

Resolution of Council

19 February 2024

Item 14.12

Power to Require Affordable Housing be Built on Site by Developers

Original motion moved by Councillor Ellsmore, seconded by Councillor Weldon.

It is resolved that:

(A) Council note:

- (i) Sydney is one of the most expensive cities to live in the world; with Sydney housing now estimated to be the second most expensive in the world, after Hong Kong;
- (ii) despite the City of Sydney having one of the longest running and most comprehensive affordable housing strategies of any council in Australia, housing affordability in the Local Government Area (LGA) is projected to worsen unless there are major changes:
 - (a) to how existing public, social and affordable housing is protected; and
 - (b) to the planning and funding systems which determine what kinds of new housing is built, and whether any of it is public, community, affordable, or otherwise accessible to people on low and middle incomes;
- (iii) the NSW Government largely controls whether and how local councils can require affordable housing to be built in new developments;
- (iv) the City of Sydney has provisions in its Sydney Local Environment Plan 2012 (Sydney LEP), and the LEPs that apply to Green Square Town Centre, which allow an affordable housing levy to be imposed on development. This is one per cent of floor space for non-residential development, and three per cent of floor space for residential development;
- (v) the provisions in the local environmental plans give developers the choice to meet their affordable housing contribution requirements by dedicating built housing or making a monetary contribution;

- (vi) monetary affordable housing contributions paid by developers are passed to community housing providers to build or buy new, permanent affordable housing within the Local Government Area;
 - (vii) the City is on track to contribute to 5,213 Affordable and diverse housing dwellings in our area (in perpetuity) by 2036; and
 - (i) to June 2023, the City has contributed to 3,263 Affordable Housing dwellings, either built, in the pipeline or expected, including:
 - (a) 1,429 dwellings from \$399 million in levies,
 - (b) 238 dwellings from \$24 million in subsidised City-owned land sales,
 - (c) 483 dwellings from \$10 million in City grants to not-for-profit housing providers from our Affordable and Diverse Housing Fund; and
 - (d) 1,113 dwellings through Voluntary Planning Agreements and our planning controls and by other means;
- (B) Council further note:
- (i) to date, only one Voluntary Planning Agreement has been entered into, in which a developer has committed to deliver their affordable housing contributions in the form of housing – that is, to build affordable housing on site;
 - (ii) the City has entered into other Voluntary Planning Agreements for affordable housing delivery at Harold Park (land only) and on Bay Street, Glebe (now built housing), however this housing was not associated with any requirement in the LEPs at that time;
 - (iii) in 2023, Meriton made a commitment to the community and to Council that it would build an affordable housing building on site, at 118-130 Epsom Road and 905 South Dowling Street, Zetland in partial satisfaction of the affordable housing requirement under the LEP;
 - (iv) Council approved the planning proposal to rezone the Suttons site, subject to Meriton's last minute offer to deliver affordable housing on site. Meriton later withdrew its offer, and advised it won't be building any affordable housing, and instead will provide a financial affordable housing contribution, estimated to be \$29 million; and
 - (v) Council cannot require the developer to deliver affordable housing on site, under the City's current planning rules;
- (C) in June 2023, Council resolved to request 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. Staff have commenced this review; and

(D) the Chief Executive Officer be requested to:

- (i) as a priority, report back on the findings of the City's review and advise Council of options, including drafting a planning proposal to amend the City of Sydney's Local Environment Plan 2012, and related documents as needed, to give the City of Sydney the ability to require that affordable housing contributions be delivered in the form of land or buildings on site, in appropriate developments; and
- (ii) provide advice to Council as to stakeholders and others which the Council should seek advice, or otherwise consult with, about the proposed changes including Community Housing Providers.

The amended motion was carried on the following show of hands –

Ayes (8) The Chair (the Lord Mayor), Councillors Chan, Davis, Ellsmore, Kok, Scott, Weldon and Worling

Noes (2) Councillors Gannon and Jarrett.

Amended motion carried.

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