

## Resolution of Council

**26 June 2023**

### **Item 15.8**

#### **Increasing Developer Contributions for Affordable Housing**

The original motion was moved by Councillor Ellsmore, seconded by Councillor Scott.

It is resolved that:

(A) Council note:

- (i) local councils can require affordable housing contributions to be paid when development or rezonings are being undertaken in their local government area;
- (ii) the City of Sydney was one of the first councils in NSW to establish an affordable housing levy. To date, the City of Sydney has collected, and passed on to a community housing provider (CHP), over \$378 million in affordable housing contributions;
- (i) as at June 2022, the City has contributed to 2,759 Affordable Housing dwellings either built, in the pipeline or expected. This includes:
  - (a) 1,376 dwellings from the City's levies,
  - (b) 228 from subsidised land sale (on sites in Zetland, Redfern, Alexandria and Surry Hills),
  - (c) 483 from our Affordable and Diverse Housing Fund (for projects in Darlinghurst, Chippendale, and Surry Hills); and
  - (d) 672 dwellings through other means such as Voluntary Planning Agreements (projects in Glebe and Waterloo) and our planning controls (Botany Road Precinct);
- (ii) a further 1,950 Affordable Housing dwellings will result from our expanded Local Government Area-wide levy scheme, which commenced on 1 July 2021;

- (iii) the City of Sydney is one of the few councils in NSW to impose an affordable housing levy across the whole council area;
  - (iv) the City of Sydney affordable housing levy is generally one per cent of floor space for non-residential development, and three per cent of floor space for residential development. At the June 2023 Council meeting, Council considered a planning proposal which would establish the one per cent and three per cent rate consistently across the Local Government Area. Increasing the Affordable Housing contribution in Ultimo and Pyrmont will deliver approximately 250 additional Affordable Housing dwellings;
  - (v) 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;
  - (vi) establishing and changing an affordable housing levy requires the approval of the NSW Government. Councils can only impose an affordable housing contribution or levy through the Council's Local Environmental Plan, which must be approved by the Minister for Planning;
  - (vii) under the relevant legislation (the Environmental Planning and Assessment Act 1979):
    - (a) councils can require the contributions to be in the form of the dedication of land free of cost to be used for the purpose of providing affordable housing, or the payment of a monetary contribution to be used for the purpose of providing affordable housing, or both. The City of Sydney's scheme currently gives Council the ability to require Affordable Housing contributions, and developers can choose to either make a financial contribution or build Affordable Housing dwellings on site; and
    - (b) councils can only impose 'reasonable' contributions, having regard to the extent of the need in the area for affordable housing, the scale of the proposed development, and what other contributions the developer is required to make; and
  - (viii) the City of Sydney has been working through bodies such as the South Sydney Regional Organisation of Councils (SSROC) and Resilient Sydney to support councils seeking to develop an affordable housing levy for their local council areas;
- (B) Council further note:
- (i) since the City of Sydney established its affordable housing levy scheme, the affordable housing crisis has significantly worsened; and
  - (ii) there is a strong case to be made that more Affordable and Social Housing is desperately needed in the City; and

(C) the Chief Executive Officer be requested to:

- (i) 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; and
- (ii) report back to Council via the CEO Update.

The amended motion was carried unanimously.

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