

Item 15.8

Notices of Motion

Increasing Developer Contributions for Affordable Housing

By Councillor Ellsmore

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, supporting the development of more than 1,500 new affordable, including low and very low income, homes;
 - (iii) the City of Sydney is one of the few councils 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 will consider a planning proposal which would establish the one per cent and three per cent rate consistently across the Local Government Area;
 - (v) in a selected number of areas (including the Botany Road corridor) where land is proposed for rezoning which would significantly increase its value, the City of Sydney may impose a higher levy through planning controls;
 - (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 only gives Council to ability to require monetary contributions, through developers can choose to dedicate land; 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;
 - (ii) there is a strong case to be made that the rate of affordable housing levy in the City of Sydney Council should be higher than the current rate;
 - (iii) examples of recent affordable housing levies established or proposed by other Councils include:
 - (a) Randwick City Council - affordable housing contribution in the city centre is five per cent of the total floor area of the development used for residential purposes;
 - (b) Byron Shire Council – up to 30 per cent contribution uplift rate for greenfield investigation areas, and a six per cent for residential and two per cent for non-residential total gross floor area in the Byron Bay Town Centre;
 - (c) Inner West Council – 50 per cent of the increase in residual land value from value uplift;
 - (d) Parramatta Council – developer contributions equivalent to 50 per cent of the land value uplift outside of the CBD, with 10 per cent of the value uplift to go toward affordable housing; and
- (C) the Chief Executive Officer be requested to:
- (i) prepare advice about the process for Council to update the affordable housing levy, through Council planning instruments and policies; and

- (ii) include in the advice to Council:
 - (a) how to update City of Sydney planning controls to give Council the power to require affordable housing contributions to be either in the form of a monetary contribution, or in the form of land or buildings;
 - (b) options to increase the affordable housing levy in residential and non-residential development;
 - (c) options to increase the affordable housing levy where there is a rezoning that would increase the value of land (also known as 'value uplift capture'); and
 - (d) other opportunities to ensure that affordable housing is prioritised in new developments, through planning agreements.

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