



Attachment 1 to Item 4.3.1

Draft Western Sydney Regional Affordable Housing Scheme

Date of meeting: 30 January 2024
Location: Council Chambers
Time: 6:30 p.m.

WESTERN SYDNEY REGIONAL AFFORDABLE HOUSING CONTRIBUTION SCHEME DRAFT





WESTERN SYDNEY
DRAFT REGIONAL AFFORDABLE HOUSING CONTRIBUTION SCHEME

November 3, 2023

Acknowledgement of Country

The Western Sydney Planning Partnership acknowledges more than 60,000 years of continuous Aboriginal connection to the land that makes up NSW.

We acknowledge and pay our respects to the traditional custodians of Country within Western Sydney. As part of the world's oldest living culture, the traditional Aboriginal owners and custodians share a unique bond to this Country — a bond forged through thousands of years of travelling across lands and waterways for ceremony, religion, trading, and seasonal migration.

We acknowledge that Western Sydney is home to the highest number of Aboriginal people of any region in Australia, and that the primary Aboriginal custodians with obligations for Country and connection to this place for many generations including the Dharug/Darug, Dharawal/Tharawal, Gundungurra/Gandangara, and Darkinjung.

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1 INTRODUCTION

1.1 Purpose

This Regional Affordable Housing Contribution Scheme (the Scheme) sets out how, where, and at what rate development contributions are collected by Councils for affordable housing in Western Sydney.

This Scheme was adopted by XX Council on XX and came into effect on 31 March 2027.

The Scheme has been prepared in accordance with the requirements of Section 7.32 of the *Environmental Planning and Assessment Act 1979* and *State Environmental Planning Policy (Housing) 2021*.

1.2 Objectives

The objectives of this Affordable Housing Contribution Scheme are to:

- Recognise the need for affordable rental housing to support sustainable and diverse communities and long-term economic growth in Western Sydney.
- Recognise affordable rental housing as critical infrastructure to support a sustainable and diverse community and local economy
- Ensure that affordable rental housing is provided for very low to moderate income households in Western Sydney
- Ensure there are opportunities for very low to moderate income earners, particularly key workers, to live in the community in which they are employed.
- Facilitate opportunities for government and community housing providers (CHPs) to supply affordable rental housing within Western Sydney.
- Outline the requirements for making a contribution for affordable housing in accordance with an environmental planning instrument.
- Establish a subregional approach to the pooling and allocation of affordable housing contributions across Western Sydney.

1.3 Where does the scheme apply?

The Scheme applies to the following Local Government Areas:

- Blacktown
- Blue Mountains
- Hawkesbury
- Fairfield
- Liverpool
- Penrith
- Camden
- Campbelltown
- Wollondilly

The Scheme applies to residential subdivision, new residential development and major non-residential floorspace across the Western Sydney councils shown in **Figure 1**.

The Scheme applies to all land zoned under a Local Environmental Plan (LEP) or Interim Development Order (IDO) within each LGA.

The scheme also applies to land zoned under the *State Environmental Planning Policy (Precincts - Western Parkland City) 2021* and *State Environmental Planning Policy (Precincts – Central River City) 2021*.

