantly affordable housing (generally no more than 10 per cent of floor area dedicated to ancillary uses that are not affordable housing), provided in accordance with the Principles of this Program, and does not include any market housing, a contribution requirement will not be applied to the entirety of the floor area in that building.

Where the development would result in the equivalent monetary contribution amounting to more than 15 per cent of the agreed cost of construction, then the affordable housing contribution requirement will not exceed 15 per cent of the agreed cost of construction.

[1] All land use terms used in this Program have the same meaning as in Sydney Local Environmental Plan 2012, if defined, at the time this Program is adopted

[2] As registered with the Australian Charities and Not-for-profits Commission.

[3] As defined by the *Housing Act 2001.*

[4] Where a building is predominantly affordable housing (with a small proportion of floor area dedicated to ancillary non-residential uses), provided in accordance with the Principles of this Program, and does not include any market housing, a contribution requirement will not be applied to the entirety of the floor area in that building.

[5] For the avoidance of doubt, development to which Chapter 2, Part 2, Division 1 or Chapter 3, Part 4 of the Housing SEPP applies is not development excluded from the need to make a contribution

[6] This includes development being undertaken for a public purpose, but excludes development being undertaken for a sole commercial purpose.

~~The following development is exempt from making an affordable housing contribution:~~

- ~~any building on land in Zone E4 General Industrial, or~~
- ~~any floor area used to provide affordable housing or public housing (for the avoidance of doubt, development to which Chapter 2, Part 2, Division 1 or Chapter 3, Part 4 of the Housing SEPP applies is not development excluded from the need to make a contribution), or~~
- ~~City of Sydney development – development undertaken by or on behalf of the City of Sydney. This include development being undertaken for a public purpose, but excludes development being undertaken for a sole commercial purpose.~~

~~Where affordable housing provided under Chapter 2, Part 2, Division 1 of the Housing SEPP is provided in perpetuity and rented to very low to moderate income households at no more than 30% of gross household income in accordance with the Affordable Housing Principles of this Program, the consent authority may consider a case for exempting that development from the requirement for an affordable housing contribution.~~

~~Where a building is predominantly affordable housing (with a small proportion of floor area dedicated to ancillary non-residential uses), provided in accordance with the Principles of this Program, and does not include any market housing, a contribution requirement will not be applied to the entirety of the floor area in that building.~~

~~The consent authority may consider a case for exempting development from the requirement for an affordable housing contribution if the development application is for one or more of the following (and no other development):~~

- ~~where the cost of construction is less than $100,000; or~~

- ~~where the change of use is from:~~
    - ~~a commercial use or light industrial use to a general industrial use or heavy industrial use; or~~
    - ~~a general or heavy industrial use to another general industrial use or heavy industrial use.~~

~~Where the development would result in the equivalent monetary contribution amounting to more than 15 per cent of the agreed cost of construction, then the affordable housing contribution requirement will not exceed 15 per cent of the agreed cost of construction.~~

~~The following are some examples of when the LEP clause may or may not apply to specific types of development.~~

For example

The City receives a development application for a new 50sqm mezzanine in an office building in Central Sydney. The application will not give rise to an affordable housing contribution because the contribution requirement does not apply to development that only results in the creation of less than 60sqm of non-residential gross floor area, and no other development.

For example

The City receives a development application in the Southern Employment Lands for a new 50sqm (non-residential) mezzanine and a change of use for the 100sqm of existing gross floor area from a warehouse (general industrial) to a retail use, and no other development.

The contribution requirement will apply because more than 60sqm of existing gross floor area is changing use.

For example

The City receives a development application in the residual lands for a change of use of 5,000sqm of existing commercial gross floor area to serviced apartments, and no other development.

The contribution requirement will apply because on residual land (and in Central Sydney) the contribution requirement applies where there is a change of use of existing gross floor area from a non-residential purpose to a residential purpose or tourist or visitor accommodation purpose, and serviced apartments are ‘tourist and visitor accommodation’.

For example

The City receives a development application in Green Square for a change of use of 2,000sqm of existing retail gross floor area to office gross floor area, and no other development.

The contribution requirement will apply to the entire development because in Green Square, any change of use will trigger the requirement for a contribution.

For example

The City receives a development application in Central Sydney for a change of use of 200sqm of existing retail gross floor area to office gross floor area, and no other development.

A contribution requirement will not apply because in Central Sydney, only where there is a change of use from a non-residential purpose to a residential purpose or tourist or visitor accommodation purpose will a contribution be applied.

For example

The City receives a development application in the residual lands which proposes a full internal remodel of an existing 7,500sqm commercial building. The external walls of the building will be retained, although will need reinforcing and some sections may require re-building. The building will continue to be used for commercial purposes.

A contribution requirement will apply to the entire 7,500sqm because the extent of the building works in their entirety are considered to represent a new development and the requirement for a contribution applies to new floor area in the residual lands.

For example

The City receives a development application for the redevelopment of a large site in Green Square. The development will involve:

- the construction of seven 8-storey mixed use buildings for market housing and various non-residential uses; and
- one 6-storey mixed use building to be provided for affordable housing, with ground level retail.

A contribution requirement will not be applied to floor area in the entirety of the building to be provided for affordable housing, including the ground floor retail component. The contribution requirement will apply to the floor area in the remainder of the development.

For example

The City receives a development application for the demolition of an existing dwelling and construction of a replacement dwelling house in the residual lands.

A contribution requirement will not be applied to the development as the development falls within the list of developments excluded from making a contribution by the Program.

2.4 Where a contribution has been previously paid

If an affordable housing contribution has already been made on existing gross floor area, then a subsequent contribution is generally not required unless:

- it is being demolished and being replaced with floor area of the same or a different use. In this case, a contribution will be applied to all of the gross floor area, including the replacement floor area;
- for existing floor area, the previous contribution was for a non-residential purpose and the new gross floor area is for a residential purpose. In this case the difference in the contribution rates will apply.

2.5 Refunds

2.5.1 For demolition or changes of use

Local environmental plans require that the consent authority must not refund an affordable housing contribution to the applicant where there is a change in use or demolition of gross floor area.

The same applies where affordable housing dwellings are provided on site, in that the dwellings (as replaced) are to remain the property of a CHP.

2.5.2 Surrendered consents

Council is not obligated under legislation to refund an affordable housing contribution payment.

Nevertheless, Council may consider refunding a development contribution payment to the original payee where:

- the development has not commenced and the consent has lapsed; or
- the development has not commenced and the consent will not proceed, as directed in writing by the payee. In this case, the applicant will need to surrender the consent in accordance with the requirements of the ~~Environmental Planning and Assessment Act 1979~~ Act.

Council will only consider refunding the contribution when it holds adequate contribution funds i.e. funds that have not yet been transferred to a Recommended CHP.

The applicant must apply for the refund in writing to Council.

Other than in exceptional circumstances, requests for refunds must be made within 12 months of paying the contribution for which the refund is sought.

2.6 Adjustment of equivalent monetary contribution amounts

Monetary contribution amounts are adjusted on an annual basis, being the first day of March, with reference to movements in the median strata dwelling price in the City of Sydney LGA as detailed in NSW Government Rent and Sales Report, Table: Sales Price – Greater Metropolitan Region – Strata.

The Rent and Sales Report is available on the NSW Government, Department of Communities and Justice website.

The formula for adjustment of the equivalent monetary contribution amount is:

New Contribution Rate = Current Contribution Rate x (MDP2/MDP1)

Where:

- **MDP1** is the median strata dwelling price used to establish the current contribution rate
- **MDP2** is the median strata dwelling price for the CURRENT period, being established by averaging the four most recently published Rent and Sales Report.

The City of Sydney's website contains the current monetary contribution amounts.

2.7 Adjustment of a monetary contribution amount on a development consent

Where a condition requiring a monetary contribution has been imposed, the contribution amount must be adjusted over time. That is, if a consent is issued in June ~~2021~~ 2023 and the applicant does not wish to pay the contribution and develop the site until August ~~2024~~ 2026, the contribution amount will need to be adjusted to the period in which it is paid, being 1 March ~~2024~~ 2026 to 28 February ~~2025~~ 2027.

Monetary contributions are adjusted by the City and confirmed with the applicant prior to payment being made.

The formula for adjusting a contribution amount in a condition if consent is:

Monetary Contribution = Base Contribution Amount x (R2/R1)

Where:

- **R1** is the contribution rate that applied at the time of consent.
- **R2** is the contribution rate that applies at the time of payment.

The Base Contribution Amount is the amount obtained from the Notice of Determination of the development application.

2.8 How monetary contributions are to be used

Monetary contributions paid to Council are to be allocated in accordance with any requirements set out in any distribution plan adopted by Council.

Affordable housing resulting from an affordable housing contribution requirement must be owned and managed in accordance with the affordable housing principles set out in this Program.

~~3 Affordable housing on suitable employment land~~

~~In the City of Sydney, the proximity of some lands generally zoned for employment to amenities and services may make them suitable for affordable housing, provided that the development does not undermine the broader employment focused objectives of the zone. Sydney LEP 2012 identifies these areas in which affordable housing is permitted.~~

~~3.1 Requirements for affordable housing on suitable employment land~~

~~Affordable rental housing developed on suitable employment land is to be provided in accordance with the affordable housing principles set out in this Program.~~

~~3.2 Development applications~~

~~The Sydney LEP 2012 requires that any development for affordable housing is compatible with the existing and approved uses of land in the vicinity.~~

~~Proponents should seek pre-development application advice from the City on any proposal to develop affordable housing on employment land.~~

Appendix A - Background information and affordable housing needs analysis

1. Introduction

Sydney remains Australia's least affordable city. The high cost of housing is an important economic and social issue in Sydney, particularly within the city where housing prices are amongst the highest in Australia.

For a global city, a sustainable and diverse housing supply is fundamental to the cultural and social vitality, economic growth, and liveability of the city. For a city to maintain its global status it needs to maintain the delivery of essential social and physical infrastructure. Housing is a critical piece of that infrastructure; where it is located, its proximity to employment, its diversity in price and type and its quality, are things that require careful management.

A range of factors are placing upward pressure on housing costs, making it increasingly difficult for very low to moderate income households to afford to rent or buy in the local area.

It is expected that without intervention the market will continue to produce housing aimed at households on relatively high incomes. Lower income households will need to move out of the inner-city, away from their communities and their employment in the inner-city.

Housing affordability may affect a city's ability to attract and retain global businesses and a highly skilled workforce. Where relatively low paid key workers, who underpin and enable growth in high value sectors, and contribute to the efficient functioning of a city, cannot access appropriate and affordable housing, there is direct risk to metropolitan Sydney's global city status and by extension the Australian economy. These low paid key workers are employed across a range of sectors and include, amongst others, our health care technicians, cleaners, bus drivers, childcare workers, administrators, hospitality staff, tour guides, musicians and artists.

Encouraging and providing affordable housing is a complex issue requiring a range of planning and policy solutions. The community housing sector is central to delivering affordable rental housing, but so too is the development sector that creates opportunities for new affordable housing to be delivered.

This Program provides the framework for affordable housing to be provided in conjunction with the development that creates the demand for it.

2. What is affordable housing?

Affordable housing is defined by the Act ~~*Environmental Planning and Assessment Act 1979* (Act)~~ as "housing for very low-income households, low-income households or moderate-income households, being such households as are prescribed by the regulations or as are provided for in an environmental planning instrument."

In the City of Sydney, the private housing market is unlikely to deliver housing, for purchase or for rental, which does not put a very low to moderate incomes household in housing stress or crisis, which is, they are spending more than 30 per cent of their gross income on rental or mortgage costs. Where low-cost housing can be found, the demand for it is so high that it is not necessarily target income groups who absorb it.

Therefore, in the context of the city, the term 'affordable housing' is taken to mean 'affordable rental housing' that is managed by a registered CHP and rented specifically to target income households.

3. NSW Government and City of Sydney affordable housing objectives and targets

3.1 NSW Government

The NSW Government has long recognised the importance of providing affordable housing through the planning framework.

The NSW Government's Region and District Plans include targets and actions for the provision of affordable housing through the planning framework. The plan require~~s~~ councils to develop local housing strategies to address the range of housing needs in their local areas, including affordable housing.

3.2 City of Sydney Council

The City of Sydney has a target that 7.5 per cent of private housing will be social housing and 7.5 per cent of private housing will be affordable housing.

4. Affordable housing need analysis

4.1 Why do we need affordable housing?

Socio-economic impacts

Rising housing prices, driven by a range of factors including increased demand for inner-city living, population growth, foreign investment, federal and state government fiscal and taxation policies, and constrained land supply, all result in declining housing affordability across Australia, particularly in major cities.

In the city, climbing housing costs are expected to have an increasingly detrimental impact on its socio-economic diversity as low-income households are pushed from the LGA because they cannot access affordable housing. The majority of households on low to moderate incomes who remain in the private housing market are increasingly in housing stress or crisis and will eventually be forced to move out as housing costs continue to escalate ahead of wage growth.

The loss of low-income households is contrary to the aims of the District Plan and ~~the~~ *Sustainable Sydney 2030-2050*, both of which promote the diverse and liveable socio-economic communities.

The relative inequality among those who can and cannot afford housing in the city has widened. There is a growing disconnect between affluent households able to afford private market housing and socio-economically disadvantaged households living in inner city social housing estates. This 'hollowing out of the middle' impacts on community sustainability.

The issue also has a dimension of generational inequality, as younger people (typically first home buyers) are increasingly priced out of the market.

Economic impacts

Declining socio-economic diversity in the inner city associated with inadequate social and affordable housing supply has significant economic impacts.

The ongoing loss of very low- to moderate-income households from inner Sydney, as they are forced to the outer suburbs of Sydney, makes it increasingly difficult for essential employment sectors to fill employment vacancies and staff shifts. On the city scale, this hampers business productivity and by extension the wider economic growth of Sydney.

4.2 Satisfying the requirements of the Act

This Program has been prepared in accordance with the requirements of the Act ~~*Environmental Planning and Assessment Act 1979* (the Act)~~, that is, those matters that are required by the Act to be considered when applying a condition of consent, have been considered. Where a condition of consent is applied in accordance with this Program, it is consistent with the Act.

Section 7.32 of the Act ~~*Environmental Planning and Assessment Act 1979* (the Act)~~ allows for the collection of contributions for affordable housing where a need for affordable housing is identified in a planning instrument and where:

(a) the consent authority is satisfied that the proposed development will or is likely to reduce the availability of affordable housing within the area, or
(b) the consent authority is satisfied that the proposed development will create a need for affordable housing within the area, or
(c) the proposed development is allowed only because of the initial zoning of a site, or the rezoning of a site, or
(d) the regulations so provide[2].

The City of Sydney is identified in a state environmental planning policy (SEPP) as an area where there is a need for affordable housing.

Provided below is the rational and justification for applying a contribution requirement in various land in the city.

Central Sydney

Central Sydney is identified on the Locality and site identification map and zoned SP5 Metropolitan Centre (formerly B8) in the City's planning controls. All development in Central Sydney, that is not minor development, is subject to the requirement to contribute to affordable housing under Section 7.32 of the Act because:

All new development in Central Sydney will reduce the availability of affordable housing within the area.

As jobs growth occurs in Central Sydney, a proportion of the new working population will form part of a very low- to moderate-income household. As competition for affordable housing options increases, the overall availability of affordable housing will decrease. Given the substantial shortfall of affordable housing options within the City, any decrease in the availability of affordable housing gives rise to an increased need for affordable housing.

All new development in Central Sydney will create a need for affordable housing within the area.

Ensuring the long-term sustainable growth of Central Sydney is essential for a strong NSW and national economy. Declining socio-economic diversity in the inner city associated with inadequate social and affordable housing supply has significant economic and social impacts which represent a risk to this growth.

As demonstrated above, rising land and property prices, driven by a range of factors including population growth, constrained land supply and Commonwealth fiscal policy, have resulted in declining housing affordability in Australian cities, in particular Sydney. This trend is coupled with inadequate new supply of social and affordable housing in the inner city, both

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[2] Development must only satisfy one of these conditions for Council to be able to require a contribution.

of which are necessary to mitigate market affordability impacts in maintaining accessibility of inner-city housing to socio-economically diverse communities.

In the City, there is a growing disconnect between affluent households able to afford private market housing and highly socio-economically disadvantaged households living in inner-city public housing estates. Gentrification of inner-city neighbourhoods has exacerbated relative inequality among those who can and cannot afford housing. The purchase and rental housing market is becoming virtually inaccessible to those on very low- to moderate-incomes. This issue also has a dimension of generational inequality, as younger people are increasingly priced out of the market.

There are also substantial economic impacts where affordable housing cannot be accessed close to employment.

As residential growth occurs in Central Sydney, demand for services in which low-income workers are employed will increase. These services include childcare, medical services, retail, cleaning, and hospitality and so on. There is a need to ensure some affordable housing is available to accommodate people on low-incomes working in these services.

Evidence suggests the loss of low- to middle-income households from inner Sydney will result in essential sectors in the Australian economy finding it increasingly difficult to fill employment vacancies and staff shifts, hampering business productivity and economic growth.

As the relative economic importance of Central Sydney to the national economy continues to increase, cumulatively all new development will continue to create an economic and social need for affordable housing.

Ultimo-Pyrmont

To promote a socially diverse and sustainable community, it is crucial that affordable rental housing be provided so that very low to moderate income households can live in the area.

All development in Ultimo-Pyrmont is subject to the requirement to contribute to affordable housing under Section 7.32 of the Act because:

Development in Ultimo-Pyrmont will reduce the availability of affordable housing within the area.

The City West region of inner-Sydney, comprising the suburbs of Pyrmont and Ultimo, was formally an industrial and port precinct that traditionally provided low-cost accommodation for people working in an around the area.

However, significant gentrification has occurred due to the urban renewal of the area, an accompanying investment in public infrastructure and a wider cultural shift towards inner-city living. As higher-income households are attracted to the area, housing prices and rental costs are driven upwards, resulting in the reduction of rental stock availability for very low- to moderate-income households.

Development in Ultimo-Pyrmont will create a need for affordable housing

The planning controls in Ultimo-Pyrmont permit a range of commercial development to provide a variety of employment opportunities, including for lower paid occupations. The affordable housing provisions in Ultimo-Pyrmont reflect an expectation that people should be able to live and work within the same area.

New residents and workers in the area also generate a demand for services typically staffed by lower income earners, increasing the need for key workers such as cleaners, retail assistants, childcare workers and hospitality staff.

If affordable housing options are not provided in the area, the housing market will serve an increasingly smaller proportion of the population, narrowing the socio-economic diversity of Ultimo-Pyrmont and necessitating unsustainable travel behaviours for lower income workers.

Development in Ultimo-Pyrmont is allowed only because the land was rezoned

In the early 1990's a process of intense urban renewal was instigated with the rezoning of the area for high density residential development. The need to retain a proportion of affordable housing in the area was recognised at this time to ensure a socially diverse and sustainable community representative of all income groups.

The new planning provisions substantially affected and increased the development potential and land value of Ultimo-Pyrmont. This has been further impacted by the significant investment in infrastructure by the New South Wales and Commonwealth Governments to revitalise redevelop the area. All landowners have and will continue to benefit from this increase in land value.

The increased land value has an impact on the affordability of housing in Ultimo-Pyrmont, particularly for the traditional low- and moderate-income residents of the inner-city, as higher value uses are found for the land.

Green Square

The Green Square urban renewal area will provide housing for around 63,000 residents to 2036. The District plan and *A Metropolis of Three Cities – the Greater Sydney Region Plan* highlight the importance of creating communities that are mixed and cohesive, where there is a greater mix of social and private housing.

To promote a socially diverse and sustainable community, it is crucial that affordable rental housing be provided so that very low- to moderate-income households can live in the area.

