

# **Attachment A**

## **Summary of Submissions and Responses**

## Affordable Housing Program Update – Summary of Submissions and Responses

### Community submissions

Submissions received from:

- 20 members of the community

Summary of key matter raised	Officer response
<u>General support for affordable housing</u> (raised in 9 submissions)	
<p>General agreement with the need for affordable housing in principle.</p> <p>Three submissions agreed that affordable housing is essential to the social diversity of the City’s communities and one also recognised the role that affordable housing plays in ensuring enough workers can fill lower paid jobs in the City without travelling long distances.</p>	<p>Noted.</p> <p><b>Action:</b> None required.</p>
<u>Support for changes in Ultimo-Pyrmont</u> (raised in 2 submissions)	
<p>Two submissions expressed support for increasing the supply of affordable housing in the Pyrmont area, and supported the increase in contribution rates to bring Ultimo-Pyrmont in line with those which apply in the rest of the City.</p>	<p>Noted.</p> <p><b>Action:</b> None required.</p>
<u>Support for additional affordable housing providers</u> (raised in 2 submissions)	
<p>Two submissions expressed support for expanding the distribution of contributions to other affordable housing providers, so long as:</p> <ul style="list-style-type: none"> <li>i) the provider(s) are genuine, not-for-profit affordable housing providers, and</li> <li>ii) it is controlled to ensure the continued viability of City West Housing, who are supported in the Pyrmont area.</li> </ul>	<p>Recommended CHPs that are identified to receive affordable housing funds in the City must be registered Tier 1 or Tier 2 community housing providers, assessed and regulated under a national code.</p> <p>The City acknowledges the concern that distributing the funds more widely may threaten the continued viability of projects City West has in the development pipeline. This matter will be further considered in the development of the final distribution plan, being prepared for Council consideration.</p> <p><b>Action:</b> Consider impact on City West Housing further in the finalisation of the Distribution Plan.</p>

Summary of key matter raised	Officer response
<u>More should be done</u> (raised in 4 submissions)	
<p>Two submissions felt that the City should be bolder in their affordable housing targets, and that the 1% non-residential and 3% residential floor space contribution rates are too low based on the known housing need and City's own targets.</p> <p>One submission also suggests a review of Council-owned sites which would have development potential for affordable housing.</p> <p>One submission also highlighted that affordable housing should not replace social housing, and that more was needed of both.</p> <p>One submission also suggested affordable housing targets by area, to ensure housing is provided in the locations envisaged in the original, separate affordable housing programs.</p>	<p>The current affordable housing program has only recently been expanded to the whole of the local government area. The contribution rates contained in the program were based on economic feasibility testing, which will be monitored going forwards.</p> <p>In addition to the collection of affordable housing levies, the City materially supports the provision of affordable rental housing through grants to non-government organisations and subsidising the sale / long term lease of council owned land to CHPs.</p> <p>The City will continue to innovate and use all levers available to it to increase the amount of affordable housing in the local area.</p> <p><b>Action:</b> None required.</p>
<u>Affordable housing should not be located in the inner city</u> (raised in 13 submissions)	
<p>Numerous submissions expressed concerns with affordable housing being provided in the inner city. The submissions believe the housing would be better located elsewhere.</p> <p>Reasons include that:</p> <ul style="list-style-type: none"> <li>• There is insufficient infrastructure and parking to support more development</li> <li>• Housing contributions would go much further if the affordable housing was built further west or in wider Australia</li> <li>• It is unfair to residents who've bought at market price or pay full rents</li> <li>• Premium locations shouldn't be subsidised, people can move somewhere cheaper</li> <li>• Grouping lower socio-economic groups in an area leads to anti-social behaviour</li> <li>• It would create slums on prime real estate, which is detrimental to the tone and value of existing areas</li> </ul> <p>Five submissions expressed concern over the provision of more affordable housing being provided in Pyrmont in particular.</p>	<p>Affordable housing is essential to the social diversity of the City's communities and plays an important role in ensuring workers can fill lower paid jobs in the City without travelling long and unsustainable distances.</p> <p>Under the City's affordable housing program, the maximum equivalent amount of floor space being provided as affordable housing is 3% of total residential floor space.</p> <p>The proposed affordable housing provisions do not increase density in Ultimo-Pyrmont, rather they ensure that development already possible under current planning controls makes appropriate contribution to affordable housing in the area. Affordable housing is provided within existing density and height provisions and place no additional burden on existing or planned infrastructure.</p> <p>Property values in inner Sydney, including Ultimo-Pyrmont, are some of the highest in Australia. When Ultimo-Pyrmont was rezoned in the 1990's, an affordable housing program</p>