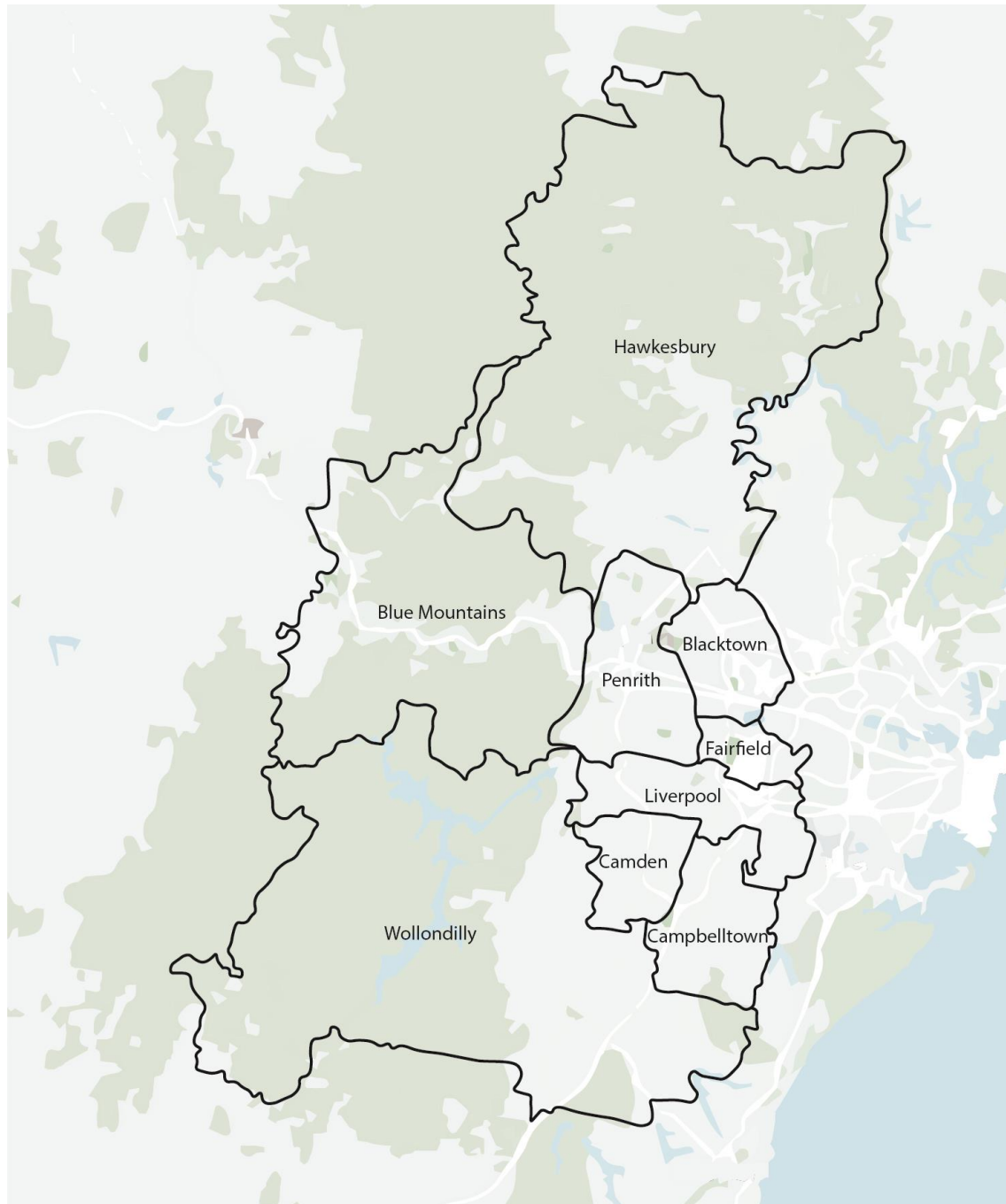


Figure 1 Map showing application of Western Sydney Affordable Housing Contribution Scheme

1.4 Amending this Scheme

Amendment to this Scheme will generally require amendment to LEPs that directly refer to this Scheme as dated.

Amendments and/or updates to the information provided at the appendices may occur from time to time and will do not require an amendment to LEPs.

1.5 Definitions

Terms used in this Plan are defined below:

Term	Definition in this scheme
Act	<i>Environmental Planning and Assessment Act 1979</i>
Affordable housing	Defined by the <i>Environmental Planning and Assessment Act 1979</i> 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 / dwellings	Affordable rental housing is defined in this Plan as affordable housing that is owned and managed by government (including local government) or a registered CHP and rented to very low, low or moderate income households or a combination of households.
Affordable housing contribution	Affordable housing contribution means the percentage of the gross floor area required as affordable housing under the Affordable Housing Contribution Scheme.
Community Housing Provider (CHP)	Includes any organisation or entity in the National Regulatory System for Community Housing (NRSCH).
Contribution rate	Contribution rate means the contribution rate that is used in the calculation of the monetary contribution for a relevant development and is adjusted to take into account indexation.
Distribution Plan	A plan supplementing this Scheme providing details about the process for allocation or transfer of contributions, including criteria for selection of one or more community housing providers to receive funding or property.
Development application	References to ‘development applications’ in this Plan refer to both development applications and any application for the modification of a development consent.
Gross Floor Area (GFA)	<p>As defined by the Standard Instrument – Principal Local Environmental Plan:</p> <p><i>gross floor area means the sum of the floor area of each floor of a building measured from the internal face of external walls, or from the internal face of walls separating the building from any other building, measured at a height of 1.4 metres above the floor, and includes—</i></p> <ul style="list-style-type: none"> <i>(a) the area of a mezzanine, and</i> <i>(b) habitable rooms in a basement or an attic, and</i> <i>(c) any shop, auditorium, cinema, and the like, in a basement or attic, but excludes—</i> <i>(d) any area for common vertical circulation, such as lifts and stairs, and</i> <i>(e) any basement—</i> <ul style="list-style-type: none"> <i>(i) storage, and</i> <i>(ii) vehicular access, loading areas, garbage and services, and</i>

- (f) plant rooms, lift towers and other areas used exclusively for mechanical services or ducting, and
- (g) car parking to meet any requirements of the consent authority (including access to that car parking), and
- (h) any space used for the loading or unloading of goods (including access to it), and
- (i) terraces and balconies with outer walls less than 1.4 metres high, and
- (j) voids above a floor at the level of a storey or storey above

Housing SEPP

State Environmental Planning Policy (Housing) 2021

Local Environmental Plan (LEP)

Reference to an LEPs in this Plan also apply to any LEP that replaces it, so long as the affordable housing provisions remain substantially unamended.

Net Developable Area (NDA)

Net Developable Area (NDA) means the total area of land measured in hectares but excludes the following:

- Land to be dedicated or reserved for a public purpose.
 - Land to be dedicated for public roads.
 - Land that is to be a residue lot.
-

Very low to moderate households

As referenced in State Environmental Planning Policy (Housing) 2021, 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 or the Rest of NSW:

Very low-income household < 50%

Low-income household 50% -80%

Moderate income household 80% to 120%.

NSW Ministerial Guidelines provide the details of these income thresholds.

