

## Item 13.8

### Notices of Motion

#### Increasing Targets and Developer Contributions for Affordable Housing

By Councillor Ellsmore

It is resolved that:

(A) Council note:

- (i) Sydney is in an affordable housing crisis. Sydney is now the second most expensive city for housing in the world;
- (ii) affordable rental housing in the City of Sydney is only 0.76 per cent of total housing stock. Social (including public) housing has been reducing - down from 9.5 per cent in 2011 to 7.9 per cent at June 2023 - and is projected to reduce further; and
- (iii) housing in the inner-city is unaffordable for people on lower incomes, and increasingly for those on middle incomes;

(B) Council further note:

- (i) one of the key mechanisms councils use in Australia and around the world to grow public, community and affordable housing are levies on development;
- (ii) the City of Sydney has an affordable housing levy across the whole council area. Levies collected from development are currently transferred to Community Housing Providers; and
- (iii) the City of Sydney's affordable housing levy is 1 per cent of floor space for non-residential development, and 3 per cent of floor space for residential development. In a selected number of areas (including some sites in the Botany Road corridor) where rezoning results in a residential floor space uplift, a higher affordable housing contribution applies;
- (iv) comparatively:
  - (a) greater London generally requires 35 per cent of new private housing to be delivered as genuinely affordable housing. Requirements on public land are higher;
  - (b) Paris planning requirements include an obligation that 30 per cent of floor space ration (FSR) of developments over 800 square metres be social (including public) housing;
  - (c) Randwick Council has imposed an affordable housing contribution rate of 5 per cent of the total floor area of the development used for residential purposes in key town centres, and 3 per cent in a range of other areas;

- (d) Canada Bay Council has imposed an affordable housing levy of 3 to 10 per cent at identified sites; and
  - (e) Byron Council has imposed an affordable housing contribution rate of 20 per cent on residential sites in defined areas;
- (C) Council further note:
  - (i) in comparable international cities to Sydney, ambitious affordable housing targets help drive strong affordable housing action;
  - (ii) for example, 20 years ago the Mayor of London set a target that 50 per cent of new housing built in London should be genuinely affordable. Last year, it was reported that greater London achieved 45 per cent;
  - (iii) within London, individual borough councils have set similar targets, including Islington Council (50 per cent), Hammersmith and Fulham Council (50 per cent) and Wandsworth Council (50 per cent), amongst others;
  - (iv) Paris set a target that 25 per cent of housing be public, not-for profit or affordable housing. Having reached its target early in 2022, Paris has set a new target of 30 per cent social (including public) and 10 per cent affordable (i.e. 40 per cent in total) housing by 2035; and
  - (v) comparatively, the City of Sydney has established targets of 7.5 per cent of all private dwellings will be affordable housing, and 7.5 per cent of housing will be social (including public) housing, by 2036, to be maintained to 2050;
- (D) Council further note:
  - (i) at its June 2023 Council meeting, the elected Council considered a motion by Councillor Ellsmore to increase affordable housing contributions. The Council resolved to ask the Chief Executive Officer to review the City's Affordable Housing contribution rates, including what changes could deliver more affordable housing in our area such as rate increases, changes to City policies, planning controls and rezoning proposals. This advice has not yet been received;
  - (ii) since the June 2023 Council meeting, Council has approved rezoning decisions worth many billions of dollars, collecting affordable housing contributions at the current rate. An estimated \$40 million per annum in affordable housing contributions has been collected; and
  - (iii) to levy a higher amount, the City of Sydney must amend its planning instruments through a planning proposal, which must be exhibited. The changes must be approved by the Minister for Planning;
- (E) Council agree in principle, to establish a new target that 50 per cent of all new housing in the City of Sydney Local Government Area be genuinely affordable housing, including public housing, by 2035;
- (F) the Chief Executive Officer be requested to prepare advice as to how the new target could be integrated into Council plans, including the Community Strategic Plan. The advice should include consideration of expanding the definition of affordable housing to include housing that is genuinely affordable for people on low incomes, key workers and the median Sydney incomes;

- (G) Council further agree:
- (i) in principle, that the rate of affordable housing contributions for residential and commercial development should be increased, from 1 per cent to 5 per cent; and
  - (ii) in principle, to establish a mandatory inclusionary (or “value uplift capture”) zoning scheme to apply to all rezoning decisions in the City of Sydney Local Government Area over a certain size, with a minimum 30 per cent affordable housing contribution; and
- (H) the Chief Executive Officer be requested to prepare advice, planning proposals and amendments to relevant Council plans and policies to bring an increased affordable housing contributions scheme into effect and that the advice consider:
- (i) potential impacts of a higher contribution rate on development, drawing on the lessons for how viability assessments are applied in other international cities where the cost of development is similar to Sydney, but higher developer contribution rates are levied;
  - (ii) the interaction of an increased flat contribution rate, and a value uplift capture rate, in terms of the amount of affordable housing contribution delivered and the impact on development;
  - (iii) options for Council to require that affordable housing be built on site, or be provided as a financial contribution;
  - (iv) presenting advice alongside the previously requested research and review of Council’s affordable housing contribution rates; and
  - (v) noting that any changes will take some time to implement, provide advice on how council can impose increased affordable housing contributions in upcoming planning proposals which involving rezoning to create more height, FSR or value, in the meantime.

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