Summary of key matter raised	Officer response
<p>Reasons included:</p> <ul style="list-style-type: none"> <li>• Pyrmont is already too dense</li> <li>• This would site vulnerable residents too close to the casino, enabling gambling habits</li> <li>• It could increase the crime rate, which is already high in Pyrmont</li> <li>• Existing affordable housing developments have been spoiled by anti-social behaviour</li> <li>• It would negatively impact property values in Pyrmont</li> </ul>	<p>was introduced by way of ensuring socio-economic diversity was maintained in the area. Affordable housing has since built to the same standard of other development in the area, and provided to a mix of very-low, low and medium-income households. There is no evidence to suggest that property values in Ultimo-Pyrmont have been, or would be, affected by affordable housing located in the area.</p> <p>Anti-social behaviour can occur in any housing type. Community Housing Providers, including City West, work hard to manage and maintain their properties and support their tenants to prevent issues arising. New affordable housing developments are carefully designed to be safe, secure spaces with servicing arrangements which ensure ease of proper rubbish disposal and collection.</p> <p><b>Action:</b> None required.</p>
<p><u>Market housing in disguise</u> (raised in 3 submissions)</p>	
<p>Some submissions revealed a distrust that the funds would end up in the pocket of developers rather than 'genuine' affordable housing providers. One called for a proportion of the housing to be provided in perpetuity.</p>	<p>Recommended CHPs that are identified to receive affordable housing funds in the City must be registered Tier 1 or Tier 2 community housing providers, assessed and regulated under a national code.</p> <p>Under the City's existing and draft affordable housing Programs, all affordable housing delivered under the Program must be secured by a covenant on title to the benefit of Council.</p> <p><b>Action:</b> None required.</p>
<p><u>Poor quality housing</u> (raised in 1 submission)</p>	
<p>One submission raised concern with the quality of development, citing ventilation, renewable energy, better quality builds, better design and green space to be essential.</p>	<p>The City notes the concerns raised. Planning outcomes are regularly monitored and the City's planning controls are updated to ensure the delivery of high quality development which is supported by infrastructure and public open space. Residential amenity, design excellence and good sustainability outcomes have been a focus in the City of Sydney in recent years.</p> <p><b>Action:</b> None required.</p>

Summary of key matter raised	Officer response
<u>Invest in infrastructure instead</u> (raised in 1 submission)	
<p>One submission expressed that the funds should be used to upgrade infrastructure, not provide affordable housing.</p>	<p>Whilst investment in infrastructure is important, housing affordability has an impact on the wellbeing of societies and the proper functioning of economies and should also be secured as the City develops.</p> <p><b>Action:</b> None required.</p>

## Community Housing Providers submissions

From:

- 3 Community Housing Providers (CHPs)