Subregion

A subregion refers to a sub-grouping of Western Sydney councils which share a boundary, to be used as the basis for pooling and allocating affordable housing contributions at a subregional level.

1.6 Legislative basis for affordable housing contributions

This Plan applies in accordance with the requirements in the *Environmental Planning and Assessment Act 1979* (the Act) that allows for the collection of contributions for affordable housing where a need for affordable housing is identified in a planning instrument.

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.

Section 7.32(1) Act requires that a contribution requirement may only be applied to a development application 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.

Condition (a) is met because all new development in Western Sydney will reduce the availability of affordable housing.

As residential development occurs without replenishment of social and affordable housing, the proportion of dwellings available at affordable rates will be reduced.

As jobs growth occurs in Western 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 demand for and gap in affordable housing in Western Sydney, any decrease in the availability of affordable housing will increase the need for affordable housing.

Condition (b) is met because all development creates a need for affordable housing in Western Sydney.

New residential development is likely to increase the costs of housing making it unaffordable for low-income households. As development occurs across Western Sydney, the proportion of dwellings available at affordable rates, either via social/affordable housing or private market rental, will reduce without intervention. Therefore, the proportion of households living in housing stress is also likely to increase.

There are also substantial economic impacts where affordable housing cannot be accessed close to employment. As residential growth occurs in Western Sydney, demand for services in which low-income workers and key workers are employed will increase – this includes childcare workers, teachers and police officers. There is a need to ensure some affordable housing is available to accommodate key workers and people on low incomes working in these services – such as cleaners, hospitality staff and administrative staff.

Appendix A provides additional analysis of the need for affordable housing in Western Sydney.

1.7 Affordable housing need in Western Sydney

Housing is critical to basic human needs for shelter, security and connection within communities. The availability of a suitable range of housing is vital to the efficient, equitable, prosperous and sustainable functioning of a community.

When not enough affordable housing is available, housing stress occurs. This can limit the security of people's living arrangements and prevent households from living and working locally and independently. This has the potential to undermine Western Sydney's core economic and social strengths, inhibiting both productivity and liveability.

Despite providing lower average housing costs than other parts of Sydney, research by Wentworth Community Housing, amongst others, identify high rates of rental stress amongst renting households in Western Sydney. In recent years, the costs of buying and renting in Western Sydney have increased at a faster rate than household incomes.

Homelessness has also increased significantly in Western Sydney since 2011, at a significantly greater rate than the state and national increases.

Offering more housing choices, including housing that is affordable for very low to moderate income households is needed to support a socially diverse and inclusive community and to help the local economy function, for example by ensuring sufficient workers are available for local businesses.

In recent decades, continued escalation in house prices and rents across Western Sydney has made it difficult for very low to moderate income households to find housing that is affordable, resulting in increased levels of households in housing stress.

Housing stress amongst renters has increased significantly with an extreme escalation in rents in Western Sydney since late 2021 with increases of approximately 25 to 30 per cent as shown in **Figure 2**. This demonstrates the increasing need for affordable rental housing across Western Sydney.

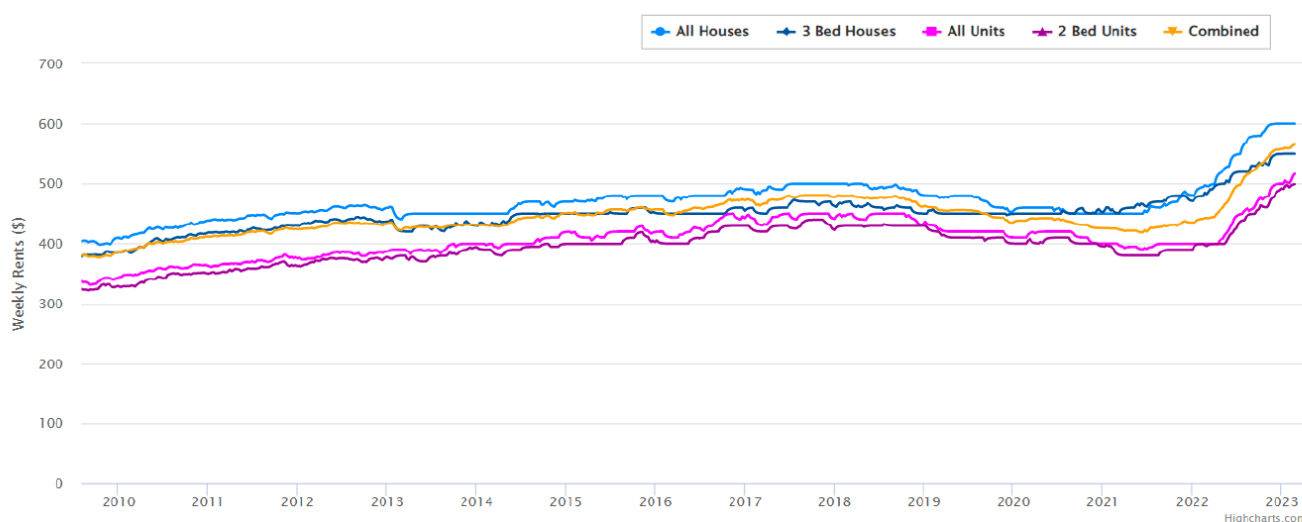


Figure 2 Rental prices 2010 to 2023 in Western Sydney (Source: SGS and SQM Research 2023)

SGS estimates that 82,700 households in Western Sydney are in rental stress, homeless, or currently living in social and affordable housing.