All development in Green Square is subject to the requirement to contribute to affordable housing under Section 7.32 of the Act because:

Development in Green Square will reduce the availability of affordable housing within the area.

Green Square and its immediate surrounds have historically provided relatively cheap housing for inner-city residents.

However, the urban renewal of the area, the investment in public infrastructure and the wider cultural shift towards a preference for inner-city has resulted in the gentrification of Green

Square. This has placed, and will continue to place, pressure on housing prices and rental costs as high-income households are attracted to the area, pushing up house values and reducing the rental stock available for very low- to moderate-income households.

The jobs growth associated with the urban renewal of Green Square is also reducing the availability of affordable housing in the area. While there has been a significant change in the nature of employment in the area since its rezoning in 1999, with a general trend towards higher value jobs, a number of lower paid jobs still locate in the area.

It is desirable that people employed in the area are able to find housing close to their place of employment. This will increase competition for the affordable housing options, decreasing the overall availability of affordable housing and increasing the cost of renting in these areas.

Given the shortfall of affordable housing options currently available in the city, any further decrease in the availability of affordable housing gives rise to an increased need for affordable housing.

Development in Green Square will create a need for affordable housing

More specifically for Green Square, the ongoing urban renewal of the area, and its wider gentrification, will continue to produce upward pressures on property values and place further pressure on purchase and private rental accommodation costs beyond the means of low- to moderate-income groups.

Without provision of more affordable forms of housing, the market can be expected to continue to produce more expensive housing in the area, so that housing will only be affordable to households on relatively high incomes. Without the supply of more affordable rental dwellings, existing lower income households will continue to be forced out of the area, and new lower income households may be prevented from finding housing in Green Square close to new employment opportunities.

The employment generated by the urban renewal of Green Square will also create a need for affordable housing. On completion, some of which will be for very low- to moderate-income earners who will seek affordable housing in the area.

Moreover, new residents and workers in the area will generate demand for services typically staffed by lower income earners, increasing the need for key workers such as cleaners, retail assistants, childcare workers and hospitality staff.

Development in Green Square is allowed only because the land was rezoned

In 1999 the majority of the Green Square urban renewal area was rezoned from industrial to mixed use. Substantial value was created on land at the time it was rezoned.

The affordable housing contribution requirement in Green Square was introduced when the land was rezoned. Therefore, any negative impact the contribution requirement might have had on the value of the land was more than mitigated by the increase in land value arising from the rezoning.

Over time land values have continued to increase in Green Square as the area has gentrified and has benefited from substantial investment in public infrastructure. This will continue to place upward pressure on the cost of housing and increase demand for affordable housing.

Southern Employment Lands

The Southern Employment Lands will undergo substantial change over the next 20 years as it transitions from an area characterised by traditional manufacturing industries and low-density employment to more diverse employment. The changes will result in an increase in the number of workers in the area, placing an increase in the demand for affordable housing.

All development in the Southern Employment Lands is subject to the requirement to contribute to affordable housing under Section 7.32 of the Act because:

Development in the Southern Employment Lands will reduce the availability of affordable housing within the area

The Southern Employment Lands are Sydney's oldest industrial areas. The 2015 rezoning of the area will result in more jobs that are typically higher in value than those that have traditionally located in the area.

This will place pressure on housing prices and rental costs in adjoining area as high income households are attracted to the area to live near where they work, pushing up underlying land values and reducing the rental stock available for very low- to moderate-income households.

It is desirable that people employed in the area are able to find affordable housing close to their place of employment. This will increase competition for the affordable housing in the area, decreasing the overall availability of affordable housing and increasing the cost of rents.

Given the shortfall of affordable housing options currently available in the city, any further decrease in the availability of affordable housing gives rise to an increased need for affordable housing.

Development in the Southern Employment Lands will create a need for affordable housing within the area

Redevelopment in and around the Southern Employment Lands will continue to place upward pressure on property values and on purchase and private rental accommodation costs in the area beyond the means of very low-, low- and moderate-income households.

Without the provision of more affordable forms of housing, the market can be expected to continue to produce more expensive housing products in the area, so that housing will only be affordable to households on relatively high incomes. Without the supply of more affordable rental dwellings, existing lower income households will continue to be forced out of the area, and new lower income households may be prevented from finding housing ~~in~~ close to new employment opportunities.

Development in the Southern Employment Lands is allowed only because the land was rezoned

In 2015, much of the land in the Southern Employment Lands was rezoned. Previously the Southern Employment Lands were zoned for industrial purposes, generally permitting only uses that are industrial in nature, the new zones enabled a more flexible approach to employment generating uses by permitting a wider range of activities, such as commercial offices, retail and so on.

The affordable housing contribution requirement in the Southern Employment Lands was introduced when the land was rezoned. Any negative impact the contribution requirement might have had on the value of the land was therefore mitigated by the increase in land value arising from the rezoning.

Over time land values will continue to increase in the Southern Employment Lands, placing upward pressure on the cost of housing and increasing demand for affordable housing in the surrounding area.

Residual land

As the popularity of inner city living continues grow and with increasing employment opportunities across the city, the cost of housing will continue to climb, making it increasingly difficult for low-income households to live in these areas.

On residual land, development for new floor area, or for a more intense use of existing floor area, is subject to the requirement to contribute to affordable housing under Section 7.32 of the Act because:

Development in the residual lands will reduce the availability of affordable housing within the area

Investment in public infrastructure, increased amenity and the wider cultural shift towards a preference for inner-city has resulted in the gentrification in the LGA. This has placed, and will continue to place, pressure on housing prices and rents. Likewise, the increase in the number of jobs in the LGA, many offering relatively high salaries, increases the demand for housing and pushes up housing costs.

As the desirability of living and working in the local area increases, the demand for an ever-shrinking supply of lower cost housing increases, in turn decreasing the overall availability of lower cost housing and pushing lower income households out to more affordable areas.

Given the shortfall of affordable housing options currently available in the city, any further decrease in the availability of affordable housing gives rise to an increased need for affordable housing.

Development in the residual lands will create a need for affordable housing within the area

The projected housing growth in the residual lands is shown at Figure 6. As at 2017, it was anticipated that approximately 35% of projected dwellings growth in the city will be in the residual lands.

Employment is also projected to grow in the LGA. The draft district plan projects 817,000 additional jobs across Greater Sydney, a large portion of which will be in the City's strategic centres of the CBD and Green Square and Mascot where a respective 235,000 and 25,500 jobs are projected to 2036.

Job growth in the LGA and new development in the city's residual areas will continue to place upward pressure on housing prices and rents beyond the means of very low-, low- and moderate-income households.

Without provision of more affordable forms of housing, the market can be expected to continue to produce more expensive housing in the area, so that it will only be affordable to households on relatively high incomes. Without the supply of more affordable rental dwellings, existing lower income households will continue to be forced out of the area, and new lower income households may be prevented from finding housing in the LGA close to new employment opportunities.

Planning Proposal land

Planning Proposal land is land that has been the subject of a planning proposal to change the planning controls that apply to the site to increase development capacity. Planning Proposal land is identified in LEPs.

On Planning Proposal land, all new residential floor area is subject to the requirement to contribute to affordable housing under Section 7.32 of the Act because:

Development in Planning Proposal land will reduce the availability of affordable housing within the area

The cost of land and fragmentation of ownership patterns are key impediments to development and renewal in existing urban areas. Current buildings that are functional and provide good economic utility can in many cases be too valuable to consolidate for redevelopment. Therefore, developers tend to target buildings that are aging and nearing the end of their economic lifecycle. As such, planning proposals in the City, that generally seek increased height or floor area, are associated with former industrial or commercial sites and older, lower quality houses that are then replaced by higher density residential uses.

Where redevelopment of a site replaces older residential stock with a new residential flat building, there is typically a direct loss of lower cost housing that is more likely to be within the means of lower income households.

Where renewal of a site replaces non-residential buildings at the end of their economic life, amenity increases, attracting more investment and higher income households to move into the area. This pushes up house values, placing further demand for rental properties and reduces the available stock of low-cost housing.

Planning proposals seeking increased height or floor area associated with the renewal of commercial sites in Central Sydney are underpinned by a post-Covid demand for high-quality, high-amenity, contemporary office space. They attract investment and contribute to urban renewal in the LGA, placing continued upward pressure on housing prices and rents beyond the means of very low-, low- and moderate-income households.

Development on Planning Proposal land will create a need for affordable housing within the area

Changes to planning controls which permit higher order land uses and increased densities will place further pressure on purchase and private rental accommodation costs beyond the means of very low to moderate income households. Without provision of more affordable housing in the area housing will only be affordable to households on relatively high incomes. This will force existing low-income households to move out of the area.

Furthermore, the overall growth in jobs generally across the LGA, coupled with increased employment opportunities created by planning proposals – both as a result of commercial (re)development in Central Sydney and mixed use development throughout the LGA that includes retail tenancies on the street level – will increase the demand for unskilled and semi-skilled workers employed in essential services of retail, hospitality and cleaning and who are difficult to recruit due to increasing pressure on housing costs in the area.

Development is allowed only because the land was rezoned

Planning Proposal land is land that has been the subject of a planning proposal to change the planning controls that apply to the site to increase development capacity. The contribution requirement will only be applied to the new development capacity that would not have been allowed without the changes to the planning controls.

This gives effect to the intent of the District Plan to provide affordable housing where there is an increase in development capacity on land, where need for affordable housing is identified and where development viability can be maintained.

The affordable housing contribution requirement will be introduced when the land is identified as Planning Proposal land in LEPs. Therefore, any negative impact the contribution requirement might have on the value of the land will be mitigated by the increase development potential brought about by the change to the planning controls.

5. Outcomes

As at June ~~2024~~ 2025, the City's affordable housing contribution requirements have delivered 873 affordable dwellings. The projected outcomes of this Program are estimated to exceed 2,000 further affordable dwellings to 2036 (from June ~~2024~~ 2025). Notwithstanding this estimate, the outcomes of this Program will be heavily impacted by other matters outside of the City's control, including, but not limited to:

- the property market i.e. the amount of development that occurs. This is highly influenced by the market conditions of the day;
- the ability of community housing providers to leverage contribution funds and existing property portfolios;
- state government policy directions; and
- Federal and NSW Government investment in affordable housing (which may accelerate outcomes under this scheme when available funds are combined with levy funds).

Appendix B – Contribution where land is rezoned

Where land is the subject of a planning proposal to increase its development capacity, an additional contribution for affordable housing will be applied to the new floor area.

This appendix is to provide guidance on how the affordable housing contribution requirement is established and applied.

1. How is the additional contribution requirement secured?

The additional affordable housing contribution requirement will be established when the land is rezoned. The requirement may be set out in:

- Schedule 6C of the Sydney LEP;
- some other requirement in an environmental planning instrument; or
- a voluntary planning agreement.

1.1 Schedule 6C

As part of the planning proposal process, land may be identified as "planning proposal land" on Schedule 6C of the Sydney LEP and required to make an additional contribution requirement.

Pursuant to Clause 7.13B, the contribution requirement must be satisfied by making an equivalent monetary contribution in accordance with this Program.

1.2 Other requirement in an environmental planning instrument

As part of the planning proposal process, a clause may be inserted in an environmental planning instrument requiring an additional affordable housing contribution.

1.3 Voluntary planning agreement

As part of the planning proposal process, the landowner may make a public benefit offer to enter into a voluntary planning agreement with the City to make a monetary contribution and/or to provide affordable housing.

The voluntary planning agreement will only apply to the additional contribution requirement. Any other affordable housing contribution requirement set out in an environmental planning instrument will continue to be applied. For example, if land is subject to Clause 7.13 of the Sydney LEP, that clause will still apply to applicable development on the land.

The resulting affordable housing must:

- be subject to a restrictive covenant requiring the affordable housing to remain affordable housing in perpetuity and be rented for no more than 30% of household income;
- owned and/or managed by an Eligible CHP;
- be rented to very low-, low- and moderate-income households, as defined by the Act; and
- be subject to annual reporting.

Any public benefit offer to provide affordable housing must outline:

- how the affordable housing will achieve the standards for affordable housing dwellings, set out at Appendix C of this Program;
- how an Eligible CHP will be consulted in the design and construction phase;
- at what stage of the development the affordable housing will be provided.

In considering the public benefit offer Council will have regard to:

- the nature and scale of the planning proposal;
- the quantum of dwellings being offered;
- the suitability of the dwellings being offered (with reference to the standards for affordable housing dwellings, set out at Appendix C); and
- any other public benefits offered in relation to the planning proposal.

Acceptance of the public benefit offer is at the discretion of the Council. Where it is not acceptable to Council, the land may be identified as "planning proposal land" on Schedule 6C of the Sydney LEP, or in some other environmental planning instrument, as being required to make an additional monetary affordable housing contribution.

~~The additional affordable housing contribution requirement will be secured in the process of rezoning the land. The requirement may be set out in:~~

- ~~an LEP, for example, the land may be identified as "planning proposal land" on Schedule 6C of the Sydney LEP, with the additional contribution requirement being set out in the schedule; or~~
- ~~a voluntary planning agreement, for example, the landowner may offer to enter into a voluntary planning agreement with the City to build and dedicate affordable housing; or~~
- ~~some other environmental planning instrument.~~

~~2. How is the additional contribution requirement to be satisfied?~~

~~Where the proposed development meets the criteria set out at Section 2.3.1 of this Program, Council will generally require the additional contribution be satisfied by the dedication of built dwellings.~~

~~Where the development does not meet the criteria set out at Section 2.3.1 of this Program, Council will require the additional contribution be satisfied by making a monetary contribution in accordance with Section 2 of this Program.~~

2. ~~Contribution~~ Additional contribution requirement

Where land is rezoned to increase its development capacity, an additional affordable housing contribution requirement will be payable on the new residential gross floor area (and non-residential floor area in Central precinct), as shown below:

Table A1: Additional contribution requirement ~~on new floor area~~

~~Affordable housing contributions precinct~~	~~Contribution requirement~~
~~Central precinct~~	~~20% residential gross floor area~~ ~~2% non-residential gross floor area~~
~~West precinct~~	~~20% residential gross floor area~~
~~South precinct~~	~~20% residential gross floor area~~
~~East precinct~~	~~20% residential gross floor area~~

Affordable housing contributions precinct	Additional contribution requirement
Central precinct	17% residential gross floor area 1% non-residential gross floor area
West precinct	17% residential gross floor area
South precinct	17% residential gross floor area
East precinct	17% residential gross floor area

Note: Affordable housing contribution precincts are shown at Figure 1 of this Program.

~~The contribution requirement shown at Table A1 is inclusive of any other affordable housing contribution requirement that applies to the land. For example, the 20 per cent rate that applies to all new residential floor area includes 17 per cent for new residential floor area on planning proposal land, plus 3 per cent that applies under Clause 7.13 of Sydney LEP 2012, Where no other contribution requirement applies, the full 20 percent is applied.~~

The contribution requirement shown at Table A1 is exclusive of any other affordable housing contribution requirement that applies to the land. For example, the 17 per cent rate that applies to all new residential floor area does not include the 3 per cent that applies under Clause 7.13 of Sydney LEP 2012, that is otherwise applied in the development application.

In the west, south and east precincts, the contribution requirement applies to new floor area that has the potential to be used for a residential purpose, that is, the residential contribution requirement will be applied to any additional floor area achieved on land where residential uses are permitted, unless the whole of that site is restricted in a planning instrument to a non-residential purpose only.

In Central precinct, the contribution requirement will be applied using a proportional approach. That is, where there is a requirement in a planning instrument that restricts a proportion of the floor area to a non-residential purpose, then the non-residential contribution requirement will be applied to that same proportion of any new development capacity, and the residential contribution requirement to the remainder. For example, where a site is required by a planning instrument to provide 50% of the floor area in the building as non-residential development, then the non-residential contribution requirement of 1% ~~2%~~ would apply to 50% of the new floor area and residential contribution requirement of 17 ~~20%~~ would apply to the other 50% of new floor area.

Example

A site in Central precinct is currently subject to planning controls that allow 70,000sqm of non-residential floor area. This is subject to the requirements of Clause 7.13 of the Sydney LEP that requires an affordable housing contribution of 1% of non-residential GFA.

A rezoning of the site facilitates an additional 40,000sqm of non-residential floor area. No residential development is permitted on the site.

The additional affordable housing contribution requirement is inserted on Schedule 6C of the Sydney LEP at the time of rezoning.

~~The additional affordable housing contribution requirement is established in the Sydney LEP.~~

Assuming the site is developed utilising the whole of the available gross floor area, the following affordable housing contribution is required:

(1% x ~~70,000~~ 110,000sqm) + (1% ~~2%~~ x 40,000sqm) = 1,500sqm ~~*~~ x $12,293.84 = $18.4m equivalent monetary contribution.

The contribution requirement must be satisfied by making a monetary contribution because the site is a commercial site.

Note: ~~for the purpose of this example,~~ the starting monetary contribution rate, Rate A, has been assumed for the purpose of this example.

Example

A site in Central precinct is currently subject to planning controls that allow 25,000sqm residential gross floor area and 25,000sqm non-residential gross floor area. This is subject to the requirements of Clause 7.13 of the Sydney LEP that requires an affordable housing contribution of 1% of non-residential GFA and 3% of residential GFA.

A rezoning of the site facilitates an additional 30,000sqm gross floor area.

The additional affordable housing contribution requirement is inserted on Schedule 6C of the Sydney LEP at the time of rezoning. The rezoning will also include a requirement in the Sydney LEP that no more than 50% of the GFA on the site can be used for a residential purpose.

~~The additional affordable housing contribution requirement is established in the Sydney LEP, that also maintains a requirement that no more than 50% of the GFA on the site can be used for a residential purpose~~

Assuming the site is developed utilising the whole of the available gross floor area and that 50% is residential and 50% is non-residential, the following affordable housing contribution is required:

(1% x ~~25,000~~ 40,000sqm) + (3% x ~~25,000~~ 40,000sqm) + (1% ~~2%~~ x 15,000sqm) + (17% ~~20%~~ x 15,000sqm) = 4,300sqm * ~~$12,000~~ $12,293.84 = $52.9m equivalent monetary contribution. ~~of dedicated affordable housing provided on site (or $52.9m equivalent monetary contribution).~~

Note: ~~for the purpose of this example,~~ the starting monetary contribution rate, Rate A, has been assumed for the purpose of this example.

3. Where other public benefits are offered

At Council's sole discretion, t~~T~~he additional contribution requirement may be waived or reduced ~~by Council's sole discretion,~~ where a developer has made an offer to enter into a planning agreement to provide other agreed public benefits of a commensurate scale and value.

4. How contributions are to be used

Monetary contributions are to be used in accordance with Section 2 of this Program.

~~and d~~ Dedicated dwellings are to be ~~allocated in accordance with any requirements set out in any distribution plan adopted by Council.~~ used in accordance with the requirements set out in the voluntary planning agreement.

Appendix C - Standards for ~~dedicated~~ affordable housing dwellings

Where an additional affordable housing contribution requirement is to be satisfied by providing ~~the dedication of~~ built dwellings, the dwellings must be suitable to be used for affordable housing in perpetuity ~~the long term~~.

This Appendix sets out guiding standards for ~~dedicated~~ the affordable housing dwellings.

Size requirements

Generally, a public offer to provide affordable housing will only be accepted where more than 600 square metres of gross floor area is provided as eight or more dwellings.

Accessibility

The land is located in Category A or B area of the Sydney LEP 2012 Land Use and Transport Integration Map (if the development is subject to the Sydney LEP 2012).

~~Long-term management requirements~~

~~Required affordable rental dwellings are to be owned and managed in accordance with the Affordable Housing Principles of this Program.~~

Strata requirements

~~Where the strata or management costs of development would likely be high and render the management of the property for affordable housing unsustainable, the affordable housing dwellings to be dedicated are to be subject to alternate cost arrangements to assist in the management of strata or management costs to the receiving CHP.~~

Where the CHP will be the owner of the dwellings, anticipated strata costs must allow for the sustainable ongoing management* of the affordable housing dwellings by the CHP. This may be achieved by limiting participation in a future strata scheme by providing dwellings:

- in a separate stratum in a building in the development**; or
- in a separate building in the development.

