



1st May 2020

AFFORDABLE HOUSING STUDY

INTRODUCTION

This submission outlines the proponent's response to Condition 1(c) of the Gateway Conditions relating to the provision of affordable housing.

BACKGROUND

Condition 1(c) of the Gateway determination states:

Prepare a study investigating the feasibility of providing affordable housing as part of the proposal. The study should be prepared in consultation with Council and should compare the feasibility of the proposed affordable housing contribution against the requirements under the Cumberland Interim Affordable Housing Policy and a minimum of 7% of the total number of new residential units being dedicated in perpetuity as requested by the Sydney Central City Planning Panel.

The initial feasibility modelling commissioned by the proponent and completed by Urbis in October 2019 advised that none of the scenarios modelled were feasible, where dedication to Council is required in perpetuity. A copy of this report is **attached**.

As a result, the proponent sought the Panel's agreement to modify the Gateway determination to remove the requirement for a dedication in perpetuity.

The Panel did not support the request to amend the Gateway condition to remove the requirement to dedicate the affordable housing in perpetuity.

The Panel recommended that further scenarios be tested, including scenarios by means of which a contribution of affordable housing in perpetuity may be achieved, being the intention of the determination condition.....

The Panel acknowledges that Council's position is for 10% affordable housing contribution, in perpetuity. Council has cited a number of recent precedents where this has been achieved, being the John Cootes development in Woodville Road and 2-10 Church Street, Lidcombe, demonstrating that feasibility is being achieved, on very similar sites, under current development circumstances.

ADDITIONAL SCENARIO MODELLING

The proponent commissioned Urbis to undertake modelling of additional scenarios by which include a contribution in perpetuity, being the request of the Panel as the intent of the Gateway condition.

The additional scenario modelling is provided and is **attached**.

This modelling confirms that 7% of affordable housing dedicated in perpetuity to Council is not feasible, however, there are greater opportunities to achieve a feasible outcome where the units are dedicated in perpetuity as affordable housing units, but are retained in private ownership. In this respect, the following scenarios are of most relevance:

- *Scenario 8: the maximum affordable housing rental units that can be delivered in perpetuity and maintain the project's financial viability assuming Tiberius retains the units is 4.3% of residential floorspace or 54 units*
- *Scenario 9: models the required level of local infrastructure contribution offset required to deliver 7% or 88 affordable housing rental units in perpetuity to be retained by Tiberius and still make the project still viable. The assessed required contribution offset or discount required for the development is \$3.115 million.*

THE PROPONENT'S POSITION

The proponent has agreed to meet the Gateway condition of 7% of affordable housing in perpetuity following further modelling undertaken by Urbis Economics.

In confirming this position, the following is noted.

- The proponent commits to retaining 7% of total dwellings being dedicated in perpetuity as affordable housing, but retained within private ownership and to be managed by a registered affordable housing provider.
- This commitment may be enshrined through the LEP amendment and/or a positive covenant.
- A positive covenant could be applied to the land to ensure that the specified affordable housing units are retained in perpetuity.
- Conversely, this matter can be dealt with in the LEP drafting. [Note: The amended Planning Proposal includes an additional Clause within Part 6 of the HELP 2013 to ensure provision of affordable housing].
- The feasibility modelling (Scenario 8), demonstrates that the maximum affordable housing rental units that can be delivered in perpetuity and maintain the project's financial viability assuming Tiberius owns and hold on to the units is 4.3% of residential units.
- The proponent is prepared to meet the 7% target as per scenario 9, but seeks an offset against development contributions which is assessed at \$3.115million.

OTHER COMMENTS

While not strictly relevant to the Gateway determination, we note reference to Council's 10% affordable housing provision and the citing of examples by the Panel.

We note from a review of the VPA for the John Cootes development that the affordable housing contribution and dedicated to Council in perpetuity is 3%.



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