This represents 16.2 percent of all Western Sydney households.

SGS projects that households in rental stress or in need of housing assistance will increase significantly between 2021 and 2041 and without any intervention, the number of households in housing stress or in need of housing assistance in Western Sydney could rise from 82,700 in 2021 to 129,000 in 2041. This is an increase of 46,300 households in housing stress in Western Sydney.

Key indicators demonstrating need in Western Sydney for affordable housing:

- Western Sydney is identified as having a need for affordable housing (as demonstrated in the Housing Needs Evidence Base at Attachment A);
- There is unmet demand for social and affordable housing in Western Sydney and this is increasing;
- Over 16 per cent of very low to moderate income households are in housing stress;
- Very low to moderate income households are being displaced because of the lack of affordable housing in Western Sydney;
- There is a growing demand for affordable housing – with an additional 46,000 households projected to be in housing stress or need to housing assistance by 2041.
- It is difficult for key workers to meet their housing needs and find affordable housing close to their place of work;
- Very low to moderate income households cannot afford to purchase or rent housing in Western Sydney with rental prices escalating by almost 30 per cent over the past two years;
- The amount of affordably priced housing is declining, and this is expected to continue as new development occurs; and
- There is a mismatch between the stock profile and household size, with increasing need for smaller homes to meet the increasing number of lone person households in housing stress.

Specific interventions are therefore needed to ensure that a diversity of housing, including affordable housing is provided.

The evidence base prepared to support this Scheme is provided at **Appendix A**.

1.8 Relationship to other affordable housing provisions

This scheme does not apply to land that is subject to an existing affordable housing contribution scheme, or where there is a requirement for development to make an affordable housing contribution under an environmental planning instrument. This includes:

- Land subject to the *Glenmore Park and Orchard Hills North Affordable Rental Housing Contributions Scheme* adopted by Penrith Council on 20 March 2023.
- Development subject to the provisions of Part 8 Clause 8.4 'Affordable housing in area B' of the *Campbelltown Local Environmental Plan 2015* in the Glenfield Precinct.
- Development subject to the provisions of Clause 6.12 'Affordable Housing' in Appendix 10 Appin (Part) Precinct Plan of *State Environmental Planning Policy (Precincts- Western Parkland City) 2021*.

1.9 Affordable housing principles

The Housing SEPP, at section 15, provides guidance about key considerations for how affordable housing resulting from a contribution requirement is to be provided. This Scheme provides 'affordable housing principles' that are derived from these considerations.

The affordable housing principles for Western Sydney are:

- (a) Affordable housing must aim to create mixed and balanced communities.
- (b) Affordable housing must be created and managed so that a socially diverse residential population, representative of all income groups, is developed and maintained in a locality.
- (c) Affordable housing must be made available to very low, low and moderate income households, or a combination of the households.
- (d) Affordable rental housing is to be rented to these households at rates no greater than 30% of their household income.
- (e) Affordable rental housing must be provided in locations with access to public transport, services, shops and facilities.
- (f) Affordable housing must be managed to maintain its continued use for affordable housing in perpetuity.
- (g) Affordable housing must consist of dwellings constructed to a standard that, in the opinion of the consent authority, is consistent with other dwellings in the area.

2 AFFORDABLE HOUSING CONTRIBUTIONS

This Section describes the type of development that the Scheme applies to, how an affordable housing contribution may be satisfied, the equivalent monetary contribution amounts for the contribution rates, and how the contribution will be applied in the development application process.

2.1 What development does the Scheme apply to?

This Scheme applies to residential development, residential subdivision that results in a final lot for residential development, and major non-residential development.

Major non-residential development is defined as non-residential development with a gross floor area of 1,000sqm or greater.

A contribution under this Scheme is required for development for which a complying development certificate is issued if it would be required when development consent is granted for the development.

2.2 Development that is exempt from making a contribution

The Scheme does not apply to the following types of development:

- Social and affordable housing and other specialist accommodation comprising:
 - Social housing
 - Affordable housing
 - Seniors Housing
 - Boarding houses
 - Group homes
 - Hostels
- Non-residential development with a gross floor area less than 1,000sqm
- Community facilities
- Replacement dwellings (i.e., knock down and rebuild on an existing lot)
- Residential alterations and additions that do not result in more than 200sqm of additional floor space
- Change of use/ replacement development that does not result in additional floorspace
- Super lot subdivision that does not result in the creation of a final residential lot (i.e., subdivision for the purpose of further subdivision, subdivision for a public purpose, or a residue lot).
- Subdivision that does not result in the creation of an additional lot (i.e., boundary adjustment).

Where development has already been subject to a condition and payment of a contribution in accordance with this Scheme for the subdivision of the land, a subsequent contribution for a dwelling house on the lot is not required. Refer to Section 2.9 for further detail.

2.3 Contribution rates

Affordable housing contribution rates provided in this Scheme are in addition to other contributions, including local infrastructure contributions (s7.11 or s7.12), state and regional infrastructure contributions.