* Affordable housing may be 'unsustainable' where rents will not meet the costs of strata and other cyclical management costs of the dwelling over the life of the dwelling. This could be expected where the development incorporates amenities that are likely to result in high management costs, for example, a significant number of lifts, pool(s), gym(s), concierge facilities etc.
** In pursuing a separate stratum, separate entries are only to be provided to facilitate practical access needs. If separate entrances are used they should be indistinguishable from one another, with no recognisable reduction in quality or appearance.

Dwelling size mix requirements

The mix of ~~the proposed~~ sizes of affordable housing dwellings provided (i.e. the number of bedrooms) is to be appropriate to the needs of the ~~receiving~~ CHP.

Parking and servicing

Parking and general servicing requirements are to be appropriate for the needs of the ~~receiving~~ CHP.

External design

The external design of the proposed affordable housing dwellings is to be equivalent in design quality to other dwellings in the development. It must include external elements, such as balconies or courtyards, that are generally consistent with those provided for other dwellings on the site.

Design for reduced living costs

~~Proposed a~~Affordable housing dwellings are to:

- where possible, maximise passive ventilation and cooling methods to avoid air-conditioning costs;
- where possible, incorporate solar energy connections and rainwater tanks;
- be excluded from embedded power networks if the embedded network does not allow tenants to freely choose the service provider;
- include ceiling fans and window blinds for thermal comfort; and
- include appliances with high efficiency standards.

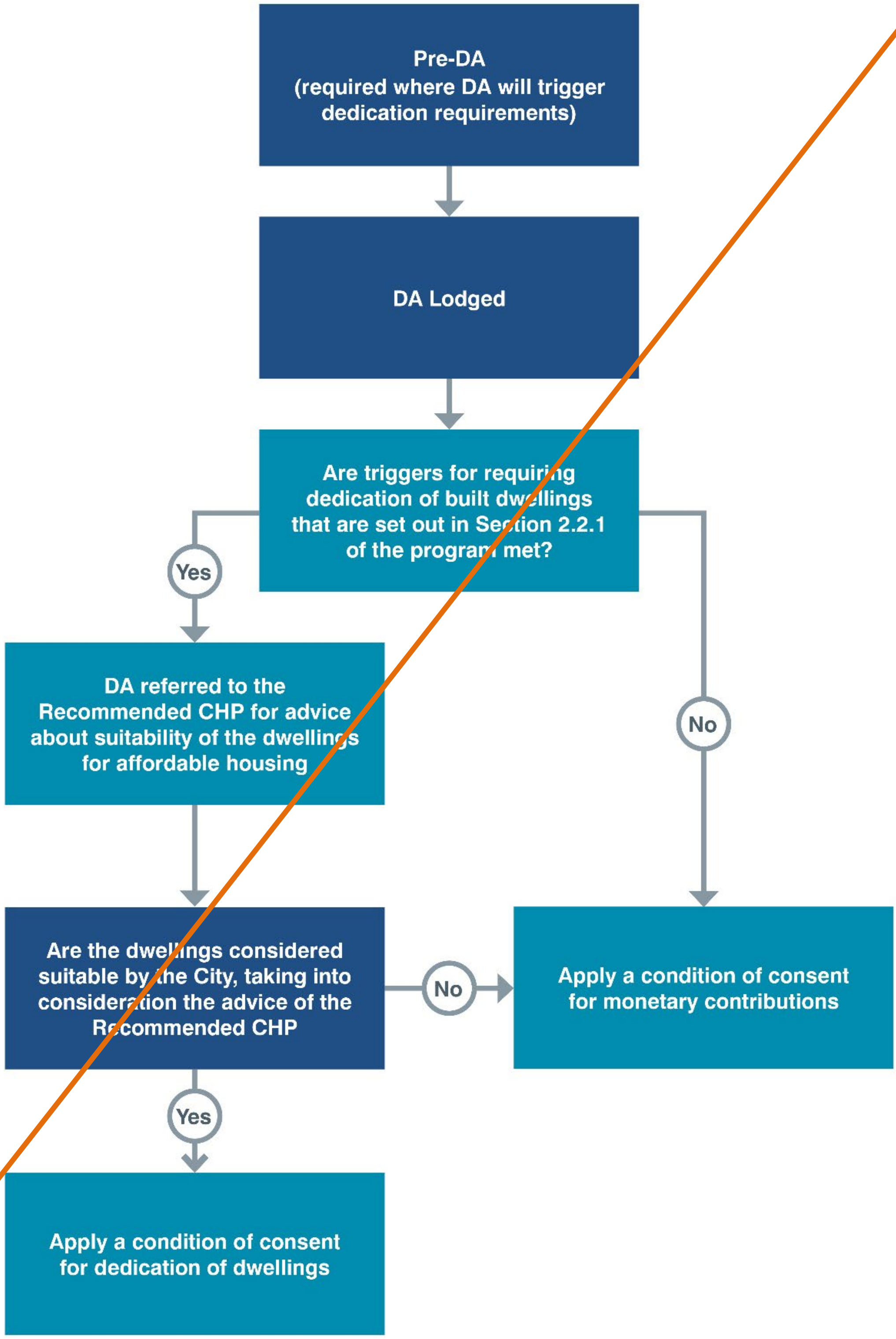
Design for reduced cyclical management costs

Construction design and material choices are to be agreed with the ~~receiving~~ CHP at the design stage to address the longer-term management and maintenance costs of the ~~proposed~~ affordable housing dwellings, including:

- inclusion of robust, durable internal and external finishes; and
- use of low maintenance and easily replaceable materials.

~~Note: While it is noted the above guiding standards have been prepared to inform the standards of dedicated affordable housing dwellings required by the City under Section 7.32 of the Act, the standards may also be relevant in the delivery of affordable housing achieved under different mechanisms.~~

~~Appendix D – Simplified development application process~~



Appendix D – Affordable housing on suitable employment land

In the City of Sydney, the proximity of some lands generally zoned for employment to amenities and services may make them suitable for affordable housing, provided that the development does not undermine the broader employment focused objectives of the zone. Sydney LEP 2012 identifies these areas in which affordable housing is permitted.

3.1 Requirements for affordable housing on suitable employment land

Affordable rental housing developed on suitable employment land is to be provided in accordance with the affordable housing principles set out in this Program.

3.2 Development applications

The Sydney LEP 2012 requires that any development for affordable housing is compatible with the existing and approved uses of land in the vicinity.

Proponents should seek pre-development application advice from the City on any proposal to develop affordable housing on employment land.

Attachment D

City of Sydney Affordable Housing Program Amendment 2024 – as exhibited

Draft City of Sydney Affordable Housing Program

Adopted XX XXX XXXX

Contents

1. About the Program

The City of Sydney Affordable Housing Program (this Program) is to provide the background, requirements and operational detail for various affordable contribution provisions in local environmental plans (LEPs) that operate in the City of Sydney.

This Program was adopted by Council on XX XX XXX and came into effect on XX XX XXX.

Public exhibition note - Implementation The above dates can only be finalised if and when this Program is adopted by Council and changes to the Sydney Local Environmental Plan 2012, the Sydney Local Environmental Plan (Green Square Town Centre) 2013, and the Sydney Local Environmental Plan (Green Square Town Centre – Stage 2) 2013 are made. This Program has no effect until that time.

1.1 Program Objectives

The objectives of this Program are to:

- recognise affordable rental housing as critical infrastructure necessary to support; sustainable and diverse communities and long term economic growth in the City of Sydney local government area (city);
- ensure that, as the cost of housing increases in the city, affordable rental housing is provided for very low to moderate income households;
- ensure there are opportunities for very low to moderate income households, who have an historical connection with the city, to live in the city;
- ensure there are opportunities for very low to moderate income earners who work in the city to live in the community in which they are employed; and
- facilitate opportunities for government and community housing providers (CHP) to supply affordable housing within the city.

1.2 Relationship to other Programs

This Program, on the day it came into effect, repeals and replaces the City of Sydney Affordable Housing Program, adopted by Council ~~24 August 2020~~ 26 June 2023.

Any development applications determined prior to the commencement of this Program are not altered by the commencement of this Program.

1.3 Where does this Program apply?

This Program applies to land to which the *Sydney Local Environmental Plan 2012,* the *Sydney Local Environmental Plan (Green Square Town Centre) 2013* and *Sydney Local Environmental Plan (Green Square Town Centre – Stage 2) 2013* applies.

This Program also applies to 'Planning Proposal land' where it is identified in the abovementioned local environmental plans (LEPs) or any other Environmental Planning Instrument (EPI).

The Program may not apply to:

- development to which the Redfern-Waterloo Authority Affordable Housing Contributions Plan 2006 applies, where the plan is still in effect; and
- other land in the City of Sydney, unless otherwise identified as applying in another EPI, where *Sydney Local Environmental Plan 2012*, *Sydney Local Environmental Plan (Green Square Town Centre) 2013* or *Sydney Local Environmental Plan (Green Square Town Centre – Stage 2) 2013* do not apply.

1.4 Legislative basis for affordable housing contributions

This Program applies in accordance with the requirements in the *Environmental Planning and Assessment Act 1979* (the Act).

The State Environmental Planning Policy (Housing) 2021 recognises that all local government areas within NSW are areas where there is a need for affordable housing.

Local environmental plans contain controls for the calculation, levying and management of affordable housing contributions in the City of Sydney.

1.5 Affordable Housing Principles

The City of Sydney affordable rental housing principles are informed by the Housing SEPP. The affordable rental housing principles are:

- affordable rental housing is to be provided and managed in the City of Sydney LGA so that a socially diverse residential population, representative of all income groups, is maintained;
- affordable rental housing that is provided is to be made available to a mix of households on very low to moderate incomes;
- affordable rental housing that is provided is to be rented to very low to moderate income households at no more than 30% of gross household income;
- dwellings provided for affordable rental housing are to be managed so as to maintain their continued use for affordable rental housing; and
- affordable rental housing is to consist of dwellings constructed to a standard which, in the opinion of the City, is consistent with other dwellings in the LGA.

The affordable housing principles are generally satisfied where:

- an affordable housing contribution (monetary or in-kind contribution) is distributed in accordance with any distribution plan adopted by Council;

- resulting affordable rental dwellings are subject to ongoing monitoring of compliance with the requirements of this Program;
- the continued use of resulting affordable rental dwellings, as affordable rental dwellings, is legally secured. This is generally by way of a restrictive covenant on the title of the property, though other approaches may be considered;
- resulting affordable rental dwellings are rented to very low, low and moderate income households for an absolute maximum of 30 per cent of gross household income;
- any CHP that is to own and/or manage resulting affordable rental dwellings, must have a mix of very low, low and moderate income tenants across their portfolio;
- all rent received after deduction of management and maintenance costs will be used only for the purpose of improving, replacing, maintaining or providing additional affordable rental housing in the LGA. This includes the investment of monies to meet cyclical maintenance costs and all rates and taxes payable in connection with the dwelling; and
- resulting affordable rental dwellings are designed and constructed to a standard which, in the opinion of Council, is generally consistent with other dwellings in the LGA, that is, they are of a similar design quality so as to not be externally differentiated as affordable housing compared with the design quality of other housing.

While the affordable housing principles apply to affordable housing contributions received pursuant to 7.32 of the Act, where the City has made a substantial contribution to other affordable housing, the affordable housing principles may still apply.

1.6 Amending this Program

Amendment to this Program will generally require amendment to LEPs, or other EPIs, that directly refer to this Program as dated.

Amendment and/or update to the information provided at the appendices may occur from time to time and does not require an amendment to LEPs or EPIs.

1.7 Terms used in this Program

Affordable housing

Affordable housing is defined by the *Environmental Planning and Assessment Act 1979* as:

"housing for very low income households, low income households or moderate income households, being such households as are prescribed by the regulations or as are provided for in an environmental planning instrument".

Affordable rental housing

Under this Program, **Affordable rental housing** or **Affordable rental dwelling** is **affordable housing** that is owned and managed by government, a **Recommended Community Housing Provider**, or an **Eligible Community Housing Provider** and rented to **very low to moderate income households**.

City of Sydney Local Government Area

The City of Sydney Local Government Area (LGA) refers to the area within the "LGA Boundary" shown in the *Sydney Local Environmental Plan 2012* Land Application Map, as published in the NSW Government Gazette on 14 December 2012, as updated from time to time.

Council / City / city / consent authority

References to **City** are references to the City of Sydney organisation.

References to the **Council** are references to the Council of the City of Sydney, that is, the elected representatives and their delegates.

References to the **city** are references to the City of Sydney local government area.

References to the **consent authority** are references to the authority responsible for the approval of a development application.

Developer

References to the **developer** in this Program are references to the proponent of any development application that requires an affordable housing contribution.

Development application

References to **development applications** in this Program refer to both development applications and any application for the modification of a development consent.

Distribution Plan

Distribution Plan refers to any plan adopted by the City of Sydney Council for the distribution of affordable housing contributions ~~funds~~ arising from this Program.

Eligible Community Housing Provider

Eligible Community Housing Providers are community housing providers that are classified as a Tier 1 or Tier 2 providers under the National Regulatory Code.

Environmental Planning Instrument (EPI)

An Environmental Planning Instrument (EPI) is a reference to a state or regional environmental planning policy or a local environmental plan.

Local Environmental Plan (LEP)

Reference to various **LEPs** in this Program apply to any LEP that replaces it, so long as the affordable housing provisions remain substantially unamended.

Planning Proposal Land

Planning Proposal land refers to land that is defined in Schedule 6C of Sydney Local Environmental Plan 2012.

Recommended CHPs

Recommended CHPs are those providers identified in a ~~D~~distribution ~~P~~plan as Recommended CHPs.

Housing SEPP

References to the **Housing SEPP** are references to State Environmental Planning Policy (Housing) 2021, or any replacement of that policy.

Very low to moderate income households

Very low to moderate income households are those households whose gross incomes fall within the following ranges of percentages of the median household income for Greater Sydney—Greater Capital City Statistical Area or the Rest of NSW—Greater Capital City Statistical Area according to the Australian Bureau of Statistics:

- Very low income household - less than 50%
- Low income household – 50% or more but less than 80%
- Moderate income household – 80% to 120%

2 Affordable housing contributions

This Section describes how an affordable housing contribution may be satisfied, the equivalent monetary contribution amounts ~~for the rates in the LEPs~~, how the contribution will be applied in the development application process and how it will be managed for the provision of affordable housing.

2.1 Contribution ~~rates~~ requirement

Local environmental plans (LEPs), or another EPI[1], will establish the affordable housing contribution ~~rate~~ requirements that apply to land in the LGA and the type of development to which a contribution requirement might apply. ~~as it applies to the development. The rate varies across different areas and types of land.~~

Contribution requirements are generally set out in a local environmental plan, although may also be set out in another environmental planning instrument.

The contribution requirement must be satisfied in accordance with the requirements of the LEP or EPI.

[1] On land identified in an EPI (other than an LEP) where this Program is applied, where the method for calculation is not otherwise set out in the EPI or in a supplementary note / guideline, the contribution will be calculated in accordance with this Program, that is, in accordance with:

- the relevant equivalent monetary contribution amounts; and
- the method for calculating the contribution requirement in the different parts of the LGA.

~~(2.1.1) Green Square, Southern Employment Lands and Ultimo-Pyrmont~~

~~On land in Green Square, the Southern Employment Lands, Ultimo-Pyrmont the contribution rate is:~~

- ~~1 per cent of the total floor area that is to be used for non-residential uses; and~~
- ~~3 per cent of the total floor area that is to be used for residential uses.~~

~~The contribution may be satisfied by dedication of dwellings or by making an equivalent monetary contribution in accordance with this Program.~~

~~2.1.2 Central Sydney and residual lands~~

~~In Central Sydney and on residual land, on all development applications lodged after 1 July 2022, the contribution rate is:~~

- ~~1 per cent of the total floor area that is to be used for non-residential uses; and~~
- ~~3 per cent of the total floor area that is to be used for residential uses.~~

~~The contribution must may be satisfied by dedication of dwellings or by making an equivalent monetary contribution in accordance with this Program.~~

~~2.1.3 Other land identified in an EPI where this Program is applied~~

~~On land identified in an EPI, where this Program is applied, the relevant affordable housing contribution rate will be set out in the EPI.~~

~~The contribution may be satisfied by dedication of dwellings or by making an equivalent monetary contribution in accordance with this Program.~~

~~2.1.4 Planning Proposal lands~~

~~On Planning Proposal land the contribution requirement varies from site to site. The contribution rate, once determined through the planning proposal process, is specified in an LEP or other EPI.~~

~~The contribution may be satisfied by dedication of dwellings or by making an equivalent monetary contribution in accordance with this Program. The LEP, or other EPI, may specify how the contribution requirement must be satisfied.~~

~~The approach used to establish the appropriate contribution rate for Planning Proposal land is described at Appendix B.~~

~~2.1.5 Satisfying a contribution requirement by dedicating dwellings~~

~~An affordable housing contribution requirement may be satisfied by dedication, free of cost, of affordable housing dwellings. Affordable rental dwellings resulting from a contribution are to be provided in the development in accordance with the following requirements:~~

- ~~affordable rental dwellings are to align with the Affordable Housing Principles at Section 1 of this Program~~
- ~~affordable rental dwellings are owned by government or a nominated or Recommended and Eligible CHP or as otherwise provided for in any distribution plan adopted by Council~~
- ~~affordable rental dwellings are provided in the city in perpetuity~~
- ~~affordable rental dwellings are rented to very low, low and moderate income households for an absolute maximum of 30 per cent of gross household income~~
- ~~where more than 10 affordable rental dwellings are being provided in the development, at least 25 per cent of dwellings are to be allocated to very low income households and 25 per cent of dwellings to low income households*~~
- ~~all rent received from the affordable rental dwellings after deduction of management and maintenance costs will only be used for the purpose of improving, replacing, maintaining or providing additional affordable rental housing. This includes the investment of monies to meet cyclical maintenance costs and all rates and taxes payable in connection with the dwelling~~
- ~~affordable rental dwellings are designed and constructed to a standard which, in the opinion of the City, is generally consistent with other dwellings in the city, that is, they are not differentiated as affordable housing compared with the design of other housing~~
- ~~each affordable rental dwelling is to have a total floor area of not less than 35 square metres, with any remainder being paid as a monetary contribution to the City, and~~
- ~~where multiple affordable rental dwellings are provided in the development, the amenity benchmarks established by the Apartment Design Guideline (or any subsequent Guideline that may apply from time to time) are to be generally achieved..~~

~~* This tenure mix applies at first occupation of the dedicated dwellings. Recognising that the income of residents can vary over time, the tenure mix need only be reviewed at change-over of tenants to ensure the mix remains as close as possible to the required mix. In the interim, a CHPs portfolio can be managed to meet the required tenure mix of very low, and moderate-income households across the City of Sydney LGA.~~

~~The location, size and quality of affordable housing dwellings are to be to the satisfaction of the City and the receiving CHP. If they are not to satisfaction of both parties, the City may require changes to the development application, or that the contribution be made by way of an equivalent monetary contribution.~~

~~Where part of a contribution is satisfied by dedicating dwellings, any remaining floor area must be paid as a monetary contribution.~~

~~All floor area to be dedicated for affordable housing is to be allocated as dwellings, that is, common circulation areas are not considered part of the contribution requirement. An exception to this is where all the affordable housing floor area is provided as a full floor of a development or as a stand-alone building.~~

~~Appendix C details the process for dedicating dwellings for affordable housing unless otherwise provided for in any distribution plan adopted by Council.~~

2.2 ~~(2.1.5)~~ Satisfying a contribution requirement by making an equivalent monetary contribution

The Section sets out how an affordable housing contribution can be satisfied by making an equivalent monetary contribution to Council.