Summary of key matter raised	Officer response
City West Housing (CWH)	
<p>Expresses general support for a wider distribution of contribution funds to a limited number of CHPs.</p>	<p>Noted.</p> <p><b>Action:</b> None required.</p>
<p>Highlights the need for certainty around future funds as the incumbent Recommended CHP to service its existing pipeline of over 500 dwellings in the City of Sydney local area, noting that the draft Interim Distribution Plan in its current form risks their delivery.</p> <p>Recommends that the proposed changes to distribution of funding should be phased in to ensure CWH’s capacity to service:</p> <ul style="list-style-type: none"> <li>• its established properties;</li> <li>• properties that have been committed to in the development pipeline;</li> <li>• other properties in the development pipeline in the development application or pre-development application stage; and</li> <li>• the level of support and devices it has promised to deliver its residents and partner agencies.</li> </ul> <p>CWH’s operating conditions, as stipulated in the Program, mean that annual operating surpluses are small. When combined with the high cost of land in the City of Sydney, and escalating cost of construction, City West Housing is heavily reliant on contribution funds in the short to medium term to fund existing affordable housing projects in the development pipeline.</p>	<p>The City recognises the importance of certainty for City West’s current development pipeline and that City West will have undertaken future investment decisions based on an expected continuation of funds under current affordable housing programs.</p> <p>Funds levied under the current affordable housing programs are subject to market forces and already vary, sometimes greatly, year on year. The City’s intention to move to a wider distribution of funds has also been highlighted since June 2022. Nevertheless, the City acknowledges the potential impact that a change in distribution of funds may have on City West’s ability to deliver affordable housing in their development pipeline.</p> <p>While the draft Interim Distribution Plan is recommended for adoption as it was publicly exhibited, it is noted that a final distribution plan will be prepared for the consideration of Council.</p> <p><b>Action:</b> This impact on City West’s development pipeline will be further considered in the preparation of the final Distribution Plan.</p>
<p>To safeguard its ability to deliver its current development pipeline, City West requests existing funding arrangements under the current affordable housing programs be 'grandfathered' to avoid an inadvertent dilution of funds.</p>	<p>The City notes City West’s request to 'grandfather' existing funding arrangements.</p> <p><b>Action:</b> This will be considered further in the finalisation of the Distribution Plan.</p>
<p>Recommends that funds should not be distributed to more than two CHPs at any one time.</p>	<p>The City acknowledges that this issue needs further consideration.</p> <p><b>Action:</b> Efficiencies from larger scale operations and the optimal number of CHPs will be</p>

Summary of key matter raised	Officer response
<p>This considers the efficiencies that scale of operation can bring for not-for-profit CHPs, including:</p> <ul style="list-style-type: none"> <li>• efficiencies in servicing properties;</li> <li>• efficiencies from larger portfolios, enabling the leveraging of rental surpluses from other properties own or managed in the same area and for gaining access to finance to further increase affordable housing in the local area;</li> <li>• effective relationship building and efficiencies for support service providers servicing tenants of the CHPs.</li> </ul>	<p>considered further in the finalisation of the Distribution Plan.</p>
<p>The City should acknowledge the innate complexities and risk of undertaking medium density housing capital developments in high-cost inner-city markets when selecting additional CHPs to receive the contribution funds.</p> <p>Recommends that the City requires evidence of development expertise both in capital project delivery and on market site acquisition, as well as evidence of operations in this area when selecting CHPs to be considered for the distribution plan.</p>	<p>The three CHPs identified in the draft Interim Distribution Plan are all Tier 1 CHPs with demonstrated development capacity and experience.</p> <p>Notwithstanding the above, the City agrees that the selection of the right CHPs to receive contribution funds is critical to the successful delivery of affordable housing.</p> <p><b>Action:</b> Appropriate criteria to assess the experience and capabilities of CHPs will be given further consideration in the preparation of the final Distribution Plan.</p>
<p>Highlights that until late 2020 there was governmental constraints on CWH borrowing against their asset base, and entering into partnerships and joint ventures.</p> <p>It is unfair to say CWH has had 'lazy' assets that have not been affectively leveraged.</p> <p>These constraints are now removed and CWH has now secured finance to deliver its next development project of 74 homes in Waterloo.</p>	<p>The City acknowledges that until 2020 City West Housing could not borrow against their assets due to governmental constraints.</p> <p>The upcoming development in Waterloo is welcomed.</p> <p><b>Action:</b> None required.</p>
<p>Requests the City note the requirements in its Program means that annual operating surpluses are small – for example the requirement to house a mix of tenants on very low, low and moderate incomes; to charge rents based on incomes (and not at a reduction to market rents), as well as the high cost of maintaining apartment buildings.</p>	<p>The City notes the high cost of development and the restrictions of the Program result in low annual operation surpluses, which can constrain the development capacity of a CHP unless they are also able to leverage debt effectively.</p> <p><b>Action:</b> None required.</p>