The rates of affordable housing contributions required under this Scheme are as follows:

- 1.5% of the total floor space that is to be used for residential uses
- 1.5% of the net developable area of land subject of a residential subdivision to create a final lot for development.
- 0.3% of the total floor space to be used for non-residential uses.

For residential development and non-residential development, the contribution is to be calculated only on the floor space to which the development application directly relates.

If a building includes both residential and non-residential floorspace (for example a mixed-use development), the gross floor area of any common area (such as a common foyer) is to be included in the gross floor area of the non-residential component.

The contribution may be satisfied by making an equivalent monetary contribution in accordance with Section 2.4 of this Scheme. In limited circumstances, a contribution may be satisfied by the dedication of land in accordance with Section 2.5 of this Scheme.

As a condition of development consent all eligible development must contribute to affordable housing according to the rates provided in the Scheme.

Contributions must meet the following requirements:

- All contributions must be satisfied by making a monetary contribution (except as provided by Section 2.5).
- A contribution is to be calculated in accordance with the requirements of this section.
- In all instances Council will require evidence that the condition of consent has been satisfied prior to the granting of a Construction Certificate or Subdivision 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.

2.4 Satisfying a contribution requirement - monetary contribution

This Scheme requires affordable housing contribution requirements to be satisfied by monetary contribution.

The equivalent monetary contribution rate for residential development, residential subdivision, and non-residential development in each LGA is provided in the **Table 1** below.

Table 1 Contribution rates by LGA and development type

Location	Residential subdivision per sqm/NDA	Residential development per ha/NDA	Non-residential development per sqm/GFA
Blacktown	\$21	\$210,000	\$20

Blue Mountains	\$17	\$170,000	\$21
Camden	\$22	\$220,000	\$24
Campbelltown	\$19	\$190,000	\$19
Fairfield	\$24	\$240,000	\$16
Hawkesbury	\$20	\$200,000	\$21
Liverpool	\$24	\$240,000	\$18
Penrith	\$20	\$200,000	\$19
Wollondilly	\$21	\$210,000	\$16

2.5 Calculating monetary contributions

Contributions are to be calculated for residential subdivision, residential development, and non-residential development in accordance with the approach set out below.

Further information on the monetary rates and the methodology for determining the equivalent monetary contributions is outlined in Hill PDA's *Economic Testing for Western Sydney* at Appendix B.

Residential subdivision

The proposed monetary equivalent contribution for residential subdivision reflects average land value and is based on the Valuer-General land value reports for each LGA which are released every year. The equivalent monetary contribution has been calculated based on the average value of land in the LGA (total residential land value divided by the total number of residential properties). An average lot size of 500sqm was assumed to calculate the equivalent contribution rates per sqm of net developable area (NDA).

The affordable housing contribution to be paid by a residential subdivision is:

$$\text{Affordable housing contribution} = \text{Affordable housing contribution rate (CR)} \times \text{NDA}$$

Example 1

A development application in the Camden LGA for a residential subdivision of 100 lots with 5 hectares of land (NDA) will be calculated as:

$$5 \text{ hectares} \times \$220,000 \text{ (CR)} = \$1,100,000 \text{ equivalent monetary contribution}$$

Note: This is a simplified example for reference only.

Note: Based on a hypothetical subdivision of 100 lots with a minimum lot size of 500sqm.

Example 2

A development application in Hawkesbury LGA for a residential subdivision of 10 lots with 5,000sqm of land (NDA) will be calculated as:

$$0.5ha \times \$200,000 (CR) = \$100,000 \text{ equivalent monetary contribution}$$

Note: This is a simplified example for reference only.

Note: Based on a hypothetical subdivision of 10 lots with a minimum lot size of 500sqm.

Residential floorspace

The rate for residential floorspace was determined to be based on the median strata dwelling price in the LGA. Rates for each LGA are included to allow consistency within the LGA, and to recognise the value differences in existing dwellings in each LGA.

The contribution rate (CR) provided in Table 1 was determined by multiplying the median strata dwelling price by 1.5% and dividing it by an approximation of average unit size.

The affordable housing contribution to be paid by a residential development is:

$$\text{Affordable housing contribution} = \text{Affordable housing contribution rate (CR)} \times \text{GFA}$$

Example 3

A development application in Liverpool LGA for the demolition of an existing building and construction of a residential flat building comprising 10,000sqm of residential floorspace will be calculated as:

$$10,000sqm (GFA) \times \$88 (CR) = \$880,000 \text{ equivalent monetary contribution}$$

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

Note: This is a simplified example. No exemptions have been applied.

Example 4

A development application in Campbelltown LGA for the demolition of an existing building and construction of multi-dwelling housing comprising 2,250sqm of residential floorspace will be calculated as:

$$2,250sqm (GFA) \times \$93 (CR) = \$209,250 \text{ equivalent monetary contribution}$$

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

Note: This is a simplified example. No exemptions have been applied.

Non-residential floorspace

The equivalent monetary contribution for non-residential floorspace is based on the approach applied in the City of Sydney which adopts the principle that non-residential

development would be seeking to acquire property elsewhere in the LGA and therefore benchmarks non-residential development against the median strata dwelling price in the LGA. The equivalent monetary contribution for non-residential development has been discounted by 80% of the median dwelling price.

