

Resolution of Council

29 July 2024

Item 13.8

Increasing Targets and 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) 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 1.2 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;
- (iii) however, the number of Affordable Housing dwellings in the City of Sydney is growing and the number built has tripled since 2007 to 1,464 homes built; and
- (iv) 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. Where rezoning results in a residential floor space uplift, an additional affordable housing contribution up to 18 per cent of the uplift component can apply;

(C) Council further note:

- (i) international cities, like London and Paris, have ambitious affordable housing targets and higher contribution rates. However, they are significantly supported by National Government and other agency funding, subsidies and tax incentives and contributions are generally only calculated on residential floor space, not all floor space as the City does;
- (ii) other councils in NSW, like Randwick, Canada Bay and Byron Bay Council have set ambitious affordable housing targets and levies. However, contributions are generally only mandated on residential floor space, not on all floor space as the City does, and contributions are mainly collected on residential uplift and in limited areas;
- (iii) to compare the City's Affordable Housing contribution rates and targets to other jurisdictions internationally and other councils in NSW is misleading;
- (iv) the City of Sydney has established targets of 15 per cent affordable housing and social (including public) housing, by 2036, to be maintained in the future;
- (v) the NSW Government has no Affordable Housing target, only one for market housing;
- (vi) City's ambitious targets always envisaged a whole of government approach to delivering more social and affordable housing. However, without government mandated targets, meeting our targets will continue to be a significant challenge. This is a stark difference to other international examples, where Affordable and Social Housing has been heavily subsidised and supported by National Governments and agencies such as Homes England or the National Housing Agency in France;
- (vii) we welcome recent funding commitments including \$5.1 billion towards social housing from the NSW Government and around \$10 billion towards the Housing Australia Future Fund from the Federal Government, however more must be done to close the increasing funding gap to build and operate housing;
- (viii) although primarily the responsibility of the NSW Government, the City of Sydney uses every lever available to maximise the amount of Affordable Housing in our local area including through planning mechanisms, selling discounted land to community housing providers, and grants;
- (ix) the City of Sydney is the first Council to have an LGA-wide Affordable Housing contributions scheme, unlike most other councils in Australia and we are the only council to charge a levy across all residential and commercial development, unlike other jurisdictions;
- (x) the City has contributed to 3,323 Affordable Housing dwellings in our area either built or anticipated in the future. The City's Affordable Housing levy scheme, which covers all of the Local Government Area, is projected to deliver a further 1,950 affordable dwellings;
- (xi) as at 30 June 2023, the City has collected almost \$400 million in levies, sold discounted land to the value of \$31.6 million, and provided about \$13 million in grants; and

(xii) the City of Sydney has contributed to more Affordable Housing than any other council in Australia;

(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 work is well underway;
- (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 on Development Applications;
- (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; and
- (iv) it would be inappropriate to amend the City's affordable housing contribution rates before robust analysis is completed with full consideration of the potential impacts an increase could have on development viability, housing costs, support of the NSW Government to approve changes and ultimately, affordable housing delivery now and into the future; and

(E) the Chief Executive Officer be requested to report back on the findings of the City's review of our Affordable Housing contributions.

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

Ayes (7) The Chair (the Lord Mayor), Councillors Chan, Davis, Gannon, Kok, Scott and Worling

Noes (3) Councillors Ellsmore, Jarrett and Weldon.

Amended motion carried.

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