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:

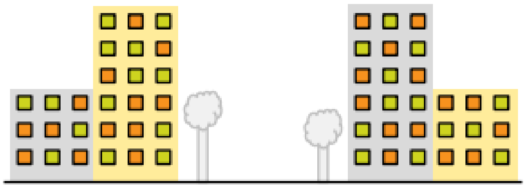
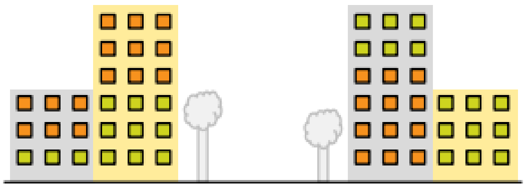
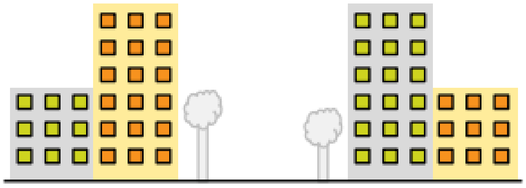
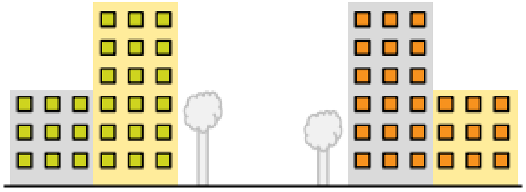
- provide advice to Council about how Council's existing affordable housing program and policies protect against tenure-based, physical segregation, including 'poor doors' or restricted access to common areas and building services;
- seek feedback and input from Council's Housing for All Advisory Panel;
- 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.

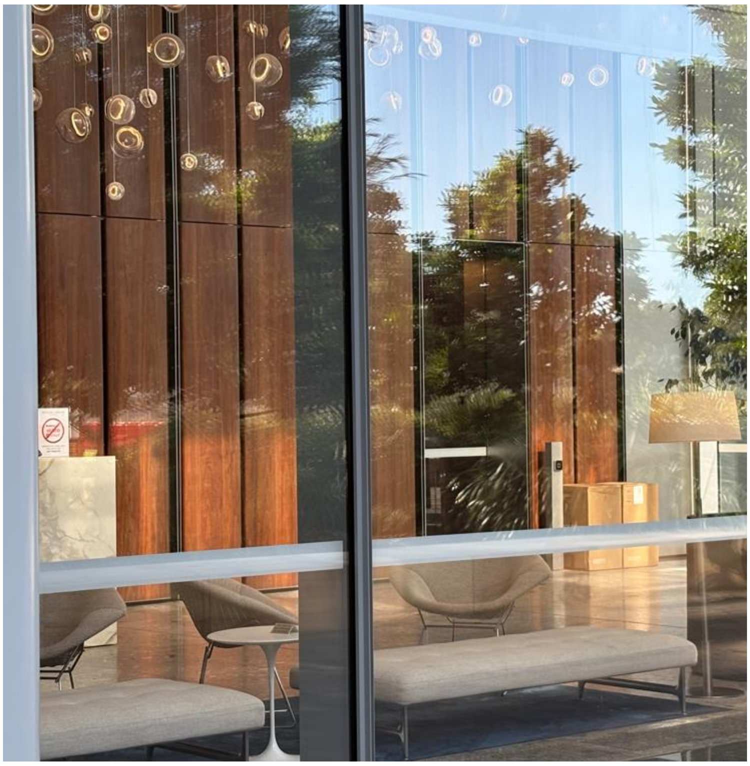
St George Community Housing own and manage the affordable housing and are required to deliver the affordable housing using specific eligibility criteria and guided by the NSW Affordable Housing Ministerial Guidelines.

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]:

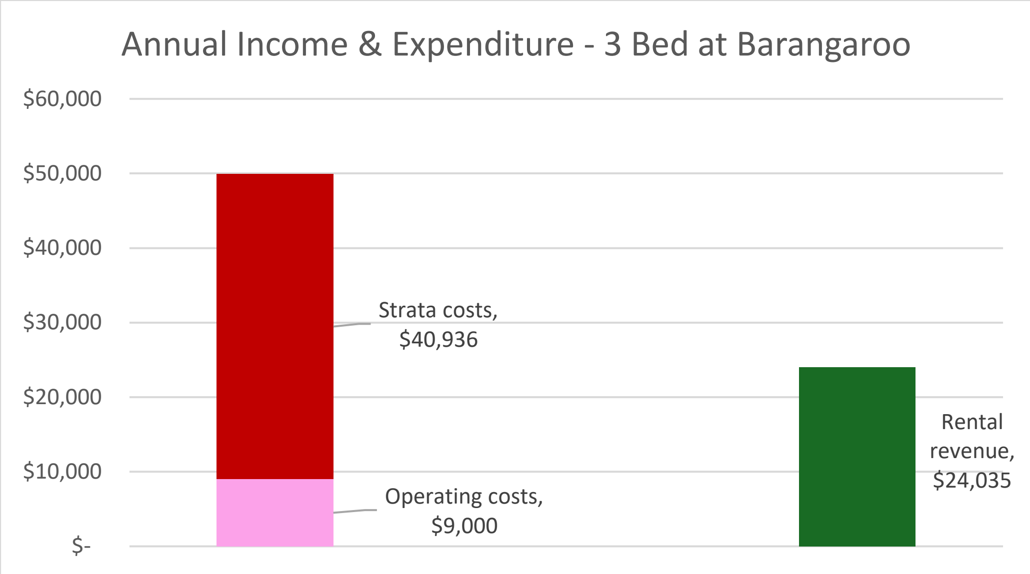
Number of bedrooms	Reported strata levies (per annum)
1	$11,660
2	$19,200
3	$40,936

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.