This approach recognises the importance of the economic growth to the region, greater fluctuations in non-residential development land values and markets, and to ensure the equivalent monetary rate for non-residential is reasonable and does not exceed rates established in other areas of Sydney.

The affordable housing contribution to be paid by a non-residential development is:

$$\text{Affordable housing contribution} = \text{Affordable housing contribution rate (CR)} \times \text{GFA}$$

Example 5

A development application in Fairfield LGA for the addition of 1,500sqm of industrial floorspace to an existing industrial building. The existing building is 10,000sqm. The contribution will be calculated as:

$$1,500\text{sqm (GFA)} \times \$16 \text{ (CR)} = \$24,000 \text{ equivalent monetary contribution}$$

Note: the contribution is calculated only on the floorspace subject to the DA and not existing floorspace on the site.

Note: This is a simplified example. No exemptions have been applied.

Example 6

A development application in Penrith LGA for new retail premises comprising 3,500sqm of non-residential floorspace will be calculated as:

$$3,500\text{sqm (GFA)} \times \$19 \text{ (CR)} = \$66,500 \text{ equivalent monetary contribution}$$

Note: Existing floor space that is demolished and/or replaced is not 'credited' against the contribution requirement.

Note: This is a simplified example. No exemptions have been applied.

Adjustments are made to the equivalent monetary contribution amount on an annual basis in accordance with this Scheme.

Council's websites will provide the current monetary contribution amounts as indexed.

2.6 Satisfying a contribution requirement – dedication of land

Land can only be contributed in lieu of a monetary contribution where it is evaluated by both DCJ and councils within the relevant sub-region as being suitable for the delivery of affordable housing, including in terms of location and supporting infrastructure, and where this is likely to deliver at least an equivalent affordable housing delivery outcome to that which would have been delivered through a monetary contribution.

The dedication of land must be approved by both DJC and relevant councils and demonstrate consistency with the requirements and locational criteria for affordable housing as set out in the Distribution Plan.

The value of dedicated land dedicated should be equivalent to the monetary contribution calculated under this Scheme.

Subject to acceptance by DCJ and the relevant councils, the following is required to support the proposed dedication of land under this Scheme:

- Assess if the land to be dedicated meets the requirements of this Scheme and the Distribution Plan
- Calculate the equivalent monetary contribution payable
- Obtain an independent valuation of the land to be dedicated
- If the assessed land value is less than the equivalent monetary contribution, subject to approval by DJC and councils, pay the difference in monetary contribution, and
- If the assessed land value exceeds the equivalent monetary contribution, no offset or refund applies.

2.7 Refunds for demolition or changes in 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 a building.

The demolition of a building, or a change of use, does not give rise to a claim for a refund of any contribution made under this Scheme.

2.8 Conditions of consent

Council will levy developer contributions for affordable housing via conditions of development consent. These conditions will require that the following details be provided as part of the lodgement of a Development Application:

- The total amount of residential floorspace to which an affordable housing contribution is applicable to.
- The total amount of residential net developable area on which an affordable housing contribution is applicable to (residential subdivision only).
- The total amount of non-residential floorspace to which an affordable housing contribution is applicable to.
- The relevant contribution rates.

A contribution requirement forms part of a development consent. Council will require evidence that the condition of development consent relating to affordable housing has been satisfied prior to the granting of any construction certificate or subdivision 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 before commencement of use/occupation.

2.9 Previous payment of contributions

Where development has already been subject to a condition and payment of a contribution in accordance with this Scheme for the subdivision of the land, a subsequent contribution for a dwelling house on the lot is not required.

However, where development is proposed that will increase the number of dwellings on the land (i.e., results in at least one additional residential dwelling), this Scheme applies to the additional residential development on the lot.

2.10 How to make a contribution

All land to which the Scheme applies to is required to provide contributions for affordable rental housing as a condition of development consent.

Payment will be by unendorsed bank cheque to the relevant consent authority (council) prior to issue of any construction certificate or subdivision certificate.

The procedure for making payment is available on Council's website.

All land to which the Scheme applies to is required to provide contributions for affordable rental housing as a condition of development consent.

Where a monetary contribution toward affordable housing is being made, the amount of the contribution will be specified in the conditions of development consent.

A monetary contribution required to be made under the Scheme is to be paid at the time specified in the condition.

This will generally be as follows:

- For development which involves subdivision, prior to the release of the subdivision certificate.
- For development which requires a construction certificate, the contribution must be paid prior to the release of the construction certificate. Where a development requires multiple construction certificates, Council will require payment prior to the release of the first construction certificate that relates to the development consent on which contributions were levied.
- If a staged development, affordable housing contributions must be provided at each stage.
- For works authorised under a complying development certificate, the contributions are to be paid prior to any work authorised by the certificate commences, as required by clause 156 of the EP&A Regulation.

The contributions will need to be updated at the time of payment to the most recent indexed values, in accordance with the indexation rates formula out in section 2.11.

2.11 Indexing monetary contribution requirements

The contribution amount will be based on the rates provided in Sections 2.3- 2.4.

These should be adjusted annually by Council, within one week of the first of March. Rates will be adjusted according to movement in the median price of dwellings in the LGA for residential and non-residential floorspace and land values for residential subdivision.