~~An affordable housing contribution requirement may be satisfied by making an equivalent monetary contribution to the City. This requirement may be satisfied by the payment of money.~~

~~The equivalent monetary contribution amount for the period of 1 March 2023 to 28 February 2024 is **$10,611.53 per square metre.**~~

The equivalent monetary contribution amount differs depending on the affordable housing contribution precinct the development is located in. The affordable housing contribution precincts are shown in Figure 1.

The equivalent monetary contribution amounts as at 1 March 2024 to 28 February 2025 are set out in Table 1. Adjustments are made to the equivalent monetary contribution amounts on an annual basis in accordance with this Program. ~~The City of Sydney's website lists the current monetary contribution amounts as indexed.~~ Monetary contribution amounts, as indexed, are published on the City of Sydney website.

Table 1: Equivalent monetary contribution amounts

Affordable housing contribution precinct*	To XX XX XXXX [Rate A]	From XX XX XXXX [Rate B] (50% implementation)	From XX XX XXXX [Rate C] (Full implementation)
South precinct	$12,293.84	$12,396.92	$12,500.00
East precinct	$12,293.84	$16,146.92	$20,000.00
West precinct	$12,293.84	$13,646.92	$15,000.00
Central precinct	$12,293.84	$14,896.92	$17,500.00

Notwithstanding the equivalent monetary contribution amounts set out in Table 1, for development in Central precinct, that is entirely for the purpose of build-to-rent housing (provided in accordance with the Housing SEPP) or co-living housing (as defined in the Standard Instrument – Principle Local Environmental Plan), the equivalent monetary contribution amount will remain at $12,293.84 per square metre, as indexed, until the date of the full implementation of the rates as set out in Table 1. From that time the concession rate for these housing types will end.

Public exhibition note – Phasing-in new contribution requirements

Table 1 shows proposed changes to the current ‘one size fits all’ equivalent monetary contribution rate to allow for a bespoke rate for each precinct. The rates are to be phased in over a period of four years. from the adoption of this draft Program by Council. The dates in Table 1, denoted by ‘XX XX XXX’, are to be inserted at the time the LEPs are made. They will reflect the following:

* Rate A – to apply immediately after commencement and for 2 years from that date

* Rate B – to apply from 2 years after commencement

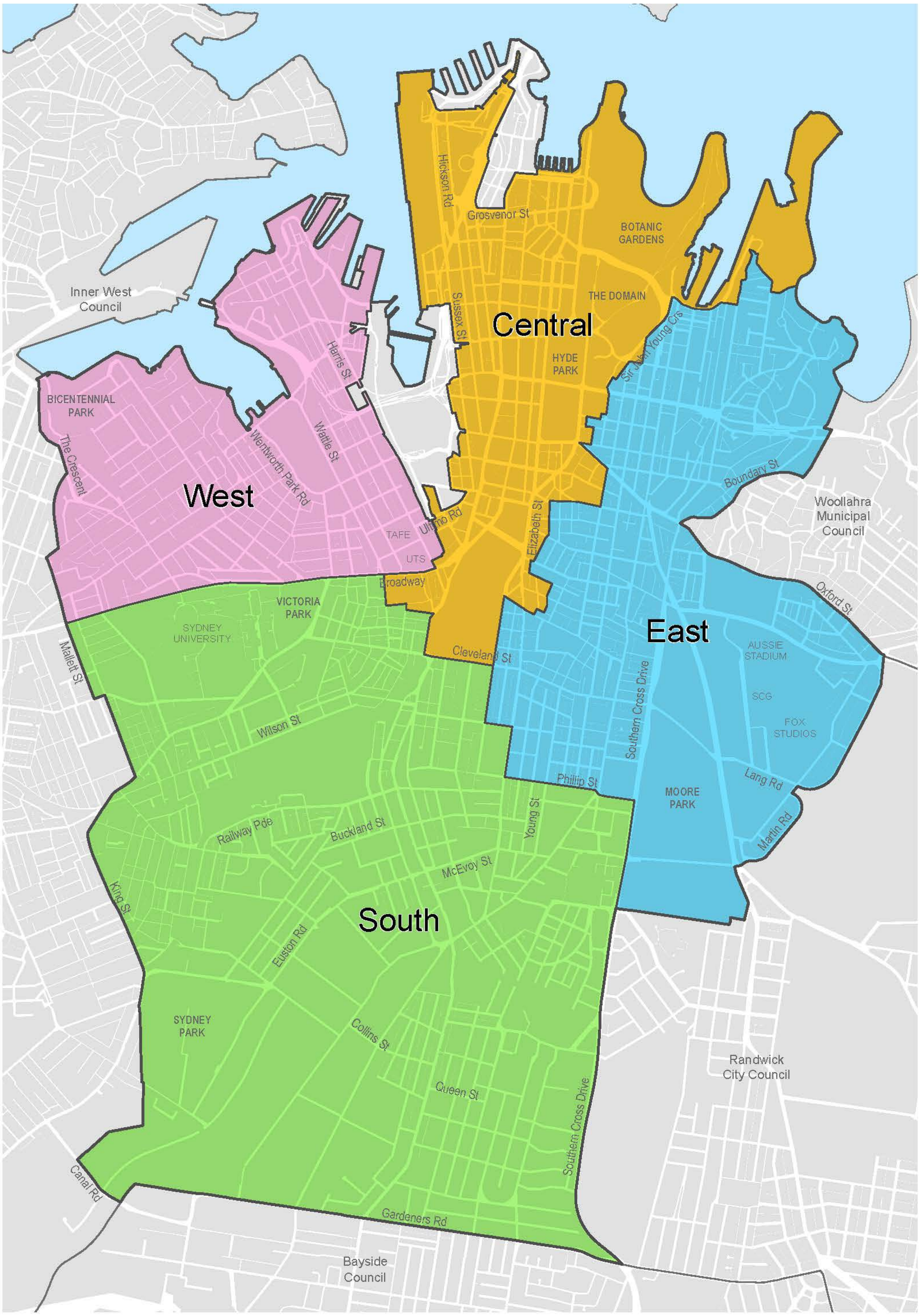
* Rate C – to apply from 4 years after commencement

Public exhibition note – TFA to GFA

It is noted the current (2024-25) rate in the Program of $11,176.22 per square metre of ‘Total Floor Area’ is equivalent to the ‘To XX XX XXXX’ rate in the first column (Rate A), which is expressed as a per square metre of ‘Gross Floor Area’ rate.

Development applications lodged prior to the commencement of the LEPs that implement this draft Program will be subject to the current affordable housing provisions in the Sydney LEP 2012 and the Green Square Town Centre LEPs. This means the contribution requirement will continue to be based on the amount of ‘Total Floor Area’ in the development and the associated equivalent monetary contribution amount, as published on the City’s website.

Figure 1: Affordable housing contribution precincts



2.2.1 ~~(2.1.5)~~ Calculating the contribution in Ultimo-Pyrmont, Green Square, ~~and~~ the Southern Employment Lands and on Planning Proposal lands

In Ultimo/Pyrmont, Green Square (including the Green Square Town Centre), ~~and~~ the Southern Employment Lands and on planning proposal lands, the contribution requirement applies because the areas were rezoned. Over time, ~~it is envisaged that~~ all floor area in these ~~areas~~ locations will make a contribution to affordable housing, because all floor area has benefited from the rezoning.

The contribution is therefore calculated on all of the ~~total~~ gross floor area in the building to which the development application applies.

Example

A development application in Green Square (south precinct) for a new 10,000sqm development, comprises 1,000 square metres of non-residential ~~total~~ gross floor area and 9,000sqm of residential ~~total~~ gross floor area. The affordable housing contribution is calculated as:

~~(1% x 1,000sqm) + (3% x 9,000sqm) = 280sqm of dedicated floor area~~

~~or~~

(1% x 1,000sqm x ~~$10,611~~ $12,293.84) + (3% x 9,000sqm x ~~$10,611~~ $12,293.84) = ~~$2,971,080~~ $3,442,275 equivalent monetary contribution

Note: This is a simplified example based on the contribution requirement set out at Clause 7.13 of Sydney LEP 2012. No exemptions have been applied. The starting monetary contribution rate, Rate A, has been assumed for the purpose of this example.

Example

A development application for a warehouse conversion in the Southern Employment Lands (south precinct) includes a new mezzanine level comprising 1000sqm of non-residential ~~total~~ gross floor area. The existing ~~total~~ gross floor area in the warehouse is 2000sqm. The affordable housing contribution is calculated as:

(1% x 3,000sqm x ~~$10,611~~ $12,293.84) = ~~$318,330~~ $368,815 equivalent monetary contribution

Note: This is a simplified example based on the contribution requirement set out at Clause 7.13 of Sydney LEP 2012. No exemptions have been applied. The starting monetary contribution rate, Rate A, has been assumed for the purpose of this example.

Note: In-kind contribution will not be suitable in a non-residential development.

Example

A development application in Blackwattle Bay, Pyrmont (west precinct) for a new 20,000sqm development is lodged. The affordable housing contribution is calculated as:

(7.5% x 20,000sqm x $12,293.84) = $18.4m equivalent monetary contribution

Note: This is a simplified example based on the contribution requirement set out at Clause 6.70 of Sydney LEP 2012. No exemptions have been applied. The starting monetary contribution rate, Rate A, has been assumed for the purpose of this example.

Example

A development application on Planning Proposal land in Waterloo (south precinct) for a new residential development is lodged (there is no non-residential floor area proposed).

The site was previously rezoned to increase the development capacity from 10,000sqm to 15,500sqm, an increase of 5,500sqm. When the site was rezoned, an additional affordable housing contribution requirement for the “new” floor space was put into effect. The clause required:

- a 3% contribution requirement on the residential floor space that was available before the rezoning (65% of the development capacity); and
- a 20% contribution requirement on the “new” residential floor space (35% of the development capacity).

The affordable housing contribution is calculated as:

((3% x (65% x 15,500sqm)) + ((20% x (35% x 15,500sqm))) x $12,293.84 = $17.1m equivalent monetary contribution

Note: This is a simplified example based on a fictional contribution requirement set out at Clause 7.13B and Schedule 6C of Sydney LEP 2012. No exemptions have been applied. The starting monetary contribution rate, Rate A, has been assumed for the purpose of this example.

See Appendix B for more information about how a Planning Proposal land contribution requirement may be established.

2.2.2 ~~(2.1.6)~~ Calculating the contribution in Central Sydney and on residual land

In Central Sydney and on residual land (where it is not identified as Planning Proposal land), the contribution requirement applies to new or more intensely used floor area only, because the areas were not rezoned at the time when the contribution was introduced.

The contribution is therefore calculated only on the floor area ~~space~~ to which the development application directly relates.

For the purposes of this Program:

- demolition and replacement of the same floor area is considered to be new floor area;
- the extent of improvement works to a building as a whole will be considered to determine whether the nature of works proposed will result in an essentially new building; and
- more intensely used floor area is required to make an affordable housing contribution due to the overall gentrifying effect that is observed as sites change use over time. More intensely used floor area is therefore considered to be triggered with a change from industrial floor area to commercial floor area and from commercial floor area to residential floor area.

Example

A development application on residual land in Newtown (west precinct) for the demolition of an existing building and a new building comprising a ~~total~~ gross floor area of 10,000sqm of residential gross floor area will be calculated as:

~~3% x 10,000sqm = 300sqm of dedicated floor area~~

~~or~~

3% x 10,000sqm x ~~$10,611~~ $12,293.84 = ~~$3,183,300~~ $3,688,152 equivalent monetary contribution

Note: Existing gross floor area that is demolished and replaced is not 'credited' against the contribution requirement.

Note: This is a simplified example based on the contribution requirement set out at Clause 7.13 of Sydney LEP 2012. No exemptions have been applied. The starting monetary contribution rate, Rate A, has been assumed for the purpose of this example.

Example

A development application in Darlinghurst (east precinct) for a new mezzanine level comprising 200sqm of non-residential ~~total~~ gross floor area, is made for an existing commercial building. The existing ~~total~~ gross floor area in the warehouse is 2,000sqm. The affordable housing contribution is calculated as:

(1% x 200sqm x ~~$10,611~~ $12,293.84) = ~~$21,222~~ $24,588

Note: This is a simplified example based on the contribution requirement set out at Clause 7.13 of Sydney LEP 2012. No exemptions have been applied. The starting monetary contribution rate, Rate A, has been assumed for the purpose of this example.

~~Note: In-kind contribution will not be suitable in a non-residential development.~~

Example

A development application for ~~two~~ one new residential storey~~s~~ on top of an existing building is made in Central Sydney (Central precinct). The new development comprises a ~~total~~ gross floor area of 800sqm. The affordable housing contribution is calculated as:

3% x 800sqm x ~~$10,611~~ $12,293.84 = ~~$254,664~~ $295,052 equivalent monetary contribution

Note: This is a simplified example based on the contribution requirement set out at Clause 7.13 of Sydney LEP 2012. No exemptions have been applied. The starting monetary contribution rate, Rate A, has been assumed for the purpose of this example.

~~Note: An in-kind contribution will not be suitable in this situation because the contribution requirement is for less than 35sqm of floor area.~~

~~(2.1.7) Calculating the contribution on Planning Proposal land~~

~~On Planning Proposal land, the method for calculating the amount is set out in the relevant LEP, or other EPI.~~

~~(2.1.8) Calculating the contribution on land identified in an EPI where this Program is applied~~

~~On other land identified in an EPI where this Program is applied, the method for calculating the amount is set out in the EPI or, where it is not set out in the EPI, then will be set out in a supplementary note / guideline to this Program, adopted by the Minister for Planning or their delegate.~~

2.2.3 Conditions of consent for making monetary contributions

A contribution requirement will be set out in a condition of development consent. Evidence the condition of consent has been satisfied is required prior to the issue of a construction certificate.

In circumstances where no construction certificate is required, evidence the condition of consent has been met will be required before commencement of use / occupation.

2.2.4 How to make a payment

Payment will be by unendorsed bank cheque or other approved means to the City of Sydney Council prior to issue of any construction certificate. In circumstances where no construction certificate is required, payment is required prior to commencement of use/occupation. The procedure for making payment is provided in the condition of consent.

If a development requires multiple construction certificates, the City will require payment prior to the release of the first construction certificate relating to the development consent on which the contributions were levied.

2.3 Satisfying a contribution requirement by dedicating built dwellings

This Section sets out where an affordable housing contribution must be, or is proposed to be satisfied, in part or in full, by the dedication of built dwellings.

2.3.1 Where a dedication of built dwellings may be required by the consent authority

This Section sets out the criteria to determine where an affordable housing contribution will be required by the consent authority to be satisfied by dedicating built dwellings (only where an LEP, or other EPI, empowers the consent authority to make such a requirement).

An affordable housing contribution will be required by the consent authority to be satisfied by dedicating built dwellings where:

- the development is predominantly for a residential purpose;
- the development will (or in the case of a Stage 1 development application, may) result in a contribution requirement for more than 600 square metres of gross floor area that can be provided as eight or more dwellings;
- the development is located in Category A or B area of the Sydney LEP 2012 Land Use and Transport Integration Map (if the development is subject to the Sydney LEP 2012);
- in the opinion of the consent authority, affordable housing dwellings may reasonably be provided where they could avoid participation in a future strata scheme, if the quarterly costs of the scheme would likely be high* and render the management of the property for affordable housing as unsustainable**. This could reasonably be achieved where the dwellings to be dedicated could be provided:
  - in a separate stratum in a building in the development, preferably with its own entry; or
  - in a separate building in the development; and
- in the opinion of the consent authority, the standards for dedicated affordable housing dwellings, provided at Appendix C, can be reasonably satisfied.

* Where the development incorporates amenities that are likely to result in high management costs, for example, a significant number of lifts, pool(s), gym(s), concierge facilities etc.
** Affordable housing may be 'unsustainable' where rents will not meet the costs of strata and other cyclical management costs of the dwelling over a 40-year ownership period.

In determining if it will require the dedication of built dwellings, the consent authority must consult with the Recommended CHP, identified in any distribution plan adopted by Council as being the recipient of dedicated dwellings.

The consent authority may not require the dedication of built dwellings where the Recommended CHP, identified in any distribution plan adopted by Council as being the recipient of dedicated dwellings, provides evidence that the proposed dwellings are unsuitable for use as affordable housing.

The City of Sydney Executive Director City Planning, responsible for development applications, must provide written advice confirming the suitability of dwellings proposed for dedication prior to a condition of consent for dedication being applied to a development consent.

The development application process for development that may be required to dedicate built dwellings is provided at Appendix D.

Where the above criteria cannot be met, the consent authority will require the affordable housing contribution be satisfied by making a monetary contribution in accordance with Section 2.2 of this Program.

2.3.2 Conditions of consent for dedicating dwellings

An affordable housing contribution requirement for the dedication of dwellings will be set out in a condition of development consent. Evidence that a condition of consent has been satisfied is required prior to the issue of any occupation certificate in the development.

2.3.3 Floor area to be dedicated for affordable housing dwellings

The floor area to be dedicated to Council is to include:

- dedicated dwellings (including any associated private spaces, such as balconies and courtyards); and
- any required horizontal circulation spaces that form part of a stratum that allow access to the dwelling/s.

2.3.4 How dedicated dwellings are to be used

Affordable rental housing resulting from a dedication requirement is to be allocated in accordance with any requirements set out in any distribution plan adopted by Council.

2.4 ~~(2.2)~~ Development that may be exempt from making a contribution, or may have a reduced contribution requirement

The following development is exempt from making an affordable housing contribution:

- any building on land in Zone E4 General Industrial, or
- any floor area used to provide affordable housing or public housing (for the avoidance of doubt, development to which Chapter 2, Part 2, Division 1 or Chapter 3, Part 4 of the Housing SEPP applies is not development excluded from the need to make a contribution), or
- City of Sydney development – development undertaken by or on behalf of the City of Sydney. This include development being undertaken for a public purpose, but excludes development being undertaken for a sole commercial purpose.

Where affordable housing provided under Chapter 2, Part 2, Division 1 of the Housing SEPP is provided in perpetuity and rented to very low to moderate income households at no more than 30% of gross household income in accordance with the Affordable Housing Principles of this Program, the consent authority may consider a case for exempting that development from the requirement for an affordable housing contribution.

Where a building is predominantly affordable housing (with a small proportion of floor area dedicated to ancillary non-residential uses), provided in accordance with the Principles of this Program, and does not include any market housing, a contribution requirement will not be applied to the entirety of the floor area in that building.

The consent authority may consider a case for exempting development from the requirement for an affordable housing contribution if the development application is for one or more of the following (and no other development):

- where the cost of construction is less than $100,000; or
- where the change of use is from:
  - a commercial use or light industrial use to a general industrial use or heavy industrial use; or
  - a general or heavy industrial use to another general industrial use or heavy industrial use.

Where the development would result in the equivalent monetary contribution ~~affordable housing contribution monetary rate~~ amounting to more than 15 per cent of the agreed cost of construction, then the affordable housing contribution requirement will not exceed 15 per cent of the agreed cost of construction.

~~Where social/affordable housing floor space is being provided, in accordance with the Principles of this Program, a contribution requirement will not be applied to that floor space.~~

~~Where a building is predominantly affordable housing (with a small proportion of floorspace dedicated to ancillary non-residential uses), provided in accordance with the Principles of this Program, and does not include any market housing, a contribution requirement will not be applied to the entirety of the floor space in that building.~~

The following are some examples of when the LEP clause may or may not apply to specific types of development.