Summary of key matter raised	Officer response
<p>With the high cost of land in the City of Sydney, and escalating cost of construction, City West is heavily reliant on contribution funds in the short to medium term to fund exiting affordable housing projects in the development pipeline.</p>	
<p>Recommends more detail be provided in any future distribution plan, to give certainty around:</p> <ul style="list-style-type: none"> <li>• where collected affordable housing funds will be held</li> <li>• how funds will be distributed to recommended providers</li> <li>• the frequency of release of funds, and</li> <li>• the calculation and distribution of interest.</li> </ul>	<p>The administrative detail of funds distribution is not required to be detailed in the distribution plan – this simply sets out apportionment of funds to receiving CHPs. This type of administrative information will instead form part of the City’s internal processes and where appropriate may form part of a funding agreement that is to be agree with identified CHPs prior to funds being issued.</p> <p><b>Action:</b> Further work will be undertaken to establish the administrative processes that will support the distribution plan before it commences.</p>
<p>The Program’s prescribed tenure mix for dwellings being dedicated (being 25% for very low income tenants and 25% for low income tenants for any development over 10 dwellings) may be difficult to maintain over time, as the life-stage and circumstance of tenants change.</p> <p>City West recognises that a tenant’s income can change, and maintains tenure mix across its City portfolio rather than ejecting tenants from individual developments to retain an appropriate mix.</p> <p>Recommends that if the City requires a specific tenure mix for a project at the time of dedication, the Program should acknowledge the need for some flexibility in tenure mix over time.</p>	<p>The City notes City West’s position on this issue.</p> <p><b>Action:</b> Section 2.1.6 of the Program is amended as requested to provide clarification on this matter.</p>
<p>Questions the intent behind the Program’s required tenure mix in the Employment Lands.</p> <p>In this area, the Program currently requires at least 15 per cent of dwellings to be allocated to very low income households and 15 per cent to low income households. As this control does not apply anywhere else in the LGA, is to ensure that not all people housed in the Employment Lands are moderate-income</p>	<p>The City notes the issue and confirms this is the intention of this requirement in the Employment Lands.</p> <p><b>Action:</b> Section 3.1 of the Program is amended as requested to better reflect the intention of the tenure mix.</p>

Summary of key matter raised	Officer response
<p>workers, but also that a higher proportion of workers are able to be housed in this location?</p> <p>If so, it may be better to frame the requirement as up to 70% of dwellings need to be allocated for income-eligible employed households. This would provide flexibility for low and/or moderate income working households to make up the 70%, whilst still retaining 30% of the housing for lower income households who may not be currently employed.</p>	
<p>Using the median sales price to generate and index the contribution rates isn't high enough to reflect the cost of developing or purchasing new stock, because it is developed or sold at a higher price than established older dwellings.</p> <p>Requests that the 75<sup>th</sup> percentile or third quartile sales prices is used instead as a better reflection of the cost of developing or purchasing new stock.</p>	<p>The City recognises that the real costs to developers are often less if they make a monetary contribution rather than dedicating finished dwellings. The City is reviewing how this may be made more equivalent in future.</p> <p><b>Action:</b> This issue will be further considered by the City in the future.</p>
St George Community Housing (St George)	
<p>Welcomes the opportunity to work together with the City to deliver affordable housing.</p>	<p>Noted.</p> <p><b>Action:</b> None required.</p>
<p>Demonstrates their track record as a registered charity and Tier 1 community housing provider since 1985, including:</p> <ul style="list-style-type: none"> <li>• Currently owning, managing and delivering services for 11,500 people in over 7,000 homes across 23 local government agencies in Greater Sydney. 458 of these properties are within the City of Sydney, including 203 social housing dwellings and 255 affordable homes.</li> <li>• A development pipeline of 818 units over the next three years, of which 190 are in the City of Sydney. Since 2015, St George have delivered over 1,000 new units across 37 sites.</li> </ul>	<p>The City notes the capabilities and experience of St George in the community housing sector and in delivering community housing in the Sydney region.</p> <p><b>Action:</b> None required.</p>
<p>Identifies experience with raising capital at scale and developing strategic working relationships with government and developers to unlock land for affordable housing. St George commits to maximising the City's affordable housing contributions to deliver more homes through:</p> <ul style="list-style-type: none"> <li>• Leveraging available government funding and concessions, debt finance and</li> </ul>	<p>The City notes St George's established systems, processes and partnerships that bring together a range of stakeholders to maximise and expedite the delivery of affordable housing assets.</p> <p><b>Action:</b> None required.</p>