Median dwelling price data is published quarterly in the NSW Government *Rent and Sales Report, Table: Sales Price - Greater Metropolitan Region – Strata*.

Land values are published annually in the *NSW Valuer General's Report on NSW Land Values*.

All monetary contributions should be indexed at the time of payment to ensure that they are reflective of these adjustments.

3 ADMINISTRATION AND IMPLEMENTATION

3.1 Collection and management of funds

Each Council will collect contributions from development in accordance with this Scheme and will ensure that these funds, and any interest that is accrued, are used for the purpose of affordable housing including: the reasonable costs for the administration and review of the Scheme, and the reasonable costs for the administration of the commissioning process required to support the provision of affordable housing.

Each Council will retain ownership of contributions until they are transferred to an *eligible affordable housing provider*.

3.2 Sub-regional pooling of contributions for distribution

Distribution of contributions collected under this Scheme will be pooled for use across a sub-regional grouping of LGAs, instead of being limited to distribution in the source LGA.

These pooled contributions can be allocated to affordable housing projects located within the boundaries of the sub-region from which the contributions were collected, including in adjoining LGAs from where the contribution was collected.

This approach will allow sub-regional groups of local councils to gain economies of scale and greater flexibility in the delivery of affordable rental housing.

Sub-regional pooling of contributions

Section 7.33(2)(a) of the EP&A Act provides that a consent authority must use any monetary contributions for affordable housing “for the purposes of affordable housing in the area or an adjoining area”. Adjoining areas, in this context, means neighbouring LGAs.

This allows affordable housing contributions to be allocated and distributed in adjoining LGA's. Where an LGA shares a boundary with another LGA, contributions can be pooled between these LGAs and allows these contributions to be managed and distributed at a sub-regional level.

The sub-regional groups of LGAs under this Scheme are shown in **Figure 3** and comprise:

- Blacktown City and Hawksbury City Councils LGAs
- Blue Mountains City and Penrith City Councils LGA
- Liverpool City and Fairfield City Councils LGAs, and
- Camden, Campbelltown City, and Wollondilly Shire Councils LGAs.