For example

The City receives a development application for a new 50sqm mezzanine in an office building in Central Sydney. The application will not give rise to an affordable housing contribution because the ~~LEP clause~~ contribution requirement does not apply to development that only results in the creation of less than 60sqm of non-residential gross floor area, and no other development.

For example

The City receives a development application in the Southern Employment Lands for a new 50sqm (non-residential) mezzanine and a change of use for the 100sqm of existing gross floor area from a warehouse (general industrial) to a retail use, and no other development.

The contribution requirement will apply because more than 60sqm of existing gross floor area is changing use.

For example

The City receives a development application in the residual lands for a change of use of 5,000sqm of existing commercial gross floor area to serviced apartments, and no other development.

The contribution requirement will apply because on residual land (and in Central Sydney) ~~(and on residual land)~~ the contribution requirement applies where there is a change of use of existing gross floor area from a non-residential purpose to a residential purpose or tourist or visitor accommodation purpose, and serviced apartments are 'tourist and visitor accommodation'.

For example

The City receives a development application in Green Square for a change of use of 2,000sqm of existing retail gross floor area to office gross floor area, and no other development.

The contribution requirement will apply to the entire development because in Green Square, any change of use will trigger the requirement for a contribution.

For example

The City receives a development application in Central Sydney for a change of use of 200sqm of existing retail gross floor area to office gross floor area, and no other development.

A contribution requirement will not apply because in Central Sydney, only where there is a change of use from a non-residential purpose to a residential purpose or tourist or visitor accommodation purpose~~,~~ will a contribution be applied.

For example

The City receives a development application in the residual lands which proposes a full internal remodel of an existing 7,500sqm commercial building. The external walls of the building will be retained, although will need reinforcing and some sections may require re-building. The building will continue to be used for commercial purposes.

A contribution requirement will apply to the entire 7,500sqm because the extent of the building works in their entirety are considered to represent a new development and the requirement for a contribution applies to new floor area in the residual lands.

For example

The City receives a development application for the redevelopment of a large site in Green Square. The development will involve:

- the construction of seven 8-storey mixed use buildings for market housing and various non-residential uses; and
- one 6-storey mixed use building to be provided for affordable housing, with ground level retail.

A contribution requirement will not be applied to floor area ~~space~~ in the entirety of the building to be provided for affordable housing, including the ground floor retail component. The contribution requirement will apply to the floor area ~~space~~ in the remainder of the development.

2.5 ~~(2.3)~~ Where a contribution has been previously paid

If an affordable housing contribution has already been made on existing ~~total~~ gross floor area, then a subsequent contribution is generally not required unless:

- it is being demolished and being replaced with floor area ~~space~~ of the same or a different use. In this case, a contribution will be applied to all of the ~~total~~ gross floor area, including the replacement floor area;
- for existing floor area ~~space~~, the previous contribution was for a non-residential purpose and the new ~~total~~ gross floor area is for a residential purpose. In this case the difference in the contribution rates will apply.

2.6 ~~(2.4)~~ Refunds

2.6.1 ~~(2.4.1)~~ For demolition or changes of use

Local environmental plans require that the consent authority must not refund an affordable housing contribution to the applicant where there is a change in use or demolition of gross floor area.

The same applies where affordable housing dwellings are provided on site, in that the dwellings (as replaced) are to remain the property of a CHP.

2.6.2 ~~(2.4.2)~~ Surrendered consents

~~The City~~ Council is not obligated under legislation to refund an affordable housing contribution payment.

Nevertheless, ~~the City~~ Council may consider refunding a development contribution payment to the original payee where:

- the development has not commenced and the consent has lapsed; or
- the development has not commenced and the consent will not proceed, as directed in writing by the payee. In this case ~~of former~~, the applicant will need to surrender the consent in accordance with the requirements of the Environmental Planning and Assessment Act 1979.

~~The City~~ Council will only consider refunding the contribution when it ~~the City~~ holds adequate contribution funds i.e.~~,~~ funds that have not yet been transferred to a Recommended CHP.

The applicant must apply for the refund in writing to ~~the City~~ Council.

Other than in exceptional circumstances, requests for refunds must be made within 12 months of paying the contribution for which the refund is sought.

~~(2.5) Conditions of consent~~

~~A contribution requirement forms part of a development consent. In all instances the City will require evidence that the condition of development consent relating to affordable housing has been satisfied prior to the granting of any construction certificate.~~

~~In circumstances where no construction certificate is required, evidence that the condition of development consent relating to affordable housing will be or has been met will be required by the City before commencement of use/occupation.~~

~~(2.6) How to make a payment~~

~~Payment will be by unendorsed bank cheque to the City of Sydney Council prior to issue of any construction certificate. In circumstances where no construction certificate is required, payment is required prior to commencement of use/occupation. The procedure for making payment is provided in the condition of consent.~~

~~If a development requires multiple construction certificates, Council will require payment prior to the release of the first construction certificate relating to the development consent on which the contributions were levied.~~

2.7 Adjustment of equivalent monetary contribution amounts

Monetary contribution amounts are adjusted on an annual basis, being the first day of March, with reference to movements in the median strata dwelling price in the City of Sydney LGA as detailed in NSW Government Rent and Sales Report, Table: Sales Price – Greater Metropolitan Region – Strata.

The Rent and Sales Report is available on the NSW Government, Department of Communities and Justice website.

The formula for adjustment of the equivalent monetary contribution amounts is:

New Contribution Rate = Current Contribution Rate x (MDP2/MDP1)

Where:

- **MDP1** is the median strata dwelling price used to establish the current contribution rate
- **MDP2** is the median strata dwelling price for the CURRENT period, being established by averaging the four most recently published Rent and Sales Report.

The City of Sydney's website contains the current monetary contribution amounts.

2.8 Adjustment of a monetary contribution amount on a development consent

Where a condition requiring a monetary contribution has been imposed, the contribution amount must be adjusted over time. That is, if a consent is issued in June 2021 and the applicant does not wish to pay the contribution and develop the site until August 2024, the contribution amount will need to be adjusted to the period in which it is paid, being 1 March 2024 to 28 February 2025.

Monetary contributions are adjusted by the City and confirmed with the applicant prior to payment being made.

The formula for adjusting a contribution amount in a condition if consent is:

Monetary Contribution = Base Contribution Amount x (R2/R1)

Where:

- **R1** is the contribution rate that applied at the time of consent.
- **R2** is the contribution rate that applies at the time of payment.

The Base Contribution Amount is the amount obtained from the Notice of Determination of the development application.

2.9 ~~Use of contributions~~ How monetary contributions are to be used

~~(2.9.2) How in-kind contributions are to be used~~

~~In-kind contributions of affordable housing dwellings are to be given/dedicated, free of cost, to a Recommended CHP, or as otherwise provided for in any distribution plan adopted by Council.~~

~~Where dedication is in accordance with this Program, in the circumstances that no Recommended CHP is willing to accept the in-kind contribution, then it may instead be given/dedicated by the developer to another Eligible CHP according to the terms of any planning agreement.~~

~~In-kind contributions are to remain affordable housing in perpetuity and to be owned and managed in accordance with this Program.~~

~~(2.9.2) How monetary contributions are to be used~~

~~Monetary contributions are to be given to Recommended CHPs in accordance with an adopted Distribution Plan.~~

Monetary contributions paid to Council are to be allocated in accordance with any requirements set out in any distribution plan adopted by Council.

Affordable housing resulting from an affordable housing contribution requirement must be owned and managed in accordance with the affordable housing principles set out in this Program.

3 Affordable housing on suitable employment land

In the ~~c~~City of Sydney, the proximity of some lands generally zoned for employment to amenities and services may make them suitable for affordable housing, provided that the development does not undermine the broader employment focused objectives of the zone. Sydney LEP 2012 identifies these areas in which affordable housing is permitted.

3.1 Requirements for affordable housing on suitable employment land

~~Monetary contributions are to be used for the sole purpose of providing and managing affordable housing in accordance with this Program.~~

Affordable rental housing developed on suitable employment land is to be provided in accordance with the affordable housing principles set out in this Program. ~~The Principles are satisfied where all the following conditions are met:~~

- ~~affordable rental dwellings are owned by government or an eligible CHP~~
- ~~affordable rental dwellings are provided in the LGA in perpetuity~~
- ~~affordable rental dwellings are rented to very low, low and moderate income households for an absolute maximum of 30 per cent of gross household income~~
- ~~up to 70 per cent of dwellings are to be allocated to income-eligible employed households~~
- ~~all rent received after deduction of management and maintenance costs will be used only for the purpose of improving, replacing, maintaining or providing additional affordable rental housing. This includes the investment of monies to meet cyclical maintenance costs and all rates and taxes payable in connection with the dwelling~~
- ~~affordable rental dwellings are designed and constructed to a standard which, in the opinion of Council, is generally consistent with other dwellings in the LGA, that is, they are not differentiated as affordable housing compared with the design of other housing.~~

3.2 Development applications

The Sydney LEP 2012 requires that any development for affordable housing is compatible with the existing uses and approved uses of land in the vicinity.

Proponents should seek pre-development application advice from the City on any proposal to develop affordable housing on employment land.

Appendix A - Background information and affordable housing needs analysis

1. Introduction

Sydney remains Australia's least affordable city. The high cost of housing is an important economic and social issue in Sydney, particularly within the city where housing prices are amongst the highest in Australia.

For a global city, a sustainable and diverse housing supply is fundamental to the cultural and social vitality, economic growth, and liveability of the city. For a city to maintain its global status it needs to maintain the delivery of essential social and physical infrastructure. Housing is a critical piece of that infrastructure; where it is located, its proximity to employment, its diversity in price and type and its quality, are things that require careful management.

A range of factors are placing upward pressure on housing costs, making it increasingly difficult for very low to moderate income households to afford to rent or buy in the local area.

It is expected that without intervention the market will continue to produce housing aimed at households on relatively high incomes. Lower income households will need to move out of the inner-city, away from their communities and their employment in the inner-city.

Housing affordability may affect a city's ability to attract and retain global businesses and a highly skilled workforce. Where relatively low paid key workers, who underpin and enable growth in high value sectors, and contribute to the efficient functioning of a city, cannot access appropriate and affordable housing, there is direct risk to metropolitan Sydney's global city status and by extension the Australian economy. These low paid key workers are employed across a range of sectors and include, amongst others, our health care technicians, cleaners, bus drivers, childcare workers, administrators, hospitality staff, tour guides, musicians and artists.

Encouraging and providing affordable housing is a complex issue requiring a range of planning and policy solutions. The community housing sector is central to delivering affordable rental housing, but so too is the development sector that creates opportunities for new affordable housing to be delivered.

This Program provides the framework for affordable housing to be provided in conjunction with the development that creates the demand for it.

2. What is affordable housing?

Affordable housing is defined by the *Environmental Planning and Assessment Act 1979* (Act) as “housing for very low income households, low income households or moderate income households, being such households as are prescribed by the regulations or as are provided for in an environmental planning instrument.”

In the City of Sydney, the private housing market is unlikely to deliver housing, for purchase or for rental, which does not put a very low to moderate incomes household in housing stress or crisis, which is, they are spending more than 30 per cent of their gross income on rental or mortgage costs. Where low cost housing can be found, the demand for it is so high that it is not necessarily target income groups who absorb it.

Therefore, in the context of the city, the term ‘affordable housing’ is taken to mean ‘affordable rental housing’ that is managed by a registered CHP and rented specifically to target income households.

3. NSW Government and City of Sydney affordable housing objectives and targets

3.1 NSW Government

The NSW Government has long recognised the importance of providing affordable housing through the planning framework.

The ~~Greater Cities Commission’s~~ NSW Government’s Region and District Plans include targets and actions for the provision of affordable housing through the planning framework. The plan require~~s~~ councils to develop local housing strategies to address the range of housing needs in their local areas, including affordable housing.

3.2 City of Sydney Council

The City of Sydney has a target that 7.5 per cent of private housing will be social housing and 7.5 per cent of private housing will be affordable housing.

4. Affordable housing need analysis

4.1 Why do we need affordable housing?

Socio-economic impacts

Rising housing prices, driven by a range of factors including increased demand for inner-city living, population growth, foreign investment, federal and state government fiscal and taxation policies, and constrained land supply, all result in declining housing affordability across Australia, particularly in major cities.

In the city, climbing housing costs are expected to have an increasingly detrimental impact on its socio-economic diversity as low income households are pushed from the LGA because they cannot access affordable housing. The majority of households on low to moderate incomes who remain in the private housing market are increasingly in housing stress or crisis and will eventually be forced to move out as housing costs continue to escalate ahead of wage growth.

The loss of low income households is contrary to the aims of the District Plan and the *Sustainable Sydney 2030-2050*, both of which promote the diverse and liveable socio-economic communities.

The relative inequality among those who can and cannot afford housing in the city has widened. There is a growing disconnect between affluent households able to afford private market housing and socio-economically disadvantaged households living in inner city social housing estates. This ‘hollowing out of the middle’ impacts on community sustainability.

The issue also has a dimension of generational inequality, as younger people (typically first home buyers) are increasingly priced out of the market.

Economic impacts

Declining socio-economic diversity in the inner city associated with inadequate social and affordable housing supply has significant economic impacts.

The ongoing loss of very low to moderate income households from inner Sydney, as they are forced to the outer suburbs of Sydney, makes it increasingly difficult for essential employment sectors to fill employment vacancies and staff shifts. On the city scale, this hampers business productivity and by extension the wider economic growth of Sydney.

4.2 Satisfying the requirements of the Act

This Program has been prepared in accordance with the requirements of the *Environmental Planning and Assessment Act 1979* (the Act), that is, those matters that are required by the Act to be considered when applying a condition of consent, have been considered. Where a condition of consent is applied in accordance with this Program, it is consistent with the Act.

Section 7.32 of the *Environmental Planning and Assessment Act 1979* (the Act) allows for the collection of contributions for affordable housing where a need for affordable housing is identified in a planning instrument and where:

(a) the consent authority is satisfied that the proposed development will or is likely to reduce the availability of affordable housing within the area, or
(b) the consent authority is satisfied that the proposed development will create a need for affordable housing within the area, or
(c) the proposed development is allowed only because of the initial zoning of a site, or the rezoning of a site, or
(d) the regulations so provide[2].

The City of Sydney is identified in a state environmental planning policy (SEPP) as an area where there is a need for affordable housing.

Provided below is the rational and justification for applying a contribution requirement in various land in the city.

Central Sydney

Central Sydney is identified on the Locality and site identification map and zoned SP5 Metropolitan Centre (formerly B8) in the City's planning controls. All development in Central Sydney, that is not minor development, is subject to the requirement to contribute to affordable housing under Section 7.32 of the Act because:

All new development in Central Sydney will reduce the availability of affordable housing within the area.

As jobs growth occurs in Central Sydney, a proportion of the new working population will form part of a very low to moderate income household. As competition for affordable housing options increases, the overall availability of affordable housing will decrease. Given the substantial shortfall of affordable housing options within the City, any decrease in the availability of affordable housing gives rise to an increased need for affordable housing.

All new development in Central Sydney will create a need for affordable housing within the area.

Ensuring the long term sustainable growth of Central Sydney is essential for a strong NSW and national economy. Declining socio-economic diversity in the inner city associated with inadequate social and affordable housing supply has significant economic and social impacts which represent a risk to this growth.

As demonstrated above, rising land and property prices, driven by a range of factors including population growth, constrained land supply and Commonwealth fiscal policy, have resulted in declining housing affordability in Australian cities, in particular Sydney. This trend is coupled with inadequate new supply of social and affordable housing in the inner city, both

[2] Development must only satisfy one of these conditions for Council to be able to require a contribution.

of which are necessary to mitigate market affordability impacts in maintaining accessibility of inner city housing to socio-economically diverse communities.

In the City, there is a growing disconnect between affluent households able to afford private market housing and highly socio-economically disadvantaged households living in inner city public housing estates. Gentrification of inner city neighbourhoods has exacerbated relative inequality among those who can and cannot afford housing. The purchase and rental housing market is becoming virtually inaccessible to those on very low to moderate incomes. This issue also has a dimension of generational inequality, as younger people are increasingly priced out of the market.

There are also substantial economic impacts where affordable housing cannot be accessed close to employment.

As residential growth occurs in Central Sydney, demand for services in which low income workers are employed will increase. These services include childcare, medical services, retail, cleaning, and hospitality and so on. There is a need to ensure some affordable housing is available to accommodate people on low incomes working in these services.

Evidence suggests the loss of low to middle income households from inner Sydney will result in essential sectors in the Australian economy finding it increasingly difficult to fill employment vacancies and staff shifts, hampering business productivity and economic growth.

As the relative economic importance of Central Sydney to the national economy continues to increase, cumulatively all new development will continue to create an economic and social need for affordable housing.

Ultimo-Pyrmont

To promote a socially diverse and sustainable community, it is crucial that affordable rental housing be provided so that very low to moderate income households can live in the area.

All development in Ultimo-Pyrmont is subject to the requirement to contribute to affordable housing under Section 7.32 of the Act because:

Development in Ultimo-Pyrmont will reduce the availability of affordable housing within the area.

The City West region of inner Sydney, comprising the suburbs of Pyrmont and Ultimo, was formally an industrial and port precinct that traditionally provided low-cost accommodation for people working in an around the area.

However, significant gentrification has occurred due to the urban renewal of the area, an accompanying investment in public infrastructure and a wider cultural shift towards inner-city living. As higher income households are attracted to the area, housing prices and rental costs are driven upwards, resulting in the reduction of rental stock availability for very low to moderate income households.

Development in Ultimo-Pyrmont will create a need for affordable housing

The planning controls in Ultimo-Pyrmont permit a range of commercial development to provide a variety of employment opportunities, including for lower paid occupations. The affordable housing provisions in Ultimo-Pyrmont reflect an expectation that people should be able to live and work within the same area.

New residents and workers in the area also generate a demand for services typically staffed by lower income earners, increasing the need for key workers such as cleaners, retail assistants, childcare workers and hospitality staff.

If affordable housing options are not provided in the area, the housing market will serve an increasingly smaller proportion of the population, narrowing the socio-economic diversity of Ultimo-Pyrmont and necessitating unsustainable travel behaviours for lower income workers.

Development in Ultimo-Pyrmont is allowed only because the land was rezoned

In the early 1990's a process of intense urban renewal was instigated with the rezoning of the area for high density residential development. The need to retain a proportion of affordable housing in the area was recognised at this time to ensure a socially diverse and sustainable community representative of all income groups.

The new planning provisions substantially affected and increased the development potential and land value of Ultimo-Pyrmont. This has been further impacted by the significant investment in infrastructure by the New South Wales and Commonwealth Governments to revitalise redevelop the area. All landowners have and will continue to benefit from this increase in land value.

The increased land value has an impact on the affordability of housing in Ultimo-Pyrmont, particularly for the traditional low and moderate income residents of the inner city, as higher value uses are found for the land.

Green Square

The Green Square urban renewal area will provide housing for around 63,000 residents to 2036. The District plan and *A Metropolis of Three Cities – the Greater Sydney Region Plan* highlight the importance of creating communities that are mixed and cohesive, where there is a greater mix of social and private housing.

To promote a socially diverse and sustainable community, it is crucial that affordable rental housing be provided so that very low to moderate income households can live in the area.

All development in Green Square is subject to the requirement to contribute to affordable housing under Section 7.32 of the Act because:

Development in Green Square will reduce the availability of affordable housing within the area.

Green Square and its immediate surrounds have historically provided relatively cheap housing for inner-city residents.

However, the urban renewal of the area, the investment in public infrastructure and the wider cultural shift towards a preference for inner-city has resulted in the gentrification of Green

Square. This has placed, and will continue to place, pressure on housing prices and rental costs as high income households are attracted to the area, pushing up house values and reducing the rental stock available for very low to moderate income households.