Summary of key matter raised	Officer response
<p>innovative tax structuring to maximise capital and reduce overall project delivery costs to deliver more housing</p> <ul style="list-style-type: none"> <li>• Directing surplus rental funds from over 7,000 tenancies to fund new supply</li> <li>• Delivering efficiencies in operations and maintenance through growing scale and concentration in Sydney, and</li> <li>• Continuing to foster partnerships with major and smaller developers to access land parcels and bring forward good quality affordable housing supply through the co-designing of projects.</li> </ul>	
<p>St George has already worked in partnership with the City of Sydney on several social and affordable housing projects including:</p> <ul style="list-style-type: none"> <li>• 162 social and affordable housing units at 11 Gibbons Street, Redfern</li> <li>• 54 social housing unit at 41 Morehead Street, Redfern</li> <li>• 73 studio units for vulnerable young adults and 20 affordable units at 26-28 City Road, Chippendale</li> <li>• 58 affordable housing units at 11 Smail Street and 68-72 Bay Street, Glebe</li> <li>• 15 social and affordable units at 6-8 Orwell Street, Potts Point</li> </ul> <p>They also benefit from an Aboriginal Housing Engagement Coordinator, funded by the City, who works closely with the community to increase the number of Aboriginal housing tenancies within the City.</p>	<p>The City notes the experience and capabilities of St George in this area.</p> <p><b>Action:</b> None required.</p>
<p>To support the City's Affordable Housing Program, St George commits to partner with the City to provide homes that are:</p> <ul style="list-style-type: none"> <li>• diverse - in both housing type and tenure; with a mix of studio, one-, two- and three-bedroom and dual key units, and a mix of very low, low and moderate income households</li> <li>• connected - inclusive, cohesive and empowered communities connected through place-based community development services and supported with coordinated services</li> <li>• well designed and maintained - with design and build standards which focus on durability and low maintenance</li> </ul>	<p>The City notes St George's commitment to deliver high quality affordable rental stock in the City of Sydney LGA.</p> <p><b>Action:</b> None required.</p>

Summary of key matter raised	Officer response
<p>requirements, to optimise the life of each asset and protect their value, enabling greater investment to secure additional homes</p> <ul style="list-style-type: none"> <li>• accessible - with homes built to a minimum Silver Livable Design Standard</li> <li>• environmentally sustainable - built to a minimum 7 star NatHERS, and</li> <li>• meeting community need - prioritising housing allocation to Aboriginal and Torres Strait Islands people and families (25% of homes), older women (10%), women with children experiencing domestic and family violence (10%), rough sleepers and people at immediate risk of homelessness (10%) and people living with disability (10%).</li> </ul>	
<b>Bridge Housing</b>	
<p>Welcomes the efforts to streamline management of affordable housing funding and the move towards enabling additional CHPs to access contribution funds.</p>	<p>Noted.</p> <p><b>Action:</b> None required.</p>
<p>Expresses interest in working with the City to deliver increased affordable housing supply in the City.</p>	<p>Noted.</p> <p><b>Action:</b> None required.</p>
<p>Identifies Bridge Housing as the CHP with the largest social and affordable housing footprint in the City of Sydney LGA.</p> <p>They have a deep connection to the local community, with a head office in the LGA.</p> <p>Expresses the belief that chosen additional providers should be those with their operations based primarily in the LGA, so that they understand and are focussed on delivering outcomes for the local community.</p>	<p>Noted. The City recognises the experience, capabilities and established partnerships Bridge Housing has in the community housing sector and in providing affordable housing within the City of Sydney LGA.</p> <p>The City acknowledges that there needs to be careful consideration of any CHP that is recommended to received contribution funds.</p> <p><b>Action:</b> Choice of CHP will be considered further in the finalisation of the Distribution Plan.</p>