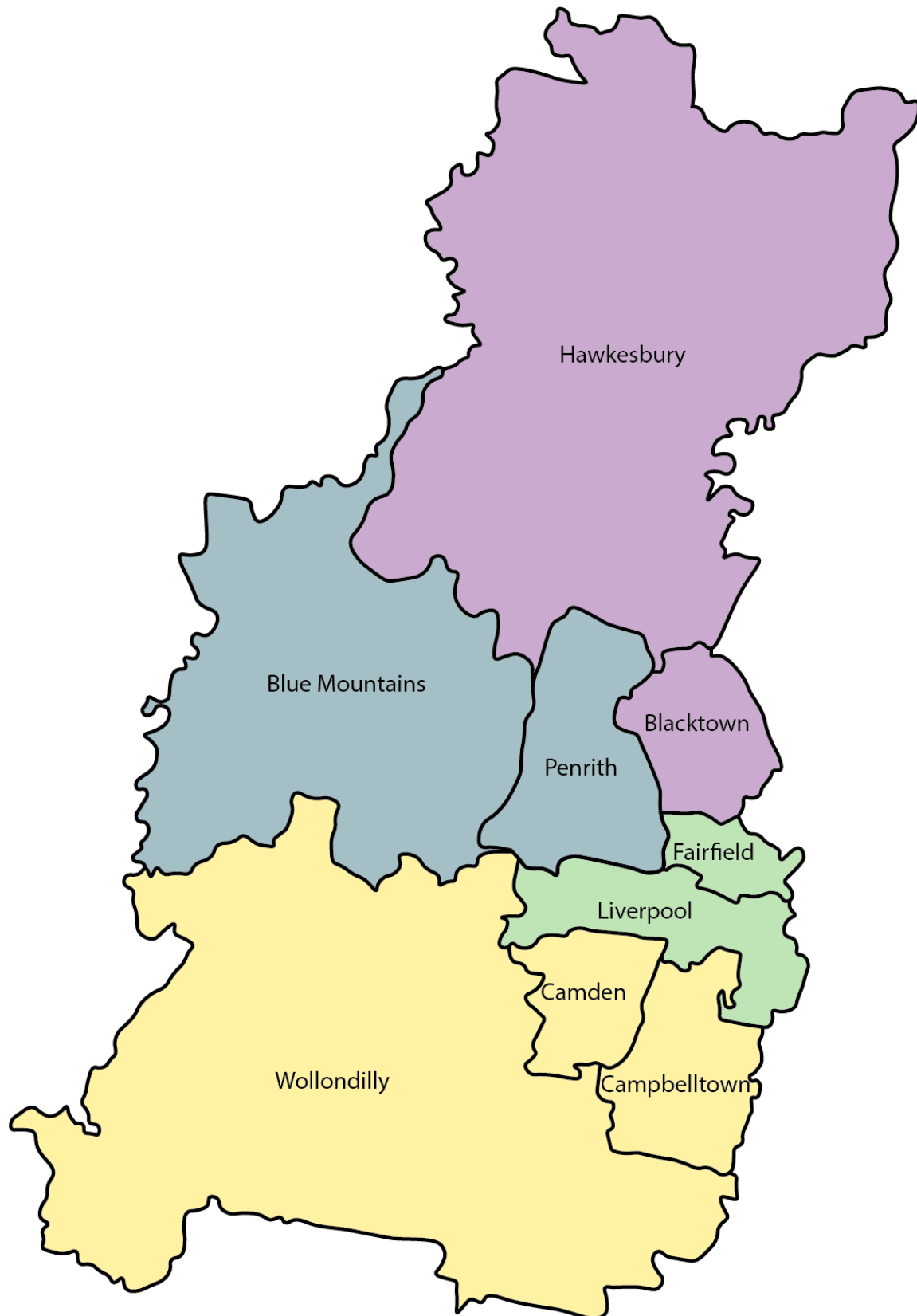


Figure 3 Sub-regional groupings of LGAs for 'pooling' of contributions for distribution

3.3 Commissioning of affordable housing delivery

Each local council participating in the Scheme will enter into a partnership agreement with NSW Department of Communities and Justice to manage the commissioning process for eligible affordable housing providers.

A commissioning process will be established for each sub-region of LGAs as identified in the Distribution Plan.

This commissioning process will allow *eligible affordable housing providers* to submit Expressions of Interest to deliver affordable housing by utilising contributions that have been collected through this Scheme.

The timing for expressions of interest rounds for the commissioning process will be identified in the Distribution Plan.

The commissioning process for affordable housing delivery will prioritise the allocation of contributions on a competitive basis, based on assessment criteria, for evaluation of expressions of interest, which are identified in the Distribution Plan.

The commissioning of affordable housing will consider the principles for the location of affordable housing as set out in the Distribution Plan.

Transfer of contributions (including financial and/or land contributions) from a Council to an *eligible affordable housing provider* will be undertaken after the NSW Department of Communities and Justice has entered into a Community Housing Assistance Agreement (CHAA) or similar agreement with the provider following the commissioning process.

This CHAA will ensure that the funds will be used for Affordable Housing consistent with the requirements of this Scheme.

Distribution Plan

The detailed commissioning process for the delivery of affordable housing, consistent with the requirements outlined in this Scheme, is included in the non-statutory Distribution Plan.

The Distribution Plan will outline the operational policy for distribution of the contributions collected under this Scheme and may be amended from time to time.

Amendment of the Distribution Plan will require the amendments to be agreed by formal resolution of all local councils subject to the Scheme. The Distribution Plan will be made available electronically on Council's websites to accompany the Scheme.

3.4 Eligible affordable housing providers

Eligible affordable housing providers are defined in this section.

The following affordable housing providers will be eligible to submit expressions of interest, and be eligible to receive contributions as a result of the commissioning process:

1. Tier 1 and Tier 2 registered community housing providers, as registered by the NSW Registrar of Community Housing at the time of commissioning
2. Tier 3 registered community housing providers, as registered by the NSW Registrar of Community Housing at the time of commissioning, only where it is demonstrated that the development activity would be small-scale and low risk

3. The NSW Government Aboriginal Housing Office (to be renamed Housing NSW)
4. The NSW Government Land and Housing Corporation (to be renamed Housing NSW), or
5. The NSW Government Landcom.

3.5 Ownership and in-perpetuity provision of affordable housing

Ownership and ongoing management of the affordable housing dwellings constructed with contributions from this Scheme will be held by the *eligible affordable housing provider*.

The Community Housing Assistance Agreement (CHAA) will ensure that the affordable housing dwellings (or the equivalent number of dwellings created) are retained as affordable housing in perpetuity. The details of this agreement will be identified in the Distribution Plan.

3.6 Monitoring of Scheme

The Scheme will be reviewed at a minimum on a 5-yearly basis. Any amendments to the Scheme following this review should be made at this time.

Key considerations in any review may include:

- Changes in market and economic conditions across the region.
- Performance of the Scheme, specifically the delivery of affordable rental housing supply. This will consider the number, size, quality, and location of dwellings that have been provided. It will also consider whether new dwellings have been provided in a manner that addresses identified housing need as well as the distribution of new housing within subregions relative to the individual contributions that have been received from each LGA.
- Whether affordable dwellings provided through the Scheme are being rented to very low-, low- and moderate-income households, at a percent of gross household income or at a discount-to market rent.
- Whether funds contributed through the Scheme have been leveraged to increase the quantity of affordable dwellings that have been supplied, utilising contributions alongside additional sources of project financing.
- The performance of the commissioning process, including the partnership agreements between local councils and NSW DCJ and the take-up by eligible affordable housing providers.
- The management of the collection of financial contributions, and the expenditure of these financial contributions.

3.7 Renewal sites and planning proposal land

Additional rates for specific sites or precincts in addition to this Scheme, should be considered as part of separate planning processes and /or future rezoning of land.

This may be appropriate for renewal precincts or where land is rezoned for greater density and can deliver a higher proportion of affordable housing in accordance with any affordable

housing targets set out in the Region or City Plan or in accordance with Government policy. These additional rates will not form part of this Scheme and would be in addition to the base rate under this Scheme.

APPENDIX A Housing Needs Analysis

(refer to Attachment in Council Report)

APPENDIX B Viability analysis

(refer to Attachment in Council Report)