The jobs growth associated with the urban renewal of Green Square is also reducing the availability of affordable housing in the area. While there has been a significant change in the nature of employment in the area since it's rezoning in 1999, with a general trend towards higher value jobs, a number of lower paid jobs still locate in the area.

It is desirable that people employed in the area are able to find housing close to their place of employment. This will increase competition for the affordable housing options, decreasing the overall availability of affordable housing and increasing the cost of renting in these areas.

Given the shortfall of affordable housing options currently available in the city, any further decrease in the availability of affordable housing gives rise to an increased need for affordable housing.

Development in Green Square will create a need for affordable housing

More specifically for Green Square, the ongoing urban renewal of the area, and its wider gentrification, will continue to produce upward pressures on property values and place further pressure on purchase and private rental accommodation costs beyond the means of low to moderate income groups.

Without provision of more affordable forms of housing, the market can be expected to continue to produce more expensive housing in the area, so that housing will only be affordable to households on relatively high incomes. Without the supply of more affordable rental dwellings, existing lower income households will continue to be forced out of the area, and new lower income households may be prevented from finding housing in Green Square close to new employment opportunities.

The employment generated by the urban renewal of Green Square will also create a need for affordable housing. On completion, some of which will be for very low to moderate income earners who will seek affordable housing in the area.

Moreover, new residents and workers in the area will generate demand for services typically staffed by lower income earners, increasing the need for key workers such as cleaners, retail assistants, childcare workers and hospitality staff.

Development in Green Square is allowed only because the land was rezoned

In 1999 the majority of the Green Square urban renewal area was rezoned from industrial to mixed use. Substantial value was created on land at the time it was rezoned.

The affordable housing contribution requirement in Green Square was introduced when the land was rezoned. Therefore, any negative impact the contribution requirement might have had on the value of the land was more than mitigated by the increase in land value arising from the rezoning.

Over time land values have continued to increase in Green Square as the area has gentrified and has benefited from substantial investment in public infrastructure. This will continue to place upward pressure on the cost of housing and increase demand for affordable housing.

Southern Employment Lands

The Southern Employment Lands will undergo substantial change over the next 20 years as it transitions from an area characterised by traditional manufacturing industries and low density employment to more diverse employment. The changes will result in an increase in the number of workers in the area, placing an increase in the demand for affordable housing.

All development in the Southern Employment Lands is subject to the requirement to contribute to affordable housing under Section 7.32 of the Act because:

Development in the Southern Employment Lands will reduce the availability of affordable housing within the area

The Southern Employment Lands are Sydney's oldest industrial areas. The 2015 rezoning of the area will result in more jobs that are typically higher in value than those that have traditionally located in the area.

This will place pressure on housing prices and rental costs in adjoining area as high income households are attracted to the area to live near where they work, pushing up underlying land values and reducing the rental stock available for very low to moderate income households.

It is desirable that people employed in the area are able to find affordable housing close to their place of employment. This will increase competition for the affordable housing in the area, decreasing the overall availability of affordable housing and increasing the cost of rents.

Given the shortfall of affordable housing options currently available in the city, any further decrease in the availability of affordable housing gives rise to an increased need for affordable housing.

Development in the Southern Employment Lands will create a need for affordable housing within the area

Redevelopment in and around the Southern Employment Lands will continue to place upward pressure on property values and on purchase and private rental accommodation costs in the area beyond the means of very low and moderate income households.

Without the provision of more affordable forms of housing, the market can be expected to continue to produce more expensive housing products in the area, so that housing will only be affordable to households on relatively high incomes. Without the supply of more affordable rental dwellings, existing lower income households will continue to be forced out of the area, and new lower income households may be prevented from finding housing ~~in~~ close to new employment opportunities.

Development in the Southern Employment Lands is allowed only because the land was rezoned

In 2015, much of the land in the Southern Employment Lands was rezoned. Previously the Southern Employment Lands were zoned for industrial purposes, generally permitting only uses that are industrial in nature, the new zones enabled a more flexible approach to employment generating uses by permitting a wider range of activities, such as commercial offices, retail and so on.

The affordable housing contribution requirement in the Southern Employment Lands was introduced when the land was rezoned. Any negative impact the contribution requirement might have had on the value of the land was therefore mitigated by the increase in land value arising from the rezoning.

Over time land values will continue to increase in the Southern Employment Lands, placing upward pressure on the cost of housing and increasing demand for affordable housing in the surrounding area.

Residual land

As the popularity of inner city living continues grow and with increasing employment opportunities across the city, the cost of housing will continue to climb, making it increasingly difficult for low income households to live in these areas.

On residual land, development for new floor area, or for a more intense use of existing floor area, is subject to the requirement to contribute to affordable housing under Section 7.32 of the Act because:

Development in the residual lands will reduce the availability of affordable housing within the area

Investment in public infrastructure, increased amenity and the wider cultural shift towards a preference for inner-city has resulted in the gentrification in the LGA. This has placed, and will continue to place, pressure on housing prices and rents. Likewise, the increase in the number of jobs in the LGA, many offering relatively high salaries, increases the demand for housing and pushes up housing costs.

As the desirability of living and working in the local area increases, the demand for an ever-shrinking supply of lower cost housing increases, in-turn decreasing the overall availability of lower cost housing and pushing lower income households out to more affordable areas.

Given the shortfall of affordable housing options currently available in the city, any further decrease in the availability of affordable housing gives rise to an increased need for affordable housing.

Development in the residual lands will create a need for affordable housing within the area

The projected housing growth in the residual lands is shown at Figure 6. As at 2017, it was anticipated that approximately 35% of projected dwellings growth in the city will be in the residual lands.

Employment is also projected to grow in the LGA. The draft district plan projects 817,000 additional jobs across Greater Sydney, a large portion of which will be in the City’s strategic centres of the CBD and Green Square and Mascot where a respective 235,000 and 25,500 jobs are projected to 2036.

Job growth in the LGA and new development in the city's residual areas will continue to place upward pressure on housing prices and rents beyond the means of very low and moderate income households.

Without provision of more affordable forms of housing, the market can be expected to continue to produce more expensive housing in the area, so that it will only be affordable to households on relatively high incomes. Without the supply of more affordable rental dwellings, existing lower income households will continue to be forced out of the area, and new lower income households may be prevented from finding housing in the LGA close to new employment opportunities.

Planning Proposal land

Planning Proposal land is land that has been the subject of a planning proposal to change the planning controls that apply to the site to increase development capacity. Planning Proposal land is identified in LEPs.

On Planning Proposal land, all new residential floor area is subject to the requirement to contribute to affordable housing under Section 7.32 of the Act because:

Development in Planning Proposal land will reduce the availability of affordable housing within the area

The cost of land and fragmentation of ownership patterns are key impediments to development and renewal in existing urban areas. Current buildings that are functional and provide good economic utility can in many cases be too valuable to consolidate for redevelopment. Therefore, developers tend to target buildings that are aging and nearing the end of their economic lifecycle. As such, planning proposals in the City, that generally seek increased height or floor area, are associated with former industrial or commercial sites and older, lower quality houses that are then replaced by higher density residential uses.

Where redevelopment of a site replaces older residential stock with a new residential flat building, there is typically a direct loss of lower cost housing that is more likely to be within the means of lower income households.

Where renewal of a site replaces non-residential buildings at the end of their economic life, amenity increases, attracting more investment and higher income households to move into the area. This pushes up house values, placing further demand for rental properties and reduces the available stock of low cost housing.

Planning proposals seeking increased height or floor area associated with the renewal of commercial sites in Central Sydney are underpinned by a post-Covid demand for high-quality, high-amenity, contemporary office space. They attract investment and contribute to urban renewal in the LGA, placing continued upward pressure on housing prices and rents beyond the means of very low, low and moderate income households.

Development on Planning Proposal land will create a need for affordable housing within the area

Changes to planning controls which permit higher order land uses and increased densities will place further pressure on purchase and private rental accommodation costs beyond the means of very low to moderate income households. Without provision of more affordable housing in the area housing will only be affordable to households on relatively high incomes. This will force existing low income households to move out of the area.

Furthermore, the overall growth in jobs generally across the LGA, coupled with ~~the~~ increased employment opportunities created by planning proposals – both as a result of commercial (re)development in Central Sydney and ~~that include~~ mixed use development throughout the LGA that includes ~~with~~ retail tenancies on the street level~~,~~ – will increase the demand for unskilled and semi-skilled workers employed in essential services of retail, hospitality and cleaning and who are difficult to recruit due to increasing pressure on housing costs in the area.

Development is allowed only because the land was rezoned

Planning Proposal land is land that has been the subject of a planning proposal to change the planning controls that apply to the site to increase development capacity. The contribution requirement will only be applied to the new development capacity that would not have been allowed without the changes to the planning controls.

This gives effect to the intent of the District Plan to provide affordable housing where there is an increase in development capacity on land, where need for affordable housing is identified and where development viability can be maintained.

The affordable housing contribution requirement will be introduced when the land is identified as Planning Proposal land in LEPs. Therefore, any negative impact the contribution requirement might have on the value of the land will be mitigated by the increase development potential brought about by the change to the planning controls.

5. Outcomes

~~The City's planning controls are estimated to deliver up to 1,950 additional affordable dwellings between 2016 to 2036. However, this estimate~~ As at June 2024, the City's affordable housing contribution requirements have delivered 873 affordable dwellings. The projected outcomes of this Program are estimated to exceed 2,000 further affordable dwellings to 2036 (from June 2024). Notwithstanding this estimate, the outcomes of this Program will be heavily impacted by other matters outside of the City's control, including, but not limited to:

- the property market i.e. the amount of development that occurs. This is highly influenced by the market conditions of the day;
- the ability of community housing providers to ~~successfully~~ leverage contribution funds and existing property portfolios;
- state government policy directions; and

- Federal and NSW Government investment in affordable housing (which may accelerate outcomes under this scheme when available funds are combined with levy funds).

Appendix B – Contribution where land is rezoned

Where land is the subject of a planning proposal to increase its development capacity, an additional contribution for affordable housing will be applied to the new floor area.

This appendix is to provide guidance on how the affordable housing contribution requirement is established and applied.

1. How is the additional contribution requirement secured?

The additional affordable housing contribution requirement will be secured in the process of rezoning the land. The requirement may be set out in:

- an LEP, for example, the land may be identified as "planning proposal land" on Schedule 6C of the Sydney LEP, with the additional contribution requirement being set out in the schedule; or
- a voluntary planning agreement, for example, the landowner may offer to enter into a voluntary planning agreement with the City to build and dedicate affordable housing; or
- some other environmental planning instrument.

2. How is the additional contribution requirement to be satisfied?

Where the proposed development meets the criteria set out at Section 2.3.1 of this Program, Council will generally require the additional contribution be satisfied by the dedication of built dwellings.

Where the development does not meet the criteria set out at Section 2.3.1 of this Program, Council will require the additional contribution be satisfied by making a monetary contribution in accordance with Section 2 of this Program.

3. Contribution requirement

Where land is rezoned to increase its development capacity, an affordable housing contribution requirement will be payable on the new gross floor area, as shown below:

Table A1: Additional contribution requirement on new floor area

Affordable housing contributions precinct	Contribution requirement
Central precinct	20% residential gross floor area 2% non-residential gross floor area
West precinct	20% residential gross floor area
South precinct	20% residential gross floor area
East precinct	20% residential gross floor area

Note: Affordable housing contribution precincts are shown at Figure 1 of this Program.

The contribution requirement shown at Table A1 is inclusive of any other affordable housing contribution requirement that applies to the land. For example, the 20 per cent rate that applies to all new residential floor area includes 17 per cent for new residential floor area on planning proposal land, plus 3 per cent that applies under Clause 7.13 of Sydney LEP 2012. Where no other contribution requirement applies, the full 20 percent is applied.

In the west, south and east precincts, the contribution requirement applies to new floor area that has the potential to be used for a residential purpose, that is, the residential contribution requirement will be applied to any additional floor area achieved on land where residential uses are permitted, unless the whole of that site is restricted in a planning instrument to a non-residential purpose only.

In Central precinct, the contribution requirement will be applied using a proportional approach. That is, where there is a requirement in a planning instrument that restricts a proportion of the floor area to a non-residential purpose, then the non-residential contribution requirement will be applied to that same proportion of any new development capacity, and the residential contribution requirement to the remainder. For example, where a site is required by a planning instrument to provide 50% of the floor area in the building as non-residential development, then the non-residential contribution requirement of 2% would apply to 50% of the new floor area and residential contribution requirement of 20% would apply to the other 50% of new floor area.

Example

A site in Central precinct is currently subject to planning controls that allow 70,000sqm of non-residential floor area. This is subject to the requirements of Clause 7.13 of the Sydney LEP that requires an affordable housing contribution of 1% of non-residential GFA.

A rezoning of the site facilitates an additional 40,000sqm of non-residential floor area. No residential development is permitted on the site. The additional affordable housing contribution requirement is established in the Sydney LEP.

Assuming the site is developed utilising the whole of the available gross floor area, the following affordable housing contribution is required:

(1% x 70,000sqm) + (2% x 40,000sqm) = 1,500sqm * $12,293.84 = $18.4m equivalent monetary contribution.

The contribution requirement must be satisfied by making a monetary contribution because the site is a commercial site.

Note: for the purpose of this example, the starting monetary contribution rate, Rate A, has been assumed for the purpose of this example

Example

A site in Central precinct is currently subject to planning controls that allow 25,000sqm residential gross floor area and 25,000sqm non-residential gross floor area. This is subject to the requirements of Clause 7.13 of the Sydney LEP that requires an affordable housing contribution of 1% of non-residential GFA and 3% of residential GFA.

A rezoning of the site facilitates an additional 30,000sqm gross floor area. The additional affordable housing contribution requirement is established in the Sydney LEP, that also maintains a requirement that no more than 50% of the GFA on the site can be used for a residential purpose.

Assuming the site is developed utilising the whole of the available gross floor area and that 50% is residential and 50% is non-residential, the following affordable housing contribution is required:

(1% x 25,000sqm) + (3% x 25,000sqm) + (2% x 15,000sqm) + (20% x 15,000sqm) = 4,300sqm of dedicated affordable housing provided on site (or $52.9m equivalent monetary contribution).

Note: for the purpose of this example, the starting monetary contribution rate, Rate A, has been assumed for the purpose of this example

4. Where other public benefits are offered

The additional contribution requirement may be waived or reduced by Council's sole discretion, where a developer has made an offer to enter into a planning agreement to provide other agreed public benefits of a commensurate scale.

5. How contributions are to be used

Monetary contributions and dedicated dwellings are to be allocated in accordance with any requirements set out in any distribution plan adopted by Council.

~~Appendix B – Planning Proposal land~~

~~Where land is the subject of a planning proposal to change the planning controls that apply to the site, it may be identified on a schedule in an LEP, or another EPI, as being required to make an additional contribution for affordable housing.~~

~~This appendix is to provide guidance on how the contribution rate is established.~~

~~6. Where a planning proposal has increased Floor Space Ratio~~

~~Where there is a planning proposal to increase the Floor Space Ratio (FSR) of a site or sites, an affordable housing contribution requirement will be payable on the new floor area.~~

~~The affordable housing contribution rate that applies to the land will be identified on a schedule in an LEP or other EPI.~~

~~The 'listing' of Planning Proposal land on the LEP schedule, or in another EPI, occurs at the same time that the changes to the planning controls are 'made', that is, the LEP schedule / EPI will be amended when the amendment to the LEP / EPI to increase the FSR comes into effect.~~

~~On Planning Proposal land the contribution rate applied to new floor area achieved in the planning proposal to increase FSR is:~~

~~Precinct*~~	~~Contribution rate**~~
~~Central Sydney precinct~~	~~13% subject to site specific viability testing~~
~~West precinct~~	~~12% ***~~
~~South precinct~~	~~12% ***~~
~~East precinct~~	~~21% ***~~

~~* Note: The West, South and East precincts align with those shown in the City's development contribution plan 2015. The Central Sydney precinct aligns with those shown in Central Sydney Development Contributions Plan 2020. A map of precinct boundaries is available on the City's website~~

~~** The contribution applies to new floor area that may be used for a residential purpose, that is, the contribution requirement will be applied to any additional floor area achieved on land zoned residential purposes, unless the whole of that site is restricted to a non-residential purpose.~~

~~*** Rates incorporate any requirement in an LEP for a 3 per cent contribution. For example, the 12 per cent rate includes 9 per cent for new residential floor area on planning proposal land, plus 3 percent. Where no other contribution requirement applies, the full 12 percent may be applied.~~

~~The above rates will be reviewed on an as needs basis and any changes will be published on the City's website.~~

~~The equivalent monetary contribution amount is provided in Section 2 of this Program.~~

~~Explanatory note~~ *~~Planning Proposal land contribution rates~~* ~~Planning Proposal land contribution rates have been tested by appropriately qualified land economics experts to ensure development viability is not negatively impacted. Testing takes into consideration all of the contribution requirements that already apply to the land. including Section 7.11 contributions, Community Infrastructure floor area, and affordable housing contributions payable under LEPs.~~ ~~Contribution rates to be applied to new floor area on Planning Proposal land will be reviewed and updated as needed~~ ~~While the contribution rates apply to proposals for new residential floor area, this does not preclude the City from working with proponents to identify an appropriate contribution rate that may be applied where a planning proposal results in an increase in non-residential floor area.~~

~~7. Where other public benefits are offered~~

~~Where it is a superior outcome, and where a developer has made an offer to enter into a planning agreement to provide affordable housing or other public benefit, a Planning Proposal land contribution may not be applied.~~

Appendix C - Standards for dedicated affordable housing dwellings

Where an affordable housing contribution requirement is to be satisfied by the dedication of built dwellings, the dwellings must be suitable to be used for affordable housing in the long term.

This Appendix sets out guiding standards for dedicated dwellings.

Long-term management requirements

Required affordable rental dwellings are to be owned and managed in accordance with the Affordable Housing Principles of this Program.

Strata requirements

Where the strata or management costs of development would likely be high and render the management of the property for affordable housing unsustainable, the affordable housing dwellings to be dedicated are to be subject to alternate cost arrangements to assist in the management of strata or management costs to the receiving CHP.

Where possible, provide a separate entrance to a separate stratum of affordable housing dwellings.

Dwelling mix requirements

The mix of the proposed affordable housing dwellings (i.e. the number of bedrooms) is to be appropriate to the needs of the receiving CHP.

Parking and servicing

Parking and general servicing requirements are to be appropriate for the needs of the receiving CHP.

External design

The external design of the proposed affordable housing dwellings is to be equivalent in design quality to other dwellings in the development. It must include external elements, such as balconies or courtyards, that are generally consistent with those provided for other dwellings on the site.

Design for reduced living costs

Proposed affordable housing dwellings are to:

- where possible, maximise passive ventilation and cooling methods to avoid air-conditioning costs;
- where possible, incorporate solar energy connections and rainwater tanks;
- be excluded from embedded power networks, if the embedded network does not allow tenants to freely choose the service provider;
- include ceiling fans and window blinds for thermal comfort; and

- include appliances with high efficiency standards.

Design for reduced cyclical management costs

Construction design and material choices are to be agreed at the design stage to address the longer-term management and maintenance costs of the proposed affordable housing dwellings, including:

- inclusion of robust, durable internal and external finishes; and
- use of low maintenance and easily replaceable materials.

Note: While it is noted the above guiding standards have been prepared to inform the standards of dedicated affordable housing dwellings required by the City under Section 7.32 of the Act, the standards may also be relevant in the delivery of affordable housing achieved under different mechanisms.