## Public Authority submissions

From:

- NSW Land and Housing Corporation (LAHC)
- NSW Department of Communities and Justice (DCJ)

Summary of key matter raised	Officer response
NSW Land and Housing Corporation (LAHC)	
<p>LAHC has no specific comments with regards to the proposed amendments.</p> <p>LAHC commends the City on its commitment to affordable housing and offers its ongoing assistance in this endeavour if appropriate.</p> <p>Reiterates the important role social housing has a subset of affordable housing, being housing for “very low income households” as described in the Environmental Planning and Assessment Act 1979 and contributes to affordable housing across NSW.</p>	<p>The submission is noted.</p> <p><b>Action:</b> None required.</p>
NSW Department of Communities and Justice (DCJ)	
<p>Abstains from supporting/objecting to the proposals as the NSW Government is a shareholder of City West Housing.</p>	<p>Noted.</p> <p><b>Action:</b> None required.</p>
<p>Recognises that the proposed changes would terminate the current Funding Agreement for affordable housing between the City and the Secretary of DCJ with respect to the Employment Lands funds.</p> <p>Supports this administrative change that would enable Council to deal and distribute funds directly with CHPs for the delivery of affordable housing.</p>	<p>Noted.</p> <p><b>Action:</b> None required.</p>
<p>Expresses concern around the proposed mechanics and practicalities of equal distribution of funds across three CHPs.</p> <p>Highlights that distributing funds across three CHPs will dilute the impact of the funds and delay delivery of affordable housing, as more time will be required for fund accumulation before a CHP can initiate an affordable housing project.</p>	<p>The City notes DCJ's concerns around the optimal number of CHPs for the distribution of funds, both from the perspective of spreading the funding too thinly, with inevitable delays to affordable housing projects, and from the resourcing strain to both Council and CHP if too many providers are chosen to receive funding.</p> <p><b>Action:</b> The optimal number of CHPs will be considered further in the finalisation of the Distribution Plan.</p>

<p>The extremely high land values in the City in itself requires larger amounts to be provided to CHPs to support financially viable projects.</p> <p>Thought should be given to the administrative burden linked with the number of CHPs chosen and frequency of remittance of funds, together with the reporting requirements on how the money is quarantined, invested and spent which would be required from both Council and CHP.</p> <p>DCJ advises that the approach be considered for efficient delivery and value for money proposition.</p>	
<p>DCJ suggests Council might consider retaining a funding pool until such time as a sizeable amount has accumulated and then inviting CHPs to submit an EOI. DCJ considers that disbursing all accumulated funds to a single CHP through a competitive process would provide the best results in terms of affordable housing delivery within the City of Sydney boundary.</p>	<p>The City's preferred approach for the use of affordable housing contribution funds is to allocate them directly to a CHP. The benefits of this approach are to immediately move funds into the hands of the community housing sector who have the expertise to then purchase sites when they become available, without the need to wait for government to allocate them funding, and then develop them. It effectively allows CHPs to operate as a developer, without the challenges and uncertainties that may come from having to apply for grants on a case-by-case basis, allowing them to move forward with certainty.</p> <p>The City undertakes to do further work to determine the optimal number of CHPs funded at any one time.</p> <p><b>Action:</b> The optimal number of CHPs will be considered further in the finalisation of the Distribution Plan.</p>
<p>DCJ acknowledges the significant achievements of their partnership with the City in jointly managing the planning and development of affordable housing in the LGA, particularly since 2015.</p> <p>The submissions notes there may be further opportunities for partnership in the future, including various tender programs run by DCJ and possible funding being explored through the Commonwealth Government's Housing Australia Future Fund (HAFF).</p>	<p>The City considers it prudent to delay the finalisation of the distribution plan given the fast-evolving housing policy landscape. Opportunities may arise from the introduction of the HAFF or complementary incentive/funding schemes that may be announce as the new state government resolves its approach to addressing the housing crises.</p> <p><b>Action:</b> These opportunities will be further explored in the finalisation of the Distribution Plan.</p>