

Relevant Information for Council

FILE: X008764 **DATE:** 17 September 2018

TO: Lord Mayor and Councillors

FROM: Graham Jahn, Director City Planning, Development and Transport

SUBJECT: Information Relevant To Item 9.7 – Post Exhibition - Planning Proposal - Affordable Rental Housing Review - Sydney Local Environmental Plan 2012 and Affordable Housing Program and Pre Exhibition - Planning Proposal - Affordable Rental Housing Review - Green Square Town Centre

For Noting

This memo is for the information of the Lord Mayor and Councillors.

Purpose

- (a) To provide information about the requirement in the Gateway Determination for Planning Proposal - Affordable Rental Housing Review, to delay the commencement of the affordable housing contributions by one year in Central Sydney and the residual lands.
- (b) To provide information about how the policy can be restricted to not-for-profit organisations only.

Background

Commencement of the affordable housing contribution requirement

Council and the Central Sydney Planning Committee approved the Planning Proposal and draft Program for referral to the Greater Sydney Commission for Gateway Determination (Gateway) and for subsequent public exhibition. The Planning Proposal provides for an affordable housing contribution requirement on residual land to be introduced over a period of four years with two year staging.

The Department of Planning and Environment issued a conditional Gateway on 10 January 2018 that required some changes to the Planning Proposal prior to public exhibition, including a requirement that the commencement date of the contribution be extended an additional year with two year staging. To comply with the requirements of the Gateway, changes to the introduction of the affordable housing contribution on residual land and Central Sydney were made to the planning proposal prior to public exhibition. The changes are summarised in Table 1 below.

Table 1: Contribution rates in Central Sydney and on residual land (adjusted by requirement of the Gateway)

Date of determination of development application	Total floor area intended for non-residential floor area	Total floor area intended for residential floor area
To 31 May 2019 To 31 May 2020	0%	0%
1 June 2019 - 31 May 2021 1 June 2020 - 31 May 2022	0.5%	1.5%
1 June 2021 onwards 1 June 2022 onwards	1%	3%

Not for profit organisations

Tom Kehoe, representing Community Housing Industry Association of NSW, spoke at Committee requesting that an amendment be made to the Planning Proposal to ensure that only not-for-profit community housing providers be eligible to receive funds resulting from the affordable housing contribution scheme.

Amendment to the planning proposal is not necessary to ensure affordable housing resulting from the contribution scheme is managed as affordable housing in perpetuity. The Affordable Housing Principles (Principles), provided at Section 1.6 of the Affordable Housing Program (Program) provide detailed guidance on how affordable housing must be provided and managed under the Program. Amongst other things, the Principles require affordable rental housing be:

- rented to very low to moderate income households at no more than 30% of gross household income; and
- managed so as to maintain their continued use for affordable rental housing.

It is highly unlikely that a for-profit housing provider would be eligible for, or accept the operational conditions placed on the recipient of funds resulting from the contribution scheme. To do so would constrain any expectations of making a profit. However, if a for-profit provider, for example UrbanNest - a student housing provider active in the City - were to apply to have access to the contribution funds, an extensive process is in place to ensure that the resulting housing would be managed in the manner envisaged by the Program.

Currently, only City West Housing is listed on Schedule A on the Program as a recommended community housing provider (Provider) eligible to receive funds under the contribution scheme. Any other Provider that wants to be added to Schedule A must make an application to do so, demonstrating the Principles can be achieved.

Section 2.10 of the Program provides the explicit considerations for how applications to be added to Schedule A will be assessed and requires Providers be registered under the National Regulation System for Community Housing (NRSCH).

In order for a provider to become and remain registered under the NRSCH, they must meet a number of rigorous conditions of registration relating to asset management, information provision, inspections and tenant management. Importantly, the Provider's constitution must transfer all its remaining community housing assets to another registered provider or to a housing agency in the jurisdiction in which the assets are located in the event the Provider is no longer registered, thus protecting the affordable housing in perpetuity.

Memo from Graham Jahn, Director City Planning, Development and Transport

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Approved



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