~~Appendix C – Process for dedicating dwellings~~

~~This appendix provides guidance on the process for satisfying an affordable housing contribution requirement by dedicating affordable housing dwellings.~~

~~Section 2 of this Program provides that where the dedication of affordable housing dwellings is proposed, then the location, size and quality of dwellings must be to the satisfaction of the City and the receiving CHP.~~

~~1. Consult with Recommended and Eligible providers~~

~~Where a developer intends to provide an in-kind affordable housing contribution by dedicating finished dwellings to a Recommended CHP, the developer must first consult with the provider to establish if they are willing to receive the dedicated dwellings.~~

~~In circumstances where no Recommended CHP agrees to accept the dedication, and confirmation of that position is provided in writing, the developer may consult with other eligible providers (Tier 1 or Tier 2) to establish an agreement for a community housing provider to accept the dedication of finished affordable housing dwellings.~~

~~The purpose of the consultation is to canvass potential issues and reach in-principle agreement about how the affordable housing dwelling/s are to be provided by the developer to the CHP. Key issues for discussion include, but are not limited to:~~

- ~~the requirements of the community housing provider in regard to the finished dwelling, for example fit out requirements, preferred layouts, location of the dwelling in the development, and so on;~~
- ~~the community housing provider is to have a full understanding of the likely strata requirements that will be in place once the development is complete;~~
- ~~contractual arrangements with regards to the dedication of the dwellings, including discussion about what might be cause for terminating the agreement.~~

~~2. Development application~~

~~The development application to the City must:~~

- ~~state the amount (the quantum of total floor area) of affordable housing to be dedicated, and any residual amount for which a monetary contribution is required to be paid;~~
- ~~clearly identify on the plans the affordable rental dwellings proposed to be dedicated, noting the City must be satisfied that dwellings receive adequate amenity relative to the rest of the development i.e. it is not acceptable that all of the affordable housing in the development have the lowest amenity;~~
- ~~demonstrate the appropriateness of the dwellings proposed for dedication, with reference to Section 2 of this Program;~~
- ~~provide details of the agreement that has been reached between the developer and the community housing provider about the dedication of the dwellings or alternative arrangements in a relevant planning agreement.~~
- ~~if it is not a Recommended CHP that will receive the contribution, evidence that all Recommended CHPs have declined to accept the dedication of the dwellings is required; and~~
- ~~evidence that the receiving CHP has agreed to accept the dwellings, the terms of the agreement, and the requirements of the Program are understood, including the requirement for in perpetuity management of the dwellings for affordable housing to be rented to very low to moderate income households for no more than 30% of their income.~~

~~3. Assessment~~

~~The City will:~~

- ~~undertake assessment of the appropriateness of the dwellings proposed for dedication, with reference to Section 2 of this Program and any comment provided by the Recommended CHP, and~~
- ~~if necessary, where the proposed dwellings are not appropriate for the purpose of affordable housing, discuss with the developer amendments to improve the dwellings, or identify preferable dwellings, or instead require a monetary contribution.~~

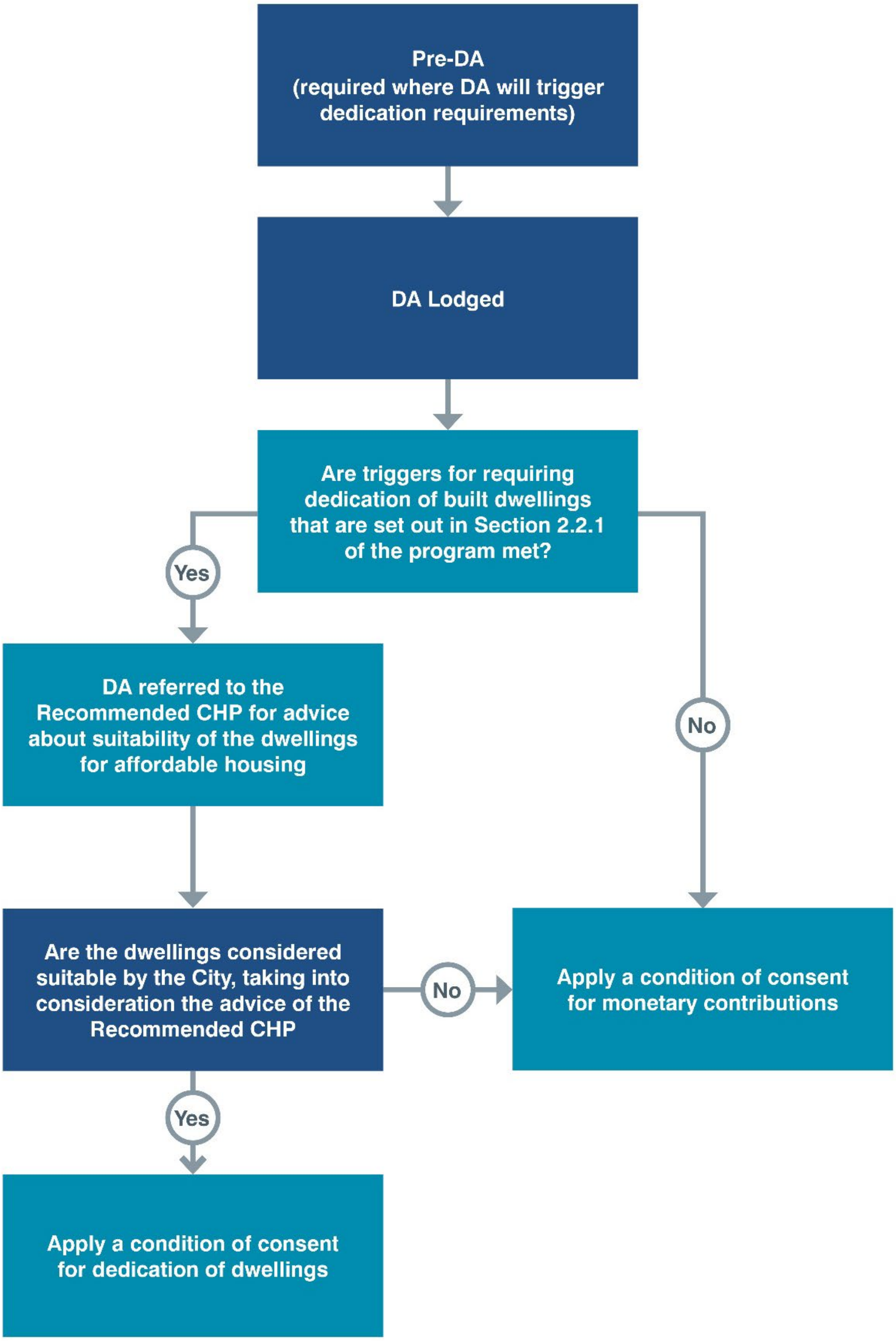
~~4. Securing the dwellings~~

~~Where the dwellings proposed for dedication are supported, a condition of consent requiring dedication of the affordable housing dwelling(s) will be imposed by the consent authority.~~

~~Prior to transferring the affordable housing dwelling(s) to a Recommended CHP, the City will register on the title a covenant ensuring the affordable housing dwellings are:~~

- ~~owned and managed by a CHP in accordance with the Program, and~~
- ~~rented to very low to moderate income earners for no more than 30% of gross household income.~~

Appendix D – Simplified development application process



Attachment E

Resolutions of Council and the Central Sydney Planning Committee for Public Exhibition

Resolution of Council

16 December 2024

Item 9.3

Public Exhibition - Planning Proposal - Affordable Housing Contributions Review - Sydney Local Environmental Plan 2012, Sydney Local Environmental Plan (Green Square Town Centre) 2013, Sydney Local Environmental Plan (Green Square Town Centre - Stage

It is resolved that:

(A) Council approve Planning Proposal - City of Sydney Affordable Housing Contributions Review, shown at Attachment A to the subject report, for submission to the Department of Planning, Housing and Infrastructure with a request for a gateway determination;

(B) Council approve Planning Proposal - City of Sydney Affordable Housing Contributions Review, for public authority consultation and public exhibition in accordance with any conditions imposed under the gateway determination;

(C) Council approve the draft City of Sydney Affordable Housing Program Amendment 2024, shown at Attachment B to the subject report, for public exhibition concurrently with the planning proposal;

(D) Council seek authority from the Department of Planning, Housing and Infrastructure to exercise its delegation under section 3.36 of the Environmental Planning and Assessment Act 1979 to make the amending Local Environmental Plan; and

(E) authority be delegated to the Chief Executive Officer to make any variations to Planning Proposal - City of Sydney Affordable Housing Contributions Review and the draft City of Sydney Affordable Housing Program Amendment 2024, to correct any minor errors or inconsistencies, or to ensure consistency with any condition of the gateway determination.

Carried unanimously.

X099241

Resolution of Central Sydney Planning Committee

12 December 2024

Item 7

Public Exhibition - Planning Proposal - Affordable Housing Contributions Review - Sydney Local Environmental Plan 2012, Sydney Local Environmental Plan (Green Square Town Centre) 2013, Sydney Local Environmental Plan (Green Square Town Centre - Stage

Moved by the Chair (the Lord Mayor), seconded by Councillor Miller -

It is resolved that:

(A) the Central Sydney Planning Committee approve Planning Proposal - City of Sydney Affordable Housing Contributions Review, shown at Attachment A to the subject report, for submission to the Department of Planning, Housing and Infrastructure with a request for a gateway determination;

(B) the Central Sydney Planning Committee approve Planning Proposal - City of Sydney Affordable Housing Contributions Review, for public authority consultation and public exhibition in accordance with any conditions imposed under the gateway determination;

(C) the Central Sydney Planning Committee note the recommendation to Council's Equity and Housing Committee on 9 December 2024, that Council approve the draft City of Sydney Affordable Housing Program Amendment 2024, shown at Attachment B to the subject report, for public exhibition concurrently with the planning proposal;

(D) the Central Sydney Planning Committee note the recommendation to Council's Equity and Housing Committee on 9 December 2024, that Council seek authority from the Department of Planning, Housing and Infrastructure to exercise its delegation under section 3.36 of the Environmental Planning and Assessment Act 1979 to make the amending Local Environmental Plan; and

(E) authority be delegated to the Chief Executive Officer to make any variations to Planning Proposal - City of Sydney Affordable Housing Contributions Review and the draft City of Sydney Affordable Housing Program Amendment 2024, to correct any minor errors or inconsistencies, or to ensure consistency with any condition of the gateway determination.

Carried unanimously.

X099241

Attachment F

Gateway Determination - dated 30 July 2025

Our ref: PP-2024-2747/IRF25/517

Ms Monica Barone
Chief Executive Officer
City of Sydney Council
GPO Box 1591
SYDNEY NSW 2001

30 July 2025

Subject: PP-2024-2747 – City of Sydney Affordable Housing Contributions Review

Dear Ms Barone

I am writing in response to the planning proposal you have forwarded to the Minister under section 3.34(1) of the Environmental Planning and Assessment Act 1979 to amend the *Sydney Local Environmental Plan 2012, Sydney Local Environmental Plan (Green Square Town Centre) 2013, Sydney Local Environmental Plan (Green Square Town Centre – Stage 2) 2013* and the City of Sydney Affordable Housing Program as part of a review of the affordable housing contributions.

As delegate of the Minister for Planning and Public Spaces, I have determined that the planning proposal should proceed subject to the conditions in the enclosed gateway determination.

Considering the nature of the proposal I have determined not to authorise Council to be the local plan-making authority given the relationship with State government policy.

The proposed local environmental plan (LEP) is to be finalised on or before 30th July 2026. Council should aim to commence the exhibition of the planning proposal as soon as possible. Council's request for the Department of Planning, Housing and Infrastructure to draft and finalise the LEP should be made twelve weeks in advance of the date the LEP is projected to be made.

Should you have any enquiries about this matter, Eva Stanbury can assist you. Eva can be contacted on 02 8289 6557.

Yours sincerely

Daniel Thompson
Executive Director
Local Planning and Council Support

Gateway Determination

Planning proposal (Department Ref: PP-2024-2747)*:* to amend the *Sydney Local Environmental Plan 2012*, *Sydney Local Environmental Plan (Green Square Town Centre) 2013* and *Sydney Local Environmental Plan (Green Square Town Centre – Stage 2) 2013* to reflect updates to the City of Sydney Affordable Housing Program.

I, the Executive Director, Local Planning and Council Support at the Department of Planning, Housing and Infrastructure, as delegate of the Minister for Planning and Public Spaces, have determined under section 3.34(2) of the *Environmental Planning and Assessment Act 1979* (the Act) that an amendment to the *Sydney Local Environmental Plan 2012*, *Sydney Local Environmental Plan (Green Square Town Centre) 2013* and *Sydney Local Environmental Plan (Green Square Town Centre – Stage 2) 2013* to reflect a review of the City of Sydney Affordable Housing Program should proceed subject to the following.

The LEP should be completed on or before 30 July 2026.

Gateway Conditions

1. Prior to exhibition, the planning proposal is to be amended to:

   (a) clarify that the 'drafting instructions' referred to in Section 4 of the planning proposal report and in Appendix A are only one example of how the proposed amendments could be worded, with the final wording subject to drafting and agreement by the Parliamentary Counsel's Office,

   (b) amend the draft Affordable Housing Program Amendment so that the 4 year phase in period begin from when the LEP is made rather than when the Affordable Housing Program is approved by Council,

   (c) explain the intended approach to future integration areas with respect to application of the program including the contribution precincts as mapped in the planning proposal, and

   (d) explain the basis of the proposed amendment to the Sydney Local Environmental Plan 2012 that will clarify that affordable housing only needs to be provided in accordance with the principles in the Affordable Housing Program, and not any other requirement of the Program.

2. Public exhibition is required under section 3.34(2)(c) and clause 4 of Schedule 1 to the Act as follows:

   (e) the planning proposal is categorised as complex as described in the *Local Environmental Plan Making Guideline* (Department of Planning and Environment, August 2023) and must be made publicly available for a minimum of 30 working days;

   (f) the planning proposal authority must comply with the notice requirements for public exhibition of planning proposals and the specifications for material that must be made publicly available along with planning proposals as identified in *Local Environmental Plan Making Guideline* (Department of Planning and Environment, August 2023); and

(g) the Affordable Housing Program is to be exhibited at the same time and in the same way as the planning proposal.

3. Consultation is required with the following public authorities and government agencies under section 3.34(2)(d) of the Act and/or to comply with the requirements of applicable directions of the Minister under section 9 of the Act:

- NSW Department of Communities and Justice
- Homes NSW.

4. A public hearing is not required to be held into the matter by any person or body under section 3.34(2)(e) of the Act. This does not discharge Council from any obligation it may otherwise have to conduct a public hearing (for example, in response to a submission or if reclassifying land).

Dated 30 July 2025

Daniel Thompson
Executive Director
Local Planning and Council Support
Department of Planning, Housing and Infrastructure

Delegate of the Minister for Planning and Public Spaces

Attachment G

Resolution of Council regarding the prevention of discrimination against low-income tenants in new housing developments

Resolution of Council

23 February 2026

Item 12.12

Preventing ‘Poor Doors’ and Discrimination Against Low Income Tenants in New Housing Developments

Moved by Councillor Ellsmore, seconded by Councillor Thompson –

It is resolved that:

(A) Council note:

(i) the term “poor door” refers to a separate entrance made for a residential building that segregates social, affordable or lower income housing tenants from the private or higher income tenants in a housing development;

(ii) in cities like London and New York, ‘poor doors’ became more common in response to rules offering density bonuses, tax concessions or other incentives to developers in return for setting aside some units for affordable housing in their buildings;

(iii) when social or affordable housing was required to be included in a building, some developers began segregating tenants on lower incomes from other tenants, by restricting their access to the common entrance, lobby, general tenant spaces and/ or services in the building;

(iv) in NSW, developers are increasingly offered planning, zoning and tax benefits in return for the inclusion of some social or affordable housing in new developments. The current NSW Government’s approach to planning and development is estimated to lead to a significant increase in mixed-tenure apartment developments in Sydney;

(v) recent reporting from Guardian Australia highlighted an example of a poor door in the Watermanns Residence at Barangaroo, where affordable housing tenants are required to use a separate entrance from other residents, who pass through a grand glass foyer with a concierge desk;

(vi) other examples have also been reported, in some cases imposed by developers or landlords, and in some cases negotiated by Community Housing Providers to facilitate those providers to reduce their costs (for example by avoiding high strata fees);

(vii) locally and internationally, ‘poor doors’ have been recognised as harmful to lower income communities and to social cohesion; and

(viii) strong public opposition to ‘poor doors’ led to rule changes by London and New York councils, aimed at ensuring tenants with different incomes were treated equitably. Both cities introducing planning requirements in favour of ‘tenure-blind’ design in developments, and restrictions on the physical segregation of tenants, including restricting or banning ‘poor doors’;

(B) Council further note:

(i) the City of Sydney’s current policy requires that affordable rental dwellings are designed and constructed to a standard which, in the opinion of the City, is generally consistent with other dwellings the same building. That is, affordable social housing is not differentiated as affordable housing compared with the design of the other housing;

(ii) current Council requirements do not ban separate entrances or physical segregation for lower income tenants;

(iii) the City recently exhibited the Affordable Housing Contributions Review 2024 and related documents, which seek changes to the Sydney LEP 2012, Affordable Housing Program and other documents, to improve the way affordable housing is delivered within the Local Government Area;

(iv) changes being considered by Council include that the City will have more powers to require affordable housing to be built as part of private developments; and

(v) the review creates an opportunity to consider updates to the council’s requirements around separate entrances and equitable access to common spaces and services in a building for people on low incomes;

(C) Council in principle agree:

(i) that low income tenants should not be physically segregated from other tenants in building developments; and

(ii) that Council planning and affordable housing rules should encourage equitable access to spaces and services, and encourage social connection between different kinds of tenants, especially those living in the same building or local community; and

(D) the Chief Executive Officer be requested to:

(i) provide advice to Council about how Council’s existing affordable housing program and policies protect against tenure-based, physical segregation, including ‘poor doors’ or restricted access to common areas and building services;

(ii) seek feedback and input from Council’s Housing for All Advisory Panel;

(iii) include collated advice in the report-back to Council with the final recommendations from the Affordable Housing Contributions Review;

(iv) if needed, provide advice about possible amendments to the Sydney LEP 2012, Affordable Housing Program and relevant documents, to ensure future affordable housing developments, facilitated by the City, are ‘tenure blind’ and facilitate all residents to have equitable access to areas within residential buildings; and

(v) refer this resolution, and any relevant later Council decisions, to Council’s Design Advisory Panels and relevant Council staff who may be considering or assessing developments whose design proposes segregated entrances or services for lower income or affordable housing tenants.

Carried unanimously.

X113765

Attachment H

Response to the matter raised in the Resolution of Council regarding the prevention of discrimination against low-income tenants in new housing developments

Response to the Resolution of Council on Discrimination Against Low Income Tenants in New Housing Developments

Background

In the resolution at Item 12.12 on 23 February 2026, Council requested the CEO:

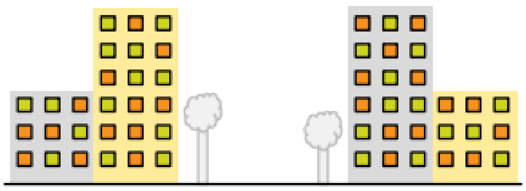
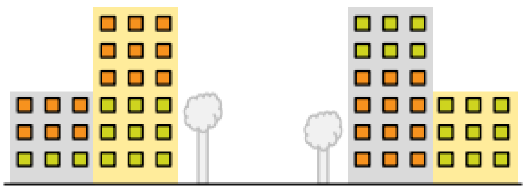
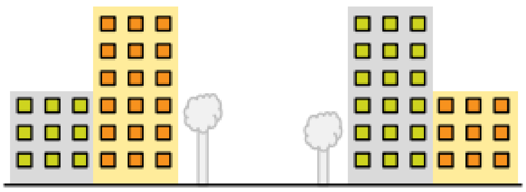
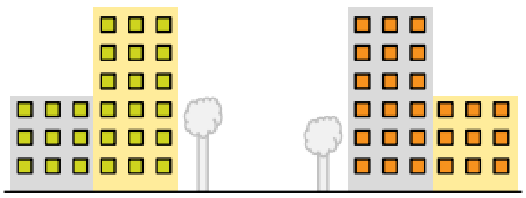
- provide advice to Council about how Council's existing affordable housing program and policies protect against tenure-based, physical segregation, including 'poor doors' or restricted access to common areas and building services;
- seek feedback and input from Council's Housing for All Advisory Panel;
- include collated advice in the report-back to Council with the final recommendations from the Affordable Housing Contributions Review;
- if needed, provide advice about possible amendments to the Sydney LEP 2012, Affordable Housing Program and relevant documents, to ensure future affordable housing developments, facilitated by the City, are 'tenure blind' and facilitate all residents to have equitable access to areas within residential buildings; and
- refer this resolution, and any relevant later Council decisions, to Council's Design Advisory Panels and relevant Council staff who may be considering or assessing developments whose design proposes segregated entrances or services for lower income or affordable housing tenants.

Affordable housing dwellings can be delivered in mixed tenure developments (with private market housing) in four main ways:

- On a separate residential block;
- In a separate building adjacent to the private market housing;
- On separate floors within a building that also houses private market housing (with or without a dedicated entrance); or
- Scattered randomly throughout the building (unit by unit allocation).

As shown below[1]:

[1] Van den Nouwelant, RM; Randolph, B, 2016, Mixed-tenure development: Literature review on the impact of differing degrees on integration, https://doi.org/10.26190/unsworks/26416

	**Unit by unit** *Each tenure is distributed uniformly across an entire development* Also called 'salt and pepper' or 'pepper potting'
	**Floor by floor** *Each tenure is clustered in distinct parts of a building* A relevant distinction in the context of large apartment developments
	**Building by building** *Each tenure is provided in separate buildings, but distributed across a development* Potential to integrate design and construction
	**Block by block** *Each tenure is separated as much as possible within a development site* Still more integrated than fully segregated suburbs

Local pathways for affordable housing

The City of Sydney requires contributions for affordable housing. To date these have mostly been fulfilled through monetary contributions which go to community housing providers (CHPs) who use them to build stand alone affordable housing buildings. It is also possible for affordable housing dwellings to be provided instead. The provision of affordable housing dwellings may also be negotiated through a voluntary planning agreement when a site is rezoned.

The physical requirements for the dwellings include:

> • *affordable rental dwellings are designed and constructed to a standard which, in the opinion of the City, is generally consistent with other dwellings in the city, that is, they are not differentiated as affordable housing compared with the design of other housing;*
>
> • *each affordable rental dwelling is to have a total floor area of not less than 35 square metres, with any remainder being paid as a monetary contribution to the City, and*
>
> • *where multiple affordable rental dwellings are provided in the development, the amenity benchmarks established by the Apartment Design Guideline (or any subsequent Guideline that may apply from time to time) are to be generally achieved.*

The current City of Sydney Affordable Housing Program is otherwise silent on the arrangement of affordable housing in mixed tenure developments. Affordable housing dedicated to CHPs is not required to have a common entry or for shared access to all services and facilities in the building for affordable housing tenants.

State pathways for affordable housing

The NSW Government provides incentives for infill affordable housing under the Housing SEPP. A developer can get up to 30% additional height and floor space if 15% of the floor space is used for affordable housing for at least 15 years. State led rezonings may also require provision of affordable housing with various arrangements.

The state government requirements for infill affordable housing refer mostly to amenity but are also silent on the issues[2]:

> *Residential amenity is one of the design quality principles under Chapter 4 of the Housing SEPP that must be considered in the assessment of residential apartment development. Good residential amenity combines appropriate room dimensions and shapes, access to sunlight, natural ventilation, outlook, visual and acoustic privacy, storage, indoor and outdoor space, efficient layouts and service areas, and ease of access for all age groups and degrees of mobility. It is important that amenity is maximised across a development, and that affordable dwellings are not subject to a lower standard. For example, if 70% of dwellings across a development achieve the ADG criteria for solar access (minimum 2 hours to living areas), then a similar percentage of the affordable dwellings should meet that standard.*

Case Study

The small number of instances in the City of Sydney where affordable housing has been delivered via dedicated dwellings include the state government approved Watermans Residences in Barangaroo. Lendlease completed the development in 2025. It includes 50 affordable housing dwellings in a residential tower that also includes private market housing. The affordable housing is accessed via a dedicated entrance and lift core with a separate communal outdoor dining area from the remainder of the building.

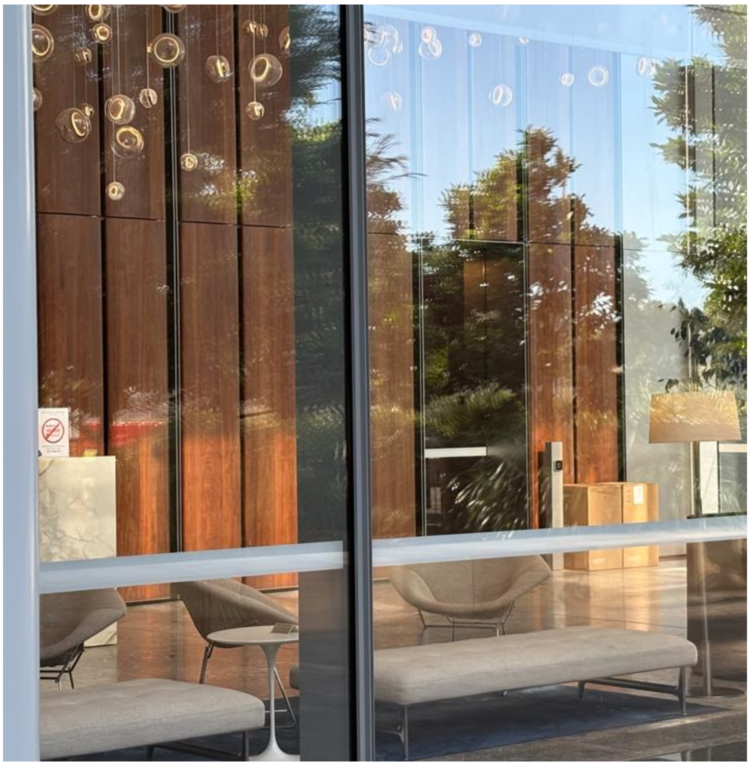
St George Community Housing own and manage the affordable housing and are required to deliver the affordable housing using specific eligibility criteria and guided by the NSW Affordable Housing Ministerial Guidelines.

The affordable housing dwellings are part of a larger complex consisting of three towers:

[2] https://www.planning.nsw.gov.au/sites/default/files/2023-12/in-fill-affordable-housing-practice-note.pdf

Both towers have multiple entrances. None of the building entrances are on the same side of the buildings. The entrances to the private market dwellings have similar designs to the one shown here:

And have furniture, artworks and a concierge desk:



The entrance to the affordable housing dwellings is largely unfurnished and shown here:

The complex featured in a media article in November 2025 referring to the use of "poor doors" at the site.

On 23rd February 2026 Council resolved through a Resolution of Council for consideration to be given to whether the City's planning rules or affordable housing program should be changed to: "*protect against tenure-based, physical segregation, including 'poor doors' or restricted access to common areas and building services*".

Consultation with the Housing for All Advisory Panel

The Resolution also required consultation with members of the Housing for All Advisory Panel. Current membership includes a diverse cross section of the housing sector.

Representatives for the Tenants Union, TOGA, Shelter NSW and Professor Jessie Hohmann all supported a ban on separate entrances for affordable housing citing principles of equity and inclusion and concerns about the stigma of separate entrances and differentiated access to facilities and services. The impact on tenants from separate entrances was reported to include potential feelings of shame, anxiety and embarrassment which was linked to a loss of opportunity, lower social participation and negative impacts on health and wellbeing.

There was less consensus in relation to equal access to services and facilities in a mixed tenure building for affordable housing tenants. Several members cited concerns about the costs for CHPs as a reason for not requiring equal access. Suggested funding sources to meet the costs associated with unit by unit integration of affordable housing in mixed tenure buildings and the associated strata levies included the creation of a trust that could be drawn on by CHPs. Developers, government, CHPs and other owner occupiers are suggested as contributors to the trust. Shelter NSW noted the findings of their study which found that the market value of density bonusses was far greater than the cost of current state government requirements for affordable housing which would, in their assessment, make it feasible for developers to contribute to a trust[3].

Representatives for the Community Housing Industry Association NSW and Architect Dr Michael Zanardo supported the separation of affordable housing in adjacent buildings to private market housing. Examples were provided of high quality buildings enabling different tenures in separate but adjacent buildings at Bowman Street Pyrmont:

[3] https://shelternsw.org.au/wp-content/uploads/2025/10/DensityDealsFINAL.pdf

And Rowley Street Eveleigh:

Affordable housing buildings were viewed by several panel members as preferable to affordable housing units in mixed tenure buildings.

Housing for All Advisory panel members were also asked to rank the importance of different aspects[4] of affordable housing. Affordability and security of tenure consistently ranked the highest. Access to shared services and facilities was the lowest ranked feature along with quality fixtures and fittings. One respondent chose not to complete the task preferring

[4] Location, security of tenure, affordability, quality fixtures and fittings, apartment amenity (sunlight/fresh air/outlook), the neighbourhood, access to transport, access to education and employment, access to shared facilities in the building.

instead to note the right to housing involving: security of tenure, affordability, location, cultural adequacy, accessibility (for disadvantaged groups); availability of services, facilities, materials and infrastructure, and habitability (safety and adequate standards).

It was noted that the preference of affordable housing applicants and tenants had not been canvassed and would be integral to understanding the relative importance of the issue of shared entrances and equal access to services and facilities in mixed tenure settings. However, anecdotal evidence from CHPs consulted as part of this research, indicated that affordable housing applicants often prioritise affordability and access to transport over access to facilities like gyms and pools.

The Northsea development in Wollongong (pictured) was raised by two advisory panel members as an example of a floor by floor allocation of affordable housing in a mixed tenure development.

While there is a common entrance to the building, the social housing is on the ground floor, affordable housing on the middle floors and private market housing is on the top floors[5]. The unequal distribution of higher amenity levels by tenure type means social and affordable housing tenants live in units that are more exposed to noise, less natural light, have no views and less cross ventilation.

Strata Levies

A common practice in the CHP sector, if consulted on their preference when taking receipt of dwellings to be used as affordable housing, is to locate them in a separate building in the first instance or part of a building within a broader complex as a last resort. The main

[5] https://www.theurbandeveloper.com/articles/mixed-tenure-vertical-villages-the-future-of-urban-housing

rationale for this practice is to enable the CHP to avoid high strata levies linked to the provision of luxury services and facilities.

Under strata legislation, each member of an owners corporation must pay levies. In turn they or their tenants share access to common areas, services and any on site facilities. It is difficult to predict what strata levies will be charged before a building is completed. The level of services provided will impact the levies. Levies will be charged based on each property's unit entitlement which is linked to the market value and in turn the size of their unit. A special levy may also be introduced if emergency or unplanned capital works are required and there are insufficient funds to cover these costs.

The owners corporation approves its budget by majority vote at the annual general meeting. The strata scheme divides the total approved budget among each member of the owners corporation based on their unit entitlement which sets the strata levies.

Using the industry accepted approach, strata levies which are commonly 1.2% of the market value of a property, would, in the City of Sydney, average $13,248 per annum[6]. While features like a lift and cleaning are common in most medium to high density strata buildings, there are significant variations in the levels of services and facilities in buildings and therefore in strata levies.

The Watermans Residences in Barangaroo provides one of the highest levels of luxury service provision and facilities. The private market housing includes access to: 24 hour concierge, lifestyle services, delivery service, a private service kitchen, wine gallery, billiards rooms, indoor pool, steam room, spa, gym, wellness rooms, multi-purpose studio, outdoor pool, sky terrace, garden terrace and pool deck (pictured):

[6] Based on average sale price of $1,104,000 for strata dwellings in the latest rent and sales report https://public.tableau.com/app/profile/dcj.statistics/viz/Rentandsales_16849924917120/Rent?publish=yes and 1.2% estimated proportion of market value for strata levies: https://www.lookupstrata.com.au/strata-fees/#:~:text=The%20size%20of%20the%20property,0.5%25%20of%20the%20property%20value.

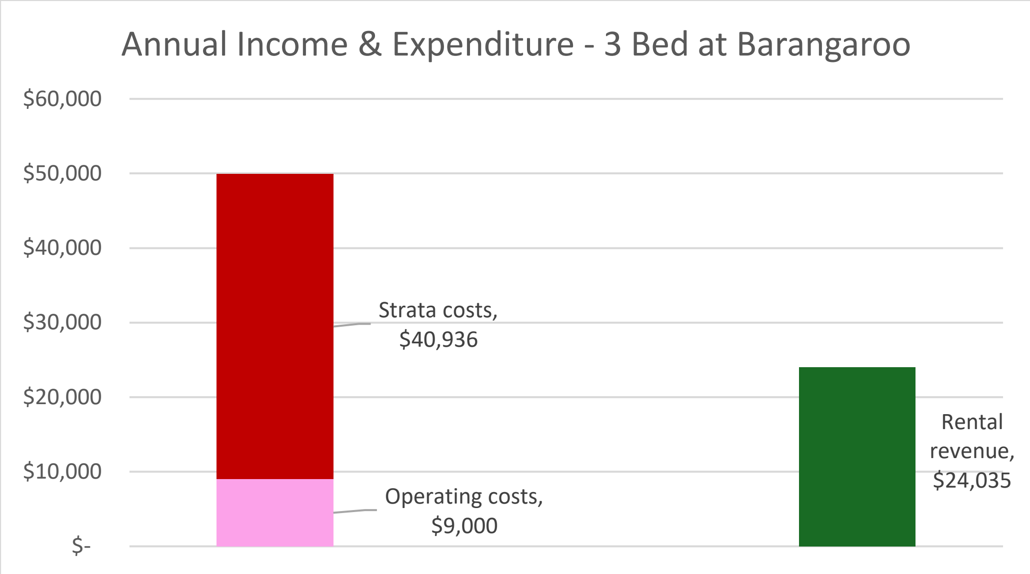
These amenities inform the high strata levies[7]:

Number of bedrooms	Reported strata levies (per annum)
1	$11,660
2	$19,200
3	$40,936

If affordable housing tenants had access to these facilities and services, this would come at a significant cost to the CHP.

Operating costs (tenancy and asset management) for CHPs are estimated at $9k per annum per dwelling[8]. Coupled with the strata levies and then compared to the average rental income in affordable housing (using an income based rent capped at 30 of gross household income in affordable housing) is shown for a three bedroom unit at Barangaroo:

[7] From sale property listings
[8] https://www.unsw.edu.au/content/dam/pdfs/ada/city-futures/CHIA_phase_2_report_1.4.pdf



This graph shows a deficit of $25,901 per annum for the CHP at Barangaroo if the CHP paid strata levies needed to provide equal access to services and facilities for affordable housing tenants. While the deficit is not as acute for one and two bedroom units ($4,819 and $7,800 respectively), it is still significant.

At present local and state governments do not provide funding that could be used for this purpose. Given rental revenue in affordable housing is insufficient to cover these costs, a CHP would need to cross subsidise the expense. It is unlikely there will be internal funding sources for this cost.

Housing Australia offer operating subsidies through the Housing Australia Future Fund (HAFF). However, it is unclear if there will be any future funding rounds of HAFF. Further, a bid involving subsidising access to luxury facilities and services may not be competitive with other bids for funding. And lastly, the funding is limited to 25 years and cannot be increased over time in line with potential increases in strata levies.

To enact the suggestion from some of the Housing for All Advisory Panel members to create a trust that CHPs could use to cover strata levies needed to provide equal access to services and facilities is a private property law issue and would require amendments to strata legislation in NSW. It is outside the remit of planning rules and the City of Sydney Affordable Housing Program.

Strata fee increases are reportedly significant and driven by increases in the cost of insurance, electricity, water, building and maintenance work[9]. Although there is no official publicly accessible data source on strata levies, anecdotal evidence quoted in an article

[9] https://www.abc.net.au/news/2023-07-03/strata-fee-rise-apartment-townhouse-owners/102547868

published in 2024 suggests fees increased 15 to 20 per cent on average over the previous year, but by 40 per cent in some cases[10].

Strata levies will escalate over time at a higher rate than revenue in affordable housing (statutory incomes, wages, Commonwealth Rent Assistance payments) which all increase incrementally. They can also increase unpredictably and sharply due to special levies for capital works and repairs.

CHPs are required to be financially viable at all times to comply with the national regulatory code which is needed to maintain their status as a registered CHP. Minimising exposure to high strata levies is consistent with financially responsible management given genuinely affordable rental charges (capped at 30 per cent of gross household income) are insufficient to fund high strata levies.

This conclusion is consistent with research from the City Futures Research Centre which found that: "*a separate lift core/entry aligned to a clear strata structure can be a fit-for-purpose governance and cost-control mechanism, ensuring affordable housing remains financially sustainable over the long term, without requiring low-income households to subsidise luxury building services and fees*"[11].

Consultation with Community Housing Providers

The CHPs on the distribution plan in the City of Sydney (City West Housing, St George Community Housing and Bridge Housing) were consulted. They indicate that they are experienced tenancy and asset managers with a strong track record of delivering high quality dwellings that are indistinguishable as affordable housing from the outside.

CHPs often build to a higher standard than private market housing because they retain the asset and therefore select higher quality materials that are robust and cost effective to maintain. This contrasts with most private market developers who build to sell.

The existing requirements for affordable housing in the City of Sydney Affordable Housing Program have been sufficient to guide the delivery of stand alone affordable housing to a high standard, indistinguishable from private market housing. The most recent example is shown here:

[10] https://www.realestate.com.au/news/strata-warning-for-unit-owners-as-hidden-fees-push-couple-out-of-home/

[11] http://hdl.handle.net/1959.4/unsworks_48059

Another example is here:

A review of the affordable housing portfolio in stand alone buildings in the area indicates that some buildings have communal outdoor spaces, playground equipment and community rooms. None of the buildings contain pools, gyms or other high cost facilities or services. If the requirements for the provision of services and facilities between the different delivery modes of affordable housing were different, this would lack consistency and equity for tenants.

There is a CHP sector wide preference for monetary contributions to build stand alone affordable housing buildings over receiving affordable housing dwellings. When taking receipt of affordable housing in mixed tenure buildings, there are significant concerns about the financial risk posed by paying high strata levies.

Conclusion

The City's existing planning rules and the Affordable Housing program have proven effective in delivering high quality tenure blind affordable housing through the distribution of monetary contributions.

Consultation with members of the Housing for All Advisory Panel has shown there are a range of views on the appropriateness of bans on separate entrances to access affordable housing dwellings in mixed tenure buildings. However, most members, including an experienced developer of residential and mixed use projects, cited concerns about the potential stigma of separate entrances and consider it appropriate to prohibit them. Changes to the City of Sydney Affordable Housing Program are recommended in response. This will be achieved through an addition to the publicly exhibited "Standards for Affordable Housing Dwellings" in the Program to ensure that separate entries are only to be provided to facilitate practical access needs. If separate entrances are used, they should be indistinguishable from one another, with no recognisable reduction in quality or appearance.

Research and consultation found that equality of access to services and facilities in mixed tenure buildings is not a key priority in affordable housing and would pose a significant risk to the financial viability of CHP management of this class of affordable housing, particularly in the context of income-based rents. Changes to planning rules and the Affordable Housing Program to require equal access to services and facilities are therefore not recommended. When a developer is delivering affordable housing under a voluntary planning agreement, the City expects the developer to consulte with a CHP on the issue and satisfactory arrangements regarding the potential risk posed by strata levies to the viability of any affordable housing.